



PERIODIC FINANCIAL INFORMATION
AS AT 31 MARCH 2023

23 MAY 2023

ITALIAN DESIGN BRANDS S.p.A.

Registered office at Corso Venezia 29, Milan, Italy

Share capital €26,926,298

Economic and Administrative Index No. of Milan no. 2062252

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

FINANCIAL INFORMATION

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

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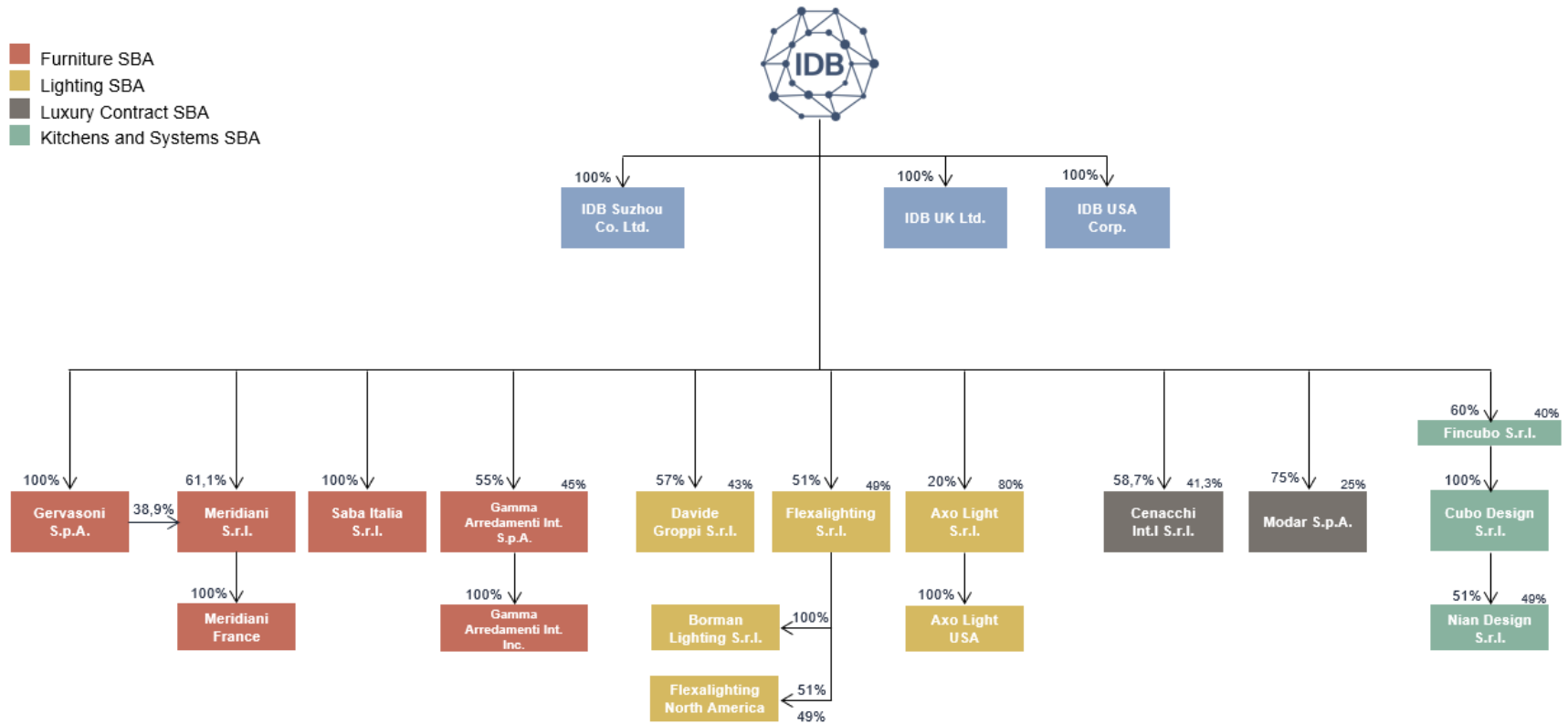
General information

The Group

Italian Design Brands S.p.A. (hereinafter also IDB), an investee of Investindesign S.p.A., is based in Milan and was established on 10 March 2015 with the aim of facilitating an Italian design hub in the furniture, fittings and lighting segment. Since 2023, its scope has also included high-end modular kitchen solutions and systems that can implement dimensional, organisational, managerial, strategic and distribution synergies, which allow IDB to compete internationally in a segment where Italy has a competitive advantage and excellent creative and product skills.

The structure of the IDB S.p.A. Group as at 31 March 2023 is provided below:

Organizational structure of the Group as at 31 marzo 2023



The consolidated quarterly financial statements include the financial statements of the Parent Company, Italian Design Brands S.p.A. and the companies over which the Parent Company has the right to exercise control, determining their financial and management decisions and obtaining the related benefits. The companies included by means of the full consolidation method as at 31 March 2023 are listed below. Please note that the criteria adopted for the consolidation of subsidiaries is consistent with the criteria used for the preparation of the financial statements for the period ended 31 December 2022.

Company name	Registered office	Share capital	Activity	% direct ownership	% indirect ownership
Gervasoni S.p.A.	Pavia di Udine (Udine)	1,000,000	furniture	100%	0%
Meridiani S.r.l.	Misinto (Monza and Brianza)	120,000	furniture	61.11%	38.89%
Meridiani France SARL	Paris (France)	100,000	furniture	0%	100%
IDB UK Ltd.	London (UK)	GBP 100,000	furniture	100%	0%
Cenacchi International S.r.l. (*)	Ozzano dell'Emilia (Bologna)	10,000	luxury contract	58.72%	0%
Davide Groppi S.r.l. (*)	Piacenza	20,000	lighting	57%	0%
Saba Italia S.r.l.	S. Martino di Lupari (Padua)	50,000	furniture	100%	0%
Modar S.p.A. (*)	Barlassina (Monza and Brianza)	500,000	luxury contract	75%	0%
IDB Suzhou Co. Ltd.	Suzhou (China)	CNY 5,317,670	other	100%	0%
Flexalighting S.r.l. (*)	Pontassieve (Florence)	10,000	lighting	51%	0%
Borman Lighting S.r.l. (*)	Pontassieve (Florence)	10,000	lighting	0%	51%
IDB USA Corp.	New York (USA)	USD 10,000	other	100%	0%
Flexalighting North America Ltd. (*)	Surrey (Canada)	CAD 103	lighting	0%	26%
Gamma Arredamenti S.p.A. (*)	Forlì (Forlì-Cesena)	2,000,000	furniture	55%	0%
Gamma Arredamenti Inc. (*)	High Point (USA)	USD 5,000	furniture	0%	55%
Fincubo S.r.l. (*)	Milan	23,000,000	kitchens and systems	60%	0%
Cubo Design S.r.l. (*)	Notaresco (Teramo)	84,000	kitchens and systems	0%	60%
Nian Design S.r.l.	Giulianova (Teramo)	30,000	kitchens and systems	0%	31%

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

It should be noted that the scope of consolidation has changed since the 2022 financial year, due to the recent acquisition of Cubo Design S.r.l. and its subsidiary Nian Design S.r.l. For more information, please see the paragraph on business combinations.

