DEXELANCE

ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER 2024

11 MARCH 2025

DEXELANCE S.p.A.

Registered Office in Milan (MI) - Corso Venezia, 29

Share Capital EUR 26,926,298

Milan Economic and Administrative Index No. 2062252

Tax code and registration no. in the Milan Business and Trade Registry: 09008930969

ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER 2024

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Letter to shareholders

Dear shareholders,

we are commenting on the past year through a single annual report that, in line with the adoption of the Corporate Sustainability Reporting Directive (CSRD), also integrates environmental, social and governance aspects into the management report. In recent years, Dexelance's business model has progressively incorporated sustainability actions into its strategy, governance and operational management. However, we would like to emphasise that, in the past year, the Group has strengthened the consistency between its industrial strategy and ESG objectives.

The Group's coordination in operating in full respect of the ecosystem has been fundamental to this effort, as it has placed further emphasis on the protection of the surrounding environment through the reduction of our environmental impact, an increased attention to the promotion of circularity and the efficient use of resources, as well as the adoption of the work ethic that continues to characterise relations with all workers and stakeholders.

Our commitment to foster the transition to a low-carbon economy continues; as last year, the Group has quantified the inventory of GHG emissions generated by its operations, according to the reference standard ISO 14064. It has broadened the scope of analysis to fully coincide with the financial reporting scope and obtained certification from an independent third party. This quantification led the emissions to be fully offset through the purchase and retirement of credits on the voluntary carbon market, thereby contributing to the financing of projects for the production of electricity from renewable sources. Specifically, the purchased credits stem from a project to install plants for generating electricity through renewable solar energy located in several states in India, which will be connected to the Indian grid, which is mainly dominated by fossil fuel and thermal power plants. We believe that the spread of such projects around the world can truly have a tangible impact on the energy transition that we are being asked to face worldwide. All credits purchased belong to the Programme Operator Verified Carbon

Standard (VCS), the most widespread and recognised standard in the international CO_2 credit market.
We would, however, like to point out that our credit purchase activity does not replace the Group's future and soon to be finalised commitments to directly reduce its emissions, nor its commitment to addressing the challenges of climate change. In fact, there are several strategies aimed at energy efficiency, such as future investments for the installation of energy self-production plants in addition to those already installed among the Group's production sites, in order to continue operating in a carbon neutrality regime.

2024 was also a year marked by complex and unpredictable events, which were also aggravated by the continuing political and military tensions of the conflicts between Russia and Ukraine and between Israel and Palestine, confirming yet again a strong instability at a macroeconomic and geopolitical level, with the risk of inflationary phenomena and speculative dynamics, as observed also in previous years.
The Dexelance Group ended the year positively, recording a turnover of EUR 324.1 million (up from the result achieved in 2023), which was the result of a good organic growth of 4.3% by the Group's companies. This is all in spite of the continuing negative trend in the wood-furniture sector, down from the performance recorded during 2023, which affected the European market the most.
Due to the investments made to support brand development and the inclusion of new talent to strengthen the organisation, the year closed with an adjusted EBITDA of EUR 50.9 million, equal to 15.7% of revenue, and an adjusted net profit of EUR 23.2 million, equal to 7.2% of revenue.
With reference to M&A transactions, we recall that during the fourth quarter, the Group carried out the agreements for the purchase of the remaining shares in Axo Light S.r.l. This completed the Group's consolidation in the strategic business area "lighting", with a view to greater organisational effectiveness and renewed synergistic interaction between the companies.
Investments continue to be made to further strengthen the Group's structure and to

achieve strategies in the areas of marketing, product development and sustainability that will help us to outperform the high-end furniture market in 2025.

Growth of Dexelance confirms the strength of the business model, which pursues the development and evolution objective of the competent, passionate team and the Group, in order to make its offer even more well structured and complementary. The results achieved despite the unfavourable external environment stem from Dexelance's ability to efficiently combine sustainability and operational performance, productivity and ethics, and care for the environment, which is also the result of its valuable collaboration with all stakeholders involved.

At the beginning of 2025, the environment remains complex and difficult to read. The relevant market is expected to be substantially stable, but we are confident that we will be able to continue to grow in hopes that the capital market will also be able to enhance the Group's excellent capacity for value creation.

I would like to take this opportunity to thank all of our stakeholders for their continued support, especially our shareholders, Board of Directors and, above all, all the people who are part of this truly fantastic Group.

Thank you all,

Andrea Sasso

Corporate Bodies

Board of Directors[1]

Fabio Sattin	Honorary Chairman
Andrea Sasso	Chairman and Chief Executive Officer
Giorgio Gobbi	Executive Director
Paolo Colonna	Director
Giovanni Tamburi (*)	Director
Alessandra Rollandi	Director
Piero Generali	Director
Alessandra Stea	Director
Giovanni Gervasoni	Director
Cristina Finocchi Mahne (*) (**)	Independent Director
Lea Lidia Lavitola (*) (**)	Independent Director and Lead Independent Director
Paola Mungo (**)	Independent Director

Board of Statutory Auditors[2]

Filippo Annunziata	Chairman and Statutory Auditor
Marzia Nicelli	Standing Auditor
Fabio Buttignon	Standing Auditor

Independent Auditors[3]

EY S.p.A.

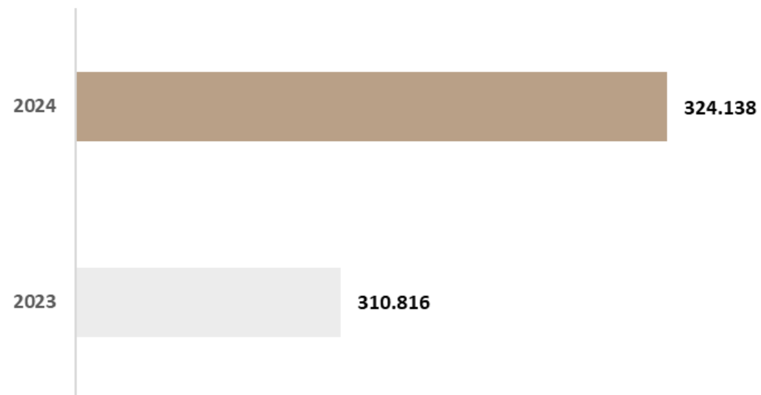
[1] In office until the approval of the financial statements for the year as at 31 December 2025
[2] In office until the approval of the financial statements for the year as at 31 December 2025
[3] In office until the approval of the financial statements for the year as at 31 December 2031
(*) Member of the Hiring, Human Resources, and Remuneration Committee
(**) Member of the Control and Risks, Related-Party Transactions and Sustainability Committee

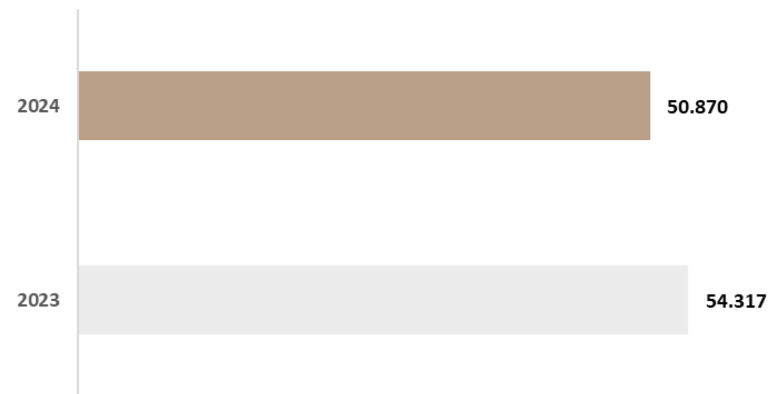
Financial Highlights

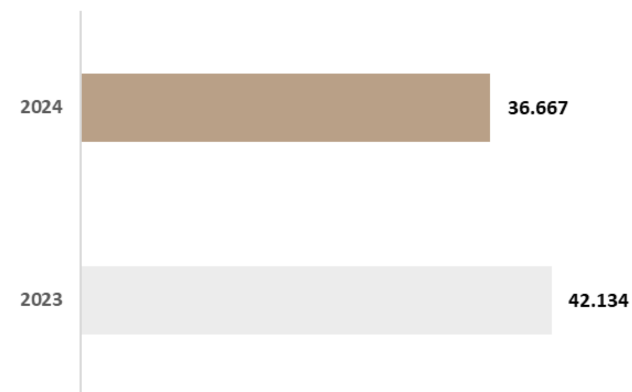
The following table shows the Group's main financial highlights (expressed in thousands of EUR) as at 31 December 2024, compared to the results achieved in the previous year, as if the acquisitions had taken place on 1 January of each year.

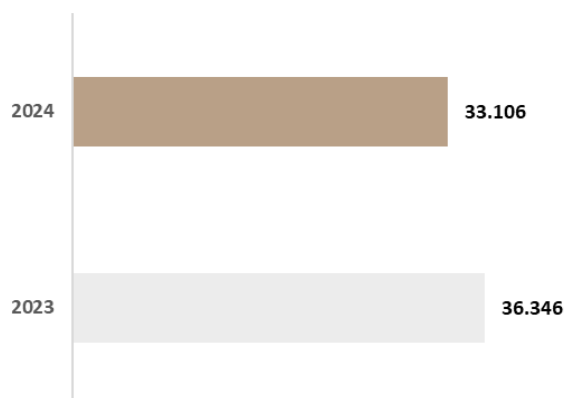
It should be noted that:

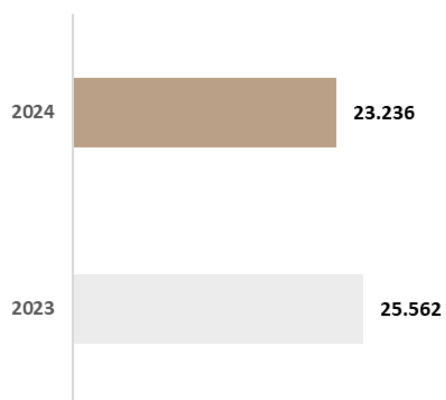
- The EBITDA was determined without considering non-recurring costs (adjusted EBITDA);
- EBIT was calculated gross of the amortisation and depreciation of intangible assets with a finite useful life recorded during PPA (Purchase Price Allocation) (adjusted EBIT);
- The net result, on the other hand, was determined without the positive and negative economic effects of imputed charges and the remeasurement of put and call options and earnouts due to minority shareholders and the related tax effect (adjusted net result).


Revenue
2024
324.138
2023
310.816


EBITDA
2024
50.870
2023
54.317


EBIT
2024
36.667
2023
42.134


Gross result
2024
33.106
2023
36.346


Net result
2024
23.236
2023
25.562

ESEF (European Single Electronic Format) compliance

The consolidated financial statements as at 31 December 2024 have been prepared in the XHTML format and have been marked in accordance with the provisions of the European Commission's Delegated Regulation (EU) 2019/815 and subsequent versions on regulatory technical standards relating to the specification of the European Single Electronic Format (ESEF).

MANAGEMENT REPORT, CONSOLIDATED AND ANNUAL FINANCIAL STATEMENT AS AT 31 DECEMBER 2024 - CONSOLIDATED SUSTAINABILITY STATEMENT

General Information– Basis for preparation – ESRS 2

Methodology note

Consolidated Sustainability Statement (or also the "Statement" or "Disclosure") provides the reader with clear, accurate, transparent and comprehensible information on the environmental and social impacts generated by the Dexelance Group, as well as impacts regarding personnel, respect for human rights and supplier relations management caused directly or indirectly by the company, or to which it has contributed. It provides a thorough understanding of the main risks associated with the Group's business activities, as well as its achievements and performance in the area of sustainability.

The Dexelance Group, as an organisation already subject to the non-financial reporting obligation pursuant to Legislative Decree no. 254/2016, is subject to the obligations arising from the new EU Directive 2022/2464 (the "CSRD Directive"), transposed into Italian law by Legislative Decree 125/2024, which also expands the provisions of the Taxonomy Regulation as of the fiscal year 2024.

[BP-1] GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT

This Statement has been prepared in accordance with the European Sustainability Reporting Standards (ESRS), specifically defined by EFRAG to meet EU regulatory requirements under the CSRD. The qualitative and quantitative data and information contained within this document refer to the financial year ended 31 December 2024. The reporting scope coincides with that of the Dexelance Group's Annual Consolidated Financial Statements, meaning that it includes the financial reporting data of the parent company (Dexelance S.p.A.) and the fully consolidated companies.[4]

[4] For further details on this, please refer to the section "Operating Conditions and Business Development" in the "Management Report Consolidated and Separate Financial Statements as at 31 December 2024 – Economic and financial results", included in this document.

The information provided in this Sustainability Statement is prepared in such a way that it includes information on the Group's relevant impacts, risks and opportunities arising from its direct and indirect business relationships in the upstream and/or downstream value chain.

In this document, Dexelance has chosen not to report sensitive information of a strategic, product-related nature, while making sure not to compromise the overall relevance of the disclosure. The Group complies with its disclosure obligations by providing all other information requested and having made all reasonable efforts to ensure that the omission does not affect the Reporting's completeness and relevance of the report.

Dexelance did not make use of the exemption from the disclosure of information concerning upcoming developments or matters under negotiation, pursuant to Articles 19 bis, paragraph 3 and 29 bis, paragraph 3 of Directive 2013/34/EU.

[BP-2] Disclosures in relation to specific circumstances Time horizons. In preparing the Sustainability Statement, Dexelance adopts the short-, medium-, and long-term time horizons defined by ESRS 1, as follows:

- Short period: one year, the period adopted as the reference for its financial statements;
- Medium-term: up to five years after the end of the short-term reference period;
- Long term: more than five years.

The choice of time horizons was made to ensure a consistent assessment capable of integrating sustainability into the company's business. The short-term horizon, coinciding with the annual accounting cycle, makes it possible to combine sustainability information with financial data and to monitor the effectiveness of initiatives in a timely manner. The medium term, which covers up to five years from the end of the short term, allows for planning sustainable strategies, monitoring the achievement of relevant objectives and assessing risks and opportunities within a more predictable time frame. Finally, the long term, which exceeds five years, is crucial for considering long-term environmental, social and governance impacts, including emerging risks such as climate change.

Value chain estimation. As far as the organisation's GHG calculation is concerned, the collection of data, its processing and the subsequent quantification of emissions were based on the core principles of the reference standard UNI EN ISO 14064-1:2018, which has been adopted since the first year of this inventory's calculation and reporting, i.e. the financial year 2023.

For the purposes of the inventory calculation, data on significant direct and indirect emission sources were collected, as well as the data required to process them.

Regarding to indirect emissions, Dexelance has defined a set of criteria to identify the significant ones, which are subject to quantification and reporting. To do so, the following criteria were considered:

- **Magnitude**: This criterion assesses the magnitude/volume of emissions on the basis of already published studies for similar realities, or on the basis of qualitative-quantitative assessments that include expert opinions and/or quick estimates.
- **Level of influence and control**: This criterion assesses the organisation's ability to influence the specific emission source. The objective of this criterion is to circumscribe the indirect emissions on which the organisation can effectively intervene with reduction plans, thereby avoiding efforts in reporting on aspects on which the ability to influence is nil.
- **Access to information**: The aim of this criterion is to measure the availability of the information needed to quantify the emissions associated with the source, so that an assessment can be made of the effort-benefit ratio, cross-referencing it with information on magnitude and the capacity to influence.

For the purposes of this report, the categories found to be significant, following the application of the above criteria according to ISO 14064, have been transposed according to the nomenclature and clustering provided by the GHG Protocol. More information on the relevant categories and their associated GHG emissions can be found under the "Energy and Emissions" section of the chapter titled "Environmental Information".

The data for the emission factors were quantified by measuring the physical data, sampling or estimating the physical data, converting the economic data into physical data or, for unavailable physical quantities, measuring the economic data. The emission factors used consider all the main GHGs (i.e. CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and other fluorinated gases), which were then translated into CO_2e units using the characterisation factors released by the IPCC (AR6 of 2021), the most authoritative institution on climate change.

Sources of estimation and outcome uncertainty. Where estimates have been made in the quantification of data with a high level of uncertainty, an appropriate indication is given at the bottom of the relevant figure included in the relevant section. The Group endeavours to monitor possible changes in regulations or reference standard used (e.g. ISO 14064) in order to reduce the level of uncertainty of reported information whenever possible.

Changes in preparation or presentation of sustainability information. Since this is data presented for the first year of reporting according to ESRS Standards, Dexelance chose not to state the comparative figure. Consequently, there is no change in the sustainability information compared to the previous reporting period.

Reporting errors in prior periods. In addition, it should be noted that the introduction of the new standards required the adoption of metrics and related reporting methods that do not allow for comparability with data from previous years and the consequent assessment of any material errors, the introduction of replacement metrics or other changes.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements. Other than the information required by ESRS, Dexelance did not include information required by other legislation containing sustainability reporting requirements or generally accepted sustainability provisions. Therefore, there are no references to additional applied reporting principles or frameworks.

Incorporation by reference. The text includes, for each ESRS reporting obligation, a referral to the "Management Report of the Consolidated and Separate Financial

Statements as at December 31, 2024 – Economic and financial results", with an indication of the corresponding section.

Sustainability governance

[GOV-1] The role of the administrative, management and supervisory bodies. The corporate governance system adopted by Dexelance is aimed at creating synergies between the different companies and is geared towards ensuring a responsible and transparent management of the Group. Since its listing, and as subsequently confirmed by the Board of Directors in their meeting on 7 February 2024, Dexelance has adhered to the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee of Borsa Italiana.

This disclosure requirement is not applicable to the Group, as the number of employees as of 31/12 is greater than 750.

Therefore, its governance model consists of a Board of Directors (BoD), which is responsible for managing the company, supported by the Board of Statutory Auditors, a supervisory body responsible for monitoring compliance with the law and company rules, in addition to ensuring the adequacy of the company's internal oversight systems and organisational departments that monitor the directors' compliance with the by-laws and the law.

The BoD pursues the objective of creating sustainable value for the long term by defining the strategies of the Group and its member companies and by monitoring, through regular update meetings, the implementation and impacts of its management on the company. The Board is also called upon to deliberate whenever the Company assesses an opportunity for external growth, to ensure its adherence and consistency with the Group's development strategy.

As of 31 December 2024, the Board of Directors of the Group, unanimously appointed by the ordinary shareholders' meeting on 9 May 2023 and which took office after the completion of the listing on 18 May 2023, consists of 11 members, six men (55%) and five women (45%), of which 36% belong to the age 30-50 group, and the remaining 64 %, to

the 50+ age group. 27% of the members of the Board of Directors of the Group are independent. In addition to these 11 members of the Board, there is an Honorary Chairman, who has the right to participate in all Council meetings, but without the right to vote. The executive members within the bodies are Andrea Sasso (Chairman & CEO) and Giorgio Gobbi (Executive Director).

The Board of Statutory Auditors consists of three full members, one of whom is a woman, and two alternate auditors, one of whom is a woman. Considering the total membership, including full and alternate members, 20% of the members of the Board are in the 30-50 age bracket, and the remaining 80% are in the over-50 age bracket.

Andrea Sasso, Chairman of the Board of Directors, also holds the position of Executive Director and Chief Executive Officer. This position was confirmed unanimously at the meeting on 23 May 2023, the first meeting held after the effective appointment of the new Board of Directors. This meeting also confirmed the appointment of Giorgio Gobbi as Chief Executive Officer and Executive Director, the independence requirements of the independent directors, the appointment of the Lead Independent Director, and the composition and chairmanship of the Board’s own internal committees.

The interests of the stakeholders, the diversity within the Board of Directors, and the competencies of its members were taken into account by the aforementioned shareholders’ meeting to warrant the appointment of the current Board, which will remain in office until the approval of the financial statements as at 31 December 2025.

Further bodies established at the Shareholders’ Meeting of 9 May 2023, also effective of downstream of the completion of the listing process are the Appointments Committee, the Human Resources and Remuneration Committee and the Control, Risk, Related Party Transactions, and Sustainability Committee.

There is no employee representation on administrative, management and supervisory bodies.

The members of the bodies have extensive and consolidated experience in the business sectors, the Group’s products and Dexelance’s target markets. Their careers have developed in leading roles in areas such as finance, investment, private equity, corporate

governance, marketing, operations and strategic development, with across-the-board experience in leading national and international companies. With diverse and complementary backgrounds ranging from manufacturing, design and retail to strategic consulting and sustainability, each member brings distinctive skills that contribute to Dexelance's growth and innovation.

	Men		Women		Total	
	N	%	N	%	N	%
CDA[5]	6	55%	5	45%	**11**	**100%**
Board of Statutory Auditors	2	66%	1	33%	**3**	**100%**
Hiring, Human Resources, and Remuneration Committee	1	33%	2	67%	**3**	**100%**
Control, Risk, Related Party Transactions, and Sustainability Committee	0	0%	3	100%	3	**100%**
Total	**9**	**45%**	**11**	**55%**	**20**	**100%**

Table 1 – Percentages of members of administration, management and supervisory bodies broken down by gender

Management, sustainability team, and management of IROs

The Board of Directors plays a control and approval role, drawing on the support of the Board's own internal committees for operational assessments. In particular, the Control and Risk, Related Party Transactions and Sustainability Committee provides proposing and advisory functions, thereby guaranteeing an adequate preliminary activity to support the Board's decisions on the internal control, risk management and sustainability system. Given the key importance of sustainability, Dexelance has set up a central Sustainability Team, consisting of an ESG Manager and an ESG Specialist, who work in close synergy with the Group CFO, and with the ESG Ambassadors, who are the point persons at the subsidiaries involved in implementing the actions concerning the sustainability objectives. The ESG Ambassadors, supervised by the management of the subsidiaries, actively cooperate with the central Sustainability Team to implement ESG strategies, thereby ensuring coordinated and effective action on all sustainability issues.

On 17 December 2024, the Board of Directors approved the double materiality analysis carried out for the purpose of the 2024 Sustainability Statement according to the new Corporate Sustainability Reporting Directive (CSRD), which identifies relevant Impacts, Risks and Opportunities (IROs) for the Dexelance Group. Subsequently, on 29 January 2025, the Board of Directors examined the Group's ESG Manifesto, a policy document

[5] The average ratio of male to female members of the Board of Directors is approximately 1.3.

drawn up to identify and communicate to all stakeholders, the pillars of Dexelance's sustainability strategy and the strategic lines that will guide the actions planned for the coming years, and it approved the actions and objectives envisaged to this end in the Group's current Business Plan for the 2025-2027 three-year period. The planned actions encompass environmental, social and governance dimensions, and they involve all Group companies as a way to ensure an integrated and homogeneous approach.

The Business Plan was prepared in cooperation with the ESG Ambassadors, ensuring the concreteness and feasibility of the defined initiatives. The objectives, which were approved by Dexelance's top management and the Board of Directors, were carefully evaluated to ensure a close connection with the material IROs and to foster strategic synergies and effective supervision.

Monitoring progress, either quarterly or half-yearly depending on the specificity of the objectives, serves to continuously assess the progress of initiatives, mapping the achievement of predefined deadlines and consolidating the Group's commitment to sustainability.

The Board of Directors has a control and approval role on issues of impacts, risks and opportunities, and it receives support from the Control and Risk, Related Party Transactions and Sustainability Committee. This committee performs a proposing and advisory role, providing adequate preparatory work for the Board's evaluations. In particular, it supports the definition of sustainability guidelines, the periodic review of impacts, risks and opportunities, and the monitoring of actions taken to manage them. The central Sustainability Team is in charge of operationally supporting these processes, also with the involvement of any external advisors who may be appointed at any given time.

The Group's management manages impacts, risks and opportunities through a governance that takes place at two levels: top management,[6] which is responsible for the overall strategy, and Group Management (i.e., the CEOs of subsidiaries), which is in charge

[6] CEO, Managing Director, CDO, Corporate Development, IR & ESG Manager, CFO.

of operational implementation. The central Sustainability Team works with the CFO to coordinate the integration of ESG strategies with the support of the ESG Ambassadors. Control and monitoring are entrusted to the BoD and the Control and Risk Committee, which oversee the effectiveness of the actions taken.

The effectiveness of the Group's governance mechanisms is supported by continuous training and focus on developing the skills of its management and directors in the area of sustainability. The company encourages the Group's management's participation in events dedicated to sustainable development, and/or Dexelance's participation in awards, calls, projects and communities whose areas of focus also touch on sustainability issues. In addition, the Control and Risk, Related Party Transactions and Sustainability Committee and the Board of Directors receive regular reports from management on the actions carried out by the Group with a view to sustainable development. At the same time, formal and informal meetings are held with members of the Group's management and their direct reports on sustainability issues, in which any external advisors identified at any given time who specialise in ESG issues may also take part. Lastly, starting with the first one in 2024, a workshop on ESG issues will now be held annually, with the involvement of certain roles and positions at the subsidiaries, the training material for which has been and will continue to be shared with the Committee and the BoD.

[GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies. Dexelance's central management and the Board of Directors are routinely informed about relevant impacts, risks and opportunities as well as policies and objectives, which are reported to them by the Sustainability Team in the form of committees convened on an annual basis. Where necessary, the Board of Directors is aligned with the results and effectiveness of policies and actions carried out by the Group or individual subsidiaries.

The 2025-2027 Business Plan integrates the strategic lines in the field of sustainability that emerged from the double materiality analysis, ensuring consistent alignment with the pillars and strategic lines identified in the Group's ESG Manifesto and with the needs of the individual subsidiaries. In particular, the role of the Board of Directors is fundamental

in identifying and pursuing the Group's strategic objectives and evaluating the general management performance, specifically taking into account the information received from the delegated bodies. In the quarterly meetings dedicated to defining and reviewing the corporate strategy, in conjunction with the assessments conducted for the Business Plan, the administrative, management, and supervisory bodies address the issues relevant to the Group arising from the identification of the most significant impacts, risks and opportunities (IROs) for Dexelance. This allows for a thorough and balanced assessment of any trade-offs between growth objectives, sustainability and long-term value creation. The list of significant impacts, risks and opportunities faced by the administrative, management and supervisory bodies during the reporting period can be found in the section "Dexelance double materiality" in this chapter.

[GOV-3] Integration of sustainability-related performance in incentive schemes. No incentive schemes linked to sustainability goals are currently offered to members of the administrative, management and supervisory bodies. However, the Shareholders' Meeting of 22 April 2024 approved the 'Performance Shares Plan Italian Design Brands 2024-2029', an incentive plan based on financial instruments with a Vesting Period of 2024-2029 and as beneficiaries Dexelance's Strategic Managers, namely the CFO, the CDO, and the Corporate Development, IR & ESG manager, as well as the Executive Directors, Andrea Sasso and Giorgio Gobbi. 20% of the units accrued by the Plan's beneficiaries are linked to ESG performance objectives. This was confirmed following the approval of the 2025-2027 Business Plan, which, as described above, also includes actions and objectives regarding sustainability issues. In addition, starting in the year 2025, with reference to the objective "Implementation of an incentive system linked to ESG KPIs", provided for in the current Business Plan, for the Group management, as well as for the ESG Ambassadors, annual bonuses linked to sustainability goals will be provided.

[E1 GOV-3] Integration of sustainability-related performance in incentive schemes. No sustainability-related incentive schemes are currently offered to members of the administrative, management and supervisory bodies. The executive members, Andrea

Sasso and Giorgio Gobbi, Chairman and CEO and Executive Director respectively, will be offered incentive schemes linked to sustainability goals as described above.

[GOV-4] Statement on due diligence. At present, the Group does not have a formalised and active due diligence system for sustainability, but it implements various controls that, in fact, help to ensure the control and management of risks in relevant areas. The adoption of standards such as ISO 14064 complements the other management systems of some Group companies (ISO 14001, ISO 9001, and ISO 45001).[7] This constitutes a real safeguard for the management and control of environmental and social impacts. These tools not only ensure compliance with applicable regulations, but also promote continuous improvement, the identification of risks and opportunities, and the implementation of corrective and preventive actions.

[GOV-5] Risk management and internal controls over sustainability reporting. In early 2025, Dexelance launched a procedure for drafting the Sustainability Statement to formalise processes and controls in relation to sustainability reporting.

Considering the changing regulatory landscape in sustainability, the Dexelance Group has worked to develop an internal control and risk management system for sustainability reporting (ICSR), which includes processes, procedures and controls to ensure the quality, reliability and transparency of the sustainability information. The system is integrated with the Enterprise Risk Management process and is supported by the Internal Audit Manager to verify the adequacy and effectiveness of all controls. The reporting work is coordinated by the Group's Sustainability Team, which manages the collection, analysis and validation of data with the involvement of the ESG Ambassadors and the Data Owners of the individual subsidiaries.

The Group uses the double materiality analysis to identify and prioritise sustainability risks. In particular, the development of the financial materiality process is based on the Enterprise Risk Management process and the annual updating of the Risk Register, thereby harmonising sustainability risks with financial risks. Working in collaboration with

[7] ISO 14001: Gervasoni; ISO 9001: Gervasoni, Saba Italia, Flexalighting,Cubo Design; ISO 45001: Gervasoni.

the CFO, the Sustainability Team conducts the assessments and presents the results to the CEO, the Executive Director, the Control and Risk Committee, and to the Board of Directors.

Some of the main risks that emerged involved physical climate risks that pose a significant threat to both corporate infrastructure and the value chain. Another critical element is the dependence on key raw materials, whose possible price increase or scarcity could affect the Group's production capacity and profitability. Waste management is also a significant risk, as non-compliance with environmental regulations could expose the company to financial penalties and damage its reputation, undermining the credibility of its sustainability commitments. In terms of safety and human capital, the Group has identified the risk of occupational accidents and illnesses, which could result from exposure to hazardous substances and lead to additional insurance costs, as well as repercussions on corporate reputation. Finally, dependence on key figures is a further critical factor; the absence of succession plans for the Group's management and strategic roles could lead to a skills shortage and thereby compromise the quality of management and competitiveness in the long run.

For each of these risks, Dexelance has identified mitigation strategies that will include the adoption of formal policies and specific procedures that establish clear and consistent guidelines for managing risks and defining roles and responsibilities to ensure that each risk is monitored and managed by specific and qualified company figures. Control procedures have been structured to ensure that business processes are carried out in compliance with internal and external regulations, through an effective separation of duties (SOD), avoiding conflicts of interest and improving the reliability of controls. In addition, periodic risk assessment through audits and continuous monitoring allows for the early detection of any areas of vulnerability and the adoption of corrective actions.

Risk analysis and internal controls are integrated into business functions through the process of collecting and validating sustainability data. The Group's Sustainability Team, with the support of the ESG Ambassadors, coordinates the involvement of the operational departments and the Data Owners, who are responsible for the accuracy and

completeness of the information collected. The validation process involves the Group's Sustainability Team's annual review of data, including the analysis of deviations from the previous year through internal checks to ensure the information's consistency and reliability.

The results of the risk assessment and Sustainability Statement process are periodically presented to the Group CFO, the CEO, and the Executive Director, who review and approve the draft Sustainability Statement; to the Audit and Risk Committee, which provides an opinion on the double materiality analysis and the content of the report; to the Board of Directors, which approves the Sustainability Statement in conjunction with the Annual Report; and finally to the Board of Statutory Auditors and the Independent Auditors, which perform compliance checks on the sustainability information prior to publication.

Sustainability strategy

[SBM-1] Strategy, business model, and value chain

The Group's business area, products, and companies

Dexelance Group is active in the furniture and lighting sector. The 11 companies belonging to the Group are divided into four strategic business areas (SBAs): “Furniture”, “Lighting”, “Luxury Contract”, and “Kitchen & Systems”. Gervasoni, Meridiani, Saba Italia, Gamma Arredamenti and Turri work in the “Furniture” strategic business area, providing a wide range of products for interior and exterior furnishing; Davide Groppi, Flexalighting and Axo Light belong to the “Lighting” strategic business area; the “Luxury Contract” business area includes two companies, Modar and Cenacchi International, which focus on creating bespoke, prestigious furnishings for luxury shops, showrooms, residences, hotels, and offices; the "Kitchen & Systems" strategic business area features only Cubo, which is dedicated to the design, manufacture and marketing of modular kitchen solutions and systems through the brands Binova and Miton Cucine.

The operating segment mentioned above aligns with the information prepared in accordance with IFRS 8, as reported in the "Strategic business area information" section

of the “Management Report, Consolidated and Separate Financial Statement as of December 31, 2024 – Economic and financial results”, of the Dexelance Group.

Strategic Business Area	Company	Products[8]
Furniture	Gervasoni	Furniture, sofas, sofa beds, rockers, lamps, beds, benches, armchairs, poufs, chairs, stools, tables, end tables
	Meridiani	Sofas, sofa beds, armchairs, benches and poufs, chairs and stools, tables, end tables, writing desks and consoles, storage cabinets, beds, nightstands, accessories
	Saba Italia	Sofas, armchairs, poufs, chairs, stools, beds and sofa-beds, tables, and accessories
	Gamma Arredamenti International	Sofas, armchairs, poufs, beds, tables, nightstands, lamps, accessories
	Turri	Sofas, armchairs, sideboards, tables, chairs, end tables, beds, nightstands, benches and poufs, consoles, accessories, lighting, office
Lighting	Davide Groppi	Suspended, ceiling, wall, table, and floor lamps, recessed lamps, outdoor lamps
	Flexalighting	Indoor and hanging lamps, various types of recessed lamps, path markers, projectors, linear systems, ceiling and wall systems, RGB systems, outdoor lamps (ceiling and ground recessed lighting, path markers, ceiling and wall lighting, projectors, and bollards)
	Axo Light	Designer chandeliers, wall lamps, table lamps, pendant lamps, wall and ceiling lamps, floor lamps
Luxury Contract	Cenacchi International	Production and installation of furniture for luxury shops, showrooms, offices, hotels, and homes
	Modar	Production and installation of furniture for luxury shops, residences, hotels, and offices
Kitchen & Systems	Cubo Design	Kitchens, storage cabinets, accessories

One of Dexelance’s objectives is to support the sales structures of its subsidiaries and to promote growth and revenue acceleration also through expansion and increased penetration into new markets. In 2024, the majority of Dexelance revenue was generated from the retail channel, mainly due to the presence of the above-mentioned independent, multi-brand stores located in more than 130 countries that feature the Group’s brands. The remaining share of revenue comes from the B2B or “contract” channel, in which Dexelance companies have specific expertise in various target sectors, such as luxury brand retail stores and boutiques, residential, high-end hospitality, and

[8] No products offered by Dexelance were found to be prohibited in certain markets.

boating. In addition to the domestic market, the Group's main areas of action are the countries of Central Europe, such as France, Germany and the United Kingdom, and North America, namely the United States and Canada.

For information on the number of employees per geographic area of the Dexelance Group, please refer to the section "Characteristics of the Group's people" in the chapter "Social Information".

Group Strategic Sustainability Guidelines and ESG Manifesto

In the course of 2024, Dexelance defined an ESG Manifesto, a policy document that defines and formalises the pillars and strategic lines of Dexelance Group's journey to sustainability, which have been transposed by all the subsidiaries within the action plan planned for the next three-year period and with the aim of tackling the main challenges related to this issue, working on a common ground and taking into account the material ESRS identified within the scope of the double materiality analysis. The company strategy is structured around three macro-impact areas: environment, people, and ethical and sustainable business management.

In the environmental field, the Group is committed to reducing the impact of climate change by controlling climate-changing emissions and adopting energy efficiency initiatives. Furthermore, Dexelance aims to make its own offices and warehouses more sustainable through the adoption of responsible operating practices, and to disseminate and promote the concepts of eco-design and circularity in product development activities, by optimising the use of available resources, reducing waste and generally developing more sustainable products throughout their life cycle.

As regards its people, Dexelance has committed to keeping the protection of human rights and to promoting the creation of a fair and inclusive working environment at the centre of its strategy, educating employees about the principles of equality, diversity and inclusion and setting itself the goal of launching initiatives aimed at cultivating employee satisfaction and motivation to promote their well-being and their professional

development. The Group is also committed to strengthening ties with local communities by contributing to the development of craft skills and to economic growth.

Finally, on the corporate management front, Dexelance will work to extend the Group's ESG commitments to further levels of the value chain by involving suppliers and partners in responsible management practices. Finally, with the aim of consolidating its governance structure, the Group aims to integrate more and more ESG criteria into its decision-making and operational processes.

The ESG Manifesto and the strategic lines of Dexelance's sustainability journey are integrated with the Group's strategy also with a view to the different segments to which the subsidiaries belong. Specifically, for the companies belonging to Dexelance's Furniture, Lighting and Kitchen & Systems strategic business areas, the strategy is based on the one hand, in terms of marketing and communication activities, on targeted actions to increase the visibility of the brands in the various channels and markets to support their positioning within the competitive landscape of their respective sectors, and on the other hand, in terms of distribution, on activities and tools dedicated to partners and resellers that are increasingly performing and designed for the needs of different markets, all to increase the degree of loyalty of the distribution network and establish a true long-term partnership with the various Group companies. In terms of products, these companies cultivate relationships with architects and designers to promote the creation of new products and collections that are increasingly innovative in terms of function and quality, long-lasting and with less environmental impact, terms of production and end-of-life and disposal, as well as identity design, with the aim of embracing market trends that are progressively evolving towards an increasingly holistic approach in the evaluation of consumer brands.

As far as the Luxury Contract operating segment is concerned, the growth strategy focuses more on expanding the customer base, while maintaining the very high quality of the products and service offered to customers. This objective entails a continuous effort and investment both in the company structures to make production processes more and more efficient, flexible and sustainable from an economic standpoint, as well as in terms of

reducing energy and emission impacts, to attract and train, technically and professionally, new talent, thereby cultivating the internal know-how generated by the many years of experience in the sector. The impetus from major customers, who are active in the world of fashion and luxury jewellery and who are increasingly aware of sustainability issues, acts as a strong driver for ESG engagement and implementation not only for the companies in the Dexelance segment, but also for all upstream actors in the value chain.

Value chain

The Dexelance value chain was developed through a structured consultation process with the point persons at the Group’s subsidiaries. These point persons provided a detailed mapping of the stages that make up the respective value chains, as well as the products and processes involved. The information gathered was then consolidated into a unified representation of the Group’s value chain that takes into account the diversity of each individual company and enhances the synergies between them. Through this approach, the data presented are not the result of estimates, but derive directly from the in-house know-how of the individual companies, which have made their knowledge and operational experience available, thus ensuring a high degree of accuracy and reliability to the analysis.

The Dexelance Group offers a diverse range of high-quality products and solutions with a strong aesthetic, innovative and sustainable content. For customers and consumers, Dexelance aims to provide distinctive, tailor-made solutions that emphasise craftsmanship and technological innovation to deliver premium experiences in terms of quality, functionality and design. Investors can benefit from a solid and diversified business model, supported by a portfolio of prestigious brands and a strategy geared towards sustainable growth and expansion in international markets. In addition, for other stakeholders, the Group is committed to promoting responsible production practices, favouring the circularity of materials, the adoption of low environmental impact processes and the involvement of local communities, with the aim of creating shared value and strengthening the Group’s long-term positioning.

The products made by the Group's companies may vary considerably, but the search for excellence, quality of design, and attention to detail remains a common denominator throughout the value chain. More specifically, the Dexelance Group's value chain is divided into three phases:

Upstream - Manufacturing & Procurement: concerns the primary activities preceding the production and distribution of finished products. This phase comprises operations related to raw material management, procurement and initial processing. The Group companies carefully select suppliers of raw materials and semi-finished products – mainly in Italy – to produce objects of excellence that help maintain the quality reputation of the Made in Italy brand. More specifically, we find the following phases:

- *Procurement and processing of raw materials*: the phase of obtaining and processing of natural resources, in which the companies' suppliers procure raw resources such as marble, iron, feather, rubber, textile fibres, wood and chipboard, and then process them to make them suitable for use in subsequent production stages;
- *Transport from suppliers of raw materials to suppliers of semi-finished products*: the transport of raw materials to suppliers of semi-finished products;
- *Creation of semi-finished products*: the creation of semi-finished products from the raw materials. The semi-finished products mainly used by Group companies include painted materials, electrical components, wooden structures covered with upholstery, upholstery fabrics, metals and glass;
- *Packaging production*: the phase in which packaging is produced to enable the product to be properly preserved during transport and sale. This phase involves the use of packaging such as cardboard, bubble wrap, wood, polystyrene, and plastic products (labels, envelopes, adhesive tape, etc.);
- *Inbound logistics*: the transport of all elements to the companies to enable the next stage of production.

The Dexelance Group's Own Operations – Product Development and Production: this covers the internal activities that Group companies carry out to develop new products and manage production. This phase is considered crucial to ensure that the final products

meet the needs of the market while reflecting the required standards of quality, image, sustainability and competitiveness. In particular, this comprises the following activities:

- *Product design definition*: this involves the aesthetic, functional and technical design of the product, drawing on the expertise of architects, designers and other creative professionals. In the process of defining the design, industrial designers and architects work to ensure that the product is designed to have an aesthetic that is consistent with the image of the Group's various brands, a design that is functional in use, excellent quality, functional to the durability of the product and, where possible, a lower environmental impact of the product in all its life stages, starting with the selection of materials with a lower environmental impact, such as recycled and recyclable materials, and ending with the search for solutions that allow for easy future restoration and reduce the need for new natural resources. At this stage, attention is also paid to the efficiency of the production process and the reduction of waste. The product design phase can be in-house or outsourced;
- *Research and development*: the phase in which new materials and technologies are tested with the aim of creating cutting-edge products that respond to market needs, anticipating trends and offering solutions that meet high quality, high performance and sustainability criteria. The research and development phase tends to be in-house;
- *Support processes*: this includes the prototyping, testing and validation of designed products. Once the product concept is defined, prototypes are developed to test functionality, quality and performance. The prototyping phase allows for modifications and optimisations before large-scale production;
- *Production*: the phase that includes production planning (management of human resources, machinery and raw materials) and the actual production processes through the use of specific machinery or, in the case of products with a high craftsmanship content, with the support of experienced, local craftspeople. This phase is accompanied by specific checks to ensure the correctness of all operations. As with design and R&D, some production steps may be in-house and others external, depending on the type of product or the materials needed to make it;

- *Product assembly and finishing*: a process in which the various product components that have been prepared in previous stages (such as production and semi-finished products) are brought together to form the final product. Assembly can be automated with machine or manual support. The aesthetic finishing is essential to make the product attractive and conform to the required visual standards. This may include sanding, painting, chrome plating or the application of surface treatments to improve the product's appearance. To improve the product's durability and protect it from wear, corrosion or environmental conditions, treatments such as galvanising or powder coating (especially for metals) may be applied. Assembly and finishing include the packaging stage, which ensures the integrity of the product during transport and sale;
- *Production waste management*: responsible waste management helps Dexelance reduce its environmental impact, comply with waste regulations and improve the overall efficiency of production processes. The types of waste most commonly produced are material waste (e.g. metals, textiles, glass or wood), process waste (e.g. chips, powders, paint waste), packaging waste (plastic, cardboard, plastics or filling materials), and electronic waste (when production involves electronic components, these can be circuits, wires, defective or obsolete electronic components). The Group works to minimise waste generation through careful production planning and process optimisation.

Downstream - Sales, Use & Waste Management: this refers to the phases following production and covering the distribution, sale, consumer use of the product and, finally, the management of waste and post-consumer materials. In particular:

- *Warehouse management*: a phase that enables the company to optimise inventory, reduce operating costs and improve overall efficiency;
- *Customer care*: a phase that includes the management of orders, pre- and post-sales advice, and the offer of warranties or support for the resolution of any problems related to the products purchased;

- *Outbound logistics*: transport of finished products to points of sale, with a view to optimising costs and lead times;
- *Sales to customers and consumers*: in the retail channel, the Group mainly uses a network of business partners to bring its products to the market. These business partners may include multi-brand retailers, online shops, and distributors. Sometimes, as in the case of Directly Operated Stores (DOS), the Group is directly involved in the sale of products to consumers. Regarding the contract sales channel, Dexelance directly reaches different types of B2B (business-to-business) customers;
- *Use of the product by the end consumer*: the phase of the product's use by the end consumer. For complex or technological products, manuals are offered to facilitate the proper use of the product;
- *Product end-of-life and waste disposal*: the Dexelance Group promotes the circular economy by providing instructions for maintenance and replacement of product components. Some products that reach the end of their useful life can be dismantled, and reusable materials, such as textiles, metals, plastics, can be separated for recycling. As regards Lighting, even though dismantling instructions are not provided, the consumer is provided with disassembly instructions that enable the identification of the light source, in accordance with EU Regulation 1542/2023. This approach ensures compliance with European regulations to facilitate the proper replacement and subsequent recovery of components.

[SBM-2] Interests and views of stakeholders

Stakeholders and dialogue channels

Dexelance identified, through specific activities, the main stakeholders for its Group. They are:

- Customers and consumers;
- Employees;
- Suppliers;
- Architects and designers;

- Health and safety in the workplace;
- Employee value and well-being;
- Trade unions and professional associations;
- Media;
- Partners and retailers;
- Local community.

Subsequently, for each stakeholder category, the main channels and tools in place to ensure a transparent and timely dialogue were identified.

STAKEHOLDER CATEGORY	MAIN CHANNELS OF DIALOGUE
Customers and consumers	• Corporate website and social media • Direct contacts • Events and trade fairs
Employees	• Internal communications (newsletter, intranet) • Company policies • Business meetings • Channels of communication to the Supervisory Board under the 231 Model
Suppliers	• Direct contacts • Qualification and monitoring activities
Designers and architects	• Collaboration on specific projects • Continued cooperation in the research and development of new products
Government bodies and public administration	• Documentary exchange
Shareholders and investors	• Shareholders' Meeting • Annual and half-yearly consolidated and separate financial statements and additional quarterly financial information • One-to-one meetings and conference calls • Participation in conferences dedicated to the financial community
Trade unions and professional associations;	• Dialogue • Documentary exchange
Media	• Corporate website and social media • Press releases • Management interviews
Partners and retailers	• Direct contacts
Local community	• Corporate website and social media • Donations and sponsorships

Dexelance has an ongoing interest in gaining an in-depth understanding of the interests and opinions of key stakeholders as a way to ensure alignment with the company's strategy and business model. This enables it to identify and integrate their expectations into business decisions. The Dexelance stakeholder engagement process is conducted in the manner described in the table above. In particular, for 2024, the stakeholder engagement process for the assessment of relevant IROs excluded the involvement of external stakeholders, focusing instead on the activation and direct involvement of the internal stakeholders. Specifically, a minimum of two employees in strategic positions were involved for each Group company through company meetings, with the aim of gathering qualified input and fostering a shared thought process. This process took the form of a workshop held in the middle of the year that consisted of several stages: a training session dedicated to ESG issues, an overview of the main market trends, and an interactive part aimed at dialogue and discussion. During this last phase, participants had the opportunity to explore hypothetical strategic developments for both individual

companies and the Dexelance Group as a whole, offering suggestions and perspectives for the future. For a detailed analysis of the relevant impacts, risks and opportunities that emerged, please refer to the section “Dexelance doublemateriality” in this chapter.

The results of the workshop and the ideas that emerged were carefully evaluated and integrated into the definition of the Group’s sustainability strategy and actions. In particular, the opinions gathered helped to further align the company’s strategy with the expectations of internal stakeholders, strengthening the focus on issues such as sustainable innovation, responsible end-of-life management of products, and the cultivation of employee satisfaction, motivation, and well-being. This involved refining the business model to ensure greater consistency with sustainability values and a more effective integration of strategic priorities. The commitments identified as priorities during the workshop were summarised as strategic lines in the ESG Manifesto and thus also integrated as sustainability activities in the 2025-2027 Business Plan, for which reason they will be implemented in the medium term. Key measures include initiatives to strengthen sustainability governance, improve transparency towards stakeholders, and develop dedicated projects aimed at reducing environmental impact and enhancing human capital.

These measures are expected to strengthen the relationship with internal stakeholders, increasing their involvement and trust in the Group’s strategic path. Incorporating their views into the ESG Manifesto and the Business Plan will contribute not only to improving internal alignment, but also to fostering a more participative corporate culture by creating a continuous and constructive dialogue that can also positively influence the overall perception of external stakeholders.

When the Business Plan was approved, the central management, the Group’s management, the Audit and Risk, Related Party Transactions and Sustainability Committee, as well as the Board of Directors of Dexelance were informed and updated in detail on the results of the workshop organised with the internal stakeholders. During these sessions, the opinions, suggestions and ideas that emerged from the participants were presented. In addition, the Group’s management, administration, management and

supervisory bodies are kept up to date on any needs that emerge from the different channels of dialogue used, as well as on regulatory and market developments in order to have a clear and thorough view of the interests and expectations of the stakeholders involved, integrating them into the decision-making process and the definition of the Group's strategic priorities.

Dexelance Double Materiality

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

List of material impacts, risks and opportunities

The table provides a brief description of the relevant impacts, risks and opportunities that emerged from the materiality assessment, specifying in the "value chain" column whether they are concentrated in the company's own operations or in the value chain, both upstream and downstream. The description includes the current and anticipated effects that these impacts, risks and opportunities have on the business model, value chain, strategy or decision-making process, a description of how the negative and positive impacts affect or may affect people and the environment, and reasonably expected time horizons.

IMPACT	DESCRIPTION	Actual/ Potential	Positive/ Negative	Value chain	Time horizon
Contribution to climate change due to GHG emissions from own activities	The Group's operations generate greenhouse gas emissions related to the use of non-renewable energy sources in production activities and in the operation of its various facilities. Climate-changing emissions contribute to climate change and generate impacts that are global in level.	Actual	Negative	Own operation	Short-term
Contribution to climate change due to GHG emissions of Group suppliers	Negative impact on climate change due to greenhouse gas emissions from the operational activities involving the use of energy and fuels by suppliers from which the Group obtains its supplies.	Actual	Negative	Upstream	Short-term
GHG emissions from logistics and transport activities	The negative impact on climate change due to greenhouse gas emissions produced by the company's logistics (road, ship, aeroplane, and rail) is determined by the use of fossil fuels for the transport of semi-finished products to the Group's facilities and of final products to customers (B2B or B2C).	Actual	Negative	Upstream - Downstream	Short-term
Product use	Negative impact on climate change due to greenhouse gas emissions associated with the use of some of the products (e.g. lighting) and, in particular, with their disposal.	Actual	Negative	Downstream	Short-term
Consumption and depletion of raw materials	The Group contributes to the depletion of raw materials by purchasing materials from its suppliers such as timber, plastics, paper, metals, minerals, textiles, and leather.	Actual	Negative	Upstream	Short-term
Impact on environmental quality due to waste generation	The Group's activities involve the generation of waste (e.g. leather, textiles, paints, and plastics) which, if not disposed of properly, can have a negative impact on the quality of the environment.	Potential	Negative	Own operation	Medium-/ long-term
Impact on environmental quality due to waste generation	The activities of the Group's suppliers result in the generation of waste which, if not disposed of properly, can have a negative impact on the quality of the environment.	Potential	Negative	Upstream	Medium-/ long-term
End-of-life environmental impacts	The Group manufactures and sells products, such as lighting fixtures, sofas and tables, which, by their nature, cannot always be reused or recycled, generating a significant environmental impact related to the end-of-life management of these items by the user-customers.	Potential	Negative	Downstream	Medium-/ long-term
Failure to protect the welfare of employees	Non-responsible management of employees with respect to working hours and failure to ensure adequate wages can increase stress and fatigue, compromise physical and mental health and hinder a proper work-life balance.	Potential	Negative	Own operation	Short-term
Negative impact on employee health and safety	Due to the particularities and diversity of the activities carried out by the Group, employees may be exposed to cases of accidents related to the handling and processing of products, including contact with hazardous chemicals (e.g. paints, substances for the surface treatment of materials such as waterproofing agents, and waxes) and potentially harmful substances, with a consequent negative impact on their health.	Actual	Negative	Own operation	Short-term

Lack of employee skill development	The Group may not ensure an adequate degree of skill development of its employees to perform management (e.g. soft skills, leadership) and operational tasks (e.g. carpentry, cutting and sewing, painting, etc.) through adequate technical training, which may negatively affect the professional growth of employees.	Potential	Negative	Own operation	Short-term
Supporting local communities through charity, cultural and artistic promotion and environmental protection projects.	Through philanthropic initiatives, such as financial donations, support for social projects and charitable work, the Group demonstrates a true commitment to the welfare of the various communities in which it is present. These activities contribute to meeting local needs, promoting social and economic development and strengthening the link between the company and the local area.	Actual	Positive	Downstream	Medium-/ long-term
Non-compliance with ESG criteria along the supply chain	Potential non-compliance with minimum standards of ethical conduct along the value chain with potential need to sever relationships with key suppliers for the Group's activities	Potential	Negative	Upstream	Medium-/ long-term

RISK	DESCRIPTION	Dependencies	Value chain	Time horizon
Physical climate risks for the Group's operations	The risk that acute climatic phenomena (e.g. floods and extreme rainfall, floods, earthquakes, landslides, etc.) may impact, limit or interrupt the Group's activities due to structural damage and/or limited access to company sites with economic repercussions on operations (higher costs and/or lower sales).	Natural resources Contribution to climate change due to GHG emissions from own activities	Own operation	Short-term
Physical climate risks for the value chain	The risk that acute and chronic climatic phenomena (e.g. droughts, floods, variability in weather patterns, and rising temperatures) may cause the temporary unavailability of raw materials and/or semi-finished products with consequent negative effects in terms of lower sales revenue and/or higher operating costs.	Natural Resources Contribution to climate change due to GHG emissions of Group suppliers GHG emissions from logistics and transport activities	Upstream - Downstream	Medium-term
Dependence on key raw materials	The risk arising from the inability to rationalise production and optimise the use of key raw materials such as timber, plastics, paper, metals, minerals, textiles, and leather. The difficulty in reducing dependence on these resources, which could become scarce or expensive, could lead to increased operating costs and compromise the Group's production capacity.	Natural Resources Consumption and depletion of raw materials	Upstream	Medium-term
Incorrect waste management	Failure to comply with waste management regulations, due to the use of improper disposal methods or failure to adhere to regulations and guidelines, could expose the Group to fines, penalties and a loss of credibility with regard to its environmental sustainability commitments. Such breaches could have significant consequences that would affect both the business and the company's reputation.	Human resources Impact on environmental quality due to waste generation	Own operation	Medium-/ long-term
Workplace accidents or occupational illnesses	The risk that workplace accidents or the occurrence of occupational illnesses (e.g. related to employee exposure to hazardous chemicals) may expose the Group to extra costs (e.g. reimbursements, insurance premiums, etc.) that generate economic and reputational damage.	Negative impact on employee health and safety	Own operation	Medium-term
Dependence on key figures	The risk that the absence or ineffectiveness of succession plans for the Group's key personnel (e.g. top management, managers, designers and creators) could lead to a shortage of critical skills, resulting in higher personnel replacement costs and/or lower revenues associated with inadequate service levels. Furthermore, the difficulty in ensuring managerial succession could weaken the quality and effectiveness of management, undermine competitiveness and reduce the capacity for strategic development.	Lack of competence development of employees	Own operation	Short-term

OPPORTUNITIES	DESCRIPTION	Value chain	Time horizon
Production/showroom modernisation and energy supply	Opportunities arising from the modernisation of buildings (e.g. energy efficiency of production facilities and/or showrooms) and self-production of energy from renewable sources, resulting in reduced operating costs and the Group's improved reputation and attractiveness to investors.	Own operation	Short-term

For more information on how the Company plans to respond to the current and predicted effects of its own significant impacts, risks, and opportunities, please refer to the section "Sustainability strategy" in this chapter.

For the current reporting year, there were no material current financial effects associated with the identified material risks. Nevertheless, the Group has already implemented several prevention measures, including insurance coverage tied to physical climate risks and to workplace accidents and occupational illnesses, and long-term incentive plans to encourage the retention of key figures. To date, no significant impact on the business model or production factors adopted is expected. For more details on the financial impacts of climate risks, please refer to relevant section "Risks tied to climate change" in the "Explanatory Notes to the Consolidated Financial Statements as at 31 December 2024".

For the current financial year, the Group uses the phase-in as set out in Appendix C of ESRS 1, which provides for the omission of information on expected financial effects.

Dexelance has not yet formalised a specific resilience plan to address relevant impacts and risks, nor has it conducted a quantitative analysis of its adaptive capacity. However, as part of its commitment to a structured approach to sustainability, the Group has defined time horizons for assessing impacts, risks and opportunities in the short, medium and long term, in line with ESRS standards. The time horizon considered for current impacts is the short term (i.e., one year), as the nature of these impacts requires constant monitoring and timely management. This methodological choice reflects the Group's need to assess the immediate consequences of business activities, ensuring effective

alignment with control tools, operational strategies and the management of the related impacts.

Following the revision of the materiality analysis, carried out by integrating the concept of Double Materiality, the impacts were reconsidered and re-evaluated compared to the previous reporting year. This process made it possible to adapt the identified impacts to the specificities and dynamics of the new year, ensuring a timely update consistent with the evolution of the operating environment and the Group's strategic priorities.

It should be noted that specifically the positive impact "Support to local communities through charity, cultural and artistic promotion and environmental protection projects" identified as significant by the company, was not associated with any ESRS scope, but it was considered as specific to the company. Impact refers to Dexelance's ability to generate positive effects on external stakeholders through its support of local organisations, mainly in the cultural and artistic sphere. For more information, please refer to the chapter "Entity-Specific Information".

[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

Double Materiality Process

The process adopted to identify and assess impacts, risks and opportunities (IROs) is based on the double materiality methodological approach, as required by the CSRD regulation and supported by the EFRAG IG 1 Guidelines: "*Materiality Assessment Implementation Guidance*". This approach combines the analysis of the impacts generated by the company on people and the environment with the assessment of risks and opportunities, which echoes the analysis and assessments of the company's Enterprise Risk Management (ERM) that could affect financial performance.

The Double Materiality methodology followed a structured process that includes:

1. **Understanding the organisation's context**: identification of ESRS topics related to areas of sustainability inherent to the Group's business, taking into account value chain mapping and the internal and external context analysis conducted by

considering ESG strategies and best practices for the sectors, regulatory drivers and requests from ratings agencies (Sustainalytics, MSCI, CDP, and S&P Global);

2. **Identification of Impacts Risks and Opportunities (IRO)**: identification of the impacts, risks and opportunities associated with ESRS Topics, achieved through the formalisation of a long list of potentially relevant IROs. This process took into account both the results of the previous impact materiality analysis, supplemented with the outcomes of stakeholder engagement activities conducted with the Management and the Group's ESG Ambassadors. The evidence from the company's Enterprise Risk Management (ERM), carried out by the Risk Assessment Office, was also analysed, and the objectives, actions and commitments outlined in the 2025-2027 Business Plan were considered;
3. **Assessment of IROs**: definition of the methodology and assessment of impacts (impact materiality) and risks and opportunities (financial materiality) with the subsequent definition of the short-list of IROs deemed material. The evaluation of the short-list was carried out through workshops and specific meetings involving the Group's central management.

The monitoring of sustainability-related risks and opportunities, that have or could have financial effects, is integrated within the company's Enterprise Risk Management (ERM) process.

The assumptions adopted in the evaluation of each IRO were based on data available internally within the company, allowing for a relevance analysis contextualised to the nature of the sector in question.

Impact materiality

Considering the Dexelance's entire perimeter, the identification of impacts took into account the specific context (both in terms of geography and business) in which the individual subsidiaries of the Group operate, also considering the diversity of countries, the typology of sites, and the business models.

By mapping the upstream and downstream value chain, with a specific focus on the type of suppliers and type of supply, impacts related to the Group's business were identified. To this end, each impact was classified taking into account the three levels of contribution generated by Dexelance – caused, contributed and directly related[9] – in line with international due diligence principles, to ensure a complete and thorough assessment of the relevance and priority of the identified impacts.

Taking due account of the information gathered during the understanding of the context, the current and potential positive and negative impacts related to environmental, social and governance issues were identified. To this end, an internal stakeholder engagement activity was carried out with the involvement of several management figures from Group companies, in the form of the aforementioned workshop held in mid-2024.

During the assessment, in line with the requirements of ESRS 1, section 3.4, "Impact Significance", specific thresholds were defined for impacts with reference to the assessment dimensions: severity of impact and likelihood of occurrence in the short, medium and long term. In particular, the severity of each negative impact was assessed on a four-level scale for "scale" (negligible, moderate, significant, very significant) and "scope" (limited, medium, extensive, very high), and on a three-level scale for "irremediable character" (remediable impact, partially remediable, irremediable). For positive impacts, the possible benefit was assessed on a four-level scale for "scale" and "scope". The probability scale was defined with values defined on five levels (rare, unlikely, possible, probable, very probable), where the maximum probability of occurrence corresponds to the occurrence of a current impact.

The overall significance of an impact is the sum of the three components of severity multiplied by the probability component.

Financial materiality

[9] For more information, please refer to FAQ 2 of the document "EFRAG IG 1: Materiality Assessment Implementation Guidance".

The Group has adopted an integrated approach that systematically considers the links between impacts, dependencies, risks and opportunities throughout the value chain. This process is based on an in-depth analysis of the interactions between the company's activities, business relationships and the socio-economic environment in which the Group operates. In particular, Dexelance, following the definition of dependencies in ESRS 1, RA 14, assessed how its impacts – both positive and negative – can generate risks, such as potential operational, reputational and/or financial damage, and/or opportunities, such as innovation, improved operational performance and stronger stakeholder relations. This assessment took into account critical dependencies on the natural and social environment.

The Group has assessed the likelihood, magnitude and nature of the effects of the identified risks and opportunities, through a structured approach that considers three main aspects: economic-financial, operational and reputational. The magnitude is divided into five levels (Marginal, Low, Medium, High, and Critical), defined according to quantitative criteria that consider the impact on revenues and EBITDA, and qualitative criteria, meaning how reputational and operational issues might impact the expected change in costs or revenues. At the same time, the probability assessment examines the frequency with which the event has occurred in the past and/or the likelihood that it may occur along the short-, medium- or long-time horizon following the definition of time horizons in ESRS 1, Section 6.4.

From an operational point of view, the effects on business processes were analysed, with particular attention to their critical nature and the need for Management's intervention, also measuring the duration of any potential interruption of key processes. At the reputational level, the Group assessed potential damage to the brand image, both locally and globally, taking into account media resonance and stakeholder expectations.

For more information on how the probability, magnitude, and nature of the IROs identified were kept into account in conducting the impairment test at 31 December 2024, please refer to the section "Intangible assets" in the "Explanatory Notes to the Consolidated Financial Statements as at 31 December 2024".

To assess and monitor these risks proactively, the Group has integrated its own risk assessments, which also considered sustainability-related risks, including ESG (environmental, social and governance) issues into its strategic guidelines, and integrated the impacts, risks, and opportunities identified within the Group's "Risk & Opportunity Universe" consistently with the risk management model adopted by Dexelance according to the practice of Enterprise Risk Management (ERM).

For details on the decision-making process and related internal control procedures, please refer to the section "Sustainability Governance" in this chapter.

In 2024, the process of identifying, assessing and managing impacts and risks was further strengthened with the launch of the creation of an Enterprise Risk Management (ERM) Framework, a comprehensive company risk management system that enables the development of a consistent and systematic approach, under the supervision of the Internal Audit Manager. This integration has and will enable the alignment of the management of impacts and risks, and the related dependencies, with the Group's overall risk profile, fostering a unified and strategic vision. Through the evaluation of scenarios and identification of priorities, the process contributes to the definition of corporate strategies, supporting informed decisions and the optimisation of mitigation processes.

The identification, evaluation and management of opportunities is incorporated, where relevant, into the overall Group management process. This allows potential synergies between dependencies with the IROs to be exploited, ensuring that emerging opportunities are considered within the strategic and operational framework. The integrated structure facilitates a proactive approach, which aims not only to mitigate risks, but also to capitalise on opportunities in line with business objectives and the market environment.

Parameters, Estimates and Changes in the Materiality Analysis

The input parameters used in the process of identifying and assessing the IROs associated with sustainability are based on a multi-level approach. In understanding the context, the

Group has used data from public documentary sources and industry standards corroborated by internal analyses. The second phase, dedicated to the identification of IROs, involved the integration of a diversity of parameters to capture the complexity of the Group's business, including the geographical and business diversity of the various subsidiaries. In the assessment phase of IROs, the process focused on minimising the use of estimates, preferring the use of hard data and shared assumptions, consistent with the methodological definitions of the Materiality Assessment Implementation Guidance (EFRAG). As was described earlier, specific methodologies have been defined for assessing the materiality of impacts (impact materiality) and risks and opportunities (financial materiality), the thresholds for which have been described in the preceding paragraphs.

The analysis has been changed from last year, moving from an approach based solely on impact materiality, in accordance with the GRI (Global Reporting Initiative) standard to an assessment integrating the financial dimension, in accordance with the double materiality requirements of the CSRD. This adjustment has entailed a substantial revision of the evaluation process, which was updated in 2024 to ensure alignment with the new regulatory standards. The main changes include the integration of the financial perspective alongside the impact perspective and the adoption of updated analysis criteria and tools. The next review of the process is scheduled for 2025, barring any extraordinary circumstances, such as significant acquisitions or divestments that might require an earlier update.

Non-relevant ESRS topics

ESRS 2 IRO-1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities The approach for determining impacts, risks and opportunities is described in the section "Description of the process for identifying and assessing significant impacts, risks and opportunities". The issue of pollution was evaluated in the context of the Group's activities, considering both its financial significance and the potential negative impact on stakeholders and the environment. Although no detailed analysis was conducted on corporate sites, the analysis of the

company's own operations and along the value chain revealed that the topic does not present any risks or opportunities that could materially affect the Group's financial performance or generate significant negative impacts that would make it a relevant ESRS topic for reporting purposes.

ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities The approach for determining impacts, risks and opportunities is described in the section "Description of the process for identifying and assessing significant impacts, risks and opportunities". The ESRS E3 topic with its related subtopics and sub-subtopics was analysed considering both its financial relevance and potential impact of the Group's operations and value chain. The assessment was based on the operational characteristics of the Group's companies, which do not tend to use water in production processes (with the exception of Cubo Design, which uses water for some production processes, but in insignificant quantities) and with respect to the characteristics of the main production processes that use water within the value chain. However, a detailed analysis of the assets was not conducted, nor were specific consultations with the communities concerned. In light of these considerations, it was assessed that the topic does not present risks or opportunities that would significantly affect the Group's financial performance or generate material adverse impacts, and, therefore, it was not identified as a relevant ESRS topic for reporting purposes.

ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

The approach for determining impacts, risks and opportunities is described in the section "Description of the process for identifying and assessing significant impacts, risks and opportunities".

The topic of biodiversity was analysed considering the Group's operations and their potential impact, as well as the related dependencies on environmental resources and on current and future generations, with a focus on the availability of natural resources. The

analysis showed that, even though wood materials are one of the main materials purchased by the Group, in reality only 5% of the wood materials purchased are virgin wood, meaning wood that comes directly from trees and not from a previous use. In fact, most of the wood materials purchased by Dexelance comprise wood panels, which are materials derived from the secondary processing of virgin wood, which is the result of recycling or the reuse of waste wood (e.g. chipboard).

With respect to impacts on biodiversity along the value chain, these are characterised by a non-specific geographic scope and are mainly attributable to the upstream phase of the Group's value chain, generated by Tier 3 suppliers with whom the Group has indirect relationships. The use of recycled and FSC® (Forest Stewardship Council) certified materials, promoted by some Group companies such as Gervasoni, Cenacchi, Modar and Cubo Design, significantly reduces the direct or indirect link with deforestation activities. Although no detailed analysis (analysis of scenarios related to biodiversity and ecosystems) and no consultations with affected communities have been conducted, the analysis of the Group's own operations and along its value chain revealed that the topic does not currently present any risks or opportunities that could materially affect the Group's financial performance or generate significant negative impacts that would make it a relevant ESRS topic for reporting purposes.

Description of processes to identify and assess material impacts, risks, dependencies and opportunities related to social aspects

The Group has not identified any relevant IROs with regard to the issue of affected communities; therefore, it has not investigated their interaction with its strategy and business model. An analysis of the company's business activities was nevertheless performed, which showed that, with respect to the topics and subtopics related to the ESRS S3 theme, the topic does not present risks or opportunities that could materially influence the Group's financial performance or generate significant negative impacts that would make it a relevant ESRS topic for reporting purposes.

