

**INTERNATIONAL DESIGN GROUP S.P.A. WITH A SOLE
SHAREHOLDER**

Company subject to the direction and coordination of Design Holding S.p.A.
Registered Office: Via Manzoni 38 – 20121 Milan (MI), Italy
Registered in the Milan Company Register - Taxpayer ID and registration no. 10462810960

Quarterly Report

Q1 2022

(Unaudited)

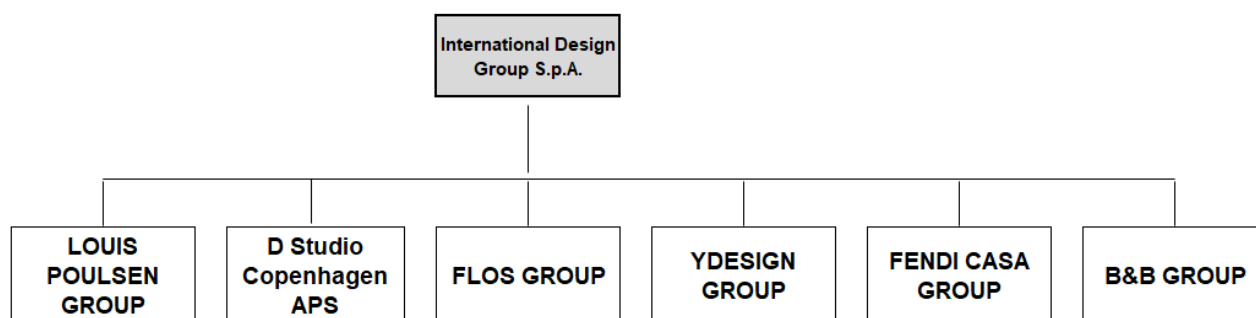
FINANCIAL REVIEW

The following unaudited Consolidated Financial Statement of International Design Group S.p.A. (hereinafter also “IDG” or the “Group”) has been prepared for illustrative purposes to provide investors with an update on the Group’s results as of March 31, 2022.

Basis of Preparation

The Unaudited Consolidated Financial statement should be read together with the Annual report 2021, where the consolidation principles have been reported in detail. The Unaudited Consolidated Financial statement includes results of the following consolidated sub Groups:

GROUP STRUCTURE



Companies of each sub-Group are detailed in the last Annual Report 2021 and unchanged at the date of this reporting (no new entities in the perimeter and unchanged Ownerships %).

Accounting standards

The quarterly Group’s Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The Consolidated Financial Statements were prepared according to the historical cost convention, except for the recognition of derivative financial instruments and of other financial assets, which are recognized at fair value. The carrying amount of the assets and liabilities subjected to fair value hedging and that would otherwise be recognized at the amortized cost, is adjusted to take into account variations in the fair value attributable to the hedged risks.

The unaudited Consolidated Financial Statements are presented in Euro currency and all values, if not differently indicated, are expressed in thousands of Euro.

The Group has prepared the financial statements on a going concern basis.

Comparative figures as of March 31, 2021 are prepared on the basis of the historical financial information.

Some “non-IFRS measures”, explained in the next paragraph, are also used within the Financial Review in order to represent some economic and financial aspects of the period from a management perspective

NON IFRS MEASURES AND RATIOS

The Group uses certain financial measures (“non-IFRS measures”) to assess its business performance and to help readers understand and analyze the results of its operations and its financial position. Although they are used by the Group’s management, such measures are not universally or legally defined and are not regulated by the IFRS adopted to prepare these Consolidated Financial Statements.

Other companies operating in the same business sector might use the same measures, but with different calculation criteria. For this reason, non-IFRS measures should always be read in conjunction with the related notes, and may not be directly comparable with those used by other companies.

The main non-IFRS measures used in this document are below reported:

ORGANIC: the term “organic” it refers to the Group of companies (FLOS, Louis Poulsen and B&B Italia) that contributed to the Consolidation results for 12 months both in the current period and in the comparison.

YDesign Group and Fendi Casa are the companies that entered in the Groups' perimeter during 2021 and their result impact the comparison versus the previous period.

NON-RECURRING COSTS AND REVENUES: positive or negative components connected to transactions whose occurrence is non-recurring or from those transactions or events that do not occur frequently in the usual course of business.

OPERATING RESULT - EBIT: Earnings before Interests and Taxation, defined as the difference between revenues from sales and services and operating costs, including amortization, depreciation and impairment of tangible/Intangible assets and right of use assets.

OPERATING RESULT – ADJUSTED EBIT: Operating result (EBIT) as previously defined, adjusted to excludes the non-recurring costs and revenues.

EBITDA: Earnings before interests, taxation, depreciation and impairments. It can also be defined as the operating result (EBIT, as previously defined) excluding the effects of amortization, depreciation and impairment of tangible/Intangible assets and right of use assets.

Adjusted EBITDA: EBITDA as previously defined, adjusted to exclude the non-recurring costs and revenues..

Adjusted EBITDA, excluding the application of IFRS 16: Adjusted EBITDA as previously defined, but inclusive of lease charges, calculated as the sum of the depreciation of the right-of-use assets and interests on lease payables (IFRS16).

Net financial deficit/(surplus): Short-term and long-term financial payables due to third parties and related parties, net of cash and cash equivalents and short-term and long-term financial receivables due from third parties and related parties.

Net Cash flows from Operating: cash generated by the Group in normal business operations. It is calculated through the indirect method that begins from the net profit/(loss) of the period, adding back non-cash items to obtain the change in cash of the period.

