INTERNATIONAL DESIGN GROUP S.P.A.
UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

Unaudited Consolidated Statement of Financial Position as of September 30, 2020

€ millions	Notes	As at September 30, 2020 Issuer Pro Forma	As at December 31, 2019 Issuer Pro Forma
NON-CURRENT ASSETS:			
Intangible fixed assets:			
- Goodwill	6	1.052,5	1052,5
- Other intangible fixed assets	7	588,3	587,5
Property, plant and equipment	8	109,3	111,7
Shareholding in affiliated companies	9	18,0	18,0
Right of use	10	37,3	44,5
Deferred tax assets		20,7	17,1
Non-current financial assets	11	3,6	3,5
Other non-current assets		3,0	3,0
TOTAL NON-CURRENT ASSETS		**1.832,6**	**1.837,8**
CURRENT ASSETS:			
Inventories	12	108,7	92,2
Trade receivables	13	58,2	68,5
Tax assets and other current assets:	14		
- Tax credit and due from tax authorithies	14.1	8,9	8,7
- Other assets	14.2	5,8	7,0
Cash and cash equivalents and deposits	15	98,8	63,6
TOTAL CURRENT ASSETS		**280,4**	**239,9**
Assets held for disposal	16	2,5	2,5
TOTAL ASSETS		**2.115,5**	**2.080,2**
SHAREHOLDERS' EQUITY:	17		
Share capital		5,1	5,1
Other reserves and result		981,5	975,6
TOTAL GROUP SHAREHOLDERS' EQUITY		**986,6**	**980,7**
Minority shareholders' equity and result		3,7	2,9
TOTAL SHAREHOLDERS' EQUITY		**990,3**	**983,6**
NON-CURRENT LIABILITIES:			
Defined benefit plans		7,5	7,7
Provisions for risks and other charges	18	11,4	10,4
Non-current financial liabilities	19	741,8	701,9
Non-current lease financial liabilities	20	31,4	39,0
Deferred tax liabilities		158,8	159,0
Other non-current liabilities	21	0,5	0,8
TOTAL NON-CURRENT LIABILITIES		**951,4**	**918,7**
CURRENT LIABILITIES:			
Current financial liabilities	22	3,1	7,5
Current lease financial liabilities	23	9,5	8,3
Trade payables	24	79,2	93,8
Contract liabilities vs. third parties		39,6	30,4
Tax payables and other current liabilities:			
- Tax payables and due to tax authorities	25	17,2	11,8
- Due to social security institutions		4,0	4,6
- Due to personnel and other payables		21,3	21,5
TOTAL CURRENT LIABILITIES		**173,8**	**177,9**
TOTAL LIABILITIES		**1.125,2**	**1.096,6**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2.115,5**	**2.080,2**

Unaudited Consolidated Income Statement for the nine months ended September 30, 2020 and for the nine months ended September 30, 2019

€ millions		As at September 30, 2020 Issuer Pro Forma	As at September 30, 2019 Issuer Pro Forma
Revenues from contracts with customers	23	360,7	386,8
Other revenues and income		3,2	4,9
TOTAL REVENUES		**363,9**	**391,7**
Purchases of raw materials and variation in inventories	24	(106,2)	(117,0)
Personnel costs	25	(79,0)	(81,3)
Service costs	26	(87,9)	(101,8)
Provisions	27	(1,7)	(1,8)
Other costs and charges	28	(5,6)	(9,5)
TOTAL COSTS		**(280,3)**	**(311,4)**
Amortization, depreciation and impairment	29	(24,6)	(23,2)
OPERATING PROFIT		**59,0**	**57,2**
Financial income	30	1,2	1,1
Financial charges	31	(43,5)	(43,3)
RESULT BEFORE TAX FROM CONTINUING OPERATIONS		**16,6**	**15,0**
Income taxes		(10,6)	(14,3)
NET RESULT FROM CONTINUING OPERATIONS		**6,0**	**0,7**
Net profit of discontinued operations		-	(0,3)
PROFIT/(LOSS) FOR THE PERIOD		**6,0**	**0,4**
Profit/(Loss) for the period, attributable to minority interest		0,9	0,6
Profit/(Loss) for the period, attributable to the Group		5,1	(0,2)

