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Natuzzi S.p.A.

Annual Report on Form 20-F

2024

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended: December 31, 2024

Commission file number: 001-11854

NATUZZI S.p.A.

(Exact name of Registrant as specified in its charter)

Republic of Italy

(Jurisdiction of incorporation or organization)

Via Iazzitiello 47, 70029, Santeramo in Colle, Bari, Italy

(Address of principal executive offices)

Mr. Pietro Direnzo

Tel.: +39 080 8820 111; pdirenzo@natuzzi.com; Via Iazzitiello 47, 70029 Santeramo in Colle, Bari, Italy

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|--|-----------------------|--|
| American Depositary Shares, each representing five Ordinary Shares | NTZ | New York Stock Exchange |
| Ordinary Shares, with a par value of €1.00 each* | | New York Stock Exchange* |

*Not for trading, but only in connection with registration of American Depositary Shares

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

As of December 31, 2024: 55,073,045 Ordinary Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (§ 15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued ☒ Other ☐
by the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this annual report on Form 20-F (the “Annual Report”), references to “€” or “Euro” are to the Euro and references to “U.S. dollars,” “dollars,” “U.S.\$” or “\$” are to United States dollars.

The consolidated financial statements of Natuzzi S.p.A. as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”), including interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to companies reporting under IFRS. The consolidated financial statements and the notes thereto included in Item 18 of this Annual Report are referred to collectively as the “Consolidated Financial Statements”.

All discussions in this Annual Report are in relation to IFRS, unless otherwise indicated.

In this Annual Report, the term “seat” is used as a unit of measurement. A sofa consists of three seats; an armchair consists of one seat.

In this Annual Report “revenue” is also referred to as “net sales”.

The terms “Natuzzi,” “Natuzzi Group,” “Company,” “Group,” “we,” “us,” and “our,” unless otherwise indicated or as the context may otherwise require, mean Natuzzi S.p.A. and its consolidated subsidiaries.

None of the websites referred to in this Annual Report, including where a link is provided, nor any of the information contained on such websites is incorporated by reference in this Annual Report.

FORWARD-LOOKING INFORMATION

The Company makes forward-looking statements in this Annual Report. Statements that are not historical facts, including statements about the Group's beliefs and expectations, are forward-looking statements. Words such as "believe," "expect," "intend," "plan," "anticipate," "likely," "project," "target," "seek," "goal," "aim," "could," "should," "would," "may," "might," "will," "strategy," "future," "continue," "potential" and similar expressions are intended to identify forward-looking statements but are not exclusive means of identifying such statements. These statements are based on management's current plans, estimates and projections, and therefore readers should not place undue reliance on them. Forward-looking statements speak only as of the dates they were made, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Projections and targets included in this Annual Report are intended to describe our current targets and goals, and not as a prediction of future performance or results. The attainment of such projections and targets is subject to a number of risks and uncertainties described in the paragraph below and elsewhere in this Annual Report. See "Item 3. Key Information—Risk Factors."

Forward-looking statements involve inherent risks and uncertainties, as well as other factors that may be beyond our control. The Company cautions readers that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to: effects on the Group from competition with other furniture producers, material changes in consumer demand or preferences, significant economic developments in the Group's primary markets, the Group's execution of its reorganization plans for its manufacturing facilities and offices, significant changes in labor, material and other costs affecting the construction of new plants, significant changes in the costs of principal raw materials, labor, transportation and energy, significant exchange rate movements or changes in the Group's legal and regulatory environment, including developments related to the Italian Government's investment incentive or similar programs, the duration, severity and geographic spread of any public health outbreaks (including the spread of any future epidemic), events affecting consumer demand, our supply chain (such as the attacks by Houthi militants from Yemen on commercial shipping in the Gulf of Aden and Red Sea, which have caused the rerouting of shipping away from the Suez Canal) and the Company's financial condition, business operations and liquidity, the geopolitical tensions and market uncertainties resulting from the ongoing armed conflict between Russia and Ukraine, the Israel-Hamas war and related conflicts in the Middle East and the inflationary environment and potential increases in interest rates, as well as protectionist trade policies, tariffs and related retaliatory measures. The Company cautions readers that the foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Risk Factors

Investing in the Company's American Depositary Shares ("ADSs") involves certain risks. You should carefully consider each of the following risks and all of the information included in this Annual Report.

Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position — Our results of operations are materially affected by economic and political conditions in Italy, in the European Union and in the world, which may be influenced by several factors, most of which are beyond our control. Such factors include public health outbreaks (including the spread of any future epidemic), geopolitical issues (including trade wars, Russia's invasion of Ukraine, the Israel-Hamas conflict and related conflicts in the Middle East, the attacks by Houthi militants from Yemen on commercial shipping in the Gulf of Aden and Red Sea), stock market performance, interest and exchange rates, inflation, economic and political uncertainty, the availability of consumer credit, tax rates, unemployment levels and other matters that influence consumer confidence. Deteriorating general economic conditions and generalized increased inflation may reduce consumers' disposable incomes and, therefore, client demand, which may negatively impact our profitability and put downward pressure on our prices and volumes. Moreover, sales of home furnishing goods tend to be significantly affected during recessionary periods or times of increased interest rates, when the level of disposable income tends to be lower or when consumer confidence is low.

Of particular relevance in the global macro-economic environment are the uncertainties relating to the scope and duration of the ongoing military conflicts. In particular, the conflict between Russia and Ukraine and the sanctions levied by the U.S., NATO and the European Union in connection thereto are worsening global macro-economic conditions. More specifically, as a result of such sanctions, the global economy has experienced high levels of inflation in recent periods and may continue to experience high levels of inflation in the future, which may result in increases in the costs of raw materials and labor, and other goods or services required to operate and grow our business, and such increases may continue to impact us in the future and expose us to risks associated with significant levels of cost inflation. Moreover, the high inflation rates have resulted in, and may continue to result in, higher interest rates, as central banks adjust interest rates in an attempt to manage the inflationary environment as well as economic volatility. Although global inflation levels decreased in 2024, inflation rates currently remain exposed to upward risk due to general macroeconomic and geopolitical uncertainty. The heightened inflation and increases in interest rates in recent years have affected clients' disposable incomes, thus causing consumers to delay or reduce investments in their existing homes and to become more price conscious, resulting in a shift in demand toward less expensive products. The combination of high interest rates and high levels of inflation has resulted in recent years in more expensive mortgages, and, therefore, in a weakening of the housing market, by reducing home improvement projects and new construction activity. These factors have affected, and may in the future affect, demand for our products, thus resulting in lower revenues and lower profitability, which adversely affected, and may in the future affect, our results of operations.

Moreover, although the specific impact of the Israel-Hamas conflict, the related conflicts in the Middle East and the potential escalation thereof remains uncertain, this could include, among other things, increased volatility in financial and commodity markets, increased energy prices, a higher level of general market and macroeconomic instability, and violent protests or social unrest in areas outside the immediate conflict area. This conflict, its expansion in the Middle East region and its potential for further escalation, as well as any other military or geopolitical conflicts that may arise in the future, could lead to a deterioration of global macroeconomic conditions, which could materially adversely affect our operations, financial position, and results.

Uncertainties regarding future trade arrangements and industrial policies in various countries or regions pose an additional macroeconomic risk. In particular, as a result of the new U.S. presidential administration's stated intention to review existing tariffs and other trade measures, there is heightened uncertainty regarding the potential imposition of new or increased tariffs and other trade barriers or protectionist industrial policies; such uncertainty, in turn, may adversely affect global trade and macroeconomic

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conditions, resulting in higher costs for both producers and consumers. Governments may resort to trade barriers to protect domestic industries from foreign imports, to retaliate against similar measures imposed by other countries, or to address economic challenges such as currency deflation. Whether, and to what extent, new tariffs (or other new related laws or regulations) will be enacted, or the impact of such actions on us, our business, financial condition and results of operations, as well as on our industry and on global consumer purchasing power, remains uncertain.

Adverse economic conditions may also affect the financial health and performance of our franchises and large distributors in a manner that will affect sales of our products or their ability to meet their commitments to us. In addition, if our retail customers are unable to sell our products or are unable to access credit, they may experience financial difficulties leading to bankruptcies, liquidations, and other unfavorable events. If any of these events occur, or if unfavorable economic conditions continue to challenge the consumer environment, our future sales, results of operations and liquidity would likely be adversely impacted.

Increases in raw material, transportation and labor costs could have a material adverse effect on our results of operations — Our business is significantly exposed to raw material, transportation and labor costs, which are generally dependent on a number of factors beyond our control. Specifically, prices of the raw materials we use in our production processes generally depend, among other things, on macroeconomic factors that may affect commodity prices; changes in supply and demand; energy and transportation costs; general economic conditions; significant political events; supply costs; competition; import duties, tariffs, anti-dumping duties and other similar costs; currency exchange rates and government regulation; and events such as natural disasters and widespread outbreaks of infectious diseases.

In addition, any widespread imposition of new or increased tariffs on certain products and materials by the new U.S. presidential administration could potentially disrupt our existing supply chains and increase the cost of raw materials critical to the manufacture of our products and we may be unable to find a domestic supplier that can economically provide the necessary raw materials in the quantities we require. This, in turn, would increase the overall cost of our products and reduce their demand. To manage the increased costs, we would either have to raise prices, which may result in reduced sales in the affected markets, or accept lower profit margins. Tariffs and other non-tariff trade practices and policies may adversely affect our business in other ways beyond increased costs for our products. We have taken, and may in the future take, steps to move our supply chain away from countries with higher tariff rates in favor of other jurisdictions, but these countermeasures may prove to be ineffective and the ability to predict tariff rates in different countries may be difficult as policies may change on short notice. Uncertainty about trade policy, tariff rates, and other changes in practices affecting international trade might have an adverse effect on our business and results of operation and we may face challenges in implementing the optimal responses to changing trade conditions.

In 2024, approximately 53.9% of our total upholstered and home furnishings net sales came from leather-upholstered furniture sales. The consumption of cattle hides represented approximately 12.5% of the total cost of goods sold for the year ended on December 31, 2024. The dynamics of the raw hides market are dependent on the consumption of beef, the levels of worldwide slaughtering, worldwide weather conditions and the level of demand in a number of different sectors, including footwear, automotive, furniture and clothing.

In 2024, we experienced a stable downward trend in the price of certain raw materials, including leather, wood, iron, aluminum, steel, cardboard packaging and polyethylene, due to, among other factors, declining energy costs. As a result, in 2024 our consumption of raw materials, semi-finished and finished products represented 36.0% of revenue compared to 37.2% in 2023. There can be no assurance that current prices will remain stable or continue to decrease in the future.

In addition, we are exposed to increases in transportation costs. Although transportation costs decreased in 2024, representing 7.8% of revenue compared to 8.0% in 2023, there can be no assurance that such costs will not increase in the future due to, among other things, heightened inflation, surge in demand for transportation, or other specific circumstances, such as current geopolitical conflicts, which could cause the rerouting of shipping, as was the case in the last part of 2023 and during 2024 due to the attacks by Houthis militants from Yemen on commercial shipping in the Gulf of Aden and Red Sea, which have caused the rerouting of shipping away from the Suez Canal. The re-routing of vessels could significantly increase traffic in bunkering ports on the alternative routes and cause bunker fuel demand on such routes to rise sharply. Shipping companies could re-pass the costs of re-routing vessels to their customers, including us, which could significantly increase our freight costs for the shipping of products.

Moreover, our production process is labor-intensive and, therefore, we are exposed to increases in labor costs. In 2024, we experienced an increase in labor-related costs per employee compared to 2023, due to renegotiation of national collective bargaining agreements in certain countries, especially in Romania (where the base salary for our employees increased by 18%), Italy (where the base salary for our employees increased by 5.9%), and Brazil (where the base salary for our employees increased by 5.5%).

The profitability of our business depends in part upon the margin between the cost to us of certain raw materials, our production costs associated with converting such raw materials into assembled products (including labor-related costs) and our costs associated with transporting our products to consumers, as compared to the selling price of our products. Although we could offset part of our increased costs with increased pricing for our products, any unrecovered increased operating costs could adversely impact our

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margins and, therefore, have a material adverse effect on our results of operations. Moreover, an increase in our product prices could negatively affect our business by making consumers more price conscious, thus resulting in a shift in demand to less expensive products.

We have a history of operating losses and cannot assure you that we will be profitable in the future; our future profitability, financial condition and ability to maintain adequate levels of liquidity depend, to a large extent, on our ability to overcome operational challenges — We have a history of operating losses having recorded an operating loss of €10.6 million in 2020, €22.5 million in 2019, €25.5 million in 2018 and €24.0 million in 2017. Although we achieved an operating profit of €8.5 million in the year ended December 31, 2022, we recorded an operating loss of €9.5 million in the year ended December 31, 2023 and an operating loss of €6.3 million in the year ended December 31, 2024, and we may not be able to achieve or sustain profitable operations in the future or generate positive cash flows from operations.

Our strategy of expanding our retail network of Natuzzi-branded points of sale, consisting of mono-brand stores and galleries within multi-brand malls, whether directly or franchised operated, has required, and might require in the future, significant upfront costs at both the regional and headquarter level. The newly opened mono-brand stores are not fully productive during the first months following their openings and, therefore, investments in the retail and marketing organization are, at the beginning, not adequately returned by sales. While we expect that the newly opened mono-brand stores will progressively improve in productivity to absorb such up-front costs, there is a chance that these investments will not be recouped.

Furthermore, during the last thirteen years, we have incurred aggregate financial obligations in the amount of €63.5 million (€9.6 million, €3.1 million, €0.1 million, €0.3 million, €3.8 million, €3.8 million, €1.4 million, €16.9 million, €4.5 million, €4.5 million, €13.5 million, €1.4 million and €0.6 million for the years 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013 and 2012 respectively), almost entirely in connection with our efforts to reduce redundant workers. See “—We have redundant workers at our Italian operations, which remains an unresolved issue, and have benefited in 2024 and in previous years from temporary work force reduction programs; if we continue to be unable to reduce our redundant workers and/or if such temporary work force reduction programs are not continued, our business, results of operations and liquidity may continue to be impacted or may be impacted at a greater extent.”

Our results of operations and ability to maintain adequate levels of liquidity in the future will depend on our ability to overcome these and other challenges. Our failure to achieve profitability in the future could adversely affect the trading price of our ADSs and our ability to raise additional capital and, accordingly, our ability to grow our business. There can be no assurance that we will succeed in addressing any or all of these risks, and the failure to do so could have a material adverse effect on our business, results of operations and financial condition.

We have redundant workers at our Italian operations, which remains an unresolved issue, and have benefited in 2024 and in previous years from temporary work force reduction programs; if we continue to be unable to reduce our redundant workers and/or if such temporary work force reduction programs are not continued, our business, results of operations and liquidity may continue to be impacted or may be impacted at a greater extent — Our Italian operations employ redundant workers. In recent years, the Company has entered into a series of agreements with Italian trade unions pursuant to which government funds have been used to pay a substantial portion of the salaries of such redundant workers, who are subject to either temporary layoffs, as in the case of the *Cassa Integrazione Guadagni Straordinaria* (“CIGS”), or reduced work schedules, as in the case of the Solidarity Facility (as defined below). The use of such temporary work force reduction programs has also resulted in a series of lawsuits brought against the Company.

In May 2017, the Italian Supreme Court (*Corte di Cassazione*) rejected the Company’s appeal of a lawsuit brought by two former employees of the Company relating to the implementation of the CIGS, ruling in favor of the plaintiffs. As a result of this decision, several further workers have brought lawsuits against the Company over time for alleged misapplication of the CIGS. Since then, the Company has accordingly increased its provision for legal claims. As of December 31, 2024, provision for legal claims amounted to €5.4 million, of which €3.8 million referred to the probable contingent liability related to the legal proceedings initiated for the alleged misapplication of the CIGS. For additional information, see Note 26 to the Consolidated Financial Statements.

In addition, in October 2016, the Company laid off 176 Italian workers as part of an organizational restructuring, 166 of whom were then re-employed as the Bari Labor Court deemed the dismissals to have been carried out improperly. In March 2017, the Company and the Italian institutions representing those workers agreed to extend the scope of an agreement signed by the Company and the Minister of Labor and Social Politics in 2015 to reduce working hours per day (the “Solidarity Facility”) in order to lessen the impact of re-employments in 2018. Pursuant to the Solidarity Facility, a higher number of workers, as compared to the Company’s need, may continue to work at the Company, though with a salary reduction that is less than proportional to the reduction in working hours as a result of government financial support.

In December 2018 and 2019, the Company and the relevant trade unions and Italian authorities agreed to extend the scope of the Solidarity Facility, which was later suspended following the COVID-19 outbreak. Indeed, from March 2020 to June 2021, in

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agreement with trade unions, the Company adopted certain social safety nets made available by the Italian Government to mitigate the impacts of the COVID-19 pandemic on the cost of labor. As a result, the scope of the Solidarity Facility was extended until November 2021. Since November 2021, the scope of the Solidarity Facility has been further extended over the years, most recently on January 14, 2025, until October 31, 2025. Thereafter, we will continue to apply all the available measures provided by the national legislation to further mitigate labor costs.

Additionally, starting from December 2018, the Company and the relevant trade unions and Italian authorities agreed on the use by the Company of CIGS in order to support the Company's reorganization process. From January 1, 2019 until March 2020, the Company benefitted from CIGS for up to 487 workers employed at the plant located in Altamura. From March 2020 to June 2021, in agreement with trade unions, the Company adopted certain social safety nets made available by the Italian Government to mitigate the impacts of the COVID 19 pandemic. As a result, CIGS was extended until February 2022. In February 2022, the Company and the relevant trade unions and Italian authorities signed an agreement allowing the Company to benefit from CIGS for up to 463 workers employed at the plant located in Altamura until mid-February 2023. In January 2023, the Company and the relevant trade unions and Italian authorities signed an agreement allowing the Company to benefit from CIGS for up to 449 workers employed at the plant located in Altamura until December 31, 2023. On July 11, 2023, the Company, the relevant trade unions and Italian authorities signed an agreement (the "Early Retirement Agreement") that provides for (i) early retirement for employees who are within 60 months of reaching retirement age, (ii) the hiring of new employees, (iii) the implementation of training programs and (iv) access to the CIGS for redundant employees. As a result, among other things, the Company will benefit from CIGS for up to 875 workers employed at various plants of the Group until June 30, 2025. Thereafter, we will continue to apply all the available measures provided by the national legislation to further mitigate labor costs.

If these temporary work force reduction programs are not continued in the future, our business, results of operations and liquidity may be significantly impacted.

Furthermore, since 2021, we and the other parties involved have agreed to set up an incentive plan for workers who voluntarily terminate their employment relationship, that will continue to apply in 2025. If this or other efforts to reduce redundant workers are not successful, the labor cost associated with such redundant workers will continue to have an adverse effect on our business, results of operations and financial condition.

Our ability to generate the significant amount of cash needed to service our debt obligations and comply with our other financial obligations, and our ability to refinance all or a portion of our indebtedness or obtain additional financing, depend on multiple factors, many of which may be beyond our control — Our ability to make scheduled payments due on our existing and anticipated debt obligations and on our other financial obligations, and to refinance and to fund planned capital expenditure and development efforts will depend on our ability to generate cash. See "—We have a history of operating losses and cannot assure you that we will be profitable in the future; our future profitability, financial condition and ability to maintain adequate levels of liquidity depend, to a large extent, on our ability to overcome operational challenges". Our ability to obtain cash to service our existing and projected debts is subject to a range of economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. We may not be able to generate sufficient cash flow from our operations to satisfy our existing and projected debt and other financial obligations, in which case, we may have to undertake alternative financing plans, sell assets, reduce or delay capital investments, or seek to raise additional capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the financial markets and our financial condition at such time. To the extent we have borrowings under bank overdrafts and short-term borrowings that are payable upon demand or which have short maturities, we may be required to repay or refinance such amounts on short notice, which may be difficult to do on acceptable financial terms or at all.

Given the geopolitical tensions caused by Russia's invasion of Ukraine, the Israel-Hamas conflict and related conflicts in the Middle East as well as any further escalation thereof, the potential imposition of new or increased tariffs and other trade barriers by the new U.S. presidential administration, the risk of rising inflation on a global basis and the resulting potential increases in the interest rates by major central banks in major economies to curb inflation, the resulting impacts on financial markets and the economy as a whole, and the monetary uncertainty, there is an enhanced degree of uncertainty regarding our capital position and availability of capital to fund our liquidity requirements. Recognizing the significant threat to the liquidity of financial markets posed by these factors and the increased inflation, resulting in reduced consumer purchasing power and weakened consumer confidence, most of the central banks all over the world have taken significant actions in recent years to return inflation levels to their respective expected targets. There can be no assurance that these interventions will be successfully transmitted into real economy and that the financial markets will not experience significant contractions in available liquidity. Additionally, the instability due to the geopolitical tensions caused by the ongoing conflict in Ukraine and the imposition of sanctions, taxes and/or tariffs against Russia and Russia's response to such sanctions has resulted, and may result in the future, in diminished liquidity and credit availability in the market, which could impair our ability to access capital if needed.

At December 31, 2024, we had €23.3 million of bank overdrafts and short-term borrowings outstanding and €20.3 million of cash and cash equivalents. We cannot assure you that any refinancing or restructuring would be possible, that any assets could be sold,

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or, if sold, of the timing of the sales or the amount of proceeds that would be realized from those sales. We cannot assure you that additional financing could be obtained on acceptable terms, if at all, or would be permitted under the terms of our various debt instruments then in effect. Our failure to generate sufficient cash flow to satisfy our existing and projected debt obligations, or to refinance our obligations on commercially reasonable terms, would have an adverse effect on our business, results of operations and financial condition.

The Company uses a securitization program to manage liquidity risk; should such program be terminated, the Company's ability to manage such risk will be impaired — As a means to manage liquidity risk, in July 2020, the Company renewed its accounts receivables securitization facility (the "Securitization Facility") with an affiliate of Intesa Sanpaolo S.p.A. (the "Assignee") for an additional 5-year period. Originally entered into in July 2015, the Securitization Facility allows the Company to assign trade receivables to the Assignee for a maximum amount of €40.0 million, on a revolving basis, retaining substantially all of the risks and rewards ("*pro-solvendo*") in the assigned trade receivables, in exchange for short-term credit. Therefore, the Securitization Facility continues to provide the Company with an important and stable source of liquidity. Notably, under the Securitization Facility, as renewed, the Company is entitled to assign a wider range of trade receivables, thus adding flexibility to the Company's funding capacity. The Company's ability to continue using this tool to mitigate liquidity risk depends on the assigned receivables meeting certain credit criteria, one such criterion being the continued solvency of the customers owing such receivables. If these criteria are not met, including, for example, because the credit quality of the Company's customers deteriorates, the Securitization Facility may be terminated, thereby depriving the Company of an important tool for managing liquidity risk.

In view of the upcoming expiration of the Securitization Facility in July 2025, we have initiated preliminary discussions with the Assignee to explore potential renewal options. The Assignee has commenced the preliminary review process necessary to assess the terms that will form the basis for the subsequent decision-making phase, which is expected to be completed by the end of May 2025.

Our operations may be adversely impacted by strikes, slowdowns and other labor relations matters — Many of our employees, including many of the workers at our Italian plants, are unionized and covered by collective bargaining agreements. As a result, we are subject to the risk of strikes, work stoppages or slowdowns and other labor relations matters, particularly in our Italian plants. Any strikes, threats of strikes, slowdowns or other resistance in connection with our reorganization plan, the negotiation of new labor agreements or otherwise could adversely affect our business and impair our ability to implement further measures to reduce structural costs and improve production efficiencies. A lengthy strike that involves a significant portion of our manufacturing facilities could have an adverse effect on our cash flows, results of operations and financial condition.

Additionally, we renegotiate these collective bargaining agreements at routine intervals and may be unable to renew these collective bargaining agreements on the same or similar terms, or at all.

We may not execute our budget plan, successfully or in a timely manner, which could have a material adverse effect on our results of operations or on our ability to achieve the objectives set forth in our plans — In February 2025, the Company's Board of Directors approved the budget plan for 2025 (the "Budget"), which considers among other factors, the potential impact on our business, at least in the short term, of the current geopolitical uncertainty, inflation, financial market volatility, and related economic downturn. The Budget focuses on several cornerstones including, among others: a) an increased focus on controlled distribution through mono-brand stores and branded galleries, both directly owned and franchised, in priority markets, such as the U.S., China and Europe, primarily the UK and Italy; b) a rationalization of the business model for the wholesale channel, for both the Natuzzi branded business and the unbranded business; c) a continued attention to margins, by focusing on the branded division, which has higher margins than the unbranded business, and, at the same time, by focusing on selected large accounts and serve them with a more efficient go-to-market model; d) a constant revision of our production structure, including the progress of the "Factory 4.0" workflow organization, starting with the Italian factories, with the aim to improve the overall efficiency, and then continuing with the industrial footprint in Asia to further enhance overall efficiency, as well as any potential collaboration with external industrial partners to add flexibility to our industrial operations and support the wholesale business; e) streamlining of our processes and overhead optimization; and f) focus on working capital management in an effort to improve the cash flow from operations.

The Company continues to implement initiatives to divest non-strategic assets, particularly in the U.S. and Italy, with the aim of increasing the flexibility of our operational structure. Proceeds from such divestitures will be reinvested in retail expansion and restructuring programs, particularly within the Italian operations. Failure to complete such divestments may result in the postponement of some investment programs in the Italian factories and the directly operated stores ("DOS") expansion.

The profitability of our business depends on the successful and timely execution of the Budget. Failure to successfully and timely achieve the objectives included in the Budget could result in a failure to reduce costs and improve sales, which could result in losses for the Group.

Failure to offer a wide range of products that appeal to consumers in the markets we target and at different price-points could result in a decrease in our future profitability — Our sales depend on our ability to anticipate and reflect consumer tastes and trends in the products we sell in various markets around the world, as well as our ability to offer our products at various price

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points that reflect the spending levels of our target consumers. While we have broadened the offering of our products in terms of styles and price points over the past several years in order to attract a wider base of consumers, our results of operations are highly dependent on our continued ability to properly anticipate and predict these trends. Our potential inability to anticipate consumer tastes and preferences in the various markets in which we operate, and to offer these products at prices that are competitive to consumers, may negatively affect our ability to generate future earnings.

In addition, with a significant portion of our revenue deriving from the sale of leather-upholstered furniture, consumers have the choice of purchasing upholstered furniture in a wide variety of styles and materials, and consumer preferences may change. There can be no assurance that the current market for leather-upholstered furniture will grow consistently with our internal projections or that it will not decline.

Demand for furniture is cyclical and may fall in the future — Historically, the furniture industry has been cyclical, fluctuating with economic cycles, and sensitive to general economic conditions, housing starts, interest rate levels, credit availability and other factors that affect consumer spending habits. Due to the discretionary nature of most furniture purchases and the fact that they often represent a significant expenditure to the average consumer, such purchases may be deferred during times of economic uncertainty. Should current economic conditions worsen (including as a result of current geopolitical tensions), the current rate of housing continue to decline, inflation rates resume an upward trend, or any new or increased tariffs or other trade restrictions be implemented by the new U.S. presidential administration, consumers' disposable incomes could be affected, thus deteriorating consumer demand, as well as consumer confidence, for home furnishings, which may have an adverse effect on our business, results of operations and financial condition. See “— Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position.”

Our inability to accurately forecast demand for our products could affect our profitability — The delivery lead time for certain raw materials that we use in our manufacturing process, such as leather, is lengthy and, therefore, we purchase these raw materials well in advance of their consumption. This requires us to make forecasts and assumptions regarding current and future demand for our products. Inaccuracies in these forecasts and assumptions may hinder our ability to efficiently manage our operations, facilities, and production capacity, thereby adversely affecting our results of operations.

Our forecasts concerning product demand influence inventory management. Over-purchasing certain raw materials may impair the value of our inventory, thus reducing our margins and negatively affecting our financial condition and liquidity. Conversely, under-purchasing certain raw materials may result in an inability to timely meet customer orders, which could also adversely affect our sales, earnings, financial condition, and liquidity.

The furniture market is highly competitive — We operate in a highly competitive industry that includes a large number of manufacturers. No single company has a dominant position in the industry. Competition is generally based on product quality, brand name recognition, price and service. We mainly compete in the upholstered furniture sub-segment of the furniture market. In Europe, the upholstered furniture market is highly fragmented. In the U.S., the upholstered furniture market includes a number of relatively large companies, some of which are larger and have greater financial, technical, marketing and other resources than us. Some of our competitors offer extensively advertised, well-recognized branded products. Competition has increased significantly in recent years as foreign producers from countries with lower manufacturing costs have begun to play an important role in the upholstered furniture market. Such manufacturers are often able to offer their products at lower prices, which increases price competition in the industry. In particular, manufacturers in Asia and Eastern Europe have increased competition in the lower-priced segment of the market. In November 2021, we launched our e-commerce service for online sales which is currently active in the U.S. only. Therefore, we compete with other retailers offering consumers the ability to purchase home furnishings via the internet for home delivery and expect such competition to increase in the future. As a result of the actions and strength of our competitors and the inherent fragmentation in some markets in which we compete, we are continually subject to the risk of losing market share, which may lower our sales and profits. Market competition may also force us to reduce prices and margins, thereby negatively affecting our cash flows, or prevent us from raising the prices of our products in response to current inflationary pressures or increasing costs, which could result in a decrease in our profit margins. Although price is a significant basis of competition in our industry, we also compete on the basis of on-time delivery and our reputation for quality and customer service. If we fail to maintain our current standards for product quality, the scope of our distribution capabilities or our customer relationships, our reputation, financial condition, results of operations and cash flows could be adversely affected.

Fluctuations in currency exchange rates and interest rates may adversely affect our results of operations — We conduct a substantial part of our business outside of the Euro-zone and are exposed to market risks stemming from fluctuations in currency and interest rates. In particular, an increase in the value of the Euro relative to other currencies used in the countries in which we operate has in the past, and may in the future, reduce the relative value of the revenues from our operations in those countries, and therefore may adversely affect our operating results or financial position, which are reported in Euro. Additionally, we are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In 2024, in the ordinary course of business, about 65.0% of the operating payments we received and about 46.6% of the operating payments we

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made were denominated in currencies other than the Euro. We also hold a substantial portion of our cash and cash equivalents in currencies other than the Euro. Therefore, we are exposed to the risk that fluctuations in currency exchange rates may adversely affect our results, as has been the case in recent years.

In addition, foreign exchange movements might also negatively affect the relative purchasing power of our clients, which could also have an adverse effect on our results of operations. Although we seek to manage our foreign currency risk in order to minimize negative effects from rate fluctuations, including through hedging activities, there can be no assurance that we will be able to do so successfully. Therefore, our business, results of operations and financial condition could be adversely affected by fluctuations in market rates, particularly during times of high volatility, such as those currently experienced due to the adverse effects on financial markets of rising inflation and of the ongoing conflict in Ukraine, the Israel-Hamas conflict and related conflicts in the Middle East. Additionally, any new or increased tariffs imposed by the new U.S. presidential administration could also affect the strength of the U.S. dollar, thereby acting as an additional factor in foreign exchange rate fluctuations.

In the normal course of business, we also face risks that are either non-financial or non-quantifiable. Such risks principally include country risk, credit risk and legal risk. For more information about currency and interest rates risks, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk.”

We face risks associated with our international operations — We are exposed to risks arising from our international operations, including changes in governmental regulations, tariffs or taxes and other trade barriers (as has been the case with import duties imposed by the U.S. and Canadian administrations on home furnishings imported from certain Asian countries and as may be the case with any new or increased tariffs or other trade restrictions that the new U.S. presidential administration has imposed, or may in the future impose, on goods imported from foreign countries); price, wage and currency exchange controls; political, social, and economic instability in the countries in which we operate (including as a result of the ongoing conflicts in Ukraine and in the Middle East region); natural disasters, such as a fire, an earthquake or a flood; outbreaks or public health crises, such as the spread of any future epidemic; inflation, exchange rate and interest rate fluctuations; extended lead time in ordering and disruptions in the supply chain due to, among other things, shortages of raw materials or the closure of certain routes (see “—Increases in raw material, transportation and labor costs could have a material adverse effect on our results of operations”). Any of these factors could have a material adverse effect on our results of operations.

Compliance with laws may be costly, and changes in laws could make conducting our business more expensive or otherwise change the way we do business — We are subject to numerous regulations, including tax, labor and employment, customs, truth-in advertising, consumer protection, e-commerce, privacy, health and safety, real estate, zoning, occupancy, and environmental, social and governance laws, and other laws and regulations that regulate the operations in our stores, plants and suppliers or otherwise govern our business. In addition, to the extent we expand our operations as a result of engaging in new business initiatives or product lines or expanding into new international markets, we become subject to further regulations and regulatory regimes. We may need to continually reassess our compliance procedures, personnel levels and regulatory framework in order to keep pace with the numerous business initiatives that we are pursuing, and there can be no assurance that we will be successful in doing so. If the regulations applicable to our business operations were to change or were violated by us or our vendors or buying agents, the costs of certain goods could increase, or we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our products and harm our business and results of operations.

Our past results and operations have significantly benefited from government incentive programs, which may not be available in the future — We receive, and received, benefits from certain governments in the form of grants, incentives and tax credits. In the past, we used to benefit from Italian Government’s investment incentive programs for under-industrialized regions in Southern Italy, including tax benefits, subsidized loans and capital grants. See “Item 4. Information on the Company-Incentive Programs and Tax Benefits.” In recent years, the Italian Parliament has replaced these incentive programs with an investment incentive program for all under-industrialized regions in Italy, which we are currently benefitting from, that includes grants, research and development benefits.

Moreover, we have manufacturing operations in China, Brazil and Romania and in some cases we were granted tax benefits and export incentives by the relevant governmental authorities in those countries. There can be no assurance that we will benefit from such grants, benefits, tax credits or export incentives in connection with our current or future investments or relevant governmental authorities will continue to provide such incentives, grants and benefits on similar terms or at all.

Increased expectations relating to environmental, social and governance factors may expose us to new risks — The focus from certain investors, customers and other key stakeholders relating to environmental, social and governance (“ESG”) matters, including environmental stewardship, social responsibility, diversity and inclusion, racial justice and workplace conduct, has increased in recent years and may lead to new and more restrictive environmental laws and regulations in certain jurisdictions. As a result, our brand and reputation may be damaged in the event that our corporate responsibility procedures or standards do not meet such increased expectations and/or we do not adapt to and comply with new laws and regulations or changes to legal or regulatory

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requirements concerning ESG matters. Additionally, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any failure to meet the expectations of our investors and other key stakeholders or to execute our initiatives as planned could materially and adversely affect our reputation and financial results.

Climate change, or legal, regulatory or market measures to address climate change, may materially adversely affect our financial condition and business operations — Our manufacturing facilities are located in Italy, Romania, China, and Brazil and are engaged in manufacturing processes that, by using energy, produce greenhouse gas emissions (“GHGs”), including carbon dioxide. Some of such jurisdictions are considering implementing, or have already implemented, legislation on climate change and schemes addressing the regulation of carbon emissions. Such regulations on climate change may not be consistent across these countries. As a result, adaptation to such provisions may cause compliance burdens and costs to meet the regulatory obligations and economic and regulatory uncertainty. Any laws or regulations that are adopted to reduce emissions of GHGs could (i) increase our costs for raw materials, (ii) increase our costs to operate and maintain our facilities, (iii) increase costs to administer and manage emissions programs, and (iv) have an adverse effect on demand for our products.

Climate change resulting from increased concentrations of GHGs and carbon dioxide could present risks to our future operations from natural disasters and extreme weather conditions, such as hurricanes, tornadoes, wildfires or flooding. Such extreme weather conditions and events could pose physical risks to our facilities and disrupt operations of our supply chain and may increase operational costs. In particular, our timber inventory could be affected by such weather conditions with the risk of changes in timber growth cycles, fire damage, insect infestation, disease, prolonged drought and natural disasters, causing a reduction in our timber inventory and adversely affecting our raw material sourcing. Climate change may also subject our business to significant increases or volatility in the prices of certain commodities, including but not limited to electronic componentry, fuel, oil, natural gas, rubber, cotton, plastic resin, steel and chemical ingredients used to produce foam.

Furthermore, any adverse contractual disputes arising from climate change-related disruptions, could result in increased litigation, costs and could also have a negative impact on our business and reputation.

In July 2024, the European Union adopted the Ecodesign for Sustainable Products Regulation (ESPR) to ensure that products sold in the EU meet new sustainability standards. While Natuzzi already strives to design products that are durable, recyclable and energy efficient, this regulation will introduce additional requirements, including the implementation of enhanced transparency measures (e.g., a digital product passport).

The evolving regulatory landscape (e.g., the expanded EU regulatory framework for chemicals as part of the zero-pollution goal under the European Green Deal) could restrict or ban the use of materials critical to our production and significantly impact material choices in our business, requiring substantial R&D efforts and potentially leading to increased costs and adjustments to our supply chain. In addition, the increasing fragmentation of requirements, both globally and in specific markets (e.g., individual states in the United States), could further complicate operational efficiency.

Failure to protect our intellectual property rights could adversely affect us — We believe that our intellectual property rights are important to our success and market position. We attempt to protect our intellectual property rights through a combination of patent and trademark laws, as well as licensing agreements and third-party nondisclosure and assignment agreements or confidentiality and restricted use agreements. We believe that our patents, trademarks and other intellectual property rights are adequately supported by applications for registrations, existing registrations and other legal protections in our principal markets. However, we cannot exclude the possibility that our intellectual property rights may be challenged by others or that agreements designed to protect our intellectual property will not be breached, or that we may be unable to register our patents, trademarks or otherwise adequately protect them in some jurisdictions.

We rely on information technology to operate our business, and any disruption to our technology infrastructure could harm our operations — We operate many aspects of our business including financial reporting and customer relationship management through server and web-based technologies. We store various types of data on such servers or with third parties who in turn store it on servers and in the “cloud.” Any disruption to the internet or to our global technology infrastructure or to that of our service providers, including malware, insecure coding, “acts of God”, attempts to penetrate networks, data theft or loss and human error, could have adverse effects on our operations. A cyber-attack to our systems or networks that impairs our information technology systems could disrupt our business operations and result in loss of service to customers. Our ability to keep our business operating effectively depends on the functional and efficient operation of our information, data processing and telecommunications systems, including our design, procurement, manufacturing, inventory, sales and payment process. Due to the geopolitical uncertainty following Russia’s invasion of Ukraine and the Israel-Hamas conflict and related conflicts in the Middle East, there is a possibility that the escalation of tensions could result in cyberattacks that could either directly or indirectly affect our operations. While we have invested and continue to invest in information technology risk management, cybersecurity and disaster recovery plans (see “Item

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16K. Cybersecurity”), these measures cannot fully insulate us from technology disruptions or data theft or loss and the resulting adverse effect on our operations and financial results.

In response to shifts in employee workplace preferences, we have allowed certain of our employees the option of a hybrid work schedule where they may choose to work partially from home. Although we continue to implement strong physical and cybersecurity measures to ensure that our business operations remain functional and to ensure uninterrupted service to our customers, because of our remote work arrangements, our systems and our operations remain vulnerable to cybersecurity incidents, including breaches of information systems security, which could damage our reputation and commercial relationships, disrupt operations, increase costs and/or decrease net revenues, and expose us to claims from customers, suppliers, financial institutions, regulators, payment card associations, employees and others, any of which could have a material adverse effect on our results of operations and financial conditions. Furthermore, the risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased, including as a result of the Russia-Ukraine conflict and conflicts in the Middle East region.

In addition, we are subject to data privacy and other similar laws in various jurisdictions, which require, among other things, that we undertake costly notification procedures in the event we are the target of a cybersecurity attack resulting in unauthorized disclosure of our customer data. If we fail to implement appropriate safeguards or to detect and provide prompt notice of unauthorized access as required by some of these laws, we could be subject to potential claims for damages and other remedies, which could have a material adverse effect on our results of operations.

In 2024, we completed the migration of some core business applications to the cloud, starting from our enterprise resource planning (ERP) system, and in 2025 we will continue our strategy by migrating other business applications to the cloud. Although these cloud migrations have increased, and will continue to increase, efficiency and functionality, such migrations make the Company more reliant on third party service providers. Any material disruption or slowdown of the Company’s information systems could result in the loss of critical data, the inability to process and properly record transactions and the material impairment of the Company’s ability to conduct business, leading to cancelled orders and lost sales.

We are dependent on qualified personnel — Our ability to maintain our competitive position will depend to some considerable degree upon the personal commitment of our founder and Executive Chairman of the Board of Directors, Mr. Pasquale Natuzzi, as well as on our ability to continue to attract and maintain highly qualified managerial, finance, IT, manufacturing and sales and marketing personnel. There can be no assurance that the loss of key personnel would not have a material adverse effect on our results of operations.

Investors may face difficulties in protecting their rights as shareholders or holders of ADSs — The Company is incorporated under the laws of the Republic of Italy. As a result, the rights and obligations of its shareholders and certain rights and obligations of holders of its ADSs are governed by Italian law and the Company’s statuto (or the By-laws). These rights and obligations are different from those that apply to U.S. corporations. Furthermore, under Italian law, holders of ADSs have no right to vote the shares underlying their ADSs. However, pursuant to the Deposit Agreement (as defined below), ADS holders do have the right to give instructions to BNY Mellon, National Association (“BNY” or the “Depositary”), the ADS depositary, as to how they wish such shares to be voted. For these reasons, the Company’s ADS holders may find it more difficult to protect their interests against actions of the Company’s management, board of directors or shareholders than they would if they were shareholders of a company incorporated in the United States.

One shareholder has a controlling stake in the Company — Mr. Pasquale Natuzzi, founder of the Company and Executive Chairman of the Board of Directors, beneficially owns, as of the date of this Annual Report, an aggregate amount of 30,967,521 ordinary shares of the Company (the “Ordinary Shares”), representing 56.2% of the Ordinary Shares outstanding (61.3% of the Ordinary Shares outstanding if the Ordinary Shares owned by members of Mr. Natuzzi’s immediate family (the “Natuzzi Family”) are aggregated). As a result, Mr. Natuzzi has the ability to exert significant influence over our corporate affairs and to control the Company, including its management and the selection of its board of directors. Since December 16, 2003, Mr. Natuzzi has held his entire beneficial ownership of Natuzzi S.p.A. shares through INVEST 2003 S.r.l., an Italian holding company wholly-owned by Mr. Natuzzi with its registered office located at Via Gobetti 8, Taranto, Italy.

In addition, under the Deposit Agreement dated as of May 15, 1993, as amended and restated from time to time (the “Deposit Agreement”), among the Company, the Depositary, and owners and beneficial owners of ADSs, the Natuzzi Family has a right of first refusal to purchase all the rights, warrants or other instruments which BNY Mellon, as Depositary under the Deposit Agreement, determines may not lawfully or feasibly be made available to owners of ADSs in connection with each rights offering, if any, made to holders of Ordinary Shares.

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Because a change of control of the Company would be difficult to achieve without the cooperation of Mr. Natuzzi and the Natuzzi Family, the holders of the Ordinary Shares and the ADSs may be less likely to receive a premium for their shares upon a change of control of the Company.

Past and future grants of share-based awards may have an adverse effect on our financial condition and results of operations and have dilutive impact to your investment — In 2022, we adopted the Natuzzi 2022-2026 Stock Option Plan (the “SOP”) to grant share-based compensation awards to key employees and directors to incentivize their performance and align their interests with ours. The maximum number of Ordinary Shares we are authorized to issue pursuant to SOP is 5,485,304 Ordinary Shares. As of March 31, 2025, we have granted stock options for the purchase of a total of 2,812,560 Ordinary Shares (equivalent to 562,512 ADSs), of which 220,000 Ordinary Shares (equivalent to 44,000 ADSs) were subscribed for in 2022. See “Item 6. Directors, Senior Management and Employees-Compensation of Directors and Officers-Natuzzi 2022-2026 Stock Option Plan” and Note 24 included to the Consolidated Financial Statements. If we grant more stock options to attract and retain key personnel, our expenses associated with share-based compensation may increase, which may have an adverse effect on our financial condition and results of operations and have a dilutive impact to your investment. However, if we do not grant stock options or reduce the number of stock options that we grant, we may not be able to attract and retain key personnel.

Purchasers of our Ordinary Shares and ADSs may be exposed to increased transaction costs as a result of the Italian financial transaction tax or the proposed European financial transaction tax — On February 14, 2013, the European Commission adopted a proposal for a directive on the financial transaction tax (hereafter “EU FTT”) to be implemented under the enhanced cooperation procedure by 11 member states initially (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain). Following Estonia’s formal withdrawal on March 16, 2016, 10 member states are currently participating in the negotiations on the proposed directive. Member states may join or leave the group of participating member states at later stages and, subject to an agreement being reached by the participating member states, a final directive will be enacted. The participating member states will then implement the directive in local legislation. If the proposed directive is adopted and implemented in local legislation, investors in Ordinary Shares and ADSs may be exposed to increased transaction costs.

The Italian financial transaction tax (the “IFTT”) applies with respect to trades entailing the transfer of (i) shares or equity-like financial instruments issued by companies resident in Italy, such as the Ordinary Shares; and (ii) securities representing the shares and financial instruments mentioned under (i) above (including depositary receipts such as the ADSs), regardless of the residence of the issuer. The IFTT may also apply to the transfer of Ordinary Shares and ADSs by a U.S. resident. The IFTT does not apply to companies having an average market capitalization lower than €500 million in the month of November of the year preceding the year in which the trade takes place. In order to benefit from this exemption, companies whose securities are listed on a foreign regulated market, such as the Company, need to be included on a list published annually by the Italian Ministry of Economy and Finance. Since the Company has been included in the list issued by the Italian Ministry of Economy and Finance of companies having an average market capitalization lower than €500 million in the month of November 2024, the IFTT would not apply on transfers of Ordinary Shares or ADSs made in 2025. See “Item 10. Additional Information-Taxation-Other Italian Taxes-Italian Financial Transaction Tax.”

Emerging issues related to our development, integration and use of artificial intelligence (“AI”) could give rise to legal or regulatory action, damage our reputation or otherwise materially harm our business — Our development, integration and use of AI technology in our operations remains in the early phases. We have started to assess the use of AI technology to drive productivity and data analytics. While we aim to develop, integrate and use AI responsibly, we may ultimately be unsuccessful in identifying or resolving issues, such as accuracy issues, cybersecurity risks, unintended biases, and discriminatory outputs, before they arise. AI is a new and emerging technology in early stages of commercial use and presents a number of risks inherent in its use by us, our customers, suppliers and other business partners and third-party providers, or through the use of third-party hardware and software. These risks include, but are not limited to, ethical considerations, public perception, intellectual property protection, regulatory compliance, privacy concerns and data security, all of which could have a material adverse effect on our business, results of operations and financial position. As a result, we cannot predict future developments in AI and related impacts to our business and our industry. If we are unable to successfully and accurately develop, integrate and use AI technology, as well as address the risks and challenges associated with AI, our business, results of operations and financial position could be negatively impacted. Additionally, if the content, analyses, or recommendations that AI applications assist in producing are or are alleged to be deficient, inaccurate, or biased, our reputation, business, financial condition, and results of operations may be materially adversely affected.

ITEM 4. INFORMATION ON THE COMPANY

Business Overview

History and development of the Company — Founded in 1959 by Pasquale Natuzzi, Natuzzi Group is one of the most renowned players in the production and distribution of design and luxury furniture. With a global retail network of 630 Natuzzi mono-brand stores, 650 wholesale points of sale, including 427 Natuzzi galleries and other smaller distribution areas within multi-brand stores, as of December 31, 2024, and with manufacturing plants in Italy, China, Romania and Brazil to efficiently serve different markets, Natuzzi distributes its collections worldwide. In 2024, the Company distributed its products in 107 countries on five continents. Natuzzi products embody the finest spirit of Italian design and the unique craftsmanship details of the “Made in Italy”, as a predominant part of its production takes place in Italy. Natuzzi has been listed on the New York Stock Exchange since May 13, 1993. For additional information on the Company’s listing on the New York Stock Exchange, see “Item 9. The Offer and Listing—Trading Markets.”

Continuous stylistic research, creativity, innovation, solid craftsmanship, industrial know-how and integrated management throughout the entire value chain are the mainstays that have made Natuzzi one of the few players with global reach in the furniture market.

In the early 2000s, to respond to a global competition based mainly on price, the Company began to reposition its brand by introducing a total living concept in its offer, encompassing the production of sofas and armchairs not only in leather but also in fabric, together with the offering of living room furniture and beds. Moreover, Natuzzi is accelerating its retail expansion worldwide, leveraging on a global manufacturing footprint to strategically support the development of its brands. This is a crucial step as the Company begins to lay the foundations for its transformation from a pure “B2B” manufacturer to a retailer, which has required investments in organization, marketing, R&D, IT and product for more than a decade.

Committed to social responsibility and environmental sustainability since its inception, Natuzzi is ISO 9001 and 14001 certified (Quality and Environment), ISO 45001 certified (Safety in the Workplace) and FSC® Chain of Custody, CoC (FSC-C131540).

The brand portfolio of the Group includes two main brands: *Natuzzi Italia* and *Natuzzi Editions*. For a detailed description of each brand and its target markets, see “Strategy—The Brand Portfolio and Merchandising Strategy” and “Products” below.

As of December 31, 2024, the Group distributed its branded products as follows:

- *Natuzzi Italia* branded products are distributed through **219** *Natuzzi Italia* mono-brand stores, of which 36 are directly operated by the Group, 10 directly operated by our joint venture in China and 173 by third-party franchisees. Furthermore, *Natuzzi Italia* branded products are sold through 123 *Natuzzi Italia* galleries worldwide (store-in-store points of sales managed by independent partners), including four *Natuzzi Italia* concessions, i.e., galleries directly managed by the Mexican subsidiary of the Group. The *Natuzzi Re-vive* recliner is included in the *Natuzzi Italia* offering.
- *Natuzzi Editions* branded products are distributed through **332** *Natuzzi Editions* stores (of which five directly operated by the Group, three operated in joint venture with a local partner in the U.S., six operated by our joint venture in China and 318 by third-party franchisees). Furthermore, the *Natuzzi Editions* branded products are distributed through 304 *Natuzzi Editions* galleries worldwide (store-in-store points of sales mainly managed by independent partners), including **9** *Natuzzi Editions* concessions, i.e., galleries directly managed by the Mexican subsidiary of the Group, and through other smaller distribution areas within multi-brand stores. *Natuzzi Editions* products are distributed in Italy under the brand **Divani&Divani by Natuzzi** through additional **79** mono-brand stores, of which 12 directly operated by the Group. *Natuzzi Editions* and *Divani&Divani by Natuzzi* are two brands with different banners and store concepts, but with the same merchandising offer (i.e., same positioning and consumers target).

The Group also offers unbranded products (also referred to as “private label” products in this Annual Report) within a dedicated business unit to meet the specific needs of key accounts globally. The Group intends to focus on selected large accounts selling unbranded products and serve them with a more efficient go-to-market model.

Every year, the Group presents its products at the world’s leading furniture fairs. In 2024, the Group participated in prominent global furniture events, including “*Il FuoriSalone*”, the collateral event of the Milan Furniture Fair in Italy, and the High Point Furniture Market in North Carolina, United States. Additionally, it was involved in the International Contemporary Furniture Fair (ICFF) in New York, the Clerkenwell Design Week in London and the Shenzhen Fashion and Design Week.

The *statuto* (or By-laws) of the Company provides that the duration of the Company is until December 31, 2050. The Company, which operates under the trademark “Natuzzi,” is a *società per azioni* (joint stock company) organized under the laws of the Republic

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of Italy and was incorporated in 1959 by Mr. Pasquale Natuzzi, who is currently Executive Chairman of the Board of Directors and controlling shareholder of the Company. Most of the Company's industrial operations are carried out through various subsidiaries that individually conduct a specialized activity, such as leather processing or furniture manufacturing.

The Company's principal executive offices are located at Via Iazzitiello 47, 70029 Santeramo in Colle, Italy, which is approximately 25 miles from Bari, in Southern Italy. The Company's telephone number is: +39 080 882-0111. The Company's general sales agent subsidiary in the United States is Natuzzi Americas, Inc. ("Natuzzi Americas"), located at 130 West Commerce Avenue, High Point, North Carolina 27260. Natuzzi Americas' telephone number is: +1 336 887-8300.

The SEC maintains a website (www.sec.gov/edgar.shtml) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The Company's website is www.natuzzi.com.

Organizational Structure

Natuzzi S.p.A. is the parent company (the "Parent Company" or the "Parent") of the Natuzzi Group. As of December 31, 2024, the Company's principal operating subsidiaries were:

| Name | Percentage as at 31/12/2024 | Percentage as at 31/12/2023 | Percentage as at 31/12/2022 | Share/ quota capital | Ownership registered office | Activity |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------|---------------------------------------|----------|
| Italsofa Romania S.r.l. | 100.00 | 100.00 | 100.00 | RON 109,271,750 | Baia Mare, Romania | (1) |
| Natuzzi (China) Ltd | 100.00 | 100.00 | 100.00 | CNY 106,414,300 | Shanghai, China | (1) |
| Italsofa Nordeste S/A | 100.00 | 100.00 | 100.00 | BRL 159,300,558 | Salvador de Bahia, Brazil | (1) |
| Natuzzi Quanjiao Limited | 100.00 | 100.00 | 100.00 | CNY 10,000,000 | Quanjiao County-Anhui province, China | (1) |
| Natco S.p.A. | 99.99 | 99.99 | 99.99 | EUR 4,420,000 | Santeramo in Colle, Italy | (2) |
| Nacon S.p.A. | 100.00 | 100.00 | 100.00 | EUR 2,800,000 | Santeramo in Colle, Italy | (3) |
| Lagene S.r.l. | 100.00 | 100.00 | 100.00 | EUR 10,000 | Santeramo in Colle, Italy | (3) |
| Natuzzi Americas Inc. | 100.00 | 100.00 | 100.00 | USD 89 | High Point, N. Carolina, USA | (3) |
| Natuzzi Florida LLC | 51.00 | 51.00 | 51.00 | USD 4,955,186 | High Point, N. Carolina, USA | (3) |
| Natuzzi Iberica S.A. | 100.00 | 100.00 | 100.00 | EUR 386,255 | Madrid, Spain | (3) |
| Natuzzi Switzerland AG | 100.00 | 100.00 | 100.00 | CHF 2,000,000 | Dietikon, Switzerland | (3) |
| Natuzzi Services Limited | 100.00 | 100.00 | 100.00 | GBP 25,349,353 | London, UK | (3) |
| Natuzzi UK Retail Limited | 70.00 | 70.00 | 70.00 | GBP 100 | Cardiff, UK | (3) |
| Natuzzi Germany GmbH | 100.00 | 100.00 | 100.00 | EUR 25,000 | Köln, Germany | (3) |
| Natuzzi Japan KK | 74.40 | 74.40 | 74.40 | JPY 28,000,000 | Tokyo, Japan | (3) |
| Natuzzi Russia OOO | 100.00 | 100.00 | 100.00 | RUB 8,700,000 | Moscow, Russia | (3) |
| Natmx S.DE.R.L.DE.C.V | 100.00 | 100.00 | 100.00 | MXN 68,504,040 | Mexico City, Mexico | (3) |
| Natuzzi France S.a.s. | 100.00 | 100.00 | 100.00 | EUR 70,727 | Paris, France | (3) |
| Natuzzi Oceania PTI Ltd | 74.40 | 74.40 | 74.40 | AUD 320,002 | Sydney, Australia | (3) |
| Natuzzi Singapore PTE. LTD. | 74.40 | 74.40 | 74.40 | USD 7,654,207 | Singapore, Republic of Singapore | (3) |
| Natuzzi Shanghai Co. Ltd | 100.00 | — | — | CNY 500,000 | Shanghai, China | (3) |
| Natuzzi Netherlands Holding | 100.00 | 100.00 | 100.00 | EUR 34,605,000 | Amsterdam, Holland | (4) |
| Natuzzi Trade Service S.r.l. | 100.00 | 100.00 | 100.00 | EUR 14,000,000 | Santeramo in Colle, Italy | (5) |

- (1) Manufacture and distribution
- (2) Intragroup leather dyeing and finishing
- (3) Services and distribution
- (4) Investment holding
- (5) Dormant

During 2024, the consolidation area changed due to the establishment in August 2024 of Natuzzi Shanghai Co. Ltd, a subsidiary of Natuzzi (China) Ltd. The new entity provides administrative services to Asian commercial and manufacturing subsidiaries of the Group. See Note 2 to the Consolidated Financial Statements.

Strategy

The Group is focused on strengthening its brands, expanding its retail network with Natuzzi mono-brand stores in key markets, where the Natuzzi brand is well known, and on its ability to create value by improving the efficiency of its industrial and supply-chain operations. At the same time, the Group focuses on implementing cost control measures to reduce and streamline costs, including the headquarter-related costs.

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With the aim of positioning its offering toward the medium and high end of the market and at the same time differentiating its brand and product proposition from the low end of the market, where price is the main driver, in 2016 the Group started reorganizing its commercial operations on the basis of two divisions (the Natuzzi branded division and the unbranded division) and two business models (retail and wholesale).

In 2019, the Group further developed its sales organization by focusing on the distribution channel, in addition to its two divisions: the retail channel, represented by mono-brand stores operated directly by the Group and by third-parties, and the wholesale channel, consisting primarily of Natuzzi-branded galleries in multi-brand stores as well as mass distributors selling mainly unbranded products.

Consistently with such effort, in November 2021, the Group defined a new organizational model, pivoting in particular on the Group's two main brands, *Natuzzi Italia* and *Natuzzi Editions*. Indeed, the *Natuzzi Italia* and *Natuzzi Editions* brands are increasingly pursuing a distinct but complementary development path in terms of customer segmentation, product merchandising, visual merchandising, marketing and distribution strategy and, therefore, required a dedicated organization (see below "The Brand Portfolio and Merchandising Strategy").

During 2022, 2023 and 2024, the Group continued the transformation of its business to pursue a positioning of the Natuzzi brand as a life-style brand by further focusing principally on the branded part of its business, which is mainly distributed through the retail channel: in 2024, 92.7% of the Group's sale of upholstery furniture and home furnishing accessories (excluding revenue from "Other sales", consisting of "Sale of polyurethane foam" and "Sale of other goods") came from the sale of its branded products (compared to 92.5% in 2023 and 89.4% in 2022). See Note 34 to the Consolidated Financial Statements. In addition, the Group intends to continue to expand its branded presence in key strategic markets where the Natuzzi brand's awareness is well established, such as the U.S., Greater China and certain European countries, in particular the UK and Italy.

In addition, in March 2025, the Company introduced a new organizational structure to evolve its commercial model from a brand-based matrix to one that emphasizes distribution channels: Retail, Wholesale, and Project.

The primary goal of this reorganization is to better serve individual markets and implement the consumer engagement strategies outlined in the brand, marketing, merchandising, retail, and wholesale guidelines.

Under this new structure, channel officers will work in close collaboration with Regional Managers to define and achieve performance targets in line with internal objectives.

- **Retail.** The Retail division is responsible for defining the retail business model for both *Natuzzi Italia* and *Natuzzi Editions* brands, across both directly operated stores (DOS) and franchise-operated stores (FOS). Through collaboration with regional teams, the Retail division ensures the proper execution of the retail business and monitors its correct implementation. It is also responsible for ensuring the consistency of the brand values across all markets by applying specific brand, retail, merchandising and marketing guidelines.

- **Wholesale.** The Wholesale division manages both the *Natuzzi Italia* and *Natuzzi Editions* gallery network (shop-in-shops in multi-brand specialized stores and high-end department stores) and the Free Market channel (points of sales distributing unbranded products and certain *Natuzzi Editions* products through large distributors). Its mission is to define and promote the gallery management and excellence model – the Re-Imagined Gallery Concept – for both *Natuzzi Italia* and *Natuzzi Editions* brands, providing strategic direction to the markets and ensuring proper implementation.

Like the Retail division, the Wholesale division is also responsible for ensuring the consistency of the brand values across all markets by applying specific brand, retail, merchandising and marketing guidelines.

Additionally, the Wholesale division defines and coordinates the Gallery opening and renovation plans in collaboration with the Regional Managers.

- **Project.** The Company is accelerating its efforts in the Trade & Contract business, which offers significant growth potential by allowing us to capitalize on opportunities with designers and real estate developers with our strong brand and design expertise. In 2024, we secured 3 major contracts with real estate developers – 2 in the Middle East and 1 in Central America – under confidentiality agreements. These contracts include exterior and interior design services for luxury resorts and residences, as well as the supply of furniture. The Project division will leverage Natuzzi's assets and design expertise, while maintaining distinct growth and profitability targets.

Natuzzi continues the Group's digital transformation with improvements to the Natuzzi global website, which is part of a broader omnichannel strategy to fully integrate the digital and physical sides of the business. The Company confirms its strategic decision to digitize sales and service processes, enhance customer relationships, and bolster competitiveness through the utilization of data and artificial intelligence.

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As of the date of this Annual Report, the Group's strategy is mainly based on the following drivers, with the ultimate goal of creating value for its shareholders:

- **Brand strengthening:** for our *Natuzzi Italia* and *Natuzzi Editions* brands we aspire to the «State of Excellence» which requires to focus on five specific pillars: design, merchandising, marketing, retail and service.
- **Continued development of our core upholstered business** by i) launching a selected number of collections, but meticulously developed following a merchandising approach; ii) exploiting best sellers/iconic products to reinforce the Natuzzi brand uniqueness; iii) focusing on our distinctive characteristics: heritage, comfort, versatility and sustainability.
- **Development of the business outside our historical upholstered segment** by offering new furnishings and accessories collections that will follow the life-style concept, thus further enhancing a full retail experience. We intend to expand our product offering in high potential furnishings categories, such as beds and dining room accessories.
- **Retail excellence**, promoted by creating a dedicated “global retail division”, whose main goal is to set the standards for improving the performance of the Group's stores. Examples of levers include the implementation of a customer relationship management (CRM), the creation of 360° performance diagnostic tools, sales force training and the redefinition of the retail experience and storytelling to highlight the uniqueness of the Natuzzi brand.
- **Fostering of the digital transformation**, by developing, among other things, the website which has replaced the former existing 46 domains, and offering an e-commerce service for online sales in the U.S. of the *Natuzzi Italia* collection. The website is now available in 17 languages, with hundreds of new configurations added each year. In addition, the Company carries on various IT-related projects, to support the Group's main functions, such as manufacturing, supply chain, product, organization, and to provide digital tools for sales.
- **A more flexible and efficient production:** we continue to implement the “Factory 4.0” pilot industrial program in our plants in Italy. This program, which is inspired by the automotive industry, leverages on innovative technologies and provides for a greater involvement of our vendors in the process, so that everyone in the value chain, including our suppliers, can contribute in identifying opportunities to improve and stabilize the overall process flow. We plan to gradually extend this program to the other Italian plants as well as our plants in China, Romania and Brazil. In addition, we plan to further rely on industrial outsourcing especially for the unbranded production;
- **A channel-focused organization** that relies on the Chief Retail, Wholesale and Project (Trade & Contract) Officers, who will act transversally across the functions (R&D, Manufacturing, Marketing, Merchandising, Supply Chain, Furnishings & Accessories) and different geographic markets.
- **Increase in capital efficiency**, through a rigorous approach to cash and working-capital management, the disposal of non-strategic assets and an increased focus on cash generation and margins metrics.

More generally, the Company intends to implement actions aimed at developing its business and improving the Group's overall efficiency on the basis of the following three main levers:

- 1) Focus on business development by leveraging its main brands, *Natuzzi Italia* and *Natuzzi Editions*, through:
 - expanding the Group's presence in key geographies, such as the U.S., China and certain European countries, in particular the UK and Italy;
 - leveraging joint ventures to exploit market opportunities in markets we believe have growth potential;
 - extending the Group's efficient direct-retail model in the U.S. to enhance the productivity of other existing directly operated stores (DOS); and
 - expanding the retail branded network in a manner that fosters the transition to a retail and branded company.
- 2) Focus on margins through:
 - a progressive shift to higher margin Natuzzi branded sales, as compared to unbranded business, to increase the quality of our sales;
 - the enhancement of production efficiency, through the reduction of the industrial complexity and the implementation of innovative technologies and processes in our plants; and
 - a disciplined rationalization of the Group's overhead structure.

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3) Focus on capital efficiency through:

- a rigorous approach to working-capital management;
- a focus on cash generation and margin metrics;
- the disposal of non-strategic assets; and
- the adoption of an “asset light model”, as suppliers are directly involved in both production and inventory management for some selected furnishings and accessories.

In addition to the Natuzzi branded business, which has represented over the last few years, and will continue to represent, according to our current plans, the most strategic portion of the business, the Group continues to offer unbranded products to a number of wholesale accounts globally. This unbranded division produces and offers leather upholstery to some of the world’s renowned wholesale distributors in the medium/low end of the market. This market segment is exposed to all competitors offering products at competitive price ranges, with consequent downward pressure on margins. The Company intends to focus on selected large accounts selling unbranded products and serve them with a more efficient go-to-market model. Over the recent years, the Group further refined its approach to managing the unbranded business, as it intends to focus on those customers that meet specific business requirements, along with a continued simplification of its operating model, by further evolving the engineering processes of the relevant product/model platforms, as well as, by leveraging the Group’s global footprint, identifying the more suitable production allocation to efficiently serve such customers.

In order to enhance efficiency and flexibility, as well as better serve wholesale mass distributors (“Mass Merchants”), in December 2019, we started an outsourcing program in Vietnam intended to supply an increasing portion of Mass Merchants in North America. This program represents an opportunity not only for the unbranded business, but also for the branded business, with specific reference to Natuzzi Editions, addressing specifically the wholesale distribution channel.

Since the Group’s production manufactured in Asia for the North American market is primarily affected, among the others, by the trade dispute between the U.S. and China, the Group continues to explore further external production capacity in low-cost countries to avoid import custom duties and, at the same time, to increase its production flexibility, particularly with regard to its unbranded production. There is no assurance that such additional outsourced production capacity could be implemented and that the relevant efficiency gains expected could be reached in the future. For information on the Company’s revision of its industrial footprint as a result of these challenges, see “—Manufacturing.”

Additionally, we also face uncertainty and risks related to tariffs and other trade policies that the new U.S. presidential administration introduced or may in the future introduce, which could negatively affect our existing supply chains and increase the cost of raw materials critical to the manufacture of our products. See “Item 3. Key Information—Risk Factors—Increases in raw material, transportation and labor costs could have a material adverse effect on our results of operations.”

The Company has taken steps to sell some non-strategic assets and real estate properties in the U.S. and Italy. The sale of these assets should increase the flexibility of our operations and reduce working capital needs. The sale proceeds will be reinvested mainly in retail expansion, with a specific focus on North America, and restructuring programs, particularly in Italy. Moreover, the Group continued to streamline its overall cost structure, with particular reference to its Italian operations. As part of this strategy, in June 2020, the Company signed a sale agreement with a third party for the disposal of the land located in the “Santeramo in Colle-Jesce” area, just a few miles away from its headquarters. Moreover, in March 2021, the Company completed the sale of IMPE S.p.A. (“IMPE”), a subsidiary dedicated to the production of flexible polyurethane foam, as well as the idle industrial real estate complex “Fornello” located in the city of Altamura (Bari). In addition, in May 2021, the Company completed the sale of the idle industrial real estate complex “Via Dell’Avena” located in the city of Altamura (Bari).

More recently, on March 25, 2025, Natuzzi Americas, a wholly-owned U.S. subsidiary of the Company, entered into a sale and purchase agreement with The Steel Vessel Corporation, a Delaware corporation affiliated with the Company’s majority shareholder, pursuant to which Natuzzi Americas transferred the ownership of the property located in High Point, North Carolina, USA (including, without limitation, the land, all buildings, structures and improvements thereon, all rights, privileges and easements appurtenant thereto, all mechanical systems, business records, advertisements and equipment, and other related intangible assets) to The Steel Vessel Corporation, for a total consideration of US\$12.1 million (€11.6 million). A preliminary agreement was entered into between the same parties on October 17, 2024, pursuant to which US\$3.8 million (€3.5 million) was deposited by The Steel Vessel Corporation with Natuzzi Americas as earnest money. The remaining balance of US\$8.3 million (€8.1 million) was collected by Natuzzi Americas on March 25, 2025. Subsequent to the sale of the High Point property, on the same date of March 25, 2025, the same parties entered into a lease agreement pursuant to which The Steel Vessel Corporation, as lessor, leased the High Point property to Natuzzi Americas, as lessee. The lease has a term of 9 years and 9 months, expiring on December 31, 2034, and an annual rent of

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US\$0.7 million (€0.7 million). Natuzzi Americas will continue to sublease portions of the High Point building that it does not intend to use for the Group's needs. See Notes 7, 45 and 46 to the Consolidated Financial Statements included in this Annual Report. A copy of the sale and purchase agreement and a copy of the lease agreement are attached as Exhibit 4.6 and Exhibit 4.7, respectively, to this Annual Report.

Lastly, in November 2024, Italsofa Romania S.r.l., the Company's wholly-owned Romanian subsidiary, entered into a preliminary agreement with a third-party for the sale of a plot of land located near our Romanian plant in Baia Mare for a total amount of €2.9 million, of which €0.4 million has been received as an advance payment. The sale is expected to be completed in 2025, when the remaining balance will be collected (see Note 7 to the Consolidated Financial Statements included in this Annual Report).

The Brand Portfolio and Merchandising Strategy — The Group, through its two brands and its unbranded offering, competes in all price segments of the upholstered furniture market with an increasingly important offer of furnishings and accessories.

Precise market segmentation, clear brand positioning and clearly defined customer and consumer targets are intended to enhance the Group's competitive strengths in all market segments to gain market share through its different product lines, as described below.

— **Natuzzi Italia** is the Group's luxury furniture brand, targeting affluent and more sophisticated global consumers. The *Natuzzi Italia* collection is mainly sold through the retail channel in mono-brand stores, concessions and galleries in multi-brand specialized stores and high-end department stores. The offer includes sofas designed and manufactured at the Company's factories in Italy, positioned at the high end of the market, using unique and customized materials, workmanship and finishes thanks to the Natuzzi heritage of fine craftsmanship in the leather sofa segment. The *Natuzzi Italia* product line, which is largely consistent across all our stores globally to better represent the *Natuzzi Italia* brand, includes furnishings and accessories for the living room, as well as beds, bed linens and bedroom furnishings to further expand its product offering.

— **Natuzzi Editions** is the Group's contemporary collection designed in Italy, which was initially designed specifically for the U.S. market. This collection includes a wide range of leather upholstery products, targeting the medium/medium-high segment of the market and leveraging the know-how and high credibility of the Natuzzi brand in the leather upholstery industry. *Natuzzi Editions* products are strategically manufactured almost entirely at the Group's industrial plants (located in Romania, China and Brazil) to efficiently serve different geographies and are mainly sold through mono-brand stores and galleries. The retail and merchandising format of *Natuzzi Editions* has evolved over time and now also includes a wider offering of furnishings.

Natuzzi has innovated its wholesale branded shop-in-shop gallery to meet the evolving needs of modern retail. Leveraging Natuzzi's global brand recognition, we introduced the 'Re-Imagined Gallery Concept', which is centered around a specific 'Consumer Engagement Plan' that uses digital and print channels to drive brand awareness and sales. The new 'Display System' enhances consumer engagement through immersive room sets, while being free-standing and installation-free to reduce set-up costs. Updated merchandising guidelines also include 'total look' room sets to enhance the overall consumer experience and improve commercial performance.

Natuzzi Editions products are manufactured and distributed in Italy under the **Divani&Divani by Natuzzi** brand, through both directly-owned and franchise stores. The store merchandising of *Natuzzi Editions* is based on a common collection, which is then tailored to best fit the opportunities of each market. *Natuzzi Editions* and *Divani&Divani by Natuzzi* are two brands with different banners and store concepts, but with the same merchandising offer (i.e., same positioning and consumer target). *Divani&Divani by Natuzzi* is focused on the Italian market where it was first launched, whereas *Natuzzi Editions* is distributed in other countries around the world.

— In addition to Natuzzi mono-brand stores and galleries, the Group operates a **key account program** for the distribution of unbranded products and certain *Natuzzi Editions* products to compete in the entry price segments of the market by conducting business mainly through large distributors. Products involved in this key account program are manufactured at the Group's plants located in Romania, China and Brazil, as well as through an outsourcing program in Vietnam.

Improvement of the Group's Retail Program and Brand Development — The Group has made significant investments to improve its existing distribution network and strengthen the Natuzzi brand. The high level of the Natuzzi brand awareness among high-end consumers is the result of efforts the Company has made over the past decade in its products, communication, in-store experience and customer service. This brand awareness encourages the Company to continue its brand development and further enhance the Group's distribution network, in order to further increase consumers' familiarity with the Natuzzi brand and its association with a high-end brand.

The Group intends to continue the transformation of its commercial operations to become a more retail-oriented company. Accordingly, it is evolving its commercial organization to improve agility and accountability throughout the retail process.

In 2023, we established the Global Retail Division, dedicated to modernizing and professionalizing our retail approach by developing tools to support our regions and dealers in enhancing retail performance and elevating in-store customer experience. We standardized

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all retail-related KPIs to accelerate the diagnosis of areas requiring immediate intervention to foster organic growth. Leveraging the experience gained in our direct stores, we now offer franchising partners turn-key retail programs, including IT systems, training, and guidelines on store layout, merchandising, and visuals. Moreover, in 2024, we achieved a wider implementation of certain retail tools, aimed at ensuring a standardized shopping experience for our customers and gaining better control over all KPIs related to the retail business. Specifically, more than 100 stores are now equipped with a traffic counter system and the vast majority of our network is properly implementing the latest release of the order management system, which provides proper visibility into the most relevant KPIs to make informed business decisions. Additionally, the 3D product configurator has been adopted across our entire DOS network in 2024 and is expected to be embraced by the majority of our dealers by 2025.

Specifically, in order to implement its retail business model, the Group's Global Retail Division carries out various cross-functional activities, such as: i) analyzing the performance of the Group's DOS to identify possible issues and implement specific action plans, with the support of the Chief Brand Officers and regional commercial managers; ii) defining the Group's retail merchandising platform to support the merchandising team in identifying the right product mix by store cluster and consumer target; iii) defining the Group's retail customer-experience guidelines, including sales ceremonies and in-store communication, in line with the Natuzzi brand's commercial strategies; iv) defining training content aimed at improving the performance of sales staff, their product knowledge and store management; v) developing the trade business through the implementation of procedures and initiatives aimed at attracting trade professionals, such as architects and interior designers; vi) defining guidelines and tools for managing the process of opening new Natuzzi stores.