As a result of the analyses conducted, the Group did not identify any material impacts, risks or opportunities (IROs) in relation to the issue of workers in the value chain that would justify its reporting according to ESRS standards. This analysis took into account that the majority of the Group's procurement budget comes from suppliers within the Italian perimeter. In Italy, occupational health and safety is regulated by the Legislative Decree 81/2008 (Consolidated Workplace Safety Act), which imposes strict requirements to ensure worker protection. Supplier companies are obliged by law to comply with these standards, and failure to do so results in penalties. This makes working conditions that pose a significant risk to health and safety unlikely. Furthermore, it is hereby emphasised that, although the Group does not yet have an ESG monitoring/ranking system for suppliers, the Group's knowledge of working conditions at its suppliers is based on routine site visits to its suppliers. In addition to the Group, Italian inspection agencies, such as the INL (National Labour Inspectorate), carry out regular checks to ensure compliance with regulations. This control mechanism minimises the risk of unsafe working conditions in local suppliers and the possible negative impact along the value chain. Finally, in the Group's supplier base, considering the nature of the work, there are many artisans or small manufacturers and suppliers operate mainly in sectors with low to medium risk levels (e.g. non-intensive production and/or processing of non-hazardous products and substances), which further reduces exposure to serious health and safety hazards. Therefore, the Group considers that the topic does not present materiality elements that would require reporting under the ESRS standards.

As a result of internal assessments, the Group has not identified any significant impacts, risks or opportunities (IROs) in relation to the issue of Customers and Consumers. The absence of significant IROs is attributable to the sector in which Group companies operate and the existence of well-established controls and processes aimed at guaranteeing the quality and safety of products and services and the protection of customer data to ensure compliance with applicable regulations. On the basis of these elements, it is deemed that the issue does not present impacts that would materially affect the Group's financial performance or generate significant negative effects on customers and consumers.

Consequently, the topic is not considered material for reporting purposes according to ESRS standards.

Environmental Information - ESRS E1 and ESRS E5

Climate change

IMPACTS, RISKS and OPPORTUNITIES		Value chain	Time horizon
Contribution to climate change due to GHG emissions from own activities	Impact	Own operation	Short-term
Contribution to climate change due to GHG emissions of Group suppliers	Impact	Upstream	Short-term
GHG emissions from logistics and transport activities	Impact	Upstream - Downstream	Short-term
Physical Climate Risks on Group Operations	Risk	Own operation	Short-term
Physical climate risks on the value chain	Risk	Upstream - Downstream	Medium-term
Production/showroom modernisation and energy supply	Opportunities	Own operation	Short-term

Dexelance is aware of the urgency of addressing climate change challenges and is committed to contributing to a transition to a low-carbon economy. In this regard, already as of the year 2023, and subsequently with reference to the year 2024, a new “base year” by virtue of the extension of the reporting perimeter to coincide fully with the financial consolidation perimeter, the Group has started a process to quantify the inventory of GHG emissions generated by its operations, which was conducted according to the reference standard ISO 14064 and certified by an independent third party. This quantification allowed Dexelance to fully offset its emissions through the purchase of credits on the voluntary carbon market, which has contributed to the financing of projects for the production of electricity from renewable sources.

Information on environmental impacts, risks and opportunities

[ESRS 2 IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities. The approach for determining impacts, risks and opportunities and the list of IROs on climate change factors considered relevant can be

found in the section “Dexelance double materiality” in the “General Information” chapter. To identify current and potential impacts related to climate change, the Group examined the operational activities carried out internally and along its value chain, identifying the main sources of emissions by taking into account both the production and processing, from upstream to downstream, as well as all inbound and outbound logistics activities. Actual and potential impacts on climate change were assessed by taking into account total GHG emissions including Scope 1, 2 and, where possible, Scope 3. The recognition of the Scope 3 categories was carried out in accordance with the GHG Protocol to ensure the accuracy and comparability of the data. This process also considered the requirements of EN ISO 14064, for which the Group has obtained the relevant certification. For more information on the relevant categories, please refer to the section “Energy and Emissions” in this chapter.

Physical climate risks were identified and assessed on the basis of the historical probability of their occurrence and the developments and changes under way, also with regard to new regulations and standards. The company’s resources, including its properties, facilities, and equipment, were analysed to assess their exposure to these risks, with reference to extreme weather phenomena that may have already occurred in the Group’s subsidiaries, and which could limit their use or require significant investments to repair them for any damage. However, for the current financial year, apart from preliminary analyses of the climate risks to which its resources are and will be subject, Dexelance has not yet conducted a detailed analysis of climate scenarios for the identification and assessment of physical risks, opportunities and transition risks in the short, medium and long term. This is because the company does not yet have a transition plan that integrates a full range of analyses, and which takes climate scenarios into account. The implementation of this plan is planned for the future to ensure a more structured approach that complies with regulatory requirements.

[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model. Currently, the detected climate-related risks are physical

risks. Dexelance has not yet conducted a formal analysis of the resilience of its strategy and business model with respect to climate change.

However, the Group is committed to defining a path for adaptation and mitigation of climate change, caused directly and indirectly, which will involve conducting a climate scenario analysis to identify the areas of greatest vulnerability and opportunities for adaptation.

In this context, the Group has already instituted several prevention measures, such as insurance coverage for physical climate risks.

Through targeted energy efficiency strategies, the Group intends to mitigate its own environmental impact by promoting the responsible use of resources. In particular, Dexelance has provided material investments (CapEx) in its 2025-2027 Business Plan for the installation of independent energy production to increase its capacity to produce energy internally from renewable sources over what it has already installed at three of the group's production sites, namely at Gervasoni, Gamma Arredamenti, and Cubo Design. The Group also plans to implement efficiency measures for its energy requirements, such as (CapEx) investments for the replacement of production machinery, the replacement of lighting systems at production sites not equipped with LEDs, and the promotion of more sustainable company mobility measures. The goal is to construct a sustainability path that combines growth with environmental protection in line with stakeholder expectations and the global challenges tied to climate. These initiatives will involve the reduction of consumption, and thus GHG emissions, as well as the seizing of opportunities to modernise showrooms and render buildings more efficient.

For more details on the financial impacts of climate risks, please refer to the section "Risks related to climate change" in the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2024.

[E1-1] Transition plan for climate change mitigation

[E1-2] Policies related to climate change mitigation and adaptation[E1-3] Actions and resources in relation to climate change policies

[E1-3] Actions and resources in relation to climate change policies.

[E1-4] Targets related to climate change mitigation and adaptation. Dexelance recognised the importance of integrating climate change issues within its strategic lines, and it has committed to setting clear and measurable objectives in this regard. This commitment is based on an in-depth analysis of the impacts and risks arising from sustainability factors, including climate change, which serves to direct its actions towards a more sustainable future. The Group is aware of the challenges related to climate change and, within its strategic lines, is committed to reducing this impact by controlling climate-changing emissions and increasing energy efficiency. During this reporting year, the Group did not adopt specific policies on climate change management, nor did it adopt a formalised transition plan. However, in relation to the photovoltaic systems already installed at some of the Group's plants (Gervasoni and Cubo Design), maintenance activities were carried out in 2024 to ensure the proper functioning, maintenance of energy efficiency and durability of the system over time. As a result of these efforts, in the financial year, capital expenditures of EUR 140 thousand were made, as reported in the section "European taxonomy" pursuant to Regulation 2021/2178.

Furthermore, in an awareness of the importance of this issue, and in line with its commitment to sustainability, the Group has planned to introduce an environmental policy by 2025, which will include actions and practices related to climate change, as well as the adoption of the various energy efficiency actions described above and the formalisation of a Transition Plan by 2027.

Energy and emissions

[E1-5] Energy consumption and mix

The Group's main energy carrier is natural gas, with a consumption of 7,344 MWh, which is used for heating and production. Electricity purchased from the grid, used for lighting, the operation of heat pumps and machinery, amounts to 6,301 MWh. Renewable energy, exclusively from photovoltaic systems, amounts to 779.63 MWh, of which the consumed value is 461 MWh. In addition to self-production from photovoltaic systems, it is worth

mentioning the use of the natural gas trigenerator by Cubo Design, which is used to cover part of the electricity, heat, and chilled water consumption. The energy production from the trigenerator is approximately 726 MWh, mainly used directly by Cubo Design, with only a small portion being distributed to the national electricity grid. There is no energy consumption from nuclear sources. Petroleum-derived fuels account for a total consumption of 2,098 MWh.

Energy consumption and mix	2024 (MWh)
Coal Fuels and Products	-
Crude Oil Fuels and Petroleum Products	**2,097.59**
Combustion Petrol (Automobile)	268.57
LPG combustion (Automobile)	0.54
Diesel Combustion (Automobile)	1,180.12
Diesel Combustion (Truck)	598.37
Diesel Stationary Combustion (heating)	49.99
Natural gas fuel	**7,344.00**
Natural gas for heating and production	7,344.00
Electricity purchased or acquired from fossil sources[10]	**6,301.30**
Total energy consumption from fossil fuel source	**15,742.89**
Share of fossil sources of the total energy consumption (%)	**97.16%**
Total energy consumption from nuclear sources	-
Share of nuclear sources of the total energy consumption (%)	**0.00%**
Fuels from renewable sources	-
Biomass (including industrial and municipal waste of biological origin)	-
Biofuels (bioethanol)	-
Biogas	-
Renewable hydrogen	-
Electricity purchased or acquired from renewable sources (Guarantee of Origin contracts)	-
Heat purchased or acquired from renewable sources	-
Steam purchased or acquired from renewable sources	-
Cooling purchased or acquired from renewable sources	-
Self-produced and consumed renewable energy (without using combustion fuels)	**460.74**
from a photovoltaic installation	460.74
of which from facilities other than photovoltaic	-
Total energy consumption from renewable sources	**460.74**
Share of renewable sources of the total energy consumption (%)	**2,84%**
Total energy consumption	**16,203**

The data basis and methodology used for the calculation are in line with the GHG report and inventory that was verified by an accredited third party (Bureau Veritas) conducted according to the principles and requirements of ISO 14064, with a confidence level of the GHG Statement Mixed Engagement, i.e. reasonable for direct and indirect emissions of electricity and AUP (Agreed Upon Procedures) for other indirect emissions (Scope 3).

[10] **The purchased electricity does not come from certified sources. As a precautionary measure, it has been decided to consider it entirely as coming from fossil sources. Additionally, it was decided not to consider the contribution of nuclear energy present within the residual mix.**

The consumption of electricity, expressed in MWh, drawn from the grid was obtained from bills for the period of analysis using the conversion factors of the Energy Manager Guidelines 2018 - Version 2.1 (FIRE). It is specified that, for Meridiani France and Turri UK, the electricity figure was obtained by re-proportioning the Italian figure to the square-metre surface area of the store. In addition to electricity purchases, heat production in a condominium with a centralised natural gas boiler also falls into this category.

Energy intensity

With respect to the energy intensity of high-impact sectors, Sections C (Manufacturing) and M (Professional, Scientific and Technical Activities) fall under Sections A to H and Section L of the NACE classification, respectively.

Therefore, NACE codes 31.09, 27.49, 31.01, 31.02 and 70.1, which cover the totality of the Group's activities, are considered to have a high climate impact. Information on the energy intensity associated with Dexelance's operations is given below.

Energy intensity (high climate impact sectors)	2024
Total energy consumption of activities in high climate impact sectors (MWh)	16,203.63
Net revenue from activities in high-impact sectors (€)[11]	324,383,894.63
Energy intensity (MWh/€)	0.00005

[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions. The Group's greenhouse gas (GHG) emissions inventory was developed in accordance with ISO 14064, adopting a consolidation approach based on a review of its operations. No location was excluded from the scope of the calculation, and the table below provides detailed data for the financial year.

[11] For more details, please refer to the section "Revenues from sales and services" in the Explanatory Notes to the Consolidated Financial Statements ended 31 December 2024.

Total emissions [tCO_2e] - Analysis by GHG Protocol subcategories	
Subcategory	**2024 (tCO_{2e})**
Scope 1	**2,170.71**
Percentage of Scope 1 GHG emissions regulated under emission trading Schemes	0%
Direct emissions from stationary combustion	1,613.27
Direct emissions from mobile combustion	538.31
Direct emissions from process sources	-
Direct emissions from fugitive sources	19.14
Direct emissions from agricultural sources	-
Scope 2	
Market based	**3.013,28**
Location based	**1.468,79**
Scope 3	63.058,19
1. Purchased goods and services	51,347.06
Optional subcategory: Cloud computing and data centre services	-
2. Capital goods	-
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	1,667.4
4. Upstream transport and distribution	1,226.21
5. Waste generated in operations	272.02
6. Business travel	-
7. Employee commuting	-
8. Upstream leased assets	--
9. Downstream transport and distribution	6,649.67
10. Processing of sold products	-
11. Use of sold products	-
12. End-of-life treatment of sold products	1,895.84
13. Downstream Leased Assets	-
14. Franchises	-
15. Investments	
Total emissions [tCO_{2e}] (Scope 2 location based)	**66,697.69**
Total emissions [tCO_{2e}] (Scope 3 market based)	**68,242.19**

There are no Scope 1 emissions subject to regulated emissions trading systems.

The analysis considered all relevant emissions and removal categories, the significance of which was determined by applying significance criteria based on: Magnitude (volume of emissions), level of influence and control (ability of the organisation to take action) and access to information (availability of data for reporting). Indirect emissions were evaluated on the basis of the organisation’s ability to influence them. The data used

comes exclusively from the subsidiary companies, with no direct input from the upstream or downstream value chain. The data basis and methodology used for the calculation are in line with the GHG report and inventory that was verified by an accredited third party (Bureau Veritas) conducted according to the principles and requirements of ISO 14064-3, with a confidence level of the GHG Statement Mixed Engagement, i.e. reasonable for direct and indirect emissions of electricity and AUP (Agreed Upon Procedures) for other indirect emissions (Scope 3).

The methodology used in this study is based on the collection of operations data from the various selected processes (e.g. litres of diesel, etc.), which are multiplied by specific emissions factors, i.e. factors that translate a quantity of matter or energy into an equivalent quantity of greenhouse gases. In the quantification, all major greenhouse gases (i.e. CO2, CH4, N2O, HFCs, PFCs, SF6 and other fluorinated gases) were taken into account and translated into CO2-equivalent units using characterising factors reported by the IPCC (IPCC, 2021), the most authoritative institution on climate change. The emission factors were identified taking into consideration different parameters such as reliability and completeness of data, information and their sources, as well as temporal, geographical and technological correlation. The choice of this methodology responds to the lack of availability of direct GHG measurements of the identified and analysed sources. Characterisation factors consider the complete oxidation of the fuels used.

The emission factors were identified taking into consideration different parameters such as reliability and completeness of data, information and their sources, temporal, geographical and technological correlation. Specifically, the accommodation of the different types of activity data available (in particular, the co-presence of physical and economic data) required the use of different databases. Specifically, the following were employed:

- Dataset of Ecoinvent v3.10[12];
- Dataset of World Food LCA Database (WFLDB) [13];

[12] https://ecoinvent.org/

[13] https://quantis.com/who-we-guide/our-impact/sustainability-initiatives/wfldb-food/

- Emission factors obtained by combining several Ecoinvent datasets through processing in the Simapro environment;
- Emission factors obtained through information in valid Environmental Product Declarations (EPDs) published on the public registers of the Programme Operator to the International EPD System[14]. It should be noted that the EPDs used do not refer to the specific suppliers of the companies, but were used to represent the impacts related to semi-finished products for which no representative datasets are available;
- Emissions factors from the Exiobase database v3.8.2. These emissions factors enable a correlation between the expenditure made in a specific product sector and the related emissions. The correctness of the factors used was verified by comparing the previous series referring to 2019 (contained in the same source file) with the one reported in the Climatiq portal[15], thereby confirming the correctness of the calculations made.

Emissions intensity

Information on the energy intensity associated with Dexelance's operations is given below.

Intensity of emissions versus revenue - location-based	2024
Total emissions - location-based (t CO_2 eq)	66,697.69
Net revenue (€)[16]	324,383,894.63
Emission intensity (t CO_2eq/€)	0.00021
Emission intensity versus revenue - market-based	**2024**
Total emissions - location-based (t CO_2 eq)	68,242.19
Net revenue (€)	324,383,894.63
Emission intensity (t CO_2eq/€)	0.00021

[E1-7] GHG removals and GHG mitigation projects financed through carbon credits

Dexelance is committed to providing transparent and factual information about its

[14] https://www.environdec.com/library
[15] https://www.environdec.com/library
[16] For more details, please refer to the section "Cost of services and use of third-party assets" in the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2024.

greenhouse gas (GHG) emissions management and climate change mitigation initiatives. The Group has no GHG absorption or storage activities; 100% of the initiatives to manage GHG emissions concern projects to reduce the emissions themselves. The carbon credits purchased in compensation of the inventory of emissions generated come from projects outside the value chain and have been verified according to recognised quality standards. The credits purchased by Dexelance belong to certified programme operators, such as the Verified Carbon Standard (VCS) managed by Verra, which guarantee the projects' observance of the eligibility criteria, such as permanence, the lack of double counting, a sound monitoring, reporting, and verification process, and additionality, which ensures that these projects would not have been carried out without the financing deriving from the carbon credits issued.

As far as geographical origin is concerned, there are no projects generated within the European Union.

During 2024, Dexelance purchased a total amount of 206,484 CO2 credits, related to GHG emission mitigation projects of the Group, corresponding to the same quantity of tons of CO2eq, with the following purposes: 72.484 credits to offset the emissions inventory referring to the year 2023, 66,698 credits to offset the emissions inventory referring to the year 2024, the remaining 67,302 credits to offset future emissions. For more information on the amounts allocated for the purchase of credits, please refer to the section “Cost of services and use of third-party assets” in the Explanatory Notes to the Consolidated Financial Statements ended 31 December 2024.

However, Dexelance's activity of purchasing carbon credits does not replace future commitments made or being finalised by the Group for the direct reduction of its emissions.

European Taxonomy

The European Commission, as part of the EU Action Plan on Sustainable Finance, has published with Regulation 852/2020 the European Taxonomy, a classification system for environmentally sustainable economic activities, which is fundamental for the

achievement of the objectives set by the EU Green Deal. In addition to Regulation 852/2020, one must also consider:

- delegated Regulation 2021/2139 (hereinafter also referred to as the “Climate Delegated Regulation”) introducing the list of economic activities eligible for the EU Taxonomy for the first two climate objectives and the related technical screening criteria;
- EU Regulation 2021/2178 (hereinafter also the “Delegated Regulation on Art. 8" or the "Disclosure Delegated Regulation");
- EU Delegated Regulation 2022/1214 with regard to economic activities in certain energy sectors, amending the Delegated Climate Regulation and the Delegated Art. 8 Regulation;
- Delegated Regulation 2023/2485 amending EU Delegated Regulation 2021/2139 by setting additional technical screening criteria;
- Regulation 2023/2486 (hereinafter also referred to as the "Regulation on the Remaining Environmental Objectives"), which supplements the EU Regulation 2020/852, and its technical screening criteria, and which amends the Delegated Regulation on Art. 8.

The Taxonomy is intended to represent a classification system to establish which economic activities can be considered environmentally sustainable to protect private investors from greenwashing and to support companies in understanding the types of investments needed to contribute positively to the transition of the economy.

The EU Taxonomy states that economic activities can only be considered environmentally sustainable (“aligned”) if they are covered by the “Climate Delegated Regulation” and "Regulation on the Remaining Environmental Objectives" (“eligible”) and if they possess specific characteristics that allow them to contribute substantially to at least one of the following environmental objectives:

- Climate change mitigation;
- Adaptation to climate change;
- Sustainable use of water and marine resources;

- Pollution prevention and control;
- Transition to a circular economy;
- Protection and restoration of biodiversity and ecosystems.

Starting with the Non-Financial Statements for the previous reporting period, with the publication in June 2023 by the European Commission of the Regulation Delegated on the remaining environmental targets, non-financial companies were called upon to carry out their own analysis on the six targets, providing disclosure on the eligibility and alignment of their activities with the targets. To be classified as aligned, eligible assets must:

- Contribute substantially to the achievement of at least one of the six environmental objectives;
- Do No Significant Harm (DNSH) to any of the other environmental targets;
- Respect minimum safeguards on human and labour rights, corruption, taxation and fair competition.

For each economic activity mentioned in the Delegated Regulations, the EU legislation has defined a set of specific technical screening criteria to assess the alignment of eligible activities with reference to the six environmental objectives.

The result of the analysis leads companies to identify for each reporting year eligible and aligned activities, on which they are asked to provide three summary KPIs, by filling in standardised tabular formats, on revenues, investments (CapEx) and expenses (OpEx) related to these activities.

DEXELANCE'S CONTRIBUTION TO THE EUROPEAN COMMISSION'S ENVIRONMENTAL GOALS

The following paragraphs describe how the Group assessed compliance with Regulation (EU) 2020/852 and the prospectus with the required quantitative KPIs. Since this is a recently implemented international standard and is constantly being updated, all criteria and assumptions made and included in this section are based on currently available information and requirements, which may be subject to future revisions.

ELIGIBILITY ANALYSIS

In continuity with the activities carried out for the 2023 Taxonomy disclosure, Dexelance conducted the 2024 eligibility assessment associating the Group's economic activities:

- in the first instance, with the descriptions of eligible activities provided for in the Climate Delegated Regulation (Annexes I and II), and the Regulation on the remaining Environmental Objectives, adopted on 27 June 2023; and with the relevant activity codes of the Statistical Classification of Economic Activities of the European Community (NACE codes), reconciled with the relevant ATECO codes registered in the relevant Chambers of Commerce.

As required by the Regulation, the eligibility phase assessed the possibility of including Dexelance's economic activities among those listed in the Delegated Regulations, and thus their ability to potentially contribute to European environmental objectives, regardless of whether these activities were capable of satisfying one of the technical screening criteria set out in the same regulation. This analysis identified Activity 3.5, "Manufacture of energy efficiency devices for buildings", which is tied to the goal of mitigating climate change, and which concerns the activities conducted by Davide Groppi, Flexalighting and Axo Light.

In the course of the admissibility analysis, the presence of the "Capex C" (Annex 1 of Delegated Regulation (EU) 2021/2178, para. 1.1.2.2 item (c)), relating to the purchase of products from eligible economic activities aligned with the Taxonomy was also examined. In particular, CapEx was identified under Activity 6.5 "Transport by motorbikes, cars and light commercial vehicles" for Meridiani, Cubo Design, and Dexelance, and 7.6 "Installation, maintenance and repair of renewable energy technologies" for Gervasoni and Cubo Design. Regarding to Activity 6.5, please note that "OpEx C" were also identified in association with the requirements set forth in Annex 1 of Delegated Regulation (EU) 2021/2178, para. 1.1.3.2, subpara. (c) for Davide Groppi, Flexalighting, Axo Light, Gervasoni, Gamma Arredamenti, Turri, Modar, Cubo Design, and Dexelance.

Objective	Relevant item in the financial statements	EU Taxonomy economic activities	Group companies involved
Climate change mitigation	Turnover, OpEx C	3.5. Manufacture of energy efficiency devices for buildings	Davide Groppi, Flexalighting, Axolight
Climate change mitigation	CapEx C, OpEx C	6.5 Transportation by motorcycles, passenger cars and light commercial vehicles	Davide Groppi, Flexalighting, Axolight, Gervasoni, Gamma Arr., Turri, Modar, Meridiani, Cubo Design, Dexelance
Climate change mitigation	CapEx C	7.6. Installation, maintenance, and repair of renewable energy technologies	Gervasoni, Cubo Design

The activities listed in the previous table have the same descriptions for both climate change mitigation and climate change adaptation objectives. For this reason, the Group conducted the analysis by considering the contribution of the activities to both objectives. However, regarding the climate change adaptation objective, since activity 3.5 is not classified as an "enabling" activity, no Turnover items are associated with it. Additionally, for the same objective, considering activities 3.5, 6.5, and 7.6, no CapEx and OpEx items can be associated. This is because, as stated in the European Commission Communication C/2023/305 of October 20, 2023, regarding the eligibility assessment of "non-enabling" activities, the Group has not yet conducted a climate risk assessment nor implemented adaptation solutions that could enhance the resilience of economic activities to climate change.

Therefore, the activities described above are eligible only in relation to the climate change mitigation objective.

ALIGNMENT ANALYSIS

In continuity with the previous year, Dexelance again conducted its alignment analyses this year by investigating its compliance with the technical screening criteria defined by the standard, identifying both areas already in line with requirements and those with room for integration and prospective improvement. By virtue of the gaps identified at present with respect to the provisions of the Technical Criteria, to date, the Group does not present aligned activities, but it is committed to taking the cues from the Criteria

themselves to increasingly improve its sustainability performance in general and with particular reference to the eligible activities identified.

Below are some relevant elements in the assessment of the alignment of eligible activities for the Taxonomy.

Activity 3.5 Manufacturing of energy-efficient equipment for buildings

Substantial contribution to climate change mitigation

Delegated Regulation 2021/2139 states that the production of light sources in the most efficient energy classes, as defined by Regulation (EU) 2017/1369, contributes substantially to climate change mitigation. Davide Groppi devices comply with the criteria set out in the regulations.

Do no significant harm (DNSH)

Annex I of the Climate Delegated Act establishes specific criteria to ensure that economic activities do not significantly harm other environmental objectives:

- Climate change adaptation: an analysis is required to identify and assess the vulnerability of the economic activity to chronic and acute physical climate risks. The Group companies have not yet carried out such detailed analyses. For these reasons, the DNSH criterion has not been observed.
- Transition to a circular economy: this includes the adoption of practices favouring the recycling and reuse of materials, environmentally sustainable design and waste management oriented towards the recovery of secondary raw materials. In adopting a prudential approach, as the Group has not yet implemented a similar, detailed analysis, it considers this activity as non-compliant with this criterion.
- Sustainable use and protection of water and marine resources: an environmental risk analysis is required to ensure the maintenance of good water status, accompanied by a plan for the management and use of water resources. As the Group has not yet implemented a similar, detailed analysis, it considers its operations to be non-compliant with this criterion.

- Pollution prevention and control: the regulation bans the use of certain hazardous substances. In the absence of a thorough assessment, the Group deemed it appropriate to adopt a prudential approach and claim non-compliance with the criterion.
- Protection and restoration of biodiversity and ecosystems: compliance with this criterion requires an environmental impact assessment or equivalent analysis. In adopting a prudential approach, as the Group has not yet implemented a similar, detailed analysis, it considers this activity as non-compliant with this criterion.

Activity 6.5 - Transportation by motorcycles, passenger cars and light commercial vehicles

Substantial contribution to climate change mitigation

Expenditures incurred for the purchase and leasing of Euro V and Euro VI vehicles only count towards the climate mitigation contribution criteria if the vehicles comply with the emissions limit of 50 grams of CO_2 per kilometre. In the Group's vehicle fleet, this parameter is met exclusively by fully electric vehicles, which represent a limited share of the corporate fleet.

Do no significant harm (DNSH)

For this activity, Annex I of the Climate Delegated Act provides DNSH criteria for three environmental objectives:

- **Adaptation to climate change**: an analysis of vulnerability to chronic and acute physical climate risks that may impact the activity is required. Since this analysis is the responsibility of the vehicle manufacturers and no information is available in this regard, the Group has adopted a conservative approach, considering its activity to be non-compliant with this criterion.
- **Transition to a circular economy**: vehicles must observe certain reuse and recycling requirements, and there must also be waste management measures for their use and end-of-life phases. Since no specific information was available from the

manufacturers, the Group has adopted a conservative approach, considering the criterion not to be met.

- **Pollution prevention and reduction**: The regulation requires vehicles to comply with certain parameters in terms of emissions, approval and efficiency. In this case, the vehicles in the Group's fleet are compliant, as they meet the European regulations currently in force.

Activity 7.6 - Installation, maintenance, and repair of renewable energy technologies

Substantial contribution to climate change mitigation

The companies Gervasoni and Cubo Design made investments for the installation and maintenance of renewable energy technologies, which comply with the requirements of Article 9 of the Decree of the Ministry of Economy and Finance of 19 February 2007. Compliance was certified through a technical affidavit, allowing the activity to be considered in line with the criteria of substantial contribution to climate mitigation.

Do no significant harm (DNSH)

The only DNSH criterion for activity 7.6 concerns **adaptation to climate change**, which requires an analysis of the vulnerability to chronic and acute physical climatic hazards. Since these analyses have not yet been carried out by Group companies, the DNSH criterion has not been met.

Minimum safeguards

With regard to the minimum safeguard clauses, compliance with the criteria was assessed on the basis of Art. 18 of Regulation 852/2020 and the "Final Report on Minimum Safeguard Clauses" published in October 2022 by the Platform on Sustainable Finance (PSF), the advisory body set up by the European Commission to coordinate the development and implementation of the EU Taxonomy, as last supplemented on 27 June 2023. The analysis then focused on investigating how the Dexelance Group ensures compliance with the OECD Guidelines for Multinational Enterprises and the United

Nations Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the eight core conventions identified in the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Dexelance is committed to ensuring equal opportunities, respect for human rights, and combating discrimination as further specified in Sections “People management” in chapter “Social Information”.

Furthermore, the Group demonstrates compliance with the “do no significant harm” principle, as defined in SFDR, Article 2, point 17, by addressing the issue of the gender pay gap and gender diversity in governance bodies and disclosing the respective indicators within the Sustainability Statement.

However, while acting in full compliance with Italian and European legislation on tax, competition, corruption, and respect for human rights, the Group considered, on a conservative and prudent basis, that compliance with the minimum safeguards has not been fully met. Dexelance is committed to reinforcing its monitoring of these issues over time through the formalisation of ad hoc procedures and policies, including the Code of Ethics, the Whistleblowing Procedure and Channel, a transversal tool with which the Group has equipped itself to monitor possible conflicts with its values and organisation.

INDICATORS

Below are the KPIs required by Article 8 of the EU Taxonomy Regulation and detailed in the dedicated Delegated Regulation on Article 8 (hereinafter also referred to as the “Disclosure Delegated Act”).

This paragraph summarises the assumptions and methodologies used to calculate the regulatory required KPIs (Turnover, CapEx, OpEx), based on the Annexes to the Disclosure Delegated Act[17] by categorising the information according to eligible and possibly aligned activities. For each KPI, there is a discussion of its calculation methodology, its structure in relation to the different activities of the EU Taxonomy, and the process used to quantify

[17] Delegated Regulation (EU) 2021/2178

the items included in the numerator. In accordance with the Regulation, the analysis excludes intercompany items from the calculation of the indicators. The processing of the indicators involved the Group's administrative and accounting departments, which, on the basis of the information contained in Annex 1 to Delegated Act 2178/2021, identified the accounting items to be associated with the different KPIs, based on items in the consolidated financial statements as of December 31, 2024. Regarding to the requirements specified in Section 1.1.2.2 of Annex 1 to the Disclosure Delegated Act, for a plan to expand Taxonomy-aligned economic activities or to allow eligible economic activities to be aligned with the Taxonomy, it is hereby clarified that the two KPIs of CapEx and OpEx do not include any elements concerning such considerations.[18]

Turnover

In accordance with the Disclosure Delegated Act, the Turnover KPI has been calculated as the ratio of the part of the net revenue obtained from the sale of products or services, tangible or intangible, associated with Taxonomy-aligned economic activities (the numerator) and Group net revenue (the denominator). In accordance with IAS 1.82(a) quoted in the Regulation, any revenue item generated by the sale of intercompany products was excluded from the KPI's calculation to avoid double counting. As a result, the denominator of the Turnover KPI corresponds to the item "Revenue" in the consolidated income statement and is equal to EUR 324,384 thousand.[19] With reference to the numerator of the Turnover KPI, the Group considered the share of revenue included in the denominator that refers to Taxonomy-eligible and/or aligned economic activities. Specifically, for the quantification of the Group's admissible revenues, precise figures were extracted from the companies in the scope of the consolidation in relation to the following economic activity: 3.5 Manufacture of energy efficiency devices for buildings.

CapEx

[18] It should be noted that, as the gas and nuclear sector activities covered by the Complementary Delegated Act (Delegated Regulation 2022/1214) were not eligible, the relevant tables are not published.

[19] For more details, please refer to the section "Revenues from sales and services" in the Explanatory Notes to the Consolidated Financial Statements ended 31 December 2024.

Under the Regulation, the calculation of the denominator of the CapEx KPI must include increases to tangible and intangible assets, including those arising from business combinations, considered before depreciations, amortisations, write-downs, and any revaluation, including those arising from restatements and impairments, excluding changes in fair value. In accordance with Annex I to the Delegated Act 2021/4987, the denominator of the CapEx KPI was calculated using the increases recorded during the 2024 financial year and reported in Note 3 – Tangible assets, Note 1 - Intangible Assets, and Note 2 - Right of Use, excluding goodwill. On the basis of these considerations, the denominator of the CapEx KPI was EUR 7,924 thousand, whose composition is itemised below with reference to the asset categories mentioned:

- Intangible assets with a finite useful life: EUR 895 thousand;
- Tangible assets: EUR 7,029 thousand;
- Recording of usage rights: EUR 7,791 thousand.

As defined in Section 1.1.2.2 of Annex I to the Disclosure Delegated Act., the numerator of the CapEx KPI is the proportion of investments considered in the denominator involving: (i) assets or processes associated with Taxonomy-aligned economic activities, and/or (ii) the purchase of products resulting from Taxonomy-aligned economic activities and individual measures that enable target activities to achieve low carbon emissions of greenhouse gas reductions.

To quantify the eligible investments, the Group carried out a detailed analysis of asset movements on the basis of individual company data within the scope of consolidation.

The numbers extracted concern activities that are related to purchases of activities eligible for the Taxonomy: i) 6.5 Transport by motorbikes, cars and light commercial vehicles, and ii) 7.6 Installation, maintenance and repair of renewable energy technologies.

OpEx

For the calculation of OpEx KPI, the Group's chart of accounts was carefully analysed to identify those cost items that fall within the categories defined in Annex I to the Disclosure Delegated Act, which are the following:

- Uncapitalised research and development,
- Short-term leases,
- Maintenance & repairs,
- Day to Day servicing of assets.

With reference to the European Commission Communication (2022/C 385/01), specifically to FAQ no. 12, the expenses incurred by Group for cleaning assets were included in the calculation of the denominator with reference to the category "any other direct expenditure related to the daily maintenance of property, plant and equipment". Based on these considerations, the denominator of OpEx KPI was EUR 3,648 thousand. In accordance with the methodology used to quantify the numerator of the CapEx KPI, the analysis of the OpEx KPI numerator considered the expenses incurred by the Group as defined in the denominator associated with (i) assets or processes associated with Taxonomy-aligned economic activities, and/or (ii) the purchase of products resulting from Taxonomy-aligned economic activities and individual measures that enable target activities to achieve low carbon emissions of greenhouse gas reductions. Based on the eligible assets, the numerators were extracted and allocated to the numerator from the data of the individual companies within the scope of consolidation. The activities included in the numerator of the OpEx KPI are: i) 3.5) Manufacture of energy efficiency devices for buildings, ii) 6.5) Transport by motorbikes, cars and light commercial vehicles.

Legend

For the purposes of tabular representation, the following legend applies:

climate change mitigation: CCM (Climate Change Mitigation); adaptation to climate change: CCA (Climate Change Adaptation); Sustainable use and protection of water and

marine resources; WTR (Sustainable use and protection of water and marine resources); transition to a circular economy: CE (Transition to a circular economy); pollution prevention and reduction: PPC (Pollution Prevention and Control); protection and restoration of biodiversity and ecosystems: BIO (Protection and restoration of biodiversity and ecosystems); Minimum safeguards: MS (Minimum Safeguards).

Yes - the activity is eligible for, and aligned with, the Taxonomy with respect to the relevant environmental objective. No - the activity is eligible for, but not aligned with, the Taxonomy with respect to the relevant environmental objective. N/A - Not applicable; technical screening criteria not listed in the Regulation. The following legend applies when reading the eligibility section: AM - Taxonomy-eligible activity for the relevant objective. N/AM - activity not eligible for the Taxonomy for the relevant objective. N/A - Not applicable.

Financial Year	2024			Criteria for substantial contribution						DNSH (Do no significant harm) criteria										
Economic activities	Code	Revenue	Share of Revenues	CCM	CCA	WTR	CE	PPC	BIO	CCM	CCA	WTR	CE	PPC	BIO	Minimum safeguards	Share of Taxonomy-aligned (A.1.) or Taxonomy-	Category of enabling activity	Category of transition activities	Category of transition activities
		EUR	%	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**No**	**No**	**No**	**No**	**No**	**No**	**No**	**0%**			
Of which enabling		**0**	**0.0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**No**	**No**	**No**	**No**	**No**	**No**	**No**	**0%**			
Of which transitional		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**											
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities)																				
Manufacture of energy efficiency devices	CCM 3.5	26,305,576	8.1%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								9.88%			
Turnover from taxonomy-eligible but non-environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		**26,305,576**	**8.1%**	**8.1%**	**0.0%**	**0%**	**0%**	**0%**	**0%**								10.04%			
A. Turnover from taxonomy-eligible activities (A.1+A.2)		**26,305,576**	**8.1%**	**8.1%**	**0%**	**0%**	**0%**	**0%**	**0%**								10.04%			
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																				
Turnover from activities not eligible for taxonomy		298,078,318	91.9%																	
TOTAL		**324,383,895**	**100%**																	

Objective	**Revenue share/Total revenue**	
	Aligned with the Taxonomy by objective	**Eligible for the Taxonomy by objective**
CCM	0%	8.1%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Financial Year	2024			Criteria for substantial contribution						DNSH (Do no significant harm) criteria									
Economic activities	**Code**	**CapEx**	**Share of CapEx**	**CCM**	**CCA**	**WTR**	**CE**	**PPC**	**BIO**	**CCM**	**CCA**	**WTR**	**CE**	**PPC**	**BIO**	**Minimum safeguards**	**Share of Taxonomy-aligned (A.1.) or Taxonomy-**	**Qualifying act**	**Transition act**
		EUR	%	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0 %**	**0.0 %**	**0%**	**0%**	**0%**	**0%**	**0%**	**No**	**No**	**No**	**No**	**No**	**No**	**No**	**0%**		
Of which enabling		**0**	**0.0 %**	**0.0 %**	**0%**	**0%**	**0%**	**0%**	**0%**	**No**	**No**	**No**	**No**	**No**	**No**	**No**	**0%**		
Of which transitional		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**										
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities)																			
Transportation by motorcycles, passenger cars and light commercial vehicles	CCM 6.5	218,142	1,4 %	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.09%		
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	140,195.00	0,9 %	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.12%		
CapEx from Taxonomy-eligible but non-environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		**358,337**	**2,3 %**	**2,3 %**	**0%**	**0%**	**0%**	**0%**	**0%**								0.88%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**358,337**	**2,3 %**	**2,3 %**	**0.0 %**	**0%**	**0%**	**0%**	**0%**								0.88%		

B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY

CapEx of non-taxonomy-eligible activities	15,357,460	97.7%
TOTAL	**15,715,797**	**100%**

Financial Year	2024	Criteria for substantial contribution	DNSH (Do no significant harm) criteria				

Economic activities	Code	OpEx	Share of OpEx	CCM	CCA	WTR	CE	PPC	BIO	CCM	CCA	WTR	CE	PPC	BIO	Minimum safeguards	Share of Taxonomy-aligned (A.1.) or	Category of enabling activity	Category of transition activities
		EUR	%	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Operational expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0%**	**0.0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**No**	**No**	**No**	**No**	**No**	**No**	**No**	**0%**	**-**	**-**
Of which enabling		**0**	**0.0%**	**0.0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**No**	**No**	**No**	**No**	**No**	**No**	**No**	**0%**	**-**	**-**
Of which transitional		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**									**-**	**-**
A.2. Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities)																			
				AM; N/AM	AM; N/AM	AM; N/AM	AM; N/AM	AM; N/AM	AM; N/AM										
Manufacture of energy efficiency devices for buildings	CCM 3.5	384,603	10.5%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								**10.31%**		
Transportation by motorcycles, passenger cars and light commercial vehicles	CCM 6.5	154,839	4.2%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								**3.79%**		
Operational expenditure of activities eligible for taxonomy but not environmentally sustainable (non-taxonomy aligned activities) (A.2)		**539,442**	**14.8%**	**14.8%**	**0%**	**0%**	**0%**	**0%**	**0%**								**19.12%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**539,442**	**14.8%**	**14.8%**	**0%**	**0%**	**0%**	**0%**	**0%**								**19.12%**		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
Operational expenditure of non-taxonomy-eligible activities		3,109,156	85.2%																
TOTAL		**3,648,598**	**100%**																

Nuclear and fossil gas related activities

The Group does not engage in activities related to nuclear energy and fossil gases.

Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Circular economy

IMPACT AND RISKS		Value chain	Time horizon
Product use	Impact	Downstream	Short-term
Consumption and depletion of raw materials	Impact	Upstream	Short-term
Impact on environmental quality due to waste generation	Impact	Own operation	Medium-/long-term
Impact on environmental quality due to waste generation	Impact	Upstream	Medium-/long-term
End-of-life environmental impacts	Impact	Downstream	Medium-/long-term
Dependence on key raw materials	Risk	Upstream	Medium-term
Incorrect waste management	Risk	Own operation	Medium-/long-term

Dexelance recognises the importance of a more sustainable production and consumption model based on the principles of the circular economy. By formalising internal awareness initiatives, Dexelance aims to strengthen a circular corporate culture in the coming years, with the goal of minimising its environmental impact throughout the value chain.

[ESRS 2 IRO-1] Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities. The approach for determining impacts, risks and opportunities and the list of IROs on climate change factors considered relevant can be found in the section "Dexelance double materiality" in the "General Information – basis for preparation" chapter. The Group recognises that its activities generate environmental impacts related to the use of resources and waste management, with particular reference to waste from leather, textiles, paints, plastics and other raw materials purchased from suppliers, such as timber, plastics, paper, metals, minerals, textiles and leather.

In the identification phase of IROs related to the circular economy, an analysis of company resources (buildings, facilities, plants, machinery, and raw materials) and activities conducted (production processes, resource consumption and utilisation, waste generation and management) was conducted to identify impacts, risks and opportunities related to resource use and the circular economy, including the assessment of natural resource and material utilisation, energy efficiency and waste management. By analysing

the life cycle of products and their design, it was also possible to examine the amount of resources used and discarded, identifying their impacts, risks and opportunities, including related dependencies.

For the analysis, an approach was adopted based on direct and in-depth dialogue with the production managers of the individual subsidiaries through ad hoc meetings. This method made it possible to capitalise on their specific know-how and to collect factual data directly from their operations, thereby ensuring a formulation that is consistent with the Group's operations. Based on the information obtained, impacts, risks and opportunities (IROs) were identified, although consultations with affected communities were not conducted.

[E5-1] Policies related to resource use and circular economy [E5-2] Actions and resources related to resource use and circular economy [E5-3] Targets related to resource use and circular economy. Dexelance recognises the relevance of the circular economy as part of its sustainable and responsible growth path. In line with the Group's sustainability principles, a number of actions have been identified for possible implementation to promote the concepts of circularity among subsidiaries, with the aim of optimising the use of resources, reducing waste and encouraging the reuse of materials throughout the entire life cycle of products. During this reporting year, the Group did not adopt any policies or implement any specific actions. However, starting in the second half of 2025, Dexelance plans to launch the dissemination of Environmental Corporate Culture principles in the subsidiaries to improve the sustainability of offices and warehouses and increasingly reduce the environmental impact of operations. These actions are part of a path of awareness-raising and involvement of the various corporate offices to spread a mentality focused on circularity and the conscious use of resources, both within its own operations and when participating in trade fairs, various exhibitions and events. The Group is also committed to supporting and promoting initiatives that will be developed and implemented within its subsidiaries to reduce the impact of the materials used in the design of products, as well as the packaging used for their sale.

Materials and waste

[E5-4] Resource inflows. Dexelance places quality at the heart of its business, using a rigorous selection of raw materials, mostly from Italian suppliers, to guarantee the excellence and reputation of “Made in Italy”.

The variety and complexity of the Group's businesses are reflected in the diversification of the materials used and the processing techniques adopted. The production processes vary accordingly: from carpentry to painting with ecological finishes, from handcrafted upholstery to advanced lighting design. The integration of traditional techniques and modern technologies meets market demands with customised, high quality solutions.

Only some of the Group's companies use water in their production processes: in the spray booths, to reduce dust in carpentry and painting activities, and in the cutting processes of some inert materials for the “Kitchen & Systems” strategic business area. The water comes from the municipal aqueduct, with the exception of Cubo Design, which is supplied by the reclamation consortium connected to the Tordino river.

Overall, different materials are used, but no critical raw materials or rare earth materials are used in the various processes. Each company in the Group adopts specific criteria: Gervasoni, Cenacchi, Modar and Cubo Design, for example, combine wood with innovative materials to produce furniture and accessories, and they have obtained FSC® certification; Meridiani and Saba have introduced the use of natural and recycled materials; Gamma Arredamenti stands out for its selection of LWG-certified leather. In the lighting sector, Davide Groppi implements efficient solutions in view of the new European Eco-Design Regulation, while Flexalighting, focusing on LED technology, optimises design and assembly while limiting material consumption. In general, furniture producers such as Gervasoni, Meridiani, Saba, and Gamma Arredamenti predominantly use wood, textiles, plastics, and metals. Cenacchi and Modar, in the “Luxury Contract” operating segment, while being continuously subject to variations in the type of raw materials used in their products due to the nature of their business, consume mainly wood, glass and metals. The ’Lighting’ business area uses mainly metals and glass and,

finally, Cubo Design, belonging to the 'Kitchen & Systems' strategic business area, uses wood, metals, plastics, glues and paints.

As regards packaging, the Group companies use mainly wood, paper and cardboard, and, to a lesser extent, plastic. In particular, the "Luxury Contract" operating segment uses mostly wood, while the "Furniture", "Lighting" and "Kitchen & Systems" SBAs make greater use of paper and cardboard. Some companies, such as Davide Groppi, have also initiated projects to replace single-use plastic packaging with reusable solutions (e.g. reusable blister packs) to reduce waste and limit the use of non-recyclable materials.

Although wood is the most widely used material, it is divided into two categories: 54% of the total material is in the form of wood panels, a material deriving from a secondary reuse of virgin wood (mainly in the form of MDF or chipboard), while only 3% is virgin wood. It is specified that, although the Group has made a reasonable effort, the percentage of products sourced sustainably and therefore covered by a certification scheme is not available for the reporting year in question.

Below is a representation of the materials used by the Group broken down by technical and biological materials:

Materials used to manufacture products and offer services *ton2024*			
	Technical Materials	**Biological materials**	**Total**
Virgin wood		738.75	**738.75**
Processed wood (panels)		12,878.82	**12,878.82**
Metals	4,395		**4,395**
Inert Materials	1,806.93		**1,806.93**
Glass	1,051.93		**1,051.93**
Electrical and electronic equipment	708.31		**708.31**
Plastic	683.34		**683.34**
Paper and cardboard		610.98	**610.98**
Textiles		235.91	**235.91**
Skins		151.39	**151.39**
Down feather		83.26	**83.26**
Other	552.94		**552.94**
Total	**9,198.46**	**14,699.11**	**23,897,57**
Percentage	**38%**	**62%**	**100%**

The company does not currently have a process that allows for the verifiability of the weight, in absolute value or as a percentage, of reused or recycled secondary components and intermediate secondary products and materials used by the company for its products and services.

The materials were classified into macro-categories, as illustrated in the table, according to the following criteria:

- **Inert materials**: include stone, marble, selenite, graphite, lime, gypsum, rock wool, mica, bone, stucco, gress, ceramics, cement and plasterboard.
- **Electrical and electronic equipment**: include LEDs, LED drivers, cables, small electrical parts, lighting accessories, hoods, dishwashers, washing machines, microwaves, electrified lighting rails, connectors, lamps, electrical components, magnets, electronic boards, power supplies, chips, batteries and signs.
- **Other**: includes lamp mounts, acetone, velcro adhesives, wax, thinners, abrasive polish, anti-rust sprays, paints, glues, kitchen accessories, grooves, straps, ropes, various furniture items, adhesives, mattresses and upholstery.
- **Wood**: a distinction is made between processed wood, which mainly includes wood panels, as previously described, and virgin wood.
- **Metals**: include brass, steel and iron.

Supplies for offices or showrooms for foreign subsidiaries were excluded, with the exception of Flexalighting North America, the only foreign production company.

The database and methodology used for the calculation are in line with the GHG report and inventory that was verified by an accredited third party (Bureau Veritas) conducted according to the principles and requirements of ISO 14064, with a GHG statement confidence level of Mixed Engagement, i.e. reasonable for direct and indirect electricity emissions and AUP (Agreed Upon Procedures) for other indirect emissions (Scope 3).

For the quantification of materials, a methodological ranking was adopted, which involved: using weight data communicated directly by the company; calculating weight by sampling certain flows, with conversion factors (from economic to physical data) to be applied to similar materials; converting economic data into physical units using specific

conversion factors in €/tonne, derived from the Exiobase database v3.3.18 (version of 23/03/2023).

[E5-5] Resource outflows

Dexelance mainly produces furniture products, such as sofas, chairs, tables, kitchen items and lamps (as stated in the section "Sustainability strategy" in the chapter "General information – basis for preparation"). Although the company has not yet developed a formal assessment of the durability, reparability and recyclable content rate of its products, it plans to carry out more in-depth analyses in the future to optimise the use of resources and promote a more circular life cycle of its products. Dexelance is nevertheless committed to integrating circular principles into its production process. In fact, principles of durability and repairability are already taken into account in product research, development and design. In particular, materials are selected that guarantee a long service life and the product is designed in such a way as to facilitate disassembly, allowing the different components to be easily recovered and only those that do not work to be repaired.

Waste

For the year 2024, Dexelance reports that 3,424,645 kg of total waste was generated from its operations, of which 61,551.11 kg was hazardous waste and 3,363,094.34 kg was non-hazardous waste. Of the total, 3,251,303 kg went to recovery, while 173,343 kg went to disposal. All waste produced was not recycled (0%) and the Group does not produce radioactive waste.

Waste not destined for disposal			
	Hazardous waste	**Non-hazardous waste**	**Total**
Incineration (R1)	-	-	
Preparation for re-use (P)	-	-	
Recycling (R3, R4, R5)	.	.	
Other recovery operations (R12, R13)	7,218.11	3,244,084.64	**3,251,302.76**
Total	**7,218.11**	**3,244,084.64**	**3,251,302.76**

Waste for disposal			
	Hazardous waste	**Non-hazardous waste**	**Total**
Incineration (D10, D11)	-	-	
Waste for disposal in a landfill (D1, D2, D3, D5)	-	-	
Other disposal operations (D4, D8, D9, D13, D14, D15)	54,333.00	119,009.70	**173,342.70**
Total	**54,333.00**	**119,009.70**	**173,342.70**

In 2024, the waste produced by Dexelance came mainly from wood waste, mixed packaging (plastic, paper, metal and wood), waste paints and varnishes, used mineral oil for engines and gears, printer toner, chips, glass and mirrors, as well as bulky waste and insulation materials containing hazardous substances. These wastes are the result of industrial, production and maintenance activities at the facilities. Materials in the waste include wood, plastic, metals (aluminium, iron and steel), paper, paints, mineral oils, textiles, and hazardous chemicals, which are separated and managed in accordance with environmental regulations for their proper disposal.

Dexelance uses a methodology based on direct measurements and point calculations to determine data on the waste generated, avoiding estimates whenever possible. Waste is categorised according to EWC codes to distinguish between hazardous and non-hazardous waste. The criteria used for classification follow current regulations.

Social Information – ESRS S1

Information on social impacts, risks and opportunities

IMPACT AND RISKS		Value chain	Time horizon
Failure to protect the welfare of employees	Impact	Own operation	Short-term
Negative impact on employee health and safety	Impact	Own operation	Short-term
Lack of competence development of employees	Impact	Own operation	Short-term
Accidents at work or occupational diseases	Risk	Own operation	Medium-term
Dependence on key figures	Risk	Own operation	Short-term

[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model. All employees of Dexelance, on whom there could be a material impact, are included within the scope of disclosure under ESRS 2. The impacts identified by the Group, such as those related to the wellbeing of its own workers (hereinafter also referred to as "employees"), occupational safety and skills development, are in fact generalised and transversal in nature and concern the entire workforce, independently of other factors.

The Dexelance workforce subject to significant impacts as a result of its operations is mainly composed of employees with permanent contracts, who are employed in the internal production phases of the subsidiaries, mainly in Italy, in product sales and business support and coordination roles. A small part of the Group's workforce consists of non-employees, such as temporary workers, mainly involved in production, and trainees.

The risk of workplace accidents or occupational illnesses is closely linked to the impact generated by the Group's specific operations. The diversity and peculiarities of operations, which include the handling and processing, in some subsidiaries, of potentially hazardous chemicals (such as paints, waterproofing agents and waxes), create a direct dependency due to employee exposure to these substances. This impact on

workers' health is the primary cause of the risk, as working conditions that do not guarantee adequate protection and prevention measures can amplify the risk of accidents, occupational illnesses and related economic and reputational costs for the Group.

However, the Group already has some prevention measures in place, such as insurance coverage for workplace accidents and occupational illnesses. For more information, please refer to the specific section "Cost for services and use of third-party assets" in the Explanatory Notes to the Consolidated Financial Statements ended 31 December 2024.

Furthermore, regarding to the risk of dependence on key figures, please note that the Group has adopted long-term incentive plans for top management, including the CEO and Executive Director, aimed both at incentivising the beneficiaries to pursue the Group's objectives and at increasing loyalty with a view to their retention. For further information, please refer to the section "Significant events during the financial year" regarding the medium- to long-term monetary incentive plan in the Explanatory Notes to the Consolidated Financial Statements ended 31 December 2024.

In addition, within Dexelance's own operations, no cases or situations of serious risk of forced, compulsory or child labour were identified, either in relation to specific types of operations, such as production facilities, or in particular countries or geographical areas.

Regarding to the assessment of the significance of impacts on its own workforce, Dexelance confirms that it has not identified types of workers with particular characteristics, working in specific contexts or engaged in particular activities, who may be more exposed to risks than the rest of the workforce.

Moreover, the relevant risks identified in relation to impacts and dependencies in terms of employees do not concern specific groups of people, such as particular age groups or workers in certain geographical areas, but instead affect the entire workforce of the company, across the board.

People Management

[S1-1] Policies related to own workforce

Currently, guidelines on the treatment of employees are outlined in Dexelance's Code of Ethics, which is the official document establishing ethical commitments and responsibilities in the conduct of company business. The Code clearly defines the values and principles that Dexelance recognises as essential elements of its mission, corporate culture and business model. It promotes respect for workers' rights and the creation of a safe and respectful working environment. It also provides a framework to guide the company's ethical behaviour, ensuring that all activities are conducted in accordance with the principles of fairness, dignity and well-being. Dexelance has not adopted a specific policy on workforce management. However, aware of the importance of this issue and in line with its commitment to the protection and well-being of workers, the Group has envisaged, as part of its corporate strategic guidelines set forth in the Group's ESG Manifesto and 2025-2027 Business Plan, the introduction of Group policies on diversity and inclusion and human rights, and corporate welfare and well-being, as well as the introduction of a Group Working Hours Policy.

[S1-2] Processes for engaging with own workers and workers' representatives about impacts

At the moment, the Dexelance Group has not adopted a structured process of engagement with these stakeholders but, as part of future initiatives, it plans to increase opportunities for employee involvement, both through corporate communication channels and Group initiatives, with the aim of establishing an open and constructive dialogue.

[S1-3] Processes to remediate negative impacts and channels for own workers to raise concerns

The Dexelance Group has adopted a process for managing reports, also in anonymous form, to prevent the occurrence of offences, irregularities or conducts that do not comply with the Code of Ethics, the Organisation, Management and Control Model pursuant to

Legislative Decree No. 231/2001, company procedures and applicable regulations. The process enables the reporting of any significant negative impacts affecting the workforce, ensuring the timely assessment of reports and, if necessary, the adoption of corrective measures to remedy identified impacts. The effectiveness of remedial actions is monitored through regular audits and dedicated reports.

For the management of reports, Dexelance uses a dedicated IT platform, accessible via the official website, in full compliance with the General Data Protection Regulation (GDPR). This platform provides a channel through which employees can communicate their concerns, even anonymously. The Group promotes the use of these channels through the dissemination of ad hoc company policies, such as the Code of Ethics and the Whistleblowing Procedure.

Group companies independently adopt reporting management systems that are available on their respective company websites, thus providing simple and direct access in all areas of operations. To ensure the effectiveness of these tools, Dexelance constantly monitors the issues raised and evaluates the results obtained, involving the Group CFO in all communications.

Finally, the Group has implemented specific measures to protect employees who make use of these channels from retaliation, as required by internal policies and regulations. On average, twice a year, as was also the case during this reporting year, training and refresher courses are provided to the senior management of all Group companies to strengthen staff awareness of possible offences, the reporting procedures available and their importance for the protection of the work environment.

[S1-4] Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions. During 2024, no specific actions were implemented to mitigate the negative impacts on the workforce. However, the Group manages impacts through the application of procedures and policies that comply with current regulations, ensuring safe and decent working conditions. In particular, measures are taken to avoid

situations of stress and fatigue due to unbalanced working hours and to ensure adequate salaries that promote a proper work-life balance.

However, in line with the commitments linked to the strategic guidelines approved this year, the main measures planned for the next few years include, in addition to the introduction of Group policies on diversity and inclusion, human rights, corporate welfare and well-being, the activation of ongoing welfare programmes by all Group subsidiaries.

To facilitate the successful integration of new human resources, Dexelance also plans to define a set of guidelines, to be used by all subsidiaries, for the onboarding of new employees. This tool will support welcoming new hires and professional growth, facilitating a sense of belonging and alignment with the Group's corporate culture.

Finally, Dexelance aims to intensify its employer branding activities by strengthening and launching new initiatives in the region, by increasing opportunities for school-to-work alternation, already occasionally offered by Group companies, and by targeted collaborations with training institutions.

The active involvement of internal stakeholders, including the Central Sustainability Team, central management, and the ESG Ambassadors, as well as interactions with a number of educational institutions were instrumental in shaping these initiatives. Performance is monitored by means of surveys, membership analysis and periodic feedback, with possible revisions of strategies in the event of deviations from the established targets.

[S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities. Dexelance did not set quantitative targets in 2024. However, within the current Business Plan, a set of strategic initiatives and actions with respective targets have been planned for implementation over the 2025-2027 three-year period to promote a healthy, inclusive and sustainable working environment.

Characteristics of the Group's people

[S1-6] Characteristics of the undertaking's employees

All employees of the Dexelance Group are included in the scope of the reported information. The tables below provide a detailed overview of the Group's workforce (total number of people), broken down by gender, country and contract type, also reported in the section "Staff costs" in the "Explanatory Notes to the Consolidated Financial Statements as at 31 December 2024", albeit with reference to the average number of employees during the reporting period rather than the exact figure as at 31 December as shown here. In addition, the outgoing turnover for the year 2024 is reported.

Total number of employees (headcount) by country				
Number of people	as of 31 December 2024			
	Udm	Men	Women	Total
Italy	no.	440	341	**781**
UK	no.	1	1	**2**
China	no.	1	7	**8**
USA	no.	7	9	**16**
Canada	no.	10	8	**18**
Total	no.	**459**	**366**	**825**

More than 97% of the workforce (806 employees) are on permanent contracts.

Total number of employees (headcount) by contract type and gender				
Number of people	as of 31 December 2024			
	Udm	Men	Women	Total
		459	**366**	**825**
Permanent	no.	453	353	**806**
Temporary	no.	6	13	**19**
Shifting schedule	no.	-	-	-
Full-time	no.	454	331	**785**
Part-time	no.	5	35	**40**

Number (headcount) and rate of employee turnover				
Number of persons and rate	2024			
	Udm	Men	Women	Total
Employees who left the Group	**no.**	43	32	**75**
Turnover rate	**%**	9.4%	8.7%	9.1%

Turnover rate is calculated as the number of employees who have left the Group, either voluntarily or involuntarily, as the ratio between the employees who have left and the total number of employees by gender as at December 31, 2024.

[S1-7] Characteristics of non-employees in the undertaking's own workforce

The table below provides the total number of non-employee workers of the Dexelance Group, broken down by gender as at 31 December 2024.

Total number of non-employees in own workforce (headcount)				
Number of people	as of 31 December 2024			
	Udm	Men	Women	Total
Total	no.	134	10	**144**

Diversity, inclusion, and equal opportunities

[S1-9] Diversity metrics

The tables below present the diversity metrics within the Dexelance Group, highlighting the number of managers by gender and the distribution of total employees by age group.

Total number of top management				
Number of people	as of 31 December 2024			
	Udm	Men	Women	Total
Number of senior managers	no.	4	3	**7**
Percentage	**%**	**57%**	**43%**	**100%**

Total number of employees by age group					
Number of people	as of 31 December 2024				
	Udm	< 30	30-50	> 50	Total
Number of employees	no.	92	454	279	**825**
Percentage	**%**	**11%**	**55%**	**34%**	**100%**

[S1-10] Adequate wages

All employees of the Dexelance Group receive an adequate salary in line with the applicable benchmarks. Dexelance defines the salaries of its workforce in accordance with the reference parameters applicable in the various countries in which it operates. In Italy, salaries are in line with the sector's National Collective Labour Agreement (CCNL). In non-EU countries, the salary level is determined by local legislation, ensuring that it complies with current regulations and is adequate in relation to local standards.

[S1-16] Compensation metrics (pay gap and total compensation)

The gender pay gap indicates the difference between the average wage levels paid to female and male workers. In this respect, the data in the table “Gender pay gap” shows the average gross pay of all employees of the Dexelance Group. These data provide a clear

view of the average total remuneration within the workforce, which reveals a pay gap between female and male genders of 14%.[20]

In parallel, the second table shows the total annual pay ratio. This ratio measures the difference between the person receiving the highest pay and the median pay of all employees, excluding the person with the highest pay.

Both indicators are based on the same method of calculating Gross Annual Remuneration (GAR), which includes the annual basic salary, cash bonuses (performance-based bonuses and economic incentives), and fringe benefits (non-monetary benefits such as a company car, meal vouchers, health insurance, and other additional benefits).

Gender pay gap				
Euro	As of 31 December 2024			
	Udm	Men	Women	%
Average gross hourly pay of all employees	€	30.07	25.77	**14%**

Annual total remuneration ratio		
Euro	Udm	as of 31 December 2024
Total annual salary of the highest paid person	€	293,413.35
Median annual total remuneration of all employees in the organisation excluding the above-mentioned person	€	34,815.17
Annual total remuneration ratio		**8.43**

[S1-17] Incidents, complaints and severe human rights impacts

The data reported concern incidents, complaints and serious impacts on discrimination and human rights within the Dexelance Group. In 2024, the Group recorded no incidents, complaints or serious impacts related to discrimination or human rights violations (forced labour, child labour or human trafficking).

Health and safety

[S1-14] Health and safety metrics

[20] The formula used to calculate the gender pay gap is: (average gross hourly earnings of male employees - average gross hourly earnings of female employees) / average gross hourly earnings of male employees) x 100.

The table below shows the health and safety metrics within the Dexelance Group. This data is provided to offer a transparent view of workplace accidents, reflecting the Group's commitment to ensuring a safe and healthy working environment for all employees.

Workforce covered by management systems according to legal requirements and/or recognised health and safety standards or guidelines				
Number of people	as of 31 December 2024			
	Udm	Employees	Contract employees	Total
Number of employees covered by health and safety management systems	no.	814	110	**924**
% of employees covered by health and safety management systems	**%**	**99%**	**76%**	**95%**

Work-related incidents and ill health - Employees				
	as of 31 December 2024			
	Udm	Employees	Contract employees	Total
Number of deaths due to work-related injuries or illnesses	no.	0	0	**0**
Number of recordable occupational accidents	no.	13	2	**15**
Number of hours worked	no.	1,184,764.22	90,311	**1,275,075**
Recordable work accident rate		**10.97**	**22.14**	**11.76**
Number of cases of work-related illnesses that could be registered	no.	0	0	**0**
Number of days lost due to work-related injuries or illnesses	no.	**634**	**10**	**644**

Training

[S1-13] Training metrics

The table below presents the training metrics within the Dexelance Group, showing the total number of training hours incurred and the average number of hours per employee, broken down by gender.

Average number of training hours per employee and gender							
Training hours	as of 31 December 2024						
	Udm	Total hours - Men	Average hours - Men	Total hours - Women	Average hours - Women	Total training hours	Average hours per employee
Total	no.	**3,899**	8.5	**4,292**	11.7	**8,190**	9.93

The Groups has not yet developed and formalised a performance evaluation system.

Entity-specific information

IMPACT		Value chain	Time horizon
Supporting local communities through charity, cultural and artistic promotion and environmental protection projects	Impact	Downstream	Medium - long term

In the double materiality analysis, Dexelance identified a positive impact in initiatives dedicated to social support, cultural promotion and environmental protection. No specific metrics, policies or targets are currently defined for this issue; however, the Group is constantly engaged in philanthropic and social activities. Through donations and partnerships with non-profit organisations, the Group has contributed to projects for social inclusion, health care, educational development and cultural heritage enhancement. In 2024, the Dexelance Group allocated a total of around EUR 30,000 to social, cultural and environmental initiatives, reinforcing its commitment to local communities and disadvantaged groups.

The Group also contributed to numerous charity auctions and collaborated with non-profit associations such as AVSI, Cooperativa Lavoro and social inclusion, supporting some initiatives of the cooperative 'I Bambini delle Fate S.p.A.', which works on improving the quality of life of children and young people in difficulty. Modar has invested in several solidarity projects, including support for education in disadvantaged contexts, long-distance adoption and participation in charity events aimed at supporting young people and families in vulnerable circumstances. Cenacchi contributed to preventive health and community well-being by supporting a local breast health awareness campaign. Cubo Design has supported the local community with concrete initiatives, including the restoration of historic buildings, the upgrading of rescue equipment and the support of associations dedicated to animal protection. Meridiani has participated in social inclusion projects, contributing to the purchase of means of transport for people with mobility difficulties and supporting educational and care activities for young people and families.

A further sign of being rooted in the territory is the inclusion of members of the local community among the Group's senior managers, favouring a management closer to the

needs of the local area and the people who live there. Through these initiatives, Dexelance continues to strengthen its positive impact, integrating the values of social responsibility into its corporate strategy and contributing concretely to the development of the communities in which it operates. These initiatives testify to Dexelance's willingness to integrate social responsibility into its business model, promoting a positive impact on the local area and contributing to building a more inclusive and sustainable community.

Governance Information – ESRS G1

Information on environmental impacts, risks and opportunities

IMPACT	Current/ Potential	Positive/ Negative	Value chain	Time horizon
Non-compliance with ESG criteria along the supply chain	Potential	Negative	Upstream	Medium-/long-term

[ESRS 2 IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

The approach to determine impacts, risks and opportunities, and the list of IROs related to relevant business conduct and governance, can be found in the section "Dexelance double materiality" in the "General Information" chapter. In the Dexelance Group, an analysis was performed to identify the impacts, risks and opportunities related to the conduct of business, taking into consideration all relevant criteria, including location, activities, sector and structure of the operation. The location of individual subsidiaries was examined to understand the geographical and regulatory specificities that could influence operations. The company's activities, particularly those related to production, distribution and resource management, were analysed to identify potential operational risks and opportunities for optimisation. The sector in which the Group operates was also assessed, considering market trends, emerging technologies and regulations, in order to anticipate changes and seize competitive opportunities. Finally, the Group's governance structure, including business processes and interactions between the different units, was examined to ensure that the entire system was geared towards reducing risks and maximising opportunities for continuous improvement, in line with the principles of sustainability and corporate social responsibility.

[ESRS 2 GOV-1] The role of the administration, supervisory and management bodies

The boards of directors and management are responsible for guiding Dexelance's strategy, integrating the principles of integrity, transparency and accountability into day-

to-day decisions. These bodies are responsible for defining company policies and long-term objectives, ensuring sustainability and compliance with regulations, for monitoring compliance with laws and the Code of Ethics, and for preventing risks and unlawful behaviour. To this end, Dexelance has adopted a Code of Ethics that guides the behaviour of all levels of the organisation, promoting a working environment based on shared values. The control bodies ensure that the Group's operations are in line with legal, ethical and social regulations by continuously monitoring compliance with the Code of Ethics.