Unaudited Consolidated Other Comprehensive Income Statement for nine months ended September 30, 2020 and for the nine months ended September 30, 2019

€ millions	September 2020	September 2019
PROFIT/(LOSS) FOR THE PERIOD	**6,0**	**0,4**
Other comprehensive income (expense) that may be restated in the profit/(loss) for the period:		
Exchange difference on translating foreign financial statements	(0,7)	1,4
(Loss)/Net profit from cash flow hedge	0,1	(0,0)
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE) THAT MAY BE RESTATED IN THE PROFIT/(LOSS) FOR THE PERIOD, NET OF TAX	**(0,6)**	**1,4**
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE), NET OF TAX	**(0,6)**	**1,4**
TOTAL COMPREHENSIVE PROFIT, NET OF TAX	**5,4**	**1,8**
Profit/(Loss) for the period, attributable to minority interest	0,8	0,6
Profit/(Loss) for the period, attributable to the Group	4,6	1,2

Unaudited Consolidated Adjusted Ebitda for the nine months ended September 30, 2020.

Amount in €/Millions	IDG 30.09.2020	B&B 30.09.2020	FLOS 30.09.2020	LP 30.09.2020	Consolidated 30.09.2020
Ebitda reported from IDG	**(0,3)**	**30,8**	**34,7**	**18,6**	**83,8**
Impairment of fixed assests	-	-	-	-	-
Other provisions for risks and charges	-	-	**1,5**	-	**1,5**
Non-recurring costs:	**-**	**2,6**	**3,1**	**1,6**	**7,2**
Other non-recurring costs	-	-	0,4	-	0,4
Non recurring consultancy fee	-	-	0,1	0,2	0,3
Agent extraordinary costs	-	0,2	0,4	-	0,6
Covid 19 costs	-	0,6	0,4	0,7	1,6
Stock option costs	-	0,7	0,6	-	1,3
Salary Dismissal	-	-	-	0,1	0,1
Management fee vs DH	-	1,1	1,2	0,6	2,9
Adj. EBITDA (excl. IFRS 16 adjustments)	**(0,3)**	**33,4**	**39,3**	**20,3**	**92,5**
IFRS 16 adjustments	-	(5,9)	(1,8)	(2,5)	**(10,3)**
Incl. EBITDA (excl. IFRS 16 adjustments)	**(0,3)**	**27,4**	**37,5**	**17,8**	**82,3**

Unaudited Consolidated Adjusted Ebitda for the nine months ended September 30, 2019.

Amount in €/Millions	IDG 30.09.2019	B&B 30.09.2019	FLOS 30.09.2019	LP 30.09.2019	Consolidated 30.09.2019
Ebitda reported from IDG	**(0,3)**	**26,9**	**40,6**	**13,3**	**80,5**
Transaction adjustments	-	-	-	1,1	**1,1**
Allowance for bad debts	-	0,1	0,3	-	**0,4**
Impairment of fixed assests	-	-	-	-	**0**
Other provisions for risks and charges	-	0,1	1,0	-	**1,1**
Reversal of PPA's inventories	-	-	-	-	**-**
Non-recurring costs:	**0,3**	**3,6**	**2,3**	**3,0**	**9,2**
Other non-recurring costs	0,3	0,5	-	1,1	1,9
Restructuring costs	-	-	0,6	0,2	0,8
Bain consultancy	-	0,7	0,7	0,4	1,75
Salone del Mobile fair		1,7	0,8	0,6	3,1
CEO recruitment & research	-	-	0,2	-	0,2
Advertisement campaign	-	0,7	-	-	0,7
DH management fees				0,7	0,7
Adj. EBITDA (excl. IFRS 16 adjustments)	**0,0**	**30,7**	**44,2**	**17,4**	**92,3**
IFRS 16 adjustments		(5,8)	(2,0)	(2,9)	**(10,7)**
Incl. EBITDA (excl. IFRS 16 adjustments)	**0,0**	**24,9**	**42,2**	**14,5**	**81,6**

Unaudited Consolidated Cash Flow Statement for the nine months ended September 30, 2020