The Global Retail Division is also responsible for defining strategies for the development of the online business, in close collaboration with the Group's Digital Marketing & E-Commerce Department and in cooperation with the regional commercial teams.

During 2024, 12 Natuzzi Italia stores were opened, of which 6 in China, 1 in the U.S. (specifically, a state-of-the-art DOS in Denver), 2 in Russia and 1 in each of Bulgaria, Iraq and Turkey.

Natuzzi Editions and the *Divani&Divani by Natuzzi* retail chains are characterized by a medium positioning in the upholstery business. *Natuzzi Editions* and *Divani&Divani by Natuzzi* are two brands with different banners and store concepts, but with the same merchandising offer (i.e., same positioning and consumer target). *Divani&Divani by Natuzzi* is mostly focused on the Italian market, where it was first launched, whereas *Natuzzi Editions* is distributed in other countries around the world.

During 2024, 43 *Natuzzi Editions* stores were opened (of which 33 in China, 2 in the U.S., 2 in Brazil and 1 in each of Bosnia, Colombia, Romania, Slovakia, Taiwan and the United Arab Emirates), in addition to 3 *Divani&Divani by Natuzzi* stores opened in Italy.

Product Diversification and Innovation — The Group has continued to collaborate with the most outstanding international designers to launch the new 2024 *Natuzzi Italia Comfortness* collection and further enrich *The Circle of Harmony* collection. *The Circle of Harmony* project, launched in 2020, aims at creating a physical and virtual community wherein artists, architects, and designers converge to imagine and create *Natuzzi Italia's* stylistic evolution, using the brand's history and heritage as milestones for this purpose. This creative contamination fosters creative synergy, yielding innovative reinterpretations of the Natuzzi DNA manifested in contemporary furnishing proposals tailored for a global audience seeking an immersive Mediterranean lifestyle experience.

The *Comfortness* collection revolves around the concept of comfort. Here, comfort is interpreted as a lifestyle, an intimate and personal aspect that serves as a conduit for strength and well-being, essential for transforming moments dedicated to self-care and relaxation into precious interludes. This latest chapter in *The Circle of Harmony* introduces a new paradigm that is central to improving the quality of life and aims to combine comfort with design, beauty with functionality.

The Group has also launched two new product collections for the *Natuzzi Editions* brand: *Feelwell* and *Dolcevita*. The *Feelwell* collection introduces a new vision of comfort to the *Natuzzi Editions* brand, offering consumers an approach to relaxation that combines physical comfort with overall wellbeing through innovative product solutions. The *Dolcevita* collection introduces an innovative approach to motion products, applying motion technology to new designs aimed at a younger target.

The Group believes that a wider offer of collections will strengthen its relationships with the world's leading distribution chains, which are interested in offering branded solutions. The Group has also continued to invest in the Natuzzi's style center in Santeramo in Colle, Italy (the "Style Center"), which serves as a creative hub for the Group's design activities.

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Manufacturing

As of the date of this Annual Report, our manufacturing facilities are located in Italy, China, Romania and Brazil. Since December 2019, the Group has also used outsourcing programs in Vietnam.

Due to the current challenges arising from global competition, and the continued imposition of tariffs by the U.S. on goods imported from China, and, from 2021, of customs duties imposed by the Canadian authorities on goods imported from China and Vietnam, in 2024, the Group continued a comprehensive reorganization of its global manufacturing footprint aimed at enhancing operational efficiency, reducing transformation costs, and strengthening competitiveness in key markets.

In particular, as part of such process, in 2023 we further downsized our Chinese manufacturing plant located in Shanghai, leading to a further reduction in the number of workers. Following the downsizing, our Shanghai plant mainly served the Chinese market with regard to our *Natuzzi Editions* branded products, whereas production for the North American and Rest of APAC markets was gradually shifted from the Shanghai plant to the plant located in Quanjiao - County - Anhui province, established in 2022. The Quanjiao plant was meant to gradually absorb the production capacity of the Shanghai plant, allowing for a significant reduction in manufacturing costs. In October 2024, the Group completed the closure of its Shanghai facility. As a result, the Quanjiao plant now exclusively serves both the Chinese and broader Asia-Pacific markets, while production for the United States has been transferred to the European facilities as of November 2024.

This strategic move (i.e., shifting production from the plant located in Shanghai to the one located in Quanjiao) resulted in an approximately 30% reduction in transformation costs, primarily driven by savings in fixed production and labor costs and semi-finished materials. The transition aims to significantly improve the cost competitiveness of the entire Chinese manufacturing footprint.

In 2024, our total operations in China represented 25% of the Group's total consolidated upholstered revenue. The Group has been operating in China since 2002.

In the second half of 2024, the Group shifted the production serving the U.S. market from its Chinese operations to its European industrial hub as part of a broader medium-term industrial plan aimed at optimizing the Group's industrial footprint, improving the capacity utilization across underleveraged European manufacturing facilities, particularly in Italy, and mitigating the impact of import tariffs.

In addition, within the revision of its industrial footprint in Asia, in 2024, the Group continued to leverage its strategic partnerships with three key outsourcing partners in Vietnam, which represent a critical competitive advantage in the U.S. free market, combining cost efficiency and production flexibility.

With the aim of further reducing industrial costs and improving competitiveness in its Asian operations, the Group plans to move part of the production of *Natuzzi Editions* products from China to Vietnam, also through the establishment of a new proprietary industrial facility. The activities for the establishment of this new industrial facility in Vietnam are still in progress and are expected to be finalized by the end of 2025. While the Company is exerting the utmost effort in the implementation of such project, there's no guarantee that operations will begin in 2025.

Our five Italian plants dedicated to the production of upholstered products and three Italian warehouses are located either at or within 25 kilometers from Santeramo in Colle, where the Group's headquarters are located. Collectively, these facilities extend over almost 160,000 square meters. As of December 31, 2024, these facilities employed 1,392 workers, the majority of whom were subject to layoff programs. See "Item 6. Directors, Senior Managers and Employees—Employees." With the exception of the South American market, the Italian plants are the exclusive producers of *Natuzzi Italia* and *Divani&Divani by Natuzzi* products. In 2024, these plants generated 46% of the Group's total consolidated upholstery revenue. In 2023, three plants were restructured according to the Factory 4.0 production model and in 2024, the Group continued the restructuring of the remaining two plants according to such model. The restructuring of one plant was completed in 2024, while the restructuring of the last plant is expected to be completed in the first half of 2025. For additional information on the Factory 4.0 program, see "Item 4. Information on the Company—Innovation."

We have one 22,000 square meter manufacturing facility located in Quanjiao - County - Anhui province, China, Natuzzi Quanjiao Limited, which is wholly indirectly controlled by the Company through Natuzzi China, became operational in 2022 and was expanded in 2024 as a result of the closure of the Shanghai facility. As of December 31, 2024, the Natuzzi Quanjiao Limited plant employed 190 workers. In 2024, our Chinese plants (including the Shanghai facility, which was operational until its closure in October 2024) produced about 22% of the Group's total consolidated upholstered revenue.

Our Romanian plant is located in Baia Mare. Extending over 75,600 covered square meters, it has been in operation since 2003. During 2023 and 2024, our Romanian plant undertook a restructuring and efficiency recovering process. As of December 31, 2024,

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it employed 607 people, of whom 506 were laborers. It produces Natuzzi Editions and unbranded products for the EMEAI market. In 2024, the Romanian plant produced about 22% of the Group's total consolidated upholstered revenue.

Our Brazilian plant is located in Salvador De Bahia. Extending over 28,700 square meters, it has been in operation since 2000. During 2023 and 2024 our Brazilian plant undertook a restructuring and efficiency recovering process. As of December 31, 2024, our Brazilian plant employed 185 people, of whom 136 were laborers. Since the end of 2016, in addition to *Natuzzi Editions* and unbranded products, the Brazilian plant produces *Natuzzi Italia* branded products for the South American market.

Both the Romanian and Brazilian plants underwent targeted right-sizing and process optimization. These efforts enabled the sites to offset the impact of local inflationary pressures, including significant increases in minimum wage levels, ensuring continued cost control and production sustainability.

As of December 31, 2024, the Group had one additional plant in Italy, located in Udine (Natco S.p.A. ("Natco")), extending over 21,000 square meters, and dedicated to the production of leather. As of December 31, 2024, this facility employed 108 people, of whom 91 were laborers.

During 2024, the Company further developed innovative production methods and technologies, including the upgrade of Factory 4.0 program, coordinated by a planning and management information system that integrates our suppliers into an extended supply chain. Moreover, we developed a set of KPI to deeply monitor production performances, as well as an enhanced quality control system. For additional information on the Factory 4.0 program, see "Item 4. Information on the Company—Innovation."

Raw Materials — The principal raw materials used in the manufacture of the Group's products are hides (mainly cattle hides), fabrics, polyurethane foam, polyester fiber and wood. In 2024, the total cost of raw materials used in the manufacture of the Group's products decreased compared to 2023. We continue to see a downward trend in the cost of leather and other raw materials, such as mechanical and electric components, wood and polyurethane.

The Group purchases hides from slaughterhouses and tanneries located primarily in Brazil, Germany, India and other South American and European countries. The hides purchased by the Group are divided into several categories. The lowest category hides are mainly purchased in South America and India. The middle category hides are purchased in Europe or South America and the highest quality hides are purchased in Italy, Germany and France.

The supply of cattle hides is principally dependent upon beef consumption, rather than demand for leather.

The prices for cattle hides decreased during the second semester of 2024. As the current situation remains uncertain, and due to the volatile nature of the hides market, there can be no assurance that current prices will remain stable. Indeed, given the current inflationary environment, exchange rate volatility, the uncertainties surrounding the developments of the war in Ukraine, the Israel-Hamas conflict, the related conflicts in the Middle East and any potential escalation thereof, the potential imposition of new tariffs and other trade barriers by the new U.S. presidential administration, we expect that such prices could trend upward and that raw material supply can be difficult in the second half of 2025. See "Item 3. Key Information—Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position", "Item 3. Key Information—Risk Factors—Increases in raw material, transportation and labor costs could have a material adverse effect on our results of operations."

The Group also purchases fabrics and microliters to be used in coverings. Most of the fabrics are purchased in Italy from a dozen of suppliers which provide the finished product. Microfibers are purchased from suppliers in Italy, Spain and China. Fabrics and microfibers are generally purchased weekly from suppliers based on purchase orders specifying the quantity (in linear meters) and the delivery date. In 2024, the price for fabrics and microfibers decreased compared to 2023.

In 2024, polyurethane foam prices decreased compared to 2023. The chemical components of polyurethane foam are petroleum-based commodities, and the prices for such components are therefore subject to, among other factors, fluctuations in the price of crude oil.

In 2024, wood prices slightly decreased compared to 2023. It is the Company's practice to address any possible fluctuations by diversifying the portfolio of wood suppliers. See "Item 3. Key Information—Risk Factors—Increases in raw material, transportation and labor costs could have a material adverse effect on our results of operations."

Supply-Chain Management

The Supply Chain department is responsible for monitoring logistics solutions to ensure their effectiveness. In addition, to improve access to supply chain information across the Group, the Supply Chain department uses a portal that allows it and other departments

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(such as the Customer Service and Sales Department) to monitor the movement of goods through the supply chain and to monitor key performance indicators (KPIs).

In 2024, the Group continued to revise its supply chain processes and planning systems, such as the material requirements planning (MRP) system, which determines what raw materials, components and semifinished goods are needed during the production cycle, and when to assemble the finished goods, based on demand and the bill of materials.

The Company has also established a “control tower” that provides full visibility of the entire end-to-end supply chain, allowing management to analyze and proactively respond to potential demand spikes while ensuring availability of production inputs and reducing waste.

This supply chain approach allows management to leverage automation and ensure that work is allocated and processed effectively across the organization, thus allowing the Group to better adapt its business to supply chain challenges, market volatility, and rising costs, with the ultimate goal of improving working capital management.

The Company remains focused on improving the service level and the on-time delivery at global level.

See also “Item 3. Key Information—Risk Factors—Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position.”

Production Planning (Order Management, Warehouse Management, Production, Procurement) — The Group’s commitment to reorganizing procurement logistics is aimed to:

- develop a logistic-production model to customize the level of service to customers; and
- optimize the level of the size of the Group’s inventory of raw materials and/or components. A procedure is being implemented to continuously monitor global finished products inventories in order to determine which in-stock goods are not being sold as part of our existing collections (as a result of being phased-out) and to enable the different commercial branches to promote specific sales campaigns for these goods.

The Group also plans its procurement of raw materials and components as follows:

- (i) **“On demand”** for those materials and components (which the Group identifies by code numbers) that require a shorter lead time to complete the order than the standard production planning cycle for customers’ orders. This system allows the Group to handle a higher number of product combinations (in terms of models, versions and coverings) for customers around the world, while maintaining a high level of service and minimizing inventory size. “On demand” procurement of raw materials and components eliminates the risk that these materials and components would become obsolete during the production process; and
- (ii) **“Upon forecast”** for those materials and components that require a long lead time to complete the order. The Group uses a forecasting methodology that balances the Group’s desire to maintain low inventory levels with the Sales Department’s need for flexibility in fulfilling orders.

Lead times can be longer than those mentioned above when a large number of unexpected orders are received. Delivery times vary depending on the location of unloading (transportation times vary greatly depending on the distance between the final destination and the production plant).

See also “Item 3. Key Information—Risk Factors—Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position.”

Load Optimization and Transportation — The Group delivers goods to customers via common carriers. Goods destined for the Americas and other markets outside Europe are transported by sea in 40-foot high cube containers, while those produced for the European market are generally delivered by truck or rail. In 2024, the Group shipped 3.089 containers overseas and 3.582 fully loaded mega-trailers trucks.

With the aim of decreasing costs and safeguarding product quality, the Group uses a software to manage load optimization.

The Group mainly relies on several shipping and trucking companies operating under “time-volume” service contracts to deliver its products to customers and to transport raw materials to the Group’s plants and processed materials from one plant to another. In general, the Group prices its products to cover its door-to-door shipping costs, including all customs duties and insurance premiums.

See “Item 3. Key Information—Risk Factors—Increases in raw material, transportation and labor costs could have a material adverse effect on our results of operations” for a discussion of the impact of supply chain disruptions and increases in transportation costs.

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Products

Products are mainly designed in the Company's Style Center, but the Group also collaborates with international designers for the conception and prototyping of certain products in order to enhance brand visibility, especially with respect to the *Natuzzi Italia* product line. See "Item 4. Information on the Company—Strategy—Product Diversification and Innovation."

New models are the result of a constant information flow from the market, in which preferences are analyzed, interpreted and turned into a brief for designers in terms of style, function and price point. Designers draw the sketches of new products in accordance with the guidelines they are provided and, through collaboration with the prototype department, approximately 80 new sofa models are generally introduced each year. The diversity of customer tastes and preferences, as well as the Group's inclination to offer new solutions, results in the development of products that are increasingly personalized. 65 highly qualified employees conduct the Group's R&D efforts from its headquarters in Santeramo in Colle, Italy.

The Group's wide range of products includes a comprehensive collection of sofas and armchairs with particular styles, coverings and functions, with more than two million combinations.

- The *Natuzzi Italia* collection stands out for its choice of high-quality materials and finishes, as well as for the creativity and details of its design. As of March 31, 2025, this product line offered 83 models of sofas, 46 armchairs and 12 beds offered in a wide range of covers and colors. This collection also includes a selection of additional furniture pieces (such as wall units, coffee tables, tables, chairs, lamps and carpets) and accessories (including vases, mirrors, magazines racks, trays and decorative objects) to offer a complete suite of furnishings and with the aim of enabling the Group to develop a "lifestyle" brand.
- The *Natuzzi Editions* and the *Divani&Divani by Natuzzi* collection consisted of 115 models of sofas, 31 armchairs and 14 beds as of March 31, 2025. This vast range of models covers all styles from casual/contemporary to more traditional, suitable for all markets from Europe to Americas to Asia. This collection focuses on leather and offers 15 leather types available in 138 colors. In addition, a collection of 17 fabric articles available in 179 colors was added to the line.
- The **unbranded** collection consisted of 62 models as of March 31, 2025, including exclusive models for key accounts. The products are mainly offered in top grain leather, but are also available in a bonded leather.

In addition to upholstered products, the Group also offers a collection of home furnishing accessories (tables, lamps, rugs, home accessories and wall units in different materials), which are purchased from third-party suppliers. Most of these suppliers are located in Italy, while some handmade products (such as rugs) are made in India. Before any items are introduced into our collection, they are tested in accordance with European and world safety standards. In the design phase particular attention is paid to the choice of innovative technological solutions that add value to the product and ensure long-lasting quality.

The Group operates in accordance with strict quality standards and has earned the ISO 9001 certification for quality and the ISO 14001 certification for the management of environmental impacts. The ISO 14001 certification also applies to the Company's tannery subsidiary, Natco. Further, the Group has obtained the ISO 45001 certification for management systems of occupation health and safety.

In addition, in 2024 the Company accomplished The Responsibility Award. The Responsibility Award is an award issued by Bureau Veritas that confirms Natuzzi's commitment to the responsible management of the three pillars of corporate management: Quality, Environment, and Corporate Social Responsibility.

Innovation

The Group invests time and resources to design and innovate processes and products to achieve higher levels of efficiency, quality and service.

Decisions on new products are made through a well-defined phase-gate process with explicit, fact-based criteria, such as product lifecycle, forecast, market segment and reduction of complexity of the existing portfolio. Accurate and granular data on product costs and financial sustainability of the business is available at every stage of the value chain (from development through manufacturing, distribution, and support). Standardized development tools (such as product lifecycle management) enable seamless global collaboration between the R&D department and the Group's industrial footprint. The Group's global innovation and product development department aims at integrating processes ("concurrent engineering") by bringing together engineers from different backgrounds in cross-functional product and process teams and by interacting with suppliers to enable a faster product cycle and more efficient product development. Concurrent engineering is a working methodology that emphasizes the parallelization of tasks within a process (i.e., performing tasks concurrently), sometimes called "simultaneous engineering" or "integrated product development", because it uses an integrated product team approach. It is an approach to product development that integrates various functions of design and manufacturing engineering, among others, to reduce the time required to bring a new product to market.

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An open innovation network across the business enables collaborations with external entities (e.g., research institutions, universities, innovation centers) to rapidly source new ideas that can be turned into practical products. Once a new idea is applied to projects, it is protected by means of a specific patent.

The Company pays particular attention to the comfort of its products and its certification. The evaluation process is based on an ergonomic-principle conformity check (gap analysis), which includes the performance of several tests selected according to types of evaluation required and performed in the corresponding ergonomic reference areas. The Company performs several types of ergonomic evaluations, including tests performed or supervised by experts (certified European ergonomists), CAD 3D virtual seat evaluations and simulations, and tests with real users selected to represent the categories of end users (e.g., through biomechanical analysis, usability/distraction tests, interviews, focus groups). Based on the specific product type and request, users are asked to interact with the tested products by performing representative tasks of a physical (biomechanical interaction) or cognitive nature (cognitive ergonomics). Such evaluations are carried out to determine the compliance of the products with the ergonomic principles and requirements established by the sector technical standards, and may result in an ergonomic certification. This new evaluation process has allowed to make it possible to achieve the highest certification, Human Centered Design: Product & Organization according to (ISO 92141-210) and (ISO 9241-220).

Starting from 2023, Natuzzi participated in the Made in Italy Circolare e Sostenibile consortium (“MICS”). MICS is a partnership between universities, research centers, and enterprises financed by MUR - Ministero dell’Università e della Ricerca with funds provided by the European Union under the NextGenerationEU (PNRR) program. MICS connects businesses and research in the public and private sectors, creating a unique unity of purpose. Presently, three key sectors of the Italian industrial scenario are involved, namely fashion, furniture, and factory automation. By dividing research into eight thematic areas, referred to as “Spokes”, MICS is at the forefront of addressing challenges to Italy’s design, production, and consumption models, as well as to end-of-life materials, products, production technologies, and processes necessary for transitioning to greener and more circular pathways and patterns. Through this partnership, Natuzzi aims to enhance its sustainability practices, from product design through the entire order-to-delivery and fulfillment process.

The innovation along the R&D processes and products has been implemented and successfully integrated with the entire value-added chain, with suppliers, production and customers through the experimentation of an innovative production and process model called “Factory 4.0”. The Factory 4.0 operational model has been studied since 2020 as a proprietary production model aimed at reducing production costs, based on a bespoke cellular production principle that evolved the moving line production model. Such production model relies on a more advanced technological clustering of industrial processes in order to more efficiently manage the complexity arising from the manufacturing of different product families (also referred to as the “factory within the factory” system).

This new cellular production system is an advanced form of lean production that uses the same basic principles but in a mixed-model environment to efficiently manage the complexity of make-to-order production. The basic underlying principle is that instead of grouping workers by a single process within the same production line, workers are grouped into separate production value streams for each product family. Cellular manufacturing principles can be applied to a wide range of volumes and product mixes, resulting in a more flexible production environment. Cellular production methods involve clustering the processes and machines needed to complete a product family. The goal is to improve value stream efficiency. This new approach to production concept makes it possible to simplify the production flow and reduce part movement, buffer inventory and waste in general. Cellular production focuses on first identifying the value-adding activities of the process, then mapping the value stream, implementing the process flow, creating a pull system, and finally creating quality through continuous improvement.

The new factory model is supported by digital systems based on 4.0 technologies, which make it possible to connect people, machines and systems as a network. All assembly processes and material handling technology are real-time ready. The assembly, sewing, packaging and cutting departments are completely digitalized. Employees work with monitors and personal pads. Workstations and processes have been virtually tested and ergonomically designed. All the warehouses and picking zone are equipped with a digitalized logistics and visual management “Andon” systems, the necessary materials for assembly in a so-called pick zone use (“pick-to-light” systems), advanced transport and handling systems are in use to speed up the efficiency of the internal logistics system. A real-time monitoring approach has been designed and implemented into Factory 4.0, as the resulting data can now be collected and analyzed at the end of a shift using big data technology. The findings are used to improve existing production processes, prevent efficiency losses and take predictive action. This helps to increase uptime and improve quality.

Networking is not only within Factory 4.0 but also throughout the supply chain from suppliers to production to customers. In coordination with our suppliers, we plan to integrate their systems with the Natuzzi SAP system (“Systems, Applications, Products in Data Processing”) and manufacturing execution system (MES) to track arrivals, avoid shortages and enable early detection of discrepancies in the supply chain, thus reducing response time.

Natuzzi has continued to invest in technological and process innovation, with a focus on efficiency, quality and digital transformation. These investments reflect the Group’s broader commitment to sustainable industrial development and are in line with its strategy,

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particularly in the areas of supply chain and operational resilience. Throughout the year, significant progress was made in the deployment of Industry 4.0 technologies across the Group's Italian manufacturing footprint. As of the date of this Annual Report, four plants have been fully migrated to the proprietary Factory 4.0 model, with the fifth expected to be completed by 2025.

R&D expenses, which include labor costs for the R&D department, design and modeling consultancy expenses and other costs related to the R&D department, were €3.4 million in 2024, €3.8 million in 2023 and €3.5 million in 2022.

Advertising

Natuzzi's marketing mission continues to capitalize on our brand's core values of harmony, quality and craftsmanship, combining design with innovation, and a commitment to social responsibility. We amplify these values through our brand's dynamic story. Told through our predominant Mediterranean, Italian, modern lifestyle, this brand story honors our history as a quintessential Italian brand while allowing us to promote a broad yet curated product range that results in a combination of product value and personalized experience.

By adopting a fresh, ever-evolving creative approach that is increasingly driven by digital strategies, we have continually reinvigorated our brand, enhancing its desirability and visibility. Our vertically integrated approach allows us to manufacture most of the products we sell in our own plants, which we believe gives us great control over the quality of our products, the service we provide, and flexibility in make-to-order production, thus supporting an exceptional breadth of styles and customization options.

Our combination of creative and analytics-driven strategies enables us to drive new and repeat customer traffic to both our stores worldwide and our website, [natuzzi.com](#). Using our fully integrated customer relationship management system, we create personalized customer journeys, targeted communications and retargeting campaigns. We develop persuasive, aspirational and relevant messages and we convey them through a variety of media, including direct mail, geo-targeted tools, radio, digital and social channels and email marketing. Taken together, these strategies allow us to constantly expand and update our client base while maintaining existing relationships.

We work on continually improving our digital platform, which includes both brand lines to enhance the user experience across the Natuzzi universe. New technologies and effective user experience solutions contribute to the growth of our digital key performance indicators.

Along with the new digital platform, we maintain the e-commerce channel for *Natuzzi Italia* products in the U.S. market to amplify the brand's potential and make it more accessible to customers. Our e-commerce strategy is to generate business by combining technology with excellent personal service. We consider our website an extension of our retail stores and not a separate segment of our business. We expect most of our customers to use the internet for inspiration and as the beginning of their shopping process to view products and their prices. Since most of our products are customizable, we encourage our website customers to get personal help from our interior design professionals, either in person or online. This complimentary direct contact with one of our knowledgeable interior design professionals, whether remotely or in-person, represents an additional service we provide our website customers. This enhances the online experience and leads to internet customers becoming customers of our network of retail stores.

In particular, as a result of the increased focus on online shopping and virtual merchandising platforms, we continue to strategically focus on digital touchpoints through our ongoing implementation of conversion rate optimization updates. We also invest in targeted search engine optimization and paid search marketing for both national and local markets, driving both referral traffic to our website and physical traffic to our stores. In addition, improved on-site search capabilities, expanded online appointment booking capabilities, and product listing and display page enhancements continue to elevate our users' experience. We continue to promote brand visibility on various social media platforms, placing greater emphasis on visual and video-driven content. Both paid social media campaigns and organic social media presence have helped us grow our social following and take a more prominent place in the cultural conversation.

In 2024, the *Natuzzi Editions* brand continued its transition to become a retail brand by expanding partnerships and improving the quality of distribution through mono-brand stores and galleries that represent the Group's lifestyle concept.

The developments in the retail environment have also been reinforced with a newly designed in-store communication that enhances the consumer experience, supported by a digital footprint, a new website, and digital tools. All marketing materials are available to our customers through a marketing platform to provide 360° support to our partners in communicating the Group's brand values to our consumers.

We plan to further invest in our digital footprint, including our website, in order to enhance our customer experience, expanding a customized and engaging approach to products. We are also continually improving our customers' journey from the time they visit our website to the delivery of their purchased products or their visit to our points of sale by boosting our engagement tools. We view the combination of online and in-store traffic in a holistic fashion whereby our customers generally experience our brand on our

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website before visiting a store in person. Our online traffic continues to increase each year and our marketing teams remain focused on enhancing our digital outreach strategies to further drive more traffic and keep our brand relevant in today's social media-oriented world.

Retail Development

The Group is still focused on expanding its retail distribution network internationally in its most important markets, by opening new stores and closing/relocating those store that have not met the expected revenue goals.

During 2024, 12 *Natuzzi Italia* stores were opened, of which 6 in China, 1 in the U.S. (specifically, in Denver), 2 in Russia and 1 in each of Bulgaria, Iraq and Turkey.

During 2024, 43 *Natuzzi Editions* stores were opened (of which 33 in China, 2 in the U.S., 2 in Brazil, and 1 in each of Bosnia, Colombia, Romania, Slovakia, Taiwan and the United Arab Emirates), in addition to 3 *Divani&Divani by Natuzzi* stores opened in Italy.

The expansion of the network will continue in 2025, mainly through dealership agreements within the most relevant geographies, namely China, Europe and Emerging Markets. We plan to open approximately 50 Natuzzi franchises worldwide in 2025, of which 25 in China, three in the UK, 2 in each of Italy and Brazil, and the remaining in various Countries within the Emerging Markets.

Markets

The Group markets its products internationally and in Italy. Historically, the distribution of the Group's products has been through the wholesale channel, which still represents a significant portion of our entire business.

The Group continues in its effort to expand its retail distribution through Natuzzi mono-brand stores, both directly operated and franchises. In 2024, retail sales accounted for 64.8% of our consolidated upholstered and home furnishings revenue, compared to 63.5% in 2023.

The following tables show the number of Group stores (both directly operated and franchises) as of December 31, 2024 according to our principal geographic areas.

| STORES | | Natuzzi Italia | Natuzzi Editions | Divani&Divani by Natuzzi | TOTAL |
|-------------------------------|---------------------------------------|-------------------|---------------------|-----------------------------|------------|
| Americas⁽¹⁾ | United States and Canada | 22 | 10 | — | 32 |
| | Other Americas | 15 | 53 | — | 68 |
| | Total Americas | 37 | 63 | — | 100 |
| EMEA | West & South Europe (excluding Italy) | 29 | 20 | — | 49 |
| | Italy | 2 | — | 79 | 81 |
| | Middle East, Africa and India | 26 | 8 | — | 34 |
| | Other EMEA | 27 | 16 | — | 43 |
| | Total EMEA | 84 | 44 | 79 | 207 |
| Asia-Pacific | China ⁽²⁾ | 81 | 217 | — | 298 |
| | Other Asia-Pacific | 17 | 8 | — | 25 |
| | Total Asia-Pacific | 98 | 225 | — | 323 |
| TOTAL | | 219 | 332 | 79 | 630 |

⁽¹⁾ Includes the United States, Canada, Central and South America (including Brazil) (collectively, the "Americas").

⁽²⁾ Includes 16 Natuzzi stores directly operated by Natuzzi Trading (Shanghai) Co., Ltd., which is 49% owned by the Company, following the agreement with the Kuka group. See "3. Asia-Pacific Region" below.

In addition to the stores indicated in the above table, as of December 31, 2024, there were four *Natuzzi Italia* and nine *Natuzzi Editions* concessions (galleries or store-in-store points of sale), all directly managed by the Company's Mexican subsidiary.

The following tables show the Group's consolidated revenue of upholstery furniture, beds and home furnishing accessories, broken down by geographic market and branded/unbranded business for each of the years indicated therein and in millions of Euro.

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| | 2024 | | 2023 | | 2022 | |
|-------------------------------|--------------|---------------|--------------|---------------|--------------|---------------|
| Americas⁽¹⁾ | 125.1 | 40.3% | 122.8 | 38.4% | 164.7 | 36.3% |
| Natuzzi brand ⁽²⁾ | 111.2 | 35.8% | 109.9 | 34.4% | 146.0 | 32.2% |
| Unbranded | 13.9 | 4.5% | 12.9 | 4.0% | 18.7 | 4.1% |
| EMEI | 144.8 | 46.6% | 150.8 | 47.2% | 201.9 | 44.5% |
| Natuzzi brand ⁽²⁾ | 137.4 | 44.2% | 141.4 | 44.2% | 175.5 | 38.7% |
| Unbranded | 7.4 | 2.4% | 9.4 | 2.9% | 26.4 | 5.8% |
| Asia-Pacific | 40.6 | 13.1% | 46.2 | 14.4% | 86.6 | 19.1% |
| Natuzzi brand ⁽²⁾ | 39.3 | 12.7% | 44.6 | 14.0% | 83.5 | 18.4% |
| Unbranded | 1.3 | 0.4% | 1.6 | 0.4% | 3.1 | 0.7% |
| Total | 310.5 | 100.0% | 319.8 | 100.0% | 453.2 | 100.0% |

⁽¹⁾ Includes the United States, Canada, Central and South America (including Brazil).

⁽²⁾ The “Natuzzi” brand includes the following lines of product: *Natuzzi Italia*, *Natuzzi Editions* and *Divani&Divani by Natuzzi*. Net sales under the “Natuzzi” brand also includes net sales of beds.

The following tables show the number of upholstered seats sold broken down by geographic market and branded/unbranded business for each of the years indicated therein:

| | 2024 | | 2023 | | 2022 | |
|-------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Americas⁽¹⁾ | 196,210 | 34.0% | 205,183 | 32.2% | 234,074 | 28.5% |
| Natuzzi brand ⁽²⁾ | 145,866 | 25.3% | 155,797 | 24.5% | 177,684 | 21.6% |
| Unbranded | 50,345 | 8.7% | 49,386 | 7.8% | 56,390 | 6.9% |
| EMEI | 296,240 | 51.4% | 327,494 | 51.4% | 442,973 | 53.9% |
| Natuzzi brand ⁽²⁾ | 260,372 | 45.2% | 283,635 | 44.6% | 345,757 | 42.1% |
| Unbranded | 35,868 | 6.2% | 43,859 | 6.9% | 97,215 | 11.8% |
| Asia-Pacific | 84,129 | 14.6% | 103,978 | 16.3% | 144,256 | 17.6% |
| Natuzzi brand ⁽²⁾ | 78,272 | 13.6% | 96,760 | 15.2% | 130,619 | 15.9% |
| Unbranded | 5,857 | 1.0% | 7,218 | 1.1% | 13,637 | 1.7% |
| Total | 576,579 | 100.0% | 636,655 | 100.0% | 821,303 | 100.0% |

⁽¹⁾ Includes the United States, Canada, Central and South America (including Brazil).

⁽²⁾ The “Natuzzi” brand includes the following three lines of product: *Natuzzi Italia*, *Natuzzi Editions* and *Divani&Divani by Natuzzi*.

In 2024, net sales of upholstered sofas, beds and home furnishings (“main business”) amounted to €310.5, a decrease of 2.9% compared to 2023, as a result of a 2.7% decrease in Natuzzi branded sales and a 5.4% decrease in net sales of unbranded products.

More specifically, the decrease in revenue is almost entirely due to the decrease in sales from *Natuzzi Editions* products, as a result of a lower than expected written order intake in the second half of the year, which affected deliveries particularly in the last quarter of 2024. In addition, in October 2024, we completed the transfer of the production from the plant located in Shanghai to the recently established cost-efficient plant located in Quanjiao. This transition also required the transfer of part of production of *Natuzzi Editions* products for the North American market to the Group’s European manufacturing sites. Management is actively working to strengthen the operational capacity at the Chinese facility to better serve exclusively the local market and to increase the production rate at the European plants to adequately support the North American demand. These initiatives are aimed at reducing the order backlog, which increased by €6.4 million in the last quarter of 2024, primarily concentrated in the European operations.

The Group’s performance during 2024 was also impacted by ongoing macroeconomic, geopolitical, and industry-specific challenges, that continued to dampen consumer spending capacity and delay purchases of durable goods.

Moreover, in recent years, the Group’s sales performance across all major regions and brands has been adversely impacted by ongoing macroeconomic and industry-specific challenges. Persistent geopolitical uncertainty, weak consumer sentiment and rising inflationary pressures have eroded disposable incomes, leading consumers to delay or reduce spending on home investments. This also led to increased price sensitivity, resulting in a shift in demand towards more affordable products. See “Item 3. Key Information-Risk Factors—Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position.” As a result, in 2024, the Group’s sales overall

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decreased compared to both 2023 and 2022 (sales in 2022 benefitted from a €58.4 million reduction in the order backlog accumulated through December 31, 2021).

The Group's strategy is to increase the portion of revenue represented by the Natuzzi branded sales, mainly through the expansion of its retail network in priority markets, such as the U.S., China and Europe, primarily the UK and Italy, and, at the same time, to focus on selected large accounts selling unbranded products to serve them with a more efficient go-to-market model.

For additional information on the results of our operations in 2024 as compared to 2023, see "Item 5. Results of Operations."

1. The Americas

In 2024, net sales of leather and fabric-upholstered furniture and beds as well as home furnishings in the U.S. and the rest of the Americas (including Brazil) were €125.1 million, up 1.9% compared to 2023, and the number of seats sold decreased by 4.4%, to 196,210 in 2024, compared to 2023. In 2024, net sales of our Natuzzi branded products were €111.2 million, up 1.2% compared to 2023, thanks in particular to the ramping-up of new DOS opened in the U.S., and net sales of unbranded products were €13.9 million, up 7.8% compared to the prior year.

Net sales in the Americas were affected by the weak performance of the wholesale channel. We are placing renewed emphasis on the wholesale channel of our business, which remains a strategic channel in several geographies, including the U.S. To support this renewed focus, at the beginning of 2025, we introduced the 'Re-Imagined Gallery Concept', first presented in the last quarter of 2024, which is designed to provide a practical setting for sales associates to engage with customers, narrate the captivating Natuzzi story, present our collections, and support sales.

The Group's strategy for the Americas is to continue focusing on the branded business mostly through the opening of mono-brand Natuzzi stores in addition to Natuzzi galleries, mainly in the U.S., and at the same time to focus on selected large unbranded distributors in an effort to serve them with a more efficient go-to-market model.

Over the last few years, our unbranded business has been affected by difficult retail conditions experienced in the North American market, resulting in a reduction of their points of sale, and, more generally, by increased price competition in the low segment of the market. In addition, the unbranded production, which has been entirely served by our operations in Asia, has been negatively affected by tariffs imposed by the U.S. customs authorities on goods manufactured in China and, more recently, by Canadian customs authorities on goods manufactured in China and Vietnam, as well as any new or increased tariffs or other trade barriers that the new U.S. presidential administration has imposed, or may in the future impose, on goods imported from foreign countries.

Since December 2019, in light of the tariffs imposed by the U.S. on goods imported from China, the Company has started outsourcing part of its unbranded production in Vietnam for some key accounts in the U.S. In addition, the Group is leveraging its global footprint to mitigate the negative effects from customs duties imposed by Canadian authorities. See "—Manufacturing." In addition, since the beginning of the new U.S. presidential election, the Group is also constantly monitoring any development regarding the actual or potential imposition by the U.S. administration of new or increased import tariffs or other similar trade restrictions on goods imported from foreign countries, including Vietnam.

The Group's principal wholesale customers are major distributors. The Group advertises its products to distributors and, more recently, to end-consumers in the U.S., Canada, Central and South America (excluding Brazil) both directly and through the use of various marketing tools. The Group also relies on its network of sales representatives and on furniture fairs held at its High Point, North Carolina, to promote its products.

Natuzzi Americas maintains offices in High Point, North Carolina and provides the Company with agency services. The staff at High Point provides customer service, trademarks and products promotions, credit collection assistance, and generally acts as the customers contact for the Group. As of March 31, 2025, Natuzzi Americas had 45 employees and 12 independent sales representatives.

Our commercial activities in Brazil and South America are overseen from our Salvador de Bahia facility. The Group's commercial structure for the South American region has been reinforced over the years by an increase in personnel, from 12 representatives in 2012 to 21 as of the end of 2024. 2024 net sales in Brazil were €13.5 million, from €14.5 million in 2023. As a result of the focus to the Brazilian and more generally South American high-end consumer market, the Group currently distributes a *Natuzzi Italia* "made in Brazil" collection, entirely manufactured in Brazil and exclusively dedicated to the South American market.

In 2016, the Group acquired seven *Natuzzi Italia* stores all located in Florida. In December 2016, the Company established a new trading subsidiary located in Mexico, Natmx S.de.R.L.de.C.V. ("NATMX"). In January 2017, NATMX signed an agreement with the owners of Muebleria Standard. Under the agreement, NATMX acquired the three existing *Natuzzi Italia* stores located in Mexico City-Altavista, Guadalajara and Monterrey. In addition to the directly operated stores, as of December 31, 2024, NATMX sells our

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products in Mexico through 13 directly managed concessions (four under the *Natuzzi Italia* brand and nine under the *Natuzzi Editions* brand) in Palacio de Hierro, a high-end retailer having shopping malls in excellent locations throughout Mexico.

In June 2017, the Company opened its new North American retail store in West Palm Beach, Florida. During 2018, the Company opened four new directly operated stores in the U.S., namely one in Chicago, one in Los Angeles-Costa Mesa, one in Paramus – New Jersey and one in Philadelphia (within the King of Prussia Mall). In 2019, one *Natuzzi Italia* store was opened in the Sarasota and the Fort Lauderdale store, initially opened in 2016, was relocated. In 2022, three new *Natuzzi Editions* stores were opened, of which one in Kennesaw, Georgia, operated directly by the Group, and two *Natuzzi Editions* stores, in South Lake and Dallas, Texas, managed in joint venture with a local partner. In 2023, six *Natuzzi Italia* stores were opened, and, specifically five DOS in San Diego, Manhasset, Houston, Miami and Atlanta, and one franchise in Fort Worth, as well as one *Natuzzi Editions* DOS operated in joint venture with a local partner. In 2024, one *Natuzzi Italia* DOS was opened in Denver. These store openings are part of the strategy announced in 2016 to open Company-managed stores in high traffic and prime retail locations, showcasing the new store design, merchandising concept and overall Natuzzi consumer experience.

As of December 31, 2024, there were 20 *Natuzzi Italia* stores in the Americas (18 in the U.S. and two in Mexico) and one *Natuzzi Editions* store in the U.S. directly managed by the Group, in addition to three *Natuzzi Editions* stores in the U.S. managed in joint venture with a local partner.

As of the same date, there were also 17 *Natuzzi Italia* stores operating in the Americas that are owned by local franchisees (seven in Brazil, three in the U.S., two in Venezuela, one in each of Argentina, Bolivia, Canada, Panama and Paraguay). Furthermore, as of the same date, there were 59 *Natuzzi Editions* franchise stores, of which 44 were located in Brazil, six in the U.S., two in each of Colombia, Ecuador and Uruguay, and one in each of Argentina, Peru and Venezuela.

2. EMEAI

In 2024, net sales of leather and fabric-upholstered furniture and beds as well as home furnishings in Europe (including Italy), the Middle East, Africa and India (collectively, “EMEAI”) were €144.8 million, down 4.0% compared to 2023, with the number of seats decreasing by 9.5% to 296,240 in 2024. Natuzzi branded sales amounted to a total of €137.4 million in 2024 (down 2.8% from 2023), and unbranded products net sales decreased by 21.3% to €7.4 million.

2a) West & South Europe (excluding Italy). The Group sells its products in West & South Europe (outside Italy) mainly through stores (franchises or directly operated stores). As of December 31, 2024, 49 stores were operating in Europe: 29 were under the *Natuzzi Italia* name (13 in the UK, eight in Spain, two in each of the Netherlands, Portugal and Switzerland, and one in each of Austria and France). As of the same date, there were 20 *Natuzzi Editions* stores of which 16 located in the UK, two in Spain, and one in each of Austria and Ireland. Of these stores, as of December 31, 2024, the Group directly owned 16, of which 14 were operated under the *Natuzzi Italia* name (eight in Spain, three in the UK, two in Switzerland and one in France) and two were operated under the *Natuzzi Editions* name, all in the UK.

2b) Italy. Since 1990, the Group has sold its upholstered products in Italy principally through the *Divani&Divani by Natuzzi* franchise network of furniture stores. As of December 31, 2024, there were 79 *Divani&Divani by Natuzzi* stores (of which 12 directly operated by the Company), and two *Natuzzi Italia* stores, all directly operated by the Company.

2c) Middle East, Africa and India. As of December 31, 2024, the Group had a total of 26 *Natuzzi Italia* stores in the Middle East, Africa and India: six in Israel, four in India, three in the United Arab Emirates, and one in each of Algeria, Bahrain, Bangladesh, Egypt, Iraq, Ivory Coast, Kuwait, Lebanon, Pakistan, Qatar, Saudi Arabia, Senegal and Tunisia. In addition, there were eight *Natuzzi Editions* franchise stores: three *Natuzzi Editions* stores were operating in Egypt, two in the United Arab Emirates and one in each of Israel, Kuwait and Senegal.

2d) Other EMEAI. As of December 31, 2024, 43 stores were operating in the remaining part of EMEAI: 27 were under the *Natuzzi Italia* name (five in Russia, three in each of Czech Republic and Turkey, two in Ukraine, and one in each of Azerbaijan, Bosnia, Bulgaria, Croatia, Cyprus, Greece, Hungary, Malta, Poland, Romania, Serbia, Slovakia, Slovenia and Uzbekistan). As of the same date, there were 16 *Natuzzi Editions* of which three in each of the Czech Republic and Slovakia, two in each of the Croatia and Romania, and one in each of Bosnia, Hungary, Malta, Poland, Serbia and Ukraine.

In January 2012, following the worsening of the European Union’s diplomatic relations with Iran and Syria, the Company decided to cease all business relations with these two countries. No impairment issue arose following the cessation of business relations with those two countries. The Group has had no sales in Iran or Syria since 2016. Our prior interests and activities in Iran or Syria were not a material investment risk, either from an economic, financial or reputational point of view. The Group has not had, nor does it plan to have, any commercial contacts with the governments of Iran or Syria, or with entities connected with such governments.

The Group has never generated sales in Sudan, North Korea or Cuba.

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3. Asia-Pacific Region

In 2024, net sales of leather and fabric-upholstered furniture and beds as well as home furnishings in the Asia-Pacific region were €40.6 million, down 12.0% from 2022, and the number of seats sold decreased by 19.1% to 84,129 in 2023. In 2024, Natuzzi branded sales decreased by 11.9% to €39.3 million, and unbranded sales decreased by 11.3% to €1.3 million compared to 2023.

The general strategy for the Natuzzi brand is to further expand the store network throughout the region, with a strong emphasis on the Chinese market.

The Group's commercial part of the business throughout the Asia-Pacific region was run by Natuzzi Trading (Shanghai) Co., Ltd. until July 27, 2018. On that date, the Company announced the completion of the transactions (the "Closing") contemplated by the joint venture agreement, signed in March 2018, between the Company and Kuka Furniture (Ningbo) co., Ltd. ("Kuka"). As a result of the Closing, the Company's wholly-owned Chinese subsidiary, Natuzzi Trading (Shanghai) Co., Ltd. ("Trading Co.") became a joint venture in which each of the Company and Kuka owns, as of the date of this Annual Report, a 49% and a 51% stake, respectively. See Note 11 to the Consolidated Financial Statements.

This joint venture is aimed at strengthening the Company's retail network in Mainland China, Hong Kong and Macau (the "Territory"). Trading Co. distributes the *Natuzzi Italia* and *Natuzzi Editions* branded products through a network of single-brand directly operated stores and franchise stores in the Territory, as well as through online stores.

In April 2021, the Company announced that it had entered into a preliminary and non-binding agreement (the "Preliminary Agreement") with Truong Thanh Furniture Corporation ("TTF"), a company incorporated under the laws of the Republic of Vietnam and which engages in production and distribution of furniture, to form a partnership aimed at strengthening the Natuzzi Group's operations in the APAC region excluding Greater China (the "Rest of the APAC Territory"). Under the Preliminary Agreement, TTF intended to acquire up to a 20% stake in Natuzzi Singapore PTE. LTD ("Natuzzi Singapore"), which was incorporated by the Company in the Republic of Singapore in April 2020 and became operating in 2021. Natuzzi Singapore engages in sales and distribution of furniture and upholstery products under the trademarks of the Group in the Rest of the APAC Territory. At the time of the Preliminary Agreement, Natuzzi Singapore was 93% controlled by Natuzzi S.p.A., while the remaining 7% stake was owned by Mr. Richard Tan, the head of Natuzzi industrial operations in Asia since their inception in 2001, as well as a minority shareholder of one of the Group's subsidiaries in China. In March 2022, TTF obtained all applicable authorizations by the relevant Vietnamese authorities and acquired a 20% stake in Natuzzi Singapore, for a total cash consideration of \$5.4 million (equivalent to €4.9 million) to Natuzzi Singapore. As a result of the above transaction, Natuzzi S.p.A. TTF and the other minority shareholder, Mr. Richard Tan, own 74.4%, 20.0% and 5.6% of the share capital of Natuzzi Singapore, respectively. In addition, Natuzzi S.p.A. maintains the majority of the board members of Natuzzi Singapore.

As of December 31, 2024, there were 98 *Natuzzi Italia* stores were operating in the Asia-Pacific market: 79 in China (of which 10 directly operated by the joint venture in China), five in Taiwan, four in each of Australia and South Korea, two in Hong Kong, and one in each of Indonesia, Philippines, Thailand and Vietnam. In addition, as of the same date, there were 223 *Natuzzi Editions* stores, of which 216 located in China (including six directly operated by the joint venture in China), and one in each of Australia, Hong Kong, South Korea, Philippines, Taiwan, Thailand and Vietnam. In addition, as of the same date, there were two *Natuzzi Editions* stores directly operated by the Group in Australia. The Group also maintains galleries in the Asia-Pacific region under the *Natuzzi Italia* and *Natuzzi Editions*.

Customer Credit Management

The Group maintains an active credit management program. The Group evaluates the creditworthiness of its customers on a case-by-case basis according to each customer's credit history and information available to the Group. Throughout the world, the Group utilizes "open terms" in 80% of its sales and obtains credit insurance for about 71% of this amount; about 10% of the Group's sales are commonly made to customers on a "cash against documents" and "cash on delivery" basis; lastly, about 10% of the Group's sales are supported by a "letter of credit" or "payment in advance and at sight". See Note 33(C) to the Consolidated Financial Statements. In July 2020, the Company renewed the Securitization Facility with the Assignee for an additional 5-year period. Originally entered into in July 2015, the Securitization Facility allows the Company to assign trade receivables to the Assignee for a maximum amount of €40.0 million, on a revolving basis, retaining substantially all of the risks and rewards ("*pro-solvendo*") in the assigned trade receivables, in exchange for short-term credit, thereby continuing to provide the Company with an important and stable source of liquidity. Notably, under the Securitization Facility, the Company is entitled to assign a wide range of trade receivables, thus adding flexibility to the Company's funding capacity. In view of the upcoming expiration of the Securitization Facility scheduled in July 2025, we have initiated preliminary discussions with the Assignee to explore potential renewal options. The Assignee has commenced the preliminary review process necessary to assess the terms that will form the basis for the subsequent decision-making phase, which is expected to be completed by the end of May 2025.

Incentive Programs and Tax Benefits

Historically, the Group has benefited from the Italian government's investment incentive program for under-industrialized regions in Southern Italy, which includes the area that serves as the center of the Group's operations. The investment incentive program provides tax benefits, capital grants and subsidized loans. There can be no assurance that the Group will continue to be eligible for such grants, benefits or tax credits for its current or future investments in Italy. See "Item 3. Key Information—Risk Factors—Our past results and operations have significantly benefited from government incentive programs, which may not be available in the future."

In September 2015, the Company presented to the Italian Ministry of Economic Development (*Ministero dello Sviluppo Economico*, the "Ministry") a €49.7 million investment program for industrial development consisting of six programs, including a research and development program and the upgrade of its Italian facilities located in the regions of Puglia and Basilicata. In 2015, the Company formally requested that the grant from the Ministry be €37.3 million from public incentives. On September 23, 2015, the Company entered into a formal agreement (the "Development Contract") with the Ministry and the governments of Puglia and Basilicata reflecting this investment. On January 23, 2017, following its review of such program, the Ministry reduced the amount of investments from €49.7 million to €37.8 million, according to the following allocation: €27.6 million to upgrade the Italian plants located in Puglia and Basilicata and €10.2 million for innovation, research and development expenses. Consequently, grants from public incentives were reduced from €37.3 million to €26.9 million (€11.0 million as a capital grant and €15.9 million as subsidized loan). The Company began the planned investment activity in 2016. Specifically, it invested €5.0 million in 2016 and €2.0 million in 2017. In January 2018, the Ministry issued a decree for the Company to sign. Following the unfavorable judgement by the Labor Court of Bari, which required the Company to re-employ 166 workers, the Company decided not to sign the decree because it considered that the conditions set out in the decree, including the obligation not to fire workers for a 10-year period, were too onerous. On March 5, 2019, the Company presented to the Ministry of Economic Development an updated document concerning the Development Contract. In July 2019, the Ministry issued a decree which valued the Company's investment program at €45.7 million, of which €33.9 million considered eligible for public incentives, and granted the Company: (i) a €4.3 million capital grant and a €12.7 million subsidized loan for the upgrade of the Italian facilities in Puglia and Basilicata and (ii) a €5.9 million capital grant and a €1.2 million subsidized loan for innovation, research and development expenses, for a total of €24.1 million in grants from public incentives. In December 2019, the Company received €7.2 million from the Ministry, equivalent to 30% of the total grants, of which €3.0 million as a capital grant and €4.2 million as a subsidized loan. By signing the decree, the Company undertook to carry out the research and development program and the upgrade of the Italian facilities in Puglia and Basilicata by December 31, 2020. On July 31, 2020, the Company presented a first set of the expenditure documentation relating to such investment program. Following the COVID-19 outbreak, the Company requested an extension of the deadline to March 31, 2022 to complete the investments under the program.

In March 2022, the Company presented to the Ministry a revised program with a new set of investments aimed at improving the flexibility of the industrial processes in its Italian plants located in the regions of Puglia and Basilicata, through the introduction of the "4.0" technologies together with a new workflow organization based on "cellular manufacturing". According to such revised program, the total amount of investments is €34.4 million, of which €25.3 million is for the upgrade of the Italian plants in Puglia and Basilicata and €9.1 million for innovation, research and development expenses. The amount in grants from public incentives has not changed (i.e., €24.1 million, of which €7.2 million received in December 2019). In March 2023, the Ministry issued the approval decree providing for a total investment amount of €31.3 million, of which €23.6 million for the upgrade of the Italian plants in Puglia and Basilicata and €7.7 million for innovation, research and development expenses. The amount in grants from public incentives was about 70% of the €31.3 million investment amount, and the Ministry granted the Company up to €8.7 million capital grant and up to €13.6 million subsidized loan. The Company requested and obtained from the Ministry an extension of the deadline to December 31, 2023 to complete the investments under the program.

During 2023, the Company submitted to the Ministry two distinct sets of expenditure documentation pertaining to the investments and expenses incurred under the program in 2023. Specifically, according to said documentation, the total amount of investments and expenses was equal to €20.0 million, of which €14.8 million allocated for the upgrade of the Italian plants in the Puglia and Basilicata regions, and €5.2 million designated for innovation, research, and development expenses.

As a result, in 2023, the Ministry granted the Company a total of €3.1 million in capital grant (of which €1.6 million for the upgrade of the Italian plants in the Puglia and Basilicata regions, and €1.5 million for innovation, research, and development expenses), and a €5.7 million subsidized loan (of which €5.6 million for the upgrade of the Italian plants in the Puglia and Basilicata regions, and €0.1 million for innovation, research, and development expenses, the latter pertaining to the first set of expenditure documentation submitted to the Ministry in 2023). Of the total €8.8 million granted by the Ministry, €7.6 million was received in 2023, while €1.2 million was received on April 9, 2024. The investment program – covering both production and R&D – was formally approved on April 14, 2025, as confirmed by the official communication from the Ministry. Immediately thereafter, the Company began to prepare the final third set of expenditure documentation to be submitted to the Ministry pertaining to the investments and expenses incurred under the program from June 2023 to April 14, 2025.

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In addition, the Ministry will grant the Company with further amounts of public grant in the form of subsidized loan (for €2.5 million) and capital grants (for €1.4 million) for innovation, research and development expenses as a result of the third set of expenditure documentation to be submitted to the Ministry by the Company in 2025.

Management of Exchange Rate Risk

The Group is subject to currency exchange rate risk in the ordinary course of its business to the extent that its costs are denominated in currencies other than those in which it earns revenues. Exchange rate fluctuations also affect the Group's operating results because it recognizes revenues and costs in currencies other than Euro but publishes its financial statements in Euro. The Group also holds a substantial portion of its cash and cash equivalents in currencies other than the Euro. The Group's sales and results may be materially affected by exchange rate fluctuations. For additional information see "Item 3. Key Information—Risk Factors—Fluctuations in currency exchange rates and interest rates may adversely affect our results of operations" and "Item 11. Quantitative and Qualitative Disclosures about Market Risk."

Trademarks and Patents

The Group's products are sold mainly under the *Natuzzi Italia*® and *Natuzzi Editions*® trademarks. These trademarks and certain other trademarks, such as *Divani&Divani by Natuzzi*® and *Natuzzi Re-vive*®, have been registered in all jurisdictions in which the Group has a commercial interest, such as Italy, the EU and elsewhere. To protect its investments in new product development, the Group has also undertaken the practice of registering certain new designs in most of the countries in which such designs are sold. As of the date of this Annual Report, the Group has approximately 650 certificates of design registrations referring to single and multiple applications for a total of 1,200 models (the same model may be registered in more than one country and/or jurisdiction, resulting in about 13,500 registrations related to 1,200 models in several countries) and two patents (registered and pending).

Applications are made with respect to new product introductions that the Group believes will enjoy commercial success and have a high likelihood of being copied.

In 2013, the Natuzzi Group launched *Re-vive*®, an innovative armchair that was the result of a collaborative effort between Natuzzi's Style Center and the Formway Design Studio of Wellington, New Zealand. The *Re-vive*® recliner combines style and comfort, Italian artisan expertise and innovative New Zealand design. This innovative armchair is internationally protected by several patents covering both its shape and all of its components. In particular, the design patent was filed in 15 countries, while the mechanism patent was filed in 14 countries.

As for the distribution of the products that are manufactured in the Group's plants and identified under various names (*Natuzzi Italia*®, *Natuzzi Editions*®, *Divani&Divani by Natuzzi*® and *Natuzzi Re-vive*®), the Group has entered into business agreements under the form of sale licenses (product supply and brand usage licenses) with its customers (distributors and retailers).

Furthermore, the Group has supply agreements in place with large wholesalers for the supply of Unbranded products that are manufactured by the Group's industrial plants outside of Italy.

Regulation

The Company is incorporated under the laws of the Republic of Italy. The principal laws and regulations that apply to the operations of the Company—those of Italy and the European Union—are different from those of the United States. Such non-U.S. laws and regulations may be subject to varying interpretations or may be changed, and new laws and regulations may be adopted, from time to time. Our products are subject to regulations applicable in the countries where they are manufactured and sold. Our production processes are regularly inspected to ensure compliance with applicable regulations. While management believes that the Group is currently in compliance in all material respects with such laws and regulations (including rules with respect to environmental matters), there can be no assurance that any subsequent official interpretation of such laws or regulations by the relevant governmental authorities that differs from that of the Company, or any such change or adoption, would not have an adverse effect on the results of operations of the Group or the rights of holders of the Ordinary Shares or the owners of the Company's ADSs. See "—Environmental Regulatory Compliance," "Item 10. Additional Information—Exchange Controls" and "Item 10. Additional Information—Taxation."

Environmental Regulatory Compliance

The Group, to the best of its knowledge, operates all of its facilities in compliance with all applicable laws and regulations.

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The Group places environmental sustainability among the priority commitments of its business activities. Since 2003, in compliance with this commitment, the Group has implemented an environmental management system, certified ISO 14001, integrated with a quality management system, certified ISO 9001. These systems reflect Natuzzi's commitment to offering high value products and services, while minimizing environmental impact and complying with all applicable laws and regulations.

Below are the main commitments made by the Group in relation to environmental sustainability:

- 1) constant monitoring of the environmental impact of the Group's business activities through:
 - implementation of programs aimed at reducing energy and raw material consumption; and
 - economic evaluation of the use of the best technologies available on the market to minimize pollution;
- 2) prioritizing the recovery and recycling of the waste generated rather than its disposal, protecting soil and subsoil from potential spills; managing temporary industrial waste storage areas such as mastics and solvents; separate collection to facilitate waste recovery and disposal;
- 3) raising awareness and training its employees on the issue of environmental sustainability;
- 4) promoting the adoption of correct environmental behavior by its suppliers, giving priority to those who offer the greatest guarantee of sharing Natuzzi's corporate policy;
- 5) maintaining an open and constructive dialogue with public administration bodies and with individual territorial in the areas in which the Group operates.

In addition, in 2024 the Company accomplished The Responsibility Award. The Responsibility Award is an award issued by Bureau Veritas that confirms Natuzzi's commitment to the responsible management of the three pillars of corporate management: Quality, Environment, and Corporate Social Responsibility.

Insurance

The Group maintains insurance against a number of risks. The Group insures against loss or damage to its facilities, loss or damage to its products while in transit to customers, failure to recover receivables, certain potential environmental liabilities, product liability claims and Directors and Officer Liabilities. While the Group's insurance does not cover 100% of these risks, management believes that the Group's present level of insurance is adequate in light of past experience.

Description of Properties

The location, approximate size and function of the principal physical properties used by the Group as of March 31, 2025 are set forth below:

| Country | Location | Size (approximate square meters) | Function | Production Capacity per day | Unit of Measure |
|---------|----------------------------------|--|--|-----------------------------------|--------------------|
| Italy | Santeramo in Colle (BA) | 28,000 | Headquarters, prototyping, showroom (owned) | N.A. | N.A. |
| Italy | Santeramo in Colle (BA) | 2,000 | Experimental laboratory: leather cutting, sewing, assembling wooden parts for frames, product assembly (owned) | 55 | Seats |
| Italy | Santeramo in Colle, Jesce (BA) | 28,000 | Sewing and product assembly (owned) | 298 | Seats |
| Italy | Matera La Martella | 38,000 | General warehouse of sofas and accessory furnishing (owned) | N.A. | N.A. |
| Italy | Matera, Jesce | 12,500 | Leather cutting, sewing, assembling wooden parts for frame, product assembly (owned) | 180 | Seats |
| Italy | Graviscella | 8,000 | Leather cutting, sewing, assembling wooden parts for frame, product assembly (owned) | 122 | Seats |
| Italy | Laterza (TA) | 12,000 | Leather and fabrics warehouse, leather and fabrics cutting (owned) | N.A. | N.A. |
| Italy | Laterza (TA) | 10,500 | Sewing, assembling wooden parts for frames, product assembly (owned) | 184 | Seats |
| Italy | Laterza (TA) | 19,000 | Semi-finished products and accessories warehouse (owned) | N.A. | N.A. |
| Italy | Pozzuolo del Friuli (UD) | 21,000 | Leather dyeing and finishing (owned) | 11,000 | Square Meters |
| U.S.A. | High Point, North Carolina | 10,000 | Office and showroom for Natuzzi Americas (leased) * | N.A. | N.A. |
| Romania | Baia Mare | 75,600 | Leather cutting, product assembly, manufacturing of wooden frames, polyurethane foam shaping, fiberfill production and wood and wooden product manufacturing (owned) | 850 | Seats |
| China | Quanjiao County – Anhui province | 22,000 | Sewing and product assembly, manufacturing of wooden frames, polyurethane foam shaping, fiberfill production (leased) | 286 | Seats |
| Brazil | Salvador de Bahia – Bahia | 28,700 | Leather cutting, sewing and product assembly, manufacturing of wooden frames, polyurethane foam shaping, fiberfill production (owned) | 108 | Seats |

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* For further details on the sale and sublease of the property located in High Point, see “Item 4. Information on the Company—Strategy”, “Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions” and Notes 7, 45 and 46 to the Consolidated Financial Statements included in this Annual Report.

The Group believes that its production facilities are suitable for its production needs and are well maintained.

Capital Expenditures

The following table sets forth the Group’s capital expenditures for the three-year period ended December 31, 2024:

| | Year ending December 31, (millions of Euro) | | |
|-------------------|--|------|------|
| | 2024 | 2023 | 2022 |
| Land and plants | 0.4 | 0.4 | 1.2 |
| Equipment | 6.9 | 9.8 | 8.3 |
| Intangible assets | 4.1 | 1.0 | 1.2 |
| Total | 11.3 | 11.2 | 10.7 |

Capital expenditures in the last three years have been made primarily to make improvements in property, plant and equipment, to expand our retail network, to develop software for analytical accounting and digital archiving, to invest in various projects, such as CRM Dynamics and “Factory 4.0”, and for cybersecurity and artificial intelligence purposes (refer to Notes 8 and 10 in the Consolidated Financial Statements).

As of March 31, 2025, the Group spent €2.9 million on capital expenditures since January 1, 2025.

The Group expects that capital expenditures in 2025 will be around €7.0 million mainly related to the upgrade of the Italian and foreign factories and the expansion of our retail network. Capital expenditures in 2025 are expected to be financed mainly through long-term borrowings and cash flow generated by operations, as well as through public incentives. For information on potential impacts of macro-economic and political conditions, see “Item 3. Key Information—Risk Factors—Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position.”

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of the Group’s results of operations, liquidity and capital resources is based on information derived from the audited Consolidated Financial Statements and the notes thereto included in Item 18 of this Annual Report. These financial statements have been prepared in accordance with IFRS and are included in Item 18 of this Annual Report. All information that is not historical in nature and disclosed under “Item 5. Operating and Financial Review and Prospects” is deemed to be a forward-looking statement. See “Forward-Looking Information.”

The consolidated financial statements of Natuzzi S.p.A. as at and for the years ended December 31, 2024 and 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”), including interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to companies reporting under IFRS.

Non-GAAP Financial Measures

We monitor and evaluate our operating and financial performance using several non-GAAP financial measures including: Adjusted EBITDA, Adjusted EBITDA margin and Net Financial Position.

We believe that these non-GAAP financial measures provide useful and relevant information regarding our performance and our ability to assess our financial performance and financial position. They also provide us with comparable measures that facilitate management’s ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions. While similar measures are widely used in the industry in which we operate, the financial measures we

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use may not be comparable to other similarly titled measures used by other companies nor are they intended to be substitutes for measures of financial performance or financial position as prepared in accordance with IFRS.

Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)

Management has presented the performance measure Adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit or loss from continuing operations to exclude the impact of taxation, net finance income/(costs), depreciation, amortisation, government grants only related to depreciation of property, plant and equipment (PPE) and share of profit of equity-method investees.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of Adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

The following tables show the reconciliation of Adjusted EBITDA to profit or loss for the years ended December 31, 2024, 2023 and 2022 (amounts in thousands of euro).

| | 2024 | 2023 | 2022 |
|---|---------------|---------------|---------------|
| Profit/(loss) for the year | (15,382) | (16,162) | 1,288 |
| Income tax expense | 684 | 1,090 | 2,273 |
| Profit/(loss) before tax | (14,698) | (15,072) | 3,561 |
| Adjustments for: | | | |
| - Addition (subtraction) of net finance income/(costs) | 8,818 | 8,470 | 5,245 |
| - Addition (subtraction) of share of profit/(loss) equity-method inv. | (389) | (2,897) | (356) |
| - Addition of depreciation | 19,619 | 21,331 | 20,619 |
| - Addition of amortisation | 1,569 | 1,041 | 1,031 |
| - Subtraction of government grants only related to PPE | (1,455) | (1,648) | (1,473) |
| Adjusted EBITDA | 13,464 | 11,225 | 28,627 |

In applying IFRS 16, in relation to the leases that were classified as operating leases, the Group recognizes depreciation and interest costs, instead of operating lease expense. In relation to those leases, the Group recognised €10.6 million of depreciation charges and €3.8 million of additional interest costs from leases in 2024 (€12.0 million and €3.1 million, respectively, in 2023; €11.8 million and €2.9 million, respectively, in 2022).

Adjusted EBITDA is presented by management to aid investors in their analysis of the performance of the Group and to assist investors in the comparison of the Group's performance with that of other companies.

Net Financial Position

Net Financial Position is defined as "Cash and cash equivalents," less "Bank overdrafts and short-term borrowings," less "Current portion of long-term borrowings," less "Non-current portion of long-term borrowings," less "Current portion of lease liabilities," less "Non-current portion of lease liabilities."

As of December 31, 2024, 2023 and 2022 our Net Financial Position was as reported in the following tables (amounts in thousands of euro):

| | 31/12/2024 | 31/12/2023 | 31/12/2022 |
|---|-----------------|-----------------|-----------------|
| Cash and cash equivalents | 20,322 | 33,610 | 54,475 |
| Bank overdrafts and short-term borrowings | (23,327) | (22,834) | (29,254) |
| Current portion of long-term borrowings | (4,532) | (5,200) | (5,806) |
| Non-current portion of long-term borrowings | (14,188) | (12,153) | (11,483) |
| Net Financial Position before lease liabilities, positive (negative) | (21,725) | (6,577) | 7,932 |
| Current portion of lease liabilities | (10,350) | (9,413) | (10,825) |
| Non-current portion of lease liabilities | (47,400) | (52,914) | (41,024) |
| Net Financial Position | (79,475) | (68,904) | (43,917) |

In June 2024, Natuzzi Singapore granted a loan of US\$ 1.4 million to TTF, a minority shareholder of Natuzzi Singapore, for a 12-month term, renewable for an additional 12 months. The agreed interest rate, set at US\$ 1-Month Libor minus 0.25%, matches the

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interest rate Natuzzi Singapore would have obtained from a bank deposit. See Notes 17 and 45 to the Consolidated Financial Statements included in this Annual Report.

We believe our Net Financial Position provides useful information for investors because it gives evidence of our consolidated position either in terms of net indebtedness or net cash by measuring our capital resources based on cash and cash equivalents and the total level of our financial indebtedness.

Results of Operations

Summary — In 2024, similarly to 2023, our results of operations were affected by persisting macroeconomic and industry-specific challenges, including high levels of inflation and interest rates in recent years (although they started to decrease in the second half of 2024), which resulted in a stagnant real estate market and affected clients' disposable incomes, thus causing consumers to delay or decrease investments in their existing homes and making them more price conscious, resulting in a shift in demand to less expensive products. See "Item 3. Key Information—Risk Factors—Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position." This led to a persisting weak sales decline also in 2024, affecting the Company's ability to adequately absorb fixed costs.

The decrease in revenue, almost entirely concentrated in the last quarter of 2024, was also attributable to the strategic shift in production from the Shanghai facility to the recently established plant in Quanjiao, which affected deliveries of *Natuzzi Editions* products in the last part of the year. This transition also required the transfer of part of production of *Natuzzi Editions* products for the North American market to the Group's European manufacturing sites. Management is actively working to strengthen the operational capacity at the Chinese facility to better serve exclusively the local market and to increase production at the European plants to adequately support the North American demand. These initiatives are aimed at reducing the order backlog, which increased by €6.4 million in the last quarter of 2024, primarily concentrated in the European operations.

Furthermore, the overall result for the year 2024 was burdened by €5.3 million in labor-related costs associated with the Group's staff reduction program, of which €4.5 million were included in cost of sales, €0.5 million in selling expenses, and €0.3 million in administrative expenses.

In 2023, net sales declined compared to 2022, which benefitted from a €58.4 million reduction in the order backlog accumulated through December 31, 2021, due to supply chain disruptions in 2021, which significantly constrained product deliveries in that year. As a result, part of such orders was recognised in 2022, thus contributing to increasing 2022 net sales.

In 2022, our results of operations were characterized by increased revenue and improved operating results, despite continued supply chain complications during the first months of 2022, the lockdown in China following a resurgence of COVID-19 cases, which prompted local authorities to implement strict containment measures, and the increase in the cost of raw materials, semi-finished goods and energy following the outbreak of the war in Ukraine. In response to this inflationary environment, the Company implemented sequential price-list adjustments, to protect the margins of its operations.

In 2022, our operations in China were limited by the strict lockdown measures imposed by local authorities for most of the second quarter of 2022 in response to the resurgence of the COVID-19 pandemic in some regions, including Shanghai, where our factory is located. This factory produces *Natuzzi Editions* products mainly for the APAC and North America regions. The impact in terms of lost production was estimated at about €15 million for the second quarter, as the factory was completely closed from March 28, 2022 to May 3, 2022, when it resumed its operations at 20% of its capacity. Only at the beginning of June 2022 most of the workforce of Natuzzi China was allowed to return to work. Further, 18 points of sales in China were closed from the end of March through the end of May. Additionally, store traffic in China declined as customers shopped less frequently to minimize potential exposure to the COVID-19 pandemic.

In the last few years, the Group has started a thorough reorganization process covering its industrial, sales and service operations.

The following table sets forth selected financial highlights of the Group for the years ended December 31, 2024, 2023 and 2022.

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| | 2024 | 2023 | 2022 |
|--|--|--------|-------|
| | (millions of euro, except for percentages) | | |
| Consolidated Statement of Profit or Loss Data: | | | |
| Revenue | 318.8 | 328.6 | 468.5 |
| YoY % change in Revenue | -3.0% | -29.9% | 9.6% |
| Branded sales on main business* | 92.7% | 92.5% | 89.4% |
| * Sales of upholstered and other home furnishings products | | | |
| Gross Profit | 115.7 | 112.9 | 164.3 |
| Gross Margin | 36.3% | 34.3% | 35.1% |
| Operating Profit/(Loss) | (6.3) | (9.5) | 8.5 |
| Operating Margin | -2.0% | -2.9% | 1.8% |
| Adjusted EBITDA | 13.5 | 11.2 | 28.6 |
| Adjusted EBITDA margin | 4.2% | 3.4% | 6.1% |
| Group's Cash and cash equivalents (as at Dec. 31) | 20.3 | 33.6 | 54.5 |

For a description of how Adjusted EBITDA is computed, see “—Non-GAAP Financial Measures” above. Adjusted EBITDA margin is calculated as the ratio between Adjusted EBITDA and Revenue.

The Company intends to continue to pursue its strategy for the future by focusing on some key cornerstones including: i) a confirmed focus on controlled distribution through single-brand stores, both owned and franchised, in priority markets, such as the U.S., China and Europe, primarily the UK and Italy; ii) a review of the Group's production allocation, including the collaboration with external industrial partners located in low-cost countries to further enhance overall efficiency; iii) the disposal of certain assets no longer in line with the strategic development adopted by the Group to obtain proceeds to be reinvested in retail expansion and restructuring programs; and iv) a generalized streamlining of processes and costs.

2024 Compared to 2023

The Consolidated Financial Statements have been prepared on a going concern basis, which assumes that the Group will be reasonably able to meet its obligations as they fall due within one year from the date of the approval of these consolidated financial statements. The Board of Directors reasonably expects that management's plans, together with the cash equivalents, order flow and unused credit facilities as of December 31, 2024, will be sufficient to enable the Group to meet its obligations. As of December 31, 2024, the Group's cash and cash equivalents amounted to €20.3 million (€33.6 million as of December 31, 2023), while the unused portion of the credit facilities available to the Group (for further details, see Note 28 to the Consolidated Financial Statements) amounted to €32.6 million (€31.1 million as of December 31, 2023).

Revenue for 2024, including sales of leather and fabric-upholstered furniture, home furnishings accessories and other sales (mainly sales of leather and other raw materials sold to third parties), were €318.8 million, down 3.0% from €328.6 million in 2023. This decrease was mainly due to persisting macroeconomic and industry-specific challenges, including high levels of inflation and interest rates in recent years (although they started to decrease in the second half of 2024), which resulted in a stagnant real estate market and affected clients' disposable incomes, thus causing consumers to delay or decrease investments in their existing homes and making them more price conscious, resulting in a shift in demand to less expensive products. The decrease in revenue, almost entirely concentrated in the last quarter of 2024, was also attributable to the strategic shift in production from the Shanghai facility to the recently established plant in Quanjiao, which affected deliveries of *Natuzzi Editions* products in the last part of the year. This transition also required the transfer of part of production of *Natuzzi Editions* products for the North American market to the Group's European manufacturing sites. The restructuring of the Group's Asian operations initially led to temporary production imbalances, resulting in lower invoiced sales. Management is actively working to strengthen the operational capacity at the Chinese facility to better serve exclusively the local market and to increase production at the European plants to adequately support the North American demand. These initiatives are aimed at reducing the order backlog, which increased by €6.4 million in the last quarter of 2024, primarily concentrated in the European operations.

