

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 – 2023

(unaudited)

FINANCIAL REVIEW

Introduction

Dear Shareholder,

The Unaudited Consolidated Financial statements as of March 31, 2023 of International Design Group S.p.A. (hereafter also “**IDG**” or “**IDG Group**”) show a net profit of Euro 10,3 million.

Accounting standards

The Unaudited Consolidated Financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), adopted by the European Commission in accordance with the procedure of art. 6 of Regulation (EC) n. 1606/2002 of the European Parliament and of the Council of July 19th, 2002 relating to the application of international accounting standards.

The unaudited Consolidated Financial statement should be read together with the Annual report 2022, where the consolidation principles have been reported in detail.

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.

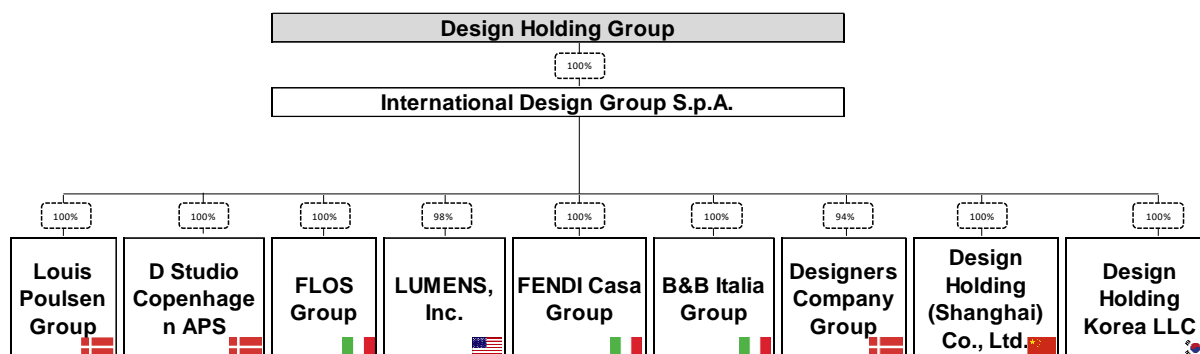
The unaudited Consolidated Financial Statements are presented in Euro currency and all values, if not differently indicated, are expressed in thousands of Euro. The exchange rates applied in the conversion of the asset and liability balances in currencies other than the Euro at March 31, 2023 and the average rates of the period from January 1, 2023 - March 31, 2023 are as follows:

| Country | Currency Code | Currency Description | March 31 2023 | |
|----------------|---------------|-------------------------|-----------------------|---------------------------------------|
| | | | Average exchange rate | Exchange rate at the end of the month |
| Sweden | SEK | Swedish Krone | 11,202 | 11,281 |
| Norway | NOK | Norwegian Krone | 10,985 | 11,394 |
| United Kingdom | GBP | GB Pound | 0,883 | 0,879 |
| USA | USD | US Dollar | 1,073 | 1,088 |
| Canada | CAD | Canadian Dollar | 1,451 | 1,474 |
| Japan | JPY | Japanese YEN | 141,977 | 144,830 |
| Switzerland | CHF | Swiss Franc | 0,992 | 0,997 |
| Hong Kong | HKD | Hong Kong Dollar | 8,411 | 8,537 |
| Rep. of China | CNY | Chinese Renminbi (Yuan) | 7,341 | 7,476 |
| Denmark | DKK | Danish Krone | 7,443 | 7,449 |
| Singapore | SGD | Singapore Dollar | 1,430 | 1,446 |
| South Korea | KRW | Korean Won | 1.369,467 | 1.420,260 |

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

The group structure and includes the following consolidated sub Groups:

GROUP STRUCTURE



During the period, the Group continued the rationalization of its subsidiaries and specifically the merger between the American companies of the YDesign Group was completed: IDG Apollo Parent Inc., YDesign Group LLC, have now merged into the companies LUMENS, Inc .

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 Unaudited 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 Group) that contributed to the Consolidation results for 12 months both in the current period and in the comparison. YDesign Group, Fendi Casa and Designers Company are the groups’ companies recently entered in the Groups’ perimeter and whose results are impacting the comparison versus the previous period, where they were not present.

CORE BRANDS: are the historical brands of the Group and part of the Group’s perimeter since the establishment of the Group in 2018: FLOS, Louis Poulsen and B&B Italia.

EMERGING BRANDS: these are the brands included in the scope of consolidation after the Group was established in 2018 and, at the date of this reporting, are YDesign Group (Lumens), FENDI Casa and Designers Company.

LIGHTING: all the brands that sells lighting products: FLOS, Louis Poulsen, as well as the sales generated by Lumens (Ydesign Group), the e-commerce platform whose revenues are mainly represented by lighting products.

FURNITURE: all the brands that sells furniture products: B&B Italia Group (that includes also Maxalto, Arclinea and Azucena brands), Fendi Casa and Designers Company.

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 debt/(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 2023 | March 31 2022 | Change % |
|---|------------------|------------------|---------------|
| TOTAL REVENUES of the Group | 208.910 | 190.935 | 9,4% |
| Adjusted EBITDA | 51.578 | 47.787 | 7,9% |
| OPERATING RESULT - Adjusted EBIT | 39.303 | 37.666 | 4,3% |
| PROFIT of the period | 10.308 | 13.254 | -22,2% |
| <i>Profit on total revenues %</i> | <i>4,9%</i> | <i>6,9%</i> | |
| AVERAGE EMPLOYEES (FTE's) | 2.271 | 2.020 | 12,4% |

| | March 31 2023 | December 31 2022 | Change % |
|--------------------------------------|------------------|---------------------|--------------|
| NET OPERATING WORKING CAPITAL | 60.930 | 46.935 | 29,8% |
| NET INVESTED CAPITAL | 2.283.335 | 2.273.596 | 0,4% |
| NET FINANCIAL DEBT | (966.349) | (956.805) | 1,0% |
| GROUP SHAREHOLDERS EQUITY | 1.122.459 | 1.119.916 | 0,2% |

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.

| Reclassified Income Statement of the Group | March 31 2023 | March 31 2022 |
|--|--------------------------|--------------------------|
| Revenues from contracts with customers | 208.484 | 190.345 |
| Other revenues and income | 426 | 590 |
| Total Revenues | 208.910 | 190.935 |
| Purchases of raw materials, semifinished goods, finished products and changes in inventories | (55.746) | (49.237) |
| Personnel costs | (41.679) | (37.668) |
| Service costs | (56.075) | (52.481) |
| Provisions | (292) | (188) |
| Other costs and charges | (3.541) | (3.574) |
| Total Costs | (157.333) | (143.148) |
| Non-recurring costs and revenues | (5.698) | (2.981) |
| EBITDA | 45.879 | 44.806 |
| Depreciation, amortization and impairment on tangible and intangible fixed assets | (8.129) | (7.103) |
| Depreciation and write-downs of the Right of Use assets | (4.145) | (3.018) |
| Amortization depreciation and impairment | (12.274) | (10.121) |
| Operating result - EBIT | 33.605 | 34.685 |
| Financial income | 896 | 2.172 |
| Financial charges | (18.992) | (15.949) |
| Total Financial Expenses | (18.096) | (13.778) |
| Profit/(loss) before taxes | 15.509 | 20.908 |
| Current Taxes | (8.350) | (8.247) |
| Deferred Taxes | 3.150 | 593 |
| Taxation | (5.201) | (7.654) |
| Profit/(loss) of the period | 10.308 | 13.254 |
| Profit/(Loss) for the period, attributable to the Group | 10.663 | 13.435 |
| Profit/(Loss) for the period, attributable to minority interest | (356) | (181) |