Key financials and ratios

The following are certain ratios for presenting the performance of the Group:

	March 31 2022	March 31 2021
NET REVENUES	190.950	145.238
<i>of which YDesign Group</i>	<i>21.093</i>	
ADJUSTED EBITDA	47.787	40.183
<i>of which YDesign Group</i>	<i>2.463</i>	
OPERATING RESULT - ADJUSTED EBIT	37.666	32.022
NET INCOME	13.254	8.555
	March 31 2022	December 31 2021
NET OPERATING WORKING CAPITAL	21.806	3.348
NET INVESTED CAPITAL	2.077.051	2.044.154
NET FINANCIAL DEFICIT	(801.909)	(786.915)
GROUP SHAREHOLDERS EQUITY	1.076.573	1.059.293

Consolidated statement of Profit or Loss

The following table summarizes the reclassified Group's Income statement, compared with the same period of last year and with a separate indication of non-recurring costs and revenues.

<u>Reclassified Income Statement of the Group</u>	March 31 2022	March 31 2021
Revenues from contracts with customers	190.345	144.337
Other revenues and income	590	900
Total Revenues	190.935	145.238
Purchases of raw material and variation in inventories	(49.455)	(39.895)
Personell costs	(37.668)	(29.864)
Service costs	(52.273)	(33.701)
Provisions	(188)	(541)
Other costs and charges	(3.564)	(1.053)
Total costs	(143.148)	(105.054)
ADJUSTED EBITDA	47.787	40.184
Non-recurring costs and revenues	(2.981)	(4.500)
EBITDA	44.806	35.684
Depreciation, amortization and impairment on tangible and intangible fixed assets	(7.103)	(5.558)
Depreciation and write-downs of the Right of Use assets	(3.018)	(2.604)
Amortization, depreciation and impairment	(10.121)	(8.161)
Operating Result - EBIT	34.685	27.522
Net profit of discontinued operations	-	-
Financial income	2.172	1.181
Financial charges	(15.949)	(14.191)
Income / (loss) before taxation	20.908	14.512
Taxation	(7.654)	(5.957)
Net income / (loss) for the period	13.254	8.555

Below is reported the reconciliation between the EBITDA and the ADJUSTED EBITDA and between EBIT and the ADJUSTED EBIT:

	March 31 2022	March 31 2021
EBITDA (Reported)	44.806	35.683
Non-recurring income and charges	2.981	4.500
<i>Management fees DH</i>	2.156	2.800
<i>Other non recurring</i>	824	1.700
Adjusted EBITDA	47.787	40.183
IFRS16	(4.065)	(3.501)
Depreciation of right of Right of Use assets	(3.018)	(2.604)
Interest Expense on lease Liabilities	(1.047)	(897)
Adjusted EBITDA, excluding the application of IFRS 16	43.722	36.683

	March 31 2022	March 31 2021
Operating result - EBIT (Reported)	34.685	27.522
Non-recurring income and charges	2.981	4.500
Operating result - ADJUSTED EBIT	37.666	32.022
IFRS16 - Interest expense on lease Liabilities	(1.047)	(897)
Adjusted EBIT, excluding the application of IFRS 16	36.619	31.125

Highlights, business outlook and events occurred after the reporting period

The Group has started the new year with positive performance, despite the unfavorable macroeconomic condition following the conflict between Russia and Ukraine, countries to which the Group is not particularly exposed, both in terms of turnover and in terms of fixed costs in the regions (negligible).

Below is the table of the revenues from contracts with customers by Brand, Geographic Area and sales channels:

	Marzo 31 2022	Inc % on sales	Marzo 31 2021	Inc % on sales	Change	Change %
Revenues by brand						
FLOS	67,128	35.3%	55,876	38.7%	11,252	20.1%
B&B Italia	59,598	31.3%	51,587	35.7%	8,011	15.5%
Louis Poulsen	41,855	22.0%	36,874	25.5%	4,981	13.5%
YDesign Group	21,066	11.1%	-	0.0%	21,066	
Fendi Casa	698	0.4%	-	0.0%	698	
Total	190,345	100%	144,337	100%	46,008	31.9%
<i>organic (FLOS, Louis Poulsen and B&B)</i>	<i>168,581</i>		<i>144,337</i>		<i>24,244</i>	<i>16.8%</i>

	Marzo 31 2022	Inc % on sales	Marzo 31 2021	Inc % on sales	Change	Change %
Revenues by geographical area						
EMEA	123,471	64.9%	108,480	75.2%	14,991	13.8%
AMERICAS	43,541	22.9%	18,341	12.7%	25,200	137.4%
APAC	23,333	12.3%	17,516	12.1%	5,817	33.2%
Total	190,345	100%	144,337	100%	46,008	31.9%
<i>organic AMERICA</i>	<i>22,474</i>		<i>18,341</i>		<i>4,134</i>	<i>22.5%</i>

	Marzo 31 2022	Inc % on sales	Marzo 31 2021	Inc % on sales	Change	Change %
Revenues by channel						
Wholesale	114,490	60.1%	103,050	71.4%	11,440	11.1%
Contract	43,227	22.7%	31,899	22.1%	11,328	35.5%
DOS - Directed Operated Stores	9,477	5.0%	8,336	5.8%	1,140	13.7%
E-commerce	23,152	12.2%	1,051	0.7%	22,101	2102.5%
Total	190,345	100%	144,337	100%	46,009	31.9%
<i>organic E-commerce</i>	<i>2,085</i>		<i>1,051</i>		<i>1,034</i>	<i>98.4%</i>

	Marzo 31 2022	Inc % on sales	Marzo 31 2021	Inc % on sales	Change	Change %
Revenues by Type of goods service						
Lighting	130,049	68.3%	92,750	64.3%	37,299	40.2%
Furniture	60,296	31.7%	51,587	35.7%	8,709	16.9%
Total	190,345	100%	144,337	100%	46,008	31.9%
<i>organic Lighting</i>	<i>108,982</i>		<i>92,750</i>		<i>16,232</i>	<i>17.5%</i>

Group net sales in the first quarter of 2022 amounted to Euro 190 million, reporting a growth of 32% towards the same period of 2021 (organic growth +17%), while the progress versus the pre-pandemic period (Q1 2019) is higher (+52% reported, +35% organic excluding YDesign contribution in Q1 2022).