The Group prepared its quarterly interim financial statements in accordance with the principles of recognition and measurement set out in IFRS and pursuant to the principles applied in preparing the consolidated annual financial statements as at 31 December 2022.

From the point of view of its operating results, assets and liabilities and cash flows, the interim consolidated financial statements of the Group for the period ended 31 March 2023 include figures for subsidiaries Gervasoni S.p.A., Meridiani S.r.l., IDB UK Ltd, Meridiani France SARL, Cenacchi International S.r.l., Davide Groppi S.r.l., Saba Italia S.r.l., IDB Suzhou Co. Ltd, Modar S.p.A., IDB USA Corp., Flexalighting S.r.l., Borman Lighting S.r.l., Flexalighting North America Ltd, Gamma Arredamenti International S.p.A., Gamma Arredamenti International Inc., Fincubo S.r.l., Cubo Design S.r.l. and Nian Design S.r.l. The amounts shown in the financial statements are in thousands of euro.

At the reference date of the financial statements, the organisation of the IDB Group is divided into four operating segments or strategic business areas (SBA), as defined at an operational level by the management, and one other segment (mainly attributable to the Parent Company with a holding function):

- Furniture: dedicated to the design, production (both in-house and through third-party manufacturers) and marketing of indoor and outdoor furniture products, mainly dedicated to the living area. At the reference date of the financial statements, this business activity is concentrated in Gervasoni S.p.A., Meridiani S.r.l., Saba Italia S.r.l. and Gamma Arredamenti International S.p.A.;
- Lighting: dedicated to the design, production (both in-house and through third-party manufacturers) and marketing of high-quality designer lighting products. At the

reference date of the financial statements, this segment was made up of Davide Groppi S.r.l., Flexalighting S.r.l. and Flexalighting North America Ltd;

- Luxury Contract: dedicated to the design and installation of bespoke and commissioned fittings for luxury brand shops and high-end hotels and homes, commissioned and in collaboration with well-known architects and designers. At the reference date of the financial statements, this SBA was concentrated and active at Cenacchi International S.r.l. and Modar S.p.A.;
- Kitchens and Systems: following the completion of the acquisition of most of Cubo Design S.r.l.'s share capital in January 2023, described in detail in the section on business combinations, the Group's activity was divided to include a fourth operating segment called "Kitchens and Systems". This segment focuses on the design, production and marketing of modular kitchen solutions and systems, with the Binova and Miton Cucine brands, attributable to Cubo Design S.r.l.
- Other: made up of smaller companies (IDB Suzhou Co. Ltd, IDB USA Corp.), as well as the Parent Company, Italian Design Brands S.p.A.

The strategic business area is typically the reference unit by means of which the Group monitors the performance of its business and is characterised by the homogeneity of the core markets, without however having an independent organisation.

Management information

This financial information as at 31 March 2023 was approved by the Company's Board of Directors on 23 May 2023. It is not subject to audit as this is not required by current legislation. This report on operating performance should be read in conjunction with the condensed financial statements as at 31 March 2023, as reported below.

To gain the best understanding of the Group's situation and operating performance, the tables below show a brief analysis of the consolidated financial statements for the period ended 31 March 2023, made up of the reclassified income statement and the reclassified statement of financial position.

To monitor the Group performance, IDB Group uses alternative performance indicators. These measures are not recognized as measures of financial performance under IFRS and, therefore, should not be considered as alternative to those provided by the financial statements to monitor the Group's economic performance and its financial position. The Group believes that the financial information below is another important parameter for evaluating the Group's performance, as it allows to monitor in a more analytical way the economic and financial performance.

As this financial information is not a measure that can be determined within accounting principles for the preparation of consolidated financial statements, the criteria used to determine them may not be consistent with that used by other groups and therefore such data may not be comparable with those that may be presented by these groups. The definition of these alternative performance indicators is shown below.

Value Added is defined as the sum of revenue from the sale of goods and services and other revenue and income net of the sum of costs for procurement of raw materials, changes in inventories, costs for services and use of third-party assets and other operating costs.

EBITDA is defined as the sum of net income for the year, plus profit (loss) from discontinued operations, plus income taxes, financial income and expenses, plus amortization, depreciation and write-downs of fixed assets.

Adjusted EBITDA is defined as the sum of net income for the year, plus profit (loss) from discontinued operations, plus income taxes, financial income and expenses, plus amortization, depreciation and write-downs of fixed assets, excluding Special Items.

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

Adjusted EBIT is defined as the sum of net income for the year, plus the profit (loss) from discontinued operations, plus income taxes, financial income and expenses, excluding Special Items and amortization of intangible assets with a finite useful life, models and customer relationships, recognized during the PPA (Purchase Price Allocation), and destined to be eliminated at the end of the related amortization process.

The Adjusted Net result from operating activities is defined as the net result from operating activities, excluding (i) Special Items, (ii) amortization of intangible assets with a finite useful life, such as models and customer relationships, allocated during the PPA (Purchase Price Allocation) and destined to be eliminated at the end of the related amortization process, (iii) the effects of put & call options and earn out remeasurements and (iv) the related tax effects.

Operating Working Capital is defined as the net balance of inventories, trade receivables, trade payables and contract assets and liabilities, customer advances, while Net Working Capital is defined as the net balance of operating working capital, income tax receivables and other current assets and liabilities.

Net Invested Capital is defined as the balance of net working capital, non-current assets, liabilities for employee benefits and provisions for liabilities and charges, and other non-current liabilities.

Net financial position is represented by financial debts, net of cash and other cash equivalent assets.

Reclassified income statement

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

Reclassified income statement <i>amounts are shown in €/1,000</i>	31.03.2022		31.03.2023		Change	
	amount	%	amount	%	amount	%
Sales Revenue	34,857	100.0%	62,945	100.0%	28,088	80.6%
Other income	575	1.6%	964	1.5%	389	67.7%
Total revenues	35,433	101.6%	63,910	101.5%	28,477	80.4%
External operating costs (*)	(25,246)	-72.4%	(45,419)	-72.2%	(20,173)	79.9%
Value added	10,187	29.2%	18,491	29.4%	8,304	81.5%
Staff costs	(6,321)	-18.1%	(9,781)	-15.5%	(3,460)	54.7%
Provisions and depreciation	(29)	-0.1%	(57)	-0.1%	(27)	94.2%
Gross operating profit (EBITDA)	3,837	11.0%	8,654	13.7%	4,817	125.5%
Amortisation, depreciation and write-downs of fixed assets	(2,006)	-5.8%	(3,176)	-5.0%	(1,170)	58.3%
Operating earnings (EBIT)	1,831	5.3%	5,478	8.7%	3,647	199.2%
Financial result	(413)	-1.2%	(2,532)	-4.0%	(2,119)	512.9%
Gross result	1,418	4.1%	2,946	4.7%	1,528	107.8%
Income taxes	(646)	-1.9%	(1,351)	-2.1%	(705)	109.0%
Group consolidated net result	772	2.2%	1,595	2.5%	824	106.8%

(*) includes the following income statement items: materials consumption, costs for services and leased assets and other operating costs.