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

| | March 31 2023 | March 31 2022 | Change % |
|--|------------------|------------------|--------------|
| EBITDA | 45.879 | 44.806 | 2,4% |
| Non-recurring income and charges | 5.698 | 2.981 | 91,2% |
| Adjusted EBITDA | 51.578 | 47.787 | 7,9% |
| IFRS16 | (5.542) | (4.065) | 36,3% |
| Depreciation of the Right of Use assets | (4.145) | (3.018) | 37,4% |
| Interest Expense on lease Liabilities | (1.397) | (1.047) | 33,4% |
| Adjusted EBITDA, excluding the application of IFRS 16 | 46.036 | 43.722 | 5,3% |

| | March 31 2023 | March 31 2022 | Change % |
|--|------------------|------------------|--------------|
| Operating result - EBIT | 33.605 | 34.685 | -3,1% |
| Non-recurring income and charges | 5.698 | 2.981 | 91,2% |
| Operating result - ADJUSTED EBIT | 39.303 | 37.666 | 4,3% |
| IFRS16 - Interest expense on lease Liabilities | (1.397) | (1.047) | 33,4% |
| Adjusted EBIT, excluding the application of IFRS 16 | 37.906 | 36.619 | 3,5% |

| | March 31 2023 | March 31 2022 |
|---|------------------|------------------|
| Non-recurring income and charges | 5.698 | 2.981 |
| Management Fees and others to DH | 2.329 | 2.156 |
| Group compliance enhancement project | 495 | - |
| Severance, termination and recruiting one-off | 1.381 | 825 |
| Start-up & Ramp-up cost - Dos openings and new business | 576 | - |
| Reversal of PPA inventories | 608 | - |
| Others | 309 | - |

Comments on Non-recurring expenses

The management fees and others costs are mainly related to the service costs of the parent company of IDG, Design Holding S.p.A..

Group compliance enhancement are one-off costs to strengthen the Group's organization and system of procedures.

Severance, termination and recruiting one-off costs relate to some exceptional expenses, such as the payment of unexpected staff leaving indemnities and other legal costs.

Start-up and rump-up costs relate to the expenses for new openings.

Reversal of PPA is related to the purchase price allocation on inventory for the Designers Company acquisition, reversed for Euro 1,4 million in 2022, and Euro 0,6 million impacted the Q1 2023.

Others mainly include one off costs of Designers Company for the rebranding to AUDO, that will be effective in Q2 2023.

Highlights Q1 2023

The macroeconomic situation in this first part of 2023 remains uncertain: the economic consequences of the war in Ukraine are unfolding and fueling strong inflationary pressures, consumer and business confidence has remained contained. However, as we enter 2023, energy prices are off their highs, inflation is no longer accelerating, and economic growth appears to be holding up. Despite these positive signals, the Group remains prudent, but focused on its strategy, to continue to be the global leader in high end design. Despite some countries are facing a low consumer confidence, the Group continues to enhance the desirability of its brands, by partnering with world class designers and constantly investing in R&D in order to create durable, beautiful and sustainable products. Moreover the Group continues to pursue the direct-to-consumer journey, placing consumers at the center of all our touchpoints, including DOS, Monobrands, e-commerce websites, expanding our international reach with a focus on North America, China and the Middle East.

Below is the table of the revenues from contracts with customers by group of companies, geographic area and sales channel:

| | Mar 31 2023 | Inc % on sales | Mar 31 2022 | Inc % on sales | Change | Change % |
|---|----------------|-------------------|----------------|-------------------|---------------|-------------|
| Revenues by group of companies | | | | | | |
| FLOS | 66.167 | 31,7% | 67.128 | 35,3% | (960) | -1,4% |
| B&B Italia | 71.694 | 34,4% | 59.598 | 31,3% | 12.096 | 20,3% |
| Louis Poulsen | 31.368 | 15,0% | 41.855 | 22,0% | (10.487) | -25,1% |
| Emerging brands | 39.255 | 18,8% | 21.764 | 11,4% | 17.491 | 80,4% |
| Total | 208.484 | 100% | 190.345 | 100% | 18.139 | 9,5% |
| <i>Core Brands (FLOS, Louis Poulsen and B&B Italia)</i> | | | | | | |
| | 169.229 | | 168.581 | | 649 | 0,4% |
| | Mar 31 2023 | Inc % on sales | Mar 31 2022 | Inc % on sales | Change | Change % |
| Revenues by geographical area | | | | | | |
| EMEA | 131.093 | 62,9% | 123.471 | 64,9% | 7.622 | 6,2% |
| AMERICAS | 50.252 | 24,1% | 43.541 | 22,9% | 6.711 | 15,4% |
| APAC | 27.139 | 13,0% | 23.333 | 12,3% | 3.806 | 16,3% |
| Total | 208.484 | 100% | 190.345 | 100% | 18.139 | 9,5% |
| | Mar 31 2023 | Inc % on sales | Mar 31 2022 | Inc % on sales | Change | Change % |
| Revenues by channel | | | | | | |
| Wholesale | 108.079 | 51,8% | 114.490 | 60,1% | (6.411) | -5,6% |
| Contract | 61.192 | 29,4% | 43.227 | 22,7% | 17.965 | 41,6% |
| DOS - Directed Operated Stores | 14.879 | 7,1% | 9.477 | 5,0% | 5.402 | 57,0% |
| E-commerce | 24.334 | 11,7% | 23.152 | 12,2% | 1.183 | 5,1% |
| Total | 208.484 | 100% | 190.345 | 100% | 18.139 | 9,5% |
| | Mar 31 2023 | Inc % on sales | Mar 31 2022 | Inc % on sales | Change | Change % |
| Revenues by Type of goods service | | | | | | |
| Lighting | 118.154 | 56,7% | 130.049 | 68,3% | (11.895) | -9,1% |
| Furniture | 90.330 | 43,3% | 60.296 | 31,7% | 30.034 | 49,8% |
| Total | 208.484 | 100% | 190.345 | 100% | 18.139 | 9,5% |

In Q1 2023 the Group reported revenues (revenues from contracts with customers, excluding other income) for Euro 208,5 million, +9,5% versus the same period of 2022, while the core brands growth is in line with same period of 2022, but with different results among brands: B&B group is posting a double digit growth (+20%), FLOS is almost flat, while Louis Poulsen is down 25% due to the low consumer confidence in the Nordics, especially in Denmark and Sweden; the emerging brands are growing +80%, but impacted by the change in consolidated area: Designers Company was not in the perimeter since was acquired on May 2022, as well as Fendi Casa reported sales from March 2022.

In terms of geographical area, APAC and AMERICA are growing double digit versus Q1 2022, while EMEA is up 6,2%, but with very different results between geographical areas: Italy and Middle East reported a strong double digit growth, +18% and +27% respectively, while Nordics are suffering for the economic outlook uncertainty, as well as the comparison period was a record quarter last year for all the brands in the region, especially for Louis Poulsen.

The Group continues to pursue the direct-to-consumer journey and in term of channels Directly Operated Stores (DOS) and Contract are leading the growth (+57% and +42% respectively) and the e-commerce is up single digit (+5%). Wholesale, that still represents the main channel of the Group (51,8% of total sales), is down 6% versus Q1 2022 for the selective distribution strategy started in 2022.

Despite the difficult market condition the Group put in place actions to preserve the margins, increasing prices in areas most exposed to cost inflation (materials used by the Group to produce the goods, as well as the increase of utilities), implementing specific actions of cost optimization and investing in area with high return on investment in order to continue the growth path undertaken since the Group set up. The result was that the Group reported an adjusted EBITDA of some Euro 51,6 million, +7,9% compared to the first quarter of 2022.

The management continues to closely monitor the evolution of the macroeconomic scenario that in the last period is facing a slowdown in order in take, in all geography. The Group, thanks to the strong order backlog will be able to contain this general slowdown and, at the same time, it remains focused on the execution of the strategy, to continue the growth path that has characterized the Group since its establishment.

