

International Design Group

Q1 2023 Results

25 May 2023
15.00 CET (14:00 UK)

Design
Holding

International Design
Group



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This document contains information that prior to its disclosure may have constituted inside information under Regulation (EU) 596/2014 (16 April 2014) on market abuse.

Presenters today



Daniel Lalonde
CEO of Design Holding

**Design
Holding**

B&B Italia | Flos | Louis Poulsen | Fendi Casa | Maxalto
Arclinea | Azucena | Lumens | Menu | by Lassen



Alberto Toni
CFO of Design Holding

**Design
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Q1 2023 Proforma⁽¹⁾ Financial Results

REVENUES⁽²⁾



@ constant currency
+2.3% vs 2022

EBITDA adj⁽³⁾



EBITDA margin 24.7%

EBIT adj⁽³⁾



EBIT margin 18.9%

Cash conversion ⁽⁴⁾

€ 38.4 m

83% on EBITDA adj.

Leverage⁽⁵⁾

4.4x

as of March 31, 2023

(1) Q1 2023 proforma figures, prepared under IFRS Gaap, include Designers Company in both periods, despite the mentioned company was acquired on May 2022.

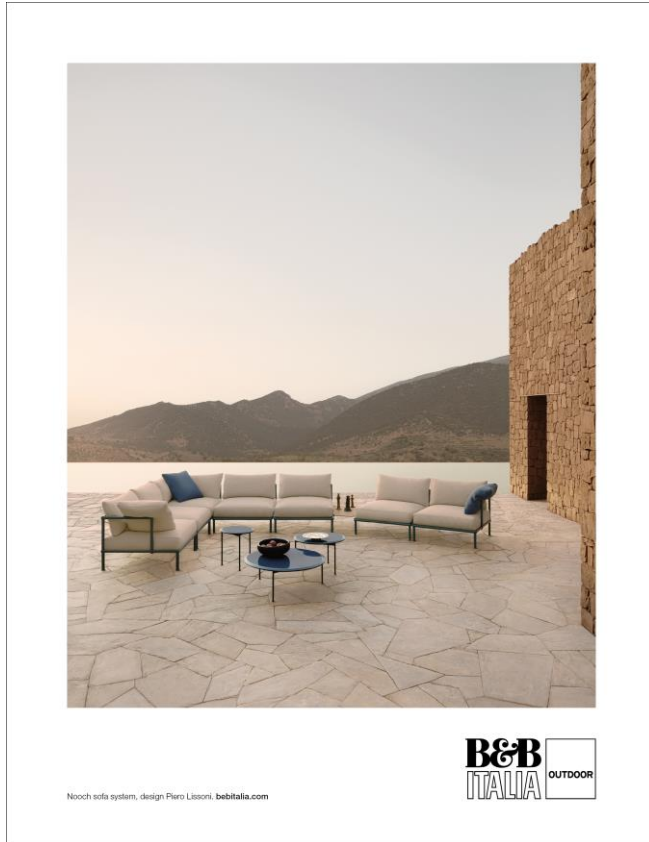
(2) Revenues include only «revenues from contracts with customers»

(3) EBITDA Adjusted and EBIT Adjusted are fully compliant with the application of IFRS 16 (differently from the past when the EBITDA included the leases costs)

(4) Cash conversion: EBITDA adj pre IFRS16 – Capex paid in the period

(5) Leverage: Total net debt on the LTM proforma Adjusted EBITDA. Stable at 4.4x

Enhanced brands desirability through new advertising campaigns and web activations



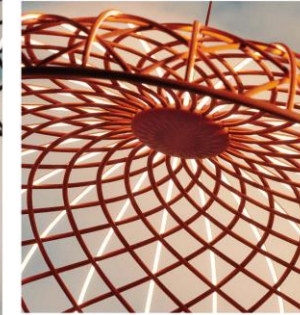
B&B Italia Outdoor Advertising Campaign 2023