Revenues in the first quarter of 2023 increased significantly compared to the same period of the previous year, from €34.9 million to €62.9 million – up by €28.1 million, or around 81%. Approximately €14.1 million (around 40%) of this increase was due to organic growth and approximately €14.0 million (around 40%) to the effect of the acquisitions in 2022 and 2023.

The Group's revenues by type of activity (strategic business area or SBA) and by geographic area in the first quarter of 2023 and in the previous quarter break down as follows:

- growth of 33% and 22% respectively in the Furniture and Lighting segments, with the increase in the former partly reflecting the acquisition of Gamma Arredamenti International S.p.A. completed in 2022;
- significant growth in the Luxury Contract segment due to the launch of projects that had been put on hold during the COVID-19 pandemic, and to current projects as of the second half of 2022;
- further penetration by the Group in non-EU markets, particularly in the United States, again mainly linked to the recovery of the Luxury Contract segment.

<i>amounts are shown in €/1,000</i>	31.03.2022	31.03.2023
Furniture	20,593	27,315
Lighting	5,493	6,728
Luxury Contract	8,756	19,886
Kitchens and systems	-	9,000
Other	15	17
Total sales revenues	34,857	62,945

<i>amounts are shown in €/1,000</i>	31.03.2022	31.03.2023
Italy	8,832	15,435
EU	11,276	18,090
Non-EU	14,749	29,420
Total sales revenues	34,857	62,945

In view of the relevance of certain non-recurring economic items for the period's results and the specific way in which the IDB Group came to be established, management also intended to disclose adjusted EBITDA, adjusted EBIT and the adjusted net result; these amounts are therefore determined without considering the effect of non-recurring revenue and cost items (including the costs of incentive plans, costs related to the IPO process, costs related to the acquisition of new companies, the amortisation of intangible assets with a finite useful life recorded under the PPA, and the related tax effects, and the positive and negative effects resulting from the imputed costs of put and call options and earn-outs due to minority shareholders).

<i>amounts are shown in €/1,000</i>	31.03.2022		31.03.2023	
	Actual value	Adjusted value	Actual value	Adjusted value
Sales Revenue	34,857	34,857	62,945	62,945
Other income	575	575	964	964
Total revenues	35,433	35,433	63,910	63,910
External operating costs	(25,246)	(25,091)	(45,419)	(43,453)
Value added	10,187	10,342	18,491	20,457
Staff costs	(6,321)	(6,321)	(9,781)	(9,781)
Provisions and depreciation	(29)	(29)	(57)	(57)
Gross operating profit (EBITDA)	3,837	3,992	8,654	10,620
Amortisation, depreciation and write-downs of fixed assets	(932)	(932)	(1,978)	(1,978)
Amortisation, depreciation and write-downs of fixed assets arising from the PPA process	(1,074)	-	(1,198)	-
Operating earnings (EBIT)	1,831	3,060	5,478	8,642
Financial result	(413)	(251)	(2,532)	(1,183)
Gross result	1,418	2,809	2,946	7,458
Income taxes	(646)	(942)	(1,351)	(2,098)
Group consolidated net result	772	1,866	1,595	5,360

A reconciliation of the above amounts can be found below. Starting from the actual amounts, the items taken into account to calculate the adjusted amounts as at 31 March 2022 and 31 March 2023 have been listed:

<i>amounts are shown in €/1,000</i>	Actual value 31/03/2022	Non- recurring costs	Amortization, depreciation and write- downs, PPA	Remeasurement of put and call options and earn-outs	Adjusted value 31/03/2022
Sales revenues	34,857				34,857
Other income	575				575
Total revenues and income	35,433	-	-	-	35,433
External operating costs	(25,246)	155			(25,091)
Value added	10,187	155	-	-	10,342
Staff costs	(6,321)				(6,321)
Provisions and depreciation	(29)				(29)
Gross operating profit (EBITDA)	3,837	155	-	-	3,992
Amortisation, depreciation and write-downs of fixed assets	(932)				(932)
Amortisation, depreciation and write-downs of fixed assets arising from the PPA process	(1,074)		1,074		-
Operating earnings (EBIT)	1,831	155	1,074	-	3,060
Financial result	(413)			162	(251)
Gross result	1,418	155	1,074	162	2,809
Income taxes	(646)	(43)	(253)		(942)
Group consolidated net result	772	112	821	162	1,866

<i>amounts are shown in €/1,000</i>	Actual value 31/03/2023	Non- recurring costs	Amortization, depreciation and write- downs, PPA	Remeasurement of put and call options and earn-outs	Adjusted value 31/03/2023
Revenue	62,945				62,945
Other income	964				964
Total revenues and income	63,910	-	-	-	63,910
External operating costs	(45,419)	1,966			(43,453)
Added value	18,491	1,966	-	-	20,457
Payroll costs	(9,781)				(9,781)
Provisions and write-downs	(57)				(57)
Gross operating profit (EBITDA)	8,654	1,966	-	-	10,620
Amortisation, depreciation and write-downs of fixed assets	(1,978)				(1,978)
Amortisation, depreciation and write-downs of fixed assets arising from the PPA process	(1,198)		1,198		-
Operating profit (EBIT)	5,478	1,966	1,198	-	8,642
Financial result	(2,532)			1,348	(1,183)
Gross result	2,946	1,966	1,198	1,348	7,458
Income tax	(1,351)	(457)	(291)		(2,098)
Group consolidated net result	1,595	1,509	908	1,348	5,360

In order to better understand the Group's "organic" growth process, taking into account the Group's external growth, a *full-year income statement* has been presented, which was drawn up on the assumption that the acquisition of Cubo Design S.r.l. would take place on 1 January 2023, compared with the income statement for the same quarter in 2022.

Full year Income statement <i>amounts are shown in €/1,000</i>	31.03.2022		31.03.2023		Change	
	value	%	value	%	value	%
Sales revenue	34,857	100.0%	65,912	100.0%	31,054	89.1%
Other income	575	1.6%	1,033	1.6%	458	79.7%
Total revenues and income	35,433	101.6%	66,945	101.6%	31,513	88.9%
External operating costs	(25,246)	-72.4%	(47,555)	-72.1%	(22,309)	88.4%
Value added	10,187	29.2%	19,390	29.4%	9,203	90.3%
Staff costs	(6,321)	-18.1%	(10,307)	-15.6%	(3,986)	63.1%
Provisions and depreciation	(29)	-0.1%	(57)	-0.1%	(27)	94.2%
Gross operating profit (EBITDA)	3,837	11.0%	9,027	13.7%	5,190	135.3%