Sales of upholstery furniture and home furnishing accessories (“main business”) were €310.5 million, down 2.9% from €319.8 million in 2023, as a result of a 2.7% decrease in sales in the *Natuzzi* branded products (*Natuzzi Italia*, *Natuzzi Editions* and *Divani&Divani by Natuzzi*) and a 5.3% decrease in sales in the unbranded products.

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Other sales (sales of polyurethane foam and other raw materials to third parties) were €8.3 million in 2024, compared to €8.8 million in 2023.

To provide a better understanding of the different drivers of our operating model, invoiced sales from our main business (upholstered and other home furnishings sales) are hereafter described according to the main dimensions of the Group's business:

- A. Branded/unbranded business
- B. Distribution channels

A. Branded/unbranded business

The Group operates in the branded business (with the *Natuzzi Italia*, *Natuzzi Editions* and *Divani&Divani by Natuzzi brands*) and the unbranded business, the latter with collections dedicated to the large-scale distribution.

A1. Branded business.

Within the branded business, Natuzzi is pursuing a dual-brand strategy that focuses on the *Natuzzi Italia* and *Natuzzi Editions* brands. See "Item 4. Information on the Company—Strategy—The Brand Portfolio and Merchandising Strategy."

In 2024, Natuzzi's branded invoiced sales amounted to €287.9 million, a decrease of 2.7% compared to 2023. In 2024, invoiced branded sales represented 92.7% of our main business, compared to 92.5% in 2023. The following is the contribution of each brand to 2023 invoiced sales:

- *Natuzzi Italia* invoiced sales amounted to €120.5 million, an increase of 1.0% compared to 2023;
- *Natuzzi Editions* invoiced sales (including sales from "*Divani&Divani by Natuzzi*" in Italy) amounted to €167.4 million, a decrease of 5.2% compared to 2023.

A2. Unbranded business.

Invoiced sales from our unbranded business amounted to €22.6 million, a decrease of 5.3% compared to 2023.

The Group's strategy is to focus on selected large accounts and serve them with a more efficient go-to-market model. In order to increase production flexibility and competitiveness, in 2020 the Company started to outsource in Vietnam part of its unbranded production for some key accounts in the U.S. The Company expects to gradually serve most of its mass-merchant distributors located in North America through such Vietnamese outsourced production.

As part of the general review of the Group's manufacturing footprint, the Company continues to explore further external production capacity in low-cost countries to increase its production capacity and flexibility, particularly with regard to its unbranded production.

B. Distribution

As of December 31, 2024, the Group distributes its branded collections in more than 100 countries, of which 53 DOS, three DOS in the U.S. managed in joint venture with a local partner, in addition to 16 DOS operated by our joint venture in China, 558 franchise mono-brand Natuzzi stores ("FOS"), 650 wholesale points of sale, represented by 427 shop-in-shop Natuzzi galleries (including 13 concessions directly operated by the Group) and other smaller points of sale in multi-brand stores operated by third parties. See "Item 4. Information on the Company—Markets" for further information regarding our distribution network.

In 2024, sales generated by the points of sales directly operated by the Group (DOS and concessions) were €76.1 million, up 4.1% compared to 2023, mainly due to the extension of the DOS network in the U.S. in 2024 compared to 2023.

In 2024, invoiced sales from franchise mono-brand Natuzzi stores amounted to €125.0 million, a decrease of 5.4% compared to 2023.

The Group also sells its products through the wholesale channel, consisting primarily of Natuzzi-branded galleries in multi-brand stores as well as mass distributors selling unbranded products. In 2024, invoiced sales from the wholesale channel amounted to €109.4 million, a decrease of 4.6% compared to 2023.

Cost of Sales in 2024 was €203.1 million (or 63.7% as a percentage of revenue), as compared to €215.8 million (or 65.7% of revenue) in 2023.

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The decrease in sales between 2024 and 2023 resulted in a higher incidence of fixed costs on sales, which was more than offset by enhanced efficiency in raw material consumption, improved brand and channel mix, and pricing discipline.

In 2024 and 2023, the Group continued to implement its program aimed at reducing its redundant workforce. See “Item 3. Key Information—Risk Factors— We have redundant workers at our Italian operations, which remains an unresolved issue, and have benefited in 2024 and in previous years from temporary work force reduction programs; if we continue to be unable to reduce our redundant workers and/or if such temporary work force reduction programs are not continued, our business, results of operations and liquidity may continue to be impacted or may be impacted at a greater extent.”

In 2024, within cost of sales, the Group accounted for labor-related costs of €4.5 million for its incentive program to reduce the redundant workforce at the Italian plants and €0.4 million for the accrual made for legal proceedings risks. In addition, in 2024, we experienced labor costs increase in Romania, as part of the government’s plan to increase the minimum wage, then in Italy, due to the renegotiation of national collective bargaining agreements, and in China, as a result of a government savings program (also mandatory for employers) aimed at helping employees afford housing.

In 2023, the Group accounted, within cost of sales, for labor-related costs of €6.3 million for its incentive program to reduce the redundant workforce at the Italian plants and €1.2 million for the accrual made for legal proceedings risks.

Gross Profit. During 2024, the Group’s consolidated gross profit was €115.7 million, or 36.3% of revenue, compared to €112.9 million in 2023, or 34.3% of revenue. Net of the €4.5 million related to its incentive program to reduce the redundant workforce, the gross margin for 2024 would have been 37.7%. Similarly, in 2023, the gross margin, net of the €6.3 million related to its incentive program to reduce the redundant workforce, would have been 36.3%.

The increase in gross profit as a percentage of revenue (“gross margin”) was mainly due to the enhanced efficiency in raw material consumption, an improved brand and channel mix (with higher sales from Natuzzi branded products and higher sales from DOS), and pricing discipline, notwithstanding the deleveraging of fixed costs due to the decrease in revenue.

Selling expenses, administrative expenses, impairment on trade receivables and other income/expenses in 2024 were €122.0 million (or 38.3% on revenue) compared to €122.4 million (or 37.2% on revenue) in 2023. The increase in the percentage on revenue is mainly due to the deleveraging of fixed costs due to the decrease in revenue.

In 2024, selling expenses amounted to €90.2 million, down from €91.4 million in 2023. This decrease primarily resulted from a €1.6 million reduction in shipping and handling costs due to lower revenue, a €0.9 million decrease in customs duties resulting from reduced manufacturing in Asia for the North American market, and a €0.5 million decrease in sales representative commissions due to lower revenue. Selling expenses include €0.5 million accrued for an incentive program to reduce redundant employees and additional fixed costs associated with the DOS network extension, as well as impairment losses for non-financial assets related to our retail operations principally in Europe, for a total of €0.4 million, accounted for in the last quarter of 2024. Lastly, the remaining difference is mainly attributable to lower extraordinary income compared to 2023.

In 2024, administrative expenses were €36.0 million, down from €37.6 million in 2023. This decrease is primarily related to higher government grants of €1.2 million compared to 2023. Labor-related costs within administrative expenses include an accrual of €0.4 million for the incentive program to reduce redundant employees at the Italian headquarters. Additionally, expenses for software license and maintenance increased by €0.8 million. Finally, in 2024 the Group reported a €1.6 million reduction in other administrative expenses (in particular, travel expenses, printing and stationery and general maintenance).

In 2024, the Company also accounted for an accrual of €0.4 million for higher labor cost (€0.6 million in 2023), within selling and administrative expenses, based on an independent qualified third-party estimation of the fair value of the equity instruments granted under the stock option plan approved in July 2022 by the Company’s Board of Directors (the “SOP”).

In 2024, the Group accrued €0.3 million on trade receivables, compared to nil in 2023. See Notes 15 and 33 to the Consolidated Financial Statements.

For further details, see Notes 37 and 38 to the Consolidated Financial Statements.

Operating Result. The Group reported an operating loss of €6.3 million in 2024 compared to an operating loss of €9.5 million in 2023 due to the factors described above.

Net finance income/(costs). The Group had net finance costs of €8.8 million in 2024 as compared to net finance costs of €8.5 million in 2023, mainly due to persisting high interest rates. See Note 39 to the Consolidated Financial Statements.

Net finance costs of 2024 include:

— finance income of €0.8 million (€0.9 million in 2023);

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- finance costs of €10.2 million (€9.3 million in 2023); and
- net exchange rate gains of €0.6 million (net exchange rate losses of €0.1 million in 2023).

The Group recorded net exchange rate gains of €0.6 million in 2024, as compared to net exchange rate losses of €0.1 million in 2023. See Note 40 to the Consolidated Financial Statements.

The net exchange rate gains in 2024 primarily reflected the following factors:

- net realized losses of €0.2 million in 2024 (compared to net realized gains of €1.3 million in 2023) on domestic currency swaps due to the difference between the forward rates of the domestic currency swaps and the spot rates at which the domestic currency swaps were settled (the Group uses forward rate contracts to hedge its price risks against unfavorable exchange rate variations);
- net realized gains of €0.4 million in 2024 (compared to net realized losses of €0.4 million in 2023), resulting from the difference between invoice exchange rates and collection/payment exchange rates;
- net unrealized losses of €0.4 million in 2024 (compared to net unrealized losses of €0.7 million in 2023), resulting from the mark-to-market evaluation of domestic currency swaps;
- net unrealized gains of €1.0 million in 2024 (compared to net unrealized gains of €0.1 million in 2023) on trade receivables and payables; and
- net unrealized losses of €0.2 million in 2024 (compared to net unrealized losses of €0.4 million in 2023), from the translation of non-monetary assets for the Company's Romanian subsidiary adopting Euro as its functional currency.

The Group does not use hedge accounting and records all fair value changes of its domestic currency swaps in its statement of profit or loss.

Profit/(loss) before tax and income tax expense. In 2024, the Group reported a loss before tax of €14.7 million and income tax expense of €0.7 million, compared to a loss before tax of €15.1 million and income tax expense of €1.1 million. For additional information about the Group's income tax expense, see Note 41 to the Consolidated Financial Statements.

Profit/(loss) for the year. As a result of the above-mentioned factors, the Group reported a loss of €15.4 million in 2024, as compared to a loss of €16.2 million in 2023. On a per-ordinary share basis, the Group had a loss of €0.28 in 2024, as compared to a loss of €0.29 in 2023 (see Note 42 to the Consolidated Financial Statements).

2023 Compared to 2022

Please refer to the Company's annual report on Form 20-F filed with the SEC on April 30, 2024.

Liquidity and Capital Resources

Our business has relied on cash flows from operations as well as borrowings under our credit facilities as our primary sources of liquidity. Our liquidity may be adversely affected by uncertain global macro-economic and political conditions. See "Item 3. Key Information—Risk Factors—Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position", "Item 3. Key Information—Risk Factors—Increases in raw material, transportation and labor costs could have a material adverse effect on our results of operations" and "Item 3. Key Information—Risk Factors—Our ability to generate the significant amount of cash needed to service our debt obligations and comply with our other financial obligations, and our ability to refinance all or a portion of our indebtedness or obtain additional financing, depend on multiple factors, many of which may be beyond our control."

In the ordinary course of business, our use of funds is for the payment of operating expenses, working capital requirements and capital expenditures. The Group's principal source of liquidity has historically been its existing cash and cash equivalents and cash flow from operations, supplemented to the extent needed to meet the Group's short term cash requirements by accessing the Group's existing lines of credit.

In 2024, the Group reported an operating loss of €6.3 million, compared to an operating loss of €9.5 million in 2023. See "Item 3. Key Information—Risk Factors—We have a history of operating losses and cannot assure you that we will be profitable in the future;

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our future profitability, financial condition and ability to maintain adequate levels of liquidity depend, to a large extent, on our ability to overcome operational challenges.”

As of December 31, 2024, the Group’s cash and cash equivalents amounted to €20.3 million, its long-term borrowings amounted to €18.7 million, including the current portion of €4.5 million, and its bank overdrafts and short-term borrowings amounted to €23.3 million. Furthermore, as of December 31, 2024, the unused portion of credit facilities available to the Group, for which no commitment fees are due, amounts to €33.6 million. Such unused portion is related to a non-recourse factoring agreement for export-related trade receivables (€28.4 million), borrowings to be secured with trade receivables (€2.9 million) and bank overdrafts (€2.2 million). See Note 28 to the Consolidated Financial Statements.

As of December 31, 2024, the Group’s net financial position, which includes current and non-current lease liabilities, was negative at €79.5 million, compared to a negative net financial position of €68.9 million at the end of 2023. See Notes 18, 20, 21 and 28 to the Consolidated Financial Statements.

Although we had €20.3 million in cash and cash equivalents as at December 31, 2024, €5.1 million of this amount is located at our Asian subsidiaries, of which €0.8 million at our Chinese subsidiaries and €4.2 million at our Singapore subsidiary. If management intends to move this cash from China by way of a dividend distribution, a withholding tax of 10% and the income taxes in Italy (equal to 24.0% on 5% of the dividends distributed) would have to be paid.

The Group’s management continues to apply and improve the stricter procedures introduced for some years to manage liquidity and working capital balances, to generate sufficient operating cash flows to meet its obligations as they fall due. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows for financial liabilities over the next 60 days. The Group also monitors the level of expected cash inflows from trade and other receivables together with expected cash outflows for trade and other payables.

Specifically, in its cash flow forecasts for the 18-month period through June 2026, management has taken into account the following factors:

- Disposal of certain assets, no longer in line with the Group’s current strategy: a commercial building located in High Point, North Carolina, which was sold on March 25, 2025, and a plot of land in Romania, located near our Romanian plant in Baia Mare, for which a preliminary sale agreement was signed in November 2024. See “Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions” and Notes 7, 45 and 46 to the Consolidated Financial Statements.
- The obtaining of further capital grants and subsidized loans from public incentives amounting to €3.7 million and the utilization of the unused portion of available credit facilities. See “Item 4. Incentive Programs and Tax Benefits.”
- Cash inflow from our joint venture in China, resulting from a dividend distribution, amounting to €2.7 million.
- Investment plan focusing only on specific initiatives in either retail, demonstrating short-term revenue potential with a focus on margin enhancement, or in production to improve efficiency at our operations in China, Vietnam and Italian plants. Retail investments include only the potential opening of one DOS in Europe.
- Utilization of certain social safety nets provided by the Italian government (such as CIGS or the Solidarity Agreement), enabling the Company and certain of its subsidiaries in Italy to pay reduced salaries to workers for a specified period.
- Stricter overall control over discretionary selling and administrative expenses, and incentives to encourage redundant employees to leave the Group voluntarily under individual agreements.
- Discontinuation of supplies of finished products to low-margin distributors, renegotiation of selling prices, and review of purchase terms and prices of raw materials and semi-finished products.
- Re-engineering and rationalization of Natuzzi Italia, Natuzzi Editions, and unbranded collection products to reduce overall industrial complexity and improve working capital.
- Potential opening of one DOS directly operated by the Group and one Natuzzi store directly operated by the joint venture in China, in addition to approximately 50 Natuzzi mono-brand stores operated by third-party dealers under franchising agreements.

The actions outlined above delineate the strategies and executive plan that management intends to adopt to address the financial challenges and ensure the operational continuity of the Group, leveraging the strengths of the business, while maintaining a focus on improving profitability and protecting liquidity.

In a worst-case scenario, as prepared by management, cash flow forecasts indicate that, with further anticipated actions such as reduced investments, potential reduction in the share capital of the Chinese joint venture, further saving actions on discretionary

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costs, the Group expects to have adequate funds to meet liabilities within one year from the approval of the Consolidated Financial Statements.

Cash Flows — The Group's cash and cash equivalents, net of bank overdraft repayable on demand, were €17.0 million as of December 31, 2024, compared to €31.6 million as of December 31, 2023. The most significant items in the Group's cash flows in 2024 are described below.

In 2024, net cash provided by operating activities was €1.7 million (in 2023, €3.2 million of net cash provided by operations) as a result of:

- a loss for the period of €15.4 million;
- adjustments for non-monetary items of €27.9 million, of which depreciation and amortization of €21.2 million;
- a negative contribution of €3.6 million from working capital change, primarily due to a €7.9 million increase in trade payables and contract liabilities, a €2.5 million decrease in trade receivables and other assets, partially offset by a cash out of €10.7 million in connection with the reduction of the Group's employees, a €0.7 million increase in inventories and a €2.6 million decrease in provisions;
- interest and taxes paid of €7.3 million.

During 2024, €4.3 million of net cash was used by investing activities, mainly as a result of €7.1 million of cash invested in capital expenditures, in addition to €1.3 million related to a loan granted to a minority shareholder, partially offset by €4.1 million deriving from advance payments received in connection with the preliminary agreements entered into for the sale of a property located in High Point, North Carolina, USA, and a plot of a land in Romania. See Notes 7, 17 and 45 to the Consolidated Financial Statements.

Cash used in financing activities in 2024 was €12.8 million (compared to €15.7 million of cash used in financing activities in 2023), due to the repayment of long-term borrowing for €4.8 million, the repayment of €0.8 million for short-term borrowing and €10.3 million for lease repayment, €0.1 million for distribution of dividends to non-controlling interests (see Note 2 to the Consolidated Financial Statements), partially offset by €3.0 million received from new financing from an Italian financial institution, and €0.3 million as subsidized loans in connection with a public incentive program aimed at modernization of the Italian factories.

Bank overdrafts repayable on demand were €3.3 million as of December 31, 2024, compared to €2.0 million as of December 31, 2023.

As a result, as of December 31, 2024, cash and cash equivalents in the statement of financial position was €20.3 million, compared to €33.6 million as of December 31, 2023.

As of December 31, 2024, the Group's long-term contractual cash obligations and commercial commitments (whose amounts are gross and undiscounted and include contractual interest payments) amounted to €115.8 million, of which €42.0 million comes due in 2025.

In particular, as of December 31, 2024, gross and undiscounted amounts related to the Group's Bank overdrafts and borrowings, amounted to €45.0 million, of which €28.4 million comes due in 2025. The Group's undiscounted value of total bank debt represented 83.2% of equity attributable to the owners of the Company as of December 31, 2024 (64.2% as of December 31, 2023). See Notes 19 and 33 to the Consolidated Financial Statements.

Furthermore, as of December 31, 2024, gross and undiscounted amount related to the Group's lease liabilities amounted to €70.9 million, of which €13.6 million comes due in 2025. The Group's undiscounted value of lease liabilities represented 131.3% of equity attributable to the owners of the Company as of December 31, 2024 (113.2% as of December 31, 2023). See Notes 19 and 33 to the Consolidated Financial Statements.

See "Contractual Obligations and Commitments" below.

The Group's discounted value of long-term borrowings represented 34.7% of equity attributable to the owners of the Company as of December 31, 2024 (25.2% as of December 31, 2023) (see Notes 19 and 20 to the Consolidated Financial Statements). During 2024, the Company made all installment payments related to its long-term-borrowings.

See also "Item 3. Key Information—Risk Factors—Uncertain global macro-economic and political conditions, as well as trading policies and tariffs, could materially adversely affect our business, operations and economic and financial position" and "Item 3. Key Information—Risk Factors—Increases in raw material, transportation and labor costs could have a material adverse effect on our results of operations" for a discussion of the impact of supply chain disruptions, increases in the price of raw materials, transportation and labor costs and uncertainties resulting from the global macro-economic and political conditions on our capital expenditures.

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Contractual Obligations and Commitments — The Group’s current policy is to fund its cash needs, accessing its cash on hand and existing lines of credit, consisting of short-term credit facilities and bank overdrafts, to cover any short-term shortfall. The Group’s policy is to procure financing and access to credit at the Company level, with the liquidity of certain Group companies managed through a cash-pooling zero-balancing arrangement with a centralized bank account at the Company level and sub-accounts for each subsidiary participating in the arrangement. Under this arrangement, cash is transferred to subsidiaries as needed on a daily basis to cover the subsidiaries’ cash requirements, but any positive cash balance at subsidiaries must be transferred back to the top account at the end of each day, thus centralizing coordination of the Group’s overall liquidity and optimizing the interest earned on cash held by the Group.

As of December 31, 2024, the undiscounted Group’s long-term borrowings consisted of €21.6 million (including €5.1 million of the current portion of such debt) and its short-term borrowings consisted of €23.3 million outstanding under its existing lines of credit, comprised entirely of bank overdrafts and short-term borrowings. The undiscounted lease liabilities amounted to €70.9 million (including €13.6 million as current portion).

The Group maintains cash and cash equivalents in the currencies in which it conducts its operations, principally Euros, Chinese Yuan, U.S. dollars, New Romanian Leu, British pounds and Brazilian reais. See “Item 3. Key Information—Risk Factors—Fluctuations in currency exchange rates and interest rates may adversely affect our results of operations”, “Item 4. Information on the Company—Management of Exchange Rate Risk” and “Item 11. Quantitative and Qualitative Disclosures about Market Risk.”

The following table sets forth the contractual obligations and commercial commitments of the Group as of December 31, 2024 (the amounts are gross and undiscounted and include contractual interest payments):

| | Payments Due by Period (thousands of euro) | | | | |
|---|--|------------------|---------------|---------------|---------------|
| | Total | Less than 1 year | 1-2 years | 2-5 years | After 5 years |
| Contractual Obligations | | | | | |
| Long-term borrowings | 21,630 | 5,085 | 2,568 | 8,034 | 5,943 |
| Bank overdrafts and short-term borrowings | 23,327 | 23,327 | — | — | — |
| Total Debt | 44,957 | 28,412 | 2,568 | 8,034 | 5,943 |
| Leases liabilities ⁽¹⁾ | 70,893 | 13,629 | 12,513 | 26,781 | 17,970 |
| Total Contractual Cash Obligations | 115,850 | 42,041 | 15,081 | 34,815 | 23,913 |

⁽¹⁾ Lease liabilities relate to the Group’s lease contracts for buildings of its retail stores, warehouses, factory facilities and vehicles. See Notes 9 and 21 to the Consolidated Financial Statements.

Under Italian law, the Company and its Italian subsidiaries are required to pay a termination indemnity to their employees when these cease their employment with the Company or the relevant subsidiary. Likewise, the Company and its Italian subsidiaries are required to pay an indemnity to their sales agents upon termination of the sales agent’s agreement. As of December 31, 2024, the Group accrued an aggregate employee’s leaving entitlement of €11.6 million. In addition, as of December 31, 2024, the Company accrued an aggregate sales agent termination indemnity of €0.8 million. See Notes 24 and 26 to the Consolidated Financial Statements. These amounts are not reflected in the tables above.

In addition, in light of the extraordinary challenges imposed by COVID-19 on the Group, on February 28, 2020, the Company’s majority shareholder entered into an agreement with it setting forth its undertaking, should the Company so request, to make advance payments of up to €15.0 million to satisfy the subscription price of a future rights issue. On February 28, 2020, the Company requested an initial payment of €2.5 million which it received on March 2, 2020. Therefore, as at December 31, 2023, the amount of €2.5 million to be paid back to the majority shareholder has been included in the caption “Other payables” of the statement of financial position. On April 9, 2024, a new agreement was executed, terminating the previous agreement entered into on February 28, 2020 and converting the aforementioned €2.5 million into a loan agreement effective from March 31, 2024, with maturity on March 31, 2027, and subject to an interest rate of 2.5%. See Notes 20 and 45 to the Consolidated Financial Statements.

As at December 31, 2024, within the provision for legal claims, €3.8 million (€5.9 million as at December 31, 2023) refers to the probable contingent legal liability related to legal procedures initiated by 98 workers against the Company for the misapplication of the social security procedure called CIGS (*Cassa Integrazione Guadagni Straordinaria*). According to the CIGS procedure, the Company pays a reduced salary to the worker for a certain period of time based on formal agreements signed with the trade unions and other public social parties. In particular, these 98 workers are claiming in the legal procedures that the Company applied CIGS during the period from 2004 to 2016 without foreseeing any time rotation. In May 2017, the Company received from the Italian Supreme Court of Justice (“*Corte di Cassazione*”) an adverse decision for the above litigation related to only two workers. Based on this unfavorable decision, the Company, with the support of its legal counsel, has assessed that the liability for legal procedures initiated by all 98 workers is €3.8 million as of December 31, 2024. See Note 26 to the Consolidated Financial Statements.

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The Group is involved in a number of claims (including tax claims) and legal actions arising in the ordinary course of business. As of December 31, 2024, the Group had accrued total provisions relating to these contingent liabilities in the amount of €5.9 million. See “Item 8. Financial Information—Legal and Governmental Proceedings” and Note 26 to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements — As of December 31, 2024, neither Natuzzi S.p.A. nor any of its subsidiaries was a party to any off-balance sheet arrangements.

Research and Development

For a description of the Company’s research and development policies, see “Item 4. Information on the Company—Products” and “Item 4. Information on the Company—Innovation.” See also “Item 4. Information on the Company—Incentive Programs and Tax Benefits” for a description of certain government programs and policies related to our operations.

Trend information

The recovery of the global economy is subject to a number of factors, most of which remain uncertain.

During the first months of 2025, global economic activity showed signs of deceleration, particularly in the United States, where the heightened uncertainty regarding future economic prospects adversely affected both businesses and consumer confidence. In the fourth quarter of 2024, the U.S. economy continued to expand, but at a slower pace than in the third quarter of 2024. By early 2025, consumer spending, which had been the main driver of economic growth in 2024, began to weaken.

In China, economic activity accelerated in the fourth quarter of 2024. However, consumer demand remained subdued at the beginning of 2025. In March 2025, the Chinese government announced a real GDP growth target of “around 5%” for the year 2025, while raising the fiscal deficit target by one percentage point to 4% of GDP.

Leading economic indicators, such as the Purchasing Managers’ Indices (PMI) compiled prior to April 2, 2025, presented a mixed picture across sectors and geographies. On average, manufacturing PMIs in both China and the United States hovered just above the expansion threshold in the first quarter, indicating modest growth in the early months of the year.

Global trade lost momentum in the fourth quarter of 2024, despite a notable increase in the exchange of goods in December 2024. This downward trend continued into January 2025, largely driven by a sharp increase in U.S. imports. These trends suggest that anticipatory purchases, aimed at mitigating the expected negative impact of the new tariffs announced by the newly elected U.S. presidential administration, temporarily boosted trade flows. During the winter months of 2025, global manufacturing export order indices, while improving, remained below levels consistent with robust expansion.

On April 2, 2025, the U.S. administration announced sweeping new tariffs on all imports, with particularly steep increases targeting countries with trade surpluses with the United States, including China, the European Union, Japan, and certain Southeast Asian economies. On April 9, 2025, the U.S. administration partially suspended the application of the new tariffs for a period of ninety days for key trading partners, with the exception of China. Tariffs on goods imported from China were raised to over 100% as a result of Beijing’s imposition of nearly symmetrical retaliatory measures. These developments, along with continued uncertainty regarding their implementation and potential countermeasures, pose significant downside risks to global trade flows. The April 2, 2025 announcement marks a clear departure from past trade policies and introduces considerable uncertainty into the outlook for global trade. As a result, projections for global economic growth have been revised downward. According to OECD estimates published in March 2025, global GDP is expected to grow by 3.1% in 2025, reflecting a slowdown from the previous year and a downward revision from the December 2024 forecasts.

Substantial divergences in growth trajectories persist among major advanced economies. Growth in the U.S. is projected at 2.2% (with a decline from 2024), China’s growth is expected to remain close to 5%, while growth in the Eurozone maintains a downward trajectory. Escalating trade tensions among the United States, Europe, and China pose a significant downside risk to global economic activity, as well as an upside risk to inflationary pressures, particularly in the United States.

At the March 2025 meeting, the Federal Reserve kept benchmark interest rates unchanged at 4.25-4.50%. In response to a deteriorating growth outlook and expectations of rising price pressures, partly driven by tariff announcements, the Federal Open Market Committee (FOMC) projections suggest the potential for up to two rate cuts by the end of 2025, contingent upon the evolving economic environment. Similarly, the Bank of England and the Bank of Japan kept their policy rates unchanged in March 2025, at 4.5% and 0.5%, respectively. The People’s Bank of China reaffirmed its accommodative stance and committed to continue supporting economic activity by keeping the one-year and five-year loan prime rates unchanged at 3.1% and 3.6%, respectively.

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In the Eurozone, recent indicators point to continued moderate GDP growth in the first quarter of 2025. In the fourth quarter of 2024, economic activity in the Eurozone expanded by 0.2% compared to the third quarter (down from 0.4% in the third quarter of 2024). Value-added services and construction increased, while industrial production declined. GDP contracted in Germany and France by 0.2% and 0.1%, respectively, while Italy recorded a slight increase of 0.1% and Spain continued to show robust growth of 0.8%. In the fourth quarter of 2024, household consumption in the Eurozone continued to grow, but at a slower pace than in the previous quarter. Available data suggest that consumption growth remained subdued in the first quarter of 2025, constrained by weak household confidence, which continues to lag behind historical averages.

In addition, the new trade tariffs that the U.S. administration has introduced, or may in the future introduce, pose significant risks to the Eurozone economic outlook. According to trade data, exports of goods increased in January 2025, both within and outside the Eurozone. The increase in exports, particularly to the United States, may reflect front-loading of purchases in anticipation of the tariffs recently announced by the U.S. administration.

During 2024, inflation in the European region remained slightly above 2%. At its meetings in January and March 2025, the Governing Council of the European Central Bank reduced the central bank deposit rate by a total of 50 basis points, bringing it to 2.5%. This reduction brings the cumulative reduction in the central bank deposit rate since the beginning of the monetary easing cycle to 150 basis points, the effects of which are gradually feeding through to credit conditions, in line with historical patterns.

Oil and gas prices, which spiked in February and March 2025, have since declined amid expectations of weakening global demand. Global growth forecasts, which were already cautious before April 2025, are likely to come under downward pressure as a result of escalating trade tensions in an environment of heightened uncertainty about future international relations.

Considering the uncertainties surrounding the developments of the war in Ukraine, the Israel-Hamas conflict, the related conflicts in the Middle East and any escalation thereof, the related inflationary pressure on raw materials and energy prices, and the related repercussions on household purchasing power, as well as those resulting from the recently heightened tensions over trade tariffs, it is difficult to determine the likely extent of the economic and social effects of these factors on international markets and, consequently, on the Group's results for the rest of the current year.

Total Group's order flow through the first 14 weeks of 2025 — The robust trend of orders that characterized the post-pandemic period until the first three months of 2022 gave way to a period of weakness that lasted through all of 2023 and 2024 and the first 14 weeks of 2025, mainly due to concurring of negative geopolitical and macroeconomics events (including the war in Ukraine, and the ongoing conflicts in the Middle East, lower disposable income for consumers, and stock market volatility) that have negatively affected the overall economies of the main regions in which we operate.

In addition, the furniture sector continued to be directly and negatively impacted by specific factors, such as the continued weakness in the housing market and a more prudent buying attitude of consumers towards durable goods.

In the first 14 weeks of 2025, the sell-in order flow of our branded business (i.e., *Natuzzi Italia*, *Natuzzi Editions* and *Divani&Divani by Natuzzi*) decreased by low-single digits compared to the same period in 2024.

During the first 14 weeks of 2025, the sell-in order flow of our DOS and concession network decreased by low-single digits compared to the same period in 2024, also as a result of the closure of underperforming DOS in Spain, Switzerland and Italy.

The Group's unbranded business, which represented 6.4% of our total sell-in in the first 14 weeks of 2025, compared to 8.3% in the same period in 2024, was down by 26.1% in the first 14 weeks of 2025 compared to the same period in 2024, mainly due to the progressive refocusing of the Company on its branded business.

The total sell-in order flow in the first 14 weeks of 2025 was medium-single digit lower than the first 14 weeks of 2024 as well as medium-single digit lower than our internal estimates, due to the factors mentioned above.

We have implemented and continue to implement a number of initiatives to support our sales, including revamping our merchandising, advertising, in-store communication, sale-staff training, strengthening our commercial organization of both retail and wholesale channels, as well as the Project division.

However, if the current negative trend persists, global trade relations worsen as a result of any development regarding the actual or potential imposition of new or increased import tariffs by the U.S. administration, and our order levels remain low, it might adversely impact our margin and other results of operations in 2025.

Critical Accounting Estimates

Use of Estimates — The accounting policies used by the Group to prepare its financial statements are described in Note 4 to the Consolidated Financial Statements. The application of certain significant accounting policies requires management to make estimates, judgments and assumptions that are subjective and complex, and which affect the reported amounts of assets and liabilities as of any reporting date and the reported amounts of revenues and expenses during any reporting period. The Group's financial results could be materially different if different estimates, judgments or assumptions were used. The following discussion addresses the estimates, judgments and assumptions that the Group considers most material based on the degree of uncertainty and the likelihood of a material impact if a different estimate, judgment or assumption were used. Actual results could differ from such estimates, due to, among other things, uncertainty, lack or limited availability of information, variations in economic inputs such as prices, costs, and other significant factors including the matters described under "Risk Factors."

Impairment of property, plant and equipment and right-of-use assets — Management reviews property, plant and equipment and right-of-use assets (herewith also "non-financial assets" or "assets"), for impairment whenever changes in circumstances indicate that the carrying amount of the assets may not be recoverable and would record an impairment charge if necessary. The Company analyzes its overall valuation and performs an impairment analysis of its non-financial assets in accordance with IAS 36 "Impairment of Assets".

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Recoverability of assets or CGUs to be held and used is measured by a comparison of the carrying amount of an asset or a CGU to the recoverable amount, which is the higher of its value in use, determined using a discounted cash flow method, and its fair value less cost to sell. Discounted cash flow is significantly impacted by the estimates of the annual sales growth rate, the weighted average cost of capital rate and the long-term growth rate. If the carrying value of an asset or CGU is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the asset or CGU exceeds its estimated recoverable amount.

The identified CGUs are the sofa manufacturing facilities located in Italy, Brazil, Romania, and China, as well as each of the retail stores directly operated by the Group.

Assets not in use/to be disposed of are reported at the lower of their carrying amount and their fair value less cost to sell. Estimated fair value is generally determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

In 2024, the Company performed the impairment assessment of property, plant and equipment and right-of-use assets included in several cash generating units (CGUs), such as the Italian upholstered furniture plant CGU and certain directly operated retail stores CGUs that presented indicators of impairment. The Company performed the impairment assessment in accordance with its accounting policy discussed above and in further details in Note 4(i) to the Consolidated Financial Statements. Further, the significant assumptions used by the Company in estimating the value in use for such CGUs were the annual sales growth rates used to estimate the forecasted revenue for the years 2025-2029, the weighted average cost of capital rates and the long-term growth rates, all of which were determined at CGU level, including the effects of the duration of the current economic uncertainty. Such significant assumptions involved a high degree of subjectivity by management and reasonably possible changes to these assumptions could have a significant effect on the value in use. Specifically, such assumptions are based on the Group's future business performances and other forward-looking assumptions that entail significant judgments by management and are heavily impacted by several external events. Finally, cash flow projections for the years 2025-2029 have been derived from the business plan approved by the Board of Directors and forecasts have been developed taking into account the actual results achieved by the Group.

The significant assumptions that were used in performing the 2024 impairment test for the Italian upholstered furniture plant CGU and certain directly operated retail stores CDs are as follows:

— Italian upholstered furniture plant: weighted average cost of capital rate 8.99%, long-term growth rate 2.01%, annual sales growth rate for 2025 equal to +38.11% and annual sales growth rate (average of 2026-2029 period) equal to +5.00%. The significant growth projected for 2025 is primarily due to the relocation to Italy of part of the production carried out in China in previous years.

— Directly operated retail stores CGUs located in the U.S.: weighted average cost of capital rate 9.98%, long-term growth rate 2.54%, annual sales growth rate for 2025 equal to +12.04% and annual sales growth rate (average of 2026-2029 period) equal to +9.52%.

— Directly operated retail stores CGUs located in Italy: weighted average cost of capital rate 8.99%, long-term growth rate 2.01%, annual sales growth rate for 2025 equal to +16.86% and annual sales growth rate (average of 2026-2029 period) equal to +5.24%.

— Directly operated retail stores CGUs located in Spain: weighted average cost of capital rate 8.93%, long-term growth rate 2.10%, annual sales growth rate for 2025 equal to +15.19% and annual sales growth rate (average of 2026-2029 period) equal to +5.48%.

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— Directly operated retail stores CGUs located in the UK: weighted average cost of capital rate 8.97%, long-term growth rate 2.85%, annual sales growth rate for 2025 equal to 4.95% and annual sales growth rate (average of 2026-2028 period) equal to +8.96%.

For property, plant and equipment temporarily idle, the fair value less costs to sell was estimated through independent third-party appraisals, which assessed the fair value of land and buildings using the comparable market method and the fair value of machinery and equipment using the depreciated replacement cost method, adjusted for an obsolescence rate and a marketability rate.

As of December 31, 2024, the Company recorded an impairment loss for its property, plant and equipment and right-of-use assets of €1.4 million, partially offset by an impairment reversal of €1.1 million in the same year. See Notes 8 and 9 to the Consolidated Financial Statements.

The following tables show a breakdown of property, plant and equipment based on the cash generating units in which they are included (amounts in thousands of Euro).

| | 31/12/24 | 31/12/23 |
|---------------------------------------|---------------|---------------|
| Italian upholstered furniture plant | 29,279 | 30,108 |
| Romanian upholstered furniture plant | 17,856 | 18,769 |
| Brazilian upholstered furniture plant | 2,862 | 3,524 |
| Chinese upholstered furniture plant | 2,353 | 1,419 |
| Others | 21,839 | 30,697 |
| Total | 74,189 | 84,517 |

Instead, the following tables show a breakdown of right-of-use assets based on geographical location of the cash generating units (mainly directly operated retail stores) in which they are included (amounts in thousands of Euro).

| | 31/12/24 | 31/12/23 |
|--------------------------|---------------|---------------|
| United States of America | 21,810 | 25,901 |
| Italy | 12,008 | 12,523 |
| Spain | 1,424 | 2,548 |
| United Kingdom | 4,591 | 6,126 |
| China | 2,923 | 417 |
| Others | 1,622 | 2,929 |
| Total | 44,378 | 50,444 |

The deterioration of the macroeconomic environment, the upward pressure on inflation and the reduced household spending power, the worsening of the ongoing conflict in Ukraine, the Israel-Hamas war and the related conflicts in the Middle East, any development regarding the actual or potential imposition of new or increased import tariffs by the U.S. administration, could affect our Italian upholstered furniture plant CGU and certain directly operated retail stores CGUs.

Recoverability of Deferred Tax Assets — Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the accounting in the consolidated financial statements of existing assets and liabilities and their respective tax bases, as well as for losses available for carrying forward in the various tax jurisdictions. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available. Deferred tax assets and liabilities are calculated using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date.

In assessing the feasibility of the realization of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and the tax loss carried-forward are utilized. Estimating future taxable income requires estimates about matters that are inherently uncertain and requires significant management judgment, and different estimates can have a significant impact on the outcome of the analysis.

In 2024, because some domestic companies and some of foreign subsidiaries realized significant pre-tax losses and were in a cumulative loss position, management did not consider it probable that the deferred tax assets of those companies would be realized in the scheduled reversal periods (see Note 41 to the Consolidated Financial Statements). In making its determination that a deferred tax asset was required, management considered the scheduled reversal of deferred tax liabilities and tax planning strategies but was unable to identify any relevant tax planning strategies available to recognise the deferred tax assets.

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Changes in the assumptions and estimates related to future taxable income, tax planning strategies and scheduled reversal of deferred tax liabilities could affect the recoverability of the deferred tax assets. If actual results differ from such estimates and assumptions the Group financial position and results of operation may be affected.

Provisions — The Group makes estimates and judgements in relation to the provisions for legal claims, service warranties and one time termination benefits for certain employees. Provisions for legal claims, service warranties and one-time termination benefits for certain employees are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any item included in the same class of obligations is small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Actual results related to such provisions may differ significantly from the estimates, due to, among other things, uncertainty, lack or limited availability of information and variation in economic inputs.

New Accounting Standards under IFRS

The standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") that will have mandatory application in 2025 or subsequent years are listed below.

In August 2023, the IASB issued an amendment to IAS 21 "*The Effects of Changes in Foreign Exchange rate: Lack of Exchangeability*". This change is applied by companies within the first financial year commencing on or after January 1, 2025.

In April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements" which replaces IAS 1. The new principle establishes the structure for the statements of profit or loss, requires disclosures in the financial statements for some profit or loss performance measures that are reported (Management performance measures), introduces limited changes to the statement of cash flows and to the balance sheet, introduces new criteria for aggregation and disaggregation of information presented in the primary financial statements or disclosed in the notes. IFRS 18 is effective on or after January 1, 2027 with early adoption.

In May 2024 the IASB issued the amendments to IFRS 9 and IFRS 7 regarding the classification and Measurement of Financial instruments with the purpose to clarify the timing of derecognition of financial liabilities through electronic payment systems and to provide clarifications about financial assets with environment features. These changes are applied by companies within the first financial year commencing on or after January 1, 2026.

In May 2024 the IASB issued IFRS 19 "Subsidiaries without Public Accountability: Disclosures" which simplifies the preparation for the subsidiary's financial statements by allowing it to apply group accounting principles in the preparation of its local financial statements. IFRS 19 is effective on or after January 1, 2027 with early adoption.

In July 2024 the IASB issued the document "annual improvements to IFRS standard - volume 11" which includes, mainly, technical and editorial changes to existing standards. These changes are applied by companies within the first financial year commencing on or after January 1, 2026.

In December 2024 the IASB issued an amendment to IFRS 9 and IFRS 7 regarding the Contracts Referencing Nature-dependent Electricity. These changes are applied by companies within the first financial year commencing on or after January 1, 2026.

The Group is currently reviewing the IFRSs not yet effective in order to determine the likely impact on the consolidated Financial Statements.

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

As of the date of this Annual Report, the board of directors of Natuzzi consists of eight members, elected at the Company's annual general shareholders' meeting held on May 30, 2024, for the three-year term 2024-2026.

As of the date of this Annual Report, the directors and senior executive officers of the Company are as follows:

| Name | Age | Position within the Company |
|---------------------------|-----|--|
| Pasquale Natuzzi | 85 | Executive Chairman of the Board of Directors; ad interim roles: Chief Commercial Officer |
| Antonio Achille | 54 | CEO, Executive Director |
| Antonia Isabella Perrone | 55 | Non-executive Director |
| Marco Caneva | 55 | Non-executive Director |
| Giuseppe Antonio D'Angelo | 60 | Non-executive Director |
| Alessandro Musella | 55 | Non-executive Director |
| Gilles Bonan | 58 | Non-executive Director |
| Pasquale Junior Natuzzi | 34 | Chief Trade & Contract Officer, Executive Director |
| Daniele Tranchini | 65 | Chief Marketing & Communication Officer |
| Diego Babbo | 53 | Chief Retail Officer |
| Codrin Coroama | 35 | Chief Wholesale Officer |
| Ottavio Milano | 58 | CEO of Natuzzi Americas, Regional Manager Central & South Americas |
| Mina Ciccarone | 52 | Regional Manager Europe and UK |
| Raffaele Pasqualicchio | 32 | Regional Manager APAC |
| Francesco Amendola | 48 | Regional Manager Emerging Markets |
| Rocco Rella | 59 | Country Manager Italy <i>Divani&Divani by Natuzzi</i> |
| Carlo Silvestri | 48 | Chief Financial Officer |
| Pierluigi Binetti | 50 | Chief Internal Audit Officer |
| Pierangelo Colacicco | 56 | Chief Technology & Digital Innovation Officer, Chief Front Office Customer Care Officer |
| Mario de Gennaro | 59 | Chief HR, Organization & Legal Officer |
| Domenico Ricchiuti | 48 | Chief Operations Officer |

Pasquale Natuzzi is the Executive Chairman of the Board of Directors. He founded the Company in 1959. He held the title of sole director of the Company from its incorporation in 1972 until 1991, when he became the Chairman of the Board of Directors. He has creative skills and is directly involved with brand development and product styling. He takes care of strategic partnerships with existing and new accounts. As of the date of this Annual Report, he is also the ad interim Chief Commercial Officer.

Antonio Achille is the Chief Executive Officer and an executive director. He joined the Company in 2021 from McKinsey where he was Senior Partner and Global Head of the Luxury Sector. For 25 years, he has been supporting international groups on strategy, digital, retail, organization, supply chain, growth acceleration and operational improvement. In his role as CEO, he focuses on the execution of all the activities required to foster the Natuzzi Group's growth and to enhance its margin generation.

Antonia Isabella Perrone is a non-executive director of the Company. In 1998, she was appointed sole director of a company in the agricultural-food sector, wholly owned by the Natuzzi Family. She joined the Group in 1994, dealing with marketing and communication for the Italian market under the scope of retail development management until 1997. She has been married to Pasquale Natuzzi since 1997.

Marco Caneva is a non-executive director of the Company. Since 2010, he has been a director at large IT-focused companies, such as Phase Motion Control, FOS Group, BaoSteel Italia, an Italy-based joint venture controlled by Chinese giant BaoSteel, and Aurora Imaging Technology. He also served as director on the boards of several other companies, including, Italmatch Chemicals and Gruppo Partecipazioni Industriali S.p.A, the holding company of Pirelli & C. S.p.A., as well as Chairman of the board of Paramed, an Italy-based MRI manufacturer, and its U.S. subsidiary. He started his professional career working in the investment banking department of Goldman Sachs and, from 2009 to 2017, he served as Chief Investment Officer of Hofima S.p.A. In 2017, he founded Calit Advisors, a financial advisory and investment firm based in Italy, Ireland and California.

Giuseppe Antonio D'Angelo is a non-executive director of the Company. He is also Executive Vice President of Anglo-America & CIS regions with Ferrero International SA. Before joining Ferrero in 2009, he acquired significant international experience in general management of multinational companies such as General Mills (from 1997 to 2009), S.C. Johnson & Son (from 1991 to

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1997) and Procter & Gamble (from 1989 to 1991). He earned his Bachelor of Arts degree in Economics from LUISS University of Rome in 1988. He received certification from Harvard Business School in the Advanced Management Program in 2004.

Alessandro Musella is a non-executive director of the Company. He is a partner at the law firm Bonelli Erede, where he focuses on corporate compliance, corporate governance and digital innovation. He is also a non-executive director of Global Assistance S.p.A. and a former member of the Supervisory Board of Equens Worldline SE. He is a member of the Italian bar and holds a law degree from the University of Genoa.

Gilles Bonan is a non-executive director of the Company. He is a strategy consultant for lifestyle companies and private equity funds in France, Italy and Switzerland. He is also an entrepreneur in three start-up companies. He gained significant experience at Roche Bobois SA., where he first served as CFO and International Development Director (1999-2001), and later as Executive Vice President (2001-2008) and as CEO – Chairman of the Executive Board (2008- July 2019). He started his career at the audit firm Mazars before joining General Motors head office in France. He holds a degree from HEC Paris business school and a master's degree in business law.

Pasquale Junior Natuzzi is the Chief Trade & Contract Officer. He is responsible for the development of the Natuzzi's Contract & Trade division, which offers tailor-made solutions for private clients and prestigious developers, enhancing residential architecture and interiors worldwide. Previously, he served as Chief Brand Officer of *Natuzzi Italia* and Chief Creative Officer of the Group, launching a new brand strategy that led to the development of new products (also as a result of collaborations with internationally renowned designers) aimed at transforming the Company from a furniture player to a lifestyle brand. He is a member of the National Council of Assarredo, the Italian Association representing furniture companies, and oversees the FederLegnoArredo Sustainability Task Force (design, sustainability, and synergies for the leadership of the Italian wood/furniture sector). He is the son of Pasquale Natuzzi.

Daniele Tranchini is the Chief Marketing & Communication Officer of the Group. He started his professional career at JWT, where he worked for the agency's major clients and gained significant experience in the consumer goods, services and retail sectors. From 2004 to 2007, he held the position of Chief Global Sales & Marketing Officer at Natuzzi, before taking on external roles in the management of multinational marketing and communication agencies, first at the WPP Group and then at Publicis Groupe Moment. More recently, together with two partners, he founded Essential Brand Advisory, a consultancy specialized in marketing and communications consultancy, with a particular focus on innovation and sustainability strategies for brands.

Diego Babbo is the Chief Retail Officer of the Group. He started his professional career at McKinsey in 1999 as a Junior Consultant. From 2000 to 2002, he held the position of Retail Senior Buyer, responsible for the purchase of construction and maintenance materials for Kuwait Petroleum Italia S.p.A. In 2002, he joined Natuzzi and took part in the creation of the Retail project, with increasing responsibilities, first as Head of the Retail Design Team, then as Head of the Retail Development department and finally as Head of the Global Retail Division, in charge of the annual store opening plans of the Group's brands (*Natuzzi Italia*, *Natuzzi Editions* and *Divani&Divani by Natuzzi*) and of the management of the retail operations at a worldwide level.

Codrin Coroama is the Chief Wholesale Officer of the Group. He is responsible for implementing the global sales strategy, managing the gallery network and ensuring the highest standards of customer experience and satisfaction. He is also responsible for overseeing the Free Market business. The first important professional experience started in 2014 as co-founder of LaPizzeria, a successful restaurant chain in Romania, where he worked for nine years. In 2015, he assumed the role of General Manager at FurnitureDivano in San Diego until 2017. In 2017 he joined the Natuzzi Group as Sales Manager in North California & Hawaii. From 2020 to 2022, he served as the *Natuzzi Italia* Brand Sales manager for the North American Region. In 2022 he became Natuzzi UK country manager, until the end of that year. He returned to Natuzzi Group in May 2023 as the Global Gallery manager. In April 2024, he assumed the role of Chief Wholesale Officer.

Ottavio Milano is the CEO of Natuzzi Americas and Regional Manager Central & South Americas (LATAM). He joined the Group in 1992 and has worked with the Natuzzi Group for over thirty years. He has held roles of increasing responsibility as Controlling Director, General Manager of Natco S.p.A., CEO of Italsofa Nordeste S.A. and Chief Commercial Officer of South Americas.

Mina Ciccarone is the Regional Manager Europe (included the UK) of the Group. She joined the Group in 1997 starting from the Customer Service department. She took on roles of increasing responsibility in the commercial department, becoming Regional Manager APAC - China, Hong Kong & Macau in 2019 up to March 2024.

Raffaele Pasqualicchio is the Regional Manager APAC of the Group. He graduated in Business Administration from Bocconi University in 2007 and joined the Group in 2009 as Product Manager. Over the years, he has held positions of increasing responsibility in merchandising and sales, particularly in key account management. In May 2024, he joined the APAC team as Commercial and Operational Planning Manager. In January 2025, he was appointed Regional Manager APAC.

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Francesco Amendola is the Regional Manager Emerging Markets of the Group. He is a qualified interpreter and translator. He started his career with the Natuzzi Group in 2001 in the customer service department. Over time, he took on roles of increasing responsibility, becoming Manager of the Eastern Europe Area in 2012, Country Manager Eastern Europe , Russia , Nordics & Baltic and Benelux in 2016, until becoming Regional Manager Emerging Markets in 2023.

Rocco Rella is the Country Manager Italy *Divani&Divani by Natuzzi* and he joined the Group in September 2024, after five years at Original Marines S.p.A., where he held the position of International Sales, Marketing & E-Commerce Director. During his previous tenure at Natuzzi, Rocco held positions of increasing responsibility in the Retail and Marketing sectors. In particular, he served as Area Manager and Regional Marketing Manager for the Italian market, and in 2017 he was appointed Marketing Director for the *Natuzzi Italia* brand, a role in which he led global marketing initiatives until 2019.

Carlo Silvestri is the Chief Financial Officer of the Company having joined the Group in 2022. With 20 years of experience, he has extensive international experience in luxury brands and is an expert in retail and wholesale logics. He started his career as Internal Auditor at Pirelli & C. S.p.A., where he gained experience in compliance audits in different countries and contexts. He then joined Dolce & Gabbana, first as Group Internal Auditor and then as Asia Pacific Finance & Admin Director at Dolce & Gabbana Hong Kong Ltd. In 2013, he joined the Ferragamo Group as Chief Financial Officer & Retail Excellence Director for Ferragamo Asia, with full responsibility for finance and administration, legal, logistics and IT functions. From 2020, he also took on the responsibility of General Manager for Ferragamo Retail in Hong Kong & Macao, which allowed him to directly influence the retail excellence of the store network in Asia. He holds a degree from Bocconi University and a master's degree in management and risk control from ISTUD.

Pierluigi Binetti is the Chief Internal Audit Officer of the Group. He joined the Group in June 2020 and is responsible for providing assurance to the Board of Directors and the Audit Committee, through the performance of specific audits, that the Group's processes and internal controls are effective and properly designed to mitigate key business risks. In addition, he is responsible for providing assurance over design and effectiveness of key controls relevant for SOX. During his professional career, he has covered different roles in providing assurance services in primary audit firms, mainly in KPMG S.p.A.

Pierangelo Colacicco is the Chief Technology & Digital Innovation Officer and Chief Front Office Customer Officer of the Group. He is responsible for upgrading the Group's mindset from traditional to digital through the discovery, adoption and implementation of innovative technologies that make processes simpler while improving customer satisfaction and making the brand more competitive. From 2014 to 2018, he was Chief Information Officer (CIO), Process and Organization Director, and from 2007 to 2014 he was CIO of the Group. He joined the Company's HR & Organization department in 1994. In 1996, he served as a software specialist in the IT department. From 2000 to 2007, he was the IT manager for all sales and distribution processes.

Mario de Gennaro is the Chief HR, Organization & Legal Officer of the Group. He joined the Company in September 2021. Mario has a broad experience in the whole human resources field. He has had several leadership roles in multinational companies such as Unilever, Cementir, ILVA and SEDA Packaging Group.

Domenico Ricchiuti has been the Chief Operations Officer of the Group since August 2022. He joined the Group in 2009 as Total Quality and Lean Manager, where he built his professional career by taking on roles of increasing responsibility in lean process and product improvement projects and functions. In 2018, he was promoted to Product Development and Process Innovation Director for all product categories. In this role, he was responsible for coordinating all processes and activities related to product innovation, development, and industrialization, as well as overseeing continuous process improvement on a global scale across all manufacturing sites.

Compensation of Directors and Officers

As a matter of Italian law and under our By-laws, the compensation of executive directors, including the CEO, is determined by the board of directors, after consultation with the board of statutory auditors, within a maximum amount established by the Company's shareholders. The Company's shareholders determine the base compensation for all members of the board of directors, including non-executive directors. Compensation of the Company's executive officers (for performing their role as such) is determined by the

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CEO. None of our directors or senior executive officers is party to a contract with the Company that would entitle such persons to benefits upon the termination of service as a director or employee.

Aggregate compensation paid by the Group to the directors and officers was approximately €5.2 million in 2024.

The base compensation recognised in 2024 to each member of the Board of Directors as member of the Board of Directors is set forth below:

| Name | Base Compensation |
|---------------------------|-------------------|
| Pasquale Natuzzi | € — |
| Antonio Achille | € 453,333.00 |
| Pasquale Junior Natuzzi | € 25,000.00 |
| Antonia Isabella Perrone | € 25,000.00 |
| Marco Caneva | € 37,500.00 |
| Giuseppe Antonio D'Angelo | € 37,500.00 |
| Alessandro Musella | € 36,400.00 |
| Gilles Bonan | € 27,500.00 |

At the meeting of the Company's Board of Directors held on June 5, 2024, Mr. Pasquale Natuzzi declared that he would waive any compensation for the year 2024.

As in 2023, the Company has decided to suspend the payment of any form of bonus linked to the management by objectives (MBO) incentive system for the year 2024, due to economic and business conditions.

Natuzzi 2022-2026 Stock Option Plan

In 2022, we adopted the Natuzzi 2022-2026 Stock Option Plan (the "SOP") to enhance the Company's ability to attract, retain and motivate persons who are expected to contribute to the Company and its subsidiaries' success, and align the interests of the Company's shareholders with those of the beneficiaries under the SOP. The SOP was approved by the Company's shareholders at an extraordinary shareholders' meeting held on July 1, 2022. Subject to certain adjustments, the maximum number of Ordinary Shares available to be purchased under the SOP is 5,485,304 Ordinary Shares.

The following paragraphs describe the principal terms of the SOP:

- *Types of awards.* The SOP permits the awards of options to purchase Ordinary Shares.
- *Award agreements.* Awards granted under the SOP are evidenced by an award agreement that sets forth terms, conditions and limitations for each award.
- *Eligible participants.* The SOP provides for the grant of options to all key employees and directors of the Company and its subsidiaries during the 2022-2026 period.
- *Exercise of options.* Options granted under the SOP will be exercisable in whole or in part at the terms and conditions set forth in the relevant award agreement, provided that the term of any option granted under the SOP will not exceed May 31, 2028. Pursuant to the relevant award agreement, options may be exercisable subject to the continuation of the relevant working relationship and/or the achievement of performance targets as determined by the Company's board of directors.
- *Exercise price.* The exercise price per share subject to an option will be determined by the SOP administrator and set forth in the award agreement.
- *Administration.* The SOP is administered by the Company's board of directors, which may delegate some or all of its powers under the SOP to a committee or any director of the Company.
- *Transfer restrictions.* Unless otherwise agreed upon by the SOP administrator, awards may not be sold, pledged, transferred or disposed of in any manner other than by will or by the laws of descent or distribution.
- *Amendment and termination.* The Board may at any time amend or terminate the SOP, but, subject to certain exceptions, no amendment or termination can be made that would materially and adversely affect the rights of any beneficiary under any outstanding award, without his or her consent. The SOP will expire on December 31, 2026. No award will be granted pursuant to the SOP after such termination date, but awards theretofore granted may extend beyond that date.

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For further information on the terms of the SOP see the Natuzzi 2022-2026 Stock Option Plan filed as Exhibit 4.8 to this Annual Report.

In July 2022, the Company granted stock options to certain key employees of the Group for the purchase of a total of 2,812,560 Ordinary Shares (equivalent to 56,512 ADSs) and increased its share capital from €54,853,045 to €55,073,045. As at December 31, 2022, one beneficiary exercised the vested portion of its options by subscribing for 220,000 Ordinary Shares (equal to 44,000 ADSs) at the exercise price of €1.00 per Ordinary Share (equal to €5.00 per ADS), and paying the applicable purchase price partly in 2022 and partly in 2023.

During 2023, no beneficiary exercised the vested portion of its options. The options that were forfeited during 2023 related to one of the 3 beneficiaries of the SOP, as such beneficiary left the Company at the end of February 2024 and was granted a bonus of €0.1 million. See Note 22 to the Consolidated Financial Statements for further details.

During 2024, no beneficiary exercised the vested portion of its options.

Statutory Auditors

During 2024, the Company's statutory auditors received approximately €0.1 million in compensation in the aggregate for their services to the Company and its Italian subsidiaries.

At the Company's annual general shareholders' meeting on May 12, 2022, the following individuals (except for one alternate member) were elected to the Company's board of statutory auditors for a three-year term. The board consists of three members, one of which is the chairman, and two alternates. None of our statutory auditors is party to a contract with the Company that would entitle such person to benefits upon the termination of service as a statutory auditor.

| Name | Position |
|--------------------------|-----------------|
| Giuseppe Pio Macario | Chairman |
| Francesco Campobasso | Member |
| Andrea Venturelli | Member |
| Aurelio Franco Colasanto | Alternate |
| Vito Plantone * | Alternate |

* Elected at the Company's annual general shareholders' meeting on May 30, 2024, replacing a former alternate who resigned for personal reasons.

We are subject to Rule 10A-3 ("Rule 10A-3") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which requires, absent an exemption, that a listed company maintain an audit committee composed of members of the issuer's board of directors that meet certain independence requirements.

The Company relies on an exemption from the Rule 10A-3 requirements provided by Rule 10A-3(c)(3) of the Exchange Act for foreign private issuers with a board of statutory auditors established in accordance with local law or listing requirements and subject to independence requirements under local law or listing requirements. See "Item 16D. Exemption from Listing Standards for Audit Committees" for more information.

Employees

The following table illustrates the breakdown of the Group's employees by qualification and location for the periods indicated:

| Qualification | As of December 31 | | | Change | Change |
|----------------------|--------------------------|--------------|--------------|------------------|------------------|
| | 2024 | 2023 | 2022 | 2024/2023 | 2023/2022 |
| Top managers | 31 | 37 | 40 | (6) | (3) |
| Middle managers | 185 | 201 | 201 | (16) | — |
| Clerks | 674 | 733 | 795 | (59) | (62) |
| Laborers | 2,315 | 2,616 | 3,017 | (301) | (401) |
| Total | 3,205 | 3,587 | 4,053 | (382) | (466) |

| Location | As of December 31 | | | Change | Change |
|-----------------|--------------------------|--------------|--------------|------------------|------------------|
| | 2024 | 2023 | 2022 | 2024/2023 | 2023/2022 |
| Italy | 1,974 | 2,008 | 2,117 | (34) | (109) |
| Outside Italy | 1,231 | 1,579 | 1,936 | (348) | (357) |
| Total | 3,205 | 3,587 | 4,053 | (382) | (466) |

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In 2024, 37 workers have voluntarily left the Company.

In July 2023, the Company and the relevant trade unions and Italian authorities signed an agreement allowing the Company to benefit from CIGS for up to 875 workers employed at various plants of the Group until June 30, 2025. Additionally, in January 2025, the Company and the relevant trade unions and Italian authorities agreed to extend the scope of the Solidarity Facility through October 2025.

Share Ownership

Mr. Pasquale Natuzzi, founder of the Company and Executive Chairman of the Board of Directors, as of the date of this Annual Report, beneficially owns an aggregate amount of 30,967,521 Ordinary Shares, representing 56.2% of the Ordinary Shares outstanding (61.3% of the Ordinary Shares outstanding if the 5.1% of the Ordinary Shares owned by the Natuzzi Family are aggregated).

As a result, Mr. Natuzzi controls Natuzzi S.p.A., including its management and the selection of the members of its board of directors. Since December 16, 2003, Mr. Natuzzi has held his entire beneficial ownership of Natuzzi S.p.A. shares through INVEST 2003 S.r.l., an Italian holding company wholly-owned by Mr. Natuzzi and having its registered office at Via Gobetti 8, Taranto, Italy.

On November 6, 2014, INVEST 2003 S.r.l. completed the purchase of 250,000 ADSs, each representing one Ordinary Share at the time of purchase, at a price of U.S.\$2.00 per ADS. The purchase was privately negotiated with a single individual and was effected through an escrow arrangement with BNY Mellon.

On July 30, 2014, INVEST 2003 S.r.l. completed the purchase of 500,000 ADSs, each representing one Ordinary Share at the time of purchase, at a price of U.S. \$2.75 per ADS. The purchase was privately negotiated with a single individual and was effected through an escrow arrangement with BNY Mellon. For more information, refer to Schedule 13D (Amendment No. 2), filed with the SEC on September 14, 2014, that amends and supplements the Schedule 13D, filed with the SEC on April 24, 2008 (as amended by Amendment No. 1 filed on April 8, 2013 (“Amendment No. 1”).

These two purchases, carried out for investment purposes, brought the number of Ordinary Shares beneficially owned by each of Mr. Natuzzi and INVEST 2003 S.r.l. to 30,967,521 (representing 56.5% of the Ordinary Shares outstanding).

Between September 27, 2011 and April 30, 2013, INVEST 2003 S.r.l. completed the purchase of a total of 859,628 Natuzzi S.p.A. ADSs (each representing one Ordinary Share at the time of purchase, for a total of approximately 1.6% of the Company’s total shares then outstanding), at an average price of U.S.\$ 2.37 per ADS. These purchases were made in accordance with a purchase plan undertaken pursuant to Rule 10b-18 (“Purchases of Certain Equity Securities by the Issuer and Others”) promulgated under the Securities Exchange Act of 1934 (the “Rule 10b-18 Plan”).

On April 18, 2008, INVEST 2003 S.r.l. purchased 3,293,183 ADSs, each representing one Ordinary Share at the time of purchase, at the price of U.S.\$ 3.61 per ADS. For more information, refer to Schedule 13D, filed with the SEC on April 24, 2008, and related Amendment No. 1 to Schedule 13D, filed with the SEC on April 8, 2013.

On February 8, 2019, the Board of Directors approved a change in the ratio of its ADSs to Ordinary Shares, from one ADS representing one Ordinary Share, to one ADS representing five Ordinary Shares. The effective date of the ratio change was February 21, 2019. There were 4,361,981 ADSs (equivalent to 21,809,905 Ordinary Shares) outstanding as of February 21, 2019.

As of the date of this Annual Report, none of the other directors or officers own 1% or more of the Company’s Ordinary Shares or ADSs. For information on the Natuzzi 2022-2026 Stock Option Plan, see “Item 6. Directors, Senior Management and Employees—Compensation of Directors and Officers—Natuzzi 2022-2026 Stock Option Plan.”

Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

Not applicable.

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table sets forth information, as of the date of this Annual Report, with respect to each person who beneficially owns 5% or more of the Company's Ordinary Shares or ADSs:

| | Number of Ordinary Shares owned | Percent owned |
|-----------------------------------|---------------------------------------|------------------|
| Pasquale Natuzzi ⁽¹⁾ | 30,967,521 | 56.2% |
| Mr. David L. Kanen ⁽²⁾ | 8,331,230 | 15.1% |

⁽¹⁾ Includes ADSs purchased on April 18, 2008, purchases made from September 27, 2011 through April 30, 2013 under the Rule 10b-18 plan and two privately negotiated purchases executed on July 30, 2014 and November 6, 2014. If Mr. Natuzzi's Ordinary Shares are aggregated with those held by members of the Natuzzi Family, the amount owned would be 33,767,521 and the percentage ownership of Ordinary Shares would be 61.3%.

⁽²⁾ Aggregate amount beneficially owned by Kanen Wealth Management LLC ("KWM") based on the Form 13F for the quarter ended December 31, 2024, filed by KWM with the SEC on January 16, 2025. Mr. Kanen is the managing member of KWM.

As indicated in "Item 6. — Share Ownership," Mr. Natuzzi controls Natuzzi S.p.A., including its management and the selection of the members of its board of directors. Since December 16, 2003, Mr. Natuzzi has held his entire beneficial ownership of Natuzzi S.p.A. shares through INVEST 2003 S.r.l., an Italian holding company wholly-owned by Mr. Natuzzi and having its registered office at Via Gobetti 8, Taranto, Italy.

In addition, the Natuzzi Family has a right of first refusal to purchase all the rights, warrants or other instruments which BNY, as Depositary under the Deposit Agreement, determines may not lawfully or feasibly be made available to owners of ADSs in connection with each right offering, if any, made to holders of Ordinary Shares. None of the shares held by the above shareholders has any special voting rights.

As of December 31, 2024, the Company's share capital, which is totally authorized and issued, is composed of 55,073,045 ordinary shares with par value of Euro 1 each, for a total of Euro 55,073 thousand.

As of March 31, 2025, there were 4,406,652 ADSs (equivalent to 22,033,260 Ordinary Shares) outstanding. The ADSs represented 40.0% of the total number of Natuzzi Ordinary Shares issued and outstanding.

On February 8, 2019, the Board of Directors approved the Ratio Change, which became effective on February 21, 2019. There were 4,361,981 ADSs (equivalent to 21,809,905 Ordinary Shares) outstanding as of February 21, 2019.

For ADS holders, the Ratio Change had the same effect as a one-for-five reverse ADS split. No new shares were issued in connection with the Ratio Change. As a result of the Ratio Change, the price of the Company's ADSs automatically increased proportionally.

Since certain Ordinary Shares and ADSs are held by brokers or other nominees, the number of direct record holders in the U.S. may not be fully indicative of the number of direct beneficial owners in the U.S. or of where the direct beneficial owners of such shares are resident.

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Related Party Transactions

The table below sets forth, in millions of Euro, information about transactions entered into with associates, joint ventures and other related parties as at December 31, 2024 and 2023. See Note 45 to the Consolidated Financial Statements for further details.

| | 31/12/2024 | 31/12/2023 |
|---------------------------------|------------|------------|
| Income | 34.6 | 38.7 |
| Cost | — | 0.4 |
| Amount owned by related parties | 8.5 | 8.0 |
| Amount due to related parties | — | 0.1 |

The table below sets forth, in millions of Euro, information about transactions entered into with directors of the Group as at December 31, 2024 and 2023. See Note 45 to the Consolidated Financial Statements for further details.

| | 31/12/2024 | 31/12/2023 |
|---------------------------------|------------|------------|
| Income | 3.1 | 3.4 |
| Cost | 4.8 | 2.3 |
| Amount owned by related parties | 0.9 | 0.9 |
| Amount due to related parties | 0.7 | 0.4 |

In light of the extraordinary challenges imposed by COVID-19 on the Group, on February 28, 2020, the Company's majority shareholder entered into an agreement with it setting forth its undertaking, should the Company so request, to make advance payments of up to €15.0 million to satisfy the subscription price of a future rights issue. On February 28, 2020, the Company requested an initial payment of €2.5 million which it received on March 2, 2020. Therefore, as at December 31, 2023, the amount of €2.5 million to be paid back to the majority shareholder has been included in the caption "Other payables" of the statement of financial position. On April 9, 2024, a new agreement was executed, terminating the previous agreement entered into on February 28, 2020 and converting the aforementioned €2.5 million into a loan agreement effective from March 31, 2024, with maturity on March 31, 2027, and subject to an interest rate of 2.5%. As at December 31, 2024, the outstanding debt amounts to €2.3 million. See Notes 20 and 45 to the Consolidated Financial Statements.

Additionally, on March 25, 2025, Natuzzi Americas, a wholly-owned U.S. subsidiary of the Company, entered into a sale and purchase agreement with The Steel Vessel Corporation, a Delaware corporation affiliated with the Company's majority shareholder, pursuant to which Natuzzi Americas transferred the ownership of the property located in High Point, North Carolina, USA (including, without limitation, the land, all buildings, structures and improvements thereon, all rights, privileges and easements appurtenant thereto, all mechanical systems, business records, advertisements and equipment, and other related intangible assets) to The Steel Vessel Corporation, for a total consideration of US\$12.1 million (€11.6 million). A preliminary agreement was entered into between the same parties on October 17, 2024, pursuant to which US\$3.8 million (€3.5 million) was deposited by The Steel Vessel Corporation with Natuzzi Americas as earnest money. The remaining balance of US\$8.3 million (€8.1 million) was collected by Natuzzi Americas on March 25, 2025. Subsequent to the sale of the High Point property, on the same date of March 25, 2025, the same parties entered into a lease agreement pursuant to which The Steel Vessel Corporation, as lessor, leased the High Point property to Natuzzi Americas, as lessee. The lease has a term of 9 years and 9 months, expiring on December 31, 2034, and an annual rent of US\$0.7 million (€0.7 million). Natuzzi Americas will continue to sublease portions of the High Point building that it does not intend to use for the Group's needs. The transaction was reviewed by the Company's Related Parties Committee, in compliance with the Group's Related Parties Policy, which determined that the sale price offered by The Steel Vessel Corporation represented fair value, based on a third-party appraisal carried out in October 2024. See Notes 7, 45 and 46 to the Consolidated Financial Statements included in this Annual Report. A copy of the sale and purchase agreement and a copy of the lease agreement are attached as Exhibit 4.6 and Exhibit 4.7, respectively, to this Annual Report.

In June 2024, Natuzzi Singapore granted a loan of US\$ 1.4 million to TTF, a minority shareholder of Natuzzi Singapore, for a 12-month term, renewable for an additional 12 months. The agreed interest rate, set at US\$ 1-Month Libor minus 0.25%, matches the interest rate Natuzzi Singapore would have obtained from a bank deposit. See Notes 17 and 45 to the Consolidated Financial Statements included in this Annual Report.

Other than the foregoing transactions, neither the Company nor any of its subsidiaries was a party to a transaction, nor have granted, or have been granted with, any loans, with a related party that was material to the Company or the related party, or any transaction that was unusual in its nature or conditions, involving goods, services, or tangible or intangible assets, nor is any such transaction presently proposed. For further details on related party transactions, see Note 45 to the Consolidated Financial Statements.

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ITEM 8. FINANCIAL INFORMATION

Consolidated Financial Statements

Please refer to “Item 18. Financial Statements” of this Annual Report.

Export Sales

Sales of upholstery products manufactured in Italy and sold outside Italy totaled €90.6 million in 2024, up 6.0% from €85.5 million in 2023. This figure represents 33.2% of the Group’s 2024 net leather and fabric-upholstered furniture sales (30.3% in 2023).

Legal and Governmental Proceedings

The Group is involved in legal and tax proceedings, including several minor claims and legal actions, arising in the ordinary course of business. The provision recorded against these claims is €5.9 million as of December 31, 2024 (€7.9 million as of December 31, 2023). See “Item 3. Key Information—Risk factors” and Note 26 to the Consolidated Financial Statements.

Apart from the proceedings described above, neither the Company nor any of its subsidiaries is a party to any legal or governmental proceeding that is pending or, to the Company’s knowledge, threatened or contemplated against the Company or any such subsidiary that, if determined adversely to the Company or any such subsidiary, would have a materially adverse effect, either individually or in the aggregate, on the business, financial condition or results of the Group’s operations.

Dividends

Since the result attributable to the owners of the Company for the financial year ended December 31, 2024 was negative, the Company has decided not to distribute any dividend for the year ended December 31, 2024. The Group has also not paid dividends in any of the prior three fiscal years.

The payment of future dividends will depend on the Company’s earnings and financial condition, capital requirements, governmental regulations and policies and other factors. Accordingly, there can be no assurance that dividends in future years will be paid at a rate similar to dividends paid in past years or at all.

Dividends paid to owners of ADSs or Ordinary Shares who are U.S. residents qualifying under the Income Tax Convention will generally be subject to Italian withholding tax at a maximum rate of 15%, provided that certain certifications are given timely. As a result of changes to the foreign tax credit rules for taxable years beginning after December 28, 2021, any Italian income tax withheld from dividends on our ordinary shares or ADSs is unlikely to be treated as creditable unless U.S. owners are either eligible for and elect benefits under the current income tax convention between the United States and Italy (the “Income Tax Convention”) or consistently elect to apply a modified version of these rules under recently issued temporary guidance and comply with specific requirements set forth in such guidance. See “Item 10. Additional Information—Taxation—Taxation of Dividends.”

