

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



Quarterly report

Q1 - 2024

(unaudited)

FINANCIAL REVIEW

Introduction

Dear Shareholder,

The audited Consolidated Financial Statements as of March 31, 2024 of Flos B&B Italia (hereafter also as “Group”) show a net loss of Euro 1.8 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.

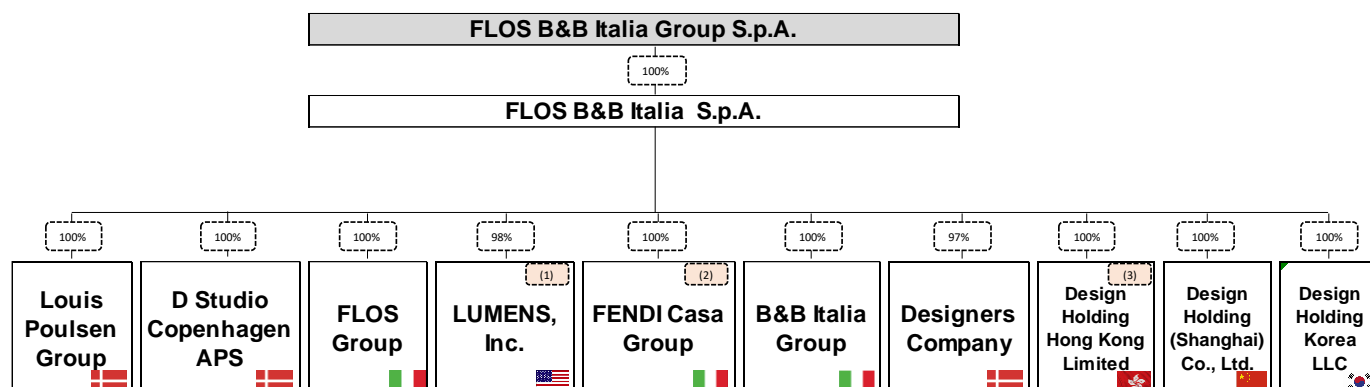
The exchange rates applied in the conversion of the asset and liability balances in currencies other than the Euro at March 31, 2024 and the average rates of the period from January 1, 2024 - March 31, 2024 are as follows:

Country	Currency code	Currency description	March 31, 2024	
			Average Exchange rate	Exchange rate at the end of the month
Sweden	SEK	Swedish Krone	11.305	11.525
Norway	NOK	Norwish Krone	11.521	11.699
United Kingdom	GBP	GB Pound	0.855	0.855
USA	USD	US Dollar	1.087	1.081
Canada	CAD	Canadian Dollar	1.473	1.467
Japan	JPY	Japanise Yen	162.773	163.450
Switzerland	CHF	Swiss Franc	0.966	0.977
Hong Kong	HKD	Hong Kong Dollar	8.505	8.459
Rep. Of China	CNY	Chinese Renminbi (Yuan)	7.830	7.814
Denmark	DKK	Danish Krone	7.457	7.458
Singapore	SGD	Singapore Dollar	1.457	1.459
South Korea	KRW	Korean Won	1,448.117	1,458.670

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:

	March 31 2024	March 31 2023	Change %
Total REVENUES of the Group	186.735	208.910	-10,6%
Adjusted EBITDA	45.023	51.577	-12,8%
OPERATING RESULT - Adjusted EBIT	31.968	39.303	-18,7%
Profit/(loss) of the period	(1.810)	10.308	-117,6%
<i>Profit on total revenues %</i>	<i>-1,0%</i>	<i>4,9%</i>	
AVERAGE EMPLOYEES (FTE's)	2.101	2.192	-4,2%
	March 31 2024	December 31 2023	Change %
NET OPERATING WORKING CAPITAL	50.373	43.584	15,6%
NET INVESTED CAPITAL	2.282.808	2.273.811	0,4%
NET FINANCIAL DEBT	(968.331)	(959.625)	-0,9%
GROUP SHAREHOLDERS EQUITY	1.125.732	1.124.408	0,1%