The growth is solid on all Group's brands, that are reporting double-digit progress compared to 2021. Fendi Casa, whose license agreement was signed in 2021, has started reporting sales in the period (Euro 0.7 million in the three months of 2022), but the main sales' contribution to the Group's results will be more visible in the second half of the year.

In terms of geographical area, the results are positive for EMEA, APAC and AMERICA. The latter shows a reported growth of 137% due to the consolidation of YDesign from June 2021, included in the current period, but not present in the first quarter of 2021. The organic growth in AMERICA, therefore without considering the contribution of YDesign in the first quarter 2022, would have been in any case positive (+22%). The EMEA reports growth of 14%, with significant progress in Italy (+35%), while the Nordics report a mid single digit growth. Also APAC performances are consistent, reporting a +33% vs Q1 2021, driven by the positive results in China (+36%).

From a channel point of view the wholesale, which represents the main channel of the Group (60% of total sales), is growing 11% vs 2021 (the Q1 2021 was restated in order to better report the business projects of the Contract channel). Directly Operated Stores is up by 14% vs. Q1 2021 confirming the good performance

of 2021. E-commerce is benefitting from the contribution of YDesign only in the current period, reporting sales of Euro 23.2 million, when in the comparative period the contribution to the Group's sales was Euro 1.1 million (YDesign in Q1 2021 was not yet part of the consolidated perimeter). As of March 31, 2022, the incidence of the E-commerce channel represents 12% of total sales.

From the point of view of commercial initiatives, the Group from January 1st, 2022 started the prestigious partnership with Fendi, marking the debut of the new Fendi Casa collection. In April 2022 the first DOS was inaugurated in Milan, representing the starting point of a series of initiatives aimed at enhancing the already high level of Brands' recognition. The new Fendi Casa collection reflects and amplifies the distinctive codes of the Maison. Silvia Venturini, Fendi's Artistic Director, sought out some of the most visionary talents of our time to reinterpret the very essence of the Maison, transforming it into highly innovative furnishings. Each creation contains traces of a heritage that has always blended fashion, architecture, craftsmanship and design. In the new Fendi Casa line, beauty finds its purpose in objects of the highest craftsmanship, with an elegant, light, classic, but above all innovative style.

After March 31, 2022, the Group completed the acquisition of 100% of Designers Company ("DC"), a Danish group that will be consolidated from May 24, 2022 (acquisition date). DC has a strong presence in the North European and US design market, with a wide range of products including furniture, lighting and accessories. With an iconic portfolio of historic designs, along with diversified contemporary products, Designers Company serves a broad customer base, including the younger generation. Designers Company was formed with the acquisition of Menu, a Copenhagen-based company founded in 1978, which produces a wide range of furniture, accessories and lighting products, before developing a historic collection through the acquisition of the design company by Lassen. In addition to these brands, the Company holds all rights to a unique product portfolio created by Danish designers Mogens Lassen and Flemming Lassen, as well as Ib Kofod-Larsen.

As already reported in the 2021 Annual Report, the management continues to closely monitor the evolution of the macroeconomic scenario, in order to minimize potential losses for the Group, but at the same time continuing to invest in high-value initiatives capable of generating a solid growth in the medium-long term period. Furthermore, the Company, together with its controlling shareholder, is currently contemplating potential strategic alternatives to support its growth, including transactions in the capital market space over the medium term.

Net invested Capital

The following table summarizes the balance sheet results of the Group according to the balance sheet reclassified scheme:

<u>Net Invested Capital</u>	Notes	March 31 2022	December 31 2021
Goodwill		1.178.515	1.176.064
Other intangible fixed assets		650.038	647.783
Property, plant and machinery		113.638	114.645
Right of use assets		70.216	63.509
Net Technical Fixed Assets	1)	2.012.407	2.002.000
Deferred tax assets		20.707	20.594
Investments in parent company		39.226	39.226
Other non-current assets		12.228	8.768
Net Financial Fixed Assets	2)	72.160	68.588
Total non current assets	3) = (1+2)	2.084.567	2.070.588
Trade Receivable		76.072	68.298
Inventories		140.829	122.215
Trade Payables and advance from customers		(195.095)	(187.166)
Net operating working capital	4)	21.806	3.348
Other current assets (excluding items of financial position)		37.980	28.209
Other current liabilities (excluding items of financial position)		(67.302)	(57.990)
Total other current assets/liabilites	5)	(29.323)	(29.781)
Operating Working Capital	6) = (4+5)	(7.517)	(26.434)
Net Invested Capital	7) = (3+6)	2.077.051	2.044.154
Total Shareholders equity	8)	(1.080.471)	(1.063.418)
Total non-current liabilities (excluding items of financial position)	9)	(194.670)	(193.821)
Cash and cash equivalents		142.254	144.524
Current and non-current financial liabilities		(867.470)	(861.809)
Current and non-current lease liabilities		(76.693)	(69.630)
Total Net Financial deficit	10)	(801.909)	(786.915)
Total Medium/Long Term Finance Sources	11) = (8+9+10)	(2.077.051)	(2.044.154)

Net Financial Position

	March 31 2022	December 31 2021
Cash and short term deposit	(142.254)	(144.524)
Short-Term bank loan	18	1.163
Other Current financial liabilities	1.854	2.005
Current financial liabilities	1.871	3.179
Long-Term Bond	870.000	870.000
Long-Term bank loan	1.781	2.090
Long-Term payables to other lenders	0	0
Interest on financial liabilities	12.158	5.840
Ammortized costs	(18.340)	(19.289)
Non-current financial liabilities	865.598	858.640
Net financial deficit, excluding lease liabilities	725.216	717.295
Current lease liabilities	11.148	10.183
Non Current lease liabilities	65.545	59.447
Total lease liabilities	76.693	69.630
Net financial deficit	801.909	786.925

Net financial deficit at March 31, 2022 increased of Euro 15 million compared to December 31, 2021, basically for the interest accrued on bonds, whose significant charges are paid in May (expected cash out of some Euro 18 million in May 2022) and the increase in lease Liabilities for new lease contracts of the period, especially in AMERICA.