ITEM 9. THE OFFER AND LISTING

Trading Markets

Natuzzi's Ordinary Shares are listed on the NYSE in the form of ADSs under the symbol "NTZ". Neither the Company's Ordinary Shares nor its ADSs are listed on a securities exchange outside the United States. BNY Mellon is the Company's Depositary for purposes of issuing the American Depositary Shares evidencing ADSs. Trading in the ADSs on the NYSE commenced on May 13, 1993.

On December 26, 2018 the Company received notice from the NYSE that the Company was no longer in compliance with one of the NYSE's continued listing standards for a listed company, particularly, the average closing price of the Company's ADSs was less than US\$1.00 over a consecutive 30-trading day-period.

The Company notified the NYSE on December 27, 2018 of its intention to cure this deficiency within the prescribed timeframe.

On February 8, 2019, the Company's Board of Directors approved a change in the ratio of its ADSs to Ordinary Shares, par value €1.00 per Ordinary Share, from one ADS representing one Ordinary Share, to one ADS representing five Ordinary Shares (the "Ratio Change"). The effective date of the Ratio Change was February 21, 2019. There were 4,361,981 ADSs (equivalent to 21,809,905 Ordinary Shares) outstanding as of February 21, 2019.

For ADS holders, the Ratio Change had the same effect as a one-for-five reverse ADS split. No new shares were issued in connection with the Ratio Change and Natuzzi's ADSs continue to be traded on the NYSE under the same symbol "NTZ." As a result of the Ratio Change, the price of the Company's ADSs automatically increased proportionally.

On March 1, 2019, the Company received confirmation from the NYSE that it had regained compliance with continued listing standards.

On April 7, 2020 the Company received notice from the NYSE that the Company was no longer in compliance with one of the NYSE's continued listing standards for a listed company because the average closing price of the Company's ADSs was less than US\$1.00 over a consecutive 30-trading day-period (the "Dollar Price Standard"). The NYSE notified the Company that its ADSs would be delisted if it was not able to comply with the Dollar Price Standard within the applicable period. The Company regained compliance with the Dollar Price Standard on July 2, 2020.

In addition, from March 17, 2020 to August 12, 2020, the Company was not in compliance with the NYSE's continued listing standard set forth in Section 802.01(b) of the NYSE Listed Company Manual, which requires the Company to maintain an average global market capitalization of not less than US\$15 million over a consecutive 30-trading day period (the "Capitalization Standard"). On August 12, 2020, the Company was notified by the NYSE that, since the Company's average market capitalization was above US\$15 million over a consecutive 30-trading day period, the Company was no longer at an immediate risk of suspension and delisting. The NYSE will continue to monitor the average market capitalization daily to ensure compliance with Capitalization Standard. As of April 17, 2025, the Company's market capitalization was US\$ 44.4 million.

ITEM 10. ADDITIONAL INFORMATION

By-laws

The following is a summary of (i) certain information concerning the Company's shares and By-laws (*statuto*) and (ii) the relevant provisions of Italian stock corporations. In particular, Italian issuers of shares that are not listed on a regulated market of the European Union are governed by the rules of the Italian civil code (the "Civil Code"). This summary contains all the information that the Company considers to be material regarding its shares, but does not purport to be complete and is qualified in its entirety by reference to the By-laws or the relevant provisions of Italian law, as the case may be.

General — The issued share capital of the Company consists of 55,073,045 Ordinary Shares, with a par value of €1.00 per share. All the issued shares are fully-paid, non-assessable and in registered form.

The Company is registered with the Companies' Registry of Bari at No. 03513760722, with its registered office in Santeramo in Colle (Bari), Italy.

As set forth in Article 3 of the By-laws, the Company's corporate purpose is the production, marketing and sale of sofas, armchairs, furniture in general and raw materials used for their production. The Company is generally authorized to take any actions necessary or useful to achieve its corporate purpose.

Authorization of Shares — At the extraordinary shareholders' meeting of the Company held on July 23, 2004, the shareholders authorized the Company's board of directors to carry out, within five years from the registration of the aforementioned resolution in the Companies' Registry, a free capital increase of up to €500,000, and a capital increase with consideration ("*a titolo oneroso*") of up to €3.0 million, to be issued in connection with the grant of stock options to employees of the Company and of other Group companies. On January 24, 2006 the Company's board of directors, in accordance with the Regulations of the "Natuzzi Stock Incentive Plan 2004-2009" (which was approved by the board of directors in a meeting held on July 23, 2004), decided to issue without consideration 56,910 new Ordinary Shares in favor of the beneficiary employees. Consequently, the number of Ordinary Shares increased on the same date from 54,681,628 to 54,738,538. On January 23, 2007, the Company's board of directors, in accordance with the Regulations of the "Natuzzi Stock Incentive Plan 2004-2009," decided to issue without consideration 85,689 new Ordinary Shares in favor of beneficiary employees. Consequently, the number of Ordinary Shares increased on the same date from 54,738,538 to 54,824,227. On January 24, 2008 the Company's board of directors, in accordance with the Regulations of the "Natuzzi Stock Incentive Plan 2004-2009," decided to issue without consideration 28,818 new Ordinary Shares in favor of the beneficiary employees. Consequently, the number of Ordinary Shares increased on the same date from 54,824,227 to 54,853,045.

At the extraordinary shareholders' meeting of the Company held on July 1, 2022, the shareholders, among other things and pursuant to Article 2443 of the Civil Code, granted to the Company's board of directors the right to carry out, within five years from the registration of the aforementioned resolution in the Companies' Registry, an increase in the share capital of the Company with consideration ("*a titolo oneroso*"), in one or more tranches, up to a maximum amount of €5,485,304, with the exclusion of pre-emption rights pursuant to Article 2441, paragraph eight, of the Civil Code, to be carried out in connection with the stock option plan named "Natuzzi 2022-2026 Stock Option Plan" for the benefit of the employees of the Company and other Group companies. As at December 31, 2024, the Company's share capital, which is totally authorized and issued, is composed of 55,073,045 ordinary shares with par value of Euro 1 each, for a total of Euro 55,073 thousand. The share capital increase derives from the subscription of 220,000 shares by one of the beneficiaries of the stock option plan approved by the Company in July 2022. For further information regarding the stock option plan, see Notes 19 and 24 to the Consolidated Financial Statements.

Form and Transfer of Shares — The Company's Ordinary Shares are in certificated form and are freely transferable by endorsement of the share certificate by or on behalf of the registered holder, with such endorsement either authenticated by a notary, in Italy or elsewhere, or by a broker-dealer or a bank in Italy. The transferee must request that the Company enters his name in the register of shareholders in order to exercise his rights as a shareholder of the Company.

Dividend Rights — Payment by the Company of any annual dividend is proposed by the board of directors and is subject to the approval of the shareholders at the annual shareholders' meeting. Before dividends may be paid out of the Company's unconsolidated net income in any year, an amount at least equal to 5% of such net income must be allocated to the Company's legal reserve until such reserve is at least equal to one-fifth of the par value of the Company's issued share capital. If the Company's share capital is reduced as a result of accumulated losses, no dividends may be paid until the capital is reconstituted or reduced by the amount of such losses. The Company may pay dividends out of available retained earnings from prior years, provided that, after such payment, the Company will have a legal reserve at least equal to the legally required minimum. No interim dividends may be approved or paid.

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Dividends will be paid in the manner and on the date specified in the shareholders' resolution approving their payment (usually within 30 days from their annual general meeting). Dividends that are not collected within five years of the date on which they become payable are forfeited to the benefit of the Company. Holders of ADSs will be entitled to receive payments in respect of dividends on the underlying shares through BNY, as ADR Depositary, in accordance with the Deposit Agreement.

Voting Rights — Registered holders of the Company's Ordinary Shares are entitled to one vote *per* Ordinary Share.

As a registered shareholder, the Depositary (or its nominee) will be entitled to vote the Ordinary Shares underlying the ADSs. The Deposit Agreement requires the Depositary (or its nominee) to accept voting instructions from holders of ADSs and to execute such instructions to the extent permitted by law. Neither Italian law nor the Company's By-laws limit the right of non-resident or foreign owners of the Company's Ordinary Shares to hold or vote shares of the Company.

Board of directors — Under Italian law and pursuant to the Company's By-laws, the Company may be run by a sole director or by a board of directors, consisting of seven to eleven individuals. The Company is currently run by a board of directors composed of eight individuals (see "Item 6. Directors, Senior Management and Employees"). The board of directors is elected by the ordinary shareholders' meeting of the Company, for the period established at the time of election but in no case for longer than three fiscal years. A director, who may, but is not required to be, a shareholder of the Company, may be reappointed for successive terms. The board of directors has the full power of ordinary and extraordinary management of the Company and in particular may perform all acts it deems advisable for the achievement of the Company's corporate purposes, except for the actions reserved by the applicable law or the By-laws to a vote of the ordinary or extraordinary shareholders' meeting. See also "Item 10. Additional Information—Meetings of Shareholders."

The board of directors must appoint a chairman (*presidente*) and may appoint a vice-chairman, in the event they have not been appointed by the shareholders at the ordinary shareholders' meeting. The chairman of the board of directors is the legal representative of the Company. The board of directors may delegate certain powers to one or more managing directors (*organi delegati*), determine the nature and scope of the powers delegated to each director and revoke such delegation at any time. The managing directors must report to the board of directors and the board of statutory auditors at least every 180 days on the Company's business and the main transactions carried out by the Company or by its subsidiaries.

The board of directors may not delegate certain responsibilities, including the preparation and approval of the draft financial statements, the approval of merger and de-merger plans to be submitted to shareholders' meetings, increases in the amount of the Company's share capital or the issuance of convertible debentures (if any such power has been delegated to the board of directors by vote of the extraordinary shareholders' meeting) and the fulfilment of the formalities required when the Company's capital has to be reduced as a result of accumulated losses that reduce the Company's stated capital by more than one-third. See also "Item 10. Additional Information—Meetings of Shareholders."

The board of directors may also appoint one or more general managers (*direttori generali*), who must report directly to the board of directors and confer powers for single acts or categories of acts to employees of the Company or persons unaffiliated with the Company.

Meetings of the board of directors are called no less than five days in advance by letter sent via fax, telegram or e-mail by the chairman on his own initiative. Meetings may be held in person, by video-conference or tele-conference, in the location indicated in the notice convening the meeting, or in any other destination, each time that the chairman may consider necessary. The quorum for meetings of the board of directors is a majority of the directors in office. Resolutions are adopted by the vote of a majority of the directors present at the meeting. In case of a tie, the chairman has the deciding vote.

Directors having any interest in a proposed transaction must disclose their interest to the board of directors and to the board of statutory auditors, even if such interest is not in conflict with the interest of the Company in the same transaction. The interested director is not required to abstain from voting on the resolution approving the transaction, but the resolution must state explicitly the reasons for, and the benefit to the Company of, the approved transaction. In the event that these provisions are not complied with, or that the transaction would not have been approved without the vote of the interested director, the resolution may be challenged by a director or by the board of statutory auditors if the approved transaction may be prejudicial to the Company. A managing director must solicit prior board approval of any proposed transaction in which he has any interest and that is within the scope of his powers. The interested director may be held liable for damages to the Company resulting from a resolution adopted in breach of the above rules. Finally, directors may be held liable for damages to the Company if they illicitly profit from insider information or corporate opportunities.

The board of directors may transfer the Company's registered office within Italy, set up and eliminate secondary offices and approve mergers by absorption into the Company of any subsidiary in which the Company holds at least 90% of the issued share capital. The board of directors may also approve the issuance of shares or convertible debentures and reductions of the Company's share capital in the case of withdrawal of a shareholder if so authorized by the Company's extraordinary shareholders' meeting.

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Under Italian law and pursuant to the Company's By-laws, directors may be removed from their office at any time by the vote of shareholders at an ordinary shareholders' meeting. However, if removed in circumstances where there was no just cause, such directors may have a claim for damages against the Company. Directors may resign at any time by written notice to the board of directors and to the chairman of the board of statutory auditors. The board of directors, subject to the approval of the board of statutory auditors, must appoint substitute directors to fill vacancies arising from removals or resignations to serve until the next ordinary shareholders' meeting. If at any time more than half of the members of the board of directors appointed by the shareholders' meeting of the Company resign, such resignation is ineffective until the majority of the new board of directors has been appointed. In such a case, the remaining members of the board of directors (or the board of statutory auditors if all the members of the board of directors have resigned or ceased to be directors) must promptly call an ordinary shareholders' meeting to appoint the new directors.

The compensation of executive directors, including the CEO, is determined by the board of directors, after consultation with the board of statutory auditors, within a maximum amount established by the Company's shareholders meeting. The Company's shareholders meeting determines the base compensation for all board members, including non-executive directors. Directors are entitled to reimbursement for expenses reasonably incurred in connection with their functions.

Statutory Auditors — In addition to appointing the board of directors, the ordinary shareholders' meeting of the Company, appoints a board of statutory auditors (*collegio sindacale*) and its chairman, and sets the compensation of its members. The statutory auditors are elected for a term of three fiscal years, may be re-elected for successive terms and may be removed only for cause and with the approval of a competent court. Expiration of their office will have no effect until a new board is appointed. Membership of the board of statutory auditors is subject to certain good standing, independence and professional requirements, and shareholders must be informed as to the offices the proposed candidates hold in other companies prior to or at the time of their election. In particular, at least one standing and one alternate member must be a chartered public accountant.

The Company's By-laws provide that the board of statutory auditors shall consist of three statutory auditors and two alternate auditors (who are automatically substituted for a statutory auditor who resigns or is otherwise unable to serve).

The Company's board of statutory auditors is required, among other things, to verify that the Company (i) complies with applicable laws and the By-laws, (ii) complies with applicable principles of good governance, and (iii) maintains adequate organizational structure and administrative and accounting systems. The Company's board of statutory auditors must be convened at least once every 90 days. The board of statutory auditors reports to the annual shareholders' meeting on the results of its activity and the results of the Company's operations. In addition, the statutory auditors of the Company must attend the meetings of the Company's board of directors and shareholders' meetings.

The statutory auditors may decide to call a shareholders' meeting, ask information about the management of the Company to the members of the board of directors, carry out inspections and verifications at the Company and exchange information with the Company's external auditors. Additionally, the statutory auditors have the power to initiate a liability action against one or more directors after adopting a resolution with an affirmative vote by two thirds of the auditors in office. Any shareholder may submit a complaint to the board of statutory auditors regarding facts that such shareholder believes should be subject to scrutiny by the board of statutory auditors, which must take any complaint into account in its report to the shareholders' meeting. If shareholders collectively representing 5% of the Company's share capital submit such a complaint, the board of statutory auditors must promptly undertake an investigation and present its findings and any recommendations to a shareholders' meeting of the Company (which must be convened immediately if the complaint appears to have a reasonable basis and there is an urgent need to take action). The board of statutory auditors may report to a competent court serious breaches of directors' duties.

External Auditor — The audit of the Company's accounts is entrusted, as per current legislation, to an independent audit firm whose appointment falls under the competence of the shareholders' meeting, upon the board of statutory auditors' proposal. In addition to the obligations set forth in national auditing regulations, Natuzzi's listing on the NYSE requires that the audit firm issues an audit report on the consolidated financial statements included in the annual report on Form 20-F, in compliance with the auditing standards issued by the Public Company Accounting Oversight Board (United States) (PCAOB). Moreover, the independent audit firm is required, if applicable, to issue an opinion on the effectiveness of the internal control system applied to financial reporting.

The external auditor or the firm of external auditors is appointed for a three-year term, may be re-elected for successive terms, and its compensation is determined by a vote at an ordinary shareholders' meeting of the Company and may be removed only for just cause by a vote of the shareholders' meeting.

Meetings of Shareholders — Shareholders are entitled to attend and vote at ordinary and extraordinary shareholders' meetings. Votes may be cast personally or by proxy. Shareholders' meetings may be called by the Company's board of directors (or the board of statutory auditors) and must be called if requested by holders of at least 10% of the issued shares. If a shareholders' meeting is not called despite the request by shareholders and such refusal is unjustified, a competent court may call the meeting. Shareholders are not entitled to request that a meeting of shareholders be convened to vote on matters which, as a matter of law, shall be resolved on the basis of a proposal, plan or report by the Company's board of directors.

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The Company may hold general meetings of shareholders at its registered office in Santeramo in Colle, or elsewhere in Italy or at locations outside Italy, following publication of notice of the meeting in any of the following Italian newspapers: “*Il Sole 24 Ore*,” “*Corriere della Sera*” or “*La Repubblica*” at least 15 days before the date fixed for the meeting.

The ordinary shareholders’ meeting of the Company must be convened at least once a year. The Company’s annual stand-alone financial statements are prepared by the board of directors and submitted for approval to the ordinary shareholders’ meeting, which must be convened within 120 days after the end of the fiscal year to which such financial statements relate. This term may be extended by up to 180 days after the end of the fiscal year, as long as the Company continues to be bound by law to draw up consolidated financial statements or if particular circumstances concerning its structure or its purposes so require. At ordinary shareholders’ meetings, shareholders also appoint the external auditors, approve the distribution of dividends, appoint the members of the board of directors and of the board of statutory auditors, determine their remuneration and vote on any matter the resolution or authorization of which is entrusted to them by law.

Extraordinary shareholders’ meetings may be called to vote on proposed amendments to the By-laws, issuance of convertible debentures, mergers and de-mergers, capital increases and reductions, when such resolutions may not be taken by the board of directors and any matter the resolution or authorization of which is entrusted to them by law or the By-laws. Liquidation of the Company must be resolved by an extraordinary shareholders’ meeting.

The notice of a shareholders’ meeting of the Company may specify two or more meeting dates for an ordinary or extraordinary shareholders’ meeting; such meeting dates are generally referred to as “calls.”

The quorum for an ordinary shareholders’ meeting of the Company is 50% of the Ordinary Shares, and resolutions are adopted by the majority of Ordinary Shares present or represented. At an adjourned ordinary meeting, no quorum is required, and the resolutions are carried by the majority of Ordinary Shares present or represented. Certain matters, such as amendments to the By-laws, the issuance of shares, the issuance of convertible debentures, mergers and de-mergers, may only be resolved upon at an extraordinary meeting, at which special voting rules apply. Resolutions at an extraordinary meeting of the Company are adopted, on first call, by more than half of the Ordinary Shares. An adjourned extraordinary meeting is validly held with a quorum of one-third of the issued shares and its resolutions are carried by a majority of at least two-thirds of the holders of shares present or represented at such meeting. In addition, certain matters (such as a change in purpose or corporate form of the company, de-mergers, mergers, the transfer of its registered office outside Italy, its liquidation prior to the term set forth in its By-laws, the extension of the term, the revocation of liquidation and the issuance of preference shares) are approved by the holders of more than two-thirds of the shares present and represented at such meeting that must also represent more than one-third of the issued shares.

According to the By-laws, in order to attend any shareholders’ meeting, each shareholder of the Company, at least five days prior to the date fixed for the meeting, must deposit its share certificates at the offices of the Company or with such banks as may be specified in the notice of call of the relevant meeting, in exchange for an admission ticket. Owners of ADRs may make special arrangements with the Depositary for the beneficial owners of such ADRs to attend shareholders’ meetings, but not to vote at or formally address such meetings. The procedures for making such arrangements will be specified in the notice of such meeting to be mailed by the Depositary to the owners of ADRs.

Shareholders may appoint proxies by delivering in writing an appropriate power of attorney to the Company. Directors, auditors and employees of the Company or of any of its subsidiaries may not be proxies and any one proxy cannot represent more than 20 shareholders.

Pre-emptive Rights — Pursuant to Italian law, holders of Ordinary Shares or of debentures convertible into shares, if any exist, are entitled to subscribe for the issuance of shares, debentures convertible into shares and rights to subscribe for shares, in proportion to their holdings, unless such issues are for non-cash consideration or pre-emptive rights are waived or limited and such waiver or limitation is required in the interest of the Company. There can be no assurance that the holders of ADSs may be able to exercise fully any pre-emptive rights pertaining to Ordinary Shares.

Preference Shares. Other Securities — The Company’s By-laws allow the Company to issue preference shares with limited voting rights, to issue other classes of equity securities with different economic and voting rights, to issue so-called participation certificates with limited voting rights, as well as so-called tracking stock. The power to issue such financial instruments is attributed to the extraordinary meeting of shareholders.

The Company, by resolution of the board of directors, may issue debt securities non-convertible into shares, while it may issue debt securities convertible into shares through a resolution of an extraordinary shareholders’ meeting.

Segregation of Assets and Proceeds — The Company, by means of an extraordinary shareholders’ meeting resolution, may approve the segregation of certain assets into one or more separate pools. Such pools of assets may have an aggregate value not exceeding 10% of the shareholders’ equity of the Company. Each pool of assets must be used exclusively to carry out a specific business and

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may not be attached by the general creditors of the Company. Similarly, creditors with respect to such specific business may only attach those assets of the Company that are included in the corresponding pool. Tort creditors, on the other hand, may always attach any assets of the Company. The Company may issue securities carrying economic and administrative rights relating to a pool. In addition, financing agreements relating to the funding of a specific business may provide that the proceeds of such business be used exclusively to repay the financing. Such proceeds may be attached only by the financing party and such financing party would have no recourse against other assets of the Company.

Liquidation Rights — Pursuant to Italian law and subject to the satisfaction of the claims of all other creditors, shareholders are entitled to a distribution in liquidation that is equal to the nominal value of their shares (to the extent available out of the net assets of the Company). Holders of preference shares, if any such shares are issued in the future by the Company, may be entitled to a priority right to any such distribution from liquidation up to their par value. Thereafter, all shareholders would rank equally in their claims to the distribution or surplus assets, if any. Ordinary Shares rank *pari passu* among themselves in liquidation.

Purchase of Shares by the Company — The Company is allowed to purchase shares, subject to certain conditions and limitations provided for by Italian law. Shares may be purchased out of profits available for dividends and out of distributable reserves, in each case as appearing on the latest stand-alone financial statements approved by the Company's shareholders' meeting. Further, the Company may only repurchase fully paid-in shares. Such purchases must be authorized by the ordinary shareholders' meeting. The aggregate purchase price of such shares may not exceed the distributable dividends and the earnings reserve specifically approved by shareholders. Shares held in violation of the above conditions and limitations must be sold within one year of the date of purchase. Similar limitations apply with respect to purchases of the Company's shares by its subsidiaries.

A corresponding reserve equal to the purchase price of such shares must be created in the statement of financial position, and such reserve is not available for distribution, unless such shares are sold or cancelled. Shares purchased and held by the Company may be resold only pursuant to a resolution adopted at an ordinary shareholders' meeting. The voting rights attaching to the shares held by the Company or its subsidiaries cannot be exercised, but the shares are counted for quorum purposes in shareholders' meetings. Dividends and pre-emptive rights attaching to such shares will accrue to the benefit of other shareholders.

The Company does not own any of its Ordinary Shares.

Notification of the Acquisition of Shares — In accordance with Italian antitrust laws, the Italian Competition Authority prohibits the acquisition of control in a company which would thereby create or strengthen a dominant position in the domestic market or a significant part thereof and which would result in the elimination or substantial reduction of competition on a lasting basis, provided that certain turnover thresholds are exceeded. However, if the turnover of the acquiring party and the company to be acquired exceeds certain other monetary thresholds, the antitrust review of the acquisition falls within the exclusive jurisdiction of the European Commission and will be assessed under the EU Merger Regulation (Council Regulation (EC) No. 139/2004).

Minority Shareholders' Rights. Withdrawal Rights — Shareholders' resolutions which are not adopted in conformity with applicable law or the Company's By-laws may be challenged (with certain limitations and exceptions) within 90 days by absent, dissenting or abstaining shareholders representing individually or in the aggregate at least 5% of Company's share capital (as well as by the board of directors or the board of statutory auditors). Shareholders not reaching this threshold or shareholders not entitled to vote at Company's meetings may only claim damages deriving from the resolution.

Dissenting or absent shareholders may require the Company to buy back their shares as a result of shareholders' meeting resolutions approving, among others things, material modifications of the Company's corporate purpose or of the voting rights of its shares, the transformation of the Company from a stock corporation into a different legal entity, or the transfer of the Company's registered office outside Italy. The buy-back would occur at a price established by the board of directors, upon consultation with the board of statutory auditors and the Company's external auditor, having regard to the net assets value of the Company, its prospective earnings and the market value of its shares, if any. The Company's By-laws may set forth different criteria to determine the consideration to be paid to dissenting shareholders in such buy-backs.

Each shareholder may bring to the attention of the board of statutory auditors facts or actions which are deemed wrongful. If such shareholders represent more than 5% of the share capital of the Company, the board of statutory auditors must investigate without delay and report its findings and recommendations to the shareholders' meeting (which must be convened immediately if the complaint appears to have a reasonable basis and there is an urgent need to take action).

Shareholders representing more than 10% of the Company's share capital have the right to report to a competent court all of the serious breaches of the directors' duties, which may be prejudicial to the Company or to its subsidiaries. In addition, shareholders representing at least 20% of the Company's share capital may commence derivative suits before a competent court against its directors, statutory auditors and general managers.

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The Company may waive or settle the suit unless shareholders holding at least 20% of the shares vote against such waiver or settlement. The Company will reimburse the legal costs of such action in the event that the claim of such shareholders is successful and the court does not award such costs against the relevant directors, statutory auditors or general managers.

Any dispute arising out of or in connection with the By-Laws that may arise between the Company and its shareholders, directors, or liquidators shall fall under the exclusive jurisdiction of the Tribunal of Bari (Italy).

Liability for Mismanagement of Subsidiaries — Under Italian law, companies and other legal entities that, acting in their own interest or the interest of third parties, mismanage a company subject to their direction and coordination powers are liable to such company's shareholders and creditors for ensuing damages suffered by such shareholders. This liability is excluded if (i) the ensuing damage is fully eliminated, including through subsequent transactions, or (ii) the damage is effectively offset by the global benefits deriving in general to the company from the continuing exercise of such direction and coordination powers. Direction and coordination powers are presumed to exist, among other things, with respect to consolidated subsidiaries.

The Company is subject to the direction and coordination of INVEST 2003 S.r.l.

Material Contracts

The Company is not a party to any material contract, other than contracts entered into in the ordinary course of business and the contracts described immediately below:

- The Company entered into a joint venture contract with Jason Furniture (Hangzhou) Co., Ltd. ("Kuka") on March 22, 2018 (the "Joint Venture Agreement") under which the Company's wholly-owned Chinese subsidiary, Natuzzi Trading (Shanghai) Co., Ltd. ("Natuzzi Trading Shanghai") would become a joint venture (the "Joint Venture"). On July 27, 2018, the Company completed the transactions contemplated by the Joint Venture Agreement. As a result of the completion of these transactions, the Company's wholly-owned Chinese subsidiary, Natuzzi Trading (Shanghai) Co., Ltd. ("Trading Co."), became a joint venture in which each of the Company and Kuka owns, as of the date of this Annual Report, a 49% and 51% stake, respectively. Kuka invested €65 million to acquire its stake in Trading Co. The Joint Venture distributes *Natuzzi Italia* and *Natuzzi Editions* branded products through a network of single-brand directly operated stores and franchise stores in Mainland China, Hong Kong and Macau, as well as through online stores. The Joint Venture Agreement is attached as Exhibit 4.1 to this Annual Report.
- The Securitization Facility with Muttley S.r.l., and concerning Banca IMI, Intesa San Paolo for the non-recourse factoring of export-related financial receivables for €40.0 million, dated July 22, 2020. The Securitization Facility is attached as Exhibit 4.2 to this Annual Report.
- On July 11, 2023, the Company, the relevant trade unions and Italian authorities signed an agreement that provides for (i) early retirement for employees who are within 60 months of reaching retirement age, (ii) the hiring of new employees, (iii) the implementation of training programs and (iv) access to the CIGS for redundant employees. As a result, among other things, the Company will benefit from CIGS for up to 875 workers employed at various plants of the Group until June 30, 2025. This agreement is attached as Exhibit 4.3 to this Annual Report.
- On January 14, 2025 the Company, along with trade unions and Italian relevant authorities, entered into an agreement to extend the scope of the Solidarity Facility until October 31, 2025. This agreement is attached as Exhibit 4.4 to this Annual Report.
- On April 9, 2024, the Company entered into an agreement with INVEST 2003 S.r.l., its majority shareholder, under which the amount of €2.5 million received by the Company from INVEST 2003 S.r.l. on March 2, 2020 under the agreement by which INVEST 2003 S.r.l. undertook to make advance payments of up to €15.0 million to satisfy the subscription price of a future rights issue, was converted into a loan made by INVEST 2003 S.r.l. to the Company. This agreement is attached as Exhibit 4.5 to this Annual Report.
- On March 25, 2025, Natuzzi Americas, a wholly-owned U.S. subsidiary of the Company, entered into a sale and purchase agreement with The Steel Vessel Corporation, a Delaware corporation affiliated with the Company's majority shareholder, pursuant to which Natuzzi Americas transferred the ownership of the property located in High Point, North Carolina, USA (including, without limitation, the land, all buildings, structures and improvements thereon, all rights, privileges and easements appurtenant thereto, all mechanical systems, business records, advertisements and equipment, and other related intangible assets) to The Steel Vessel Corporation, for a total consideration of US\$12.1 million (€11.6 million). This agreement is attached as Exhibit 4.6 to this Annual Report.

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- On March 25, 2025, Natuzzi Americas, a wholly-owned U.S. subsidiary of the Company, entered into a lease agreement with The Steel Vessel Corporation, a Delaware corporation affiliated with the Company's majority shareholder, pursuant to which The Steel Vessel Corporation, as lessor, leased the High Point property to Natuzzi Americas, as lessee. The lease has a term of 9 years and 9 months, expiring on December 31, 2034, and an annual rent of US\$0.7 million (€0.7 million). This agreement is attached as Exhibit 4.7 to this Annual Report.

Exchange Controls

There are currently no exchange controls, as such, in Italy restricting rights deriving from the ownership of shares. Residents and non-residents of Italy may hold foreign currency and foreign securities of any kind, within and outside Italy. Non-residents may invest in Italian securities without restriction and may transfer to and from Italy cash, instruments of credit and securities, in both foreign currency and Euro, representing interest, dividends, other asset distributions and the proceeds of any dispositions.

Certain requirements however are imposed by law. Regulations on the use of cash and bearer securities are contained in legislative decree No. 231 of November 21, 2007, as amended from time to time (the "Decree 231"), which implemented in Italy the European directive on anti-money laundering 2005/60/EC (replaced by directive (EU) 2015/849, as amended by directive (EU) 2018/843, directive (EU) 2019/2177, Regulation (EU) 2023/1113 and directive (EU) 2024/1640). Such legislation requires that, subject to certain exceptions, transfers of cash or bearer instruments in Euro or in foreign currency, effected for whatsoever reason between different parties, shall be carried out by means of credit institutions, Poste Italiane S.p.A., electronic money institutions and payment institutions providing payment services which are different from those indicated under Article 1, paragraph 1, letter b), number 6) of legislative decree No. 11 of January 27, 2010 when the total amount to be transferred is equal to or higher than €5,000. Cash remittance services are subject to a €1,000 limit. Credit institutions and the other intermediaries effecting such transactions on behalf of residents or non-residents of Italy are required to maintain records of such transactions for 10 years after the end of the relevant business relationship or the closing of the relevant transaction. Such records may be inspected at any time by the competent Italian authorities.

Non-compliance with, *inter alia*, the reporting and record-keeping requirements set forth in the above-mentioned Decree 231 may result in administrative fines or, in the case of (*inter alia*) reporting of false or misleading information or falsification of the information that is relevant for the purposes of compliance with Decree 231, criminal penalties. The Financial Intelligence Unit of the Bank of Italy (the "FIU") may use the information received and/or transfer it to the anti-mafia investigative directorate (*Direzione investigativa antimafia*), the special monetary police nucleus (*Nucleo speciale di polizia valutaria della Guardia di finanza*) and other competent authorities, to police money laundering, tax evasion and any other unlawful activity. The FIU is required in certain cases to maintain record of the reports for 10 years.

Individuals, non-profit entities and partnerships that are residents of Italy must disclose on their annual tax returns all investments and financial assets held outside Italy. Such obligation lies also on the aforesaid resident taxpayers who, even if do not own directly investments and financial assets held abroad, qualify as "beneficial owner" of the same. No such tax disclosure is required in respect of securities deposited for management with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, provided that the items of income derived from such foreign financial assets are subjected to withholding tax or substitute tax through the intervention of the same intermediaries. Corporate residents of Italy are exempt from these tax disclosure requirements with respect to their annual tax returns because this information is required to be disclosed in their financial statements.

There can be no assurance that the current regulatory environment in or outside Italy will persist or that particular policies presently in effect will be maintained, although Italy is required to maintain certain regulations and policies by virtue of its membership of the EU and other international organizations and its adherence to various bilateral and multilateral international agreements.

Taxation

The following is a summary of certain U.S. federal and Italian tax matters. The summary contains a description of the principal U.S. federal and Italian tax consequences of the purchase, ownership and disposition of Ordinary Shares or ADSs by a holder who is a citizen or resident of the United States or a U.S. corporation or who otherwise will be subject to U.S. federal income tax on a net income basis in respect of the Ordinary Shares or ADSs (a "U.S. Holder"). The summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase or hold Ordinary Shares or ADSs. In particular, the summary deals only with beneficial owners who will hold Ordinary Shares or ADSs as capital assets and does not address the tax treatment of a beneficial owner who owns 10% or more of the shares of the Company (measured by voting power or value) or who may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, partnerships or partners therein, U.S. expatriates, or dealers in securities or currencies, or persons that will hold Ordinary Shares or ADSs as a position in a "straddle" for tax purposes or as part of a "constructive sale" or a "conversion" transaction or other integrated investment comprised of Ordinary Shares or ADSs and one or more other investments. The summary does not address the U.S. Medicare tax on net investment income, the U.S.

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alternative minimum tax, or any aspect of U.S. state or local tax law. The summary does not discuss the treatment of Ordinary Shares or ADSs that are held in connection with a permanent establishment through which a non-resident beneficial owner carries on business or performs personal services in Italy.

The summary is based upon tax laws and practice of the United States and Italy in effect on the date of this Annual Report, which are subject to change.

Investors and prospective investors in Ordinary Shares or ADSs should consult their own advisors as to the U.S., Italian or other tax consequences of the purchase, beneficial ownership and disposition of Ordinary Shares or ADSs, including, in particular, the effect of any state or local tax laws.

For purposes of the summary, U.S. Holders who are considered residents of the United States for purposes of the Income Tax Convention, and are not subject to an anti-treaty shopping provision that applies in limited circumstances, are referred to as “U.S. owners”. Beneficial owners who are citizens or residents of the United States, corporations organized under U.S. law, and U.S. partnerships, estates or trusts (to the extent their income is subject to U.S. tax either directly or in the hands of partners or beneficiaries) generally will be considered to be residents of the United States under the Income Tax Convention. Special rules apply to U.S. owners who are also residents of Italy, according to the Income Tax Convention.

For the purpose of the Income Tax Convention and the United States Internal Revenue Code of 1986, as amended, beneficial owners of ADSs will be treated as the beneficial owners of the Ordinary Shares represented by those ADSs.

Taxation of Dividends

i) Italian Tax Considerations — As a general rule, Italian laws provide for the withholding of income tax on dividends paid by Italian companies to shareholders who are not residents of Italy for tax purposes, currently levied at a 26% rate. Italian laws provide a mechanism under which non-resident shareholders can claim a refund, up to 11/26 of Italian withholding taxes on dividend income by establishing to the Italian tax authorities that the dividend income was subject to income tax in another jurisdiction in an amount at least equal to the total refund claimed. U.S. owners should consult their own tax advisers concerning the possible availability of this refund, which traditionally has been payable only after extensive delays. Alternatively, reduced rates (normally 15%) may apply to non-resident shareholders who are entitled to, and comply with procedures for claiming, benefits under an income tax convention.

Under the Income Tax Convention, dividends derived and beneficially owned by U.S. owners are subject to an Italian withholding tax at a reduced rate of 15%.

However, the amount initially made available to the Depositary for payment to U.S. owners will reflect withholding at the 26% rate. U.S. owners who comply with the certification procedures described below may then claim an additional payment of 11% of the dividend (representing the difference between the 26% rate, and the 15% rate, and referred to herein as a “treaty refund”). This certification procedure will require U.S. owners (i) to obtain from the U.S. Internal Revenue Service (“IRS”) a form of certification required by the Italian tax authorities (IRS Form 6166), unless a previously filed certification is effective on the dividend payment date (such certificates, filed together with the statement indicated under (ii) below, should be effective until the end of the fiscal year for which the statement was originally filed), (ii) to produce a statement in accordance with the Italian tax authorities decree of July 10, 2013, whereby the U.S. owner represents to be a U.S. owner individual or corporation with no permanent establishment in Italy, and (iii) to set forth other required information. IRS Form 6166 may be obtained by filing a request for certification on IRS Form 8802. (Additional information, including IRS Form 8802, can be obtained from the IRS website at www.irs.gov. Information appearing on the IRS website is not incorporated by reference into this document.) The time for processing requests for certification by the IRS normally is 30 to 45 days. Accordingly, in order to be eligible for the procedure described below, U.S. owners should begin the process of obtaining certificates as soon as possible after receiving instructions from the Depositary on how to claim a treaty refund.

The Depositary’s instructions will specify certain deadlines for delivering to the Depositary the documentation required to obtain a treaty refund, including the certification that the U.S. owners must obtain from the IRS. In the case of ADSs held by U.S. owners through a broker or other financial intermediary, the required documentation should be delivered to such financial intermediary for transmission to the Depositary. In all other cases, the U.S. owners should deliver the required documentation directly to the Depositary. The Company and the Depositary have agreed that if the required documentation is received by the Depositary on or within 30 days after the dividend payment date and, in the reasonable judgment of the Company, such documentation satisfies the requirements for a refund by the Company of Italian withholding tax under the Convention and applicable law, the Company will within 45 days thereafter pay the treaty refund to the Depositary for the benefit of the U.S. owners entitled thereto.

If the Depositary does not receive a U.S. owner’s required documentation within 30 days after the dividend payment date, such U.S. owner may for a short grace period (specified in the Depositary’s instructions) continue to claim a treaty refund by delivering the required documentation (either through the U.S. owner’s financial intermediary or directly, as the case may be) to the Depositary.

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However, after this grace period, the treaty refund must be claimed directly from the Italian tax authorities rather than through the Depositary. Expenses and extensive delays have been encountered by U.S. owners seeking refunds from the Italian tax authorities.

Distributions of profits in kind will be subject to withholding tax. In that case, prior to receiving the distribution, the holder will be required to provide the Company with the funds to pay the relevant withholding tax.

ii) United States Tax Considerations — Subject to the discussion below under “Passive Foreign Investment Company Rules”, the gross amount of any dividends (that is, the amount before reduction for Italian withholding tax) paid to a U.S. Holder generally will be subject to U.S. federal income taxation as foreign-source dividend income and will not be eligible for the dividends-received deduction allowed to domestic corporations. Dividends paid in Euro will be included in the income of such U.S. Holder in a dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the Depositary or its agent. If the Euro are converted into dollars on the day the Depositary or its agent receives them, U.S. Holders generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. U.S. owners who receive a treaty refund may be required to recognize foreign currency gain or loss to the extent the amount of the treaty refund (in dollars) received by the U.S. owner differs from the U.S. dollar equivalent of the Euro amount of the treaty refund on the date the dividends were received by the Depositary or its agent.

The U.S. dollar amount of dividends received by an individual with respect to the Ordinary Shares or ADSs will be subject to taxation at reduced rates if the dividends are “qualified dividends”. Subject to certain exceptions for short-term and hedged positions, dividends paid on the Ordinary Shares or ADSs will be treated as qualified dividends if (i) the Company is eligible for the benefits of a comprehensive income tax treaty with the United States that the IRS has approved for the purposes of the qualified dividend rules and (ii) the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (“PFIC”). The Income Tax Convention has been approved for the purposes of the qualified dividend rules, and the Company believes it is eligible for the benefits of the Income Tax Convention. Based on the Company’s financial statements and relevant market and shareholder data, the Company believes that it was not treated as a PFIC for U.S. federal income tax purposes with respect to its 2023 or 2024 taxable year. In addition, based on the Company’s financial statements and its current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, the Company does not anticipate becoming a PFIC for its 2025 taxable year.

Subject to generally applicable limitations and conditions, Italian dividend withholding tax paid at the appropriate rate applicable to the U.S. Holder may be eligible for a credit against such U.S. Holder’s U.S. federal income tax liability. These generally applicable limitations and conditions include requirements adopted by the U.S. IRS in regulations promulgated in December 2021 and any Italian tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a U.S. Holder. In the case of a U.S. Holder that either (i) is eligible for, and properly elects, the benefits of the Income Tax Convention, or (ii) consistently elects to apply a modified version of these rules under temporary guidance promulgated in December 2023 and complies with specific requirements set forth in such guidance, the Italian tax on dividends will be treated as meeting the requirements and therefore as a creditable tax. In the case of all other U.S. Holders, the application of these requirements to the Italian tax on dividends is uncertain and we have not determined whether these requirements have been met. If the Italian dividend tax is not a creditable tax for a U.S. Holder or the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year, the U.S. Holder may be able to deduct the Italian tax in computing such U.S. Holder’s taxable income for U.S. federal income tax purposes. Dividends will constitute income from sources without the United States and, for U.S. Holders that elect to claim foreign tax credits, generally will constitute “passive category income” for foreign tax credit purposes.

The availability and calculation of foreign tax credits and deductions for foreign taxes involves the application of rules that depend on a U.S. Holder’s particular circumstances. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. holders are urged to consult their tax advisors whether, and to what extent, a foreign tax credit will be available in light of their particular circumstances.

A beneficial owner of Ordinary Shares or ADSs who is, with respect to the United States, a foreign corporation or a nonresident alien individual, generally will not be subject to U.S. federal income tax on dividends received on Ordinary Shares or ADSs, unless such income is effectively connected with the conduct by the beneficial owner of a trade or business in the United States.

Taxation of Capital Gains

i) Italian Tax Considerations — Under Italian law, capital gains tax (“CGT”) is generally levied on capital gains realized by non-residents from the disposal of shares in companies resident in Italy for tax purposes even if those shares are held outside of Italy. However, capital gains realized by non-resident holders on the sale of non-qualified shareholdings (as defined below) in companies listed on a stock exchange and resident in Italy for tax purposes (as is the Company’s case) are not subject to CGT. In order to benefit from this exemption, such non-Italian-resident holders may need to file a certificate evidencing their residence outside of Italy for tax purposes.

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A “qualified shareholding” consists of securities that entitle the holder to exercise more than 2% of the voting rights of a company with shares listed on a stock exchange in the ordinary meeting of the shareholders or represent more than 5% of the share capital of a company with shares listed on a stock exchange. A “non-qualified shareholding” is any shareholding that does not exceed either of these thresholds. The relevant percentage is calculated taking into account the shareholdings sold during the prior 12-month period.

As a general rule, capital gains realized upon disposal of a “qualified” shareholding are subject to a 26% substitute tax. If a taxpayer realizes taxable capital gains in excess of capital losses incurred in the same tax year, such excess amount is subject to the 26% substitute tax. If such taxpayer’s capital losses exceed its taxable capital gains, then the excess amount can be carried forward and deducted from the taxable amount of capital gains realized by such person in the following tax years, up to the fourth, provided that it is reported in the tax report in the year of disposal.

The above is subject to any provisions of an income tax treaty entered into by the Republic of Italy, if the income tax treaty provisions are more favorable. The majority of double tax treaties entered into by Italy, including the Income Tax Convention, in accordance with the OECD Model tax convention, provide that capital gains realized from the disposal of Italian securities are subject to CGT only in the country of residence of the seller. The Income Tax Convention between Italy and the U.S. provides that a U.S. owner is not subject to the Italian CGT on the disposal of shares, provided that the shares are not held through a permanent establishment of the U.S. owner in Italy.

ii) United States Tax Considerations — Subject to the discussion below under “Passive Foreign Investment Company Rules”, gain or loss realized by a U.S. Holder on the sale or other disposition of Ordinary Shares or ADSs will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between the U.S. Holder’s basis in the Ordinary Shares or the ADSs and the amount realized on the disposition, as determined in U.S. dollars. If the amount realized is denominated in a foreign currency, its dollar equivalent generally will be determined at the spot rate in effect on the date of disposition (or, if the Ordinary Shares or ADSs are traded on an established securities market such as the NYSE, in the case of cash basis and electing accrual basis beneficial owners, the settlement date). Any such gain or loss generally would be treated as arising from sources within the United States. Such gain or loss will generally be long-term capital gain or loss if the U.S. Holder holds the Ordinary Shares or ADSs for more than one year. The net amount of long-term capital gain recognised by a U.S. Holder that is an individual holder generally is subject to taxation at a reduced rate. The ability to offset capital losses against ordinary income is subject to limitations. Deposits and withdrawals of Ordinary Shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

A U.S. Holder generally will not be entitled to credit any Italian tax imposed on the sale or other disposition of the shares against such U.S. Holder’s U.S. federal income tax liability, except in the case of a U.S. Holder that consistently elects to apply a modified version of the U.S. foreign tax credit rules that is permitted under the temporary guidance discussed above and complies with the specific requirements set forth in such guidance. Additionally, capital gain or loss recognised by a U.S. Holder on the sale or other disposition of the shares generally will be U.S. source gain or loss for U.S. foreign tax credit purposes. Consequently, even if the withholding tax qualifies as a creditable tax, a U.S. Holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to generally applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. If the Italian tax is not a creditable tax, the tax would reduce the amount realized on the sale or other disposition of the shares even if the U.S. Holder has elected to claim a foreign tax credit for other taxes in the same year. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit rules to a sale or other disposition of the shares and any Italian tax imposed on such sale or disposition.

A beneficial owner of Ordinary Shares or ADSs who is, with respect to the United States, a foreign corporation or a nonresident alien individual will not be subject to U.S. federal income tax on gain realized on the sale of Ordinary Shares or ADSs, unless (i) such gain is effectively connected with the conduct by the beneficial owner of a trade or business in the United States or (ii), in the case of gain realized by an individual beneficial owner, the beneficial owner is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

Passive Foreign Investment Company Rules

Special U.S. tax rules apply to investors in companies that are considered to be passive foreign investment companies (“PFICs”). The Company will be classified as a PFIC in a particular taxable year if, either

- 75 percent or more of its gross income for the taxable year is passive income; or
- 50 percent or more of the average value of its assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income.

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For this purpose, passive income generally includes dividends, interest, gains from certain commodities transactions, rents, royalties and the excess of gains over losses from the disposition of assets that produce passive income.

Based on the financial statements and relevant market and shareholder data, the Company believes that it was not treated as a PFIC for U.S. federal income tax purposes with respect to its 2024 taxable year. In addition, based on the Company's financial statements and its current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, the Company does not anticipate becoming a PFIC for its 2025 taxable year or the foreseeable future. However, the determination of whether the Company is a PFIC must be made annually based on the facts and circumstances at that time, including the valuation of its assets, including goodwill and other intangible assets (which may be determined, in part, by reference to the market price of ADSs, which could be volatile). Accordingly, the Company cannot be certain that it will not be a PFIC in the current year or in future years. U.S. Holders should consult their own tax advisors regarding the U.S. federal income tax considerations if the Company is classified as a PFIC.

Taxation of Distributions from Capital Reserves

Italian Tax Considerations — Special rules apply to the distribution of certain capital reserves. Under certain circumstances, such a distribution may be considered as taxable income in the hands of the recipient depending on the existence of current profits or outstanding reserves at the time of distribution and the actual nature of the reserves distributed. The application of such rules may also have an impact on the tax basis in the Ordinary Shares or ADSs held and/or the characterization of any taxable income received and the tax regime applicable to it. Non-resident shareholders may be subject to withholding tax and CGT as a result of such rules. You should consult your tax adviser in connection with any distribution of capital reserves.

Other Italian Taxes

Estate and Inheritance Tax — A transfer of Ordinary Shares or ADSs by reason of death or gift is subject to an inheritance and gift tax levied on the value of the inheritance or gift, as follows:

- Transfers to a spouse or direct descendants or ancestors up to €1,000,000 to each beneficiary are exempt from inheritance and gift tax. Transfers in excess of such threshold will be taxed at a 4% rate on the value of the Ordinary Shares or ADSs exceeding such threshold;
- Transfers between relatives within the fourth degree other than siblings, and direct or indirect relatives-in-law within the third degree are taxed at a rate of 6% on the value of the Ordinary Shares or ADSs (where transfers between siblings up to a maximum value of €100,000 for each beneficiary are exempt from inheritance and gift tax); and
- Transfers by reason of gift or death of Ordinary Shares or ADSs to persons other than those described above will be taxed at a rate of 8% on the value of the Ordinary Shares or ADSs.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised pursuant to Law No. 104 of February 5, 1992, the tax is applied only on the value of the assets received in excess of €1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

The tax regime described above will not prevent the application, if more favorable to the taxpayer, of any different provisions of a bilateral tax treaty, including the convention between Italy and the United States against double taxation with respect to taxes on estates and inheritances, pursuant to which non-Italian resident shareholders are generally entitled to a tax credit for any estate and inheritance taxes possibly applied in Italy.

Italian Financial Transaction Tax — No IFTT would apply on the transfer of Ordinary Shares or ADSs in 2025.

The IFTT is applicable, among other transactions, to all trades entailing the transfer of title of (i) shares or equity-like financial instruments issued by companies resident in Italy, such as the Ordinary Shares; and (ii) securities representing the shares and financial instruments under (i) above (including depositary receipts such as the ADSs), regardless of the residence of the securities' issuer. The IFTT may also apply to the transfer of Ordinary Shares and ADSs by a U.S. resident.

The IFTT applies at a rate of 0.2% for over-the-counter transactions, reduced to 0.1% for trades executed on a regulated market or multilateral trading facility established in States or territories allowing an adequate exchange of information with the Italian tax authorities. The New York Stock Exchange should qualify as a regulated market for such purposes.

The rules governing the IFTT are fairly complex. As to its basic features, it should be noted that the IFTT (i) is levied on a tax base equal to (x) the market value (calculated by taking the net balance of daily trades on the relevant securities) or, in the absence of any such market value, (y) the consideration paid for each trade; and (ii) is borne by the purchaser but is collected by the financial intermediaries (including non-resident financial intermediaries) intervening in the relevant trades.

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However, a number of exemptions apply, including with respect to trades of securities issued by companies having an average market capitalization lower than €500 million in the month of November of the year preceding the year in which the trade takes place. Companies, the securities of which are listed on a foreign regulated market, and which could benefit from this exemption, such as the Company, need a confirmation from the Italian Ministry of Economy and Finance: such companies must communicate their market capitalization for each tax year to the Ministry, which will then prepare a list of the companies in relation to which the exemption applies. Since the Company has been included in the list issued by the Italian Ministry of Economy and Finance of companies having an average market capitalization lower than €500 million in the month of November 2024, the IFTT would not apply on transfers of Ordinary Shares or ADSs made in 2025.

EU Financial Transaction Tax — On February 14, 2013, the European Commission proposed the implementation of the EU FTT (see “Item 3. Key Information—Risk Factors”) that may also apply to the transfer of Ordinary Shares and ADSs by a U.S. resident. This directive has been modified by the European Commission. However, the related EU directive has not yet been enacted. Moreover, the implementation of the proposed EU FTT may also affect the IFTT, as described above.

United States Information Reporting and Backup Withholding Requirements — In general, information reporting requirements will apply to payments by a paying agent within the United States to a non-corporate (or other non-exempt) U.S. Holder of dividends in respect of the Company Shares or ADSs, or the proceeds received on the sale or other disposition of the Company Shares or ADSs. Backup withholding may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number to the paying agent on a properly completed IRS Form W-9 or otherwise comply with the applicable requirements of the backup withholding rules. A holder that is not a U.S. Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding. Amounts withheld as backup withholding will be creditable against the holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Specified Foreign Financial Assets — Certain U.S. Holders that own “specified foreign financial assets” with an aggregate value in excess of USD 50,000 on the last day of the taxable year or USD 75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. “Specified foreign financial assets” include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. You should consult your own tax advisors concerning the application of these rules to your particular circumstances.

[Documents on Display](#)

The Company is subject to the information reporting requirements of the Exchange applicable to foreign private issuers. In accordance therewith, the Company is required to file reports, including annual reports on Form 20-F, and other information with the SEC. As a foreign private issuer, we have been required to make filings with the SEC by electronic means since November 4, 2002. Any filings we make electronically will be available to the public over the Internet at the SEC’s website at <http://www.sec.gov>. The Form 20-F and reports and other information filed by the Company with the SEC will also be available for inspection by ADS holders at the offices of BNY Mellon - Issuer Services – Depository Receipts at 240 Greenwich Street, New York, NY 10286.

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ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion of the Group’s risk management activities includes “forward-looking statements” that involve risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. See “Forward-Looking Information.” A significant portion of the Group’s net sales and costs is denominated in currencies other than the Euro.

The Group is exposed to market risks principally from fluctuations in the exchange rates between the Euro and other currencies, including, but not limited to, in particular the U.S. dollar, and to a significantly lesser extent, from variations in interest rates. See Note 33(C)(iv) to the Consolidated Financial Statements.

Exchange Rate Risk — The Group’s foreign exchange rate risk in 2024 arose principally in connection with sales denominated in U.S. dollars, British pounds, Euro (for the Company’s subsidiary located in Eastern Europe), Australian dollars and Japanese yen, as well as in connection with Chinese yuan, Romanian leu, Brazilian reais, Mexican pesos and Russian rubles, for the Company’s subsidiaries operating in currencies other than the Euro.

As of December 31, 2024, the Company was a party to a number of currency forward contracts, all of which are designed to hedge future cash flows from accounts receivables and sales orders denominated in different currencies, net of expected outflows from trade payables. The Group does not use such foreign exchange contracts for speculative trading purposes. As of December 31, 2024 and 2023, the notional amount in Euro terms of all of the Group’s outstanding currency forward contracts totaled €12.7 million and €19.0 million, respectively.

The tables below summarize (in thousands of Euro equivalent) the contractual amounts of currency forward contracts intended to hedge future cash flows from accounts receivable and sales orders, net of expected outflow from trade payables, as of December 31, 2024 and 2023:

| | December 31, | |
|--------------------|--------------|--------|
| | 2024 | 2023 |
| U.S. dollars | 5,515 | 2,816 |
| British pounds | 4,304 | 3,443 |
| Euro | 2,416 | 12,056 |
| Australian dollars | 369 | 721 |
| Japanese yen | 124 | — |
| Total | 12,728 | 19,036 |

The currency forward contracts denominated in Euro are used by the Group’s Romanian subsidiary to hedge its net collections in Euro vs. RON.

All of these forward contracts had various maturities extending through April 2025.

As of December 31, 2024, these forward contracts had a net unrealized loss of €0.2 million, compared to a net unrealized gain of €0.1 million as of December 31, 2023. The Group recorded this amount in “net exchange rate gains/(losses)” in its Consolidated Financial Statements.

The following tables present information regarding the contract amount in thousands of Euro equivalent and the estimated fair value of all of the Group’s foreign exchange contracts: contracts with unrealized gains are presented as “assets” and contracts with unrealized losses are presented as “liabilities.”

| | December 31, 2024 | | December 31, 2023 | |
|-------------|-------------------|---------------------------|-------------------|---------------------------|
| | Contract Amount | Unrealized gains (losses) | Contract Amount | Unrealized gains (losses) |
| Assets | 2,909 | 24 | 4,540 | 147 |
| Liabilities | 9,819 | (268) | 14,496 | (36) |
| Total | 12,728 | (244) | 19,036 | 111 |

As of December 31, 2024, the potential loss in fair value of all of the Group’s forward contracts outstanding that would have resulted from a hypothetical, instantaneous and unfavorable 10% change in currency exchange rates would have been approximately €1.7 million.

For the accounting of transactions entered into in an effort to reduce the Group’s exchange rate risks, see Notes 4(s) and 32 to the Consolidated Financial Statements. For further details about the Group’s exposure to currency risk, see Note 33(C)(iv) to the Consolidated Financial Statements.

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Interest Rate Risk — To a significantly lesser extent, the Group is also exposed to interest rate risk. As of December 31, 2024, the Group had €42.0 million (equivalent to 13.2% of the Group's total assets as of the same date) in debt outstanding (Bank overdrafts and short-term borrowings plus long-term debt, including the current portion of such debt), which is for the most part subject to floating interest rates. See Notes 20, 28 and 33(C)(iv) to the Consolidated Financial Statements.

The potential increase in interest expenses on the Group's total debt (bank overdrafts and long-term debt, including their current portion) that would have resulted from a hypothetical, instantaneous and unfavorable 1.0% increase in the interest rates of the Group's total debt outstanding as of December 31, 2024 would have been approximately €0.7 million.

In the normal course of business, the Group also faces risks that are either non-financial or non-quantifiable. Such risks principally include country risk, credit risk and legal risk.

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ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

ITEM 12A. DEBT SECURITIES

Not applicable.

ITEM 12B. WARRANTS AND RIGHTS

Not applicable.

ITEM 12C. OTHER SECURITIES

Not applicable.

ITEM 12D. AMERICAN DEPOSITARY SHARES

Fees paid by ADS holders — BNY, as Depositary of our ADSs, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees to make distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

| Persons depositing or withdrawing shares must pay: | For: |
|--|---|
| \$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) | <ul style="list-style-type: none">• Depositing or substituting the underlying shares• Selling or exercising rights• Cancellation of ADSs for the purpose of withdrawal, including if the Deposit Agreement terminates• Distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to ADS registered holders |
| A fee for the distribution of proceeds of sales of securities or rights in an amount equal to the lesser of: (i) the fee for the issuance of ADSs referred to above which would have been charged as a result of the deposit by owners of securities (for purposes hereof treating all such securities as if they were shares) or shares received in exercise of rights distributed to them, respectively, but which securities or rights are instead sold by the Depositary and the net proceeds distributed and (ii) the amount of such proceeds | |
| Registration or transfer fees | <ul style="list-style-type: none">• Transfer and registration of shares on our share register to or from the name of the Depositary or its agent when holders deposit or withdraw shares |
| Expenses of the Depositary | <ul style="list-style-type: none">• Cable, telex and facsimile transmissions (when expressly provided in the Deposit Agreement)• Converting foreign currency to U.S. dollars• As necessary |
| Taxes and other governmental charges the Depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes | |
| Any charges incurred by the Depositary or its agents for servicing the deposited securities | <ul style="list-style-type: none">• As necessary |

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Fees payable by the Depositary to the Company

i) Fees incurred in past annual period — From January 1, 2024 to December 31, 2024, the Depositary waived a total of \$261.65 in administrative fees for routine corporate actions including services relating to Natuzzi's annual general meeting of shareholders.

ii) Fees to be paid in the future — The Company does not have any agreements in place with the Depositary for the payment or reimbursement of fees or other direct or indirect payments by the Depositary to the Company in connection with its ADS program.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures — The Company carried out an evaluation under the supervision and with the participation of Company’s management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) as of December 31, 2024. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of controls and procedures and the Company’s management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives and, if any, detecting instances of fraud.

Further, it should be noted that the Company has investments in certain non-consolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are necessarily more limited than those it maintains with respect to its consolidated subsidiaries.

Based on the Company’s evaluation of its disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2024 to provide reasonable assurance that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s applicable rules and forms, and that it is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management’s Annual Report on Internal Control Over Financial Reporting — The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Even when determined to be effective, they can provide only reasonable assurance regarding the reliability of financial reporting and the preparation and presentation of financial statements. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. To assess the effectiveness of the Company’s internal control over financial reporting, Company’s management, including its Chief Executive Officer and Chief Financial Officer, used the criteria described in “2013 Internal Control—Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). The Company’s management assessed the effectiveness of its internal control over financial reporting as of December 31, 2024. Based on such assessment, the Company’s management has concluded that as of December 31, 2024, the Company’s internal control over financial reporting was effective. The Company’s management has also concluded that there were no material weaknesses in the Company’s internal control over financial reporting.

(c) Attestation Report of the Registered Public Accounting Firm — Not applicable.

(d) Changes in Internal Control over Financial Reporting — There were no changes in our internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) that occurred during our most recently completed fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Company has determined that, because of the existence and nature of its board of statutory auditors, it qualifies for an exemption provided by Rule 10A-3(c)(3) of the Exchange Act from many of the Rule 10A-3 audit committee requirements. The board of statutory auditors has determined that each of its members is an “audit committee financial expert” as defined in Item 16A of Form 20-F. For the names of the members of the board of statutory auditors, see “Item 6. Directors, Senior Management and Employees—Statutory Auditors” and “Item 16G. Corporate Governance—Audit Committee and Internal Audit Function.”

Each of the audit committee financial experts is independent under the NYSE Independence Standards that would apply to audit committee members in the absence of our reliance on the exemption in Rule 10A-3(c)(3).

ITEM 16B. CODE OF ETHICS

The Company has adopted a code of ethics, as defined in Item 16B of Form 20-F under the Exchange Act. This code of ethics applies, among others, to the Company’s CEO and CFO. The Company’s code of ethics is downloadable from its website at <https://www.natuzzigroup.com/en-EN/ir/code-of-ethics>.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is PricewaterhouseCoopers S.p.A. (“PWC”), headquartered in Milan, Italy. PCAOB ID: 00030.

PWC served as the Group’s principal independent registered public accounting firm for fiscal year 2024, for which it audited the consolidated financial statements for the year ended December 31, 2024 included in this Annual Report.

KPMG S.p.A. (“KPMG”) served as the Group’s principal independent registered public accounting firm for fiscal years 2023 and 2022, for which it audited the consolidated financial statements for the years ended December 31, 2023 and December 31, 2022 included in this Annual Report.

The following table sets forth the aggregate fees billed and/or billable to the Company by PWC and KPMG in Italy and abroad during the fiscal years ended December 31, 2024 and 2023, for audit fees, audit-related fees, tax fees and all other fees for audit.

| | 2024 | 2023 |
|--------------------|-----------------------------------|------------|
| | (Expressed in thousands of euros) | |
| Audit fees | 690 | 638 |
| Audit-related fees | — | 10 |
| Tax fees | — | 5 |
| All Other fees | — | — |
| Total fees | 690 | 653 |

Audit fees in the above table are the aggregate fees billed and billable in connection with the audit of the Company’s consolidated annual financial statements.

Audit related fees relate to regulatory compliance services and agreed upon procedures.

Tax fees relate to the identification of tax returns.

The Company’s board of statutory auditors expressly pre-approves on a case-by-case basis any engagement of our independent auditors for audit and non-audit services provided to our subsidiaries or to us. All services rendered by our independent auditors for audit and non-audit services were pre-approved by our board of statutory auditors in accordance with this policy.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

The Company is relying on the exemption from listing standards for audit committees provided by Exchange Act Rule 10A-3(c)(3). The basis for this reliance is that the Company’s board of statutory auditors meets the following requirements set forth in Exchange Act Rule 10A-3(c)(3):

- the board of statutory auditors is established and selected pursuant to Italian law expressly permitting such a board;

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- the board of statutory auditors is required under Italian law to be separate from the Company's board of directors;
- the board of statutory auditors is not elected by management of the Company and no executive officer of the Company is a member of the board of statutory auditors;
- Italian law provides for standards for the independence of the board of statutory auditors from the Company and its management;
- the board of statutory auditors, in accordance with applicable Italian law and the Company's governing documents, is responsible, to the extent permitted by Italian law, for the appointment, retention and oversight of the work (including, to the extent permitted by law, the resolution of disagreements between management and the auditor regarding financial reporting) of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; and
- to the extent permitted by Italian law, the audit committee requirements of paragraphs (b)(3), (b)(4) and (b)(5) of Rule 10A-3 apply to the board of statutory auditors.

The Company's reliance on Rule 10A-3(c)(3) does not, in its opinion, materially adversely affect the ability of its board of statutory auditors to act independently and to satisfy the other requirements of Rule 10A-3.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On November 6, 2014, INVEST 2003 S.r.l. completed the purchase of 250,000 ADSs, each representing one Ordinary Share at the time of purchase, at a price of U.S.\$2.00 per ADS. The purchase was privately negotiated with a single individual and was effected through an escrow arrangement with BNY Mellon. On July 30, 2014, INVEST 2003 S.r.l. completed the purchase of 500,000 ADSs, each representing one Ordinary Share at the time of purchase, at a price of U.S.\$2.75 per ADS. The purchase was privately negotiated with a single individual and was effected through an escrow arrangement with BNY Mellon. For more information, refer to Schedule 13D (Amendment No. 2), filed with the SEC on September 14, 2014, which amends and supplements the Schedule 13D filed with the SEC on April 24, 2008 (as amended by Amendment No. 1 filed on April 8, 2013).

From January 1, 2014 to December 31, 2024 no purchases were made by or on behalf of the Company or any other affiliated purchaser of the Company's Ordinary Shares or ADSs.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

The Company's shareholders, at the annual general shareholders' meeting held on May 30, 2024, as per applicable Italian legislation, approved the early cessation of KPMG's appointment as the Group's principal independent registered public accounting firm, as requested by KPMG. KPMG's engagement in connection with the issuance of an audit report on the consolidated financial statements included in the Annual Report on Form 20-F, in compliance with the auditing standards issued by the Public Company Accounting Oversight Board (United States) (PCAOB) terminated upon completion of its audit of the Company's consolidated financial statements as of December 31, 2023 and 2022 and each of the years in the three-year period ended December 31, 2023 and the issuance of its report thereon.

At the same annual general shareholders' meeting, the Company's shareholders, upon the proposal of Company's Board of Statutory Auditors, appointed PWC as the Group's principal independent registered public accounting firm for fiscal years 2024, 2025 and 2026.

During the two fiscal years ended December 31, 2023 and December 31, 2022 and the subsequent interim period through May 30, 2024, neither the Company, nor any person acting on its behalf, consulted PWC regarding either: (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's financial statements; neither a written report or oral advice was provided by PWC to the Company that PWC concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as that term is described in Item 16F(a)(1)(iv) of Form 20-F and the Instructions to Item 16F) with PWC or a reportable event (as that term is defined in Item 16F(a)(1)(v) of Form 20-F).

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ITEM 16G. CORPORATE GOVERNANCE

Under NYSE rules, the Company is permitted, as a listed foreign private issuer, to adhere to the corporate governance rules of its home country in lieu of certain NYSE corporate governance rules.

Corporate governance rules for Italian stock corporations (*società per azioni*) like the Company, whose shares are not listed on a regulated market in the EU, are set forth in the Civil Code. As described in more detail below, the Italian corporate governance rules set forth in the Civil Code differ in a number of ways from those applicable to U.S. domestic companies under NYSE listing standards, as set forth in the NYSE Listed Company Manual.

As a general rule, Company's main corporate bodies are governed by the Civil Code and are assigned specific powers and duties that are legally binding and cannot be derogated from. The Company follows the traditional Italian corporate governance system, with a board of directors (*consiglio di amministrazione*) and a separate board of statutory auditors (*collegio sindacale*) with supervisory functions. The two boards are separate and no individual may be a member of both boards. Both the members of the board of directors and the members of the board of statutory auditors owe duties of loyalty and care to the Company. As required by Italian law, an external auditing firm (*società di revisione*) is in charge of auditing the Company's financial statements. The members of the Company's board of directors and board of statutory auditors, as well as the external auditor, are directly and separately appointed by shareholder resolution at the shareholders' meetings. This system differs from the unitary system envisaged for U.S. domestic companies by the NYSE listing standards, which contemplate the board of directors serving as the sole governing body.

Below is a summary of the significant differences between Italian corporate governance rules and practices, as the Company has implemented them, and those applicable to U.S. issuers under NYSE listing standards, as set forth in the NYSE Listed Company Manual.

Independent Directors

NYSE Domestic Company Standards — The NYSE listing standards applicable to U.S. companies provide that “independent” directors must comprise a majority of the board. In order for a director to be considered “independent,” the board of directors must affirmatively determine that the director has no “material” direct or indirect relationship with the company. These relationships “can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationship (among others).”

More specifically, a director is not independent if, *inter alia*, such director or his/her immediate family members has certain specified relationships with the company, its parent, its consolidated subsidiaries, their internal or external auditors, or companies that have significant business relationships with the company, its parent or its consolidated subsidiaries. Ownership of a significant amount of stock, by itself, is not a per se bar to independence.

Our Practice — The presence of a prescribed number of independent directors on the Company's board is neither mandated by any Italian law applicable to the Company nor required by the Company's By-laws.

However, Italian law sets forth certain independence requirements applicable to the Company's statutory auditors. Statutory auditors' independence is assessed on the basis of the following rules: a person who (i) is a director, or the spouse or a close relative of a director, of the Company or any of its affiliates, or (ii) has an employment or a regular consulting or similar relationship with the Company or any of its affiliates, or (iii) has an economic relationship with the Company or any of its affiliates which might compromise his/her independence, cannot be appointed to the Company's board of statutory auditors. The law sets forth certain principles aimed at ensuring that any member of the board of statutory auditors who is a chartered public accountant (*iscritto nel registro dei revisori contabili*) be substantively independent from the company subject to audit and not be in any way involved in the company's decision-making process. The Civil Code mandates that at least one standing and one alternative member of the board of statutory auditors be a chartered public accountant. Each of the current members of the board of statutory auditors is a chartered public accountant.

Executive Sessions

NYSE Domestic Company Standards — Non-executive directors of U.S. companies listed on the NYSE must meet regularly in executive sessions, and independent directors should meet alone in an executive session at least once a year.

Our Practice — Under the laws of Italy, neither non-executive directors nor independent directors are required to meet in executive sessions. The members of the Company's board of statutory auditors are required to meet at least every 90 days.

Audit Committee and Internal Audit Function

NYSE Domestic Company Standards — U.S. companies listed on the NYSE are required to have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act and certain additional requirements set by the NYSE. In particular, all members of this committee must be independent and the committee must adopt a written charter. The committee's prescribed

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responsibilities include (i) the appointment, compensation, retention and oversight of the external auditors; (ii) establishing procedures for handling “whistle blower” complaints regarding accounting, internal accounting controls, or auditing matters; (iii) engaging independent counsel and other advisers, as it determines necessary to carry out its duties and (iv) determine appropriate funding for payments to the external auditor, advisors employed by the audit committee and other necessary administrative expenses of the audit committee. A company must also have an internal audit function, which may be outsourced, except to the independent auditor.

Our Practice — Rule 10A-3(c)(3) of the Exchange Act provides that foreign private issuers with a board of statutory auditors established in accordance with local law or listing requirements and meeting specified requirements with regard to independence and responsibilities (including the performance of most of the specific tasks assigned to audit committees by Rule 10A-3, to the extent permitted by local law) (the “Statutory Auditor Requirements”) are exempt from the audit committee requirements established by the rule. The Company is relying on this exemption on the basis of its separate board of statutory auditors, which is permitted by the Civil Code and which satisfies the Statutory Auditor Requirements. Nevertheless, our board of statutory auditors, consisting of independent and highly professional experts, complies with the requirements indicated at points (i), (iii) and (iv) of the preceding paragraph. The Company has also an internal audit function, which has not been outsourced, and a Control and Risk Committee. This committee, comprised of three non-executive directors, is responsible for supporting the Board of Directors’ evaluations and decisions relating to the internal control and risk management system, as well as those relating to the approval of periodic financial reports. Further, the Board of Directors of the Company appointed a Related Parties Committee, comprised of three non-executive directors, which is consulted before carrying out any significant transaction with related parties, as defined in the Group’s Related Parties Policy.

Nominating and Compensation Committees

NYSE Domestic Company Standards — Under NYSE standards, a domestic company must have a nominating/corporate governance committee (or equivalent) comprised solely of independent directors, which is responsible for nominating directors, and a written charter addressing certain corporate governance matters. Additionally, U.S. companies listed on the NYSE are required to have a compensation committee (or equivalent) comprised solely of independent directors and have a written charter addressing certain corporate governance matters. The compensation committee must approve the compensation of the CEO and make recommendations to the board of directors with regard to the compensation of other officers, incentive compensation plans and equity-based plans. Disclosure of individual management compensation information for these companies is mandated by the Exchange Act’s proxy rules, from which foreign private issuers are generally exempt.

Our Practice — We do not have a nominating and compensation committee as it is not required under Italian laws. Under Italian laws, directors may be designated by any of the Company’s shareholders but shall be appointed by the shareholders in a general shareholders’ meeting. If, during the term of the appointment, one or more directors of the Company resign, the other directors shall replace them by a resolution approved by the board of statutory auditors, provided that the majority of the board is still comprised of directors appointed by the Company’s shareholders. The coopted directors remain in office until the next shareholders’ meeting. If at any time more than half of the members of the board of directors appointed by the shareholders’ meeting resigns, such resignation is ineffective until the majority of the new board of directors has been appointed. In such a case, the remaining members of the board of directors (or the board of statutory auditors if all the members of the board of directors have resigned or ceased to be directors) must promptly call an ordinary shareholders’ meeting to appoint the new directors. INVEST 2003 S.r.l., a company controlled by Mr. Pasquale Natuzzi, by virtue of owning a majority of the outstanding shares of the Company, controls the Company and the appointment of its board of directors.

As a matter of Italian law applicable to Italian stock corporations whose shares are not listed on a regulated market in the European Union and under our By-laws, the compensation of executive directors, including the CEO, is determined by the board of directors, after consultation with the board of statutory auditors, within a maximum amount established by the Company’s shareholders, while the Company’s shareholders determine the base compensation for all members of the board of directors, including non-executive directors. Compensation of the Company’s executive officers is determined by the CEO. The Company discloses aggregate compensation of all of its directors and officers as well as individual base compensation of each director in Item 6 of its annual reports on Form 20-F.

Corporate Governance and Code of Ethics

NYSE Domestic Company Standards — Under NYSE standards, a company must adopt governance guidelines and a code of business conduct and ethics for directors, officers and employees. A company must also publish these items on its website and provide printed copies on request. Section 406 of the Sarbanes-Oxley Act requires a company to disclose whether it has adopted a code of ethics for senior financial officers, and if not, the reasons why it has not done so. The NYSE listing standards applicable to U.S. companies provide that codes of conduct and ethics should address, at a minimum, conflicts of interest; corporate opportunities; confidentiality; fair dealing; protection and use of company assets; legal compliance; and reporting of illegal and unethical behavior. Corporate governance guidelines must address, at a minimum, directors’ qualifications, responsibilities and compensation; access to

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management and independent advisers; management succession; director orientation and continuing education; and annual performance evaluation of the board.