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>	March 31 2024	March 31 2023
Revenues from contracts with customers	186.332	208.548
Other revenues and income	403	362
Total Revenues	186.735	208.910
Purchases of raw materials, semifinished goods, finished products and changes in inventories	(48.056)	(55.746)
Personnel costs	(41.366)	(41.679)
Service costs	(48.490)	(56.075)
Provisions	(135)	(292)
Other costs and charges	(3.666)	(3.541)
Total Costs	(141.712)	(157.333)
Non-recurring (costs) / revenues impacting EBITDA	(5.374)	(5.698)
EBITDA	39.649	45.879
Depreciation, amortization and impairment on tangible and intangible fixed assets	(8.746)	(8.129)
Depreciation and write-downs of the Right of Use assets	(4.312)	(4.145)
Amortization depreciation and impairment	(13.252)	(12.274)
Operating result - EBIT	26.397	33.605
Financial income	1.650	896
Financial charges	(24.718)	(18.992)
Total Financial Expenses	(23.068)	(18.096)
Profit/(loss) before taxes	3.330	15.509
Income Taxes	(5.140)	(5.201)
Profit/(loss) of the period	(1.810)	10.308
Profit/(Loss) for the period, attributable to the Group	(1.740)	10.663
Profit/(Loss) for the period, attributable to minority interest	(70)	(356)

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:

	March 31 2024	March 31 2023	Change %
EBITDA	39.649	45.879	-13,6%
Non-recurring costs impacting EBITDA - (1)	5.374	5.698	-5,7%
Adjusted EBITDA	45.023	51.577	-12,8%

	March 31 2024	March 31 2023	Change %
Operating result - EBIT	26.397	33.605	-21,4%
Total Non-recurring costs/(revenues) - (1)+(2)	5.570	5.698	-2,2%
Operating result - ADJUSTED EBIT	31.968	39.303	-18,7%

	March 31 2024	March 31 2023
Total Non-recurring costs/(revenues) - (1)+(2)	5.570	5.698
Non-recurring costs impacting EBITDA - (1)	5.374	5.698
Management fees vs DH	2.898	2.329
Group enhancement project	276	495
Severance, termination and recruiting one-off	1.770	1.381
Start up and Ramp-up cost - Dos openings and new business	153	576
Provision for Inventory, Trade receivables, risks	127	-
Reversal of PPA inventories	-	608
Other extraordinary expenses	150	309
Non-recurring costs impacting EBIT - (2)	197	-
Write-off assets	61	-
Start-up & Ramp-up cost - DOS (Direct Operated stores) openings and new business	135	-

Comments on Non-recurring expenses

The management fees and others costs are mainly related to the service costs of the parent company, FLOS B&B Italia Group S.p.A..

Group enhancement 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. grand opening event in US for a new DOS).

Provisions for Inventory, trade receivable, risks is related to a few inventory adjustments due to the new ERP implementation (in FLOS).

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

Highlights Q1 2024

The Group closed the first quarter of 2024 with a good progression of new orders versus the same period of last year, while sales are still depressed due to tough market condition in the second part of 2023.

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

	Mar 31 2024	Inc % on sales	Mar 31 2023	Inc % on sales	Change	Change %
Revenues by business group						
Core brands	147,285	79.0%	169,229	81.2%	(21,944)	-13.0%
Emerging brands	39,047	21.0%	39,255	18.8%	(208)	-0.5%
Total	186,332	100%	208,484	100%	(22,152)	-10.6%

	Mar 31 2024	Inc % on sales	Mar 31 2023	Inc % on sales	Change	Change %
Revenues by geographical area						
EMEA	114,876	61.7%	130,529	62.6%	(15,653)	-12.0%
AMERICAS	46,224	24.8%	50,181	24.1%	(3,958)	-7.9%
APAC	25,233	13.5%	27,774	13.3%	(2,541)	-9.1%
Total	186,332	100%	208,484	100%	(22,152)	-10.6%

	Mar 31 2024	Inc % on sales	Mar 31 2023	Inc % on sales	Change	Change %
Revenues by channel						
Wholesale	96,279	51.7%	108,843	52.2%	(12,564)	-11.5%
Contract	53,440	28.7%	62,153	29.8%	(8,713)	-14.0%
DOS - Directed Operated Stores	13,455	7.2%	13,124	6.3%	331	2.5%
E-commerce	23,158	12.4%	24,364	11.7%	(1,206)	-4.9%
Total	186,332	100%	208,484	100%	(22,152)	-10.6%

	Mar 31 2024	Inc % on sales	Mar 31 2023	Inc % on sales	Change	Change %
Revenues by Type of goods service						
Lighting	104,171	55.9%	118,154	56.7%	(13,983)	-11.8%
Furniture	82,161	44.1%	90,330	43.3%	(8,169)	-9.0%
Total	186,332	100%	208,484	100%	(22,152)	-10.6%

In Q1 2024 the Group reported revenues (revenues from contracts with customers, excluding other income) for approximately Euro 186 million, -10.6% versus the same period of 2023. In constant currency and considering Lumens GMV sales the revenues of the Group would contract -8.2%.

