# HALF-YEAR FINANCIAL REPORT AS OF 30 JUNE 2023

IDB

Italian Design Brands

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Italian Design Brands

**Lighting**

**DAVIDE GROPPI** | Infinito Lamp
Design Davide Groppi 2016

Archiproducts Design Award 2017
People's Choice AZ Award 2017

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# CORPORATE BODIES

**Board of Directors**[1]

| | |
|---|---|
| Andrea Sasso | Chairman and CEO |
| Giorgio Gobbi | Executive Director |
| Paolo Colonna | Director |
| Giovanni Tamburi (*) (**) | Director |
| Alessandra Rollandi | Director |
| Piero Generali | Director |
| Alessandra Stea | Director |
| Giovanni Gervasoni | Director |
| Cristina Finocchi Mahne (*) (**) (***) | Independent Director |
| Lea Lidia Lavitola (*) (**) (***) | Independent Director |
| Paola Mungo (***) | Independent Director |

**Board of Statutory Auditors**[2]

| | |
|---|---|
| Filippo Annunziata | Chairman |
| Marzia Nicelli | Standing Auditor |
| Fabio Buttignon | Standing Auditor |

**Independent Auditors**[3]

EY S.p.A.

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

# THE GROUP AND SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2023

Italian Design Brands S.p.A. (hereinafter also “IDB”) is based in Milan at Corso Venezia, 29 and is listed on the Italian Stock Exchange. It was established on 10 March 2015 with the aim of promoting an Italian design pole in the furniture, fittings and lighting segment. Since 2023, its scope has also included high-end modular kitchen solutions and systems that can implement dimensional, organisational, managerial, strategic and distribution synergies, which allow IDB to compete internationally in a segment where Italy has a competitive advantage and excellent creative and product skills.

On 18 May 2023, the Initial Public Offering (IPO) of the Company’s ordinary shares concluded, aimed at the admission to trading of the ordinary shares on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A. (hereinafter, the “Quotation”). The proceeds deriving from IPO were used mainly to support the organic growth and non-organic growth. For more information, please refer to paragraph "Italian Design Brands S.p.A. on the stock exchange" below.

Due to the company’s listing on the stock exchange, in May 2023, the amount relating to the phantom stock option incentive plan accrued on that date was paid to the CEO and at the same time a new management incentive plan came into effect (referred to as the long-term incentive plan). Reference to this plan will be made later in the document for due disclosure.

The information contained in this management report relates to the six-month period ending on 30 June 2023 and 2022.

The condensed consolidated half-year financial statements have been drawn up in accordance with IAS 34 and 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.

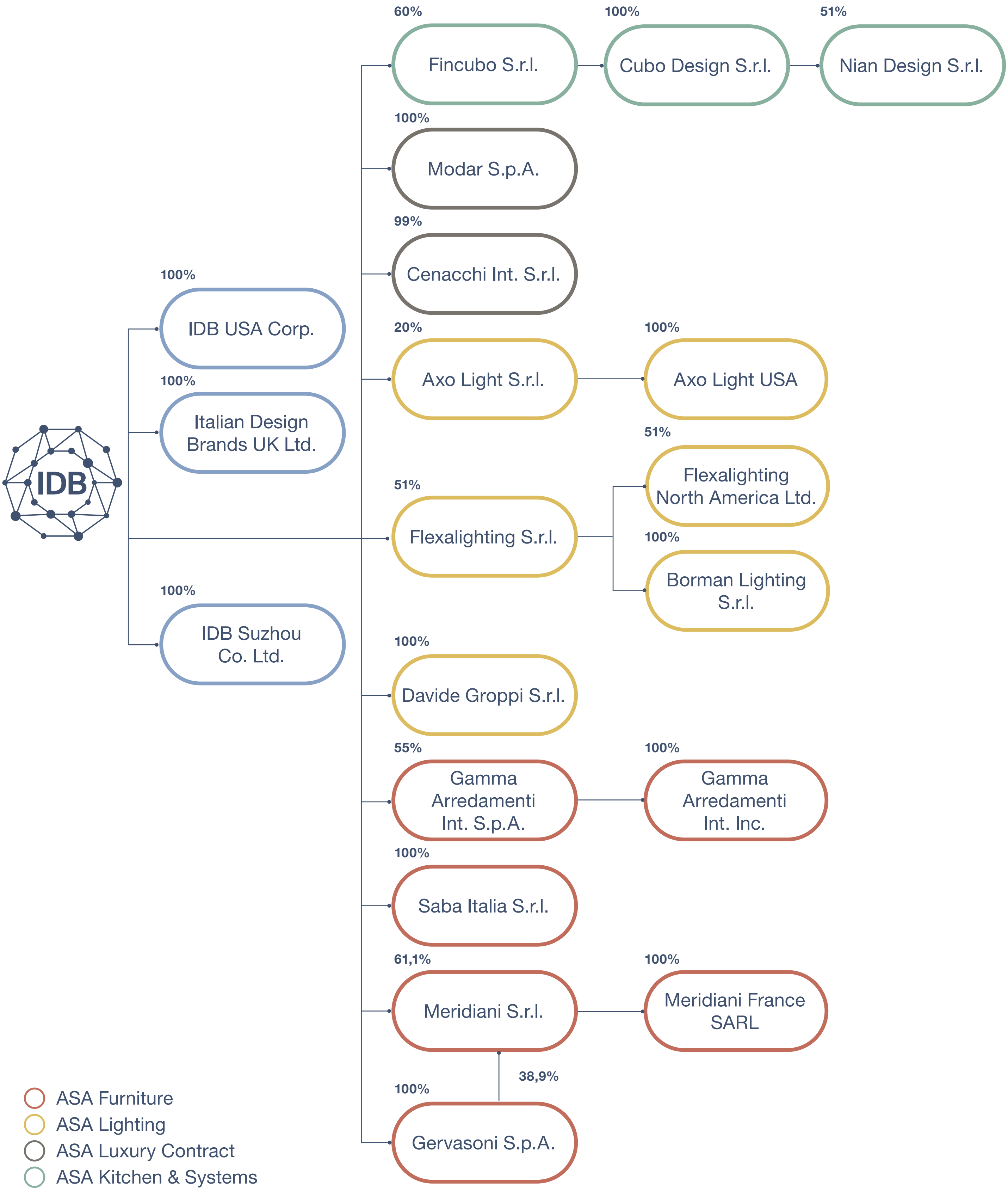
It should be noted that the scope of consolidation has changed since the 2022 financial year, due to the recent acquisition of Cubo Design S.r.l. and its subsidiary Nian Design S.r.l. On 31 January 2023, by means of special-purpose vehicle Fincubo S.r.l. (60% held by IDB and 40% by former shareholders 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. For more information on the capital and financial impacts of the acquisition during the period, see the paragraph "Business combinations" included in the explanatory notes.

The companies included by means of the full consolidation method as at 30 June 2023, in accordance with the provisions of IAS 10, are listed below.

| 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) | 100,000 GBP | furniture | 100% | 0% |
| Cenacchi International S.r.l.(*) | Ozzano dell'Emilia (Bologna) | 10,000 | luxury contract | 99% | 0% |
| Davide Groppi S.r.l. | Piacenza | 20,000 | lighting | 100% | 0% |
| Saba Italia S.r.l. | S. Martino di Lupari (Padua) | 50,000 | furniture | 100% | 0% |
| Modar S.p.A. | Barlassina (Monza and Brianza) | 500,000 | luxury contract | 100% | 0% |
| IDB SUZHOU CO. LTD. | Suzhou (China) | 6,462,170 CNY | 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) | 10,000 USD | other | 100% | 0% |
| Flexalighting North America Ltd.(*) | Surrey (Canada) | 103 CAD | lighting | 0% | 26% |
| Gamma Arredamenti S.p.A.(*) | Forlì (Forlì-Cesena) | 2,000,000 | furniture | 55% | 0% |
| Gamma Arredamenti Inc.(*) | High Point (USA) | 5,000 USD | furniture | 0% | 55% |
| Fincubo S.r.l.(*) | Milan | 23,000,000 | kitchen and systems | 60% | 0% |
| Cubo Design S.r.l.(*) | Notaresco (Teramo) | 84,000 | kitchen and systems | 0% | 60% |
| Nian Design S.r.l. | Giulianova (Teramo) | 30,000 | kitchen 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 (see Note 18). 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.

The structure of the IDB Group as at 30 June 2023 is provided below:



# SUMMARY DATA OF THE MAIN ECONOMIC, FINANCIAL AND CAPITAL RESULTS

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

The IDB Group uses alternative performance indicators (hereinafter "Non-GAAP measures") in line with ESMA's guidelines on "alternative performance indicators" (ESMA Guidelines/2015/1415, adopted by Consob in Communication No 92543 of 3 December 2015), published on 5 October 2015, to enable a better assessment of operating performance.

The indicators represented are not identified as accounting measures under IFRSs and should therefore not be considered as alternative measures to those provided in the model financial statements for assessing the performance of the Group and its financial position. The Group considers that the financial information set out below is an additional important benchmark for assessing the Group's performance, as it allows for more analytical monitoring of the Group's economic and financial performance. Since such financial information is not a measure that can be determined by the underlying accounting standards for the drawing up of consolidated financial statements, the criterion applied for its determination may not be consistent with that adopted by other groups and therefore such data may not be comparable.

The definition of these alternative performance indicators is as follows.

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

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

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

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

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

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

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

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

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

# 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 writedowns, the financing methods adopted and the level of taxation.

### Reclassified income statement

| | 1st half 2022 | | 1st half 2023 | | Change | |
|---|---|---|---|---|---|---|
| amounts are shown in €/1,000 | amount | % | amount | % | amount | % |
| Revenue | 85,434 | 100.0% | 135,394 | 100.0% | 49,960 | 58.5% |
| Other income | 983 | 1.2% | 2,290 | 1.7% | 1,307 | 133.0% |
| **Total revenues and income** | **86,416** | **101.2%** | **137,684** | **101.7%** | **51,267** | **59.3%** |
| External operating costs (*) | (63,315) | -74.1% | (94,705) | -69.9% | (31,391) | 49.6% |
| **Added value** | **23,102** | **27.0%** | **42,978** | **31.7%** | **19,877** | **86.0%** |
| Payroll costs | (13,825) | -16.2% | (21,151) | -15.6% | (7,325) | 53.0% |
| Provisions and write-downs | (106) | -0.1% | (195) | -0.1% | (89) | 83.8% |
| **Gross operating profit (EBITDA) (**)** | **9,170** | **10.7%** | **21,632** | **16.0%** | **12,462** | **135.9%** |
| Amortisation, depreciation and write-downs of fixed assets | (4,339) | -5.1% | (7,622) | -5.6% | (3,283) | 75.7% |
| **Operating profit (EBIT)** | **4,831** | **5.7%** | **14,010** | **10.3%** | **9,179** | **190.0%** |
| Financial result | 1,946 | 2.3% | (4,639) | -3.4% | (6,585) | -338.4% |
| **Gross result** | **6,777** | **7.9%** | **9,371** | **6.9%** | **2,594** | **38.3%** |
| Income tax | (2,113) | -2.5% | (3,547) | -2.6% | (1,434) | 67.8% |
| **Group consolidated net result** | **4,664** | **5.5%** | **5,824** | **4.3%** | **1,161** | **24.9%** |

(*) Includes the following income statement items: materials consumption, costs for services and leased assets and other operating costs.
(**) EBITDA is an intermediate result, determined before amortisation, depreciation and writedowns of tangible and intangible fixed assets, financial expenses and income tax. Since the reference accounting standards provide no rules for the calculation of EBITDA, the method used by the Group for its calculation may differ from the method used by other entities and therefore may not be immediately comparable.

Revenues as of 30 June 2023 are up compared to the previous period, from EUR 85,434 thousand to EUR 135,394 thousand, an increase of EUR 49,960 thousand (equal to 58.5%), of which EUR 25,449 thousand of organic growth and EUR 24,511 thousand as a result of the acquisition of Cubo Design.

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

- a growth in the Furniture segment of 15% significantly influenced by the acquisition of Gamma Arredamenti International completed in June 2022, which therefore had a positive impact throughout the first half of 2023 compared with just one month in the half-year in 2022;
- an increase in the Lighting segment of 11%, predominantly due to the aggregation of Flexalighting North America in May 2022;
- further penetration by the Group in non-EU markets, particularly in the United States, mainly linked to the recovery of the Luxury Contract segment, with an increase of 68% compared with the last period negatively affected by the pandemic;
- revenues from the Kitchen and Systems SBA related to the acquisition of Cubo Design S.r.l. on 31 January 2023.

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Furniture | 48,872 | 56,265 |
| Lighting | 12,658 | 14,110 |
| Luxury Contract | 23,889 | 40,113 |
| Kitchen and Systems | - | 24,511 |
| Other | 15 | 394 |
| **Total by strategic business area** | **85,434** | **135,394** |

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Italy | 25,680 | 34,736 |
| EU | 27,163 | 39,855 |
| Non-EU | 32,591 | 60,803 |
| **Total by geographical area** | **85,434** | **135,394** |

Considering the importance of some non-recurring economic components on the results of the period and the uniqueness with which the IDB Group was formed, the Group's management also want to highlight the following economic factors: adjusted EBITDA, adjusted EBIT and adjusted net result.