Net invested Capital

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

| Net Invested Capital | Notes | March 31 2023 | December 31 2022 |
|--|-----------------------|--------------------------|-----------------------------|
| Goodwill | | 1.309.378 | 1.312.315 |
| Other intangible fixed assets | | 668.829 | 669.853 |
| Property, plant and machinery | | 116.144 | 117.638 |
| Right of use assets | | 79.479 | 81.683 |
| Net Technical Fixed Assets | 1) | 2.173.831 | 2.181.489 |
| Deferred tax assets | | 30.711 | 28.496 |
| Investments in parent company | | 40.609 | 40.528 |
| Other non-current assets | | 9.114 | 11.667 |
| Net Financial Fixed Assets | 2) | 80.435 | 80.692 |
| Total non current assets | 3) = (1+2) | 2.254.266 | 2.262.181 |
| Trade Receivable | | 84.141 | 86.961 |
| Inventories | | 166.565 | 160.605 |
| Trade Payables and advance from customers | | (189.776) | (200.632) |
| Net operating working capital | 4) | 60.930 | 46.935 |
| Other current assets (excluding items of financial position) | | 37.120 | 29.344 |
| Other current liabilities (excluding items of financial position) | | (68.981) | (64.864) |
| Total current assets / liabilities | 5) | (31.861) | (35.520) |
| Operating Working Capital | 6) = (4+5) | 29.069 | 11.415 |
| Net Invested Capital | 7) = (3+6) | 2.283.335 | 2.273.596 |
| Total Shareholders equity | 8) | (1.125.781) | (1.122.982) |
| Total non-current liabilities (excluding items of financial position) | 9) | (191.206) | (193.809) |
| Cash and cash equivalents | | 75.782 | 88.328 |
| Current and non-current financial liabilities | | (952.581) | (954.072) |
| Current and non-current lease liabilities | | (89.550) | (91.061) |
| Total Net Financial deficit | 10) | (966.349) | (956.805) |
| Total Medium/Long Term Finance Sources | 11) = (8+9+10) | (2.283.335) | (2.273.596) |

Main Investments of the period

At March 31, 2023, investments amounted to Euro 6,9 million. Below is a list of the main investments of the period:

- FLOS Group invested some Euro 3 million in the period: Investments related to the tangible assets amounted to Euro 1 million and mostly related to production sites in Bovezzo plant of FLOS Spa and investments in FLOS Design Space Projects. Investments in intangible assets, equal to Euro 2 million, were mainly related to the buildings in Madison (Flos USA), investments in R&D and to software (ERP).
- B&B Italia Group invested some Euro 1,2 million and mainly dedicated to investments in the plants of Novedrate, Misinto and Caldogno, as well as dedicated to the development of new products (new moulds). The intangible investments refer to software (ERP).
- Louis Poulsen Group invested some Euro 1,2 million, and the main part was dedicated to production, supply chain and on the improvement of logistics (tooling for development of new products, prototypes and other equipments). The other investments were dedicated to reinforcement of IT and digital channel.
- Fendi Casa Group invested Euro 0,6 million and mainly related to the leasehold improvements of the Fendi store (DOS) that will open during summer.
- Lumens (YDesign Group) invested some Euro 0,5 million, mainly dedicated to the development and major enhancement of our websites, front end system and back end system.
- Designers company, invested a further Euro 0,2 million in the strengthening of the IT set up.
- Investments in the Holdings were also related to the built up of e-commerce platforms for some Euro 0,2 million.

Net Financial Position

| | March 31 2023 | December 31 2022 |
|--|--------------------------|-----------------------------|
| Cash and short term deposit | (75.782) | (88.328) |
| Short-Term bank loan | 62.994 | 33.366 |
| Interest on financial liabilities | 14.214 | 6.872 |
| Other Current financial liabilities | 1.257 | 40.685 |
| Short-term amortized costs | (4.650) | (4.506) |
| Current financial liabilities | 73.814 | 76.417 |
| Long-Term Bond | 870.000 | 870.000 |
| Long-Term payables to other lenders | 18.146 | 18.175 |
| Long-term amortized costs | (9.379) | (10.520) |
| Non-current financial liabilities | 878.767 | 877.655 |
| Net financial debt, excluding lease liabilities | 876.799 | 865.744 |
| Current lease liabilities | 15.022 | 14.759 |
| Non Current lease liabilities | 74.527 | 76.302 |
| Total lease liabilities | 89.550 | 91.061 |
| Net financial debt | 966.349 | 956.805 |

On January 2023 the Group paid the first deferred price related to the Designers Company's acquisition (made in May 2022) for some Euro 39 million and included in the "Other current financial liabilities" in the Annual report 2022 (December 31, 2022). 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.

The second deferred price of the Designers Company has been included in the long term financial liabilities ("Long-Term payables to other lenders" for Euro 18,1 million).

During the period the Group paid interests on bonds for some Euro 7,1 million, when in the corresponding period of 2022 was Euro 5 million: the amount is higher compared with the past for the Euribor increase on the floating bond of Euro 470 million (the interests on the other bond of Euro 400 million are fixed at 6,5%).

Human resources

As of March 31, 2023, the average Group's staff (Full time equivalent) amounted to 2.191 units, of which 650 in FLOS, 429 in Louis Poulsen, 711 in B&B Italia Group, 203 Lumens (YDesign Group), 137 Designers Company, 61 Fendi Casa (DQM and FF Design).

Transactions with subsidiary and parent companies and companies under the control of the latter

Transactions between the Group companies, entirely eliminated in the presentation of the Unaudited Consolidated Financial statements, mainly concerned financing transactions and took place at market conditions.

Number and nominal value of treasury shares and shares or units of controlling companies owned by the company also through trade or interested person with indication of the correspondent capital part

At March 31, 2023, International Design Group purchased shares in parent Design Holding, representing 2,43% of the capital, for a value of some Euro 40,5 million. The shareholding investments are updated annually at fair value.

Number and nominal value of treasury shares and shares or units of parent companies purchased or sold by the company during the period, also through a trust or a third party indicating the corresponding part of capital

Please refer to the previous point.

Business outlook and events occurred after the reporting period

Tighter financial conditions as well as distress for financial institutions might impact the global economy in 2023.

In such uncertain scenario the management is not in a position to issue a guidance for the coming months, while the Group is concentrated in developing the strategy to strengthen the direct to customer channels and key geography like US and China, maintaining a very prudent approach on costs, capex and margins.

**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

Consolidated Financial Statements

March 31, 2023
(unaudited)

Consolidated Financial Statements

Consolidated Statement of Financial Position

| Balance Sheet | 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 |
| 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 |
| Net Current Assets | 14.003 | 6.556 |
| Total Assets less current Liabilities | 2.270.280 | 2.270.748 |

Consolidated statement of profit or Loss of the period

| | March 31 | March 31 |
|--|------------------|------------------|
| <u>Profit & Loss</u> | 2023 | 2022 |
| Revenues from contracts with customers | 208.484 | 190.345 |
| Other revenues and income | 702 | 605 |
| Total revenues | 209.186 | 190.950 |
| Purchases of raw materials, semifinished goods, finished products and changes in inventories | (56.360) | (49.259) |
| Personnel costs | (42.306) | (37.722) |
| Service costs | (59.753) | (55.194) |
| Provisions | (292) | (313) |
| Other costs and charges | (4.596) | (3.656) |
| Total Cost | (163.308) | (146.144) |
| EBITDA | 45.879 | 44.806 |
| Amortization depreciation and impairment | (12.274) | (10.121) |
| Operating result - EBIT | 33.605 | 34.685 |
| Financial income | 896 | 2.172 |
| Financial charges | (18.992) | (15.949) |
| Total Financial Expenses | (18.096) | (13.778) |
| Profit/(loss) before taxes | 15.509 | 20.908 |
| Income Taxes | (5.201) | (7.654) |
| Profit/(loss) of the period | 10.308 | 13.254 |
| Profit/(Loss) for the period, attributable to the Group | 10.663 | 13.435 |
| Profit/(Loss) for the period, attributable to minority interest | (356) | (181) |

Consolidated statement of other comprehensive income (OCI)

| | March 31 2023 | March 31 2022 |
|---|------------------|------------------|
| Profit/(Loss) of the period | 10.308 | 13.254 |
| <u>A) Items recyclable to P&L:</u> | | |
| Exchange difference on translating foreign financial statements | (8.325) | 3.846 |
| Net gain/losses from cash flow hedge | - | - |
| Total recyclable items | (8.325) | 3.846 |
| <u>B) Items not recyclable to P&L:</u> | | |
| 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 | - | - |
| TOTAL COMPREHENSIVE INCOME/(EXPENSE), NET OF TAX | 1.983 | 17.100 |
| Profit/(loss) of the period, attributable to the Group | 2.345 | 17.281 |
| Profit/(loss) of the period, attributable to minority interest | (363) | (181) |