Core brands are still reporting a double digit contraction in sales (-13%), however, as said before, the progress in the order trend is visible, especially in Louis Poulsen, the brand that suffered the most in 2023. Emerging brands are slightly below last year (-0.5%), however are benefitting by good progresses of Fendi Casa, while Lumens and Audo are still behind.

In terms of geographical areas all the regions have struggled due to inflation and interest rates increase that are still negatively influencing the consumer spending. EMEA is negative (-12%), while Middle East is performing double digit up vs previous year; all the other main Group's countries suffered (the Nordics are less negative compared to last year); AMERICAS and APAC are contracting as well (-7.9% and -9.1% respectively). In term of Orders, the performances are encouraging, with a progression in the main regions, including Nordics.

Among channels only DOS, benefitting from the new openings and renovation/restyling of 2023, shows a positive progression both in the turnover and on the orders. E-commerce in Q1 was down 4.9%, due to Lumens which 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 +2% vs Q1 2023; excluding Lumens, the other brand's ecommerce platforms are reporting a high single digit growth (+8%). Wholesale, that still represents half of the Group's turnover, had a contraction of 11.5%; in Q1 the contract channel suffered too, reporting a contraction of 14%; the channel is impacted by the timing of the projects: in terms of orders the decrease is much more limited.

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, but continuing to allocate resources to its growth areas. As a consequence of the sales contraction, the Q1 2024 adjusted EBITDA was Euro 45 million, down 12,7% versus the same period of last year, with a slightly lower adjusted EBITDA margin (24,1% 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	March 31 2024	December 31 2023
Goodwill		1.309.405	1.307.172
Other intangible fixed assets		667.422	666.825
Property, plant and machinery		119.352	119.462
Right of use assets		76.185	77.495
Net Technical Fixed Assets	1)	2.172.365	2.170.953
Deferred tax assets		28.021	27.753
Investments in parent company		42.593	42.593
Other non-current assets		9.574	8.782
Net Financial Fixed Assets	2)	80.188	79.128
Total non current assets	3) = (1+2)	2.252.553	2.250.081
Trade Receivable		87.544	79.113
Inventories		152.243	148.199
Trade Payables and advance from customers		(189.415)	(183.728)
Net operating working capital	4)	50.373	43.584
Other current assets (excluding items of financial position)		32.279	30.479
Other current liabilities (excluding items of financial position)		(52.396)	(50.333)
Total current assets / liabilities	5)	(20.118)	(19.854)
Operating Working Capital	6) = (4+5)	30.255	23.730
Net Invested Capital	7) = (3+6)	2.282.808	2.273.811
Total Shareholders equity	8)	(1.127.491)	(1.126.214)
Total non-current liabilities (excluding items of NFP)	9)	(186.985)	(187.972)
Cash and cash equivalents		80.034	75.952
Current and non-current financial liabilities		(960.899)	(947.698)
Current and non-current lease liabilities		(87.466)	(87.880)
Total Net Financial deficit	10)	(968.331)	(959.625)
Total Medium/Long Term Finance Sources	11) = (8+9+10)	(2.282.808)	(2.273.811)

Main Investments of the period

As of March 31, 2024, investments amounted to approximately Euro 8 million. Below is a list of the main investments of the period:

- FLOS Group invested approximately Euro 2 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) and other IT applications (Microsoft Power BI, and Cyber Security platform).
- B&B Italia Group invested approximately Euro 4 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 1 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; a smaller part was also dedicated to the new digital Brand 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) and a few R&D costs capitalized in AUDO, as well as the strengthening of IT applications.

Net Financial Position

	March 31 2024	December 31 2023
Cash and short term deposit	(80.034)	(75.952)
Short-Term bank loan	38.024	35.579
Interest on financial liabilities	21.199	11.200
Other Current financial liabilities	18.101	4
Short-term amortized costs	(3.396)	(3.328)
Current financial liabilities	73.929	43.455
Long-Term Bond	895.000	895.000
Long-Term payables to other lenders	1.200	19.335
Long-term amortized costs	(9.229)	(10.092)
Non-current financial liabilities	886.971	904.243
Net financial debt, excluding lease liabilities	880.865	871.745
Current lease liabilities	16.838	16.075
Non Current lease liabilities	70.628	71.805
Total lease liabilities	87.466	87.880
Net financial debt	968.331	959.625

The net financial debt increase from approximately Euro 960 million at December 31, 2023 to approximately Euro 968 million at March 31, 2024, as a consequence of the increase of accrual of interest expense on bonds. During the Q1 2024 the Group paid interests on bonds for approximately Euro 11 million, while in the corresponding period paid Euro 7 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 March 31, 2024, the average Group's staff (full time equivalent) for the period amounted to 2.101 units, of which 620 in Flos, 403 in Louis Poulsen, 686 in B&B Italia Group, 192 in Lumens, 111 in Designers Company Group (AUDO), 62 in Fendi Casa Group and 27 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 March 31, 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.