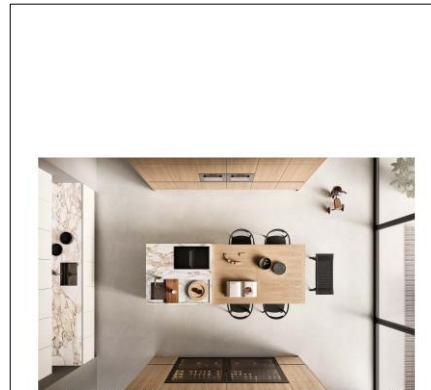
Le Bambole Return - PIN-UP x B&B Italia



Flos:Skynest Advertising campaign 2023



FLOS
Designed
by Marcel Wanders
1992
Nooch



Arclinea

Arclinea Advertising campaign 2023



Louis Poulsen: 21_21 DESIGN SIGHT: "The Original" exhibition, Japan



MENU: The Garden Object Collection launch

2023 NEW MAXALTO COLLECTION

- During Maison et Objet in Paris, Maxalto has presented its new designs 2023 (Arbiter and Lilum sofas, Cleide and Despira chairs, ...) with a new sophisticated lifestyle and consistent retail concept.
- New Managing Director has been appointed to pursue the global expansion strategy of the brand.
- Maxalto monobrand network development: 4 new openings in Q1 (Dublin, Naples in US, Toronto and Shenyang in China)



Accelerate the development of wholesale “Branded spaces” across all geographies and brands



Fendi Casa – Mexico City

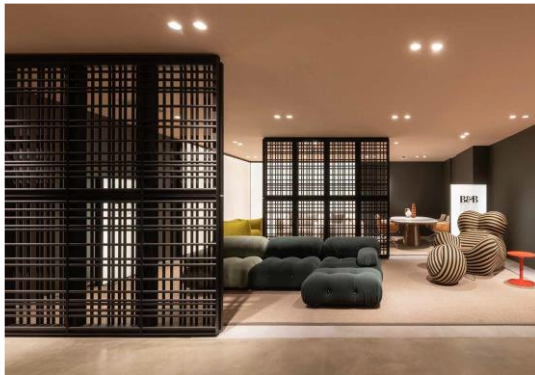


Louis Poulsen – Taichung / Taiwan



B&B Italia – Warsaw/Poland

MONOBRAND



B&B Italia – Seoul/Korea



Flos - Verona/Italy



Flos – Beirut/Lebanon

Shop In Shop (SIS)



New prestigious high-end contract projects both in public spaces and high-end residential segments

THE WHITELEY, London, by Foster + Partners and Finchatton – B&B Italia, Arclinea and Maxalto



Lummus Park, Miami Beach, US – Louis Poulsen



THE RESIDENCES AT 1428 BRICKELL, Miami, by ACPV ARCHITECTS - Arclinea



Dubai Future Foundation HQ, Dubai by T.ZED architects - FLOS





Flos booth @ Euroluca- Rho Fair



B&B Italia @ B&B Italia Design Studio

- 7 different locations. A total exhibition of more than 5.000 sqm
- More than 70 new products and 4 special editions/collabs
- + 90,000 visitors

Salone del Mobile - April 18-23, 2023



Maxalto booth @ Salone del Mobile - Rho Fair



Flos @ Flos professional space



Arclinea @Arclinea Flagship Store



Fendi Casa@Fendi Casa Flagship Store



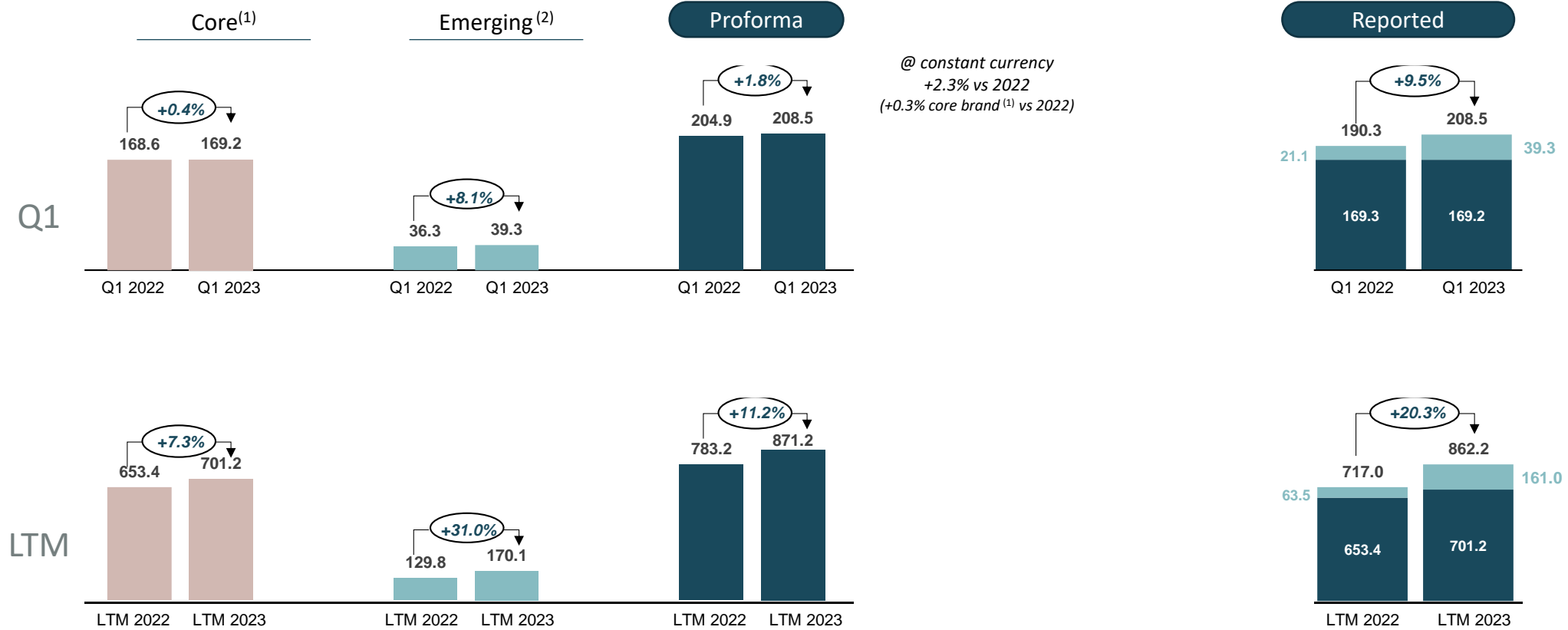
Louis Poulsen @Fendi Casa Flagship Store