In particular, adjusted EBITDA is calculated without reflecting non-recurring costs and revenues, essentially taking into account, during the two periods compared, the incentive plans for directors (recorded under costs for services), costs related to the IPO process for the share in the income statement and costs related to the acquisition of new companies.

Adjusted EBIT was calculated gross of both non-recurring costs and amortisation and depreciation of intangible assets with a finite useful life (models and customer lists) recorded during purchase price allocation (PPA) and that will terminate at the end of the relevant depreciation process.

Finally, the adjusted net result is that which would have resulted in the absence of non-recurring costs/revenues, of the depreciation on certain intangible assets with a finite useful life, and without taking into account the positive and negative economic effects resulting from the remeasurement of imputed financial charges for put and call options and earn-outs of minority shareholders, and the positive effect of measuring at fair value the shares previously held in Flexalighting North America, recorded as financial income/expenses as at 30 June 2022.

| | | 1st half 2022 | | 1st half 2023 |
|---|---|---|---|---|
| amounts are shown in €/1,000 | Effective data | Adjusted data | Effective data | Adjusted data |
| Revenue | 85,434 | 85,434 | 135,394 | 135,394 |
| Other income | 983 | 983 | 2,290 | 2,062 |
| **Total revenues and income** | **86,416** | **86,416** | **137,684** | **137,456** |
| External operating costs | (63,315) | (60,769) | (94,705) | (91,971) |
| **Added value** | **23,102** | **25,648** | **42,978** | **45,484** |
| Payroll costs | (13,825) | (13,825) | (21,151) | (21,151) |
| Provisions and write-downs | (106) | (106) | (195) | (195) |
| **Gross operating profit (EBITDA)** | **9,170** | **11,716** | **21,632** | **24,138** |
| Amortisation, depreciation and write-downs of fixed assets | (2,153) | (2,153) | (4,512) | (4,512) |
| Amortisation, depreciation and write-downs of fixed assets arising from the PPA process | (2,186) | - | (3,110) | - |
| **Operating profit (EBIT)** | **4,831** | **9,563** | **14,010** | **19,626** |
| Financial result | 1,946 | (250) | (4,639) | (2,471) |
| **Gross result** | **6,777** | **9,313** | **9,371** | **17,155** |
| Income tax | (2,113) | (3,433) | (3,547) | (4,849) |
| **Group consolidated net result** | **4,664** | **5,880** | **5,824** | **12,307** |

The reconciliation of the above values is shown below. Starting from the actual values, the components taken into account to calculate adjusted values are listed for the half-year financial statements ending on 30 June 2022 and 2023:

| amounts are shown in €/1,000 | Actual 2022 1st half data | Non-recurring costs | PPA depreciation, amortisation and writedowns | Remeasurement put and call options and earn-out | Adjusted 2022 1st half data |
|---|---|---|---|---|---|
| Revenue | 85,434 | | | | 85,434 |
| Other income | 983 | | | | 983 |
| **Total revenues and income** | **86,416** | - | - | - | **86,416** |
| External operating costs | (63,315) | 2,546 | | | (60,769) |
| **Added value** | **23,102** | **2,546** | - | - | **25,648** |
| Payroll costs | (13,825) | | | | (13,825) |
| Provisions and write-downs | (106) | | | | (106) |
| **Gross operating profit (EBITDA)** | **9,170** | **2,546** | - | - | **11,716** |
| Amortisation, depreciation and write-downs of fixed assets | (2,153) | | | | (2,153) |
| Amortisation, depreciation and write-downs of fixed assets arising from the PPA process | (2,186) | | 2,186 | | - |
| **Operating profit (EBIT)** | **4,831** | **2,546** | **2,186** | - | **9,563** |
| Financial result | 1,946 | | | (2,196) | (250) |
| **Gross result** | **6,777** | **2,546** | **2,186** | **(2,196)** | **9,313** |
| Income tax | (2,113) | (710) | (610) | | (3,433) |
| **Group consolidated net result** | **4,664** | **1,836** | **1,576** | **(2,196)** | **5,880** |

| amounts are shown in €/1,000 | **Actual 2023 1st half data** | **Non-recurring costs** | **PPA depreciation, amortisation and writedowns** | **Remeasurement put and call options and earn-out** | **Adjusted 2023 1st half data** |
|---|---|---|---|---|---|
| Revenue | 135,394 | | | | 135,394 |
| Other income | 2,290 | (228) | | | 2,062 |
| **Total revenues and income** | **137,684** | **(228)** | **-** | **-** | **137,456** |
| External operating costs | (94,705) | 2,734 | | | (91,971) |
| **Added value** | **42,978** | **2,506** | **-** | **-** | **45,484** |
| Payroll costs | (21,151) | | | | (21,151) |
| Provisions and write-downs | (195) | | | | (195) |
| **Gross operating profit (EBITDA)** | **21,632** | **2,506** | **-** | **-** | **24,138** |
| Amortisation, depreciation and write-downs of fixed assets | (4,512) | | | | (4,512) |
| Amortisation, depreciation and write-downs of fixed assets arising from the PPA process | (3,110) | | 3,110 | | - |
| **Operating profit (EBIT)** | **14,010** | **2,506** | **3,110** | **-** | **19,626** |
| Financial result | (4,639) | | | 2,168 | (2,471) |
| **Gross result** | **9,371** | **2,506** | **3,110** | **2,168** | **17,155** |
| Income tax | (3,547) | (522) | (780) | | (4,849) |
| **Group consolidated net result** | **5,824** | **1,985** | **2,330** | **2,168** | **12,307** |

In order to take full advantage of the Group's "organic" growth process, taking into account growth through lines external to the Group, a full half-year income statement was presented. This was drawn up assuming that the acquisition of Cubo Design S.r.l., and its subsidiary Nian Design S.r.l., occurred on 1 January 2023, without taking into account the possible effects on the costs of the transaction, compared with the first half of 2022. It was also drawn up assuming that the acquisitions of Gamma Arredamenti International S.p.A., Gamma Arredamenti International Inc. and Flexalighting North America occurred on 1 January 2022.

### Full half-year income statement (unaudited)

| amounts are shown in €/1,000 | 1st half 2022 full half-year | 1st half 2022 full half-year adjusted | 1st half 2023 full half-year | 1st half 2023 full half-year adjusted | Change full half-year | Change % | Change full half-year adjusted | Change % |
|---|---|---|---|---|---|---|---|---|
| Revenue | 98,261 | 98,261 | 138,360 | 138,360 | 40,100 | 40.8% | 40,100 | 40.8% |
| Other income | 1,407 | 1,407 | 2,359 | 2,131 | 952 | 67.7% | 724 | 51.5% |
| **Total revenues and income** | **99,667** | **99,667** | **140,719** | **140,491** | **41,052** | **41.2%** | **40,824** | **41.0%** |
| External operating costs (*) | (70,916) | (68,370) | (96,841) | (94,107) | (25,925) | 36.6% | (25,737) | 37.6% |
| **Added value** | **28,751** | **31,297** | **43,878** | **46,384** | **15,127** | **52.6%** | **15,087** | **48.2%** |
| Payroll costs | (15,967) | (15,967) | (21,677) | (21,677) | (5,710) | 35.8% | (5,710) | 35.8% |
| Provisions and write-downs | (106) | (106) | (195) | (195) | (89) | 83.8% | (89) | 83.8% |
| **Gross operating profit (EBITDA) (**)** | **12,678** | **15,224** | **22,006** | **24,512** | **9,328** | **73.6%** | **9,288** | **61.0%** |
| Amortisation, depreciation and write-downs of fixed assets | (2,562) | (2,562) | (4,842) | (4,842) | (2,280) | 89.0% | (2,280) | 89.0% |
| Amortisation, depreciation and write-downs of fixed assets arising from the PPA process | (2,186) | - | (3,110) | - | (924) | 42.3% | - | |
| **Operating profit (EBIT)** | **7,930** | **12,662** | **14,054** | **19,670** | **6,124** | **77.2%** | **7,008** | **55.3%** |
| Financial result | 2,040 | (156) | (4,669) | (2,502) | (6,709) | -328.9% | (2,346) | 1505.1% |
| **Gross result** | **9,970** | **12,506** | **9,385** | **17,169** | **(585)** | **-5.9%** | **4,663** | **37.3%** |
| Income tax | (2,850) | (4,170) | (3,560) | (4,861) | (710) | 24.9% | (691) | 16.6% |
| **Group consolidated net result** | **7,120** | **8,336** | **5,825** | **12,307** | **(1,295)** | **-18.2%** | **3,971** | **47.6%** |

# Reclassified statement of financial position

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

### Reclassified statement of financial position

| | 31/12/2022 | | 30/06/2023 | |
|---|---|---|---|---|
| amounts are shown in €/1,000 | **amount** | **%** | **amount** | **%** |
| Intangible assets | 133,881 | 93.7% | 205,994 | 89.3% |
| Right of use | 24,368 | 17.1% | 30,461 | 13.2% |
| Property, plant and equipment | 14,277 | 10.0% | 25,398 | 11.0% |
| Holdings and other non-current assets | 6,952 | 4.9% | 7,794 | 3.4% |
| **Non-current assets (A)** | **179,478** | **125.6%** | **269,647** | **116.9%** |
| Inventory | 24,567 | 17.2% | 31,343 | 13.6% |
| Trade receivables | 21,831 | 15.3% | 32,592 | 14.1% |
| Other current assets | 5,516 | 3.9% | 6,718 | 2.9% |
| **Current assets (B)** | **51,914** | **36.3%** | **70,653** | **30.6%** |
| Trade payables | (37,369) | -26.2% | (41,926) | -18.2% |
| Other current liabilities | (30,298) | -21.2% | (32,479) | -14.1% |
| **Current liabilities (C)** | **(67,667)** | **-47.4%** | **(74,405)** | **-32.3%** |
| **Net working capital (D = B – C)** | **(15,753)** | **-11.0%** | **(3,752)** | **-1.6%** |
| Provisions for risk and severance pay | (8,624) | -6.0% | (10,440) | -4.5% |
| Other non-current liabilities | (12,216) | -8.5% | (24,755) | -10.7% |
| **Medium-/long-term assets (liabilities) (E)** | **(20,840)** | **-14.6%** | **(35,194)** | **-15.3%** |
| **Net invested capital (A + D + E)** | **142,885** | **100.0%** | **230,701** | **100.0%** |
| **Shareholders' equity** | **58,780** | **41.1%** | **133,845** | **58.0%** |
| Net financial position, banks | (1,388) | -1.0% | 2,369 | 1.0% |
| Net financial position, others | 85,493 | 59.8% | 94,487 | 41.0% |
| **Net financial position** | **84,105** | **58.9%** | **96,856** | **42.0%** |
| **Equity and debt** | **142,885** | **100.0%** | **230,701** | **100.0%** |

The largest part of the net invested capital constitutes intangible assets resulting from company acquisitions completed since the company was established. Over the period, this increased by EUR 87,816 thousand, mainly arising from non-current assets (essentially intangible assets totalling EUR 72,113 thousand, right of use totalling EUR 6,093 thousand and tangible assets totalling EUR 11,121 thousand) including EUR 74,871 thousand relating to the allocation of the higher value of the price paid for Cubo Design compared with its net assets at the acquisition date.

Financing sources comprise 58% from equity and 42% from third parties, and show a 15% increase in the net financial position compared to the previous period.

The proceeds deriving from IPO, approximately EUR 73 million– net of distribution fees and the additional costs related to the listing process – are aimed , together with the available liquid assets to: (i) absolve the Company's short-term financial obligations for put and call options and the phantom stock option for a total amount of EUR 32,956 thousand;

(ii) implement the organic growth strategy, in accordance with the objectives identified in the business plan; (iii) finance growth by means of external lines; and (iv) support productive investments and working capital.

# Net financial position

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

| amounts are shown in €/1,000 | Balance at 30/06/2022 | Balance at 31/12/2022 | Balance at 30/06/2023 | Changes June 2023 – June 2022 | Changes June 2023 – Dec. 2022 |
|---|---|---|---|---|---|
| Short-term bank loans | 9,108 | 10,778 | 22,953 | 13,845 | 12,176 |
| Medium/long-term bank loans | 36,986 | 30,812 | 56,265 | 19,279 | 25,453 |
| Cash | (33,315) | (42,978) | (51,796) | (18,481) | (8,818) |
| Other current financial assets | - | - | (25,053) | (25,053) | (25,053) |
| **NFP, banks** | **12,779** | **(1,388)** | **2,369** | **(10,410)** | **3,757** |
| Current earn-out payable | 6,091 | 6,662 | 6,653 | 562 | (9) |
| Non-current earn-out payable | 569 | 361 | 2,085 | 1,516 | 1,724 |
| Current payable for purchase of minority shares through the exercise of the put option | 15,797 | 33,066 | - | (15,797) | (33,066) |
| Non-current payable for purchase of minority shares through the exercise of the put option | 15,600 | 20,741 | 54,864 | 39,264 | 34,123 |
| **NFP, other than banks** | **38,057** | **60,829** | **63,602** | **25,545** | **2,773** |
| Current financial payables to lessors | 2,445 | 3,152 | 4,154 | 1,709 | 1,002 |
| Non-current financial payables to lessors | 14,500 | 21,386 | 26,621 | 12,121 | 5,235 |
| **NFP, payables to lessors (IFRS 16)** | **16,945** | **24,537** | **30,775** | **13,830** | **6,237** |
| Other financial payables | 237 | 126 | 110 | (127) | (16) |
| **NFP, total** | **68,018** | **84,105** | **96,856** | **28,838** | **12,752** |

Bank loans as at 30 June 2023 amounted to EUR 79,218 thousand, an increase compared to the previous period, arising mainly from the acquisition of Cubo Design S.r.l., for which the Group obtained original long-term financing totalling EUR 37,800 thousand. The debt is expressed net of cash and cash equivalents for EUR 51,796 thousand and tied cash and cash equivalents for EUR 25,053 thousand. In particular, it should be noted that the change in cash and cash equivalents mainly relates to the collection of net proceeds from the May 2023 IPO transaction, which led, *inter alia*, to investment in time deposits net of the payment of the Company’s short-term financial obligations related to put and call options and the phantom stock option totalling EUR 32,956 thousand described above. For more information, see the paragraph "Other current financial assets".