Statement of changes in consolidated shareholders' equity

| | 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 Minority share= holders equity | Total share= holders' equity |
|---|---------------|---|----------------|-----------------------|-----------------------------------|--------------------------------|---|--------------------------------------|------------------------------|
| December 31, 2021 | 5.102 | 1.005.411 | 18.164 | 30.616 | 1.059.293 | 3.821 | 304 | 4.125 | 1.063.418 |
| Allocation of previous period result | | | 30.616 | (30.616) | - | 304 | (304) | - | - |
| Result for the period | | | | 48.860 | 48.860 | | (1.043) | (1.043) | 47.818 |
| Fair value through OCI of investments in equity instruments | | | 1.303 | | 1.303 | | | - | 1.303 |
| Translation gains/(losses) and other income/(expenses) | | | 9.829 | | 9.829 | | | - | 9.829 |
| Actual gain & losses | | | 382 | | 382 | | | - | 382 |
| Total comprehensive profit for the period | | | 42.130 | 18.244 | 60.374 | 304 | (1.346) | (1.043) | 59.332 |
| Dividends | | | | | - | (1.223) | | (1.223) | (1.223) |
| Business combination | | | | | - | 1.056 | | 1.056 | 1.056 |
| Stock option reserve | | | 240 | | 240 | | | - | 240 |
| Other movements | | | 8 | | 8 | 152 | | 152 | 160 |
| Total variations for the period | | | 248 | | 248 | (15) | | (15) | 233 |
| December 31, 2022 | 5.102 | 1.005.411 | 60.542 | 48.860 | 1.119.916 | 4.109 | (1.043) | 3.066 | 1.122.982 |
| Allocation of previous period result | | | 48.860 | (48.860) | - | (1.043) | 1.043 | - | - |
| Result for the period | | | | 10.663 | 10.663 | | (356) | (356) | 10.308 |
| Translation gains/(losses) and other income/(expenses) | | | (8.318) | | (8.318) | (7) | | (7) | (8.325) |
| Total comprehensive profit for the period | | | 40.542 | (38.197) | 2.345 | (1.050) | 687 | (363) | 1.983 |
| Capital injection in subsidiaries | | | | | - | 875 | | 875 | 875 |
| Acquisition of additional shares from Non-Controlling Interests | | | 195 | | 195 | (117) | | (117) | 78 |
| Other movements | | | 4 | | 4 | (140) | | (140) | (136) |
| Total variations for the period | | | 199 | | 199 | 618 | | 618 | 816 |
| March 31, 2023 | 5.102 | 1.005.411 | 101.282 | 10.663 | 1.122.459 | 3.677 | (356) | 3.321 | 1.125.781 |

Consolidated Statement of Cash Flows

| | March 31 2023 | March 31 2022 |
|--|------------------|------------------|
| Profit/(Loss) of the period | 10.308 | 13.254 |
| Depreciation and impairment of property plant and equipment | 4.295 | 3.529 |
| Amortisation and impairment of intangible assets | 3.834 | 3.574 |
| Depreciation and impairment of right of use assets | 4.145 | 3.018 |
| Financial income | (896) | (2.172) |
| Financial charges | 18.992 | 15.949 |
| Income taxes | 5.201 | 7.654 |
| EBITDA | 45.879 | 44.806 |
| Financial interests paid | (9.928) | (6.729) |
| Income taxes paid | (3.042) | (5.418) |
| Net change in provisions for risks and other charges | (621) | 275 |
| Net foreign exchange differences and other non cash items | (1.876) | 3.612 |
| Change in other assets / liabilities current and non-current | (7.354) | (7.773) |
| (Increase)/decrease in other non-financial assets | (1.612) | (4.016) |
| Increase/(decrease) in tax payables | (1.895) | (3.253) |
| Increase/(decrease) in other non financial liabilities | (3.847) | (504) |
| Changes in net working capital: | (14.705) | (19.814) |
| (Increase)/decrease in inventories | (7.279) | (19.323) |
| (Increase)/decrease in trade receivables | 2.711 | (7.801) |
| Increase/(decrease) in trade payables | (10.137) | 7.310 |
| NET CASH FLOWS FROM OPERATIONS | 8.353 | 8.959 |
| Investing activities: | | |
| Acquisition of tangible assets net of disposals | (2.604) | (3.271) |
| Net investments in intangible assets | (4.090) | (3.662) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | (6.694) | (6.933) |
| Financing activities: | | |
| Increase/(decrease) in financial payables | (9.443) | (1.607) |
| Payment of principal portion of lease liability | (4.762) | (2.689) |
| Share capital and acq. of add. shares from Non-Controlling Interests | - | - |
| Dividends paid to minority interests | - | - |
| CASH FLOW FROM FINANCING ACTIVITIES | (14.205) | (4.296) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (12.546) | (2.270) |
| Net cash and cash equivalents at the beginning of the period | 88.328 | 144.524 |
| Net cash and cash equivalents at the end of the period | 75.782 | 142.254 |

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

CORPORATE INFORMATION

The unaudited Consolidated Financial Statements of International Design Group S.p.A. (hereafter also “IDG” or “IDG Group”) for the period ended March 31, 2023 has been approved by the Board of Directors on May 25, 2023.

IDG is a joint stock company, registered and headquartered in Italy, with its registered office in Milan, Via Manzoni 38.

IDG was established on September 10th, 2018 and it is controlled by Design Holding S.p.A. (100%) that exercises management and coordination activities.

THE GROUP – MISSION AND BRANDS

The Group is a global leader in high-end design, with a cultural heritage of European origin, characterized by an unparalleled portfolio of iconic Brands and a multi-channel distribution approach.

The Group was established on August 1, 2018 and it exercises management and coordination activities of International Design Group S.p.A. and its subsidiaries. Initially the Group consisted of FLOS, B&B Italia (that includes brands such as B&B, Maxalto, Arclinea and Azucena) and Louis Poulsen, to which YDesign Group (now LUMENS) and FENDI Casa were added in 2021 and Designers Company in 2022.

The Groups’ mission is to spread beauty and design culture around the world. The Group is committed to this aim and pursue this common ethos while preserving each Brand’s identity and design DNA. While acting in different domains of high-end design, across different geographies, each brand in the Group incorporates this mission with dedication in their operations.

Beauty, craftsmanship, quality and sustainability are fundamental to our collective creed. Supporting heritage is another shared priority with each member of our Group nurturing design talent, engaging in scientific research and fostering pioneering partnerships to preserve iconic design legacies for the benefit of future generations.

A brief description of the Groups’ brands is here reported

FLOS

Recognized globally for its iconic design and technological innovation, FLOS is a leading high-end Italian lighting Brand, both in the residential and architectural sectors.

Since its establishment in 1962, FLOS' products have received numerous international awards and many of these products are now featured in the permanent collections of leading international art and design museums such as the MoMA in New York, the Victoria & Albert Museum in London and Le Centre Pompidou in Paris. A unique feature of FLOS is its longstanding exclusive relationships with world-renowned designers and architects such as Achille & Pier Giacomo Castiglioni, Antonio Citterio, Jasper Morrison, Patricia Urquiola, Vincent Van Duysen, Michael Anastassiades and many others.

With its two main operational headquarters in Brescia (Italy) and Valencia (Spain), the company is comprised of four different business streams and related R&D departments: Decorative, Architectural, Outdoor and Custom. FLOS exports to more than 90 countries worldwide and has a global presence with flagship stores in Europe and US.

Louis Poulsen

Established in 1874, Louis Poulsen has a long-standing heritage working with world renowned Danish designers to design and produce iconic products. Their impressive product portfolio spans indoor, outdoor and architectural lighting, designed by both heritage designers such as Poul Henningsen, Arne Jacobsen, Verner Panton and Vilhelm Lauritzen, as well as leading contemporary designers such as Christian Flindt, Shoichi Uchiyama and Anne Boysen.