Our Practice — In February 2025, the Company’s board of directors approved the adoption of a compliance program to prevent certain criminal offenses, according to the Italian Decree 231/2001. The task of supervising the application of the compliance program requested by the above-mentioned Italian Decree has been entrusted to an autonomous supervisory body (“*Organismo di Vigilanza*”) that consists of two qualified members. In June 2022, the board of directors approved a new code of ethics that applies to all employees and officers of the Company, including the board of directors and the board of statutory auditors, the CEO, the CFO and principal accounting officer. Additionally, the Company has in place an insider trading policy, which applies to all employees, officers, directors of the Company. The Company believes that its code of ethics and the conduct and procedures adopted by the Company address the relevant issues contemplated by the NYSE standards applicable to U.S. companies noted above. The full text of our code of ethics and insider trading policy and information related to our organizational model pursuant to Italian decree 231/2001 may be found on our website at www.natuzzigroup.com. A copy of the insider trading policy is filed as Exhibit 11.1 to this Annual Report.

Certifications as to Violations of NYSE Standards

NYSE Domestic Company Standards — Under NYSE listing standards, the CEO of a U.S. company listed on the NYSE must certify annually to the NYSE that he or she is not aware of any violation by the company of the NYSE corporate governance standards. The company must disclose this certification, as well as the fact that the CEO/CFO certification required under Section 302 of the Sarbanes-Oxley Act of 2002 has been made in the company’s annual report to shareholders (or, if no annual report to shareholders is prepared, its annual report). Each listed company on the NYSE, both domestic and foreign issuers, must submit an annual written affirmation to the NYSE regarding compliance with applicable NYSE corporate governance standards. In addition, each listed company on the NYSE, both domestic and foreign issuers, must submit interim affirmations to the NYSE upon the occurrence of specified events. A domestic issuer must file such an interim affirmation whenever the independent status of a director changes, a director joins or leaves the board, a change occurs to the composition of the audit, nominating/corporate governance, or compensation committee, or there is a change in the company’s classification as a “controlled company.”

The CEO of both domestic and foreign issuers listed on the NYSE must promptly notify the NYSE in writing if any executive officer becomes aware of any non-compliance with the NYSE corporate governance standards.

Our Practice — Under the NYSE rules, the Company’s CEO is not required to certify annually to the NYSE whether he is aware of any violation by the Company of the NYSE corporate governance standards. However, the Company is required to submit an annual affirmation of compliance with applicable NYSE corporate governance standards to the NYSE within 30 days of the filing of its annual report on Form 20-F with the SEC. The Company is also required to submit to the NYSE an interim written affirmation any time it is no longer eligible to rely on, or chooses to no longer rely on, a previously applicable exemption provided by Rule 10A-3, or if a member of its audit committee ceases to be deemed independent or an audit committee member had been added. Under NYSE rules, the Company’s CEO must notify the NYSE in writing if any executive officer becomes aware of any material non-compliance by the Company with NYSE corporate governance standards.

Shareholder Approval of Adoption and Modification of Equity Compensation Plans

NYSE Domestic Company Standards — Shareholders of a U.S. company listed on the NYSE must approve the adoption of and any material revision to the company’s equity compensation plans, with certain exceptions.

Our Practice — Although the shareholders’ meeting of the Company must authorize (i) the issuance of shares in connection with capital increases, and (ii) the buy-back of its own shares, the adoption of equity compensation plans does not per se require prior approval of the shareholders.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy and related procedures governing the purchase, sale, and other dispositions of our securities by directors, officers, and employees that is reasonably designed to promote compliance with insider trading laws, rules

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and regulations, and any applicable listing standards. A copy of the insider trading policy is filed as Exhibit 11.1 to this Annual Report.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

Our cybersecurity strategy prioritizes the detection, analysis, and response to both anticipated and unexpected threats, as well as the effective management of security risks and the promotion of resilience to incidents. Our cyber risk management processes include technical security controls, monitoring systems, employee training, third-party-provided tools and services, and management oversight to assess, identify, and manage material risks arising from cyber threats. These processes are part of our general enterprise risk management system, and their integration into the Company's operational procedures, internal controls, and information systems is continuously improving.

To address cybersecurity risks, we have developed a scenario-based strategy that identifies various potential threats and cyber incidents to which we may be exposed and defines the necessary steps to prevent and/or manage them. This approach facilitates and expedites the identification, assessment and management of cyber threats.

Furthermore, to enhance the effectiveness of our risk management strategy, we have established cybersecurity and information security awareness training programs covering company policies and procedures related to cybersecurity and data protection. These programs include guidelines for reporting suspicious activities such as phishing attempts, viruses, spam, insider threats, suspicious human behavior, or security issues. Certain employees receive specialized training based on their specific roles to improve their understanding of potential risks. Courses are delivered every two years, and all employees in the IT department received specialized training in 2023, with the next update currently planned for 2025. We continuously monitor and address cybersecurity risks through targeted phishing campaigns and defense/attack simulation software to test various categories of cyber threats.

Our security posture is based on a defense-in-depth strategy that relies on multiple layers of technology, including client- and server-side antivirus/antispam software. These technologies automatically initiate remediation actions when potential threats are detected. We use data collection tools to monitor access to corporate IT resources. These tools apply event correlation techniques and advanced protection features to promptly detect and manage threats, with notifications sent to the IT Department for immediate intervention. A simplified, but not exhaustive, example is the detection of simultaneous access from different geographic areas using the same account. Our tools can correlate events, analyze them, block the account's operations, and send an alert to the IT Department and the Cybersecurity team.

We also have contractual agreements with third-party providers to strengthen our security measures, such as engaging a 24/7 Security Operations Center (SOC) for monitoring network events, including threat intelligence analysis, to identify intrusion attempts or attacks on our corporate networks in real-time. We also collaborate with specialized companies to conduct vulnerability assessments and penetration tests. In 2024, we conducted an annual risk assessment, reviewing our risk profile and making informed decisions regarding technology and resource investments for cyber risk management based on the results of that assessment.

We adopt a risk-based approach to mitigate cyber threats associated with third parties, IT vendors and business partners who share IT systems or infrastructure components with our Group. To ensure that IT third parties have adequate cyber risk management processes in place, we require a SOC report from high-risk vendors.

Finally, we have implemented a disaster recovery process to ensure business continuity in the event that our key IT systems are compromised or rendered unavailable due to a cyber incident. In 2024 and up to the date of this Annual Report, no cyber threat has had or is reasonably likely to have, a material impact on our business strategy, operating results, or financial condition.

Governance

Our Board of Directors acknowledges the paramount importance of cybersecurity in protecting sensitive data and is responsible for overseeing risk management, including the review and approval of the Company's approach to risk management and its related processes. The Board of Directors has delegated the oversight of the cybersecurity framework and risk management to the Control and Risk Committee, which reports to the Board of Directors at least once a year or, if necessary, in the event of significant cybersecurity incidents.

We have also designated a team of executives and managers responsible for governance, strategy, and risk management in the area of cybersecurity. The management of cybersecurity policies is entrusted to individuals with formal education and degrees in information technology or cybersecurity, or relevant experience in cybersecurity fields, including relevant industry experience.

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In particular, the Chief Information Officer (CIO), Pierangelo Colacicco, and the Cybersecurity Manager, Michele De Palma, who is responsible for the Telecommunications & Cybersecurity function within the IT Department, play key roles in cybersecurity management. The CIO has thirty years of experience in IT at the Natuzzi Group and has held his current position since 2007, while the Cybersecurity Manager has held his role since 2022 and has over 15 years of experience as an IT Infrastructure & Networking Manager in various organizations. Both are involved in ensuring the security of the Company's IT infrastructure on a daily basis.

Specifically:

- The CIO is responsible for identifying risks and implementing controls to mitigate them, including assessing threats and potential consequences for the organization. He contributes to the drafting of security policies and defines the Company's IT security standards. Additionally, he manages the incident response plan.
- The Cybersecurity Manager is responsible for software security and is involved in activities related to prevention, detection, investigation, and incident response.

The Control and Risk Committee, the CIO, and the Cybersecurity Manager meet at least once a year to discuss governance and cyber risk management. Moreover, in the event of significant incidents, they meet to assess the impact and, if necessary, initiate the communication process with investors and stakeholders.

The Control and Risk Committee, the CIO, and the Cybersecurity Manager also meet annually to review the results of risk assessments and adjust the Company's strategy accordingly.

PART III

ITEM 17. FINANCIAL STATEMENTS

Our financial statements have been prepared in accordance with Item 18 hereof.

ITEM 18. FINANCIAL STATEMENTS

Our audited consolidated financial statements are included in this Annual Report beginning at page F-1.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Natuzzi SpA

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Natuzzi SpA and its subsidiaries (the “Company”) as of December 31, 2024, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Assessment of Property, Plant and Equipment of the Italian Upholstered Furniture Plant and Right-of-Use Assets of Certain Directly Operated Retail Stores

As described in Notes 4, 8, and 9 to the consolidated financial statements, the Company’s consolidated property, plant and equipment (PP&E) balance was €74.2 million and the right-of-use assets (ROU) balance was €44.4 million as of December 31, 2024. Related to PP&E, there was an impairment loss of €0.0 million, an impairment reversal of €0.1 million, and a net impairment reversal of €0.1 million for the year ended December 31, 2024. Related to ROU, there was an impairment loss of €1.4 million, an impairment reversal of €1.0 million, and a net impairment expense of €0.5 million for the year ended December 31, 2024. For impairment testing, assets are grouped together into the smallest

group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The significant assumptions used in estimating the value in use were the annual sales growth rates used to estimate the forecasted revenue for the years 2025-2029, the weighted average cost of capital rates and the long-term growth rates, all of which were determined at the CGU level.

The principal considerations for our determination that performing procedures relating to the impairment assessment of PP&E of the Italian upholstered furniture plant and ROU assets of certain directly operated retail stores is a critical audit matter are (i) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the weighted average cost of capital rates, annual sales growth rates, and long-term growth rates; and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for developing the estimated value in use of PP&E of the Italian upholstered furniture plant and ROU assets of certain directly operated retail store CGUs; (ii) evaluating the appropriateness of the value in use models used by management; (iii) testing the completeness and accuracy of underlying data used in the value in use models; and (iv) evaluating the reasonableness of significant assumptions used by management related to the weighted average cost of capital rates, annual sales growth rates, and long-term growth rates. Evaluating management's assumptions related to long-term growth rates involved comparing the assumptions to observable market data. Evaluating management's assumptions related to annual sales growth rates involved comparing the assumption to the current and past performance of the Company. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the value in use models and (ii) the reasonableness of the weighted average cost of capital rates assumption.

/s/ PricewaterhouseCoopers SpA
Bari, Italy
April 30, 2025

We have served as the Company's auditor since 2024.

Report of Independent Registered Public Accounting Firm

*To the Stockholders and Board of Directors
Natuzzi S.p.A.*

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Natuzzi S.p.A. and subsidiaries (the Company) as of December 31, 2023, the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We served as the Company's auditor from 2016 to 2024.

/s/ KPMG S.p.A.

**Bari, Italy
April 30, 2024**

Natuzzi S.p.A. and subsidiaries
Consolidated statements of financial position as at December 31, 2024 and 2023
(Expressed in thousands of euros except as otherwise indicated)

| | December 31, 2024 | December 31, 2023 | Note |
|---|-------------------|-------------------|------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 74,189 | 84,517 | 8 |
| Right-of-use assets | 44,378 | 50,444 | 9 |
| Intangible assets and goodwill | 6,628 | 4,160 | 10 |
| Equity-method investees | 40,875 | 39,831 | 11 |
| Other non-current receivables | 6,124 | 6,396 | 12 |
| Other non-current assets | 1,749 | 1,603 | 13 |
| Deferred tax assets | 1,653 | 1,665 | 41 |
| Total non-current assets | 175,596 | 188,616 | |
| Current assets | | | |
| Inventories | 62,815 | 62,087 | 14 |
| Trade receivables | 32,819 | 33,304 | 15 |
| Other current receivables | 10,618 | 12,218 | 16 |
| Other current financial receivables | 1,348 | — | 17 |
| Other current assets | 5,073 | 5,365 | 13 |
| Current income tax assets | 1,642 | 3,000 | 41 |
| Gains on derivative financial instruments | 24 | 147 | 32 |
| Cash and cash equivalents | 20,322 | 33,610 | 18 |
| Asset held for sale | 8,767 | — | 7 |
| Total current assets | 143,428 | 149,731 | |
| TOTAL ASSETS | 319,024 | 338,347 | |
| EQUITY | | | |
| Share capital | 55,073 | 55,073 | 19 |
| Reserves | 20,659 | 20,448 | 19 |
| Retained earnings | (21,726) | (6,576) | 19 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | 54,006 | 68,945 | |
| Non-controlling interests | 4,202 | 4,343 | |
| TOTAL EQUITY | 58,208 | 73,288 | |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term borrowings | 14,188 | 12,153 | 20 |
| Long-term lease liabilities | 47,400 | 52,914 | 21 |
| Other non-current debts | 465 | — | 22 |
| Employees' leaving entitlement | 11,646 | 12,389 | 24 |
| Non-current contract liabilities | 6,786 | 6,800 | 25 |
| Provisions | 7,791 | 9,284 | 26 |
| Deferred income for government grants | 11,036 | 13,135 | 27 |
| Other non-current liabilities | 2,160 | 2,725 | 23 |
| Deferred tax liabilities | 998 | 996 | 41 |
| Total non-current liabilities | 102,470 | 110,396 | |
| Current liabilities | | | |
| Bank overdrafts and short-term borrowings | 23,327 | 22,834 | 28 |
| Current portion of long-term borrowings | 4,532 | 5,200 | 20 |
| Current portion of lease liabilities | 10,350 | 9,413 | 21 |
| Trade payables | 66,477 | 60,888 | 29 |
| Other payables | 26,706 | 31,719 | 30 |
| Current contract liabilities | 23,587 | 20,333 | 25 |
| Provisions | 1,866 | 2,352 | 26 |
| Other liabilities | 403 | 1,549 | 31 |
| Liabilities for current income tax | 830 | 339 | 41 |
| Losses on derivative financial instruments | 268 | 36 | 32 |
| Total current liabilities | 158,346 | 154,663 | |
| TOTAL LIABILITIES | 260,816 | 265,059 | |
| TOTAL EQUITY AND LIABILITIES | 319,024 | 338,347 | |

The accompanying notes are an integral part of the Company Financial Statements.

Natuzzi S.p.A. and subsidiaries

Consolidated statements of profit or loss for the years ended December 31, 2024, 2023 and 2022

(Expressed in thousands of euros except as otherwise indicated)

| | 2024 | 2023 | 2022 | Note |
|---|-----------------|-----------------|----------------|------|
| Revenue | 318,797 | 328,618 | 468,487 | 34 |
| Cost of sales | (203,095) | (215,763) | (304,154) | 35 |
| Gross Profit | 115,702 | 112,855 | 164,333 | |
| Other income | 4,801 | 7,116 | 6,524 | 36 |
| Selling expenses | (90,229) | (91,373) | (124,924) | 37 |
| Administrative expenses | (35,994) | (37,607) | (35,474) | 38 |
| Impairment on trade receivables | (289) | (33) | (331) | 15 |
| Other expenses | (260) | (457) | (1,678) | 36 |
| Operating profit/(loss) | (6,269) | (9,499) | 8,450 | |
| Finance income | 829 | 941 | 868 | 39 |
| Finance costs | (10,201) | (9,267) | (8,541) | 39 |
| Net exchange rate gains/(losses) | 554 | (144) | 2,428 | 40 |
| Net finance income/(costs) | (8,818) | (8,470) | (5,245) | |
| Share of profit/(loss) of equity-method investees | 389 | 2,897 | 356 | 11 |
| Profit/(loss) before tax | (14,698) | (15,072) | 3,561 | |
| Income tax expense | (684) | (1,090) | (2,273) | 41 |
| Profit/(loss) for the year | (15,382) | (16,162) | 1,288 | |
| Profit/(loss) attributable to: | | | | |
| Owners of the Company | (15,150) | (16,069) | (540) | |
| Non-controlling interests | (232) | (93) | 1,828 | |
| Profit/(loss) per share | | | | |
| Basic earnings/(loss) per ordinary share | (0.28) | (0.29) | (0.01) | 42 |
| Diluted earnings/(loss) per ordinary share | (0.28) | (0.29) | (0.01) | 42 |

The accompanying notes are an integral part of the Company Financial Statements.

Natuzzi S.p.A. and subsidiaries

Consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022 (Expressed in thousands of euros except as otherwise indicated)

| | 2024 | 2023 | 2022 | Note |
|---|-----------------|-----------------|--------------|------|
| Profit/(loss) for the year | (15,382) | (16,162) | 1,288 | |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Actuarial gains/(losses) on employees' leaving entitlement | 68 | (185) | 2,309 | 19 |
| Tax impact | — | — | — | 41 |
| Total | 68 | (185) | 2,309 | |
| Items that are or may be reclassified subsequently to profit or loss | | | | |
| Exchange rate differences on translation of foreign operations | (378) | (3,260) | (260) | 19 |
| Tax impact | — | — | — | 41 |
| Total | (378) | (3,260) | (260) | |
| Other comprehensive income/(loss) for the year, net of tax | (310) | (3,445) | 2,049 | 19 |
| Total comprehensive income/(loss) for the year | (15,692) | (19,607) | 3,337 | |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the Company | (15,625) | (19,387) | 1,338 | |
| Non-controlling interests | (67) | (220) | 1,999 | |

The accompanying notes are an integral part of the Company Financial Statements.

Natuzzi S.p.A. and subsidiaries

Consolidated statements of changes in equity for the years ended December 31, 2024, 2023 and 2022

(Expressed in thousands of euros except as otherwise indicated)

| | Share Capital amount | Translation reserve | IAS 19 reserve | Other reserves | Retained earnings | Equity attributable to owners of the Company | Equity attributable to Non- controlling interests | Total equity |
|---|----------------------------|------------------------|-------------------|-------------------|----------------------|--|---|-----------------|
| Balance as at December 31, 2021 | 54,853 | 5,899 | (997) | 12,547 | 10,033 | 82,335 | 1,511 | 83,846 |
| Share capital increase | 220 | — | — | 834 | — | 1,054 | — | 1,054 |
| Gain on disposal of a Non-controlling interests | — | — | — | 3,131 | — | 3,131 | 1,739 | 4,870 |
| Dividend distribution | — | — | — | — | — | — | (551) | (551) |
| Profit for the year | — | — | — | — | (540) | (540) | 1,828 | 1,288 |
| Other comprehensive income/(loss) for the year | — | (431) | 2,309 | — | — | 1,878 | 171 | 2,049 |
| Balance as at December 31, 2022 | 55,073 | 5,468 | 1,312 | 16,512 | 9,493 | 87,858 | 4,698 | 92,556 |
| Share capital increase | — | — | — | 474 | — | 474 | — | 474 |
| Dividend distribution | — | — | — | — | — | — | (135) | (135) |
| Profit for the year | — | — | — | — | (16,069) | (16,069) | (93) | (16,162) |
| Other comprehensive income/(loss) for the year | — | (3,133) | (185) | — | — | (3,318) | (127) | (3,445) |
| Balance as at December 31, 2023 | 55,073 | 2,335 | 1,127 | 16,986 | (6,576) | 68,945 | 4,343 | 73,288 |
| Share capital increase | — | — | — | 686 | — | 686 | — | 686 |
| Dividend distribution | — | — | — | — | — | — | (74) | (74) |
| Profit for the year | — | — | — | — | (15,150) | (15,150) | (232) | (15,382) |
| Other comprehensive income/(loss) for the year | — | (543) | 68 | — | — | (475) | 165 | (310) |
| Balance as at December 31, 2024 | 55,073 | 1,792 | 1,195 | 17,672 | (21,726) | 54,006 | 4,202 | 58,208 |

The accompanying notes are an integral part of the Company Financial Statements.

Natuzzi S.p.A. and subsidiaries
Consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022
(Expressed in thousands of euros except as otherwise indicated)

| | 2024 | 2023 | 2022 | Note |
|--|----------|----------|----------|----------|
| Cash flows from operating activities: | | | | |
| Profit/(loss) for the period | (15,382) | (16,162) | 1,288 | |
| Adjustments for: | | | | |
| Depreciation | 19,619 | 21,331 | 20,619 | 8 and 9 |
| Amortisation | 1,569 | 1,041 | 1,031 | 10 |
| Impairment of non-financial assets | 441 | — | 890 | 9 and 10 |
| (Gain)/loss on sale of property, plant and equipment | 110 | 117 | (39) | |
| Deferred income for capital grants | (1,455) | (1,648) | (1,473) | |
| Rent concessions | — | — | (635) | 21 |
| Interest expenses | 7,013 | 7,111 | 6,474 | 39 |
| Unrealised foreign exchange (gains)/losses | 355 | 748 | (1,454) | 40 |
| Share of (profit)/loss of equity-method investees | (389) | (2,897) | (356) | 11 |
| Tax expense | 684 | 1,090 | 2,273 | 41 |
| Total adjustment | 27,947 | 26,893 | 27,330 | |
| Changes in: | | | | |
| Inventories | (728) | 8,033 | 10,091 | |
| Trade and other receivables | 2,357 | 7,332 | (1,242) | |
| Other assets | 146 | 2,457 | 4,302 | |
| Trade and other payables | 5,108 | (14,205) | (7,758) | |
| Contract liabilities | 2,840 | 2,983 | (4,052) | |
| Provisions | (2,581) | (1,412) | (865) | |
| One-time termination benefit payments | (9,597) | (3,050) | (42) | |
| Employees' leaving entitlement | (1,116) | (1,402) | (446) | |
| Total changes | (3,571) | 736 | (12) | |
| Cash provided by (used in) operating activities | 8,994 | 11,467 | 28,606 | |
| Interest paid | (6,980) | (5,641) | (5,696) | |
| Income taxes paid | (292) | (2,616) | (4,203) | |
| Net cash provided by (used in) operating activities | 1,722 | 3,210 | 18,707 | |
| Cash flows from investing activities: | | | | |
| Property, plant and equipment: | | | | |
| Additions | (5,209) | (10,299) | (8,432) | |
| Disposals | 4,084 | — | 624 | |
| Intangible assets | (1,927) | (1,519) | (1,174) | |
| Government grants received for PPE | — | 918 | — | |
| Dividends from equity-accounted investees | 77 | 3,024 | 3,697 | 11 |
| Other current financial receivables | (1,348) | — | — | 17 |
| Purchase of business, net of cash acquired | — | — | (461) | 11 |
| Disposal of a business, net of cash disposed of | — | — | 1,100 | |
| Net cash provided by (used in) investing activities | (4,323) | (7,876) | (4,646) | |
| Cash flows from financing activities (*): | | | | |
| Long-term borrowings: | | | | |
| Proceeds | 3,314 | 10,912 | 4,038 | |
| Repayments | (4,839) | (8,715) | (4,473) | |
| Short-term borrowings | (798) | (6,703) | (7,424) | |
| Payment of lease liabilities | (10,288) | (11,057) | (10,049) | 9 and 21 |
| Proceeds from increase in share capital | — | — | 55 | |
| Dividends distribution to non-controlling interests | (149) | (135) | (551) | |
| Capital contribution by non-controlling interests | — | — | 4,870 | |
| Net cash provided by (used in) financing activities | (12,760) | (15,698) | (13,534) | |
| Increase (decrease) in cash and cash equivalents | (15,361) | (20,364) | 527 | |
| Cash and cash equivalents as at January 1 (**) | 31,573 | 52,721 | 52,249 | |
| Effect of movements in exchange rates on cash held | 782 | (784) | (55) | |
| Cash and cash equivalents as at December 31 (**) | 16,994 | 31,573 | 52,721 | 18 |

(*) The financing transaction of 2,500 occurred in 2024 with the majority shareholder is a non-cash transaction. See note 30.

(**) As at December 31, 2024, 2023 and 2022, cash and cash equivalents include bank overdrafts of 3,328, 2,037 and 1,754, respectively, that are repayable on demand and form an integral part of the Group's cash management.

The accompanying notes are an integral part of the Company Financial Statements.

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Natuzzi S.p.A. and Subsidiaries

Notes to consolidated financial statements

(Expressed in thousands of euros except as otherwise indicated)

1. Introduction

The consolidated financial statements of Natuzzi S.p.A. have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, including interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

2. Description of the business and Group composition

Natuzzi S.p.A. (“Natuzzi”, the “Company” or the “Parent”) is domiciled in Italy. The Company’s registered office is at via Iazzitello 47, 70029 Santeramo in Colle (Bari, Italy). These consolidated financial statements include the accounts of Natuzzi S.p.A. and of its subsidiaries (together with the Company, the “Group”). The Group’s primary activity is the design, manufacture and marketing of leather and fabric upholstered furniture (see note 6 on operating segment).

During 2024, 2023 and 2022 no significant non-recurring events or unusual transactions have occurred. All transactions performed by the Group during 2024, 2023 and 2022 are part of the Group’s ordinary business.

The consolidated financial statements of the Group as at December 31, 2024 have been approved by the Company’s Board of Directors (the Board) on April 17, 2025 and authorised on April 30, 2025.

The subsidiaries included in the consolidation as at December 31, 2024, 2023 and 2022, together with the related percentages of ownership and other information, are as follows:

| Name | Percentage as at 31/12/2024 | Percentage as at 31/12/2023 | Percentage as at 31/12/2022 | Share/ quota capital | Ownership registered office | Activity |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------|---------------------------------------|----------|
| Italsofa Romania S.r.l. | 100.00 | 100.00 | 100.00 | RON 109,271,750 | Baia Mare, Romania | (1) |
| Natuzzi (China) Ltd | 100.00 | 100.00 | 100.00 | CNY 106,414,300 | Shanghai, China | (1) |
| Italsofa Nordeste S/A | 100.00 | 100.00 | 100.00 | BRL 159,300,558 | Salvador de Bahia, Brazil | (1) |
| Natuzzi Qianjiao Limited | 100.00 | 100.00 | 100.00 | CNY 10,000,000 | Qianjiao County-Anhui province, China | (1) |
| Natco S.p.A. | 99.99 | 99.99 | 99.99 | EUR 4,420,000 | Santeramo in Colle, Italy | (2) |
| Nacon S.p.A. | 100.00 | 100.00 | 100.00 | EUR 2,800,000 | Santeramo in Colle, Italy | (3) |
| Lagene S.r.l. | 100.00 | 100.00 | 100.00 | EUR 10,000 | Santeramo in Colle, Italy | (3) |
| Natuzzi Americas Inc. | 100.00 | 100.00 | 100.00 | USD 89 | High Point, N. Carolina, USA | (3) |
| Natuzzi Florida LLC | 51.00 | 51.00 | 51.00 | USD 4,955,186 | High Point, N. Carolina, USA | (3) |
| Natuzzi Iberica S.A. | 100.00 | 100.00 | 100.00 | EUR 386,255 | Madrid, Spain | (3) |
| Natuzzi Switzerland AG | 100.00 | 100.00 | 100.00 | CHF 2,000,000 | Dietikon, Switzerland | (3) |
| Natuzzi Services Limited | 100.00 | 100.00 | 100.00 | GBP 25,349,353 | London, UK | (3) |
| Natuzzi UK Retail Limited | 70.00 | 70.00 | 70.00 | GBP 100 | Cardiff, UK | (3) |
| Natuzzi Germany GmbH | 100.00 | 100.00 | 100.00 | EUR 25,000 | Köln, Germany | (3) |
| Natuzzi Japan KK | 74.40 | 74.40 | 74.40 | JPY 28,000,000 | Tokyo, Japan | (3) |
| Natuzzi Russia OOO | 100.00 | 100.00 | 100.00 | RUB 8,700,000 | Moscow, Russia | (3) |
| Natmx S.DE.R.L.DE.C.V | 100.00 | 100.00 | 100.00 | MXN 68,504,040 | Mexico City, Mexico | (3) |
| Natuzzi France S.a.s. | 100.00 | 100.00 | 100.00 | EUR 70,727 | Paris, France | (3) |
| Natuzzi Oceania PTE Ltd | 74.40 | 74.40 | 74.40 | AUD 320,002 | Sydney, Australia | (3) |
| Natuzzi Singapore PTE. LTD. | 74.40 | 74.40 | 74.40 | USD 7,654,207 | Singapore, Republic of Singapore | (3) |
| Natuzzi Shanghai Co. Ltd | 100.00 | — | — | CNY 500,000 | Shanghai, China | (3) |
| Natuzzi Netherlands Holding | 100.00 | 100.00 | 100.00 | EUR 34,605,000 | Amsterdam, Holland | (4) |
| Natuzzi Trade Service S.r.l. | 100.00 | 100.00 | 100.00 | EUR 14,000,000 | Santeramo in Colle, Italy | (5) |

- (1) Manufacture and distribution
- (2) Intragroup leather dyeing and finishing
- (3) Services and distribution
- (4) Investment holding
- (5) Dormant

During 2024, the consolidation area changed due to the establishment in August 2024 of Natuzzi Shanghai Co. Ltd, a subsidiary of Natuzzi (China) Ltd. The new entity provides administrative services to Asian commercial and manufacturing subsidiaries of the Group.

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Natuzzi S.p.A. and Subsidiaries

Notes to consolidated financial statements

(Expressed in thousands of euros except as otherwise indicated)

No business combinations occurred in 2024, 2023 and 2022.

The following table summarises the information related to the only material non-controlling interests (NCI) of the Group's subsidiary Natuzzi Florida LLC, before any intra-group eliminations.

Summarised statement of financial position of Natuzzi Florida LLC and Non-controlling interests share in equity as at December 31, 2024 and 2023.

| | 31/12/24 | 31/12/23 |
|---|--------------|--------------|
| Current assets | 11,496 | 9,524 |
| Non-current assets | 12,833 | 13,589 |
| Current liabilities | (12,738) | (10,469) |
| Non-current liabilities | (7,822) | (8,797) |
| Net assets | 3,769 | 3,847 |
| Net assets attributable to NCI – 49% | 1,847 | 1,885 |

Summarised statement of profit or loss of Natuzzi Florida LLC and Non-controlling interests share of loss for the years ended December 31, 2024, 2023 and 2022.

| | 2024 | 2023 | 2022 |
|---|-------------|----------------|--------------|
| Revenue | 20,487 | 18,643 | 21,481 |
| Expenses | (20,525) | (19,540) | (18,488) |
| Profit/(loss) for the year | (38) | (897) | 2,993 |
| Other comprehensive income/(loss) | 240 | (219) | 195 |
| Total comprehensive income/(loss) for the year | 202 | (1,116) | 3,188 |
| Profit/(loss) allocated to NCI – 49% | (19) | (440) | 1,467 |
| Other comprehensive income/(loss) allocated to NCI | 118 | (107) | 96 |
| Cash flow provided by operating activities | 2,122 | 2,463 | 1,464 |
| Cash flow used in investing activities | (87) | (1,122) | (599) |
| Cash flow used in financing activities (dividends to NCI for years ended December 31, 2024, 2023 and 2022, respectively 149, 698 and 589) | (2,324) | (2,401) | (1,892) |

3. General principles for the preparation of the consolidated financial statements

(a) Compliance with IFRS

The consolidated financial statements of the Natuzzi Group have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

Details of Group's accounting policies are included in note 4.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments measured at fair value (see note 33).

(c) Basis of preparation

The consolidated financial statements consist of the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes to the consolidated financial statements.

Natuzzi S.p.A. and Subsidiaries

Notes to consolidated financial statements

(Expressed in thousands of euros except as otherwise indicated)

The consolidated statement of financial position has been prepared based on the nature of the transactions. Assets and liabilities have been distinguished in current and non-current in accordance with paragraphs 66–76B of IAS 1.

The consolidated statement of profit or loss has been prepared based on the function of the expenses, with a separate statement for the comprehensive income.

The consolidated statement of cash flows has been prepared using the indirect method.

The statement of changes in equity includes the components of comprehensive income, distinguishing those attributable to the parent company's shareholders from those pertaining to non-controlling interests. For each component of equity, this statement presents the changes during the year resulting from the net income for the period, other comprehensive income components, and other equity transactions affecting the parent company's shareholders and non-controlling interests.

The consolidated financial statements present all amounts rounded to the nearest thousands of Euro, unless otherwise stated. They also present comparative information in respect to the previous period.

(d) Functional and presentation currency

These consolidated financial statements are presented in Euro (the Group's presentation currency), which is the Natuzzi S.p.A.'s functional currency.

(e) Use of estimates and judgement

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Estimates are based on historical experience and other factors, including expectations about future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Note 29: reverse factoring, presentation of amounts related to supply chain financing arrangements in the statement of financial position and in the statement of cash flow.
- Notes 4(f), 9 and 21: assessment of the lease term of lease liabilities depending on whether the Group is reasonably certain to exercise the extension options.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimates as at December 31, 2024 that have a high risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

- Notes 4(i), 8 and 9: impairment test of property, plant and equipment and right-of-use assets, for the significant assumptions used by management in estimating the value in use (annual sales growth rates, weighted average cost of capital rates and long-term growth rates).
- Notes 4(n)(i), 15 and 33: measurement of the provision for impairment on trade receivables, for the significant assumptions used by management in estimating the expected credit losses (weighted-average loss rate or default rate, current and future financial situation of debtors for individual receivables that management is aware will be difficult to collect, future general economic conditions).

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Notes to consolidated financial statements

(Expressed in thousands of euros except as otherwise indicated)

- Notes 4(r) and 26: provision for warranties for the significant assumptions underlying the estimation of the expected warranties.
- Notes 4(r), 26 and 44: recognition and measurement of provisions and contingencies for the key assumptions about the likelihood and magnitude of an outflow of resources.
- Notes 4(aa) and 41: recognition of deferred tax assets, for the estimation of the available future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised.

In preparing the consolidated financial statements, management has considered the impact of climate change in the context of the disclosures. These considerations did not have a material impact on the financial reporting judgements and estimates, and at this time, the Group does not expect that climate change will have a significant impact on the Group's going concern assessment, its ability to recover the carrying value of its long-lived assets or its liquidity.

(f) Going concern assumption

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as they fall due within one year from the date of the approval of these consolidated financial statements. Events and conditions, management's plans and Directors' conclusions on the Group's going concern assumption as at December 31, 2024 are reported below.

(i) Circumstances ed events

In 2024, the Group reported a revenue decline of 9,821 compared to 2023, resulting in total revenue of 318,797. The 3.0% decrease is primarily attributable to continued macroeconomic pressures. These include prolonged geopolitical instability, reduced household purchasing power resulting from elevated inflation levels, and a downturn in the real estate market—an industry closely tied to the furniture sector—due to persistently high interest rates, notwithstanding a modest decline toward the end of the year.

In the context of a generally weak economic environment, and with the aim of enhancing its long-term competitive position, the Group continued the implementation of the restructuring plan initiated in the previous year. In 2024, this process resulted in the closure of the Shanghai plant and the relocation of operations to the Quanjiao facility in China, which offers lower operating costs.

These restructuring costs significantly impacted the Group's operating result as of 31 December 2024, which reported an operating loss of 6,269, although this represents an improvement compared to the operating loss of 9,499 reported in 2023.

On one hand, the Group benefited from an improvement in the gross profit, which amounted to 115,702, corresponding to 36.3% of revenues (+2.0% compared to 2023), driven by pricing optimization, increased retail sales, and savings in raw material procurement. On the other hand, the continuation of restructuring activities—particularly in Italy and China—exerted considerable pressure on the year's operating performance.

In addition to the operating loss, the Group reported a negative financial result of 8,818, primarily attributable to elevated interest expenses on bank overdrafts and securitization arrangements, as well as costs associated with the use of credit cards in retail sales transactions. As a result, the Group recorded a net loss of 15,382 for the year. As of December 31, 2024, total equity amounted to 58,208, while net working capital—defined as total current assets net of cash and cash equivalents, less total current liabilities net of bank overdrafts and short-term borrowings, current portion of long-term borrowings, and current portion of lease liabilities—was positive at 2,968. The positive net working capital position is primarily attributable to the reclassification, under assets held for sale, of the net book value of 8,767, relating to the building located in High Point, North Carolina, USA, and the plot of land in Romania, which is subject to a preliminary sale agreement signed in 2024 (see notes 7 and 46).

Despite the decrease in revenue, the impact of restructuring costs, and financial charges that affected the year's negative result, the Group continued to implement its investment plan—partially supported through subsidized financing—and duly

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Notes to consolidated financial statements

(Expressed in thousands of euros except as otherwise indicated)

met its scheduled loan repayment obligations. These factors negatively influenced the net financial position as at December 31, 2024.

(ii) Management plans

Management's plans to mitigate the adverse effects of the 2024 results continue to leverage the Group's key business strengths—namely, higher-margin brands and sales channels—as well as the benefits expected from the Group's transformation plan outlined in the 2025–2029 Business Plan, which was approved in December 2024. Specifically, the Group's ability to continue operating as a going concern is based on the following: (i) the annual budget for 2025, approved by the Parent Company's Board of Directors on February 13, 2025; (ii) the 2025 cash flow plan and related sensitivity analyses accompanying the annual 2025 budget, including additional measures identified to safeguard liquidity in the event of revenue underperformance; and (iii) the cash flow forecast extended through June 30, 2026. The Group also remains actively engaged in initiatives aimed at improving cost efficiency and optimizing working capital.

(iii) Directors' conclusions

The Directors believe that the approved Business Plan—partially already under implementation—together with the Group's available cash and undrawn credit facilities as at 31 December 2024, will be sufficient to meet the Group's obligations falling due within twelve months from the date of approval of these consolidated financial statements.

As at December 31, 2024, the Group's cash and cash equivalents amounted to 20,322. Long-term borrowings totaled 18,720, including a current portion of 4,532, while bank overdrafts and short-term borrowings amounted to 23,327. In addition, as of the same date, the undrawn portion of the Group's available credit facilities amounted to 30,640. For further details, please refer to note 28.

4. Material accounting policy information

This note presents the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been applied consistently by the Group's entities to all the years presented, unless otherwise indicated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intragroup transactions, balances and unrealised gains on transactions between the Group's entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset.

Non-controlling interests (NCI) in the profit or loss and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity. Non-controlling interests are measured initially at their proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Natuzzi S.p.A. and Subsidiaries

Notes to consolidated financial statements

(Expressed in thousands of euros except as otherwise indicated)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (v) below), after initially being recognised at cost.

(iii) Joint arrangements

Under IFRS 11 “Joint Arrangements”, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

(iv) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (v) below), after initially being recognised at cost in the consolidated statement of financial position.

(v) Equity method

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of variations in other comprehensive income of the investee. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of equity-accounted investees have been aligned where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 4 (i).

(vi) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Natuzzi S.p.A.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Natuzzi S.p.A. and Subsidiaries

Notes to consolidated financial statements

(Expressed in thousands of euros except as otherwise indicated)

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker identified as the Board of Directors.

(c) Group Companies

(i) Foreign operations that have a functional currency different from the presentation currency

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency (Euro) are translated into the presentation currency as follows: (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; (b) revenue and expenses for each statement of profit or loss and statement of comprehensive income are translated at the average exchange rates of the year; and (c) all resulting exchange differences are recognised in other comprehensive income in the translation reserve.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(ii) Foreign operations that have a functional currency that is the presentation currency

As at December 31, 2024 and 2023, there is one foreign subsidiary, Italsofa Romania, considered to be an integral part of Natuzzi S.p.A. due to the primary and secondary indicators reported in IAS 21, paragraphs 9 and 10. Therefore, the functional currency for this foreign subsidiary is the Parent's functional currency, namely the Euro. As a result, all monetary assets and liabilities are remeasured, at the end of each reporting period, using the Euro and the resulting gain or loss is recognised in profit or loss. For all non-monetary assets and liabilities, share capital, reserves and retained earnings, the historical exchange rates are used. The average exchange rates of the year are used to translate non-Euro denominated revenue and expenses, except for those non-Euro denominated revenue and expenses related to assets and liabilities which are translated at historical exchange rates. The resulting exchange differences are recognised in profit or loss.

(d) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the closing rate. Non-monetary items that are measured based on their historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency exchange gains and losses are recognised in profit or loss and presented within net exchange rate gains/(losses).

(e) Property, plant and equipment

Items of property, plant and equipment (PPE) are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain buildings as at January, 1 2017, the Group's date of transition to IFRS, was determined with reference to their deemed cost at that date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on the disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

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Notes to consolidated financial statements

(Expressed in thousands of euros except as otherwise indicated)

The estimated useful lives of property, plant and equipment (see note 8) for current and comparative periods are as follows: (a) buildings, 30–50 years; (b) machinery and equipment, 4–10 years; (c) office furniture and equipment, 5–10 years; (d) retail gallery and store furnishing, 3–4 years; (e) leasehold improvements, 5–10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Leases

As at December 31, 2024, the Group acts as lessor in some lease contracts for a not significant amount.

(i) Policy as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group: (a) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; (b) uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and (c) makes adjustments specific to the lease to reflect for instance the term of the lease, type of the asset leased, country, currency and security.

Lease payments included in the measurement of the lease liability comprise the following: (a) fixed payments, including in-substance fixed payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; (d) the exercise price under a purchase option that the Group is reasonably certain to exercise; (e) lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and (f) penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in specific captions in the consolidated statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) COVID-19-Related Rent Concessions

In the financial statement as at December 31, 2022, the Group applied “COVID-19-Related Rent Concessions - Amendment to IFRS 16”. The Group applied the practical expedient that allowed it not to assess whether eligible rent concessions that were a direct consequence of the COVID-19 pandemic were lease modifications. The Group applied the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group determined not to apply the practical expedient, or that did not qualify for the practical expedient, the Group assessed whether there was a lease modification. The practical expedient was a temporary possibility that is no longer foreseen by the accounting standards and therefore was not applied in the financial statements at 31 December 2024 or 2023.

(g) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note 4 (a)(i)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, as a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has the option to apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 4(i)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards), then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree’s awards and the extent to which the replacement awards relate to pre-combination service.

(h) Intangible assets and goodwill

Expenditure on research activities is recognised in profit or loss as incurred.

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Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including software, trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. In respect of acquisitions prior to January 1, 2017, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows: software 3-5 years, trademarks and patents 3-5 years, other 2-5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (hereinafter also CGUs). Goodwill arising from a business combination is allocated to the CGU or groups of CGUs that are expected to benefit from the synergies of the combination.

The identified CGUs are the sofa manufacturing facilities located in Italy, Brazil, Romania, and China, as well as each of the retail stores directly operated by the Group.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures (see (a) (ii) and (iv)).

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Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence or joint control ceases.

(k) Inventories

Raw materials are stated at the lower of cost (determined under the specific cost method for leather hides and under the weighted-average method for other raw materials) and net realisable value.

Goods in process and finished goods are valued at the lower of production cost and net realisable value. Production cost includes direct production costs and production overhead costs. The production overhead costs are allocated to inventory based on the manufacturing facility's normal capacity.

Finished goods acquired for reselling (e.g., home furnishings accessories) are stated at the lower of cost, determined under the weighted-average method, and net realisable value.

The provision for slow moving and obsolete raw materials and finished goods is based on the estimated realisable value net of the costs of disposal.

(l) Trade and other receivables

Trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful accounts.

In particular, trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 4(n)(i).

The Group derecognises trade receivables when the contractual rights to the cash flows from such financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of such financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of such financial asset.

(m) Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal amount as it substantially coincides with the fair value.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, on-demand deposits with financial institutions, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within bank overdrafts and short-term borrowings in current liabilities in the statement of financial position.

(n) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model: (i) trade receivables for sales of goods and services; (ii) other receivables; (iii) cash and cash equivalents.

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(i) Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

In particular, for the credit losses on trade receivables determined on a collective basis, the Group adopted the practical expedient to use a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit losses experienced in the past five years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group recognised the expected credit losses for individual receivables which are known to be difficult to collect based on the financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or late payments.

The Group records the expected credit losses on trade receivables determined on a collective and individual basis through the provision for doubtful accounts (see note 15). Trade receivables for which an impairment allowance is recognised are written off when there is no reasonable expectation of recovering additional cash. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit/(loss). Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables

Other receivables are considered to have low credit risk and the impairment loss is measured on a 12-month expected credit loss basis. Management considers other receivables to have a low credit risk if they have a low risk of default and the Group's counterparties are able to meet its contractual cash flow obligations in the short-term.

(iii) Cash and cash equivalents

The Group considers its cash and cash equivalents to have "low credit risk" based on the external credit ratings of the financial institutions. Indeed, the Group's cash and cash equivalents are held with financial institutions which have external credit risk ratings that are "investment grade". Impairment of cash and cash equivalents is measured on a 12-month expected credit loss basis and reflects the short-term nature of the exposures.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to year-end which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The Group derecognises trade and other payables when its contractual obligations are discharged or cancelled or expired.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is

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probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a borrowing that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Further, general and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(q) Employee benefits

Information about employee benefits accounting policies is reported below.

(i) Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of SARs, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

(ii) Employees' leaving entitlement

The Group provides its Italian employees with benefits on the termination of their employment. The benefits fall under the definition of defined benefit plans whose existence and amount is certain but whose date is not. The liability is calculated as the present value of the obligation at the reporting date, in compliance with applicable regulations and adjusted to take into account actuarial gains or losses. The amount of the obligation is remeasured annually based on the "projected unit credit" method. Actuarial gains or losses are recorded in full during the relevant period. Actuarial gains/(losses) are stated under "Other comprehensive income" (OCI) in accordance with IAS 19.

(iii) Benefits to employees for termination of the employment relationship

These are the benefits due to employees for the termination of their employment relationship due to the fact that the event that gives rise to the obligation is the termination of the employment relationship. The benefits due to employees for the termination of the employment relationship result from the Group's decision to terminate the employment relationship or from the decision of an employee to accept an offer from the Group consisting of benefits in exchange for the termination of the employment relationship. The liabilities for benefits due to employees for the early termination of the employment relationship (so-called liabilities for termination benefits) are accounted for on the earliest date among the following: (a) the moment in which the company is no longer able to withdraw the offer of such benefits made to employees; and (b) the

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moment in which the company recognizes the costs of a restructuring that involves the payment of benefits due to employees for the termination of the employment relationship. These liabilities are valued based on the nature of the benefit granted. The liability for termination benefits is determined by applying the provisions envisaged: (i) for short-term benefits, if it is expected that the termination benefits will be paid to employees entirely within twelve months from the closing date of the financial year in which they were recognized; or (ii) for long-term benefits if it is expected that the termination benefits will not be paid to employees in full within twelve months from the end of the financial year in which they were recognized.

(r) Provisions

Provisions for legal claims, service warranties and one-time termination benefits for certain employees are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Derivative financial instruments and hedging activities

Derivatives financial instruments are accounted for in accordance with IFRS 9, except for hedging activities that are treated in accordance with IAS 39.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets (trade receivables) and highly probable forecast transactions (sales orders) (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items (trade receivables and/or sales orders). The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within net exchange rate gains/(losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the hedging reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is

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recognised within OCI in the costs of the hedging reserve within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in net exchange rate gains/(losses). The fair value of derivative instruments is disclosed in note 32.

(t) Revenue from contracts with customers

(i) Sale of upholstered furniture and home furnishings accessories – wholesale (distributors and retailers)

The Group sells a wide range of upholstered furniture (upholstered sofas and beds) and home furnishing accessories (for instance coffee tables, lamps, rugs and wall units) in the wholesale market to distributors and retailers. The upholstered furniture is manufactured in the plants located in Italy, Romania, China and Brazil. Sales are recognised when control of the products has been transferred, i.e., when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been dispatched from the Group's warehouse or shipped to the location specified by the wholesaler, the risks of obsolescence and loss have been transferred to the wholesaler, and the Group has objective evidence that all criteria for acceptance have been satisfied.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12-month period. As part of variable considerations, revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated historical experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for the expected volume discounts payable to wholesalers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard assurance warranty terms is recognised as a provision (see note 26).

A trade receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

It is the Group's policy not to sell its products to the wholesaler with a right of return.

(ii) Sale of upholstered furniture and home furnishings accessories—retail (end consumers)

The Group operates a chain of retail stores (Natuzzi Italia stores, Natuzzi Editions stores and Divani&Divani by Natuzzi stores) selling to end consumers a wide range of upholstered furniture (upholstered sofas and beds) and home furnishing accessories (for instance coffee tables, lamps, rugs and wall units). The upholstered furniture is manufactured in the plants located in Italy, Romania, China and Brazil.

Revenue from the sale of the goods is recognised when the products are delivered and have been accepted by the customer in store or at its premise.

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Payment of the transaction price is due immediately when the product is delivered to the customer. The Group's obligation to repair or replace faulty products under the standard assurance warranty terms is recognised as a provision (see note 26).

It is the Group's policy not to sell its products to the end consumer with a right of return.

(iii) Sale of polyurethane foam and leather processing by-products – wholesale

The Group sells polyurethane foam and leather processing by-products in the wholesale market. Such sales are recognised when control of the products has been transferred, i.e., when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been dispatched from the Group's warehouse or shipped to the location specified by the wholesaler, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard assurance warranty terms is recognised as a provision (see note 26).

A trade receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

It is the Group's policy not to sell these products to the wholesaler with a right of return.

(iv) Sale of Natuzzi Display System and related slotting fees

The Group sells the Natuzzi Display System (NDS) to retailers, used to set up their stores. Revenue from such sales is recognised over time based on the length of the distribution contract signed with the retailer. Revenue is accounted for based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice. The deferred revenue for the sales of Natuzzi Display System is included under the caption "Contract liabilities" of the statement of financial position.

The Group pays retailers slotting fees as contributions to prepare the retailer's system to accept and sell the Group's products. Slotting fees are recognised over time based on the length of the contract signed with the retailers and are treated as a reduction of revenue. Deferred slotting fees are included under the caption "Other assets" of the statement of financial position.

(v) Service-type warranty

Customers who purchase the Group's products may require a service-type warranty. The Group allocates a portion of the consideration received to the service-type warranty. This allocation is based on the relative stand-alone selling price. The amount allocated to the service-type warranty is deferred, and is recognised as revenue over time based on the validity period of such warranty. The deferred revenue is included in the caption "Contract liabilities" of the statement of financial position.

(vi) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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(u) Cost of sales, selling expenses and administrative expenses

Cost of sales consist of the following expenses: change in opening and closing inventories, purchases of raw materials, purchases of finished goods for reselling, labour costs (included one-time termination benefit accruals), third party manufacturing costs, depreciation expense of property, plant and equipment and right-of-use-assets used in the production of finished goods, impairment of property, plant and equipment and right-of-use-assets, energy and water expenses (for instance light and power expenses), expenses for maintenance and repairs of production facilities, distribution network costs (including inbound freight charges, warehousing costs, internal transfer costs and other logistic costs involved in the production cycle), security costs for production facilities, small-tools replacement costs, insurance costs and other minor expenses.

Selling expenses consist of the following expenses: shipping and handling costs incurred for transporting finished products to customers, advertising costs, labour costs for sales personnel, expenses related to leases (e.g., short-term and low-value leases), customs duties, commissions to sales representatives and related costs, depreciation expense of property, plant and equipment and right-of-use-assets used in the selling activities, amortisation of intangible assets that, based on their usage, are allocated to selling expenses, impairment of property, plant and equipment and right-of-use-assets, impairment of intangible assets and goodwill, energy and water expenses for trade buildings (for instance, light and heating expenses), sales catalogue and related expenses, exhibition and trade-fair costs, advisory fees for sales and marketing of finished products, expenses for maintenance of stores and other trade buildings, insurance costs for trade receivables and other miscellaneous expenses.

Administrative expenses consist of the following expenses: labour costs for administrative personnel, advisory fees for accounting and information-technology services, non-income tax expenses, traveling expenses for management and other personnel, depreciation expense related to property, plant and equipment and right-of-use-assets used in the administrative activities, amortisation of intangible assets that, based on their usage, are allocated to administrative expenses, impairment of property, plant and equipment and right-of-use-assets, impairment of intangible assets, postage and telephone costs, stationery and other office supplies costs, expenses for maintenance of administrative facilities and softwares, directors' fees, audit committee and external auditors' fees, energy and water expenses for administrative buildings (for instance, light and heating expenses) and other miscellaneous expenses.

As noted above, the costs of the Group's distributions network, which include inbound freight charges, warehousing costs, internal transfer costs and other logistic costs involved in the production cycle, are classified under the "Cost of sales" line item.

(v) Shipping and handling costs

Shipping and handling costs incurred to transport products to customers are expensed in the periods incurred and are included in selling expenses. Under IFRS 15, shipping and handling costs related to activities before the customer obtains control of the finished goods, are accounted for as fulfillment costs under the caption "Other assets" of the statement of financial position. Such costs are recognised in profit or loss consistent with the pattern of transfer of the finished goods. Shipping and handling expenses recorded for the years ended December 31, 2024, 2023 and 2022, come to 24,767, 26,325 and 55,912, respectively (see note 37).

(w) Advertising costs

Advertising costs are expensed in the periods incurred and are included in selling expenses. Advertising expenses recorded for the years ended December 31, 2024, 2023 and 2022 amount to 5,986, 5,936 and 6,193, respectively (see note 37).

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(x) Commission expense

Commissions payable to sales representatives and the related expenses are recorded at the time revenue from sale of products is recognised and are included in selling expenses. Commissions are not paid until payment for the related sale's invoice is remitted to the Group by the customer. Under IFRS 15, sale commissions are considered costs of obtaining a contract and the Group has elected to apply the practical expedient under which such costs are expensed in profit or loss, as the amortisation period is less than one year. Commissions expenses recorded in profit or loss for the years ended December 31, 2024, 2023 and 2022 amount to 5,327, 5,861 and 7,318, respectively (see note 37).

(y) Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are deferred and credited to profit or loss on a straight-line basis over the expected lives of the related assets. Amortisation of the deferred grant is recognised in profit or loss as a reduction in the cost of sales, selling expenses or administrative expenses.

(z) Net finance income/(costs)

The Group's net finance income/(costs) include: interest income, interest expense, commission expense, gain or loss on derivative financial instruments, exchange rate gain or loss on financial assets and financial liabilities, and hedge ineffectiveness recognised in profit or loss.

Interest income or expense is recognised using the "effective interest rate". The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(aa) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, meet the definition of income taxes, and therefore accounted for them under IAS 12 "Income Taxes".

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: (a) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, unless it gives rise to equal taxable and deductible temporary differences; (b) temporary differences related to investments in subsidiaries, associates and joint arrangements (mainly unremitted earnings and withholding taxes) to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and (c) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(ab) Operating profit/(loss)

Operating profit/(loss) is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit/(loss) excludes net finance income/(costs), share of profit/(loss) of equity-accounted investees and income tax expense.

(ac) Fair value measurement

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as “active” if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(ad) Earnings/(loss) per share

(i) Basic earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to the owners of the Parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjust the figures used in the determination of basic earnings/(loss) per share to take into account the post-income/(loss) tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(ae) New standards, amendments and interpretations issued but not yet effective

The standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”) that will have mandatory application in 2025 or subsequent years are listed below.

In August 2023, the IASB issued an amendment to IAS 21 “*The Effects of Changes in Foreign Exchange rate: Lack of Exchangeability*.” This change is applied by companies within the first financial year commencing on or after January 1, 2025.

In April 2024 the IASB issued IFRS 18 “Presentation and Disclosure in Financial Statements” which replaces IAS 1. The new principle establishes the structure for the statements of profit or loss, requires disclosures in the financial statements for some profit or loss performance measures that are reported (Management performance measures), introduces limited changes to the statement of cash flows and to the balance sheet, introduces new criteria for aggregation and disaggregation of information presented in the primary financial statements or disclosed in the notes. IFRS 18 is effective on or after January 1, 2027 with early adoption.

In May 2024 the IASB issued IFRS 19 “Subsidiaries without Public Accountability: Disclosures” which simplifies the preparation for the subsidiary’s financial statements by allowing it to apply group accounting principles in the preparation of its local financial statements. IFRS 19 is effective on or after January 1, 2027 with early adoption.

In July 2024 the IASB issued the document “annual improvements to IFRS standard - volume 11” which includes, mainly, technical and editorial changes to existing standards” These changes are applied by companies within the first financial year commencing on or after January 1, 2026.

The Group is currently reviewing the IFRSs not yet effective in order to determine the likely impact on the consolidated Financial Statements.

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5. Changes in significant accounting policies

Changes in significant accounting policies for the years ended December 31, 2024 and 2023 are reported below.

(A) COVID-19 Related Rent Concessions

In the financial statements closed as of December 31, 2024 and 2023, the rent concessions related to COVID-19 were no longer applied, as the corresponding amendment that was applied in the financial statements closed as of December 31, 2022, is no longer in effect.

In response to the COVID-19 coronavirus pandemic, in May 2020, the IASB issued an amendment to IFRS 16 “Leases” to provide practical relief for lessees in accounting for rent concessions. Under the practical expedient, lessees were not required to assess whether eligible rent concessions were lease modifications, and instead were permitted to account for them as if they were not lease modifications. Rent concessions were eligible for the practical expedient if they occurred as a direct consequence of the COVID-19 pandemic and if all of the following criteria were met: (i) the change in lease payments resulted in revised consideration for the lease that was substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affected only payments originally due on or before June 30, 2021; and (iii) there was no substantive change to the other terms and conditions of the lease.

Following the discontinuation of the application of this amendment, the Group did not recognize lease incentives for the year 2024 and 2023 resulting from this concession. In the consolidated income statement closed as of December 31, 2022, the Group had recognized incentives amounting to 635 (see notes 9 and 37).

(B) Amendment to IAS 12 (International Tax Reform)

In May 2023, the IASB issued an amendment to IAS 12 regarding the application of Pillar Two model rules, which introduced a temporary exception to the recognition of deferred taxes related to the application of Pillar Two provisions published by the OECD, as well as targeted additional disclosures for affected entities. The Group has assessed the potential application of the Pillar Two and does not expect any significant impact from the adoption of these amendments considering that Group consolidated revenue is less than 750,000 in 2024 and in each of the prior three years.

(C) Other standards

The other new accounting principles that came into effect from January 1, 2024, did not have a significant impact on the Group's consolidated financial statements.

In particular, the application of the amendment to IAS 1 regarding the classification of liabilities with an uncertain settlement date as current and non-current, the application of the amendment to IFRS 16 concerning lease liabilities in a sale and leaseback transaction, and the application of the amendment to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures: Supplier Finance Arrangements.

6. Segment Information

The Group operates in two operating segments, “Natuzzi brand” and “Private label”. The Natuzzi brand segment includes net sales from the “Natuzzi Italia”, “Natuzzi Editions” and “Divani&Divani by Natuzzi” product lines. Segment disclosure is rendered by aggregating the operating segments into one reporting segment, that is the design, manufacture and marketing of leather and fabric upholstered sofas, beds and home furnishings accessories. It offers a wide range of upholstered furniture for sale, manufactured in production facilities located in Italy and abroad (Romania, China and Brazil). “Private label” is no more strategic for the Group and remains a minor business with selected numbers of clients (see note 34).

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

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The two operating segments have been aggregated into a single reporting segment as the two segments have similar characteristics, and are similar in each of the following respects: (a) the nature of the products; (b) the nature of the production processes; (c) the type of customer for their products; (d) the methods used to distribute their products.

Reference should be made to note 34 "Revenue" for details on revenue streams and disaggregation of revenue from contracts with customers by types of goods, geographical markets, geographical location of customers, distribution channels, brands and timing of revenue recognition, to note 33(C)(ii-a) "Trade receivables" for information about major customers, and to note 8 "Property, plant and equipment", note 9 "Right-of-use-assets", note 10 "Intangible assets and goodwill" for information about geographical areas of non-current assets.

7. Assets held for sale

On October 17, 2024, the subsidiary Natuzzi Americas Inc. signed a preliminary agreement with the Group's majority shareholder for the sale of a building located in High Point, NC, USA, which is no longer functional to the Group's commercial objectives, for US\$ 12.1 million (€11.6 million), a price set on the basis of the market value of the property as determined by a specific appraisal. The net book value of the property at the date of signing the preliminary sale agreement was 8,599 (US\$ 8.9 million). On October 21, 2024, Natuzzi Americas obtained the down payment of US\$ 3.8 million (€3.5 million), while the remaining part of the consideration was collected on the date of sale of the property. The sale of the property in favor of a company owned by the majority shareholder took place on March 25, 2025 (see note 46).

On November 20, 2024, the Romanian subsidiary signed a preliminary agreement for the sale of a plot of land for an amount of 2,900, to be completed by May 12, 2025, and received a down payment of 400. Then net book value of a plot of land is equal to 168.

8. Property, plant and equipment

Changes in the carrying amount of property, plant and equipment for the years ended December 31, 2024, 2023 and 2022 are analysed in the following tables.

| | Land and buildings | Machinery and equipment | Office furniture and equipment | Retail gallery and store furnishing | Leasehold improvements | Constr. in progress | Total |
|--|--------------------------|-------------------------------|---|--|---------------------------|------------------------|----------------|
| Cost as at December 31, 2022 | 157,801 | 114,979 | 13,985 | 7,338 | 22,119 | 1,012 | 317,234 |
| Additions | 413 | 1,368 | 473 | 104 | 3,103 | 4,768 | 10,229 |
| Disposals | (8) | (667) | (1,392) | (1,688) | (950) | (101) | (4,806) |
| Impairment loss | — | 40 | — | — | (118) | — | (78) |
| Reclassifications from constr. in progress | 253 | 36 | — | — | 3,532 | (3,821) | — |
| Effect of translation adj. | (592) | 276 | (71) | 104 | (636) | (19) | (938) |
| Cost as at December 31, 2023 | 157,867 | 116,032 | 12,995 | 5,858 | 27,050 | 1,839 | 321,641 |
| Additions | 385 | 3,459 | 363 | 138 | 2,823 | 95 | 7,263 |
| Disposals | (79) | (3,121) | (988) | (360) | (6,576) | (4) | (11,128) |
| Reclassifications to asset held for sale | (23,665) | — | — | — | — | — | (23,665) |
| Impairment loss | 21 | 75 | 11 | 36 | — | — | 143 |
| Reclassifications from constr. in progress | 550 | 859 | 23 | — | 260 | (1,692) | — |
| Effect of translation adj. | 671 | (660) | 58 | 40 | 1,093 | (9) | 1,193 |
| Cost as at December 31, 2024 | 135,750 | 116,644 | 12,462 | 5,712 | 24,650 | 229 | 295,447 |

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| | Land and buildings | Machinery and equipment | Office furniture and equipment | Retail gallery and store furnishing | Leasehold improvements | Constr. in progress | Total |
|---|--------------------------|-------------------------------|---|--|---------------------------|------------------------|------------------|
| Accumulated depreciation as at December 31, 2022 | (96,093) | (100,570) | (13,051) | (7,035) | (16,054) | — | (232,803) |
| Depreciation | (3,584) | (3,189) | (323) | (172) | (2,042) | — | (9,310) |
| Disposals | — | 642 | 1,374 | 1,685 | 812 | — | 4,513 |
| Effect of translation adj. | 214 | (279) | 72 | (102) | 571 | — | 476 |
| Accumulated depreciation as at December 31, 2023 | (99,463) | (103,396) | (11,928) | (5,624) | (16,713) | — | (237,124) |
| Depreciation | (3,485) | (3,318) | (373) | (159) | (1,640) | — | (8,975) |
| Disposals | 42 | 2,423 | 955 | 340 | 6,548 | — | 10,308 |
| Reclassifications to asset held for sale | 14,898 | — | — | — | — | — | 14,898 |
| Effect of translation adj. | (669) | 510 | (57) | (39) | (110) | — | (365) |
| Accumulated depreciation as at December 31, 2024 | (88,677) | (103,781) | (11,403) | (5,482) | (11,915) | — | (221,258) |
| Net book value as at December 31, 2022 | 61,708 | 14,409 | 934 | 303 | 6,065 | 1,012 | 84,431 |
| Net book value as at December 31, 2023 | 58,404 | 12,636 | 1,067 | 234 | 10,337 | 1,839 | 84,517 |
| Net book value as at December 31, 2024 | 47,073 | 12,863 | 1,059 | 230 | 12,735 | 229 | 74,189 |
| Annual rate of depreciation for 2024 and 2023 | 0%-10% | 10%-25% | 10%-20% | 25%-35% | 10%-20% | — | |

As at December 31, 2024 and 2023, the carrying amount of property, plant and equipment temporarily idle is 4,744 and 5,568, respectively.

As at December 31, 2024, properties with a carrying amount of 32,231 (31,576 as at December 31, 2023) are subject to registered mortgages to guarantee the long-term borrowings (see note 20).

The following tables show a breakdown of property, plant and equipment by country.

| | 31/12/24 | 31/12/23 |
|--------------------------|---------------|---------------|
| Italy | 41,523 | 44,239 |
| Romania | 16,585 | 17,520 |
| United States of America | 11,381 | 18,259 |
| Brazil | 2,574 | 3,167 |
| Europe | 1,168 | 919 |
| China | 779 | 166 |
| Other countries | 179 | 247 |
| Total | 74,189 | 84,517 |

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The following tables show a breakdown of property, plant and equipment based on the cash generating units in which they are included.

| | 31/12/24 | 31/12/23 |
|---------------------------------------|---------------|---------------|
| Italian upholstered furniture plant | 29,279 | 30,108 |
| Romanian upholstered furniture plant | 17,856 | 18,769 |
| Brazilian upholstered furniture plant | 2,862 | 3,524 |
| Chinese upholstered furniture plant | 2,353 | 1,419 |
| Others | 21,839 | 30,697 |
| Total | 74,189 | 84,517 |

As at December 31, 2024, the Group performed the impairment assessment of property, plant and equipment and right-of-use assets included in several cash generating units (CGUs), such as the Italian upholstered furniture plant CGU and certain directly operated retail stores CGUs that presented indicators of impairment. The Group performed the impairment assessment in accordance with its accounting policy discussed in note 4(i).

Further, the significant assumptions used by the Group in estimating the value in use were the annual sales growth rates used to estimate the forecasted revenue for the years 2025-2029, the weighted average cost of capital rates and the long-term growth rates, all of which were determined at the CGU level, including the effects of the duration of the current economic uncertainty. Such significant assumptions involved a high degree of subjectivity by management and reasonably possible changes to these assumptions have a significant effect on the value in use. Specifically, such assumptions were based on the Group's future business performances and other forward-looking assumptions that entail significant judgments by management and are heavily impacted by several external events. Finally, the projections of cash flows for the years 2025-2029 have been determined based on the Business Plan approved by the Board of Directors. The forecasts have been developed taking into account the actual results achieved by the Group.

The significant assumptions that were used in performing the 2024 impairment test for the Italian upholstered furniture plant CGU and certain directly operated retail stores CGUs are as follows:

— Italian upholstered furniture plant: weighted average cost of capital rate 8.99%, long-term growth rate 2.01%, annual sales growth rate for 2025 equal to +38.11% and annual sales growth rate (average of 2026-2029 period) equal to +5.00%. The significant growth projected for 2025 is primarily due to the relocation to Italy of part of the production that had been carried out in China in previous years.

— Directly operated retail stores CGUs located in the U.S.: weighted average cost of capital rate 9.98%, long-term growth rate 2.54%, annual sales growth rate for 2025 equal to +12.04% and annual sales growth rate (average of 2026-2029 period) equal to +9.52%.

— Directly operated retail stores CGUs located in Italy: weighted average cost of capital rate 8.99%, long-term growth rate 2.01%, annual sales growth rate for 2025 equal to +16.86% and annual sales growth rate (average of 2026-2029 period) equal to +5.24%.

— Directly operated retail stores CGUs located in Spain: weighted average cost of capital rate 8.93%, long-term growth rate 2.10%, annual sales growth rate for 2025 equal to +15.19% and annual sales growth rate (average of 2026-2029 period) equal to +5.48%.

— Directly operated retail stores CGUs located in the UK: weighted average cost of capital rate 8.97%, long-term growth rate 2.85%, annual sales growth rate for 2025 equal to 4.95% and annual sales growth rate (average of 2026-2028 period) equal to +8.96%.

For property, plant and equipment temporarily idle, the fair value less costs to sell was estimated through independent third-party appraisals, which assessed the fair value of land and buildings using the comparable market method and assessed the fair value of machinery and equipment using the depreciated replacement cost method, adjusted for an obsolescence rate and a marketability rate.

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As a result of the 2024 and 2023 impairment assessment performed by the Group, impairment losses of zero and 118, respectively, have emerged for property, plant and equipment. Conversely, with reference to other specific CGUs, an impairment reversal of 143 and 40 in 2024 and 2023, respectively, has emerged.

The Group conducted sensitivity analyses across all Cash Generating Units (CGUs). In particular, stress scenarios were defined by gradually increasing the WACC rate by up to 2 percentage points and reducing the terminal growth rate (g-rate) assumptions down to zero. The results of the analysis for the year 2024 indicated that, even under these adverse conditions, the CGUs related to the Italian plant and the majority of store CGUs would not require impairment. Within the most negative stress scenario considered, the risk of impairment would be limited to two store CGUs in the United States, one store in Spain, and two stores in Italy.

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9. Right-of-use-assets

Changes in the carrying amount of right-of-use assets for the years ended December 31, 2024 and 2023, are reported in the following tables.

| | Buildings | Vehicles | Total |
|---|-----------------|----------------|-----------------|
| Cost as at December 31, 2022 | 83,597 | 1,046 | 84,643 |
| Additions | 7,056 | 633 | 7,689 |
| Disposals | (609) | (766) | (1,375) |
| Adjustments due to remeasurements | 584 | — | 584 |
| Adjustments due to modifications | 11,867 | — | 11,867 |
| Effect of translation adjustments | (903) | (6) | (909) |
| Cost as at December 31, 2023 | 101,592 | 907 | 102,499 |
| Additions | 4,861 | 353 | 5,214 |
| Disposals | (10,329) | (103) | (10,432) |
| Adjustments due to remeasurements | 22 | — | 22 |
| Adjustments due to modifications | 182 | 93 | 275 |
| Effect of translation adjustments | 3,228 | 11 | 3,239 |
| Cost as at December 31, 2024 | 99,556 | 1,261 | 100,817 |
| Accumulated depreciation and impairment loss as at Dec. 31, 2022 | (40,811) | (1,007) | (41,818) |
| Depreciation | (11,887) | (134) | (12,021) |
| Disposals | 485 | 766 | 1,251 |
| Impairment loss | 75 | — | 75 |
| Adjustments due to remeasurements | 3 | — | 3 |
| Adjustments due to modifications | — | — | — |
| Effect of translation adjustments | 449 | 6 | 455 |
| Accumulated depreciation and impairment loss as at Dec. 31, 2023 | (51,686) | (369) | (52,055) |
| Depreciation | (10,372) | (271) | (10,643) |
| Disposals | 8,299 | 103 | 8,402 |
| Impairment loss | (458) | — | (458) |
| Adjustments due to remeasurements | — | — | — |
| Adjustments due to modifications | — | — | — |
| Effect of translation adjustments | (1,673) | (12) | (1,685) |
| Accumulated depreciation and impairment loss as at Dec. 31, 2024 | (55,890) | (549) | (56,439) |
| Net book value as at December 31, 2022 | 42,786 | 39 | 42,825 |
| Net book value as at December 31, 2023 | 49,906 | 538 | 50,444 |
| Net book value as at December 31, 2024 | 43,666 | 712 | 44,378 |

The Group leases buildings for its retail stores, warehouses and factory facilities. These leases typically run for a period of five to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. Some of such leases provide for additional rent payments that are based on changes in local price indices. For certain of these leases, the Group is restricted from entering into any sub-lease arrangements. A significant portion of retail stores, warehouse and factory facilities leases were entered into several years ago.

The Group leases vehicles under a number of leases. The contract lease term of such leases run for a period of two to four years.

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The Group leases also IT and office equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The following tables show a breakdown of right-of-use assets based on geographical location of the cash generating units (mainly directly operated retail stores) in which they are included.

| | 31/12/24 | 31/12/23 |
|--------------------------|---------------|---------------|
| United States of America | 21,810 | 25,901 |
| Italy | 12,008 | 12,523 |
| Spain | 1,424 | 2,548 |
| United Kingdom | 4,591 | 6,126 |
| China | 2,923 | 417 |
| Others | 1,622 | 2,929 |
| Total | 44,378 | 50,444 |

As at December 31, 2024, the Group performed the impairment assessment of property, plant and equipment and right-of-use assets included in several cash generating units (CGUs), such as the Italian upholstered furniture plant CGU and certain directly operated retail stores CGUs that presented indicators of impairment. For additional information on the impairment assessment, reference should be made to note 8.

As result of the 2024, 2023 and 2022 impairment assessment performed by the Group, impairment losses of 1,420, 1,092 and 848, respectively, have emerged for right-of-use assets, with reference to specific retail CGUs. The 2024 impairment loss concerned one store in Italy, one in the United States and one in the UK as a consequence of the fact that the sales forecasts for the three stores, based on the approved Business Plan, lead to the determination of a value in use lower than the carrying amount of the assets. More specifically with reference to 2024, the store in Italy reported an impairment of 204, compared to a carrying amount of 869, based on a weighted average rate of the cost of capital of 8.99% and a long-term growth rate of 2.01%, whereas the U.S. store reported an impairment of 616, compared to a carrying amount of 2,578, based on a weighted average rate of the cost of capital of 9.98% and a long-term growth rate of 2.54%. Lastly, the store located in the UK reported an impairment of 600, compared to a carrying amount of 2,050, based on a weighted average rate of the cost of capital of 8.97% and a long-term growth rate of 2.85%.

Conversely, with reference to other specific CGUs, an impairment reversal of 962, 1,167 and zero in 2024, 2023 and 2022, respectively, was recorded. In particular, with reference to 2024, the impairment reversal is related to the store in France whose assets had previously been impaired and which management, in light of performance falling short of the minimum profitability expectations, decided to close the store by terminating the lease agreement early. This decision resulted in the aforementioned reversal of impairment.

In 2023 the impairment reversal affected three stores in Italy and Spain and one in the UK and was due to the improvement of the sales forecasts based on the cash flow projection approved by the Board.

Other information about leases for which the Group is a lessee is presented below.

The following tables show the amounts recognized in profit or loss under IFRS 16 for the years ended December 31, 2024, 2023 and 2022.

| | 2024 | 2023 | 2022 |
|--|---------------|---------------|---------------|
| Depreciation charge of right-of-use assets | 10,643 | 12,021 | 11,834 |
| Interest on lease liabilities | 3,810 | 3,090 | 2,877 |
| Expenses relating to short-term leases | 1,970 | 2,326 | 1,465 |
| Expenses relating to leases of low-value assets, excluding short-term leases | 156 | 133 | 125 |
| Covid-19 rent concessions | — | — | (635) |
| Total | 16,579 | 17,570 | 15,666 |

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Lease payments recognised in statement of cash flows for the years ended December 31, 2024, 2023 and 2022 amount to 14,097, 14,147 and 12,926, respectively, and include interest paid for 3,809, 3,090 and 2,877, respectively (see note 21).