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.

As significant events after the reporting period of March 31, 2024 we report that on May the Group paid the interests on bonds for Euro 30.5 million and contextually reduced the drawdown of the RCF to Euro 13.5 million (Euro 21.5 million at March 31, 2024).

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

Q1 - 2024
March 31, 2024

Consolidated Financial Statements

Consolidated Statement of Financial Position

Balance Sheet	March 31 2024	December 31 2023
Cash and Short-Term deposits	80.034	75.952
Trade Receivables	87.544	79.113
Inventories	152.243	148.199
Tax current asset	15.791	17.139
Other current assets	14.476	11.329
Current Assets	350.089	331.732
Goodwill	1.309.405	1.307.172
Brands and other intangible assets	667.422	666.825
Property, plant and equipment	119.352	119.462
Right-of-use assets	76.185	77.495
Investments in parent company	42.593	42.593
Deferred tax assets	28.021	27.753
Other non-current assets	9.574	8.782
Non-Current Assets	2.252.553	2.250.081
Assets held for disposal	2.011	2.011
Total Assets	2.604.653	2.583.824
Share capital	5.102	5.102
Share premium reserve and other reserves	1.122.370	1.104.096
Profit/(loss) of the period	(1.740)	15.210
Group Shareholders' Equity	1.125.732	1.124.408
Minority shareholders' equity	1.829	2.963
Profit/(loss) of the period attributable to minority interests	(70)	(1.157)
Equity attributable to non-controlling interests	1.759	1.805
Total Equity	1.127.491	1.126.214
Current financial liabilities	73.929	43.455
Current lease liabilities	16.838	16.075
Trade payables	131.024	128.106
Advance from Customers	58.391	55.622
Current Tax liabilities	15.670	12.857
Other Current Liabilities	36.726	37.476
Current Liabilities	332.578	293.590
Non-current financial liabilities	886.971	904.243
Non-current lease liabilities	70.628	71.805
Defined benefit plans	6.397	6.554
Provisions for risks and charges	11.494	11.376
Deferred tax liabilities	164.084	164.336
Other non-current liabilities	5.010	5.707
Non-Current Liabilities	1.144.584	1.164.020
Total Liabilities	1.477.162	1.457.611
Liabilities and Shareholders' Equity	2.604.653	2.583.824
Net Current Assets	17.511	38.142
Total Assets less current Liabilities	2.272.075	2.290.234

Consolidated statement of profit or Loss of the period

	March 31 2024	March 31 2023
<u>Profit & Loss</u>		
Revenues from contracts with customers	186.340	208.484
Other revenues and income	888	702
Total revenues	187.228	209.186
Purchases of raw materials, semifinished goods, finished products and changes in inventories	(48.170)	(56.360)
Personnel costs	(42.970)	(42.306)
Service costs	(52.310)	(59.753)
Provisions - (accruals)/reversal	(310)	(292)
Other costs and charges	(3.819)	(4.596)
Total Cost	(147.579)	(163.308)
EBITDA	39.649	45.879
Amortization of intangible assets	(4.826)	(3.834)
Depreciation of tangible assets	(4.002)	(4.070)
Depreciation of right of use (IFRS 16)	(4.447)	(4.145)
Write-down of fixed assets	24	(225)
Amortization depreciation and impairment	(13.252)	(12.274)
Operating result - EBIT	26.397	33.605
Financial income	1.650	896
Financial charges	(24.718)	(18.992)
Total Financial Expenses	(23.068)	(18.096)
Profit/(loss) before taxes	3.330	15.509
Income Taxes	(5.140)	(5.201)
Profit/(loss) of the period	(1.810)	10.308
Profit/(Loss) for the period, attributable to the Group	(1.740)	10.663
Profit/(Loss) for the period, attributable to minority interest	(70)	(356)

Consolidated statement of other comprehensive income (OCI)

	March 31 2024	March 31 2023
Profit/(Loss) of the period	(1.810)	10.308
<u>A) Items recyclable to P&L:</u>		
Exchange difference on translating foreign currency financial statements	3.203	(8.325)
Total recyclable items	3.203	(8.325)
<u>B) Items not recyclable to P&L:</u>		
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	-	-
Gain/(Loss) from revaluation on defined benefit plans	-	-
Total not recyclable items	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE), NET OF TAX	1.393	1.983
Profit/(loss) of the period, attributable to the Group	1.463	2.338
Profit/(loss) of the period, attributable to minority interest	(70)	(356)