Louis Poulsen has always sought, not only to design lamps, but to shape light and create an atmosphere that makes people feel good, both indoors and outdoors. Their products provide exceptional light, that helps people to thrive in the space.

With headquarters in Copenhagen and production facilities in Vejen, Denmark, Louis Poulsen stay close to their roots in Danish design, while having grown to become an internationally acclaimed luxury lighting Brand, with a global distribution network.

B&B Italia

B&B Italia is a leading Italian high-end furniture design Brand, established in 1966 through the inspired vision of Piero Ambrogio Busnelli. B&B Italia has built its success on the ability to reflect contemporary culture through design and the anticipation of trends, constantly seeking to respond to the evolution of people's tastes and living needs. B&B Italia has developed longstanding partnerships with world-renowned designers and architects such as Antonio Citterio, Piero Lissoni, Patricia Urquiola, Naoto Fukasawa, Gaetano Pesce, and many others whose contribution has positioned the company at the forefront of technological innovation and design.

MAXALTO

Launched in 1975 by Afra and Tobia Scarpa, Maxalto has become one of the Group's most prominent Brands. Since 1993, Maxalto collections have been overseen by the architect Antonio Citterio, who has continuously extended the product series so that it now incorporates whole living room and bedroom ranges. Maxalto is recognized worldwide for its unique way of balancing tradition and innovation, as well as its distinctive and beautiful use of high-quality materials, especially wood.

Striving for the highest standards of quality in terms of materials and workmanship is the objective of excellence inherent in the Brand's very name. Indeed, Maxalto derives from the Venetian dialect terms "massa alto", which means "the highest". Wood is the foremost material, and a decision was made to call attention on all its characteristics, and to use them for the creation of details and in the quality of the finishes while preserving Brianza's great heritage of craft technique and knowledge. Collection after collection, the constant quest for a different piece, a missing colour and a new material. The finishes range develops following a constant path of excellence and attention to detail and in craftsmanship.

ARCLINEA

Arclinea Arredamenti S.p.A., founded by Silvio Fortuna in Caldogno in 1925, started as an artisanal laboratory specialising in wood-processing and has grown to become an Italian leader in high-end design kitchens. Arclinea grew thanks to its ability to anticipate social change, combining tradition with innovation and excellence in industrial production.

In 1958, the Company launched the first modular kitchen, soon followed by the first kitchen with built-in electrical appliances and a stainless-steel hob. In the '80s, Arclinea started collaborating with famous architects and designers: Antonio Citterio was the one to introduce the characteristics of a professional restaurant kitchen into home kitchens. Since then, several models have been produced in collaboration with Mr. Citterio, consolidating the Brand's innovative traits and reputation.

Arclinea became part of the B&B Italia Group in September 2016, when B&B Italia became its major shareholder.

AZUCENA

Azucena was founded in 1947 by Luigi Caccia Dominioni, Ignazio Gardella and Corrado Corradi Dell'Acqua, three visionary Italian architects of the post-war period. Azucena has been a highly regarded Italian Brand from its creation, with its collections renowned for their elegance, luxury and aesthetical purity. Luigi Caccia Dominioni's iconic products include some of the most symbolic examples of Italian design history, including the Catilina chair, the ABCD armchairs, the Toro sofa and pouf, the Cavalletto table and the Poltrona and Imbuto lamps.

LUMENS

Lumens is North America's premier destination for modern lighting, furniture and décor, serving trade and contract professionals as well as consumers. We travel the world to source from over 350 global brands, curating a product assortment that features iconic designs as well as the latest from emerging studios, including exclusive and custom pieces. Lumens' vision to inspire and connect the world with good design has driven the company to be a leader in innovation, delivering a best-in-class customer experience through our website, brand partnerships, editorial content, and team of design experts and ALA-certified product specialists. Founded in the San Francisco Bay Area in 2001 and incorporating the heritage of YLighting, Lumens is part of the Group.

FENDI Casa

In May 2021 the Group and FENDI announced the launch of the partnership Fashion Furniture Design (FF Design) to develop the FENDI Casa business.

This new strategic venture enables FENDI to collaborate with a trusted, skilled partner, to jointly manage its home segment, designing, producing, and distributing collections that reflect the most authentic spirit of the Luxury Maison, as well as the Group's know-how, in a proud celebration of the Made in Italy craftsmanship.

Designers Company

In May 2022, with the aim of consolidating its market position in the Northern regions of the European market and the US, the Group acquired Designers Company, a Danish group that includes Brands such as Menu and by Lassen.

Designers Company incorporates a wide collection including furniture, lighting, and interior accessories. The iconic portfolio brings together heritage and contemporary Nordic designs and serves a broad customer base, including many younger customers.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

1 CASH AND SHORT-TERM DEPOSITS

Cash and Short-Term deposits are detailed as follow:

| <u>Cash and cash equivalents</u> | March 31 2023 | December 31 2022 |
|---|--------------------------|-----------------------------|
| Bank and postal accounts | 74.171 | 87.060 |
| Cash and cash equivalents in hand | 97 | 561 |
| Restricted bank deposits | 1.514 | 706 |
| Total | 75.782 | 88.328 |

For a detailed breakdown of the Group's cash and cash equivalents, please refer to Consolidated Cash Flow statement. The decrease in Cash is related to the payment of the first deferred price of the Designers Company acquisition for some Euro 39 million. At the same time the Group made a drawdown of the existing RCF (revolving credit facilities) in order to guarantee the minimum cash for the operations in all the brands of the Group.

2 TRADE RECEIVABLES

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

| <u>Trade Receivables</u> | March 31 2023 | December 31 2022 |
|--------------------------------------|--------------------------|-----------------------------|
| Trade receivables - Third parties | 88.895 | 92.040 |
| Trade receivables - Related parties | 527 | 412 |
| Allowance for bad and doubtful debts | (5.281) | (5.491) |
| Total | 84.141 | 86.961 |

| <u>Allowance for bad and doubtful debts</u> | March 31 2023 |
|--|--------------------------|
| Opening balance | (5.491) |
| Change in consolidation area | - |
| Utilized | 330 |
| Increases, net reversal | (135) |
| Exchange differences | 14 |
| Closing balance | (5.281) |

3 INVENTORIES

Inventories can be broken down as follows:

| Inventories | March 31 2023 | December 31 2022 |
|--|--------------------------|-----------------------------|
| Materials, auxiliaries and consumables | 80.440 | 79.371 |
| Work in progress and semi-finished goods | 29.590 | 33.826 |
| Finished products | 79.617 | 69.939 |
| Allowance for obsolete and slow-moving inventories | (23.082) | (22.530) |
| Total | 166.565 | 160.605 |

| Allowance for obsolete and slow-moving inventories | March 31 2023 |
|---|--------------------------|
| Opening balance | (22.530) |
| Change in consolidation area | - |
| Utilization | 189 |
| Increase, net reversal | (800) |
| Exchange rate difference | 60 |
| Closing balance | (23.082) |

Finished products increased of Euro 6,6 million compared to Dec 31, 2022 for the components related to the production volumes and costs inflation. In term of brands Fendi Casa is starting up and increased the inventory of Euro 1,7 million.

4 TAX CURRENT ASSETS

| Tax current assets | March 31 2023 | December 31 2022 |
|--|--------------------------|-----------------------------|
| Receivables for paid tax advances | 1.380 | 419 |
| VAT receivable | 11.995 | 9.415 |
| Receivables for withholding taxes | 692 | 9 |
| Tax receivables for fiscal consolidation and other | 3.660 | 4.403 |
| Total | 17.726 | 14.245 |

The increase in VAT receivable is mainly related to Fendi Casa, whose business is predominantly export, as such not generating VAT payable balances to offset VAT receivables in this start-up phase.

5 OTHER CURRENT ASSETS

The other current assets amount to Euro 17,4 million (Euro 13,1 million at December 31, 2022) and are mainly related to advances payments to suppliers and other prepayments (maintenance fees, software's utilization, services for IP deposit).

