



C-Meeting for Natuzzi S.p.A.

Fourth Quarter 2025 Financial Results

May 19, 2026

C O R P O R A T E P A R T I C I P A N T S

Piero Drenzo, *Investor Relations*

Pasquale Natuzzi, *Executive Chairman and Chief Executive Officer*

Carlo Silvestri, *Chief Financial Officer*

P R E S E N T A T I O N

Operator

Welcome to the Natuzzi S.p.A Fourth Quarter 2025 Financial Results Conference Calling Webcast.

As a reminder, if you'd like to join the conference call via telephone, please dial 1-412-717-9633, then passcode 39252103#. In addition to the link already provided. Once again, to join via telephone, please dial 1-412-717-9633, then passcode 39252103#.

At this time, all participants are in listening only mode. Following the introduction, we'll conduct a question-and-answer session. Instructions will be provided at that time. Feel free to join the queue for questions.

Joining us on today's call, as usual, are Pasquale Natuzzi, Executive Chairman and Chief Executive Officer, Carlo Silvestri, Chief Financial Officer, and Piero Direnzo, Investor Relations.

As a reminder, today's call is being recorded.

I will now turn the conference call over to Piero. Please go ahead.

Piero Direnzo

Thank you, Kevin, and good day to everyone.

Thank you for joining the Natuzzi's conference call for the 2025 fourth quarter financial results.

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

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

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

Pasquale Natuzzi

Thank you.

Good morning, everyone, and thank you for joining us in today's conference call.

Our fourth-quarter and full-year 2025 results reflect a persistent and unfavorable macroeconomic environment. The market conditions we face require responsible, timely, and structural decisions. Consequently, we are implementing a reorganization plan designed to restore the Company to a stronger economic, capital, and financial foundation over the medium term.

A core pillar of this strategy involves the reallocation of our low-margin Italian production capacity because it is no longer sustainable under the current Italian cost structure. Therefore, we are shifting this volume to other manufacturing facilities within the group, like in Romania, for example, or it could be China, it could

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be Brazil, or it could be Vietnam, where we still have our manufacturing company. This shift will involve the rationalization of our Italian footprint factories, including our tannery and logistic center.

That's primarily the plan we are working on and to go forward. I ask Carlo, our CFO, eventually, to comment something. Then, obviously, I'm available for any questions. Thank you.

Carlo Silvestri

Thank you, Mr. Natuzzi.

Good morning, everybody.

Let me provide more color on the figures we presented, followed by an overview of our strategic plan and how we intend to execute it.

First, I would like to address our gross margin, which declined from 38.1% in the fourth quarter of last year to 30.2% this quarter. This reduction was primarily driven by our decision to shift certain Natuzzi Editions production for the U.S. market from our Chinese factory to our Italian facilities. As you may recall, we initiated this shift to mitigate U.S. trade tariffs on Asian-manufactured goods. However, subsequent U.S. tariff expansions also to European Union production offset these anticipated benefits. Additionally, expected government grants did not materialize. Ultimately, this production shift negatively impacted on our margins.

Additionally, during the fourth quarter, we recorded a \$2.3 million impairment charge on machinery and equipment at certain Italian facilities. This impairment reflects a prudent outlook on our current operating environment, which impacts the recoverability of these non-financial assets. Excluding this charge, our adjusted gross margin would have been 33.2%, compared to 38.1% in the prior-year period. Beyond the Natuzzi Editions production shift, this remaining year-over-year variance was driven by lower sales volume in our direct retail channel and an unfavorable product mix, characterized by fewer Natuzzi Italia and more Natuzzi Editions sales during the quarter.

As Mr. Natuzzi mentioned, we are executing a restructuring plan aimed at securing medium- and long-term sustainability. On the top line, we continue to review our pricing structure to mitigate the negative impacts of U.S. trade duties and a strengthening euro. Operationally, we focused on reducing industrial labor costs during the fourth quarter. Specifically, within the \$17.1 million reported in fourth-quarter labor costs, we recorded a \$700,000 accrual for cost-reduction initiatives.