The Dexelance's Control, Risk, Related Party Transactions, and Sustainability Committee supports the Board of Directors in defining the guidelines for sustainability, with the support of the Central Sustainability Team as an internal delegated function, and possibly also in collaboration with external professionals appointed on any given occasion, in line with the company's strategies and with a view to promoting and disseminating an appropriate culture in this field across all levels of the organisation.

[G1-1] Corporate culture and business conduct policies Through its Code of Ethics, Dexelance promotes its corporate culture, establishing the principles and rules of conduct that guide the behaviour of all group companies, its employees, contractors, and members of the Board of Directors, as well as influencing relations with business partners and suppliers. It promotes a business model based on integrity, transparency, social responsibility and sustainability, ensuring compliance with national and international regulations and fostering a corporate culture of ethics and legality.

The main contents of the Code cover several areas of business conduct. Integrity and transparency are key principles, with a commitment to fair and honest behaviour in internal and external relations. Social responsibility and respect for human rights are at the heart of the Group's strategy, which is committed to creating a safe, inclusive working environment that respects people's dignity, promoting fair conditions for all workers and combating any form of discrimination, exploitation or abuse.

The Code also includes specific provisions on regulatory compliance, requiring compliance with all applicable laws and sectoral regulations, with a particular emphasis on anti-corruption legislation, financial transparency and personal data protection. Guidelines are

provided to avoid conflicts of interest, stipulating that all business decisions must be made solely in the interest of the company and without undue personal or external influence. Regarding to relations with stakeholders, the Code governs interactions with customers, suppliers, institutions and the community, promoting relations based on mutual trust and respect for ethical rules.

Dexelance constantly monitors issues raised, including possible violations of the Code, also involving the Group CFO in all communications.

The Code of Ethics makes reference to various international regulations and conventions, which define the principles of business ethics and social responsibility, also incorporating references to Legislative Decree No. 231/2001, which governs the vicarious corporate liability of companies for offences committed in their interest or to their advantage.

The Group has adopted a 231 Model and a whistleblowing system to meet its obligations to transparency and preventing wrongdoing. In particular, the whistleblowing system allows employees, collaborators and other stakeholders, both internal and external, to report concerns about conduct that is unlawful or in conflict with the Code or internal regulations. Reports can be made anonymously through internal reporting channels, which are managed by specially designated and trained staff. In the event of a report, the Group will initiate an internal investigation conducted independently and objectively, with the aim of ensuring that each situation is dealt with promptly and impartially.

In relation to anti-corruption, the Group has not adopted policies and procedures that comply with Italian law and international guidelines. By 2025, the Group is committed to drawing up a Group anti-corruption policy, to which all subsidiaries will adhere.

Regardign to the protection of whistleblowers, the Group guarantees protection against retaliation in accordance with the applicable legislation, including Directive (EU) 2019/1937. Measures are in place to protect the anonymity and security of whistleblowers, and staff receiving reports are appropriately trained to handle the information in a secure and confidential manner.

Dexelance also provides regular training to its employees with a programme that includes topics on business conduct, corruption prevention and how to use whistleblowing channels.

The roles most at risk of active and passive corruption are, at the central level and for the subsidiaries, the Management and the Administration, Finance and Control area, as well as the central Investor Relations area and, for subsidiaries, the Procurement and Quality area.

In addition to the Code of Ethics and the procedures in place to handle whistleblowers' reports in accordance with the applicable legislation transposing Directive (EU) 2019/1937, the Group has not adopted any further specific procedures to investigate incidents concerning business conduct, including cases of active and passive bribery, other than those provided for in the applicable legislation. No specific actions, metrics and targets were implemented in 2024. However, the Group is committed to defining actions and initiatives in this regard in the coming years.

[G1-2] Management of relationships with suppliers

The Dexelance Group manages relations with its suppliers according to principles of professionalism, collaboration and transparency, in an awareness of the strategic role they play in the value chain. Particular attention is paid to the geographical origin of suppliers, with a clear preference for collaborations with Italian companies. This choice not only preserves the quality associated with the 'Made in Italy' brand, but it also promotes local economic development, creating a virtuous circle for the communities in which the Group operates and contributing to the reduction of the environmental impact linked to transport.

Suppliers are selected and monitored through procedures, which consider the competence, quality and sustainability of their activities. The aim is to ensure high standards for products, in compliance with current regulations and corporate sustainability commitments. For this reason, the contact persons in the procurement area

of the subsidiaries periodically carry out checks and visits at the sites of the main suppliers.
For companies in the “Luxury Contract” strategic business area, such as Cenacchi and Modar, the selection of suppliers may vary according to specific customer requirements. However, even in these cases, suppliers are subject to the same evaluation criteria, with the obligation to comply with the quality standards defined by the Group and demanded by clients.
Environmental and social sustainability is an essential criterion when choosing suppliers. Four Group companies have already set up supply chains with partners with recognised certifications, such as the Forest Stewardship Council (FSC®) for responsible forest management. In addition, some companies are actively collaborating with suppliers to increase the use and study of recycled or easily recyclable materials.
The commitment of several Group companies also extends to the choice of eco-friendly materials, such as leather from certified tanneries and upholstered materials with environmental labels.
The company has not currently adopted a formal procedure for the management of payments to suppliers and SMEs involved in the supply chain, as the established practice of all subsidiaries is to comply with the payment deadlines for individual contracts, except in exceptional cases where there is a need to open disputes. It should also be noted that it is common practice in subsidiaries, and in the market in general, to establish supply agreements that provide for advance payments for part of the amount, which further reduces the risk of debt exposure to suppliers and SMEs. These practices are also confirmed by the supplier ageing in the Financial Reporting, which shows that past due amounts are historically very low for the Group.

Annex

[IRO-2] Disclosure requirements of the ESRS covered by the Consolidated Sustainability Statement

The Group has considered the phased introduction provisions for disclosure obligations or elements of information for disclosure obligations as outlined in Appendix C of ESRS 1, except for what is provided for S1-7, S1-8, S1-13, and S1-14.

DR	LIST OF DR MATERIALS	Reference page
	ESRS 2 - GENERAL INFORMATION	
BP-1	General basis for preparation of the sustainability statement	17
BP-2	Disclosures in relation to specific circumstances	18
GOV-1	The role of the administrative, management and supervisory bodies	21
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	26
GOV-3	Integration of sustainability-related performance in incentive schemes	27
GOV-4	Statement on due diligence	28
GOV-5	Risk management and internal controls over sustainability reporting	28
SBM-1	Strategy, business model and value chain	30
SBM-2	Interests and views of stakeholders	39
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	42
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	47
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	109
	ESRS E1 - CLIMATE CHANGE	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	59
IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	57
GOV-3	Integration of sustainability-related performance in incentive schemes	28
E1-1	Transition Plan for climate change mitigation	60
E1-2	Policies related to climate change mitigation and adaptation	60
E1-3	Actions and resources in relation to climate change policies	60
E1-4	Targets related to climate change mitigation and adaptation	60
E1-5	Energy consumption and mix	61
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	63
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	66
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
	ESRS E5 - RESOURCE USE AND CIRCULAR ECONOMY	
IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	86

E5-1	Policies related to resource use and circular economy	87
E5-2	Actions and resources related to resource use and circular economy	87
E5-3	Targets related to resource use and circular economy	87
E5-4	Resource inflows	88
E5-5	Resource outflows	91
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Phase-in
	ESRS S1 - OWN WORKFORCE	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	94
S1-1	Policies related to own workforce	96
S1-2	Processes for engaging with own workers and workers' representatives about impacts	96
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	96
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	97
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	99
S1-6	Characteristics of own workforce	99
S1-7	Characteristics of non-employees own workforce	100
S1-9	Diversity metrics	101
S1-10	Adequate wages	101
S1-13	Training metrics and skills development	103
S1-14	Health and safety metrics	103
S1-16	Compensation metrics (pay gap and total compensation)	101
S1-17	Incidents, complaints and severe human rights impacts	102
	ESRS G1 - CONDUCT OF BUSINESS	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	106
GOV-1	The role of the administrative, supervisory and management bodies	107
G1-1	Corporate culture and business conduct policies	107
G1-2	Management of relationships with suppliers	109

[Appendix B] List of information elements under the cross-cutting and thematic principles derived from EU law

The table shows the pages relating exclusively to material ESRS.

DR	Disclosure obligation and corresponding information element	SFDR reference	Third pillar reference	Benchmark regulation reference	EU climate regulation reference	Reference page
ESRS 2 GOV-1	Board's gender diversity paragraph 21 (d)	Annex I, Table 1, Indicator no. 13		Delegated Regulation (EU) 2020/1816, Annex II		24
ESRS 2 GOV-1	Percentage of Board of Directors members who			Delegated Regulation (EU)		22

	are independent paragraph 21 (e)			2020/1816, Annex II		
ESRS 2 GOV-4	Statement on due diligence paragraph 30	Annex I, Table 3, Indicator no. 10				28
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 of Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453(6)Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable
ESRS 2 SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 of Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable
ESRS 2 SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818(7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818(7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Applicable
ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	60
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not Applicable
ESRS E1-4	GHG emission reduction targets paragraph 34	Indicator number 4 of Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		60
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				62

	climate impact sectors) paragraph 38					
ESRS E1-5	Energy consumption and mix paragraph 37	Indicator number 5 of Table #1 of Annex 1				62
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 of Table #1 of Annex 1				63
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		64
ESRS E1-6	Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 of Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		66
ESRS E1-7	GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	67
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phase in
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk			Phase in
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phase in

ESRS E1-9	Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phase in
ESRS E5-5	Non-recycled waste paragraph 37 (d)	Indicator number 13 of Table #2 of Annex 1				92
ESRS E5-5	Hazardous waste and radioactive waste paragraph 39	Indicator number 9 of Table #1 of Annex 1				92
ESRS 2 - SBM3 - S1	Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 of Table #3 of Annex 1				95
ESRS 2 - SBM3 - S1	Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 of Table #3 of Annex 1				95
ESRS S1-1	Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				96
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		96
ESRS S1-1	Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 of Table #3 of Annex 1				96
ESRS S1-1	Workplace accident prevention policy or management system paragraph 23	Indicator number 1 of Table #3 of Annex 1				96
ESRS S1-3	Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 of Table #3 of Annex 1				97
ESRS S1-14	Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Indicator number 2 of Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		103
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 of Table #3 of Annex 1				103
ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		102
ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 of Table #3 of Annex 1				102

ESRS S1-17	Incidents of discrimination paragraph 103 (a)	Indicator number 7 of Table #3 of Annex 1				102
ESRS S1-17	Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		102
ESRS G1-1	United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 of Table #3 of Annex 1				108
ESRS G1-1	Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 of Table #3 of Annex 1				Not Applicable

Main calculation criteria

The methodological indications on how some indicators reported in the Sustainability Statement are calculated are as follows:

<u>*Power consumption*</u>

The Dexelance Group's energy consumption (natural gas, electricity, diesel, gasoline, GPL) was calculated in terms of Megawatts (Mwh). To standardise the different energy carriers, conversion factors were used from the UK Department for Environment, Food & Rural Affairs (DEFRA) table "UK Government GHG Conversion factors for Company Reporting – Fuel properties".

<u>*Climate-altering emissions*</u>

The greenhouse gas emissions (Scope 1, Scope 2 location-based, and Scope 3) were calculated in accordance with ISO 14064 for the year 2024. The certification according to ISO 14064 was issued by Bureau Veritas on 26 February 2025. Scope 2 market-based greenhouse gas emissions in the Reporting were not subject to verification according to ISO 14064.

Direct (Scope 1) and indirect (Scope 2) emissions

Greenhouse gas emissions were calculated in line with the standard ISO 14064.

The following sources for emission factors were used to calculate direct emissions (Scope 1):

• Fuels (natural gas, petrol, diesel): Ecoinvent.

• Refrigerant gases (F-gases): IPCC 2021.

To calculate indirect emissions (Scope 2), electricity consumption was converted according to location-based and market-based approaches, using the following sources for emission factors:

• For the location-based approach, calculated on the basis of the percentage composition of the national mix of each country (Italy, France, the United Kingdom, China, and the United States), the Eco invent emission factors were used;

• For the market-based approach: for European sites, the figure used in Ecoinvent, which is based on the document “European Residual Mixes 2023” published in 2024 by the Association of Issuing Bodies (AIB) was used for 2024 data. For sites located outside the EU, at the time of writing, the Residual Mix emission factors are not publicly available from accredited sources; for this reason, the same emission factors applied according to the location-based methodology.

• For the calculation of emissions from district heating (or centralised heating for condominium utilities), it was assumed that natural gas combustion is used to bring water to the desired temperature. The values of the emission factors used are therefore those for natural gas from Ecoinvent.

Indirect greenhouse gas emissions (Scope 3) were calculated in accordance with ISO 14064. The results of the quantification were then expressed according to the categorisation provided for in the GHG Protocol. The main greenhouse gases CO_2, CH4, N2O, HFC, PFC, SF6 and other fluorinated gases) were translated into units of CO_2 equivalent (CO_2eq) due to emissions factors published by the International Panel on Climate Change (IPCC37).

The categories included in the inventory are listed below as defined in the reference standard ISO 14064-1, for each category the sources of the emission factors used are given:

• 3.1 - Emissions relating to the transport of supplying of raw materials, semi-finished products, marketed products and packaging: calculated based on transported materials and driven distances (tons*kilometres), using the Ecoinvent and Exiobase38 databases as the source for emission factors.

• 3.2 - Emissions relating to the transport for the distribution of the finished product: the same calculation method was used for this category as for Category 3.1.

• 3.3 - Internal logistics emissions between facilities or between the company and subcontracted companies: the same calculation method was used for this category as for Category 3.1.

• 4.1 - Emissions related to energy uses and proprietary vehicles: related to climate-altering emissions tied to fuel supply stages (gasoline, diesel, and natural gas) and electricity. The source of the emission factors used is the Ecoinvent database.

• 4.2 - Emissions related to imported energy: the same calculation method was used for this category as for Category 4.1.

• 4.3 - Emissions from the procurement of raw materials, semi-finished products, marketed products and purchased packaging: related to emissions from the production of raw materials, semi-finished products, marketed products and purchased packaging. The activity figure for quantifying impacts is expressed either as a mass or in terms of economic expenditure for the purchase. Each item reported by the Company has been associated with a specific emission factor whose sources are: Exiobase, Ecoinvent, and the Environmental Program Declaration (EPD) library.

• 4.4 - Emissions from outsourced production activities: related to emissions from outsourced production activities. Each item reported by the Company has been associated with an emission factor whose sources are the Ecoinvent and Exiobase databases.

• 4.5 - Emissions related to the treatment of waste generated at its own facilities: Related to emissions generated by the disposal of waste generated at the Group’s facilities. In accordance with the end-of-life allocation approach, waste destined for recovery is associated only with the impact of transport to the treatment plant; for the disposal

share, Ecoinvent emissions factors were used that take the average distribution between landfill and incineration into account.

• 5.1 - End-of-life emissions of products sold: the same calculation method was used for this category 4.5.

With reference to the content of the paragraph "Methodology note" in the chapter "General Information – basis for preparations", and in particular to the criteria for identifying the significant categories or categories subject to quantification, below is an overview of the categories relevant to the Group according to the ISO 14064 scheme.

Description	Cat. ISO	Magnitude	Influence and control	Figure availability	Significant?	Ref to GHG Protocol
Direct emissions from facilities or owned vehicles						
Energy vectors produced						
Combustion of natural gas	**1**	**High**	**Direct C.**	**Available**	**Yes**	**1.a**
Combustion of biogas	1	n.a.	n.a.	n.a.	NO	
Combustion of biomethane	1	n.a.	n.a.	n.a.	NO	
Combustion of woody biomass	1	n.a.	n.a.	n.a.	NO	
Combustion of diesel	**1**	**Low**	**Direct C.**	**Available**	**Yes**	**1.a**
Other direct emissions by owned facilities					NO	
Emissions from agricultural activities in fields	1	n.a.	n.a.	n.a.	NO	
Emissions and absorptions from forestry	1	n.a.	n.a.	n.a.	NO	
Direct emissions from the livestock sector	1	n.a.	n.a.	n.a.	NO	
Use and change of use of soil	1	n.a.	n.a.	n.a.	NO	
Emissions and removal from chemical reactions	1	n.a.	n.a.	n.a.	NO	
Other monitored emissions into the air	**1**	**Low**	**Direct C.**	**Obtainable**	**Yes**	**1.d**
F-GAS fugitive emissions	**1**	**Low**	**Direct C.**	**Available**	**Yes**	**1.d**
Combustion from mobile owned sources					NO	
Automobiles	**1**	**Low**	**Direct C.**	**Available**	**Yes**	**1.b**
Trucks	**1**	**Media**	**Direct C.**	**Available**	**Yes**	**1.b**
Watercraft	1	n.a.	n.a.	n.a.	NO	
Aircraft	1	n.a.	n.a.	n.a.	NO	
Operating machinery	**1**	**Low**	**Direct C.**	**Available**	**Yes**	**1.b**
Emissions from the purchase of energy					NO	
Energy sources purchased					NO	

Electrical energy	**2**	**High**	**Direct C.**	**Available**	**Yes**	**2.a**
Other energy vectors purchased	2	n.a.	n.a.	n.a.	NO	
Emissions from transports					NO	
Transport of goods					NO	
Procurement of raw materials	**3**	**High**	**Indirect C.**	**Existing**	**Yes**	**4**
Distribution of finished and semi-finished products	**3**	**High**	**Indirect C.**	**Existing**	**Yes**	**9**
Logistics between facilities	**3**	**Low**	**Direct C.**	**Existing**	**Yes**	**4**
Shifting of people					NO	
Personnel commuting	3	Media	Influence	Obtainable	NO	
Work trips (using non-company means)	3	Low	Indirect C.	Obtainable	NO	
Movements of clients and visitors	3	Low	Influence	Obtainable	NO	
Indirect emissions from mobile owned sources					NO	
Indirect emissions from owned automobiles	**3**	**Low**	**Direct C.**	**Available**	**Yes**	**3**
Indirect emissions from owned trucks	**3**	**Low**	**Direct C.**	**Available**	**Yes**	**3**
Indirect emissions from owned watercraft	3	n.a.	n.a.	n.a.	NO	
Indirect emissions from owned aircraft	3	n.a.	n.a.	n.a.	NO	
Indirect emissions from owned operating machinery	**3**	**Low**	**Direct C.**	**Available**	**Yes**	**3**
Emissions from the purchase of sales and services					NO	
Materials purchased					NO	
Raw and semifinished materials	**4**	**High**	**Indirect C.**	**Existing**	**Yes**	**1**
Packaging for products sold	**4**	**Low**	**Indirect C.**	**Existing**	**Yes**	**1**
Packaging for goods purchased	4	Low	Indirect C.	Obtainable	NO	
Other goods not directly connected to production	4	Low	Indirect C.	Obtainable	NO	
Indirect emissions through produced energy vectors					NO	
Indirect emissions from the combustion of natural gas	**4**	**Low**	**Direct C.**	**Available**	**Yes**	**3**
Indirect emissions from the combustion of biogas	4	n.a.	n.a.	n.a.	NO	
Indirect emissions from the combustion of biomethane	4	n.a.	n.a.	n.a.	NO	
Indirect emissions from the combustion of woody biomass	4	n.a.	n.a.	n.a.	NO	
Indirect emissions from the combustion of diesel	**4**	**Low**	**Direct C.**	**Available**	**Yes**	**3**
Indirect emissions from energy vectors purchased					NO	
Indirect emissions from electrical energy	**4**	**Medium**	**Direct C.**	**Available**	**Yes**	**3**
Indirect emissions from other energy vectors purchased	4	n.a.	n.a.	n.a.	NO	
Durable assets and infrastructure					NO	
Machinery and other durable assets	4	Low	Indirect C.	Obtainable	NO	
Infrastructure	4	Medium	Influence	Obtainable	NO	
Electronic devices	4	Low	Indirect C.	Obtainable	NO	
Other assets not directly connected to production	4	Low	Indirect C.	Obtainable	NO	
Services					NO	
Outsourced production processes	**4**	**Medium**	**Indirect C.**	**Obtainable**	**Yes**	**1**
IT services	4	Low	Indirect C.	Obtainable	NO	
Other auxiliary services	4	Low	Indirect C.	Obtainable	NO	
Facility waste treatment (special waste)	**4**	**Low**	**Direct C.**	**Existing**	**Yes**	**5**

Waste treatment involving collection by city services	4	Low	Indirect C.	Obtainable	NO	
Emissions associated with the use of the organisation's products					NO	
Downstream of the products sold					NO	
Phase of the product's use	5	Media	Influence	Obtainable	NO	
Disposal of the product	**5**	**High**	**Influence**	**Obtainable**	**Yes**	**12**
Disposal of the product packaging	**5**	**Low**	**Influence**	**Obtainable**	**Yes**	**12**
Financial investments					NO	
Consumer loan	5	Low	Influence	Obtainable	NO	
Project finance	5	Low	Influence	Obtainable	NO	
Corporate loan	5	Low	Influence	Obtainable	NO	
Listed and equity bonds	5	Low	Influence	Obtainable	NO	
Private equity and debts include venture capital	5	Low	Influence	Obtainable	NO	
Advisory services, if relevant	5	Low	Influence	Obtainable	NO	
Other emissions					NO	
Employee activities	6				NO	
Employee food (not at the cafeteria)	6	Low	Influence	Obtainable	NO	
Remote working	6	Low	Indirect C.	Obtainable	NO	

Health and safety

The injury frequency rate is calculated as the ratio between the total number of recordable incidents (incidents resulting in at least one lost workday and/or medical treatment and/or restricted work cases) and the number of hours worked during the same period, multiplied by 1,000,000, as prescribed by the EFRAG Application Requirement (AR 89). The major accident frequency index is calculated as the ratio of the total number of accidents to the number of hours worked in the same period, multiplied by 1,000,000.

Employees

Employee data are represented as personnel at 31 December of the reference periods, and not as FTE (Full-time equivalent) data.

Contacts and document review

This document was approved on 11 March 2025 and is subject to a limited assurance engagement according to the International Standard on Assurance Engagements

principle ISAE 3000 (revised) by EY S.p.A. For further information on the Dexelance Group’s sustainability strategy and the contents of this reporting, please write to the following address: investors@dexelance.com.

MANAGEMENT REPORT, CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024 – ECONOMIC AND FINANCIAL RESULTS

Dexelance S.p.A. is based in Milan and has been listed on the Italian Stock Exchange since 18 May 2023; the Dexelance share is part of the FTSE Italia Small Cap index. The Company was established on 10 March 2015 with the aim of promoting an Italian design hub in the furniture and lighting segment. Since 2023, its scope has also included high-end modular kitchen solutions and systems that can implement dimensional, organisational, managerial, strategic and distribution synergies, which allow Dexelance to compete internationally in a segment where Italy has a competitive advantage and excellent creative and product skills.

On 22 April 2024, the Extraordinary Shareholders' Meeting of the Parent Company resolved to amend Article 1.1 letter T and Article 2.1 of the By-laws, approving the proposal to change the company name to "Dexelance S.p.A.", in order to create a new group identity to support and grow towards a renewed and higher positioning in the market.

This report accompanying the consolidated financial statements for the year ended 31 December 2024 provides an analysis of economic performance of the Dexelance Group, which was established in 2015 following the first corporate acquisition of Gervasoni S.p.A. Subsequently over the years, the Dexelance Group has continued its growth through external lines by completing additional corporate acquisitions: Meridiani S.r.l. (in 2016); Cenacchi International S.r.l. (in 2017); Davide Groppi S.r.l. and Saba Italia S.r.l. (in 2018); Modar S.p.A. (in 2019); Flexalighting S.r.l. (in 2020); a minority stake in Axo Light S.r.l. (in 2021) and the purchase in 2024 of the remaining shares in order to acquire full control of Axo Light S.r.l.; Gamma Arredamenti International S.p.A. (in 2022), Cubo Design S.r.l. and

Turri S.r.l. (in 2023).

It should be noted that the scope of consolidation has not changed since 31 December 2023. However, it should be noted that:

- On 1 October 2024, the merger by incorporation of the company Nian Design S.r.l. into the parent company Cubo Design S.r.l. was carried out, based on the merger plan approved by the Shareholders' Meeting on 7 August 2024; the transaction has no accounting effect at the consolidated level.
- On 15 October 2024, Dexelance S.p.A. completed its acquisition of the remaining share capital of the subsidiary Axo Light S.r.l. (equal to 49%); the objective of the transaction is the continuation of the Group's consolidation in the "Lighting" strategic area with a view to greater organisational effectiveness and renewed synergistic interaction between the companies belonging to this operating segment.

The consolidated financial statements of the Group and the separate financial statements of the Parent Company as at 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

Macroeconomic and sectoral context

The year 2024 closed with a drop in turnover in the wood-furniture sector (-3.1%)[21] compared to 2023, with a more pronounced decline in the domestic market (-3.5%), which accounts for more than 60% of the total turnover and is affected by the reduction in tax incentives, compared to exports (-2.3%), whose share accounts for 38% of the total turnover. The trade balance of the wood-furniture chain, after the growth recorded in 2023, decreased (-5.3%) mainly due to the reduction in exports, while imports remained stable. In particular, the furnishing system held up better than the woodworking system, giving up 2.5 per cent of turnover and 2.1 per cent of exports, whereas the drop in 2023 had been 4%. The downturn recorded weighed mainly on key markets such as France (-

[21] Centro Studi Federlegno Arredo Eventi S.p.A., *Preliminary accounts 2024 Filiera Legno-Arredo*, January 2025.

3.5% in the first ten months of the year) and Germany (-3.6%), respectively the first and second market for Italian furniture, and the collapse of China (-17.9%), which was partly offset by the good performance of the United States (+2%), the third largest market, and the strong growth in the United Arab Emirates (+21.6%) and Saudi Arabia (+22.8%).

The furnishings macro-system suffered a downturn in turnover (-2.5%), which was the result of a decline in foreign markets (-2.1%), but above all due to lower sales in the Italian market (-2.8%). Imports show a modest recovery, which affects the change in domestic consumption.

The Wood macro-system, which had recorded a decrease in 2023, suffers a new decrease in turnover in 2024 (-5.6%); the contraction is mainly in the domestic market (-6.5%), and to a lesser extent in exports (-2.6%).

Preliminary estimates for 2024 see exports of the wood/furniture sector dropping by 2.3% compared to 2023. Of the major export destinations recorded from January to October 2024, only the United States, Belgium and the United Arab Emirates show a positive sign, while Spain and Switzerland show signs of stability. Significant declines were recorded in Germany, the UK, France and China.

Comparing the main markets of Italian exports and, in particular, those with greater increases and decreases compared to the previous year, the markets with the greatest contribution are the United Arab Emirates, with an increase of EUR 67 billion in exports compared to 2023, followed by the United States and Saudi Arabia, then South Korea and Canada.

With reference to the Group's performance during the year 2024, it should be noted that the Dexelance Group has a significant presence in all the main world markets, particularly Italy, the European Union and North America; moreover, the differentiation of the offer attributable to the four different strategic business areas constitute a further element of stabilisation and, therefore, of risk containment, including geopolitical risks, which may

impact some markets more than others.

Progress of Group Management

From an economic standpoint, the consolidated financial statements show revenue and other income of EUR 329,295 thousand, an operating result of EUR 27,414 thousand (after a depreciation and amortisation of tangible assets totalling EUR 22,541 thousand) and a positive result for the year of EUR 17,904 thousand, to the determination of which saw the contribution of a net financial income totalling EUR 1,853 thousand, and income tax totalling EUR 7,658 thousand.

To this result, the negative adjustment of EUR 41 thousand is to be made. This results from the adjustment of the year-end value of hedging financial instruments net of taxes and the translation reserve related to the conversion of foreign financial statements in currencies other than the euro, actuarial losses and other movements totalling EUR -92 thousand. The result of the comprehensive income statement is therefore a profit of EUR 17,771 thousand.

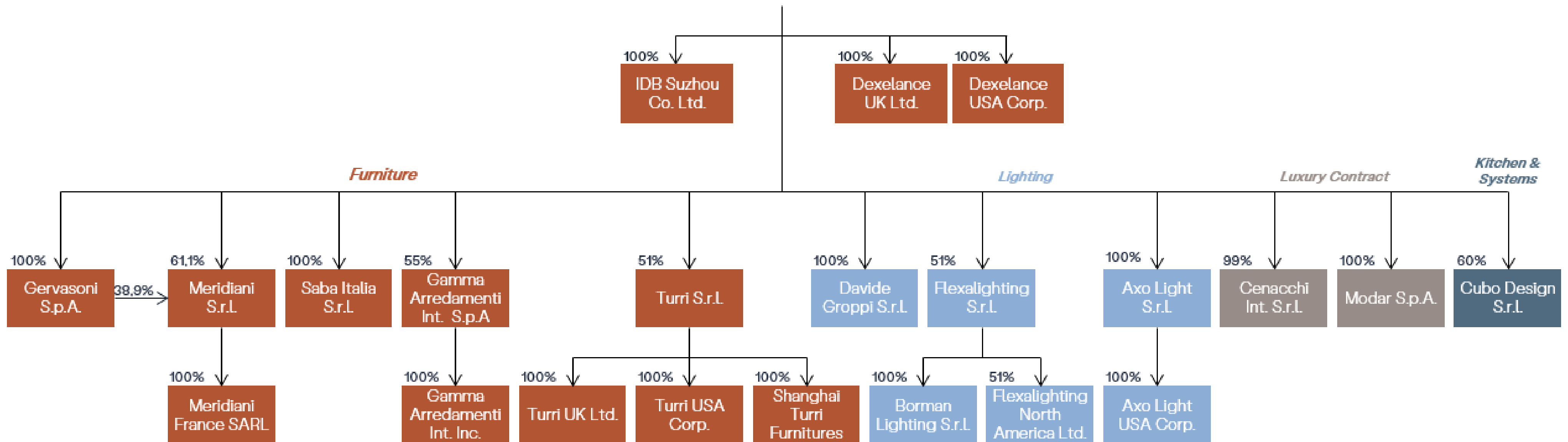
Operating conditions and business development

Dexelance S.p.A. holds the entire available capital of Gervasoni S.p.A. (30% are treasury shares), controls 100% of Meridiani S.r.l., which in turn fully controls Meridiani France SARL, 99% of Cenacchi International S.r.l., 100% of Davide Groppi S.r.l, the entire capital of Saba Italia S.r.l. and Modar S.p.A., 51% of Flexalighting S.r.l., which in turn fully controls Borman Lighting S.r.l. and 51% of Flexalighting North America Ltd.; 100% of Dexelance UK Ltd., IDB Suzhou Co. Ltd. and Dexelance USA Corp., 100% of Axo Light S.r.l., which in turn owns 100% of Axo Light USA Corp., 55% of Gamma Arredamenti International S.p.A., which in turn owns 100% of Gamma Arredamenti International Inc., 60% of Cubo Design S.r.l., 51% of Turri S.r.l., which in turn wholly owns Turri UK Ltd., Turri USA Corp. and Shanghai Turri Furnitures. Let us recall that Cenacchi International S.r.l., Flexalighting S.r.l., Flexalighting North America Ltd., Gamma Arredamenti Arredamenti International S.p.A., Cubo Design S.r.l., and Turri S.r.l. were fully consolidated due to the put options that may be exercised by the minority shareholders and call options in favour of the

Company, with the consequent obligation to purchase the units/shares held at predefined conditions.

The Group’s companies belong to the strategic business areas (SBAs) and coincide with the operating segments provided for in IFRS 8, i.e. furniture, lighting, luxury contracts and kitchen and systems-

Graphically, the structure of the Group as at 31 December 2024 is as follows:


DEXELANCE
100%
IDB Suzhou Co. Ltd.
100%
Dexelance UK Ltd.
100%
Dexelance USA Corp.
Furniture
Lighting
Luxury Contract
Kitchen & Systems
100%
Gervasoni S.p.A.
38,9%
61,1%
Meridiani S.r.l.
100%
Saba Italia S.r.l.
55%
Gamma Arredamenti Int. S.p.A
51%
Turri S.r.l.
100%
Davide Groppi S.r.l.
51%
Flexalighting S.r.l.
100%
Axo Light S.r.l.
99%
Cenacchi Int. S.r.l.
100%
Modar S.p.A.
60%
Cubo Design S.r.l.
100%
Meridiani France SARL
100%
Gamma Arredamenti Int. Inc.
100%
Turri UK Ltd.
100%
Turri USA Corp.
100%
Shanghai Turri Furnitures
100%
Borman Lighting S.r.l.
51%
Flexalighting North America Ltd.
100%
Axo Light USA Corp.

With reference to the companies of the Dexelance Group, it should be noted that:

a) In 2024, Gervasoni presented a slight reduction in turnover compared to what was achieved in 2023 (-8%); the relevant markets are Italy (21%), Europe (37%) and non-EU (42%);
b) Meridiani reported a sales decrease in line with that achieved in the 2023 financial year (-15%); the relevant markets are Italy (24%), Europe (47%) and non-EU (30%);
c) Cenacchi International recorded a sales performance (including the change in contract work in progress) in line with that achieved in 2023 (-3%). Sales are mainly to *contract* customers; the relevant markets are Italy (10%), Europe (30%), and non-EU (60%) (mainly the United States);
d) Davide Groppi increased its turnover by roughly 10% during the period; the relevant markets are Italy (50%), Europe (31%) and non-EU (19%);
e) the company Saba Italia’s turnover decreased slightly over the period by about 5%; the relevant markets are Italy (43%), Europe (28%), and non-EU (29%);
f) the company Modar recorded an increase in sales revenues, including the change in contract work in progress, of about 16% during the year compared to the previous year; the relevant markets are Italy (17%), Europe (8%) and non-EU (75%) (mainly in the United States);
g) the company Flexalighting increased its turnover during the period by about 14% compared to 2023; the relevant markets are Italy (49%), Europe (34%), and non-EU (17%). The Canadian subsidiary Flexalighting North America, on the other hand, increased its turnover compared to 2023 by about 20%, with sales mainly in the Canadian market;
h) The company Gamma has achieved a slightly higher turnover compared to 2023 (+3%), mainly outside Europe and Italy (92%), of which 48% in North America (40% in the United States), and 19% in China;
i) the company Cubo Design has achieved sales in growth with recorded in during the 2023 financial year of about 7%; the relevant markets are Italy (49%), Europe (26%), and non-EU (25%);

j) the company Axo Light, whose entire share capital was acquired in 2024, sells roughly 47% of its turnover to the European market, about 31% to the Italian market and 23% to the non-EU market;

k) Turri sells mainly to the non-EU market, where it generates roughly 57% of its turnover, followed by turnover generated in the European market of about 28% and turnover generated in the Italian market of about 15%.

The summary figures of the Group companies are presented here; it should be noted that the figures do not take account of intercompany eliminations and are presented in accordance with international accounting standards.

amounts are shown in €/1,000	Revenues and change in work in progress	EBITDA	EBIT	Net result	Net financial position, banks
Dexelance S.p.A.	681	(5,921)	(6,157)	10,039	(26,692)
Gervasoni S.p.A.	34,823	7,157	5,854	4,265	386
Meridiani S.r.l.	24,953	1,008	(268)	927	590
Cenacchi Int. S.r.l.	38,728	11,614	8,871	6,458	(4,108)
Davide Groppi S.r.l.	17,529	1,980	800	925	(545)
Saba Italia S.r.l.	21,251	1,908	885	361	1,355
Modar S.p.A.	52,523	8,244	6,429	4,251	(2,626)
Flexalighting S.r.l.	7,896	2,736	2,609	1,977	(748)
Flexa. North America Ltd.	3,645	979	765	394	(173)
Gamma Arr. Int. S.p.A.	20,267	2,635	1,417	209	7,851
Cubo Design S.r.l.	59,360	10,855	4,659	2,108	15,375
Axo Light S.r.l.	3,122	(695)	(981)	(154)	1,645
Turri S.r.l.	37,985	5,013	1,661	1,059	3,885
Other companies	7,976	2,444	871	(2,456)	(1,375)
Aggregated total	**330,738**	**49,955**	**27,414**	**30,364**	**(5,180)**
Consolidation entries (*)	*(6,354)*			*(12,460)*	
Consolidated total	**324,384**	**49,955**	**27,414**	**17,904**	**(5,180)**

(*) Eliminations made in respect of commercial transactions and intra-group services and dividend payments in 2024, as described below.

In particular, as a result of the above figure for the holding company's net bank financial position includes the balances of the Group’s cash pooling relationships

ECONOMIC AND FINANCIAL POSITION OF THE GROUP

To gain the best understanding of the Group's situation and operating performance, the tables below show a brief analysis of the consolidated financial statements, made up of the reclassified income statement, the reclassified statement of financial position and a series of financial statement ratios.

Dexelance S.p.A. prepares the consolidated financial statements as at 31 December 2024 and the comparative financial statements as at 31 December 2023 by applying IAS/IFRS. It includes the data of the direct subsidiaries Gervasoni S.p.A., Meridiani S.r.l., Cenacchi International S.r.l., Davide Groppi S.r.l., Saba Italia S.r.l., Modar S.p.A., Flexalighting S.r.l., IDB Suzhou Co. Ltd., Dexelance UK Ltd., Dexelance USA Corp., Gamma Arredamenti International S.p.A., Cubo Design S.r.l., Axo Light S.r.l. and Turri S.r.l., as well as its indirect subsidiaries Meridiani France SARL, Borman Lighting S.r.l., Flexalighting North America Ltd., Gamma Arredamenti International Inc., Axo Light USA Corp., Turri UK Ltd., Turri USA Corp. and Shanghai Turri Furnitures.

The Dexelance Group uses alternative performance indicators (hereinafter "Non-GAAP measures") in line with ESMA's guidelines on "alternative performance indicators" (ESMA Guidelines/2015/1415, adopted by Consob in Communication No 92543 of 3 December 2015), to enable a better assessment of operating performance.

The indicators represented are not identified as accounting measures under IFRSs and should therefore not be considered as alternative measures to those provided in the model financial statements for assessing the performance of the Group and its financial position. The Group considers that the financial information set out below is an additional important benchmark for assessing the Group's performance, as it allows for more analytical monitoring of the Group's economic and financial performance.

Since such financial information is not a measure that can be determined by the underlying accounting standards for the drawing up of consolidated financial statements, the criterion applied for its determination may not be consistent with that adopted by other groups and therefore may not be comparable.

The definition of these alternative performance indicators is as follows.

Added value is defined as the sum of revenue for goods and services and other revenue and income less the sum of costs for the purchases of raw materials, changes in inventories, costs for services and use of third-party goods and other operating costs.

EBITDA is defined as the sum of the net profit for the year, plus the profit (loss) of discontinued assets, plus income taxes, financial income and charges, plus amortisation, depreciation and writedowns of fixed assets.

Adjusted EBITDA is defined as the sum of net profit for the year, plus the profit (loss) of discontinued assets; income taxes; financial income and expenses; amortisation, depreciation and write-downs of fixed assets and excluding non-recurring costs/revenue (*Special Items*).

EBIT is defined as the sum of net profit for the year, plus the profit (loss) of discontinued assets, plus income taxes, financial income and charges.

Adjusted EBIT is defined as the sum of net profit for the year, plus the profit (loss) of discontinued assets, plus income taxes, financial income and charges, excluding non-recurring costs/revenue and amortisation and depreciation of intangible assets with a finite useful life, models and customer lists, recorded during Purchase Price Allocation (PPA), and which are due to terminate at the end of the relevant depreciation process.

The **adjusted net result from operating assets** is defined as the net result from operating assets excluding (i) non-recurring costs/revenue; (ii) amortisation and depreciation of intangible assets with a finite useful life, models and customer lists, recorded during Purchase Price Allocation (PPA), and which are due to terminate at the end of the relevant amortisation process; (iii) the effects of the remeasurements of put and call options and earnouts; and (iv) the related tax effects.

Working capital is calculated as the net balance of customer relationships, supplier relationships, inventories and assets and liabilities arising from contracts, customer advances, while net working capital is calculated by adding to operating working capital income taxes credits and other current assets and liabilities.

Invested capital is calculated as the balance between net working capital, non-current assets, liabilities for employee benefits, and provisions for risks and charges and other non-current liabilities.

The **net financial position** is represented by financial debts, net of cash and other cash equivalents.

The income statement is reclassified in multiple-step form to show the gross operating profit (EBITDA) generated by the Group, namely the difference between revenue and costs associated with the purchase/transformation/sales cycle, regardless of amortisation, depreciation and writedowns, the financing methods adopted and the level of taxation.

Reclassified income statement	31/12/2023		31/12/2024		Change	
amounts are shown in €/1,000	amount	%	amount	%	amount	%
Revenue	287,350	100.0%	324,384	100.0%	37,034	12.9%
Other income	4,969	1.7%	4,911	1.5%	(58)	-1.2%
Total revenue and income	**292,319**	**101.7%**	**329,295**	**101.5%**	**36,976**	**12.6%**
External operating costs	(195,698)	-68.1%	(225,438)	-69.5%	(29,740)	15.2%
Added value	**96,621**	**33.6%**	**103,857**	**32.0%**	**7,236**	**7.5%**
Staff costs	(44,122)	-15.4%	(53,466)	-16.5%	(9,344)	21.2%
Provisions and writedowns	(388)	-0.1%	(436)	-0.1%	(47)	12.1%
Gross operating profit (EBITDA)	**52,111**	**18.1%**	**49,955**	**15.4%**	**(2,155)**	**-4.1%**
Amortisation, depreciation and writedowns of fixed assets	(16,997)	-5.9%	(22,541)	-6.9%	(5,544)	32.6%
Operating profit (EBIT)	**35,114**	**12.2%**	**27,414**	**8.5%**	**(7,699)**	**-21.9%**
Financial result	2,235	0.8%	(1,853)	-0.6%	(4,088)	-182.9%
Gross result	**37,348**	**13.0%**	**25,561**	**7.9%**	**(11,787)**	**-31.6%**
Income tax	(9,218)	-3.2%	(7,658)	-2.4%	1,560	-16.9%
Group consolidated net result	**28,130**	**9.8%**	**17,904**	**5.5%**	**(10,227)**	**-36.4%**

Revenue for 2024 increased compared to 2023, from EUR 287,350 thousand to EUR 324,384 thousand, an increase of EUR 37,034 thousand, or 13%; the recorded change is the result of the combined effect of:

- growth by external lines, as a result of the acquisition of Cubo Design S.r.l. on 31 January 2023, the combination of Axo Light S.r.l. (and its subsidiary Axo Light USA

Corp.), which took place in July 2023, and the acquisition of Turri S.r.l. (and its subsidiaries) completed on 30 September 2023;

- the increase in revenues of companies already belonging to the Group for the entire comparative period as at 31 December 2023 (the latter effect totalling EUR 1,329 thousand).

The Group's revenue by type of activity or strategic business area (SBA) and by geographic area in 2024 and in the previous year are broken down as follows:

- a 18.7% growth in the "Furniture" segment, which was significantly influenced by the acquisition of Turri S.r.l. and its subsidiaries, which also contributed positively to turnover growth in non-EU markets;
- growth in the "Lighting" sector of 11.2%, resulting from the organic growth of the companies belonging to the sector and, also, from the aggregation of Axo Light S.r.l. (and its subsidiary Axo Light USA Corp.);
- a 7.1% growth in "Luxury Contract", which was totally organic;
- a 13.6% growth in the "Kitchen and Systems" sector, mainly due to the growth achieved by the company Cubo Design as at 31 December 2024 and the fact that the acquisition took place on 31 January 2023.

amounts are shown in €/1,000	2023	2024
Furniture	119,413	141,696
Lighting	28,854	32,077
Luxury Contract	85,187	91,251
Kitchen & Systems	52,273	59,360
Other	1,623	-
Total	**287,350**	**324,384**

amounts are shown in €/1,000	2023	2024
Italy	78,146	82,621
EU	71,990	81,713
Non-EU	137,214	160,050
Total	**287,350**	**324,384**

It should be noted that 'Other' consists solely of the parent company Dexelance S.p.A. As of 31 December 2024, the foreign company revenue carrying out commercial activities (Dexelance UK, IDB Suzhou and Dexelance USA) were classified according to their respective strategic business area; in December 2023 they had been recognised under the

item "Other".

EBITDA, as defined by the Group and a primary indicator of economic performance, is EUR 49,955 thousand in 2024 compared to EUR 52,111 thousand in 2023, with an increase of 4.1% and a percentage on revenue decrease from 18.1% in 2023 to 15.4% in 2024. This reduction resulted mainly from the increase in personnel costs and external operating costs.

EBIT increased from EUR 35,114 thousand to about EUR 27,414 thousand, a decrease of EUR 7,699 thousand, showing a slight increase in the ratio of fixed asset depreciation and amortisation to revenue of the previous year.

The change recorded in the financial management result compared to the previous year was mainly due to the positive economic effects of the remeasurement of imputed financial charges for put and call options and earnouts of minority shareholders; these effects were positive in 2023. For more information on the composition of financial management and the change compared to last year, please refer to the notes to the financial statements.

Income taxes show a total tax burden of EUR 7,658 thousand compared to EUR 9,218 thousand in the previous year.

Finally, the profit for the year amounted to EUR 17,904 thousand compared to the EUR 28,130 thousand loss for the previous year.

Considering the importance of some non-recurring economic components on the results for the year and the unique way in which the Dexelance Group was formed, the Group's management also wants to highlight the following economic values: Adjusted EBITDA, adjusted EBIT and adjusted net result. Specifically, the adjusted EBITDA is determined without the non-recurring costs and revenues, essentially considering the costs related to the IPO process for the portion charged to the income statement, the costs related to the acquisition of the new companies, and other non-recurring costs and revenues. Adjusted EBIT was calculated gross of both non-recurring costs and amortisation and depreciation of intangible assets with a finite useful life (models, customer lists, and order books)

recorded during Purchase Price Allocation (PPA) and that will terminate at the end of the relevant depreciation process. Finally, the adjusted net result is that which would have resulted in the absence of non-recurring costs/revenue, of the amortisation on certain intangible assets with a finite useful life as well as without considering the positive and negative economic effects resulting from the remeasurement of imputed financial charges for put & call options and earnouts of minority shareholders.

Reclassified income statements are briefly presented, comparing actual and adjusted profit and loss accounts based on the management view:

	31/12/2023		31/12/2024	
amounts are shown in €/1,000	Effective data	Adjusted data	Effective data	Adjusted data
Revenue	287,350	287,350	324,384	324,138
Other income	4,969	4,741	4,911	4,911
Total revenue and income	**292,319**	**292,091**	**329,295**	**329,049**
External operating costs	(195,698)	(192,868)	(225,438)	(224,644)
Added value	**96,621**	**99,223**	**103,857**	**104,405**
Staff costs	(44,122)	(44,122)	(53,466)	(53,099)
Provisions and writedowns	(388)	(388)	(436)	(436)
Gross operating profit (EBITDA)	**52,111**	**54,713**	**49,955**	**50,870**
Amortisation, depreciation and writedowns of fixed assets	(10,555)	(10,555)	(14,203)	(14,203)
Amortisation, depreciation and writedowns of fixed assets arising from the PPA process	(6,442)	-	(8,338)	-
Operating profit (EBIT)	**35,114**	**44,157**	**27,414**	**36,667**
Financial result	2,235	(5,353)	(1,853)	(3,560)
Gross result	**37,348**	**38,804**	**25,561**	**33,106**
Income tax	(9,218)	(10,866)	(7,658)	(9,870)
Group consolidated net result	**28,130**	**27,938**	**17,904**	**23,236**

EBITDA as at 31 December 2024 amounted to 15.4% of revenue for the period, which increased by 12.9% compared to the previous year. Net of non-recurring costs of EUR 915 thousand in 2024 and EUR 2,602 thousand in 2023, EBITDA (adjusted) stands at 15.7% of revenue as at 31 December 2024 compared to 19% as at 31 December 2023.

The reconciliation of the above values is shown below. Starting with the actual amounts, the components taken into account to calculate the adjusted values as at 31 December 2023 and 31 December 2024 are listed below:

amounts are shown in €/1,000	Effective data 31/12/2023	Non-recurring income and costs	PPA depreciation, amortisation and writedowns	Remeasurement of put and call options and earnouts	Adjusted data 31/12/2023
Revenue	287,350				287,350
Other income	4,969	(228)			4,741
Total revenue and income	**292,319**	**(228)**	**-**	**-**	**292,091**
External operating costs	(195,698)	2,830			(192,868)
Added value	**96,621**	**2,602**	**-**	**-**	**99,223**
Staff costs	(44,122)				(44,122)
Provisions and writedowns	(388)				(388)
Gross operating profit (EBITDA)	**52,111**	**2,602**	**-**	**-**	**54,713**
Amortisation, depreciation and writedowns of fixed assets	(10,555)				(10,555)
Amortisation, depreciation and writedowns of fixed assets arising from the PPA process	(6,442)		6,442		-
Operating profit (EBIT)	**35,114**	**2,602**	**6,442**	**-**	**44,157**
Financial result	2,235			(7,588)	(5,353)
Gross result	**37,348**	**2,602**	**6,442**	**(7,588)**	**38,804**
Income tax	(9,218)	(427)	(1,221)		(10,866)
Group consolidated net result	**28,130**	**2,175**	**5,221**	**(7,588)**	**27,938**

As at 31 December 2023, instead, adjusted EBITDA was determined without considering non-recurring costs including costs related to the IPO process, proceeds from the payment of incentive plans made during 2023 following the IPO process and costs related to the acquisition of new companies totalling EUR 2,602 thousand, while adjusted EBIT was calculated gross of the amortisation and depreciation of intangible assets with a finite useful life recorded during PPA for EUR 6,442 thousand. Finally, the adjusted net result was determined without considering the positive and negative effects of imputed charges and the remeasurement of put and call options and earnouts due to minority shareholders. The aforementioned adjustments resulted in a higher overall tax burden of EUR 1,648 thousand, which includes EUR 427 thousand associated with non-recurring costs and EUR 1,221 thousand related to the amortisation and depreciation of intangible assets.

amounts are shown in €/1,000	Effective data 31/12/2024	Non-recurring income and costs	PPA depreciation, amortisation and writedowns	Remeasurement of put and call options and earnouts	Adjusted data 31/12/2024
Revenue	324,384	(246)			324,138
Other income	4,911	-			4,911
Total revenue and income	**329,295**	**(246)**	**-**	**-**	**329,049**
External operating costs	(225,438)	794			(224,644)
Added value	**103,857**	**548**	**-**	**-**	**104,405**
Staff costs	(53,466)	367			(53,099)
Provisions and writedowns	(436)				(436)
Gross operating profit (EBITDA)	**49,955**	**915**	**-**	**-**	**50,870**
Amortisation, depreciation and writedowns of fixed assets	(14,203)				(14,203)
Amortisation, depreciation and writedowns of fixed assets arising from the PPA process	(8,338)		8,338		-
Operating profit (EBIT)	**27,414**	**915**	**8,338**	**-**	**36,667**
Financial result	(1,853)			(1,708)	(3,560)
Gross result	**25,561**	**915**	**8,338**	**(1,708)**	**33,106**
Income tax	(7,658)	128	(2,341)		(9,870)
Group consolidated net result	**17,904**	**1,043**	**5,998**	**(1,708)**	**23,236**

As at 31 December 2024, Adjusted EBITDA was instead determined without considering non-recurring costs including rebranding costs incurred by the parent company Dexelance S.p.A. in the amount of EUR 233 thousand and other personnel costs in the amount of EUR 367 thousand; Adjusted EBIT was calculated gross of amortisation of intangible assets with a finite useful life recognised in the PPA in the amount of EUR 8,338 thousand. Finally, the adjusted net result was determined without considering the positive and negative effects of imputed charges and the remeasurement of put and call options and earnouts due to minority shareholders. The above adjustments resulted in a higher overall tax burden of EUR 2,212 thousand, which includes EUR 2,341 thousand associated with the amortisation and depreciation of intangible assets.

Taking into account the Group's external growth, a 2023 full-year income statement has been prepared on the assumption that the acquisitions of Cubo Design S.r.l. and its subsidiary Nian Design S.r.l., Axo Light S.r.l. and its subsidiary Axo Light USA, and the

acquisition of Turri S.r.l. and its subsidiaries, took place on 1 January 2023, however without considering the potential effects on the financial charges on the transaction and on the depreciation and amortisation of the assets.

As there were no changes in the scope of consolidation during the year, no further disclosures were necessary as at 31 December 2024.

Full-year income statement	31/12/2023		31/12/2024		Change		Change	
amounts are shown in €/1,000	full	full adjusted	full	full adjusted	full	%	full adjusted	%
Revenue	310,816	310,816	324,384	324,138	13,568	4.4%	13,322	4.3%
Other income	6,646	6,418	4,911	4,911	(1,735)	-26.1%	(1,507)	-23.5%
Total revenue and income	**317,461**	**317,233**	**329,295**	**329,049**	**11,833**	**3.7%**	**11,815**	**3.7%**
External operating costs	(215,945)	(213,023)	(225,438)	(224,644)	(9,493)	4.4%	(11,621)	5.5%
Added value	**101,517**	**104,210**	**103,857**	**104,405**	**2,340**	**2.3%**	**194**	**0.2%**
Staff costs	(49,448)	(49,448)	(53,466)	(53,099)	(4,018)	8.1%	(3,651)	7.4%
Provisions and writedowns	(446)	(446)	(436)	(436)	10	-2.3%	10	-2.3%
Gross operating profit (EBITDA)	**51,623**	**54,317**	**49,955**	**50,870**	**(1,668)**	**-3.2%**	**(3,447)**	**-6.3%**
Amortisation, depreciation and writedowns of fixed assets	(12,183)	(12,183)	(14,203)	(14,203)	(2,020)	16.6%	(2,020)	16.6%
Amortisation, depreciation and writedowns of fixed assets arising from the PPA process	(6,442)		(8,338)	-	(1,897)	29.4%	-	
Operating profit (EBIT)	**32,999**	**42,134**	**27,414**	**36,667**	**(5,585)**	**-16.9%**	**(5,467)**	**-13.0%**
Financial result	1,800	(5,788)	(1,853)	(3,560)	(3,653)	-202.9%	2,227	-38.5%
Gross result	**34,799**	**36,346**	**25,561**	**33,106**	**(9,238)**	**-26.5%**	**(3,240)**	**-8.9%**
Income tax	(9,137)	(10,785)	(7,658)	(9,870)	1,479	-16.2%	914	-8.5%
Group consolidated net result	**25,662**	**25,562**	**17,904**	**23,236**	**(7,758)**	**-30.2%**	**(2,325)**	**-9.1%**

Reclassified statement of financial position

The statement of financial position is reclassified in order to highlight the investment structure and the composition of the financing sources.

Reclassified statement of financial position	31/12/2023		31/12/2024	
amounts are shown in €/1,000	amount	%	amount	%
Intangible assets	243,635	88.5%	235,484	87.8%
Right of use	32,910	12.0%	34,427	12.8%
Property, plant and equipment	28,631	10.4%	28,223	10.5%
Holdings and other non-current assets	8,543	3.1%	8,708	3.2%
Non-current assets (A)	**313,719**	**113.9%**	**306,842**	**114.5%**
Inventories	41,646	15.1%	45,529	17.0%

Trade receivables	38,961	14.2%	41,632	15.5%
Other current assets	11,059	4.0%	8,824	3.3%
Current assets (B)	**91,665**	**33.3%**	**95,985**	**35.8%**
Trade payables	(51,271)	-18.6%	(53,611)	-20.0%
Other current liabilities	(40,293)	-14.6%	(43,205)	-16.1%
Current liabilities (C)	**(91,564)**	**-33.3%**	**(96,817)**	**-36.1%**
Net working capital (D = B – C)	**102**	**0.0%**	**(832)**	**-0.3%**
Provisions for risk and severance pay	(11,944)	-4.3%	(12,163)	-4.5%
Other non-current liabilities	(26,551)	-9.6%	(25,748)	-9.6%
Medium/long-term assets (liabilities) (E)	**(38,495)**	**-14.0%**	**(37,911)**	**-14.1%**
Net invested capital (A + D + E)	**275,326**	**100.0%**	**268,099**	**100.0%**
Shareholders' equity	**154,378**	**56.1%**	**170,452**	**63.6%**
Net financial position, banks	14,197	5.2%	(5,180)	-1.9%
Net financial position, others	106,751	38.8%	102,827	38.4%
Net financial position	**120,948**	**43.9%**	**97,647**	**36.4%**
Equity and debt	**275,326**	**100.0%**	**268,099**	**100.0%**

Net invested capital is mostly made up of intangible assets (models and ornamental designs, trademarks, customer lists, order books, and goodwill) resulting mainly from corporate acquisitions completed since the company was established.

During the financial year 2024, compared to 2023, net invested capital decreased by EUR 7,227 thousand, resulting from the combined effect of the changes listed below and related:

- to non-current assets, which saw a decrease of EUR 6,877 thousand, mainly due to the amortisation of intangible assets in the amount of EUR 8,151 thousand and the increase in the value of usage rights in the amount of EUR 1,517 thousand;
- to net working capital, which saw a decrease of EUR 934 thousand.

Financing sources consisted of 64% of own funds and 36% of third-party funds (mainly due to financial payables to other lenders), and showed a reduction in the net financial position of EUR 23,301 thousand during the year.

Net financial position

The net financial position, as defined and monitored by the Company’s and the Group’s management, breaks down as follows:

amounts are shown in €/1,000	31/12/2023	31/12/2024	Change
Short-term bank loans	20,422	23,604	3,182
Medium/long-term bank loans	63,852	39,510	(24,341)
Cash	(41,457)	(33,681)	7,776
Other current financial assets	(28,621)	(34,614)	(5,993)
NFP, banks	**14,197**	**(5,180)**	**(19,377)**
Current earnout payable	7,560	4,790	(2,770)
Non-current earnout payable	10,821	1,780	(9,041)
Current payable for purchase of minority shares through the exercise of the put option	-	9,747	9,747
Non-current payable for purchase of minority shares through the exercise of the put option	54,556	45,656	(8,900)
NFP, other than banks	**72,937**	**61,972**	**(10,964)**
Current financial payables to lessors	5,671	6,512	841
Non-current financial payables to lessors	28,030	29,430	1,400
NFP, payables to lessors (IFRS 16)	**33,700**	**35,942**	**2,241**
Other non-current financial liabilities	114	4,913	4,799
NFP, total	**120,948**	**97,647**	**(23,301)**

The total NFP (net financial position) is made up of the following components: i) indebtedness to banks in the amount of EUR 63,115 thousand, net of EUR 68,294 thousand in cash and other current financial assets; ii) payables for the purchase of minority shares, earnouts and put & call options to related parties in the amount of EUR 61,972 thousand; iii) payables to lessors (IFRS 16 application) in the amount of EUR 35,942 thousand; iv) other financial payables in the amount of EUR 4,913 thousand.

Bank debt as at 31 December 2024 totalled EUR 63,115 thousand. The reduction from the previous period was due to the repayment of loans under the plan. This indebtedness is expressed net EUR 33,681 thousand in cash and EUR 34,614 thousand in restricted cash and cash equivalents.

Financial payable is mainly due to:

1. Bank debts of the following types:
    - bank debts related to acquisition transactions for a residual amount of EUR 45,779 thousand;

- loans taken out in previous years to deal with the Covid-19 pandemic crisis, known as the Liquidity Decree; these were taken out by the companies Gervasoni, Meridiani, Modar, Cenacchi and Flexalighting for a total amount of EUR 3,060 thousand;
- ordinary loans taken out by Group companies in the amount of EUR 13,592 thousand.

2. The payables for the purchase of minority shares in Cenacchi International S.r.l., Flexalighting S.r.l., Flexalighting North America Ltd., Gamma Arredamenti International S.p.A., Cubo Design S.r.l., and Turri S.r.l. through the exercise of put and call options and the deferred earnout payables for each acquisition amount to a total of EUR 61,972 thousand and represent the best possible estimate. The value was determined in accordance with the put and call agreements on the basis of the average projected EBITDA of the two financial January exercise of these options (based on the new business plans prepared and approved by the company and the Group in January 2025), multiplied by the contractually agreed multiple, less the estimated NFP at the date of exercise of the options. The exercise of options and the payment of earnout payables have different maturities (EUR 14.5 million over the next 12 months and EUR 47.4 million from 2025 onwards, but not exceeding 5 years).
3. The value of payables to lessors in the amount of EUR 35,942 thousand is the present value of future rental costs until the expiry of the contracts (real estate contracts normally have a term of 6+6 years). The change in the year is attributable to both the payment of fees for a total principal amount of EUR 7.9 million and the recognition of new payables totalling EUR 10.2 million.
4. Other loans in the amount of EUR 4,913,000 to minority shareholders of certain subsidiaries.

Individual bank debts to subsidiaries arising from acquisitions are secured by a pledge on the shares or units of the subsidiaries to which they were disbursed; known as the Liquidity Decree loans are secured by a public guarantee; loans to the parent company

Dexelance S.p.A., whose residual debt amounts to EUR 18,726 thousand, are not secured, nor are the remaining ordinary loans to subsidiaries.

The amortisation schedule of the loans and the economic conditions at the best market levels are adequate for the Group's prospective cash flows.

With regard to the Net Financial Position, it should be noted that on 4 March 2021, ESMA (the European Securities and Markets Authority) published the guidelines on disclosure requirements under EU Regulation 2017/1129 (known as the "Prospectus Regulation"), which are applicable as of 5 May 2021.

With "Warning Notice No. 5/21" of 29 April 2021, Consob declared its intention to align its supervisory practices with the aforementioned ESMA Guidelines.

The net financial position of the Dexelance Group according to the format adopted by Consob is as follows:

amounts are shown in €/1,000	31/12/2023	31/12/2024	Change
A Cash	41,457	33,681	(7,776)
B Cash equivalents	-	-	-
C Other current financial assets	28,621	34,614	5,993
D Cash and cash equivalents (A + B + C)	**70,078**	68,294	**(1,783)**
E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	(13,231)	(21,049)	(7,818)
F Current portion of current financial debt	(20,422)	(23,604)	(3,182)
G Current financial indebtedness (E + F)	**(33,653)**	**(44,653)**	**(11,000)**
H Net current financial indebtedness (G - D)	**36,424**	**23,641**	**(12,783)**
I Non-current financial debt (excluding the current portion and debt instruments)	(157,372)	(121,288)	36,084
J Debt instruments			-
K Non-current trade and other payables			-
L Non-current financial indebtedness (I + J + K)	**(157,372)**	**(121,288)**	**36,084**
M Total financial indebtedness (H + L)	**(120,948)**	**(97,647)**	**23,301**

In this regard, please note the following aspects:

a) "Other current financial assets" includes financial assets (e.g. securities held for trading) that are not (i) cash, (ii) cash equivalents or (iii) derivative instruments used for hedging purposes;

b) "Financial indebtedness" includes remunerated debt (i.e. interest-bearing debt) which includes, inter alia, financial liabilities for short- and/or long-term leases, identified separately;

c) "Non-current trade and other payables" includes any non-interest-bearing debt with a significant implicit or explicit financing component (e.g. trade payables with a maturity of more than 12 months), and any other non-interest-bearing loans.

The total value of net financial indebtedness according to ESMA guidelines and that adopted by the Dexelance Group is EUR 97,647 thousand.

Key financial/economic indicators

The profitability and financial ratios derived from the reclassified balance sheet and reclassified income statement presented above are as follows:

		31/12/2023		31/12/2024		31/12/2023 ADJ		31/12/2024 ADJ	
ROE	net result for the year / shareholders' equity	28,130 / 154,378	18.22%	17,904 / 170,452	10.50%	27,938 / 154,378	18.10%	23,236 / 170,452	13.63%
ROI	operating income (EBIT) / net invested capital	35,114 / 275,326	12.75%	27,414 / 268,099	10.23%	44,157 / 275,326	16.04%	36,667 / 268,099	13.68%
ROS	operating income (EBIT) / revenue	35,114 / 287,350	12.22%	27,414 / 324,384	8.45%	44,157 / 287,350	15.37%	36,667 / 324,138	11.31%
EBITDA/Revenue	EBITDA / revenue	52,111 / 287,350	18.13%	49,955 / 324,384	15.40%	54,713 / 287,350	19.04%	50,870 / 324,138	15.69%
Debt coverage	net financial position / EBITDA	120,946 / 52,111	2.32	97,647 / 49,955	1.95	120,946 / 54,713	2.21	97,647 / 50,870	1.92
Bank debt coverage	net financial position, banks / EBITDA	14,197 / 52,111	0.27	-5,180 / 49,955	-0.10	14,197 / 54,713	0.26	-5,180 / 50,870	-0.10
Current ratio	current assets / current liabilities	91,665 / 91,564	1.00	164,279 / 141,470	1.16	91,665 / 91,564	1.00	164,279 / 141,470	1.16
Financial indebtedness ratio	net financial position / shareholders' equity	120,946 / 154,378	0.78	97,647 / 170,452	0.57	120,946 / 154,378	0.78	97,647 / 170,452	0.57

The adjusted income ratios, in particular ROE, ROI and ROS, show a decrease compared to the last period.

The ratio of total financial debt exposure to adjusted EBITDA is around 1.92, while the ratio of financial debt to equity is 0.57 (0.78 in the previous year), as a result of the increase in net financial indebtedness (the result of which is affected by both the decrease in bank indebtedness and the financial component of remeasuring put and call options).

Investments made by the Group

The following table provides a breakdown by category of the Group's investments in property, plant and equipment and intangible assets in the years ended 31 December 2023 and 2024:

amounts are shown in €/1,000	31/12/2023	% of total investments	31/12/2024	% of total investments
Land and buildings	647	6.2%	289	1.8%
Plants and machinery	2,173	20.7%	2,417	15.4%
Equipment	289	2.8%	345	2.2%
Other property, plant and equipment	3,775	36.0%	3,978	25.3%
Rights of use	3,166	30.2%	7,791	49.6%
Other intangible assets	412	3.9%	887	5.6%
Total	**10,474**		**15,716**	

Regarding to the investments made during the financial year 2024, we highlight the increase in the item *"*Right of Use" for new leases signed during the year, including the new offices of the US subsidiary Dexelance USA Corp, and the renewal of some expiring contracts. Capital expenditures amounting to about EUR 7.9 million concern improvements to third-party buildings and the purchase of durable goods of various kinds. In particular, during the year, investments were made in the leased showroom of Davide Groppi S.r.l. for EUR 676 thousand and in the leased buildings of Gervasoni S.p.A. for EUR 603 thousand.

Performance of the parent company Dexelance S.p.A.

The tables below show the situation of the parent company Dexelance S.p.A., prepared in accordance with international accounting standards:

Reclassified income statement

Reclassified income statement	31/12/2023		31/12/2024		Change	
amounts are shown in €/1,000	amount	%	amount	%	amount	%
Revenue	332	100.0%	681	100.0%	349	105.1%
Other income	229	69.0%	311	45.7%	82	35.7%
Total revenue and income	**561**	**169.0%**	**992**	**145.7%**	**431**	**76.8%**
External operating costs	(6,297)	-1,896.7%	(4,379)	-643.1%	1,918	-30.5%
Added value	**(5,736)**	**-1,727.7%**	**(3,388)**	**-497.4%**	**2,349**	**-40.9%**
Staff costs	(1,319)	-397.3%	(1,365)	-200.5%	(46)	3.5%
Provisions and writedowns	-	0.0%	-	0.0%	-	
Gross operating profit (EBITDA)	**(7,055)**	**-2,125.0%**	**(4,753)**	**-697.9%**	**2,302**	**-32.6%**
Amortisation, depreciation and writedowns of fixed assets	(218)	-65.8%	(245)	-35.9%	(26)	12.0%
Operating profit (EBIT)	**(7,273)**	**-2,190.8%**	**(4,997)**	**-733.9%**	**2,276**	**-31.3%**
Financial result	8,672	2,611.9%	10,735	1,576.4%	2,063	23.8%
Gross result	**1,398**	**421.1%**	**5,737**	**842.5%**	**4,339**	**310.4%**
Income tax	1,634	492.3%	1,044	153.4%	(590)	-36.1%
Net result	**3,032**	**913.4%**	**6,782**	**995.9%**	**3,749**	**123.6%**

It should be noted that the parent company received dividends totalling EUR 12.3 million in 2024 (EUR 10.6 million in 2023) from the subsidiaries Gervasoni S.p.A. (EUR 3.0 million), Saba Italia S.r.l. (EUR 500 thousand), Meridiani S.r.l. (EUR 306 thousand), Cenacchi International Italia S.r.l. (EUR 4.0 million), Davide Groppi (EUR 1.5 million) and Modar S.p.A. (EUR 3.0 million).