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**Consolidated
Financial Statements**
March 31, 2022
(unaudited)

Consolidated Statement of Financial Position

Amounts in thousand Euro	Notes	March 31 2022	December 31 2021
Current Assets			
Cash and short-term deposits	4	142.254	144.524
Trade receivables	5	76.072	68.298
Inventories	6	140.829	122.215
Tax current assets	7	20.590	11.656
Other current assets	8	15.378	14.542
TOTAL CURRENT ASSETS		395.123	361.234
Non-Current Assets			
Goodwill	9	1.178.515	1.176.064
Brands and other intangible assets	10	650.038	647.783
Property, plant and equipment	11	113.638	114.645
Right-of-use assets	12	70.216	63.509
Investments in parent company	13	39.226	39.226
Deferred tax assets	14	20.707	20.594
Other non-current assets	15	12.228	8.768
TOTAL NON-CURRENT ASSETS		2.084.567	2.070.588
Assets held for disposal	16	2.011	2.011
TOTAL ASSETS		2.481.702	2.433.834
Total Shareholders Equity			
Share capital		5.102	5.102
Share premium reserve and other reserves		1.058.036	1.023.575
Profit/(loss) of the period		13.435	30.616
GROUP SHAREHOLDERS' EQUITY	17	1.076.573	1.059.293
Minority shareholders' equity		4.079	3.821
Profit/(loss) of the period attributable to minority interests		(181)	304
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		3.898	4.125
TOTAL SHAREHOLDERS' EQUITY	17	1.080.471	1.063.418
Current Liabilities			
Current financial liabilities	18	1.871	3.169
Current lease liabilities	12	11.148	10.183
Trade payables	19	139.816	143.506
Advances from customers	19	55.279	43.660
Current Tax liabilities	20	31.836	22.188
Other current liabilities	21	35.466	35.802
TOTAL CURRENT LIABILITIES		275.417	258.508
Non Current Liabilities			
Non-current financial liabilities	18	865.598	858.640
Non-current lease liabilities	12	65.545	59.447
Defined benefit plans	22	7.592	7.601
Provisions for risks and charges	23	12.605	12.321
Deferred tax liabilities	24	174.397	173.734
Other non-current liabilities	25	77	166
TOTAL NON-CURRENT LIABILITIES		1.125.814	1.111.908
TOTAL LIABILITIES		1.401.231	1.370.416
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			
		2.481.702	2.433.834
Net Current Assets		119.706	102.727
Total Assets less current Liabilities		2.206.285	2.175.326

Consolidated statement of profit or Loss of the period

Amounts in thousands of Euro	Notes	March 31 2022	March 31 2021
Revenues from contracts with customers		190.345	144.337
Other revenues and income		605	900
Total Revenues	26	190.950	145.238
Purchases of raw materials and changes in inventories	27	(49.467)	(39.895)
Personnel costs	28	(37.722)	(29.964)
Service costs	29	(54.986)	(36.501)
Provisions	30	(313)	(741)
Other costs and charges	31	(3.656)	(2.453)
Amortization, depreciation and impairment	32	(10.121)	(8.161)
Operating result - EBIT		34.685	27.522
Financial income	33	2.172	1.181
Financial charges	33	(15.949)	(14.191)
Profit/(Loss) before taxes		20.908	14.512
Taxation	34	(7.654)	(5.957)
Profit/(Loss) from continuing operation		13.254	8.555
Profit/(Loss) of discontinued operations		-	-
Profit/(Loss) of the period		13.254	8.555
Profit/(Loss) for the period, attributable to minority interest		(181)	326
Profit/(Loss) for the period, attributable to the Group		13.435	8.228

Consolidated statement of other comprehensive income (OCI)

Amounts in thousand Euro	March 31 2022	March 31 2021
Profit/(Loss) of the period	13.254	8.555
A) Items recyclable to P&L:		
Exchange difference on translating foreign financial statements	3.846	828
Net gain/losses from cash flow hedge		117
Total recyclable items	3.846	945
B) Items not recyclable to P&L:		
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		-
(Gain/(Loss) from revaluation on defined benefit plans		-
Total not recyclable items	0	-
Total comprehensive income/(expenses), net of taxes	17.100	9.500
Profit/(loss) for the period, attributable to minority interest	(181)	400
Profit/(loss) for the period, attributable to the Group	17.282	9.101

The Exchange difference on translating foreign financial statements is related to the result from the translation into Euro of the foreign currency financial statements of the consolidated companies. The main impact of the year is related to the USD currency.