The liabilities for earn-out recorded at 30 June 2023, totalling EUR 8,738 thousand, refers to the sellers of SUR 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 30 June 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 to the estimates in the business plan of the target company. It should be noted that, during the six-month period, the earn-out payment related to the acquisitions of Flexalighting, Gamma Arredamenti International and SUR totalled EUR 6,761 thousand.

Payables for put options amounted to EUR 54,864 thousand at 30 June 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 1% in Cenacchi International, the residual stake of 49% of Flexalighting and Flexalighting North America, of 45% of Gamma Arredamenti International and 40% of Fincubo (the latter recorded in the half-year period following the business combination for a discounted value of EUR 32,668 thousand). 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).

# Strategic business areas

The disclosure of strategic business area is shown below, which requires that detailed information be provided for each operating segment, defined as a component of an entity whose operating results are periodically reviewed by top management for the purpose of making decisions about the resources to be allocated and assessing performance.

At the reference date of the financial statements, the organisation of the IDB Group is divided into four operating segments or strategic business areas (SBA) 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.;
- Kitchen 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 "Kitchen 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: comprises foreign trading 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.

# Income statement by strategic business area

The breakdown of the income statement by strategic business area relevant to the half-year periods ending 30 June 2022 and 30 June 2023 is provided below:

| amounts are shown in €/1,000 | Furniture | Lighting | Luxury Contract | Other | 1st half 2022 |
|---|---|---|---|---|---|
| Sales revenues for goods and services (*) | 48,872 | 12,658 | 23,889 | 15 | 85,434 |
| Other income | 727 | 118 | 76 | 62 | 983 |
| **Total revenues and income** | **49,598** | **12,776** | **23,965** | **78** | **86,416** |
| Purchases of raw materials | (19,590) | (4,575) | (9,751) | (43) | (33,959) |
| Costs for services and leased assets | (15,108) | (2,642) | (8,226) | (3,380) | (29,356) |
| Payroll costs | (6,561) | (1,730) | (4,795) | (740) | (13,825) |
| Provisions and write-downs | (55) | - | (51) | - | (106) |
| **EBITDA (**)** | **8,285** | **3,829** | **1,141** | **(4,085)** | **9,170** |
| Amortisation, depreciation and write-downs of fixed assets | (1,665) | (333) | (2,257) | (84) | (4,339) |
| **Operating result** | **6,620** | **3,496** | **(1,116)** | **(4,169)** | **4,831** |
| Financial income | | | | | 3,500 |
| Financial expenses | | | | | (1,554) |
| **Profit before tax** | | | | | **6,777** |
| Income tax | | | | | (2,113) |
| **Net result** | | | | | **4,664** |

| amounts are shown in €/1,000 | Furniture | Lighting | Luxury Contract | Kitchen and Systems | Other | 1st half 2023 |
|---|---|---|---|---|---|---|
| Sales revenues for goods and services (*) | 56,265 | 14,110 | 40,113 | 24,511 | 394 | 135,394 |
| Other income | 1,140 | 108 | 92 | 645 | 304 | 2,290 |
| **Total revenues and income** | **57,405** | **14,218** | **40,205** | **25,156** | **699** | **137,684** |
| Purchases of raw materials | (22,256) | (4,693) | (12,719) | (11,697) | 12 | (51,353) |
| Costs for services and leased assets | (17,563) | (3,371) | (12,487) | (5,692) | (4,239) | (43,352) |
| Payroll costs | (8,886) | (2,314) | (6,051) | (2,580) | (1,320) | (21,151) |
| Provisions and write-downs | (61) | - | (13) | (121) | - | (195) |
| **EBITDA (**)** | **8,639** | **3,839** | **8,936** | **5,066** | **(4,848)** | **21,632** |
| Amortisation, depreciation and write-downs of fixed assets | (2,428) | (388) | (2,187) | (2,394) | (224) | (7,622) |
| **Operating result** | **6,210** | **3,451** | **6,749** | **2,672** | **(5,072)** | **14,010** |
| Financial income | | | | | | 1,320 |
| Financial expenses | | | | | | (5,959) |
| **Profit before tax** | | | | | | **9,371** |
| Income tax | | | | | | (3,547) |
| **Net result** | | | | | | **5,824** |

(*) 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.
(**) EBITDA is an intermediate result, determined before amortisation, depreciation and writedowns of tangible and intangible fixed assets, financial expenses and income tax. Since the reference accounting standards provide no rules for the calculation of EBITDA, the method used by the Group for its calculation may differ from the method used by other entities and therefore may not be immediately comparable.

Revenues from the "Furniture" and "Lighting" strategic business areas in the first half of 2023 increased compared with 2022 (+15% and +11% respectively). It should be noted that this change in the Furniture segment is mainly due to the acquisition of Gamma Arredamenti International in June 2022 and, in the Lighting segment, to the aggregation of Flexalighting North America in May 2022.

The recovery of the "Luxury Contract" strategic business area, with a total revenue increase of 68%, has been significant, benefiting both from the relaunch of projects previously put on standby due to COVID and from new investment projects.

The increase in revenues is reflected in EBITDA, as defined by the Group, and as the primary indicator of the Group's economic performance.

It should be noted that the ‘Other’ strategic business area contributed negatively to EBITDA, mainly as a result of the costs for non-recurring services related to the IPO and company acquisition processes during the period, which were recorded in the income statement for a total of EUR 2,044 thousand.

# Statement of financial position by strategic business area

The breakdown of the statement of financial position by strategic business area as at 31 December 2022 and 30 June 2023 is provided below:

| amounts are shown in €/1,000 | **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 |
| Property, plant and equipment | 11,156 | 689 | 2,247 | 185 | 14,277 |
| Holdings 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** |
| Inventory 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)** |

| amounts are shown in €/1,000 | **Furniture** | **Lighting** | **Luxury Contract** | **Kitchen and Systems** | **Other** | **30.06.2023** |
|---|---|---|---|---|---|---|
| Intangible assets | 65,637 | 18,851 | 47,001 | 74,502 | 3 | **205,994** |
| Right of use | 14,935 | 1,007 | 4,339 | 7,029 | 3,151 | **30,461** |
| Property, plant and equipment | 12,044 | 692 | 2,365 | 9,770 | 526 | **25,398** |
| Holdings and other non-current assets | 3,872 | 262 | 622 | 1,349 | 1,690 | **7,794** |
| **Non-current assets** | **96,488** | **20,811** | **54,327** | **92,650** | **5,371** | **269,647** |
| Inventory and contract assets | 16,871 | 6,062 | 3,688 | 4,443 | 278 | **31,343** |
| Trade receivables | 13,626 | 3,996 | 8,161 | 6,758 | 52 | **32,592** |
| Business advances and contract liabilities | (8,548) | (850) | (7,140) | (1,865) | (491) | **(18,894)** |
| Trade payables | (18,549) | (3,143) | (7,861) | (10,709) | (1,663) | **(41,926)** |
| **Operating net working capital** | **3,400** | **6,065** | **(3,152)** | **(1,374)** | **(1,823)** | **3,115** |
| Other current liabilities | (4,276) | (1,335) | (4,200) | (2,749) | (1,025) | **(13,585)** |
| Other current assets | 2,098 | 264 | 1,072 | 1,360 | 1,924 | **6,718** |
| **Net working capital** | **1,222** | **4,994** | **(6,281)** | **(2,762)** | **(924)** | **(3,752)** |
| Provisions for risk and severance pay | (4,775) | (939) | (3,074) | (1,543) | (107) | **(10,440)** |
| Other non-current liabilities | (6,721) | (566) | (4,478) | (12,986) | (3) | **(24,755)** |
| **Net invested capital** | **86,214** | **24,300** | **40,493** | **75,359** | **4,336** | **230,701** |
| Net financial debt | | | | | | **(96,856)** |
| Shareholders' equity | | | | | | **(133,845)** |
| **Financing sources** | | | | | | **(230,701)** |

Overall, there was significant growth in non-current assets, mainly related to corporate acquisitions in the period. Operating net working capital, structurally negative thanks to the ability of Luxury Contract strategic business area companies to obtain financial advances, was positive at EUR 3,115 thousand (EUR -9,904 thousand as at 31 December 2022) due to financial dynamics relating to collections of receivables and payments of debts.

In the Furniture strategic business area, non-current assets have decreased as a result of the depreciation of fixed assets. Operating working capital shows a positive change mainly due to the increase in value of inventories due to a seasonal effect.

Non-current assets in the Lighting strategic business area have also fallen as a result of the depreciation of fixed assets. Operating working capital was positively impacted by the increase in the inventory value due to a seasonal effect.

The decrease in non-current assets in the Luxury Contract strategic business area is mainly due to the amortisation of the customer list, while the net working capital at 30 June 2023 increased significantly due to a combined effect of financial dynamics in the collection of receivables, advances and the payment of debts of orders in progress.

In the Other operating segment, the net working capital decreased due to the increase in trade payables at 30 June, which are also linked to non-recurring costs for services related to the IPO process incurred in the period.

# Italian Design Brands S.p.A. on the stock exchange

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

On 18 May 2023, Tamburi Investment Partners S.p.A. (hereinafter "TIP"), an industrial group investing in industrial excellence and listed on the Euronext STAR Milan segment of Borsa Italiana S.p.A., subject to listing, finalised the acquisition of 50.7% of Investindesign S.p.A., which in turn holds 46.96% of IDB's ordinary shares, following the exercise of Greenshoe option described below. On the basis of the agreements signed, the possibility of acquiring a further 20% of the capital of Investindesign S.p.A. under the same terms as the first acquisition was also provided for until 15 July 2023. TIP exercised this option using a Club Deal on 12 July 2023.

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

The chart below shows the price trend of the Italian Design Brands stock and the related trading volumes from the date of the start of trading (18 May 2023) to 30 June 2023.


Source: borsaitaliana.it

# Business outlook

Considering the Group's sales in the months following the end of the first six months of 2023, it is possible to expect, on the basis of a responsible conservative approach, a closing for the year overall in organic growth.

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 repercussions on prices of raw materials and the performance of the financial markets. It should be noted that Group's exposure in terms of turnover in relation to countries involved in the 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.

It should be noted that the Group is pursuing its growth strategy through external lines and negotiations have been initiated over the period that could materialise over the next few months.

# CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023

**Consolidated statement and financial position**

| (amounts in thousands of euros) | *Notes* | 30/06/2023 | 31/12/2022 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | 1 | 205,994 | 133,881 |
| *Goodwill* | | *102,172* | *71,679* |
| *Trademarks* | | *53,847* | *33,194* |
| *Models* | | *8,048* | *8,696* |
| *Customer relations* | | *40,520* | *19,133* |
| *Other intangible assets* | | *1,408* | *1,178* |
| Right of use | 2 | 30,461 | 24,368 |
| Property, plant and equipment | 3 | 25,398 | 14,277 |
| Deferred tax assets | 17 | 2,521 | 2,624 |
| Equity investments | 4 | 820 | 883 |
| Other non-current assets | 5 | 4,453 | 3,445 |
| **Total non-current assets** | | **269,647** | **179,478** |
| **CURRENT ASSETS** | | | |
| Inventory | 6 | 29,682 | 22,561 |
| Contract assets | 7 | 1,661 | 2,005 |
| Trade receivables | 8 | 32,592 | 21,831 |
| Income tax receivables | | 3,123 | 621 |
| Other current assets | 9 | 3,595 | 4,895 |
| Other current assets | 10 | 25,053 | - |
| Cash and cash equivalents | 11 | 51,796 | 42,978 |
| **Total current assets** | | **147,502** | **94,892** |
| **TOTAL ASSETS** | | **417,149** | **274,370** |

| (amounts in thousands of euros) | *Notes* | 30-giu-23 | 31-dic-22 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | | 26,926 | 20,217 |
| Other reserves and retained earnings, including profit (loss) for the period | | 106,845 | 38,563 |
| **Total Group shareholders' equity** | | **133,771** | **58,780** |
| Shareholders' equity – minority interests | | 73 | - |
| **Total shareholders' equity** | **12** | **133,845** | **58,780** |
| **NON-CURRENT LIABILITIES** | | | |
| Post-employment benefits | 13 | 6,202 | 5,124 |
| Provisions for risks and charges | 14 | 4,238 | 3,500 |
| Medium-/long-term bank loans | 15 | 56,265 | 30,812 |
| Other non-current financial liabilities | 16, 18 | 56,950 | 21,102 |
| Other medium-/long-term loans | 16 | 110 | 125 |
| Non-current financial payables to lessors | 16 | 26,621 | 21,386 |
| Other non-current liabilities | | 864 | - |
| Deferred taxes liabilities | 17 | 23,891 | 12,216 |
| **Total non-current liabilities** | | **175,139** | **94,266** |
| **CURRENT LIABILITIES** | | | |
| Short-term bank loans | 15 | 22,953 | 10,778 |
| Other current financial liabilities | 16, 18 | 6,653 | 39,728 |
| Other short-term loans | 16 | 1 | - |
| Current financial payables to lessors | 16 | 4,154 | 3,152 |
| Trade payables | 19 | 41,926 | 37,369 |
| Income tax payables | | 1,037 | 2,219 |
| Other current liabilities | 20 | 31,442 | 28,079 |
| *Payables to staff and social security organisations* | | *9,071* | *6,849* |
| *Contract liabilities* | | *7,140* | *10,225* |
| *Other payables* | | *15,231* | *11,005* |
| **Total current liabilities** | | **108,165** | **121,325** |
| **TOTAL LIABILITIES** | | **283,304** | **215,590** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **417,149** | **274,370** |

