C-Meeting for Natuzzi S.p.A.

First Quarter 2026 Financial Results

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CORPORATE PARTICIPANTS

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Carlo Silvestri, *Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Kirby Newberger

PRESENTATION

Operator

Good day, ladies and gentlemen, and thank you for standing by. Welcome to the Natuzzi S.p.A. First Quarter 2026 Financial Results. Interested people can also join this conference call live by telephone by dialing the following number, 1-201-493-6703, then enter the passcode 39252103#, in addition to the link already provided to join via video. Again, as a reminder, you can also join this conference call live by telephone by dialing the following number, 1-201-493-6703, then enter the passcode 39252103#, in addition to the link already provided to join via video. At this time, all participants are in a listen-only mode. Following the introduction, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for questions.

Joining us on today's call are, as usual, Pasquale Natuzzi, Executive Chairman and Chief Executive Officer, Pasquale Jr. Natuzzi, Chief Commercial Officer and Chief Product Division Officer, Carlo Silvestri, Chief Financial Officer, Piero Direnzo, Investor Relations. As a reminder, today's call is being recorded. I would now like to turn the conference over to Piero. Please go ahead.

Piero Direnzo

Thank you, Daryl, and good day to everyone. Thank you for joining the Natuzzi's conference call for the 2026 first quarter financial results.

After a brief introduction, we will give room for the Q&A session.

Before proceeding, we would like to advise our listeners that our discussion today could contain certain statements that constitute forward-looking statements under the United States securities laws. Obviously, actual results might differ materially from those in the forward-looking statements because of risks and uncertainties that can affect our results, operations and financial condition. Please refer to our most recent Annual Report on Form 20-F filed with the SEC for a complete review of those risks. The Company assumes no obligation to update or revise any forward-looking matters discussed during this call.

Now I would like to turn the call over to the Company's Chief Executive Officer. Please, Mr. Natuzzi.

Pasquale Natuzzi

Thank you, Piero.

Good morning, everyone, and thank you for joining us today. The results for the first quarter of 2026 are clearly disappointing and reflect a combination of external and internal factors that had significant impact on the group performance. On the external side, we continue to operate in a complex market environment marked by geopolitical instability, tariffs on sales in the United States, a housing market at historically low levels and persistently weak consumer sentiment.

In addition, the transfer of Natuzzi Editions production for the United States market from China to Italy negatively affected the margin profile of this production line. Therefore, this result confirmed the need to take decisive action on certain structural elements of the group. In particular, our industrial footprint in Italy is currently oversized compared with the present sales volume and fixed costs level is no longer sustainable.

For this reason, since the beginning of July, we have started executing a restructuring plan aimed at significantly reducing our fixed costs and improving overall efficiency. The plan is based on number of very concrete operational levers. First, we have initiated the transfer of Natuzzi Editions production for the United

States market from Italy to Romania. This initiative is designed to improve the industrial margin of this product line and consequently reduce the losses associated with this production.

Second, we have rationalized our industrial operation in Italy, reducing the number of operating plants from five to two plants. This is a necessary step to eliminate the fixed costs that are no longer aligned with the current size of the business and to create the condition for economies of scale.

Finally, we have already received expression of interest from 120 Natuzzi employees to participate in a voluntary exit program.

We are fully aware of the complexity of this phase and of the impact that the decision currently underway may have on our organization. At the same time, we believe that acting now with discipline and urgency is essential to strengthen the group economic sustainability, protect the competitiveness of the Natuzzi brand, and lay the foundation for the progressing of recovery in margin. That's the real situation as of today.

If there are any questions, I would be very pleased to answer any kind of a question. Thank you very much for listening to me. Thanks.

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please click on the raise hand icon to ask your question verbally, and I will unmute your line at that time. Once again, you can click on the raise hand icon, and I can give you permission to unmute. Again, as a reminder, if you'd like to ask a question, please click on the raise hand icon.