Statement of changes in consolidated shareholders' equity

Amounts in thousands of Euro	Share Capital	Share premium reserve and other reserve of parent company	Other reserves	Profit for the period	Total Group share= holders Equity	Minority share= holders equity	Minority Net profit attribut. to minority interests	Total share= holders' equity
December 31, 2020	5.102	1.005.423	(24.629)	21.239	1.007.135	2.875	1.394	1.011.404
Allocation of previous period result			21.239	(21.239)	-	1.394	(1.394)	-
Result for the period				30.616	30.616		304	30.920
Fair value of investments in associates			8.324		8.324			8.324
Other income (expenses)			12.430		12.430			12.430
Total comprehensive profit for the period					51.370			51.673
Dividends					-	(2.313)		(2.313)
Business combination						1.858		1.858
Stock option reserve			789		789			789
Other movements		(12)	12		-	7		7
Total variations for the period		(12)	801		789	(448)		796
December 31, 2021	5.102	1.005.411	18.165	30.616	1.059.294	3.821	304	1.063.418
Allocation of previous period result			30.616	(30.616)	-	304	(304)	-
Result for the period				13.435	13.435		(181)	13.254
Fair value of investments in associates					-			-
Other income (expenses)			3.846		3.846			3.846
Total comprehensive profit for the period					17.281			17.100
Dividends					-			-
Business combination					-			-
Stock option reserve					-			-
Other movements					-	(47)		(47)
Total variations for the period					-	(47)		(47)
March 31, 2022	5.102	1.005.411	52.627	13.435	1.076.575	4.078	(181)	1.080.471

Consolidated Statement of Cash Flows

Amounts in thousands of Euro	March 31 2022	March 31 2021
Profit/(Loss) of the period	13.254	8.556
Depreciation and impairment of property plant and equipment	3.529	3.355
Amortisation and impairment of intangible assets	3.574	2.542
Depreciation and impairment of right of use assets	3.018	2.604
Financial income	(2.172)	(1.182)
Financial charges	15.949	14.191
Income taxes	7.654	5.957
EBITDA	44.806	36.023
Financial interests paid	(6.729)	(5.778)
Income taxes paid	(5.418)	(1.159)
Net change in employee severance indemnities and pension funds	-	(95)
Net change in provisions for risks and other charges	275	496
Net foreign exchange differences and other non cash items	3.612	946
Change in other assets / liabilities current and non-current	(7.773)	(7.165)
(Increase)/decrease in other non-financial assets	(4.016)	(3.974)
Increase/(decrease) in tax payables	(3.253)	(1.261)
Increase/(decrease) in other non financial liabilities	(504)	(1.931)
Changes in net working capital:	(19.814)	12.569
(Increase)/decrease in inventories	(19.323)	(11.352)
(Increase)/decrease in trade receivables	(7.801)	(5.003)
Increase/(decrease) in trade payables	7.310	16.193
NET CASH FLOWS FROM OPERATIONS	8.959	23.105
Investing activities:		
Acquisition of tangible assets net of disposals	(3.271)	(3.567)
Net investments in intangible assets	(3.662)	(2.817)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(6.933)	(6.384)
Financing activities:		
(Increase)/decrease of financial receivables	-	2.912
Increase/(decrease) in financial payables	(1.607)	(1.297)
Payment of principal portion of lease liability	(2.689)	(2.522)
Share capital increase	-	10
CASH FLOW FROM FINANCING ACTIVITIES	(4.296)	(897)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2.270)	15.823
Net cash and cash equivalents at the beginning of the period	144.524	92.723
Net cash and cash equivalents at the end of the period	142.254	108.547

Notes to the Consolidated Financial Statements**1 ACCOUNTING POLICIES**

The consolidated financial statements of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The Consolidated Financial Statements were prepared according to the historical cost convention, except for the recognition of derivative financial instruments and of other financial assets, which are recognized at fair value. The carrying amount of the assets and liabilities subjected to fair value hedging and that would otherwise be recognized at the amortized cost, is adjusted to take into account variations in the fair value attributable to the hedged risks.

The unaudited Consolidated Financial Statements are presented in Euro currency and all values, if not differently indicated, are expressed in thousands of Euro.

The Group has prepared the financial statements on a going concern basis.

2 BASIS OF CONSOLIDATION

The unaudited Consolidated Financial Statements comprise the financial statements of International Design Group S.p.A. and of its subsidiaries as of March 31, 2022.

The exchange rates applied in the conversion of the asset and liability balances in currencies other than the Euro at March 31, 2022 and the average rates of the period from January 1, 2022 - March 31, 2022 are as follows:

Currency code	Currency	March 31, 2022	
		Average exchange rate	Exchange rate at the end of the year
SEK	Swedish Kronor	10,479	10,337
NOK	Norwegian krone	9,933	9,711
GDP	GB Pound	0,836	0,846
USD	US Dollar	1,123	1,110
JPY	Japanese Yen	130,459	135,170
CHF	Swiss Franc	1,037	1,027
HKD	Hong Kong Dollar	8,761	8,692
CNY	Chinese Renminbi	7,127	7,040
DKK	Danish Kronor	7,441	7,438
SDG	Singapore Dollar	1,518	1,503

3 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares share premium and all other equity reserves attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments due to changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 40% and 50%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

	March 31 2022	December 31 2021
Cash and short term deposit	(142.254)	(144.524)
Current financial liabilities	1.871	3.169
Long-Term Bond	870.000	870.000
Long-Term bank loan	1.781	2.090
Long-Term payables to other lenders	-	-
Interest on financial liabilities	12.158	5.840
Ammortized costs	(18.340)	(19.289)
Non-current financial liabilities	865.598	858.640
Total lease liabilities	76.693	69.630
Trade payables and other debts	263.398	245.156
Net Debt	1.065.307	1.032.071
Total Equity	1.079.471	1.063.418
Total equity and net debt	2.144.778	2.095.489
<i>Gearing ratio</i>	50%	49%

CURRENT ASSETS**4 CASH AND SHORT-TERM DEPOSITS**

Cash and Short-Term deposits are detailed as follow:

	March 31 2022	December 31 2021
Bank and postal accounts	141.388	143.694
Cash and cash equivalents in hand	95	55
Restricted bank deposits	771	774
TOTAL	142.254	144.524

For a detailed breakdown of the Group's cash and cash equivalents, please refer to Consolidated Cash Flow statement.