NON-CURRENT ASSETS**6 GOODWILL**

The breakdown of goodwill is shown below:

| | Flos S.p.A. Group | B&B Group | Louis Poulsen Group | YDesign Group | Designers Company Group | Total |
|------------------------|----------------------|----------------|---------------------------|------------------|-------------------------------|------------------|
| Opening Balance | 478.246 | 375.174 | 202.532 | 115.391 | 140.972 | 1.312.315 |
| Exchange differences | - | - | (326) | (2.275) | (335) | (2.936) |
| Closing Balance | 478.246 | 375.174 | 202.206 | 113.116 | 140.636 | 1.309.378 |

No additional goodwill has been allocated in the period. The changes compared to December 31, 2022 are only related to the exchange rates since the goodwill on Louis Poulsen, Designers Company and Lumens (YDesign Group) were recognized, for the purposes of the PPA, in their local currency and this implies that goodwill fluctuates based on exchange rates with Euro.

In accordance with IAS 36, Goodwill is not subject to amortization and it's tested for impairment at least once a year and the last impairment test was made on December 31, 2022. Following the results of the last Impairment test (December 31, 2022), the estimated recoverable amount of the Group's goodwill were higher than the related carrying values, therefore no write-off were necessary. No trigger events have been identified in the period.

7 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 costs | 619.707 | 48.430 | 35.405 | 66.372 | 769.914 |
| Accumulated depreciation | (238) | (36.929) | (23.086) | (39.807) | (100.060) |
| Net book value December 31 2022 | 619.468 | 11.501 | 12.319 | 26.565 | 669.853 |
| Historical costs | 618.596 | 49.529 | 35.710 | 68.109 | 771.945 |
| Accumulated depreciation | (260) | (38.436) | (23.663) | (40.756) | (103.115) |
| Net book value March 31 2023 | 618.336 | 11.093 | 12.047 | 27.353 | 668.829 |

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 | 619.468 | 11.501 | 12.319 | 26.565 | 669.853 |
| Additions | 61 | 1.215 | 589 | 2.225 | 4.090 |
| Disposal | 0 | (0) | 0 | (0) | (0) |
| Depreciations | (22) | (1.613) | (840) | (1.360) | (3.834) |
| Exchange differences | (1.167) | (11) | (21) | (197) | (1.395) |
| Other movements | (5) | - | - | 121 | 116 |
| Closing Balance | 618.336 | 11.093 | 12.047 | 27.353 | 668.829 |

Trademark refers to the following brands:

- “FLOS”, equal to some Euro 244 million;
- “B&B”, “Maxalto” and “Arclinea” equal to Euro 201 million;
- “Louis Poulsen”, equal to Euro 124 million;
- “Lumens” (YDesign Group) equal to Euro 49 million;

Trademarks are considered with an indefinite useful life and therefore subject to annual (or less) impairment test. Following the results of the last Impairment test (December 31, 2022), the estimated Recoverable amount of the Group's brands were higher than the related carrying values, therefore no write-off were necessary and no trigger events have been identified in the period.

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. The investments of the period were related to the reinforcement of IT and digital channel (e-commerce platform).

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 investments made by FLOS Group and B&B Italia Group (mainly Arclinea) for changing in their ERP systems.

8 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 costs | 123.519 | 76.565 | 31.082 | 70.100 | 28.599 | 1.054 | 330.919 |
| Accumulated depreciation | (47.519) | (61.763) | (19.155) | (61.363) | (23.480) | - | (213.280) |
| Net book value December 31 2022 | 76.000 | 14.802 | 11.926 | 8.738 | 5.119 | 1.054 | 117.638 |
| Historical costs | 123.730 | 77.050 | 31.837 | 70.510 | 28.292 | 1.057 | 332.477 |
| Accumulated depreciation | (48.248) | (62.513) | (19.851) | (62.292) | (23.429) | - | (216.332) |
| Net book value March 31 2023 | 75.482 | 14.537 | 11.986 | 8.219 | 4.863 | 1.057 | 116.144 |

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 | 76.000 | 14.802 | 11.926 | 8.738 | 5.119 | 1.054 | 117.638 |
| Additions | 272 | 681 | 985 | 367 | 248 | 283 | 2.837 |
| Disposal | - | - | - | - | - | - | - |
| Depreciations | (901) | (1.022) | (920) | (985) | (467) | - | (4.295) |
| Exchange differences | (39) | (18) | (80) | (5) | (26) | (3) | (173) |
| Other movements | 150 | 95 | 75 | 105 | (11) | (277) | 137 |
| Closing Balance | 75.482 | 14.537 | 11.986 | 8.219 | 4.863 | 1.057 | 116.144 |

The main investments of the period were related to the leasehold improvements: Fendi Casa is the main contributor as the new DOS opening of Fendi Casa in Shanghai is planned for the coming months.

Investments in the plant and machinery and for the industrial equipment (moulds and other industrial equipments) were related to B&B Italia Group for the activities in the Novedrate, Carugo and Misinto plants, as well as to Arclinea.

9 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has existing leases covering land and buildings, plants and machinery, vehicles and other equipment that are used in operational activities. Land and construction leases generally last between 2 and 24 years, plant and machinery leases generally last between 2 and 8 years, while those for vehicles and other equipment generally last between 2 and 5 years.

The Group's liabilities relating to these leasing agreements are guaranteed by the title of the landlord's property on the leased assets. Generally, the Group may not in turn lease the leased assets to third parties and certain contracts require the group to comply with certain liquidity indices. There are many leasing agreements that include options for renewal and cancellation and variable payments that are best described below.

The Group also has certain leases for machinery whose lifespan is 12 months or less and office equipment whose value is modest. The group has chosen for these contracts to apply the exemptions provided by IFRS16 for short-term or low value assets.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

| | LAND AND BUILDINGS | PLANT AND MACHINERY | INDUSTRIAL & COMMERCIAL EQUIPEMENT | OTHER ASSETS | TOTAL RIGHT OF USE ASSET |
|--|--------------------|---------------------|------------------------------------|--------------|--------------------------|
| Historical costs | 118.425 | 2.671 | 985 | 3.376 | 125.457 |
| Accumulated depreciation | (39.308) | (1.949) | (710) | (1.808) | (43.775) |
| Net book value December 31 2022 | 79.117 | 722 | 275 | 1.569 | 81.683 |
| Historical costs | 119.750 | 2.795 | 1.078 | 3.445 | 127.068 |
| Accumulated depreciation | (42.778) | (2.052) | (808) | (1.951) | (47.589) |
| Net book value March 31 2023 | 76.973 | 743 | 270 | 1.494 | 79.479 |

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 | 79.117 | 722 | 275 | 1.569 | 81.683 |
| Additions | 2.238 | 128 | 96 | 72 | 2.535 |
| Disposal | - | - | - | - | - |
| Depreciations | (3.794) | (106) | (100) | (145) | (4.145) |
| Exchange differences | (588) | (1) | (1) | (2) | (593) |
| Other movements | - | - | - | - | - |
| Closing Balance | 76.973 | 743 | 270 | 1.494 | 79.479 |

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

| | March 31 2023 |
|--|--------------------------|
| Current and Non-current Lease Liability | |
| Opening balance | 91.061 |
| Change in consolidated area | - |
| Increase, net | 2.535 |
| Interests | 1.397 |
| Payments | (4.766) |
| Exchange rate difference | (677) |
| Closing balance | 89.550 |
| Current Lease Liability | 15.022 |
| Non-current Lease Liability | 74.527 |

10 INVESTMENTS IN PARENT COMPANY

At March 31, 2022, International Design Group purchased shares in parent Design Holding, representing 2,43% of the capital, for a value of some Euro 40,6 million. The shareholding investments are updated annually at fair value.