Carlo Silvestri

Daryl, if you don't mind, while we wait for questions, I would like to provide a bit more color on the actions we are taking. This may help give everyone a clearer understanding of what management is doing to address the current situation and how we are responding to the challenges we are facing

As Mr. Natuzzi rightly pointed out, we are taking a number of concrete actions. I would also like to provide some context around the expected benefits of those actions. For example, with the relocation of Natuzzi Editions production for the U.S. market from Italy to Romania, if this question comes up, I think it is useful to address it upfront.

The total volume of business involved is approximately between €30 million and €40 million. Based on our preliminary analysis, and depending of course on the actual product mix, we expect this initiative to generate an EBIT improvement of roughly 25% on that portion of the business. This is one of the actions we are already implementing, and it will start to have an impact on our results in the second half of the year. The figures I mentioned earlier refer to the expected full-year impact.

With respect to the reduction involving the 120 employees, these individuals have, at this stage, expressed their intention to participate voluntarily in the exit program. This still needs to be formally confirmed. Assuming confirmation, these employees would no longer be part of our workforce as of January 1, 2027, and the related cash outflow for the exit costs would occur in 2027. In terms of cost benefits, it is important to note that part of our labor cost is already being offset today through social safety net measures and wage support programs. Therefore, the actual level of savings will depend on the utilization rate of our plants and on the extent of the social support mechanisms available next year. This is an important point to keep in mind.

The key point of this initiative is that it represents a first step toward building a more structurally efficient cost base. It is expected not only to deliver immediate financial benefit, but also to improve operational flexibility, enhance productivity, and better align our workforce with our current and future needs.

At the same time, we are also moving forward with a multi-year plan to dispose of idle and non-core assets. In this context, we have received interest for one of our plants, which could also potentially allow for moving around 40 people to the buyer. While the strategic objective remains the disposal of non-core assets, the process has been designed with a strong focus on protecting employment wherever possible. This is an aspect the Company is carefully evaluating.
On the cost base, I would also like to remind everyone that we have already started downsizing the top management structure.

At this stage, we have also seen the departure of certain executives in both the U.S. and Italy, which will contribute to savings in our overall cost structure. More broadly, I would like to underline that the Company is actively working on additional initiatives to strengthen its financial and operational position. We are also in discussions with potential partners who may support us going forward.

Thank you. Perhaps I can now ask Pasquale Jr. to add some comments from the commercial side, so that we can provide a more complete picture of what is happening across the business. After that, we will open the floor for questions. Thank you.

Pasquale Jr. Natuzzi

I have had some issues hearing you sometimes. I hope you can hear me loud and clear. Do you hear me right?

Carlo Silvestri

Totally. Perfect.

Pasquale Jr. Natuzzi

Good morning. Good morning, gentlemen and ladies. Thank you for attending this call and giving me the chance to introduce myself. I'd like to take a few minutes to update you on our commercial transformation, I would say, that we've launched over the past few months and the initiatives that are shaping Natuzzi's future growth.

I have joined as a Chief Commercial Officer shortly before Milan Design Week in 2026, in April, where while already there, back then, introduced one of our most important strategic initiatives, which is the Natuzzi Studio.
Natuzzi Studio is a new retail concept designed to capture the growing opportunities within the trade, projects, and specification business. It's clearly more than a traditional store. It was conceived, and it is conceived as an urban design hub where architects, interior designers, developers, and clients can collaborate with our teams on residential and commercial projects. Clearly, the dimensions of these stores will allow us to be more capillary and be closer to these designers' destinations, definitely more city-centric. This evolution is fully aligned with our premium luxury and clearly design-oriented positioning.

From the very beginning, the organization experienced a renewed sense of energy and urgency since I started. The response of the Natuzzi Studio during Design Week exceeded our expectation, and several dealers already expressed interest in opening this new format. Speaking of retail expansion and retail formats, the expansion continues at a very healthy pace, I would say. During the first half of 2026, we opened already 26 new stores, following the 49 opened during 2025. These investments confirm our commitment to strengthening our global retail network, as well as the recognition from investors and dealers who see a great value in the Natuzzi brand.