5 TRADE RECEIVABLES

Trade receivables, net and the breakdown by geographic areas are reported below:

	March 31 2022	December 31 2021
Trade Receivables:		
Trade receivables - Third parties	81.351	73.476
Trade receivables - Related parties	37	107
Allowance for bad and doubtful debts	(5.316)	(5.284)
Total	76.072	68.298
Trade Receivables by geographical area:		
Italy	22.323	20.494
EEC	32.829	27.790
Non-EEC	20.920	20.015
Total	76.072	68.298

The changes in the Allowance for bad and doubtful debts are summarised below:

	Allowance for bad and doubtful debts
Opening balance	(5.284)
Utilized	31
Increases	(54)
Exchange differences	(9)
Closing balance	(5.316)

6 INVENTORIES

Inventories can be broken down as follows:

	March 31 2022	December 31 2021
Materials, auxiliaries and consumables	69.515	63.487
Work in progress and semi-finished goods	37.483	36.035
Finished products	55.403	43.387
Allowance for obsolete and slow-moving inventories	(21.572)	(20.694)
TOTAL INVENTORIES	140.829	122.215

The changes in the provision for write-down relating to inventories are as follows:

	Allowance for obsolete and slow- moving inventories
Opening balance	(20.694)
Change in the consolidation area	
Increases	(1.073)
Utilization	194
Closing balance	(21.572)

7 TAX CURRENT ASSETS

Tax credit and due from tax authorities are detailed as follows:

	March 31 2022	December 31 2021
Receivables for paid tax advances	1.757	2.060
VAT receivable	15.200	4.555
Receivables for withholding taxes	13	10
Tax receivables for fiscal consolidation and other	3.619	5.031
Total	20.590	11.656

8 OTHER CURRENT ASSETS

The other current assets amount to Euro 15.4 million and are mainly refer mainly to advances payments to suppliers and other prepayments (maintenance fees, software's utilization, services for IP deposit).

NON-CURRENT ASSETS

9 GOODWILL

The breakdown of goodwill is shown below:

	March 31 2022	December 31 2021
Goodwill from acquisition of Flos S.p.A. Group	478.246	478.246
Goodwill from acquisition of B&B Group	372.379	372.379
Goodwill from acquisition of Louis Poulsen Group	202.494	202.535
Goodwill from acquisition of YDesign Group	125.395	122.904
Total	1.178.515	1.176.064

The value of the goodwill changed compared to December 31, 2021 only for the exchange rate effect, since the goodwill of YDesign and Louis Poulsen was allocated in their local currencies (USD and DKK respectively).

10 BRANDS AND OTHER INTANGIBLE ASSETS

Brands and other intangible assets are breakdown as follows:

	TRADEMARK	DEVELOPMENT COSTS	PATENTS AND INTELLECTUAL PROPERTY RIGHTS	CONCESSIONS, LICENSES AND OTHER INTANGIBLE ASSETS	TOTAL BRANDS AND OTHER INTANGIBLE ASSETS
Historical cost	616.626	41.724	24.755	54.515	737.619
Accumulated depreciation	(52)	(31.218)	(21.537)	(37.029)	(89.836)
Net book value December 31, 2021	616.573	10.506	3.218	17.485	647.783
Historical cost	617.595	43.849	25.011	57.287	743.742
Accumulated depreciation	(370)	(32.734)	(21.956)	(38.645)	(93.704)
Net book value March 31, 2022	617.225	11.116	3.055	18.642	650.038

Changes in Net Book value for the year are as follows:

	TRADEMARK	DEVELOPMENT COSTS	PATENTS AND INTELLECTUAL PROPERTY RIGHTS	CONCESSIONS, LICENSES AND OTHER INTANGIBLE ASSETS	TOTAL BRANDS AND OTHER INTANGIBLE ASSETS
Opening balance	616.573	10.506	3.218	17.485	647.783
Change in consolidation area	-	-	-	-	-
Additions net of disposal	34	1.972	129	1.527	3.662
Depreciations	(318)	(1.519)	(413)	(1.282)	(3.531)
Exchange differences	935	(1)	0	164	1.098
Other movements	-	158	120	748	1.025
Closing Balance	617.225	11.116	3.055	18.642	650.038

Trademark, amounting to Euro 617 million at December 31, 2021, refers to the following brands:

- “FLOS”, equal to Euro 244 million;
- “B&B”, “Maxalto” and “Arclinea” equal to Euro 201 million;
- “Louis Poulsen”, equal to Euro 124 million;
- “Lumens” equal to Euro 48 million.

Development costs includes the costs for the personnel dedicated to product development work carried out within the Group. These costs are amortised in three years.

Industrial patent and intellectual property rights comprises mainly costs incurred for depositing patents, producing software and build e-commerce websites.

Concessions, licences and trademarks and other intangible assets comprises mainly assets of the Parent Company referred to the production licences relating to specific product lines, costs for software licenses and the development of CRM software, costs for projects in progress and customer relationships.