Turning to the other charges recorded in the fourth quarter of 2025, namely, impairment losses, we are continuously evaluating the performance of our Directly Operated Stores (DOS) to ensure a realistic projection for the future. While our retail strategy remains the core of our business, we recognized a \$4.4 million impairment loss on financial assets related to our retail operations, primarily in Europe and the U.S. Additionally, we recorded a \$1.9 million impairment charge on non-financial assets within administrative expenses, compared to \$500,000 in the prior-year period. Management remains fully committed to optimizing our cost structure in Italy and across select commercial subsidiaries, and these efficiency strategies will remain a primary focus throughout 2026.

From a cash flow perspective, I would like to highlight two key points. First, operating activities resulted in a cash outflow of \$4.5 million. Second, we benefited from a \$2.5 million improvement in working capital, primarily driven by a \$13 million reduction in inventory levels. We continue to focus on inventory optimization to generate cash and drive company value, reducing safety stock. In the period we also decreased our trade payroll and other liabilities.

Within investing activities, a key driver was the receipt of \$9.9 million in cash proceeds from the disposal of two non-strategic assets: the sale of land in Romania for \$2.4 million and the divestiture of iPoint for \$7.5

million. As Mr. Natuzzi noted, our industrial restructuring will continue to free up non-core assets for monetization, providing additional capital to fund our transformation initiatives.

Moving to the regulatory framework supporting our restructuring, our press release outlines the legal mechanisms we are utilizing to drive operational efficiency. To provide further clarity on this process, the Board of Directors has authorized Mr. Natuzzi to initiate a specific procedure under Italian corporate law known as the *Composizione Negoziata della Crisi* (CNC). We expect to finalize our official submission in the coming weeks.

What is the CNC? It is a voluntary out-of-court restructuring procedure specific to Italian companies only and designated to facilitate an early and orderly management of the group position, while preserving business continuity, industrial value, and the interest of all the stakeholders. It's extremely important to underline that under this procedure, the Company is able to continue its normal daily operation under the guidance of the current Management team, and the shareholders continue to exercise their ordinary rights as equity holders of the Company, so there will be no change. There will be the presence of an independent expert appointed by the Competent Chamber of Commerce, and this procedure aims to reach a mutually agreed solution with all the stakeholders to facilitate the process of turnaround.

In summary, this voluntary, out-of-court procedure is designed to protect our industrial and commercial value, strengthen our financial structure, and enhance operational efficiency and cash generation. Crucially, the Company will maintain normal business operations. We assure full continuity in our manufacturing and commercial activities, as well as our relationships with clients, suppliers, and employees.

Now I will leave the floor for questions.

Operator

Thank you. If you'd like to be placed into the question queue at this time, open up the Q&A function. You could do so by using the Q&A pod on your screen. Once again, if you do have any questions, please use the Ask a Question feature that's appearing on your screen now. One moment, please, while we poll for questions. Once again, ladies and gentlemen, if you do have any questions today, you're going to see the Ask a Question feature on your screen. You may press that to ask a question, if so. One moment, please, while we poll for questions. We'll just stand by and see if anybody does have any questions, okay?

If there are no questions at this time, I'm just going to say, I'm going to poll one more time and say, if you do have any questions, please use the Ask a Question feature on your screen. If there are no questions at this time, I'd like to turn the floor back over for any further closing comments. If there are no questions at this time, so do you have any further closing comments?

Carlo Silvestri

No, from our side, we don't have any. I don't know if Mr. Natuzzi wants to have final comments, but I want just to underline that we're always available for questions. You can reach out to us, we can arrange a phone call, and we can reply to email. It's important that if there is any question, we are ready here to reply from our side.

Pasquale Natuzzi

I agree with you, Carlo. Thank you very much.

I mean, I would expect some questions just to have the opportunity to clarify what we are doing and why we are acting in that direction. But certainly, we are working here as always and more than ever, really to address the current challenges in the best possible way. This Company has 67 years history, and we are planning to write down the next 67 years of history. That's certainly our intention and the determination that the Management and myself have in this Company.

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Thank you very much for listening to us. Thank you again. Let's be confident because this is a horrible situation around the world. We all hope that we will change and we'll really improve. Thank you again. Thanks a lot for everyone.

Operator

Thank you. That does conclude today's webcast. You may disconnect your line at this time and have a wonderful day. We thank you for your participation today.

Pasquale Natuzzi

Thank you.