11 DEFERRED TAX ASSETS

The breakdown and related changes in deferred tax assets are as follows:

| | March 31 2023 | Taxes to Income Statement | Exchange rates differences and other minor movements | December 31 2022 |
|---|--------------------------|--|---|---------------------------------|
| Reversal of related expenses for the purchase of equity investments | 6.454 | (0) | (43) | 6.497 |
| Inventory margin | 4.214 | 511 | (0) | 3.703 |
| Tax losses carried forward | 1.727 | 0 | (31) | 1.758 |
| Non-deductible financial charges | 3.916 | (17) | (42) | 3.975 |
| Depreciation of tangible assets and amortization of intangible assets | 1.778 | (56) | (22) | 1.855 |
| Provisions for stock obsolescence | 3.808 | 41 | (10) | 3.776 |
| Allowance for doubtful debts | 877 | (68) | (2) | 947 |
| Provisions for employee severance indemnities | 1.453 | (142) | (11) | 1.606 |
| Allocations to risk provision | 1.713 | (78) | (9) | 1.799 |
| Remuneration not yet paid | 120 | (0) | - | 120 |
| Other changes | 4.654 | 2.226 | (33) | 2.461 |
| Total | 30.711 | 2.417 | (201) | 28.496 |

12 OTHER NON-CURRENT ASSETS

The other non-current assets amount to Euro 9,1 million at December 31, 2022 (Euro 11,7 million at December 2022) and mainly include Euro 4,8 million of deposits on rents paid by the Group companies and Euro 3,5 million as non-current prepayments.

13 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**14 TOTAL SHAREHOLDERS' EQUITY**

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

| Equity | March 31 2023 | December 31 2022 |
|--|--------------------------|-----------------------------|
| 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 |
| Share premium reserve and other reserve of parent company | 1.005.411 | 1.005.411 |
| Fair value reserve | 14.921 | 14.921 |
| Translation reserve | 13.300 | 21.619 |
| Actuarial gain/(loss) reserve | (1.362) | (1.365) |
| Other reserves | 74.423 | 25.368 |
| Total Other reserves | 101.282 | 60.542 |
| Profit/(Loss) of the period | 10.663 | 48.860 |
| Group shareholders' equity | 1.122.459 | 1.119.916 |
| Equity reserves of non-controlling interests | 3.677 | 4.109 |
| Minority Interest Income | (356) | (1.043) |
| Equity attributable to non-controlling interests | 3.321 | 3.066 |
| Total Shareholders' equity | 1.125.781 | 1.122.982 |

CURRENT AND NON CURRENT LIABILITIES**15 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES**

Current and non-current financial liabilities are as follows:

| | March 31 2023 | December 31 2022 |
|---|--------------------------|-----------------------------|
| Short-Term bank loan | 62.994 | 33.366 |
| Interests on financial liabilities | 14.214 | 6.872 |
| Current payables to other lenders | 1.257 | 40.685 |
| Short-term amortized costs | (4.650) | (4.506) |
| Current financial liabilities | 73.814 | 76.417 |
| Long-Term Bond | 870.000 | 870.000 |
| Non-current payables to other lenders | 18.146 | 18.175 |
| Long-term amortized costs | (9.379) | (10.520) |
| Non-current financial liabilities | 878.767 | 877.655 |
| Financial liabilities, excluding lease liabilities | 952.581 | 954.072 |
| Current lease liabilities | 15.022 | 14.759 |
| Non-current lease liabilities | 74.527 | 76.302 |
| Lease liabilities | 89.550 | 91.061 |
| Total financial liabilities | 1.042.130 | 1.045.133 |

On January 2023 the Group paid the first deferred price of the Designers Company acquisition for some Euro 39 million and included in the “Other current financial liabilities” in the Annual report 2022 (December 31, 2022). 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.

The second deferred price of the Designers Company has been included in the long term financial liabilities (Euro 18,1 million).

During the period the Group paid interests on bonds for some Euro 7,1 million, when in the corresponding period of 2022 was Euro 5 million: the amount is higher compared with the past for the Euribor increase on the floating bond of Euro 470 million (the interests on the other bond of Euro 400 million are fixed at 6,5%).

The composition of the financial liabilities is here reported:

| Group's company | Current financial Liabilities | Non-current financial Liabilities | Total financial debt | Type of Loan | Cur. | Expiry Date | Interest rate |
|---|-------------------------------|-----------------------------------|----------------------|-----------------|------|-------------|------------------|
| Louis Poulsen A/S | 4.126 | - | 4.126 | term loan | DKK | 08/2023 | 5,3% |
| FLOS S.p.A. | 2.000 | - | 2.000 | RCF | Eur | na | 0,9% |
| ARCLINEA | 529 | - | 529 | term loan | Eur | 08/2023 | 1,9% |
| ARCLINEA | 2.667 | - | 2.667 | term loan | Eur | na | - |
| IDG S.p.A. | 9.750 | 400.000 | 409.750 | bond (fixed) | Eur | 11/2025 | 6,5% |
| IDG S.p.A. | 3.912 | 470.000 | 473.912 | bond (floating) | Eur | 05/2026 | Euribor 3m+4,25% |
| IDG S.p.A. | 54.224 | - | 54.224 | RCF (*) | DKK | na | Cibor 3m+3% |
| IDG S.p.A. | (4.650) | (9.379) | (14.029) | Amortized costs | | | |
| Payables to banks and bonds | 72.557 | 860.621 | 933.178 | | | | |
| IDG S.p.A. | - | 18.146 | 18.146 | Def. price (DC) | DKK | 01/2024 | na |
| IDG S.p.A. | 1.257 | - | 1.257 | Other lenders | Eur | na | na |
| Payables to other lenders | 1.257 | 18.146 | 19.403 | | | | |
| Financial liabilities, excl. lease liabilities | 73.814 | 878.767 | 952.581 | | | | |
| Lease liabilities | 15.022 | 74.527 | 89.550 | | | | |
| Total Financial Payables | 88.836 | 953.294 | 1.042.130 | | | | |

(*) = RCF (revolving credit facility) of total Euro 100 m., used for Euro 54 million as at March 31, 2023

16 TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

| | March 31 2023 | December 31 2022 |
|--|------------------|---------------------|
| Trade payables and advance from customers | | |
| Trade payables - third parties | 127.343 | 131.082 |
| Trade payables - related | 11.331 | 14.240 |
| Total Trade payables | 138.674 | 145.322 |
| Advances from customers | 51.102 | 55.310 |
| Total | 189.776 | 200.632 |

The item includes both trade payables to suppliers (including allocations for invoices to be received), advances from customers and trade payables toward the ultimate parent company.

17 CURRENT TAX LIABILITIES

The current tax liabilities have the following composition:

| | March 31 2023 | December 31 2022 |
|---------------------------------------|------------------|---------------------|
| Current Tax liabilities | | |
| Corporate Taxes Payables | 11.862 | 8.479 |
| VAT and indirect taxes | 2.524 | 2.653 |
| Withholding tax | 114 | 90 |
| Tax payables for fiscal consolidation | 9.671 | 5.650 |
| Other taxes | 2.542 | 3.080 |
| Total | 26.714 | 19.951 |

18 OTHER CURRENT LIABILITIES

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

| | March 31 2023 | December 31 2022 |
|-------------------------------------|------------------|---------------------|
| Other current liabilities | | |
| Payables to social security agency | 5.736 | 6.198 |
| Payables to Employees and Directors | 22.606 | 20.856 |
| Payables for royalties | 2.116 | 2.514 |
| Other payables | 11.803 | 15.345 |
| TOTAL | 42.268 | 44.913 |

19 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 changes are as follows

| | Defined benefit plans |
|--------------------------|--------------------------|
| Opening balance | 7.030 |
| Allocations to Provision | 567 |
| Usage of Provision | (629) |
| Actuarial effect | - |
| Exchange rate difference | (8) |
| Closing balance | 6.973 |

The measurement of the employee severance indemnity for IAS purposes follows the method of the projection of the present value of the defined benefits obligation with the estimate of the benefits accrued by employees.