Revenues and EBITDA

Revenues: Solid growth in the LTM despite softening market condition in Q1 2023

Revenues Proforma and Reported

EUR \ MLN



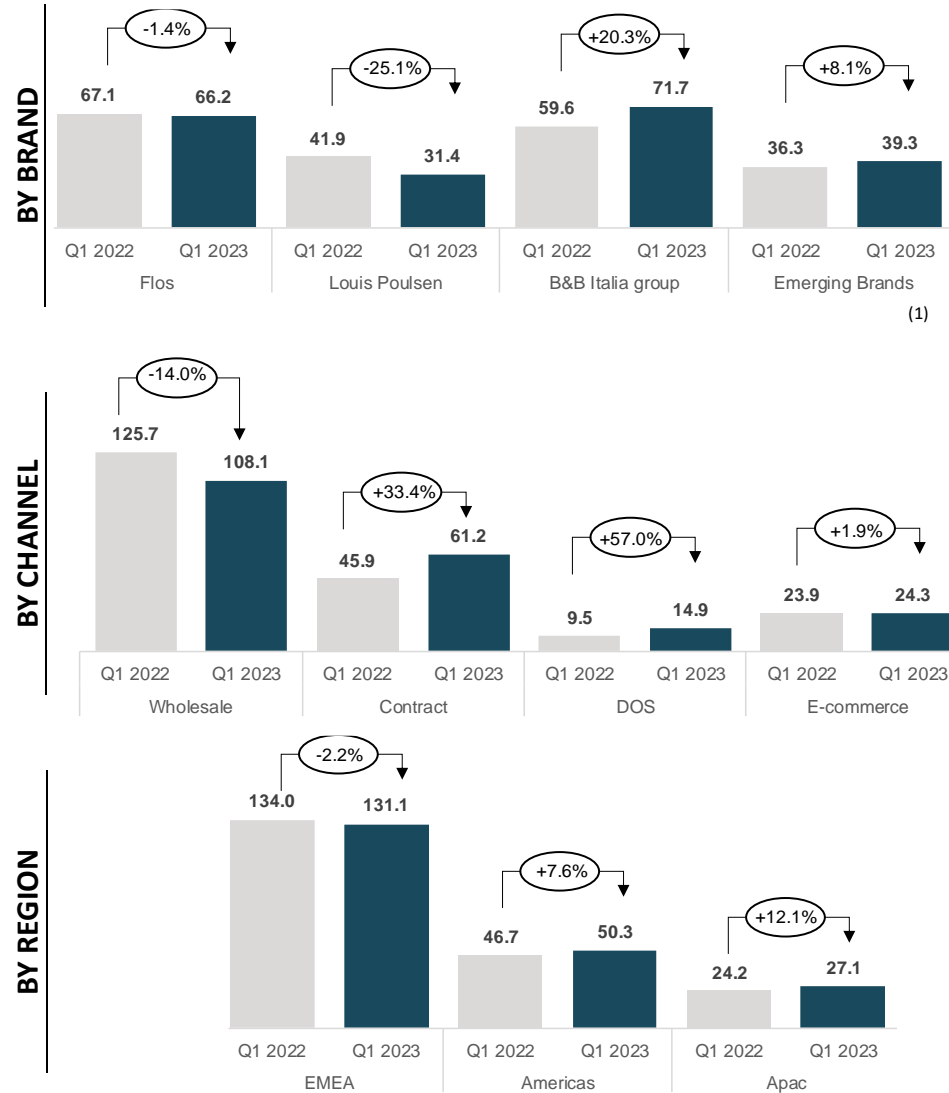
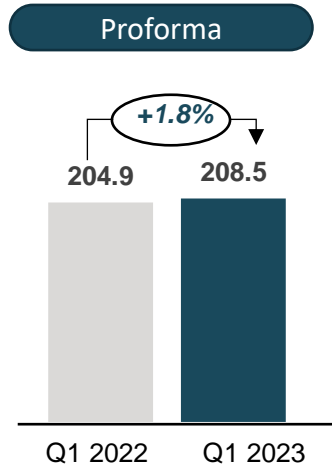
(1) **Core:** Core brand includes FLOS, Louis Poulsen and B&B Italia