€ millions	nine months ended September 30, 2020	nine months ended September 30, 2020
PROFIT FROM OPERATIONS AFTER TAX	**6,0**	**0,4**
Depreciation and impairment of tangible fixed assets	10,3	7,5
Amortisation and impairment of intangible fixed assets	6,2	5,2
Amortisation and impairment of Right of use	8,1	7,7
Financial income	(1,2)	(0,4)
Financial charges	43,5	45,1
Income taxes	10,6	12,7
Financial interests paid	(30,3)	(31,5)
Income taxes paid	(7,1)	(9,4)
Other non monetary movement	1,6	2,4
Operating activities:		
Net change in employee severance indemnities and pension funds	(0,2)	(0,3)
Net change in provisions for risks and other charges	1,0	1,2
Net change in deferred tax assets and liabilities	(3,8)	(0,9)
Net change in working capital	(9,7)	(25,8)
NET CASH FLOWS FROM OPERATIONS	**35,1**	**13,4**
Investing activities:		
Purchases of tangible fixed assets, net	(7,9)	(5,0)
Purchases of intangible fixed assets, net	(7,0)	(6,7)
Increase of Right of use	-	(47,7)
Acquisition of subsidiaries, net of cash acquired	-	(0,5)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(14,9)**	**(59,9)**
Financing activities:		
(Increase)/decrease of financial receivables	1,0	0,4
Repayment of principal portion of lease liabilities	(7,7)	(7,7)
Increase/(decrease) of financial payables	22,4	45,9
Dividends paid to minority interests	-	(0,6)
Other equity movements	(0,6)	(3,1)
CASH FLOW FROM FINANCING ACTIVITIES	**15,1**	**34,5**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**35,3**	**(11,6)**
Net cash and cash equivalents at the beginning of the period	63,6	73,1
Net cash and cash equivalents at the end of the period	98,8	61,5

Notes to IDG Interim Consolidated Financial Statements as of and for the nine months ended September 30, 2020.

1. COMPANY INFORMATION

International Design Group S.p.A. (hereinafter also "***IDG***" or the "***IDG Parent Company***" or ***"Group"***) is a company, established and domiciled in Italy, with registered office in Via Manzoni 38 – 20121 Milan (MI).

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

2. BASIS OF PREPARATION

The Interim Consolidated Financial Statements are presented in Euro and all amounts are expressed in millions of Euro, unless otherwise specified.

The interim consolidated financial statements have been drawn up with the expectation that the business is a going concern.

The accounting principles used to draw up the interim consolidated financial statements are consistent with those used for the consolidated financial statements as at December 31, 2019 and on quarterly basis. IDG Group has not early adopted any new principles, interpretations or amendments issued but not yet in force.

The nature and effects of the main accounting standards are described below.

2.1. IFRS 16 leases

The standard IFRS 16 Leases issued by the IASB on January 13, 2016 and approved by the European Union in November 2017 fully replaces all the previous IFRS accounting requirements for the accounting of leases (IAS 17 and IFRIC 4). The standard applies to all contracts concerning the right to use an asset for a certain period of time in exchange for a specific fee. IFRS 16 sets, for lessees, a single accounting model for all leases (with specific cases of exclusion and exemption), eliminating the distinction between operating and financial leasing. The accounting for lessors remains substantially unchanged compared to the previous provisions.

The initial recognition, for the lessee, involves the recording of an asset equal to the right to use the underlying asset and a lease liability corresponding to the present value of the future lease payments. The subsequent measurement involves the amortization of the right-of-use asset and an interest expense on the lease liability created during initial recognition using a discount rate defined in the leasing contract. Interest expense and depreciation/amortization are recognized separately in the income statement.

The new standard is in force for the financial years beginning on or after January 1, 2019, with early application permitted on condition that the new IFRS 15 is already adopted or is applied on the same date as the first application of the IFRS 16 in question.

The adoption of this new standard has changed the Group's Financial Statements and financial position. All IFRS 16 effects have been mapped into specific account of the Financial Statements. In notes 9 are included all the effects.

2.2. Revenue recognition

Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer for an amount that reflects the price that the Group expects to receive in exchange for such goods or services.