Reclassified statement of financial position

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

Reclassified Balance sheet <i>amounts are shown in €/1,000</i>	31.03.2022		31.12.2022		31.03.2023	
	value	%	value	%	value	%
Intangible assets	111,345	96.2%	133,881	93.7%	195,482	85.9%
Right of use	17,557	15.2%	24,368	17.1%	31,143	13.7%
Tangible assets	5,660	4.9%	14,277	10.0%	25,260	11.1%
Equity investments and other non-current assets	5,822	5.0%	6,952	4.9%	8,358	3.7%
Non-current assets (A)	140,384	121.2%	179,478	125.6%	260,243	114.4%
Inventories	21,018	18.2%	24,567	17.2%	30,134	13.2%
Trade receivables	24,218	20.9%	21,831	15.3%	29,965	13.2%
Other current assets	4,959	4.3%	5,516	3.9%	8,244	3.6%
Current assets (B)	50,195	43.4%	51,914	36.3%	68,343	30.0%
Trade payables	(22,954)	-19.8%	(37,369)	-26.2%	(42,304)	-18.6%
Other current liabilities	(33,960)	-29.3%	(30,298)	-21.2%	(35,713)	-15.7%
Current liabilities (C)	(56,914)	-49.2%	(67,667)	-47.4%	(78,017)	-34.3%
Net working capital (D = B – C)	(6,719)	-5.8%	(15,753)	-11.0%	(9,674)	-4.3%
Provisions for risk and severance indemnity	(8,293)	-7.2%	(8,624)	-6.0%	(10,147)	-4.5%
Other non-current liabilities	(9,584)	-8.3%	(12,216)	-8.5%	(12,927)	-5.7%
Medium-/long-term assets (liabilities) (E)	(17,877)	-15.4%	(20,840)	-14.6%	(23,074)	-10.1%
Net invested capital (A + D + E)	115,789	100.0%	142,885	100.0%	227,494	100.0%
Shareholders' equity	64,969	56.1%	58,780	41.1%	59,356	26.1%
Banks net financial position	8,659	7.5%	(1,388)	-1.0%	33,877	14.9%
Other net financial position	42,160	36.4%	85,493	59.8%	134,262	59.0%
Net financial position	50,820	43.9%	84,105	58.9%	168,139	73.9%
Equity and debt	115,789	100.0%	142,885	100.0%	227,494	100.0%

Business combinations

Acquisition of Cubo Design S.r.l.

On 31 January 2023, by means of special-purpose vehicle Fincubo S.r.l. (60% held by IDB and 40% by former shareholders of Cubo Design S.r.l.), IDB acquired the entire share capital of Cubo Design S.r.l., a company specialised in the production of modular kitchens, with a 51%-owned subsidiary, Nian Design S.r.l., specialised in the processing of marble for kitchen manufacturing.

The price set for the acquisition breaks down as follows:

- a) consideration at the time of acquisition of €48,000,000;

- b) a deferred consideration as a variable earn-out, to be settled from 2023 on an annual basis, up to a maximum of €4,300,000 based on the actual collection or offsetting of the tax credits of Cubo existing at 31 December 2021;
- c) a deferred consideration as an earn-out, to be settled from 2024 within 30 days of the approval of the 2023 financial statements based on the average EBITDA achieved by Cubo Design S.r.l. in the financial years 2022 and 2023 and estimated at the acquisition date at €4,474,000, as the maximum amount contractually agreed and discounted to take the time factor into account.

At the same time as the acquisition, a put and call agreement was signed between IDB and the selling shareholders for the transfer of the remaining 40% stake. Under the agreement, in 2026, following approval of the 2025 financial statements:

- the minority shareholders will have the right to sell (put option) to IDB—which will have the obligation to purchase—their shares of the company by payment in cash for a consideration calculated based on average EBITDA in the two-year period prior to exercising the option, to which a multiplication factor is applied and the net financial position at the end of the year prior to exercising this right is deducted from the result;
- if the minority shareholders do not exercise the put option, IDB will have the right to purchase (call option) 40% of the share capital of Fincubo S.r.l. from the same, which will have the obligation to sell, for a consideration determined using the same calculation methods as for the put option.

Based on this combination of put and call options, the holding recorded by the Group in the consolidated financial statements was equal to 100% of the subsidiary Cubo Design. At the same time, the financial liability at fair value for the purchase of the 40% minority interest was recognised under other non-current financial liabilities, totalling €32,668,000 at the acquisition date.

In 2023, the reverse merger of Fincubo S.r.l. into Cubo Design S.r.l. will be completed.

The consolidated financial statements of the IDB Group as at 31 March 2023 include the results of Cubo Design S.r.l. for the period since the acquisition and establishment date and of Nian Design S.r.l. for the effective share of control (51%).

Since the acquisition date of 31 March 2023, the sales revenues for goods and services of Cubo Design S.r.l. and Nian Design S.r.l. amount to €9,000,000.

If the acquisition of the two companies had taken place at the start of the 2023 period, sales revenues for goods and services would have come to €11,967,000.

The table below breaks down the information on assets and liabilities, respectively acquired and assumed as at the acquisition date. Any difference arising between the net amount of the acquisition and the total net assets acquired was provisionally allocated to goodwill:

<i>(in thousands of euro)</i>	Carrying amounts at the acquisition date	Allocation	Overall amounts at fair value
ASSETS			
Customer relations	-		-
Brands	115		115
Models	-		-
Other intangible fixed assets	255		255
ROU	7,110		7,110
Holdings	-		-
Property, plant and equipment	10,895		10,895
Other non-current assets	108		108
Inventories	3,557		3,557
Trade receivables	5,613		5,613
Deferred tax assets	139		139
Other assets	2,304		2,304
Cash and cash equivalents	14,831		14,831
TOTAL ASSETS	44,926	-	44,926
LIABILITIES			
Net liabilities for employee benefits	(813)		(813)
Provision for risks and charges	(696)		(696)
Deferred tax liabilities	-		-
Financial payables	(11,538)		(11,538)
Trade payables	(10,662)		(10,662)
Other liabilities	(4,266)		(4,266)
TOTAL LIABILITIES	(27,975)	-	(27,975)
TOTAL NET ASSETS ACQUIRED (A)	16,951	-	16,951
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS (B)			26
NET CONSIDERATION FOR ACQUISITION (C) (*)			79,411
PROVISIONAL GOODWILL FOR BUSINESS COMBINATION (D = C - A + B)			62,487
Cash and cash equivalents acquired (E)			14,831
Deferred earn-out payments (F)			7,943
Deferred put and call payments (G)			32,668
PAYMENTS MADE FOR ACQUISITION (C - (E+F+G)) (**)			23,969

(*) Calculated as the sum of the current amount of the holding, earn-out payables and payables for put and call options, net of the reinvestment of minority shareholders.

(**) Calculated as the consideration for the acquisition net of the reinvestment of minority shareholders, cash, earn-out payables and payables for put and call options.

Net financial position

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

<i>amounts are shown in €/1,000</i>	Balance at 31.03.2022	Balance at 31.12.2022	Balance at 31.03.2023	Changes Mar 2022 – Mar 2023	Changes Dec 2022 – Mar 2023
Current payables to banks	13,787	10,778	18,793	5,006	8,016
Non-current payables to banks	18,322	30,812	60,563	42,241	29,751
Cash and cash equivalents	(23,450)	(42,978)	(45,480)	(22,030)	(2,502)
NFP Banks net financial position	8,659	(1,388)	33,877	25,217	35,265
Current earn-out payable	-	6,662	6,274	6,274	(388)
Non-current earn-out payable	2,532	361	8,451	5,919	8,090
Current payable for purchase of minority shares through the exercise of the put option	16,405	33,066	34,145	17,740	1,079
Non-current payable for purchase of minority shares through the exercise of the put option	4,012	20,741	54,029	50,017	33,288
NFP Other financial position	22,949	60,829	102,899	79,951	42,070
Current financial payables to lessors	2,097	3,152	4,098	2,001	946
Non-current financial payables to lessors	15,547	21,386	27,157	11,610	5,772
NFP Payables to lessors (IFRS 16)	17,644	24,537	31,255	13,611	6,718
Other non-current financial payables	1,568	126	108	(1,460)	(18)
Total Net Financial Position	50,820	84,105	168,139	117,319	84,034

The amount of payables to lessors (IFRS 16) was determined by discounting the rents required under existing lease agreements, in particular those for real estate. The increase over the quarter refers to the business combinations and new building lease agreements for office use and industrial use.