20 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 | 5.902 | 4.144 | 3.280 | 13.326 |
| Usage | (412) | - | (317) | (729) |
| Increases, net of reversal | 71 | 48 | 38 | 157 |
| Exchange rate difference | - | (11) | (16) | (27) |
| Closing balance | 5.561 | 4.182 | 2.984 | 12.727 |

The provisions for pension liabilities is subject to annual actuarial calculation and amounted to Euro 5.6 million at March 31, 2023. It includes the supplementary customer indemnity accrued towards agents, in accordance with the current agents' national collective agreement. The amount reflects the prudent appreciation of the risk connected with any interruption of the mandate conferred to agents in the cases prescribed by law.

The other provision for risk and charges represent the best estimate of the maximum outflow of resources needed to settle liabilities deemed to be probable. Based on the information available at the reporting date, the management accrued the costs considered adequate in respect of the liabilities that could arise from them.

21 DEFERRED TAX LIABILITIES

The breakdown and related changes in deferred tax liabilities are as follows:

| Deferred Taxes on: | March 31 2023 | Change in consolidation area | Taxes to Income Statement | Exchange rate | other movements | December 31 2022 |
|----------------------|------------------|------------------------------------|---------------------------------|------------------|--------------------|---------------------|
| Business combination | 92.231 | (134) | (38) | (38) | - | 92.441 |
| Trademark | 66.018 | - | (705) | (55) | - | 66.778 |
| R&D | 2.451 | - | 30 | (3) | - | 2.424 |
| Other | 5.992 | - | 96 | (14) | - | 5.910 |
| Total | 166.693 | (134) | (617) | (110) | - | 167.553 |

Change in consolidation area refers to the reversal of the deferred taxes on Inventory related to the PPA on Designers Company's acquisition (made in 2022).

22 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are equal to Euro 4,8 million at March 31, 2023 (Euro 5,9 million at December 31, 2022). This amount is for the main part related to the signing of a license agreement to develop the FENDI Casa business.

Consolidated Profit or Loss statement

23 REVENUES

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

| | March 31 2023 | March 31 2022 |
|--|--------------------------|--------------------------|
| Revenues from contracts with customers | 208.484 | 190.345 |
| Other revenues | 702 | 605 |
| Total revenues | 209.186 | 190.950 |

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

The Financial Review describes the Revenues from contracts with customers by group of companies, by geographical area and by distribution channel.

24 PURCHASES OF RAW MATERIALS AND CHANGES IN INVENTORIES

The details of Purchases of raw materials and changes in inventories are as follows:

| <u>Cost of Sales</u> | March 31 2023 | March 31 2022 |
|---|--------------------------|--------------------------|
| Purchases of raw materials, semifinished goods, finished products | (57.577) | (51.239) |
| Purchase of various other materials | (1.833) | (582) |
| Variation in stocks | 3.850 | 9.502 |
| Write-down/Reversal of inventories | (800) | (6.940) |
| Total | (56.360) | (49.259) |

25 PERSONNEL COSTS

Details about Personnel costs and the average number of Group employees (FTE – full time equivalent) are broken down as follows

| | March 31 2023 | March 31 2022 |
|--|--------------------------|--------------------------|
| Salaries and wages | (34.305) | (30.310) |
| Stock options plans | - | 90 |
| Social security contributions | (4.442) | (4.119) |
| Employee severance indemnities and pension charges | (1.787) | (2.052) |
| Other personnel costs | (1.771) | (1.330) |
| Total | (42.306) | (37.722) |

| | March 31 2023 | March 31 2022 |
|--------------|--------------------------|--------------------------|
| Executives | 74 | 73 |
| White-collar | 1.445 | 1.404 |
| Blue-collar | 673 | 745 |
| Total | 2.192 | 2.222 |

26 SERVICE COSTS

The details of Service costs are as follows:

| | March 31 2023 | March 31 2022 |
|--|--------------------------|--------------------------|
| Contractor work and outsourced production work | (12.200) | (14.152) |
| Fees, royalties, expenses for advertising and communication | (19.432) | (19.618) |
| Transport and customs expenses | (9.841) | (7.068) |
| Utilities, Maintenance and IT expenses | (6.421) | (4.962) |
| Advisory services | (3.319) | (1.737) |
| Statutory Auditors & External Auditors | (855) | (319) |
| Travel and lodging expenses | (1.971) | (1.227) |
| Exp. for training, 3rd party personnel, banking and sundry admin. services | (2.028) | (2.565) |
| Insurances, patents and trademark, telephone and mail expenses | (1.068) | (842) |
| Consultant costs related to business combination | (323) | (628) |
| Management Fees | (2.295) | (2.076) |
| Total | (59.753) | (55.194) |

27 PROVISIONS

Allocations to provisions refer to:

| | March 31 2023 | March 31 2022 |
|---|--------------------------|--------------------------|
| Provisions for pension liabilities and the like | (71) | (108) |
| Provision for product warranty | (48) | (191) |
| Provision for risk and charges | (38) | 25 |
| Allowance for bad and doubtful debt | (135) | (39) |
| Total | (292) | (313) |

28 OTHER COSTS AND CHARGES

The Other costs and charges comprise the following:

| | March 31 2023 | March 31 2022 |
|--|--------------------------|--------------------------|
| Property services | (1.193) | (734) |
| Other services and EDP license fees | (687) | (479) |
| Other taxes and duties | (574) | (420) |
| Membership and subscriptions included internet | (191) | (195) |
| Gifts and charitable donations | (338) | (100) |
| Purchase of office supplies and consumables | (234) | (293) |
| Other income / expenses | (1.029) | (265) |
| Cleaning, security and other operating costs | (349) | (1.171) |
| Total | (4.596) | (3.656) |

29 AMORTIZATION, DEPRECIATION AND IMPAIRMENT

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

| | March 31 2023 | March 31 2022 |
|--|--------------------------|--------------------------|
| Amortization of intangible assets | (3.834) | (3.574) |
| Depreciation of tangible assets | (4.070) | (3.497) |
| Write-down of fixed assets | (225) | (32) |
| Depreciation of right of use (IFRS 16) | (4.145) | (3.018) |
| Total | (12.274) | (10.121) |

30 FINANCIAL INCOME AND EXPENSES

| | March 31 2023 | March 31 2022 |
|--|--------------------------|--------------------------|
| Interest income | 314 | 137 |
| Exchange gains realized and unrealized | 582 | 2.035 |
| Financial income | 896 | 2.172 |
| Interest Expense | (16.669) | (12.949) |
| Interest Expense on lease Liabilities (IFRS16) | (1.397) | (1.047) |
| Exchange loss realized and unrealized | (926) | (1.953) |
| Financial expenses | (18.992) | (15.949) |
| Total Financial income/(expenses) | (18.096) | (13.778) |

Financial income amount to Euro 0,9 million and decrease versus the 2022 for gains on exchange rates, relating to foreign exchange transactions (main impact is EUR-USD exchange rate).

Financial expenses amount to Euro 19 million, higher versus the same period 2022:

- interest expense are equal to Euro 16,7 million and includes the financial charges on bonds for Euro 14 million, interest expense on revolving credit facilities and other loans for Euro 1,7 Million, as well as the release of amortized costs on bonds for Euro 1 million;
- interest expenses on lease liabilities (for the application of IFRS 16) of Euro 1,4 million.
- Exchange loss realized and unrealized of Euro 0,9 million;

31 TAXATION

| | March 31 2023 | March 31 2022 |
|----------------|--------------------------|--------------------------|
| Current Taxes | (8.350) | (8.247) |
| Deferred Taxes | 3.150 | 593 |
| Total | (5.201) | (7.654) |

The taxation accrual for the first quarter 2023 amounted to Euro 5,2 million, 33,5% of the profit before taxes.

32 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

| | March 31 2023 | March 31 2022 |
|---|--------------------------|--------------------------|
| Group net income / (loss) in Euro | 10.663 | 13.435 |
| Weighted average number of ordinary shares for basic EPS* | 5.102 | 5.102 |
| Basic and diluted earnings / (losses) per share in Euro, calculated on weighted average number of shares | 2,1 | 2,6 |

33 EVENTS AFTER THE REPORTING PERIOD

Please refer to Financial review.

These 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 25, 2023

On behalf of the Board of Directors

The Chairman
Piero Canzani