10. Intangible assets and goodwill

Changes in the carrying amount of intangible assets and goodwill for the years ended December 31, 2024 and 2023 are analysed in the following tables.

| | Trademarks, patents and other | Software | Goodwill | Total |
|---|-------------------------------------|-----------------|--------------|-----------------|
| Cost as at December 31, 2022 | 14,277 | 33,167 | 1,921 | 49,365 |
| Additions | 188 | 763 | — | 951 |
| Disposals | (11,098) | (16,513) | — | (27,611) |
| Effect of translation adjustments | (8) | (1) | — | (9) |
| Cost as at December 31, 2023 | 3,359 | 17,416 | 1,921 | 22,696 |
| Additions | 220 | 3,853 | — | 4,073 |
| Disposals | (302) | (7,842) | — | (8,144) |
| Effect of translation adjustments | 4 | 16 | — | 20 |
| Cost as at December 31, 2024 | 3,281 | 13,443 | 1,921 | 18,645 |
| Accumulated amortisation as at December 31, 2022 | (13,897) | (31,214) | — | (45,111) |
| Amortisation | (168) | (873) | — | (1,041) |
| Disposals | 11,098 | 16,513 | — | 27,611 |
| Effect of translation adjustments | 4 | 1 | — | 5 |
| Accumulated amortisation as at December 31, 2023 | (2,963) | (15,573) | — | (18,536) |
| Amortisation | (156) | (1,414) | — | (1,570) |
| Disposals | 260 | 7,842 | — | 8,102 |
| Effect of translation adjustments | (3) | (10) | — | (13) |
| Accumulated amortisation as at December 31, 2024 | (2,862) | (9,155) | — | (12,017) |
| Net book value as at December 31, 2022 | 380 | 1,953 | 1,921 | 4,254 |
| Net book value as at December 31, 2023 | 396 | 1,843 | 1,921 | 4,160 |
| Net book value as at December 31, 2024 | 419 | 4,288 | 1,921 | 6,628 |

As at December 31, 2024 and 2023, goodwill of 1,921 relates to the “Italy – retail stores” CGU. It arose from the 2017 acquisition by the Parent of three “Divani&Divani by Natuzzi” stores located in the North East of Italy.

In 2024, the item "disposals" refers to the writing-off of assets fully depreciated.

With reference to goodwill, since it is allocated to specific DOS, the Group has carried out an impairment test on property, plant and equipment, right-of-use assets as well as the goodwill for each cash-generating unit (CGU) of directly managed retail stores.

Further, the cash flows included specific estimates for five years and a long-term growth rate thereafter. Cash flow projections have been determined based on the Business Plan approved by the Board of Directors. For additional information on the impairment assessment, reference should be made to note 8.

Impairment tests have been performed on goodwill in 2024, 2023 and 2022 and no impairment was recorded.

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11. Equity-method investees

Changes in the carrying amount of equity-method investees for the years ended December 31, 2024 and 2023 are analysed as follows.

| | Natuzzi Trading Shanghai | Nars Miami LLC | Natuzzi Texas LLC | Natuzzi Store (UK) ltd | Foundation "Made in Italy circolare e sostenibile" | Salena S.r.l. | Total |
|--|--------------------------------|----------------------|-------------------------|---------------------------------|--|------------------|---------------|
| Balance as at December 31, 2022 | 37,029 | 431 | 176 | 52 | 8 | — | 37,696 |
| Acquisition of non-controlling interests | — | — | — | — | — | — | — |
| Share of profit for the year | 2,873 | 197 | (688) | 515 | — | — | 2,897 |
| Loss allowance | — | — | 502 | — | — | — | 502 |
| Share of other comprehensive income | (1,257) | — | — | — | — | — | (1,257) |
| Dividends received | — | — | — | — | — | — | — |
| Share capital reduction | — | — | — | — | — | — | — |
| Effect of translation adjustments | — | (19) | 10 | 2 | — | — | (7) |
| Balance as at December 31, 2023 | 38,645 | 609 | — | 569 | 8 | — | 39,831 |
| Acquisition of non-controlling interests | — | — | — | — | — | — | — |
| Share of profit for the year | 988 | (4) | (548) | (47) | — | — | 389 |
| Loss allowance | — | — | 602 | — | — | — | 602 |
| Share of other comprehensive income | 686 | — | — | — | — | — | 686 |
| Dividends received/(distributed) | — | (77) | — | — | — | — | (77) |
| Liquidation | — | (520) | — | — | — | — | (520) |
| Share capital reduction | — | — | — | — | — | — | — |
| Effect of translation adjustments | — | (8) | (54) | 26 | — | — | (36) |
| Balance as at December 31, 2024 | 40,319 | — | — | 548 | 8 | — | 40,875 |

As at December 31, 2024 and 2023 equity-method investees include: (a) the 49% stake in the joint venture Natuzzi Trading Shanghai; (b) the 51% stake in the joint venture Natuzzi Texas LLC; (c) the 30% stake in the associate Natuzzi Store (UK) ltd; (d) the 49% interest in the associate Salena S.r.l., whose carrying value was totally impaired in 2014 in consideration of some legal disputes among shareholders.

With reference to the investment in the associate Nars Miami LLC, the entity was liquidated in early 2024 following the closure of its sole store in 2023.

All such investments are accounted for using the equity method.

(i) Disclosures on Natuzzi Trading (Shanghai) Co. Ltd., joint venture

The following table shows the reconciliation of the carrying amount of the retained interest in Natuzzi Trading Shanghai as at December 31, 2022 with the carrying amount as at December 31, 2023 included in the consolidated statement of financial position.

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| | | |
|--|--------------|---------------|
| Carrying amount as at December 31, 2022 | | 37,029 |
| Dividends distribution | | — |
| Share capital reduction | | — |
| Group's share of profit for the year | 751 | |
| Elimination of amortisation of Natuzzi's trademarks | 367 | |
| Elimination of intercompany profit on inventories | 2,144 | |
| Amortisation of intangibles assets | (519) | |
| Reversal of deferred tax liabilities | 130 | |
| Group's share of profit for the year, net of equity method adjustments | <u>2,873</u> | 2,873 |
| Group's share of other comprehensive income | | (1,257) |
| Carrying amount as at December 31, 2023 | | 38,645 |

The following table shows the reconciliation of the carrying amount of the retained interest in Natuzzi Trading Shanghai as at December 31, 2023 with the carrying amount as at December 31, 2024 included in the consolidated statement of financial position.

| | | |
|--|------------|---------------|
| Carrying amount as at December 31, 2023 | | 38,645 |
| Dividends distribution | | — |
| Share capital reduction | | — |
| Group's share of profit for the year | 292 | |
| Elimination of amortisation of Natuzzi's trademarks | 368 | |
| Elimination of intercompany profit on inventories | 717 | |
| Amortisation of intangibles assets | (519) | |
| Reversal of deferred tax liabilities | 130 | |
| Group's share of profit for the year, net of equity method adjustments | <u>988</u> | 988 |
| Group's share of other comprehensive income | | 686 |
| Carrying amount as at December 31, 2024 | | 40,319 |

Summarised financial information of the joint venture Natuzzi Trading Shanghai, based on its IFRS financial statements, and reconciliation with the carrying amount of the Group's share in net assets and in profit or loss as reported in the consolidated financial statements are set out below.

Summarised statement of financial position of Natuzzi Trading Shanghai and Group's share in net assets as at December 31, 2024 and 2023

| | 31/12/24 | 31/12/23 |
|--|---------------|---------------|
| Current assets | 52,951 | 54,190 |
| Non-current assets | 16,954 | 16,681 |
| Current liabilities | (25,753) | (28,413) |
| Non-current liabilities | (2,885) | (3,222) |
| Net Assets | 41,267 | 39,236 |
| Group's share in net assets – 49% of net assets | 20,221 | 19,226 |
| Intangible assets | 1,272 | 1,796 |
| Goodwill | 26,140 | 26,140 |
| Elimination of intercompany profit from licensing Natuzzi's trademarks | (4,994) | (5,357) |
| Elimination of intercompany profit on inventories | (1,999) | (2,712) |
| Deferred tax liabilities | (321) | (448) |
| Group's carrying amount of interest | 40,319 | 38,645 |

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As at December 31, 2024 and 2023 cash and cash equivalents, bank overdrafts and borrowings, lease liabilities current and non-current are set out below.

| | 31/12/24 | 31/12/23 |
|-------------------------------|---------------|---------------|
| Cash and cash equivalents | 33,230 | 31,706 |
| Lease liabilities current | (2,885) | (1,570) |
| Lease liabilities non-current | (767) | (3,222) |
| Total, net | 29,578 | 26,914 |

Summarised statement of profit or loss of Natuzzi Trading Shanghai and Group's share of profit for the year ended December 31, 2023, 2022 and 2021.

| | 2024 | 2023 | 2022 |
|--|--------------|----------------|--------------|
| Revenue | 57,222 | 69,939 | 98,483 |
| Cost of sales | (33,492) | (39,823) | (60,481) |
| Other income and expenses, net | (7) | (747) | (91) |
| Selling expenses | (19,036) | (24,297) | (24,473) |
| Administrative expenses | (2,775) | (3,332) | (5,665) |
| Impairment on trade receivables | (520) | — | — |
| Net finance income | 78 | 315 | 1,037 |
| Profit before tax | 1,470 | 2,055 | 8,810 |
| Income tax expense | (874) | (522) | (2,646) |
| Profit for the period | 596 | 1,533 | 6,164 |
| Other comprehensive profit/(loss) | 1,400 | (2,565) | (1,600) |
| Total comprehensive profit for the period | 1,996 | (1,032) | 4,564 |
| Group's share of profit for the period – 49% | 292 | 751 | 3,020 |
| Elimination of amortisation of Natuzzi's trademarks | 368 | 367 | 367 |
| Elimination of intercompany profit on inventories | 717 | 2,144 | (2,562) |
| Amortisation of intangible assets | (519) | (519) | (519) |
| Deferred tax liabilities | 130 | 130 | 130 |
| Group's share of profit/(loss), net of equity method adj. | 988 | 2,873 | 436 |
| Group's share of other comprehensive income/(loss) for the period | 686 | (1,257) | (784) |
| Group's share of total comprehensive income/(loss) for the period | 1,674 | 1,616 | (348) |
| Dividends received by the Group | — | — | 3,697 |

For the years ended December 31, 2024, 2023 and 2022, depreciation and amortisation, interest income, interest expense and income tax expense are set below.

| | 2024 | 2023 | 2022 |
|-------------------------------|-------|-------|-------|
| Depreciation and amortisation | 4,153 | 5,571 | 1,945 |
| Interest income | 263 | 557 | 1,729 |
| Interest expense | 354 | 242 | 692 |
| Income tax expense | 874 | 522 | 2,646 |

(ii) Disclosures on Natuzzi Texas LLC, joint venture

Natuzzi Texas LLC is an immaterial joint venture, set up in 2021, which is engaged in the sale of the Group's Natuzzi upholstery furniture and home furnishings accessories to end consumers through directly-operated single-brand stores (Natuzzi Italia stores). The company opened its first store in February 2022.

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(iii) Disclosures on Natuzzi Stores (UK) Ltd, associate

Natuzzi Stores (UK) Ltd is an immaterial associate, in which the Group acquired a 30% stake in early 2021. Natuzzi Stores (UK) Ltd is engaged in the sale of upholstered furniture and home furnishings accessories to end consumers through directly-operated Natuzzi Italia mono-brand stores.

12. Other non-current receivables

Other non-current receivables consist of the following:

| | 31/12/24 | 31/12/23 |
|---|--------------|--------------|
| Security deposits for lease and other contracts | 6,124 | 6,396 |
| Total | 6,124 | 6,396 |

The security deposits for lease contracts, essentially consisting of leasing contracts, include the restricted cash for 892 which relates to the early retirement contract that the Company signed with certain employees in 2023 (see note 23).

13. Other assets (non-current and current)

Other assets are analysed as follows:

| | 31/12/24 | 31/12/23 |
|--|--------------|--------------|
| Advances to suppliers | 2,719 | 2,622 |
| Deferred delivery and commission costs related to finished goods | 844 | 1,490 |
| Deferred costs for Natuzzi Display System | 1,666 | 1,665 |
| Deferred costs for slotting fees | 842 | 641 |
| Deferred costs for Service-Type Warranty | 316 | 254 |
| Other prepaid expenses and accrued income | 435 | 296 |
| Total other assets | 6,822 | 6,968 |
| Less current portion | (5,073) | (5,365) |
| Non-current portion | 1,749 | 1,603 |

“Advances to suppliers” represent advance payments for raw materials, services and other expenses.

“Deferred delivery and commission costs related to finished goods” are related to the deferral of shipping and handling costs and commission expenses for finished goods that had not been delivered at year-end.

“Deferred costs for Natuzzi Display System” refer to the deferred costs incurred by the Company to purchase store fittings, which are then sold to retailers and used to set up their stores (“Natuzzi Display System” – NDS). Such costs are recognised over the life of the distribution contract signed with the retailer (usually five years).

“Deferred costs for slotting fees” refer to contributions made by the Company to retailers to prepare the retailer’s system to accept and sell the Group’s products. Such fees are recognised over the life of the contract signed with the retailers (usually five years).

“Deferred costs for Service-Type Warranty” refer to the deferral of costs incurred by the Company for the sale of a service-type warranty to end customers, considering that this insurance is provided by a third-party. Such costs are recognised over the life of the contractual insurance period, which is five years.

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14. Inventories

Inventories are analysed as follows:

| | 31/12/24 | 31/12/23 |
|---------------------------------|---------------|---------------|
| Leather and other raw materials | 19,700 | 17,847 |
| Goods in process | 9,327 | 9,790 |
| Finished goods | 33,788 | 34,450 |
| Total | 62,815 | 62,087 |

The following tables summarise the changes to the provision for slow moving and obsolete raw materials and finished goods included in inventories for the years ended December 31, 2024 and 2023.

| | 31/12/24 | 31/12/23 |
|-------------------------------|---------------|---------------|
| Balance at beginning of year | 14,986 | 16,406 |
| Additions | 1,172 | 480 |
| Reductions | (2,197) | (1,900) |
| Balance at end of year | 13,961 | 14,986 |

The additions and reductions are included in “cost of sales”.

There are no pledged inventories that could be limited in their availability.

15. Trade receivables

Trade receivables are due primarily from distributors and retailers who sell directly to end customers.

Trade receivables disaggregated by nature of the relationship with the customers are as follows:

| | 31/12/24 | 31/12/23 |
|---------------------------------|---------------|---------------|
| Third parties | 31,157 | 29,601 |
| Related parties | 5,323 | 7,966 |
| Gross trade receivables | 36,480 | 37,567 |
| Allowance for doubtful accounts | (3,661) | (4,263) |
| Total trade receivables | 32,819 | 33,304 |

For further information about transactions with related parties see note 45.

Trade receivables by geographic region are analysed as follows:

| | 31/12/24 | 31/12/23 |
|---------------------------------|---------------|---------------|
| Italian customers | 6,633 | 8,349 |
| Other European customers | 8,402 | 6,553 |
| North American customers | 9,277 | 9,182 |
| Chinese customers | 4,435 | 4,347 |
| South American customers | 4,300 | 5,447 |
| Other foreign customers | 3,433 | 3,689 |
| Gross trade receivables | 36,480 | 37,567 |
| Provision for doubtful accounts | (3,661) | (4,263) |
| Total trade receivables | 32,819 | 33,304 |

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The following tables provide the movements in the provision for doubtful accounts for the years ended December 31, 2024 and 2023.

| | 31/12/24 | 31/12/23 |
|---|----------|----------|
| Balance at beginning of year | 4,263 | 5,604 |
| Charges – bad debt expense | 289 | 33 |
| Reductions – write off of uncollectible amounts | (806) | (1,409) |
| Foreign exchange effect | (85) | 35 |
| Balance at end of year | 3,661 | 4,263 |

The Parent sold trade receivables to a financial institution for cash advances (for further details, see note 33(C)(iii)). These trade receivables have not been derecognized from the statement of financial position, because the Parent retains substantially all of the risks and rewards – primarily credit risk. The amount received on their transfer has been recognised as a secured bank borrowing (see note 28).

The arrangement with the financial institution is such that the customers remit cash directly to the Parent and the Parent transfers the collected amounts to the financial institution. The receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

The following information shows the reporting-date carrying amount of trade receivables that have been transferred but have not been derecognised and the associated liabilities.

| | 31/12/24 | 31/12/23 |
|--|----------|----------|
| Carrying amount of trade receivables transferred | 11,588 | 11,412 |
| Carrying amount of associated liabilities | (10,665) | (10,752) |
| Total, net | 923 | 660 |

Information about the Group's exposure to credit risk and impairment losses for trade receivables is included in note 33(C)(ii-a).

16. Other current receivables

Other current receivables are analysed as follows:

| | 31/12/24 | 31/12/23 |
|---|---------------|---------------|
| VAT | 2,408 | 2,091 |
| Receivables from National Institute for Social Security | 4,615 | 4,446 |
| Other | 3,595 | 5,681 |
| Total | 10,618 | 12,218 |

The "VAT" receivables include value added taxes and related interest reimbursable to the various companies of the Group. While currently due at the reporting date, the collection of the VAT receivable may extend over a maximum period of up to two years.

The "Receivables from National Institute for Social Security" represent the amounts paid in advance by the Company on behalf the governmental institute related to salaries and wages for those workers and employees subject to temporary work force reduction.

The "Other" caption mainly includes certain receivables related to incentives on photovoltaic investments, receivables for advance payments on sales commissions related to the Group's *Concessions* in Mexico, and receivables from lessors.

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17. Other current financial receivables

Other current financial receivables are analysed as follows:

| Other current financial receivables | 31/12/24 | 31/12/23 |
|-------------------------------------|--------------|----------|
| Short-term borrowings | 1,348 | — |
| Total | 1,348 | — |

In 2024, the Board of Directors of a subsidiary, in light of its liquidity position, approved the granting of a renewable annual loan to the minority shareholder, Truong Thanh Furniture Corporation (“TTF”), upon request. The loan carries an interest rate of LIBOR USD 1M - 0.25%, aligned with the yield of the Time Deposit in which the same subsidiary invested its excess liquidity. See note 45.

18. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

| | 31/12/24 | 31/12/23 |
|---------------|---------------|---------------|
| Cash on hand | 116 | 125 |
| Bank accounts | 20,206 | 33,485 |
| Total | 20,322 | 33,610 |

The following tables show the Group’s cash and cash equivalents broken-down by region.

| | 31/12/24 | 31/12/23 |
|---------------|---------------|---------------|
| Europe | 10,486 | 15,356 |
| Asia | 5,069 | 13,449 |
| North America | 3,261 | 3,659 |
| South America | 1,337 | 1,061 |
| Other | 169 | 85 |
| Total | 20,322 | 33,610 |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

| | 31/12/24 | 31/12/23 | 31/12/22 |
|--|---------------|---------------|---------------|
| Cash and cash equivalents in the statement of financial position | 20,322 | 33,610 | 54,475 |
| Bank overdrafts repayable on demand | (3,328) | (2,037) | (1,754) |
| Cash and cash equivalents in the statement of cash flows | 16,994 | 31,573 | 52,721 |

Bank overdrafts repayable on demand form an integral part of the Group’s cash management (see note 28).

19. Share capital, reserves and retained earnings

As at December 31, 2024, 2023 and 2022 the equity attributable to owners of the Company is analysed as follows:

| | 31/12/24 | 31/12/23 | 31/12/22 |
|-------------------|---------------|---------------|---------------|
| Share capital | 55,073 | 55,073 | 55,073 |
| Reserves | 20,659 | 20,448 | 23,292 |
| Retained earnings | (21,726) | (6,576) | 9,493 |
| Total | 54,006 | 68,945 | 87,858 |

As at December 31, 2024, the Company’s share capital, which is totally authorized and issued, is composed of 55,073,045 ordinary shares with par value of Euro 1 each, for a total of 55,073.

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Ordinary shareholders have the right to receive dividends, as approved by shareholders' meetings, and to express one vote per each share owned.

Share capital is owned, as at December 31, 2024, 2023 and 2022, as follows:

| | 31/12/24 | 31/12/23 | 31/12/22 |
|-------------------------|---------------|---------------|---------------|
| Mr. Pasquale Natuzzi | 56.2% | 56.2% | 56.2% |
| Mrs. Anna Maria Natuzzi | 2.6% | 2.6% | 2.6% |
| Mrs. Annunziata Natuzzi | 2.5% | 2.5% | 2.5% |
| Other investors | 38.7% | 38.7% | 38.7% |
| Total | 100.0% | 100.0% | 100.0% |

An analysis of "Reserves" is as follows:

| | 31/12/24 | 31/12/23 | 31/12/22 |
|---|---------------|---------------|---------------|
| Legal reserve | 10,971 | 10,971 | 10,971 |
| Majority shareholder capital contribution | 488 | 488 | 488 |
| Shareholders: unpaid share capital | — | — | (165) |
| Share premium reserve | 175 | 175 | 175 |
| Stock option reserve | 1,501 | 1,133 | 824 |
| Reserve for gain on disposal of Non-controlling interests | 4,219 | 4,219 | 4,219 |
| Foreign operations translation reserve | 1,792 | 2,335 | 5,468 |
| Remeasurement of defined benefit plan | 1,195 | 1,127 | 1,312 |
| Reserve from Shareholder Financing | 318 | — | — |
| Total | 20,659 | 20,448 | 23,292 |

The "Legal reserve" is related to the requirements of Italian law, which provide that 5% of net income of the Parent Company is retained as a legal reserve, until such reserve is 20% of the issued share capital. The legal reserve may be utilized to offset losses; any portion which exceeds 20% of the issued share capital is distributable as dividends. The legal reserve totaled 10,971 as at December 31, 2024, 2023 and 2022.

The "Majority shareholder capital contribution" is one of the Parent Company's reserves, which is restricted for capital grants received.

The "Shareholders: unpaid share capital" reserve is zero as of December 31, 2024 and 2023, as the Group collected the residual part of the share capital that was subscribed by a beneficiary of stock options.

The "Share premium reserve" refers to the value of the service provided by the beneficiary who subscribed to the stock option, for the portion accrued in 2022.

The "Stock option reserve" represents the value of the services provided as at 31 December 2024 by the beneficiaries of the stock option plan and includes both the part accrued but not yet exercised and the part relating to the tranche not yet expired.

The "Reserve for gain on disposal of Non-controlling interests" reports the recognition, for the share pertaining to the Group, of the contribution by the shareholder Troung Thanh Furniture (TTF) who carried out the relevant payment in March 2022 for the acquisition of 20% stake in Natuzzi Singapore PTE LTD. No further contribution took place in 2023 and 2024.

The "Foreign operations translation reserve" relates to the translation of foreign subsidiaries' financial statements for those subsidiaries which have assessed their functional currency being different from Euro.

The "Remeasurement of defined benefit plan" refers to the calculation of the present value of the employees' leaving entitlement at each reporting date, in compliance with applicable regulations and adjusted to take into account actuarial gains or losses. In particular, such actuarial gains or losses are reported in OCI (see note 4 (q)).

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The “Reserve from Shareholder Financing” originates from the granting of a three-year loan by the majority shareholder at a below-market interest rate. The difference between the contractual interest rate and the market interest rate has been recognized as an equity contribution. (See Note 20).

OCI accumulated in reserves, net of tax, is reported in the following tables.

| | 31/12/24 | 31/12/23 | 31/12/22 |
|---------------------------------------|--------------|--------------|--------------|
| Foreign operation translation | 1,792 | 2,335 | 5,468 |
| Remeasurement of defined benefit plan | 1,195 | 1,127 | 1,312 |
| Owners of the Company | 2,987 | 3,462 | 6,780 |
| Non-controlling interests | 148 | (17) | 144 |
| Total OCI | 3,135 | 3,445 | 6,924 |

The disaggregation of changes of OCI by each type of reserve in equity is shown in the tables below.

Year ended December 31, 2024

| | Foreign operations translation reserve | Remeasurement of defined benefit plan | Total |
|--|--|---------------------------------------|--------------|
| Exchange difference on translation of foreign operations | (1,064) | — | (1,064) |
| Share of OCI of equity-method investees | 686 | — | 686 |
| Actuarial gains/(losses) on employees’ leaving entitlement | — | 68 | 68 |
| Total | (378) | 68 | (310) |

Year ended December 31, 2023

| | Foreign operations translation reserve | Remeasurement of defined benefit plan | Total |
|--|--|---------------------------------------|----------------|
| Exchange difference on translation of foreign operations | (2,003) | — | (2,003) |
| Share of OCI of equity-method investees | (1,257) | — | (1,257) |
| Actuarial gains/(losses) on employees’ leaving entitlement | — | (185) | (185) |
| Total | (3,260) | (185) | (3,445) |

Year ended December 31, 2022

| | Foreign operations translation reserve | Remeasurement of defined benefit plan | Total |
|--|--|---------------------------------------|--------------|
| Exchange difference on translation of foreign operations | 524 | — | 524 |
| Share of OCI of equity-method investees | (784) | — | (784) |
| Actuarial gains/(losses) on employees’ leaving entitlement | — | 2,309 | 2,309 |
| Total | (260) | 2,309 | 2,049 |

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20. Long-term borrowings

Long-term borrowings (debts) as at December 31, 2024 and 2023 consist of the following:

| | 31/12/24 | 31/12/23 |
|---|---------------|---------------|
| Six-month Euribor (360) plus a 2.5% spread long-term debt with final payment due July 2025 | 1,313 | 3,563 |
| 2.3% fixed long-term debt with final payment due January 2026 | 1,240 | 2,358 |
| 1.5% fixed long-term debt with final payment due September 2027 | 217 | 298 |
| 0.21% fixed long-term debt with final payment due December 2034 | 7,734 | 6,799 |
| 80% of six-month Euribor (360) plus a 0.95% spread long-term debt with final payment due January 2035 | 1,035 | 1,135 |
| Three-month Euribor (360) plus a 2.00% spread long-term debt with final payment due December 2027 | 2,400 | 3,200 |
| Three-month Euribor (360) plus a 2.95% spread long-term debt with final payment due December 2028 | 2,526 | — |
| 2.5% Fixed rate long-term debt to majority shareholder with final payment due March 2027 | 2,255 | — |
| Total long-term borrowings | 18,720 | 17,353 |
| Less current installments | (4,532) | (5,200) |
| Long-term borrowings, excluding current installments | 14,188 | 12,153 |

During 2024, the actual level of rates ranged from 3.60% to 7.80%. During 2024, the Euribor experienced a decline, initially moderate, which accelerated in the latter part of the year.

During 2023, the Romanian subsidiary renegotiated the two existing loans, one amounting to 10,000 obtained in 2015 with residual debt renewals every two years and maturing in August 2023, and the other amounting to 5,000 maturing in March 2025 with government guarantee, into a single loan with a balance as of December 31, 2024, of 1,313. The new repayment plan involves monthly installments until July 2025. The variable interest rate is based on the performance of the 6-month Euribor (360) plus a spread of 2.5%. The loan is secured by a mortgage on the Romanian plant for 16,628 and by the following covenants: (a) cash receipts $\geq 60\%$ of turnover; (b) earnings before taxes and depreciation (EBITDA) $\geq 4.5\%$; (c) net debt / EBITDA ≤ 3 ; (d) Debt Service Cover Ratio ≥ 1.35 .

The Romanian subsidiary complied with the covenant requirements throughout 2024.

In July 2017, the Company incurred long-term debt for a 7,000 nominal amount with installments payable on a monthly basis, fixed interest rate of 2.3% and with final payment due January 2026. This long-term fixed-rate debt, of which 1,240 remains at year-end, is assisted by a mortgage on the properties located in Matera (Italy) for an amount of 14,000.

In March 2020, the Swiss subsidiary obtained a long-term loan from a financial institution, amounting to 378. This loan has been obtained as part of the COVID-19 measures to support business approved by the Swiss government. Such loan, of which 217 remains at year-end, has installments repayable on a six-month basis starting from 2022 and ending in September 2027. Since April 2023, the bank has informed us that the government authority has decided to apply a fixed annual interest rate of 1.5%.

In December 2019, the Company incurred long-term debt for a 4,181 nominal amount with installments payable on semi-annual basis, fixed interest rate of 0.21% and with final payment due December 2034. This long-term debt, of which 7,734 remains at year-end, following a further disbursement obtained in 2023 and a new disbursement in 2024, as well as the update of the amortization plan by the financial institution, is guaranteed by a mortgage on the properties located in Ginosa, Laterza and Santeramo in Colle (Italy) for a total amount of 13,936.

In December 2019, one of the Italian subsidiaries incurred long-term debt for a 435 nominal amount with installments payable on semi-annual basis and with final payment due January 2035. This long-term debt, already increased in 2021 and 2023, and of which 1,035 remains at year-end following a further disbursement of 581 obtained in 2023, provides for

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variable interest installments determined based on the 80% of six-month Euribor (360) plus 0.95% spread. Such loan is guaranteed by a mortgage on the properties located in Pozzuolo del Friuli (Italy) for a total amount of 3,000.

In January 2022, the Parent obtained a long-term loan from a financial institution, amounting to 4,000. This loan, which is guaranteed by an Italian governmental authority, has been made available by the Italian government as part of the COVID-19 measures to support businesses. Such loan, of which 2,400 remains at year-end, has installments repayable on a quarterly basis starting from January 2023, after the 12-month interest-only period, and ending in December 2027. This long-term debt provides for variable interest installments determined based on the three-month Euribor (360) plus a 2.00% spread.

In January 2024, the Parent Company obtained a long-term bank loan with a nominal amount of 3,000, repayable in quarterly installments starting from June 2024, at an interest rate of Euribor 3M + a 2.95% spread, with a final payment due on December 31, 2028. The debt is secured by a government entity guarantee covering 90% of the loan. As of December 31, 2024, the outstanding debt amounts to 2,526.

On March 31, 2024, the Parent Company obtained a three-year loan from the majority shareholder, due on March 31, 2027, with a nominal amount of 2,500, at an annual interest rate of 2.5%, with annual interest payments and full repayment of the debt on March 31, 2027. As of December 31, 2024, the outstanding debt amounts to 2,255 (see note 30).

During 2024 and 2023, the Company made all installment payments related to the aforementioned long-term borrowings.

Interest expense related to long-term borrowings for the years ended December 31, 2024, 2023 and 2022 is 768, 599 and 423, respectively. Interest due is paid with the related installment.

21. Lease liabilities (non-current and current)

The non-current and current portion of the lease liabilities as at December 31, 2024 and 2023 is as follows:

| | 31/12/24 | 31/12/23 |
|--|---------------|---------------|
| Non-current portion of the lease liabilities | 47,400 | 52,914 |
| Current portion of the lease liabilities | 10,350 | 9,413 |
| Total | 57,750 | 62,327 |

Changes in the carrying amount of the lease liabilities for the year ended December 31, 2024 and 2023 are reported in the following tables.

| | 31/12/24 | 31/12/23 |
|-----------------------------------|---------------|---------------|
| Balance at beginning of year | 62,327 | 51,849 |
| Additions for new leases | 5,215 | 9,773 |
| Interest expenses | 3,809 | 3,090 |
| Lease payments | (14,097) | (14,147) |
| Disposal of leases | (1,911) | (172) |
| Adjustments due to remeasurements | 43 | 584 |
| Adjustments due to modifications | 9 | 11,867 |
| Effect of translation adjustments | 2,356 | (517) |
| Balance at end of year | 57,750 | 62,327 |

As at December 31, 2024, the incremental borrowing rate is within the range of 3% and 12% (the same range as at December 31, 2023).

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The maturity analysis of the contractual undiscounted cash flows of the lease liabilities as at December 31, 2024 and 2023 are reported in the tables below.

| | 31/12/24 | 31/12/23 |
|--------------------------------------|---------------|---------------|
| Less than one year | 13,629 | 13,054 |
| One to five years | 39,294 | 42,309 |
| More than five years | 17,970 | 22,706 |
| Total undiscounted lease liabilities | <u>70,893</u> | <u>78,069</u> |

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of 43,309 as at December 31, 2024 (42,613 as at December 31, 2023).

22. Other non-current debts

This item includes payables to suppliers amounting to 465 for improvement works on third-party assets.

These payables relate to an installment-based obligation arising from adaptation works carried out in 2024 at a subsidiary's plant in China, which will be settled on a quarterly basis by the end of 2027. Interest expenses accrue on the installment payment as established in the contract signed between the parties.

| | 31/12/24 | 31/12/23 |
|--|------------|----------|
| Trade payables on leasehold improvements | 465 | — |
| Total Other non-current debts | <u>465</u> | <u>—</u> |

23. Other non-current liabilities

The item "Other non-current liabilities" as at December 31, 2024 and 2023 is as follows:

| | 31/12/24 | 31/12/23 |
|--|--------------|--------------|
| Other non-current liabilities | 2,160 | 2,725 |
| Total Other non-current liabilities | <u>2,160</u> | <u>2,725</u> |

The item reports the non-current portion of the debt to employees of the Parent Company following acceptance of the offer ("early retirement agreement") for termination of the employment relationship regulated by a specific legislative regulation providing for the early retirement of specific employees.

In particular, on 30 November 2023, 59 employees of the Parent Company signed up to a voluntary exit plan regulated by specific Italian regulations aimed at encouraging the retirement of staff earlier than indicated by Italian laws, with the commitment of the Company to hire new staff with professional skills more suited to current and prospective needs.

The early retirement agreement provides that the Company makes monthly payments to the government agency, INPS-National Social Security Institute, for the people who have left, equal to the amount of the allowance communicated by the same government agency, whose amount is lower than the salary such people were entitled to, and the related social

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contribution according to a plan that for each individual employee covers the time period remaining until accrual of pension rights.

The total amount of non-discounted installment payments to be completed in 2028 is 2,984, of which the debt payable beyond one year (from 2026 onwards) amounts to 2,169.

The total debt has been discounted at a rate of 6.308%, and as at December 31, 2024 the amount of the discounted debt beyond the year is equal to 2,160 (2,725 as at December 31, 2023).

In 2023, the early retirement agreement required the opening of a deposit account as a guarantee for 892 (see note 12) and the issuance of a surety bond for 4,459 in favor of the government entity (see note 44).

24. Employees' leaving entitlement

Changes to employees' leaving entitlement occurring during 2024 and 2023 are analysed as follows:

| | 31/12/24 | 31/12/23 |
|-------------------------------|---------------|---------------|
| Balance at beginning of year | 12,389 | 13,064 |
| Current service cost | 77 | 91 |
| Interest expense | 364 | 451 |
| Benefits paid | (1,116) | (1,402) |
| Actuarial losses/(gains) | (68) | 185 |
| Balance at end of year | 11,646 | 12,389 |

The employees' leaving entitlement refers to a defined benefit plan provided for by the Italian legislation due and payable upon termination of employment, assuming immediate separation (see note 4(q)).

The principal assumptions used in determining the present value of such defined benefit obligation ("DBO") related to the employee benefit obligation are reported as follows:

| | 31/12/24 | 31/12/23 |
|------------------------------------|--|----------|
| Annual discount rate | 3.18% | 3.08% |
| Annual future salary increase rate | 2.00% | 2.00% |
| Annual inflation rate | 2.00% | 2.00% |
| Annual DBO increase rate | 3.00% | 3.00% |
| Mortality | RG48 mortality tables published by the General State Accounting National Institute for Social Security tables, by age and sex | |
| Inability | | |
| Retirement | 100% upon achievement of AGO requisites | |
| Annual frequency of turnover | 2.00% | 2.00% |
| Annual frequency of DBO advances | 2.00% | 2.00% |

A quantitative sensitivity analysis for significant assumptions impacting the DBO as at December 31, 2023 and 2022 is reported as follows:

| | 31/12/24 | 31/12/23 |
|---------------------------------|----------|----------|
| +1.00% on turnover rate | 39 | 40 |
| -1.00% on turnover rate | (42) | (43) |
| +0.25% on annual inflation rate | 143 | 158 |
| -0.25% on annual inflation rate | (141) | (155) |
| +0.25% on annual discount rate | (220) | (242) |
| -0.25% on annual discount rate | 226 | 250 |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. Such analysis may not

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be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following are the expected payments of the employees' leaving entitlement in future years:

| | 31/12/24 | 31/12/23 |
|-----------------------|----------|----------|
| Within 1 year | 742 | 1,154 |
| Between 2 and 5 years | 3,263 | 2,902 |

The average duration of the defined benefit plan as at December 31, 2024 and 2023 are 8.7 and 9.0 years, respectively.

Employee benefits

Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

A. Description of share-based payment arrangement

On July 1, 2022, the extraordinary shareholders' meeting of Natuzzi S.p.A. approved the "Natuzzi 2022-2026" Stock Option Plan for the Natuzzi Group's key employees and directors (the "SOP") and granted the Company's Board of Directors the right to carry out an increase in the share capital of Natuzzi S.p.A., in one or more tranches, with the exclusion of preemptive rights that will be necessary to issue ordinary shares of the Company to the beneficiaries under the SOP.

On July 15, 2022, Natuzzi S.p.A. entered into an award agreement with each of three key officers of the Natuzzi Group having strategic functions. The award agreements have the following characteristics:

- The beneficiaries of the awards have the right to exercise a predetermined number of options to purchase ordinary shares of Natuzzi S.p.A.;
- The right to exercise options by each beneficiary is subject to the continuation of the relevant working relationship as specified in the individual award agreements;
- If the continuation of the relevant working relationship requirement is met, then the beneficiary of the award will be entitled to exercise the options on the dates specified in the relevant individual award agreement;
- The award agreement also regulates specific events such as termination of continuous service status, disability, death, change in control and delisting of Natuzzi S.p.A.

The ordinary shares of Natuzzi S.p.A. are listed on the New York Stock Exchange ("NYSE") in the form of American Depositary Shares ("ADSs"), issued by a U.S. depositary bank. Each ADS represents 5 ordinary shares of Natuzzi S.p.A.

To determine the fair value of an option, it was necessary to compare the price of the underlying ADS of the Company with the strike price relating to each tranche subject to evaluation, the latter multiplied by 5, since each ADS represents 5 ordinary shares of Natuzzi S.p.A.

The terms and conditions of the award agreements entered into are set forth below.

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| Grant date/beneficiaries | Number of equity-based instruments | Vesting conditions | Contractual life of the options |
|---|--|--|---------------------------------|
| Three key officers having strategic functions – July 15, 2022 | 562,512 ADSs equivalent to 2,812,560 ordinary shares | Continuous service status until the vesting date | From 1 to 6 years |

In particular, the number of ordinary shares of Natuzzi S.p.A. that each of the three beneficiaries can subscribe for pursuant to the relevant award agreements is broken down below and shown in terms of ADS equivalent.

| Vesting Date | Beneficiary 1 | Beneficiary 2 | Beneficiary 3 | Total |
|--------------|----------------|---------------|----------------|----------------|
| 15/Aug/22 | 36,533 | 6,583 | 44,000 | 87,116 |
| 31/May/23 | 54,800 | 9,874 | 33,000 | 97,674 |
| 31/May/24 | 54,800 | 9,874 | 38,338 | 103,012 |
| 31/May/25 | 73,067 | 13,165 | 5,338 | 91,570 |
| 31/May/26 | 73,067 | 13,165 | 5,338 | 91,570 |
| 31/May/27 | 73,067 | 13,165 | 5,338 | 91,570 |
| Total | 365,334 | 65,826 | 131,352 | 562,512 |

The date by which the options can be exercised is December 31, 2027 for beneficiaries 1 and 2 and December 31 of each vesting year up to December 31, 2027 for beneficiary 3. Beneficiary 3 left the Group in February 2024 and, therefore, based on the SOP agreement, no longer has the right to subscribe to shares, having exercised the option at the end of 2022 for those vested on August 15 of the same year and having lost the right to subscribe to those vested at the end of 2023 by not exercising the option by December 31, 2023.

B. Measurement of fair values

The fair value of the stock options granted to each of the three beneficiaries was measured based on the binomial tree model by Cox, Ross e Rubinstein (binomial tree lattice model). Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the stock options were as follows:

| Input data | Beneficiary 1 | Beneficiary 2 | Beneficiary 3 (sub 1) | Beneficiary 3 (sub 2) |
|---|---------------|---------------|-----------------------|-----------------------|
| Fair value of the ADS option at grant date | \$ 4.3900 | \$ 4.3000 | \$ 4.5300 | \$ 3.3700 |
| EURUSD exchange rate at grant date | n.a. | n.a. | 1.0059 | n.a. |
| Closing price of the ADS at grant date | \$ 8.8700 | \$ 8.8700 | \$ 8.8700 | \$ 8.8700 |
| Currency of the exercise price | U.S. dollar | U.S. dollar | Euro | U.S. dollar |
| Exercise price | \$ 14.5950 | \$ 15.3450 | \$ 5.0295 | \$ 15.6000 |
| Expected volatility of the stock price (weighted-average) | 67.73% | 67.73% | 67.73% | 67.73% |
| Expected volatility of the EURUSD exchange rate | n.a. | n.a. | 7.27% | n.a. |
| Expected life (weighted-average) * | 2.72 years | 2.72 years | 0.51 years | 0.59 years |
| Expected dividends | — | — | — | — |
| Risk-free interest rate (based on government bonds) | 2.80% | 2.80% | 2.80% | 2.80% |

(*) average of the different vesting dates.

Expected volatility was based on an evaluation of the historical volatility of both the price of the underlying ADSs of Natuzzi S.p.A. and EURUSD exchange rate, in particular by considering the relevant time series of the preceding 260 business days.

The total fair value of the SOP as at July 15, 2022, as determined by the abovementioned financial method, was equal to \$2,458,542.

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C. Reconciliation of outstanding share options

The number and weighted-average exercise prices of the stock options granted in 2024 are the following:

| | Number of options (ADS) | Weighted-average exercise price (ADS) |
|-------------------------------------|-------------------------|---------------------------------------|
| Outstanding as at January 1, 2024 | 431,160 | \$ 14.71 |
| Granted during the year | — | — |
| Forfeited during the year | — | — |
| Exercised during the year | — | — |
| Outstanding as at December 31, 2024 | 431,160 | \$ 14.71 |
| Exercisable as at December 31, 2024 | 172,464 | \$ 14.71 |

There are no further options granted during the year in addition to those granted on 15 July 2022.

During 2024 no beneficiary exercised the vested portion of its options.

The forfeited options related to beneficiary 3, as such beneficiary left the Company at the end of February 2024 and was granted a bonus of 124.

25. Contract liabilities (non-current and current)

Contract liabilities as at December 31, 2024 and 2023 consist of the following:

| | 31/12/24 | 31/12/23 |
|--|--------------|--------------|
| Advance payments from customers | 22,041 | 18,977 |
| Deferred income from licensing of Natuzzi's trademarks | 5,196 | 5,577 |
| Deferred revenue for Natuzzi Display System | 2,162 | 2,162 |
| Deferred revenue for Service-Type Warranty | 974 | 417 |
| Total contract liabilities | 30,373 | 27,133 |
| Less current portion | (23,587) | (20,333) |
| Non-current portion | 6,786 | 6,800 |

“Advance payments from customers” are related to considerations received by the Group upon sale of the Group's products, and before their delivery to end customers.

“Deferred income from licensing Natuzzi's trademarks” refers to the deferral of revenue deriving from licensing Natuzzi's Trademarks, to the former subsidiary Natuzzi Trading Shanghai. Such revenue, in the amount of 5,196 (net of the elimination of intercompany profit on the transaction), has been deferred over the useful life (20 years) of the licensed trademarks.

“Deferred revenue for Natuzzi Display System” refers to the deferral of revenue deriving from the sale of store fittings to retailers, which are used to set up their stores (“Natuzzi Display System” – NDS). Such revenue is recognised over time based on the length of the distribution contract signed with the retailer (usually five years).

“Deferred revenue for Service-Type Warranty” refers to the deferral of revenue deriving from the sale of a service-type warranty to end customers, which is recognised over time based on the contractual length of the insurance period (five years).

The amount of revenue recognised for the years ended December 31, 2024, 2023 and 2022 that was included in the opening contract liabilities balance amounts to 20,333, 17,124 and 20,797, respectively.

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26. Provisions (non-current and current)

Provisions as at December 31, 2024 and 2023 consist of the following:

| | 31/12/24 | 31/12/23 |
|--|--------------|--------------|
| Provision for legal claims | 5,425 | 7,432 |
| Provision for tax claims | 436 | 489 |
| Provision for warranties | 1,866 | 2,352 |
| Termination indemnities for sales agents | 825 | 861 |
| Other provisions | 1,105 | 502 |
| Total provisions | 9,657 | 11,636 |
| Less current portion | (1,866) | (2,352) |
| Non-current portion | 7,791 | 9,284 |

The provision for legal claims includes the amounts accrued by the Group for the probable contingent liability related to legal procedures initiated by several third parties as result of past events.

The provision for tax claims refers to the amounts accrued by the Group for the probable liability that will be paid to settle some tax claims.

The provision for warranties includes the estimated liabilities for the Group's obligation to repair or replace faulty products under the assurance warranty terms (see notes 4(r) and 4(t)). The warranty claims for the finished products sold are estimated based on past experience of the level of repairs, faulty products and disputes with customers. The Company expects that these costs will be incurred mainly in the next financial year. Significant assumptions used to calculate the provision for such assurance type warranty are the warranty period for all products sold, current sales levels and historical information available about repairs, faulty products and dispute with customers.

The termination indemnities for sales agents refer to termination indemnities, provided for by the current regulations, due to the Group's agents upon termination of their agreement with the Company or relevant subsidiary.

The item "other provisions" includes amounts set aside for investments in joint ventures that have already been fully written down.

Changes in the above provisions for the years ended December 31, 2024 and 2023 are analysed as follows:

| | Provision for legal claims | Provision for tax claims | Provision for warranties | Termination indemnities for sales agents | Other provisions | Total |
|--|----------------------------------|--------------------------------|--------------------------------|---|---------------------|---------------|
| Balance as at December 31, 2022 | 8,626 | 64 | 3,114 | 742 | — | 12,546 |
| Provisions made during the year | 1,723 | 425 | 785 | 119 | 502 | 3,554 |
| Provisions used during the year | (2,403) | — | (1,542) | — | — | (3,945) |
| Provisions reversed during the year | (514) | — | (5) | — | — | (519) |
| Balance as at December 31, 2023 | 7,432 | 489 | 2,352 | 861 | 502 | 11,636 |
| Provisions made during the year | 1,108 | — | 871 | 156 | 603 | 2,738 |
| Provisions used during the year | (2,566) | (2) | (1,357) | (192) | — | (4,117) |
| Provisions reversed during the year | (549) | (51) | — | — | — | (600) |
| Balance as at December 31, 2024 | 5,425 | 436 | 1,866 | 825 | 1,105 | 9,657 |

As at December 31, 2024, the provision for legal claims refers for 3,795 (5,907 as at December 31, 2023) to the probable contingent legal liability related to legal procedures initiated by 98 workers against the Company for the misapplication of the social security procedure "CIGS—Cassa Integrazione Guadagni Straordinaria". According to the "CIGS" procedure, the Company pays a reduced salary to the worker for a certain period of time based on formal agreements signed with the Trade Unions and other Public Social parties. In particular, these 98 workers are claiming in the legal procedures that the Company applied the "CIGS" during the period from 2004 to 2016 without foreseeing any time rotation. In May 2017, the

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Company received from the Italian Supreme Court of Justice (“*Corte di Cassazione*”) an adverse verdict for the above litigation related only to two workers. Based on this unfavorable verdict, the Company, with the support of its legal counsel, has assessed that the liability for legal procedures initiated by all the 98 workers is 3,795.

27. Deferred income for government grants

Changes in the carrying amount of deferred income for government grants for the years ended December 31, 2024 and 2023 are analysed as follows:

| | 31/12/24 | 31/12/23 |
|-------------------------------|---------------|---------------|
| Balance at beginning of year | 13,135 | 12,242 |
| Additions | 88 | 2,757 |
| Credit to profit or loss | (2,187) | (1,864) |
| Balance at end of year | 11,036 | 13,135 |

Government grants are related to benefits the Group obtained in 2024 and previous years from the Italian government as part of the incentive programs for under-industrialised regions in Southern Italy. They have been received to compensate the Group for the purchase of certain items of property, plant and equipment and for certain expenses mainly related to research projects. Deferred income for grants related to property, plant and equipment are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Deferred income for grants related to expenses are credited to profit or loss in the periods in which the costs are recognised.

There are no unfulfilled conditions or contingencies attached to these grants, except for that in accordance with the terms of some grants, the Group is prohibited from selling certain items of property, plant and equipment for a period of five years from the date on which the related grant was finally approved by the Italian governmental agency.

28. Bank overdrafts and short-term borrowings

Bank overdrafts and short-term borrowings as at December 31, 2024 and 2023 are analysed as follows:

| | 31/12/24 | 31/12/23 |
|---|---------------|---------------|
| Bank overdrafts | 3,328 | 2,037 |
| Borrowings related to a recourse factoring agreement | 10,665 | 10,752 |
| Borrowings secured with trade receivables not part of factoring agreement | 8,734 | 9,282 |
| Borrowings unsecured | 600 | 763 |
| Total | 23,327 | 22,834 |

The weighted average interest rates on the bank overdrafts and short-term borrowings for the years ended December 31, 2024 and 2023 are as follows:

| | 2024 | 2023 |
|-----------------|-------|-------|
| Bank overdrafts | 7.02% | 7.81% |
| Borrowings | 6.37% | 5.65% |

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As at December 31, 2024, the unused portion of credit facilities available to the Group, for which no commitment fees are due, amount to 30,640 (31,130 as at December 31, 2023). Such unused portion is mainly related to a recourse factoring agreement for export-related trade receivables (28,412) and bank overdrafts (2,228).

29. Trade payables

Trade payables as at December 31, 2024 and 2023 are analysed as follows:

| | 31/12/24 | 31/12/23 |
|---|---------------|---------------|
| Invoices received - supplier not part of factoring facility | 40,474 | 38,863 |
| Invoices received - supplier factoring facility | 11,670 | 9,758 |
| Accruals for invoices to be received | 14,333 | 12,267 |
| Total | 66,477 | 60,888 |

Trade payables mainly represent amounts payable for purchases of goods and services in Italy and abroad.

Trade payables include amounts due to related parties amounting to zero and 75 as at December 31, 2024 and 2023, respectively (see note 45).

The Parent participates in a supply chain finance programme (SCF), also known as 'reverse factoring', under which certain of its suppliers may elect to receive early payment of their invoices from a bank by factoring their receivables from the Parent. Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Parent and receives settlement from the Parent at a later date.

The principal purpose of this programme is to enable the willing suppliers to sell their receivables due from the Parent to a bank before their due date. This also enables the Parent to facilitate efficient payment processing.

The Parent has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained nor was the original liability substantially modified on entering into the arrangement. This is because the replacement of the commercial invoice with another debt instrument is not foreseen, nor is the company required to provide guarantees or request the opening of credit lines.

From the Parent's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that have not elected to participate in the program.

The settlement of trade payables, measured in terms of the average number of days between the invoice date and the payment date, occurs within a timeframe ranging from 90 to 150 days, including payables subject to reverse factoring arrangements.

The Parent, therefore, presents the amounts factored by these suppliers as trade payables because the nature and function of the financial liability remain the same as those of other trade payables but discloses disaggregated amounts in this note. All payables under the SCF program are classified as current as at December 31, 2024 and 2023.

The payments to the bank are included within operating cash flows because they continue to be part of the Group's normal operating cycle and their principal nature remains operating – i.e., payments for the purchase of goods and services.

Of the invoices received from suppliers and included in the factoring agreement, totaling 11,670 as of December 31, 2024, suppliers had collected a total amount of 5,444 as of the same date.

No significant changes unrelated to cash flows have been identified in the carrying amount of trade payables subject to reverse factoring arrangements.

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30. Other payables

Other payables as at December 31, 2024 and 2023 are analysed as follows:

| | 31/12/24 | 31/12/23 |
|---|---------------|---------------|
| Salaries and wages | 6,014 | 10,491 |
| Social security contributions | 5,292 | 5,285 |
| Vacation accrual | 4,499 | 4,869 |
| Withholding taxes on payroll and on others | 1,966 | 2,902 |
| Advance payment from the Parent's majority shareholder | — | 2,500 |
| Advance payment from the sale of a building (High Point, NC, USA) | 3,658 | — |
| Other accounts payable | 5,277 | 5,672 |
| Total | 26,706 | 31,719 |

The liability for the advance payment of 2,500 made by the majority shareholder of the Parent Company was settled at the end of March 2024 through the conversion of the aforementioned amount into a loan contract effective from March 31, 2024, with maturity on March 31, 2027, and the application of an interest rate of 2.5% (see notes 20 and 45).

The amount of 3,658 refers to the advance payment received from the majority shareholder following the signing of the preliminary agreement in October 2024 for the sale of a building located in High Point, NC (see notes 7 and 45).

As at December 31, 2024 the item 'Social security contributions' includes the short-term portion of the early retirement agreement amounting to 668 (637 as at December 31, 2023).

31. Other liabilities

Other liabilities as at December 31, 2024 and 2023 are analysed as follows:

| | 31/12/24 | 31/12/23 |
|--|------------|--------------|
| Advance payments for government grants | 403 | 1,549 |
| Total | 403 | 1,549 |

As at December 31, 2024 and 2023, advance payments for government grants are related to considerations received by the Parent for government grants obtained for next year's purchases of some research projects.

32. Derivative financial instruments

A significant portion of the Group's revenue and costs are denominated in currencies other than the Euro. Consequently, a significant portion of its revenue and costs is exposed to fluctuations in the exchange rates between the Euro and other currencies. The Group uses forward exchange contracts (known in Italy as domestic currency swaps) to reduce its exposure to the risks of short-term decrease in the value of its foreign currency denominated revenue. The Group uses such derivative instruments to protect the value of its foreign currency denominated revenue, and not for speculative or trading purposes. Despite being entered into such domestic currency swaps with the intent to reduce the foreign currency exposure risk for trade receivables and expected sales, the Group's derivative financial instruments do not qualify for being accounted for as hedging instruments according to IAS 39. Therefore, the Company reflects the positive or negative changes in the fair value of those derivatives through profit or loss in the caption "Net exchange rate gains/(losses)".

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The tables below summarise in euro equivalent the contractual amounts of forward exchange contracts used to hedge principally future cash flows from trade receivables and sale orders as at December 31, 2024 and 2023.

| | 31/12/24 | 31/12/23 |
|--------------------|----------|----------|
| U.S. dollars | 5,515 | 2,816 |
| British pounds | 4,304 | 3,443 |
| Euro | 2,416 | 12,056 |
| Australian dollars | 369 | 721 |
| Japanese yen | 124 | — |
| Total | 12,728 | 19,036 |

The following tables present information regarding the contract amount in euro equivalent amount and the estimated fair value of all of the Group's forward exchange contracts. Contracts with net unrealized gains are presented as "assets" (within the caption "Gains on derivative financial instruments") and contracts with net unrealized losses are presented as "liabilities" (within the caption "Losses on derivative financial instruments").

| | 2024 | | 2023 | |
|-------------|-----------------|---------------------------|-----------------|---------------------------|
| | Contract amount | Unrealised gains/(losses) | Contract amount | Unrealised gains/(losses) |
| Assets | 2,909 | 24 | 4,540 | 147 |
| Liabilities | 9,819 | (268) | 14,496 | (36) |
| Total | 12,728 | (244) | 19,036 | 111 |

As at December 31, 2024 and 2023, the forward exchange contracts have a net unrealized loss of 244 and a net unrealized income of 111, respectively. These amounts are recorded in net exchange rate gains/(losses) in the consolidated statements of profit or loss (see note 40).

33. Financial Instruments – Fair values and risk management

IFRS 9 "Financial Instruments" sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 "Financial Instruments: Recognition and Measurement".

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model within which a financial asset is managed and its contractual cash flow characteristics.

The Group's principal financial assets, other than derivatives, include cash and cash equivalents, trade and other receivables that derive directly from operations. The Group's principal financial liabilities, other than derivatives, comprise of long-term borrowings, lease liabilities, bank overdrafts and short-term borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group also enters into derivative transactions, namely forward exchange contracts, to protect the value of its foreign currency denominated revenue, not for speculative or trading purposes (see note 32).

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For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see notes 4(l), 4(m), 4(n), 4(o), 4(p) and 4(s).

A. Accounting classification of financial assets and financial liabilities

The following tables show the classification and carrying amounts of Group's financial assets and financial liabilities as at December 31, 2024 and 2023.

| Financial assets | 31/12/24 | 31/12/23 |
|--|-----------------|-----------------|
| Financial assets measured at amortised cost | | |
| Other non-current receivables | 6,124 | 6,396 |
| Trade receivables | 32,819 | 33,304 |
| Other current receivables | 10,617 | 12,218 |
| Other current financial receivables | 1,348 | — |
| Cash and cash equivalents | 20,322 | 33,610 |
| Total (a) | 71,230 | 85,528 |
| Financial assets measured at fair value | | |
| Forward exchange contracts | 24 | 147 |
| Total (b) | 24 | 147 |
| Total financial assets (a+b) | 71,254 | 85,675 |

Financial assets measured at amortised cost include trade receivables, other receivables (non-current and current) and cash and cash equivalents. Financial assets at fair value reflect the positive change in fair value of forward exchange contracts that are not designated as hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for future cash flows from accounts receivables and sale orders.

For further details on “Trade receivables”, “Other receivables”, “Cash and cash equivalents” and “Forward exchange contracts” reference should be made to notes 15, 12-16, 18 and 32, respectively.

| Financial liabilities | 31/12/24 | 31/12/23 |
|---|-----------------|-----------------|
| Financial liabilities measured at amortised cost | | |
| Long-term borrowings | 18,720 | 17,353 |
| Lease liabilities | 57,750 | 62,327 |
| Other non-current debts | 465 | — |
| Bank overdrafts and short-term borrowings | 23,327 | 22,834 |
| Trade payables | 66,477 | 60,888 |
| Other payables | 26,706 | 31,719 |
| Other non-current liabilities | 2,160 | 2,725 |
| Total (a) | 195,605 | 197,846 |
| Financial liabilities measured at fair value | | |
| Forward exchange contracts | 268 | 36 |
| Total (b) | 268 | 36 |
| Total financial liabilities (a+b) | 195,873 | 197,882 |

Financial liabilities measured at amortised cost include long-term borrowings (non-current and current portion), lease liabilities (non-current and current portion), bank overdrafts and short-term borrowings, trade payables and other payables. Financial liabilities measured at fair value reflect the negative change in fair value of forward exchange contracts that are not designated as hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected future cash flows from trade receivables and sale orders.

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For further details on “Long-term borrowings”, “Lease liabilities”, “Other non-current liabilities”, “Bank overdrafts and short-term borrowings”, “Trade payables”, “Other payables” and “Forward exchange contracts” reference should be made to notes 20, 21, 22, 23, 28, 29, 30 and 32, respectively.

B. Fair value and measurement of fair values of financial assets and financial liabilities

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables, bank overdrafts and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following tables show the carrying amount and fair value of Group’s financial assets and financial liabilities as at December 31, 2024 and 2023, other than those with carrying amount that are reasonable approximation of fair value.

| | 31/12/24 | | 31/12/23 | |
|------------------------------|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Forward exchange contracts | 24 | 24 | 147 | 147 |
| Financial liabilities | | | | |
| Floating-rate borrowings | 7,274 | 7,552 | 7,898 | 8,200 |
| Fixed rate borrowings | 11,446 | 14,078 | 9,455 | 12,459 |
| Total long-term borrowings | 18,720 | 21,630 | 17,353 | 20,659 |
| Forward exchange contracts | 268 | 268 | 36 | 36 |

As at December 31, 2024 and 2023, the fair value measurement hierarchy of the forward exchange contracts and long-term borrowings is “significant observable inputs” (level 2).

There were no transfers between level 1 (quoted prices in active markets) and level 2 during 2024 and 2023. There were no level 3 (significant unobservable inputs) fair values estimated as at December 31, 2024 and 2023.

The following methods and assumptions are used to estimate the fair values.

Forward exchange contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

The fair values of the Group’s interest-bearing borrowings are determined using the discounted cash flow method. The discount rate used reflects the issuer’s borrowing rate as at the end of the reporting period. The own non-performance risk as at December 31, 2024 and 2023 is determined to be insignificant.

C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk and
- market risk.

(i) Risk management framework

The management of the Group’s risks arising from financial instruments is performed on the basis of guidelines set by the Company’s Board of Directors. The main purpose of these guidelines is to balance the Group’s liabilities and assets, in

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order to ensure an adequate capital viability. The main financial sources of the Group are represented by a mix of equity and financial liabilities, including long-term borrowings used to finance investments, bank overdrafts and short-term borrowings used to finance the Group's working capital.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in this note.

Impairment losses on financial assets recognised in profit or loss for the years ended December 31, 2024, 2023 and 2022 are related mainly to trade receivables and are as follows:

| | 2024 | 2023 | 2022 |
|--------------------------------------|------|------|------|
| Impairment loss on trade receivables | 289 | 33 | 331 |

(ii-a) Trade receivables

The Group's customers are distributors, retailers and end consumers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in note 34.

Customer credit risk is managed on the basis of the Group's established policies, procedures and controls relating to customer credit risk management.

In particular, the Group has established a credit policy under which each customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. After such review, sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from senior management.

Furthermore, the Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period in the range of 30-90 days for individual customers. During 2022, the Group extended the credit terms to up to 120 days for certain customers who placed orders concerning the fitting out of the point of sale (so-called "sampling" orders). All extensions were granted within current sales limits after careful consideration of the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration. In order to mitigate credit risk, sales to distributors or retailers for which no payment extensions are granted due to an uncertain creditworthiness assessment, are required to be settled in cash ("cash against documents", "cash on delivery", "payment in advance"). Furthermore, sales to the end consumers are also required to be settled in cash or using major credit cards, thus mitigating the credit risk.

More than 80% of the Group's distributors and retailers have been transacting with the Group for at least five years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a distributor or retailer, their geographic location, industry, trading history with the Group and the existence of previous financial difficulties.

The Group does not require collateral to be given for trade receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral provided.

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Management closely monitors the outstanding trade receivables to prevent losses.

Finally, in order to significantly reduce its exposure to credit risk, the Group insures the non-collection risk related to a significant portion of its trade receivables with a third party insurer and, in the case of customer insolvency, the insurance company refunds about 85% of the uncollected outstanding balances. Accordingly, the credit risk is entirely borne by the Group for non-insured trade receivables while it is only exposed to approximately 15% for insured trade receivables.

The Group evaluates the concentration of risk with respect to trade receivables and revenue as low, as its customers are located in several jurisdictions and operate in largely independent markets (see notes 15 and 34). Furthermore, as at December 31, 2024, 2023 and 2022, the Group had one customer, the joint venture Natuzzi Trading Shanghai, whose purchases exceeded 5% of revenue and trade receivables (see note 45).

| | 31/12/24 | 31/12/23 | 31/12/22 |
|-------------------|----------|----------|----------|
| Revenue | 25,192 | 26,523 | 59,838 |
| Trade receivables | 4,022 | 4,198 | 5,314 |

As at December 31, 2024 and 2023, insured and non-insured trade receivables are as follows:

| | 31/12/24 | 31/12/23 |
|---------------------------------|---------------|---------------|
| Insured trade receivables | 23,253 | 25,706 |
| Non-insured trade receivables | 13,227 | 11,861 |
| Gross trade receivables | 36,480 | 37,567 |
| Provision for doubtful accounts | (3,661) | (4,263) |
| Net trade receivables | 32,819 | 33,304 |

As at December 31, 2024 and 2023 the ageing of trade receivables is as follows:

| | 31/12/24 | 31/12/23 |
|---------------------------------|---------------|---------------|
| Current (not past due) | 24,462 | 25,520 |
| From 1 to 29 days past due | 3,945 | 4,707 |
| From 30 to 60 days past due | 746 | 1,053 |
| From 61 to 90 days past due | 582 | 429 |
| More than 90 days past due | 6,745 | 5,858 |
| Gross trade receivables | 36,480 | 37,567 |
| Provision for doubtful accounts | (3,661) | (4,263) |
| Net trade receivables | 32,819 | 33,304 |

The movements in the provision for doubtful accounts in respect of trade receivables for the years ended December 31, 2024 and 2023 are reported in note 15.

The provision for doubtful accounts is estimated by the Group based on the insurance in place, the credit worthiness of its customers, historical trends, as well as current and future general economic conditions.

Specifically, for receivables subject to collective valuation an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The impairment allowance rates (default rates) are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and coverage by credit insurance). The calculation reflects the probability-weighted outcome based on reasonable and supportable information available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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Instead, for individual receivables which are known to be difficult to collect an impairment analysis is performed at each reporting date to measure expected credit losses. The impairment allowance is estimated by the Group based on the financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or late payments.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as at December 31, 2024 and 2023, further to the adoption of IFRS 9.

December 31, 2024

| | Days past due | | | | Total |
|---|---------------|------------|------------|-----------|--------|
| | <30 days | 30-60 days | 61-90 days | > 90 days | |
| Trade receivables subject to collective valuation | 1,279 | — | 79 | — | 1,358 |
| Trade receivables subject to specific valuation | | | | | 35,122 |
| Total gross carrying amount | | | | | 36,480 |
| Default rate | 0.65% | 9.60% | 26.31% | 58.83% | |
| Expected credit loss | 8 | — | 21 | — | 29 |

December 31, 2023

| | Days past due | | | | Total |
|---|---------------|------------|------------|-----------|--------|
| | <30 days | 30-60 days | 61-90 days | > 90 days | |
| Trade receivables subject to collective valuation | 1,798 | 83 | 78 | 36 | 1,995 |
| Trade receivables subject to specific valuation | | | | | 35,572 |
| Total gross carrying amount | | | | | 37,567 |
| Default rate | 0.86% | 13.06% | 37.78% | 95.31% | |
| Expected credit loss | 15 | 11 | 29 | 34 | 89 |

(ii-b) Other receivables

As at December 31, 2024, and 2023 other receivables current and non-current amount to 18,089 and 18,164, respectively. Such receivables are considered to have a low credit risk and the impairment loss has been measured on a 12-months expected credit loss basis. Management considers its other receivables to have a low credit risk as they have a low risk of default and their counterparties are able to meet their contractual cash flow obligations in the short-term. As at December 31, 2024 and 2023 the identified impairment loss of other receivables is immaterial.

(ii-c) Cash and cash equivalents

As at December 31, 2024 and 2023 the Group has cash and cash equivalents of 20,322 and 33,610, respectively. Indeed, the Group considers its cash and cash equivalents to have a low credit risk based on the external credit ratings of the financial institutions. Indeed, the Group's cash and cash equivalents are held with financial institutions, which have external credit risk ratings that are equivalent to the understood definition of "investment grade". Impairment of cash and cash equivalents has been measured on a 12-months expected credit loss basis and reflects the short-term nature of the exposures. As at December 31, 2024 and 2023 the identified impairment loss of cash and cash equivalents is immaterial.

(ii-d) Derivative financial instruments

Domestic currency swaps (see note 32) are entered into with financial institutions that have outstanding external credit ratings ("investment grade"). As at December 31, 2024 and 2023 the identified impairment loss of the favourable domestic currency swaps is immaterial.

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(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. As at December 31, 2024, the expected cash flows from trade and other receivables maturing within two months were in excess of the expected cash outflows for trade and other payables due within two months. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Therefore, the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, short-term borrowings and long-term borrowings.

The steps taken by the Group in 2024, 2023 and 2022 to respond to possible future liquidity constraints, together with the impact of those steps on the consolidated financial statements, include the following.

- In July 2020, the Parent signed the renewal for an additional five-year period of a factoring agreement with a major Italian financial institution. Under this agreement, the Parent assigns certain trade receivables to such financial institution in exchange for short-term borrowings for a maximum amount of 40,000. Trade receivables sold under such agreement are not derecognised from the statement of financial position, because the Parent retains substantially all of the risk and rewards – primarily credit risk (see note 15). The amount received on their transfer is recognised as a secured bank borrowing (see note 28).
- During 2023, the Romanian subsidiary renegotiated the two existing loans, one amounting to 10,000 obtained in 2015 with residual debt renewals every two years and maturing in August 2023, and the other amounting to 5,000 maturing in March 2025 with government guarantee, into a single loan with a balance as of December 31, 2024, of 1,313. The new repayment plan involves monthly installments until July 2025. The variable interest rate is based on the performance of the 6-month Euribor (360) plus a spread of 2.5% (see note 20).
- During 2024, the Parent Company received from an Italian governmental authority both grants amounting to 1,170 and subsidized financing of 314, related to investments and research and development expenses.
- At the beginning of 2024, the Parent Company obtained a long-term bank loan in the nominal amount of 3,000 with quarterly payments starting from June 2024, at an interest rate of Euribor 3M + spread of 2.95% and final payment on December 31, 2028. The debt is secured by a government entity guarantee covering 90% of the loan. As of December 31, 2024, the outstanding debt amounts to 2,526 (see Note 20).
- At the end of March 2024, the Parent Company obtained a three-year loan from the majority shareholder, maturing on March 31, 2027, with a nominal amount of 2,500 at an annual interest rate of 2.5%. Interest is payable annually, and the principal is to be fully repaid by March 31, 2027. As of December 31, 2024, the outstanding debt amounts to 2,255 (see Note 20).
- During 2024, a Chinese subsidiary and the Brazilian subsidiary secured bank overdrafts and short-term financing for a total amount of 2,622.
- In October 2024, a U.S. subsidiary entered into an agreement with the Group's majority shareholder for the sale of the High Point building for a total amount of USD 12.1 million and received an advance payment of USD 3.8 million. The remaining balance of USD 8.3 million was settled at the end of March 2025 (see Notes 7, 45, and 46).

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- In November 2024, the Romanian subsidiary signed a preliminary agreement for the sale of land for a total amount of 2,900, receiving an advance payment of 400. The transaction is expected to be completed in 2025 with the collection of the remaining balance (see Note 7).
- On April 4, 2024, the majority shareholder of the Parent Company signed an agreement with the Parent Company whereby the Equity Commitment Agreement signed in 2020 for the amount of 2,500 and paid by the majority shareholder in the same year, for which the Parent Company had committed to repayment by March 31, 2024, transforms into an interest-bearing loan effective from March 31, 2024, with maturity on March 31, 2027, and an annual interest rate of 2.50% (see note 44).

The tables below summarize the remaining contractual maturities of financial liabilities as at December 31, 2024 and 2023. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

December 31, 2024

| | Less than 2 months | 2 to 12 months | 1 to 2 years | 2 to 5 years | More than 5 years | Total |
|--|-----------------------|-------------------|-----------------|-----------------|-------------------------|----------------|
| Long-term borrowings | 626 | 4,459 | 2,568 | 8,034 | 5,943 | 21,630 |
| Lease liabilities | 2,379 | 11,250 | 12,513 | 26,781 | 17,970 | 70,893 |
| Bank overdrafts and short-term borrowings | 23,327 | — | — | — | — | 23,327 |
| Trade and other payables | 26,706 | 66,942 | — | — | — | 93,648 |
| Losses on derivative financial instruments | 268 | — | — | — | — | 268 |
| Total financial liabilities | 53,306 | 82,651 | 15,081 | 34,815 | 23,913 | 209,766 |

December 31, 2023

| | Less than 2 months | 2 to 12 months | 1 to 2 years | 2 to 5 years | More than 5 years | Total |
|--|-----------------------|-------------------|-----------------|-----------------|-------------------------|----------------|
| Long-term borrowings | 674 | 3,986 | 4,567 | 5,341 | 6,855 | 21,423 |
| Lease liabilities | 2,198 | 10,856 | 12,277 | 30,032 | 22,706 | 78,069 |
| Bank overdrafts and short-term borrowings | 22,834 | — | — | — | — | 22,834 |
| Trade and other payables | 31,719 | 63,613 | — | — | — | 95,332 |
| Losses on derivative financial instruments | 36 | — | — | — | — | 36 |
| Total financial liabilities | 57,461 | 78,455 | 16,844 | 35,373 | 29,561 | 217,694 |

In addition, the following is to be considered: (a) as at December 31, 2024, the Group has unused credit lines of 30,640 (see note 28); (b) the Company can use the credit facilities of its subsidiaries adhering to the cash pooling contract in place; from time to time, the Company evaluates the adequacy of such credit facilities, requesting additional facilities as needed; (c) the Group holds cash at foreign subsidiaries, that can be withdrawn by the Company subject to the approval of a dividend distribution; some of these dividends are subject to withholding taxes; (d) the Company can apply for long-term borrowings to sustain long-term investments; (e) there are no significant liquidity risk concentrations, both on financial assets and on financial liabilities.

(iv) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (e.g., interest rates, foreign exchange rates). Market risk, mainly, depends on the trend of the demand for furniture and other finished products, the trend in prices of raw materials and the fluctuation of interest rates and foreign currencies.

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The market demand risk is managed by way of a constant monitoring of markets, performed by the commercial division of the Group, market diversification in the different geographical locations of customers and a product diversification in the different brands and models.

In order to manage the prices of raw materials risk, the Group constantly monitors procurement policies and attempts to diversify suppliers while respecting the quality standards expected by the market.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowings obligations with floating interest rates. The Group manages its interest rate risk by having a portfolio of fixed and variable rate borrowings. As at December 31, 2024, approximately 61.1% of the Group's borrowings were at a fixed rate of interest (2023: 45.5%). No derivative financial instruments were entered into by the Group to manage the cash flow risk on floating interest-rate borrowings.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

| | Increase/decrease in basis points | Effect on profit before tax |
|-------------------|--|--|
| December 31, 2024 | +45 | (40) |
| December 31, 2024 | -45 | 40 |
| December 31, 2023 | +45 | (40) |
| December 31, 2023 | -45 | 40 |
| December 31, 2022 | +45 | (52) |
| December 31, 2022 | -45 | 52 |

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. In particular, a significant portion of the Group's revenue and costs are denominated in currencies other than the Euro. Consequently, a significant portion of its revenue and costs is exposed to fluctuations in the exchange rates between the Euro and other currencies. The Group uses forward exchange contracts (known in Italy as domestic currency swaps) to reduce its exposure to the risks of short-term decreases in the value of its foreign currency denominated revenue. For further details, see note 32.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable that is denominated in the foreign currency.

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant.