Revenue is recognised to the extent to which it is probable that the economic benefits are achieved by the Group and the related amount can be determined reliably, regardless of the date of collection. Revenue is measured at the fair value of the price received or to be received, taking into account the contractually defined payment terms and excluding taxes and duties. The Group concluded that it is operating on its own behalf in all sales contracts since it is the primary debtor, it has discretionary power on the price policy and it is also exposed to inventory and credit risk.

2.2.1. Dividends

Dividends are recognized when the right to receive payment is established, which generally corresponds to the time when the Shareholders' Meeting approves their distribution.

2.2.2. Rental Revenue

Rents deriving from property investments are recognized on a straight-line basis over the duration of the existing lease contracts at the balance sheet date and are classified as revenue, considering their operational nature.

2.3. Financial Liabilities

Recognition and initial measurement

Financial liabilities are classified, at the time of the initial recognition, among financial liabilities at fair value recognised in the income statement, among mortgages and loans, or among derivatives designated as hedging instruments.

All financial liabilities are initially recognised at fair value to which are added, in the cases of mortgages, loans and payables, the transaction costs directly attributable thereto.

The financial liabilities of the Group comprise trade payables and other payables, mortgages and loans, including current account overdrafts and derivative financial instruments.

Subsequent measurement

The assessment of financial liabilities depends on their classification, as described above:

Financial liabilities recognised at fair value with changes recognised in the income statement comprise liabilities held for trading and financial liabilities initially recognised at fair value with changes recognised in the income statement.

Liabilities held for trading are all those assumed with the intention of extinguishing them or transferring them in the short term. This category also includes the derivative financial instruments entered into by the Group which are not designated as hedging instruments in a hedging relationship defined by IFRS 9. Embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit/(loss) for the year.

Financial liabilities are designated at fair value with changes recognised in the income statement from the date of initial recognition, only if the criteria of IFRS 9 are met. At the time of the initial recognition, the Group did not designate financial liabilities at fair value with changes recognised in the income statement.

Loans and receivables

This category is the most significant for the Group. After the initial recognition, loans are measured with the amortized cost criterion using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is extinguished, as well as through the amortization process.

The amortized cost is calculated noting the discount or the bonus on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortization at the effective interest rate is included among financial expenses in the statement of profit/(loss). This category generally includes interest-bearing receivables and loans.

Write-off

A financial liability is written off when the obligation underlying the liability is extinguished, voided or fulfilled. If an existing financial liability is replaced by another one of the same lender, at substantially different conditions, or the conditions of an existing liability are substantially amended, this exchange or amendment is treated as an accounting write-off the original liability, accompanied by the recognition of a new liability, with recognition in the statement of profit/(liability) of the year of any differences between the carrying amounts.

Offsetting of financial instruments

A financial asset and liability can be offset, and the net balance exposed in the statement of financial position, if there is a current legal right to offset the amounts recognised in the financial accounts and there is the intention of extinguishing the net residue, or realising the asset and concurrently extinguishing the liability.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as: forward foreign exchange contracts, interest rate swaps and forward commodity acquisition contracts to cover respectively, its own currency exchange rate risks, the interest rate risks and the commodity price risks. These derivative financial instruments are initially recognised at fair value at the date on which the derivative contract is entered into and, subsequently, they are again measured at fair value. Derivatives are recorded as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For hedge accounting purposes, there are three types of hedges:

- fair value hedging in case of hedge of the exposure against changes of the fair value of the asset or liability recognised or unrecorded irrevocable commitment;

- cash flow hedging in case of hedge of the exposure against the variability of the cash flows attributable to a particular risk associated with all assets or liabilities recognised or to a highly probable planned transaction or the foreign currency risk on unrecorded irrevocable commitment;

- hedge of a net investment in a foreign management.

3. CONSOLIDATION PRINCIPLES

The Interim Consolidated Financial Statements include the financial statements of :

- Flos S.p.A. and its subsidiaries;
- B&B Italia S.p.A. and its subsidiaries;
- Luminous Design Investment Aps and its subsidiaries.