As in the case of the consolidated financial statements, as well as for values relating to the parent company's balance sheet, the adjusted values were determined and the relevant values were reconciled.

amounts are shown in €/1,000	31/12/2023		31/12/2024	
	Effective data	Adjusted data	Effective data	Adjusted data
Revenue	332	332	681	681
Other income	229	1	311	311
Total revenue and income	**561**	**333**	**992**	**992**
External operating costs	(6,297)	(4,253)	(4,379)	(4,112)
Added value	**(5,736)**	**(3,920)**	**(3,388)**	**(3,121)**
Staff costs	(1,319)	(1,319)	(1,365)	(1,365)
Provisions and writedowns	-	-	-	-
Gross operating profit (EBITDA)	**(7,055)**	**(5,239)**	**(4,753)**	**(4,486)**
Amortisation, depreciation and writedowns of fixed assets	(218)	(218)	(245)	(245)
Operating profit (EBIT)	**(7,273)**	**(5,458)**	**(4,997)**	**(4,730)**
Financial result	8,672	8,672	10,735	10,735
Gross result	**1,398**	**3,214**	**5,737**	**6,004**
Income tax	1,634	1,207	1,044	970
Net result	**3,032**	**4,421**	**6,782**	**6,974**

Adjusted EBITDA was determined without considering non-recurring costs, totalling EUR 267,000, mainly related to rebranding costs. It should be noted that non-recurring costs as at 31 December 2023 also included costs related to the IPO process, which amounted to EUR 2,044 thousand.

Below is a reconciliation of the figures from actual to adjusted values, as at 31 December 2023 and 31 December 2024.

amounts are shown in €/1,000	Effective data 31/12/2023	Non-recurring costs	Stock options and phantom stock options	Adjusted data 31/12/2023
Revenue	332			332
Other income	229		(228)	1
Total revenue and income	**561**	**-**	**(228)**	**333**
External operating costs	(6,297)	2,044	-	(4,253)
Added value	**(5,736)**	**2,044**	**(228)**	**(3,920)**
Staff costs	(1,319)			(1,319)
Provisions and writedowns	-			-
Gross operating profit (EBITDA)	**(7,055)**	**2,044**	**(228)**	**(5,239)**
Amortisation, depreciation and writedowns of fixed assets	(218)			(218)
Operating profit (EBIT)	**(7,273)**	**2,044**	**(228)**	**(5,458)**
Financial result	8,672			8,672
Gross result	**1,398**	**2,044**	**(228)**	**3,214**
Income tax	1,634	(491)	64	1,207
Net result	**3,032**	**1,533**	**(164)**	**4,421**

amounts are shown in €/1,000	Effective data 31/12/2024	Non-recurring costs	Stock options and phantom stock options	Adjusted data 31/12/2024
Revenue	681			681
Other income	311		-	311
Total revenue and income	**992**	**-**	**-**	**992**
External operating costs	(4,379)	267	-	(4,112)
Added value	**(3,388)**	**267**	**-**	**(3,121)**
Staff costs	(1,365)			(1,365)
Provisions and writedowns	-			-
Gross operating profit (EBITDA)	**(4,753)**	**267**	**-**	**(4,486)**
Amortisation, depreciation and writedowns of fixed assets	(245)			(245)
Operating profit (EBIT)	**(4,997)**	**267**	**-**	**(4,730)**
Financial result	10,735			10,735
Gross result	**5,737**	**267**	**-**	**6,004**
Income tax	1,044	(74)	-	970
Net result	**6,782**	**193**	**-**	**6,974**

Reclassified statement of financial position

Reclassified statement of financial position	31/12/2023		31/12/2024	
amounts are shown in €/1,000	amount	%	amount	%
Intangible assets	9	0.0%	51	0.1%
Right of use	535	0.5%	722	0.7%
Property, plant and equipment	598	0.6%	757	0.8%
Holdings and other non-current assets	103,124	97.8%	101,089	100.6%
Non-current assets (A)	**104,265**	**98.9%**	**102,620**	**102.1%**
Other current assets	4,467	4.2%	1,847	1.8%
Current assets (B)	**4,467**	**4.2%**	**1,847**	**1.8%**
Trade payables	575	-0.5%	(699)	-0.7%
Other current liabilities	(2,392)	-2.3%	(2,896)	-2.9%
Current liabilities (C)	**(2,967)**	**-2.8%**	**(3,595)**	**-3.6%**
Net working capital (D = B – C)	**1,500**	**1.4%**	**(1,748)**	**-1.7%**
Provisions for risk and severance pay	(333)	-0.3%	(352)	-0.4%
Other non-current liabilities		0.0%	-	0.0%
Medium/long-term assets (liabilities) (E)	**(333)**	**-0.3%**	**(352)**	**-0.4%**
Net invested capital (A + D + E)	**105,432**	**100.0%**	**100,520**	**100.0%**
Shareholders' equity	**100,632**	**95.4%**	**105,728**	**105.2%**
Net financial position, banks	(5,529)	-5.2%	(26,692)	-26.6%
Net financial position, others	10,329	9.8%	21,484	21.4%
Net financial position	**4,800**	**4.6%**	**(5,208)**	**-5.2%**
Equity and debt	**105,432**	**100.0%**	**100,520**	**100.0%**

Within the holdings item, compared to the year 2023, increases and decreases are mainly related to:

- the value of the holding in Axo Light S.r.l. (for EUR 1.2 million) following the acquisition of its entire share capital in October 2024;
- the value of holdings, related to capital increases, in Dexelance USA Corp., IDB Suzhou Ltd., and Dexelance Co. Ltd. for a total of EUR 1,692 thousand. It should be noted that write-downs of the values of the aforesaid equity investments for a total of EUR 1,447 thousand (EUR 193 thousand referring to Dexelance UK Ltd., EUR 507 thousand referring to IDB Suzhou Co Ltd and EUR 747 thousand referring to Dexelance USA Corp.) were made in order to align them with the recoverable value of the companies themselves, and a provision for risks on losses was then allocated for a total of EUR 226 thousand. Please refer to the section on financial fixed assets in the notes to the financial statements of Dexelance S.p.A.;

- to the value of the equity investments held in Gamma Arredamenti International S.p.A. for EUR 243 thousand and in Turri S.r.l. for EUR 833 thousand due to the effect of discounting the subsidised loans granted during the year.

The net financial position towards others instead amounted to EUR 21,484 thousand and was represented by payables to lessors for a total of EUR 760, partially offset by net intercompany financial assets for centralised treasury management (so-called cash pooling) for a total of EUR 22,077 thousand.

Information on the Group's main risks and uncertainties

As part of its industrial activities, the Group is exposed to risks and uncertainties, arising from exogenous factors related to the general macroeconomic and geopolitical context, as well as risks deriving from strategic and management choices relating to the specific sectors in which it operates. In this context, the Group—particularly through its Internal Control and Risk Management System—systematically identifies, measures, manages and monitors business risks. The main risks identified by the Group are listed below.

Financial risks

Exchange rate risk: limited. The Group operates mainly in euros. As regards the currency balance in US dollars, since receipts and payments in foreign currencies partially offset each other, the currency risk is not excessive and therefore the provision of foreign exchange hedges was not considered necessary. For the sensitivity analysis on foreign exchange risk and the related effects on net result before taxes and the effects on shareholders' equity before taxes, please refer to the paragraph on financial risk management in the notes to the financial statements.

Risk of restatement of financial liabilities for earnouts and put and call options: the financial risks also include the risk of remeasurement of earnouts, put & call options entered into with minority shareholders of the acquired companies. The earnout and put & call values are directly related to the achievement of certain economic and financial targets by the acquired companies (generally the contractually defined EBITDA and net

financial position) in the periods following the acquisition of control, and are recorded at the present value of the financial liability.

In 2024, the recognition in the income statement of these values entailed the recognition of net financial income from restatement for a total of EUR 6,769 thousand.

For the sensitivity analysis on the remeasurement risk of earnouts, put & call options and the related effects on net result before taxes, please refer to the section on financial risk management in the notes to the financial statements.

Risk of restatement of the long-term incentive plan and the performance shares: The value and recognition of the incentive plans is linked to the increase in value of the Company's share price, recorded for a period of at least 30 consecutive days on the trading market compared to the IPO price, during the first 3 years of office and/or during the second 3 years of office in the case of renewal of office and failure to meet the objectives during the first 3 years of office. This is calculated and paid in cash by the Company during the month, following a positive verification by the Board of Directors that the long-term incentive has accrued. These liabilities are restated at every period-end or when a liquidation event occurs. Their effects are then reflected in the income statement under financial income in the income statement, together with the estimated discount cost for these liabilities.

In the year 2024, the recognition of these amounts in the income statement resulted in the recognition of an amount of EUR 183 thousand, of which EUR 157 thousand was recognised under service costs and EUR 26 thousand under personnel costs.

In reference to the performance share plan, it is hereby specified that the allocation of the units will be made by the Board of Directors, which will verify at the end of the Vesting Period whether the performance objectives have been achieved and whether the Trigger Event has occurred. The number of units awarded will depend on the achievement of certain performance targets over the vesting period.

The Group recognises share-settled transactions on the basis of IFRS 2, which requires the cost of transactions to be determined on the basis of the fair value at the allocation date.

At each reporting date, the Group also determines the fair value of the instrument based on the probability of achieving the defined performance targets.

Interest rate risk: the Group used derivative financial instruments. The debt to financial institutions is partially hedged against the risk of interest rate fluctuations in the amount with the instrument known as IRS (the company pays a fixed rate and is entitled to receive a variable rate indexed to Euribor).

The derivative contracts stipulated have an overall negative value—mark to market—of about EUR 380 thousand as at 31 December 2024, the change in which, net of the tax effect, compared to the previous year was recognised under other comprehensive profit items in the amount of EUR 41 thousand, net of the tax effect.

For the sensitivity analysis on interest rate risk and the related effects on net result before taxes, please refer to the paragraph on financial risk management in the notes to the financial statements.

Price risk: limited. Purchase prices normally have a duration of one year; sales prices absorb and tend to neutralise increases in purchases. Even in the presence of an inflationary scenario (especially in the first part of the year), the impact of the increase in raw material prices was limited, also due to the ability of the Group companies to adjust their sales prices and maintain margins.

Credit risk: limited. In most cases, the customer base is split, and the exposure per individual position is usually small; in addition, customers are systematically monitored, and each customer is associated with a credit limit and a maximum overdraft not exceeding the amount indicated in the reports provided by the commercial information companies. For many customers, particularly from outside the EU, Group companies require advance payment or guarantees. In some cases, credit insurance is used.

Cenacchi International S.r.l., Modar S.p.A. and Turri S.r.l. operate on the global market with renowned customers; it should be noted here that there is a strong concentration of customers with several companies that are traceable to a few economic entities with which the companies' relationships have been strengthened over the years. Management systematically monitors cases where exposure is significant.

Liquidity risk: limited. It is believed that the cash (approximately EUR 68.3 million at 31 December 2024), in addition to the cash flows that will be generated by operating activities, will be adequate to meet the needs arising from investment activities, working capital management, and the repayment of debts at their natural due dates.

<u>Non-financial risks</u>

Developments in the global economy, the environment of political, economic and financial instability and the volatility of financial markets could influence the performance of the Group, with possible adverse effects on its economic, capital and financial position. In the overall macroeconomic framework, the uncertainties regarding (i) the impacts of sanctions imposed worldwide relating to the conflict between the Federal Republic of Russia and Ukraine, (ii) the Middle East conflicts and (iii) the risks related to climate change are important.

Risks related to the global geopolitical situation: the Group is exposed to the risks associated with the current and future global, European and Italian economic and political situation, which has also been aggravated by recent political and military tensions in Ukraine and Israel, where developments and the political and economic impact are still uncertain and hard to assess. Therefore, it cannot be excluded that the occurrence and/or continuation of any economic downturn and/or political instability and any future negative impact, including any significant impact, on the global, European and/or national economy may lead to a weakening of demand for the Group’s products, with potential adverse effects on the Group’s business and prospects, as well as on its economic, capital and financial position.

The world’s geopolitical situation is experiencing extreme tension and complexity, particularly as a result of the conflict between Russia and Ukraine, as well as the more recent conflict between Israel and Palestine. These dramatic events have further stimulated inflationary phenomena and the already existing speculative dynamics, with particular reference to energy and raw material prices. The Group has very limited involvement in the areas affected by the conflict and its business model is not particularly

exposed to inflationary commodity phenomena or higher energy costs; however, it cannot be excluded that the continuation of this situation may lead to margin pressures or impacts on the propensity to consume durable goods.

Looking ahead, there are unknowns related to the effects of the fiscal and trade policy that the US administration will decide to implement. Specifically, the introduction of duties and tariffs on numerous countries and geographical areas to make imports less advantageous and competitive compared to domestic products or services could undermine international trade in goods and services. In this context, despite the risks associated with the drift towards protectionism in the United States, the Group does not foresee any particular risks or concerns to date, especially in view of the high-end market to which its products are aimed, which are not very sensitive to price changes. However, it cannot be ruled out that fiscal policy may have an impact on the propensity to consume and, therefore, the Group pays continuous attention to developments in the external environment.

Information on the environment and staff

Environmental, social and governance (ESG) factors, which are at the core of the Group's strategy values, are a long-term commitment and the Group is establishing, building and strengthening its ESG commitment through various activities and projects.

In this regard, it should be noted that the Dexelance Group, as an organisation already subject to the obligation to report non-financial information according to Italian Legislative Decree 254/2016 (implementing Directive 2014/95/EU), complies with the obligations arising from the new EU Directive 2022/2464 ("CSRD Directive") transposed into Italian law by Legislative Decree 125/2024, which also extends the provisions of the Taxonomy Regulation from the fiscal year 2024. These issues must be represented consistently with the principle of materiality, i.e. providing relevant information in relation to its business profile, strategies, stakeholder expectations and impact. The CSRD was approved by the Board of Directors convened to approve the draft financial

statements as at 31 December 2024 and made available to Shareholders. It is also available on the website of Dexelance.

The Group maintains a management system to constantly monitor and, where possible, with a view to continuous improvement, reduce environmental impacts.

The Group maintains an occupational health and safety management system with the aim of both complying with legal requirements and monitoring and, where possible, preventing any kind of problem relating to the health and safety of its employees. The number of Group employees as at 31 December 2024 was 833 (807 as of 31 December 2023). The workforce consists of 19 executives, 422 managers and clerical workers, 384 manual workers and 8 others. During 2024, the use of special welfare instruments was minimal.

Treasury shares and shares of parent companies

As at 18 December 2023, the programme aimed at increasing the portfolio of treasury shares of the parent company Italian Dexelance S.p.A. became operative in order to (i) equip itself with a portfolio of treasury shares to be used to service transactions consistent with the Group's strategic development lines in view of or within the scope of agreements with strategic partners, including, but not limited to, transactions involving sales and/or exchanges, swaps, contributions, assignments or other acts that include other extraordinary finance transactions (ii) use treasury shares for transactions to support market liquidity, so as to facilitate trading in the securities themselves at times of low market liquidity and to encourage regular trading, in accordance with the provisions of the law on market abuse and accepted market practices. The aforementioned share buy-back programme was resolved by the Shareholders' Meeting of 17 November 2023. It should be noted that as at 31 December 2024, 205,566 treasury shares, equal to 0.7634% of the share capital, had been purchased for a total amount of EUR 1,928 thousand.

On 22 April 2024, the Shareholders' Meeting resolved a new share buyback programme which, in addition to the above objectives, also provided for the allocation of treasury shares to the implementation of incentive plans based on Company shares for directors and employees in key function roles within the Company. Please refer to the specific section on this matter included below for more detailed information on the share incentive plan.

Dexelance S.p.A. on the Stock Exchange

The initial public offering period for the admission to trading of the Company's ordinary shares on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., began on 10 May 2023 and concluded positively on 15 May 2023. Dexelance stock forms part of the FTSE Italia Small Cap index. The launch of the trading of shares and the settlement date of the Offer took place on 18 May 2023. The Offer, which was priced at EUR 10.88 per share, was reserved exclusively for qualified investors and concerned 6,433,823 new shares. The price set included the share capital increase, excluding option rights and the share premium for a total equivalent of approximately EUR 70 million. In addition, 275,735 new shares were issued, worth approximately EUR 3 million, in the context of a capital increase reserved for certain shareholders/entrepreneurs from a selection of companies controlled by the Issuer, who subscribed at the Offer Price (reserved capital increase).

On 18 May 2023, Tamburi Investment Partners S.p.A. (hereinafter "TIP"), an industrial group investing in industrial excellence and listed on the Euronext STAR Milan segment of Borsa Italiana S.p.A., subject to listing, finalised the acquisition of 50.7% of Investindesign S.p.A., which in turn holds 48% of Dexelance's ordinary shares (formerly Italian Design Brands S.p.A.), following the exercise of the greenshoe option described below. On the basis of the agreements entered into on 12 July 2023, TIP has exercised the option to acquire, on the same terms and conditions of the first acquisition, an additional 20% of the share capital of Investindesign S.p.A. through Club Deal.

Finally, in the context of the Offer, a so-called Greenshoe option was granted by the current shareholders of the Company in favour of Equita SIM S.p.A. on behalf of the Joint Global Coordinators for the purchase of a maximum of 965,074 shares, corresponding to 15% of the maximum number of shares subject to the Offer. It should be noted that the *Greenshoe* option was exercised on expiry of 30 days from the date of the start of trading the shares on Euronext Milan.

The chart below shows the price trend of the Dexelance S.p.A. stock and the related trading volumes from 1 January to 31 December 2024.

Source: borsaitaliana.it

During 2024, and after having reached a high of EUR 11.12, the share price recorded a negative trend until the end of the year with a negative performance of 19% compared to the IPO price. As already indicated, as at 18 December 2023, the share buy-back programme became operative, aimed at supporting the value of the share and increasing the portfolio of treasury shares to be allocated to service transactions consistent with the Group's strategic development lines. Below, instead, are the share price performance figures recorded from 1 January to 31 December 2024.

Dexelance share price on the Milan Stock Exchange (EUR)	Period 01/01/2024 - 31/12/2024

IPO price	10.88
Maximum (07/05/2024)	11.12
Minimum (05/11/2024)	8.31
Average	9.67
End of period (31 December 2024)	8.83
Capitalisation as at 31 December 2024	237,759,211

During the second year of listing, the Dexelance Group developed numerous contacts with the national and international financial community, carrying out intensive investor relations activities through both in person and virtual roadshows, conferences organised by leading national and international brokers and conference calls following the publication of quarterly results. Investor engagement activities play a key role for the Group and will continue to be developed and strengthened in the coming years.

Shareholding

The shareholding structure as at 31 December 2024 is as follows:

	No. of shares	%
Investindesign S.p.A.	12,925,514	48.00%
Fourleaf S.r.l.	1,352,625	5.02%
Other partners	4,715,987	17.51%
Management	560,637	2.08%
Treasury shares	205,566	0.76%
Market	7,165,969	26.61%

Business outlook

Recent years have seen a normalisation in the dynamics of the costs of energy, raw materials and semi-finished goods, and an inflationary phenomenon is expected to be limited in the future compared to previous years. In any event the Group is maintaining a proactive and constant focus on controlling costs and identifying initiatives that can guarantee the expected revenue, profitability and cash flows.

The Group continuously monitors both the performance of the relevant markets and developments in the conflicts between Ukraine and Russia, Israel and Palestine, and in other regions in turmoil, which call for a continuously cautious approach to

macroeconomic forecasts in relation to the repercussions on prices of raw materials, demand, and the performance of the financial markets. In this regard, it should be noted that Group's exposure in terms of turnover in relation to countries involved in the conflicts is not significant.

In addition to the tensions already known in the macroeconomic environment in recent years, there are the unknowns linked to the possible effects of fiscal and trade policy in terms of duties and tariffs, which could affect international trade and thus impact the propensity to consume. However, the Group does not foresee any particular risk, as its product offering is aimed at the high-end of the market, which shows little sensitivity to price changes.

For the year 2025, despite the general macroeconomic context, the reference market is expected to remain substantially stable, also in line with the most recent research in the wood-furniture sector, and the Group is confident that it can continue to grow more quickly than its reference market.

The strategic objective of growth by external lines is also confirmed for 2025, despite the fact that no new acquisitions were concluded in the previous year. Negotiations are currently in progress, some of which may materialise in the current financial year.

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Milan, 11 March 2025

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Andrea Sasso

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Consolidated statement and financial position

(amounts in thousands of euros)	*Notes*	31/12/2024	31/12/2023
NON-CURRENT ASSETS			
Intangible assets	1	235,484	243,635
Goodwill		*134,811*	*134,919*
Brands		*57,461*	*57,461*
Models		*6,085*	*7,393*
Customer relations and order book		*35,211*	*42,236*
Other intangible assets		*1,916*	*1,626*
Right of use	2	34,427	32,910
Property, plant and equipment	3	28,223	28,631
Deferred tax assets	18	4,122	3,648
Equity investments		6	6
Other non-current assets	4	4,580	4,888
Total non-current assets		306,842	313,719
CURRENT ASSETS			
Inventories	5	37,096	36,867
Contract assets	6	8,433	4,779
Trade receivables	7	41,632	38,961
Income tax credits	8	1,440	4,135
Other current assets	9	7,385	6,924
Other current financial assets	10	34,614	28,621
Cash and cash equivalents	11	33,681	41,457
Total current assets		164,279	161,743
TOTAL ASSETS		471,121	475,462

(amounts in thousands of euros)	*Notes*	31/12/2024	31/12/2023
SHAREHOLDERS' EQUITY			
Share capital		26,926	26,926
Other reserves and retained earnings, including profit (loss) for the period		143,526	127,452
Total Group shareholders' equity		**170,452**	**154,378**
Shareholders' equity – minority interests		0	0
Total shareholders' equity	12	**170,452**	**154,378**
NON-CURRENT LIABILITIES			
Post-employment benefits	13	7,363	7,027
Provisions for risks and charges	14	4,801	4,917
Medium-/long-term bank loans	15	39,510	63,852
Other non-current financial liabilities	16	47,435	65,377
Other medium-/long-term loans	16	4,913	114
Non-current financial payables to lessors	16	29,430	28,030
Other non-current liabilities	17	1,858	839
Deferred taxes	18	23,889	25,712
Total non-current liabilities		**159,199**	**195,867**
CURRENT LIABILITIES			
Short-term bank loans	15	23,604	20,422
Other current financial liabilities	16	14,537	7,560
Other short-term loans	16	0	0
Current financial payables to lessors	16	6,512	5,671
Trade payables	19	53,611	51,271
Income tax payables	20	1,039	1,262
Other current liabilities	21	42,166	39,031
Payables to staff and social security organisations		*10,609*	*10,136*
Contract liabilities		*16,557*	*14,432*
Other payables		*15,000*	*14,463*
Total current liabilities		**141,470**	**125,217**
TOTAL LIABILITIES		**300,669**	**321,084**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**471,121**	**475,462**

Consolidated income statement

(amounts in thousands of euros)	*Notes*	31/12/2024	31/12/2023
Revenue	22	324,384	287,350
Other income	23	4,911	4,969
Total revenue and income		**329,295**	**292,319**
Purchases of raw materials	24	(126,799)	(112,309)
Change in inventories		392	2,502
Staff costs	25	(53,466)	(44,122)
Costs for services and use of third-party assets	26	(96,719)	(84,717)
Other operating costs	27	(2,312)	(1,174)
Provisions and writedowns	28	(436)	(388)
Amortisation, depreciation and writedowns of fixed assets	29	(22,541)	(16,997)
Operating profit/(loss) (EBIT)		**27,414**	**35,114**
Financial income	30	13,756	16,320
Financial expenses	30	(15,609)	(14,086)
Result before taxes resulting from continuing operations		**25,561**	**37,348**
Income tax	31	(7,658)	(9,218)
Net result		**17,904**	**28,130**
Attributable to:			
Profit/(loss) pertaining to the Group		17,904	28,007
Profit/(loss) pertaining to third parties		0	123
Basic earnings per share		**0.67**	**1.15**
Diluted earnings per share		**0.67**	**1.15**

Consolidated statement of comprehensive income

(amounts in thousands of euros)	*Notes*	31/12/2024	31/12/2023
Net result		**17,904**	**28,130**
Profit/(loss) from cash flow hedge		(54)	(913)
Tax effects		13	219
Total profit/(loss) from cash flow hedges, net of tax	32	(41)	(694)
Foreign currency translation differences		12	(186)
Other movements		(37)	(118)
Total comprehensive income items that will subsequently be reclassified to profit/(loss) for the year		**(65)**	**(997)**
Actuarial profits/(losses)		(88)	(319)
Tax effects		21	76
Total actuarial profit/(loss), net of taxes	32	(67)	(242)
Comprehensive income items that will not subsequently be reclassified to profit/(loss) for the year		**(67)**	**(242)**
Comprehensive income statement net of taxes		**(132)**	**(1,239)**
Total comprehensive net profit/(loss) for the period		**17,771**	**26,891**
Attributable to:			
Shareholders of the parent company		17,771	26,768
Minority shareholders		-	123

Consolidated Statement of changes in shareholders' equity

(amounts in thousands of euros)	Share capital	Share premium reserve	Cash flow hedging reserve	Actuarial gains/(losses)	Other reserves	Retained earnings	Profit/(loss) for the period	Total Group shareholders' equity	Capital and reserves – minority interests	Profit – minority interests	Shareholders' equity – minority interests	Total shareholders' equity
Balance at 1 January 2023	20,217	3,563	174	425	(358)	40,692	(5,932)	58,780	-	-	-	58,780
Allocation of result for the year						(5,932)	5,932	-			-	-
Reserved initial public offering	6,710	63,407						70,117			-	70,117
Other income statement items			(694)	(242)	(304)			(1,239)			-	(1,239)
Dividends						(700)		(700)			-	(700)
Acquisition of minority interests						(539)		(539)	-	(123)	(123)	(662)
Purchase of treasury shares					(47)			(47)			-	(47)
Net result							28,007	28,007		123	123	28,130
Balance at 31 December 2023	26,926	66,971	(520)	183	(709)	33,521	28,007	154,378	-	-	-	154,378

(amounts in thousands of euros)	Share capital	Share premium reserve	Cash flow hedging reserve	Actuarial gains/(losses)	Other reserves	Retained earnings	Profit/(loss) for the period	Total Group shareholders' equity	Capital and reserves – minority interests	Profit – minority interests	Shareholders' equity – minority interests	Total shareholders' equity
Balance at 1 January 2024	26,926	66,971	(520)	183	(709)	33,521	28,007	154,378	-	-	-	154,378
Allocation of result for the year						28,007	(28,007)	-			-	-
Other income statement items			(41)	(67)	(25)			(132)			-	(132)
Purchase of treasury shares					(1,880)			(1,880)			-	(1,880)
Share Incentive Plan					183			183			-	183
Net result							17,904	17,904			-	17,904
Balance at 31 December 2024	26,926	66,971	(561)	115	(2,431)	61,528	17,904	170,452	-	-	-	170,452

Consolidated statement of cash flows

(amounts in thousands of euros)	31/12/2024	31/12/2023
A. Cash flows from operating activities (indirect method)		
Profit/(loss) for the period	17,904	28,130
Income tax	7,658	9,218
Interest expense/(interest income)	10,435	11,038
Other non-monetary income and expenses	(8,476)	(13,160)
Capital (gains)/losses on disposals	(174)	54
1. Profit/(loss) before income taxes, interest, dividends and capital gains/losses from transfer	**27,346**	**35,280**
Severance Indemnity Provision	846	748
Provisions	877	459
Depreciation and amortisation of fixed assets	22,541	16,997
Impairment losses	43	(206)
Other adjustments for non-monetary items	(174)	(192)
2. Cash flow before changes in net working capital	**51,479**	**53,085**
Decrease/(Increase) in inventories	(229)	(2,741)
Decrease/(Increase) in contract assets	(3,654)	(1,450)
Decrease/(Increase) in trade receivables	(2,628)	(6,891)
Increase/(Decrease) in trade payables	2,340	(1,705)
Increase/(Decrease) in contract liabilities	2,126	(3,215)
Decrease/(Increase) in other changes in net working capital	1,099	(693)
Interest received/paid on loans	(3,246)	(3,366)
(Income taxes paid)	(6,924)	(12,466)
Disbursement of severance payments and other provisions	(1,198)	(748)
3. Cash flow after other adjustments	**(12,314)**	**(33,273)**
Cash flow of operating activities (A = 2 + 3)	**39,165**	**19,811**
B. Cash flows from investment activities		
Investments in tangible fixed assets, net of divestments	(5,804)	(6,769)
Investments in intangible assets, net of divestments	(700)	(348)
Investments in financial fixed assets, net of divestments	231	0
Investments in other financial assets, net of divestments	(5,993)	(22,642)
Acquisition or sale of subsidiaries or business units, net of cash	0	(42,361)
Exercise of options and earnout	(9,163)	(38,127)
Cash flow of investment activities (B)	**(21,428)**	**(110,246)**
C. Cash flows from financing activities		
Third-party financing		
Increase (decrease) in short-term payables to banks	(284)	(1,768)
Loans taken out	14,160	52,351
Loan repayment	(29,312)	(23,261)
Payments for lease liabilities	(8,195)	(5,423)
Adjustment, other financial payables	0	(2,355)
Equity		
Increase in net capital	0	70,117
Purchase of treasury shares	(1,880)	(47)
(Dividends and advances on dividends paid)	0	(700)
Cash flow of financing activities (C)	**(25,512)**	**88,914**
Increase (decrease) in cash (A ± B ± C)	(7,776)	(1,521)
Cash at 1 January	41,457	42,978
Cash and cash equivalents at 31 December	33,681	41,457
Change in cash	**(7,776)**	**(1,521)**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

General information

The Group

Dexelance S.p.A. (hereinafter also "Dexelance") has its registered office in Milan and has been listed on the Italian Stock Exchange as of 18 May 2023; the Dexelance share is part of the FTSE Italia Small Cap index. It was established on 10 March 2015 with the aim of promoting an Italian design pole in the furniture, fittings and lighting segment. Since 2023, its scope has also included high-end modular kitchen solutions and systems that can implement dimensional, organisational, managerial, strategic and distribution synergies, which allow Dexelance to compete internationally in a segment where Italy has a competitive advantage and excellent creative and product skills.

Significant events during the financial year

On 22 April 2024, the Extraordinary Shareholders' Meeting of the Parent Company resolved to amend Article 1.1 letter T and Article 2.1 of the By-laws, approving the proposal to change the company name to "Dexelance S.p.A.", in order to create a new group identity to support and grow towards a renewed and higher positioning in the market.

Furthermore, the Shareholders' Meeting resolved to approve an incentive plan titled the "2024-2029 Performance Shares Plan" and based on financial instruments that provides for the free assignment to the key management personnel identified in the plan of a number of shares subject to the achievement of performance targets and fulfilment of conditions linked to the performance of the Company's stock on the market. It should be noted that on 11 March 2024, the Board of Directors of Dexelance S.p.A. approved, at the proposal of the Hiring, Human Resources and Remuneration Committee, the proposal to

submit the adoption to the Shareholders' Meeting of the Company, pursuant to Article 114-bis TUF, of the Consolidated Finance Act, of the Plan on the terms and conditions described in the relevant document published pursuant to law.

The Plan provides for the possibility of awarding a total of 500,000 shares to the Chairman of the Board of Directors and Chief Executive Officer, the Executive Director and key employees of the Company identified in the plan, upon the achievement of certain targets over the more extended period of 5 years (the "Vesting Period"). Moreover, the Plan's activation is subject, only for the Chairman of the Board of Directors and Chief Executive Officer and for the Executive Director, to the achievement of the Trigger Event, which is tied to the achievement of a certain average share price at the end of the Vesting Period.

It should also be noted that, as defined by the Ordinary Shareholders' Meeting of 22 April 2024, the Executive Directors have the right to access the equity incentive plan in supplement to the already existing medium-long term monetary incentive plan ("Monetary LTIP") approved by the Shareholders' Meeting on 9 May 2023, provided that, with respect to this Monetary LTIP, they agree to the following: (a) for the CEO and Chairman of the Board, the commitment to reinvest 50% of the net value of any incentive received under the Monetary LTIP to acquire shares in the Company, not to dispose of 70% of the shares acquired during the 36 months following their purchase, and not to dispose of 35% of the shares acquired during the 48 months following the purchase, with the clarification that the purchase of shares by the Chairman of the Board of Directors and Chief Executive Officer may occur either from the Company or on the market within six months from the date of receipt of the net incentive potentially earned under the Monetary LTIP; (b) for the other Executive Director, as he already holds shares in the Company, lock-up commitments equivalent to those referred to in point (a) above for a number of shares already held corresponding to 50% of the value of the net incentive received under the Monetary LTIP.

The measurement unit with which the right to the allocation of shares (the "Units") attributable to each beneficiary is measured was determined by the Board of Directors, taking each person's specific role and responsibilities into account. The percentage of

conversion of Units into shares was instead determined by assessing the contribution that each of the performance objectives makes to the pursuit of the objectives and the medium- to long-term interests of the Company's shareholders and stakeholders.

In particular, the allocation of the Units is made by the Board of Directors, which will verify at the end of the Vesting Period whether the performance objectives have been achieved and whether the Trigger Event has occurred.

The plan aims, on the one hand, to encourage beneficiaries to pursue the Group's objectives and, on the other hand, to foster loyalty among the beneficiaries for the purpose of their retention.

The Group recognised share-settled transactions on the basis of IFRS 2, which requires the cost of transactions to be determined on the basis of the fair value at the allocation date. This cost is recognised under service costs and personnel costs, respectively, together with a corresponding increase in an equity reserve, over the period in which the service and, where applicable, performance conditions are met (the vesting period). At each reporting date, the Company revises its assumptions on the number of shares expected to vest and recognises the effect of the value of the shares vested during the period by recording any change in estimate in the income statement and adjusting the corresponding equity reserve. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has passed as well as the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the income statement of a financial year represents the change in the cumulative charge recognised at the beginning and end of the financial year.

The share allocation letters were delivered to the beneficiaries on 22 April 2024, and from that date on, the incentive plan has produced the accounting effects for the beneficiaries who agreed to participate in this plan.

The Group determined the value of the equity reserve at 31 December 2024 on the basis of the provisions of the Performance Shares Regulation and IFRS 2 in the amount of EUR 183 thousand, of which EUR 157 thousand was recognised under service costs and EUR

26 thousand under personnel costs.

It should be noted that the scope of consolidation has not changed since 31 December 2023. However, it should be noted that:

- On 1 October 2024, the merger by incorporation of the company Nian Design S.r.l. into the parent company Cubo Design S.r.l. was carried out, based on the merger plan approved by the Shareholders' Meeting on 7 August 2024. The transaction has no accounting effect at the consolidated level.
- on 15 October 2024, the acquisition by Dexelance S.p.A. of the remaining share capital of the subsidiary Axo Light S.r.l. was finalised (equal to 49%); the objective of the transaction is the continuation of the Group's consolidation in the "Lighting" strategic area with a view to greater organisational effectiveness and renewed synergistic interaction between the companies belonging to this operating segment.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2024 have been prepared in accordance with International Accounting Standards as well as the provisions issued pursuant to Article 9 of Italian Legislative Decree No. 38 of 28 February 2005.

These standards comprise the set of IAS and IFRS standards issued by the International Accounting Standard Board (IASB), as well as the SIC (Standing Interpretations Committee) and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed by 31 December 2024. Any international accounting standards endorsed after this date and before the date of preparation of these financial statements are used in the preparation of the consolidated financial statements only if early adoption is permitted by the Endorsement Regulation and by the accounting standard being endorsed, and if the Group has exercised this option.

The publication of the consolidated financial statements of the Dexelance Group for the year ended 31 December 2024 was authorised by a resolution of the Board of Directors on 11 March 2025. These financial statements will be submitted to the shareholders' meeting of Dexelance S.p.A. on 16 April 2025.

From an economic, equity and financial standpoint, the Group's consolidated financial statements for the year ended 31 December 2024 include the figures of the subsidiaries (direct and indirect), adjusted where necessary, in order to align them with the accounting principles used by the Parent Company in preparing the consolidated financial statements, in compliance with the IFRS adopted by the European Union.

The consolidated financial statements comprise the Statement of Financial Position, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity, and these explanatory notes. They are also accompanied by the Management Report.

The values shown in the financial statements are in thousands of euros; the explanatory notes are mainly in thousands of euros, unless otherwise specified.

For the purposes of drawing up consolidated financial statements in accordance with International Accounting Standards, the Group has adopted:

1) A format for the consolidated statement of financial position that separates current and non-current assets and liabilities, it being understood that current refers to assets and liabilities that are achievable in the normal operating cycle (IAS 1, para. 57), generally identified within the 12-month period following the reporting date;
2) a format by nature for the statement of comprehensive income;
3) the indirect method for cash flows in the cash flow statement.

Expression of compliance with International Accounting Standards

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and transposed into European Union and Italian law via Italian

Legislative Decree No. 38 of 28 February 2005 at the reference date of the financial statements. The IFRS also include all revised International Accounting Standards (IAS), and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).

SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company, Dexelance S.p.A., and the companies over which the Parent Company has the right to exercise control, determining their financial and management decisions and obtaining the related benefits. The companies included by means of the full consolidation method as at 31 December 2024, in accordance with the provisions of IFRS 10, are listed below.

Company name	Registered office	Share capital	Strategic business area	% direct ownership	% indirect ownership
Gervasoni S.p.A.	Pavia di Udine (Udine)	1,000,000	furniture	100%	0%
Meridiani S.r.l.	Misinto (Monza and Brianza)	120,000	furniture	61.11%	38.89%
Meridiani France SARL	Paris (France)	100,000	furniture	0%	100%
Dexelance UK Ltd.	London (UK)	GBP 779,950	furniture	100%	0%
Cenacchi International S.r.l. (*)	Ozzano dell'Emilia (Bologna)	10,000	luxury contract	99%	0%
Davide Groppi S.r.l.	Piacenza	20,000	lighting	100%	0%
Saba Italia S.r.l.	S. Martino di Lupari (Padua)	50,000	furniture	100%	0%
Modar S.p.A.	Barlassina (Monza and Brianza)	500,000	luxury contract	100%	0%
IDB Suzhou Co. Ltd.	Suzhou (China)	CNY 12,456,163	other	100%	0%
Flexalighting S.r.l. (*)	Pontassieve (Florence)	10,000	lighting	51%	0%
Borman Lighting S.r.l. (*)	Pontassieve (Florence)	10,000	lighting	0%	51%
Dexelance USA Corp.	New York (USA)	USD 10,000	other	100%	0%
Flexalighting North America Ltd. (*)	Surrey (Canada)	CAD 103	lighting	0%	26%
Gamma Arredamenti S.p.A. (*)	Forlì (Forlì-Cesena)	2,000,000	furniture	55%	0%
Gamma Arredamenti Inc. (*)	High Point (USA)	USD 5,000	furniture	0%	55%
Cubo Design S.r.l. (*)	Notaresco (Teramo)	84,000	kitchen & systems	60%	0%
Axo Light S.r.l.	Scorzè (Venice)	119,000	lighting	100%	0%
Axo Light USA Corp.	New York (USA)	USD 100,000	lighting	0%	100%
Turri S.r.l. (*)	Carugo (Como)	1,000,000	furniture	51%	0%
Turri UK Ltd. (*)	London (UK)	GBP 10,000	furniture	0%	51%
Turri USA Corp. (*)	Miami (USA)	USD 100	furniture	0%	51%
Shanghai Turri Furnitures (*)	Shanghai (China)	CNY 8,576,479	furniture	0%	51%

(*) Fully consolidated companies due to the put and call agreement with minority shareholders, the residual amount of which is recognised under Other current and non-current financial liabilities (see Note 16). The Parent Company currently holds the majority of the shares, but based on the agreements signed with the minority shareholders and the put option that they may exercise, it has the obligation to repurchase the remaining shares held under predefined contractual conditions.

It should be noted that the scope of consolidation has not changed since 31 December 2023.

Consolidation criteria

The criteria adopted for the consolidation of subsidiaries include:

- The elimination of the value of shareholdings against the assumption of the assets and liabilities of the investee companies using the global integration method; the carrying amount of shareholdings is eliminated against the corresponding fraction of the investee companies' shareholders' equity.

- At the date control is acquired, the shareholders' equity of the investee companies is determined by assigning their current value to the individual assets and liabilities. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recorded under the asset item "Goodwill"; if negative, it is recognised in the income statement.
- The inclusion in the consolidated financial statements of each item in the income statement of the consolidated companies.
- The elimination of all intra-group transactions and, therefore, of payables, receivables, sales, purchases and unrealised gains and losses with third parties.
- The portion of the investee companies' shareholders' equity and their result for the period pertaining to minority shareholders, respectively, are recorded in a special equity item called "Minority interest in shareholders' equity" and "Minority interest in (profit)/loss for the period".

Companies in which the Group exercises control (subsidiaries) are consolidated on a full consolidation basis.

Control is achieved when the Group is exposed or entitled to variable returns from its relationship with the investee entity and, at the same time, has the ability to affect those returns by exercising its power over that entity.

Specifically, the Group controls an investee if, and only if, it has:

- power over the investee entity (i.e. it has valid rights that give it the ability to direct the relevant activities of the investee entity);
- the exposure or rights to variable returns arising from the relationship with the investee entity;
- the ability to exercise power over the investee entity to affect the amount of its returns.

Generally, there is a presumption that a majority of the voting rights results in control. In support of this presumption, and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee entity, including contractual arrangements

with other holders of voting rights, rights arising from contractual arrangements, voting rights and potential voting rights of the Group.

Subsidiaries are consolidated from the date on which control is assumed and are deconsolidated from the date on which control ceases.

Translation of financial statements expressed in a currency other than the functional currency

The consolidated financial statements are presented in euro, which is the functional and reporting currency adopted by the Parent Company. Each Group company defines its own functional currency, which is used to measure items included in its separate financial statements.

At the balance sheet date, the assets and liabilities of Group companies, including any goodwill arising from the acquisition of a foreign operation, are converted into euro at the exchange rate of that date, while the revenues and expenses of the income statement and comprehensive income statement are converted at the average exchange rate. Exchange rate differences resulting from translation—i.e., a different exchange rate used compared to the consolidated financial statements of the previous year—as well as the difference between the exchange rate used to translate the result for the period and the year-end closing exchange rate, are recognised in other components of the comprehensive income statement, while in the statement of changes in shareholders' equity, exchange rate differences are allocated separately to the "Translation difference reserve" for the Group's share and to "Minority interest in capital and reserves" for the minority interest.

Upon the divestment of a foreign operation, the portion of the comprehensive income statement relating to such foreign operation is recognised in the income statement.

The following are the exchange rates applied when converting financial statements into a currency other than the euro for the periods ended on 31 December 2024 and 31 December 2023:

Value	31/12/2023	31/12/2024

	Average exchange rate	Accurate exchange rate	Average exchange rate	Accurate exchange rate
CAD	1.45950	1.46420	1.48210	1.49480
CNY	7.66000	7.85090	7.78750	7.58330
GBP	0.86979	0.86905	0.84662	0.82918
USD	1.08130	1.10500	1.08240	1.03890

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements were drawn up on a going concern basis, as the directors verified that there were no indicators of a financial, management or other kind that could indicate concerns regarding the Group's ability to meet its obligations in the foreseeable future and in particular within the 12 months following the date of approval of the draft financial statements.

The financial statements were drawn up on the basis of the historical cost principle, except for certain derivative financial instruments and deferred considerations (earnouts) payable as a result of a business combination, which were measured at their fair value.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE TO FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Below is a brief description of the accounting standards, amendments and interpretations applicable for the first time to the financial statements as at 31 December 2024. Standards, amendments and interpretations that, by their nature, cannot be adopted by the Group are excluded from the list.

Several changes were applied for the first time in 2024, but these had no impact on the Group's consolidated financial statement as at 31 December 2024.

Amendments to IFRS 16 - Lease Liability in Sale and Leaseback

The amendments to IFRS 16 specify the requirements that a seller-lessee applies when determining the lease liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise a gain or loss with respect to the right of use it retains. The change had no impact on the Group's financial statements.

Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying a liability as current or non-current. The changes clarify:

- what is meant by a right of the maturity's subordination;
- that the right of subordination must exist at the close of the financial year;
- classification is not impacted by the likelihood that the entity will exercise its subordination right;
- only if a derivative embedded in a convertible liability is itself an equity instrument does the liability's maturity impact its classification.

In addition, a requirement has been introduced to disclose when a liability arising from a loan agreement is classified as non-current and the entity's subordination right is subject to compliance with covenants within twelve months.

The changes entailed additional disclosures but had no impact on the classification of the Group's liabilities.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supply finance arrangements and require additional disclosure of these arrangements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of supply finance arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

Following the implementation of these changes, the Group provided additional information in the Notes to the Consolidated Financial Statements, with the specification that no recourse was made to any form of supply chain financing.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At the reference date of this document, the relevant bodies of the European Union have not yet completed the approval process required for the adoption of the amendments and standards described below.

IFRS 18 Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for the presentation of the income statement, including specific totals and subtotals. Additionally, entities will have to classify all expenses and revenues within the income statement within four categories: operating, investing, financing, income tax and discontinued operations, where the first three categories are new.

The standard also requires disclosures based on the new definition of management-defined performance measures (MPMs), subtotals of costs and revenues, and it includes new provisions for the aggregation and disaggregation of financial information based on the identified roles of the Primary Financial Statements (PFS) and notes.

In addition, changes were introduced to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations based on the indirect method; from profit or loss to operating profit or loss, and removing the option to classify cash flows from dividends and interest. Additionally, significant changes were made to several other accounting standards.

IFRS 18, and amendments to other standards, are effective for financial years beginning on or after 1 January 2027, but early application is permitted subject to disclosure. IFRS 18 will apply retrospectively.

The Group is currently working to identify impacts that the changes will have on the financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without public accountability: Disclosure

In May 2024, the IASB issued IFRS 19, which allows eligible entities to opt for a reduction in their disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the financial year, an entity must be a subsidiary as defined in IFRS 19, cannot have ’public accountability’ and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available to the public and prepared in accordance with IFRS accounting standards.

IFRS 19 will become effective for financial years beginning on or after 1 January 2027, with early application possible.

As the Group’s shares are publicly traded, the Group is not eligible for the application of IFRS 19.

Amendments to IFRS 9 and IFRS 7: Contracts that reference electricity that is dependent on the weather

On 18 December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 with reference to contracts relating to electricity that is dependent on the weather. The amendments clarify the application of the requirements for own use and allow hedge accounting if such contracts are used as hedging instruments.

In addition, new disclosure requirements have been added to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The clarifications relating to the ‘own use’ requirements must be applied retrospectively, but the guidelines that allow hedge accounting must be applied prospectively to new designated hedging relationships on or after the date of initial application.

The amendments will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, but must be disclosed.

The Group is currently working to identify the potential impacts that the amendments will have on the financial statements and notes starting from the date of entry into force of the standard.

Amendments to IFRS 9 and IFRS 7: Classification and measurement of financial instruments

On 30 May 2024, the IASB issued amendments to the classification and measurement of financial instruments, and clarifies that a financial liability is derecognised at the settlement date, i.e. when the related obligation is discharged, cancelled, expires or when the liability is otherwise qualified for derecognition. The amendment also introduces an accounting policy option to derecognise financial liabilities settled through an electronic payment system before the settlement date, if certain conditions are met. Clarification has been provided on how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG) characteristics and other similar contingent characteristics. Furthermore, the amendments clarify the treatment of financial assets without right of recourse and contractually linked instruments. The amendment to IFRS 7 requires additional disclosure for financial assets and liabilities with contractual terms that refer to a potential event (including those related to ESG factors) and for equity instruments classified at fair value through other comprehensive income.

The amendments will come into effect for financial years beginning on or after 1 January 2026. Entities may early adopt the amendments relating to the classification of financial assets and related disclosures and apply the other amendments at a later date.

The new requirements will be applied retrospectively with an adjustment to opening retained earnings. It is not necessary to restate prior years and they can only be restated without the use of hindsight. An entity is required to provide information on financial assets that change their measurement category due to the amendments.

The Group is currently working to identify the potential impacts that the amendments will have on the financial statements and notes starting from the date the standard comes into effect.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Substitutability

On 15 August 2023, the IASB issued amendments to IAS 21 that specify how an entity

should assess whether a currency is exchangeable and how it should determine a spot exchange rate when there is no exchangeability.

A currency is considered exchangeable into another currency when the entity is able to obtain the other currency within a period of time that allows for normal administrative delay and through a market or an exchange mechanism in which an exchange transaction would create actionable rights and obligations. If a currency is not exchangeable for another currency, the entity is required to estimate the spot exchange rate at the measurement date. The objective of an entity in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity may use an observable exchange rate without adjustments or other estimation techniques. When an entity estimates a spot exchange rate because one currency is not exchangeable into another currency, it provides information that enables users of its financial statements to understand how the currency not exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual periods beginning on or after 1 January 2025. Earlier application is permitted and must be disclosed.

The Group is currently working to identify the potential impacts that the amendments will have on the financial statements and notes to the financial statements from the date of entry into force of the standard.

Improvements to IFRS

On 18 July 2024, the IASB published the following Annual *Improvements to IFRS Standards – Volume 11*, a process that deals with non-urgent but necessary clarifications and amendments to IFRS.

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*

Hedge Accounting by a First-time Adopter

Paragraphs B5 and B6 of IFRS 1 have been amended to include cross-references to the

qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to resolve the potential confusion arising from an inconsistency between the wording of IFRS 1 and the requirements for hedge accounting in IFRS 9. An entity shall apply the amendments for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

- *IFRS 7 Financial Instruments: Disclosures*

Gain or loss on derecognition

The amendments update the wording related to unobservable inputs in paragraph B38 of IFRS 7 and include a cross-reference to paragraphs 72 and 73 of IFRS 13 *Fair Value Measurement*.

An entity shall apply the amendments for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

- *Guidance on Implementing IFRS 7 Financial Instruments: Disclosures*

Introduction

The amendments to paragraph IG1 of the implementation guidance for IFRS 7 clarify that the guidance does not necessarily illustrate all the provisions of the referenced paragraphs of IFRS 7, nor does it create additional provisions.

Disclosure of the deferred difference between fair value and transaction price

Paragraph IG14 of the Implementation Guidance for IFRS 7 has been amended primarily to make the wording consistent with the provisions of paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.

Credit risk disclosure

Paragraph IG20B of the Implementation Guidance for IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.

- *IFRS 9 Financial Instruments*

Elimination of lease liabilities from the accounts of the lessee

Paragraph 2.1 of IFRS 9 has been amended to clarify that, when the lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required

to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and a settlement of a lease liability in accordance with IFRS 9. An entity shall apply the amendments for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

Transaction price

Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to the 'transaction price as defined in IFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and has therefore been removed. The term has also been deleted from Appendix A of IFRS 9.

An entity shall apply the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

- *IFRS 10 Consolidated Financial Statements*

Determination of a 'de facto agent'

Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is only one example of the various relationships that could exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the provision in paragraph B73 for the entity to use judgement to determine whether other parties act as de facto agents.

The entity shall apply the amendments for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

- *IAS 7 Statement of Cash Flows*

Cost method

Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the previous deletion of the definition of 'cost method'.

An entity shall apply that amendment for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

MEASUREMENT CRITERIA ADOPTED

The most significant accounting principles and valuation criteria used in the preparation of the consolidated financial statements are described below.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the non-controlling interest in the acquiree. For each business combination, the Group defines whether to measure the non-controlling interest in the acquiree at fair value (the full goodwill method) or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets (the partial goodwill method). Acquisition costs are expensed in the period and classified as consulting and services.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions existing at the date of acquisition. This includes verifying whether an embedded derivative should be separated from the host contract.

If the business combination is achieved in stages, the previous shareholding is measured at fair value at the date control is acquired and any resulting gain or loss is recognised in the income statement.

In the case of put options granted to minority shareholders, the Group recognises a financial liability equal to the present value of the option exercise price. If the terms and conditions of the put option already give the Group access to the economic benefits associated with the capital share optioned, the Group accounts for this share as if it had already been acquired and, therefore, upon initial recognition of the liability, this value is reclassified from equity by reducing the minority interest. The liability is subsequently remeasured at each reporting date in accordance with IFRS 9.

Goodwill is initially recognised at cost represented by the excess of the consideration transferred and the amount recognised for non-controlling interests over the identifiable

net assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration transferred, the Group reassesses whether it has correctly identified all assets acquired and all liabilities assumed and reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the remeasurement still results in a fair value of the net assets acquired in excess of the consideration, the difference (gain) is recognised in the income statement.
After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each cash-generating unit of the Group that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units.
If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the disposed asset is included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the disposed asset is determined on the basis of the relative values of the disposed asset and the retained portion of the cash-generating unit.
Changes in shareholdings in a subsidiary that do not result in a loss of control are recognised in shareholders' equity.
On the other hand, in the event of the sale of part of the shareholdings with a corresponding loss of control, the shareholding is adjusted to its fair value and its new valuation becomes part of the capital gain/(loss) arising from the sale transaction.

Intangible assets

Intangible assets acquired separately are recognised as assets at acquisition cost including directly attributable accessory charges. Those acquired through business combinations are recognised at fair value at the date of acquisition.
The useful life of intangible assets is measured as finite or indefinite.
Intangible assets with a finite useful life undergo an impairment test when events or changes in circumstances indicate that the book value cannot be recovered.

Subsequent to initial recognition, intangible assets with a finite useful life are recognised net of accumulated amortisation and any impairment losses, determined in the same manner as tangible assets.
The useful life is reviewed at least annually and any changes, if necessary, are made prospectively.
Intangible assets with an indefinite useful life, which for the Group consist of goodwill and trademarks of the acquired companies, are not subject to amortisation but are subject to an impairment test in the manner defined in the following paragraph.
Gains or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the book value of the asset, and are recognised in the income statement at the time of disposal.
Trademarks acquired as part of business combinations are recognised at fair value at the date of the transaction.
The Group's trademarks have been considered assets with an indefinite useful life and, therefore, are not subject to a systematic amortisation process, but rather undergo impairment testing at least annually in the manner indicated in the section "Impairment".

Other intangible assets

Intangible assets are initially measured at cost, normally determined as the price paid for their acquisition, including accessory charges and any non-recoverable taxes, net of trade discounts and allowances. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any impairment losses determined in accordance with IAS 36.
Intangible assets are subject to amortisation, except when they have an indefinite useful life. Amortisation is applied systematically over the useful life of the intangible asset depending on its estimated economic use. The residual value at the end of its useful life is assumed to be zero, unless there is a commitment by a third party to acquire the asset at the end of its useful life, or there is an active market in which the asset is traded. The directors review the estimated useful life of intangible assets at the end of each financial

year.

Internally generated intangible assets consisting of the development costs of new products or new production processes are recognised as assets only if all of the following conditions are met:

- the asset being developed is identifiable;
- the asset created is likely to generate future economic benefits;
- the development project is likely to be completed and the related costs can be measured reliably.

These intangible assets are amortised on a straight-line basis over their respective useful lives. Amortisation of the asset begins when the development is complete and the asset is available for use.

The amortisation rates for intangible assets with a finite useful life are shown below on an annual basis:

	Depreciation rate
Patent rights	20%
Software licences	33%
Models	10%–20%
Customer relations	7–10%
Order books	Based on the progress of current contract work
Other fixed assets	10%–20%

Property, plant and equipment

Plants, machinery, equipment and buildings are recorded at purchase or production cost net of accumulated depreciation and any writedowns for impairment losses. Assets consisting of components, of significant amounts and with different useful lives, are considered separately when determining depreciation.

Depreciation is determined on a straight-line basis relative to the cost of the assets, according to their estimated useful life represented by the following rates on an annual basis:

	Depreciation rate
Plants and machinery	11.5%
Equipment and passenger cars	25%
Vehicles and internal means of transport	20%
Furniture	12%
Office equipment and machinery	20%

Depreciation rates are reviewed on an annual basis and any changes, where necessary, are made prospectively.

The residual value and useful life of the assets are reviewed at least at each financial year-end and if, regardless of the depreciation already accounted for, an impairment loss occurs determined on the basis of the application of IAS 36, the fixed asset is correspondingly written down; if, in subsequent years, the reasons for the writedown no longer apply, its original value is reinstated, adjusted only for depreciation.

When an asset is sold or when there is no expected future economic benefit from its use, it is derecognised and any loss or gain (calculated as the difference between the disposal value and the residual book value) is recognised in the income statement in the year of such derecognition.

Maintenance and repair costs, which are not likely to increase the value and/or extend the remaining life of the assets, are expensed in the period in which they are incurred; otherwise, they are capitalised.

Rights of use for leased assets

When entering into a contract, the Group assesses whether it is, or contains, a lease; in other words, whether the contract confers the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets.

The Group recognises liabilities relating to lease payments and the right-of-use asset representing the right to use the asset underlying the lease. In particular, it accounts for:

- a right of use: on the lease commencement date, i.e. the date on which the

underlying asset is available for use. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease liabilities, initial direct costs incurred and lease payments made on or before the commencement date, net of any incentives received. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the lessee will exercise the purchase option, the lessee shall depreciate the asset consisting of the right of use from the commencement date until the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment;

- a financial liability at the lease commencement date. The Group recognises lease liabilities by measuring them at the present value of lease payments not yet paid at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate, and amounts expected to be paid as a guarantee of the residual value. Lease payments also include the exercise price of a purchase option, if it is reasonably certain that such option will be exercised by the Group, and lease termination penalty payments, if the lease term takes into account the Group's exercise of its lease termination option. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that generated the payment occurs. In calculating the present value of the payments due, the Group uses the marginal borrowing rate at the start date. After the commencement date, the amount of the lease liability increases to account for interest on the lease liability and decreases to account for payments made. In addition, the carrying amount of lease payables is restated in the event of any changes to the lease or for a revision of the contractual terms to amend payments; it is also restated in the event of changes in the valuation of the option to purchase the

underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments;

- separately classifies contracts for which the unit value of the underlying assets does not exceed, indicatively, USD 5,000 when new (so-called low-value assets), such as computers, telephones, tablets, office printers and multifunctional printers. For such contracts, lease payments are recognised in the income statement on a straight-line basis over the term of the contract.

As required by the standard, the Group has adopted certain elements of professional judgement and the use of assumptions and estimates in relation to contractual terms (lease term) and to the definition of the marginal financing rate. The main elements are summarised below:

- renewal clauses, extension options and early termination clauses of contracts are taken into account in determining the duration of the contract when their exercise is deemed reasonably certain, i.e. when the Group has the right to exercise them without the need to obtain the counterparty's consent;
- marginal borrowing rate (incremental borrowing rate): the Group has decided to use the marginal borrowing rate as the discount rate to discount lease payments. This rate is either the implicit interest rate of the contract, if easily determinable, or, alternatively, the Group's average marginal borrowing rate;
- the asset consisting of the right of use for leased assets, in accordance with IFRS 16, is measured at cost including the present value of future payments discounted at the marginal borrowing rate as defined above, the initial direct costs incurred by the lessee, the lease payments paid in advance and the estimated costs for dismantling, removal and restoration. The value of the asset is systematically depreciated.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the lessee will exercise the purchase option, the lessee shall depreciate the asset consisting of the right of use from the commencement date until the end of the useful life of the

underlying asset.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset, or to the end of the lease term, whichever is earlier, as follows:

Rights of use on land and buildings	from 2 to 25 years
Rights of use on plant and machinery	from 5 to 7 years
Rights of use on other assets	from 2 to 5 years

Impairment

At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there are any indications that these assets are impaired. If such indications exist, the recoverable amount of these assets is estimated in order to determine the amount of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with an indefinite useful life, including goodwill and trademarks, undergo tests annually to determine whether there is any indication of impairment.

The recoverable amount is the higher of fair value, less selling costs, and value in use. In determining the value in use, estimated future cash flows are discounted to their present value using an after-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or the assets of a cash-generating unit) is estimated to be lower than its carrying amount, the latter is reduced to the lower recoverable amount. An impairment loss is recognised in the income statement in the same period in which it is identified.

When an impairment loss no longer exists, the carrying amount of the asset (or the assets of a cash-generating unit), with the exception of goodwill, is increased to the new value resulting from an estimate of its recoverable amount, but not beyond the net book value

that the asset would have had if the impairment loss had not been recognised. The reversal of the impairment loss is recorded in the income statement.

Shareholdings in associated companies and other shareholdings

Associated companies are those over which significant influence is exercised, which is presumed to exist when the shareholding is between 20% and 50% of the voting rights. Shareholdings in associates are initially recognised at cost and subsequently accounted for using the equity method. The carrying amount of these shareholdings is aligned with shareholders' equity adjusted, where necessary, to reflect the application of IFRS and includes the recognition of the higher values attributed to assets and liabilities and any goodwill identified at the time of acquisition. The financial statements of companies accounted for using the equity method are also adjusted to make the valuation criteria consistent with those adopted by the Group. Gains or losses pertaining to the Group are accounted for from the date on which the significant influence began and until the date on which the significant influence ceases; in the event that, as a result of losses, the company accounted for using the equity method shows negative equity, the book value of the shareholding is cancelled and any surplus pertaining to the Group, where the latter has undertaken to fulfil the legal or implicit obligations of the investee company, or in any case to cover its losses, is recognised in a specific provision; changes in the equity of companies accounted for using the equity method that are not represented by the income statement result are recognised directly as an adjustment to equity reserves. Unrealised gains generated on transactions between the Parent Company/Subsidiaries and the investee company accounted for using the equity method are eliminated in accordance with the value of the Group’s shareholding in the investee company; unrealised losses are eliminated unless they represent impairment.

Shareholdings in companies other than associated companies (generally with an ownership percentage of less than 20%) are valued at acquisition cost, which may be reduced if necessary in the event of impairment losses. If any impairment loss exceeds the carrying amount of the shareholding, the value of the shareholding is written down

and the portion of share of further losses is recognised as a liability provision in the event that the Company is liable for them. The cost is reinstated in subsequent years if the reasons for the writedowns no longer apply.

Inventories

Inventories are stated at the lower of the acquisition cost (including accessory charges) or the production cost and estimated net realisable value, represented by the amount the company expects to obtain from their sale in the ordinary course of business.

The cost of inventories of raw materials, packaging materials, and semi-finished and finished goods is determined by applying the weighted average cost method on an annual basis.

The production cost of finished and semi-finished goods includes the direct cost of materials and labour plus a share of production overheads defined on the basis of normal production capacity, not considering financial expenses.

Obsolete and slow-moving inventories are valued in relation to their possibility of utilisation or realisation.

Contract assets and liabilities

The recognition of contract assets or liabilities (hereinafter also referred to as “orders”) depends on the method used to transfer control to the customer of the good or service: in the case where this occurs gradually as the good is constructed or the services are rendered, the assets are recognised at the value of the agreed contractual consideration, according to the cost-to-cost method, taking into account the stage of progress achieved; in the case where, on the other hand, the transfer of control occurs at the time of the final delivery of the good or the completion of the promised services, the assets are recognised at acquisition cost.

A contract is recognised as a single asset if it identifies a single contractual obligation, i.e. if the promise is to transfer a single good/service to the customer over a period of time in the same manner. If different contractual obligations are identified within the contract, they are recognised as separate assets arising from the same contract with the customer.

In particular, "contract assets" represented by the closing inventories of work in progress, considering the costs incurred plus the margins recognised, are shown in the consolidated financial statements net of contractual advances and payments on account received. If the contractual advances/payments on account received exceed the value of the closing inventories of work in progress, they are classified under "contract liabilities arising from contracts"; otherwise, they will be classified under a separate asset item called "contract assets".

If the completion of an order is expected to result in a loss at the level of the industrial margin, this is recognised in its entirety in the period in which it becomes reasonably foreseeable and shown in the provisions for risks and charges as a "provision for onerous contracts".

The accounting closure of orders takes place after the installations have been tested.

Financial assets

Upon initial recognition, financial assets are classified into one of the three categories identified by IFRS 9, according to the measurement methods below. The classification depends on the characteristics of the contractual cash flows and the business model the Group adopts to manage them.

The business model refers to the manner in which cash flows are generated, which may result from the collection of contractual cash flows, the sale of assets or both.

A financial asset is classified as an asset measured at amortised cost if it is held as part of a business model whose objective is the collection of contractually agreed-upon cash flows, represented solely by payments, expected at predetermined dates, of principal and interest. The measurement involves the use of the effective interest criterion.

A financial asset is classified as an asset measured at fair value with changes recognised in the comprehensive income statement if it is held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling them, and cash flows consisting solely of principal and interest payments are contractually expected at predetermined dates. For assets included in this category, interest income, changes in

exchange rate differences and impairment losses are recognised in the income statement in the result for the period; the remaining changes in fair value are recognised in the comprehensive income statement. Upon derecognition, the cumulative change in fair value recognised in OCI is released to the income statement.

Upon initial recognition, equity instruments may be included in the category of financial assets measured at fair value with changes recognised in the income statement.

The category of financial assets measured at fair value with changes recognised in the income statement includes assets held for trading, i.e. acquired for sale in the short-term, and assets designated as such.

Upon initial recognition, an equity security not held for trading purposes may be designated as one of the financial instruments whose subsequent changes in fair value are recognised in other comprehensive income. This election is made for each asset and is irrevocable.

Cancellation of financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed a contractual obligation to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and has substantially transferred all risks and rewards of ownership of the financial asset or has transferred control of it.

Trade receivables

Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with IFRS 15. They are recognised at nominal value less a writedown provision to reflect estimated expected credit losses. Expected losses are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows the Group expects to receive, including

cash flows arising from the enforcement of collateral held or other credit guarantees that are an integral part of the contractual terms.

Writedowns against non-recoverable amounts are recognised in the income statement when there is objective evidence that the receivables have lost value. The estimation of the risk of possible non-collection of trade receivables is carried out analytically, taking into account the historical recovery experience, payment delays and the objective situations of the customers, also with the support of the lawyers appointed by the company to oversee disputes.

Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts and deposits repayable on demand and other short-term, highly liquid financial investments that are readily convertible to cash and are subject to an insignificant risk of change in value. Therefore, a financial investment is usually classified as a cash equivalent when it has a short maturity of three months or less from the date of immediate availability.

Financial liabilities - Financing

The Group's financial liabilities include mortgages, bank loans and overdrafts, payables arising from business acquisitions and derivative financial instruments.

All financial liabilities are measured at amortised cost. As a result, if the interest rate of the transaction is not significantly different from the market rate, the liability is initially recognised at a value equal to the nominal value, net of all transaction costs and all premiums, discounts and allowances directly arising from the transaction that generated the liability. These transaction costs, such as incidental expenses for obtaining financing, any fees and any difference between the initial value and the nominal value at maturity are allocated over the term of the liability using the effective interest method.

When, on the other hand, it appears that the interest rate of the transaction that can be deduced from the contractual terms is significantly different from the market rate, the liability is initially recorded at a value equal to the present value of future cash flows, determined by applying the market rate, and taking into account any transaction costs.

Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees and costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the income statement.

The value of liabilities is subsequently reduced by the amounts paid, both principal and interest.

Loans are classified as current liabilities if the maturity date is less than 12 months after the reporting date and the Group does not have an unconditional right to defer their payment for at least 12 months.

Loans cease to be recognised in the financial statements when they are paid off or when all risks and charges relating to them have been transferred to third parties.

Derivative instruments and hedge accounting

The Group’s assets are primarily exposed to financial risks arising from changes in interest rates and exchange rates. Interest rate risks arise from existing loans; in order to hedge these risks, it is the Company's policy to convert a portion of its variable-rate liabilities into a fixed rate or to limit their maximum value, and to designate the financial instruments that achieve this objective as cash flow hedges.

The Group does not hold derivative financial instruments of a speculative nature; however, in cases where derivative financial instruments do not meet all of the conditions for hedge accounting required by IFRS 9, changes in the fair value of such instruments are recognised in the income statement as financial income or expenses.