The Group's profit before tax is affected through the change in foreign in exchange rates as follows:

| | Change in foreign exchange rates | Effect on profit before tax |
|-------------------|---|--|
| December 31, 2024 | +5% | 2,150 |
| December 31, 2024 | -5% | (2,403) |
| December 31, 2023 | +5% | 1,707 |
| December 31, 2023 | -5% | (1,848) |
| December 31, 2022 | +5% | 4,287 |
| December 31, 2022 | -5% | (4,798) |

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As at December 31, 2024 and 2023 the Group's financial assets and financial liabilities denominated in foreign currency are as follows:

| Financial assets | 31/12/24 | 31/12/23 |
|-------------------------------|---------------|---------------|
| Trade receivables | 23,384 | 23,353 |
| Cash and cash equivalents | 16,224 | 29,471 |
| Total financial assets | 39,608 | 52,824 |

| Financial liabilities | 31/12/24 | 31/12/23 |
|--|---------------|---------------|
| Long-term borrowings | 216 | 293 |
| Lease liabilities | 41,604 | 43,152 |
| Bank overdraft and short-term borrowings | 10,336 | 8,826 |
| Trade payables | 21,355 | 23,278 |
| Total financial liabilities | 73,511 | 75,549 |

As at December 31, 2024 and 2023, the summary quantitative data about Group's exposure to currency risk as reported to the management of the Group is as follows:

December 31, 2024

| | Financial Assets (a) | Financial liabilities (b) | Net Exposure (c) = (a)-(b) |
|------------------|----------------------|---------------------------|----------------------------|
| U.S. dollars | 21,705 | 42,212 | (20,507) |
| Chinese Yuan | 5,173 | 10,005 | (4,832) |
| British pounds | 4,453 | 7,722 | (3,269) |
| Brazilian Reais | 4,089 | 2,497 | 1,592 |
| Canadian dollars | 62 | 4 | 58 |
| Romanian Leu | 810 | 6,772 | (5,962) |
| Mexican pesos | 1,229 | 1,415 | (186) |
| Other | 2,087 | 2,884 | (797) |
| Total | 39,608 | 73,511 | (33,903) |

December 31, 2023

| | Financial Assets (a) | Financial liabilities (b) | Net Exposure (c) = (a)-(b) |
|------------------|----------------------|---------------------------|----------------------------|
| U.S. dollars | 29,865 | 47,648 | (17,783) |
| Chinese Yuan | 10,280 | 5,820 | 4,460 |
| British pounds | 3,873 | 8,126 | (4,253) |
| Brazilian Reais | 4,288 | 1,596 | 2,692 |
| Romanian Leu | 482 | 6,583 | (6,101) |
| Mexican pesos | 1,906 | 1,674 | 232 |
| Canadian dollars | 198 | 99 | 99 |
| Other | 1,932 | 4,003 | (2,071) |
| Total | 52,824 | 75,549 | (22,725) |

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(v) Reconciliation of movements of liabilities to cash flows arising from financing activities

The following tables show the reconciliation of movements of financial liabilities to cash flows arising from financing activities for the three years ended December 31, 2024, 2023 and 2022.

December 31, 2024

| | Jan. 1, 2024 | Cash outflows | Cash inflows | Changes in fair value | Other changes | Dec. 31, 2024 |
|--|-----------------|------------------|-----------------|-----------------------------|------------------|------------------|
| Long-term borrowings | 17,353 | (4,839) | 3,314 | — | 2,892 | 18,720 |
| Lease liabilities | 62,327 | (10,288) | — | — | 5,711 | 57,750 |
| Short-term borrowings | 20,797 | (798) | — | — | — | 19,999 |
| Bank overdrafts | 2,037 | — | 1,291 | — | — | 3,328 |
| Non-controlling interests | 4,343 | (149) | — | — | 8 | 4,202 |
| Total liabilities from financing activities | 106,857 | (16,074) | 4,605 | — | 8,611 | 103,999 |

Bank overdrafts are used only for cash management purposes.

December 31, 2023

| | Jan. 1, 2023 | Cash outflows | Cash inflows | Changes in fair value | Other changes | Dec. 31, 2023 |
|--|-----------------|------------------|-----------------|-----------------------------|------------------|------------------|
| Long-term borrowings | 17,290 | (8,715) | 10,912 | — | (2,134) | 17,353 |
| Lease liabilities | 51,849 | (11,057) | — | — | 21,535 | 62,327 |
| Short-term borrowings | 27,500 | (6,703) | — | — | — | 20,797 |
| Bank overdrafts | 1,754 | — | 283 | — | — | 2,037 |
| Non-controlling interests | 4,698 | (135) | — | — | (220) | 4,343 |
| Total liabilities from financing activities | 103,091 | (26,610) | 11,195 | — | 19,181 | 106,857 |

Bank overdrafts are used only for cash management purposes.

December 31, 2022

| | Jan. 1, 2022 | Cash outflows | Cash inflows | Changes in fair value | Other changes | Dec. 31, 2022 |
|--|-----------------|------------------|-----------------|-----------------------------|------------------|------------------|
| Long-term borrowings | 17,439 | (4,473) | 4,038 | — | 286 | 17,290 |
| Lease liabilities | 57,138 | (10,049) | — | — | 4,760 | 51,849 |
| Short-term borrowings | 34,924 | (7,424) | — | — | — | 27,500 |
| Bank overdrafts | 1,223 | — | 531 | — | — | 1,754 |
| Non-controlling interests | 1,511 | (551) | 1,739 | — | 1,999 | 4,698 |
| Total liabilities from financing activities | 112,235 | (22,497) | 6,308 | — | 7,045 | 103,091 |

Bank overdrafts are used only for cash management purposes.

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34. Revenue

(i) Revenue streams

The Group generates revenue primarily from the sale of leather and fabric upholstered furniture and home furnishing accessories to its customers. Other sources of revenue include sale of polyurethane foam, sale of leather-by products, sale of Natuzzi Display System and sale of Service Type Warranty.

Therefore, all the Group's revenue is related to revenue from contracts with customers.

(ii) Disaggregation of revenue from contracts with customers

In the following tables, revenue from contracts with customers are disaggregated by types of goods, primary geographical markets, geographical location of customers, distribution channels, brands and timing of revenue recognition.

| Types of goods | 2024 | 2023 | 2022 |
|-------------------------------------|----------------|----------------|----------------|
| Sale of upholstery furniture | 272,935 | 281,638 | 398,768 |
| Sale of home furnishing accessories | 37,610 | 38,199 | 54,478 |
| Sale of polyurethane foam | 1,932 | 2,509 | 5,208 |
| Sale of other goods | 6,320 | 6,272 | 10,033 |
| Total | 318,797 | 328,618 | 468,487 |

The sale of upholstery furniture includes the following categories: stationary furniture (sofas, loveseats and armchairs), sectional furniture, motion furniture, sofa beds and occasional chairs, including recliners and massage chairs.

| Geographical markets | 2024 | 2023 | 2022 |
|--------------------------------|----------------|----------------|----------------|
| Europe, Middle East and Africa | 153,033 | 159,570 | 215,596 |
| Americas | 125,063 | 122,820 | 165,453 |
| Asia-Pacific | 40,702 | 46,228 | 87,438 |
| Total | 318,797 | 328,618 | 468,487 |

| Geographical location of customers | 2024 | 2023 | 2022 |
|--|----------------|----------------|----------------|
| United States of America | 90,921 | 87,250 | 119,749 |
| Italy | 47,509 | 39,037 | 61,284 |
| United Kingdom | 32,252 | 36,291 | 55,300 |
| China | 22,178 | 26,211 | 59,358 |
| Spain | 13,534 | 11,634 | 16,037 |
| Brazil | 13,516 | 14,498 | 15,544 |
| Mexico | 9,913 | 8,197 | 10,594 |
| Canada | 7,275 | 8,117 | 15,033 |
| Australia | 5,723 | 6,256 | 9,864 |
| Belgium | 4,605 | 5,302 | 8,084 |
| Israel | 3,514 | 3,371 | 5,804 |
| South Korea | 3,395 | 3,518 | 6,150 |
| United Arab Emirates | 3,181 | 4,839 | 4,453 |
| Other countries (none greater than 5%) | 61,281 | 74,097 | 81,233 |
| Total | 318,797 | 328,618 | 468,487 |

| Distribution channels | 2024 | 2023 | 2022 |
|--|----------------|----------------|----------------|
| Wholesale (distributors and retailers) | 242,667 | 255,507 | 386,421 |
| Directly operated stores (end consumers) | 76,130 | 73,111 | 82,066 |
| Total | 318,797 | 328,618 | 468,487 |

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| Brands | 2024 | 2023 | 2022 |
|------------------|----------------|----------------|----------------|
| Natuzzi Editions | 167,416 | 176,600 | 213,481 |
| Natuzzi Italia | 120,487 | 119,323 | 191,624 |
| Private label | 22,639 | 23,914 | 48,141 |
| Other | 8,255 | 8,781 | 15,241 |
| Total | 318,797 | 328,618 | 468,487 |

| Timing of revenue recognition | 2024 | 2023 | 2022 |
|--|----------------|----------------|----------------|
| Goods transferred at a point in time | 318,250 | 327,316 | 467,255 |
| Goods and services transferred over time | 547 | 1,302 | 1,232 |
| Total | 318,797 | 328,618 | 468,487 |

(iii) Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

| | 31/12/24 | 31/12/23 |
|----------------------|-----------------|-----------------|
| Trade receivables | 32,819 | 33,304 |
| Contract liabilities | 30,373 | 27,133 |

Reference should be made to note 15 “Trade receivables” and note 23 “Contract liabilities (non-current and current)” for details about such contract balances.

(iv) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the customer contract. The Group recognises revenue when it transfers control over a good or service to a customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

In determining the transaction price for its contracts with customers, the Group considers the effects of variable consideration and the existence of significant financing components.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The allocation of the transaction price to the Group’s performance obligations is performed using the relative stand-alone selling price method.

For detailed information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies, see note 4(t).

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The transaction price allocated to the remaining performance obligations (partially unsatisfied) as at December 31, 2024 and 2023 is as follows:

| | 31/12/24 | 31/12/23 |
|---|--------------|--------------|
| Sale of the license for Natuzzi trademarks | | |
| Within a year | 383 | 383 |
| More than a year | 4,811 | 5,194 |
| Total | 5,194 | 5,577 |
| Sale of Natuzzi Display System | | |
| Within a year | 851 | 813 |
| More than a year | 1,311 | 1,349 |
| Total | 2,162 | 2,162 |
| Sale of Service-Type Warranties | | |
| Within a year | 179 | 160 |
| More than a year | 260 | 257 |
| Total | 439 | 417 |

(v) *Variable considerations*

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of furniture provide customers with volume discounts, which give rise to variable consideration.

In particular, the Group provides retrospective volume discounts to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Discounts are offset against amounts payable by the customer. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

(vi) *Financing components*

For information about financing components, reference should be made to note 4(t)(vi).

(vii) *Warranty obligations*

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law.

Customers who purchase the Group's upholstered furniture and home furnishings accessories may require a service-type warranty. As disclosed in note 4(t)(v), the Group allocates a portion of the consideration received to the service-type warranty, based on the relative stand-alone selling price. The amount allocated to the service-type warranty is deferred, and is recognised as revenue over the time based on the validity period of such warranty.

These warranties are accounted for under IAS 37. Refer to the accounting policy on warranty provision in note 4(r).

(viii) *Cost to obtain a contract*

The Group pays sales commission to its agents for each contract that they obtain. For information about the accounting policy elected by the Group on sales commissions, reference should be made to note 4(x).

(ix) *Fulfillment costs*

The Group accounts for shipping and handling costs related to activities before the customer obtains control of the finished goods as fulfillment costs under the caption "Other assets" of the consolidated statement of financial position. For

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information about the accounting policy applied by the Group for shipping and handling costs, reference should be made to note 4(v).

35. Cost of sales

Cost of sales is analysed as follows:

| | 2024 | 2023 | 2022 |
|----------------------------------|----------------|----------------|----------------|
| Opening inventories | 62,087 | 70,120 | 80,211 |
| Purchases of raw materials | 92,851 | 92,457 | 152,181 |
| Purchases of finished products | 21,393 | 20,459 | 27,751 |
| Labour costs | 69,827 | 72,862 | 86,352 |
| Depreciation and amortisation | 6,526 | 8,639 | 8,356 |
| Third party manufacturers costs | 1,176 | 1,276 | 1,587 |
| Other manufacturing costs | 13,956 | 13,540 | 19,250 |
| Government grants related to PPE | (1,906) | (1,503) | (1,414) |
| Closing inventories | (62,815) | (62,087) | (70,120) |
| Total | 203,095 | 215,763 | 304,154 |

The line item “Depreciation and amortisation” includes the depreciation expenses of property plant and equipment and right-of-use assets used in the production of finished goods.

36. Other income and other expenses

Other income is analysed as follows:

| | 2024 | 2023 | 2022 |
|---|--------------|--------------|--------------|
| Gain on disposal of certain items of property | 3 | 4 | 157 |
| VAT relief | 1,169 | 1,475 | 1,573 |
| Reimbursements | 935 | 2,875 | 1,289 |
| Other | 2,694 | 2,762 | 3,505 |
| Total | 4,801 | 7,116 | 6,524 |

During 2024, 2023 and 2022 the Brazilian subsidiary obtained a VAT relief of 1,169, 1,475 and 1,573, respectively, connected to local tax rules on VAT payments.

During 2024, 2023 and 2022, the Company recorded reimbursements of 935, 2,875 and 1,289, respectively, mainly related to refund of transportation expenses and other items.

The item "Other", in 2024, includes 648 related to lessor revenues obtained by an American subsidiary, as well as contributions from the sale of photovoltaic energy and other minor items.

Other expenses amounted to 260, 457 and 1,678 in 2024, 2023 and 2022, respectively, and mainly refer to minor costs incurred by the Group and not related to cost of sales, selling and administrative expenses.

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37. Selling expenses

Selling expenses are analysed as follows:

| | 2024 | 2023 | 2022 |
|--------------------------------------|---------------|---------------|----------------|
| Shipping and handling costs | 24,767 | 26,325 | 55,912 |
| Labour costs | 26,027 | 25,971 | 24,615 |
| Depreciation and amortisation | 12,450 | 12,369 | 11,832 |
| Customs duties | 4,568 | 5,473 | 7,929 |
| Commissions to sales representatives | 5,327 | 5,861 | 7,318 |
| Advertising expenses | 5,986 | 5,936 | 6,193 |
| Utilities | 4,271 | 3,960 | 3,675 |
| Fairs | 638 | 596 | 1,050 |
| Other insurance costs | 1,047 | 1,042 | 1,034 |
| Impairment of non-financial assets | 441 | 3 | 890 |
| Leases | 1,271 | 1,627 | 785 |
| Promotions | 512 | 632 | 661 |
| Advisory services | 329 | 528 | 611 |
| Insurance costs on trade receivables | 175 | 312 | 567 |
| Samples | 494 | 505 | 546 |
| Other | 1,926 | 233 | 1,941 |
| COVID-19 rent concessions | — | — | (635) |
| Total | 90,229 | 91,373 | 124,924 |

38. Administrative expenses

Administrative expenses are analysed as follows:

| | 2024 | 2023 | 2022 |
|------------------------------------|---------------|---------------|---------------|
| Labour costs | 20,663 | 20,416 | 19,447 |
| Professional services costs | 3,340 | 2,979 | 3,151 |
| Indirect taxes | 1,919 | 1,991 | 2,177 |
| Directors and audit committee fees | 1,791 | 1,886 | 1,895 |
| Office and software maintenance | 2,448 | 2,549 | 2,138 |
| Depreciation and amortisation | 2,212 | 1,364 | 1,462 |
| Travel expenses | 2,279 | 2,677 | 2,689 |
| Mail and Phone | 509 | 552 | 550 |
| Printing and Stationery | 295 | 519 | 570 |
| Car costs | 443 | 661 | 467 |
| Government grants related to PPE | (1,333) | (145) | (59) |
| Other | 1,428 | 2,158 | 987 |
| Total | 35,994 | 37,607 | 35,474 |

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39. Finance income and costs

Finance income is analysed as follows:

| | 2024 | 2023 | 2022 |
|---|------------|------------|------------|
| Interest income from financial institutions | 474 | 711 | 29 |
| Other interest income | 355 | 230 | 839 |
| Total | 829 | 941 | 868 |

Finance costs are analysed as follows:

| | 2024 | 2023 | 2022 |
|---|---------------|--------------|--------------|
| Interest expenses due to financial institutions | 2,864 | 3,346 | 2,564 |
| Interest expenses related to lease liabilities | 3,810 | 3,090 | 2,877 |
| Other interest expenses | 1,168 | 675 | 1,033 |
| Financial institution commissions | 2,359 | 2,156 | 2,067 |
| Total | 10,201 | 9,267 | 8,541 |

40. Net exchange rate gains/(losses)

Net exchange rate gains/(losses) are analysed as follows:

| | 2024 | 2023 | 2022 |
|---|------------|--------------|----------------|
| Net realised gains/(losses) on derivative instruments | (196) | 1,251 | (1,663) |
| Net realised gains/(losses) on trade receivables and payables | 424 | (422) | 530 |
| Total net realised gains/(losses) (a) | 228 | 829 | (1,133) |
| Net unrealised gains/(losses) on derivative instruments | (438) | (746) | 1,454 |
| Net unrealised gains/(losses) on trade receivables and payables | 1,006 | 142 | 2,286 |
| Net unrealised gains/(losses) on non-monetary assets | (242) | (369) | (179) |
| Total net unrealised gains/(losses) (b) | 326 | (973) | 3,561 |
| Total realised and unrealised exchange rate gains/(losses) (a+b) | 554 | (144) | 2,428 |

“Net unrealised gains/(losses) on non-monetary assets” refers to the remeasurement of non-monetary assets of the subsidiary Italsofa Romania, since such entity has the same functional currency as the Parent, namely the Euro (see note 4(c)(ii)).

41. Income tax expense

Italian companies are subject to two enacted income taxes at the following rates:

| | 2024 | 2023 | 2022 |
|---------------------|--------|--------|--------|
| IRES (state tax) | 24.00% | 24.00% | 24.00% |
| IRAP (regional tax) | 4.82% | 4.82% | 4.82% |

IRES is a state tax and is calculated on the taxable income determined on the income before taxes modified to reflect all temporary and permanent differences regulated by the tax law.

IRAP is a regional tax and each Italian region has the power to increase the current rate of 3.90% by a maximum of 0.92%. In general, the taxable base of IRAP is a form of gross profit determined as the difference between gross revenues (excluding interest and dividend income) and direct production costs (excluding interest expense and other financial costs). The enacted IRAP tax rate due in the Puglia region of Italy for 2024, 2023 and 2022 is 4.82% (3.90% plus 0.92%).

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Total income taxes for the years ended December 31, 2024, 2023 and 2022 are allocated as follows:

| | 2024 | 2023 | 2022 |
|----------------------|--------------|----------------|----------------|
| Current: | | | |
| - Domestic | (6) | (1,065) | (838) |
| - Foreign | (865) | (659) | (1,582) |
| Total (a) | (871) | (1,724) | (2,420) |
| Deferred: | | | |
| - Domestic | — | — | — |
| - Foreign | 187 | 634 | 147 |
| Total (b) | 187 | 634 | 147 |
| Total (a + b) | (684) | (1,090) | (2,273) |

Consolidated profit/(loss) before income taxes and Non-controlling interests of the consolidated statement of profit or loss for the years ended December 31, 2024, 2023 and 2022, is analysed as follows:

| | 2024 | 2023 | 2022 |
|--------------|-----------------|-----------------|--------------|
| Domestic | (6,199) | (12,078) | (7,448) |
| Foreign | (8,499) | (2,994) | 11,009 |
| Total | (14,698) | (15,072) | 3,561 |

The effective income taxes differ from the expected income tax expense (computed by applying the IRES state tax to profit before income taxes and non-controlling interests) as follows:

| | 2024 | 2023 | 2022 |
|--|--------------|----------------|----------------|
| Expected tax benefit (expense) at statutory tax rates | 3,527 | 3,617 | (855) |
| Effect of: | | | |
| - Tax exempt income | 1,657 | 4,530 | 2,618 |
| - Aggregate effect of different tax rates in foreign jurisdictions | (254) | (481) | (79) |
| - Italian regional tax | (11) | (8) | (28) |
| - Non-deductible expenses | (3,140) | (5,675) | (1,635) |
| - Tax effect on unremitted earnings | — | — | (755) |
| - Chinese withholding tax on income not recoverable | — | (1,100) | — |
| - Effect of net change in deferred tax assets unrecognised | (2,463) | (1,973) | (1,539) |
| Actual tax charge | (684) | (1,090) | (2,273) |

In 2024, the Group reported a loss before tax of 14,698 and income tax expense of 684, compared to a loss before tax of 15,072 and income tax expense of 1,090 in 2023, and a profit before tax of 3,561 and income tax expense of 2,273 in 2022.

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities as at December 31, 2024 and 2023 are presented below:

| Deferred tax assets | 31/12/24 | 31/12/23 |
|--------------------------------------|--------------|--------------|
| Tax loss carry forward | 753 | 704 |
| Inventories obsolescence | 886 | 574 |
| Provision for contingent liabilities | 14 | 390 |
| Other temporary differences | — | 2 |
| Intercompany profit on inventories | — | 305 |
| Total deferred tax assets | 1,653 | 1,975 |

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| Deferred tax liabilities | 31/12/24 | 31/12/23 |
|--|--------------|----------------|
| Withholding tax on unremitted earnings of subsidiaries | (516) | (516) |
| Withholding tax on liquidation of subsidiaries | (480) | (480) |
| Unrealised net gains on foreign exchange rate | (2) | (305) |
| Other temporary differences | — | (5) |
| Total deferred tax liabilities | (998) | (1,306) |

Movements in deferred tax balances occurred during 2022, 2023 and 2024 are analysed as follows:

| | Deferred tax assets | Deferred tax liabilities | Total |
|--|---------------------|--------------------------|--------------|
| Balance as at December 31, 2021 | 1,295 | (1,405) | (110) |
| Recognised in profit or loss | 670 | (524) | 146 |
| Recognised in OCI | — | — | — |
| Recognised directly in equity | — | — | — |
| Balance as at December 31, 2022 | 1,965 | (1,929) | 36 |
| Recognised in profit or loss | 10 | 623 | 633 |
| Recognised in OCI | — | — | — |
| Recognised directly in equity | — | — | — |
| Balance as at December 31, 2023 | 1,975 | (1,306) | 669 |
| Recognised in profit or loss | (121) | 308 | 187 |
| Recognised in OCI | (201) | — | (201) |
| Recognised directly in equity | — | — | — |
| Balance as at December 31, 2024 | 1,653 | (998) | 655 |

The following tables show the reconciliation of deferred tax assets and deferred tax liabilities with the balances included in the consolidated statements of financial position as at December 31, 2024 and 2023.

| | 31/12/24 | 31/12/23 |
|--------------------------------------|----------|----------|
| Deferred tax assets | 1,653 | 1,975 |
| Deferred tax liabilities compensated | — | (310) |
| Net deferred tax assets | 1,653 | 1,665 |
| Deferred tax liabilities | (998) | (996) |

As of December 31, 2024, deferred tax assets mainly relate to carried-forward tax losses, inventory write-down for obsolescence, and provision for risks accounted for by some subsidiaries.

The application of the amendment to IAS 12 Deferred tax related to Assets and Liabilities Arising from a Single Transaction determined net unrecognized deferred tax assets of 2,297 as of December 31, 2024 and net unrecognized deferred tax assets of 1,324 as of December 31, 2023, related to leases, included in the “Other temporary differences” of the “Unrecognised deferred tax assets” table.

In assessing the reliability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and the tax loss carry-forwards are utilised.

Given the cumulative loss position of the domestic companies and of some of foreign subsidiaries as at December 31, 2024 and 2023, management has considered the scheduled reversal of deferred tax liabilities and tax planning strategies, in making their assessment. After an analysis as at December 31, 2024 and 2023, management has not identified any relevant tax planning strategies prudent and feasible available to recognise the deferred tax assets. Therefore, as at December 31,

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2024 and 2023 the realisation of the deferred tax assets is primarily based on the scheduled reversal of deferred tax liabilities, except in certain historically profitable jurisdictions.

Based upon this analysis, management believes that the Natuzzi Group will realise the deferred tax assets of 1,653 as at December 31, 2024 (1,975 as at December 31, 2023).

As at December 31, 2024 and 2023 deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

| Unrecognised deferred tax assets | 31/12/24 | | 31/12/23 | |
|---|----------------|----------------|----------------|----------------|
| | Gross Amount | Tax effect | Gross Amount | Tax effect |
| Tax loss carry-forwards | 378,307 | 93,266 | 367,620 | 90,025 |
| Provision for contingent liabilities | 4,892 | 1,396 | 6,588 | 1,893 |
| Inventory obsolescence | 10,989 | 2,272 | 7,803 | 2,197 |
| Allowance for doubtful accounts | 3,218 | 772 | 3,744 | 899 |
| Intercompany profit on inventories | 7,644 | 2,203 | 7,890 | 2,274 |
| Provision for warranties | 1,929 | 556 | 2,613 | 753 |
| Impairment of non-financial assets | 3,051 | 587 | 2,613 | 591 |
| Other temporary differences | 17,799 | 3,921 | 16,141 | 3,503 |
| Total unrecognised deferred tax assets | 427,829 | 104,973 | 415,012 | 102,135 |

As at December 31, 2024 and 2023, taxes that will be due on the distribution of the portion of shareholders' equity equal to unremitted earnings of some subsidiaries are 614 and 1,090, respectively. Of these deferred taxes, the Group recognized in both 2024 and 2023 the amount of 516 on the share of the aforementioned retained earnings, as it is likely they will be distributed as dividends by the subsidiaries in the coming years.

As at December 31, 2024 and 2023 the tax losses carried-forward of the Group expire as follows:

| | 2024 | Expire date | 2023 | Expire date |
|-------------------------|----------------|-------------|----------------|-------------|
| Expire in five years | 7,720 | 2025-2029 | 4,582 | 2024-2028 |
| Expire after five years | 127 | > 2029 | 378 | > 2028 |
| Never expire | 372,675 | — | 362,660 | — |
| Total | 380,522 | | 367,620 | |

In Italy all tax losses carried-forward no longer expire, with the only limitation being that such tax losses carried-forward can be utilised to off-set a maximum of 80% of the taxable income in each following year.

The income tax payable recorded as at December 31, 2024 and 2023 is 830 and 339, respectively. Whereas, the current income tax receivable recorded as at December 31, 2024 and 2023 is 1,642 and 3,000, respectively.

Of the Group's income tax payable, nil (2023 nil) relates to management's estimation of the amount for the ongoing tax review of the Parent, which the Italian tax authority commenced in October 2020. The uncertain tax treatment relates to the interpretation of how the tax legislation applies to the Group's transfer pricing arrangements. Due to the uncertainty involved, there is a possibility that the outcome of such tax review may be significantly different to the amount currently recognised. Although management has used a single best estimate of the tax amount expected to be paid, it is anticipated that the remaining ongoing tax review will reasonably result in determining current tax liabilities of zero due to the tax loss position of the relevant years.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

The Company operates in many foreign jurisdictions. With no substantial exceptions, the Company and its main subsidiaries located in Romania and China are no longer subject to tax audits for years preceding 2019.

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(Expressed in thousands of euros except as otherwise indicated)

42. Earnings/(loss) per share

Basic and diluted earnings/(loss) per share is analysed as follows:

| | 2024 | 2023 | 2022 |
|--|------------|------------|------------|
| Weighted average number of ordinary shares | 55,073,045 | 55,073,045 | 54,899,456 |
| Basic earnings/(losses) per share | (0.28) | (0.29) | (0.01) |
| Diluted earnings/(losses) per share | (0.28) | (0.29) | (0.01) |

Basic earnings/(loss) per share is calculated by dividing earnings/(loss) for the year, attributable to ordinary equity holders of the Parent Company, by the weighted average number of ordinary shares outstanding.

Diluted earnings/(loss) per share as at December 31, 2024, 2023 and 2022 equals the basic earnings/(loss) per share. Diluted earnings/(losses) per share equals basic earnings/(losses) per share because all options are antidilutive.

Since the value of 1 ADR as at December 31, 2024 is significantly lower than the exercise price set in the stock option plan, it is unlikely that, with reference to the shares vested and not exercised at December 31, 2024, the beneficiaries will exercise the rights vested and therefore the consequent dilution.

On February 8, 2019 the Company announced a change in the ratio of its American Depositary Receipts (ADRs) to ordinary shares, from 1 ADR representing 1 share to 1 ADR representing 5 shares. The effective date of the ratio change was February 21, 2019. No new shares have been issued in connection with the ratio change.

43. Expenses by nature

The following tables show the expenses by nature for the years ended December 31, 2024, 2023 and 2022 as required by IAS 1.104.

| | 2024 | 2023 | 2022 |
|---|----------------|----------------|----------------|
| Changes in inventories | (728) | 8,033 | 10,091 |
| Purchases of raw materials | 92,851 | 92,457 | 152,181 |
| Purchases of finished products | 21,393 | 20,459 | 27,751 |
| Services costs | 69,296 | 75,457 | 110,773 |
| Employee benefits expenses | 116,517 | 119,249 | 130,414 |
| Depreciation and amortisation, net of government grants | 19,733 | 20,724 | 20,177 |
| Other | 10,256 | 8,364 | 13,165 |
| Total cost of sales, selling and administrative expenses | 329,318 | 344,743 | 464,552 |

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(Expressed in thousands of euros except as otherwise indicated)

The following tables show in which caption is included the depreciation and amortisation, net of government grants.

| | 2024 | 2023 | 2022 |
|--|---------------|---------------|---------------|
| Included in cost of sales | | | |
| Depreciation of property, plant and equipment | 6,272 | 6,535 | 6,234 |
| Depreciation of right-of-use assets | 253 | 2,102 | 2,120 |
| Amortisation of intangible assets | 1 | 2 | 2 |
| Government grants | (1,388) | (1,503) | (1,414) |
| Total (a) | 5,138 | 7,136 | 6,942 |
| Included in selling expenses | | | |
| Depreciation of property, plant and equipment | 2,329 | 2,450 | 2,253 |
| Depreciation of right-of-use assets | 10,121 | 9,919 | 9,579 |
| Amortisation of intangible assets | — | — | — |
| Total (b) | 12,450 | 12,369 | 11,832 |
| Included in administrative expenses | | | |
| Depreciation of property, plant and equipment | 373 | 325 | 298 |
| Depreciation of right-of-use assets | 271 | — | 135 |
| Amortisation of intangible assets | 1,568 | 1,039 | 1,029 |
| Government grants | (67) | (145) | (59) |
| Total (c) | 2,145 | 1,219 | 1,403 |
| Total depreciation and amortisation (a+b+c) | 19,733 | 20,724 | 20,177 |

The following tables show in which caption is included the employee benefits expenses.

| | 2024 | 2023 | 2022 |
|---|----------------|----------------|----------------|
| Included in cost of sales | | | |
| Salaries and wages | 47,739 | 49,968 | 58,913 |
| Social security contributions | 16,113 | 14,825 | 17,788 |
| Employees' leaving entitlement | 3,353 | 4,611 | 4,598 |
| Other costs | 2,622 | 3,458 | 5,053 |
| Total (a) | 69,827 | 72,862 | 86,352 |
| Included in selling expenses | | | |
| Salaries and wages | 20,558 | 20,641 | 19,218 |
| Social security contributions | 3,756 | 3,716 | 3,507 |
| Employees' leaving entitlement | 494 | 604 | 513 |
| Other costs | 1,219 | 1,010 | 1,377 |
| Total (b) | 26,027 | 25,971 | 24,615 |
| Included in administrative expenses | | | |
| Salaries and wages | 14,871 | 15,376 | 14,345 |
| Social security contributions | 3,404 | 3,007 | 3,026 |
| Employees' leaving entitlement | 637 | 643 | 657 |
| Other costs | 1,751 | 1,390 | 1,419 |
| Total (c) | 20,663 | 20,416 | 19,447 |
| Total employee benefits expenses (a+b+c) | 116,517 | 119,249 | 130,414 |

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44. Commitments and contingent liabilities

As at December 31, 2024, the Group is not committed to investing in significant property, plant and equipment, intangibles assets and other capital expenditure.

Certain financial institutions have provided guarantees as at December 31, 2024 to secure payments to third parties amounting to 11,767, (9,067 as at December 31, 2023). These guarantees are unsecured and have various maturities extending through December 2028.

The most significant guarantee was issued in October 2024 for an amount of 2,809 in the interest of a subsidiary following the signing of a major commercial contract with a client for future supply of products. This guarantee has a duration of 7 months.

The Group is involved in a number of claims (including tax claims) and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters, after the provisions accrued, will not have a material adverse effect on the Group's consolidated financial position or results of operations (see note 26).

45. Related parties

Related parties of the Group include mainly associates and joint ventures of the Group and the Group's key management personnel.

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year.

(i) Compensation of key management personnel of the Group

The compensation of key management personnel of the Group is analysed as follows:

| | 2024 | 2023 | 2022 |
|--|--------------|--------------|--------------|
| Directors' fee | 642 | 849 | 854 |
| Short-term employee benefits | 3,343 | 2,772 | 1,851 |
| Social security contributions and defined contribution plans | 913 | 777 | 685 |
| Employee benefit obligations | 254 | 188 | 125 |
| Expenses for stock options | 367 | 587 | 998 |
| Total | 5,519 | 5,173 | 4,513 |

The amounts disclosed in the tables are the amounts recognised as an expense during the reporting period related to key management personnel. No loans and/or guarantees have been provided for or agreed to with key management personnel.

(ii) Transactions with directors of the Group

The aggregate value of transactions and outstanding balances related to directors were as follows.

| | 2024 | | 2023 | | 2022 | |
|---|--------------|-------------|--------------|-------------|--------------|-------------|
| | Cost | Amounts due | Cost | Amounts due | Cost | Amounts due |
| Finished products purchased from TTF | 3,823 | 652 | 1,340 | 412 | 1,852 | 178 |
| Purchase of agency services from the company REFLEX MARKETING | 960 | — | 992 | 1 | 1,360 | 1 |
| Total | 4,783 | 652 | 2,332 | 413 | 3,212 | 179 |

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(Expressed in thousands of euros except as otherwise indicated)

| | 2024 | | 2023 | | 2022 | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | Income | Amounts owed | Income | Amounts owed | Income | Amounts owed |
| Selling of finished products to NAT STORE LTD | 1,350 | 303 | 1,631 | 171 | 1,354 | 233 |
| Selling of finished products to IN CASA GROUP PTY | 1,741 | 593 | 1,735 | 732 | 2,401 | 654 |
| Total | 3,091 | 896 | 3,366 | 903 | 3,755 | 887 |

With reference to the purchases of finished products from the outsourcer Truong Thanh Furniture Corporation ("TTF"), which since March 2022 has become a minority partner with a 20% stake in the subsidiary Natuzzi Singapore, and whose president, Mr. Mai Hữu Tín, has become a Board Member of the same Natuzzi Singapore, the supply business relationship is based on agreements signed in 2020, which are still in force.

With reference to the purchase of agency services from the company REFLEX MARKETING and the sale of finished products to NAT STORE LTD, a company in which Mr. R. Mynett is a partner, who is also a minority shareholder at 30% in the subsidiary Natuzzi UK Retail Limited and its Board Member, the business relationship is based on pre-existing agreements predating the establishment of Natuzzi UK Retail Limited.

With reference to the sales of finished products to the company IN CASA GROUP PTY, where Ms. J. Francis serves as director, who was also a Board Member of Natuzzi Oceania PTI Ltd till September 2024, the business relationship is based on agreements predating her entry into the subsidiary Natuzzi Oceania.

From time to time, Directors of the Group, or their related entities, may buy goods from the Group. These purchases are made on the same terms and conditions as those entered into by the Group's other employees or customers.

Furthermore, during 2024, the following additional transactions involving Group directors took place:

1. The majority shareholder and Executive Chairman of the Board of Directors, in early April 2024, granted a three-year loan to the Parent Company amounting to 2,500. The loan is set to mature on March 31, 2027, with a below-market interest rate of 2.50%. The interest rate differential compared to the market interest rate has been recognized under the caption "Reserves" within the Total Equity. See notes 19 and 20.
2. Additionally, in October 2024, the majority shareholder signed a preliminary agreement to purchase a building from an American subsidiary, located in the city of High Point, North Carolina, USA, for an amount of USD 12.1 million. An advance payment of USD 3.8 million was made on the same day. The remaining balance was paid on March 25, 2025 upon the signing of the transfer agreement. The transaction was conducted under market conditions, as the price was determined based on a specific appraisal carried out in October. See notes 7 and 30.
3. In June 2024, a subsidiary of the Company granted a loan to TTF, a minority shareholder of Natuzzi Singapore, for USD 1.4 million for a 12-month term, renewable for an additional 12 months. The agreed interest rate, set at USD 1-Month Libor minus 0.25%, matches the rate the subsidiary would have obtained from a bank deposit. See note 17.

(iii) Transactions with associates, joint ventures and other related parties

The following tables provide the total amount of transactions that have been entered into with such related parties for the relevant financial year. Such transactions have been conducted at arm's length.

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(Expressed in thousands of euros except as otherwise indicated)

December 31, 2024

| | Sales | Expenses | Dividends received | Amounts owed by related parties | Amounts due to related parties |
|---|---------------|----------|--------------------|---------------------------------|--------------------------------|
| Natuzzi Trading Shanghai Co, Ltd. (joint venture) | 25,192 | — | — | 4,022 | — |
| Natuzzi Texas LLC (joint venture) | 1,251 | — | — | 3,515 | — |
| Natuzzi Stores (UK) LTD (associate) | 4,699 | — | — | 110 | — |
| Natuzzi Design S.a.s. (other related party) | 2,004 | — | — | 534 | — |
| Natuzzi Arredamenti S.r.l. (other related party) | 1,083 | — | — | 263 | — |
| Natuzzi Sofa S.r.l. (other related party) | 322 | — | — | 84 | — |
| Total | 34,551 | — | — | 8,528 | — |

December 31, 2023

| | Sales | Expenses | Dividends received | Amounts owed by related parties | Amounts due to related parties |
|---|---------------|------------|--------------------|---------------------------------|--------------------------------|
| Natuzzi Trading Shanghai Co, Ltd. (joint venture) | 26,523 | — | — | 4,198 | — |
| Nars Miami LLC (associate) | 167 | 431 | — | 103 | 75 |
| Natuzzi Texas LLC (joint venture) | 1,951 | — | — | 2,598 | — |
| Natuzzi Stores (UK) LTD (associate) | 5,876 | — | — | 44 | — |
| Natuzzi Design S.a.s. (other related party) | 2,130 | — | — | 724 | — |
| Natuzzi Arredamenti S.r.l. (other related party) | 1,619 | — | — | 243 | — |
| Natuzzi Sofa S.r.l. (other related party) | 385 | — | — | 56 | — |
| Total | 38,651 | 431 | — | 7,966 | 75 |

December 31, 2022

| | Sales | Expenses | Dividends received | Amounts owed by related parties | Amounts due to related parties |
|---|---------------|-----------|--------------------|---------------------------------|--------------------------------|
| Natuzzi Trading Shanghai Co, Ltd. (joint venture) | 59,838 | — | 3,697 | 5,314 | — |
| Nars Miami LLCC (associate) | 1,484 | 16 | — | 231 | 59 |
| Natuzzi Texas LLC (joint venture) | 992 | — | — | 1,193 | — |
| Natuzzi Stores (UK) LTD (associate) | 7,110 | — | — | 14 | — |
| Natuzzi Design S.a.s. (other related party) | 2,550 | — | — | 426 | — |
| Natuzzi Arredamenti S.r.l. (other related party) | 1,734 | 26 | — | 231 | — |
| Natuzzi Sofa S.r.l. (other related party) | 399 | — | — | 48 | — |
| Total | 74,107 | 42 | 3,697 | 7,457 | 59 |

All outstanding balances with these related parties are to be settled in cash within three months of the reporting date. None of the balances are secured. No guarantees have been given or received.

To support the activities of such joint ventures and associates, the Group and the other investors in these entities have agreed to make additional contributions in proportion to their interests to make up any losses, if required.

The company Nars Miami LLC was liquidated in 2024 following the closure of its only store in 2023. Refer to note 11.

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46. Subsequent events

The following events have occurred in the period between the reporting date and the date of authorisation of these consolidated financial statements.

On March 25, 2025, the sale agreement was executed for the transfer of the building located in High Point, located in the state of North Carolina, USA, to a company affiliated with the majority shareholder, for a total consideration of USD 12.1 million (€11.6 million). A preliminary sale agreement had been signed on October 17, 2024, pursuant to which the selling U.S. subsidiary received an advance payment of USD 3.8 million (€3.5 million). The remaining balance of USD 8.3 million (€8.1million) was collected on March 25, 2025. See notes 7 and 45.

Following the sale, a lease agreement for the entire building was executed between the acquiring company and the selling Group entity. The lease agreement has a duration of 9 years and 9 months, a termination date on December 31, 2034, and an annual rent of USD 0.7 million (€0.7 million). The selling Group entity, which becomes the lessee of the entire building, will continue to sub-lease the spaces that it does not intend to use for the Group's needs.

On April 2, 2025, the introduction of import duties was announced by the U.S. Administration. On April 9, the measure was partially suspended for three months, but keeping a baseline tariff of 10% on imports into the United States from most of countries, excluding China, effective April 5, 2025. While the Group's Chinese facility is dedicated solely to the production for the local market, nevertheless, the Group has started an analysis of the potential effects from this measure and the actions to be taken to mitigate such effects.

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ITEM 19. EXHIBITS

- 1.1 [English translation of the by-laws \(Statuto\) of the Company, as amended and restated as of March 21, 2023 \(incorporated by reference to the Form 20-F filed by Natuzzi S.p.A. with the Securities and Exchange Commission on May 1, 2023, file number 001-11854\).](#)
 - 2.1 [Deposit Agreement dated as of May 15, 1993, as amended and restated as of December 31, 2001, among the Company, The Bank of New York, as Depositary, and owners and beneficial owners of ADRs \(incorporated by reference to the Form 20-F filed by Natuzzi S.p.A. with the Securities and Exchange Commission on April 30, 2019, file number 001-11854\).](#)
 - 2.2 [Description of Securities registered under Section 12 of the Exchange Act \(incorporated by reference to Exhibit 2.2. to the Form 20-F filed by Natuzzi S.p.A. with the Securities and Exchange Commission on June 15, 2020, file number 001-11854\).](#)
 - 4.1[^] [English translation of the Joint Venture Contract between Natuzzi S.p.A. and Jason Furniture \(Hangzhou\) CO., Ltd., dated March 22, 2018 \(incorporated by reference to Exhibit 4.8 to the Form 20-F filed by Natuzzi S.p.A. with the Securities and Exchange Commission on April 30, 2018, file number 001-11854\).](#)
 - 4.2[^] [English translation of the New Framework Agreement for Assignment of Receivables between Natuzzi S.p.A. and Muttley S.r.l., dated July 22, 2020 \(incorporated by reference to Exhibit 4.13 to the Form 20-F filed by Natuzzi S.p.A. with the Securities and Exchange Commission on April 30, 2021, file number 001-11854\).](#)
 - 4.3 [English translation of the agreement among the Company, certain trade unions and Italian authorities therein related to \(i\) early retirement for employees who are within 60 months of reaching retirement age, \(ii\) the hiring of new employees, \(iii\) the implementation of training programs and \(iv\) access to the CIGS for redundant employees, dated July 11, 2023 \(incorporated by reference to Exhibit 4.3 to the Form 20-F filed by Natuzzi S.p.A. with the Securities and Exchange Commission on April 30, 2024, file number 001-11854\).](#)
 - 4.4* [English translation of the agreement among the Company, certain trade unions and Italian authorities therein related to the Solidarity Facility, dated January 14, 2025.](#)
 - 4.5^{^+} [English translation of the agreement between the Company and INVEST 2003 S.r.l. dated April 9, 2024 \(incorporated by reference to Exhibit 4.5 to the Form 20-F filed by Natuzzi S.p.A. with the Securities and Exchange Commission on April 30, 2024, file number 001-11854\).](#)
 - 4.6^{*^+} [Agreement between Natuzzi Americas Inc. and The Steel Vessel Corporation related to the sale of the property located in High Point, North Carolina, USA, dated March 25, 2025.](#)
 - 4.7^{*^+} [Agreement between Natuzzi Americas Inc. and The Steel Vessel Corporation related to the lease of the property located in High Point, North Carolina, USA, dated March 25, 2025.](#)
 - 4.8 [Natuzzi 2022-2026 Stock Option Plan \(incorporated by reference to Exhibit 4.1 to the Form S-8 filed by Natuzzi S.p.A. with the Securities and Exchange Commission on July 29, 2022, file number 333-266414\).](#)
 - 8.1* [List of Significant Subsidiaries.](#)
 - 11.1* [Insider Trading Policy.](#)
 - 12.1* [Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
 - 12.2* [Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
 - 13.1* [Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
 - 15.1* [Consent of PricewaterhouseCoopers S.p.A.](#)
 - 15.2* [Consent of KPMG S.p.A.](#)
 - 97.1 [Policy for the Recovery of Erroneously Awarded Compensation \(incorporated by reference to Exhibit 97.1 to the Form 20-F filed by Natuzzi S.p.A. with the Securities and Exchange Commission on April 30, 2024, file number 001-11854\).](#)
 - 101.INS* Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
 - 101.SCH* Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
 - 104* Cover Page Interactive Data File (embedded within the Inline XBRL document).
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- * Filed herewith
- ^ Portions of this exhibit (indicated by asterisks) have been omitted pursuant to the Instructions as to Exhibits of Form 20-F.
- + Schedules to this exhibit have been omitted pursuant to the Instructions as to Exhibits of Form 20-F.

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SIGNATURE

The registrant, Natuzzi S.p.A., hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

NATUZZI S.p.A.

| | | |
|----|----------------------------|-------------------------|
| By | <u>/s/ Antonio Achille</u> | |
| | Name: | Antonio Achille |
| | Title: | Chief Executive Officer |

Date: **April 30, 2025**

RECORD OF AGREEMENT

On 14 January 2025, by videoconference with Francesca Girimonte, an official of Division IV of the Labor and Industrial Relations Directorate General of the Ministry of Labor and Social Policies, a meeting is held to carry out the joint examination, pursuant to Article 24 of Legislative Decree No. 148/2015, requested by the company Natuzzi S.p.A., aimed at granting an extension to the special short-time work scheme in the form of a solidarity agreement under Article 22-*bis* of Legislative Decree No. 148/2015.

The following attend the meeting:

- for Natuzzi S.p.A.: Mario De Gennaro, Maria Patrizia Ragazzo, Leonardo Lamanna and Flavio Barile;
- for the Confederation of Italian Industry (Confindustria): Giorgio Meschiari and Giuseppe Bisceglie;
- for the FILLEA CGIL trade union: Tatiana Fazi, Ignazio Savino, Angelo Vaccaro and Francesco Bardinella;
- for the FILCA CISL trade union: Antonio Delle Noci, Claudio Sottile, Luigi Sideri, Gianmarco Passiatore and Francesca Centrone;
- for the FENEAL UIL trade union: Massimo Fiorucci, Saverio Loiudice, Mino Paolicelli, Giovanni Urgo and Ivo Fiore;
- for the FILCAMS CGIL trade union: Barbara Neglia;
- for the FISASCAT CISL trade union: Daniele Meniconi;
- for the UILTUCS trade union: Antonio Vargiu;
- for the UGL TERZIARIO trade union: Maria Assunta Caruso;
- for the USB LAVORO PRIVATO trade union: Pierpaolo Corallo;
- for the CONFEDERAZIONE COBAS LAVORO PRIVATO trade union: Felice Dileo;
- for the Puglia Region: Angela Pallotta;
- for the Basilicata Region: Arturo Agostino and Maria Leone.

The unitary trade union representative bodies (RSU) and the single trade union representative bodies (RSA) of the affected sites are also in attendance.

WHEREAS

- A) Natuzzi S.p.A. has submitted a request for a meeting to sign the governmental agreement under Article 22-*bis* of Legislative Decree No. 148/2015. Therefore, the Ministry of Labor has summoned the parties concerned to today's meeting.
- B) At the meeting the Company's representatives state the following:
 - Natuzzi S.p.A., headquartered in Santeramo in Colle (BA), is Italy's largest business in the furniture industry. A world leader in the leather sofa segment, it exports 90% of its sales to 123 countries and has been listed on the NYSE since 1993.
 - For social security purposes, the business is classified as belonging to the industrial sector. Employees are covered by the national collective bargaining agreement for employees of companies in the wood and furniture sector and the national collective bargaining agreement for employees of companies in the tertiary, distribution and services sector.
 - The Company's workforce as of 31 December 2024 counts 1,796 employees (as well as the 26 executives excluded here).

- At this Directorate General on 31 October 2024, the Company and the relevant trade unions signed an extension to the solidarity agreement under Article 22-*bis* of Legislative Decree No. 148/2015, in favor of a maximum number of 941 workers – of which 257 employed at the site in Santeramo in Colle (BA), 188 at the site at Via Appia Antica in Matera, 89 at the site at Zona Industriale Località La Martella in Matera and 407 at the site in Laterza (TA) – for the period running from 4 November 2024 to 31 December 2024.
 - Although the Company's request for recourse to the special short-time work scheme was for 12 months, the payments under the scheme stopped on 31 December 2024 given that the funding for the social safety net measures sought was limited to 2024.
 - To date, the Company's situation still shows an excess of employees. Considering that funding for the social safety net measures referred to in Article 22-*bis* of Legislative Decree No. 148/2015 was renewed by Article 1(193) of Law No. 207 of 30 December 2024, the Company requests that it be allowed to avail of an extension to the solidarity agreement until the natural expiry of the twelve months provided for by law.
- C) In view of the above, in order to support the reorganization and transformation program initiated by the Company and the concomitant safeguarding of employment levels, the Parties agree on the need to obtain an extension to the solidarity contract under Article 22-*bis* of Legislative Decree No. 148/2015, as an exception to the time limits set forth in Articles 4 and 22 of that same decree.
- D) The Basilicata Region and the Puglia Region, who are present at today's meeting, declare that the Company is of strategic economic importance in their respective territories and express their wish to continue their commitment to support the active policy actions envisaged in the Management Plan aimed at Safeguarding Employment, agreed and signed with the Company.

HAVING REGARD TO

- ✓ Article 1(133) of Law No. 205/2017, which introduced Article 22-*bis* of Legislative Decree No. 148/2015;
- ✓ Article 26-*bis* of Decree Law No. 4 of 28 January 2019, which was introduced by Conversion Law No. 26 of 28 March 2019 in order to amend Article 22-*bis* of Legislative Decree No. 148/2015;
- ✓ Ministerial Circulars No. 16 of 29 October 2018, No. 18 of 22 November 2018, No. 6 of 3 April 2019, No. 1 of 3 January 2022 and No. 6 of 18 March 2022;
- ✓ Article 11-*quater*(6) of Law No. 8 of 28 February 2020 whereby parliament ratified Law Decree No. 162/2019;
- ✓ Article 1(193) of Law No. 207 of 30 December 2024.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS

- 1) The recitals are an integral part of this agreement.
- 2) Natuzzi S.p.A. will submit, pursuant to Article 22-*bis* of Legislative Decree No. 148/2015, an application to extend the special short-time work scheme in the form of a solidarity agreement in favor of a maximum of 936 workers, as employed and distributed in the following production units:
 - 255 workers employed at the site in Santeramo in Colle (BA), at S.S. 271 per Matera, Km 50.200;
 - 189 workers employed at the site in Matera, at Via Appia Antica S.C. Km 13.550;
 - 88 workers employed at the site in Matera, at Zona Industriale Località La Martella;

- 404 workers employed at the site in Laterza (TA), at Contrada Madonna delle Grazie.
- 3) Payments under the scheme will be requested from 1 January 2025 to 31 October 2025, so as to complete the 12-month statutory period for the social safety net measures referred to in Article 22-*bis* of Legislative Decree No. 148/2015.
- 4) The level of reduction in working hours in the period running from 1 January 2025 to 31 October 2025 will involve 936 labor units, with an average monthly reduction over the entire period of application of the scheme of 45% (equal to 422 average units), a maximum monthly reduction of 55% and a maximum individual reduction within the limits provided by the current laws and regulations.
- 5) Personnel working in the same department / production line dedicated plant / warehouses / offices may see their working hours suspended or reduced in furtherance of the technical measures and streamlining of production put in place to implement the plan, necessary for the purposes of adapting the sites to the program drawn up and shared with the authorities and the trade unions on the basis of the new business plan.
- 6) In view of the underlying rationale of the business plan, namely specialization and the quality improvement of Italian output at the sites covered by the extension to the solidarity agreement, the management of the personnel will occur as follows:
 - the suspension/reduction in working hours will affect the positions and corresponding workers that are subject to hourly reduction in the same department / production line dedicated plant / warehouses / offices, on a proportionate rotating basis, without prejudice to specific technical organizational, production and logistical needs, after discussion with the unitary trade union representative bodies.
- 7) The Company has quantified the cost of covering the short-time work scheme payments as € 6,570,154, net of the associated contribution.
- 8) The Company will bring forward short-time work scheme payments to the standard pay dates.
- 9) The Parties agree to monitor the business situation and the progress of the special short-time work scheme through periodic follow-up meetings at the request of either Party.

With the signing of this record, the Parties acknowledge that they have concluded the joint examination and reached an agreement under Article 22-*bis* of Legislative Decree No. 148/2015.

The Ministry of Labor and Social Policies declares that the joint examination procedure under Article 24 of Legislative Decree No. 148/2015 has been successfully carried out.

The Labor and Industrial Relations Directorate General, upon completion of the discussion between the Parties, will promptly forward this agreement to Division IV of the Social Safety Net Measures Directorate for completion of the investigative and decision-making phases falling within its remit.

Read, confirmed and signed

MINISTRY OF LABOR AND SOCIAL POLICIES

BASILICATA REGION

PUGLIA REGION

NATUZZI S.P.A.

CONFINDUSTRIA

FILLEA CGIL

FILCA CISL

FENEAL UIL

FILCAMS CGIL

FISASCAT CISL

USB LAVORO PRIVATO

CONFEDERAZIONE COBAS LAVORO PRIVATO

Exhibit 4.6

Certain information in this document, marked by [***], has been excluded because it is not material and is the type of information that the registrant treats as private or confidential.

Schedules have been omitted pursuant to the Instructions as to Exhibits in Form 20-F and will be furnished on a supplemental basis to the Securities and Exchange Commission upon request.

PURCHASE AND SALE AGREEMENT**CERTAIN DEFINED TERMS:**

| | |
|---------------------------|---|
| BROKERS: | None. |
| BUYER: | The Steel Vessel Corporation, a Delaware corporation (its successors or assigns) Via Iazzitiello 55 70029 Santeramo in Colle (BA) Italy Attn: Pasquale Natuzzi Email: [***] |
| BUYER'S COUNSEL: | Moore & Van Allen PLLC 100 N. Tryon Street, Suite 4700 Charlotte, NC 28202-4003 Attn: Paul A. Arena Email: [***] (Notices to Buyer's counsel to be sent via email) |
| CLOSING DATE: | No later than March 31, 2025. |
| EFFECTIVE DATE: | The date the last of Buyer and Seller execute this Contract, as indicated on the signature page(s). |
| TITLE COMPANY: | A title insurance company selected by Buyer. |
| INSPECTION PERIOD: | The period beginning on the Effective Date and ending at midnight EST on the November 17, 2024. |
| EARNEST MONEY: | Three Million Eight Hundred Thousand and 00/100 U.S. Dollars (US\$3,800,000). The Earnest Money was previously deposited with Seller pursuant to that certain Binding Letter of Intent for Purchase dated October 17, 2024 between Seller and Buyer (as assignee of Pasquale Natuzzi). The Earnest Money shall remain refundable to Buyer during the Inspection Period. If Buyer does not terminate this Contract (as hereinafter defined) prior to the expiration of the Inspection Period, then the Earnest Money shall become non-refundable to Buyer, except as otherwise provided herein, but shall be applicable against the Purchase Price at Closing. |
| LAND: | 151 West High Avenue, High Point, Guilford County, North Carolina 27260, Tax Parcel Number 171401, containing approximately 0.80 acre. The Land is depicted and described on <u>Exhibit A</u> attached hereto. |
| PURCHASE PRICE: | Twelve Million One Hundred Thousand and 00/100 U.S. Dollars (US\$12,100,000.00) |
| SELLER: | Natuzzi Americas, Inc., a North Carolina corporation 151 W. High Avenue High Point, NC 27260 Attn: Cristiano Liuzzi, Chief Financial Officer Email: [***] |
| SELLER'S COUNSEL: | None. |

This cover page (the "**Contract Cover Page**") and the Defined Terms set forth above are hereby incorporated into and made a part of this Purchase and Sale Agreement, but they are subject to the more detailed provisions set forth in this Purchase and Sale Agreement.

THIS PURCHASE AND SALE AGREEMENT (this “**Contract**”) is made as of the Effective Date by and between Seller and Buyer.

STATEMENT OF PURPOSE

Seller is the fee simple owner of the Land. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Land together with (a) all buildings, structures and other improvements located thereon (the “**Improvements**” and together with the Land, the “**Real Property**”); (b) all rights, privileges and easements appurtenant thereto, including, if applicable, all water and sewer rights, rights of way, roadways, roadbeds and reversions and other appurtenances to the aforesaid land; and (c) all (i) mechanical systems and related equipment owned by Seller attached to the Improvements, including, but not limited to, elevators, escalators, electrical systems, plumbing systems, heating systems and air conditioning systems,

(ii) the business records owned by Seller pertaining to such Real Property to the extent in Seller’s possession and reasonably available, and (iii) all advertisements, structures, equipment, lighting and all other material that is the property of the Seller (collectively, the “**Personal Property**”); and all of Seller’s right, title and interest in, to and under all (i) assignable existing warranties and guaranties issued to or inuring to the benefit of Seller in connection with the Property, (ii) all governmental permits, licenses and approvals, if any, belonging to or inuring to the benefit of Seller as owner of the Property or pertaining to the Property, and (iii) architectural and civil plans, specifications, surveys, reports and drawings relating to the Property (to the extent in Seller’s possession or control) (collectively, the “**Intangible Property**”, and together with the Real Property and Personal Property collectively, the “**Property**”).

NOW, THEREFORE, incorporating the Defined Terms set forth on the Contract Cover Page and in consideration of the mutual promises and covenants contained in this Contract, the parties agree as follows:

1. **Purchase and Sale of Property.** Seller hereby agrees to sell and Buyer hereby agrees to purchase the Property pursuant to this Contract. Seller warrants and represents that it has the right, authority and power to enter into this Contract and to perform its obligations hereunder.

2. **Earnest Money.** The Earnest Money shall be applicable against the Purchase Price at Closing.

3. **Purchase Price.** The balance of the Purchase Price (subject to adjustments described herein) shall be delivered by wire transfer at Closing.

4. **Seller’s Due Diligence Deliveries.** Within three (3) days following the Effective Date, Seller shall deliver to Buyer, at no cost to Buyer, copies of the following information and documentation related to the Property (to the extent available, in Seller’s possession or control or reasonably obtainable by Seller) (“**Due Diligence Deliveries**”):

- (a) Environmental reports (including, without limitation, the most recent Phase I environmental site-assessment);
- (b) Surveys, plats, site plans and topographical maps;
- (c) Traffic studies, soil reports, geotechnical and engineering reports;
- (d) (Re)zoning and land-use information, including any ongoing or recent rezoning applications;
- (e) Title insurance policies (including the most recent policy) and the corresponding title exception documents;
- (f) Easements, restrictive covenants or the like;
- (g) Tax assessments and documentation regarding any tax appeals for the last three (3) years; and
- (h) Any other agreements, contracts or other material information affecting or related to the Land.

Any Due Diligence Deliveries received or delivered by Seller after the Effective Date shall be delivered to Buyer within three (3) days following Seller's receipt of same.

5. Inspection.

(a) Right of Entry. Prior to the earlier of the termination of this Contract or Closing, Buyer shall be entitled to inspect, evaluate and perform such investigations, surveys, inspections, tests and studies on the Property (including, without limitation, environmental inspections, property surveys, title examinations, geotechnical reports and related investigations and reports) as Buyer deems necessary to determine, in Buyer's sole discretion, if the Property is acceptable to Buyer.

(b) Termination During Inspection Period. If Buyer determines in its sole discretion that, for any or no reason, the Property is not acceptable to Buyer and provides written notice to Seller on or before the end of the Inspection Period that Buyer elects to terminate this Contract, then this Contract shall terminate and Buyer shall receive an immediate return of the Deposit. Upon such termination, neither party shall have any further rights or obligations hereunder except for Buyer's obligations in **Section 5(c)**.

(c) Property Restoration. If this transaction does not close, then Buyer shall restore the Property to a reasonably neat and presentable condition free from damage to the Property caused by Buyer's inspections or tests.

6. Review of Seller's Title; Objection Matters. During the Inspection Period, Buyer may obtain at its expense from the Title Company a current ALTA Commitment for Title Insurance ("Title Commitment") issued by the Title Company. Any title exceptions which are set forth in the Title Commitment (other than Unpermitted Exceptions as defined below and so-called "standard exceptions" to be deleted by the Title Company upon the delivery of the deed and other closing documents as described in **Section 15** below) shall, absent Buyer's objection as described below, be deemed to be permitted exceptions to the status of Seller's title (such encumbrances, exceptions or other matters, together with only such other matters which are approved by Buyer in writing, shall be referred to as the "Permitted Exceptions"). Additionally, the Leases (as defined below) and the Appreciation Fee Covenant (as defined below) shall be deemed to be Permitted Exceptions. Any matters affecting the title to the Property which arise after the Effective Date of this Contract which are not approved in writing by Buyer shall be known as "Unpermitted Exceptions". Additionally, each financial encumbrance such as a mortgage, deed of trust, or other attachment, judgment, lien for delinquent taxes, mechanic's or materialmen's lien, and each other monetary lien (collectively, "Financial Encumbrances") which is outstanding against the Property, or any part thereof, shall automatically, and without any requirement for Buyer to provide notice thereof to Seller, be deemed an Unpermitted Exception. Any Financial Encumbrance which encumbers: (i) any access easement, right of way, or other easement appurtenant to the Property; or (ii) any declaration of restrictions or similar document which benefits or burdens the Property shall also be deemed an Unpermitted Exception until it is subordinated to the declaration, access easement, right of way, or other easement appurtenant to the Property. Seller hereby covenants to remove from or satisfy on the public record any and all Unpermitted Exceptions on or before the Closing Date, and Seller agrees that funds otherwise payable to Seller at Closing may be used to satisfy or remove any of such Unpermitted Exceptions.

Any title or non-title matters affecting the Property that Buyer objects to by written notice to Seller during the Inspection Period are called "Objection Matters." Within the seven (7) day period following Buyer's notice to Seller of any Objection Matters, Seller shall notify Buyer in writing (the "Seller's Response") whether Seller will cure the Objection Matters. If Seller (A) notifies Buyer that Seller will not cure one or more of the Objection Matters, or (B) fails to timely notify Buyer of Seller's intentions with respect to any Objection Matters, then Buyer may either (i) accept title at Closing subject to any such outstanding Objection Matters, in which case each of such Objection Matters shall be deemed Permitted Exceptions, (ii) preserve this Contract in effect subject to those Objection Matters being cured by a date required by Buyer, or (iii) terminate this Contract by written notice to Seller on or before five (5) days after the occurrence of (A) or (B) above and upon such termination Buyer shall receive a return of the Deposit. Buyer's failure to timely terminate the Contract shall be deemed Buyer's waiver of such objections in accordance with subpart (i) above. Buyer shall have the right at any time to waive any Objection Matters by written notice to Seller.

7. Survey. Buyer may, at its expense, cause a boundary survey (the “Survey”) to be made by a surveyor selected by Buyer. If a Survey is obtained by Buyer, then, at Closing, Seller’s special warranty deed to Buyer shall convey the Property pursuant to the legal description of the Property derived from the deed(s) of the Property to Seller and Seller will also, upon Buyer’s request, provide Buyer with a non-warranty deed conveying the Property based upon the legal description derived from the Survey.

8. Covenants Prior to Closing. From and after the Effective Date, Seller agrees that Seller shall not, without Buyer’s written consent (i) alter or permit waste upon the Property; (ii) convey any interest in the Property, including any leases, easements or rights of way, or enter into any contracts to convey an interest in the Property, including any new leases, easements or rights of way; (iii) encumber the Property with restrictive covenants or alter the existing zoning or entitlements applicable to the Property or amend any existing easements or restrictions applicable to the Property, except as otherwise expressly provided herein; or (iv) move or demolish any existing Improvements or any other buildings or other structures located on the Property.

9. Representations and Warranties. Seller hereby represents and warrants to Buyer the following:

(a) Title; Authority. Seller owns fee simple title to the Property, and Seller has the right, power and authority to fulfill its obligations under this Contract, subject to any exceptions listed in the title commitment delivered by Seller to Buyer and to any exceptions that may be shown on the Title Commitment. The execution, delivery and performance of this Contract and all documents contemplated hereby by Seller have been duly and validly authorized by all necessary action on the part of Seller and all required consents and approvals have been duly obtained.

(b) There are no leases or other occupancy or use agreements (whether oral or written) affecting the Property to which Seller is a party in effect on the Effective Date, except those listed on Exhibit B attached hereto (collectively, the “Leases”).

(c) Other Agreements; Litigation. The Property is not subject to any currently-effective agreement which would survive Closing other than the Permitted Exceptions, and neither Seller nor the Property is subject to any claim, demand or litigation which is (i) pending, (ii) to the knowledge of Seller threatened, and which would bind Buyer or the Property or adversely affect the use of the Property as it currently is used, (iii) could result in a lien, encumbrance or restriction on the Property or (iv) would impair Seller’s right or ability to consummate the sale of the Property to Buyer. There are no brokerage agreements or management agreements (whether oral or written) affecting the Property. Exhibit C attached hereto lists all maintenance, repair, service, pest control and similar contracts (including but not limited to janitorial, elevator and landscaping agreements), and all other contracts pursuant to which services or goods are provided to the Property (collectively, the “Service Contracts”) in effect on the Effective Date. Seller is not in breach or default under any of the Service Contracts.

(d) Takings. Neither Seller nor its agents have received any notice from any governmental authority of any taking of all or any portion of the Property, and to the knowledge and belief of Seller, no such taking is threatened or contemplated.

(e) Taxes. There are no taxes arising out of the conduct of Seller's businesses or operation and management of the Property which are or may become a lien against the Property. To Seller's knowledge, the Property is not currently undergoing re-valuation or appeal for tax purposes.

(f) Assessments. Prior to Closing all charges and assessments (other than ad valorem taxes for the current year) affecting the Property, whether or not due and payable prior to the Closing, shall have been paid.

(g) Compliance With Laws; Property Condition. To the best of Seller's knowledge, (A) there are no known violations of any federal, state or local laws and regulations (including environmental laws and regulations) with respect to the Property, and (B) there are no burial pits, buried waste, cemeteries, endangered plants or animals or underground or above-ground storage tanks or Hazardous Substances located on, in or under the Property or used in connection therewith. Seller agrees to notify Buyer in writing immediately if Seller becomes aware of any of the foregoing matters affecting the Property or any parcels adjoining the Property. "**Hazardous Substances**" shall include any substances, materials or wastes which are or become defined as hazardous or toxic or regulated by, or otherwise give rise to liability under, any applicable local, state or federal law, including but not limited to those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101), and also including without limitation substances that are (i) petroleum or petroleum byproducts, (ii) asbestos, mold or microbial matter (iii) polychlorinated biphenyls, (iv) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Sec. 1251, et. seq. (33 U.S.C. Sec. 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Sec. 1317), (v) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901, et. seq. (42 U.S.C. Sec. 6903) or (vi) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sec. 9601, et. seq. (42 U.S.C. Sec. 9601).

(h) Notices. Seller has received no notices from public or private authorities alleging any defaults under any agreements applicable to Seller or the Property or alleging that any portion of the Property or improvements thereon fail to comply with applicable laws.

(i) Entitlements. Seller has not initiated or participated in any action for a change or modification in the current subdivision, site plan, zoning or other land use permits for the Land that is ongoing.

(j) Bankruptcy. Seller is not involved, whether voluntarily or otherwise, in any bankruptcy, reorganization or insolvency proceeding.

(k) Anti-Terrorism and Money Laundering Laws. Seller is in compliance with all federal, state, municipal, and local laws, statutes, codes, ordinances, orders, decrees, rules, or regulations relating to terrorism or money laundering (collectively, the “**Anti-Terrorism Laws**”), including without limitation, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, known as the "Patriot Act"), and the regulations of the Office of Foreign Assets Control and is not a Prohibited Person under the Anti-Terrorism Laws.

Seller shall indemnify, defend (through counsel acceptable to Buyer), and hold Buyer harmless from and against all damages (including, but not limited to, natural resource damages), penalties, fines, claims, liens, suits, liabilities, costs (including, but not limited to, investigative, remediation and/or clean-up costs), losses (including losses on account of the diminution in the value of the Property), judgments and expenses (including attorneys', consultants' or experts' fees and expenses) suffered by or asserted against Buyer as a direct or indirect result of any warranty or representation made by Seller in this Contract being false or untrue in any respect. Seller's indemnification obligation hereunder shall not be limited by the terms of any other provisions of this Contract.

All representations and warranties of Seller contained in this Contract shall remain true through Closing (and shall be deemed to have been re-made as of Closing), and such representations and warranties shall survive Closing. If Seller has or acquires knowledge of any facts rendering any of the foregoing representations and warranties false at any time prior to Closing, Seller shall immediately notify Buyer in writing of such facts.

10. Conditions to Buyer's Obligations. Buyer's obligations and liabilities hereunder are conditioned upon the satisfaction of each of the following conditions on or before (and continuing through) the Closing Date, any of which may be waived by Buyer:

(a) Ratification of Representations and Warranties. Seller has performed all of its obligations under this Contract, has not violated any covenants set forth in this Contract and all representations and warranties of Seller set forth in this Contract shall be true and correct as of the Closing Date.

(b) No Adverse Changes. No adverse changes have occurred with respect to the physical condition of the Property or the status of any other matters evaluated by Buyer during the Inspection Period.

(c) Seller Performance. Seller shall not be in default in the performance of its obligations under this Contract beyond any applicable notice and cure period (including, without limitation, those set forth in **Section 18**).

(d) Title. Seller shall have cured all Objection Matters that Seller agreed to cure in Seller's Response. Buyer is able to obtain an owner's policy of title insurance from the Title Company reasonably acceptable to Buyer, subject only to the Permitted Exceptions.

(e) Master Lease. The parties shall have agreed upon the form of the Master Lease (as defined in **Section 11** below).

(f) Easement for Encroachment. Seller shall have obtained a City Easement (as defined below) on terms and conditions reasonably satisfactory to Buyer.

If any of the conditions to Buyer's obligations set forth in this **Section 10** above are not satisfied (or waived, as described above) on or before the Closing Date or if Buyer reasonably determines prior to the Closing Date that any of the conditions are not going to be satisfied on or before (and continuing through) the Closing Date, then Buyer may, upon written notice to Seller, either: (i) terminate this Contract and, if the unfulfilled condition is a result of Seller's breach of this Contract, Buyer may pursue any rights and remedies available to it pursuant to **Section 18** below; (ii) close the transaction and waive such unfulfilled condition or (iii) extend the Closing Date until the earlier of (x) the date that is ten (10) business days following the date all conditions to Buyer's obligations set forth in this **Section 10** shall have been satisfied and (y) the date that is ninety (90) days following the scheduled Closing Date. If Buyer terminates this Contract due to the failure to fulfill the condition described in Section 10(f) above, then Seller shall return the Earnest Money to Buyer.

11. Leases; Service Contracts; Encroachment.

(a) Seller shall not assign the Leases to Buyer at Closing, and Buyer shall not assume the obligations of Seller under the Leases at Closing. Neither the rents nor any security deposits under the Leases shall be prorated or adjusted between the parties at Closing. Seller shall remain the landlord under the Leases.

(b) Prior to Closing, the parties shall negotiate in good faith as to the form of a master lease of the Property between Buyer, as landlord, and Seller, as tenant (the "**Master Lease**"), which the parties shall execute at Closing. Without limitation of the foregoing, the Master Lease shall provide that Seller, as tenant, shall be responsible for all costs and expenses related to the Property, and the rent payable under the Master Lease shall be a net return to Buyer, as landlord. The Master Lease shall provide that Seller shall remain the Landlord under the Leases, and shall be entitled to all rents received from the tenants under the Leases during the term of the Master Lease.

(c) Buyer shall not assume any Service Contracts at Closing, and Seller shall remain solely responsible for any fees, costs, and expenses due and payable thereunder prior to or after Closing.

(d) [***]

12. Eminent Domain. If Seller obtains knowledge of any condemnation proceedings affecting the Property, Seller shall immediately notify Buyer of such proceedings. If, prior to Closing, all or any portion of the Property is taken by condemnation, or if condemnation proceedings are commenced or threatened, Buyer may, by written notice to Seller, either (i) terminate this Contract and receive an immediate return of the Deposit or (ii) proceed with Closing pursuant to the Contract whereupon Buyer shall be entitled to all compensation on account of the condemnation and Seller shall not consent to any settlement of the condemnation action absent Buyer's written approval.

13. Closing. The closing (the "**Closing**") shall be conducted via escrow on the Closing Date. The Purchase Price (subject to prorations and adjustments pursuant to the terms of this Contract) shall not be released to Seller from escrow prior to such time as title is updated, the Title Company has confirmed in writing that the title is in the condition required by this Contract, and the deed is recorded.

14. Closing Costs/Proration.

(a) Transfer Taxes. Seller shall pay for the preparation of the required special warranty deed, the non-warranty deed (if requested hereunder), for any necessary releases (and the cost of recording such releases) and for North Carolina transfer taxes and excise stamps.

(b) Title and Survey. Buyer shall pay for its title insurance policy, its survey and costs associated with its development plans. The parties shall share equally any escrow and disbursement fees charged by the settlement agent. Except as stated herein each party will bear its own expenses, including its own attorneys' fees.

(c) Private Assessments and Real Estate Taxes. Seller shall pay in full prior to or at Closing all private assessments, real estate ad valorem taxes on the Land for the year during which Closing occurs, personal property taxes, and any special assessments against the Land (collectively, "**Impositions**") that are due and payable prior to or at Closing. Pursuant to the Master Lease, Seller, as tenant, shall be responsible for payment of all Impositions that are due and payable after Closing during the term of the Master Lease.