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				(1.740)	(1.740)		(70)	(70)	(1.810)
Translation gains/(losses) and other income/(expenses)			3.203		3.203			-	3.203
Total comprehensive profit for the period			18.412	(16.950)	1.463	(1.157)	1.087	(70)	1.393
Other movements			(138)		(138)	23		23	(115)
Total variations for the period			(138)		(138)	23		23	(115)
March 31, 2024	5.102	1.005.411	116.959	(1.740)	1.125.732	1.829	(70)	1.759	1.127.491

Consolidated Statement of Cash Flows

	March 31 2024	March 31 2023
Profit/(Loss) of the period	(1.810)	10.308
Depreciation and impairment of property plant and equipment	3.978	4.295
Amortisation and impairment of intangible assets	4.826	3.834
Depreciation and impairment of right of use assets	4.447	4.145
Financial income	(1.650)	(896)
Financial charges	24.718	18.992
Income taxes	5.140	5.201
EBITDA	39.649	45.879
Financial interests paid	(12.368)	(9.929)
Income taxes paid	(1.556)	(3.042)
Net change in provisions for risks and other charges	-	(621)
Net foreign exchange differences and other non cash items	(2.420)	(1.876)
Change in other assets / liabilities current and non-current	(3.544)	(7.354)
(Increase)/decrease in other non-financial assets	(3.417)	(1.612)
Increase/(decrease) in tax payables	(74)	(1.895)
Increase/(decrease) in other non financial liabilities	(53)	(3.847)
Changes in net working capital:	(6.653)	(14.704)
(Increase)/decrease in inventories	(3.192)	(7.279)
(Increase)/decrease in trade receivables	(8.549)	2.711
Increase/(decrease) in trade payables	5.088	(10.137)
NET CASH FLOWS FROM OPERATIONS	13.107	8.353
Investing activities:		
Acquisition of tangible assets net of disposals	(3.948)	(2.604)
Net investments in intangible assets	(3.887)	(4.090)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(7.835)	(6.694)
Financing activities:		
Increase/(decrease) in financial payables	2.445	(9.443)
Payment of principal portion of lease liability	(3.641)	(4.762)
CASH FLOW FROM FINANCING ACTIVITIES	(1.196)	(14.205)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4.076	(12.546)
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	80.034	75.782

Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

1 CASH AND SHORT-TERM DEPOSITS

Cash and Short-Term deposits are detailed as follow:

	March 31 2024	December 31 2023
<u>Cash and cash equivalents</u>		
Bank and postal accounts	78.491	74.490
Cash and cash equivalents in hand	107	58
Restricted bank deposits	1.436	1.405
Total	80.034	75.952

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

2 TRADE RECEIVABLES

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

	March 31 2024	December 31 2023
<u>Trade Receivables</u>		
Trade receivables - Third parties	93.134	84.283
Trade receivables - Related parties	(39)	292
Allowance for bad and doubtful debts	(5.552)	(5.462)
Total	87.544	79.113

	March 31 2024
<u>Allowance for bad and doubtful debts</u>	
Opening balance	(5.462)
Utilized	(78)
Reversal	161
Increases	(165)
Exchange differences	(7)
Closing balance	(5.552)

3 INVENTORIES

Inventories can be broken down as follows:

Inventories	March 31 2024	December 31 2023
Materials, auxiliaries and consumables	68.520	69.477
Work in progress and semi-finished goods	35.586	32.397
Finished products	72.001	70.751
Allowance for obsolete and slow-moving inventories	(23.864)	(24.427)
Total	152.243	148.199

Allowance for obsolete and slow-moving inventories	March 31 2024
Opening balance	(24.427)
Utilization	353
Increase, net reversal	196
Exchange rate difference	14
Closing balance	(23.864)

4 TAX CURRENT ASSETS

Tax current assets	March 31 2024	December 31 2023
Receivables for paid tax advances	1.250	2.478
VAT receivable	10.131	10.210
Receivables for withholding taxes	62	69
Tax receivables for fiscal consolidation and other	4.348	4.381
Total	15.791	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.

5 OTHER CURRENT ASSETS

The other current assets amount to Euro 14.5 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**6 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	-	-	(138)	2.462	(91)	2.234
Closing Balance	478.247	375.273	201.948	113.843	140.094	1.309.405

No additional goodwill has been allocated in the period. The changes compared to December 31, 2022 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.