11 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and equipment are breakdown as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	LEASEHOLD IMPROVEMENTS	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	WORK IN PROGRESS AND ADVANCES	TOTAL PROPERTY, PLANT AND EQUIP.
Historical cost	120.606	73.557	25.639	67.301	22.138	2.349	311.591
Accumulated depreciation	(43.169)	(59.895)	(15.179)	(59.253)	(19.450)	-	(196.946)
Net book value December 31, 2021	77.437	13.662	10.460	8.048	2.688	2.349	114.645
Historical cost	120.308	74.104	27.084	68.055	22.940	1.528	314.019
Accumulated depreciation	(43.650)	(60.621)	(15.923)	(59.986)	(20.203)	-	(200.382)
Net book value March 31, 2022	76.659	13.482	11.162	8.069	2.737	1.528	113.638

Changes in Net Book value for the year are as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	LEASEHOLD IMPROVEMENTS	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	WORK IN PROGRESS AND ADVANCES	TOTAL PROPERTY, PLANT AND EQUIP.
Opening balance	77.437	13.662	10.460	8.048	2.688	2.349	114.645
Change in consolidation area	-	-	-	-	-	-	-
Additions net of Disposal	52	899	1.288	758	274	-	3.271
Depreciations	(761)	(987)	(644)	(428)	(725)	-	(3.545)
Other movements	15	2	48	(7)	14	-	73
Exchange differences	(85)	(93)	9	(302)	486	(821)	(806)
-	-	-	-	-	-	-	-
Closing Balance	76.659	13.482	11.162	8.069	2.737	1.528	113.638

12 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right-of-use assets are breakdown as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPEMENT	OTHER ASSETS	TOTAL RIGHT OF USE ASSET
Historical cost	90.779	2.474	69	3.569	96.891
Accumulated depreciation	(29.862)	(1.766)	(39)	(1.715)	(33.382)
Net book value December 31, 2021	60.917	708	30	1.854	63.509
Historical cost	100.542	2.455	69	3.620	106.686
Accumulated depreciation	(32.654)	(1.863)	(44)	(1.909)	(36.470)
Net book value March 31, 2022	67.888	592	25	1.711	70.216

Changes in Net Book value for the year are as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPEMENT	OTHER ASSETS	TOTAL RIGHT OF USE ASSET
Opening balance	60.917	708	30	1.854	63.509
Change in consolidation area	-	-	-	-	-
Additions	9.465	(19)	-	51	9.497
Depreciations	(2.722)	(97)	(5)	(194)	(3.018)
Other movements	228	(0)	0	1	228
Exchange differences	-	-	-	-	-
Closing Balance	67.888	592	25	1.711	70.216

The main part of the increase of the period is related to the new lease contracts of Fendi Casa and FLOS, and it refers to the new DOS that will be opened in the second part of the year in Miami, AMERICA.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

Opening balance	69.630
Change in consolidated area	-
Increases	9.497
Interests	1.047
Payments	(3.736)
Exchange rate difference	255
Closing balance	76.693
Current Lease Liability	11.148
Non-current Lease Liability	65.545

13 INVESTMENTS IN PARENT COMPANY

The investment in parent company at March 31, 2022 is related to the acquisition of share of the parent Design Holding, representing 2.43% of the capital. The investment, equal to Euro 39.2 million, is unchanged compared to December 31, 2021. This investment is updated annually at the fair value, taking into account the impairment test result of the DH Group (enterprise value of the each CGU's). During the period International Design Group has not purchased any new share.

14 DEFERRED TAX ASSETS

Deferred taxes assets, equal to Euro 20.7 million at March 31, 2022, in line with year end 2021.

15 OTHER NON-CURRENT ASSETS

The other non-current assets amount to Euro 12.2 million at March 31, 2022 and includes deposits on rents paid by Group companies and other tax receivables.

16 ASSETS HELD FOR DISPOSAL

The caption “Assets held for disposal”, amounting to Euro 2 million, includes the buildings and land with the related generic facilities relevant to the Ascoli plant of the B&B Group, currently unused.

SHAREHOLDERS' EQUITY**17 TOTAL SHAREHOLDERS' EQUITY**

The equity attributable to the owners of the Group and to non-controlling interests is set forth below:

Equity	March 31 2022	December 31 2021
Share capital	5.102	5.102
Share premium reserve	978.848	978.848
Legal reserve IDG	1.020	1.020
Reserve for shares of the parent company	25.543	25.543
Fair value reserve	13.618	13.618
Translation reserve	16.706	12.428
Cash Flow Hedge Reserve	-	-
Actuarial gain/(loss) reserve	(1.879)	(1.880)
Other reserves	24.180	(6.002)
Profit/(Loss) of the period	13.435	30.616
Group shareholders' equity	1.076.573	1.059.293
Equity reserves of non-controlling interests	4.079	3.821
Minority Interest Income	(181)	304
Equity attributable to non-controlling interests	3.898	4.125
Total Shareholders' equity	1.080.471	1.063.418

CURRENT AND NON CURRENT LIABILITIES**18 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES**

The details of the financial liabilities are as follows:

	March 31 2022	December 31 2021
<u>Current financial and lease liabilities:</u>		
Current payables to other lenders	419	3.151
Current payables to banks	1.452	18
Current lease liabilities	11.148	10.183
Total current financial and lease liabilities	13.019	13.352
<u>Non-current financial and lease liabilities:</u>		
Non-current financial liabilities	865.598	858.640
Non-current lease liabilities	65.545	59.447
Total non-current financial and lease liabilities	931.143	918.087
Total	944.162	931.439

The reconciliation of the non-current financial liabilities is as follows:

	March 31 2022	December 31 2021
Long term Bond	870.000	870.000
Accrued interests	12.158	5.840
Amortised cost	(18.340)	(19.289)
Long term bank loans	1.781	2.090
Non-current financial liabilities	865.598	858.640

The composition of the Long term Bonds and their characteristics are summarized below:

	Nominal value	Maturity	Nominal rate
Bond 1	400.000	Bullet on November 2025	6,5%
Bond 2	470.000	Bullet on May 2026	3 months Euribor + 4.25%

19 TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

	Marchr 31 2022	December 31 2021
Trade Payables - third parties	133.266	135.333
Trade Payables - related parties	6.550	8.130
Advances from customers	55.279	43.660
Total	195.095	187.123
<u>Trade payables and advance from customer by geographical area</u>		
Italy	91.498	87.209
EEC	66.150	45.994
Non-EEC	37.447	53.920
Total	195.095	187.123