(d) Utility and Other Expenses. Seller shall be responsible for payment of all utility and other expenses, charges, liens, assessments, (whether or not confirmed) bills, or trade accounts, operating expenses, and all fees, commissions, assessments, taxes and expenses payable in connection with the management or operation of the Land (collectively, "**Operating Expenses**") prior to or at Closing. Pursuant to the Master Lease, Seller, as tenant, shall be responsible for payment of all Operating Expenses payable after Closing during the term of the Master Lease.

(e) Service Contracts. All fees, costs and expenses payable under Service Contracts shall be the sole obligation of Seller.

All adjustments under this Section shall be made against the Purchase Price.

15. Closing Deliveries. At Closing, Seller shall execute and deliver the following documents:

(a) Special warranty deed conveying to Buyer good and marketable fee simple title to the Property, insurable by the Title Company at standard rates, free and clear of all parties in possession, liens and encumbrances except for the Permitted Exceptions, and if requested by Buyer under **Section 7**, a non-warranty deed conveying the Property based upon the legal description derived from the Survey. Without limitation, the foregoing special warranty deed shall convey the Property subject to the Appreciation Fee Covenant (as defined below).

(b) A lien and possession affidavit on the Title Company's standard form executed by Seller and such contractors and material suppliers as required by the Title Company to insure Buyer's title without exception for mechanic's or materialmen's liens or parties in possession other than the tenants under the Leases.

(c) A Bill of Sale and Blanket Assignment (the "**Assignment**") dated as of the Closing Date in the form attached hereto as **Exhibit D**.

(d) A non-foreign affidavit.

(e) A Settlement Statement.

(f) Substitute Form 1099.

(g) Confirmation acceptable to Buyer and the Title Company that the persons executing the deed and other closing documents are authorized to do so.

(h) A closing statement consistent with the terms of this Contract.

(i) The Master Lease.

(j) Such other documents as may be reasonably requested by Buyer or the Title Company.

16. Appreciation Fee Covenant. In the event that Buyer acquires the Property and sells the Property to an unaffiliated third party within 365 days following Closing (a “**Third Party Sale**”), Buyer shall remit to Seller, in U.S. dollars, the amount, if any, by which Buyer’s Net Sale Proceeds (as defined below) exceed Buyer’s Net Acquisition Cost (as defined below). As used herein, “**Buyer’s Net Sale Proceeds**” means the gross proceeds received by Buyer from the Third Party Sale, (i) less all costs incurred by Buyer in connection with the Third Party Sale, and (ii) less all taxes incurred by Buyer in connection with the Third Party Sale, including without limitation transfer taxes and tax on capital gains. As used herein, “**Buyer’s Net Acquisition Cost**” means the gross purchase price paid by Buyer to Seller for the Property, (a) plus all costs incurred by Buyer in connection with the purchase of the Property from Seller, and (b) plus all taxes incurred by Buyer in connection with the purchase of the Property from Seller. Prior to making any remittance, the Buyer will give effect to any variation in the U.S. Dollar/Euro exchange ratio between Closing and the Third Party Sale, thereby eliminating profits from any Third Party Sale that are purely a reflection of the strengthening of the U.S. Dollar relative to the Euro. The covenants set forth in this Section 16 shall be referred to herein as the “**Appreciation Fee Covenant**”, and shall be included in the special warranty deed delivered by Seller at Closing as a covenant that runs with title to the Property and expires 365 days after Closing.

17. Brokerage Commission. Seller and Buyer each represent and warrant to the other that no broker or real estate agent was involved in this transaction on its behalf. Seller and Buyer shall each indemnify and hold harmless the other from and against any and all losses arising out of any alleged brokerage commission, fee or other compensation with respect to the Property based upon a brokerage agreement alleged to have been made by the indemnifying party.

18. Seller’s Default/Buyer’s Remedies. If Seller fails or refuses to convey the Property in accordance with the terms of this Contract or otherwise fails to perform its obligations hereunder within ten (10) days following written notice of such default, then Buyer shall have the right to (i) terminate this Contract and receive a return of the Deposit, and Seller shall reimburse Buyer within fifteen (15) days following written notice for the costs and expenses incurred by Buyer in connection with this Contract (including, without limitation, costs to negotiate and prepare this Contract, to perform any due diligence on the Property) or (ii) waive Seller’s default or breach and proceed to Closing, or (iii) pursue an action for the specific performance of this Contract. Nothing herein shall limit Buyer’s remedies with respect to Seller’s obligations that survive Closing or termination of this Contract. Notwithstanding the foregoing or any other provision in this Contract to the contrary, if the remedy of specific performance is not available or effective because of Seller’s acts or omissions, then, in addition to its remedies as set forth elsewhere in this Contract, Buyer shall be entitled to pursue all other available rights and remedies against Seller as a result of such default, including all damages suffered by Buyer.

19. Buyer's Default/Seller's Remedies. If Buyer fails to perform its obligations hereunder within ten (10) days following written notice of such default, then Seller may terminate this Contract and retain, as full liquidated damages, \$60,500.00 of the Deposit (it being agreed that Seller's damages in the event of a default by Buyer would be difficult to estimate precisely and \$60,500.00 constitutes the parties' best estimate of such damages), in which event Seller promptly shall return to Buyer the balance of the Deposit (less the \$60,500.00 retained by Seller). Seller's termination of this Contract and retention of \$60,500.00 of the Deposit shall be the sole and exclusive remedies of Seller. Upon any such termination and the return of the Deposit to Buyer, less the \$60,500.00 retained by Seller, neither party shall have any further rights or obligations regarding this Contract other than those that expressly survive termination.

20. Possession. Seller shall deliver complete and exclusive possession of the Property to Buyer at Closing, subject only to the Permitted Exceptions (including without limitation the Leases and possession of portions of the building located on the Property by the tenants under the Leases) and possession of the Property by Seller pursuant to the Master Lease.

21. Miscellaneous.

(a) Applicable Law; Extension of Time For Performance. This Contract shall be governed by and construed in accordance with the laws of the state in which the Property is located. If the time period for the performance of any covenant or obligation, satisfaction of any condition or delivery of any notice or item required under this Contract shall expire on a day other than a business day, such time period shall be extended automatically to the next business day.

(b) Entire Agreement. This instrument contains the entire understanding and agreement between the parties hereto and all prior or contemporaneous oral or written agreements or instruments are merged herein and no amendment to this Contract shall be effective unless the same is in writing and signed by both parties hereto. Both parties have participated in drafting and negotiating this Contract and no interpretive presumption shall be drawn against either party by virtue of its role in drafting this Contract.

(c) Counterparts; Electronic Signatures. This Contract may be executed in duplicate counterparts or through the execution of counterpart signature pages, which together shall constitute one agreement. Executed counterparts or counterpart signature pages delivered by email or DocuSign shall constitute originals.

(d) Binding Effect. This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(e) Assignment. Buyer may assign this Contract, without Seller's consent, so long as such assignee assumes Buyer's obligations hereunder in writing, and upon such assignment Buyer shall be released of any liability hereunder. Seller may not assign its rights in this Contract without Buyer's approval.

(f) Risk of Loss. The risk of loss or damage to the Property shall remain on the Seller until Closing. Seller agrees to give Buyer prompt notice of any fire or other casualty affecting the Property between the date hereof and the Closing Date. If, prior to the Closing Date, there shall occur damage to the Property caused by fire or other casualty that would materially, adversely impact Buyer's use of the Property, then Buyer may at its option terminate this Contract by written notice to Seller and receive an immediate return of the Deposit. If Buyer does not elect to terminate this Contract, then the Closing shall take place as provided herein, Seller shall assign to Buyer all rights to insurance proceeds and claims available as a result of such destruction or damage, Seller shall pay to Buyer at Closing the applicable deductible amount under Seller's insurance policies, and Buyer shall purchase the Property subject to such destruction or damage. "**Casualty**" for purposes of this **Section 21(f)** shall include a release or spill of any Hazardous Substance under or upon the Property, or any other environmental contamination event that affects the Property.

(g) Survival. Notwithstanding **Sections 17** and **18** above, should Closing occur and there is a default with regard to a provision herein which survives Closing, then the non-defaulting party shall have the right to pursue an action for damages following Closing.

(h) Notices. Any notice or other communications required, permitted, or contemplated by this Contract must be in writing and shall be addressed as hereinafter provided and either (i) sent by United States Mail, postage prepaid, registered or certified mail, return receipt requested, in which case the notice shall be deemed delivered on the date it is accepted or rejected by the addressee; (ii) sent by overnight delivery using a nationally recognized overnight courier, in which case the notice shall be deemed delivered on the date it is accepted or rejected by the addressee; (iii) sent by email, in which case notice shall be deemed delivered upon confirmed transmission of such notice; provided that a hard copy of the email transmission is also forwarded as set forth in (i) or (ii) of this subsection; or (iv) sent by personal delivery, in which case the notice shall be deemed delivered on the date it is accepted or rejected by the addressee. Either party may change its address by giving the other party five (5) days advance written notice of such change. For the purposes of notice, the addresses of the parties shall be as set forth on the Contract Cover Page and any notices to a party shall be simultaneously sent to such party's counsel reflected on the Contract Cover Page in same manner as described above and any notices to a party shall be simultaneously sent to such party's counsel reflected on the Contract Cover Page in same manner as described above.

(i) Time of the Essence. Time is of the essence with respect to all dates and time periods set forth in this Contract. For purposes of this Contract, the term "**Business Day**" or "**business day**" means any day other than Saturday, Sunday and any federal legal holiday, or any day on which banking institutions in Charlotte, North Carolina or the county in which the Property is located, are obligated or authorized by law to close for the normal conduct of banking business.

22. Attorney's Fees. If either party brings a claim to enforce its rights under this Contract, then the non-prevailing party (as determined by the court) shall reimburse the prevailing party for the prevailing party's reasonable attorney's fees, court costs and expenses incurred in connection with such claim.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed as of the Effective Date.

SELLER:

NATUZZI AMERICAS, INC.,
a North Carolina corporation

By: /s/ Ottavio Milano

Name: Ottavio Milano

Title: President

Date: 3/25/25

BUYER:

THE STEEL VESSEL CORPORATION,
a Delaware corporation

By:

Name: Pasquale Natuzzi

Title: President

Date:

BUYER:

THE STEEL VESSEL CORPORATION,
a Delaware corporation

By: /s/ Pasquale Natuzzi

Name: Pasquale Natuzzi

Title: President

Date: 3/25/25

Certain information in this document, marked by [***], has been excluded because it is not material and is the type of information that the registrant treats as private or confidential.

Schedules have been omitted pursuant to the Instructions as to Exhibits in Form 20-F and will be furnished on a supplemental basis to the Securities and Exchange Commission upon request.

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (the “**Lease**”) is made and entered into as of March 25, 2025 (the “**Commencement Date**”) by and between THE STEEL VESSEL CORPORATION, a Delaware corporation (“**Lessor**”); and NATUZZI AMERICAS, INC., a North Carolina corporation (“**Lessee**”).

W I T N E S S E T H:

In consideration of the premises and the mutual covenants, agreements and obligations of the parties hereinafter set forth, Lessor and Lessee hereby agree as follows:

1. Definitions. Whenever used in this Lease, the following terms shall have the definitions indicated hereinafter in this Section 1. Other terms may be defined elsewhere in this Lease.

“**Alteration**” shall mean any alteration of, improvement to or decoration of the Premises, whether of a structural or non-structural nature and whether of a permanent or non-permanent nature.

“**Bankruptcy**” shall mean any one or more of the following occurrences: (i) Lessee applies for or consents to the appointment of a custodian, receiver, trustee, liquidator or other court-appointed fiduciary with respect to all or a substantial part of Lessee’s property; (ii) a custodian, receiver, trustee, liquidator or other court-appointed fiduciary is appointed with respect to Lessee’s assets without Lessee’s consent; (iii) Lessee makes a general assignment for the benefit of creditors, is adjudicated insolvent, files a voluntary petition in bankruptcy, seeks reorganization or an arrangement with creditors or otherwise seeks to take advantage of any insolvency law; (iv) Lessee files an answer admitting the material allegations of a petition in bankruptcy, reorganization or any insolvency proceeding; (v) a petition in bankruptcy is filed against Lessee, and is not dismissed for a period of thirty (30) days; or (vi) an order for relief with respect to Lessee is entered under Title 11 of the United States Code or other similar legislation.

“**Building**” shall mean the office building containing approximately 112,468 square feet of gross building area located on the Land.

“**Business Day**” shall mean every day other than Saturday, Sunday or a Federal government holiday described in 5 U.S.C. § 6103(a).

“CPI Increase” shall mean a percentage equal to the percentage increase, if any, in the United States Department of Labor Consumer Price Index for All Urban Consumers, all items (AUL, 1982-1984=100) during the year preceding the most recent Consumer Price Index report issued prior to the date Base Rent is adjusted by the CPI Increase.

“Environmental Law” means any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree now or at any time hereafter in effect regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 *et seq.*; the Federal Solid Waste Disposal Act and Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.*; the Hazardous Materials Transportation act, 49 U.S.C. §1801 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. §1251 *et seq.*; the Clean Air Act, 42 U.S.C. §7401 *et seq.*; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §136 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.*; the Emergency Planning and Community Right to Know Act (SARA Title III) 42 U.S.C. §11001 *et seq.*; and any applicable laws and regulations of the State of North Carolina relating to hazardous matter, substances or wastes, underground storage tanks, waste oil and air or water quality, including the Oil Pollution and Hazardous Substances Control Act of 1978, Article 21A of Chapter 143 of the North Carolina General Statutes.

“Existing Subleases” shall mean the leases of portions of the Building listed on Exhibit B attached hereto and incorporated herein.

“Hazardous Material” shall mean (i) any substance that contains gasoline, diesel fuel or other petroleum hydrocarbons, (ii) any substance that is flammable, radioactive, corrosive or carcinogenic, (iii) any substance the presence of which on the Premises causes or threatens to cause a nuisance or health hazard affecting human health, the environment, the Premises or property adjacent thereto, (iv) those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, (v) any substance, material or waste that is or becomes regulated under any local, state or federal law applicable to the Premises, including without limitation any material, waste or substance that is (a) petroleum, (b) asbestos, (c) polychlorinated biphenyls, (d) arsenic, (e) barium, (f) cadmium, (g) chromium, (h) lead, (i) designated as a Hazardous Substance pursuant to Section 331 of the Clean Water Act, 33 U.S.C. Sec. 1251, *et seq.* (33 U.S.C. 1321) or listed pursuant to Section 307 of the Clean Water Act (33 USC § 1371), (j) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act. 42 USC § 6901 *et seq.* (42 USC § 6903), (k) defined as a hazardous substance pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 USC § 9601, *et seq.* (42 USC § 9601), or (l) regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §136 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.*; the Emergency Planning and Community Right to Know Act (SARA Title III) 42 U.S.C. §11001 *et seq.*, or any other Environmental Law.

“Improvements” shall mean all buildings, structures, improvements, fixtures and other improvements now or hereafter placed on the Premises, including the Building.

“Land” shall mean that certain parcel of real estate located in the City of High Point, Guilford County, North Carolina, and described on Exhibit A attached hereto and incorporated herein.

“Lease Year” shall mean a period of twelve (12) consecutive full calendar months during the term of this Lease, commencing on January 1 and ending on the next succeeding December 31. Notwithstanding the foregoing, the first Lease Year shall commence on the Commencement Date and end on December 31, 2025.

“Lessee Parties” shall mean Lessee and its members, managers, officers, shareholders, directors, partners, agents and employees.

“Lessor Parties” shall mean Lessor and its members, managers, officers, shareholders, directors, partners, agents and employees, any Mortgagee and the trustee under any Mortgage.

“Mortgage” shall mean any mortgage, deed of trust or other instrument that secures financing, that now exists or may hereafter be executed that encumbers all or any part of the Premises, and all extensions, renewals, assignments, amendments and/or supplements thereto.

“Mortgagee” shall mean the holder and owner of the debt secured by a Mortgage.

“Premises” shall mean that the Land and Improvements.

“Recorded Instruments” shall mean all restrictive covenants and other matters of public record affecting the Premises, as amended from time to time

“Sublease” shall mean any sublease of a portion of the Building between Lessee and one or more third parties, including the Existing Subleases.

“Subtenant” shall mean the subtenant under any Sublease.

“Taxes” shall mean taxes, special assessments for public improvements and other governmental charges or fees, whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing or by others, subsequently created or otherwise, and any other taxes and assessments, together with any non-governmental assessments and charges (including assessments and charges from any applicable property owner’s associations) under any Recorded Instrument, now or hereafter attributable to the Project or the operation thereof, excluding federal and state taxes on income. However, if the present method of taxation changes so that in lieu of or in addition to the whole or any part of any Taxes, there is levied on Lessor a capital tax directly on the rents or revenues received therefrom or a franchise tax, margin tax, assessment or charge based, in whole or in part, upon such rents or revenues for the Premises, then all such taxes, assessments or charges, or the part thereof so based, shall be deemed to be included within the term “Taxes” for purposes hereof.

“**Lessee Contractor**” shall mean any contractor, materialman, design professional, surveyor or equipment lessor with whom Lessee contracts (express or implied) for any Alteration, maintenance, repair or any other purpose relating to the Premises.

“**Termination**” shall mean the expiration of the term of this Lease or the termination of this Lease at any time for any other reason.

2. Lease of Premises. Lessor hereby leases the Premises to Lessee, and Lessee hereby leases the Premises from Lessor, all upon the terms and conditions hereinafter set forth.

3. Term and Possession. Unless sooner terminated pursuant to the provisions of this Lease, the term of this Lease shall commence on the Commencement Date and expire on December 31, 2034 (the “**Term**”). Lessee may extend the Term for two additional periods of one year each, by delivering written notice of the exercise thereof to Lessor no earlier than six months nor later than three months before the expiration of the Term. The Base Rent payable for each month during such extended Term shall be a rental rate specified by Lessor (the “**Specified Rental Rate**”). Within 30 days after receipt of Lessee’s notice to extend, Lessor shall deliver to Lessee written notice of the Specified Rental Rate. Within five days after receipt of Lessor’s notice, Lessee shall notify Lessor in writing whether Lessee accepts or rejects the Specified Rental Rate. If Lessee timely notifies Lessor that Lessee accepts the Specified Rental Rate, then, on or before the commencement date of the extended Term, Lessor and Lessee shall execute an amendment of this Lease extending the Term on the same terms and conditions provided in this Lease, but with the Base Rent adjusted to the Specified Rental Rate, with annual increases thereto as described in Section 4(a). If Lessee rejects the Specified Rental Rate, or fails to timely notify Lessor in writing that Lessee accepts or rejects the Specified Rental Rate, time being of the essence with respect thereto, Lessee’s right to extend the Term shall terminate and this Lease shall expire upon the expiration of the then-current Term. Notwithstanding the foregoing, Lessee’s right to extend the Term shall terminate if: (a) an Event of Default exists as of the date of Lessee’s exercise of its right to extend the Term or as of the commencement date of the applicable extended Term, or (b) this Lease or Lessee’s right to possession of the Premises is terminated.

4. Rent.

(a) Lessee shall pay to Lessor throughout the Term rent as specified in this Section 4(a) (the “**Base Rent**”). Base Rent shall be payable in advance in equal monthly installments on the first day of each month, in lawful money of the United States, without demand, deduction or offset whatsoever, to Lessor at the address specified herein for the giving of notices, or to such other person or firm at such other address as Lessor may specify by notice to Lessee. Base Rent for the first Lease Year shall be based on an annual rent amount of Seven Hundred Thousand and 00/100 Dollars (\$700,000.00), and shall be payable in equal monthly installments of \$58,333.33. Base Rent for the partial month of March 2025 shall be an amount equal to the product of \$1,881.72 and the number of days in the Term commencing on the Commencement Date, through March 31, 2025. Such amount shall be due and payable in advance on the Commencement Date. On the first day of the second Lease Year and each subsequent Lease Year, the annual rent for such Lease Year shall be increased over the amount payable for the immediately preceding Lease Year by the CPI Increase. The increase in the Base Rent for each Lease Year shall be cumulative and compounding. In no event shall the Base Rent for any Lease Year be less than the Base Rent for the immediately preceding Lease Year, notwithstanding the Consumer Price Index.

(b) If Lessee fails to pay any installment of Base Rent on or prior to the fifth day of the month when due, then in addition to such installment of Base Rent Lessee shall pay to Lessor a fee equal to ten percent (10%) of the late installment.

(c) If Lessee fails to pay when due all or any part of any monetary obligation payable by Lessee to Lessor under this Lease, such unpaid amount shall bear interest from the date due to the date of payment at a rate equal to the lesser of: (i) the prime rate, as published in the *Wall Street Journal* from time to time; or (ii) the maximum rate of interest permitted by applicable law.

(d) All monetary obligations payable by Lessee to Lessor under any provision of this Lease shall constitute rent. If Lessee fails to pay when due any monetary obligation payable by Lessee to Lessor under any provision of this Lease, then Lessor shall have all rights, powers and remedies with respect to such default as are provided herein or by law or equity for the nonpayment of rent that is then due and payable.

5. Absolute Lease.

(a) Lessor and Lessee each state and represent that it is the intention of each of them that this Lease be interpreted and construed as an ABSOLUTE NET Lease, with all costs and expenses of any kind or nature relating to the Premises (the “**Additional Costs**”) to be paid by Lessee. The parties further agree that all Base Rent and Additional Costs shall be paid by Lessee as set forth in this Lease without abatement, deduction, diminution, deferment, suspension, reduction or setoff. It is the express intent of Lessor and Lessee: (i) that all costs or expenses of whatsoever character or kind, general or special, ordinary or extraordinary, foreseen or unforeseen, that may be necessary or required in and about the Premises, or any portion thereof, or in connection with Lessee’s possession or authorized use thereof during the Term, shall be paid by Lessee, and all provisions of this Lease are to be interpreted and construed in light of the intention expressed in this Section 5; (ii) that all Taxes, utility expenses, maintenance and repair costs, and all other costs, fees, interest, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Premises, or any portion thereof, which may arise or become due during the Term shall be paid or discharged by Lessee prior to delinquency as Additional Costs, and (iii) that all insurance costs, charges, expenses and obligations relating to the Premises during the Term shall be paid by Lessee. Lessee also shall pay, prior to delinquency, all privilege, sales, excise, use, business, occupation or other taxes, and all license fees and other charges levied upon Lessee’s business operations conducted at the Premises. The Base Rent and Additional Costs are hereinafter referred to collectively as the “**Rent.**”

(b) To the extent permitted by law (and except as otherwise expressly provided for herein) Lessee shall make all payments of Additional Costs directly to the appropriate person or entity to whom such payments are customarily made. Upon request by Lessor, Lessee promptly shall provide to Lessor proof of payment of any Additional Costs reasonably satisfactory to Lessor. Any Additional Costs which cannot be lawfully paid by Lessee to the party to whom such payments are customarily paid shall be paid by Lessee to Lessor within five (5) Business Days of Lessor’s written demand therefor, accompanied by a valid invoice for the costs in question.

6. Security Deposit. Contemporaneous with the execution of this Lease Lessee shall deposit with Lessor \$58,333.33 (the “**Security**”) as security for the payment of all Rent and the performance of all of Lessee’s obligations under this Lease. The Security or any portion thereof may be applied to cure any default, or to compensate Lessor for any damages sustained by Lessor due to Lessee’s failure to perform any of its obligations under this Lease, without prejudice to any other remedy that Lessor may have on account thereof under this Lease or at law or in equity. Upon such application Lessee shall pay Lessor on demand the amount so applied, which shall be applied to restore the Security to its original amount. Lessor shall not be obligated to deposit the Security in an interest- bearing account, or to hold it as a separate fund, and may commingle it with other funds. If Lessee is not in default at the expiration of the Term, then within thirty (30) days after the expiration of the Term and delivery of exclusive possession of the Premises to Lessor, Lessor shall return any remaining balance of the Security to Lessee, without interest, which shall belong to Lessor.

7. Condition of Premises / Lessee Improvements. Lessor has not made and does not make and disclaims any and all express or implied representations and warranties regarding or relating to the condition, suitability for any particular purpose, layout, square footage, use and occupancy restrictions, operation, compliance with legal requirements or any other matter or thing affecting or relating to the Premises. Lessee acknowledges that no such representations or warranties, express or implied, have been made, and that Lessee owned and occupied the Premises immediately prior to the Commencement Date. Lessor shall deliver the Premises to Lessee in its present condition, and Lessee shall accept the Premises “as is, where is, with all faults.” Lessor has no obligation to perform any improvements on the Premises.

8. Use of Premises. Lessee shall use the Premises for general office use and as a furniture showroom (the “**Permitted Use**”), and for no other purpose without the prior written consent of Lessor. Lessee shall not use the Premises in any manner that may create a nuisance or trespass or in any manner that may cause a cancellation or increase in the premiums of any insurance on the Premises. Lessee shall not commit or suffer the commission of any waste in, on or about the Premises. Lessee shall comply with all Recorded Instruments and all laws, regulations and ordinances applicable to the Premises or to Lessee’s use of the Premises, and shall pay, prior to delinquency, any and all fines or civil penalties imposed upon Lessee or the Premises for any violation by Lessee, its agents, contractors, employees, servants, invitees, licensees or concessionaires. Lessee shall make such Alterations (subject to Section 12), at its sole expense, as may be necessary to cause Lessee’s Permitted Use of the Premises to comply with all applicable laws, regulations and ordinances.

9. Utilities and Services. Lessee shall pay when due for all fuel, gas, oil, heat, electricity, power, materials, water, waste removal and other services that may be furnished to or used by Lessee at the Premises. No interruption of use of, or lack of access to, any utility or equipment related to any utility shall constitute: (i) a default by Lessor under this Lease; (ii) grounds for damages from Lessor; or (iii) grounds for abatement of rent under this Lease, unless such interruption of use or lack of access is the result of the gross negligence or willful misconduct of Lessor or Lessor’s agents.

10. Maintenance and Repairs. By taking possession of the Premises Lessee accepts the Premises as being in the condition in which Lessor is obligated to deliver it and otherwise in good order, condition and repair. Lessee, at its sole cost and expense, shall maintain and repair, as necessary, all Improvements and all systems and fixtures appurtenant thereto, including but not limited to the structural supports, foundation, gutters, downspouts, outside walls, roof, landscaping, drives, sidewalks, interior walls, entrances, partitions, doors, windows, plate glass doors, plate glass windows, pipes, conduits, wires, flues, plumbing, waste pipes, toilets and heating and air conditioning equipment and all fixtures relating to the water, sewer, electrical, sprinkler, and life safety systems. Lessee shall be responsible for the regular removal of all garbage, trash and other refuse, and shall provide for routine sanitary and janitorial services for the Premises. All maintenance and repairs made by Lessee shall be done in accordance with all applicable laws, ordinances and regulations, and all requirements of Lessee's insurance policies. All repairs shall be at least equal in quality and workmanship to the original work, and shall be done in a workmanlike manner. At the Termination of this Lease, Lessee shall return the Premises to Lessor in as good condition and repair as when Lessee took possession, normal wear and tear alone excepted, and in compliance with all applicable federal, state, county, municipal and other governmental statutes, laws, rules, orders and regulations.

11. Property of Lessee. All personal property, fixtures, furnishings and equipment placed within the Premises by, at the direction of or with the consent of the Lessee, its employees, agents, licensees or invitees, shall be at the sole risk of Lessee or the owner thereof, and Lessor shall not be liable for any loss of or damage to said property resulting from any cause whatsoever unless such loss or damage is the result of Lessor's gross negligence or willful misconduct.

12. Alterations.

(a) Lessee shall make no Alterations without the prior approval of Lessor, which approval may be granted or withheld in Lessor's sole discretion. Lessee shall perform any permitted Alteration at its sole cost and expense. Upon requesting Lessor's consent for any Alteration, Lessee shall present to Lessor plans and specifications for the Alteration, along with evidence of general liability, builder's risk and workers' compensation insurance satisfactory to Lessor. Lessee shall ensure that all Alterations are done in a workmanlike manner and in accordance with all applicable laws, regulations and ordinances.

(b) All permanent Alterations shall become part of the Premises, and shall be Lessor's property. If Lessee is not in default under this Lease, Lessee may remove any non-permanent Alterations, provided Lessee repairs any damage to the Premises occasioned by such removal. At the Termination of this Lease, upon demand by Lessor, Lessee shall, at Lessee's expense: (i) remove any and all Alterations that Lessor designates for removal; and (ii) repair any damage to the Premises occasioned by such removal.

(c) Notwithstanding any term or provision herein to the contrary, for all Alterations performed, materials furnished, or obligations incurred by or at the request of a Lessee Party, and for which the appointment of a lien agent is required pursuant to N.C.G.S. § 44A-11.1(a) (as it may be amended, or any successor statute), Lessee must appoint a lien agent (as defined in N.C.G.S. § 44A-7, naming the Lessee in the “Owner Information” section and the Premises in the “Project Property” section of the Appointment of Lien at www.LiensNC.com), and Lessee must provide to Lessor such mechanics lien agent entry number as assigned by [LiensNC.com](http://www.LiensNC.com), prior to the earlier of (i) the date any work is commenced on or within the Premises by or on behalf of any Lessee Party, (ii) Lessee entering into a contract with a contractor with respect to such Alterations, and (iii) the date any building permit is obtained with respect to such Alterations. Upon completion of any such Alterations, Lessee shall deliver to Lessor final unconditional lien waivers in a form reasonably satisfactory to Lessor from all general contractors and all subcontractors and materialmen who filed a notice of potential lien claimant with the lien agent.

13. Taxes. Lessee shall pay all Taxes that accrue during the Term prior to delinquency. Lessee shall pay when due all ad valorem taxes assessed against any of Lessee’s personal property at the Premises. Lessee shall pay when due all license, privilege or other occupation taxes that are levied, assessed or charged against it on account of the operation of its business. Lessee shall reimburse Lessor upon demand for the reasonable cost (including attorneys, consultants and appraisers) of any negotiation, contest or appeal pursued by Lessor in an effort to reduce any Taxes. Lessee shall provide to Lessor proof of payment of annual real property taxes on the Premises promptly after payment thereof.

14. Lessee’s Insurance. Throughout the Term, Lessee shall maintain the following insurance:

(a) Lessee shall insure the Premises against all causes of loss covered by the ISO Causes of Loss-Special Form, including coverage for sprinkler leakage, ordinance or law, sewer back-up, flood (if the property is in a flood zone), windstorm, theft, and terrorism, together with Equipment Breakdown coverage in an amount: (i) equal to or greater than the full replacement cost of the Improvements, including the Building foundation and any Alterations, (ii) sufficient to avoid application of any coinsurance clause, and (iii) no less than an amount specified by Landlord. Such policy shall include business income and extra expense coverage for no less than 365 days of income and ongoing expenses, at a limit reasonably acceptable to Lessor. Such policy shall include a waiver of subrogation as to Lessor, and shall include Lessor as an additional insured on an endorsement satisfactory to Lessor and with a lender’s loss payable endorsement covering any Mortgagee.

- (b) Commercial general liability insurance written on an occurrence basis in the minimum amounts of One Million Dollars (\$1,000,000.00) per occurrence for damages other than Damage to Premises Rented To You, \$500,000.00 per occurrence for Damage to Premises Rented To You, and Two Million Dollars (\$2,000,000.00) general aggregate, with a Designated Location General Aggregate Limit, if the policy covers more than one location, and including coverage for Personal and Advertising Injury and Products-Completed Operations. Any general liability policy required hereunder shall include Lessor as an additional insured on an endorsement satisfactory to Lessor, and shall insure any contingent liability of Lessor under this Lease or otherwise.
- (c) Contractual liability insurance sufficient to cover Lessee's indemnity obligations hereunder (but only if such contractual liability insurance is not already included in Lessee's commercial general liability insurance policy).
- (d) Worker's compensation insurance required under the laws of the State of North Carolina, and employer's liability insurance with coverage limits of no less than \$1,000,000.00 each employee, \$1,000,000.00 each accident and \$1,000,000.00 policy limit, with Lessor included as an additional insured.
- (e) Automobile liability insurance of not less than \$1,000,000.00 combined single limit, with the Lessor Parties included as additional insureds.
- (f) Umbrella liability insurance at not less than \$5,000,000.00 per location aggregate limit providing excess coverage over all limits and coverages noted in Sections 14(b), 14(c), 14(d), and 14(e).
- (g) Any insurance policies required hereunder shall: (i) be issued by insurance companies licensed in the State of North Carolina and with a general policyholders' rating of "A-" or better and a financial size ranking of "Class VII" or higher in the most recent edition of A.M. Best's Insurance Guide; and (ii) provide that said insurance may not be cancelled except upon thirty (30) days prior written notice to Lessor and any Mortgagee. Lessee's insurance shall be primary and non-contributory when any policy issued to Lessor provides duplicate or similar coverage, and in such circumstance Lessor's policy will be excess over Lessee's policy. The foregoing provisions of this Section 14 are intended to be minimum requirements which may be supplemented by: (I) any requirements of any Mortgagee, which requirements shall be binding upon Lessee; and (II) any additional requirements of Lessor, which may include coverage of additional risks and/or increased coverage for risks already covered, all of which requirements Lessee shall be binding upon Lessee. Lessee shall deliver to Lessor copies of any policies required under this Section 14, or certificates thereof in form satisfactory to Lessor, upon or prior to the Commencement Date and upon each renewal of any such policy. The purchase of insurance by Lessee pursuant to this Section 14 or any other provision of this Lease shall not release Lessee from any of its obligations under this Lease.

15. Indemnification. Lessee will indemnify the Lessor Parties against, and hold them harmless from, any and all demands, claims, causes of action, fines, penalties, damages (including without limitation consequential damages), losses, liabilities, judgments and expenses (including without limitation attorney's fees, court costs and other costs of defense) in connection with personal injury, property damage or any other matter arising from or out of any occurrence in, upon or at the Premises, or the occupancy or use by Lessee of the Premises, or occasioned wholly or in part by any act or omission of any Lessee Party, including losses resulting from the negligence of a Lessor Party, exclusive of any losses resulting solely from the gross negligence or willful misconduct of a Lessor Party. If any litigation or other legal action or proceeding is brought against a Lessor Party by reason of any matter indemnified against in this Section 15, then Lessee, upon notice from Lessor, shall defend the claim at Lessee's expense with counsel reasonably satisfactory to Lessor. This indemnification is given in addition to the indemnification in Section 16, and will survive the Termination of this Lease with respect to any claims or liability accruing prior to such Termination.

16. Hazardous Materials. Lessee shall not generate, store, treat, dispose of, install or otherwise use any Hazardous Materials on, in, under or in any way related to the Premises or cause or permit any such generation, storage, treatment, disposal, installation or other use with respect thereto, except as may be required in the ordinary course of business of the Permitted Use, in which case Lessee shall comply with all Environmental Laws relating thereto. Lessee shall cause the Premises to comply with all Environmental Laws and to be free and clear of any liens imposed pursuant to any Environmental Laws. Lessee shall obtain and maintain and ensure compliance with all licenses, permits and other governmental regulatory actions, if any, necessary for the Premises to comply with all Environmental Laws. Lessee shall give Lessor written notice of any violation of any Environmental Law that occurs at the Premises during the term of this Lease, and of any such violation alleged by any governmental entity or notice of violation relating thereto received from any governmental entity. Lessee shall indemnify fully and hold Lessor harmless for any liability, damage, cost or expense that Lessor might suffer from Lessee's failure to fully comply with the provisions of this Section 16. Without limiting the foregoing in any manner, the indemnification provided herein shall include costs incurred as a result of any claims, judgments, damages, penalties, fines, costs, liabilities (including sums paid and settlements of claims) or loss, including attorney's fees, consultant fees and expert fees as well as costs incurred in connection with any investigation of site conditions or any cleanup or removal or restoration work required by any federal, state or local governmental agency or political subdivision because of the presence or suspected presence of Hazardous Materials on or under the Premises. The provisions of this Section 16 shall survive the Termination of this Lease with respect to any claims or liability accruing prior to such Termination.

17. Waiver of Subrogation. Anything in this Lease to the contrary notwithstanding, Lessor and Lessee each hereby waives any and all rights of recovery, claim, action or cause of action against the other for any loss or damage that may occur to the Premises, or any personal property of Lessor or Lessee, arising from any cause that: (a) would be insured against under the terms of any commercial property insurance required hereunder to be carried by the waiving party; or (b) is insured against under the terms of any commercial property insurance actually carried by the waiving party, regardless of whether required hereunder. The foregoing waiver shall apply regardless of the cause or origin of such claim, including but not limited to the negligence of a party or such party's agents, officers, employees or contractors. The foregoing waiver shall not apply if it would have the effect, but only to the extent of such effect, of invalidating any insurance coverage of Lessor or Lessee.

18. Damage by Fire, Etc. If the Improvements are damaged by fire or other casualty, Lessee shall repair and restore the Improvements diligently, in a good and workmanlike manner, and with materials of quality at least as good as the original construction. Such repair and restoration shall constitute an Alteration, and shall be subject to the provisions of Section 12. Lessor shall have the sole right to negotiate and settle any claim with Lessee's commercial property insurer regarding damage to the Improvements, provided that Lessor shall make such insurance proceeds available to Lessee to the extent needed to repair and restore the Improvements, except to the extent that a Mortgagee requires that such insurance proceeds be paid to it. Lessee may negotiate and settle any claim with Lessee's commercial property insurer regarding damage to Lessee's personal property located in the Improvements. There shall be no abatement of Rent during any period of repair or restoration of the Improvements following a casualty.

19. Condemnation. If a portion of the Improvements is taken by the exercise of the power of eminent domain, or sold to the holder of such power pursuant to a threatened taking (either, a "**Condemnation**"), then: (a) the Base Rent payable during the unexpired Term (or, if the Condemnation is temporary, then during the duration of the Condemnation) shall be abated in an amount proportionate to the usable square footage of the Building that is taken by Condemnation, compared to the usable square footage of the Building prior to the Condemnation; and (b) to the extent reasonably feasible under the circumstances, Lessee shall restore the Building to the condition in which it existed immediately prior to the Condemnation, to the extent that Lessor provides Condemnation proceeds to Lessee for such purpose. Lessee hereby waives and assigns to Lessor any rights it may have against Lessor or the condemning authority with respect to any part of a Condemnation award or purchase price. All proceeds payable from any Condemnation shall belong to and be paid solely to Lessor. However, nothing contained herein shall preclude Lessee from prosecuting any claim directly against the condemning authority for loss of business or depreciation to, damage to or costs of removal of, or for the value of, Lessee's trade fixtures, furniture or other personal property belonging to Lessee.

20. Assignment and Subletting by Lessee. Lessee shall not voluntarily, involuntarily, or by operation of law, assign, transfer, delegate, mortgage, grant a deed of trust on, or otherwise encumber this Lease or any interest in Lessee's rights or obligations under this Lease, in whole or in part, nor sublet the whole or any part of the Premises, nor permit the Premises or any part thereof to be used or occupied by any person other than Lessee (any of the foregoing shall be referred to herein collectively as an "**Assignment**"), without first obtaining in each and every instance the prior written consent of Lessor, which consent Lessor may grant or withhold within its sole discretion and/or upon any condition that Lessor deems advisable. Notwithstanding the foregoing provisions of this Section 20, Lessor acknowledges and approves the Existing Subleases, provided that any amendment of an Existing Sublease shall be deemed to be an Assignment that is subject to Lessor's consent, as provided above in this Section 20. Without limitation of Lessor's rights set forth above in this Section 20, with respect to any Sublease other than an Existing Sublease, at a minimum: (a) no use of the Premises shall be permitted thereunder other than the Permitted Use, (b) the Sublease shall terminate, at Lessor's option, upon any Termination of this Lease, (c) the Subtenant thereunder shall not be permitted to do anything in the Premises not permitted of Lessee pursuant to this Lease, and (d) Lessee shall deliver to Lessor promptly after execution a fully-executed copy thereof. Lessee shall perform timely all obligations of the landlord under the Existing Subleases. Any Assignment by Lessee that does not comply with the provisions of this Section 20 shall be void. No consent of Lessor to any Assignment shall be deemed a waiver of Lessor's right to consent to any future Assignment, regardless of whether Lessor's consent disclaims such waiver.

21. Transfer of Lessor's Interest. Lessor shall have the right to convey, transfer and/or assign, by sale or otherwise, all or any part of its interest in this Lease and/or the Premises, at any time and from time to time and to any person, subject to the terms and conditions of this Lease. Any such conveyance, transfer and/or assignment shall operate to release Lessor from any and all obligations or liabilities under this Lease that accrue after the date of such conveyance, transfer and/or assignment, to the extent of the conveyance, transfer or assignment, and in such event, Lessee shall look solely to the successor in interest of Lessor with respect to the obligations from which Lessor is released pursuant to this Section 21. Lessee shall attorn to the purchaser or assignee of any such conveyance, transfer or assignment.

22. Surrender of Premises. Upon any Termination of this Lease, or upon any termination of Lessee's right to possession of the Premises by Lessor pursuant to Section 27(a), Lessee shall: (a) surrender to Lessor all keys to the Premises; (b) inform Lessor of all combinations on locks, safes and vaults, if any, in the Premises; (c) surrender to Lessor the Premises, including all improvements, equipment and/or Alterations that, pursuant to the terms of this Lease or otherwise, are the property of Lessor or become the property of Lessor upon the Termination of this Lease, broom clean, without any damage, injury or disturbance thereto and is as good order and condition as when Lessor delivered possession of the Premises to Lessee, reasonable wear and tear excepted; and (d) remove all Alterations designated by Lessor for removal, restore the Premises to the condition in which they were prior to the Alteration and repair any damage caused by such removal. Lessee's obligations under this Section 22 shall survive the Termination of this Lease.

23. Estoppel Certificate. Within five (5) Business Days after request by Lessor, Lessee shall deliver to Lessor a certificate, in recordable form, to Lessor or to any proposed Mortgagee or purchaser of the Premises specified by Lessor, certifying, if such be the case, that this Lease is in full force and effect and that there are no defenses or offsets thereto, or stating those claimed by Lessee, and stating such other factual matters as may be reasonably requested by Lessor, the proposed Mortgagee or purchaser of the Premises.

24. Subordination and Attornment.

(a) This Lease is and shall be subject and subordinate to the lien of any Mortgage without the necessity of the execution or delivery of any further instruments by Lessee to effectuate such subordination. Upon Lessor's demand, Lessee shall execute and deliver to Lessor or to such other entity as Lessor specifies, such further instruments as Lessor requests evidencing the subordination of this Lease to any Mortgage. However, any Mortgagee may elect to have this Lease constitute a prior or superior lien to its Mortgage by notifying Lessee to that effect. Upon delivery of such notice, this Lease shall be deemed a prior and superior lien to such Mortgage, irrespective of whether this Lease is dated prior to or subsequent to the date of such Mortgage.

(b) If, during the term of this Lease, Lessor enters into one or more concurrent or successive Mortgages, and Lessor notifies Lessee of the name and address of the Mortgagee(s), then this Lease shall not be terminated on account of any default by Lessor under this Lease until Lessee gives written notice of the occurrence and nature of such default to any such Mortgagee, and such Mortgagee shall have the right for thirty (30) days after its receipt of such notice (and such reasonable additional time as is required to take possession or control of the Premises by foreclosure or receiver or to effect the cure with due diligence) to correct such default.

(c) If the Premises is sold pursuant to the foreclosure of, or the exercise of the power of sale under, any Mortgage, Lessee shall attorn to the purchaser of the Premises, and shall recognize the purchaser as the Lessor under this Lease, provided that, as long as Lessee is not in default under this Lease, the purchaser recognizes Lessee's rights under this Lease.

(d) If requested by Lessor, Lessee shall execute a subordination and attornment agreement, in form and substance reasonably satisfactory to Lessee, in favor of any Mortgagee, provided such Mortgagee executes in favor of Lessee a non-disturbance agreement, in recordable form, providing that if the Mortgage is foreclosed or conveyed in lieu of foreclosure the person that takes ownership of the Premises pursuant to such foreclosure or conveyance in lieu of foreclosure shall recognize Lessee's rights under this Agreement if Lessee is not in default hereunder.

25. Mortgagee Approvals. The approval or consent of Lessor shall not be deemed to have been withheld unreasonably for the purposes of any provision of this Lease requiring Lessor's consent if a Mortgagee refuses or withholds its approval or consent thereto. Any demand or requirement of Lessee made by Lessor pursuant to this Lease that Lessor makes at the direction of a Mortgagee shall be deemed to have been made reasonably by Lessor if made in good faith.

26. Bankruptcy - Insolvency. If any Bankruptcy occurs during the term of this Lease, neither this Lease nor any interest in the Premises shall become an asset in any proceedings relating to such Bankruptcy unless Lessee or a trustee, receiver or other representative appointed with respect to Lessee or Lessee's assets timely cures all of Lessee's outstanding defaults and gives adequate assurances of future performance by Lessee, including assurances with respect to the source of future rent.

27. Forfeiture and Remedies for Default. As used in this Lease, the term "**Event of Default**" shall mean any one or more of the following events: (i) Lessee fails to make any payment of Base Rent within three (3) Business Days after the due date; or (ii) Lessee defaults under any other provision of this Lease except the payment of Base Rent, and remains in default thereof for a period of ten (10) days after notice from Lessor; or (iii) Lessee abandons or vacates the Premises; or (iv) any Bankruptcy occurs during the term of this Lease. Upon the occurrence of any Event of Default, Lessor may pursue any one or more of the following remedies, in addition to any other remedy available to Lessor under this Lease or at law or equity:

(a) Lessor may terminate Lessee's right to possession of the Premises, and may enter and take possession of the Premises without terminating this Lease, without notice to Lessee and without obtaining any court authorization, peaceably or by force, and may relet the Premises, in whole or in part, in one or more leases, for the unexpired portion of the term of this Lease or any part thereof. Lessor may receive the rent from any such reletting, and apply it toward Base Rent or Additional Costs, Lessor's costs of repossession and other expenses caused by Lessee's default, including Lessor's attorney's fees, and/or any other damages suffered by Lessor as a result of Lessee's default or Lessee's occupancy of the Premises. The rate and terms of such reletting shall be such as Lessor deems expedient, and Lessor's action with respect thereto shall be final and binding upon Lessee. In no event shall Lessor's termination of Lessee's right to possession of the Premises abrogate Lessee's obligation to pay Base Rent and Additional Costs due hereunder for the full term hereof. Following re-entry of the Premises by Lessor, Lessee shall continue to pay all Base Rent and Additional Costs as same become due under the terms of this Lease, except to the extent, if any, that Lessor relets the Premises and Base Rent, Additional Costs and all of Lessor's expenses and damages associated with Lessee's default are actually paid by a successor tenant. Lessee agrees that Lessor shall have no obligation to mitigate its damages by reletting the Premises or otherwise. Further, if Lessor elects to undertake any effort to relet the Premises or otherwise mitigate its damages, Lessee agrees that Lessor shall not be obligated to continue such efforts, and may cease such efforts at any time.

(b) Lessor may terminate this Lease by notice to Lessee.

(c) Lessor may enter upon the Premises and may perform any obligation of Lessee under this Lease with respect to which an Event of Default then exists, and Lessee shall reimburse Lessor on demand for any expenses incurred by Lessor thereby, plus an administrative fee equal to fifteen percent (15%) of such amount. Lessee expressly agrees that Lessor shall not be guilty of trespass or liable for any damages resulting to Lessee from any Lessor entry upon the Premises pursuant to this Section 27(c). No action taken by Lessor under this Section 27(c) shall relieve Lessee from any of its obligations under this Lease or from any consequences or liabilities arising from the failure to perform such obligations. Notwithstanding the foregoing, Lessor may exercise its rights under this Section 27(c) without notice and opportunity of Lessee to cure, and without the occurrence of an Event of Default, if a default by Lessee results in an imminent threat of injury to the Premises or to any person.

28. Certain Rights Reserved to Lessor / Lessor's Entry. Lessor may exercise any or all of the following rights at any time or from time to time without being deemed guilty of an eviction or disturbance of Lessee's use or possession, without being liable in any manner to Lessee, without abatement of rent and without affecting any of Lessee's obligations under this Lease:

(a) Lessor may retain pass keys to the Premises;

(b) Lessor may take any and all measures, including inspections, repairs, alterations, decorations, additions and improvements to the Premises, as may be necessary or desirable for the safety, protection, preservation or security of the Premises and/or Lessor's interests; and

(c) Lessor may enter the Premises for the purpose of inspection, maintenance, repair or alteration, to show the Premises to prospective tenants or purchasers, or to respond to an emergency.

29. Liens. Lessee shall pay promptly all Lessee Contractors. Should any lien be made or filed against any part of the Premises on account of any labor, materials, professional design or surveying services or rental equipment furnished to Lessee, Lessee shall discharge the same within five (5) Business Days. Lessee shall have no right or authority to cause Lessor to enter into any contract for labor, materials, professional design or surveying services or rental equipment for any work or improvements related to the Premises, or otherwise to enter into any such contract as or on behalf of the owner of the Premises for purposes of the laws of the State of North Carolina relating to liens on real property, and Lessee shall so inform any Lessee Contractors.

30. Attorney's Fees. In any suit, action, proceeding or arbitration involving this Lease the prevailing party shall be entitled to recover from the losing party the prevailing party's reasonable attorneys' fees and expenses incurred therein.

31. Exculpation of Lessor.

(a) To the maximum extent permitted by law, Lessee agrees that its use and occupation of the Premises shall be at Lessee's own risk. Lessor shall not be liable or responsible to Lessee for any injury, loss, damage or inconvenience to any person, property or business occasioned by theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition order of governmental body or authority, or any other cause beyond Lessor's control.

(b) If Lessee secures a judgment against Lessor requiring the payment of money by Lessor on account of any default or breach by Lessor under this Lease, Lessee may satisfy such judgment only against Lessor's estate and interest in the Premises, and the rentals therefrom. No other assets of Lessor shall be subject to levy, execution or other judicial process for the satisfaction of any such judgment. Lessee's right to satisfy any judgment against Lessor's estate and interest in the Premises, and the rentals therefrom, shall be subject to the prior rights of any Mortgagee.

32. No Abatement. Except as may be expressly provided in this Lease, no abatement, diminution or reduction of Rent shall be claimed by or allowed to Lessee or any person claiming through Lessee, under any circumstances.

33. Quiet Enjoyment. Upon Lessee's compliance with all of the covenants, terms and conditions to be observed and performed by Lessee under this Lease, Lessee shall peaceably and quietly hold and enjoy the Premises for the term demised under this Lease without hindrance or interruption by Lessor or any other person(s) lawfully or equitably claiming by, through or under Lessor, subject to the terms and conditions of this Lease and of any easements, covenants and other matters of record that affect the Premises.

34. Notices. Any notice, demand, consent, agreement, request or other communication required to be given, served, sent or obtained hereunder (a "Notice") must be in writing, and must be either (i) mailed by first-class mail, registered or certified, return-receipt requested, postage prepaid, (ii) hand delivered personally or by nationally recognized courier service, fees prepaid or (iii) sent via electronic mail (provided that the party delivering such notice shall promptly deliver an original of such communication to the other party via nationally recognized overnight courier service), addressed as follows:

If to Lessor: The Steel Vessel Corporation
Via Iazzitiello 55
70029 Santeramo in Colle (BA)
Italy

Attn: Pasquale Natuzzi
Email: [***]

If to Lessee: 151 W. High Avenue
High Point, NC
27260

Attn: Cristiano Liuzzi, Chief Financial Officer
Email: [***]

Each party may designate by notice a new address to which any Notice thereafter may be given, served or sent. Each Notice that is delivered in the manner described above will be deemed given and received for all purposes at the earlier of such time as it is delivered to the addressee via mail, personal delivery, courier service or electronic mail, or such time as delivery is refused by the addressee upon presentation. The return-receipt, courier delivery receipt or email delivery status notification shall be deemed conclusive evidence of delivery of a Notice. Notices may be given on behalf of any party by its legal counsel. Each party consents to receive notices from the other party(ies) under this Agreement directly from legal counsel for the other party(ies), regardless of whether the consenting party is represented by legal counsel, and the consenting party waives any objection thereto.

35. Remedies Cumulative. Except as may be expressly provided in this Lease, no right or remedy set forth in this Lease or otherwise conferred upon or reserved to Lessor shall be considered exclusive of any other right or remedy, but shall be distinct, separate and cumulative, and shall be in addition to every other right or remedy conferred under this Lease, or now or hereafter existing at law or in equity. Every right, power or remedy conferred to Lessor under this Lease may be exercised from time to time as often as the occasion may arise, or as often as may be deemed expedient.

36. Waiver of Rights. Neither a failure of Lessor to exercise any power given Lessor hereunder, nor a failure to insist upon strict compliance by Lessee of its obligations hereunder, nor any custom or practice of the parties at variance with the terms of this Lease shall constitute a waiver of Lessor's right to demand exact compliance with the terms of this Lease. No waiver of any of the provisions of this Lease or of any breach or violation of any provision of this Lease shall be valid unless in writing and signed by the party against whom such waiver is asserted. The waiver by any party of a breach or violation of any provision of this Lease shall not operate as or be construed to be a waiver of any subsequent breach of this Lease.

37. Entire Agreement. This Lease constitutes the entire agreement between the parties with respect to the Premises and the other matters contained herein. All previous undertakings or agreements between the parties with respect to the Premises or the other matters contained herein are merged herein and superseded hereby. No representation, promise or inducement not included in this Lease shall be binding on any party hereto.

38. Recordation. The parties hereto agree not to record this Lease. However, upon Lessee's request, Lessor shall execute a memorandum of this Lease in proper recordable form, containing the information set forth in N.C.G.S. § 47-118, to be recorded in the Office of the Register of Deeds of Guilford County, North Carolina.

39. Amendment. No modification or amendment of this Lease will be valid or binding upon any party unless in writing and signed by the party against whom such modification or amendment is asserted.

40. Binding Effect / Survival. Except as otherwise provided herein, this Lease shall be binding upon and inure to the benefit of the parties and their respective heirs, successors, permitted assigns and legal representatives. Any reference herein to a party shall include such party's heirs, successors, permitted assigns and legal representatives.

41. Accord and Satisfaction. No payment by Lessee or receipt by Lessor of an amount less than is due hereunder shall be deemed to be other than payment towards or on account of the earliest portion of the amount then due. Nor shall any endorsement, notation or statement on any check or payment or in any letter accompanying any check or payment be deemed an "accord and satisfaction," and Lessor may accept any such check or payment without prejudice to Lessor's right to recover the balance of such amount or to pursue any other remedy available to Lessor.

42. Construction. If there arises any issue regarding the intent of the parties to this Lease or the interpretation of any provision of this Lease or any ambiguity arising from this Lease, no presumption or burden of proof shall arise favoring or disfavoring any party, and this Lease shall not be strictly construed against any party. When the context in which a word is used in this Lease indicates that such is the intent, a word in the singular number shall include the plural and vice-versa, and a word in the masculine gender shall include the feminine and neuter and vice-versa. Any use in this Lease of any form of the verb "to include" means the word stated but not limited to. The paragraph headings or titles used in this Lease are for convenience only, and shall not define, limit, extend or interpret the scope of this Lease or any particular paragraph or provision of this Lease. Any reference in this Lease to any statute, code, rule or law (collectively or individually, a "**Law**") shall include any amendments to the Law referred to, any comparable successor Law that replaces the Law referred to, as well as any amendments to any such successor Law.

43. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of North Carolina without giving effect to any conflict of law rule or provision thereof that would cause the application of the laws of any other jurisdiction.

44. Severability. The parties intend that this Lease be enforced to the fullest extent permissible under the law and public policy applied by any jurisdiction in which enforcement is sought. Accordingly, if any provision, sentence, phrase or word of this Lease, or the application thereof to any person or circumstance, or the enforceability thereof in any jurisdiction, is held invalid, the remainder of this Lease, or the application of such provision, sentence, phrase or word to persons or circumstances other than those as to which it is held invalid, or the enforceability thereof in other jurisdictions, shall not be affected thereby.

45. Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

46. Time. Time is of the essence of this Lease. If the time period by which any right, option or election provided for herein must be exercised, or by which any act required hereunder must be performed, expires on a Saturday, Sunday or Federal government holiday described in 5 U.S.C. § 6103(a), then such time period automatically shall be extended through the next Business Day.

47. Relationship. This Lease does not constitute an agreement of partnership or joint venture, and does not create a relationship of principal and agent. Neither party shall have the authority to act as agent of the other for any purpose, except as may be expressly provided herein.

48. Other Documents. The parties agree to execute such other documents as may be necessary for the implementation and consummation of this Lease and the covenants contained herein.

49. Third-party Beneficiaries. Except as may be otherwise expressly provided herein, this Lease shall not confer any rights or remedies upon any person or entity other than the parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LESSEE:

NATUZZI AMERICAS, INC.,
a North Carolina corporation

By: /s/Ottavio Milano
Name: Ottavio Milano
Title: President

LESSOR:

THE STEEL VESSEL CORPORATION,
a Delaware corporation

By:___ Name: Pasquale Natuzzi
Title: President

LESSOR:

THE STEEL VESSEL CORPORATION,
a Delaware corporation

By: /s/ Pasquale Natuzzi
Name: Pasquale Natuzzi Title:
President

Exhibit 8.1

List of Significant Subsidiaries:

| Name | Percentage as at 31/12/2024 | Percentage as at 31/12/2023 | Percentage as at 31/12/2022 | Share/ quota capital | Ownership registered office | Activity |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------|---------------------------------------|----------|
| Italsofa Romania S.r.l. | 100.00 | 100.00 | 100.00 | RON 109,271,750 | Baia Mare, Romania | (1) |
| Natuzzi (China) Ltd | 100.00 | 100.00 | 100.00 | CNY 106,414,300 | Shanghai, China | (1) |
| Italsofa Nordeste S/A | 100.00 | 100.00 | 100.00 | BRL 159,300,558 | Salvador de Bahia, Brazil | (1) |
| Natuzzi Quanjiao Limited | 100.00 | 100.00 | 100.00 | CNY 10,000,000 | Quanjiao County-Anhui province, China | (1) |
| Natco S.p.A. | 99.99 | 99.99 | 99.99 | EUR 4,420,000 | Santeramo in Colle, Italy | (2) |
| Nacon S.p.A. | 100.00 | 100.00 | 100.00 | EUR 2,800,000 | Santeramo in Colle, Italy | (3) |
| Lagene S.r.l. | 100.00 | 100.00 | 100.00 | EUR 10,000 | Santeramo in Colle, Italy | (3) |
| Natuzzi Americas Inc. | 100.00 | 100.00 | 100.00 | USD 89 | High Point, N. Carolina, USA | (3) |
| Natuzzi Florida LLC | 51.00 | 51.00 | 51.00 | USD 4,955,186 | High Point, N. Carolina, USA | (3) |
| Natuzzi Iberica S.A. | 100.00 | 100.00 | 100.00 | EUR 386,255 | Madrid, Spain | (3) |
| Natuzzi Switzerland AG | 100.00 | 100.00 | 100.00 | CHF 2,000,000 | Dietikon, Switzerland | (3) |
| Natuzzi Services Limited | 100.00 | 100.00 | 100.00 | GBP 25,349,353 | London, UK | (3) |
| Natuzzi UK Retail Limited | 70.00 | 70.00 | 70.00 | GBP 100 | Cardiff, UK | (3) |
| Natuzzi Germany Gmbh | 100.00 | 100.00 | 100.00 | EUR 25,000 | Köln, Germany | (3) |
| Natuzzi Japan KK | 74.40 | 74.40 | 74.40 | JPY 28,000,000 | Tokyo, Japan | (3) |
| Natuzzi Russia OOO | 100.00 | 100.00 | 100.00 | RUB 8,700,000 | Moscow, Russia | (3) |
| Natmx S.DE.R.L.DE.C.V | 100.00 | 100.00 | 100.00 | MXN 68,504,040 | Mexico City, Mexico | (3) |
| Natuzzi France S.a.s. | 100.00 | 100.00 | 100.00 | EUR 70,727 | Paris, France | (3) |
| Natuzzi Oceania PTI Ltd | 74.40 | 74.40 | 74.40 | AUD 320,002 | Sydney, Australia | (3) |
| Natuzzi Singapore PTE. LTD. | 74.40 | 74.40 | 74.40 | USD 7,654,207 | Singapore, Republic of Singapore | (3) |
| Natuzzi Shanghai Co. Ltd | 100.00 | — | — | CNY 500,000 | Shanghai, China | (3) |
| Natuzzi Netherlands Holding | 100.00 | 100.00 | 100.00 | EUR 34,605,000 | Amsterdam, Holland | (4) |
| Natuzzi Trade Service S.r.l. | 100.00 | 100.00 | 100.00 | EUR 14,000,000 | Santeramo in Colle, Italy | (5) |

- (1) Manufacture and distribution
- (2) Intragroup leather dyeing and finishing
- (3) Services and distribution
- (4) Investment holding
- (5) Dormant

NATUZZI S.P.A. INSIDER TRADING POLICY

AND GUIDELINES WITH RESPECT TO CERTAIN TRANSACTIONS IN COMPANY SECURITIES

GENERAL STATEMENT/ABSTRACT

Natuzzi S.p.A. is currently listed on the New York Stock Exchange (“NYSE”) and, as such, subject to the US Securities laws.

As a general principle, US Securities laws prohibit insiders of a public company, such as members of the board of directors, officers and employees, from trading in the securities of that company on the basis of “inside” (or privileged) information.

Please note that the procedures described below are Company policy. They are not intended to replace the primary responsibility of each board member, officer and employee to understand and comply with the **prohibition on insider trading** under US securities laws in force.

If anyone subject to this policy has any questions about this policy or such person’s obligations under federal and state securities laws generally, please contact the **Insider Trading Compliance Officer (as defined hereafter)**.

INTRODUCTION

Employees, officers, directors of Natuzzi S.p.A. and its subsidiaries, together with their Family Members (collectively defined as “**Designated Insiders**”) are individually responsible to understand and comply with this Policy.

This Insider Trading Policy (the “**Policy**”) provides guidelines to employees, officers and directors of Natuzzi S.p.A. and its subsidiaries (the “**Company**”) with respect to **transactions in the Company’s securities**. The Company has adopted this policy and the procedures set forth herein to help prevent insider trading and to assist the Company’s employees, officers and directors in complying with their obligations under the U.S. Federal Securities Laws.

Those Designated Insiders who intend to deal in the securities of Natuzzi S.p.A. must contact the Insider Trading Compliance Officer at the investor_relations@natuzzi.com , or at +39 080 8820.812, to pre-clear the transactions [as per the pre-dealing procedure as described hereunder].

APPLICABILITY OF POLICY

This Policy applies to all transactions in any of the Company’s securities and any other equity or debt securities the Company may issue from time to time.

It applies to all employees, officers and directors of the Company and members of their immediate families who reside with them or anyone else who lives in their household and family members who live elsewhere but whose transactions in Company securities are directed by such employees, officers and directors or subject to their influence and control (collectively referred to as “**Family Members**”).

This Policy also imposes specific black-out period and pre-clearance procedures on officers, directors and certain other designated employees who receive or have access to Material Non-Public Information (as defined below) regarding the Company.

The current “**Insider Trading Compliance Officer**” referred to herein is the Group CFO who is responsible for the administration of this Insider Trading Policy.

DEFINITION OF MATERIAL NON-PUBLIC INFORMATION

It is not possible to define all categories of material information.

However, information should be regarded as material if there is a substantial likelihood that it would be considered important to a reasonable investor in making a voting decision or an investment decision to buy, hold or sell securities.

Any information that could be expected to affect the market price of the Company’s securities, whether such information is positive or negative, should be considered **material**. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions as to the materiality of particular information should be resolved in favor of materiality, and trading should be avoided. Officers, directors and certain other employees are subject to the **Blackout Period** provisions, as described below.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include:

- Financial results;
- Projections of future earnings or losses;
- News of a pending or proposed merger, acquisition or tender offer;
- News of a pending or proposed acquisition or disposition of significant assets;
- Actions of regulatory agencies;
- News of a pending or proposed acquisition or disposition of a subsidiary;
- Impending bankruptcy or financial liquidity problems;
- Gain or loss of a significant customer or supplier;
- Significant operational issues or supply problems;
- Significant pricing changes;
- Stock splits and stock repurchase programs;
- New equity or debt offerings;
- Significant litigation exposure due to actual or threatened litigation; and
- Changes in senior management.

“Material Non-Public Information” is material information that has not been previously disclosed to the general public through a press release or securities filings and is otherwise not available to the general public.

STATEMENT OF POLICY

General Policy

It is the policy of the Company to oppose the unauthorized disclosure of any non-public information acquired in the workplace, the use of Material Non-Public Information in securities trading and any other violation of applicable securities laws.

Specific Policies

Trading on Material Non-Public Information.

No employee, officer or director of the Company and its subsidiaries and no Family Member of any such person, shall engage in any transaction involving a purchase or sale of the Company’s securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Non-Public Information concerning the Company and ending at the close of business on the second Trading Day (as defined below) following the date of public disclosure of that information, or at such time as such non-public information is no longer material. As used in this Policy, the term **“Trading Day”** shall mean a day on which national stock exchanges are open for trading. If, for example, the Company were to make an announcement on a Monday, Designated Insiders (as defined below) shall not trade in the Company’s securities until Thursday.

Tipping.

No employee, officer or director of the Company shall disclose or pass on (“**tip**”) Material Non-Public Information to any other person, including a Family Member or friend, nor shall such person make recommendations or express opinions on the basis of Material Non-Public Information as to trading in the Company’s securities.

Confidentiality of Non-Public Information.

Non-Public information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.

Liability for Insider Trading.

Any employee, officer or director who engages in a transaction in the Company’s securities at a time when they have knowledge of Material Non-Public Information may be subject to penalties and sanctions, according to the US Law.

Possible Company-Imposed Disciplinary Actions.

Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include, among others, **termination of employment**.

Trading Blackout Period.

To ensure compliance with this Policy and applicable federal securities laws, and to avoid even the appearance of trading on the basis of inside information, the Company requires that its Designated Insiders refrain from conducting transactions involving the purchase or sale of the Company's securities during the Blackout Periods as defined below.

The Blackout Period will commence at least two weeks before the day in which the Company's Board of Directors is expected to meet to approve the interim financial results and will end at the close of business on the second Trading Day following the date of public disclosure of the financial results for such fiscal quarter.

The Insider Trading Compliance Officer will be in charge from time to time of communicating the beginning of the Blackout Period to the list of the relevant employees and directors identified time to time.

In addition to the Blackout Periods described above, the Company may announce "special" Blackout Periods from time to time. Typically, this will occur when there are non-public developments that would be considered material for insider trading law purposes, such as, among other things, developments relating to regulatory proceedings or a major corporate transaction. Depending on the circumstances, a "special" Blackout Period may apply to the above-mentioned list. The Insider Trading Compliance Officer will inform such employees and directors subject to a "special" Blackout Period.

The failure of the **Insider Trading Compliance Officer** to designate a person as being subject to a "special" Blackout Period will not relieve that person of the obligation not to trade while aware of Material Non-Public Information. The purpose behind the Blackout Period is to help establish a diligent effort to avoid any improper transactions. Trading in the Company's securities outside a Blackout Period should not be considered a "safe harbor", and all employees, officers and directors and other persons subject to this Policy should use good judgment at all times. Even outside a Blackout Period, any person possessing Material Non-Public Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two Trading Days after the date of announcement. Although the Company may from time to time impose special Blackout Periods, because of developments known to the Company and not yet disclosed to the public, each person is individually responsible at all times for compliance with the prohibitions against insider trading.

APPLICABILITY OF POLICY TO INSIDE INFORMATION REGARDING OTHER COMPANIES

This Policy and the guidelines described herein also apply to Material Non-Public Information relating to other companies, including the Company's customers, vendors or suppliers ("**business partners**"), when that information is obtained in the course of employment with, or other services performed on behalf of, the Company. Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the Company's business partners. All employees should treat Material Non-Public Information about the Company's business partners with the same care required with respect to information related directly to the Company.

INTERNAL DEALING

Natuzzi S.p.A. is incorporated under the laws of the Republic of Italy and, as such, is considered as a **Foreign Private Issuer** (“FPI”) according to the US securities laws. In particular, the Company is subject to the information reporting requirements of the US Securities and Exchange Act of 1934 (the “*Exchange Act*”), among which the obligations under Section 13D* of the Exchange Act (“**Beneficial Ownership Reports**”).

Under the Section 13D, anyone (including, officers and members of the Board of Directors of the Company) who owns 5% or more of Natuzzi shares, must file **within 10 days** a 13D report with the SEC, anytime:

- (i) his/her ownership **reaches 5%** or more and, subsequently,
- (ii) at each time that his/her ownership goes **up or down by 1%** relative to the ownership stated in the previous 13D report.

Therefore, it is not fundamental, for reporting obligation purposes, the amount *per se* of Natuzzi shares that a person buys or sells; instead, it is important to determine if such person’s ownership in Natuzzi share capital has increased or decreased by 1% **relative to her/his previous 13D report**.

As an example, a person states in their initial 13D report that she/he owns 6.3% of Natuzzi. That person can buy and sell Natuzzi shares and does not need to make any additional filings **unless** her/his ownership rises to 7.3% or greater (a 1% increase) or falls to 5.3% or lower (a 1% decrease) relative to the previous 13D report. In other terms, any transactions that increase her/his holding up to 7.2% (only a 0.9% increase) or decrease her/his holding down to 5.4% (only a 0.9% decrease) do not need to be reported because there has not been a 1% change since the prior 13D.

These are the rules currently in force under the US laws. However, it is everyone’s responsibility to ask for updates on this matter, in case of future needs. Please contact the Insider Trading Compliance Officer’s office (as defined in this policy) for any questions regarding the Internal Dealing.

** Depending upon the facts and circumstances, the person or group of persons may be eligible to file the more abbreviated Schedule 13G in lieu of Schedule 13D.*

COMMUNICATIONS WITH THE PUBLIC

The Company is subject to the SEC’s Regulation FD and must avoid selective disclosure of Material Non-Public Information. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. Pursuant to Company policy, only the executive officers who have been authorized to engage in communications with the public may disclose information to the public regarding the Company and its business activities and financial affairs. The public includes, without limitation, research analysts, portfolio managers, financial and business reporters, news media and investors. In addition, because of the risks associated with the exchange of information through such communications media, employees are strictly prohibited from posting or responding to messages containing information regarding the Company on Internet “bulletin boards,” Internet “chat rooms” or in similar online forums. Employees who inadvertently disclose any Material Non-Public Information must immediately advise the Insider Trading Compliance Officer so the Company can assess its obligations under Regulation FD and other applicable securities laws.

PRE-CLEARANCE OF TRADES

The Company has determined that all employees, officers and directors and their Family Members must refrain from trading in the Company's securities, without first complying with the Company's "pre-clearance" process.

Each of the Designated Insiders who intends to deal in the securities of the Company must contact the Company's Insider Trading Compliance Officer at the investor_relations@natuzzi.com, or at +39 080 8820.812, not less than two (2) business days prior to commencing any trade in the Company's securities. This pre-clearance requirement applies to any transaction or transfer involving the Company's securities.

The Insider Trading Compliance Officer must pre-clear each proposed trade or transfer. The Insider Trading Compliance Officer is not under any obligation to approve a trade submitted for pre-clearance and may determine not to permit a trade.

To facilitate the process, the Company has prepared a pre-clearance form, attached hereto as Exhibit A, to be completed and provided to the Insider Trading Compliance Officer. The Insider Trading Compliance Officer will assist with the approval process.

No trade or transfer may be effected until the requesting employee, officer or director has received the approved Pre-Clearance Request Form, even if two (2) business days have passed since the Pre-Clearance Request Form was submitted.

EXHIBIT A

NATUZZI S.P.A.: PRE-CLEARANCE REQUEST FORM

To: Natuzzi S.p.A. (the “Company”)
Attn. **Insider Trading Compliance Officer**

From: _____

Re: **Proposed transaction in the Company’s Securities**

This is to advise you that the undersigned intends to execute a transaction in the Company’s securities on **MONTH DAY, YEAR** and thereafter until the trading window shall close and does hereby request that the Company pre-clear the transaction as required by the Company’s Insider Trading Policy (the “Policy”).

[The general nature of the transaction is as follows (i.e. open market sale/purchase of XX,xxx shares; privately negotiated sale/purchase of YY,yy ordinary shares; implementation of a trading plan under SEC Rule 10b5-1 etc.):

_____]

The undersigned is not in possession of Material Non-Public Information (as defined in the Insider Trading Policy) about the Company and will not enter into the transaction if the undersigned comes into possession of Material Non-Public Information about the Company between the date hereof and the proposed trade execution date.

The undersigned has read and understands the Policy and certifies that the above proposed transaction will not violate the Policy.

The undersigned agrees to advise the Company promptly if, as a result of future developments, any of the foregoing information becomes inaccurate or incomplete in any respect. The undersigned understands that the Company may require additional information about the transaction and agrees to provide such information upon request.

Dated:

Very truly yours,

[Print Name]

[Signature]

Approved by:

Insider Trading Compliance Officer

[Signature]

Exhibit 12.1

I, Antonio Achille, certify that:

1. I have reviewed this annual report on Form 20-F of Natuzzi S.p.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: **April 30, 2025**

/s/ Antonio Achille

Name: Antonio Achille

Title: Chief Executive Officer

Exhibit 12.2

I, Carlo Silvestri, certify that:

1. I have reviewed this annual report on Form 20-F of Natuzzi S.p.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: **April 30, 2025**

/s/ Carlo Silvestri

Name: Carlo Silvestri

Title: Chief Financial Officer

Exhibit 13.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Natuzzi S.p.A. (the “Company”) does hereby certify, to such officer’s knowledge, that:

The Annual Report on form 20-F for the year ended **December 31, 2024** (the “Form 20-F”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **April 30, 2025**

/s/ Antonio Achille
Antonio Achille
Chief Executive Officer

Dated: **April 30, 2025**

/s/ Carlo Silvestri
Carlo Silvestri
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Natuzzi S.p.A. and will be retained by Natuzzi S.p.A. and furnished to the Securities and Exchange Commission or its staff upon request.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-266414) of Natuzzi SpA of our report dated April 30, 2025 relating to the financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers SpA
Bari, Italy
April 30, 2025

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-266414) on Form S-8 of our report dated April 30, 2024, with respect to the consolidated financial statements of Natuzzi S.p.A..

/s/ KPMG S.p.A.

Bari, Italy
April 30, 2025