Control is obtained when the IDG Group is exposed or is entitled to variable returns arising from its relationship with the investee entity and, at the same time, is able to affect these returns by exercising its power on said entity.

More specifically, the IDG Group controls an investee if - and only if - the IDG Group has:

- power over the investee entity (or has valid rights that give it the current ability to direct the relevant activities of the investee entity);
- exposure or rights to variable returns from its involvement with the investee entity;
- the ability to exercise its power over the investee entity to affect the amount of its returns.

When the IDG Group owns less than the majority of the voting rights (or similar rights), it has to consider all the significant events and circumstances in order to determine whether or not to control the investee entity, including:

- Contractual agreements with other owners of voting rights;
- Rights arising from contractual agreements;
- Voting rights and potential voting rights of the IDG Group.

The IDG Group re-assesses whether or not it has control of an investee if the events and circumstances indicate that there have been changes in one or more of the three significant elements defining control. The consolidation of a subsidiary starts when the IDG Group obtains its control and ends when the IDG Group loses that same control. The assets, liabilities, revenues and costs of the acquired or transferred subsidiary during the period are included in the comprehensive income statement starting from the date when the IDG Group obtains control and stops when the Group no longer exercises control over the company.

The profit (loss) for the period and each of the other comprehensive income (expense) are attributed to the shareholders of the parent company and to the minority interests, even if this implies that the minority interests have a negative balance. Whenever necessary, the financial statements of the subsidiaries are appropriately adjusted in order to ensure conformity with the accounting policies of the Group. All intercompany assets and liabilities, the shareholders' equity, revenues, costs and cash flows regarding transactions between Group entities are totally eliminated during consolidation.

The changes in the shareholdings in a subsidiary that do not entail loss of control are recorded under shareholders' equity.

If the Group loses the control of a subsidiary, it has to eliminate its assets (including goodwill), liabilities, minority interests and the other shareholders' equity components, while any profit or loss is recorded on the income statement. The shareholding kept, if any, has to be recognised at fair value.

The companies of IDG Group included in the scope of consolidation as at September 30, 2020 are listed below, compared with the consolidation perimeter as at December 31, 2019:

Name of shareholding	Currency	Share capital as at September 30, 2020	Shareholding as at September 30, 2020	Share capital as at December 31, 2019	Shareholding as at December 31, 2019
Luminous Design Investment ApS	DKK	1.260.101	100%	1,260,101	100%
Luminous Design Denmark ApS	DKK	100.000	100%	100.000	100%
P-LP 2014 A/S	DKK	10.000	100%	10.000	100%
Louis Poulsen Sweden AB	SEK	600.000	100%	600.000	100%
Louis Poulsen Norge AS	NOK	1.500.000	100%	1.500.000	100%
Louis Poulsen Finland OY	EUR	100.000	100%	100.000	100%
Louis Poulsen UK Ltd.	GBP	100.000	100%	100.000	100%
Louis Poulsen German GmbH	EUR	1.122.583	100%	1.122.583	100%
Louis Poulsen US Inc.	USD	1.000	100%	1.000	100%
Louis Poulsen Holland B.V	EUR	300.001	100%	300.001	100%
Louis Poulsen Japan Ltd.	JPY	38.500.000	100%	38.500.000	100%
Louis Poulsen Switzerland AG	CHF	500.000	100%	500.000	100%
Louis Poulsen Italy Sarl.	EUR	10.000	100%	10.000	100%
Louis Poulsen Asia Ltd.	EUR	2.459	100%	2.459	100%
Flos S.p.A.	EUR	1.875.000	100%	1.875.000	100%
Antares Iluminacion S.A.U.	EUR	401.000	100%	401.000	100%
Flos Illuminacion Shanghai Co. Ltd*	CNY	4.000.000	100%	4.000.000	100%
Antares Iluminacion Pte Ltd*	SGD	100	100%	100	100%
Ares S.r.l.	EUR	78.000	100%	78.000	100%
Flos Benelux NV	EUR	100.000	100%	100.000	100%
Flos B.V.	EUR	931.000	100%	931.000	100%
Euroformat S.r.l.	EUR	75.000	100%	75.000	100%
Flos GmbH	EUR	300.000	100%	300.000	100%
Flos Japan Co. Ltd	JPY	40.000.000	100%	40.000.000	100%
Flos Bespoke (ex Light Contract) S.r.l.	EUR	13.000	100%	13.000	100%
Flos Milano S.r.l	EUR	100.000	100%	100.000	100%
Flos Norge AS	NOK	1.500.000	55%	1.500.000	55%
Flos Roma S.r.l	EUR	31.000	100%	31.000	100%
Flos France S.a.s	EUR	61.000	100%	61.000	100%
Flos Projets S.ar.l.***	EUR	124.000	100%	124.000	100%
Flos Scandinavia A/S	DKK	1.429.000	65%	1.429.000	65%
Flos Sverige AB****	SEK	100.000	65%	100.000	65%
Flos Usa Inc.	USD	390.000	100%	390.000	100%
Flos UK Ltd	GBP	136.000	100%	136.000	100%
B&B Italia S.p.A.	EUR	1.000.000	100%	1.000.000	100%
B&B Italia Usa Inc.- New York	USD	10.000	100%	10.000	100%
B&B Italia Munchen Gmbh -Munich	EUR	150.000	100%	150.000	100%
B&B London LTD	GBP	500.000	100%	500.000	100%
B&B Asia Pacific Limited	USD	1.000	100%	1.000	100%
B&B Contract France Sas	EUR	30.000	100%	30.000	100%
B&B Italia Contract Projects Srl	EUR	10.000	100%	10.000	100%
B&B Italia Paris Sarl	EUR	50.000	100%	50.000	100%
Arclinea Spa	EUR	240.000	100%	240.000	100%
B&B Furniture (Shanghai) Co., Ltd	CNY	1.000	100%	1.000	100%