Derivative financial instruments are initially recognised at fair value at the date they are entered into; subsequently, this fair value is periodically measured and accounted for in relation to the characteristics and consequent classification of the instrument. For hedge accounting purposes, hedges are classified as:

- fair value hedges if they regard the risk of a change in the fair value of the underlying asset or liability, or a firm commitment (except for a currency risk);
- cash flow hedges if they regard the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or currency risk in a firm commitment;

- hedges of a net investment in a foreign company (net investment hedge).

When initiating a hedging transaction, the Group formally designates and documents the hedge ratio to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk, and how the company intends to measure the effectiveness of the hedge in offsetting exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk. These hedges are expected to be highly effective in offsetting the hedged item's exposure to changes in fair value or cash flows attributable to the hedged risk; the assessment of whether these hedges have indeed proved to be highly effective is performed on an ongoing basis during the periods in which they are designated.

When financial instruments qualify for hedge accounting, the following accounting treatments apply:

- cash flow hedge: if a financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognised asset or liability or a highly probable forecast transaction that could affect the income statement, the effective portion of any gain or loss on the financial instrument is recognised in shareholders' equity; the cumulative gain or loss is removed from equity and recognised in the income statement in the same period in which the hedged transaction affects the income statement; the gain or loss associated with a hedge or a portion of the hedge that has become ineffective is recognised in the income statement when the ineffectiveness is reported;
- fair value hedge: if a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of a recognised asset or liability attributable to a particular risk that may affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognised in the income statement; the gain or loss on the hedged item, attributable to the hedged risk, is recognised as part of the book value of that item and offset in the income statement.

If a hedging instrument or hedging relationship is terminated, but the hedged transaction has not yet been carried out, the cumulative gains and losses, which up to that point have been recognised in shareholders' equity, are recognised in the income statement when the related transaction is carried out. If the hedged transaction is no longer considered probable, unrealised gains or losses suspended in shareholders' equity are recognised in the income statement.

The fair value of interest rate swaps used to hedge interest rate risk represents the amount the Group estimates it will have to pay or collect to close out the contract at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty. The fair value of interest rate swaps is determined with reference to the market value for similar instruments.

Financial assets and liabilities measured at fair value, and derivative contracts in particular, are classified into the three hierarchical levels described below, based on the relevance of the information (input) used in determining the fair value. In particular:

- Level 1: financial assets and liabilities whose fair value is determined on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: financial assets and liabilities whose fair value is determined on the basis of inputs other than quoted prices referred to in Level 1, but which are directly or indirectly observable (such as, mainly: market exchange rates at the reference date, expected rate differentials between the currencies concerned and volatility of the reference markets, interest rates);
- Level 3: financial assets and liabilities whose fair value is determined on the basis of inputs that are not based on observable market data.

Cancellation of financial liabilities

A financial liability is derecognised when the obligation underlying the liability is settled, cancelled or fulfilled. When an existing financial liability is exchanged for another from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the

original liability, accompanied by the recognition of a new liability, with any differences between the carrying amounts of the old liability and the new liability recognised in the income statement.

Trade payables

These liabilities are initially recognised at the fair value of the consideration payable. Subsequently, the payables are measured using the amortised cost method determined using the effective interest method.

Treasury shares

Repurchased treasury shares are recognised at cost and deducted from shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase value and the consideration, in case of reissue, is recognised in the share premium reserve.

Provisions for risks and charges

Provisions for risks and charges are made when the Group has a present obligation (legal or constructive) as a result of a past event, where an outflow of resources to meet the obligation is probable and a reliable estimate can be made of the amount of the obligation.

When the Group considers that a provision for risks and charges must be partly or fully reimbursed or indemnified (e.g. in the case of risks covered by insurance policies), the indemnity is recognised separately as an asset and, only if reimbursement is virtually certain, the cost of the provision, if any, is recognised in the income statement net of any reimbursement.

Allocations to these provisions require the use of estimates, based on historical experience in similar cases and objective facts known at the date the financial statements are prepared. With regard to contingent liabilities for outstanding litigations, the estimation of which involves complex evaluations, including those of a legal nature, and which are subject to a different degree of uncertainty in consideration of the facts

involved in the litigation, the applicable legislation and jurisdiction, and other issues, the estimate is made on the basis of the knowledge of the objective facts at the date the financial statements are prepared, also taking into account the considerations expressed by the Group's legal advisors.

For contracts where the unavoidable costs associated with the fulfilment of the obligation are greater than the economic benefits expected to be obtained from them, the current contractual obligation is recognised and measured as an allocation to a provision.

Severance payments

Severance payments are defined as a defined benefit obligation. The relative cost is determined using the projected unit credit method, making actuarial assessments at the end of each financial year and charging them to the income statement. The liability reflected in the financial statements represents the present value of the obligation that will be recognised at the end of the employment relationship.

The determination of the liability recognised in the financial statements in accordance with the aforementioned accounting standard involves making estimates based on statistical assumptions about the occurrence of future events, including subjective ones (mortality rate, staff turnover, discounting interest rates, wage growth etc.): in this process, the Directors use independent actuaries.

Payments for defined contribution plans are charged to the income statement in the period in which they are due.

Following the changes to severance payments introduced by Italian Law No. 296 of 27 December 2006, the accounting provided for in IAS 19 for defined benefit obligations remained applicable only to the liability relating to severance payments accrued up to 31 December 2006, since the amounts accrued from 1 January 2007 are paid to a separate entity (Supplementary Pension Fund or INPS Funds) for companies with more than 50 employees. Consequently, the severance payments accrued after 31 December 2006 for these companies is a contribution benefit plan (defined contribution plan) and is accounted for as an expense in the vesting period. In fact, since

the severance payment is entirely paid into social security funds, the Group companies to which this law is applicable no longer have any obligations to provide employees, in the event their employment is terminated, with the severance payments accrued after the amendment came into force.

Put and call and earnout options

Financial liabilities include the best estimate of the present value of earnouts and put and call options entered into with the minority shareholders of the acquired companies. These financial liabilities are remeasured at every period-end, and where necessary in the interim, or when a liquidation event occurs. Their effects are then reflected under financial income or expenses in the income statement, together with the estimated cost of discounting the financial liabilities.

Long-Term Incentive Plan

In order to align the interests of management with those of shareholders, the Company has established a medium- and long-term incentive plan linking remuneration to results.
To this end, on 9 May 2023, the Board of Directors approved – subject to the start of trading of the Company's shares on the regulated market of Borsa Italiana – an incentive plan addressed to the Company's Chief Executive Officer and Managing Director. The value and recognition of this incentive plan is linked to the increase in value of the Company's share price, recorded for a period of at least 30 consecutive days on the trading market compared to the IPO price, during the first three years of office and/or during the second three years of office in the case of renewal of office and failure to meet the objectives during the first three years of office. This is calculated and paid in cash by the Company during the month, following a positive verification by the Board of Directors that the long-term incentive has accrued.
The plan provides for the recognition of EUR 5,250 thousand in the case of an increase in value of the share equal to or greater than 30% and up to 49%; and the recognition of an additional amount of EUR 3,500 thousand in the case of an increase in value of the share equal to or greater than 50% (for a total amount of EUR 8,750 thousand).

This incentive plan falls within the scope of IAS 19. The liability is remeasured at each period-end or when the event requiring payment occurs. Its effects are recorded in the income statement under costs for services, showing among interest payable the financial component related to the cost of discounting, in addition to the related anticipated taxation.

In determining the amount to be allocated for the incentive plan approved by the Board of Directors, the Group used an independent expert who determined the fair value of the instrument, which was consequently accounted for in accordance with IAS 19. At the valuation date, the quantification was based on certain technical bases that were identified by the appraisal expert in agreement with management.

The methodology adopted to estimate fair value follows the risk neutral approach typically used in the valuation of these instruments. For the determination of the fair value, market data taken at the valuation date from the ’Eikon Refinitiv’ platform were used. The definition of the value of the LTI Premium was measured using a stochastic simulation with the Monte Carlo Method, which, on the basis of appropriate assumptions, allowed for the definition of a substantial number of alternative scenarios over the time period considered. Specifically, in each scenario, the projection of the share price is made from the initial value, according to a geometric Brownian motion. Subsequently, for each scenario simulated by feeding the valuation model, the appreciation of the share and consequently the relative LTI Premium was estimated; each estimated value was then discounted using the risk-free rates of the EUR Interest Rate Swap curve (equal to 2.207%) determining the overall fair value of the LTI Premium at the valuation date as the average of the discounted payoffs of all scenarios.

As of 31 December 2024, the Group has set aside an amount totalling EUR 343 thousand in the income statement, in addition to the related expected taxation of EUR 82 thousand.

Share-based payments

Some of the Group’s employees (including executives) receive part of their remuneration in the form of share-based payments; thus, employees provide services in exchange for

shares.

The cost of equity-settled transactions is determined by the fair value at the date the assignment is made using an appropriate valuation method. This cost, together with the corresponding increase in equity, is recognised under personnel costs over the period in which the conditions relating to the achievement of objectives and/or service performance are met. The cumulative costs recognised in respect of such transactions at the end of each financial year up to the maturity date are commensurate with the maturity period and the best estimate of the number of equity instruments that will actually vest. The cost or income in the statement of profit/(loss) for the year represents the change in cumulative cost recognised at the beginning and end of the year.

Service or performance conditions are not taken into account when determining the fair value of the plan at the grant date. However, the probability that these conditions will be met is taken into account when defining the best estimate of the number of capital instruments that will mature. Market conditions are reflected in the fair value at the allocation date. Any other plan-related condition that does not involve a service obligation is not considered a vesting condition. Non-vesting conditions are reflected in the fair value in the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost is recognised for rights that do not mature because the performance conditions are not met. When rights include a market condition or a non-vesting condition, they are treated as if they had vested regardless of whether the market conditions or other non-vesting conditions to which they are subject are fulfilled or not, it being understood that all other performance conditions must be fulfilled.

If the terms of the plan are changed, the minimum cost to be recognised is the fair value at the grant date in the absence of the change, assuming the original terms of the plan are satisfied. In addition, a cost is recognised for any change that increases the total fair value of the payment plan, or which is otherwise favourable to employees; this cost is measured in reference to the date of the change. When a plan is derecognised by the entity or the counterparty, any remaining element of the plan's fair value is expensed

immediately in the income statement.

Earnings per share

Earnings per share are calculated by dividing the profit attributable to holders of ordinary equity instruments of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to holders of ordinary equity instruments (adjusted for interests in convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that could be issued upon conversion into ordinary shares of all dilutive potential ordinary shares.

Recognition of revenue and income in the income statement

The item “Revenue” includes the consideration for sales of goods to customers and for the provision of services.

Revenue represents the consideration generated in return for the transfer of the promised goods and/or services to the customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when it fulfils its obligation under the contract, i.e. when it transfers control of the goods or services to the customer.

Based on the five-step model introduced by IFRS 15, the Group recognises revenue when the following criteria are met:

1) the parties have approved the contract (in writing, verbally or in accordance with other customary business practices) and have committed to fulfil their respective obligations; there is therefore an agreement between the parties that creates rights and obligations that are enforceable regardless of the form in which the agreement is manifested;
2) the rights of each party with respect to the goods or services to be transferred are identified;
3) the terms of payment for the goods or services to be transferred are identified;
4) the contract has commercial substance; and

5) it is likely that the Group will receive the consideration to which it will be entitled in exchange for the goods or services to be transferred to the customer.

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for the transfer of the goods to the customer.

Revenue from contracts with customers are recognised on the basis of the transfer of control of the goods and/or services to the customer over time. If the transfer of control takes place as the asset is constructed or the services are rendered, revenue is recognised "over time", i.e. as the activities progress gradually; if, on the other hand, control is not transferred as the asset is constructed or the services are rendered, revenue is recognised “at a point in time”, i.e. at the time of the final delivery of the asset or the completion of the services. In order to assess the progress of “over time” orders, the Company has chosen the criterion of the percentage of progress measured using the cost-to-cost method. When it is likely that the total costs of the order over its life will exceed the total revenue of the order over its life, the potential loss is recognised immediately in the income statement.

Capital and operating grants are recognised when there is reasonable certainty that they will be received and the conditions attached to them are met. In the case of capital grants, their nominal value is suspended under liabilities and credited to the income statement in proportion to the useful life of the assets to which they relate.

Operating grants are recognised on a systematic basis over the periods in which the entity recognises as expenses the related costs that the grants are intended to offset.

Costs and expenses

Costs are recognised in the income statement when they relate to goods and services sold or consumed during the period, or by systematic allocation, or when their future usefulness cannot be identified.

Dividends, financial income and expenses

Dividends distributed constitute a change in shareholders' equity in the period in which they are approved by the Shareholders’ Meeting.

Dividends received are recognised when the Group’s right to receive payment arises.

Financial income and expenses are recognised on an accrual basis.

Income tax

Taxes for the period represent the sum of current and deferred taxes.

Current taxes are based on the taxable income for the period. Taxable income differs from the result reported in the income statement because it excludes positive and negative items that will be taxable or deductible in other years and also excludes items that will never be taxable or deductible. The liability for current taxes is calculated according to the tax rules in force at the reporting date.

Deferred taxes are taxes that are expected to be paid or recovered on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base. Deferred tax liabilities are generally recognised for all taxable temporary differences, while deferred tax assets are recognised to the extent that it is likely that there will be taxable results in the future that will allow the utilisation of deductible temporary differences. The book value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer likely that there will be sufficient taxable income to allow for all or part of the recovery of these assets.

Deferred taxes are calculated based on the tax rate that is expected to be in force when the asset is realised or the liability is settled. Deferred taxes are recognised directly in the income statement, except for those related to items recognised directly in shareholders' equity, in which case the related deferred taxes are also recognised in shareholders' equity.

As a consolidating company, Dexelance S.p.A. has exercised the option for the national tax consolidation scheme governed by Article 117 et seq. of Italian Presidential Decree 917/1986 (“TUIR”), which allows corporate income tax to be determined on a taxable

base corresponding to the algebraic sum of the positive and negative taxable amounts of the individual companies involved. The consolidation agreement was stipulated on 4 October 2018 with the subsidiaries Gervasoni, Meridiani and Cenacchi International; as of 2020, Davide Groppi, Saba Italia and Modar have also taken part, along with Flexalighting, as of 2023, Gamma Arredamenti International and, as of 2024, Cubo Design e Turri.

Foreign currency transactions

Transactions in currencies other than the euro are initially recognised at the exchange rates on the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in the above-mentioned currencies are converted at the exchange rates prevailing on that date. Non-monetary assets measured at historical cost denominated in foreign currencies are translated at the exchange rates prevailing at the date of the transaction, without any adjustment to period-end exchange rates; non-monetary items measured at fair value in foreign currencies are translated using the exchange rate at the date of determination of that value.

Exchange rate differences arising from the adjustment of monetary items and their restatement at period-end exchange rates are recognised in the income statement for the period.

Discretionary measurements and significant accounting estimates

The preparation of financial statements and the related notes in accordance with IFRS requires Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors considered relevant. The results obtained afterwards may therefore differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes to them are reflected in the income statement in the period in which the estimate revision occurs, if the revision affects only that period, or in subsequent periods if the revision affects both current and future periods.

The main assumptions of the Directors used in the process of applying the accounting standards with regard to the future and which could result in significant adjustments to the value of assets and liabilities during the period after the reporting period are described with reference to the individual measurement criteria. The Group has based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. However, current circumstances and assumptions about future events may change due to changes in the market or events beyond the Group's control. Any such changes are reflected in the assumptions when they occur.

The main estimates made by the Group concern:

- the recoverability of the value of non-current intangible assets;
- the estimate of the earnout and the exercise of put options related to the business combination transactions finalised during the various years;
- the estimates related to the medium- to long-term incentive plan that links remuneration to results (The "Long Term Incentive Plan") and the Performance Shares Plan;
- financial liabilities to lessors and the recognition of the related right of use;
- provisions for inventory obsolescence.

Goodwill and trademarks with an indefinite useful life

With regard goodwill and trademarks, both of which have an indefinite useful life, they are tested for impairment at least annually; this test requires an estimate of the value in use of the cash-generating unit to which the goodwill and trademark is allocated.

An impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value, less selling costs, and its value in use.

Fair value less selling costs is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from the Plan for the three years following the current one (2025–2027) and do not include restructuring activities to which the Group has not yet committed or significant future investments that will increase the results of the business included in the cash-generating unit being measured. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model, as well as the expected future cash flows and the growth rate used for the extrapolation.
As at 31 December 2024, the carrying amount of goodwill was EUR 134,811 thousand and the value of trademarks was EUR 57,461 thousand. Further details are provided in Note 1.

Exercise price of put options due to minority shareholders and earnouts for the acquisition of minority interests

Acquisitions of Group companies completed over the last few years usually take place through a process involving the establishment of a special purpose vehicle to acquire the target company and the subsequent reverse merger of the special purpose vehicle into the target company. The purchase price normally includes the recognition of an earnout, to be settled within a certain time frame at a price with predefined parameters. The earnout is directly linked to the performance of the target companies, usually EBITDA and net financial position as contractually defined between the parties. These parameters may differ in the final figures compared with the estimates in the business plan of the target company.
Acquisitions are sometimes 100%, but in some cases involve the initial acquisition of the majority share and a put-and-call mechanism (put in favour of the seller and call in favour of the buyer) for the acquisition of the subsequent minority share. The value of the minority stake was also subject to a contractual definition that links its value to actual company performance compared with the estimates in the business plan, using calculation parameters that are still contractually predefined between the parties (usually EBITDA and net financial position).

Interest accrues on both financial liabilities (earnout debt and put option value), which take into account the debt rate of the parent company, but also the nature of the financial liability.

The estimate of the earnout debt and the value of the put option may vary from one period to the next, reflected in the income statement under financial expenses, as they strictly depend on the actual performance of the companies compared to that initially forecast in the plan. For further details, please refer to Note 16 “Other financial liabilities” as well as the indications in the following note on financial risks.

Inventory obsolescence

The Group companies adopt calculation methods to estimate the inventory writedown provision, analytically on the basis of specific considerations on the life cycle of products and the relative state of inventories, and at a flat rate on the basis of specific turnover ratios, calculated separately for raw materials and finished products. The turnover ratios are associated with writedown percentages that reflect the specificity of individual productions. These measurements have inevitable elements of subjectivity that may be reflected in the estimation of the provisions of the various Group companies. For further information, see Note 5.

Using estimates

Developments in the global economy, the environment of political, economic and financial instability and the volatility of financial markets could influence the performance of the Group, with possible adverse effects on its economic, capital and financial position. In the overall macroeconomic context, the uncertainties regarding (i) the impacts of sanctions imposed worldwide relating to the conflict between the Federal Republic of Russia and Ukraine and, not least, the Israeli-Palestinian conflict, (ii) the potential risks related to climate change, and (iii) the potential protectionist measures taken by the US government are important.

These financial statements contain estimates and assumptions made by the Group relating to assets and liabilities, expenses, income, other total gains/losses and contingent

liabilities as at the date of the end of the reporting period. These estimates are based on assumptions considered reasonable and realistic, based on the information available at the time of the estimate. They are reviewed periodically and their effects are reflected in the income statement for the time when they occur.

The most significant estimates used to draw up the financial statements for the period ended 31 December 2024 are as follows:

- Tangible and intangible fixed assets. Taking into account the latest available information and the currently configurable scenarios, the Group did not identify the emergence of elements that could lead to value adjustments to the tangible assets or significant losses in the value of intangible and tangible assets recorded in the financial statements. Please refer to the following paragraphs on the impairment test performed as at 31 December 2024.
- Provision for doubtful accounts. Receivables are shown net of an estimated writedown fund to take into account any losses that may affect the recoverability of the same receivables. Management periodically reviews the assumptions underlying the estimates used to make sure that these appropriations are prudent, taking into account both the status of recorded receivables and the macroeconomic situation. For further information, see Note 7.
- Inventories. Inventories are shown net of writedown funds for finished materials and products, which are considered obsolete or slow to rotate, taking into account their expected future use and their realisable value. For further information, see Note 5.
- Provisions for risks and contingent liabilities. The Group makes different provisions for litigation or risks of various kinds, involving different issues and subject to the jurisdictions of different countries. These provisions were assessed on the basis of up-to-date information that took into account potential effects stemming from the current context. For further information, see Note 14.
- Put and call and earnout options. Financial liabilities include the best estimate of the present value of earnouts and put and call options entered into with the minority shareholders of the acquired companies. These financial liabilities are remeasured at

every period-end or when a liquidation event occurs. Their effects are then reflected under financial income or expenses in the income statement, together with the estimated cost of discounting the financial liabilities. For further information, see Note 16.

- Financial payables to lessors. The lease term is determined on the basis of the individual contract and consists of the ‘non-cancellable’ period together with the effects of any extensions or early terminations whose exercise has been deemed reasonably certain and considering the clauses of the contract itself. In addition, the discount rate for leases falling under IFRS 16 is determined with reference to the Group's average borrowing rate. Furthermore, the discount rate for leases falling within the scope of IFRS 16 is determined with reference to the Group's average borrowing rate.
- Long-Term Incentive Plan. The liability includes the best estimate of the present value of the incentive plan for the Company’s Directors accrued to date.
- Performance Shares Plan. At each reporting date, the Company revises its assumptions on the number of shares expected to vest and recognises the effect of the value of the shares vested during the period by recording any change in estimate in the income statement and adjusting the corresponding equity reserve.

Strategic business area information

The companies through which the Group operates are aggregated for the purpose of strategic business area (SBA) reporting in the four reference businesses: “Furniture”, “Lighting”, “Luxury Contract” and “Kitchen & Systems”.

IFRS 8 *Operating segments* requires that detailed information be provided for each operating segment, defined as a component of an entity whose operating results are periodically reviewed by top management for the purpose of making decisions about the resources to be allocated and assessing performance.

At the reference date of the financial statements, the organisation of the Dexelance Group is divided into four operating segments or strategic business areas (SBAs), as

defined at operational management level, and one other segment (mainly attributable to the Parent Company with a holding company function):

- Furniture: dedicated to the design, production (both in-house and through third-party manufacturers) and marketing of indoor and outdoor furniture products, mainly dedicated to the living area. At the reference date of the financial statements, this business activity is concentrated in Gervasoni S.p.A., Meridiani S.r.l., Saba Italia S.r.l., Gamma Arredamenti International S.p.A. and Turri S.r.l.;
- Lighting: dedicated to the design, production (both in-house and through third-party manufacturers) and marketing of high-quality designer lighting products. At the reference date of the financial statements, this segment was made up of Davide Groppi S.r.l., Flexalighting S.r.l., Flexalighting North America Ltd. and Axo Light S.r.l.;
- Luxury Contract: dedicated to the design and installation of bespoke and commissioned fittings predominantly for luxury brand shops and high-end hotels and homes, commissioned and in collaboration with well-known architects and designers. At the reference date of the financial statements, this SBA was concentrated and active at Cenacchi International S.r.l. and Modar S.p.A.;
- Kitchen and Systems: dedicated to the design, production and marketing of modular kitchen solutions and systems. At the reporting date, Cubo Design S.r.l. was a member.
- Other: this consists of the parent company Dexelance S.p.A. As at 31 December 2024, the foreign company revenues carrying out commercial activities (Dexelance UK, IDB Suzhou and Dexelance USA) were classified according to their respective strategic business area; as at 31 December 2023 they had been recognised under the item "Other".

The strategic business area is typically the reference unit by means of which the Group monitors the performance of its business, and is characterised by the homogeneity of the core markets, without however having an independent organisation.

Income statement by strategic business area

The following is the breakdown of the income statement by strategic business area as at 31 December 2023 and 31 December 2024, where inter-segment revenues (almost exclusively attributable to commercial relationships with the Group's foreign subsidiaries belonging to the "Other" operating segment) have been eliminated in the amount of EUR 2,722 thousand:

amounts are shown in €/1,000	Furniture	Lighting	Luxury Contract	Kitchen & Systems	Other	31/12/2023
Revenue (*)	119,413	28,854	85,187	52,273	1,623	287,350
Other income	2,770	413	373	1,122	291	4,969
Total revenue and income	**122,183**	**29,267**	**85,560**	**53,394**	**1,914**	**292,319**
Purchases of raw materials	(46,489)	(9,848)	(28,196)	(25,313)	39	(109,807)
Costs for services and use of third-party assets	(34,556)	(7,240)	(25,712)	(11,574)	(6,808)	(85,891)
Staff costs	(18,447)	(5,485)	(12,025)	(5,523)	(2,642)	(44,122)
Provisions and writedowns	(73)	(8)	(29)	(278)	-	(388)
Gross operating profit (EBITDA)	**22,618**	**6,685**	**19,599**	**10,705**	**(7,497)**	**52,111**
Amortisation, depreciation and writedowns of fixed assets	(5,510)	(980)	(4,442)	(5,400)	(664)	(16,997)
Operating profit/(loss) (EBIT)	**17,108**	**5,705**	**15,157**	**5,305**	**(8,162)**	**35,114**
Financial income						16,320
Financial expenses						(14,086)
Gross result						**37,348**
Income tax						(9,218)
Net result						**28,130**

amounts are shown in €/1,000	Furniture	Lighting	Luxury Contract	Kitchen & Systems	Other	31/12/2024
Revenue (*)	141,696	32,077	91,251	59,360	-	324,384
Other income	2,760	480	144	1,216	311	4,911
Total revenue and income	**144,455**	**32,557**	**91,395**	**60,576**	**311**	**329,295**
Purchases of raw materials	(55,123)	(10,581)	(30,794)	(29,898)	(12)	(126,407)
Costs for services and use of third-party assets	(44,067)	(9,020)	(28,161)	(12,929)	(4,854)	(99,031)
Staff costs	(25,761)	(7,192)	(12,561)	(6,587)	(1,365)	(53,466)
Provisions and writedowns	(56)	(50)	(22)	(308)	-	(436)
Gross operating profit (EBITDA)	**19,449**	**5,715**	**19,858**	**10,855**	**(5,921)**	**49,955**
Amortisation, depreciation and writedowns of fixed assets	(9,734)	(1,817)	(4,558)	(6,196)	(237)	(22,541)
Operating profit/(loss) (EBIT)	**9,715**	**3,898**	**15,300**	**4,659**	**(6,157)**	**27,414**
Financial income						13,756
Financial expenses						(15,609)

Gross result						25,561
Income tax						(7,658)
Net result						**17,904**

(*) Revenue for each segment include both revenue realised in respect of third parties and revenue realised in respect of other Group operating segments. The figure for the latter was not material: it was therefore not deemed necessary to provide further details.

Revenue from the “Furniture” and “Lighting” operating segments in 2024 were up by +19% and +11% respectively, resulting from a growth in the scope of the consolidation. In particular, within the Furniture segment, the acquisition of Turri led to an increase in revenue of EUR 18,127 thousand, while the consolidation of Axo Light positively affected the revenue of the Lighting segment by EUR 2,372 thousand. The internal growth of the two sectors on a like-for-like basis would be 3% for both of them.

The fully organic 7% increase in revenue in “Luxury Contract” is significant; the segment benefited from the recovery of the sector after the slowdown due to the Covid pandemic.

Revenue from the ‘Kitchens and Systems’ operating segment in 2024 are up by 14% compared to 2023; the increase derives both from the organic growth recorded by the company Cubo Design, and from the change in the period of consolidation in the 2023 financial year.

The decrease in EBITDA is mainly related to personnel costs, which increased as a result of contractual adjustments and organisational strengthening, and due to costs incurred for sales initiatives.

Both “Furniture” and “Lighting” operating segments show an EBITDA that affects turnover and which is lower compared to the previous year (14% and 18% respectively). Substantially in line with the previous year is the EBITDA ratio for “Luxury Contract”, at 22% of revenue.

The EBITDA contribution of the strategic business area “Kitchen and Systems” also decreased slightly compared to the financial year 2023 (from 20% to 18% of revenue).

Lastly, please note the negative contribution to EBITDA of the strategic business area “Other”, due mainly to the parent company’s structural costs.

Statement of financial position by strategic business area

The following is the breakdown of the statement of financial position by strategic business area as at 31 December 2023 and 31 December 2024, where inter-segment receivables and payables (almost exclusively attributable to commercial relationships with the Group's foreign subsidiaries belonging to the "Other" operating segment) have been eliminated:

amounts are shown in €/1,000	Furniture	Lighting	Luxury Contract	Kitchen & Systems	Other	31/12/2023
Intangible assets	102,368	22,276	45,360	73,625	6	243,635
Right of use	16,469	2,617	4,025	7,064	2,735	32,910
Property, plant and equipment	13,186	1,395	2,649	9,561	1,841	28,631
Holdings and other non-current assets	4,921	554	723	1,423	921	8,543
Non-current assets	**136,944**	**26,841**	**52,758**	**91,674**	**5,502**	**313,719**
Inventory and contract assets	25,623	6,557	4,783	3,555	1,128	41,646
Trade receivables	15,976	4,150	11,529	7,076	229	38,961
Business advances and contract liabilities	(13,931)	(1,033)	(7,083)	(1,930)	(827)	(24,804)
Trade payables	(25,516)	(4,121)	(11,940)	(9,206)	(487)	(51,271)
Operating net working capital	**2,152**	**5,552**	**(2,711)**	**(505)**	**43**	**4,531**
Other current liabilities	(6,253)	(1,785)	(4,285)	(1,831)	(1,333)	(15,488)
Other current assets	5,050	690	1,156	1,487	2,677	11,059
Net working capital	**949**	**4,456**	**(5,840)**	**(849)**	**1,387**	**102**
Provisions for risk and severance pay	(5,299)	(1,483)	(3,405)	(1,627)	(130)	(11,944)
Other non-current liabilities	(8,836)	(553)	(4,006)	(13,153)	(3)	(26,551)
Net invested capital	**123,758**	**29,261**	**39,507**	**76,045**	**6,755**	**275,326**
Net financial position						(120,948)
Shareholders' equity						(154,378)
Financing sources						**(275,326)**

amounts are shown in €/1,000	Furniture	Lighting	Luxury Contract	Kitchen & Systems	Other	31/12/2024
Intangible assets	99,241	22,011	42,025	72,158	49	235,484
Right of use	20,581	2,999	3,881	6,332	634	34,427
Property, plant and equipment	15,353	2,056	2,108	7,949	757	28,223
Holdings and other non-current assets	6,005	546	592	1,262	303	8,708
Non-current assets	**141,181**	**27,611**	**48,606**	**87,702**	**1,743**	**306,842**
Inventory and contract assets	28,235	6,751	7,470	3,072	-	45,529
Trade receivables	19,906	4,191	9,838	7,697	-	41,632
Business advances and contract liabilities	(14,823)	(903)	(11,130)	(1,580)	-	(28,435)
Trade payables	(25,613)	(4,426)	(12,651)	(10,460)	(461)	(53,611)
Operating net working capital	**7,705**	**5,614**	**(6,473)**	**(1,271)**	**(461)**	**5,114**
Other current liabilities	(6,359)	(1,778)	(3,228)	(1,739)	(1,667)	(14,771)
Other current assets	4,891	595	919	1,415	1,005	8,824
Net working capital	**6,238**	**4,431**	**(8,782)**	**(1,595)**	**(1,123)**	**(832)**
Provisions for risk and severance pay	(5,269)	(1,515)	(3,399)	(1,862)	(119)	(12,163)
Other non-current liabilities	(8,307)	(527)	(3,391)	(12,660)	(862)	(25,748)
Net invested capital	**133,843**	**30,000**	**33,033**	**71,585**	**(361)**	**268,099**
Net financial position						(97,647)
Shareholders' equity						(170,452)
Financing sources						**(268,099)**

Overall, there was a decrease in non-current assets, mainly related to the amortisation process of intangible assets with a finite useful life recognised in the PPA. On the other hand, there was a small increase in net working capital, from EUR 4,531 thousand as at 31 December 2023 to EUR 5,114 thousand, mainly due to the increase of inventories (+9%) and the decrease of trade payables (+7%), which was partly mitigated by the increase in advances from clients and on contract orders (+15%).

In “Furniture”, the increase in non-current assets is related to the recognition of the right of use related to new property leases and leasehold improvements made during the year, partly offset by the depreciation of intangible assets with a finite useful life recognised in the PPA. Operating working capital shows a positive change, mainly as a result of the increase in the value of inventory, mainly due to the change in the scope of consolidation (+EUR 3,701 thousand).

The increase in non-current assets in “Lighting” is mainly related to leasehold

improvements made during the year. Net operating working capital remains substantially in line with last year.

The decrease in non-current assets in the “Luxury Contract” segment is mainly due to the amortisation of customer relationships, while the structurally negative net working capital at 31 December 2024 decreased significantly due to a combined effect of financial dynamics in the collection of receivables, advances and the payment of debts on orders in progress.

Non-current assets in the “Kitchen and Systems” segment decreased due to depreciation, while net operating working capital, which was negative, decreased by EUR 766 thousand due to financial dynamics in the payment of trade payables.

It should be noted that in the “Other” operating segment, net working capital decreased as a result of the classification of the foreign companies carrying out commercial activities (Dexelance UK, IDB Suzhou and Dexelance USA) within the specific strategic business areas.

Earnings per share

The information on basic and diluted earnings per share required by IAS 33 is provided below.

	31/12/2023	**31/12/2024**
Net profit attributable to the ordinary shareholders of the Parent Company for the purposes of basic and diluted earnings per share (in thousand euros)	28,007	17,904
Weighted average number of ordinary shares, including treasury shares, for the purpose of earnings per share	24,391,801	26,926,299
Weighted average number of treasury shares	163	106,833
Weighted average number of ordinary shares, excluding treasury shares, for the purpose of diluted earnings per share	24,391,638	26,819,466
Earnings per share:		
- Basic, for the earnings for the period attributable to the ordinary shareholders of the Parent Company	1.15	0.67
- Diluted, for the earnings for the period attributable to the ordinary shareholders of the Parent Company	1.15	0.67

The shares forming the share capital are ordinary shares and there are no requirements regarding dividend distribution or other preferred forms of performance allocation

among the shares. Moreover, there are no outstanding instruments with a potential dilutive effect on the profit and loss of the shareholders of the Parent Company.

FINANCIAL RISK MANAGEMENT

The Group is exposed to the following financial risks related to normal operations:

- credit risk in relation to normal customer relationships;
- liquidity risk, with particular reference to the availability of financial resources and access to credit markets and financial instruments in general;
- exchange rate risk, in connection with the Group's commercial buying and selling activities in currencies other than its functional currency;
- interest rate risk, related to the cost of indebtedness to the financial system;
- financial liability remeasurement risk for earnouts, put and call options and the long-term incentive plan;
- market risk, with particular reference to the risk of changes in the price of materials and the consequent maintenance of product sales margins.

Group companies constantly monitor the risks to which they are exposed, in order to assess in advance the potential negative effects and take appropriate action to mitigate them.

The following section provides qualitative and quantitative reference information on the impact of these risks.

Credit risk

Credit risk is connected to the inability of counterparties to meet their obligations and essentially relates to sales. Given the business segment, the customer portfolio of the Group companies is divided into many, often small, entities, and exposure is therefore limited. With reference to the subsidiaries Cenacchi International S.r.l., Modar S.p.A. and Turri S.r.l., it should be noted that these operate on the global market with renowned clients; it should be noted here that there is a concentration towards several companies that are traceable to a few economic entities with which the company management's

relationships are very well established; in particular, the turnover in question amounts to EUR 92.5 million as of 31 December 2024.

Credit risk is managed through the close and timely monitoring of customers and by assigning an exposure level to each of them, over which supply may be suspended. However, the risk is limited; for many EU customers and all non-EU customers, the Group companies normally require advance payment or guarantees. For the purpose of preparing the end-of-period financial statements, positions, if individually significant, are subject to individual writedowns when an objective condition of partial or total non-recoverability is detected. For payables that are not subject to individual writedowns, the Group applies a simplified approach in calculating expected losses, recognising them in full at each reporting date. To determine expected losses, the Group has established a system based on historical and statistical information, revised to consider prospective elements with reference to specific types of debtors and their economic environment.

The Group's maximum exposure to credit risk is equal to the carrying amount recorded in the financial statements, gross of the provision for doubtful accounts, which totalled EUR 43,021 thousand as at 31 December 2024 and EUR 40,356 thousand as at 31 December 2023.

Trade balances as at 31 December 2024, totalling EUR 41,632 thousand, include current receivables in the amount of EUR 26,154 thousand and past due receivables in the amount of EUR 15,477 thousand, of which EUR 8,208 thousand within 90 days and EUR 7,269 thousand beyond 90 days, net of the related provision for doubtful accounts.

As at 31 December 2024, there were no insured or guaranteed receivables.

Trade balances as at 31 December 2023, totalling EUR 38,961 thousand, include current receivables in the amount of EUR 28,612 thousand past due receivables in the amount of EUR 10,349 thousand, of which EUR 7,459 thousand within 90 days and EUR 2,890 thousand beyond 90 days, net of the related provision for doubtful accounts.

As at 31 December 2023, there were no insured or guaranteed receivables.

For further details, please refer to Note 7.

Liquidity risk

Liquidity risk may arise when it is not possible to obtain, under favourable economic conditions, the financial resources necessary for the operation of the Group companies. Liquidity risk relates to the cash flows generated and absorbed by day-to-day operations and the resulting need to access financing to support business expansion. Liquidity risk is also linked to the existence of contractual obligations to comply with certain financial ratios ("covenants") to be calculated on the financial statements of the individual subsidiaries.

The evolution of cash flows and the use of credit facilities are closely monitored by the Group Finance Department and the directors in order to ensure that financial resources are used efficiently and effectively, including in terms of expenses and interest.

The Group's financial resources are mainly ensured by medium-long-term loans and undrawn credit lines for current operations granted by primary banking institutions. Specifically, as at 31 December 2024, the Group had cash and other similar financial assets in the amount of EUR 68,294 thousand and undrawn bank credit lines. At the same date, total nominal financial indebtedness to third parties amounted to approximately EUR 165,941 thousand, of which EUR 63,115 thousand to banks and EUR 102,827 thousand to others, of which EUR 4,913 thousand to shareholders for loans, EUR 61,972 for put & call options and earnouts for the benefit of minorities, and EUR 35,942 for payables to lessors (IFRS 16). The portion maturing in less than 12 months amounted to EUR 44,653 thousand, of which EUR 23,604 thousand due to banks, EUR 14,537 thousand for put & call options and earnouts, and EUR 6,512 thousand for lease payables (IFRS 16).

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will change due to fluctuations in exchange rates.

The Group has a limited exposure to the risks arising from exchange rate fluctuations, which may affect profit or loss and shareholders' equity as the prevailing transactions are

in euros and because the Group's net investments in foreign entities (currency translation risk) are limited. Since receipts and payments in US dollars are partly offset, currency risks are contained. The use of currencies beyond the euro, US dollar and British pound in commercial transactions is almost zero.

The Group has entered into financial derivative transactions to hedge against the risk of exchange rate fluctuations in connection with sales in foreign currency. As at 31 December 2024, the fair value of the above-mentioned derivatives hedging exchange rate fluctuations was negative by EUR 38 thousand.

The following table shows the sensitivity to a possible change in the US dollar and pound sterling exchange rate, with all other variables held constant. The effect on Group profit before tax is due to changes in the fair value of monetary assets and liabilities outstanding at the end of the period, while the effect on shareholders' equity before tax includes the effect of translating the net assets/liabilities of foreign consolidated companies. The Group's exposure to exchange rate variations for all other foreign currencies is not material.

amounts are shown in €/1,000	-10%	-5%	+5%	+10%
Foreign exchange gain/(loss) from a fluctuation in the euro/US dollar exchange rate	1	0	(0)	(1)
Foreign exchange gain/(loss) from a fluctuation in the euro/pound sterling exchange rate	(135)	(64)	58	111
Total	**(135)**	**(64)**	**58**	**110**

Interest rate risk

Interest rate risk can be defined as the risk that changes in market interest rates will result in a decrease in business profitability. The Group makes use of external financial resources in the form of debt. Changes in market interest rates influence the cost and return of various forms of financing by affecting financial expenses. Interest rate risk is managed through the use of derivative financial instruments in the form of interest rate swaps.

As at 31 December 2024, the Group had financial exposure to banks for financing in various technical forms for a total amount of EUR 63,115 thousand, on which variable

interest rates accrued ranging from 1.3% to 7.9% over 2024, and cash and other similar financial assets totalling EUR 68,294 thousand.

Interest rate swap contracts are in place to cover this exposure, with a total notional residual amount of EUR 21,231 thousand.

Such contracts have a notion to scale on the basis of the amortisation plan of the underlying loans, as shown in the following table (values are expressed in thousands of euros):

Notional	**Maturity date**	**Amount**	**Type of contract**	**Mark to market (assets)**	**Mark to market (liabilities)**
UniCredit bullet line	31/10/2025	1,000	IR swap	21	
Intesa amortising line	30/09/2025	517	IR swap	6	
UniCredit amortising line	31/12/2026	5,000	IR swap		(84)
UniCredit amortising line	30/06/2029	3,677	IR swap		(143)
UniCredit amortising line	30/10/2025	712	IR swap	12	
Intesa amortising line	31/01/2030	2,708	IR swap		(82)
BPM amortising line	31/01/2030	2,708	IR swap		(82)
Intesa bullet line	31/01/2030	1,500	IR swap		(70)
BPM bullet line	31/01/2030	1,500	IR swap		(70)
Intesa amortising line	30/07/2029	860	IR swap	56	
Intesa amortising line	06/08/2029	1,049	IR swap	55	
Total		**21,231**		**150**	**(530)**

The following table shows the sensitivity to a possible change in interest rates on that portion of variable-rate debt and loans, after hedge accounting effects. With all other variables held constant, and therefore based on the value of the financial debt to banks at the end of the period and the repayment flows expected in the respective amortisation schedules, this positive or negative change in interest rates would result in higher or lower financial income and expenses before the tax effect as shown below:

amounts are shown in €/1,000	-500BP	-250BP	+250BP	+500BP
(Lower) / Higher financial income	(14)	(7)	7	14
Lower / (Higher) financial expenses	1,410	805	(813)	(1,626)
Total	**1,396**	**798**	**(806)**	**(1,612)**

Financial liability remeasurement risk for earnouts and put and call options

Financial liabilities include the best estimate of the present value of earnouts and put and call options entered into with the minority shareholders of the acquired companies. The earnout and put and call option values are directly linked to the achievement of certain economic and financial targets by the companies acquired (generally contractually defined EBITDA and NFP) in the periods following the taking over of control.

For the sensitivity analysis on the re-measurement risk of earnouts and put & call options, a 10% increase or decrease in the contractually expected EBITDA in the various plan years concerned was assumed, as well as an EBITDA to NFP conversion rate of 60%. The related effects on net profit before tax are summarised in the following table:

*amounts are shown in €/1,000**	Actual	EBITDA +10%	EBITDA -10%
Earnout	6,570	6,618	3,703
Put & Call	55,403	61,746	49.227
Total	**61,972**	**68,364**	**52.931**

** Estimated EBITDA to NFP conversion rate of 60%*

It should be noted that some earnouts are not strictly correlated to the value of the EBITDA; therefore, management deemed it appropriate to reflect in the sensitivity analysis changes in the underlying elements deemed reasonable based on their very nature.

Price risk

Purchase prices normally have a duration of one year, while sales prices absorb and tend to neutralise increases in purchases. Even in the presence of an inflationary scenario over the year, the impact of the increase in raw material prices remains limited, also due to the ability of the Group companies to adjust their sales prices accordingly and maintain margins.

MACROECONOMIC REPORTING

Developments in the global economy, the environment of political, economic and

financial instability and the volatility of financial markets could influence the performance of the Group, with possible adverse effects on its economic, capital and financial position.

Risks related to the global geopolitical situation

The Group is exposed to the risks associated with the current and future global, European and Italian economic and political situation, which is also aggravated by recent political and military tensions in Ukraine and Israel, where the development and political and economic impact are still uncertain and hard to assess. Therefore, it cannot be excluded that the occurrence and/or continuation of any economic downturn and/or political instability and any future negative impact, including any significant impact, on the global, European and/or national economy may lead to a weakening of demand for the Group's products, with potential adverse effects on the Group's business and prospects, as well as on its economic, capital and financial position.

The global geopolitical situation is undergoing extremely tense and complex period due to military conflicts in an already critical situation caused by the pandemic, which has further stimulated inflationary phenomena and speculative dynamics. The Group has very limited involvement in the areas affected by the Russian-Ukrainian conflict and the Israeli-Palestinian conflict, and its business model is not particularly exposed to inflationary commodity phenomena or higher energy costs; however, it cannot be excluded that the continuation of this situation may lead to margin pressures or impacts on the propensity to consume durable goods.

Looking ahead, there are the unknowns related to the effects of the fiscal and trade policy that the US administration will decide to implement. Specifically, the introduction of duties and tariffs on numerous countries and geographical areas, in order to make imports less advantageous and competitive compared to domestic products or services, could undermine international trade in goods and services. In this context, despite the risks associated with the drift towards protectionism in the United States, the Group does not foresee any particular risks or concerns to date, especially in view of the high-end market to which its products are aimed, which are not very sensitive to price changes.

However, it cannot be ruled out that fiscal policy may have an impact on the propensity to consume and, therefore, the Group pays continuous attention to developments in the external environment.

Risks related to climate change

In preparing the annual consolidated financial statements, taking into account the priorities shared by ESMA and in light of the findings of The Global Risks Report 2024 prepared by the World Economic Forum, Dexelance's management assessed the effect of climate risks on the Group based on the historical probability of their occurrence.

Specifically, by defining the potential impacts of physical risks and transition risks (relating to technological innovations, regulatory changes, and changing market expectations), management was able to obtain a sufficiently complete picture of the situation at the Group level. The Group considers climate-related issues in its estimates and assumptions when necessary. This assessment includes a broad spectrum of possible impacts for the Group from both physical and transitional risks. Although the Group believes that its business model and products will still be attractive as a result of the transition to a low-emissions economy, climate-related issues increase the uncertainty of estimates and assumptions concerning numerous elements or items in the financial statements. Although climate risks may not have a significant impact on measurement at present, the Group is closely monitoring developments and changes, such as new climate-related regulations and standards. The elements that are most directly impacted by climate-related issues are:

- The useful life of property, plant and equipment. When recalculating the estimated residual value and useful life of an asset, the Group considers climate-related issues, such as climate-related regulations that may limit the use of assets or require significant capital expenditure.
- Determination of the recoverable amount of non-financial assets. The estimated value in use could be impacted in different ways by transition risk, in particular, climate-related regulations or a change in demand for the Group's products. This

notwithstanding, the Group concluded that there were no significant climate-related assumptions.

On the basis of these considerations, no significant influence was found in the estimates and assessments of the plans.

Fully aware of the strategic importance of responsible and sustainable operations, the Group decided some time ago to take a proactive stance on sustainability, including by voluntarily communicating information to its stakeholders on environmental, social and governance factors. The Group recognises the fundamental role played by strong and long-lasting cooperation with all stakeholders and its commitment to an increasingly sustainable business.

In 2024, Dexelance strengthened its commitment to sustainability by complying with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and completing the dual materiality analysis. This process identified the Impacts, Risks and Opportunities (IROs) related to sustainability issues considered most relevant for the Group. In line with the requirements of the new regulations, Dexelance defined and formalised its own Sustainability Strategic Guidelines, aligning future actions with the European Sustainability Reporting Standards (ESRS) and consolidating a responsible and ESG-conscious management approach. The analysis of climate risks is an integral part of the Group's sustainability strategy, which is divided into three macro-impact areas: environment, people and governance.

The Board of Directors approved the dual materiality analysis and the ESG Manifesto, a policy document drafted to identify and concisely communicate the Strategic Guidelines that will guide the actions planned for the coming years, and it approved the actions and objectives envisaged in the 2025-2027 Business Plan (the "Business Plan").

Specifically in the environmental sphere, Dexelance has implemented actions aimed at reducing climate-changing emissions, adopting more sustainable operating practices and promoting eco-design and circularity throughout the product life cycle.

With the aim of monitoring and consequently reducing its carbon footprint, Dexelance has completed its greenhouse gas inventory for 2024, verified by an accredited third party

in accordance with ISO 14064-3, confirming its commitment to offsetting emissions through the purchase of carbon credits and thus ensuring carbon neutrality.

In addition, the Group further strengthened its risk management approach by adopting a corporate Enterprise Risk Management (ERM), which integrates the sustainability risk assessment into the Risk Register. Dual materiality analysis was a key element in this process, harmonising ESG risks with financial risks and ensuring continuous monitoring through the involvement of the Sustainability Team, the CFO, the CEO, the Audit and Risk, Related Party Transactions and Sustainability Committee, and the Board of Directors.

The analysis revealed several risk factors related to climate change, including physical climate risks and dependence on key raw materials. These, along with other identified ESG risks, are addressed through structured mitigation strategies, including formal policies, control procedures, periodic audits and a robust governance based on a clear separation of duties (SOD).

Through targeted energy efficiency strategies, the Group intends to mitigate its environmental impact by promoting the responsible use of resources. In particular, Dexelance has included in its current Business Plan capital expenditure (CapEx) for the installation of energy self-production systems, in order to increase the internal production capacity of energy from renewable sources, compared to what is already installed at three of the Group's production sites (namely at the Gervasoni, Gamma Arredamenti and Cubo Design plants). The Group has also planned to implement actions to improve the efficiency of the company's energy needs, such as investments for the renewal of production machinery, for the replacement of lighting systems in production sites not equipped with LED technology or for the promotion of more sustainable corporate mobility measures. The objective is to build a sustainability path that combines growth and environmental protection, in line with stakeholder expectations and global climate-related challenges; these interventions will support the reduction of consumption and, consequently, GHG emissions to mitigate the Group's environmental impact.

The adoption of ERM and the strengthening of the climate risk analysis, also considered within the company’s strategy, testify to Dexelance’s commitment to building a resilient

business model, capable of facing future challenges and ensuring long-term sustainable growth.

Further details on Dexelance's sustainability and risk management strategy can be found in the "MANAGEMENT REPORT, CONSOLIDATED AND ANNUAL FINANCIAL STATEMENT AS AT 31 DECEMBER 2024 - consolidated Sustainability " section of this document.

CAPITAL MANAGEMENT

For the purposes of managing the Group's capital, it has been established that this includes the share capital issued, the share premium reserve and all other reserves, including retained earnings (Group shareholders' equity).

The objectives of capital management are mainly linked to the achievement of a strong credit rating, in order to support operational activities, as well as growth for external lines and to maximise shareholder value.

The Group monitors capital by following the development of the debt ratio, which comes from a comparison between the value of the net financial position (financial debt) and consolidated equity. The Group includes loans and financing in net financial debt, including financial and operational lease payables, derivative contracts and payables for company acquisitions (earnouts and put options), net of cash and cash equivalents and comparable current financial assets.

amounts are shown in €/1,000	31/12/2023	31/12/2024
Net financial position	120,948	97,647
Group shareholders' equity	154,378	170,452
NFP/Group shareholders' equity ratio	**0.78**	**0.57**

The change in the ratio is related to both the decrease in net financial position due to the repayments made during the year, and the change in shareholders' equity, resulting from the positive result for the period.

The Group's capital management aims, inter alia, to ensure that any covenants related to

interest-bearing financing and loans, which lay down capital structure requirements, are respected. Any breaches in the covenants would allow banks to demand the immediate repayment of loans and financing. As at 31 December 2024, the covenants applicable to the financing provided by UniCredit to the parent company Dexelance and its subsidiaries Cenacchi International S.r.l., Saba Italia S.r.l. and Modar S.p.A were respected, as were those applicable to the financing provided by the Intesa Sanpaolo/BPM pool to the subsidiary Cubo Design S.r.l. and by Cassa Depositi e Prestiti to the parent company Dexelance. However, Gamma Arredamenti International S.p.A. was unable to comply with the financial covenant on the financing in place with UniCredit, given an operating result that was lower than expected. However, by 31 December 2024 the company had obtained a special waiver from the financial institution. For more details, please see Note 15.

Analysis of the composition of the main balance sheet items as at 31 December 2024

COMMENTS ON ASSET ITEMS

1. *Intangible assets*

The composition of and changes to intangible assets as at 31 December 2023 and 31 December 2024 are as follows:

amounts are shown in €/1,000	Goodwill	Brands	Models	Customer relations and order book	Other intangible assets	Total
initial gross value	71,679	33,194	16,828	34,867	3,114	159,682
initial depreciation fund			(8,131)	(15,733)	(1,937)	(25,801)
initial net value 01/01/2023	**71,679**	**33,194**	**8,697**	**19,133**	**1,176**	**133,881**
transactions in the period						
acquisitions		1	11		412	423
business combinations	63,313	24,306		28,374	4,853	120,847
divestments						-
other changes	(74)	(41)			30	(84)
depreciation of the period			(1,314)	(5,271)	(466)	(7,051)
business combinations (fund)					(4,392)	(4,392)
divestment fund disposals						-
other fund changes			(1)		12	11
total transactions of the period	**63,239**	**24,267**	**(1,304)**	**23,103**	**449**	**109,754**
final gross value	134,919	57,461	16,839	63,241	8,409	280,868
final depreciation fund			(9,446)	(21,004)	(6,783)	(37,233)
final net value 31/12/2023	**134,919**	**57,461**	**7,393**	**42,236**	**1,626**	**243,635**

amounts are shown in €/1,000	Goodwill	Brands	Models	Customer relations and order book	Other intangible assets	Total
initial gross value	134,919	57,461	16,839	63,241	8,409	280,868
initial depreciation fund			(9,446)	(21,004)	(6,783)	(37,233)
initial net value 01/01/2024	**134,919**	**57,461**	**7,393**	**42,236**	**1,626**	**243,635**
transactions in the period						
acquisitions		3	6		887	895
business combinations						-
divestments						-
other changes	(108)	(3)			(22)	(134)
depreciation of the period	-	-	(1,313)	(7,025)	(513)	(8,851)
business combinations (fund)						-
divestment fund disposals						-
other fund changes					(62)	(62)
total transactions of the period	**(108)**	**(0)**	**(1,308)**	**(7,025)**	**290**	**(8,151)**
final gross value	134,811	57,461	16,844	63,241	9,274	281,630
final depreciation fund			(10,759)	(28,029)	(7,358)	(46,146)
final net value 31/12/2024	**134,811**	**57,461**	**6,085**	**35,211**	**1,916**	**235,484**

Intangible assets as at 31 December 2024 amounted to EUR 235,484 thousand, compared to EUR 243,635 thousand in the previous year, with a decrease of EUR 8,151 thousand almost exclusively derived from the amortisation of the intangible assets in terms of their useful life as recognised during the PPA.

Brands and goodwill are considered assets with an indefinite useful life and thus are not amortised. Therefore, they are subject to impairment testing.

In particular, all brands in the Dexelance Group are considered to have an indefinite useful life based on the provisions of IAS 38, taking into account in particular their reputation, economic performance, the characteristics of the target market and the level of supporting marketing initiatives and investments. The business plan approved by the Group confirms these assumptions by management.

The models, customer relations and order book were considered to have a definite useful life, with an amortisation period of 5 to 14 years.

The directors examined the impairment tests on the values of the assets with an indefinite useful life recorded in the consolidated financial statements of the Dexelance Group as at 31 December 2024, and on the values of the investments recorded in the separate financial statements of the Parent Company of the same date.

For the purposes of the consolidated financial statement, the impairment test compares the values in use of the different CGUs with the respective values of net invested capital, including assets with an indefinite useful life and other net assets recorded in relation to business combinations.

The impairment test as at 31 December 2024 refers to the following Cash Generating Unit (CGU) specifications[22]: (i) Gervasoni; (ii) Meridiani; (iii) Cenacchi International; (iv) Davide Groppi; (v) Saba Italia; (vi) Modar; (vii) Flexalighting; (viii) Gamma Arredamenti International; (ix) Cubo Design; (x) Axo Light, (xi) Turri and, finally, of Dexelance S.p.A. itself, taking into account the capital invested in the subsidiaries and the results of this company, in its role of strategic management, coordination and control of the Group.

The business plan used for the impairment test, from which the discounted cash flows were derived, was approved by the Board of Directors on 29 January 2025. The documents underlying the impairment test include the consolidated statement of financial position as at 31 December 2024 and the economic and financial plan for the period 2025–2027, from which the explicit cash flows subject to discounting were produced.

The business plan and its strategy review have been prepared by management and

i) their assumptions are consistent with actual past performance and Group performance in relation to historical trends in the relevant market;
ii) the objectives of the plan are aligned with current developments.

The estimate of the recoverable amount of the asset group under analysis was conducted in accordance with the notion of value in use. The value in use of an asset group is the present value of the future cash flows, both incoming and outgoing, that are expected to

[22] The cash generating unit (CGU) identified for the purposes of brand recoverability and goodwill corresponds to the company acquired (and its subsidiaries) as a whole.

result from the continued use of the asset group. This is discounted at an appropriate discount rate that reflects current market estimates of the time value of money and the risks specific to the asset group in question.

To estimate the value in use, the Board of Directors used the explicit cash flows of the 2025-2027 economic and financial plans. It also considered an indefinite time horizon for the estimate of the terminal value of the individual CGU.

The method applied to estimate the value in use of assets is the discounted cash flow (DCF) method, which estimates the value of invested capital (enterprise value) as the present value of its future operating cash flows, discounted at a rate equal to the weighted average cost of capital (WACC).

The assumptions used for each CGU are described below, and the methods do not deviate from those used when preparing the annual financial statements as at 31 December 2023. In any case, these reflect the different results provided for in the new plan approved by the parent company's Board of Directors, as well as the update of variables used to determine the WACC and growth rate (g).

Supported in this regard also by a special fairness opinion issued by an independent third-party expert, the Board of Directors did not identify any loss of value for any of the Group's CGUs.

The details for calculating the WACC used in each CGU subject to analysis are as follows:

	Gervasoni	Meridiani	Saba Italia	Furniture Range Int.	Turri	Davide Groppi	Flexalighting	Axo Light	Cenacchi Int.	Modar	Cubo Design
Cost of gross debt	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%
Tax rate	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%
Cost of debt (Kd)	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**
Risk-free rate	3.54%	3.59%	3.37%	3.95%	5.66%	4.20%	3.15%	3.68%	3.68%	3.87%	3.47%
Equity market risk premium	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Unlevered beta	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
Target D/E	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
Tax rate	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%
Relevered beta	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Additional risk premium	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%
Concentration risk									0.75%	0.25%	
Cost of equity (Ke)	**12.80%**	**12.85%**	**12.63%**	**13.21%**	**14.92%**	**13.46%**	**12.41%**	**12.94%**	**13.69%**	**13.38%**	**12.73%**
E/(E+D)	70.17%	70.17%	70.17%	70.17%	70.17%	70.17%	70.17%	70.17%	70.17%	70.17%	70.17%
D/(E+D)	29.83%	29.83%	29.83%	29.83%	29.83%	29.83%	29.83%	29.83%	29.83%	29.83%	29.83%
WACC	**9.96%**	**9.99%**	**9.84%**	**10.24%**	**11.44%**	**10.42%**	**9.68%**	**10.05%**	**10.58%**	**10.36%**	**9.91%**

Unlike the previous year, for the preparation of the impairment test for the purposes of the consolidated financial statements for the year ended 31 December 2024, management identified a WACC for each of the CGUs, as shown in the table above. The impact of these changes on the financial year ended 31 December 2023 was also assessed in advance, and no significant changes to the results obtained emerged on this occasion.

The discount rate used to discount future cash flows expresses the post-tax weighted average cost of capital (WACC) and was determined using: free-risk rates at the CGU level determined as the weighted average rate of 10-year government bond yields with the revenues realised by each CGU in the countries in which it operates, Beta, the Equity Risk Premium and the cost of debt. For CGUs with revenues generated more than 50% by a single customer, such as Modar and Cenacchi, a concentration risk was also introduced to represent the concentration risk of customers. In light of this consideration, the risk-free rate in these cases was calculated by weighting the geographic spread of the customer's own revenues from which the concentration derives.

The Board of Directors, with the assistance of the external consultant, used a growth rate (g rate) of individual CGU consistent with the main countries in which each company operates. For this variable, too, the impact of the change on the financial year ended 31 December 2023 was assessed in advance, from which no significant changes to the results obtained on that occasion emerged.

It should be noted that in carrying out the impairment test procedures as at 31 December 2024, aspects that may generate potential risks in both economic-financial and reputational terms were considered.

In preparing the 2025-2027 financial plans used to estimate the value in use of the assets subject to impairment testing, management considered multiple aspects related to sustainability and estimated the future expenses that the individual CGUs will be required to incur to address ESG (Environmental, Social and Corporate Governance) aspects. In particular, all actions aimed at generating an increase in electricity from renewable sources, such as the installation of photovoltaic panels and the purchase of guarantees of origin from certified suppliers, were considered, with an estimate of the related costs. In addition, the necessary expenses to obtain certifications (such as ISO 14001 or ISO 9001) and the increases in costs related to insurance policies (for example, those covering catastrophic risks) were considered. The Group has set itself the goal of adopting a system for monitoring and evaluating its main suppliers using ESG metrics. However, it is important to mention that currently the individual CGUs mainly refer to Italian suppliers subject to stringent regulations in the field of workplace safety.

Below is a summary of the results of the impairment test for the individual CGUs, also considering the effects of discounting negative cash flows of the parent holding company for its role of strategic management, coordination and control of the Group (corporate asset):

CGU	Enterprise value	Net invested capital	Headroom
Gervasoni	67,977	30,798	37,179
Meridiani	36,260	20,953	15,307

Saba Italia	25,724	8,616	17,108
Gamma Arredamenti Int.	37,474	24,575	12,899
Turri	46,021	43,961	2,060
Davide Groppi	38,848	12,835	26,013
Flexalighting	35,938	13,526	22,412
Axo Light	6,655	5,070	1,585
Cenacchi Int.	73,687	25,347	48,340
Modar	45,573	7,406	38,167
Cubo Design	87,076	71,578	15,498
CGU Subtotal	**501,233**	**264,665**	**236,568**
Dexelance Holding		3,434	(3,434)
Total		**268,099**	**233,134**
Recoverable amount Parent Company (as corporate asset)	(37,083)		(37,083)
Total			**196,050**

The enterprise value of the Holding Parent Company mainly includes the negative cash flows of Dexelance S.p.A.

The excess of the recoverable amount over the carrying amount is EUR 236,568 thousand (pre-holding costs). Taking into account the recoverable value of the *corporate asset*, the surplus amounts to EUR 196,050 thousand (EUR 186,332 thousand at 31 December 2023).

The following is a reconciliation of the booked net invested capital, highlighting the components of assets with an indefinite useful life:

CGU-holding company	Book value of goodwill	Book value of brands	Total intangible assets with an indefinite useful life	Net invested capital excluding intangible assets with an indefinite useful life	Net invested capital
Gervasoni	10,012	13,150	23,163	7,635	30,798
Meridiani	8,203	4,598	12,801	8,152	20,953
Saba Italia	197	3,992	4,189	4,428	8,616
Gamma Arredamenti Int.	9,193	6,956	16,148	8,426	24,575
Turri	29,282	3,641	32,923	11,037	43,961
Davide Groppi	2,604	4,461	7,065	5,770	12,835
Flexalighting	10,343	-	10,343	3,184	13,526
Axo Light	3,549	-	3,549	1,521	5,070
Cenacchi Int.	22,312	-	22,312	3,035	25,347
Modar	8,633	-	8,633	(1,227)	7,406
Cubo Design	30,483	20,663	51,145	20,432	71,578
CGU Subtotal	**134,811**	**57,461**	**192,272**	**72,394**	**264,665**
Holding Dexelance			-	3,434	3,434

Total	134,811	57,461	192,272	75,828	268,099

The calculation of the value in use is particularly sensitive to the following assumptions: (i) EBITDA, (ii) discount rate, (iii) growth rate (g rate) used to extrapolate cash flows beyond the forecast period.

The sensitivity analyses carried out by the company as at 31 December 2024 confirm that even if the parameters of the WACC and the reference growth rate were to change by 1%, there would be a positive excess of the recoverable amount.

A further sensitivity analysis was also introduced on the results obtained by identifying the level of WACC and EBITDA that determine the break-even (understood as the equality between Value in Use and Carrying Amount). From the results obtained, the break-even parameters show significantly distant values from the reference values.

CGU	% change in expected EBITDA based on individual business plans that would make the recoverable amount of the CGU equal to its book value	% increase in discount rates (WACC) compared to those used in preparing the impairment test that would make the recoverable amount of the CGU equal to its carrying amount
Gervasoni	-46.2%	9.40%
Meridiani	-30.3%	5.26%
Saba Italia	-55.8%	15.20%
Gamma Arredamenti Int.	-31.3%	4.31%
Turri	-3.5%	0.38%
Davide Groppi	-56.5%	16.63%
Flexalighting	-54.5%	11.47%
Axo Light	-19.0%	2.80%
Cenacchi Int.	-50.6%	11.57%
Modar	-64.2%	25.80%
Cubo Design	-12.8%	1.83%

In particular, it should be noted that the sensitivity analyses carried out highlight potential impairment loss situations only with reference to the Turri CGU in the scenario of a significant joint deterioration of the parameters considered.

However, these results are partly justified by the timing of the Company's acquisition; in fact, having been acquired in 2023, it is reasonable to assume that the headroom is not

particularly substantial. In any case, the management constantly monitors the company's performance on the basis of the sensitivity results of the impairment test.

2. Right of use

The composition of and changes to rights of use as at 31 December 2023 and 31 December 2024 are as follows:

amounts are shown in €/1,000	Rights of use for land and buildings	Rights of use for equipment and machinery	Rights of use for other assets	Total
initial gross value	32,673	338	319	33,330
initial depreciation fund	(8,823)	(121)	(19)	(8,963)
initial net value 01/01/2023	**23,851**	**217**	**300**	**24,368**
transactions in the period				
business combinations	9,419	871	41	10,330
entry of rights of use	3,088		78	3,166
divestments	(389)			(389)
other changes	196	(1)	(3)	192
depreciation of the period	(4,550)	(321)	(100)	(4,971)
business combinations (fund)				
divestment fund disposals	278			278
other fund changes	(65)		1	(65)
total transactions of the period	**7,978**	**549**	**15**	**8,542**
final gross value	44,988	1,208	434	46,630
final depreciation fund	(13,160)	(442)	(118)	(13,720)
final net value 31/12/2023	**31,829**	**766**	**316**	**32,910**

amounts are shown in €/1,000	Rights of use for land and buildings	Rights of use for equipment and machinery	Rights of use for other assets	Rights of use for other intangible assets	Total
initial gross value	44,988	1,208	434		46,630
initial depreciation fund	(13,160)	(442)	(118)		(13,720)
initial net value 01/01/2024	**31,829**	**766**	**316**	**-**	**32,910**
transactions in the period					
business combinations					
entry of rights of use	5,671		2,084	36	7,791
divestments	(803)		(97)		(899)
other changes	1,399	(12)	2	(0)	1,388
depreciation of the period	(6,381)	(325)	(612)	(7)	(7,326)
business combinations (fund)					
divestment fund disposals	767		16		784
other fund changes	(47)	(4)	(170)	0	(221)
total transactions of the period	**605**	**(341)**	**1,223**	**29**	**1,517**
final gross value	51,255	1,196	2,424	36	54,911

final depreciation fund	(18,821)	(771)	(885)	(7)	(20,484)
final net value 31/12/2024	**32,434**	**425**	**1,539**	**29**	**34,427**

Leased assets are recorded on the basis of the value of the right of use in application of IFRS 16. Depreciation was determined on the basis of an estimate of the duration of each contract, taking into account the renewal clauses that the Group could exercise without the need to obtain consent from the counterparty. These contracts essentially concern real estate used as offices, industrial sheds, commercial showrooms and vehicles. The change during the year in rights of use recorded in the financial statements mainly refers to new real estate leasing contracts and medium- to long-term rental contracts for motor vehicles and motor vehicles.

At the reference date, there are no contracts with guarantees for the residual value or undertakings for contracts that have yet to commence. No sale or leaseback transactions were carried out during the financial year.

The amounts recorded in the income statement for the two periods are as follows:

amounts are shown in €/1,000	2023	2024
Depreciation on assets for rights of use	4,971	7,326
Interest expense for leases	1,204	1,594
Rental costs – short-term leases and/or moderate unit value	1,342	1,165
Total costs recorded in the income statement	**7,517**	**10,085**

This change was due to new leases concluded during the year, as described above, as well as to the renewal of several expiring contracts.