The earn-out payable recorded at 31 March 2023 refers to the sellers of Flexalighting, SUR, Gamma Arredamenti International and Cubo Design and comprises the update of the best possible estimate of the earn-out set at the acquisition date and accounted for at fair value at 31 March 2023. The earn-out is directly linked to the performance of the acquired companies, usually EBITDA and net financial position as contractually defined between the parties. These parameters may differ in the final figures compared with the estimates in the business plan of the target company.

Payables for put options and phantom stock options amounted to €88,174,000 at 31 March 2023 and relate to the fair value of the liability for the exercise of the put option (in favour of the seller) and the call option (in favour of the Group) for the purchase of the residual stake of 41.28% in Cenacchi International, the residual stake of 43% in Davide Groppi, the residual stake of 25% in Modar, 49% of Flexalighting and Flexalighting North America, 45% of Gamma Arredamenti International and 40% of Fincubo (the vehicle created for the acquisition of Cubo Design). The acquisition value of the minority stake through the put option was also subject to a contractual definition that links its value to actual company performance compared with the estimates in the business plan, using calculation parameters that are still contractually predefined between the parties (usually EBITDA and net financial position).

The total increase in payables during the period (€42,069,000) reflects the value of the options provided for the business combinations completed as at 31 March 2023 (€40,611,000), the exercise of the earn-out (€455,000), the share of accrued interest (€1,348,000) and the remeasurement of the payable for the phantom stock option existing as at 31 December 2022 for €596,000, which led to an increase in the value of the same in relation to the evolution of the expected results compared with those estimated at the end of the previous financial year. These are reflected in the income statement under costs for services, as shown below.

Other current financial liabilities reflect the updated maturities of payables for earn-outs, options and phantom stock options following the IPO process by the Company for €34,145,000.

Changes in payables to banks are shown below:

<i>amounts are shown in €/1,000</i>	Balance at 31.12.2022	Business combinations	Loans taken out	Repayments/ Payments	Other changes	Balance at 31.03.2023
Bank loans:						
Loans for acquisitions	26,690	-	37,800	(3,172)	222	61,540
Loans pursuant to Liquidity Decree	7,332	-		(659)	50	6,723
Other loans	7,568	4,532		(1,382)	375	11,093
Total	41,590	4,532	37,800	(5,213)	647	79,356

The increase in the payable of €37,766,000 is mainly due to the acquisition of Cubo Design, for which the Group has access to a nominal amount of long-term financing for €37,800,000.

The financial debt of the IDB Group according to the format adopted by Consob is as follows:

<i>amounts are shown in €/1,000</i>	Balance 31.03.2022	Balance 31.12.2022	Balance 31.03.2023	Changes Mar 2022 – Mar 2023	Changes Dec 2022 – Mar 2023
A Cash	23,450	42,978	45,480	22,030	2,502
B Cash equivalents	-	-	-	-	-
C Other current financial assets	-	-	-	-	-
D Cash and cash equivalents (A + B + C)	23,450	42,978	45,480	22,030	2,502
E Current financial payable (including debt instruments but excluding the current portion of non-current financial payable)	(18,570)	(42,880)	(44,517)	(25,948)	(1,638)
F Current portion of non-current financial payable	(13,787)	(10,778)	(18,793)	(5,006)	(8,016)
G Current financial indebtedness (E + F)	(32,357)	(53,657)	(63,311)	(30,954)	(9,653)
H Net current financial indebtedness (G - D)	(8,907)	(10,679)	(17,831)	(8,924)	(7,152)
I Non-current financial debt (excluding the current portion and debt instruments)	(41,913)	(73,425)	(150,308)	(108,395)	(76,882)
J Debt instruments	-	-	-	-	-
K Non-current trade and other payables	-	-	-	-	-
L Non-current financial indebtedness (I + J + K)	(41,913)	(73,425)	(150,308)	(108,395)	(76,882)
M Total financial indebtedness (H + L)	(50,820)	(84,105)	(168,139)	(117,319)	(84,034)

Shareholders' equity

The change in shareholders' equity at 31 March 2023 is shown in the statement of changes to shareholders' equity, to which reference should be made.

Share capital

The share capital is fully subscribed and paid up, totalling €20,217,000 and divided into 20,216,740 shares, each with a nominal value of €1. The capital was unchanged during the period.

Other items of shareholders' equity

It is worth noting the share premium reserve of €3,563,000 from the capital increase in financial years 2016 to 2018, retained earnings and other reserves of €35,674,000 and the positive cash flow hedge reserve of €152,000, which is recorded as a balancing entry to the mark-to-market calculation, net of the related tax effect, of contracts entered into to hedge the risk of changes to the interest rate on existing loans.

Furthermore, pursuant to the recommendations in IAS 19, the actuarial gains/(losses) on severance pay are also recorded under other items of shareholders' equity. Net of the related tax effect, the amount is a positive €378,000.

The result for the quarter is €1,595,000.

Income statement by strategic business area

The breakdown of the income statement by operating segment as at 31 March 2022 and 31 March 2023 is provided below.

<i>amounts are shown in €/1,000</i>	Furniture	Lighting	Luxury Contract	Other	31.03.2022
Sales revenues for goods and services	20,593	5,493	8,756	15	34,857
Other income	202	36	329	8	575
Total revenues and income	20,794	5,530	9,085	24	35,433
Purchases of raw materials	(7,764)	(1,977)	(3,855)	(1)	(13,597)
Costs for services and leased assets	(6,409)	(1,283)	(3,275)	(682)	(11,649)
Payroll costs	(2,919)	(793)	(2,352)	(256)	(6,321)
Provisions and write-downs	(27)	-	(3)	-	(29)
EBITDA	3,676	1,477	(400)	(916)	3,837
Amortisation, depreciation and write-downs of fixed assets	(612)	(95)	(261)	(1,038)	(2,006)
Operating result	3,063	1,382	(661)	(1,954)	1,831
Financial income					34
Financial expenses					(447)
Profit before tax					1,418
Income taxes					(646)
Net result					772

<i>amounts are shown in €/1,000</i>	Furniture	Lighting	Luxury Contract	Kitchens and systems	Other	31.03.2023
Sales revenues for goods and services	27,315	6,728	19,886	9,000	17	62,945
Other income	513	65	42	342	3	964
Total revenues and income	27,827	6,793	19,928	9,342	20	63,910
Purchases of raw materials	(10,908)	(2,196)	(6,338)	(4,331)	(8)	(23,781)
Costs for services and leased assets	(8,367)	(1,636)	(6,798)	(2,346)	(2,490)	(21,637)
Payroll costs	(4,240)	(1,102)	(2,969)	(970)	(500)	(9,781)
Provisions and write-downs	(11)	-	-	(45)	-	(57)
EBITDA	4,301	1,859	3,823	1,649	(2,978)	8,654
Amortisation, depreciation and write-downs of fixed assets	(1,164)	(192)	(1,087)	(663)	(70)	(3,176)
Operating result	3,138	1,667	2,735	986	(3,048)	5,478
Financial income						212
Financial expenses						(2,744)
Profit before tax						2,946
Income taxes						(1,351)
Net result						1,595

(*) The revenues for each segment include both revenues realised in respect of third parties and revenues realised in respect of other Group operating segments. The figure for the latter was not material: it was therefore not deemed necessary to provide a breakdown in table format.