(2) **Emerging:** Emerging brand includes LUMENS (with dropship model: when LUMENS sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent), Fendi Casa and Designers Company

Delivery on strategy: Direct to Consumer channel, USA and APAC leading growth

Q1 2023 Proforma Revenues

EUR \ MLN



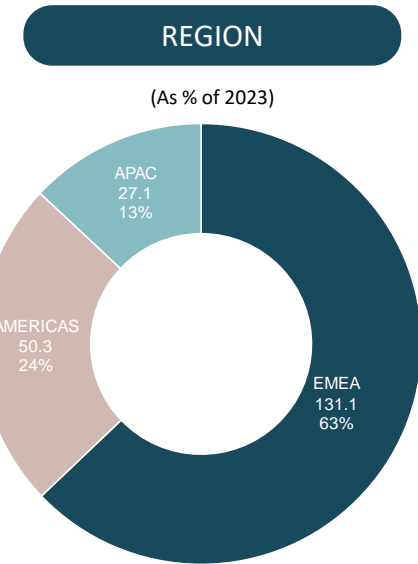
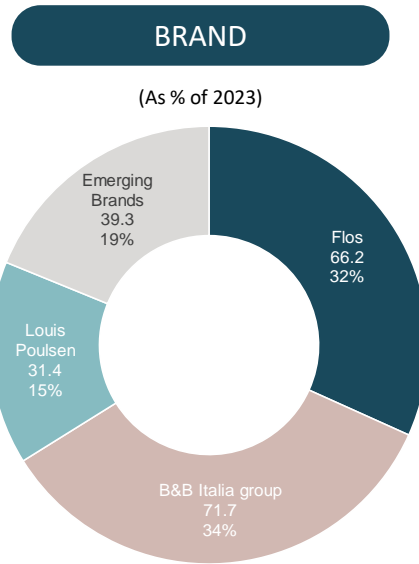
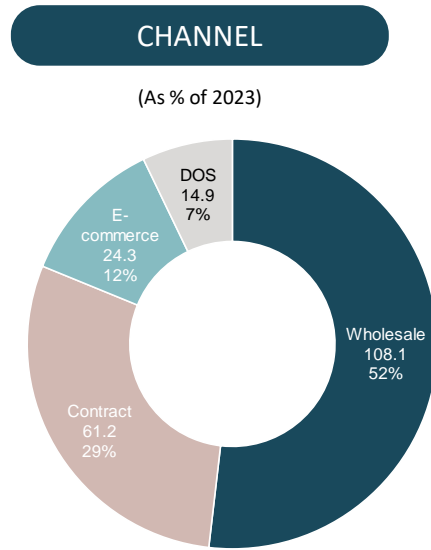
Key Comments

- **By brand:**
 - Strong growth in B&B Italia and emerging brands; FLOS stable and Louis Poulsen is down 25% due to negative macro economics and the low consumer spending and confidence in the Nordics (especially Denmark and Sweden).
- **By channel:**
 - Our distribution strategy is driving a visible acceleration of Direct-to-Customer (Contract, DOS, Ecommerce) and a re-baseline of wholesale channel.
- **By region:**
 - Americas and APAC lead the growth while EMEA is -2.2% down vs LY, impacted by Nordics slowdown. Some key regions like Italy and Middle East are double digit up.