## Consolidated income statement

| (amounts in thousands of euros) | *Notes* | 1st half 2023 | 1st half 2022 |
|---|---|---|---|
| Sales revenues for goods and services | 21 | 135,394 | 85,434 |
| Other income | 22 | 2,290 | 983 |
| **Total revenues and income** | | **137,684** | **86,416** |
| Purchases of raw materials | 23 | (55,674) | (38,175) |
| Change in inventories | | 4,321 | 4,217 |
| Staff costs | 24 | (21,151) | (13,825) |
| Costs for services and use of third-party assets | 25 | (42,591) | (29,026) |
| Other operating costs | 26 | (761) | (330) |
| Provisions and depreciation | 27 | (195) | (106) |
| Amortisation, depreciation and write-downs of fixed assets | 28 | (7,622) | (4,339) |
| **Operating profit/(loss)** | | **14,010** | **4,831** |
| Financial income | 29 | 1,294 | 3,500 |
| Financial expenses | 29 | (5,933) | (1,554) |
| **Profit/(loss) before taxes resulting from continuing operations** | | **9,371** | **6,777** |
| Income tax | 30 | (3,547) | (2,113) |
| **Net profit/(loss)** | | **5,824** | **4,664** |
| **Attributable to:** | | | |
| Profit/(loss) pertaining to the Group | | 5,777 | 4,664 |
| Profit/(loss) pertaining to third parties | | 47 | - |
| **Basic earnings per share** | 32 | **0.26** | **0.23** |
| **Diluted earnings per share** | 32 | **0.26** | **0.23** |

## Consolidated statement of comprehensive income

| (amounts in thousands of euros) | 1st half 2023 | 1st half 2022 |
|---|---|---|
| **Net profit/(loss) for the year** | **5,824** | **4,664** |
| Profit/(loss) from cash flow hedge | (95) | 186 |
| Tax effect | 23 | (52) |
| Total profit/(loss) from cash flow hedge, net of tax | (72) | 134 |
| Foreign currency translation differences | (16) | - |
| Other movements | (41) | (56) |
| **Total comprehensive income items that will subsequently be reclassified to profit/(loss) for the year** | **(129)** | **78** |
| Actuarial profits/(losses) | (117) | 812 |
| Tax effects | 28 | (195) |
| **Total actuarial profit/(loss), net of taxes** | **(89)** | **617** |
| **Comprehensive income items that will not subsequently be reclassified to profit/(loss) for the year** | **(89)** | **617** |
| **Comprehensive income statement net of taxes** | **(218)** | **695** |
| **Total comprehensive net profit/(loss) for the period** | **5,606** | **5,359** |
| Attributable to: | | |
| Shareholders of the parent company | 5,559 | 5,359 |
| Minority shareholders | 47 | - |

## Lighting

**AXOLIGHT** | Mountain View suspension lamp
Design Dima Loginoff

## Consolidated Statement of changes in shareholders' equity

| (amounts in thousands of euros) | Share capital | Share premium reserve | Cash flow hedging reserve | Actuarial gains/(losses) | Other reserves |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | **20,217** | **3,563** | **(67)** | **(231)** | **(78)** |
| Allocation of result for the year | | | | | |
| Other income statement items | | | 134 | 617 | (56) |
| Profit for the period | | | | | |
| **Balance at 30 June 2022** | **20,217** | **3,563** | **67** | **386** | **(134)** |

| (amounts in thousands of euros) | Share capital | Share premium reserve | Cash flow hedging reserve | Actuarial gains/(losses) | Other reserves |
|---|---|---|---|---|---|
| **Balance at 1 January 2023** | **20,217** | **3,563** | **174** | **425** | **(358)** |
| Allocation of result for the year | | | | | |
| Reserved initial public offering | 6,710 | 63,407 | | | |
| Other income statement items | | | (72) | (90) | (41) |
| Dividends | | | | | |
| Business combination | | | | | |
| Profit for the period | | | | | |
| **Balance at 30 June 2023** | **26,926** | **66,971** | **101** | **335** | **(399)** |

| Retained earnings | Net income for the period | Total Group shareholders' equity | Capital and reserves – minority interests | Profit – minority interests | Shareholders' equity – minority interests | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **29,289** | **11,402** | **64,095** | **-** | **-** | **-** | **64,095** |
| 11,402 | (11,402) | - | | | - | - |
| | | 696 | | | - | 696 |
| | 4,664 | 4,664 | | | - | 4,664 |
| **40,692** | **4,664** | **69,455** | **-** | **-** | **-** | **69,455** |

| 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 |
|---|---|---|---|---|---|---|
| **40,692** | **(5,932)** | **58,780** | **-** | **-** | **-** | **58,780** |
| (5,932) | 5,932 | - | | | - | - |
| | | 70,117 | | | - | 70,117 |
| | | (203) | | | - | (203) |
| (700) | | (700) | | | - | (700) |
| | | - | 26 | | 26 | 26 |
| | 5,777 | 5,777 | | 47 | 47 | 5,824 |
| **34,060** | **5,777** | **133,771** | **26** | **47** | **73** | **133,845** |

## Consolidated statement of cash flows

| (amounts in thousands of euros) | 1st half 2023 | 1st half 2022 |
|---|---|---|
| ***A. Cash flows from operating activities (indirect method)*** | | |
| Profit/(loss) for the period | 5,824 | 4,664 |
| Income tax | 3,547 | 2,113 |
| Interest expense/(interest income) | 4,465 | 1,445 |
| Other non-monetary income and expenses | 174 | (3,391) |
| **1. Profit/(loss) before income taxes, interest, dividends and capital gains/losses from transfer** | **14,010** | **4,831** |
| Severance Indemnity Provision | 338 | 341 |
| Provisions | 191 | 217 |
| Depreciation and amortisation of fixed assets | 7,626 | 4,339 |
| Impairment losses | - | 40 |
| Other adjustments for non-monetary items | (200) | 792 |
| **2. Cash flow before changes in net working capital** | **21,966** | **10,561** |
| Decrease/(Increase) in inventories | (3,564) | (5,455) |
| Decrease/(Increase) in contract assets | 345 | (733) |
| Decrease/(Increase) in trade receivables | (5,034) | (5,550) |
| Increase/(Decrease) in trade payables | (6,394) | 3,317 |
| Increase/(Decrease) in contract liabilities | (3,085) | 4,519 |
| Decrease/(Increase) in other changes in net working capital | 3,382 | 5,573 |
| Interest received/(paid) | (1,237) | (395) |
| (Income taxes paid) | (5,853) | (3,948) |
| Disbursement of severance payments and other provisions | (379) | (261) |
| **3. Cash flow after other adjustments** | **(21,819)** | **(2,932)** |
| **Cash flow of operating activities (A = 1 + 2 + 3)** | **147** | **7,628** |
| ***B. Cash flows from investment activities*** | | |
| Investments in tangible fixed assets, net of divestments | (2,394) | (939) |
| Investments in intangible assets, net of divestments | (168) | (90) |
| Investments in other financial assets | (25,053) | - |
| Acquisition or sale of subsidiaries or business units, net of cash | (23,969) | (13,981) |
| Exercise of options and earn-out | (37,362) | (445) |
| **Cash flow of investment activities (B)** | **(88,947)** | **(15,455)** |
| ***C. Cash flows from financing activities*** | | |
| Third-party financing | | |
| Increase (decrease) in short-term payables to banks | (75) | (437) |
| Loans taken out | 40,506 | 15,624 |
| Loan repayment | (7,490) | (5,961) |
| Payments for lease liabilities | (2,385) | (1,410) |
| Adjustment, other financial payables | (2,355) | - |
| Equity | | |
| Increase in net capital | 70,117 | - |
| (Dividends and advances on dividends paid) | (700) | - |
| **Cash flow of financing activities (C)** | **97,619** | **7,815** |
| Increase (decrease) in cash (A ± B ± C) | 8,818 | (12) |
| Cash at 1 January | 42,978 | 33,327 |
| Cash and cash equivalents at 30 June | 51,796 | 33,315 |
| **Change in cash** | **8,818** | **(12)** |

# Form and content of the condensed consolidated half-year financial statements

The half-year financial report of the Group as at 30 June 2023 is drawn up in accordance with the Article 154-*ter* of Legislative Decree No 58/98 (Consolidated Finance Act) – as amended.

The Group draws up its condensed consolidated half-year financial statements in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (“IASB”) and transposed into European Union and Italian law.

The consolidated financial statements for the period were drawn up in the condensed manner permitted by IAS 34 for interim financial statements. Therefore, the document does not set out all the information required for the drawing up of annual financial statements and, for this reason, it should be read together with the consolidated financial statements as at 31 December 2022.

It should be noted that the principles adopted for the condensed consolidated half-year financial statements are in line with those employed to draw up the consolidated financial statements as at 31 December 2022. In addition, the Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

The consolidated half-year financial statements comprise the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and these explanatory notes. It is clarified that, as required by IAS 34 for interim financial statements, the half-year financial report in question is not accompanied by the management report. For the purposes of drawing up consolidated financial statements for the period in accordance with international accounting standards, the Group has adopted:

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

The consolidated financial statements for the period were drawn up on a going concern basis, as the directors verified that there were no indicators of a financial, management or other kind that could indicate concerns regarding the group’s ability to meet its obligations in the foreseeable future and in particular within the next 12 months from the date of the end of the reporting period.

The financial statements were drawn up on the basis of the historical cost principle, except for certain derivative financial instruments and potential considerations to be recognised at the acquisition date of a business combination, which were measured at their fair value. These financial statements have been approved by resolution of the Board of Directors on 11 September 2023. The document was published on the same date.

The condensed consolidated half-year financial statements are subject to a limited audit by EY S.p.A., which is in charge of the statutory audit of the Parent Company and the main subsidiaries.

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

The consolidated interim financial statements were drawn up on the basis of the financial statements prepared by the individual subsidiaries, adjusted, where necessary, to align them with the accounting standards employed by the Parent Company in drawing up its consolidated financial statements, which are in compliance with the IFRSs adopted by the European Union.

In addition, 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.

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

The following are the exchange rates applied when converting financial statements into a currency other than the euro for the periods ending on 30 June 2022, 31 December 2022 and 30 June 2023:

| Value | 30/06/2022 | | 31/12/2022 | | 30/06/2023 | |
|---|---|---|---|---|---|---|
| | Average exchange rate | Accurate exchange rate | Average exchange rate | Accurate exchange rate | Average exchange rate | Accurate exchange rate |
| CAD | 1.39000 | 1.34250 | 1.36950 | 1.44400 | 1.45655 | 1.44150 |
| CNY | 7.08230 | 6.96240 | 7.07880 | 7.35820 | 7.48943 | 7.89830 |
| GBP | 0.84240 | 0.85820 | 0.85276 | 0.88693 | 0.87638 | 0.85828 |
| USD | 1.09340 | 1.03870 | 1.05300 | 1.06660 | 1.08066 | 1.08660 |

# Accounting standards, amendments and interpretations applicable to half-year financial statements as at 30 June 2023

The accounting standards adopted to draw up the condensed half-year consolidated financial statements are in line with those used to draw up the consolidated financial statements for the period ended on 31 December 2022, except for the adoption of the new standards and amendments in force since 1 January 2023. The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

Several changes were applied for the first time in 2023, but these had no impact on the Group’s consolidated half-year financial statements.

## IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance contracts, a new accounting standard for insurance contracts that considers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance contracts issued in 2005. IFRS 17 applies to all types of insurance contracts regardless of the type of entity issuing them, as well as certain guarantees and financial instruments with discretionary participation features. The general objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts for insurers. Contrary to the requirements of IFRS 4, which rely largely on the maintenance of previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The changes did not have any impact on the Group’s condensed half-year consolidated financial statements.

### Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting standards and corrections of errors. They also clarify how entities use valuation techniques and inputs to develop accounting estimates.
The changes did not have any impact on the Group's condensed half-year consolidated financial statements.

### Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help entities apply significant judgements to disclosures on accounting standards. The amendments aim to help entities provide information on accounting standards that are more useful by replacing the requirement for entities to disclose their "significant" accounting standards with the requirement to disclose their "relevant" accounting policies, as well as adding guidance on how entities apply the concept of materiality in taking decisions on the disclosure of accounting standards.
The changes did not have any impact on the Group's condensed half-year consolidated financial statements.

### Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to *IAS 12 Income Taxes* narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to temporary equal taxable and deductible differences such as rentals and disposal liabilities. The changes did not have any impact on the Group's condensed half-year consolidated financial statements.

## IFRS accounting standards, amendments and interpretations not yet approved by the European Union

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

- *Classification of liabilities as current or non-current and non-current liabilities with covenants – Amendments to IAS 1*. The purpose of the document is to clarify accounting and the requirements for presenting liabilities on financial statements. The changes will be effective as of 1 January 2024.
- *Lease liability in a Sale and Leaseback – Amendments to IFRS 16*. The purpose of the document is to clarify how the seller-lessee subsequently assesses sales and leaseback transactions in order to meet the requirements of IFRS 15 regarding accounting for the sale. The changes will be effective as of 1 January 2024.
- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7*. The purpose of the document is to supplement the qualitative and quantitative reporting requirements to be provided in the financing agreements with suppliers. The changes will be effective as of 1 January 2024.

## Measurement criteria adopted

With regard to the accounting standards and valuation criteria adopted to draw up the financial statements for the period ending on 30 June 2023, it is specified that they are in line with the principles and standards employed to draw up the financial statements for the year ended on 31 December 2022.

## Using estimates

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

## Reflections arising from the global geopolitical situation

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

The world's geopolitical situation is experiencing extreme tension and complexity, particularly as a result of the conflict between Russia and Ukraine. This dramatic event, on the back of an already critical situation caused by the pandemic, has further stimulated inflationary phenomena and speculative trends, with particular reference to energy and raw material prices. The Group has very limited involvement in the areas affected by the conflict and its business model is not particularly exposed to inflationary commodity phenomena or higher energy costs; however, it cannot be excluded that the continuation of this situation may lead to margin pressures or impacts on the propensity to consume durable goods.

## Reflections arising from climate change

In drawing up the consolidated half-year financial statements, 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), including as a result of the numerous actions put in place by the Group's companies to counter it.

Aware of the importance and strategic value of a responsible and sustainable activity in the medium- and long-term, the IDB Group has long decided to maintain a position in terms of sustainability and to voluntarily communicate the Group's environmental, social and governance (ESG) performance to its stakeholders. In fact, IDB recognises the importance of building fair and lasting relationships with all its stakeholders, with whom a shared approach and commitment to sustainable business plays a key role.

These interim financial statements, drawn up in accordance with the IFRSs, contain estimates and assumptions made by the Group relating to assets and liabilities, expenses, income, other total gains/losses and contingent liabilities as at the date of these interim financial statements. These estimates are based on assumptions considered reasonable and realistic, based on the information available at the time of the estimate. They are reviewed periodically and their effects are reflected in the income statement for the time when they occur.
The most significant estimates used to draw up the financial statements for the period ending on 30 June 2023 are as follows:

## Tangible and intangible fixed assets

Taking into account the latest available information and the currently configurable scenarios, the Group did not identify the emergence of elements that could lead to value adjustments to the tangible and intangible assets in the financial statements.

It should be noted that when drawing up the financial statements as at 31 December 2022, appropriate impairment tests were carried out on the recoverable amount of intangible assets with an indefinite useful life represented by the Group's items "Goodwill" and "Brands". The test was conducted with reference to the following cash-generating units (CGUs): Gervasoni S.p.A., Meridiani S.r.l., Cenacchi International S.r.l., Davide Groppi S.r.l., Saba Italia S.r.l., Modar S.p.A., Flexalighting S.r.l. and Gamma Arredamenti International S.p.A., taking into account the capital invested in the parent company and the results of the latter, in its role of strategic management, coordination and control of the Group. The results of these tests showed the full recoverability of the capital invested in intangible assets with an indefinite useful life, without any negative results, including with marked sensitivity analyses.

In this regard, the directors verified that the variables used in these analyses remained consistent with the current reference market and that the business trends recorded in the first half of 2023 are in line with the assumptions made for the assessment of recoverability when drawing up the annual consolidated financial statements of the previous period. Therefore, no indicators of possible impairment losses were identified and the Board of Directors did not carry out further procedures to monitor the recoverable amount of intangible assets.

## Provision for doubtful accounts

Receivables are shown net of an estimated writedown fund to take into account any losses that may affect the recoverability of the same receivables. Management periodically reviews the assumptions underlying the estimates used to make sure that these appropriations are prudent, taking into account both the status of recorded receivables and the macroeconomic situation. For further information, see Note 8.

## Inventories

Inventories are shown net of writedown funds for finished materials and products, which are considered obsolete or slow to rotate, taking into account their expected future use and their realisable value. For further information, see Note 6.

## Provisions for risks and contingent liabilities

The Group makes certain provisions for litigation or risks of various kinds, involving different issues and subject to the jurisdictions of different countries. These provisions were assessed on the basis of up-to-date information that took into account potential effects stemming from the current context. For further information, see Note 14.

## Put and call and earn-out options

Financial liabilities include the best estimate of the present value of earn-outs and put and call options entered into with the minority shareholders of the acquired companies. These financial liabilities are remeasured at every period-end or when a liquidation event occurs. Their effects are then reflected under financial income or expenses in the income statement, together with the estimated cost of discounting the financial liabilities. For further information, see Note 18.

## Phantom stock option

Financial payables include the best estimate of the present value of the incentive plan payable to the Company's CEO. These financial liabilities are remeasured at every period-end or when a liquidation event occurs. Their effects are then reflected under financial income or expenses in the income statement, together with the estimated cost of discounting. As at 30 June 2023, this remuneration was paid to the Company's Chief Executive Officer following the occurrence of the "Listing" event. Please refer to Note 18 for details.

## Long-Term Incentive Plan

In order to align the interests of management with those of shareholders, the Company has established a medium- and long-term incentive plan linking remuneration to results.

To this end, on 9 May 2023, the Board of Directors approved – subject to the start of trading of the Company's shares on the regulated market of Borsa Italiana – an incentive plan addressed to the Company's Chief Executive Officer and Managing Director. The value and recognition of this incentive plan is linked to the increase in value of the Company's share price, recorded for a period of at least 30 consecutive days on the trading market compared to the IPO price, during the first three years of office and/or during the second three years of office in the case of renewal of office and failure to meet the objectives during the first three years of office. This is calculated and paid in cash by the Company during the month, following a positive verification by the Board of Directors that the long-term incentive has accrued.

The plan provides for the recognition of EUR 5,250 thousand in the case of an increase in value of the share equal to or greater than 30% and up to 49%; and the recognition of an additional amount of EUR 3,500 thousand in the case of an increase in value of the share equal to or greater than 50% (for a total amount of EUR 8,750 thousand).

This incentive plan falls within the scope of IAS 19. The liability is remeasured at each period-end or when the event requiring payment occurs. Its effects are recorded in the income statement under costs for services, showing among interest payable the financial component related to the cost of discounting, in addition to the related anticipated taxation.

To determine the amount to be set aside for the incentive plan resolved by the Board of Directors, the Group used certain assumptions and estimates in accordance with IAS 19, providing for certain possible time scenarios and also weighing the probabilities that they will occur. In doing so, the Group has used the information provided by the analyst reports available at the date of this half-year financial report. As required by IAS 19, the probability that the event reported will occur affects the measurement of the obligation, but does not determine its existence.

As of 30 June 2023, the Group has set aside an amount totalling EUR 393 thousand in costs for services, plus interest payable amounting to EUR 1 thousand and related expected taxation of EUR 110 thousand.

# Strategic business area information

The companies through which the Group operates are aggregated for the purpose of strategic business area (SBA) reporting in the four reference businesses: "Furniture", "Lighting", "Luxury Contract" and "Kitchen and Systems" (the latter as a result of the acquisition of Cubo Design on 31 January 2023). The Group assesses the performance of its strategic business areas and the disbursement of financial resources on the basis of revenue and EBITDA. For these, along with other alternative performance indicators, reference should be made to the detailed comments in the Directors' Report in the paragraph "Strategic business areas".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes to the consolidated financial statements, in accordance with IAS 34, are condensed and do not include all the information required in the annual financial statements, as they relate only to those components which, by amount, composition or change, are essential for an understanding of the Group's economic, financial and capital position. Therefore, this half-year financial report should be read together with the 2022 consolidated financial statements.

## 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 EUR 48,000 thousand;
b) a deferred consideration as a variable earn-out, to be settled from 2023 on an annual basis, up to a maximum of EUR 4,300 thousand 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 and based on the average EBITDA achieved by Cubo Design S.r.l. in the financial years 2022 and 2023, estimated at the acquisition date at EUR 4,474 thousand, 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%. Under the agreement, in 2026, after the 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 for a consideration calculated on the basis of average EBITDA in the two-year period prior to the exercise of the option, to which a multiplication factor is applied and the net financial position at the end of the year prior to the exercise of the 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.

On the basis of 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 EUR 32,668 thousand at the acquisition date.

In July 2023 the reverse merger of Fincubo S.r.l. into Cubo Design S.r.l. was completed, as reported in the paragraph on subsequent events.

The consolidated financial statements of the IDB Group as at 30 June 2023 include the results of Cubo Design S.r.l. for the period since the acquisition and of Nian Design S.r.l. for the actual controlling share (51%).

Since the acquisition date of 30 June 2023, the sales revenues for goods and services of Cubo Design S.r.l. and Nian Design S.r.l. amount to EUR 24,511 thousand.

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 EUR 27,478 thousand.

Kitchen & Systems

**CUBO DESIGN** | Binova Bluna Kitchen

The table below breaks down the information on assets and liabilities, respectively acquired and assumed as at the acquisition date. The difference between the net proceeds of the acquisition and the total net assets acquired was allocated to the Miton and Binova brands, to customer relations and residually to goodwill:

| (amounts in thousands of euros) | Carrying amounts at the acquisition date | Allocation | Overall amounts at fair value |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets | 370 | 44,389 | 44,759 |
| *Goodwill* | | | - |
| *Brands* | *115* | *20,550* | *20,665* |
| *Customer relations* | | *23,839* | *23,839* |
| *Other intangible assets* | *255* | | *255* |
| Right of use | 7,110 | | 7,110 |
| Property, plant and equipment | 10,895 | | 10,895 |
| Deferred tax assets | 139 | | 139 |
| Other non-current assets | 1,041 | | 1,041 |
| Inventory | 3,557 | | 3,557 |
| Trade receivables | 5,613 | | 5,613 |
| Income tax credits | 1,018 | | 1,018 |
| Other current assets | 352 | | 352 |
| Cash and cash equivalents | 14,831 | | 14,831 |
| **TOTAL ASSETS** | **44,926** | **44,389** | **89,314** |
| **LIABILITIES** | | | |
| Post-employment benefits | 813 | | 813 |
| Provisions for risks and charges | 696 | | 696 |
| Financial payables | 11,538 | - | 11,538 |
| Deferred taxes | 44 | 12,384 | 12,429 |
| Trade payables | 10,662 | | 10,662 |
| Income tax payables | 433 | | 433 |
| Other current liabilities | 3,789 | | 3,789 |
| **TOTAL LIABILITIES** | **27,975** | **12,384** | **40,359** |
| **TOTAL NET ASSETS ACQUIRED (A)** | | | **48,955** |
| **SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS (B)** | | | **26** |
| **CONSIDERATION FOR ACQUISITION (C)(*)** | | | **79,411** |
| **GOODWILL FROM BUSINESS COMBINATION (D = C - A + B)** | | | **30,483** |
| 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 THE ACQUISITION (C - (E+F+G))(**)** | | | **23,969** |

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

The allocation of assets and liabilities acquired through the illustrated business combination at the acquisition date is provisional. It may be reviewed within 12 months of the acquisition date as required by the relevant international accounting standards, if elements exist that enable a better allocation of the price paid.

# Analysis and composition on the main items of the half-year consolidated financial statement"

## Comments on asset items

### 1. Intangible assets

The composition of and changes to intangible assets from 31 December 2022 to 30 June 2023 are as follows:

| amounts are shown in €/1,000 | **Goodwill** | **Brands** | **Models** | **Customer relations** | **Other intangible assets** | **Total** |
|---|---|---|---|---|---|---|
| Initial gross value | 71,679 | 33,194 | 16,828 | 34,867 | 3,114 | 159,682 |
| Initial depreciation fund | | | (8,131) | (15,733) | (1,937) | (25,801) |
| **Initial net value 01/01/2023** | **71,679** | **33,194** | **8,697** | **19,133** | **1,176** | **133,881** |
| Transactions in the period | | | | | | |
| Acquisitions | | 1 | 9 | | 164 | 174 |
| Business combinations | 30,483 | 20,665 | | 23,839 | 1,994 | 76,981 |
| Divestments | | | | | | - |
| Other changes | 9 | (13) | | | (23) | (26) |
| Depreciation of the period | | | (659) | (2,453) | (198) | (3,310) |
| Business combinations (fund) | | | | | (1,739) | (1,739) |
| Divestment fund disposals | | | | | | - |
| Other fund changes | | | | | 33 | 33 |
| **Total transactions Of the period** | **30,492** | **20,653** | **(650)** | **21,386** | **232** | **72,113** |
| Final gross value | 102,172 | 53,847 | 16,837 | 58,706 | 5,250 | 236,812 |
| Final depreciation fund | | | (8,789) | (18,186) | (3,842) | (30,817) |
| **Final net value 30/06/2023** | **102,172** | **53,847** | **8,048** | **40,520** | **1,408** | **205,994** |

Intangible assets as at 30 June 2023 amounted to EUR 205,994 thousand, compared to EUR 133,881 thousand in the previous year, with an increase of EUR 72,113 thousand almost exclusively derived from the values attributed during the business combination of Cubo Design S.r.l., as described in the paragraph "Business combinations".