20 CURRENT TAX LIABILITIES

The current tax liabilities have the following composition:

	March 31 2022	December 31 2021
Corporate Taxes Payables	7.123	8.387
Tax payables for fiscal consolidation	11.421	7.951
VAT and indirect taxes	10.273	2.881
Other Taxes	3.019	2.968
Total	31.836	22.188

21 OTHER CURRENT LIABILITIES

Other current liabilities are mainly related to payables to social security agency and other payables to personnel:

	March 31 2022	December 31 2021
Payables to social security agency	5.302	5.684
Payables to Employees and Directors	20.501	20.554
Payables for royalties	2.304	1.616
Other payables	7.359	7.949
Total	35.466	35.802

22 DEFINED BENEFIT PLANS

Defined benefit plans represent the use and allocations within the year for the Parent Company and by the Italian subsidiaries. The amount of the provision for Employee severance indemnities is net of the amounts allocated to the Complementary Treasury Provision. The value at March 31, 2022 is Euro 7.6 million, almost unchanged compared to December 31, 2021.

23 PROVISIONS FOR RISKS AND CHARGES

The changes in the Provisions for risks and charges are detailed as follows:

	Provisions for pension liabilities and the like	Provision for products warranty	Other provision for risk and charges	Total provisions for risks and charges
Opening balance	5.574	4.112	2.636	12.321
Allocations to Provision	131	191	0	323
Usage of Provision	0	(16)	(32)	(48)
Exchange rate difference	-	9	0	9
Closing balance	5.705	4.296	2.604	12.605

The provision for risk and charges represent the best estimate of the management of potential risk for the Group. Compared to December 31, 2021 the Group did not enter in new significant potential risks, for this reason the provision is quite in line 2021 year-end.

24 DEFERRED TAX LIABILITIES

Deferred taxes liabilities, equal to Euro 174.4 million at March 31, 2022, in line with year-end 2021.

25 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities, equal to Euro 0.1 million at March 31, 2022, refer mainly to other payable to tax authorities.

Consolidated Profit or Loss statement**26 REVENUES**

The revenues from contracts with customers refer to the sale of products and services. Further details on sales are provided in the financial review:

	March 31 2022	March 31 2021
Revenues from contracts with customers	190.345	144.337
Other revenues and income	605	900
Total revenues	190.950	145.238

Details about Other revenues and income are provided in the following table:

	March 31 2022	March 31 2021
Other revenues	605	900
Total other revenues and income	605	900

Other revenues include revenues for performance of other services, debited transports and sundry insurance reimbursements.

27 PURCHASES OF RAW MATERIALS AND CHANGES IN INVENTORIES

The Purchases of raw materials and changes in inventories amount to Euro 49.5 million compared to Euro 39.9 million for the same period of previous year

28 PERSONNEL COSTS

Personnel costs amounted to Euro 37.7 million (Euro 30 million in the same period of 2021) and are related to wages and salaries, social security contributions, employees' severance indemnities and pensions are provided in the following table.

29 SERVICE COSTS

The details of Service costs are as follows:

	March 31 2022	March 31 2021
Contractor work and outsourced production work	(14.152)	(9.551)
Fees, royalties, expenses for advertising and communication	(19.400)	(10.754)
Transport and customs expenses	(7.078)	(4.078)
Utilities, accessory services, EDP fees, maintenance and repairs	(4.962)	(3.284)
Technical, artistic, tax, legal and other advisory services	(1.737)	(2.192)
Emoluments to statutory auditors and independent auditors	(319)	(225)
Travel and lodging expenses	(1.227)	(798)
Expenses for training, third-party personnel, banking services and sundry administrative services	(2.565)	(1.967)
Insurance, patents and trademarks, telephone and mail expenses	(842)	(862)
Consultant costs related to business combination	(628)	0
Management Fees	(2.076)	(2.800)
Total	(54.986)	(36.512)

30 PROVISIONS

Allocations to provisions refer to:

	March 31 2022	March 31 2021
Provisions for pension liabilities and the like	(108)	(85)
Provisions for other risks	(191)	(298)
Provisions for other charges	25	(358)
Allowance for bad and doubtful debt	(39)	0
TOTAL	(313)	(741)

31 OTHER COSTS AND CHARGES

Other costs and charges amount to Euro 3.7 million (Euro 2.5 million in the first three months of 2021) mainly include rental and leasing fees for contract out of scope (based on IFRS 16 definition, i.e. low value assets), other services and EDP license fees, Purchase of office supplies and other general expenses.

32 AMORTIZATION, DEPRECIATION AND IMPAIRMENT

The details of Amortization, depreciation and impairment are provided in the following table:

	March 31 2022	March 31 2021
Amortization of intangible assets	(3.574)	(2.243)
Depreciation of tangible assets	(3.497)	(3.315)
Depreciation of tangible fixed assets (IFRS 16)	(3.018)	(2.604)
Write-down of fixed assets	(32)	-
Total	(10.121)	(8.161)

33 FINANCIAL INCOME AND CHARGES

Financial income amounting to Euro 2.2 million and related to exchange gains relating to foreign exchange transactions.

Financial charges of some Euro 16 million mainly relate to:

- interest expense on bonds for Euro 13 million;
- realized and unrealized exchange rate differences of Euro 2 million;

34 TAXATION

Income taxes amounted to Euro 7.7 million at March 31, 2022, 36.6% of the result before taxation.

35 EVENTS AFTER THE REPORTING PERIOD

Please refer to Financial review, section of “Highlights, business outlook and events occurred after the reporting period”.

These unaudited quarterly Financial Statements, consisting of the Statement of Financial Position, Statement of Profit/Loss for the period, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Explanatory Notes, provide a true and fair representation of the financial position and the income for the period and match the results of the accounting records.

Milan, May 30, 2022