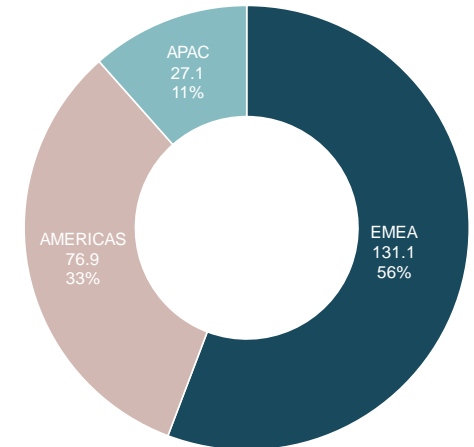
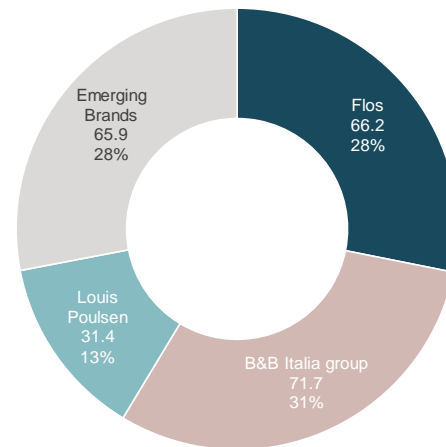
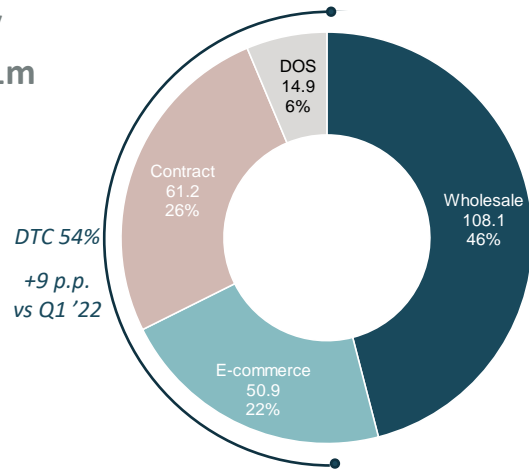
(1) **Emerging Brands** includes Lumens (with dropship model: when Lumens sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent), Fendi Casa and Designers Company.