In addition to that, with more modern and better-producing formats, we continue to optimize the distribution footprint by closing or relocating locations that no longer reflect the premium luxury positioning of the Natuzzi brand. At the same time, retail itself is changing. Across most markets, store traffic continues to decline at a double-digit rate, making it increasingly clear that relying solely on walk-in customers is no longer enough. For this reason, we are transforming our retail model from a traffic-driven business into a clienteling, outreach-driven organization. Our store manager and sales consultants are becoming design consultants and businesspeople, business developers, capable of generating opportunities not only inside the four walls of a store, but throughout their local markets by building relationships with architects, designers, developers, and of course, end consumers.

This transformation also extends to our headquarters, where we are evolving our commercial operations from a model primarily focused on organic order intake into one supported by targeted commercial initiatives and demand generation programs. Over the past weeks, we have introduced daily cross-functional meetings focused on commercial priorities, cash generation, and operational execution. Commercial operations and finance are now working as one integrated team with shared objectives on orders, revenue, deliveries, and cash flow.

This new way of working has significantly increased alignment, speed of execution, and accountability across the organization. We have also launched several initiatives to reduce raw material and finished goods inventories through our targeted commercial programs with selected key accounts. The feedback has been encouraging, with customers recognizing not only the commercial initiative but also the improved coordination, responsiveness, and service level they are delivering.

In the United States our reorganization is placing strong emphasis on commercial urgency while accelerating clienteling initiatives to generate B2B and B2C opportunities beyond traditional store traffic. In China, we recently completed another successful road show alongside the opening of our flagship store in Beijing, where Mr. and *Maestro* Lang Lang came as an ambassador and supporter of this opening, as well as the ambassador of Italy in China. It was followed by a series of events with the local design community, the growing recognition, and the confirmation that Natuzzi among architects and high-end consumers in China is becoming more and more a point of reference and an icon for the industry.

In the U.K., we're about to launch a major store refresh program across both Natuzzi Italia and Natuzzi Editions, which will upgrade not only visual merchandising and store display, but also will strengthen commercial momentum and store traffic conversion.

Our 'Contract' business continues to build a strong international pipeline through relationship with developers, hospitality operators, architects, and specifiers. At the same time, geopolitical tension in the Middle East and India, two markets where we invested significantly over the last years, have delayed the closing and revenue recognition of some projects. By the way, these opportunities remain largely intact. Furthermore, other regions are generating new opportunities that I honestly feel will help diversify and strengthen our global pipeline.

Although the market environment remains challenging, the first months of transformation have confirmed that a stronger commercial discipline, closer cross-functional integration, and a sharper market focus are creating the foundation of a sustainable and profitable growth. We remain confident that this initiative will strengthen Natuzzi's competitive positioning and support long-term value creation for our shareholders.

Thank you, and I'm available for your questions if you have some.

Carlo Silvestri

Thank you very much, PJ.

Operator

Again, if anyone does have any questions, please click on the raise hand icon, and we'll give you permission to unmute your line and ask your question verbally.

Kirby Newberger

Hello, this is Kirby Newberger.

Pasquale Jr. Natuzzi

Hi, Kirby.

Kirby Newberger

PJ mentioned something about opening new stores. Where does the financing for the new stores come from?

Pasquale Jr. Natuzzi

I was merely referring to, and I tried to be clear on that, so sorry if I wasn't fully. These are FOS, the so-called franchise stores, which are stores opened by partners that are confirming how the Natuzzi brand, through their investment, is a brand with great value and strategic, I would say, alignment to their investment. These are financed by third parties who are heavily investing on the expansion of our store network.

Kirby Newberger

Great. Thank you. That answers my question.

Pasquale Jr. Natuzzi

Thank you.

Operator

Okay. Once again, if you would like to ask a question and you have the ability to unmute yourself, please do unmute yourself to ask your question.

Pasquale Jr. Natuzzi

Of course, if there is any other question in any other day, we will be available to answer to any questions also coming in the next days.

Operator

Thank you so much. I do appreciate all your time today. This does now conclude today's Natuzzi conference. As Mr. Silvestri said, if you do have any follow-up questions, please feel free to reach out offline and they will be able to answer any questions that you may have. We definitely appreciate your time today, and you now may disconnect.