7 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	618.674	57.775	45.736	67.294	789.478
Accumulated depreciation	(322)	(45.510)	(28.341)	(47.884)	(122.056)
Net book value March 31 2024	618.352	12.265	17.396	19.410	667.422

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	(29)	1.543	1.154	1.218	3.887
Depreciations	(9)	(1.775)	(1.451)	(1.591)	(4.826)
Exchange differences	990	(5)	(3)	154	1.137
Other movements	1	92	281	26	400
Closing Balance	618.352	12.265	17.396	19.410	667.422

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.

8 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	121.229	78.842	37.824	74.466	26.407	3.784	342.552
Accumulated depreciation	(49.173)	(65.371)	(21.055)	(66.767)	(20.833)	-	(223.199)
Net book value March 31 2024	72.056	13.471	16.768	7.700	5.573	3.784	119.352

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	409	19	748	178	994	1.600	3.948
Depreciations	(633)	(884)	(1.200)	(940)	(321)	-	(3.978)
Exchange differences	(14)	(3)	151	(4)	48	54	231
Other movements	182	(22)	(49)	13	(37)	(397)	(310)
Closing Balance	72.056	13.471	16.768	7.700	5.573	3.784	119.352

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.

9 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	132.239	3.568	1.180	4.710	141.698
Accumulated depreciation	(59.169)	(2.788)	(1.035)	(2.521)	(65.513)
Net book value March 31 2024	73.070	780	145	2.189	76.185

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	1.994	148	149	276	2.568
Depreciations	(4.064)	(90)	(71)	(222)	(4.447)
Exchange differences	566	(0)	1	2	569
Closing Balance	73.070	780	145	2.189	76.185

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

	March 31 2024
Current and Non-current Lease Liability	
Opening balance	87.880
Increase, net	2.568
Interests	1.377
Payments	(5.017)
Exchange rate difference	659
Closing balance	87.466
Current Lease Liability	16.838
Non-current Lease Liability	70.628

10 INVESTMENTS IN PARENT COMPANY

As at March 31, 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.

11 DEFERRED TAX ASSETS

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

	March 31 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	6.246	1	43	6.203
Inventory margin	3.853	(57)	-	3.910
Tax losses carried forward	1.968	(2)	42	1.928
Non-deductible financial charges	4.979	(53)	76	4.957
Depreciation of tangible assets and amortization of intangible assets	1.949	56	18	1.874
Provisions for stock obsolescence	3.759	42	(5)	3.721
Allowance for doubtful debts	794	(1)	1	794
Provisions for employee severance indemnities	1.520	26	1	1.493
Allocations to risk provision	1.484	8	4	1.472
Remuneration not yet paid	91	(18)	-	109
Other changes	1.377	97	(12)	1.292
Total	28.021	100	167	27.753

12 OTHER NON-CURRENT ASSETS

The other non-current assets amount to Euro 9.6 million at December 31, 2023 (Euro 8.8 million at December 2023) and mainly include Euro 5.8 million of deposits on rents paid by the Group companies and Euro 3.2 million as non-current prepayments.

13 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**14 TOTAL SHAREHOLDERS' EQUITY**

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

<u>Equity</u>	March 31 2024	December 31 2023
Share capital	5.102	5.102
Share premium reserve	978.848	978.848
Legal reserve Flos B&B Italia S.p.A.	1.020	1.020
Reserve for shares of the parent company	25.543	25.543
Share premium reserve and other reserve of parent company	1.005.411	1.005.411
Fair value reserve	16.986	16.986
Translation reserve	11.855	8.653
Cash Flow Hedge Reserve	356	(120)
Actuarial gain/(loss) reserve	(1.331)	(1.333)
Other reserves	89.094	74.500
Total Other reserves	116.959	98.685
Profit/(Loss) of the period	(1.740)	15.210
Group shareholders' equity	1.125.732	1.124.408
Equity reserves of non-controlling interests	1.829	2.963
Minority Interest Income	(70)	(1.157)
Equity attributable to non-controlling interests	1.759	1.805
Total Shareholders' equity	1.127.491	1.126.214

CURRENT AND NON CURRENT LIABILITIES**15 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES**

Current and non-current financial liabilities are as follows:

	March 31 2024	December 31 2023
Short-Term bank loan	38.024	35.579
Interests on financial liabilities	21.199	11.200
Other Current financial liabilities	18.101	4
Short-term amortized costs	(3.396)	(3.328)
Current financial liabilities	73.929	43.455
Long-Term Bond	895.000	895.000
Non-current payables to other lenders	1.200	19.335
Long-term amortized costs	(9.229)	(10.092)
Non-current financial liabilities	886.971	904.243
Financial liabilities, excluding lease liabilities	960.899	947.698
Current lease liabilities	16.838	16.075
Non-current lease liabilities	70.628	71.805
Lease liabilities	87.466	87.880
Total financial liabilities	1.048.365	1.035.577