Mix vs Q1 '2022: Direct To Consumer +9 p.p. Proforma Revenues

PROFORMA
€ 208.5m



GMV
€ 235.1m

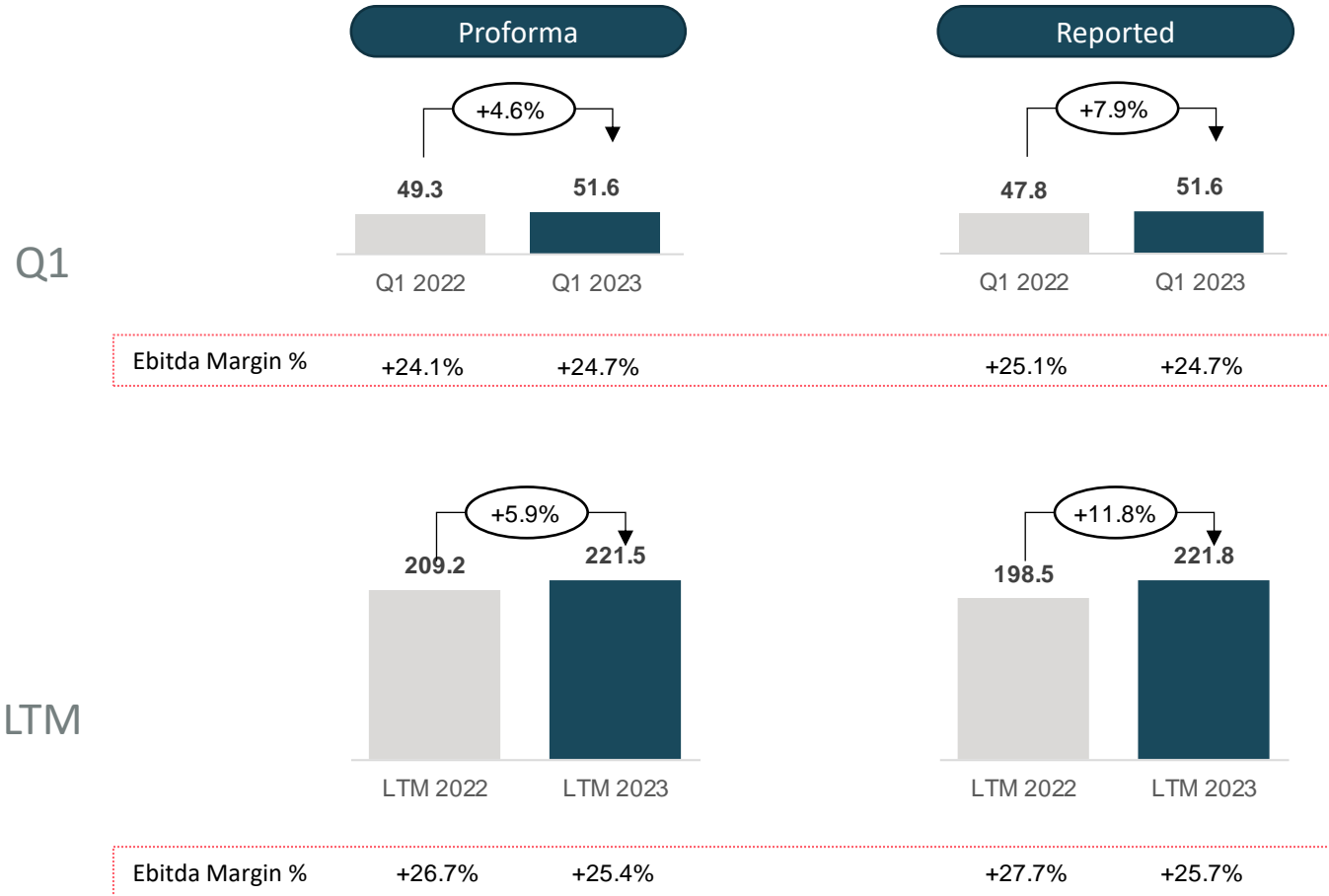


EBITDA growing despite tough market condition

EBITDA ⁽¹⁾ adjusted Proforma and Reported

EUR \ MLN

Ebitda Margin %

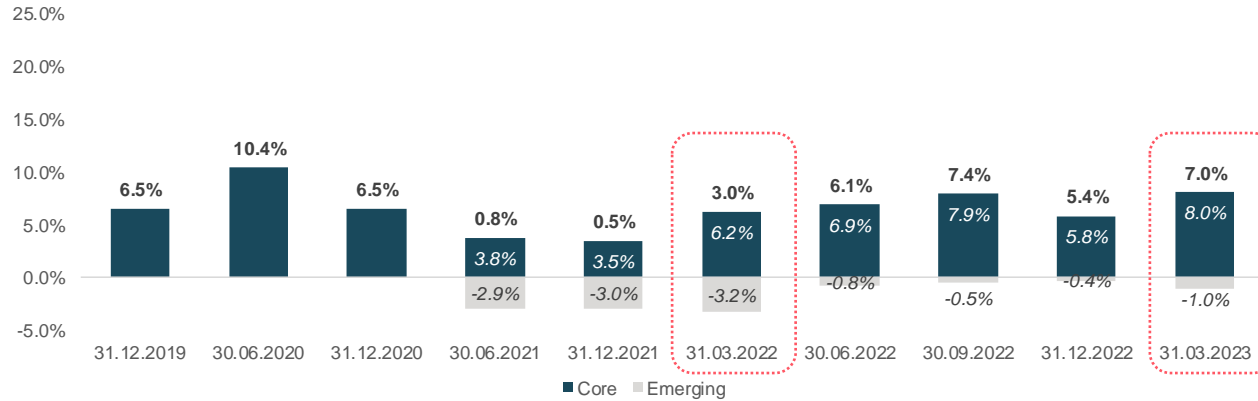


(1) EBITDA Adjusted is fully compliant with the application of IFRS 16 (differently from the past when the EBITDA included the leases costs)

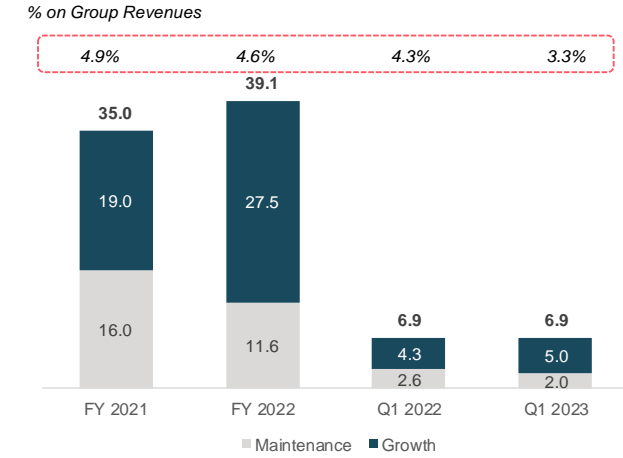
Group working capital and Capital expenditures

EUR \ MLN

Group Working Capital on LTM Sales (reported)



Group Capital Expenditures (reported)



Key Comments

- Group Working capital**

- Working capital absorption was 7% on LTM revenues in Q1 2023. Increase working capital absorption due to inventory and trade payable.