* Note 1: 100% of the shareholdings in Flos Iluminacion Shanghai Co. Ltd and in Antares Iluminacion Pte Ltd (Singapur) are held by Antares Iluminacion S.A.U. (ES), consequently the indirect shareholding of the Group is equal to 100%

** Note 2: For Flos Lighting Design (Beijing) Co. Ltd, the liquidation process was completed during the year

*** Note 3: Flos Projets Sàrl was incorporated into Flos France S.a.s in 2019

4. ASSESSMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

In applying Group accounting standards, the directors made decisions based on the following discretionary valuations (excluding those entailing estimates) with a significant effect on the values recorded in the financial statements.

4.1. Use of estimates

Illustrated below are the assumptions pertaining to the future and the other main causes of uncertainty in the estimates that, as at the end of the financial year, present the relevant risk of giving rise to significant adjustments of the accounting values of the assets and liabilities within the following year. The Group based its estimates and assumptions on parameters available at the time of preparation of the consolidated financial statements. However, the current circumstances and assumptions on future development could be modified because of changes in the market or of events outside the Group's control. If these changes take place, they will be reflected in the assumptions.

4.2. Commitments and risks

4.2.1. Financial leases and surrender commitments

Following the subscription of the Bond, the following real guarantees summarized below have been subscribed.

Act of pledge on current accounts of International Design Group SpA, signed on November 22, 2018, established by International Design Group SpA, to guarantee, inter alia, the loan agreement for Euro 100 million subscribed on November 9, 2018 and the issue bond of International Design Group SpA of Euro 720 million in favour of, inter alias, UniCredit SpA, as representative of the secured creditors envisaged therein;

Act of transfer under guarantee, signed on December 17, 2018, of intra-group receivables deriving from, inter alia, Proceeds Loan Agreements claimed by International Design Group S.p.A. towards Flos S.p.A., B&B Italia S.p.A. and Luminous Designs Investments ApS, as a guarantee, inter alia, of the loan agreement of Euro 100 million subscribed on November 9, 2018 and the bond issue of International Design Group S.p.A. of Euro 720 million in favour of, inter alias, UniCredit SpA, as representative of the secured creditors envisaged therein;

Act of pledge on shares of Flos S.p.A. signed on December 17, 2018 consisting of International Design Group S.p.A., Cocoon S.r.l. and Fiore S.r.l. to guarantee, inter alia, the loan agreement for Euro 100 million signed on November 9, 2018 and the bond issue of International Design Group S.p.A. of Euro 720 million in favour of, inter alias, UniCredit SpA, as representative of the secured creditors envisaged therein;