The total financial liabilities increase from Euro 1,036 million at December 31, 2023 to Euro 1,048 million at March 31, 2024, as a consequence of the increase of accrual of interest expense on bonds. During the Q1 2024 the Group paid interests on bonds for approximately Euro 11 million, while in the corresponding period paid approximately Euro 7 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	7.912	-	7.912	term loan	DKK	09/2024	6,4%
Flos SpA	4.000	-	4.000	term loan	Eur	04/2024	Eur 3m.+0,30%
Flos SpA	1.500	-	1.500	term loan	Eur	05/2024	Eur 3m.+0,25%
ARCLINEA	1.685	-	1.685	term loan	Eur	na	Eur. 3m+2%
ARCLINEA	1.164	-	1.164	term loan	Eur	na	Eur. 3m+2,75%
ARCLINEA	54	-	54	term loan	Eur	na	Eur. 3m+2,55%
AUDO	299	-	299	term loan	DKK	08/2024	5,3%
FLOS B&B Italia S.p.A.	15.952	425.000	440.952	bond (fixed)	Eur	11/2028	10,0%
FLOS B&B Italia S.p.A.	4.723	470.000	474.723	bond (floating)	Eur	05/2026	Eur. 3m+4,25%
FLOS B&B Italia S.p.A.	21.934	-	21.934	RCF (*)	DKK	05/2028	Cib.3m+3%
FLOS B&B Italia S.p.A.	(3.396)	(9.229)	(12.625)	Amortized costs	-	-	-
Payables to banks and bonds	55.827	885.771	941.598				
FLOS B&B Italia S.p.A.	18.101	-	18.101	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	18.101	1.200	19.301				
Financial liabilities, excl. lease liabilities	73.928	886.971	960.899				
Lease liabilities	16.838	70.628	87.466				
Total Financial Payables	90.766	957.599	1.048.365				

(*) = RCF revolving credit facilities available for Euro 140m, drawdown for approx. Euro 22m. at March 31, 2024

16 TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

	March 31 2024	December 31 2023
Trade payables and advance from customers		
Trade payables - third parties	119.534	117.239
Trade payables - related	11.490	10.867
Total Trade payables	131.024	128.106
Advances from customers	58.391	55.622
Total	189.415	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.

17 CURRENT TAX LIABILITIES

The current tax liabilities have the following composition:

	March 31 2024	December 31 2023
Current Tax liabilities		
Corporate Taxes Payables	4.456	3.207
VAT and indirect taxes	2.143	2.761
Withholding tax	68	455
Tax payables for fiscal consolidation	6.676	3.880
Other taxes	2.328	2.555
Total	15.670	12.857

18 OTHER CURRENT LIABILITIES

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

	March 31 2024	December 31 2023
Other current liabilities		
Payables to social security agency	5.114	5.749
Payables to Employees and Directors	18.426	18.268
Payables for royalties	2.215	2.085
Other payables	10.967	11.374
TOTAL	36.726	37.476

19 DEFINED BENEFIT PLANS

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

	Defined benefit plans
Opening balance	6.554
Allocations to Provision	(227)
Usage of Provision	(161)
Actuarial effect	5
Exchange rate difference	(12)
Closing balance	6.397

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.

20 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)	5	(38)	(35)
Increases, net of reversal	90	(47)	95	138
Exchange rate difference	4	11	-	15
Closing balance	6.091	4.064	1.338	11.494

The provisions for pension liabilities is subject to annual actuarial calculation and amounted to Euro 6.1 million at March 31, 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.

21 DEFERRED TAX LIABILITIES

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

	March 31 2024	Taxes to Income Statement	Exchange rate	December 31 2023
Deferred Taxes on:				
Business combination	95.898	(65)	225	95.737
Trademark	64.037	0	(49)	64.086
R&D	2.252	0	(1)	2.253
Other	1.897	(339)	(24)	2.260
Total	164.084	(403)	151	164.336

22 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are equal to Euro 5 million at March 31, 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

23 REVENUES

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

	March 31 2024	March 31 2023
Revenues from contracts with customers	186.340	208.484
Other revenues	888	702
Total revenues	187.228	209.186

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

The other revenues include the gain related to the FLOS store in Rome, sold in the period.