- Group Capital expenditures**

- Capex are 3.3% on sales in Q1 2023, slightly below the historical Group average. The Group is still investing in several physical and digital initiatives behind the growth of direct to customer channels, new DOS opening (whose effects will be more visible in the second part of the year), as well as other investments planned in production, supply chain and logistic.

Source: Company information

Increased operating cash flow

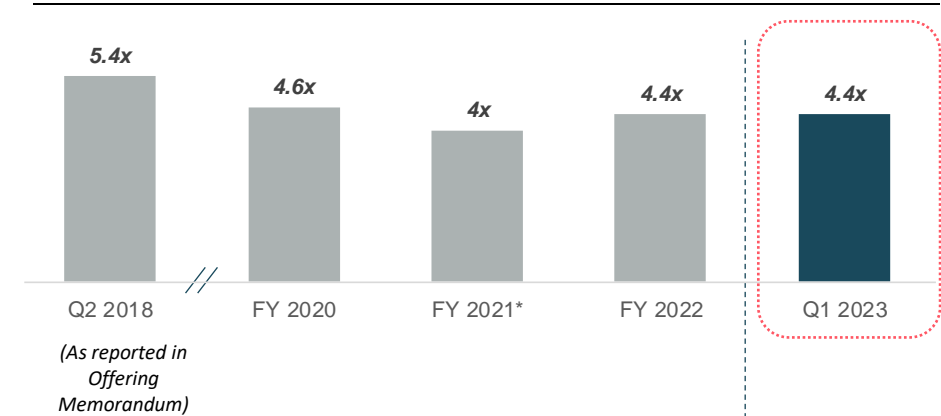
Group cash flow statement and leverage

EUR \ MLN

Group cash flow Statement (reported)

	March 31 2023	March 31 2022
EBITDA adj.	51.6	47.8
Capex payments	(6.7)	(6.9)
Taxes (cash)	(3.0)	(5.4)
Change in net working capital	(14.7)	(19.8)
Change in other assets and liabilities	(9.9)	(3.9)
Operating Cash Flow	17.3	11.7
Financial interest paid	(9.9)	(6.7)
Payment of principal portion of lease liability	(4.8)	(2.7)
Increase/(decrease) in financial payables	(9.4)	(1.6)
Non recurring expenses, net	(5.7)	(3.0)
Cash flow from financing activities	(29.8)	(14.0)
Net change in cash	(12.5)	(2.3)

Leverage



The main part of the **financial interest paid** is related to the payment made in February 2023 for the floating bond (Eur 7m.). Are also included here the interest expenses on lease liabilities (1.4m.), as well as the interest on other loans, like the RCF.

Key Comments

- **Operating Cash flow:** Eur 17.3m in Q1 2023 represents 33.5% on Adj. EBITDA and is higher than Q1 2022 (Euro 11.7m, 24.5% on Q1 2022 Adj EBITDA), benefitting from lower taxes and a lower absorption of working capital.
- **Net change in Cash flow:** Euro -12.5 m, lower vs Euro -2.3m of Q1 2022. On January 2023 the Group paid the first deferred price of the Designers Company acquisition (Euro 39 m). At the same time the Group made a drawdown of the existing RCF (revolving credit facility) in order to optimize cash management operations in all the brands of the group. Net effect is a consumption of Euro 9.4m. Finally the Group paid higher interests on the floating bond (Euribor 3months approx. 3% in the period, while it was negative in Q1 2022) and higher payments for the lease liability due to DTC expansion plan.
- **Leverage:** Total net debt on the LTM proforma Adjusted EBITDA. Flat at 4.4x compared to December 31, 2022.