3. *Property, plant and equipment*

The following statements summarise the changes in property, plant and equipment during financial years 2023 and 2024:

amounts are shown in €/1,000	Land and buildings	Plants and machinery	Equipment	Other	Total
initial gross value	11,082	9,220	3,035	9,306	32,643
initial depreciation fund	(2,502)	(7,034)	(2,536)	(6,294)	(18,366)
initial net value 01/01/2023	**8,579**	**2,186**	**499**	**3,013**	**14,277**
transactions in the period					
acquisitions	647	2,173	289	3,775	6,884
business combinations	1,008	25,889	1,877	7,040	35,815
divestments, historical cost		(361)	(3)	(793)	(1,157)
other changes	5	80	(1)	(146)	(62)
depreciation of the period	(368)	(3,238)	(267)	(1,102)	(4,975)
business combinations (fund)	(195)	(15,915)	(1,262)	(5,882)	(23,254)
divestment fund disposals		321	3	756	1,080
other fund changes	(0)	(2)	(0)	26	23
total transactions of the period	**1,098**	**8,948**	**636**	**3,673**	**14,354**
final gross value	12,742	37,001	5,198	19,181	74,123
final depreciation fund	(3,065)	(25,867)	(4,063)	(12,496)	(45,491)
final net value 31/12/2023	**9,677**	**11,134**	**1,135**	**6,685**	**28,631**

amounts are shown in €/1,000	Land and buildings	Plants and machinery	Equipment	Other	Total
initial gross value	12,742	37,001	5,198	19,181	74,123
initial depreciation fund	(3,065)	(25,867)	(4,063)	(12,496)	(45,491)
initial net value 01/01/2024	**9,677**	**11,134**	**1,135**	**6,685**	**28,631**
transactions in the period					
acquisitions	289	2,417	345	3,978	7,029
business combinations					-
divestments, historical cost	(1,238)	(194)	(18)	(445)	(1,895)
other changes	113	155	4	(83)	189
depreciation of the period	(390)	(3,770)	(393)	(1,811)	(6,364)
business combinations (fund)					-
divestment fund disposals	123	160	18	370	670
other fund changes	(9)	(111)	(4)	87	(37)
total transactions of the period	**(1,113)**	**(1,342)**	**(48)**	**2,095**	**(408)**
final gross value	11,906	39,379	5,529	22,631	79,446
final depreciation fund	(3,341)	(29,588)	(4,442)	(13,851)	(51,222)
final net value 31/12/2024	**8,565**	**9,791**	**1,087**	**8,781**	**28,223**

The most significant changes refer to the items “Plant and machinery” and “Other”,

specifically to acquisitions of new machines and improvements on third-party assets made during year. Lastly, we note the sale of a building and land for a total of EUR 1,115,000.

Please note that, with respect to what is set forth in the 'Sustainability Report' of this document regarding the actions taken by the Group to maintain energy efficiency, EUR 141,000 were capitalised during the year relating to the installation of photovoltaic systems at some of the Group's plants.

4. Other non-current assets

The accounting item of EUR 4,580 thousand includes the receivables from insurance companies for payments of the provision for severance indemnities of directors amounting to EUR 2,020 thousand (balanced by the same amount in the funds as the directors themselves are entitled to), security deposits of EUR 1,499 thousand, financial assets measured at fair value relating to derivative contracts amounting to EUR 150 thousand, non-current financial receivables of EUR 636 thousand and other receivables amounting to EUR 275 thousand.

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Security deposits	1,378		121	1,499
Receivables from insurance companies	1,820		200	2,020
Derivative contracts	338		(188)	150
Restricted cash and cash equivalents	150		(150)	-
Non-current financial receivables	1,034		(398)	636
Other receivables	168		107	275
Total	**4,888**	**-**	**(308)**	**4,580**

5. Inventories

Inventories as at 31 December 2024 was as follows:

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Raw materials	15,037		(846)	14,191

Semi-finished products	5,993		(332)	5,661
Finished products	13,276		(997)	12,279
Advance payments	2,561		2,404	4,965
Total	**36,867**	**-**	**229**	**37,096**

As can be seen from the table above, the overall increase mainly concerns advances, which was partially offset by the reduction of other items.

The amount of inventories is adjusted by an inventory writedown provision of EUR 4,943 thousand for finished products and raw materials with low turnover or obsolescence.

The changes in the inventory write-down provision are as follows:

amounts are shown in €/1,000	31/12/2023	Business combinations	Increase	Uses	31/12/2024
Raw materials	1,784		136	(57)	1,864
Semi-finished products	1,527		39	(97)	1,469
Finished products	1,862		137	(388)	1,610
Provision for inventory devaluation	**5,173**	**-**	**313**	**(542)**	**4,943**

Changes in the provision are closely linked to the evolution of obsolete or slow-moving stock turnover ratios.

6. Contract assets

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Contract assets	4,779		3,654	8,433
Total	**4,779**	**-**	**3,654**	**8,433**

As can be seen from the table above, the overall increase relates mainly to the progress of business performance-related orders and the delivery timing of those orders.

Assets resulting from contracts assessed on the basis of the state of progress of the works totalled EUR 7,812 thousand, while those for which revenue are recognised at the time of final delivery of the goods or completion of the services provided (at a point of time) totalled EUR 621 thousand.

Below is a breakdown of the value of the gross contract work in progress and the advances received so far to reduce the same:

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Contract work in progress	8,070		2,436	10,506
Advances for work in progress	(3,291)		1,218	(2,073)
Contract assets	**4,779**	**-**	**3,654**	**8,433**

7. Trade receivables

The composition of and changes to trade receivables are as follows:

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Trade receivables from third parties	38,961		2,671	41,632
Total	**38,961**	**-**	**2,671**	**41,632**

Trade receivables totalling EUR 41,632 thousand refer to receivables arising from the company's characteristic activities and are recorded net of a total writedown of EUR 1,389 thousand.

Changes in the provision for doubtful accounts are as follows:

amounts are shown in €/1,000	31/12/2023	Business combinations	Increases	Uses	31/12/2024
Provision for doubtful accounts	1,396		266	(272)	1,389

In addition, the ageing of trade receivables, net of writedowns made, is attached in order to show the delay period, in particular for positions that are past due in receipts.

Customer ageing		past due							Total
	due	total past due	1–30 days	31–60 days	61–90 days	91–120 days	121–150 days	more	
2023	28,612	10,349	4,768	1,707	983	693	91	2,106	38,961
2024	26,154	15,477	4,350	2,808	1,050	676	5,958	636	41,632

A past-due date of more than 150 days as at 31 December 2024 refers to specific positions

monitored by management, the specific risk of which is currently deemed to be contained.

8. *Income tax credits*

The composition of and changes to the item are as follows:

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Income tax credits	4,135		(2,695)	1,440

The item in the financial statements consists mainly of tax credits in the amount of EUR 841,000 and IRAP regional productivity tax credits in the amount of EUR 460,000. In particular, it should be noted that on 4 October 2018 the Company entered into a consolidated national tax agreement, pursuant to Articles 117 et seq. of Italian Presidential Decree No. 917 of 22 December 1986 (the “TUIR” or “Consolidated Income Tax Act”); as of 2020, Davide Groppi, Saba Italia and Modar have also taken part, along with Flexalighting, as of 2023, Gamma Arredamenti International and, as of 2024, Cubo Design and Turri.

9. *Other current assets*

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Other current assets	6,924		461	7,385

This item amounted to EUR 7,385 thousand and consists of VAT receivables amounting to EUR 4,633 thousand to the Treasury, miscellaneous receivables amounting to EUR 1,412 thousand from payments made during the year but for subsequent payments and advances to service providers amounting to EUR 834 thousand.

10. Other current financial assets

Other current financial assets amount to EUR 34,614 thousand and relate mainly to the Parent Company. To temporarily invest the surplus liquidity, Dexelance has subscribed

time deposits with maturities of one month for a total of EUR 34,000 thousand. Deposits may be closed early, with minimum notice, but with a penalty on returns granted to the Company.

11. Cash and cash equivalents

Cash and cash equivalents amounted to EUR 33,681 thousand and consist of bank deposits and cash not subject to any constraints. The financial performance of the Group's liquidity is displayed analytically in the cash flow statement, to which reference should be made.

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Cash and cash equivalents	41,457		(7,776)	33,681

12. Shareholders' equity

Please see the statement of changes in shareholders' equity for a description of the change in shareholders' equity at 31 December 2024.

The share capital is fully paid up and subscribed at EUR 26,926 thousand as at 31 December 2024, divided into 26,926,298 ordinary shares with no par value.

In other net equity components, the translation difference reserve shows a total reduction of EUR 12 thousand over the period, while the negative cash flow hedge reserve of EUR 561 thousand is recorded as an offset to the recognition of the mark-to-market, net of the fiscal effect, of the contracts entered into to hedge risks from interest rate changes on outstanding loans.

In addition, in relation to the guidance provided by IAS 19, the actuarial (losses)/gains on severance pay are also included under other equity components. Net of the related tax effect, the amount stood at a positive figure of EUR 115 thousand.

It should be noted that, in respect of the tax realignment operations carried out in the year ended 31 December 2020 pursuant to Italian Decree-Law No. 104 of 2020 (the

"August Decree"), as amended, the item "Retained earnings" includes reserves subject to deferred tax restrictions of EUR 19,674 thousand. In particular, the Group companies Gervasoni S.p.A., Meridiani S.r.l., Cenacchi International S.r.l., Davide Groppi S.r.l., Saba Italia S.r.l. and Modar S.p.A. have realigned the fiscal values of the brands and models, as long as they were already included in the 2019 financial statements, to the statutory values, following the payment of a substitute tax of 3%. The tax realignment took place for an amount of EUR 20,154 thousand, while at the same time the related deferred tax fund of EUR 5,622 thousand was released and a substitute tax of EUR 605 thousand was allocated. The deferred tax provision pursuant to Article 110 of Italian Decree-Law No. 104/2020 of EUR 19,674 thousand arises from the tax values subject to realignment, after the deduction of the substitute tax due.

As at 31 December 2024, there were 205,566 own shares held, equal to 0.7634% of the share capital, for a total amount of EUR 1,928 thousand.

Equity reserves also include, as described above, the reserve related to the application of IFRS 2 on the basis of the regulation of the Performance Shares plan subscribed during the year, in the amount of EUR 183 thousand.

COMMENTS ON LIABILITY ITEMS

Non-current liabilities

13. Post-employment benefits

This item, which amounted to EUR 7,363 thousand as at 31 December 2024, reflects the non-current share of severance payments due to employees.

Overall, the present value of the obligation, determined in accordance with the measurement methodology required by IAS 19 for defined benefit plans, changed as follows:

amounts are shown in €/1,000	Post-employment benefits 2023	Post-employment benefits 2024

Initial fund	5,124	7,027
Accrual period	748	846
Interest	215	207
Actuarial (gains)/losses	323	90
Other changes	158	(177)
Business combinations	1,206	
Paid	(748)	(629)
Total	**7,027**	**7,363**

As already pointed out in the section on the accounting principles applied, following the provisions on severance pay introduced by the 2007 Finance Act and its implementing decrees and respecting the choices made by its employees regarding the use of their severance pay accrued from 1 January 2007, the Group shall pay this periodically to the funds indicated, remaining obliged to employees solely for the part of the allowance already accrued as at 31 December 2006. The obligation relating to severance pay accrued subsequently, however, lies with the pension funds to which the accrued shares are paid during the year.

The actuarial valuation of severance pay is performed according to the "accrued benefit" method using the projected unit credit (PUC) criterion, as set out in paragraphs 67–69 of IAS 19. The actuarial reference model for the assessment of severance pay is based on a number of assumptions, both demographic and economic. For some of the assumptions used, reference best practices were taken into account where possible.

The technical and economic bases used are as follows.

Assumptions	31/12/2023	31/12/2024
Annual discount rate	3.17%	3.38%
Annual inflation rate	2.00%	2.00%
Annual rate of severance pay increase	3.00%	3.00%
Annual rate of salary increase	1.00%	1.00%

The annual frequencies of advances and turnover of the individual Italian companies in the Group are deduced based on historical experience.

14. Provisions for future risks and charges

The provisions for future risks and charges are detailed in the table below, which also

shows the changes in the funds in 2024:

amounts are shown in €/1,000	31/12/2023	Business combinations	Accrual period	Uses	Other changes	31/12/2024
Provision for severance payments	2,023		154	(198)	175	2,153
Provision for supplementary customer allowances	1,808		294	(97)	(2)	2,004
Litigation risk fund	247			(92)	7	161
Other	839		163	(182)	(337)	483
Total	**4,917**	**-**	**610**	**(569)**	**(158)**	**4,801**

The provision for severance payments reflects the revalued payments to be made by the Group on 31 December 2024; the accounts are balanced with the asset item "Other non-current assets", representing the receivables from the insurance company.

The provision for supplementary customer allowances reflects the appreciation of the risk associated with the potential termination of the term given to agents in the cases provided for by law, and has been set aside on the basis of the provisions of the collective economic agreement and civil law provisions.

15. Bank loans

The composition and changes in payables due to banks is reported below, broken down by short-term and long-term:

amounts are shown in €/1,000	31/12/2023	Business combinations	Loans taken out	Capital repayments / Interest payments	Interest payable accrued	31/12/2024
UniCredit 10.375 ML	1,266			(701)	71	635
Simest 0.48 ML	478			(122)	3	359
UniCredit 2.6 ML	511			(516)	5	-
UniCredit 1.3 ML	1,335			(1,381)	46	-
BPER DL 0.5 ML	335			(127)	3	210
Intesa DL 1.75 ML	1,139			(485)	45	699
Intesa DL 1.25 ML	811			(347)	35	499
Simest 0.48 ML	477			(121)	6	362
UniCredit 3.6 ML	1,509			(818)	56	747
Intesa DL 1.9 ML	1,196			(526)	49	719
Intesa DL 1.1 ML	693			(305)	28	416
Banco Desio DL 0.75 ML	534			(192)	5	347
Simest 0.48 ML	478			(122)	3	359
Mediocredito 2 ML	772			(236)	33	569
UniCredit A 5 ML	831			(370)	32	493
Credem DL 1 ML	392			(225)	2	169
Simest 0.48 ML	478			(121)	2	359
UniCredit B 2 ML	2,040			(141)	126	2,025
Simest 0.48 ML	478			(122)	3	359
Mediocredito 1 ML	147			(148)	1	-
Simest 0.4 ML	159			(81)	2	80
Intesa 0.6 ML	605			(118)	25	512
UniCredit A 11.03 ML	10,014			(2,514)	688	8,188
UniCredit B 4 ML	3,964			(4,133)	169	-
UniCredit 12 ML	12,023			(4,718)	737	8,043
Mediocredito 0.45 ML	67			(69)	2	-
UniCredit 2.8 ML	1,416			(767)	63	712
Credem 1.5 ML	411			(411)	1	-
Simest 0.48 ML	478			(122)	3	359
Simest 0.056 ML	39			(16)	(7)	16
Simest 0.09 ML	86			(0)	2	87
Intesa A 13 ML	12,730			(3,036)	908	10,601
Intesa B 6 ML	5,859			(477)	476	5,858
Simest 0.48 ML	480			(122)	2	360
Intesa 1.15 ML	981			(179)	57	860
Intesa 1.55 ML	1,266			(283)	66	1,049
BPM 2 ML	1,016			(413)	11	613
Simest 0.045 ML	23			(15)	(7)	-
Simest 0.36 ML	369			(92)	3	280
Banca Pop. di Sondrio 0.8 ML	720			(202)	42	560
Intesa 0.9 ML	900			(926)	26	-
Cassa Depositi e Prestiti 10.8 ML	10,856			(1,623)	703	9,936
Derivative contracts	665				19	684
Short-term advances	3,249		7,990	(6,245)	(4)	4,989
Total	**84,274**	**-**	**7,990**	**(33,695)**	**4,546**	**63,115**

amounts are shown in €/1,000	31/12/2023	within 1 year	from 1 to 5 years	beyond 5 years	31/12/2024	within 1 year	from 1 to 5 years	beyond 5 years
UniCredit 10.375 ML	1,266	630	636		635	635		
Simest 0.48 ML	478	108	370		359	111	247	
UniCredit 2.6 ML	511	146	365		-			
UniCredit 1.3 ML	1,335		1,335		-			
BPER DL 0.5 ML	335	124	210		210	126	85	
Intesa DL 1.75 ML	1,139	437	702		699	441	257	
Intesa DL 1.25 ML	811	312	499		499	315	185	
Simest 0.48 ML	477	122	355		362	123	239	
UniCredit 3.6 ML	1,509	761	748		747	747		
Intesa DL 1.9 ML	1,196	476	720		719	478	241	
Intesa DL 1.1 ML	693	275	417		416	277	139	
Banco Desio DL 0.75 ML	534	186	347		347	189	159	
Simest 0.48 ML	478	105	374		359	109	250	
Mediocredito 2 ML	772	203	570		569	201	368	
UniCredit A 5 ML	831	337	494		493	330	163	
Credem DL 1 ML	392	223	169		169	169		
Simest 0.48 ML	478	110	368		359	111	248	
UniCredit B 2 ML	2,040		2,040		2,025	2,025		
Simest 0.48 ML	478	108	370		359	111	247	
Mediocredito 1 ML	147	147			-			
Simest 0.4 ML	159	80	79		80	80		
Intesa 0.6 ML	605	92	403	110	512	100	403	8
UniCredit A 11.03 ML	10,014	1,808	7,288	918	8,188	1,808	6,380	
UniCredit B 4 ML	3,964			3,964	-			
UniCredit 12 ML	12,023	4,011	8,013		8,043	4,032	4,011	
Mediocredito 0.45 ML	67	67			-			
UniCredit 2.8 ML	1,416	704	712		712	712		
Credem 1.5 ML	411	411			-			
Simest 0.48 ML	478	119	359		359	119	239	
Simest 0.056 ML	39	23	16		16	16		
Simest 0.09 ML	86	10	76		87	24	63	
Intesa A 13 ML	12,730	2,095	8,480	2,155	10,601	2,090	8,511	
Intesa B 6 ML	5,859			5,859	5,858		5,858	
Simest 0.48 ML	480	120	360		360	120	240	
Intesa 1.15 ML	981	122	510	349	860	124	520	216
Intesa 1.55 ML	1,266	216	895	155	1,049	219	830	
BPM 2 ML	1,016	402	613		613	407	206	
Simest 0.045 ML	23	15	8		-			
Simest 0.36 ML	369	96	273		280	123	157	
Banca Pop. di Sondrio 0.8 ML	720	160	560		560	160	400	
Intesa 0.9 ML	900	900			-			
Cassa Depositi e Prestiti 10.8 ML	10,856	913	7,947	1,996	9,936	1,981	7,954	
Derivative contracts	665		665		684		684	
Short-term advances	3,249	3,249			4,989	4,989		
Total	**84,274**	**20,422**	**48,346**	**15,506**	**63,115**	**23,604**	**39,286**	**225**

The decrease in debt of EUR 21,160,000 is mainly due to the repayment of capital loans in the amount of EUR 33,695 thousand. Some Group companies have brought forward the repayment of the loan from the original amortisation schedules.

No new medium- or long-term loans were taken out during the year.

Loans by category are shown in the table below:

amounts are shown in €/1,000	31/12/2023	Business combinations	Loans taken out	Capital repayments / Interest payments	Interest payable accrued	31/12/2024
Bank loans:						
Loans for acquisitions	61,429	-	-	(19,611)	3,961	45,779
Loans pursuant to the Liquidity Decree	5,100	-	-	(2,207)	167	3,060
Other loans to banks	17,081	-	7,990	(11,877)	398	13,592
Derivative financial instrument liabilities	665	-	-	-	19	684
Total	**84,274**	**-**	**7,990**	**(33,695)**	**4,546**	**63,115**

Acquisition financing includes contractual clauses that provide for compliance with certain economic and financial parameters (covenants) based on the results of the financial statements of the beneficiary subsidiary as at 31 December of each year.

Loan	Parameter	Limit	Limit
UniCredit 10.375 ML 30.09.25	NFP/EBITDA	635	< 2.0
UniCredit 10.375 ML 30.09.25	NFP/Equity	635	< 1.0
UniCredit 2.0 ML 31.10.25	NFP/EBITDA	2,025	< 2.0
UniCredit 2.0 ML 31.10.25	NFP/Equity	2,025	< 1.0
UniCredit 5.0 ML 30.06.26	NFP/EBITDA	493	< 2.0
UniCredit 5.0 ML 30.06.26	NFP/Equity	493	< 1.2
UniCredit 3.6 ML 30.06.25	NFP/EBITDA (*)	747	< 3.0
UniCredit 3.6 ML 30.06.25	NFP/Equity (*)	747	< 1.5
UniCredit 15.03 ML 30.06.29	NFP/EBITDA	8,188	< 3.0
UniCredit 15.03 ML 30.06.29	NFP/Equity	8,188	< 1.5
UniCredit 12 ML 31.12.26	NFP/EBITDA (*)	8,043	< 3.0
UniCredit 12 ML 31.12.26	NFP/Equity (*)	8,043	< 1.5
Intesa/BPM 19 ML 31.01.30	NFP/EBITDA	16,459	< 3.0
Intesa/BPM 19 ML 31.01.30	NFP/Equity	16,459	< 1.3
CDP 10.8 ML 28.09.29	NFP/EBITDA (*)	9,936	< 3.0
CDP 10.8 ML 28.09.29	NFP/Equity (*)	9,936	< 1.5

(*) Referring to the Dexelance Group Consolidated Financial Statements

Reference values are contractually defined. In the event of a failure to respect these economic and financial parameters, the banking institutions could exercise their right to request early repayment of the remaining part of the loans issued.

With reference to the financial statements as at 31 December 2024, all covenants provided for on outstanding loans have been complied with, with the exception of those referred to on the UniCredit loan granted for the acquisition of Gamma Arredamenti International S.p.A. In December, in view of an operating result that was lower than expected, the company obtained a special waiver from the lending bank, thus allowing the debt to still be classified between short- and long-term for a nominal EUR 11,030 thousand, in continuity with the original amortisation plan, after having made the voluntary early repayment to the lending bank of the bullet loan with a nominal value of 4,000 thousand euros, taking into account the available cash and cash equivalents, received thanks to the support of the shareholders through the provision of subordinated loans (also known as an “Equity Cure”). At the date of preparation of these financial statements, also considering the financial support received from the shareholders, there are no facts or circumstances that indicate a risk of non-compliance with the covenants in the coming years, taking into account the future plans of the company Gamma.

The table below shows the main characteristics of the loans:

No	*amounts are shown in €/1,000*	Initial amount	Remaining amount	Start date	End date	Conditions
	Medium-/long-term (ML) loans					
1	UniCredit 10.375 ML	10,375	635	14/09/2017	30/09/2025	Euribor 6M + 2.4%
2	Simest 0.48 ML	480	359	11/06/2021	31/12/2027	0.55%
3	UniCredit 2.6 ML	2,600	-	13/02/2020	28/02/2027	Euribor 6M + 3.15%
4	UniCredit 1.3 ML	1,300	-	13/02/2020	28/02/2027	Euribor 6M + 3.75%
5	BPER DL 0.5 ML	500	210	13/08/2020	13/08/2026	0.90%
6	Intesa DL 1.75 ML	1,750	699	03/07/2020	03/07/2026	Euribor 1M + 1.3%
7	Intesa DL 1.25 ML	1,250	499	14/07/2020	14/07/2026	Euribor 1M + 1.3%
8	Simest 0.48 ML	480	362	19/05/2021	31/12/2027	0.55%
9	UniCredit 3.6 ML	3,600	747	13/06/2019	30/06/2025	Euribor 12M + 2.7%
10	Intesa DL 1.9 ML	1,900	719	30/06/2020	30/06/2026	Euribor 1M + 1.3%
11	Intesa DL 1.1 ML	1,100	416	29/06/2020	30/06/2026	Euribor 1M + 1.3%
12	Banco Desio DL 0.75 ML	750	347	12/10/2020	10/10/2026	1.05%
13	Simest 0.48 ML	480	359	11/06/2021	31/12/2027	0.55%
14	Mediocredito 2 ML	2,000	569	03/08/2017	31/10/2027	Euribor 1M + 1.55%
15	UniCredit A 5 ML	5,000	493	05/06/2019	30/06/2026	Euribor 6M + 2.6%
16	Credem DL 1 ML	1,000	169	31/07/2020	31/07/2025	0.60%
17	Simest 0.48 ML	480	359	16/04/2021	31/12/2027	0.55%
18	UniCredit B 2 ML	2,000	2,025	24/10/2018	31/10/2025	Euribor 6M + 3%
19	Simest 0.48 ML	480	359	19/05/2021	31/12/2027	0.55%
20	Mediocredito 1 ML	1,000	-	15/01/2018	31/12/2024	1.00%
21	Simest 0.4 ML	400	80	24/05/2018	31/12/2025	0.91%
22	Intesa 0.6 ML	600	512	31/01/2022	31/01/2030	Euribor 1M + 1.2%
23	UniCredit A 11.03 ML	11,030	8,188	01/06/2022	30/06/2029	Euribor 6M + 3.2%
24	UniCredit B 4 ML	4,000	-	01/06/2022	30/06/2029	Euribor 6M + 3.7%
25	UniCredit 12 ML	12,000	8,043	30/01/2023	31/12/2026	Euribor 6M + 3.8%
26	Mediocredito 0.45 ML	450	-	31/03/2017	31/12/2024	Euribor 3M + 1.45%
27	UniCredit 2.8 ML	2,800	712	30/10/2020	30/10/2025	Euribor 3M + 1.65%
28	Credem 1.5 ML	1,500	-	28/09/2021	28/09/2024	0.35%
29	Simest 0.48 ML	480	359	02/07/2021	31/12/2027	0.55%
30	Simest 0.056 ML	56	16	28/01/2022	23/11/2025	0.55%
31	Simest 0.09 ML	90	87	22/09/2022	24/05/2028	0.51%
32	Intesa A 13 ML	13,000	10,601	31/01/2023	31/01/2030	Euribor 6M + 3.05%
33	Intesa B 6 ML	6,000	5,858	31/01/2023	31/01/2030	Euribor 6M + 4%
34	Simest 0.48 ML	480	360	31/03/2021	31/12/2024	0.55%
35	Intesa 1.15 ML	1,150	860	31/07/2021	31/07/2031	Euribor 1M + 2.4%
36	Intesa 1.55 ML	1,550	1,049	05/08/2021	05/08/2029	Euribor 1M + 1.9%
37	BPM 2 ML	2,000	613	19/06/2020	19/06/2026	EuroIRS 5A + 1.54%
38	Simest 0.045 ML	45	-	24/02/2021	12/02/2025	0.06%
39	Simest 0.36 ML	360	280	07/04/2021	31/12/2027	0.55%
40	Banca Pop. di Sondrio 0.8 ML	800	560	01/02/2022	31/03/2028	Euribor 6M + 2.25
41	Intesa 0.9 ML	900	-	18/07/2023	31/12/2024	Euribor 3M + 0.9%
42	Cassa Depositi e Prestiti 10.8 ML	10,800	9,936	03/11/2023	28/09/2029	Euribor 6M + 2.5
43	Derivative contracts		684			
44	Short-term advances		4,989			
	Total	**126,104**	**63,115**			

As already indicated in the paragraph "Financial risk management", derivative contracts were concluded to hedge rate risks, for a notional amount of approximately EUR 21.2 million, decreasing in proportion to the repayments of the related loans.

The following shall provide, at Group level and for each class of financial instruments measured at fair value, the classification according to the following categories, representative of the degree of objectivity of the criteria used in determining fair value:

- Level 1 – financial instruments at fair value determined on the basis of values and listings observable directly from regulated active markets;
- Level 2 – financial instruments at fair value determined on the basis of formulas and methodologies that use values mainly deduced from regulated active markets;
- Level 3 – Financial instruments at fair value determined on the basis of calculation methods based on data not observable on regulated markets.

Interest rate swaps for hedging interest rates recorded at fair value can be classified under level 2 of fair value and come to EUR -380 thousand (of which a positive EUR 150 thousand was recorded under "Other non-current assets" and a negative EUR 530 thousand was recorded under "Non-current financial liabilities").

Finally, level 3 includes financial liabilities for an earnout of EUR 6,570 thousand as at 31 December 2024.

During the period there were no transfers from level 1 to level 2 or level 3 and vice versa.

16. Other current and non-current financial liabilities

The composition of and changes to other medium- to long-term financing are as follows:

amounts are shown in €/1,000	31/12/2023	Business combinations	Increases	Decreases	Payments	31/12/2024
Other financing	114		6,170	(1,256)	(115)	4,913
Financial payables to lessors	33,700		10,187	0	(7,946)	35,942
Other financial liabilities	72,937			(1,801)	(9,163)	61,972
Total	**106,751**	**-**	**16,357**	**(3,057)**	**(17,224)**	**102,827**

Details of other financial liabilities are provided:

amounts are shown in €/1,000	31/12/2023	within 1 year	from 1 to 5 years	beyond 5 years	31/12/2024	within 1 year	from 1 to 5 years	beyond 5 years
Earnout debts	18,380	7,560	10,821		6,570	4,790	1,780	
Payables for put options	54,556	-	54,556		55,403	9,747	45,656	
Total	**72,937**	**7,560**	**65,377**	**-**	**61,972**	**14,537**	**47,435**	**-**

The earnout liabilities totalling EUR 6,570 thousand, entered on 31 December 2024, refers to the price adjustments contracted to the sellers of SUR (merged into Gervasoni S.p.A.) for EUR 489 thousand, Cubo Design S.r.l. for EUR 1,408 thousand and Turri S.r.l. for EUR 4,672 thousand.

This constitutes the update of the best possible estimate of the deferred payment, pre-defined at the acquisition date and accounted for at fair value as at 31 December 2024. The earnout is directly linked to the performance of the acquired companies, usually the EBITDA and net financial position as contractually defined between the parties. These parameters may differ in the final figures compared with the estimates in the business plan of the target company.

Debts for options to minority shareholders amounted to EUR 55,403 thousand and relate to the fair value of the liability for the exercise of the put & call option (in favour of the seller and the Group, respectively), for the purchase of the remaining share of 1% of Cenacchi International for EUR 648 thousand, 49% of Flexalighting and Flexalighting North America for EUR 11,767 thousand, 45% of Gamma Arredamenti International for EUR 4,863 thousand, 40% of Cubo Design for EUR 29,115 thousand, 49% of Turri for EUR 9,009 thousand.

Financial liabilities, at each period-end, shall be discounted and remeasured against the

initial estimates that led to their recording. The values of financial liabilities are mainly influenced by the estimate of EBITDA and net financial position in the financial year of those liabilities, which may differ at the end of the year from the estimates in the target company's business plan in the year of its acquisition.

The appropriately discounted values of options and earnouts were updated as at 31 December 2024 on the basis of the latest financial projections prepared by management for each of the investments indicated. The adjustment of the respective financial liability in income or expenses is allocated to the income statement, which should be referred to for further details.

The overall decrease debt over the period (EUR 10,964 thousand) reflects:

- The payment of the earnout (EUR 8,001 thousand), including the restatement of the debt at 31 December 2023 and the share of accrued interest, amounting to EUR 678 thousand;
- The exercise of put and call options for EUR 1,162 thousand towards the former shareholders of Axo Light S.r.l., including the restatement of the debt existing at 31 December 2023 and the interest accrued amounting to EUR 88,000;
- The interest accrued over the period for an amount of EUR 4,507 thousand and the debt remeasurement for options and the earnout existing as at 31 December 2023, and still present at 31 December 2024 for EUR -6,845 thousand.

Details of financial payables to lessors are given in relation to the application of the accounting standard IFRS 16.

amounts are shown in €/1,000	31/12/2023	within 1 year	from 1 to 5 years	beyond 5 years	31/12/2024	within 1 year	from 1 to 5 years	beyond 5 years
Leasing debts IFRS 16	33,700	5,671	17,969	10,061	35,942	6,512	20,831	8,598
Total	**33,700**	**5,671**	**17,969**	**10,061**	**35,942**	**6,512**	**20,831**	**8,598**

The amount was determined by discounting the rent provided for in existing lease agreements, in particular those relating to property.

The increase for the year mainly refers to new real estate lease contracts for office and industrial use, and the medium- to long-term leasing of motor vehicles and motor vehicles, as well as to the renewal of certain expiring contracts.

Details of other financings are provided below:

amounts are shown in €/1,000	31/12/2023	within 1 year	from 1 to 5 years	beyond 5 years	31/12/2024	within 1 year	from 1 to 5 years	beyond 5 years
Other financing	114	0	114		4,913		3,106	1,807
Total	**114**	**0**	**114**	**-**	**4,913**	**-**	**3,106**	**1,807**

They refer to low-interest loans granted by the minority shareholders during the year, the repayment of which is subordinated to the repayment of certain bank debts related to acquisition transactions.

With regard to the Group's net financial debt, the following financial information has been drawn up in accordance with the format required by the CONSOB Communication, updated with the requirements of ESMA Guidance 32-382-1138 of 4 March 2021 as transposed by CONSOB warning notice no. 5/21 of 29 April 2021, indicating the intention to align its supervisory practices with the aforementioned ESMA Guidelines.
The financial debt of the Dexelance Group according to the format adopted by Consob is as follows:

amounts are shown in €/1,000	31/12/2023	31/12/2024	Change
A Cash	41,457	33,681	(7,776)
B Cash equivalents	-	-	-
C Other current financial assets	28,621	34,614	5,993
D Cash and cash equivalents (A + B + C)	**70,078**	**68,294**	**(1,783)**
E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	(13,231)	(21,049)	(7,818)
F Current portion of current financial debt	(20,422)	(23,604)	(3,182)
G Current financial indebtedness (E + F)	**(33,653)**	**(44,653)**	**(11,000)**
H Net current financial indebtedness (G - D)	**36,424**	**23,641**	**(12,783)**
I Non-current financial debt (excluding the current portion and debt instruments)	(157,372)	(121,288)	36,084
J Debt instruments			-
K Non-current trade and other payables			-
L Non-current financial indebtedness (I + J + K)	**(157,372)**	**(121,288)**	**36,084**
M Total financial indebtedness (H + L)	**(120,948)**	**(97,647)**	**23,301**

In this regard, please note the following aspects:

a) "Other current financial assets" includes financial assets (e.g. securities held for trading) that are not (i) cash, (ii) cash equivalents or (iii) derivatives used for hedging purposes;

b) "Financial indebtedness" includes remunerated debt (i.e. interest-bearing debt) which includes, inter alia, financial liabilities for short- and/or long-term leases, identified separately;

c) "Non-current trade and other payables" may include unremunerated debt, which has a significant implicit or explicit financing component (e.g. trade payables with a maturity of more than 12 months), and any other non-interest-bearing loans.

The Group's financial indebtedness amounts to EUR 97.6 million and is aligned with the result determined according to the ESMA Guidelines.

17. Other non-current liabilities

The accounting item of EUR 1,858 thousand includes the non-current portion of deferred income in the amount of EUR 797 thousand and the liability of EUR 1,051 thousand, which includes the best estimate of the current value of the incentive plan due to the Company's

Directors accrued to date.

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Payables to staff and directors			1,051	1,051
Accruals and deferrals	839		(43)	797
Other payables			11	11
Total	**839**	**-**	**1,019**	**1,858**

18. Deferred taxes

The following tables show the changes in deferred tax assets and liabilities (assets are included under non-current assets of the statement of financial position) in 2024 and the nature of the temporary differences that generated them.

Tax paid in advance

amounts are shown in €/1,000	31/12/2023	Business combinations	Increases	Decreases	31/12/2024
Amortisation and depreciation	129		25		154
Goodwill	352		1		352
Doubtful accounts	134		16		150
Inventory writedown	1,471		55		1,526
Severance pay IAS 19	47			(0)	47
Leases IFRS 16	415		216		632
Derivative contracts	159			(32)	127
Agent allowance	82		0		82
Employee and director benefits	420		47		467
Revaluations	260			(15)	245
Other	179		161		340
Total	**3,648**	**-**	**521**	**(47)**	**4,122**

Deferred tax assets recorded as assets under “Deferred tax assets” include the benefit of costs recovered for tax purposes on a temporary basis. The requirements for the inclusion of prepaid taxes according to IAS 12 were deemed to be met.

Deferred taxes

amounts are shown in €/1,000	31/12/2023	Business combinations	Increases	Decreases	31/12/2024
Brands	11,903		65		11,968
Models	1,400			(121)	1,279
Customer relations and order book	12,004			(1,991)	10,013
Land and buildings	290				290
Derivative contracts	81			(45)	36
Other	34		269		303
Total	**25,712**	**-**	**334**	**(2,157)**	**23,889**

As highlighted in the table, deferred taxes mainly refer to the tax effect on the part of the purchase price allocation (PPA) on the value of brands, models, customer relations and the order book, as described in Note 1.

The item "Other" is mainly composed of deferred taxes on distributable profit reserves.

19. Trade payables

This item amounted to EUR 53,611 thousand.

The total amount of the debts is to be paid in full within 12 months.

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Trade payables	51,271		2,340	53,611
Total	**51,271**	**-**	**2,340**	**53,611**

With regard to trade payables, the Group does not use any form of supply chain financing. In addition, the ageing of trade payables is attached in order to show the delay period, in particular for positions that are past due.

Supplier ageing		past due							Total
	due	total past due	1–30 days	31–60 days	61–90 days	91–120 days	121–150 days	more	
2023	47,165	4,107	1,375	1,200	698	-	71	763	51,271
2024	50,843	2,768	706	761	184	122	445	552	53,611

20. Tax payables

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Income tax payables	1,262		(222)	1,039
Total	**1,262**	-	**(222)**	**1,039**

This item mainly covers the IRES corporate income tax payable to the Italian Revenue Agency, including the part of the Group companies that are not covered by the national tax consolidation regime.

21. Other current liabilities

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Other payables due to tax authorities	1,877		98	1,975
Payables to staff and social security institutions	8,259		375	8,633
Contract liabilities	14,432		2,126	16,557
Other payables	14,463		537	15,000
Total	**39,031**	-	**3,135**	**42,166**

Payables to staff and social security institutions refer to payables to staff for wages and accruals, annual leave and paid leave, payables to INPS (Istituto Nazionale per la Previdenza Sociale – Italian social security institute), Enasarco and other social security institutions.

Contractual liabilities arising from orders amounted to EUR 16,557 thousand. The details of advances, net of the value of the status of the relevant contract work in progress are as follows:

amounts are shown in €/1,000	31/12/2023	Business combinations	Change	31/12/2024
Advances for work in progress	16,101		7,771	23,871
Contract work in progress	(1,669)		(5,645)	(7,314)
Contract liabilities	**14,432**	-	**2,126**	**16,557**

Other payables consist mainly of other advances received from customers amounting to EUR 11,878 thousand (EUR 10,373 thousand at 31 December 2023); the remaining amount of EUR 3,126 consists of accruals and deferred income for EUR 1,257 thousand, withholdings, payables to directors for EUR 694 thousand and other corporate bodies, and other payables and withholdings.

ANALYSIS OF THE COMPOSITION OF THE MAIN ITEMS IN THE INCOME STATEMENT

22. Revenue

The following shows the composition of revenue by target area and strategic business area:

amounts are shown in €/1,000	2023	2024
Revenue Italy	78,146	82,621
Revenue EU	71,990	81,713
Revenue non-EU	137,214	160,050
Total	**287,350**	**324,384**

amounts are shown in €/1,000	2023	2024
Revenue Furniture	119,413	141,696
Revenue Lighting	28,854	32,077
Revenue Luxury Contract	85,187	91,251
Revenue Kitchen & Systems	52,273	59,360
Revenue, Other	1,623	-
Total	**287,350**	**324,384**

This item amounted to EUR 324,384 thousand. The main markets are Italy, the United States, France, the United Arab Emirates, the United Kingdom, Germany, Canada and China. The Group is present in over 80 countries and has over 1,500 customers.

Please refer to the analysis provided in the paragraph 'Income statement by strategic business area' in these explanatory notes, as well as to the analysis described in the Management Report for further information on the breakdown of revenue by strategic business area (SBA) and by geographical area.

23. Other income

Other income amounted to EUR 4,911 thousand. This consists of expense recoveries amounting to EUR 1,448 thousand from customers (chargebacks and services) and suppliers (chargebacks for non-compliant supplies); contingencies and capital gains amounting to EUR 508 thousand; operating and capital grants amounting to EUR 116 thousand; insurance claims for EUR 431 thousand and other income not included in the previous items amounting to EUR 2,408 thousand.

amounts are shown in €/1,000	2023	2024
Expense recoveries	1,708	1,448
Contingencies and capital gains	477	508
Operating grants	351	116
Insurance claims	79	431
Other income	2,354	2,408
Total	**4,969**	**4,911**

24. Purchases of raw materials

The total statement item amounted to EUR 126,799 and includes, in addition to direct materials for production and sales, the purchases of ancillary materials, minor equipment, gas and stationery.

amounts are shown in €/1,000	2023	2024
Raw materials and semi-finished products	70,362	66,321
Purchase of finished products	25,480	40,876
Other	16,467	19,602
Total	**112,309**	**126,799**

25. Staff costs

The total amount of this item was EUR 53,466 thousand and consisted of salaries and wages, social security contributions, severance payments (including the portion then paid to pension funds) and other costs.

amounts are shown in €/1,000	2023	2024
Salaries and wages	32,997	40,120
Social expenses	8,657	10,543
Severance payments	1,689	2,099
Other	778	704
Total	**44,122**	**53,466**

Personnel costs increased due to both the increase in headcount and contractual increases under the national collective agreements applied by the individual companies. A total of 833 employees were active in 2024.

	2023	2024
Executives	13	19
Managers and clerical workers	416	422
Manual workers	370	384
Other employees	8	8
Total	**807**	**833**

26. Costs for services and use of third-party assets

The total statement item amounted to EUR 96,719 thousand and includes business costs, industrial costs, administrative and general costs and the cost of use of third-party assets for which IFRS 16 did not need to be applied.

amounts are shown in €/1,000	2023	2024
Leased assets	1,342	1,165
Business costs	34,029	40,751
Industrial costs	30,068	35,278
Directors' remuneration	5,363	5,543
Statutory auditor and auditor fees	923	704
Consultancy	6,018	5,260
Insurance	1,051	1,317
Utilities	2,237	2,702
Other administrative and general costs	3,686	3,998
Total	**84,717**	**96,719**

Commercial costs mainly include commissions and royalties due to agents and designers,

transport costs on sales, costs related to participation in trade fairs and various industry events, communication and marketing expenses, and costs related to travel. The change from the previous year is mainly attributable to the changes in the scope of consolidation that occurred during the financial year 2023 and to the investments made to support brand development.

It should be noted that the item ‘Other administrative and general costs’ also includes the costs incurred by the Parent Company for the purchase of CO2 credits, equal to EUR 270 thousand in order to offset the inventory of emissions. For further information, please refer to the Sustainability Report regarding the greenhouse gas absorption and emission mitigation projects carried out by the Group.

For the period considered, the directors’ remuneration amounted to EUR 5,543 thousand, including the estimated share for the period for the Performance Shares plan totalling EUR 157 thousand.

The details of remuneration to the auditing company are as follows:

amounts are shown in €/1,000	2023	2024
Statutory audit of parent company	177	199
Statutory audit of Group companies	242	261
Attestation services for parent company	35	60
Attestation services for Group companies	68	8
Other services provided by the auditing company	71	
Other services provided by the Parent Company to other companies in the network	75	
Total	**668**	**528**

27. Other operating costs

This item, which amounted to EUR 2,312 thousand, includes certain residual costs not included in the previous items, including membership contributions, local taxes such as TARI (Tassa sui rifiuti – Tax on waste disposal and management) and advertising tax, losses on receivables, unrealised losses and contingent liabilities.

28. Provisions and writedowns

This item, equal to EUR 436 thousand, mainly refers to the provision for doubtful accounts (equal to EUR 266 thousand as at 31 December 2024) in Note 7.

29. Amortisation, depreciation and writedowns of fixed assets

Please refer to Notes 1, 2 and 3. There were no writedowns of fixed assets that became necessary during the period.

30. Financial income and expenses

Financial income, amounting to EUR 13,756 thousand, mainly refers to the restatement of the value of Gamma, Cubo Design and Turri put & call option agreements for a total of EUR 9,889 thousand, to interest income accrued on current accounts for a total of EUR 1,425 thousand and, residually, to exchange rate gains, cash discounts applied by suppliers and interest income from customers.

Financial expenses of EUR 15,609 thousand consist of interest to banks, other lenders, exchange losses, imputed interest on debt for the purchase of minorities, as well as changes in value following the payment of put and call option agreements totalling EUR 3,121 thousand.

Financial income

amounts are shown in €/1,000	2023	2024
Financial income from banks	522	1,425
Active supplier discounts	13	12
Value adjustment income on financial liabilities	14,822	9,889
Other	964	2,430
Total	**16,320**	**13,756**

Financial expenses

amounts are shown in €/1,000	2023	2024
Interest on ordinary loans	4,453	4,686

Interest on subsidised loans	14	15
Value adjustment charges on financial liabilities	1,482	3,121
Financial charges on rents (IFRS 16)	1,246	1,594
Imputed interest on options and earnout	5,665	5,021
Other	1,226	1,171
Total	**14,086**	**15,609**

31. Taxes

This item is made up as follows:

amounts are shown in €/1,000	2023	2024
Current taxes	10,171	9,903
Tax paid in advance	286	(467)
Deferred taxes	(1,239)	(1,778)
Total	**9,218**	**7,658**

For the changes in deferred tax assets and liabilities, please see the disclosures included in Note 18 for the corresponding balance sheet items and the indications given in Note 12 "Shareholders' equity".

The following table shows the reconciliation between the current tax burden and the theoretical tax burden:

amounts are shown in €/1,000	IRES	%	IRAP	%	Other
Pre-tax income	25,561		27,414		
Theoretical tax	6,135	*24.0%*	1,069	*3.9%*	
Total taxable temporary differences	7,952		8,132		
Total taxable permanent differences	(1,378)		15,317		
Consolidated tax base	32,135		50,863		
Actual tax	**7,712**	***30.2%***	**1,984**	***7.2%***	**207**

32. Other items of the statement of comprehensive income

Other components of the statement of comprehensive income relate to changes in the cash flow hedge provision in relation to the fair value measurement of derivative instruments hedging financial risks from interest rate changes. These are interest rate swap instruments, described in the financial risks section under IFRS 7, which should be referred to for further details. Since these financial instruments have characteristics to allow for hedge accounting, changes in fair value are recognised directly under shareholders' equity, net of their tax effect.

In addition, as a result of the amendments to IAS 19, actuarial gains and losses are entered in the statement of comprehensive income from 2013 onwards and will not be entered subsequently in the income statement.

The variations of the two components described are negative by EUR 41 thousand and EUR 67 thousand respectively, both net of the tax effect.

33. Cash flow statement

The financial flow before changes in net working capital amounts to EUR 51.5 million; the payment of taxes, interest, provisions and changes in working capital absorb EUR 12.3 million. The cash flow from operations is therefore equal to EUR 39.2 million.

The cash flow of investment activities, negative by EUR 21.4 million, is mainly composed of the time deposit subscription totalling EUR 6.0 million (see Note 10), and the exercise of the put and call options and earnouts described above, totalling EUR 9.2 million.

The financial flow deriving from financing activities, including short-term investments of liquidity, absorbs EUR 25.5 million; consequently, the variation in available cash is negative by EUR 7.8 million in 2024.

34. Related parties

amounts are shown in €/1,000	Related party of	rental costs without the application of IFRS 16	costs for services	financial income and expenses
Il Castello S.p.A.	Gervasoni S.p.A.	506		

Ir-Ma S.r.l.	Modar S.p.A.	447		
Adriatica Arredamenti s.a.s.	Cubo Design S.r.l.	66		
AGP 2 S.r.l.	Cubo Design S.r.l.	614		
Giaro Componenti S.r.l.	Cubo Design S.r.l.	68		
G.S.P. S.r.l.	Cubo Design S.r.l.	61		
Olimpia S.r.l.	Turri S.r.l.	162		
T Group S.r.l.	Turri S.r.l.	843		
Directors	Dexelance Group		5,543	90
Total		**2,767**	**5,543**	**90**

amounts are shown in €/1,000	Related party of	trade receivables	financial payables	trade payables	other payables
Ir-Ma S.r.l.	Modar S.p.A.	100			
Giaro Componenti S.r.l.	Cubo Design S.r.l.			(389)	
T.M.R. S.r.l.	Cubo Design S.r.l.			(129)	
T Group S.r.l.	Turri S.r.l.	50	(3,156)	(244)	
Directors	Dexelance Group		(1,757)		(918)
Total		**150**	**(4,913)**	**(762)**	**(918)**

The Group companies have lease agreements in place with related parties, for which the rent is paid in advance. This cost for the year amounted to EUR 2,767 thousand, specifically EUR 506 thousand for Il Castello S.p.A., EUR 443 thousand for Ir-Ma S.r.l., EUR 614 thousand for AGP 2 S.r.l., EUR 162 thousand for Olimpia S.r.l. and EUR 843 thousand for T Group S.r.l.

The "Directors" item includes the remuneration and the share of the Long-Term Incentive Plan and Performance Shares for the period, as well as the loans granted by the directors and minority shareholders.

35. Commitments and guarantees

As at 31 December 2024, commitments and guarantees not reflected in the statement of financial position are shown in the following table:

amounts are shown in €/1,000	31/12/2023	31/12/2024
Guarantees in favour of third parties	2,313	2,057
Total	**2,313**	**2,057**

Guarantees issued are mainly related to transactions of a commercial nature.

The Group pledged the units or shares of the subsidiaries to the banks that provided financing to the same subsidiaries as outlined in Note 15.

As at 31 December 2024, there were no commitments that were not stated in the financial statements.

36. Subsequent events

It should be noted that on 4 March 2025, the Group repaid in advance a nominal share of EUR 6,000 thousand of the bank loan entered into with the Intesa Sanpaolo / BPM pool in 2023 for the acquisition of Cubo Design S.r.l.

Milan, 11 March 2025

On behalf of the Board of Directors

Chairman and Chief Executive Officer

Andrea Sasso

Attestation of the consolidated financial statements in accordance with Article 154-bis of Italian Legislative Decree No. 58/1998 of 24 February 1998 (Consolidated Finance Act), as amended

1. While taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, the undersigned Andrea Sasso, as Chairman and Chief Executive Officer, and Alberto Bortolin, as Chief Financial Officer and Director in charge of drawing up the financial accounts of the Dexelance Group, attest to:
   - adequacy in relation to the characteristics of the undertaking; and
   - effective application of the administrative and accounting procedures for drawing up the annual consolidated financial statements during the period from 1 January to 31 December 2024.
2. The assessment of the of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements as at 31 December 2024 was based on a process defined by Dexelance in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

It is also stated that the consolidated financial statements as at 31 December 2024:

- are drawn up in accordance with applicable international accounting standards recognised in the European Community under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the findings in the accounting books and records;
- are appropriate to provide a true and fair view of the assets, liabilities, economic and financial position of the issuer and of all undertakings included in the consolidation.

The management report includes a reliable analysis of the development and outcome of the operation, as well as of the situation of the issuer and all undertakings included in the

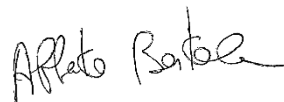
scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, 11 March 2025

Chairman and Chief Executive Officer

Andrea Sasso

Chief Financial Officer and
Financial Reporting Officer
Alberto Bortolin



<u>Report of the Independent Auditors on the audit of the consolidated financial statements</u>

Dexelance S.p.A.

Consolidated financial statements as at December 31st, 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Dexelance S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dexelance Group (the Group), which comprise the consolidated statement of financial position as at December 31st, 2024, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31st, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Dexelance S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Recoverability of the carrying amount of intangible assets with indefinite useful life At December 31st, 2024 the carrying amount of goodwill is € 134.8 million and the carrying amount of trademarks with indefinite useful life is € 57.5 million. These intangible assets with an indefinite useful life were allocated to the Cash Generating Units (CGUs) coinciding with each Group company. The processes and methods to evaluate and determine the recoverable amount of each CGUs, in terms of value in use, are based on assumptions that are in some cases complex and that, due to their nature, imply the use of judgement by Management, in particular with reference to cash flow forecasts for the period covered by the Group business plan, to normalized cash flows used to estimate terminal value and to discount and long term growth rates applied to projections of future cash flows. The company employs an independent expert to determine the recoverable value of the CGUs. Considering the significance of the assets with indefinite useful life, the level of judgement and complexity of the assumptions applied in estimating the recoverable amount, we determined that this area represents a key audit matter. Financial statement disclosure on the valuation of trademarks and goodwill is provided in Note n. 1 “Intangible assets”.	Our audit procedures in response to this key audit matter included, among others: • assessment of the process and key controls implemented by the Group in connection with the criteria and methodology of impairment test; • assessment of the adequacy of the CGUs perimeter and the allocation of the carrying amounts of assets and liabilities to each CGU; • test of the consistency of the assumptions on future cash flow forecasts and comparison with the data and projections of the markets; • assessment the consistency of each CGUs future cash flow forecasts with the Group Business Plan; • assessment of the accuracy of cash flow projections as compared to historical results; • assessment of the long term growth rates and discount rates. In performing our analysis, we engaged our experts in valuation techniques, who have independently performed calculation and sensitivity analyses of key assumptions in order to determine any changes in assumptions that could materially impact the valuation of the recoverable amount. Lastly, we evaluated the appropriateness of the disclosures included in the explanatory notes of the consolidated financial statements with reference to goodwill and trademarks.
Valuation of financial liabilities for options granted to minority shareholders The consolidated Financial Statement as of December 31st, 2024 includes financial liabilities of € 55.4 million (including non-current for € 45.7 million), referring to put and	Our audit procedures in response to this key audit matter included, among others: • analysis of the understanding of the process adopted for the purpose of

call options to minority shareholders subscribed as part of the business combinations carried out by the Group.
These financial liabilities are recognized on IFRS 9 basis at each reporting date (with formulas based on economic and financial indicators to be derived from the financial statements of subsidiaries available at the date of exercise of options).
Management of the Parent Company determined this value by discounting the estimated price for the acquisition of minority interests based on the performance reflected in the approved Business Plans of the companies and the variables defined in each acquisition agreements. This methodology is characterized by a high degree of complexity and the use of estimates, which by their nature are uncertain and subjective, with reference to the following elements:

- the expected cash flows of the Business Plans, determined by taking into account general economic and industry trends, actual cash flows in the last years, and projected growth rates
- the financial parameters used for the purpose of determining the discount rate;
- other variables regulated in each acquisition agreements.

For these reasons, we considered the valuation of financial liabilities for options granted to minority shareholders, a key audit matter.

Note No. 16 "Other current and non-current financial liabilities" to the consolidated financial statements for the year ended December 31, 2024 shows how financial liabilities for options granted to minority shareholders were determined and the impact on the consolidated financial statements.

estimating the value of options granted to minority shareholders;

- analysis of acquisition agreement, in which are described the mode of regulation and determination of such put and call options;
- assessment of the reasonableness of the assumptions adopted by the management in preparing the expected cash flows of the acquired businesses;
- examination of variances between expected cash flows of acquired businesses from previous years and actual results in order to understand the accuracy of the estimation process adopted;
- verification of the consistency of put and call option calculations with the definition reported in each acquisition agreements and with the variables identified within the Business Plans of individual CGUs.

Lastly, we evaluated the appropriateness of the disclosures included in the explanatory notes of the consolidated financial statements related to financial liabilities for options granted to minority shareholders.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Company Dexelance S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Dexelance S.p.A., in the general meeting held on March 17th, 2023, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31st, 2023 to December 31st, 2031.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Dexelance S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements as of December 31st, 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31st, 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31st, 2024 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Dexelance S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group Dexelance as at December 31st, 2024, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations, excluding the section related to the consolidated sustainability information, and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the consolidated financial statements of Dexelance Group as at December 31st, 2024.

Furthermore, in our opinion, the Report on Operations, excluding the section related to the consolidated sustainability information, and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, omply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated 27 January 2010.

Treviso, March 24th, 2025

EY S.p.A.
Signed by: Mauro Fabbro, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Attestation of the sustainability report pursuant to art. 81-ter, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Andrea Sasso, as Chairman and CEO, and Alberto Bortolin, as the Financial Reporting Officer responsible for preparing the Dexelance Group's financial reports, certify, pursuant to art. 154-bis, paragraph 5-ter, of Legislative Decree no. 58 of 24 February 1998, that the sustainability reporting included in the management report has been prepared:

- in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, and Legislative Decree No. 125 of 6 September 2024;
- with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Milan, 11 March 2025

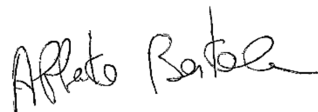
Chairman and Chief Executive Officer

Andrea Sasso

Chief Financial Officer and

Financial Reporting Officer

Alberto Bortolin



Report of the independent audit firm on the limited review of the consolidated sustainability report in accordance with Art. 14-bis of Legislative Decree no. 39 of 27 January 2010

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Independent auditor's report on the limited assurance of the Consolidated Sustainability Report in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010

(*Translation from the original Italian text*)

To the Shareholders of
Dexelance S.p.A.

Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree n. 125 dated 6 September 2024 (hereinafter also referred to as the "Decree") on the Consolidated Sustainability Report of Dexelance S.p.A. and its subsidiaries (hereinafter "Group" or "Dexelance Group") for the year ended on 31 December 2024, prepared in accordance with Article 4 of the Decree, included in the specific section of the Management Report.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the Dexelance Group's Consolidated Sustainability Report for the year ended on 31 December 2024, has not been prepared, in all material aspects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS");
- the information included in the paragraph "European Taxonomy" of Chapter "Environmental Information" of the Consolidated Sustainability Report has not been prepared, in all material aspects, in accordance with Article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter also referred to as "Taxonomy Regulation").

Elements Underlying the Conclusions

We have performed a limited assurance engagement in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di sostenibilità") – SSAE (Italy). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for conducting an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained if the engagement aimed to acquire a reasonable level of assurance. Our responsibilities under this Standard are further described in the section "Auditor's responsibility for the Assurance on the Consolidated Sustainability Report" of this report.

We are independent in accordance with the standards and principles regarding ethics and independence applicable to the assurance engagement of the Consolidated Sustainability Report according to Italian law.

Our audit firm applies the International Standard on Quality Control (ISQM Italy) 1, under which it is required to establish, implement, and operate a quality management system that includes instructions and procedures on compliance with ethical principles, professional principles, and applicable legal and regulatory provisions.

We believe we have obtained sufficient and appropriate evidence on which to base our conclusions.

EY S.p.A.
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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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Other matters – Comparative information

The Consolidated Sustainability Report for the year ended on 31 December 2024 includes, in the specific paragraph "European Taxonomy" of Chapter "Environmental Information", comparative information referred to in art. 8 of the Taxonomy Regulation relating to the year ended on 31 December 2023, which has not been subjected to verification.

Responsibility of the Directors and Those Charged with Governance for the Consolidated Sustainability Report

The Directors are responsible for the development and implementation of procedures used to identify the information included in the Consolidated Sustainability Report in accordance with the requirements of the ESRS (hereinafter referred to as the "Relevance assessment process") and for the description of such procedures in the paragraph "Dexelance Double Materiality" of Chapter "General Information – Basis for preparation" of the Consolidated Sustainability Report.

The Directors are also responsible for the preparation of the Consolidated Sustainability Report, which contains the information identified through the Relevance assessment process, in accordance with the requirements of Article 4 of the Decree, including:

- compliance with the ESRS;
- compliance with Article 8 of the EU Taxonomy Regulation regarding the information contained in the paragraph "European Taxonomy" of Chapter "Environmental Information".

This responsibility entails the establishment, implementation, and maintenance, as required by law, for that part of internal control that they consider necessary in order to allow the preparation of the Consolidated Sustainability Report in accordance with the requirements of Article 4 of the Decree, free from material misstatements caused by fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods for processing the information as well as the development of assumptions and estimates regarding specific sustainability information that are reasonable under the circumstances.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Intrinsic Limitations in the Preparation of the Consolidated Sustainability Report

As indicated in Chapter "General Information – Basis for preparation", paragraph "Methodology note", for the purpose of reporting prospective information in accordance with the ESRS, the Directors are required to prepare such information based on assumptions, described in the Consolidated Sustainability Report, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future events, both concerning the occurrence itself and regarding the extent and timing of its occurrence, the variations between actual values and prospective information could be significant.

As indicated in the paragraph "Methodology note" of Chapter "General Information – Basis for preparation" and in the paragraph "Main calculation criteria" included in Chapter "Annex" of the Consolidated Sustainability Report, the information related to Scope 3 greenhouse gas emissions is subject to greater intrinsic limitations compared to Scope 1 and 2, due to the limited availability and accuracy of the information used to define such information, both quantitative and qualitative, as well as due to reliance on data, information, and evidence provided by third parties.

Auditor's responsibility for the Assurance of the Consolidated Sustainability Report

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the Consolidated Sustainability Report is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue a report containing our conclusions. Errors may arise from fraud or not intentional behaviors or events and are considered significant if it can be reasonably expected that they, individually or in the aggregate, could influence the decisions made by users based on the Consolidated Sustainability Report.

In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di Sostenibilità") – SSAE (Italy), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the information in which a significant error is likely to occur, whether due to fraud or not intentional behaviors or events;
- defining and performing procedures to verify the information in which a significant error is likely to occur. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or manipulation of internal controls;
- directing, supervising, and conducting the limited assurance of the Consolidated Sustainability Report and assuming full responsibility for the conclusions regarding the Consolidated Sustainability Report.

Summary of the Work Performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the Consolidated Sustainability Report were based on our professional judgment and included interviews, primarily with the company personnel responsible for preparing the information included in the Consolidated Sustainability Report, as well as documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we performed the following procedures, partly in a preliminary phase before the end of the year and subsequently in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies, and the context in which it operates concerning sustainability issues;
- understanding the processes underlying the generation, detection, and management of the qualitative and quantitative information included in the Consolidated Sustainability Report, including the analysis of the reporting perimeter;
- understanding the process implemented by the Group for identifying and assessing relevant impacts, risks, and opportunities based on the principle of Double Materiality concerning

sustainability issues and verifying the related information included in the Consolidated Sustainability Report;

- identifying the information for which there is a likelihood of a significant error risk;
- defining and performing analytical and substantive procedures, based on our professional judgment, to address the identified significant error risks, including:
  - for the information collected at the Group level:
    - carrying out inquiries and document analysis regarding qualitative information, particularly policies, actions, and targets on sustainability issues, to verify consistency with the evidence collected;
    - performing analytical procedures and limited assurance procedures on a sample basis regarding quantitative information;
  - for the information collected at site level, conducting a site visit for Cubo Design S.r.l. (Teramo plant). This site was selected based on its activities and its relevance to the metrics of the Consolidated Sustainability Report. During this visit, we conducted interviews with Group personnel and obtained documentary evidence regarding the determination of the metrics;
- regarding the requirements of Article 8 of the EU Taxonomy Regulation, understanding the process implemented by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related information included in the Consolidated Sustainability Report;
- cross-checking the information reported in the Consolidated Sustainability Report with the information contained in the consolidated financial statements in accordance with the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements or with the management data of an accounting nature;
- verifying the structure and presentation of the information included in the consolidated sustainability reporting in accordance with the ESRS;
- obtaining the assurance letter.

Treviso, 24 March 2025

EY S.p.A.
Signed by: Mauro Fabbro, Auditor

This report has been translated into the English language solely for the convenience of international readers.

SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

STATEMENT OF FINANCIAL POSITION

Amounts in euro	Note	31/12/2024	31/12/2023
Non-current assets		**102,620**	**104,265**
Other intangible assets	1	51	9
Right of use	2	722	535
Property, plant and equipment	3	757	598
Deferred tax assets	4	296	269
Equity investments	5	94,204	91,647
Other non-current assets	6	8	22
Non-current financial assets	7	6,582	11,186
Current assets		**48,715**	**42,142**
Trade receivables	8	124	
Income tax credits	9	-	1,757
Other current assets	10	1,724	2,710
Other current financial assets	7	35,352	27,635
Cash and cash equivalents	11	11,516	10,039
Total assets		**151,335**	**146,407**
Shareholders’ equity and liabilities			
Shareholders’ equity		**105,728**	**100,632**
Share capital	12	26,926	26,926
Other reserves and retained earnings, including profit (loss) for the period	12	78,801	73,706
Non-current liabilities		**12,950**	**19,529**
Post-employment benefits	13	119	130
Provisions for risks and charges	14	226	203
Long-term bank loans	15	12,050	18,815
Non-current financial payables to lessors	16	556	377
Deferred taxes		-	3
Current liabilities		**32,658**	**26,246**
Short-term bank loans	15	6,774	5,695
Other current financial liabilities	17	22,077	17,416
Current financial payables to lessors	16	204	172
Trade payables	18	699	575
Income tax payables	19	938	-
Other current liabilities	20	1,966	2,388
Total liabilities		**45,608**	**45,775**
Total shareholders’ equity and liabilities		**151,335**	**146,407**

INCOME STATEMENT

Amounts in euro	Note	2024	2023
Revenue	21	681	332
Other income	22	311	229
Total revenue and income		**992**	**561**
Staff costs	23	(1,365)	(1,319)
Costs for services and use of third-party assets	24	(4,338)	(6,271)
Other operating costs	25	(42)	(26)
Amortisation, depreciation and writedowns of fixed assets	26	(245)	(218)
Operating profit/(loss) (EBIT)		**(4,997)**	**(7,273)**
Financial expenses	27	(3,549)	(2,468)
Financial income	28	14,284	11,140
Pre-tax profit		**5,737**	**1,398**
Income tax	29	1,044	1,634
Net result		**6,782**	**3,032**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in euro	Note	2024	2023
Net result for the year		**6,782**	**3,032**
Other items of the statement of comprehensive income			
Profit/(loss) from cash flow hedge		14	(113)
Tax effects		(3)	23
Total profit/(loss) from cash flow hedges, net of tax		**10**	**(89)**
Total comprehensive income items that will subsequently be reclassified to profit/(loss) for the year	12	**10**	**(89)**
Actuarial profits/(losses)		1	
Tax effects		-	-
Total actuarial profit/(loss), net of taxes		**1**	**-**
Comprehensive income items that will not subsequently be reclassified to profit/(loss) for the year	12	**1**	**-**
Total comprehensive net profit/(loss) for the period		**6,793**	**2,943**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in euro	**Share capital**	**Legal reserve**	**Share premium reserve**	**FTA reserve**	**Cash flow hedge reserve**	**Actuarial reserve**	**Employee share reserve**	**Treasury shares**	**Retained earnings**	**Profit/(loss) for the period**	**Shareholders' equity**
Balance at 31 December 2022	**20,217**	**1,180**	**3,563**	**(92)**	**15**	**(11)**	**-**	**-**	**1,542**	**1,905**	**28,319**
	-	-	-	-	-	-	-	-	-	-	**-**
Reserved initial public offering	6,710	-	63,407	-	-	-	-	-	-	-	**70,117**
Allocation of result for the year	-	-	-	-	-	-	-	-	1,905	(1,905)	**-**
Other income statement items	-	-	-	-	(89)	-	-	-	0	-	**(89)**
Purchase of treasury shares	-	-	-	-	-	-	-	(47)	-	-	**(47)**
Dividends	-	-	-	-	-	-	-	-	(700)	-	**(700)**
Net result for the year	-	-	-	-	-	-	-	-	-	3,032	**3,032**
	-	-	-	-	-	-	-	-	-	-	**-**
Balance at 31 December 2023	**26,926**	**1,180**	**66,971**	**(92)**	**(74)**	**(11)**	**-**	**(47)**	**2,747**	**3,032**	**100,632**
	-	-	-	-	-	-	-	-	-	-	**-**
Allocation of result for the year	-	247	-	-	-	-	-	-	2,786	(3,032)	**-**
Other income statement items	-		-	-	10	1	-	-			**11**
Share incentive plan	-	-	-	-			183	-	-	-	**183**
Purchase of treasury shares	-	-	-	-	-	-	-	(1,880)	-	-	**(1,880)**
Net result for the year	-	-	-	-	-	-	-	-	-	6,782	**6,782**
	-	-	-	-	-	-	-	-	-	-	**-**
Balance at 31 December 2024	**26,926**	**1,427**	**66,971**	**(92)**	**(64)**	**(10)**	**183**	**(1,927)**	**5,532**	**6,782**	**105,728**

CASH FLOW STATEMENT

	2024	2023
Cash flows from operating activities		
Profit/(loss) for the year	6,782	3,032
Income tax	1,044	(1,634)
Interest expense/(income)	83	642
(Dividends)	(12,265)	(10,571)
1) Profit/(Loss) before income taxes, interest, dividends and capital gains/losses from transfer	**(4,355)**	**(8,531)**
Severance Indemnity Provision	45	39
Provisions	1,447	1,263
Depreciation and amortisation of fixed assets	244	218
Value adjustments for financial assets and liabilities of financial derivatives that do not involve monetary movement	(0)	-
Other upward/(downward) adjustments for non-monetary items	152	(232)
2) Cash flow before changes in net working capital	**(2,468)**	**(7,243)**
Decrease/(Increase) in inventories	-	-
Decrease/(Increase) in trade receivables	(124)	-
Increase/(Decrease) in trade payables	123	(561)
Decrease/(Increase) in accruals and prepaid expenses	-	-
Increase/(Decrease) in accruals and deferred income	-	-
Other decreases/(other increases) in net working capital	6,689	603
3) Cash flow after changes in net working capital	**4,222**	**(7,200)**
Interest received/(paid)	(217)	(876)
(Income taxes paid)	(4,479)	-
Dividends collected	12,265	10,571
(Use of funds)	(51)	-
NET CASH FLOW GENERATED/(ABSORBED) BY OPERATING ACTIVITIES (A)	**11,739**	**2,494**
Cash flows from investment activities		
(Investments in property, plant and equipment)	(198)	(446)
Divestments of property, plant and equipment (realisable value)	6	1
(Investments in intangible assets)	(46)	(3)
(Investments of financial fixed assets)	(2,905)	(53,431)
IFRS 16	(205)	(129)
Investments of short-term financial assets	(14,000)	(20,000)
Adjustment, other financial payables	-	(2,355)
NET CASH FLOW ABSORBED BY INVESTMENT ACTIVITIES (B)	**(17,348)**	**(76,363)**
Cash flows from financing activities		
Third-party financing		
Increase/(Decrease) in short-term payables to banks	-	389
Disbursements of medium- to long-term loans	-	22,736
(Repayment of medium- to long-term loans)	(5,702)	(720)
Provision of intra-group loans – Change in cash pooling	14,669	(15,067)
Equity		
Paid-up capital increase	-	70,117
Disposal/(Purchase) of treasury shares	(1,880)	(47)
(Dividends and advances on dividends paid)	-	(700)
NET CASH FLOW GENERATED/(ABSORBED) BY FINANCIAL ACTIVITIES (C)	**7,086**	**76,708**
TOTAL CASH FLOW (D=A+B+C)	**1,477**	**2,839**
NET CASH AT THE START OF THE FINANCIAL YEAR (E)	**10,039**	**7,199**
NET CASH AT YEAR-END (F=D+E)	**11,516**	**10,039**

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

General information

Dexelance S.p.A. (hereinafter also “Dexelance”) is headquartered in Milan and has been listed on the Italian Stock Exchange since 18 May 2023; the Dexelance share is part of the FTSE Italia Small Cap index. The Company was established on 10 March 2015 with the aim of promoting an Italian design pole in the furniture, fittings and lighting segment. Since 2023, its scope has also included high-end modular kitchen solutions and systems that can implement dimensional, organisational, managerial, strategic and distribution synergies, which allow Dexelance to compete internationally in a segment where Italy has a competitive advantage and excellent creative and product skills.