24 PURCHASES OF RAW MATERIALS AND CHANGES IN INVENTORIES

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

<u>Cost of Sales</u>	March 31 2024	March 31 2023
Purchases of raw materials, semifinished goods, finished products	(39.284)	(57.577)
Purchase of various other materials	(1.161)	(1.833)
Variation in stocks	(7.723)	3.850
Write-down/Reversal of inventories	(2)	(800)
Total	(48.170)	(56.360)

25 PERSONNEL COSTS

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

	March 31 2024	March 31 2023
Salaries and wages	(33.902)	(34.305)
Stock options plans	-	-
Social security contributions	(4.946)	(4.442)
Employee severance indemnities and pension charges	(1.866)	(1.787)
Other personnel costs	(2.257)	(1.771)
Total	(42.970)	(42.306)

	March 31 2024	March 31 2023
Executives	623	74
White-collar	1.403	1.445
Blue-collar	74	673
Total	2.101	2.192

26 SERVICE COSTS

The details of Service costs are as follows:

	March 31 2024	March 31 2023
Contractor work and outsourced production work	(8.685)	(12.200)
Fees, royalties, expenses for advertiving and communication	(18.322)	(19.432)
Transport and customs expenses	(8.011)	(9.841)
Utilities, Maintenance and IT expenses	(5.733)	(6.421)
Advisory services	(2.221)	(3.319)
Statutory Auditors & External Auditors	(632)	(855)
Travel and lodging expenses	(2.133)	(1.971)
Exp. for training, 3rd party personnel, banking and sundry admin. services	(2.308)	(2.028)
Insurances, patents and trademark, telephone and mail expenses	(1.078)	(1.068)
Consultant costs related to business combination	(344)	(323)
Management Fees	(2.844)	(2.295)
Total	(52.310)	(59.753)

27 PROVISIONS

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

	March 31 2024	March 31 2023
Provisions for pension liabilities and the like	(90)	(71)
Provision for product warranty	47	(48)
Provision for risk and charges	(95)	(38)
Allowance for bad and doubtful debt	(172)	(135)
Total	(310)	(292)

28 OTHER COSTS AND CHARGES

The Other costs and charges comprise the following:

	March 31 2024	March 31 2023
Property services	(1.195)	(1.193)
Other services and EDP licence fees	(228)	(687)
Other taxes and duties	(448)	(574)
Membership and subscriptions included internet	(230)	(191)
Gifts and charitable donations	(151)	(338)
Purchase of office supplies and consumables	(259)	(234)
Other income / expenses	(825)	(1.029)
Cleaning, security and other operating costs	(483)	(349)
Total	(3.819)	(4.596)

29 AMORTIZATION, DEPRECIATION AND IMPAIRMENT

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

	March 31 2024	March 31 2023
Amortization of intangible assets	(4.826)	(3.834)
Depreciation of tangible assets	(4.002)	(4.070)
Write-down of fixed assets	24	(225)
Depreciation of right of use (IFRS 16)	(4.447)	(4.145)
Total	(13.252)	(12.274)

30 FINANCIAL INCOME AND EXPENSES

	March 31 2024	March 31 2023
Interest income	602	314
Exchange gains realized and unrealized	1.049	582
Financial income	1.650	896
Interest Expense	(22.519)	(16.669)
Interest Expense on lease Liabilities (IFRS16)	(1.377)	(1.397)
Exchange loss realized and unrealized	(823)	(926)
Financial expenses	(24.718)	(18.992)
Total Financial income/(expenses)	(23.068)	(18.096)

Financial income amount to Euro 1.7 million and higher than the same period of last year, due to increase of interest income and gains on exchange rates.

Financial expenses amount to Euro 24.7 million, higher compared the same period of 2023 (Euro 19 million) due to the interest rate increase. Below the detail of the financial expenses:

- interest expenses, equal to Euro 22.5 million, include:
 - the accrued interest charges on bonds (fixed and floating) for approximately Euro 20.2 million,
 - interest expense on revolving credit facilities and other loans for Euro 1.5 Million,
 - release of amortized costs on bonds for Euro 0.8 million;
- interest expenses on lease liabilities (for the application of IFRS 16) of Euro 1.4 million.
- Exchange loss realized and unrealized of Euro 0.8 million;

31 TAXATION

	March 31 2024	March 31 2023
Current Taxes	(5.791)	(8.350)
Deferred Taxes	651	3.150
Total	(5.140)	(5.201)

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

32 EVENTS AFTER THE REPORTING PERIOD

Please refer to the Financial review.

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, May 29, 2024

On behalf of the Board of Directors

*The Chairman
Piero Canzani*