Brands and goodwill are considered assets with an indefinite useful life and thus are not amortised. Therefore, they are subject to impairment testing.

The impairment tests conducted as at 31 December 2022 showed significant positive margins (referred to as headroom) for all Cash-Generating Units ("CGUs") on which the Group's goodwill is allocated. The broad positive margins were also confirmed following sensitivity analyses carried out on the main assumptions underlying the tests. In view of this and of the performance of the GCUs, there was no impairment indicator on 30 June 2023 requiring the updating of these tests.

Ornamental models and customer relations were considered to have a finite useful life, with a depreciation period of 5 to 10 years for the former and 10 to 14 years for the latter.

## 2. Right of use

The composition of and changes to rights of use from 31 December 2022 to 30 June 2023 are as follows:

| amounts are shown in €/1,000 | **Rights of use** |
|---|---|
| Initial gross value | 33,330 |
| Initial depreciation fund | (8,963) |
| **Initial net value 01/01/2023** | **24,368** |
| Transactions in the period | |
| Acquisitions | |
| Business combinations | 7,110 |
| Entry of rights of use | 1,144 |
| Divestments | (263) |
| Other changes | 125 |
| Depreciation of the period | (2,145) |
| Business combinations (fund) | |
| Divestment fund disposals | 179 |
| Other fund changes | (57) |
| **Total transactions of the period** | **6,093** |
| Final gross value | 41,447 |
| Final depreciation fund | (10,986) |
| **Final net value 30/06/2023** | **30,461** |

These contracts essentially concern office real estate, industrial sheds and commercial showrooms.

The change that occurred in the period regarding the rights of use recorded in the financial statements refers to the accounting effects of the business combination with the lease contract of the industrial property, which is the registered office of Cubo Design owned by former shareholders, and, among the new entries, the rental of the building and new registered office of the US branch Gamma Arredamenti International Inc.

Leased assets are recorded on the basis of the value of the right of use in application of IFRS 16. Depreciation was determined on the basis of an estimate of the duration of each contract, taking into account the renewal clauses that the Group could exercise without the need to obtain consent from the counterparty.

At the reference date, there are no contracts with guarantees for the residual value or undertakings for contracts that have yet to commence.

## 3. Property, plant and equipment

The following table summarises the changes in tangible assets from 31 December 2022 to 30 June 2023:

| amounts are shown in €/1,000 | Land and buildings | Plants and machinery | Equipment | Other | Total |
|---|---|---|---|---|---|
| Initial gross value | 11,082 | 9,220 | 3,035 | 9,306 | 32,643 |
| Initial depreciation fund | (2,502) | (7,034) | (2,536) | (6,294) | (18,366) |
| **Initial net value 01/01/2023** | **8,579** | **2,186** | **499** | **3,013** | **14,277** |
| Transactions in the period | | | | | |
| Acquisitions | 198 | 398 | 177 | 1,666 | 2,439 |
| Business combinations | 935 | 20,554 | 380 | 1,483 | 23,352 |
| Divestments, historical cost | | (324) | | (50) | (374) |
| Other changes | 7 | 68 | 2 | (104) | (27) |
| Depreciation of the period | (181) | (1,418) | (111) | (458) | (2,168) |
| Business combinations (fund) | (122) | (10,897) | (333) | (1,105) | (12,457) |
| Divestment fund disposals | | 285 | | 43 | 328 |
| Other fund changes | (3) | (2) | - | 34 | 29 |
| **Total transactions of the period** | **835** | **8,663** | **114** | **1,508** | **11,121** |
| Final gross value | 12,223 | 29,915 | 3,593 | 12,301 | 58,032 |
| Final depreciation fund | (2,809) | (19,066) | (2,980) | (7,780) | (32,634) |
| **Final net value 30/06/2023** | **9,414** | **10,849** | **614** | **4,521** | **25,398** |

The most significant changes refer to the items "Plant and machinery" and "Other", in particular improvements on third-party assets made during the six-month period, and to the values attributed to the business combination of Cubo Design S.r.l.

## 4. Equity investments

Equity investments amounted to EUR 820 thousand and recorded a decrease of EUR 63 thousand compared with the previous period.

| amounts are shown in €/1,000 | equity investments in associated companies | other equity investments | Total |
|---|---|---|---|
| **Initial value 01/01/2023** | **877** | **6** | **883** |
| Transactions in the period | | | |
| Acquisitions | | | - |
| Divestments | | | - |
| Other changes | | - | - |
| Business combinations | | | - |
| Equity method valuations | (63) | | (63) |
| **Total changes** | **(63)** | **-** | **(63)** |
| **Final value 30/06/2023** | **814** | **6** | **820** |

The equity investments in associated companies refer to the acquisition on 30 November 2021 of 20% of the shares of Axo Light S.r.l., a company located in Scorzè (VE) that operates in the Lighting segment, with a call option to acquire an additional 80% share in several tranches to reach the majority under contractually defined conditions, closely linked to business performance. In July 2023, the option to acquire a further 31% of the share capital was exercised (see the paragraph "Subsequent events" for further details).

The company is valued using the equity method from the acquisition date and the goodwill identified at the time of acquisition, taking into account the results of the period. During the six-month period, it was devalued by EUR 63 thousand.

## 5. Other non-current assets

This item, which amounted to EUR 4,453 thousand, includes the receivables from insurance companies for payments of the provision for severance indemnities of directors amounting to EUR 1,820 thousand, balanced by the same amount in the funds as the directors themselves are entitled to, the security deposits of EUR 1,129 thousand, financial assets measured at fair value relating to derivative contracts amounting to EUR 281 thousand and other receivables of various kinds amounting to EUR 1,223 thousand.

## 6. Inventories

Inventories as at 30 June 2023 was as follows:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Change | Balance at 30/06/2023 |
|---|---|---|---|---|
| Raw materials | 10,401 | 1,094 | 779 | 12,273 |
| Semi-finished products | 3,818 | 378 | 489 | 4,685 |
| Finished products | 6,933 | 1,687 | 3,121 | 11,741 |
| Advance payments | 1,410 | 399 | (826) | 983 |
| **Total** | **22,561** | **3,557** | **3,564** | **29,682** |

As can be seen from the table above, the overall increase relates mainly to the item aggregations and the combined effect of volumes and prices resulting from the increase in the Group's turnover compared with the previous six months.

The amount of inventories is adjusted by an inventory write-down provision of EUR 2,065 thousand for finished products and raw materials with low turnover or obsolescence. The obsolescence fund is adjusted on the basis of inventory rotation, taking into account any obsolete, damaged and slow-moving goods.
The changes in the inventory write-down provision are as follows:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Increase | Uses | Balance at 30/06/2023 |
|---|---|---|---|---|---|
| Raw materials | 799 | 79 | 127 | | 1,004 |
| Semi-finished products | 16 | 4 | 57 | | 77 |
| Finished products | 997 | 71 | | (85) | 983 |
| **Provision for inventory devaluation** | **1,812** | **153** | **184** | **(85)** | **2,065** |

Changes in the provision are closely linked to the evolution of stock turnover ratios.

## 7. Contract assets

Below is a breakdown of the value of the gross contract work in progress and of advances already paid towards this work:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Change | Balance at 30/06/2023 |
|---|---|---|---|---|
| Contract work in progress | 2,588 | | 662 | 3,250 |
| Advances for work in progress | (582) | | (1,007) | (1,589) |
| **Contract assets** | **2,005** | **-** | **(345)** | **1,661** |

As can be seen from the table above, the overall decrease relates mainly to the performance of business-related orders and the delivery timing of those orders.

## 8. Trade receivables

The composition of and changes to trade receivables are as follows:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Change | Balance at 30/06/2023 |
|---|---|---|---|---|
| Trade receivables from third parties | 21,831 | 5,613 | 5,147 | 32,591 |
| Trade receivables from associated companies | - | | 2 | 2 |
| **Total trade receivables** | **21,831** | **5,613** | **5,148** | **32,592** |

Trade receivables totalling EUR 32,592 thousand refer to receivables arising from the company's characteristic activities and are recorded net of a total writedown of EUR 1,618 thousand. The increase of EUR 5,148 thousand is mainly due to the financial performance of the collection of receivables for current orders in the Luxury Contract segment.

Changes in the provision for doubtful accounts are as follows:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Increases | Uses | Balance at 30/06/2023 |
|---|---|---|---|---|---|
| Provision for doubtful accounts | 1,411 | 155 | 104 | (52) | 1,618 |

## 9. Other current assets

This item amounted to EUR 3,595 thousand and consists mainly of VAT receivables amounting to EUR 1,304 thousand to the Treasury, miscellaneous receivables amounting to EUR 1,086 thousand from payments made during the six-month period but for subsequent payments, and advances to service providers amounting to EUR 638 thousand, in addition to other activities of various kinds amounting to EUR 567 thousand.

## 10. Other current financial assets

Other current financial assets amount to EUR 25,053 thousand and relate mainly to the Parent Company. In order to temporarily invest the surplus liquidity, which is mainly the result of the capital increase related to the Company's listing, IDB subscribed to time deposits with maturities of three to six months. Deposits may be closed early, with minimum notice, but with a penalty on returns granted to the Company.

## 11. Cash and cash equivalents

Cash and cash equivalents amounted to EUR 51,796 thousand and consist of bank deposits and cash not subject to any constraints. The financial performance of the Group's liquidity is displayed analytically in the cash flow statement, to which reference should be made.

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Change | Balance at 30/06/2023 |
|---|---|---|---|---|
| Cash and cash equivalents | 42,978 | 14,831 | (6,013) | 51,796 |

## 12. Shareholders' equity

The share capital is fully paid up and subscribed in the six-month period and rose from EUR 20,217 thousand as at 31 December 2022 to EUR 26,926 thousand as at 30 June 2023, divided into 26,926,298 ordinary shares with no nominal value. The aforementioned listing transaction of the Company and the start of trading on 18 May 2023 resulted in the issue of 6,433,823 new ordinary shares of the Company, at an Offer Price of EUR 10.88 per share including share premium, amounting to approximately EUR 70 million. In addition, there is a concurrent confidential offer of approximately EUR 3 million for 275,735 newly issued shares in the Company at the same price. The events mentioned have therefore generated an increase in the value of the share capital of EUR 6,709 thousand in the half-year. The change in the share premium reserve of EUR 63,407 thousand was therefore recorded net of distribution fees, costs related to the capital increase and related tax effects amounting to EUR 2,883 thousand.

In the first half of 2023, before the start of the listing process, dividends amounting to EUR 700 thousand were distributed to the shareholders of the Parent Company.

The total shareholders' equity attributable to minority interests amounting to EUR 73 thousand represents the third-party share of Nian Design, acquired with the parent company Cubo Design on 31 January 2023.

# COMMENTS ON LIABILITY ITEMS

## 13. Post-employment benefits

This item, which amounted to EUR 6,202 thousand as at 30 June 2023, reflects the non-current share of severance payments due to employees.

Overall, the present value of the obligation, determined in accordance with the measurement methodology required by IAS 19 for defined benefit plans, changed as follows:

| amounts are shown in €/1,000 | Post-employment benefits 30/06/2023 |
|---|---|
| Initial fund | 5,124 |
| Accrual period | 338 |
| Interest | 81 |
| Actuarial (gains)/losses | 108 |
| Other changes | |
| Business combinations | 884 |
| Paid | (334) |
| **Total** | **6,202** |

## 14. Provisions for risks and charges

The funds for future risks and charges are detailed in the table below, which also shows the changes in the funds in the first half of 2023:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Change | Balance at 30/06/2023 |
|---|---|---|---|---|
| Provision for severance payments | 1,820 | | 50 | 1,870 |
| Provision for supplementary customer allowances | 1,359 | 309 | 37 | 1,705 |
| Litigation risk fund | 231 | 116 | - | 347 |
| Other | 90 | 271 | (45) | 316 |
| **Total** | **3,500** | **696** | **42** | **4,238** |

The provision for severance payments reflects the revalued payments to be made by the Group on 30 June 2023; the accounts are balanced with the asset item "Other non-current assets", representing the receivables from the insurance company.

The provision for supplementary customer allowances reflects the appreciation of the risk associated with the potential termination of the term given to agents in the cases provided for by law, and has been set aside on the basis of the provisions of the collective economic agreement and civil law provisions.