Furniture and Lighting revenues in the first quarter of 2023 increased compared with the same quarter of 2022; in the Furniture segment, the acquisition of Gamma Arredamenti

International led to an increase in revenues of €4,438,000, while the consolidation of Flexalighting North America had a positive impact of €546,000 on the revenues of the Lighting segment.

The increase in revenues is more than proportionally reflected in EBITDA, the primary indicator of economic performance.

The Luxury Contract operating segment recorded a marked increase in revenues, as indicated above in the paragraph “Reclassified income statement”.

It should be noted that EBITDA in the Other operating segment deteriorated by a total of €1,041,000 compared with the first quarter of 2022, primarily due to non-recurring costs for services related to the IPO process incurred in the period.

Statement of financial position by strategic business area

The breakdown of the statement of financial position by operating segment as at 31 December 2022 and 31 March 2023 is provided below.

<i>amounts are shown in €/1,000</i>	Furniture	Lighting	Luxury Contract	Other	31.12.2022
Intangible assets	66,223	18,975	48,680	4	133,881
Right of use	15,468	1,146	4,428	3,326	24,368
Tangible assets	11,156	689	2,247	185	14,277
Equity investments and other non-current assets	3,892	310	604	2,146	6,952
Non-current assets	96,738	21,121	55,959	5,660	179,478
Inventories and contract assets	14,359	5,477	4,684	47	24,567
Trade receivables	13,132	3,386	5,114	199	21,831
Business advances and contract liabilities	(7,540)	(879)	(10,225)	(289)	(18,933)
Trade payables	(20,801)	(3,467)	(12,080)	(1,021)	(37,369)
Operating net working capital (*)	(850)	4,517	(12,507)	(1,064)	(9,904)
Other current liabilities	(3,954)	(1,187)	(3,527)	(2,697)	(11,365)
Other current assets	2,523	430	1,561	1,003	5,516
Net working capital	(2,281)	3,760	(14,473)	(2,758)	(15,753)
Provisions for risk and severance pay	(4,724)	(875)	(2,933)	(92)	(8,624)
Other non-current liabilities	(6,668)	(599)	(4,944)	(5)	(12,216)
Net invested capital	83,064	23,407	33,608	2,805	142,885
Net financial debt					(84,105)
Shareholders' equity					(58,780)
Financing sources					(142,885)

<i>amounts are shown in €/1,000</i>	Furniture	Lighting	Luxury Contract	Kitchens and systems	Other	31.03.2023
Intangible assets	65,991	18,801	47,846	62,840	3	195,482
Right of use	15,576	1,072	4,283	6,959	3,254	31,143
Tangible assets	11,503	697	2,400	10,480	180	25,260
Equity investments and other non-current assets	3,928	246	579	1,329	2,277	8,358
Non-current assets	96,998	20,817	55,107	81,607	5,714	260,243
Inventories and contract assets	16,282	6,098	3,621	4,067	66	30,134
Trade receivables	12,898	3,787	7,635	5,636	9	29,965
Business advances and contract liabilities	(7,998)	(1,010)	(7,750)	(1,873)	(410)	(19,042)
Trade payables	(18,830)	(3,505)	(8,631)	(8,921)	(2,417)	(42,304)
Operating net working capital (*)	2,352	5,370	(5,125)	(1,091)	(2,752)	(1,247)
Other current liabilities	(4,388)	(1,369)	(4,068)	(2,219)	(4,628)	(16,671)
Other current assets	3,148	508	1,609	1,084	1,895	8,244
Net working capital	1,112	4,509	(7,584)	(2,226)	(5,485)	(9,674)
Provisions for risk and severance pay	(4,624)	(915)	(2,978)	(1,531)	(100)	(10,147)
Other non-current liabilities	(6,784)	(579)	(4,708)	(852)	(5)	(12,927)
Net invested capital	86,702	23,833	39,837	76,998	124	227,494
Net financial debt						(168,139)
Shareholders' equity						(59,356)
Financing sources						(227,494)

(*) Operating net working capital is calculated as the net balance of customer and supplier relationships, inventories and contract assets/liabilities and customer advances.

Overall, there is significant growth in non-current assets, mainly linked to the acquisition of Cubo Design completed in the period, as well as the size of the operating net working capital, which continues to have a negative value of €9,674,000 (-€15,753,000 as at 31 December 2022). This is due to the effect of financial dynamics in the collection of receivables and the payment of debt, but above all to the capacity of companies in the Luxury Contract segment to obtain advances, which entail operating net working capital that is structurally negative.

In the Furniture operating segment, the increase in non-current assets is mainly linked to improvements to shops and showrooms leased from third parties. Operating working capital was positive compared with 31 December 2022, as a result of financial dynamics in the collection of receivables and the payment of debt, and shows a positive change

mainly due to the increase in inventories value due to a seasonal effect and the payment of trade payables.

Non-current assets in the Lighting segment are broadly in line with 31 December 2022. Operating working capital was positively impacted by the increase in the inventories value due to a seasonal effect.

The decrease in non-current assets in the Luxury Contract operating segment is mainly due to the amortisation of the customer list, while the net working capital at 31 March 2023, which was negative, increased due to financial dynamics in the collection of receivables and the payment of debt.

In the Other operating segment, the net working capital decreased due to the increase in trade payables at 31 March, which are also linked to non-recurring costs for services related to the IPO process incurred in the period.

Related parties

<i>amounts are shown in €/1,000</i>	rental costs without the application of IFRS 16	costs for services
Il Castello S.p.A.	118	
Directors		2,383
Ir-Ma S.r.l.	105	
C.G. Immobiliare S.r.l.	50	
AGP2 S.r.l.	100	
Giaro Componenti S.r.l.		137
G.S.P. S.r.l.	26	
Total	400	2,520

<i>amounts are shown in €/1,000</i>	security deposits	other receivables	current liabilities	other payables
Ir-Ma S.r.l.	100			
Cubo Trading S.n.c.		31		
Giaro Componenti S.r.l.			(51)	
G.S.P. S.r.l.			(26)	
TMR S.r.l.				(132)
Directors			(3,170)	(466)
Total	100	31	(3,247)	(598)

The Group companies have lease agreements in place with related parties, whose rents are paid in advance. The quarterly cost of this amounts to €274,000.

The "Directors" item includes the remuneration and the share of phantom stock options for the period.