Significant events during the financial year

On 22 April 2024, the Extraordinary Shareholders’ Meeting of the Company resolved to amend Article 1.1 letter T and Article 2.1 of the By-laws, approving the proposal to change the company name to “Dexelance S.p.A.”, in order to create a new group identity to support and grow towards a renewed and higher positioning in the market.

Furthermore, the Shareholders’ Meeting resolved in favour of an incentive plan titled the "2024-2029 Performance Shares Plan" and based on financial instruments that provides for the free assignment to the key management personnel identified in the plan of a number of shares subject to the achievement of performance targets and fulfilment of conditions linked to the performance of the Company's stock on the market. It should be noted that on 11 March 2024, the Board of Directors of Dexelance S.p.A. approved, at the proposal of the Hiring, Human Resources and Remuneration Committee, the proposal to submit the adoption to the Shareholders’ Meeting of the Company, pursuant to Article 114-bis TUF, of the Consolidated Finance Act, of the Plan on the terms and conditions described in the relevant document published pursuant to law.

The Plan provides for the possibility of awarding a total of 500,000 shares to the Chairman of the Board of Directors and Chief Executive Officer, the Executive Director and key employees of the Company identified in the plan, upon the achievement of certain targets over the more extended period of 5 years (the “Vesting Period”). Moreover, the Plan’s activation is subject, only for the Chairman of the Board of Directors and Chief Executive Officer and for the Executive Director, to the achievement of the Trigger Event, which is tied to the achievement of a certain average share price at the end of the Vesting Period. It should also be noted that, as defined by the Ordinary Shareholders’ Meeting of 22 April 2024, the Executive Directors have the right to access the equity incentive plan (the “Performance Shares Plan”) in supplement to the existing medium-long term monetary incentive plan ("Monetary LTIP") approved by the Shareholders’ Meeting on 9 May 2023, provided that, with respect to this Monetary LTIP, they agree to the following: (a) for the CEO and Chairman of the Board, the commitment to reinvest 50% of the net value of any incentive received under the Monetary LTIP to acquire shares in the Company, not to dispose of 70% of the shares acquired during the 36 months following their purchase, and not to dispose of 35% of the shares acquired during the 48 months following the purchase, with the clarification that the purchase of shares by the Chairman of the Board of Directors and Chief Executive Officer may occur either from the Company or on the market within six months from the date of receipt of the net incentive potentially earned under the Monetary LTIP; (b) for the other Executive Director, as he already holds shares in the Company, lock-up commitments equivalent to those referred to in point (a) above for a number of shares already held corresponding to 50% of the value of the net incentive received under the Monetary LTIP.

The measurement unit with which the right to the allocation of shares (the “Units”) attributable to each beneficiary is measured was determined by the Board of Directors, taking each person's specific role and responsibilities into account. The percentage of conversion of Units into shares was instead determined by assessing the contribution that each of the performance objectives makes to the pursuit of the objectives and the medium- to long-term interests of the Company's shareholders and stakeholders.

In particular, the allocation of the Units is made by the Board of Directors, which will verify at the end of the Vesting Period whether the performance objectives have been achieved and whether the Trigger Event has occurred.

The plan aims, on the one hand, to encourage beneficiaries to pursue the Group's objectives and, on the other hand, to foster loyalty among the beneficiaries for the purpose of their retention.

The Group recognised share-settled transactions on the basis of IFRS 2, which requires the cost of transactions to be determined on the basis of the fair value at the allocation date. This cost is recognised under service costs and personnel costs, respectively, together with a corresponding increase in an equity reserve, over the period in which the service and, where applicable, performance conditions are met (the vesting period). At each reporting date, the Company revises its assumptions on the number of shares expected to vest and recognises the effect of the value of the shares vested during the period by recording any change in estimate in the income statement and adjusting the corresponding equity reserve. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has passed as well as the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the income statement of a financial year represents the change in the cumulative charge recognised at the beginning and end of the financial year.

The share allocation letters were delivered to the beneficiaries on 22 April 2024, and from that date on, the incentive plan has produced the accounting effects for the beneficiaries who agreed to participate in this plan.

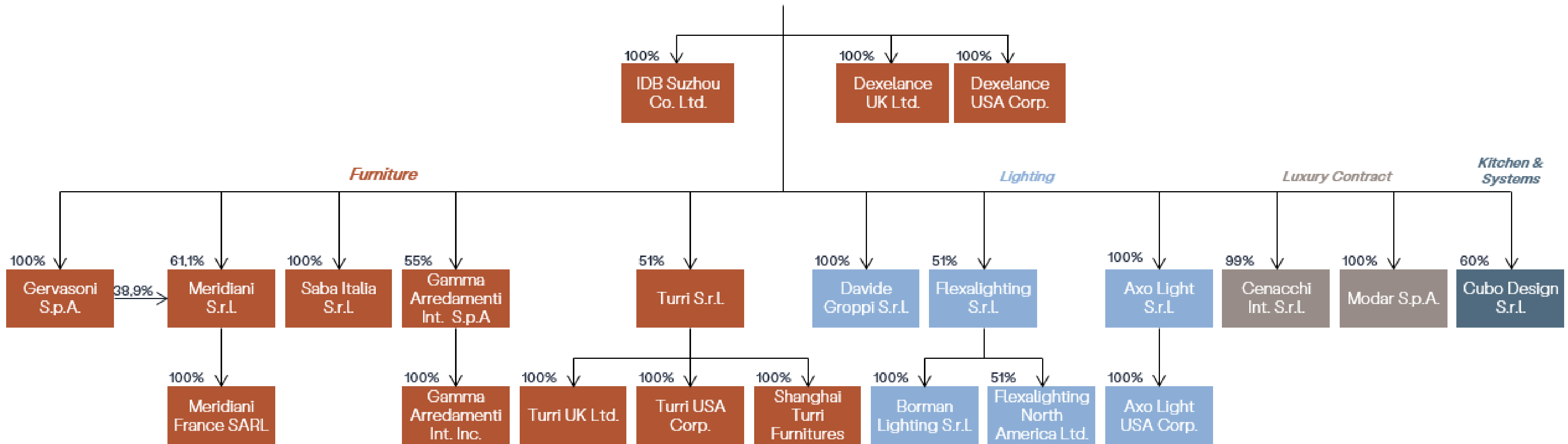
The Group determined the value of the equity reserve at 31 December 2024 on the basis of the provisions of the Performance Shares Regulation and IFRS 2 in the amount of EUR 157 thousand recognised under service costs and EUR 26 thousand under personnel costs.

For more details, please see the section "Dexelance S.p.A. on the Stock Exchange" (in the management report).

It should be noted that the scope of consolidation as at 31 December 2024 has not changed since 31 December 2023. However, it should be noted that:

- on 1 October 2024, merger by incorporation of the company Nian Design S.r.l. into the parent company Cubo Design S.r.l. was carried out, based on the merger plan approved by the Shareholders' Meeting on 7 August 2024; the transaction is effective for accounting and tax purposes backdated to 1 January 2024.
- on 15 October 2024, the acquisition by Dexelance S.p.A. of the remaining share capital of the subsidiary Axo Light S.r.l. was finalised (equal to 49%); the objective of the transaction is the continuation of the Group's consolidation in the "Lighting" strategic area with a view to greater organisational effectiveness and renewed synergistic interaction between the companies belonging to this operating segment.

The structure of the Dexelance Group as at 31 December 2024 is provided below:


DEXELANCE
100%
IDB Suzhou Co. Ltd.
100%
Dexelance UK Ltd.
100%
Dexelance USA Corp.
Furniture
Lighting
Luxury Contract
Kitchen & Systems
100%
Gervasoni S.p.A.
38,9%
61,1%
Meridiani S.r.l.
100%
Saba Italia S.r.l.
55%
Gamma Arredamenti Int. S.p.A
51%
Turri S.r.l.
100%
Davide Groppi S.r.l.
51%
Flexalighting S.r.l.
100%
Axo Light S.r.l.
99%
Cenacchi Int. S.r.l.
100%
Modar S.p.A.
60%
Cubo Design S.r.l.
100%
Meridiani France SARL
100%
Gamma Arredamenti Int. Inc.
100%
Turri UK Ltd.
100%
Turri USA Corp.
100%
Shanghai Turri Furnitures
100%
Borman Lighting S.r.l.
51%
Flexalighting North America Ltd.
100%
Axo Light USA Corp.

The Dexelance Group is divided into four operating segments or strategic business areas (SBAs), as defined by management at the operational management level, and one other, residual segment (mainly attributable to the Parent Company, which exercises a holding company function):

- Furniture: dedicated to the design, production (both in-house and through third-party manufacturers) and marketing of indoor and outdoor furniture products, mainly dedicated to the living area. At the reference date of the financial statements, this business activity is concentrated in Gervasoni S.p.A., Meridiani S.r.l., Saba Italia S.r.l., Gamma Arredamenti International S.p.A. and Turri S.r.l.;
- Lighting: dedicated to the design, production (both in-house and through third-party manufacturers) and marketing of high-quality designer lighting products. At the reference date of the financial statements, this segment was made up of Davide Groppi S.r.l., Flexalighting S.r.l., Flexalighting North America Ltd. and Axo Light S.r.l.;
- Luxury Contract: dedicated to the design and installation of bespoke and commissioned fittings for luxury brand shops and high-end hotels and homes, commissioned and in collaboration with well-known architects and designers. At the reference date of the financial statements, this SBA was concentrated and active at Cenacchi International S.r.l. and Modar S.p.A.;
- Kitchen and Systems: dedicated to the design, production and marketing of modular kitchen solutions and systems. At the balance sheet date, Cubo Design S.r.l. was a member.
- Other: this consists of the parent company Dexelance S.p.A. As of 31 December 2024, the foreign company revenues (Dexelance UK, IDB Suzhou and Dexelance USA) were classified according to their respective strategic business area; in December 2023, they had been recognised under the segment “Other”.

Form and content of the financial statements

The separate financial statements as at 31 December 2024 were drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International

Accounting Standards Board (IASB) and approved by the European Union, as well as the measures adopted in implementation of Article 9 of Italian Legislative Decree No. 38/2005 et seq. IAS/IFRS refers to the International Financial Reporting Standards (IFRS), which represent the evolution of International Accounting Standards (IAS), as well as all interpretations to date issued by the International Financial Reporting Commission (IFRIC).

The publication of the financial statements for the year ended 31 December 2024 is authorised by a resolution of the Board of Directors on 11 March 2025; these financial statements will be submitted to the Shareholders' Meeting of Dexelance S.p.A. on 16 April 2025.

The Company's financial statements consist of:

- a separate statement of financial position for current and non-current assets and liabilities on the basis of their realisation or settlement within the normal business cycle, within 12(IAS 1, paragraph 57), generally identified within the twelve months following the end of the financial year;
- a statement of profit or loss and other comprehensive income for the period that shows costs and revenue using a classification based on the nature of those costs and revenue, which is considered to be more representative than the business line in which the Company operates;
- a cash flow statement drawn up using the indirect method;
- a statement of changes in equity for the period;
- the explanatory notes containing the information required by applicable law and international accounting standards, as set out with reference to the balance sheet formats used.

These separate financial statements are expressed in thousands of euros, the functional currency adopted by the Company in accordance with IAS 1.

The separate financial statements are subject to statutory audit by EY S.p.A.

Please refer to the Single Management Report of the Board of Directors for further information on the company's position, performance and operating result, as a whole and

in the various sectors in which it has operated (in particular with regard to costs, revenue and investments), for information on the main events of the 2024 financial year and the business outlook.

The financial statements are prepared on a historical cost basis, except for financial derivatives and potential charges that are recorded at fair value.

Current/non-current classification

Assets and liabilities in the Company's financial statements are classified as current or non-current. An asset is current when:

- it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the balance sheet date; or
- it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the entity's normal operating cycle;
- it is due to be settled within 12 months after the balance sheet date; or
- the entity does not have an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

Any contractual terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Cash flow statement

With respect to the cash flow statement, in accordance with IAS 7, the Company has opted for the following approaches:

- the standard allows the company to prepare the cash flow statement from operating activities using either the direct or indirect method. The Company has presented its cash flow statement using the indirect method;
- the company reconciled its net result for the year with its net cash flows from operating activities;
- the standard allows interest expense and interest income to be represented both as operating activities and as financing activities, as deemed relevant by the Company. The Company decided to classify the interest received and paid as cash flow from operating activities.

Accounting standards, amendments and interpretations applicable to financial statements as at 31 December 2024

Below is a brief description of the accounting standards, amendments and interpretations applicable for the first time to the financial statements as at 31 December 2024. Standards, amendments and interpretations that, by their nature, cannot be adopted by the Company are excluded from the list.

Several changes were applied for the first time in 2024, but these had no impact on the Company's consolidated financial statement as at 31 December 2024.

Amendments to IFRS 16 - Lease Liability in Sale and Leaseback

The amendments to IFRS 16 specify the requirements that a seller-lessee applies when determining the lease liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise a gain or loss with respect to the right of use it retains. The amendment had no impact on the Company's financial statements.

Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying a liability as current or non-current. The changes clarify:

- what is meant by a right of the maturity's subordination;
- that the right of subordination must exist at the close of the financial year;

- classification is not impacted by the likelihood that the entity will exercise its subordination right;
- only if a derivative embedded in a convertible liability is itself an equity instrument does the liability’s maturity impact its classification.

In addition, a requirement has been introduced to disclose when a liability arising from a loan agreement is classified as non-current and the entity’s subordination right is subject to compliance with covenants within twelve months.

The changes entailed additional disclosures but had no impact on the classification of the Group’s liabilities.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of *supply finance* arrangements and require additional disclosure of these arrangements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of *supply finance* arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

Following the implementation of these changes, the Company provided additional information in the notes to the financial statements.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the reference date of this document, the relevant bodies of the European Union have not yet completed the approval process required for the adoption of the amendments and standards described below.

IFRS 18 Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for the presentation of the income statement, including specific totals and subtotals. Additionally, entities will have to

classify all expenses and revenues within the income statement within four categories: operating, investing, financing, income tax and discontinued operations, where the first three categories are new.

The standard also requires disclosures based on the new definition of management-defined performance measures (MPMs), subtotals of costs and revenues, and includes new provisions for the aggregation and disaggregation of financial information based on the identified roles of the Primary Financial Statements (PFS) and notes.

In addition, changes were introduced to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations based on the indirect method; from profit or loss to operating profit or loss and removing the option to classify cash flows from dividends and interest. Additionally, consequential changes were made to several other accounting standards.

IFRS 18, and amendments to other standards, are effective for financial years beginning on or after 1 January 2027, but early application is permitted subject to disclosure. IFRS 18 will apply retrospectively.

The Group is currently working to identify impacts that the changes will have on the draft financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without public accountability: Disclosure

In May 2024, the IASB issued IFRS 19, which allows eligible entities to opt for a reduction in their disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the financial year, an entity must be a subsidiary as defined in IFRS 19, cannot have 'public accountability' and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available to the public, prepared in accordance with IFRS accounting standards.

IFRS 19 will become effective for financial years beginning on or after 1 January 2027, with early application possible.

As the Company’s shares are publicly traded, the Company is not eligible for the application of IFRS 19.

Amendments to IFRS 9 and IFRS 7: Contracts that reference electricity that is dependent on the weather

On 18 December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 with reference to contracts relating to electricity that is dependent on the weather. The amendments clarify the application of the requirements for own use and allow hedge accounting if such contracts are used as hedging instruments.

In addition, new disclosure requirements have been added to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The clarifications relating to the ‘own use’ requirements must be applied retrospectively, but the guidelines that allow hedge accounting must be applied prospectively to new designated hedging relationships on or after the date of initial application.

The amendments will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, but must be disclosed.

The Group is currently working to identify the potential impacts that the amendments will have on the financial statements and notes starting from the date of entry into force of the standard.

Amendments to IFRS 9 and IFRS 7: Classification and measurement of financial instruments

On 30 May 2024, the IASB issued amendments to the classification and measurement of financial instruments, and clarifies that a financial liability is derecognised at the settlement date, i.e., when the related obligation is discharged, cancelled, expires or when the liability is otherwise qualified for derecognition. The amendment also introduces an accounting policy option to derecognise financial liabilities settled through an electronic payment system before the settlement date, if certain conditions are met. Clarification has been provided on how to assess the contractual cash flow characteristics

of financial assets that include environmental, social and governance (ESG) characteristics and other similar contingent characteristics. Furthermore, the amendments clarify the treatment of financial assets without right of recourse and contractually linked instruments. The amendment to IFRS 7 requires additional disclosure for financial assets and liabilities with contractual terms that refer to a potential event (including those related to ESG factors) and for equity instruments classified at fair value through other comprehensive income.

The amendments will come into effect for financial years beginning on or after 1 January 2026. Entities may early adopt the amendments relating to the classification of financial assets and related disclosures and apply the other amendments at a later date.

The new requirements will be applied retrospectively with an adjustment to opening retained earnings. It is not necessary to restate prior years and they can only be restated without the use of hindsight. An entity is required to provide information on financial assets that change their measurement category due to the amendments.

The Group is currently working to identify the potential impacts that the amendments will have on the financial statements and notes starting from the date the standard comes into effect.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Substitutability

On 15 August 2023, the IASB issued amendments to IAS 21 that specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when there is no exchangeability.

A currency is considered exchangeable into another currency when the entity is able to obtain the other currency within a period of time that allows for normal administrative delay and through a market or an exchange mechanism in which an exchange transaction would create actionable rights and obligations. If a currency is not exchangeable for another currency, the entity is required to estimate the spot exchange rate at the measurement date. The objective of an entity in estimating the spot exchange rate is to

reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity may use an observable exchange rate without adjustments or other estimation techniques. When an entity estimates a spot exchange rate because one currency is not exchangeable into another currency, it provides information that enables users of its financial statements to understand how the currency not exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual periods beginning on or after 1 January 2025. Earlier application is permitted and must be disclosed.

The Group is currently working to identify the potential impacts that the amendments will have on the financial statements and notes to the financial statements from the date of entry into force of the standard.

Improvements to IFRS

On 18 July 2024, the IASB published the following Annual *Improvements to IFRS Standards – Volume 11*, a process that deals with non-urgent but necessary clarifications and amendments to IFRS.

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*

Hedge Accounting by a First-time Adopter

Paragraphs B5 and B6 of IFRS 1 have been amended to include cross-references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to resolve the potential confusion arising from an inconsistency between the wording of IFRS 1 and the requirements for hedge accounting in IFRS 9. An entity shall apply the amendments for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

- *IFRS 7 Financial Instruments: Disclosures*

Gain or loss on derecognition

The amendments update the wording related to unobservable inputs in paragraph B38 of IFRS 7 and include a cross-reference to paragraphs 72 and 73 of IFRS 13 *Fair Value Measurement*.

An entity shall apply the amendments for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

- *Guidance on Implementing IFRS 7 Financial Instruments: Disclosures*

Introduction

The amendments to paragraph IG1 of the implementation guidance for IFRS 7 clarify that the guidance does not necessarily illustrate all the provisions of the referenced paragraphs of IFRS 7, nor does it create additional provisions.

Disclosure of the deferred difference between fair value and transaction price

Paragraph IG14 of the Implementation Guidance for IFRS 7 has been amended primarily to make the wording consistent with the provisions of paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.

Credit risk disclosure

Paragraph IG20B of the Implementation Guidance for IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.

- *IFRS 9 Financial Instruments*

Elimination of lease liabilities from the accounts of the lessee

Paragraph 2.1 of IFRS 9 has been amended to clarify that, when the lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and a settlement of a lease liability in accordance with IFRS 9. An entity shall apply the amendments for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

Transaction price

Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to the 'transaction price as defined in IFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and has therefore been removed. The term has also been deleted from Appendix A of IFRS 9.

An entity shall apply the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

- *IFRS 10 Consolidated Financial Statements*

Determination of a 'de facto agent'

Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is only one example of the various relationships that could exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the provision in paragraph B73 for the entity to use judgement to determine whether other parties act as de facto agents.

The entity shall apply the amendments for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

- *IAS 7 Statement of Cash Flows*

Cost method

Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the previous deletion of the definition of 'cost method'.

An entity shall apply that amendment for annual periods beginning on or after 1 January 2026. Their earlier application is permitted.

Evaluation criteria

Intangible assets

Intangible assets acquired separately are recognised as assets at acquisition cost including directly attributable accessory charges. Those acquired through business combinations are recognised at fair value at the date of acquisition. The useful life of intangible assets is measured as finite or indefinite.

Intangible assets with a finite useful life undergo an impairment test when events or changes in circumstances indicate that the book value cannot be recovered. Subsequent to initial recognition, intangible assets with a finite useful life are recognised net of accumulated amortisation and any impairment losses, determined in the same manner as tangible assets.

The useful life is reviewed at least annually and any changes, if necessary, are made prospectively.

Intangible assets with an indefinite useful life are not subject to amortisation but are subject to an impairment test in the manner defined in the following section.

Gains or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the book value of the asset, and are recognised in the income statement at the time of disposal.

Other intangible assets

Intangible assets are initially measured at cost, normally determined as the price paid for their acquisition, including accessory charges and any non-recoverable taxes, net of trade discounts and allowances. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any impairment losses determined in accordance with IAS 36.

Intangible assets are subject to amortisation, except when they have an indefinite useful life. Amortisation is applied systematically over the useful life of the intangible asset depending on its estimated economic use. The residual value at the end of its useful life is assumed to be zero, unless there is a commitment by a third party to acquire the asset at the end of its useful life, or there is an active market in which the asset is traded. The directors review the estimated useful life of intangible assets at the end of each financial year.

Internally generated intangible assets consisting of the development costs of new products or new production processes are recognised as assets only if all of the following conditions are met:

- the asset being developed is identifiable;
- the asset created is likely to generate future economic benefits;
- the development project is likely to be completed and the related costs can be measured reliably.

These intangible assets are amortised on a straight-line basis over their respective useful lives. Amortisation of the asset begins when the development is complete and the asset is available for use.

Property, plant and equipment

Tangible assets are recorded at purchase or production cost net of accumulated depreciation and any writedowns for impairment losses. Assets consisting of components, of significant amounts and with different useful lives, are considered separately when determining depreciation.

Depreciation is determined on a straight-line basis relative to the cost of the assets, according to their estimated useful life represented by the following rates on an annual basis:

	Depreciation rate
Furniture	12%
Office equipment and machinery	20%

Depreciation rates are reviewed on an annual basis and any changes, where necessary, are made prospectively.

The residual value and useful life of the assets are reviewed at least at each financial year-end and if, regardless of the depreciation already accounted for, an impairment loss occurs determined on the basis of the application of IAS 36, the fixed asset is correspondingly written down; if, in subsequent years, the reasons for the writedown no longer apply, its original value is reinstated, adjusted only for depreciation.

When an asset is sold or when there is no expected future economic benefit from its use, it is derecognised and any loss or gain (calculated as the difference between the disposal

value and the residual book value) is recognised in the income statement in the year of such derecognition.

Maintenance and repair costs, which are not likely to increase the value and/or extend the remaining life of the assets, are expensed in the period in which they are incurred; otherwise, they are capitalised.

Rights of use for leased assets

Upon entering into a contract, the Company assesses whether it involves or contains a lease; in other words, whether the contract confers the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets.

The Company recognises liabilities related to lease payments and the right-of-use asset representing the right to use the asset underlying the contract. In particular, it accounts for:

- a right of use: on the lease commencement date, i.e. the date on which the underlying asset is available for use. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease liabilities, initial direct costs incurred and lease payments made on or before the commencement date, net of any incentives received. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the lessee will exercise the purchase option, the lessee shall depreciate the asset consisting of the right of use from the commencement date until the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment;

- a financial liability at the lease commencement date. The Company recognises lease liabilities by measuring them at the present value of lease payments not yet paid at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate, and amounts expected to be paid as a guarantee of the residual value. Lease payments also include the exercise price of a purchase option if the Company is reasonably certain that it will exercise such option and the payments of penalties for terminating the lease, if the lease term takes into account the Company exercising an option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that generated the payment occurs. In calculating the present value of payments due, the Company shall use the incremental borrowing rate at the start date. After the commencement date, the amount of the lease liability increases to account for interest on the lease liability and decreases to account for payments made. In addition, the carrying amount of lease payables is restated in the event of any changes to the lease or for a revision of the contractual terms to amend payments; it is also restated in the event of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments;
- separately classifies contracts for which the unit value of the underlying assets does not exceed, indicatively, USD 5,000 when new (so-called low-value assets), such as computers, telephones, tablets, office printers and multifunctional printers. For such contracts, lease payments are recognised in the income statement on a straight-line basis over the term of the contract.

As required by the standard, the Company complies has adopted certain elements of professional judgement and the use of assumptions and estimates in relation to contractual terms (lease term) and to the definition of the marginal financing rate. The main elements are summarised below:

- renewal clauses, extension options and early termination clauses of contracts are taken into account in determining the duration of the contract when their exercise is deemed reasonably certain, i.e. when the Group has the right to exercise them without the need to obtain the counterparty's consent;
- marginal borrowing rate (incremental borrowing rate): the Group has decided to use the marginal borrowing rate as the discount rate to discount lease payments. This rate is either the implicit interest rate of the contract, if easily determinable, or, alternatively, the Group's average marginal borrowing rate;
- the asset consisting of the right of use for leased assets, in accordance with IFRS 16, is measured at cost including the present value of future payments discounted at the marginal borrowing rate as defined above, the initial direct costs incurred by the lessee, the lease payments paid in advance and the estimated costs for dismantling, removal and restoration. The value of the asset is systematically depreciated.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the lessee will exercise the purchase option, the lessee shall depreciate the asset consisting of the right of use from the commencement date until the end of the useful life of the underlying asset.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset, or to the end of the lease term, whichever is earlier, as follows:

Rights of use on land and buildings	from 2 to 25 years
Rights of use on plant and machinery	from 5 to 7 years
Rights of use on other assets	from 2 to 5 years

Impairment losses of non-financial assets

At each reporting date, tangible assets and intangible assets are analysed in order to identify the existence of any impairment indicators. Where such indicators are identified,

the recoverable amount of those assets are estimated and any writedown is entered in the income statement.

An intangible asset with an indefinite useful life is amortised but is subject to an impairment test each year or more frequently, whenever there is an indication that the asset may have suffered an impairment.

The recoverable amount of an asset is the greater of its fair value, less sale costs, and its value in use, the latter being the present value of the estimated future cash flows for that asset. For an asset that does not generate cash flows that are largely independent, the realisable value is determined in relation to the subsidiaries to which that asset belongs. When determining value in use, expected future cash flows are discounted at a discount rate that reflects the current market valuation of the cost of money, relative to the investment period and the asset-specific risks. The value in use is determined net of the tax effect.

An impairment is recognised in the income statement when the recognition value of the asset is higher than the recoverable amount. The terms and conditions of any reversal of an impairment loss on a previously devalued asset applied by the Company are those set out in IAS 36, thus excluding any possibility of impairment of goodwill.

Equity investments in subsidiaries and associate companies

Subsidiaries are those undertakings over which the Company has the power, directly or indirectly, to determine its financial and operational policies in order to obtain the related benefits. Control is generally assumed to exist when more than half of the voting rights are held, directly or indirectly, and can be exercised in ordinary shareholders' meetings, including potential voting rights that can currently be exercised or converted at the reporting date.

Associate companies are those undertakings over which the Company has significant influence in determining their strategic choices, i.e. the power to participate in, but not control, the financial and management policies of the investee. Significant influence is assumed when Italian Design Brands holds, directly or indirectly, between 20% and 50%

of the voting rights exercisable in the ordinary shareholders' meeting, including potential voting rights that can currently be exercised or converted at the reporting date.

Equity investments in subsidiaries and associate companies are valued at the acquisition cost, including the costs incurred in acquiring the investment, which may be reduced if there are impairment losses. If any impairment loss exceeds the carrying amount of the shareholding, the value of the shareholding is written down and the portion of share of further losses is recognised as a liability provision in the event that the Company is liable for them. The cost is reinstated in subsequent years if the reasons for the writedowns no longer apply.

Financial instruments

The financial instruments held by the Company are included in the following financial statement items:

- Equity investments: recorded at historical cost, which may be reduced in the event of impairment losses;
- Non-current financial assets: includes non-current loans and financing;
- Other current financial assets: includes receivables from financing activities, current securities and other current financial assets (including the positive fair value of financial derivatives);
- Cash and short-term deposits: includes bank deposits;
- Bank loans: refers to financial payables, other financial liabilities and the negative fair value of financial derivatives.

Non-current financial assets, other than equity investments, as well as current financial assets and liabilities, are accounted for in accordance with IFRS 9.

In particular, all financial assets within the scope of IFRS 9 are initially recognised in the financial statements at their fair value and shall subsequently be recognised at amortised cost or fair value based on the Company's business model for financial assets and the characteristics of the contractual financial flows of the financial asset.

Specifically:

- financial assets held as part of a business model, which are held for the purpose of raising contractual cash flows, and which have cash flows consisting solely of principal payments and interest on the amount of principal to be returned, are subsequently valued at amortised cost;
- financial assets held as part of a business model, the objective of which is achieved both by raising the contractual cash flows and by selling them, and which have cash flows consisting solely of principal payments and interest on the amount of principal to be returned, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other financial assets and investments in equity instruments are subsequently measured at fair value, with changes recognised under profit or loss (FVTPL).

Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in a regular transaction between market operators at the valuation date. The fair value of an asset or liability is measured using the assumptions that market operators would use when pricing the asset or liability, assuming that market operators are acting to best satisfy their economic interest.

Financial assets valued at the Company's amortised cost include loans and receivables, which include both trade and other receivables. As at the reporting date and in the comparative period presented, the Company had no financial assets measured at fair value with changes recognised in other comprehensive income or in profit or loss for the period.

Notwithstanding the above, the Company may make the following irrevocable appointment upon initial recognition of a financial asset:

- the Company may make an irrevocable choice to present subsequent changes in the fair value of an investment in equity instruments that is neither held for trading, nor a contingent consideration recognised by a purchaser in a business combination transaction under other items of the statement of comprehensive income;
- the Company may irrevocably designate an investment in debt instruments that meets the amortised cost or FVTOCI criteria, as measured at fair value, with

recognised changes in profit or loss (FVTPL) if this removes or significantly reduces an accounting asymmetry.

During the 2024 financial year, the Company did not appoint any debt instruments that meet the amortised cost or FVTOCI criteria as measured at fair value through profit or loss for the period.

When financial assets do not have a fixed maturity, they are valued at acquisition cost. Loans with a maturity of more than one year, which are non-interest bearing or accrue interest below the market rate, shall be discounted using market rates.

Regular assessments shall be carried out to ascertain whether there is objective evidence that a financial asset or group of assets may have been impaired. If there is objective evidence, the impairment loss is recognised as an expense in the income statement for the period.

Trade receivables and financial receivables are initially recorded on the balance sheet at their current value and are subsequently shown net of the provision for doubtful accounts required to adjust them in accordance with the impairment logic introduced by IFRS 9 (the expected losses model). Allocations for the provision for doubtful accounts shall be accounted for in the income statement.

All financial liabilities are initially recognised at fair value, to which —in the case of mortgages, loans and debts— transaction costs directly attributable to them are added. With the exception of financial derivatives, financial liabilities are subsequently exposed to amortised cost using the effective interest method.

Financial derivatives

Derivatives finalised by the Company are intended to address exposure to interest rate risk on some outstanding loans.

All financial derivatives are measured at fair value, as required by IFRS 9. In line with IFRS 9, financial derivatives may be accounted for in the manner established for hedge accounting only when, at the start of the hedging, there is formal appointment and documentation of the hedging relationship and the hedging is effective based on the

assessment of the “2economic relationship” between the hedged item and the hedging item.

When financial instruments qualify for hedge accounting, the following accounting treatments apply:

- Fair value hedge: if a financial derivative is designated as a hedge of the exposure to changes in fair value of a recognised asset or liability on the financial statements attributable to a particular risk that could affect profit or loss, the gain or loss arising from subsequent fair value measurements of the hedging instrument is recognised in the income statement. The gain or loss on the hedged item, attributable to the hedged risk, changes the book value of this hedged item and is recognised in the income statement.
- Cash flow hedge: if a financial derivative is designated as a hedge of the exposure to variability in future cash flows of a recognised asset or liability on the financial statements, or a highly probable forecast transaction that could affect profit or loss, the effective portion of the gains or losses on the financial derivative is recognised in shareholders’ equity. The accumulated gain or loss is derecognised from shareholders’ equity and recorded on the income statement in the same period in which the related economic effect of the hedged transaction is recognised.

If hedge accounting cannot be applied, gains or losses arising from the fair value measurement of the financial derivative are immediately recognised on the income statement.

If a hedging instrument or hedging relationship is terminated, but the hedged transaction has not yet been carried out, the cumulative gains and losses, which up to that point have been recognised in shareholders’ equity, are recognised in the income statement when the related transaction is carried out. If the hedged transaction is no longer considered probable, unrealised gains or losses suspended in shareholders’ equity are recognised in the income statement.

The Company has established derivative contracts to hedge the variability of future cash flows of financial liabilities. In particular, the fair value of interest rate swaps used to

hedge rate risk represents the amount that the Group estimates it will have to pay or cash in so as to close the contract at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty. The fair value of interest rate swaps is determined with reference to the market value for similar instruments.

Financial assets and liabilities measured at fair value, and in particular derivative contracts, are classified using the following three levels of hierarchy, based on the relevance of the information (inputs) used to determine fair value. In particular:

- Level 1: financial assets and liabilities whose fair value is determined on the basis of quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: financial assets and liabilities whose fair value is determined on the basis of inputs other than quoted prices included within level 1, but that are observable directly or indirectly (such as, primarily: market exchange rates at the reference date, expected rate differentials between the currencies concerned and volatility of the reference markets, interest rates);
- Level 3: financial assets and liabilities whose fair value is determined on the basis of inputs that are not based on observable market data.

Put and call agreements on minority interests

Put and call agreements are financial instruments that comply with the provisions of IFRS 9. The fair value of financial instruments that are traded on an active market is determined, at each reporting date, with reference to the market or operator quotes (offer price for long-term positions and bid price for short-term positions), without any deduction for transaction costs. For financial instruments not traded on an active market, fair value is determined using a valuation technique.

This technique may include: (i) the use of recent transactions under market conditions; (ii) reference to the current fair value of another instrument that is substantially similar; and (iii) a discounted cash flow analysis or other valuation models.

The earnout is normally agreed by the special purpose vehicle used for the acquisition and therefore the related accounting treatment does not affect the carrying amount of the investment held by Dexelance.

Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts and deposits repayable on demand and other short-term, highly liquid financial investments that are readily convertible to cash and are subject to an insignificant risk of change in value. Therefore, a financial investment is usually classified as a cash equivalent when it has a short maturity of three months or less from the date of immediate availability.

Net liabilities for defined benefits for employees

Severance payments are defined as a defined benefit obligation. The relative cost is determined using the projected unit credit method, making actuarial assessments at the end of each financial year and charging them to the income statement. The liability reflected in the financial statements represents the present value of the obligation that will be recognised at the end of the employment relationship.

The determination of the liability recognised in the financial statements in accordance with the aforementioned accounting standard involves making estimates based on statistical assumptions about the occurrence of future events, including subjective ones (mortality rate, staff turnover, discounting interest rates, wage growth etc.): in this process, the Directors use independent actuaries.

Payments for defined contribution plans are charged to the income statement in the period in which they are due.

Following the changes to severance payments introduced by Italian Law No. 296 of 27 December 2006, the accounting provided for in IAS 19 for defined benefit obligations remained applicable only to the liability relating to severance payments accrued up to 31 December 2006, since the amounts accrued from 1 January 2007 are paid to a separate entity (Supplementary Pension Fund or INPS Funds) for companies with more

than 50 employees. Consequently, the severance payments accrued after 31 December 2006 for these companies is a contribution benefit plan (defined contribution plan) and is accounted for as an expense in the vesting period. In fact, since the severance payment is entirely paid into social security funds, the Group companies to which this law is applicable no longer have any obligations to provide employees, in the event their employment is terminated, with the severance payments accrued after the amendment came into force.

Provisions for risks and charges

Provisions for risks and charges are made when the Company has a present obligation (legal or constructive) as a result of a past event, where an outflow of resources to meet the obligation is probable and a reliable estimate can be made of the amount of the obligation.

When the Company considers that a provision for risks and charges must be partly or fully reimbursed or indemnified (e.g. in the case of risks covered by insurance policies), the indemnity is recognised separately as an asset and, only if reimbursement is virtually certain, the cost of the provision, if any, is recognised in the income statement net of any reimbursement.

Allocations to these provisions require the use of estimates, based on historical experience in similar cases and objective facts known at the date the financial statements are prepared. With regard to contingent liabilities for outstanding litigations, the estimation of which involves complex evaluations, including those of a legal nature, and which are subject to a different degree of uncertainty in consideration of the facts involved in the litigation, the applicable legislation and jurisdiction, and other issues, the estimate is made on the basis of the knowledge of the objective facts at the date the financial statements are prepared, also taking into account the considerations expressed by the Group’s legal advisors.

For contracts where the unavoidable costs associated with the fulfilment of the obligation are greater than the economic benefits expected to be obtained from them, the current contractual obligation is recognised and measured as an allocation to a provision.

Financial liabilities - Financing

Financial liabilities include mortgages, bank loans and overdrafts and financial derivatives. All financial liabilities are measured at amortised cost, except for financial derivatives that are measured at fair value as described in the previous paragraph. As a result, if the interest rate of the transaction is not significantly different from the market rate, the liability is initially recognised at a value equal to the nominal value, net of all transaction costs and all premiums, discounts and allowances directly arising from the transaction that generated the liability. These transaction costs, such as incidental expenses for obtaining financing, any fees and any difference between the initial value and the nominal value at maturity are allocated over the term of the liability using the effective interest method. When, on the other hand, it appears that the interest rate of the transaction that can be deduced from the contractual terms is significantly different from the market rate, the liability is initially recorded at a value equal to the present value of future cash flows, determined by applying the market rate, and taking into account any transaction costs.

Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the income statement.

The value of liabilities is subsequently reduced by the amounts paid, both principal and interest.

Loans are classified as current liabilities if their maturity is less than 12 months after the reporting date and at the time when the Company has no unconditional right to defer their payment for at least 12 months.

Loans cease to be recognised in the financial statements when they are paid off or when all risks and charges relating to them have been transferred to third parties.

Trade payables

These liabilities are initially recognised at the fair value of the consideration to be paid. Subsequently, the payables are measured using the amortised cost method determined using the effective interest method.

Treasury shares

Repurchased treasury shares are recognised at cost and deducted from shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase value and the consideration, in case of reissue, is recognised in the share premium reserve.

Long-Term Incentive Plan

In order to align the interests of management with those of shareholders, the Company has established a medium- and long-term incentive plan linking remuneration to results.
To this end, on 9 May 2023, the Board of Directors approved – subject to the start of trading of the Company's shares on the regulated market of Borsa Italiana – an incentive plan addressed to the Company's Chief Executive Officer and Managing Director. The value and recognition of this incentive plan is linked to the increase in value of the Company's share price, recorded for a period of at least 30 consecutive days on the trading market compared to the IPO price, during the first three years of office and/or during the second three years of office in the case of renewal of office and failure to meet the objectives during the first three years of office. This is calculated and paid in cash by the Company during the month, following a positive verification by the Board of Directors that the long-term incentive has accrued.
The plan provides for the recognition of EUR 5,250 thousand in the case of an increase in value of the share equal to or greater than 30% and up to 49%; and the recognition of an additional amount of EUR 3,500 thousand in the case of an increase in value of the share equal to or greater than 50% (for a total amount of EUR 8,750 thousand).

This incentive plan falls within the scope of IAS 19. The liability is remeasured at each period-end or when the event requiring payment occurs. Its effects are recorded in the income statement under costs for services, showing among interest payable the financial component related to the cost of discounting, in addition to the related anticipated taxation.

To determine the amount to be set aside for the incentive plan resolved by the Board of Directors, the Group used certain assumptions and estimates in accordance with IAS 19, providing for certain possible time scenarios and also weighing the probabilities that they will occur. In doing so, the Group has used the information provided by the analyst reports available at the date of this annual financial report. As required by IAS 19, the probability that the event reported will occur affects the measurement of the obligation, but does not determine its existence.

Share-based payments

Some of the Group's employees (including executives) receive part of their remuneration in the form of share-based payments; thus, employees provide services in exchange for shares.

The cost of equity-settled transactions is determined by the fair value at the date the assignment is made using an appropriate valuation method. This cost, together with the corresponding increase in equity, is recognised under personnel costs over the period in which the conditions relating to the achievement of objectives and/or service performance are met. The cumulative costs recognised in respect of such transactions at the end of each financial year up to the maturity date are commensurate with the maturity period and the best estimate of the number of equity instruments that will actually vest. The cost or income in the statement of profit/(loss) for the year represents the change in cumulative cost recognised at the beginning and end of the year.

Service or performance conditions are not taken into account when determining the fair value of the plan at the grant date. However, the probability that these conditions will be met is taken into account when defining the best estimate of the number of capital

instruments that will mature. Market conditions are reflected in the fair value at the allocation date. Any other plan-related condition that does not involve a service obligation is not considered a vesting condition. Non-vesting conditions are reflected in the fair value in the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost is recognised for rights that do not mature because the performance conditions are not met. When rights include a market condition or a non-vesting condition, they are treated as if they had vested regardless of whether the market conditions or other non-vesting conditions to which they are subject are fulfilled or not, it being understood that all other performance conditions must be fulfilled.

If the terms of the plan are changed, the minimum cost to be recognised is the fair value at the grant date in the absence of a change to the plan, assuming the original terms and conditions of the plan have been met. In addition, a cost is recognised for any change that increases the total fair value of the payment plan, or which is otherwise favourable to employees; this cost is measured in reference to the date of the change. When a plan is derecognised by the entity or the counterparty, any remaining element of the plan's fair value is expensed immediately in the income statement.

Earnings per share

Earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to holders of ordinary equity instruments (adjusted for interests in convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that could be issued upon conversion into ordinary shares of all dilutive potential ordinary shares.

Recognition of revenue and income in the income statement

The item “Revenue” includes the consideration for sales of goods to customers and for the provision of services.

Revenue represents the consideration generated in return for the transfer of the promised goods and/or services to the customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when it fulfils its obligation under the contract, i.e. when it transfers control of the goods or services to the customer.

Based on the five-step model introduced by IFRS 15, the Group recognises revenue when the following criteria are met:

1) the parties have approved the contract (in writing, verbally or in accordance with other customary business practices) and have committed to fulfil their respective obligations; there is therefore an agreement between the parties that creates rights and obligations that are enforceable regardless of the form in which the agreement is manifested;
2) the rights of each party with respect to the goods or services to be transferred are identified;
3) the terms of payment for the goods or services to be transferred are identified;
4) the contract has commercial substance; and
5) it is likely that the Group will receive the consideration to which it will be entitled in exchange for the goods or services to be transferred to the customer.

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for the transfer of the goods to the customer.

Revenue from contracts with customers are recognised on the basis of the transfer of control of the goods and/or services to the customer over time. If the transfer of control takes place as the asset is constructed or the services are rendered, revenue is recognised “over time”, i.e. as the activities progress gradually; if, on the other hand, control is not transferred as the asset is constructed or the services are rendered, revenue is recognised “at a point in time”, i.e. at the time of the final delivery of the asset or the completion of the services. In order to assess the progress of "over time" orders, the Company has

chosen the criterion of the percentage of progress measured using the cost-to-cost method. When it is likely that the total costs of the order over its life will exceed the total revenue of the order over its life, the potential loss is recognised immediately in the income statement.

Capital and operating grants are recognised when there is reasonable certainty that they will be received and the conditions attached to them are met. In the case of capital grants, their nominal value is suspended under liabilities and credited to the income statement in proportion to the useful life of the assets to which they relate.

Operating grants are recognised on a systematic basis over the periods in which the entity recognises as expenses the related costs that the grants are intended to offset.

Costs and expenses

Costs are recognised in the income statement when they relate to goods and services sold or consumed during the period, or by systematic allocation, or when their future usefulness cannot be identified.

Dividends, financial income and expenses

Dividends distributed constitute a change in shareholders' equity in the period in which they are approved by the Shareholders' Meeting.

Dividends received are recognised when the Group's right to receive payment arises.

Financial income and expenses are recognised on an accrual basis.

Income tax

The Company continues to adhere to the national tax consolidation regime set out by the TUIR, with almost all subsidiaries based in Italy and listed below. The relationships resulting from adherence to the above tax consolidation are governed by specific regulations approved and signed by all member companies.

The related parties initially involved in the consolidated tax were Gervasoni S.p.A., Cenacchi International S.r.l. and Meridiani S.r.l., as well as Dexelance in the role of consolidating company.

In 2020, the related parties Modar S.p.A., Saba Italia S.r.l. and Davide Groppi S.r.l. were also involved in the tax consolidation as consolidated companies.

In 2021, Flexalighting S.r.l. was included within the tax consolidation, in 2023 Gamma Arredamenti International S.p.A. entered into the agreement, and in 2024, Cubo Design S.r.l. and Turri S.r.l. entered the tax consolidation.

Unless new agreements are reached, the tax consolidation shall last for the three-year period 2023–2025.

Participation in the national tax consolidation means that the Company can recognise consolidated income at the current IRES rate, taking into account the positive taxable amount transferred by the subsidiaries and the negative tax result of the Company. Conversely, in the case of a positive tax base, current taxes result in a charge being recognised in the income statement and a related debt to the tax authorities of the consolidated company.

Taxes for the period represent the sum of current and deferred taxes. Income taxes are recognised in profit or loss for the year, except for those relating to transactions recognised directly in shareholders' equity that are accounted for under the same. Current taxes represent the estimate of the amount of income taxes due calculated on taxable income for the period, determined by applying the tax rates in force or substantially in force at the reporting date and any adjustments to the amount for previous periods.

Deferred taxes are calculated on the temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the corresponding amounts recognised for tax purposes. Deferred tax assets and liabilities are measured using the tax rates that should be applicable in the period in which the relevant asset will be realised or the liability will be settled, based on tax rates established by the provisions in force or substantially in force at the reporting date.

Deferred tax assets are recognised to the extent that future taxable income is likely to be available against which such assets can be used. The value of the deferred tax assets is revised at each reporting date and is reduced to the extent that the related tax benefit is no longer likely to be realised.

Discretionary measurements and significant accounting estimates

The preparation of financial statements and the related notes in accordance with IFRS requires Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors considered relevant. The results obtained afterwards may therefore differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes to them are reflected in the income statement in the period in which the estimate revision occurs, if the revision affects only that period, or in subsequent periods if the revision affects both current and future periods.

The main assumptions of the Directors used in the process of applying the accounting standards with regard to the future and which could result in significant adjustments to the value of assets and liabilities during the period after the reporting period are described with reference to the individual measurement criteria. The Company has based its estimates and assumptions on parameters available at the time the financial statements were prepared. However, current circumstances and assumptions about future events may change due to changes in the market or events beyond control. Any such changes are reflected in the assumptions when they occur.

The main estimates made concern:

- the recoverability of the value of non-current intangible assets;
- the estimates related to the medium- to long-term incentive plan that links remuneration to results (The “Long Term Incentive Plan”) and the Performance Shares Plan;
- Financial payables to lessors and the relevant recording of the related rights of use.

Discretionary measurements and significant accounting estimates

The preparation of financial statements and the related notes in accordance with IFRS requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The results that will be reported year-on-year may differ from the initial estimates. The Company has used estimates for valuation of the assets subject to the impairment test, for provisions allocated to stock option plans, depreciation, employee benefits, deferred taxes, and generally to other provisions and funds. Estimates and assumptions are reviewed periodically and the effects of any changes to them are reflected in the income statement in the period in which the estimate revision occurs, if the revision affects only that period, or in subsequent periods if the revision affects both current and future periods.

Strategic business area information

Paragraph 4 of IFRS 8 provides that when the Company's consolidated financial statements and separate financial statements are published at the same time, strategic business area information should only be presented in respect of consolidated financial statements. Consequently, no such disclosures are made in these financial statements.

Analysis of the composition of the main items in the financial position as at 31 December 2024

1. Other intangible assets

The following table provides analytical information on the composition of the item under consideration and movements in intangible assets in respect of purchases, divestments/disposals, depreciation during the period, any write-downs or revaluations made and any effects resulting from the extraordinary operations on 31 December 2023 and 31 December 2024.

Other Intangible assets	31/12/2023	31/12/2024
initial gross value	9	12
initial depreciation fund	(3)	(4)
initial net value	**6**	**9**
transactions in the period		
acquisitions	3	46
business combinations	-	-
divestments	-	-
other changes	-	-
depreciation of the period	(1)	(4)
business combinations (fund)	-	-
other fund changes	-	-
total transactions of the period	**2**	**42**
final gross value	12	59
final depreciation fund	(4)	(8)
final net value	**9**	**51**

As can be seen from the table above, intangible assets are composed solely of the brands owned by the Company.

The substantial difference from 2023 to 2024 is attributable to the capitalisation of certain costs related to the protection of the new brand Dexelance.

. In fact, on 22 April 2024, the Extraordinary Shareholders' Meeting of the Parent Company resolved to amend Article 1.1 letter T and Article 2.1 of the By-laws, approving the proposal to change the company name to "Dexelance S.p.A." in order to create a new

group identity to support and grow towards a renewed and higher positioning in the market.

2. Right of use

The balance sheet values of rights-of-use assets and their movements during the reporting periods are provided below.

Right of use	31/12/2023	31/12/2024
initial gross value	882	930
initial depreciation fund	(234)	(395)
initial net value	**648**	**535**
transactions in the period	-	-
acquisitions	48	394
business combinations	-	-
divestments	-	-
other changes	-	-
depreciation of the period	(189)	(207)
business combinations (fund)	-	
other fund changes	-	-
total transactions of the period	**(140)**	**187**
final gross value	930	1,325
final depreciation fund	(395)	(603)
final net value	**535**	**722**

The right of use registered as at 31 December 2024 primarily relates to the lease contract for the registered office of Dexelance, located at Corso Venezia 29 20121 Milan, entered into in 2020, for a net residual amount of EUR 394 thousand.

The acquisitions in the period refer to vehicles for company employees and a sub-lease agreement. In fact, in the year 2024, the Company entered into a new lease agreement with its subsidiary Meridiani for the subletting of two offices at the showroom in Corso Venezia, 29, 20121 Milan, for an amount of EUR 96 thousand. The residual amounts instead refer to vehicles leased for the directors and certain employees of the Company.

It should be noted that the leasing, rental and hire contracts currently in place do not provide for variable payments which are not linked to significant indexes or rates. At the reference date, there are no contracts with guarantees for the redemption of the residual value or undertakings in relation to contracts that have yet to commence.

No sale or leaseback transactions were carried out during the financial year.

The amounts recorded in the income statement for the two periods are as follows:

	31/12/2023	31/12/2024
Depreciation on assets for rights of use	189	207
Interest expense for leases	18	22
Rental costs – short-term leasing	50	33
Total costs recorded in the income statement	**257**	**262**

The total cash flow for the payment of the company's capital leasing shares was EUR 204 thousand for 2024 and EUR 238 thousand for 2023; in particular, EUR 207 thousand relates to depreciation for rights of use, subject to IFRS 16, whilst EUR 33 thousand relates to depreciation for low value and short-term leases, for which the above principle does not apply.

3. *Property, plant and equipment*

The following table provides analytical information on the composition of the item under consideration and movements in tangible assets in respect of purchases, divestments/disposals, depreciation during the period, any write-downs or revaluations made and any effects resulting from extraordinary operations.

Property, plant and equipment	Other tangible fixed assets	Improvements to third-party assets	Total
initial gross value	127	104	232
initial depreciation fund	(35)	(16)	(51)
initial net value 01/01/2023	**93**	**88**	**181**
transactions in the period			
acquisitions	446	1	446

business combinations	-	-	-
divestments	(1)	-	(1)
other changes	-	-	-
depreciation of the period	(20)	(9)	(29)
business combinations (fund)	-	-	-
other fund changes	1	-	1
total transactions of the period	**425**	**(8)**	**417**
final gross value	571	105	677
final depreciation fund	(54)	(25)	(79)
final net value 31/12/2023	**518**	**80**	**598**

Property, plant and equipment	Other tangible fixed assets	Improvements to third-party assets	Total
initial gross value	571	105	677
initial depreciation fund	(54)	(25)	(79)
initial net value 01/01/2024	**518**	**80**	**598**
transactions in the period	-	-	
acquisitions	174	25	199
business combinations	-	-	-
divestments	(6)	-	(6)
other changes	-	-	-
depreciation of the period	(24)	(10)	(34)
business combinations (fund)	-	-	-
other fund changes	-	-	-
total transactions of the period	**144**	**15**	**159**
final gross value	739	130	870
final depreciation fund	(78)	(35)	(112)
final net value 31/12/2024	**662**	**95**	**757**

Other tangible fixed assets relate to furniture, office machinery and works of art. The variation which took place during the financial year is primarily due to the purchase of a non-depreciable work of art, for EUR 130 thousand.

4. Deferred tax assets

The composition of the deferred tax assets as at 31 December 2024 is as follows:

	31/12/2024	31.12.2023	

Deferred tax assets	Amount of temporary differences	Tax effects	Amount of temporary differences	Tax effects	Change
Phantom stock option	-	-	702	169	(169)
Employee and director bonuses	384	92	308	74	18
Performance shares	183	44	-	-	44
Financial derivatives	84	20	112	27	(7)
Long-Term Incentive Plan	580	139	702	169	(29)
Total deferred tax assets	**1,231**	**295**	**1,122**	**269**	**26**

5. Equity investments

Acquisitions completed over the last few years usually take place through a process involving the establishment of a special purpose vehicle to acquire the target company and the subsequent reverse merger of the special purpose vehicle into the target company. The purchase price usually involves the recognition of an earnout, to be settled by the company resulting from the merger between the special purpose vehicle and the target company, within a relatively short time frame at a price with predefined parameters. The earnout is directly linked to the performance of the target company, usually the EBITDA and net financial position as contractually defined between the parties. These parameters may differ in the final figures compared with the estimates in the business plan of the target company.

Acquisitions are very rarely 100%, but in some cases involve the initial acquisition of the majority stake and a put-and-call mechanism (put in favour of the seller and call in favour of the buyer) for the acquisition of the subsequent minority stake. The value of the minority stake was also subject to a contractual definition that links its value to actual company performance compared with the estimates in the business plan, using calculation parameters that are still contractually predefined between the parties (usually EBITDA and net financial position). These minority stakes will be recorded in the separate financial statements when the acquisition of the relevant stake is completed, at which point the financial obligation of the Company actually arises. An estimate of the commitments arising from the put & call options entered into is presented in the following paragraph: “commitments, guarantees and contingent liabilities not shown in the statement of financial position”.

The following table shows the movements taking place in the financial years 2023 and 2024 for the item “Equity investments in subsidiaries and associated companies”.

	Subsidiaries	Associated companies	Total
Value as at 01/01/2023	**38,198**	**932**	**39,131**
Investments	53,885	-	53,885
Revaluations/(write-downs)	(1,368)	-	(1,368)
Divestments	-	-	-
Reclassification/Other	932	(932)	-
Value as at 31/12/2023	**91,647**	**-**	**91,647**
Investments	3,981	-	3,981
Revaluations/(write-downs)	(1,424)	-	(1,424)
Divestments	-	-	-
Reclassification/Other	-	-	-
Value as at 31/12/2024	**94,204**	**-**	**94,204**

The increases in the period, equal to EUR 3,981, thousand primarily regarded:

- the imputed charges associated with the provision of interest-bearing finance to subsidiary Gamma Arredamenti International S.p.A. for EUR 243 thousand;
- the imputed charges associated with the provision of a non-interest-bearing loan to the subsidiary Turri S.r.l. for EUR 833 thousand;
- the acquisition of the remaining shares of Axo Light S.r.l. for EUR 1,211 thousand and the consequent total control of this company;
- capital payments totalling EUR 1,692 thousand for the subsidiaries IDB Suzhou, Dexelance UK and Dexelance USA.

The write-downs for the 2024 financial year relate to the equity investment held in IDB Suzhou Co. Ltd. for EUR 450 thousand, Dexelance US for EUR 747 thousand and Dexelance UK for EUR 227 thousand.

Information on equity investments in subsidiaries

The following statement sets out the information for each subsidiary at the end of the reporting period.

Equity investments	Registered office	% Stake held	Share capital in EUR	Profit (loss) in EUR	Shareholders' equity in EUR	Relevant equity stake	Balance sheet value	Difference between relevant equity stake and the balance sheet value
Gervasoni S.p.A.	Pavia di Udine (Udine)	100.0%	1,000	2,658	19,485	19,485	11,513	7,972
Meridiani S.r.l.	Misinto (Monza and Brianza)	61.1%	120	228	8,565	5,234	3,300	1,934
Cenacchi Int. S.r.l.	Ozzano dell'Emilia (Bologna)	99.0%	10	5,241	20,759	20,551	23,888	(3,337)
Davide Groppi S.r.l.	Piacenza (PC)	100.0%	20	632	9,136	9,136	14,671	(5,535)
Saba Italia S.r.l.	S. Martino di Lupari (Padua)	100.0%	50	74	6,686	6,686	3,300	3,386
Modar S.p.A.	Barlassina (Monza and Brianza)	100.0%	500	3,463	10,589	10,589	6,064	4,525
Flexalighting S.r.l.	Pontassieve (Florence)	51.0%	10	1,481	6,948	3,544	1,305	2,239
IDB Suzhou	Cina	100.0%	CNY 12,456	(473)	(226)	(226)	-	(226)
Dexelance UK	Great Britain	100.0%	GBP 780	(190)	173	173	173	0
Dexelance USA	USA	100.0%	USD 10	(852)	1,923	1,923	1,923	(0)
Cubo Design S.r.l.	Notaresco (Teramo)	60.0%	84	167	23,196	13,918	13,867	50
Gamma Arred Int. S.p.A.	Forlì (Forlì-Cesena)	55.0%	2,000	(790)	8,241	4.533	4,745	(212)
Axo Light S.r.l.	Scorzè (Venice)	100%	119	(353)	718	718	3,522	(2,805)
Turri S.r.l.	Carugo (Como)	51%	1,000	(1,153)	10,885	5.551	5,933	(382)
Equity interests in subsidiaries							**94,204**	

The data of the subsidiaries (profit and loss and shareholders' equity) refer to the financial statements drawn up on the basis of national accounting standards as at 31 December 2024, prepared by the respective administrative bodies.

The recoverability of the carrying amount of equity investments in subsidiaries for which an indicator of impairment losses arises was verified by means of an appropriate impairment test carried out by determining the value in use of the equity investment in accordance with the discounted cash flow (DCF) method.

The Company's Directors reviewed the impairment tests for the following specific Cash Generating Units (CGUs)[23]: (i) Gervasoni; (ii) Meridiani; (iii) Cenacchi International; (iv) Davide Groppi; (v) Saba Italia; (vi) Modar; (vii) Flexalighting; (viii) Gamma Arredamenti International; (ix) Cubo Design; (x) Axo Light, (xi) Turri and, finally, of Dexelance S.p.A. itself, taking into account the capital invested in the subsidiaries and the results of this company, in its role of strategic management, coordination and control of the Group.

[23] The cash generating unit (CGU) identified for the purposes of brand recoverability and goodwill corresponds to the company acquired (and its subsidiaries) as a whole.

The business plan used for the impairment test, from which the discounted cash flows were derived, was approved by the Board of Directors on 29 January 2025. The documents underlying the impairment test include the consolidated statement of financial position as at 31 December 2024 and the economic and financial plan for the period 2025–2027, from which the explicit cash flows subject to discounting were produced.

The business plan and its strategy review have been prepared by management and

i) their assumptions are consistent with actual past performance and Group performance in relation to historical trends in the relevant market;
ii) the objectives of the plan are aligned with current developments.

The estimate of the recoverable amount of the asset group under analysis was conducted in accordance with the notion of value in use. The value in use of an asset group is the present value of the future cash flows, both incoming and outgoing, that are expected to result from the continued use of the asset group. This is discounted at an appropriate discount rate that reflects current market estimates of the time value of money and the risks specific to the asset group in question.

To estimate the value in use, the Board of Directors used the explicit cash flows of the 2025-2027 economic and financial plans. It also considered an indefinite time horizon for the estimate of the terminal value of the individual CGU.

The method applied to estimate the value in use of assets is the discounted cash flow (DCF) method, which estimates the value of invested capital (enterprise value) as the present value of its future operating cash flows, discounted at a rate equal to the weighted average cost of capital (WACC).

The assumptions used for each CGU are described below, and the methods do not deviate from those used when preparing the annual financial statements as at 31 December 2023. In any case, these reflect the different results provided for in the new plan approved by the parent company's Board of Directors, as well as the update of variables used to determine the WACC and growth rate (g).

Supported in this regard also by a special fairness opinion issued by an independent third-party expert, the Board of Directors, based on the future cash benefits expected to flow to the parent company as highlighted in the impairment test, did not identify any loss of value relating to either the net invested capital of the individual CGUs or the carrying amount of the relevant individual equity investments.

For further details on the impairment tests conducted as at 31 December 2024 and their results, please refer to the detailed discussion in the notes to the consolidated financial statements.

No write-down has been carried out of the estimate of the recoverable value of the shareholding determined using the expected future cash benefits to the parent company, as shown in the impairment test.

By contrast, write-down on the basis of impairment losses has been applied to the equity investments in the commercial companies IDB Suzhou Co. Ltd., Dexelance USA and Dexelance UK as described above, the amount of EUR 226 thousand for IDB Suzhou having also been set aside in a risk fund to reflect the negative shareholders' equity of the investee.

6. Other non-current assets

Other non-current assets	31/12/2024	31/12/2023	Change
Security deposits	8	8	0
Loans to subsidiaries	-	-	-
Derivative financial instrument assets	-	15	(15)
Total other non-current assets	**8**	**23**	**(14)**

This item includes other non-current assets relating to security deposits of EUR 8 thousand.

7. Other current and non-current financial assets

Financial assets	current	non-current	31/12/2024
Financial receivables vis-à-vis subsidiaries	1,352	6,582	7,934
Other financial assets	34,000	-	34,000
Total financial assets	**35,352**	**6,582**	**41,934**

The financial assets vis-à-vis subsidiaries for EUR 41,934 thousand as at 31 December 2024 relate to:

- the interest-bearing loan granted to Turri S.r.l. for EUR 5,811 thousand, of which EUR 1,352 thousand was current and EUR 4,459 thousand is non-current.
- the interest-bearing loan granted to Gamma Arredamenti International S.p.A., in the amount of EUR 2,123 thousand, which is non-current.

  It is specified that both contracts were entered into during the year 2023 and 2024.

  Below are the movements recorded in 2024:

Financial receivables from subsidiaries	31/12/2023	New receivables	Repayments/ Payments	Other changes	31/12/2024
Financial receivables from subsidiaries	18,821	5,455	(15,350)	(992)	7,934
Total financial receivables from subsidiaries	**18,821**	**5,455**	**(15,350)**	**(992)**	**7,934**

As can be seen in the above table, during the year, financing totalling EUR 5,455 thousand was provided to subsidiaries (of which EUR 4,080 thousand to Turri S.r.l. and EUR 1,375 thousand to Gamma Arredamenti International S.p.A.). The amounts indicated refer to the nominal value actually disbursed.

The following shows the breakdown of the loans relating to the two financing arrangements within one year, five years and beyond:

	31/12/2023	< 1 year	1-5 years	> 5 years
Financial receivables from subsidiaries	18,821	7,635	5,572	5,614
Total financial receivables from subsidiaries	**18,821**	**7,635**	**5,572**	**5,614**

	31/12/2024	within 1 year	from 1 to 5 years	beyond 5 years
Financial receivables from subsidiaries	7,934	1,352	6,582	-
Total financial receivables from subsidiaries	**7,934**	**1,352**	**6,582**	**-**

The other current financial assets amount to EUR 34,000 thousand and relate to time deposits that the Company has subscribed to during the year, in order to temporarily invest surplus liquidity mainly resulting from the share capital increase related to the Company's listing. It should be noted that deposits have a duration of 3 to 6 months and can be closed early, with minimum notice, but with a penalty on the returns granted to the company.

8. Trade receivables

The item refers entirely to invoices to be issued to subsidiaries, in the amount of EUR 124,000, referring to the charge-back of costs.

9. Income tax credits

The income tax credits as at 31 December 2023 amounted to EUR 1,756 thousand and concern the net balance of the Dexelance Group's tax consolidation at the closing date. As at 31 December 2024, however, the Group had a debt exposure. It should be noted that the Company chose the option of the national tax consolidation scheme as a consolidating company.