## 15. Bank loans

The tables below show the bank loans broken down by category and their changes, with a breakdown of short- and long-term portions:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Loans taken out | Repayments/ Payments | Other changes | Balance at 30/06/2023 |
|---|---|---|---|---|---|---|
| Bank loans: | | | | | | |
| Loans for acquisitions | 26,690 | - | 40,006 | (3,420) | (45) | 63,231 |
| Loans pursuant to Liquidity Decree | 7,332 | - | | (1,231) | 9 | 6,110 |
| Other loans | 7,568 | 4,598 | 500 | (2,839) | 50 | 9,877 |
| **Total** | **41,590** | **4,598** | **40,506** | **(7,490)** | **14** | **79,218** |

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Balance at 30/06/2023 |
|---|---|---|
| Within 1 year | 10,778 | 22,953 |
| From 1 to 5 years | 24,449 | 41,148 |
| Beyond 5 years | 6,363 | 15,117 |
| **Total** | **41,590** | **79,218** |

The increase in the debt of EUR 37,628 thousand is mainly due to the acquisition of Cubo Design, for which the Group has access to a nominal amount of long-term financing for EUR 37,800 thousand.

Financing for the acquisition includes contractual clauses that require the fulfilment of certain economic and financial parameters (covenants) based on the results of the financial statements of the beneficiary subsidiary as at 31 December of each year. These were all met as at 31 December 2022, and will be verified at the end of the next reporting period.

As already indicated in the paragraph "Management of financial risks", derivative contracts were concluded to hedge rate risks, for a notional amount at the date of the consolidated half-year report of approximately EUR 27.6 million, decreasing in proportion to the repayments of the related loans.

In accordance with paragraph 27B of IFRS 7, the Group shall provide, for each class of financial instruments measured at fair value, classification according to the following categories, representative of the degree of objectivity of the criteria used in determining fair value:

- Level 1 – financial instruments at fair value determined on the basis of values and listings observable directly from regulated active markets;
- Level 2 – financial instruments at fair value determined on the basis of formulas and methodologies that use values mainly deduced from regulated active markets;
- Level 3 – Financial instruments at fair value determined on the basis of calculation methods based on data not observable on regulated markets.

Interest rate swap contracts for interest rate hedging recorded at fair value are classified under level 2 of the fair value measurement and amounted to a total of + EUR 133 thousand.

Finally, level 3 includes financial liabilities for a total earn-out of EUR 8,738 thousand.

During the period there were no transfers from level 1 to level 2 or level 3 and vice versa.

## 16. Other non-current liabilities

The composition of and changes to other medium- to long-term financing are as follows:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Increases | Decreases | Payments | Balance at 30/06/2023 |
|---|---|---|---|---|---|---|
| Other loans | 125 | | | (15) | | 110 |
| Financial payables to lessors | 24,537 | 6,940 | 1,788 | (102) | (2,388) | 30,775 |
| Other financial liabilities | 60,830 | 40,611 | 1,878 | | (39,717) | 63,602 |
| **Total** | **85,493** | **47,552** | **3,666** | **(118)** | **(42,105)** | **94,487** |

Below the detail of the financial liabilities to lessors in accordance to IFRS 16.

| amounts are shown in €/1,000 | Balance at 31/12/2022 | within 1 year | from 1 to 5 years | beyond 5 years | Balance at 30/06/2023 | within 1 year | from 1 to 5 years | beyond 5 years |
|---|---|---|---|---|---|---|---|---|
| Leasing debts IFRS 16 | 24,537 | 3,152 | 13,051 | 8,335 | 30,775 | 4,154 | 15,818 | 10,804 |
| **Total** | **24,537** | **3,152** | **13,051** | **8,335** | **30,775** | **4,154** | **15,818** | **10,804** |

The amount was determined by discounting the rent provided for in existing lease agreements, in particular those relating to property.

The increase over the half-year refers to the business combinations and new building lease agreements for office use and industrial use.

With regard to the Group's net financial debt, the following financial information has been drawn up in accordance with the format required by the CONSOB Communication, updated with the requirements of ESMA Guidance 32-382-1138 of 4 March 2021 as transposed by CONSOB warning notice no 5/21 of 29 April 2021, indicating the intention to align its supervisory practices with the aforementioned ESMA Guidelines.

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

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Balance at 30/06/2023 | Change |
|---|---|---|---|
| A Cash | 42,978 | 51,796 | 8,818 |
| B Cash equivalents | - | - | - |
| C Other current financial assets | - | 25,053 | 25,053 |
| **D Cash and cash equivalents (A + B + C)** | **42,978** | **76,849** | **33,871** |
| E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt) | (42,880) | (10,807) | 32,073 |
| F Current portion of non-current financial debt | (10,778) | (22,953) | (12,176) |
| **G Current financial indebtedness (E + F)** | **(53,657)** | **(33,760)** | **19,897** |
| **H Net current financial indebtedness (G - D)** | **(10,679)** | **43,089** | **53,768** |
| I Non-current financial debt (excluding the current portion and debt instruments) | (73,425) | (139,945) | (66,520) |
| J Debt instruments | - | - | - |
| K Non-current trade and other payables | - | - | - |
| **L Non-current financial indebtedness (I + J + K)** | **(73,425)** | **(139,945)** | **(66,520)** |
| **M Total financial indebtedness (H + L)** | **(84,105)** | **(96,856)** | **(12,752)** |

## 17. Deferred taxes

Prepaid tax assets include the benefit of temporarily recovered tax costs. The requirements for the inclusion of prepaid taxes according to IAS 12 were deemed to be met.

As highlighted in the following table, deferred taxes mainly refer to the tax effect on the part of the purchase price allocation (PPA) paid to acquire Group companies to increase the value of intangible assets, as described in Note 1. The change occurring in the six-month period mainly refers to the values attributed during the business combination of Cubo Design S.r.l.

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Increases | Decreases | Balance at 30/06/2023 |
|---|---|---|---|---|---|
| Brands | 4,882 | 5,733 | 38 | | 10,653 |
| Models | 1,627 | | | (89) | 1,538 |
| Customer relations | 5,354 | 6,651 | | (684) | 11,320 |
| Land and buildings | 290 | | | | 290 |
| Other | 64 | 44 | | (19) | 89 |
| **Total** | **12,216** | **12,429** | **38** | **(792)** | **23,891** |

## 18. Other financial liabilities

The composition of and change to other financial liabilities are as follows:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | within 1 year | from 1 to 5 years | beyond 5 years | Balance at 30/06/2023 | within 1 year | from 1 to 5 years | beyond 5 years |
|---|---|---|---|---|---|---|---|---|
| Earn-out debts | 7,023 | 6,662 | 361 | | 8,738 | 6,653 | 2,085 | |
| Debts for put options and the phantom stock option | 53,807 | 33,066 | 20,741 | | 54,864 | - | 54,864 | |
| **Total** | **60,830** | **39,728** | **21,102** | **-** | **63,602** | **6,653** | **56,950** | **-** |

The earn-out payable recorded at 30 June 2023 refers to the sellers of SUR 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 30 June 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 amounted to EUR 54,864 thousand at 30 June 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 1% in Cenacchi International, 49% of Flexalighting and Flexalighting North America, 45% of Gamma Arredamenti International and 40% 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 overall increase in debt over the period (EUR 2,773 thousand) reflects:

- The value of the options and the expected earn-out for the business combination of Cubo Design completed during the first half of 2023 (EUR 40,611 thousand), including the accrued interest amounting to EUR 1,178 thousand;
- The payment of the earn-out (EUR 6,761 thousand), including the accrued interest amounting to EUR 98 thousand;
- The exercise of put and call options and the phantom stock option (EUR 32,956 thousand), including the remeasurement of the debt existing at 31 December 2022 and the interest accrued amounting to EUR 109 thousand;
- The interest accrued during the period for options and earn-out as at 31 December 2022 and still existing on 30 June 2023, amounting to EUR 696 thousand.

## 19. Trade payables

This item amounted to EUR 41,926 thousand. The decrease of EUR 6,105 thousand is mainly due to the financial dynamics of the payment of trade payables for current orders in the Luxury Contract segment.

The total amount of the debts is to be paid in full within 12 months.

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Change | Balance at 30/06/2023 |
|---|---|---|---|---|
| Trade payables | 37,369 | 10,662 | (6,105) | 41,926 |
| **Total** | **37,369** | **10,662** | **(6,105)** | **41,926** |

## 20. Other current liabilities

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Change | Balance at 30/06/2023 |
|---|---|---|---|---|
| Other payables due to tax authorities | 1,316 | 111 | (323) | 1,105 |
| Payables to staff and social security institutions | 5,533 | 775 | 1,659 | 7,966 |
| Contract liabilities | 10,225 | | (3,085) | 7,140 |
| Other payables | 11,005 | 2,903 | 1,323 | 15,231 |
| **Total** | **28,079** | **3,789** | **(426)** | **31,442** |

Payables to staff and social security institutions refer to payables to staff for wages and accruals, annual leave and paid leave, payables to INPS *(Istituto Nazionale per la Previdenza Sociale* – Italian social security institute), Enasarco and other social security institutions.

Contractual liabilities arising from orders amounted to EUR 7,140 thousand. The details of advances, net of the value of the status of the relevant contract work in progress are as follows:

| amounts are shown in €/1,000 | Balance at 31/12/2022 | Business combinations | Change | Balance at 30/06/2023 |
|---|---|---|---|---|
| Advances for work in progress | 13,597 | | (3,300) | 10,297 |
| Contract work in progress | (3,372) | | 214 | (3,157) |
| **Contract liabilities** | **10,225** | **-** | **(3,085)** | **7,140** |

Other payables consist mainly of other advances received from customers amounting to EUR 11,754 thousand; the remaining amount of EUR 3,476 consists of accruals, withholdings, payables to directors and other corporate bodies and other payables.

# Analysis and composition on the main items of income statement

## 21. Sales revenues for goods and services

The following shows the composition of sales revenue by target area and strategic business area:

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Sales revenue Italy | 25,680 | 34,736 |
| Sales revenue EU | 27,163 | 39,855 |
| Sales revenue non-EU | 32,591 | 60,803 |
| **Total** | **85,434** | **135,394** |

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Sales revenue Furniture | 48,872 | 56,265 |
| Sales revenue Lighting | 12,658 | 14,110 |
| Sales revenue Luxury Contract | 23,889 | 40,113 |
| Sales revenue Kitchen and Systems | - | 24,511 |
| Sales revenue, Other | 15 | 394 |
| **Total** | **85,434** | **135,394** |

This item amounted to EUR 135,394 thousand. The main markets are Italy, France, Germany, the United States, Canada, China, the UK and Switzerland.

The sales revenues of the Luxury Contract strategic business area, assessed on the basis of the status of work ("over time") according to the cost-to-cost method, amount to EUR 20,614 thousand whereas those recognised at the time of final delivery of the goods or completion of the provision of services ("at a point of time") amount to a total of EUR 19,499 thousand.

## 22. Other income

Other income amounted to EUR 2,290 thousand. This consists of expense recoveries amounting to EUR 769 thousand from customers (chargebacks and services) and suppliers (chargebacks for non-compliant supplies); contingencies and capital gains amounting to EUR 314 thousand; operating and capital grants amounting to EUR 231 thousand; and other income not included in the previous items amounting to EUR 976 thousand.

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Expense recoveries | 432 | 769 |
| Contingencies and capital gains | 130 | 314 |
| Operating grants | 59 | 231 |
| Other income | 361 | 976 |
| **Total** | **983** | **2,290** |

Changes in items mainly depend on the Group 's business combinations over the course of the six-month period.

## 23. Purchases of raw materials

The total statement item amounted to EUR 55,674 and includes, in addition to direct materials for production and sales, the purchases of ancillary materials, minor equipment, gas and stationery.

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Raw materials and semi-finished products | 22,487 | 35,676 |
| Purchase of finished products | 10,795 | 12,727 |
| Other | 4,894 | 7,271 |
| **Total** | **38,175** | **55,674** |

## 24. Staff costs

The total amount of this item was EUR 21,151 thousand and consisted of salaries and wages, social security contributions, severance payments and other costs.

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Salaries and wages | 10,127 | 15,838 |
| Social expenses | 2,859 | 4,125 |
| Severance payments | 652 | 894 |
| Other | 188 | 294 |
| **Total** | **13,825** | **21,151** |

A total of 672 employees were active during the first half of 2023. The aggregation of Cubo Design alone resulted in an increase of 92 employees.

| | 31.12.2022 | 30.06.2023 |
|---|---|---|
| Executives | 11 | 10 |
| Managers and clerical workers | 296 | 336 |
| Manual workers | 242 | 320 |
| Other employees | 6 | 6 |
| **Total** | **555** | **672** |

## 25. Costs for services and use of third-party assets

The total statement item amounted to EUR 42,591 thousand and includes business costs, industrial costs, administrative and general costs and the cost of use of third-party assets for which IFRS 16 did not need to be applied.

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Leased assets | 292 | 520 |
| Business costs | 12,139 | 18,173 |
| Industrial costs | 8,698 | 13,930 |
| Directors' remuneration | 2,499 | 2,880 |
| Statutory auditor and auditor fees | 665 | 332 |
| Consultancy | 2,032 | 3,345 |
| Insurance | 264 | 504 |
| Utilities | 557 | 1,041 |
| Other administrative and general costs | 1,881 | 1,867 |
| **Total** | **29,026** | **42,591** |

The variation in business costs compared with the first half of 2022 was mainly due to business combinations and the higher costs of taking part in trade fairs that had not taken place in 2022 (such as Maison & Objet in Paris).

For the period considered, directors' fees amounted to EUR 2,880 thousand, including the estimated share of the long-term incentive plan for the CEO and the Managing Director (described in the paragraph "Long-term incentive plan") amounting to a total of EUR 393 thousand.