Consolidated financial statements as at 31 March 2023

The Group prepared its interim financial statements in accordance with the principles of recognition and measurement set out in IFRS and pursuant to the principles applied in preparing the consolidated annual financial statements as at 31 December 2022.

Consolidated statement of financial position

<i>(amounts in thousands of euros)</i>	31/03/2023	31/12/2022
NON-CURRENT ASSETS		
Intangible assets	195,482	133,881
<i>Goodwill</i>	134,058	71,679
<i>Trademarks</i>	33,306	33,194
<i>Models</i>	8,374	8,696
<i>Customer relations</i>	18,262	19,133
<i>Other intangible assets</i>	1,482	1,178
Right of use	31,143	24,368
Property, plant and equipment	25,260	14,277
Deferred tax assets	2,990	2,624
Equity investments	858	883
Other non-current assets	4,510	3,445
Total non-current assets	260,243	179,478
CURRENT ASSETS		
Inventories	28,710	22,561
Contract assets	1,424	2,005
Trade receivables	29,965	21,831
Income tax credits	1,996	621
Other current assets	6,249	4,895
Cash and cash equivalents	45,480	42,978
Total current assets	113,822	94,892
TOTAL ASSETS	374,066	274,370

<i>(amounts in thousands of euros)</i>	31/03/2023	31/12/2022
SHAREHOLDERS' EQUITY		
Share capital	20,217	20,217
Other reserves and retained earnings, including profit (loss) for the period	39,085	38,563
Total Group shareholders' equity	59,302	58,780
Shareholders' equity – minority interests	54	-
Total shareholders' equity	59,356	58,780
NON-CURRENT LIABILITIES		
Post-employment benefits	5,942	5,124
Provisions for risks and charges	4,205	3,500
Medium-/long-term banks loans	60,563	30,812
Other non-current financial liabilities	62,481	21,102
Other medium-/long-term loans	107	125
Non-current financial payables to lessors	27,157	21,386
Other non-current liabilities	917	0
Deferred taxes liabilities	12,010	12,216
Total non-current liabilities	173,382	94,266
CURRENT LIABILITIES		
Short-term bank loans	18,793	10,778
Other current financial liabilities	40,419	39,728
Other short-term loans	0	0
Current financial payables to lessors	4,099	3,152
Trade payables	42,304	37,369
Income tax payables	4,721	2,219
Other current liabilities	30,992	28,079
<i>Payables to staff and social security institutions</i>	<i>8,356</i>	<i>6,849</i>
<i>Contract liabilities</i>	<i>7,750</i>	<i>10,225</i>
<i>Other payables</i>	<i>14,885</i>	<i>11,005</i>
Total current liabilities	141,328	121,325
TOTAL LIABILITIES	314,710	215,590
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	374,066	274,370

Consolidated income statement

<i>(amounts in thousands of euros)</i>	31/03/2023	31/03/2022
Sales revenues for goods and services	62,945	34,857
Other income	964	575
Total revenues	63,910	35,433
Purchases of raw materials	(26,343)	(15,727)
Change in inventories	2,562	2,130
Staff costs	(9,781)	(6,321)
Costs for services and use of third-party assets	(21,213)	(11,518)
Other operating costs	(424)	(131)
Provisions and depreciation	(57)	(29)
Amortisation, depreciation and write-downs of fixed assets	(3,176)	(2,006)
Operating profit/(loss)	5,478	1,831
Financial income	212	34
Financial expenses	(2,744)	(447)
Profit/(loss) before taxes resulting from continuing operations	2,946	1,418
Income tax	(1,351)	(646)
Profit/(loss) from continuing operations	1,595	772
Net result from discontinued operations	0	0
Net profit/(loss)	1,595	772
Attributable to:		
Profit/(loss) pertaining to the Group	1,567	772
Profit/(loss) pertaining to third parties	28	0

Comprehensive consolidated income statement

<i>(amounts in thousands of euros)</i>	31/03/2023	31/03/2022
Net profit/(loss)	1,595	772
Profit / (loss) from cash flow hedge	(429)	113
Tax effect	103	(27)
Total profit/(loss) from cash flow hedge, net of taxes	(326)	86
Foreign currency translation differences	(127)	16
Other changes	134	-
Total components of the Comprehensive Income Statement that will be subsequently reclassified to profit/(loss) for the year	(319)	102
Actuarial profit/(loss)	-	-
Tax effect	-	-
Total actuarial profit/(loss), after tax	-	-
Components of the Comprehensive Income Statement that will be subsequently reclassified in the profit/(loss) for the year	-	-
Comprehensive income statement net of taxes	(319)	102
Total comprehensive profit/(loss) for the period	1,276	873
Attributable to:		
Parent company shareholders	1,248	873
Minority shareholders	28	-

Consolidated statement of changes in shareholder's equity

<i>(amounts in thousands of euros)</i>	Share capital	Share premium reserve	Cash flow hedging reserve	Actuarial gains/(losses)	Other reserves	Retained earnings	Result for the period	Total Group shareholders' equity	Capital and reserves – minority interests	Profit – minority interests	Shareholders' equity – minority interests	Total shareholders' equity
Balance at 1 January 2022	20,217	3,563	(67)	(231)	(78)	29,289	11,402	64,095	-	-	-	64,095
Allocation of result for the year						11,402	(11,402)	-	-	-	-	-
Other income statement items			87		16			102	-	-	-	102
Profit for the period							772	772	-	-	-	772
Balance at 31 March 2022	20,217	3,563	20	(231)	(62)	40,692	772	64,969	-	-	-	64,969

<i>(amounts in thousands of euros)</i>	Share capital	Share premium reserve	Cash flow hedging reserve	Actuarial gains/(losses)	Other reserves	Retained earnings	Result for the period	Total Group shareholders' equity	Capital and reserves – minority interests	Profit – minority interests	Shareholders' equity – minority interests	Total shareholders' equity
Balance at 1 January 2023	20,217	3,563	174	425	(358)	40,692	(5,932)	58,780	-	-	-	58,780
Allocation of result for the year						(5,932)	5,932	-	-	-	-	-
Other income statement items			(326)		(20)			(346)	-	-	-	(346)
Dividends						(700)		(700)				(700)
Business combination								-	26		26	26
Profit for the period							1,567	1,567		28	28	1,595
Balance at 31 March 2023	20,217	3,563	(152)	425	(378)	34,060	1,567	59,302	26	28	54	59,356

Consolidated cash flows statements

(amounts in thousands of euros)

31/03/2023 31/03/2022

A. Cash flows from income management (indirect method)

Profit (loss) for the period	1,595	772
Income tax	1,351	646
Interest expense/(interest income)	2,385	415
Other non-monetary income and expenses	147	(2)
1. Profit/(loss) for the year before income tax, interest, dividends and capital gains/losses on disposal	5,478	1,831
Severance Indemnity Provision	406	158
Provisions	41	61
Depreciation and amortisation of fixed assets	3,176	2,008
Other adjustments for non-monetary items	654	165
2. Cash flow before changes in net working capital	9,755	4,222
Decrease/(increase) in inventories	(2,591)	(2,352)
Decrease/(increase) in contract assets	581	(3,273)
Decrease/(increase) in trade receivables	(2,454)	(5,467)
Increase/(decrease) in trade payables	(5,952)	(5,501)
Increase/(decrease) in contract assets	(2,475)	5,953
Decrease/(increase) in other net asset items of net working capital	776	(133)
Interest received/paid	(80)	(50)
Disbursement of severance payments and other provisions	(186)	(127)
3. Cash flow after other adjustments	(12,382)	(10,950)
Cash flow of income management (A = 1 + 2 + 3)	(2,627)	(6,728)