10. Other current assets

Other current assets are detailed as follows:

Other current assets	31/12/2024	31/12/2023	Change
Financial receivables	2	69	(68)
Loans to subsidiaries	682	1,818	(1,136)
Prepaid expenses	161	40	121
VAT receivables	879	673	206
Advances to subsidiaries	-	110	(110)
Total other current assets	**1,724**	**2,710**	**(987)**

Receivables from subsidiaries totalling EUR 682 thousand refer exclusively to the tax consolidation relationships in place with the subsidiaries, details of which are referred to in the section on relationships with related parties.

Prepaid expenses instead amounted to EUR 161 thousand as at 31 December 2024 (compared to EUR 40 thousand as at 31 December 2023); the difference recognised in the year was mainly due to the purchase of carbon credits to cover the 2025 inventory, in the amount of EUR 93 thousand.

11. Cash and cash equivalents

Cash balances are broken down as follows:

Cash and cash equivalents	31/12/2024	31/12/2024	Change
Bank and postal deposits	11,516	10,039	1,477
Cash and cash assets	-	-	-
Total cash and cash equivalents	**11,516**	**10,039**	**1,476**

End-of-period cash balances refer to the balance of bank accounts accessed at the various credit institutions.

12. Shareholders' equity

Shareholders' equity is detailed in the following table:

Shareholders' equity	31/12/2024	31/12/2023	Change
Share capital	26,926	26,926	-
Legal reserve	1,427	1,180	247
Share premium reserve	66,971	66,971	-
Retained earnings	5,532	2,747	2,786
Expected cash flow hedge provision	(64)	(74)	10
Actuarial reserve	(10)	(11)	1
IFRS first application reserve	(92)	(92)	-
Reserve for treasury shares in portfolios	(1,928)	(47)	(1,880)
Employee share reserve	183	-	183
Net result for the year	6,782	3,032	3,749
Total shareholders' equity	**105,728**	**100,632**	**5,096**

Please see the statement of changes in shareholders' equity for a description of the change in shareholders' equity at 31 December 2024.

The share capital is fully paid up and subscribed at EUR 26,926,298 thousand as at 31 December 2024, divided into 26,926,298 ordinary shares with no par value.

As can be seen from the table above, the changes in reserves during the year mainly refer to:

- the cash flow hedge reserve as of 31 December 2024 amounting to EUR 64 thousand for the fair value adjustment of derivatives payable, including the related tax effect of EUR 3 thousand;
- the actuarial reserve in the amount of EUR 10 thousand as at 31 December 2024, following the actuarial analysis performed by a third-party expert;
- the recognition of a reserve for treasury shares in the portfolio in the amount of EUR 1,880 thousand;
- the recognition of a reserve for shares granted to directors and certain employees of the Company in the amount of EUR 183 thousand. Lastly, please note that on 22 April 2024, the Shareholders' Meeting resolved a new share buyback programme that provides for the allocation of treasury shares to the implementation of incentive plans based on Company shares for directors and employees in key roles within the Company as identified in the Performance Shares plan, in accordance with IFRS 2.

Availability and use of shareholders' equity

Reserves of shareholders' equity may be used for different transactions depending on their constraints and nature. The concept of distributability of the reserve may differ from that of availability. Availability concerns the possibility of using the reserve (e.g. for free increases in capital); distributability concerns the possibility of paying shareholders (e.g. in the form of a dividend) sums which can be drawn in whole or in part from the relevant reserve. Therefore, availability and distributability may or may not coexist. The following table shows the possibility of utilisation and distributability for each item in the net equity:

Shareholders' equity	Amount	Possibilities of use	Available quota	Summary of previous years' utilisations
Share capital	26,926			
Legal reserve	1,427	B		
Share premium reserve	66,971	A, B	66,971	
Retained earnings	5,532	A, B, C	5,532	
Expected cash flow hedge provision	(64)		(64)	
Actuarial reserve	(10)		(10)	
IFRS first application reserve	(92)		(92)	
Reserve for treasury shares in portfolios	(1,928)		(1,928)	
Employee share reserve	183		183	
Net result	6,782			
Total shareholders' equity	**105,728**			
Total reserves			**70,593**	
Non-distributable quota			**65,061**	
Distributable quota remaining			**5,532**	

Key:
A: Capital increase
B: Hedging losses
C: Distribution to shareholders
D: Other statutory constraints
E: Other

The following are the gains and losses less their tax effect included in other items of the statement of comprehensive income:

	Other items of the 2024 statement of comprehensive income	Other items of the 2023 statement of comprehensive income
Total profit/(loss) from cash flow hedge	14	(113)
Tax effects	(3)	23
Total profit/(loss) from cash flow hedges, net of tax	**10**	**89**
Total actuarial profits/(losses)	1	-
Tax effects	-	-
Total actuarial profit/(loss), net of taxes	**6,793**	**2,943**

Other components of the statement of comprehensive income relate to changes in the cash flow hedge provision in relation to the fair value measurement of derivative instruments hedging financial risks from interest rate changes. These are interest rate swap instruments, described in the financial risks section under IFRS 7, which should be referred to for further details. Since these financial instruments have characteristics to allow for hedge accounting, changes in fair value are recognised directly under shareholders' equity, net of their tax effect.
In addition, as a result of the amendments to IAS 19, actuarial gains and losses are entered in the statement of comprehensive income and will not be subsequently imputed to the income statement.

13. Post-employment benefits

The item refers to employees' severance payments (TFR), and in the financial year showed the following movements in the financial year 2024:

Post-employment benefits	Post-employment benefits 31/12/2024	Post-employment benefits 31/12/2023
Initial fund	130	91
Accrual period	45	32
Interest	(3)	2
Actuarial (gains)/losses	(1)	4
Other changes		-
Paid	(51)	-
Final provision	**119**	**130**

The actuarial valuation of severance pay is performed according to the "accrued benefit" method using the projected unit credit (PUC) criterion, as set out in paragraphs 67–69 of IAS 19. The actuarial reference model for the assessment of severance pay is based on a number of assumptions, both demographic and economic. For some of the assumptions used, reference best practices were taken into account where possible.

The technical and economic bases used in the two periods.

Assumptions	31/12/2024	31/12/2023
Annual discount rate	3.38%	3.17%
Annual inflation rate	2.00%	2.00%
Annual rate of severance pay increase	3.00%	3.00%
Annual rate of salary increase	1.00%	1.00%

14. Provisions for risks and charges

Provisions for risks and charges shows the value of the writedown of the holdings in IDB Suzhou Co. Ltd. for the portion exceeding the value of the investment itself, in order to align the book value of the investments with the shareholders' equity of investee companies.

Provisions for risks and charges	31/12/2024	31/12/2023	Change
Provisions for subsidiary holding risks	226	203	23
Total provisions for risks and charges	**226**	**203**	**23**

15. Bank debts

The entry is composed as follows:

Bank debts	31/12/2024	31/12/2023	Change
Bank debts short-term	6,760	5,685	1,075
Bank debts M/L term	11,966	18,703	(6,737)
Other financial debts	14	10	4
Financial derivatives	84	112	(28)
Bank debts	**18,824**	**24,510**	**(5,686)**

It should be noted that bank payables relate to the loans outstanding with the credit institution Unicredit and Cassa Depositi e Prestiti, which as at 31 December 2024 amounted to EUR 18,726 thousand. It should be noted that no new loans were taken out with credit institutions during the financial year 2024.

The following information is given on the financing in question, on the movement during the 2024 financial year and on the breakdown within and beyond the year.

Grantor	Nominal value	Date granted	Expiry date	Outstanding debt as at 31/12/2024	of which within 12 months	of which over 12 months	Outstanding debt as at 31/12/2023
UniCredit	3,600	13/06/2019	30/06/2025	747	747	-	1,509
UniCredit	12,000	30/01/2023	31/12/2026	8,043	4,032	4,011	12,023
Cassa Depositi e Prestiti	10,800	03/11/2023	28/09/2029	9,936	1,981	7,954	10,856
	26,400			**18,726**	**6,760**	**11,966**	**24,388**

	31/12/2023	Loans taken out	Capital repayments / Interest payments	Interest payable accrued	31/12/2024
Bank debts	24,388	-	(7,159)	1,497	18,726
	24,388	**-**	**(7,159)**	**1,497**	**18,726**

It should be noted that the medium- to long-term financing with Unicredit involves compliance with certain economic/financial parameters (“covenants”) to be calculated annually on the basis of the results of the consolidated financial statements.

The expected covenants are reported annually. Failure to comply with the financial covenants would result in the withdrawal of the benefit of the deadline and the possibility of the banks requesting early repayment of the entire loan.

As of the date of these financial statements, the contractually agreed parameters have been respected.

16. Financial payables to lessors

This item covers financial liabilities to lessors as a result of applying IFRS 16 and is composed as follows:

Financial payables to lessors	31/12/2024	31/12/2023	Change
Non-current financial payables to lessors	556	377	179
Current financial payables to lessors	204	172	32
Total financial payables to lessors	**760**	**549**	**211**

Payables to lessors as at 31 December 2024 amounted to EUR 760 thousand, compared to EUR 549 thousand as at 31 December 2023. The change in the financial year is shown in the table below and is due to new contracts entered into and reimbursed during 2024

	31/12/2023	New loans taken out	Repayments/ Payments	Other changes	31/12/2024
Financial payables to lessors	549	414	(206)	3	760
	549	**414**	**(206)**	**3**	**760**

The additions made during the financial year 2024 refer to new leasing contracts for company vehicles for some of the Company's employees and an office sub-lease contract. It should be noted that there are no financial payables to lessors over 5 years; the existing leasing contracts do not have maturities beyond the 2026 financial year.

Financial payables to lessors	31/12/2024	of which within 1 year	from 1 to 2 years	beyond 2 years	31/12/2023
Financial payables to lessors	760	204	248	308	549
	760	**204**	**248**	**308**	**549**

17. Other current financial liabilities

This entry is composed as follows:

Other current financial liabilities	31/12/2024	31/12/2023	Change
Payables to subsidiaries for cash pooling	22,077	17,416	4,661
Total other financial liabilities	**22,077**	**17,416**	**4,661**

This item stands at EUR 22,077 thousand as at 31 December 2024, compared to EUR 17,416 thousand as at 31 December 2023, and relates entirely to cash pooling to subsidiaries.

In the context of financial strategies common to the Company and its subsidiaries, in view of the generation by some companies of liquidity that exceeds their actual short- to medium-term needs, and the need for others to have access to such surplus and available liquidity in the short- to medium-term under more favourable terms and conditions than the alternative of bank or third-party borrowing, it was considered appropriate to activate a centralised treasury system with the Company through group cash pooling, in accordance with practices that are now widespread at the level of corporate groups.

The instrument adopted has the following general characteristics:

- on a daily basis, the available liquidity assets balances in the current accounts of the companies participating in the cash pooling are transferred to a centralised current account, but each company retains the availability and usability of the centralised liquidity;
- in agreement with UniCredit S.p.A., which has made itself available as a back-up bank for the cash pooling system, the corporate scope of the group concerned by cash pooling has been defined with regard to the companies in the Dexelance Group. In fact, during 2020, the company activated cash pooling as a pool leader, identifying the Unicredit current account held by Dexelance as a pool account. At the reporting date of 31 December 2024, all Group companies are involved in centralised treasury management.

Net financial position

The financial debt of the Company is as follows:

	31/12/2024	31/12/2023
A Cash	11,516	10,039
B Cash equivalents	-	-
C Other current financial assets	35,352	27,635
D Cash and cash equivalents (A + B + C)	**46,868**	**37,674**
E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	(22,281)	(17,587)
F Current portion of non-current financial debt	(6,774)	(5,695)
G Current financial indebtedness (E + F)	**(29,055)**	**(23,283)**
H Net current financial indebtedness (G - D)	**17,813**	**14,392**
I Non-current financial debt (excluding the current portion and debt instruments)	(12,605)	(19,192)
J Debt instruments		-
K Non-current trade and other payables		-
L Non-current financial indebtedness (I + J + K)	**(12,605)**	**(19,192)**
M Total financial indebtedness (H + L)	**5,208**	**(4,800)**

In this regard, please note the following aspects:

a) "Other current financial assets" includes financial assets (e.g. securities held for trading) that are not (i) cash, (ii) cash equivalents or (iii) derivative instruments used for hedging purposes;

b) "Financial indebtedness" includes remunerated debt (i.e. interest-bearing debt) which includes, inter alia, financial liabilities for short- and/or long-term leases, identified separately;

c) "Non-current trade and other payables" includes any non-interest-bearing debt with a significant implicit or explicit financing component (e.g. trade payables with a maturity of more than 12 months), and any other non-interest-bearing loans.

It should be noted that the total net financial position consists of:

- indebtedness to banks in the amount of EUR 18,824 thousand;
- total cash and cash equivalents in the amount of EUR 46,868 thousand, of which EUR 11,516 thousand related to cash on hand, EUR 34,000 thousand related to the short-

term investment of excess liquidity (time deposit) and EUR 1,352 thousand related to the short-term portion of loans granted to subsidiaries;

- indebtedness to lessors for a total of EUR 760 thousand;
- other current financial liabilities in the amount of EUR 22,077 thousand related to positions with pooling companies, and in the amount of EUR 204 thousand related to payables to lessors.

18. Trade payables

Trade payables amounted to EUR 699 thousand as at 31 December 2024 and are broken down as follows:

Trade payables	31/12/2024	31/12/2023	Change
Payables to domestic suppliers	241	295	(54)
Invoices to be received	221	125	96
Invoices to be received on an intercompany basis	237	156	81
Total trade payables	**699**	**575**	**123**

These are payables due within the next 12 months.

19. Income tax payables

Income tax payables as at 31 December 2024 totalled EUR 938 thousand and consisted of the IRES corporate income tax payables for the Group.

20. Other current liabilities

The item concerned is composed as follows:

Other current liabilities	31/12/2024	31/12/2023	Change
Payables for indirect taxes, withholdings, and social security institutions	260	100	160
Payables to directors and statutory auditors	527	794	(266)
Payables to personnel	571	452	119
Payables to subsidiaries for tax consolidation	608	1,042	(435)
Liabilities accruals	-	-	-
Total other current liabilities	**1,966**	**2,388**	**(422)**

As shown in the table above, other current liabilities mainly refer to:

- Payables to subsidiaries for tax consolidation, amounting to EUR 608 thousand; it should be noted that this item includes all the positions of subsidiaries participating in the tax consolidation scheme that, as at 31 December 2024, show a net debt exposure;
- Payables to personnel amounting to EUR 571 thousand, mainly related to payables to employees for LTI amounting to EUR 353 thousand and payables for outstanding salaries and wages as at 31 December 2024;
- Payables to directors in the amount of EUR 299 thousand related to year-end bonuses, not paid at the reporting date, and EUR 228 thousand related to the LTIP.

Composition of the main items in the Income Statement

21. Revenue

Revenue recognised in the financial statements as at 31 December 2024 refers entirely to services rendered to all subsidiaries and amount to EUR 681 thousand. The increase over last year’s figure mainly relates to the recharge of costs incurred by Dexelance S.p.A. and related to the Group’s sustainability activities. In particular, the amounts refer to costs for the purchase of carbon credits and cost recharges for the purpose of the GHG inventory in the amount of EUR 247 thousand.

Revenue	2024	2023
Revenue	681	332
Total revenue	**681**	**332**

The breakdown by geographical area is as follows:

Revenue	Italy	EU	Non-EU	Total
Revenue	681	-	-	681
Total revenue	**681**	-	-	681

22. Other income

Other income as at 31 December 2024 amounted to EUR 311 thousand; the amount mainly related to the reversal of a debt position recognised in the financial statements as at 31 December 2023 and regarding the LTI plan. In fact, during the year, the Company, with the help of an independent third-party expert, proceeded to update the value of this liability, and this restatement resulted in a release to the income statement of EUR 298 thousand.

23. Staff costs

Staff costs	2024	2023
Salaries and wages	837	860
Social expenses	229	233
Severance payments	49	42
Other staff costs	251	184
Total staff costs	**1,365**	**1,319**

The item “Other personnel costs” amounting to EUR 251 thousand mainly includes the portion of costs due to certain employees of the Company and referring to the new management incentive plan “LTIP” (which became effective in 2023) for EUR 176 thousand. The amount also includes EUR 40 thousand related to the provision of corporate welfare services for employees (which became operational in 2024), and EUR 26 thousand related to the accounting treatment resulting from the adoption of the “Performance Share” plan described above.

The average number of employees per category in the two financial years under consideration is set out in the following table:

	2024	2023
Executives	4	2
Managers	3	2
Clerical workers	4	5
Total	**11**	**9**

24. Costs for services and use of third-party assets

Costs for services and use of third-party assets	2024	2023
Other consultancy fees	1,298	663
Other service charges	821	243
Insurance	83	72
Fuels and lubricants	30	33
Auditor fees	199	267
Administrative and tax consultancy	52	76
Consultancy for IPO project	-	2,103
Rentals	147	50
Charge back costs from subsidiaries	179	962
Travel and transfers	97	65
Director and auditor emoluments	1,368	1,683
Bank charges	63	53
Total costs for services and use of third-party assets	**4,338**	**6,271**

Costs for services and use of third-party assets mainly consists of:

- the amount of Directors' emoluments, equal to EUR 1,368 thousand as at 31 December 2024, which is shown net of chargebacks to subsidiaries for EUR 602 thousand. The amount is also inclusive of remuneration related to the performance share plan (for EUR 157 thousand) that became effective in the year 2024 as reported above;
- chargebacks of costs from subsidiaries amounting to EUR 179 thousand, mainly referring to the subsidiary Dexelance UK Co. Ltd for EUR 138 thousand;

- other consulting services in the amount of EUR 1,298 thousand against EUR 663 thousand as at 31 December 2023; the difference recognised in the year 2024 is related to higher costs associated with advertising and promotion activities related to the above-mentioned change in the company name and to consultancy activities for the sustainability plans that the Group intends to adopt. This item also includes the costs incurred by the parent company for the purchase of CO_2 credits, equal to EUR 270 thousand to offset the inventory of emissions. For further information, please refer to the Sustainability Report regarding the GHG absorption and emission mitigation projects carried out by the Group;
- other costs for services equal to EUR 821 thousand, mainly related to costs for services linked to the Company's operations (EUR 352 thousand) and listing activities (EUR 273 thousand).

It should be noted that on 31 December 2024, the costs accounted for in respect of rentals and leasing exempt from IFRS16 amounted to EUR 321 thousand, as they were short-term leases (duration of 12 months or less) and of low value (annual cost of USD 5,000).

The following are the fees payable to directors and members of the Company's Board of Statutory Auditors:

	2024	2023
Directors	1,296	1,636
Statutory Auditors	71	47
Total	**1,367**	**1,683**

The following table summarises the fees payable to the Independent Auditors and its network entities with regard to the Company.

	2024	2023
Statutory audit	200	177
Sustainability report attestation services	60	35
Other services provided by the auditing company	-	71
Other services from other network companies	-	-
Total	**259**	**283**

25. Other operating costs

Other operating costs amounted to EUR 42 thousand as at 31 December 2024 and EUR 25,000 as at 31 December 2023, and mainly referred to management costs of EUR 16 thousand and contingent losses for EUR 15 thousand.

26. Amortisation, depreciation and writedowns of fixed assets

This item amounted to EUR 245 thousand as at 31 December 2024, against EUR 218 thousand, and is detailed below:

Amortisation, depreciation and writedowns of fixed assets	2024	2023
Depreciation on intangible assets	4	1
Depreciation on property, plant and equipment	34	29
Depreciation on assets for rights of use	207	189
Total amortisation, depreciation and writedowns of fixed assets	**245**	**218**

27. Financial expenses

The item concerned is detailed as follows:

Financial expenses	2024	2023
Capital losses on the sale of shareholdings	-	-
Other interest payable	-	1
Interest payable on stock options	-	25
Interest payable on financing	1,497	1,030
Foreign exchange losses	6	2
Writedown of shareholdings	1,447	1,261
Interest payable IFRS 16	22	18
Interest payable TFR	3	-
Interest payable for cash pooling	573	131
Total financial expenses	**3,549**	**2,468**

The item as at 31 December 2024 consisted mainly of:

- EUR 1,447 thousand, related to the write-down of the equity investments held in Dexelance USA Corp. (for EUR 747 thousand), IDB Suzhou Co. Ltd. (for EUR 507 thousand) and in Dexelance UK Ltd. (for EUR 193 thousand);
- EUR 1,497 thousand related to interest expenses on loans;

- EUR 573 thousand for interest expenses related to positions with subsidiaries included in the pooling scheme.

28. Financial income

The item concerned is detailed as follows:

Financial income	2024	2023
Interest income on bank deposits	188	26
Interest income for time deposits	1,006	275
Interest income on subsidiary financing	818	261
Dividends from shareholdings	12,266	10,571
Exchange rate gains and derivative differentials	7	6
Financial income	**14,284**	**11,140**

The item as at 31 December 2024 consists mainly of the value of dividends received from the subsidiaries Gervasoni S.p.A. for EUR 3,000 thousand, Saba Italia S.r.l. for EUR 500 thousand, Meridiani S.r.l. for EUR 305 thousand, Cenacchi International S.r.l. for EUR 3,960 thousand, Davide Groppi S.r.l. for EUR 1,500 thousand and Modar S.p.A. for EUR 3,000 thousand.

In addition, there are EUR 818 thousand related to the lending of loans to subsidiaries, discussed above.

29. Income tax

The following is the composition of income taxes as at 31 December 2024:

Income tax	2024	2023
Taxes from previous financial years	12	(2)
(Expenses)/Income from tax consolidation	1,000	2,083
Deferred tax assets	33	(446)
Total income tax	**1,044**	**1,634**

It should be noted that the income from tax consolidation, equal to EUR 1,000 thousand as at 31 December 2024 and equal to EUR 2,993 thousand as at 31 December 2023, relates to the valuation of the tax loss, used in the context of the tax consolidation in place with the subsidiaries.

The following table shows the reconciliation between the current tax burden and the theoretical tax burden:

	IRES	%	IRAP	%
Pre-tax income	5,737		(3,632)	
Theoretical tax	(1,377)	*24.0%*		*3.9%*
Total taxable temporary differences	743			
Total Tax base for reversal of temporary differences	(298)			
Total taxable permanent differences	(10,348)		2,298	
Tax base	(4,165)		(1,334)	
income/(charge) from tax consolidation	**1,000**		-	

30. Cash flow statement

The cash generation from operations, equal to EUR 11.7 million, derives mainly from the dividends paid by the subsidiaries for EUR 12.3 million.

The cash flow from investments, negative by EUR 17.3 million, consists mainly of the liquidity absorption from the subscription of time deposits for EUR 14 million and the disbursement for the acquisition of the remaining shares of Axo Light for EUR 2.9 million in October 2024.

The cash flow from financing activities, positive for EUR 7.1 million, on the other hand, consists mainly of the repayments made by the subsidiaries Gamma Arredamenti and Turri (for EUR 5.7 million euros) and the change recorded in 2024 relating to the Group's cash pooling positions and intercompany loans (for EUR 14.7 million).

The total cash flow was positive, amounting to EUR 1.5 million in 2024.

31. Commitments and risks

Financial risks

The Company is exposed to the following financial risks related to normal operations:

- liquidity risk, with particular reference to the availability of financial resources and access to credit markets and financial instruments in general;
- interest rate risk, relating to the cost of the debt to the financial system;

- remeasurement risk of financial liabilities for long-term incentives.

The Company constantly monitors the risks to which it is exposed, in order to assess in advance the potential negative effects and take appropriate action to mitigate them.

The following section provides qualitative and quantitative reference information on the impact of these risks.

Liquidity risk

Liquidity risk may arise when it is not possible to obtain, under favourable economic conditions, the financial resources necessary for the operation of the Company. Liquidity risk relates to the cash flows generated and absorbed by day-to-day operations and the resulting need to access financing to support the expansion of characteristic activities. Liquidity risk is also linked to the existence of contractual obligations to comply with certain financial ratios ("covenants") to be calculated on the consolidated financial statements.

The evolution of cash flows and the use of credit facilities are closely monitored by the Company's Finance Department in order to ensure that financial resources are used efficiently and effectively, including in terms of expenses and interest.

Specifically, as at 31 December 2024, the Company had cash and cash equivalents in the amount of EUR 45,516 thousand, of which EUR 11,516 thousand in cash and other current financial assets in the amount of EUR 34,000 thousand. It should also be noted that the financial receivables outstanding as at 31 December 2024 from subsidiaries in the amount of EUR 1,352 thousand should be added to the current financial assets described above.

On this same date, nominal third-party financial debt totalled EUR 41,660 thousand, of which EUR 18,824 thousand was to banks and EUR 22,077 thousand to subsidiaries for cash pooling and EUR 760 thousand for payables to lessors (IFRS 16). The share with a maturity of less than 12 months is EUR 6,978 thousand, of which EUR 6,774 thousand to banks and EUR 204 thousand for payables to lessors (IFRS 16).

Interest rate risk

Interest rate risk can be defined as the risk that changes in market interest rates will result in a decrease in business profitability. The Company makes use of external financial resources in the form of debt. Changes in market interest rates influence the cost and return of various forms of financing by affecting financial expenses. Interest rate risk is managed through the use of derivative financial instruments in the form of interest rate swaps.

As at 31 December 2024, the Company had a financial exposure to banks for financings for a total amount of EUR 18,726 thousand, on which variable interest rates accrued ranging from 5.14% to 7.77% over 2024, and cash and cash equivalents totalling EUR 45,516 thousand (of which EUR 34,000 thousand were temporarily invested in a short-term time deposit).

Interest rate swap contracts are in place to cover this exposure, with a total notional residual amount of EUR 4,000 thousand. The contracts have a notion to scale on the basis of the amortisation plan of the underlying loans, as shown below:

amounts are shown in €/1,000	Maturity date	Amount	Type of contract	Mark to market (assets)	Mark to market (liabilities)
UniCredit amortising line	31/12/2026	4,000	IR swap	-	(84)
Total		**4,000**			**(84)**

The following table shows the sensitivity to a possible change in interest rates on that portion of variable-rate debt and loans, after hedge accounting effects. With all other variables held constant, and therefore based on the value of the financial debt to banks at the end of the period and the repayment flows expected in the respective amortisation schedules, this positive or negative change in interest rates would result in higher or lower financial income and expenses before the tax effect as shown below.

amounts are shown in €/1,000	-500BP	-250BP	+250BP	+500BP
(Lower) / Higher financial income	(12)	6	6	12
Lower / (Higher) financial expenses	675	343	(343)	(686)
Total	**663**	**349**	**(337)**	**(674)**

Long-Term Incentive Plan re-measurement risk

To determine the amount to be set aside for the incentive plan resolved by the Board of Directors, the Group used certain assumptions and estimates in accordance with IAS 19, providing for certain possible time scenarios and also weighing the probabilities that they will occur. In doing so, the Group has used the information provided by the analyst reports available at the date of this annual financial report. As required by IAS 19, the probability that the event reported will occur affects the measurement of the obligation, but does not determine its existence.

Non-financial risks

Developments in the global economy, the environment of political, economic and financial instability and the volatility of financial markets could influence the performance of the Group, with possible adverse effects on its economic, capital and financial position. In the overall macroeconomic framework, the uncertainties regarding (i) the impacts of sanctions imposed worldwide relating to the conflict between the Federal Republic of Russia and Ukraine, (ii) the Middle East conflicts and (iii) the risks related to climate change are important.

Risks related to the global geopolitical situation: the Group is exposed to the risks associated with the current and future global, European and Italian economic and political situation, which has also been aggravated by recent political and military tensions in Ukraine and Israel, where developments and the political and economic impact are still uncertain and hard to assess. Therefore, it cannot be excluded that the occurrence and/or continuation of any economic downturn and/or political instability and any future negative impact, including any significant impact, on the global, European and/or national economy may lead to a weakening of demand for the Group’s products, with potential adverse effects on the Group’s business and prospects, as well as on its economic, capital and financial position.

The world's geopolitical situation is experiencing extreme tension and complexity, particularly as a result of the conflict between Russia and Ukraine, as well as the more recent conflict between Israel and Palestine. These dramatic events have further

stimulated inflationary phenomena and the already existing speculative dynamics, with particular reference to energy and raw material prices. The Group has very limited involvement in the areas affected by the conflict and its business model is not particularly exposed to inflationary commodity phenomena or higher energy costs; however, it cannot be excluded that the continuation of this situation may lead to margin pressures or impacts on the propensity to consume durable goods.

Looking ahead, there are unknowns related to the effects of the fiscal and trade policy that the US administration will decide to implement. Specifically, the introduction of duties and tariffs on numerous countries and geographical areas, in order to make imports less advantageous and competitive compared to domestic products or services, could undermine international trade in goods and services. In this context, despite the risks associated with the drift towards protectionism in the United States, the Group does not foresee any particular risks or concerns to date, especially in view of the high-end market to which its products are aimed, which are not very sensitive to price changes. However, it cannot be ruled out that fiscal policy may have an impact on the propensity to consume and, therefore, the Group pays continuous attention to developments in the external environment.

Risks related to climate change

In preparing the annual consolidated financial statements, taking into account the priorities shared by ESMA and in light of the findings of The Global Risks Report 2024 prepared by the World Economic Forum, Dexelance's management assessed the effect of climate risks on the Group.

Specifically, by defining the potential impacts of physical risks and transition risks (relating to technological innovations, regulatory changes, and changing market expectations), management was able to obtain a sufficiently complete picture of the situation at the Group level. The Group considers climate-related issues in its estimates and assumptions when necessary. This assessment includes a broad spectrum of possible impacts for the Group from both physical and transitional risks. Although the Group believes that its

business model and products will still be attractive as a result of the transition to a low-emission economy, climate-related issues increase the uncertainty of estimates and assumptions concerning numerous elements or items in the financial statements. Although legal climate risks may not have a significant impact on measurement at present, the Group is closely monitoring developments and changes, such as new climate-related regulations and standards. The elements that are most directly impacted by climate-related issues are:

- The useful life of property, plant and equipment. When recalculating the estimated residual value and useful life of an asset, the Group considers climate-related issues, such as climate-related legal regulations that may limit the use of assets or require significant capital expenditure.
- Determination of the recoverable amount of non-financial assets. The estimated value in use could be impacted in different ways by transition risk, in particular, climate-related regulations or a change in demand for the Group's products. Although the Group concluded that there were no significant climate-related assumptions.

In the light of these considerations, no significant influence was found in the estimates and assessments of the plans.

Unless there are regulatory changes, which are not foreseeable or conceivable to date and in view of the numerous measures taken by the Group companies to mitigate them (including the appropriate transfer of risk to insurance companies), ongoing climate change is not expected to have any significant impact due to the type of business and production factors used today.

Fully aware of the strategic importance of responsible and sustainable operations, the Group decided some time ago to take a proactive stance on sustainability, including by voluntarily communicating information to its stakeholders on environmental, social and governance factors. The Group recognises the fundamental role played by strong and long-lasting cooperation with all stakeholders and its commitment to an increasingly sustainable business.

In 2024, Dexelance strengthened its commitment to sustainability by complying with the requirements of the *Corporate Sustainability Reporting Directive* (CSRD) and completing the dual materiality analysis. This process identified the Impacts, Risks and Opportunities (IROs) related to sustainability issues considered most relevant for the Group. In line with the requirements of the new regulations, Dexelance defined and formalised its own Sustainability Strategic Guidelines, aligning future actions with the *European Sustainability Reporting Standards* (ESRS) and consolidating a responsible and ESG-conscious management approach. The analysis of climate risks is an integral part of the Group's sustainability strategy, which is divided into three macro-impact areas: environment, people and governance.

The Board of Directors approved the dual materiality analysis and the ESG Manifesto, a policy document drafted to identify and concisely communicate the Strategic Guidelines that will guide the actions planned for the coming years, and approved the actions and objectives envisaged in the 2025-2027 Business Plan (the 'Business Plan').

Specifically in the environmental sphere, Dexelance has implemented actions aimed at reducing climate-changing emissions, adopting more sustainable operating practices and promoting eco-design and circularity throughout the product life cycle.

With the aim of monitoring and consequently reducing its carbon footprint, Dexelance has completed its greenhouse gas inventory for 2024, verified by an accredited third party in accordance with ISO 14064-3, confirming its commitment to offsetting emissions through the purchase of carbon credits and thus ensuring *carbon neutrality*.

In addition, the Group further strengthened its risk management approach by adopting a corporate *Enterprise Risk Management (ERM*), which integrates the sustainability risk assessment into the *Risk Register.* Dual materiality analysis was a key element in this process, harmonising ESG risks with financial risks and ensuring continuous monitoring through the involvement of the Sustainability Team, the CFO, the CEO, the Audit and Risk, Related Party Transactions and Sustainability Committee and the Board of Directors.

The analysis revealed several risk factors related to climate change, including physical climate risks and dependence on key raw materials. These, along with other identified

ESG risks, are addressed through structured mitigation strategies, including formal policies, control procedures, periodic audits and robust governance based on a clear separation of duties (SOD).

The Group has implemented strategies to increase energy efficiency, including investments for the installation of additional photovoltaic panels and initiatives to reduce emissions from company mobility and logistics. These interventions promote the responsible use of resources to mitigate their environmental impact and will support the reduction of the Group's energy consumption.

The adoption of ERM and the strengthening of climate risk analysis, also considered within the company's strategy, testify to Dexelance's commitment to building a resilient business model, capable of facing future challenges and ensuring long-term sustainable growth.

Further details on Dexelance's sustainability and risk management strategy can be found in the "Sustainability Report" section of this document.

Further information

Disclosure pursuant to art. 2497 bis of the Civil Code

Pursuant to Art. 2497-Bis, par. 4 of the Civil Code states that the company is not subject to the management and coordination activity of others.

Information pursuant to art. 1, paragraph 125, of Law No 124 of 4 August 2017

Article 1, paragraphs 125–129 of Law 124/2017 requires undertakings to include in the notes to the financial statements information on grants, contributions, paid assignments and any other economic benefits received from: "public administrations, and by the entities referred to in article 2-bis of legislative decree no 33 of 14 March 2013; subsidiaries, de jure or de facto, directly or indirectly by public administrations, including those issuing shares listed on regulated markets and companies owned by them; publicly owned companies, including those issuing shares listed on regulated markets and companies owned by them".

We acknowledge that during 2024 our Company did not receive any grant, contribution, paid assignment and/or economic benefit totalling more than EUR 10 thousand.

Related party transaction information

The amounts in the income statement and statement of financial position relating to transactions with related parties as at 31 December 2023 and 31 December 2024 are shown below.

	31/12/2023				
Subsidiary	**revenue**	**costs**	**financial income**	**financial expenses**	**net revenue from tax consolidation**
Gervasoni S.p.A.	(95)	26	(2,500)	6	(1,648)
Meridiani S.r.l.	(70)	-	(611)	4	(701)
Davide Groppi S.r.l.	(37)	12	(2,500)	15	(977)
Saba Italia S.r.l.	(57)	10	(500)	3	(136)
Cenacchi International S.r.l.	(22)	-	(3,960)	74	(2,782)
Flexalighting S.r.l.	(15)	-	-	1	(522)
Modar S.p.A.	(36)	-	(500)	16	(1,432)
Axo Light S.r.l.	-	-	-	-	-
Gamma Arredamenti Int. S.p.A.	-	-	(1)	3	(105)
Cubo Design S.r.l.	-	-	-	-	-
Turri S.r.l.	-	-	(2)	-	-
Dexelance UK Ltd.	-	160	-	-	-
Dexelance USA Corp.	-	770	-	-	-
Total	**(332)**	**961**	**(10,573)**	**123**	**(8,305)**

	31/12/2024				
Subsidiary	**revenue**	**costs**	**financial income**	**financial expenses**	**net revenue from tax consolidation**
Gervasoni S.p.A.	(99)	35	(3,000)	62	(1,350)
Meridiani S.r.l.	(74)	-	(306)	18	(286)
Davide Groppi S.r.l.	(58)	12	(1,500)	55	(422)
Saba Italia S.r.l.	(63)	10	(500)	30	(192)

Cenacchi International S.r.l.	(55)	-	(3,960)	147	(2,729)
Flexalighting S.r.l.	(29)	-	-	14	(680)
Modar S.p.A.	(69)	-	(3,000)	171	(1,679)
Axo Light S.r.l.	(20)	9	-	-	-
Gamma Arredamenti Int. S.p.A.	(65)	-	(69)	51	(143)
Cubo Design S.r.l.	(142)	-	-	11	(333)
Turri S.r.l.	(8)	-	(749)	14	(861)
Dexelance UK Ltd.	-	138	-	-	-
Dexelance USA Corp.	-	-	-	-	-
Total	**(681)**	**204**	**(13,084)**	**573**	**(8,677)**

As at 31 December 2024, the above amounts refer to:

- revenue of EUR 681 thousand mainly related to consultancy services provided to subsidiaries;
- costs equal to EUR 204 thousand, mainly related to chargebacks to the subsidiary Dexelance UK Ltd.;
- financial revenue of EUR 13,084 thousand, of which EUR 12,266 thousand regards dividends collected from subsidiaries and EUR 818 thousand regards interest income on loans disbursed;
- financial charges of EUR 573 thousand, mainly relating to charges on cash pooling debt positions with subsidiaries;
- revenue from tax consolidation of EUR 8,677 thousand, expressed net of tax consolidation charges.

	31/12/2023				
Subsidiary	**trade receivables**	**financial receivables**	**receivables/(payables) from tax consolidation**	**debts**	**debts from cash pooling**
Gervasoni S.p.A.	-	-	(123)	(6)	(873)
Meridiani S.r.l.	-	-	(216)	(4)	(908)
Davide Groppi S.r.l.	-	-	93	(15)	(2,964)
Saba Italia S.r.l.	-	-	(403)	(3)	(738)
Cenacchi International S.r.l.	-	-	745	(0)	(4,001)
Flexalighting S.r.l.	-	-	(4)	(1)	(401)
Modar S.p.A.	-	-	980	(7)	(5,018)
Axo Light S.r.l.	-	-	-	-	-
Gamma Arredamenti Int. S.p.A.	-	2,047	(297)	(3)	(2,513)
Cubo Design S.r.l.	-	-	-	-	-
Turri S.r.l.	-	16,774	-	-	-
Dexelance UK Ltd.	-	-	-	(41)	-

Dexelance USA Corp.	-	-	-	(75)	-
Total	**-**	**18,821**	**775**	**(155)**	**(17,416)**

	31/12/2024				
Subsidiary	**trade receivables**	**financial receivables**	**receivables/(payables) from tax consolidation**	**debts**	**debts from cash pooling**
Gervasoni S.p.A.	10	-	(357)	(41)	(1,212)
Meridiani S.r.l.	5	-	12	(8)	(518)
Davide Groppi S.r.l.	9	-	56	(28)	(1,334)
Saba Italia S.r.l.	7	-	56	(18)	(1,472)
Cenacchi International S.r.l.	5	-	(75)	(48)	(8,022)
Flexalighting S.r.l.	2	-	159	(14)	(1,502)
Modar S.p.A.	13	-	252	(23)	(5,306)
Axo Light S.r.l.	1	-	-	-	(308)
Gamma Arredamenti Int. S.p.A.	14	2,123	146	(33)	(1,112)
Cubo Design S.r.l.	51	-	(131)	(10)	(948)
Turri S.r.l.	8	5,811	(44)	(14)	(343)
Dexelance UK Ltd.	-	-	-	-	-
Dexelance USA Corp.	-	-	-	-	-
Total	**124**	**7,934**	**75**	**(237)**	**(22,077)**

The amounts in the statement of financial position as at 31 December 2024 with related parties refer to:

- receivables of EUR 124 thousand relating to invoices to be issued at 31 December 2024 for the chargeback of costs associated with the sustainability activities carried out by the Parent Company and relating to the individual subsidiaries;
- financial receivables for EUR 7,934 relating to loans outstanding at the reporting date;
- tax consolidation receivables/payables, the net amount of which at the reporting date is EUR 75 thousand. Please note that the above amounts are classified in the financial statements under current assets and liabilities according to the type of balance with the individual subsidiaries;
- payables of EUR 237 thousand mainly relating to invoices to be received from subsidiaries for interest accrued on cash pooling balances as at 31 December 2024;
- payables for EUR 22,077 thousand relating to the Parent Company's debt positions with respect to subsidiaries participating in the pooling.

In addition to existing relationships with Group companies, the financial statements as at 31 December 2023 and 31 December 2024 include costs and payables to directors, as shown below:

	31/12/2023	
	costs	**debts**
Directors	1,574	(970)
Total	**1,574**	**(970)**

	31/12/2024	
	costs	**debts**
Directors	1,223	(527)
Total	**1,223**	**(527)**

As at 31 December 2024, the amounts refer to:

EUR 1,223 thousand relative to directors' fees, expressed net of payments made by the same to subsidiary companies for EUR 1,667 thousand and costs associated with the performance share plan for directors for EUR 157 thousand;

EUR 527 thousand relating to payables to directors associated with the LTI plan (EUR 228 thousand) and debts for year-end bonuses (EUR 299 thousand).

Events occurring after the end of the financial year

It should be noted that on 3 March 2025, the Company disbursed a loan to Cubo Design S.r.l. in the amount of EUR 6,000 thousand, intended for the early repayment of the loan entered into with the Intesa Sanpaolo / BPM pool in 2023 for the acquisition of Cubo Design S.r.l.

Proposed profit earmarking or loss coverage

On the basis of the information provided, we invite you to approve the financial statements at 31.12.2024 and to allocate the profit of EUR 6,781,870, to the legal reserve in the amount of EUR 339,094 and to profits brought forward in the amount of EUR 6,442,776.

Attestation of the separate financial statements in accordance with Article 154-bis of Italian Legislative Decree No. 58/1998 of 24 February 1998 (Consolidated Finance Act, or TUF), as amended

1. The undersigned, Andrea Sasso, as Chairman and Chief Executive Officer, and Alberto Bortolin, as the Financial Reporting Officer in charge of drawing up the financial accounts of Dexelance S.p.A., attest, also in light of Art. 154-*bis*, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998:

- adequacy in relation to the characteristics of the undertaking; and
- effective application of the administrative and accounting procedures for drawing up the separate financial statements during the period from 1 January to 31 December 2024.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the separate financial statements as at 31 December 2024 was based on a process defined by Dexelance S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

It is also stated that the separate financial statements as at 31 December 2024:

- are drawn up in accordance with applicable international accounting standards recognised in the European Community under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the findings in the accounting books and records;
- are appropriate to provide a true and fair view of the assets, liabilities, economic and financial position of the issuer.

Milan, 11 March 2025

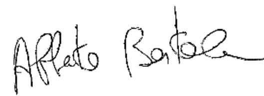
Chairman and Chief Executive Officer

Andrea Sasso

Chief Financial Officer and

Financial Reporting Officer

Alberto Bortolin



Report of the Independent Auditors on the audit of the annual financial statements

Dexelance S.p.A.

Financial statements as at December 31st, 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Viale Appiani, 20/b
31100 Treviso

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Dexelance S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dexelance S.p.A. (the Company), which comprise the statement of financial position as at December 31st, 2024, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31st, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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We identified the following key audit matters:

<table>
<tr><th>Key Audit Matter</th><th>Audit Response</th></tr>
<tr><td>Valuation of recoverability on carrying amount of investments

The balance of investments at December 31st, 2024 amounted to € 94.2 million.
Under the relevant standards, these assets are valued at cost, less any impairment losses, which, if any, are recognized in the income statement.

Management assesses the existence of impairment indicators on investments at least annually, in line with its strategy in managing each separate entity within the group and, if present, such investments are subject to an impairment test.

The processes and methodologies to evaluate and determine the recoverable amount of investments are based on complex assumptions that, due to their nature, imply the use of judgement by management, in particular with reference to the assumptions underlying future cash flow forecasts in the period covered by the business plan, the estimate of the terminal value and the calculation of the long-term growth and discount rates applied to the future cash flow forecasts.

The company employs an independent expert to determine the recoverable value of the investments.

Considering the significance of the asset and the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of investments, we determined that this area represents a key audit matter.

The financial disclosures related to the valuation of investments are included in paragraph "Equity investments in subsidiaries and associate companies" and in note "5 Equity Investments".</td><td>

Our audit procedures in response to this key audit matter included, among others:
• assessment of the process and key controls implemented by the Company in connection with the valuation of investments;
• test of the consistency of the assumptions future cash flow forecasts and the comparison with the data and projections of the relevant markets;
• assessment of the accuracy of cash flow projections as compared to historical results;
• assessment of the long-term growth rates and discount rates.

In performing our analysis, we engaged our experts in valuation techniques, who have independently performed calculation and sensitivity analyses of key assumptions in order to determine any changes in assumptions that could materially impact the valuation of the recoverable amount.

Lastly, we evaluated the appropriateness of the disclosures included in the explanatory notes of the financial statements with the relevant standards and the information and data obtained in the course of carrying out the audit work.</td></tr>
</table>

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Dexelance S.p.A., in the general meeting held on March 17th, 2023, engaged us to perform the audits of the financial statements for each of the years ending December 31st, 2023 to December 31st, 2031.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Dexelance S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements as of December 31st, 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31st, 2024 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31st, 2024 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Dexelance S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Dexelance S.p.A. as at December 31st, 2024, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the financial statements of Dexelance S.p.A. as at December 31st, 2024.

Furthermore, in our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Treviso, March 24th, 2025

EY S.p.A.
Signed by: Mauro Fabbro, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Report of the Board of Statutory Auditors

REPORT OF THE BOARD OF AUDITORS

ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2024

PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE 58/1998 AND ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

Dear Shareholders,

This Report, prepared pursuant to Article 153 of Legislative Decree no. 58/1998 (the "*TUF*"), reports on the activities carried out by the Board of Statutory Auditors (the "*Board*") of Dexelance S.p.A. (hereinafter "Dexelance" or "the Company") in the financial year ended 31 December 2024, in accordance with the provisions of Article 149 of the TUF and Article 2403 of the Italian Civil Code, taking into account the "Rules of Conduct of the Board of Statutory Auditors" recommended by the National Council of Accountants and Auditors, Consob provisions on the "*Board of* Statutory Auditors" and the indications contained in the Corporate Governance Code promoted by Borsa Italiana.

The Board of Statutory Auditors is identified with the '*Internal Control and Audit Committee'*, which is entrusted with further specific control and monitoring functions in the field of financial reporting and auditing, provided for by Article 19 of Legislative Decree No. 39 of 27 January 2010.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 9 May 2023, effective as of 18 May 2023, the date of commencement of trading, in accordance with the applicable legal and regulatory provisions, for three consecutive financial years.

The members of the Board of Statutory Auditors complied with the limit on the accumulation of offices provided for in Article *144-terdecies* of the Regulation on Issuers.

The legal audit assignment, pursuant to the TUF and Legislative Decree No. 39/2010, is carried out by EY S.p.A. (hereinafter 'EY' or the 'Audit Firm'), as resolved by the Shareholders' Meeting of 17 March 2023 for the duration of nine financial years (2023-2031).

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It should be noted that, pursuant to Article 149 of the TUF, the Board of Statutory Auditors supervises:

- on compliance with the law and the statute;
- on compliance with the principles of good administration;

- on the adequacy of the Company's organisational structure for the aspects within its competence, the internal control system and the administrative-accounting system as well as on the reliability of the latter in correctly representing management events;
- on how to concretely implement the corporate governance rules laid down in codes of conduct drawn up by companies managing regulated markets or by trade associations, which the Company, by means of public disclosures, declares that it complies with;
- on the adequacy of the instructions issued by the Company to its subsidiaries pursuant to Article 114(2) of the TUF.

▪ *Supervision of compliance with the law and the articles of association*

The Board of Statutory Auditors acquired the information instrumental to the performance of the supervisory duties assigned to it through participation in the meetings of the Board of Directors and intra-Board committees, hearings of the directors of the Company and the Group, exchanges of information with the Auditing Firm, and through the additional control activities performed.

In particular, the Board of Statutory Auditors, with reference to its activities during the financial year ended 31 December 2024, declares that it has:

- held six (6) meetings in order to acquire information instrumental to the performance of its supervisory tasks;
- attended all the meetings of the Board of Directors, obtaining from the directors, on more than a quarterly basis, adequate information on the general performance of operations and its foreseeable evolution, as well as on the most significant operations, in terms of size and characteristics, carried out by the Company and its subsidiaries;
- attended the Ordinary and Extraordinary Shareholders' Meeting on 22 April 2024;
- acquired the elements of knowledge necessary to carry out the activity of verifying compliance with the law, the articles of association, the principles of proper administration and the adequacy and functioning of the Company's organisational structure, through the acquisition of documents and information from the heads of the functions concerned and through periodic exchanges of information with the Auditing Firm;

- attended, at least through its Chairman or another member, all the meetings of the Control and Risk, Related Party Transactions and Sustainability Committee and met, for the purpose of mutual exchange of information, with the Supervisory Board;
- monitored the functioning and effectiveness of the internal control system and the adequacy of the administrative and accounting system, in particular with regard to the reliability of the latter to represent management events, meeting periodically with the Head of *Internal Audit*;
- promptly exchanged with the heads of the Independent Auditors data and information relevant to the performance of their respective duties pursuant to Article 150, paragraph 3 of the TUF, including through the examination of the results of the work performed and the receipt of the reports provided for by Article 14 of Legislative Decree No. 39/2010 and Article 11 of EU Regulation. 2014/537
- monitored the functionality of the control system of the Group companies and the adequacy of the provisions issued to them, also pursuant to Article 114(2) of the TUF;
- ascertained the conformity of the statutory provisions with the legal and regulatory provisions;
- monitored the concrete implementation of the corporate governance rules adopted by the Company in compliance with the principles and recommendations of the Corporate Governance Code (as set forth in the Corporate Governance Report) promoted by the Corporate Governance Committee of Borsa Italiana S.p.A;
- supervised the conformity of the internal procedure concerning Related Party Transactions with the principles indicated in the Regulation approved by Consob with resolution no. 17221 of 12 March 2010 and subsequent amendments, as well as its compliance, pursuant to Article 4, paragraph 6 of the same Regulation;
- Acquired information, through the exchange of information with the bodies in charge, on the fulfilment of obligations related to the regulations on Market Abuse (Regulation (EU) No 596/2014 - "*MAR*" and subsequent additions), on corporate reporting and *Internal Dealing*, with particular reference to the handling of inside information and the procedures adopted in this regard by the Company;
- met with representatives of the supervisory bodies (board of auditors/single auditor) of the subsidiaries, in order to discuss issues of common importance;
- acknowledged the contents of the Consolidated Half-Year Report, without it being

necessary to make any comments, and ascertained that the said Report had been made public in the manner prescribed by law;

- took note of the contents of the Quarterly Reports, without the need to comment.

In the course of the supervisory activity carried out by the Board of Statutory Auditors in the manner described above, no facts emerged from which to infer non-compliance with the provisions of the law and the articles of association or such as to justify reporting to the Supervisory Authorities or mention in this Report.

- *Supervisory activities on compliance with the principles of sound administration*

Considering the indications provided by CONSOB with Communication DEM/1025564 of 6 April 2001, amended and supplemented with Communication DEM/3021582 of 4 April 2003 and with Communication DEM/6031329 of 7 April 2006, the Board of Statutory Auditors monitored compliance with the principles of proper administration, ensuring that the transactions resolved and implemented by the directors were in compliance with the aforementioned rules and principles, as well as inspired by principles of economic rationality and not manifestly imprudent or risky, in conflict of interest with the Company, in contrast with the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the company's assets.

In this regard, the Board of Statutory Auditors acquired information from the heads of the competent corporate functions in charge, and met with the CEO several times during the year, including at meetings of the Board of Directors and intra-board committees, in order to obtain information on management performance and the internal control system.

During these meetings, the Board noted a regular flow of information from the operational structures and the constant updating by the Board of Directors on the activities carried out by the Company.

The Board considers that the *governance* tools and institutions adopted by the Company represent a valid safeguard for compliance with the principles of proper administration.

I. The most important economic, financial and asset transactions carried out by the Company have been analytically detailed in the Dexelance Group Management Report for the financial year 2024.

   Based on the information provided by the Company and the data acquired in connection with the aforementioned transactions, the Board of Statutory Auditors deems it appropriate to point out the following:

   - on 1 October 2024, the merger by incorporation of the company Nian Design S.r.l. into the parent company Cubo Design S.r.l. was executed, based on the merger plan approved by the Shareholders' Meeting on 7 August 2024;
   - on 15 October 2024, the acquisition by Dexelance S.p.A. of the remaining portion of the share capital of the subsidiary Axo Light S.r.l. (equal to 49%) was finalised in advance; the objective of the transaction is the continuation of the Group's consolidation in the "Lighting" strategic area with a view to greater organisational effectiveness and renewed synergic interaction between the companies belonging to the operating segment.

II. In the course of its audits during the financial year ended 31 December 2024, the Board of Statutory Auditors did not detect any atypical and/or unusual transactions with third parties, Group companies and related parties, as defined by Consob Communication DEM/6064293 of 28 July 2006. The Board of Statutory Auditors acknowledges that the information provided in the Report on Operations and in the explanatory notes to the separate and consolidated financial statements concerning significant events and transactions that do not recur frequently and intra-group transactions and transactions with related parties is adequate.

III. It should be noted that the Company regularly engages in commercial and financial transactions with its subsidiaries, represented by Group companies, which consist of transactions falling within the scope of ordinary activities, concluded at market terms and conditions.

On the whole, the Board of Statutory Auditors assesses the information provided in the ways indicated regarding the aforesaid transactions to be adequate and, on the basis of the data acquired, to appear congruous and in keeping with the company's interest.

- *Supervision of the adequacy of the company's organisational structure, internal control system*

Supervision of the adequacy of the organisational structure of the Company and the Group was carried out through knowledge of the Company's administrative structure and the exchange of data and information with the heads of the various corporate functions, the heads of *Internal Audit*, the Supervisory Board and the Independent Auditors

In the light of the checks carried out, in the absence of any critical issues detected, the organisational structure of the Company appears adequate in view of its purpose, characteristics and size.

With reference to supervising the adequacy and efficiency of the internal control system, also pursuant to Article 19 of Legislative Decree No. 39/2010, the Board met with the *Internal Audit* Function order to assess the implementation of the audit plan and the *risk assessment* process; the Board also held additional meetings with the other corporate functions, also through the participation of at least one of its members in the relevant meetings with the Control and Risk, Related Party Transactions and Sustainability Committee and with the Supervisory Board.

The Board of Statutory Auditors noted that the Company's internal control system is based on a structured and organic set of rules, procedures and organisational structures aimed at preventing or limiting the consequences of unexpected results and at enabling the achievement of strategic and operational objectives (i.e. consistency of activities with objectives, effectiveness and efficiency of activities and safeguarding of corporate assets), compliance with applicable laws and regulations (*compliance*) and correct and transparent internal and market information (*reporting*).

The guidelines of this system are defined by the Board of Directors, with the assistance of the Control and Risk, Related Party Transactions and Sustainability Committee.

The Board of Statutory Auditors, to the extent of its competence, ensured the timely activation of the internal control systems, also in the subsidiaries, where this was necessary or even only appropriate in relation to the circumstances of the case.

Dexelance is equipped with the organisational model provided for by Legislative Decree 231/2001 ("*Model 231*"), of which the Code of Ethics is an integral part, aimed at preventing

the occurrence of criminal offences relevant to the decree and, consequently, the extension of administrative liability to the Company.
The Company's Supervisory Board reported to the Board of Auditors on the activities carried out during the financial year 2024, including the process of updating the Organisational Model, without reporting any critical profiles.
The latest update of Model 231 was approved at the Board of Directors' meeting held on 11 March 2024.
On the basis of the information and evidence gathered, also with the support of the preliminary activity of the Control and Risk, Related Party Transactions and Sustainability Committee, the Board of Directors carried out an overall assessment of the adequacy of the internal control and risk management system for the 2024 financial year, deeming it to be overall suitable to allow, with reasonable certainty, an adequate management of the main risks identified
In the opinion of the Board of Statutory Auditors, in light of the information acquired, the Company's internal control and risk management system appears to be adequate, effective and effectively operational.

- *Supervisory activities concerning the adequacy of the administrative and accounting system and the statutory audit activities*

The Board of Auditors monitored the adequacy and reliability of the administrative-accounting system with respect to the correct representation of management events, obtaining information from the heads of the respective functions, examining company documents and analysing the results of the work carried out by the Independent Auditors.
The Manager in charge of preparing the company's accounting documents was assigned the functions established by law and provided with adequate powers and means to perform the related tasks.
The Board of Statutory Auditors acknowledged the certifications issued by the Chief Executive Officer and the Manager responsible for preparing the company's financial reports, pursuant to Article 154-bis of the TUF, in accordance with Article 81-ter of Consob Regulation no. 11971 of 14 May 1999, on the adequacy of the administrative and accounting system in relation to the characteristics of the company and the effective application of the administrative and

accounting procedures for the preparation of the separate financial statements of Dexelance S.p.A. and the consolidated financial statements of the Dexelance Group.
The Board of Statutory Auditors assessed the company's administrative-accounting system as adequate overall and reliable in correctly representing management events.
The Board of Statutory Auditors notes that on 24 March 2025 the Independent Auditors issued their report pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of EU Reg. No. 2014/537 in which they certified that:

- the Company's separate financial statements and the Group's consolidated financial statements as at 31 December 2024 give a true and fair view of the financial position and financial position, results of operations and cash flows for the year then ended in accordance with IFRS as adopted by the European Union;
- the Report on Operations and the information pursuant to Article 123-bis of the TUF contained in the Report on Corporate Governance and Ownership Structures are consistent with the Company's annual financial statements and the Group's consolidated financial statements and have been prepared in accordance with the law;
- the opinion on the separate and consolidated financial statements expressed in the aforementioned Reports is in line with that indicated in the Supplementary Report prepared pursuant to Article 11 of Regulation (EU) No 2014/537.

The aforesaid Reports of the Independent Auditors do not contain any remarks or statements issued pursuant to Article 14, paragraph 2, letters d) and f) of Legislative Decree No. 39/2010.
The Auditing Firm also verified that the directors prepared the first and second sections of the Report on Remuneration Policy and Remuneration Paid as required by Article 123-ter, paragraph 8-bis of the TUF.
During the periodic meetings held by the Board of Statutory Auditors with the Independent Auditors, pursuant to Article 150, paragraph 3 of the TUF, no issues emerged that need to be highlighted in this Report.
Furthermore, the Board of Auditors did not receive any information from the Auditing Firm on material facts deemed reprehensible in the performance of the statutory audit of the separate and consolidated financial statements.

The separate financial statements as at 31 December 2024 have been prepared in XHTML format in accordance with the provisions of the European Commission's Delegated Regulation (EU) 2019/815 on regulatory technical standards relating to the specification of the European Single Electronic Format (ESEF)

The consolidated financial statements as at 31 December 2024 have been prepared in XHTML format and have been marked in accordance with the provisions of Delegated Regulation (EU) 2019/815.

Certain information contained in the notes to the consolidated financial statements when extracted from the XHTML format in an XBRL instance, due to certain technical limitations, may not be reproduced identically to the corresponding information displayed in the consolidated financial statements in XHTML format.

During the 2024 financial year, the Board did not receive any complaints pursuant to Article 2408 of the Italian Civil Code, or complaints from shareholders or third parties.

During the financial year 2024, based on the Auditor's reports, no further engagements were conferred on it or persons related to it with respect to the audit prohibited pursuant to Article 5 of Regulation (EU) No 537/2014.

Furthermore, the College has:

a) verified and monitored the independence of the Independent Auditors, pursuant to Articles 10, *10-bis*, *10-ter*, *10-quater* and 17 of Legislative Decree No. 39/2010 and Article 6 of Regulation (EU) No 537/2014, ascertaining compliance with the relevant regulatory provisions

b) examined the Transparency Report and the Additional Report prepared by the Independent Auditors in compliance with Regulation (EU) No 537/2014, noting that, on the basis of the information acquired, no critical aspects emerged in relation to the independence of the Independent Auditors;

c) received confirmation in writing that the Audit Firm, up to time of issuing the declaration of independence, has not encountered any situations that could compromise its independence from Dexelance S.p.A. pursuant to the combined provisions of Art. 6, para. 2, letter A) of Regulation (EU) No 537/2014, 10 and 17 of Legislative Decree 39/2010 as well as Articles 4 and 5 of Regulation (EU) No 537/2014.

Finally, the Board of Statutory Auditors exchanged information with the supervisory bodies of the subsidiaries pursuant to Article 151 of the TUF, without any relevant aspects or ascertained circumstances being brought to its attention to be reported in this report.

- *Supervisory activities on the sustainability statement*

Pursuant to Legislative Decree No. 125/2024, the Board of Statutory Auditors monitored the adequacy of the procedures and structure governing the production of the consolidated sustainability report and compliance with the requirements of the law.

The engagement for the audit of sustainability reporting, pursuant to Legislative Decree 39/2010, was assigned for the years 2024-2026 to the auditing firm EY S.p.A. (hereinafter 'EY' or the 'Auditing Firm'), as resolved by the Ordinary Shareholders' Meeting of 21 January 2025. The Board of Statutory Auditors notes that on 24 March 2025 the Independent Auditors issued their Report pursuant to Article 14-bis of Legislative Decree no. 39/2010 for the limited assurance engagement of the consolidated sustainability reporting, in which it certified that, on the basis of the information obtained, the consolidated sustainability reporting of the Dexelance Group for the financial year ending 31 December 2024 has been prepared, in all material respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive (EU) 2013/34/EU (European Sustainability Reporting Standards).

- *Supervisory activities on how corporate governance rules are implemented in practice*

In relation to the provisions of Article 149, paragraph 1, letter c-bis, of the TUF concerning the supervision by the Board of Statutory Auditors '*on the procedures for the concrete implementation of the corporate governance rules laid down in codes of conduct drawn up by management companies of regulated markets or by trade associations, which the company, by means of public disclosures, declares that it complies with*', the Board of Statutory Auditors confirms the following

- the Company has adhered to and applies the Corporate Governance Code;
- Pursuant to the Rules of Conduct for the Board of Statutory Auditors of Listed Companies, the Board of Statutory Auditors, as the Internal Control and Audit

Committee, obtains annual confirmation of its independence from the Auditing Firm (Standard Q.5.3) and monitors the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of certain of its members (Standard Q.3.7). In the latter regard, the Board of Statutory Auditors verified the existence of the independence requirements for the non-executive directors qualified as independent;

- The Company's Board of Directors currently consists of eleven directors, three of whom are independent, plus an Honorary Chairman, and was elected by the Shareholders' Meeting on 9 May 2023 with effect subject to the start of trading, which subsequently occurred on 18 May 2023. Its composition complies with the regulations on gender balance.

  The independent director, lawyer Lea Lidia Lavitola, acts as Lead Independent Director.

  For the purposes of verifying the independence of its directors, the Board of Statutory Auditors carried out the assessments within its competence on 28 February 2025, noting the correct application of the criteria and procedures for ascertaining the independence requirements set forth by law and the Corporate Governance Code and compliance with the requirements for the composition of the administrative body as a whole;
- Lastly, in accordance with the provisions of Rule Q.1.7 "Self-Assessment of the Board of Statutory Auditors" of the Rules of Conduct for the Board of Statutory Auditors of Listed Companies, Recommendation no. 9 of the Corporate Governance Code and the regulations in force, the Board of Statutory Auditors assessed the suitability of the members and the adequate composition of the body, with reference to the requirements of professionalism, competence, honourableness, independence and diversity required by the regulations. The Board of Statutory Auditors acknowledged that each standing member provided the information necessary to carry out the self-assessment of the Board of Statutory Auditors and that, based on the statements made and the analysis carried out by the Board of Statutory Auditors, none of the causes of ineligibility and disqualification provided for by the regulations in force and by the Articles of Association apply to any of them.

The Board of Statutory Auditors also verified that the members of the Board of Statutory Auditors met and maintained the same independence requirements for directors, and informed the Company's Board of Directors at its meeting of 11 March 2025.

Detailed information on the Company's corporate governance system is contained in the Report on Corporate Governance and Ownership Structure for the financial year 2024.

- *Supervision of related party transactions*

Pursuant to Article *2391-bis* of the Civil Code and Consob Resolution No. 17221 of 12 March 2010, as amended, containing the Regulation of Related Party Transactions (hereinafter also referred to as the 'Regulation'), Dexelance has adopted Procedures for Related Party Transactions (the 'Procedures').

During the financial year 2024, based on the information received, there were a number of transactions with related parties, which, to the best of our knowledge, were carried out:

- were carried out in substantial compliance with the Procedures and the Rules;
- are carried out in the interest of the Company, of an ordinary nature and concluded at conditions equivalent to market or *standard* conditions;
- do not include atypical or unusual transactions.

Transactions with related parties are adequately described in the financial statements; in particular, information on transactions with related parties is presented in the specific disclosures in the consolidated and separate financial statements ("Analysis of the Composition of the Main Items in the Statement of Financial Position as at 31 December 2024"), in which the amounts, types and counterparties are reported.

- *Supervisory activities in relations with subsidiaries*

Pursuant to Article 114(2) of the TUF: (i) listed issuers shall issue the necessary instructions for their subsidiaries to provide all the information required to comply with the disclosure obligations provided for by law and by Regulation (EU) No. 596/2014; (ii) the subsidiaries shall promptly transmit the required information.

The Board of Statutory Auditors monitored the adequacy of the provisions issued to the subsidiaries, having ascertained that the Company is able to promptly and regularly comply

with the reporting obligations provided for by law; this is also through the collection of information from the heads of organisational functions, for the purpose of the mutual exchange of relevant data and information. In this regard, there are no particular observations to report.

- *Supervision of the financial reporting process, proposals regarding the annual financial statements and their approval, and matters within the competence of the Board of Auditors*

The Board of Statutory Auditors has verified the existence of rules and procedures underlying the process of preparing and disclosing financial information, and in this regard, the Report on Corporate Governance and Ownership Structure sets out the reference guidelines for the establishment and management of the financial reporting process.

Finally, the Board of Statutory Auditors carried out its own checks on compliance with the provisions of law pertaining to the preparation of the draft separate financial statements and consolidated financial statements of the Group as at 31 December 2024, the respective explanatory notes and the Report on Operations, also making use of the information shared by the department heads and through the information obtained from the Independent Auditors. In particular, the Board of Statutory Auditors, on the basis of the controls carried out and the information provided by the Company, within the limits of its competence pursuant to Article 149 of the TUF, acknowledges that the separate financial statements and the consolidated financial statements of Dexelance S.p.A. as at 31 December 2024 have been prepared in accordance with the legal provisions governing their preparation and layout and the valuation criteria established by the International Financial Reporting Standards and the International Accounting Standards issued by the *International Accounting Standards* Board (IASB) and the related interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC) and adopted by the Commission of the European Community with Regulation No. 1725/2003 and subsequent amendments, in accordance with Regulation No. 1606/2002 of the European Parliament.

The separate and consolidated financial statements are accompanied by the prescribed declarations of conformity signed by the Chief Executive Officer and the Manager Responsible for Financial Reporting.

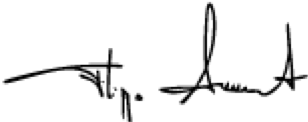
The Board of Directors conducted specific procedures to check (*impairment test*) the recoverable value of the non-current assets shown in the balance sheet items.
If the recoverable amount, defined as the higher of an asset's *fair* value and value in use, is estimated to be less than its carrying amount, the latter is reduced to the lower recoverable amount.
The *business plan* used for the purpose of the impairment test was approved by the Board of Directors on 29 January 2025.
In light of the Impairment Test, the Board of Directors found no significant impairment losses on non-current assets held as at 31 December 2024.
On the basis of the foregoing, in summary of the supervisory activity performed during the year, the Board of Statutory Auditors did not find any specific critical issues, omissions, reprehensible facts or irregularities and has no observations or proposals to make to the Shareholders' Meeting pursuant to Article 153 of the Consolidated Law on Finance, insofar as it is within its competence, not finding any reasons to prevent the approval of the resolution proposals formulated by the Board of Directors to the Shareholders' Meeting.

The Board of Statutory Auditors, therefore, in light of the considerations made and for the aspects within its competence, does not find any reasons to oppose the approval of the Financial Statements as at 31 December 2024 and the proposal for the allocation of the profit for the year formulated by the Board of Directors.

Milan, 24 March 2025

The Board of Auditors

Filippo Annunziata
President



Marzia Nicelli
Statutory Auditor

Fabio Buttignon
Statutory Auditor