During the six-month periods ending on 30 June 2023 and 2022, the Group incurred non-recurring costs of EUR 2,044 thousand and EUR 2,546 thousand respectively, due to the process of listing the Company's shares on Euronext Milan (completed in May 2023).

## 26. Other operating costs

This item, which amounted to EUR 761 thousand, includes certain residual costs not included in the previous items, including membership contributions, local taxes such as TARI (*Tassa sui rifiuti* – Tax on waste disposal and management) and advertising tax, losses on receivables, unrealised losses and contingent liabilities.

## 27. Provisions and depreciation

This item, amounting to EUR 195 thousand, refers to the allocation to the provision for doubtful accounts in Note 8 and various other provisions.

## 28. Amortisation, depreciation and write-downs of fixed assets

See Notes 1, 2 and 3.

## 29. Financial income and expenses

Financial income, amounting to EUR 1,294 thousand, refers to the remeasurement of value following the payment of the put and call option agreements, amounting to EUR 785 thousand, to foreign exchange profits, and the rest to cash discounts applied by the suppliers, accrued interest income on current accounts and interest income to customers.

Financial expenses amounting to EUR 5,933 thousand consist of interest to banks, other lenders, foreign exchange losses, imputed interest on the debt for the purchase of the minorities of Cenacchi International, Davide Groppi, Modar, Flexalighting, Gamma Arredamenti International and Cubo Design on the basis of existing put and call option contracts, as well as the changes in value following the payment of the put and call option agreements amounting to a total of EUR 104 thousand.

**Financial income**

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Financial income from banks | 2 | 222 |
| Active supplier discounts | 13 | 7 |
| Value adjustment income on financial liabilities | 3,054 | 785 |
| Other | 432 | 280 |
| **Total** | **3,500** | **1,294** |

**Financial expenses**

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Interest on ordinary loans | 331 | 2,004 |
| Interest on subsidised loans | 4 | 6 |
| Interest from third parties (vendor loan) | 19 | |
| Value adjustment charges on financial liabilities | 368 | 104 |
| Financial charges on rents (IFRS 16) | 207 | 555 |
| Imputed interest on options and earn-out | 490 | 2,849 |
| Other | 136 | 415 |
| **Total** | **1,554** | **5,933** |

## 30. Taxes

This item is made up as follows:

| amounts are shown in €/1,000 | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Current taxes | 2,346 | 4,003 |
| Tax paid in advance | 218 | 282 |
| Deferred taxes | (450) | (738) |
| **Total** | **2,113** | **3,547** |

## 31. Other items of the statement of comprehensive income

Other components of the statement of comprehensive income relate to changes in the cash flow hedge provision in relation to the fair value measurement of derivative instruments hedging financial risks from interest rate changes. These are interest rate swap instruments, described in the financial risks section under IFRS 7, which should be referred to for further details. Since these financial instruments have characteristics to allow for hedge accounting, changes in fair value are recognised directly under shareholders' equity, net of their tax effect.

In addition, as a result of the amendments to IAS 19, actuarial gains and losses are entered in the statement of comprehensive income from 2013 onwards and will not be entered subsequently in the income statement.

The variations of the two components described are negative by EUR 72 thousand and EUR 89 thousand respectively.

## 32. Earnings per share

The information on basic and diluted earnings per share required by IAS 33 is provided below.

| | 30/06/2022 | 30/06/2023 |
|---|---|---|
| Net profit attributable to the ordinary shareholders of the Parent Company for the purposes of basic and diluted earnings per share (in thousand euros) | 4,664 | 5,777 |
| Weighted average number of ordinary shares, including treasury shares, for the purpose of earnings per share | 20,216,740 | 21,824,175 |
| Weighted average number of treasury shares | - | - |
| Weighted average number of ordinary shares, excluding treasury shares, for the purpose of basic earnings per share | 20,216,740 | 21,824,175 |
| Earnings per share: | | |
| • basic, for the earnings for the period attributable to the ordinary shareholders of the Parent Company | 0.23 | 0.26 |
| • diluted, for the earnings for the period attributable to the ordinary shareholders of the Parent Company | 0.23 | 0.26 |

The shares forming the share capital are ordinary shares and there are no requirements regarding dividend distribution or other preferred forms of performance allocation among the shares. Moreover, there are no instruments in place with a potential dilutive effect on the profit and loss of the shareholders of the Parent Company.

## 33. Cash flow statement

Cash generated by current operations, amounting to EUR 22 million, was absorbed by the increase in working capital as a result of the financial performance from the collection of receivables, advances and the payment of debts, amounting to EUR 21.8 million. This was mainly due to the timings of the orders in the Luxury Contract segment, and resulted in a positive cash flow of EUR 147 thousand over the six months.

The cash flow of investment activities – negative by EUR 88.9 million – is mainly composed of the time deposit subscription by the Parent Company totalling EUR 25.1 million (see Note 10), the acquisition of Cubo Design amounting to EUR 24 million (Business combinations paragraph) and the exercise of the put and call options and earn-out described above, totalling EUR 37.4 million. In order to meet these needs, the Group took out loans worth EUR 40.5 million over the period and used part of the proceeds from the capital increase related to the Company's listing, amounting to a total of EUR 70.1 million.

The total cash flow was positive, amounting to EUR 8.8 million in the first half of 2023.

### Related parties

| amounts are shown in €/1,000 | revenue | rental costs without the application of IFRS 16 | costs for services |
|---|---|---|---|
| Il Castello S.p.A. | (3) | 220 | |
| Ir-Ma S.r.l. | | 211 | |
| AGP 2 S.r.l. | | 250 | |
| Giaro Componenti S.r.l. | | | 254 |
| Directors | (229) | | 2,895 |
| **Total** | **(232)** | **681** | **3,149** |

| amounts are shown in €/1,000 | security deposits | trade payables | other payables |
|---|---|---|---|
| Ir-Ma S.r.l. | 100 | | |
| Giaro Componenti S.r.l. | | (52) | |
| T.M.R. S.r.l. | | (132) | |
| Directors | | (53) | (759) |
| **Total** | **100** | **(237)** | **(759)** |

The Group companies have lease agreements in place with related parties, for which the rent is paid in advance. This cost for the half-year amounted to EUR 681 thousand, specifically EUR 220 thousand for Il Castello S.p.A., EUR 211 thousand for Ir-Ma S.r.l and EUR 250 thousand for AGP 2 S.r.l.

The "Directors" item includes the remuneration and the share of the long-term incentive plan for the period.

# Commitments and guarantees

As at 30 June 2023, the Group did not issue any surety bond guarantees to any party; it pledged the units or shares of the subsidiaries to the banks that provided financing to the same subsidiaries as outlined in Note 15.

# 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. Liquidity risk is also linked to the existence of contractual obligations to comply with certain financial ratios ("covenants") to be calculated on the financial statements of the individual subsidiaries.

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

## Foreign exchange risk

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

The Group has a limited exposure to the risks arising from exchange rate fluctuations, which may affect profit or loss and shareholders' equity as the prevailing transactions are in euros and because the Group's net investments in foreign entities (currency translation risk) are limited. Since receipts and payments in US dollars are partly offset, currency risks are contained and therefore the provision of foreign exchange hedges was not considered necessary. The use of currencies beyond the euro, US dollar and British pound in commercial transactions is almost zero.

## Interest rate risk

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

As at 30 June 2023, the Group had financial exposure to banks for financing in various technical forms for a total amount of EUR 79,218 thousand, on which variable interest rates accrue ranging from 3.4% to 6.8% in the first half of 2023, and cash and cash equivalents totalling EUR 51,796 thousand.

Interest rate swap contracts are in place to cover this exposure, with a total notional residual amount of EUR 27,594 thousand.

The contracts have a notion to scale on the basis of the amortisation plan of the underlying loans, as shown in the following table (values are expressed in thousands of euros):

| Notional | Maturity date | Amount | Type of contract | Mark to market |
|---|---|---|---|---|
| UniCredit amortising line | 30/09/2024 | 1,297 | IR Swap | 41 |
| UniCredit bullet line | 31/10/2025 | 1,000 | IR Swap | 80 |
| Intesa amortising line | 30/09/2025 | 867 | IR Swap | 40 |
| UniCredit amortising line | 30/06/2024 | 720 | IR Swap | 14 |
| UniCredit amortising line | 31/12/2026 | 6,000 | IR Swap | (35) |
| UniCredit bullet line | 30/06/2029 | 2,000 | IR Swap | (41) |
| UniCredit amortising line | 30/06/2029 | 4,412 | IR Swap | (46) |
| Intesa amortising line | 29/12/2023 | 33 | IR Swap | - |
| UniCredit amortising line | 30/10/2025 | 1,765 | IR Swap | 91 |
| Intesa amortising line | 31/01/2030 | 3,250 | IR Swap | 2 |
| BPM amortising line | 31/01/2030 | 3,250 | IR Swap | 1 |
| Intesa bullet line | 31/01/2030 | 1,500 | IR Swap | (7) |
| BPM bullet line | 31/01/2030 | 1,500 | IR Swap | (8) |
| **Total** | | **27,594** | | **133** |

## Liability remeasurement risk for earn-outs, put and call options and the long-term incentive plan

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 long-term incentive plan of the company's CEO and Managing Director. 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 over of control. In the half-year financial report, the directors did not identify any additional elements that would call into question the estimates used for the measurement of liabilities as at 31 December 2022.

The value of the long-term incentive plan, on the other hand, is linked to the appreciation of the Company's share price. These financial liabilities are remeasured at every period-end or when a liquidation event occurs, and their effects are reflected under costs for services or financial income or charges in the income statement, together with the estimated cost of discounting the financial liabilities.

# Subsequent events

It should be noted that on 26 June 2023 the reverse merger operation of Fincubo S.r.l. into Cubo Design S.r.l. was performed on the basis of the draft merger dated 22 May 2023, entered with regard to the company being acquired in the Companies Register of Milan, Monza, Brianza and Lodi on 23 May 2023 under reference no 291981/2023 and with regard to the acquiring company in the Companies Register of Gran Sasso d'Italia on 23 May 2023 under reference no 22214/2023. The aforementioned merger was approved by both companies involved in the merger by means of resolutions of their respective shareholders' meetings held on 24 May 2023. On the basis of the international accounting standards adopted by the Group for the preparation of consolidated financial statements, Cubo Design S.r.l. and its subsidiary Nian Design S.r.l. have been consolidated in full, as at the acquisition date (31 January 2023), for 100% of the shareholding, with liability exposure of the estimate of the liability for the purchase of the remaining minority ownership shareholding (exercisable during 2026) and the price balance (earn-out) expected in 2024. It should be noted that the legal effects of the merger took effect on 1 July 2023, while the accounting and tax effects were effective retroactively as of 1 January 2023.

On 18 July 2023, the option was exercised to purchase a further 31% of the shares in Axo Light S.r.l. for EUR 1,240 thousand, thus leading to a majority controlling of 51% (since a minority share of 20% was already held, acquired on 30 November 2021). The company will become part of the consolidation scope of IDB using the full consolidation method as from the date of the audit. Axo Light closed its annual financial statements at 31 December 2022 with a turnover of EUR 3,771 thousand and a net result of EUR 74 thousand.

Milan, 11 September 2023

On behalf of the Board of Directors
The Chief Executive Officer
Andrea Sasso

# STATEMENT OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 154-*BIS* OF LEGISLATIVE DECREE NO 58/1998 OF 24 FEBRUARY 1998 (CONSOLIDATED FINANCE ACT), AS AMENDED

While taking into account the provisions of Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree No 58 of 24 February 1998, the undersigned Andrea Sasso, as Chair and Chief Executive Officer, and Alberto Bortolin, as Chief Financial Officer and Director in charge of drawing up the financial accounts of the Italian Design Brands Group, attest to:

- adequacy in relation to the characteristics of the undertaking; and
- effective application of the administrative and accounting procedures for drawing up the half-year consolidated financial statements during the period from 1 January to 30 June 2023.

It is also stated that the consolidated financial statements as at 30 June 2023:

- are drawn up in accordance with applicable international accounting standards recognised in the European Community under Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the findings in the accounting books and records;
- are appropriate to provide a true and fair view of the assets, liabilities, economic and financial position of the issuer and of all undertakings included in the consolidation.

The interim management report includes a reliable analysis of the references to major events that occurred in the first half of the year and their impact on the consolidated half-year financial statements and the operating result.

The interim management report also includes a reliable analysis of information on relevant related-party transactions.

Milan, 11 September 2023

The Chair and Chief Executive Officer
Andrea Sasso

Chief Financial Officer and
Director in charge of drawing up
the financial accounts
Alberto Bortolin

# REPORT OF THE INDEPENDENT AUDITORS ON THE LIMITED AUDIT OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Building a better working world

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# Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Italian Design Brands S.p.A.

## Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statements of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flows and the related explanatory notes of Italian Design Brands S.p.A. and its subsidiaries (the "Italian Design Brands Group") as of June 30, 2023. The Directors of Italian Design Brands S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Italian Design Brands Group as of June 30, 2023 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, September 11, 2023

EY S.p.A.
Signed by: Mauro Fabbro, Statutory Auditor

*This report has been translated into the English language solely for the convenience of international readers*

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Editorial Project Coordination
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