B. Cash flows from investment activity

Investments in tangible fixed assets, net of divestments	(1,026)	(268)
Investments in intangible assets, net of divestments	(139)	(46)
Investments in financial fixed assets	(968)	124
Acquisition or disposal of subsidiaries or business units, net of cash and cash equivalents	(23,969)	(668)
Exercise of options and earn-out	(455)	0
Cash flow of investment activity (B)	(26,558)	(859)

C. Cash flows from financing activity

Loan capital

Increase (decrease) in short-term debt due to banks	(610)	139
New loans	37,800	0
Loans repayment	(4,413)	(1,827)
Payments for lease liabilities	(1,091)	(602)
Cash flow of financing activity (C)	31,686	(2,290)

Increase (decrease) in cash (A ± B ± C)	2,502	(9,877)
Cash and cash equivalents at 1 January	42,978	33,327
Cash and cash equivalents at 31 March	45,480	23,450
Change in cash and cash equivalents	2,502	(9,877)

Main risks and uncertainties to which the Group is exposed

Credit risk

Credit risk is connected to the inability of counterparties to meet their obligations and essentially relates to sales. Given the business segment, the customer portfolio of the Group companies is divided into many, often small, entities, and exposure is therefore limited. It should be noted that subsidiary Cenacchi International S.r.l. operates in the global market with well-known customers. In this regard, please note that the concentration is spread among several entities that are owned by a single economic entity, with which the management team has a very well-established relationship.

Credit risk is managed through the close and timely monitoring of customers and by assigning an exposure level to each of them, over which supply may be suspended. However, the risk is limited; for many EU customers and all non-EU customers, the Group companies normally require advance payment or guarantees.

Liquidity risk

Liquidity risk may arise when it is not possible to obtain, under favourable economic conditions, the financial resources necessary for the operation of the Group companies. Liquidity risk relates to the cash flows generated and absorbed by day-to-day operations and the resulting need to access financing to support business expansion.

The evolution of cash flows and the use of credit facilities are closely monitored by the Group Finance Department and the Directors in order to ensure that financial resources are used efficiently and effectively, including in terms of expenses and interest.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will change due to fluctuations in exchange rates.

The Group has a limited exposure to the risks arising from exchange rate fluctuations, which may affect profit or loss and shareholders' equity as the prevailing transactions are

in euros and because the Group's net investments in foreign entities (currency translation risk) are limited.

Interest rate risk

Interest rate risk can be defined as the risk that changes in market interest rates will result in a decrease in business profitability. The Group makes use of external financial resources in the form of debt. Changes in market interest rates influence the cost and return of various forms of financing by affecting financial expenses. Interest rate risk is managed through the use of derivatives in the form of interest rate swaps.

Risk of remeasurement of financial liabilities for earn-outs, put and call options and phantom stock options

Financial liabilities include the best estimate of the present value of the earn-outs and put and call options entered into with the minority shareholders of the acquired companies, as well as the phantom stock option of the company's CEO. The earn-out and put and call option values are directly linked to the achievement of certain economic and financial targets by the acquired companies in the periods following the taking of control. The value of the phantom stock option also depends on the total value of the parent company at the time of a given liquidation event.

These financial liabilities are remeasured at every period-end or when a liquidation event occurs and their effects are reflected under financial income or expenses in the income statement, together with the estimated cost of discounting the financial liabilities.

Risks related to the global geopolitical situation

The Group is exposed to the risks associated with the current and future global, European and Italian economic and political situation, which is also aggravated by political and military tensions in Ukraine where the development and political and economic impact are still uncertain and hard to assess.

Risks related to climate change

Management has assessed the ongoing impact of climate change, and these considerations do not affect the estimates and valuations recorded in the financial statements, given the type of business and the inputs used. In particular, climate change is currently not expected to have a material impact in the future (unless regulatory changes take place that cannot currently be foreseen or predicted).

Subsequent events

On 10 May 2023, the initial public offering period was launched for the admission to trading of the Company's ordinary shares on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A. This reached a positive conclusion on 15 May 2023. The launch of the trading of shares and the settlement date of the Offer took place on 18 May 2023.

With a fixed price of €10.88 for each share, the Offer was reserved exclusively for eligible investors and concerned 6,433,823 shares. The fixed price includes the share premium and therefore has a total countervalue of around €70 million deriving from a share capital increase excluding option rights. Furthermore, 275,735 new shares of the Company were issued as part of a capital increase excluding option rights, reserved for certain shareholders/entrepreneurs of some of the companies controlled by the Issuer, which have made a commitment to subscribe to the Offer Price (*Reserved Capital Increase*).

As part of the Offer, some of the Company's current shareholders have granted an option so called *Greenshoe* in favour of Equita SIM S.p.A. on behalf of the Joint Global Coordinators for the purchase of a maximum of 965,074 shares, corresponding to 15% of the maximum number of shares subject to the Offer. The greenshoe option can be exercised in whole or in part within 30 days of the date of the start of trading of the shares on Euronext Milan.

The proceeds deriving from IPO, approximately Euro 70 million, net of the commissions and related expenses, are used to (i) settle put and call options, approximately Euro 30.971 thousand, which have accelerated their expiration date as a result of the Offering process, and pay the liabilities due under the Phantom Stock Option Plan, approximately

Euro 3.170 thousand, (II) implement the organic growth strategy according to the goals identified in the Business Plan, (iii) finance future growth through acquisitions, and (iv) support capital expenditure and working capital.

Business outlook

The Group's production and sales performance in the months following the end of the first quarter of 2023 shows a trend in line with budget forecasts.

The Group continuously monitors both the performance of the relevant markets and developments in the conflict between Ukraine and Russia, which call for a continuously cautious approach to macroeconomic forecasts in relation to the significant adverse repercussions on prices of raw materials and the performance of the financial markets. Group exposure in terms of turnover in countries undergoing conflict is not significant. The costs of energy, raw materials and semi-finished products are starting to normalise, but in any event the Group is maintaining a proactive and constant focus on controlling costs and identifying initiatives that can guarantee the expected revenues, profitability and cash flows.

Milan, 23 May 2023

On behalf of the Board of Directors

The Chief Executive Officer

Andrea Sasso

Manager charged with preparing the company's financial reports pursuant to Article 154-bis, paragraph 2 of Legislative Decree No 58 of 24 February 1998

I, the undersigned, Alberto Bortolin, Chief Financial Officer of the Italian Design Brands Group, as the Manager charged with preparing the company's financial reports, hereby declare that the periodic financial information as at 31 March 2023 corresponds to the figures in the corporate documents, books and accounting records.

Milan, 23 May 2023

Chief Financial Officer

Alberto Bortolin