Source: Company information



Q&A

APPENDIX

Profit and Loss (reported) and Net financial position

EUR \ MLN

Revenues for the 3 months 2023 include:
 - Eur 208.5m as revenues from contracts with customers
 - Eur 0.4m. as other revenues and income

Profit and Loss reported

Profit and loss	Q1 2023	Q1 2022
Revenues	208.9	190.9
Operating expenses	(157.3)	(143.1)
Non-recurring costs and revenues	(5.7)	(3.0)
EBITDA reported	45.9	44.8
D&A of tang. and Intang. & RoU Depr.	(12.3)	(10.1)
Operating Result - EBIT reported	33.6	34.7
Financial income / Charges	(18.1)	(13.8)
Taxation	(5.2)	(7.7)
Net income / (loss) for the period	10.3	13.3

Reconciliation: Ebitda reported vs. Ebitda Adj

Profit and loss	Q1 2023	Q1 2022
EBITDA reported	45.9	44.8
Non-recurring income and charges	5.7	3.0
EBITDA	51.6	47.8
D&A of tang. and Intang. & RoU Depr.	(12.3)	(10.1)
Operating result - EBIT	39.3	37.7

For Q1 2023 the **non recurring costs and revenues** are detailed as follows:

- Management fees and other to DH: 2.3m.
- Group compliance enhancement project: 0.5m.
- Severance, termination and recruiting one-off: 1.4m.
- Start-up and rump-up costs (DOS opening and new business): 0.6m.
- Reversal of PPA on inventory: 0.6m.
- Other 0.2m.
- Rebranding Designers Company: 0.1 m.

On January 2023 the Group paid the **first deferred price** related to the acquisition of the **Designers Company** (made in May 2022).

Net Financial Position (NFP)

Net Financial Position	March 31 2023	December 31 2022
Cash and cash equivalents	(75.8)	(88.3)
Senior Secured Notes	870.0	870.0
RCF and Short-Term loan	63.0	33.4
Deferred Price on acquisition - short term	1.3	40.7
Deferred Price on acquisition - long term	18.1	18.1
Current and non-current lease liabilities	89.5	91.1
Total net debt	966.2	965.0
<i>EBITDA LTM</i>	221.5	219.3
Leverage	4.4x	4.4x

Leverage: Total net debt on the LTM proforma Adjusted EBITDA

Differently from the financial statements report this NFP does not include:
 accrued interests on loans and the amortized costs.

IFRS Consolidated Statement of Financial Position

Q1 2023 Results

EUR \ MLN

Assets

	March 31 2023	December 31 2022
Cash and Short-Term deposits	75,782	88,328
Trade Receivable	84,141	86,961
Inventories	166,565	160,605
Tax current asset	17,726	14,245
Other current assets	17,383	13,088
Current Assets	361,597	363,227
Goodwill	1,309,378	1,312,315
Brands and other intangible assets	668,829	669,853
Property, plant and equipment	116,144	117,638
Right-of-use assets	79,479	81,683
Investments in joint ventures and associates	40,609	40,528
Deferred tax assets	30,711	28,496
Other non-current assets	9,114	11,667
Non-Current Assets	2,254,266	2,262,181
Assets held for disposal	2,011	2,011
Total Assets	2,617,874	2,627,419

- **Cash and Short-term deposits** decreased vs Dec 31, 2022 as a consequence of the cash out of the first deferred price for the acquisition of Designers Company, net of the positive inflow from the new RCF.
- **Goodwill:** No additional goodwill has been allocated in the period. The changes compared to December 31, 2022 are only related to the exchange rates: for the purposes of the PPA the goodwill on Louis Poulsen, Designers Company and Lumens (YDesign Group) were recognized in their local currency and this implies that goodwill fluctuates based on exchange rates with Euro.

Liabilities and Equity

	March 31 2023	December 31 2022
Share capital	5,102	5,102
Share premium reserve and other reserves	1,106,694	1,065,953
Profit/(loss) of the period	10,663	48,860
Group Shareholders' Equity	1,122,459	1,119,916
Minority shareholders' equity	3,677	4,109
Profit/(loss) of the period attributable to minority interests	(356)	(1,043)
Equity attributable to non-controlling interests	3,321	3,066
Total Equity	1,125,781	1,122,982
Current financial liabilities	73,814	76,417
Current lease liabilities	15,022	14,759
Trade payables	138,674	145,322
Advance from Customers	51,102	55,310
Current Tax liabilities	26,714	19,951
Other Current Liabilities	42,268	44,913
Current Liabilities	347,594	356,671
Non-current financial liabilities	878,767	877,655
Non-current lease liabilities	74,527	76,302
Defined benefit plans	6,973	7,030
Provisions for risks and charges	12,727	13,326
Deferred tax liabilities	166,693	167,553
Other non-current liabilities	4,812	5,900
Non-Current Liabilities	1,144,500	1,147,766
Total Liabilities	1,492,093	1,504,437
Liabilities and Shareholders' Equity	2,617,874	2,627,419

Source: Company information

Note: these numbers are fully compliant with IFRS, so they also report IFRS16