Act of pledge on shares of B&B Italia S.p.A. signed on 17 December 2019 consisting of International Design Group S.p.A., to guarantee, inter alia, the loan agreement for Euro 100 million subscribed on 9 November 2018 and the bond issue of International Design Group S.p.A. of Euro 720 million in favour of, inter alias, UniCredit SpA, as representative of the secured creditors envisaged therein;

Pledge on Luminous Designs Investments ApS shares subscribed on December 17, 2018 by International Design Group SpA, to guarantee, inter alia, the loan agreement for Euro 100 million signed on November 9, 2018 and the International Design bond issue Group SpA of Euro 720 million in favour of, inter alias, UniCredit SpA, as representative of secured creditors provided for therein.

The Group has entered into a financial lease agreement with ING Leasing of Madrid (ES) as a result of the acquisition of the industrial building by the subsidiary Antares Iluminacion S.A.U. and related take-over of

the underlying lease agreement. Of this commitment, equal to Eur 3,648 thousand (Eur 700 thousand with expiry date within 12 months and Eur 2,948 thousand after 12 months) and will expire on 2022.

5. GOODWILL

The total value of Goodwill amount to Eur 1.052,5 million broken down as follows:

	September 30, 2020	Dec 31, 2019
Goodwill from acquisition of Flos S.p.A. Group	478,3	478,3
Goodwill from acquisition of B&B Group	372,4	372,4
Goodwill from acquisition of Louis Poulsen Group	201,8	201,8
TOTAL ASSETS WITH AN INDEFINITE USEFUL LIFE	**1.052,5**	**1.052,5**

6. OTHER INTANGIBLE ASSETS

Other Intangible Assets amount to Eur 588,3 million as at September 30, 2020 compared to Eur 587,5 million as of December 31, 2019 and include the following:

	DEVELOPMENT COSTS	PATENTS AND INTELLECTUAL PROPERTY RIGHTS	CONCESSIONS, LICENSES AND TRADEMARKS AND OTHER INTANGIBLE FIXED ASSETS	TRADEMARK	TOTAL INTANGIBLE ASSETS, EXCLUDING GOODWILL
NET BOOK VALUE as of Jan 1, 2020	**9,0**	**2,7**	**7,0**	**568,8**	**587,5**
HISTORICAL COST as of Jan 1, 2020	**32,2**	**24,9**	**23,4**	**573,5**	**654,0**
Increases (Capex)	3,6	1,0	2,3	0,1	7,0
Decreases (Disposal)	-	-	(0,1)	-	(0,1)
Exchange rate difference	0,0	0,0	0,1	0,0	0,1
Other variations	-	0,0	(0,0)	-	0,0
HISTORICAL COST as of Sept 30, 2020	**35,8**	**25,9**	**25,7**	**573,6**	**661,0**
ACCUMULATED DEPRECIATION as of Jan 1, 2020	**23,2**	**22,2**	**16,4**	**4,7**	**66,5**
Increases (Amortisation of the period)	3,8	1,4	1	0,1	6,2
Decreases	-	-	-	-	-
Exchange rate difference	0,0	0,0	0,0	0,0	0,0
Other variations	-	0,0	(0,0)	-	(0,0)
ACCUMULATED DEPRECIATION as of Sept 30, 2020	**27,0**	**23,6**	**17,4**	**4,8**	**72,7**
NET BOOK VALUE as of Sept 30, 2020	**8,8**	**2,3**	**8,4**	**568,8**	**588,3**

- **Development costs** for Eur 8,8 million include the costs of personnel dedicated to product development carried out within the controlled companies. These costs are amortised over three years.
- The item **Patents and intellectual property rights** for Eur 2,3 million comprises mainly costs incurred for depositing patents, producing software and build e-commerce websites.
- The item **Concessions, licenses and trademarks and other intangible fixed assets** for Eur 8,4 million comprises mainly assets of the Parent Company referred to the production licences relating to

specific product lines, costs for software licenses, costs for projects in progress and customer relationships.

- The item **Trademarks**, equal to Eur 568,8 million mainly refers to the trademarks:
  - "FLOS", equal to Euro 244,1 million;
  - "B&B", "Maxalto" and "Azucena" equal to Euro 201,2 million;
  - "Louis Poulsen", equal to Euro 123,5 million.

Trademarks are considered with an indefinite useful life and therefore subject to annual impairment test.

7. PROPERTY, PLANT AND MACHINERY

Property, plant and machinery amount to Eur 109,3 (Eur 111,7 as at December 31, 2019) and include the following:

	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND ADVANCES	TOTAL TANGIBLE ASSETS
NET BOOK VALUE as of Jan 1, 2020	**87,1**	**11,2**	**7,1**	**4,9**	**1,3**	**111,7**
HISTORICAL COST as of Jan 1, 2020	**129,3**	**66,2**	**65,0**	**23,1**	**1,3**	**284,9**
Increases (Capex)	0,8	4,6	2,3	0,7	0,6	**9,0**
Decreases (Disposal)	(0,7)	(0,8)	(0,2)	(0,4)	(0,9)	**(3,1)**
Exchange rate difference	(0,3)	0,1	(0,0)	(0,1)	-	**(0,4)**
Other variations	0,4	-	0,4	(0,5)	(0,3)	**0,1**
HISTORICAL COST as of Sept 30, 2020	**129,5**	**69,9**	**67,5**	**22,9**	**0,6**	**290,5**
ACCUMULATED DEPRECIATION as of Jan 1, 2020	**42,2**	**54,9**	**57,9**	**18,2**	**-**	**173,2**
Increases (Amortisation of the period)	3,2	3,0	2,4	1,3	-	**9,9**
Decreases	(0,7)	(0,4)	(0,2)	(0,3)	-	**(1,6)**
Exchange rate difference	(0,2)	0,0	0,0	(0,0)	-	**(0,2)**
Other variations	0,0	(0,0)	(0,0)	(0,1)	-	**(0,1)**
ACCUMULATED DEPRECIATION as of Sept 30, 2020	**44,6**	**57,6**	**60,1**	**19,0**	**-**	**181,2**
NET BOOK VALUE as of Sept 30, 2020	**84,9**	**12,3**	**7,5**	**3,9**	**0,6**	**109,3**

8. RIGHT OF USE

Starting from January 1, 2019 the new lease standard application is mandatory. The Group decided to adopt the new standard according to the modified approach. The right of use refers to the following categories:

- Offices and buildings
- Shops
- Company cars
- Equipment used in the production process
- Office equipment

As a result of the initially applying IFRS 16, in the movement of right of use assets and related lease liabilities for the first nine months of 2020 can be summarized as follows:

	RoU	**Lease liability**
On January 1, 2019	**44,5**	**47,3**
Additions	1,1	1,1
Depreciation expense	(8,1)	-
Interest Expense	-	2,6
Payments	-	(10,3)
FX Gain/(loss)	(0,2)	0,1
On September 30, 2020	**37,3**	**40,8**

9. SHAREHOLDING IN PARENT COMPANY

In December 2019, IDG has bought shares of its Parent Company, Design Holding S.p.A., for Euro 18.006 thousand. This amount is considered the fair value of the investment.

10. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets amount to Eur 3,6 million (Eur 3,5 million as of December 31, 2019) mainly comprises the deposits on rentals paid by the Group companies.

11. INVENTORIES

Inventories are broken down in the following table:

	September 30, 2020	**December 31, 2019**
Raw materials and consumables	50,0	44,8
Raw materials and consumables impairment provision	(6,8)	(5,4)
Work in progress and semifinished products	20,8	19,4
Work in progress and semifinished products impairment provision	(3,3)	(3,0)
Custom work in progress	17,1	11,4
Finished products	34,3	27,8
Finished products impairment provision	(7,8)	(6,7)
Deposits	1,5	1,8
Goods in transit	2,8	2,0
TOTAL INVENTORIES	**108,7**	**92,2**

Inventories on hand are shown net of the provision for inventory impairment for Eur 17,8 million (Eur 15,1 as at December 31, 2019)

12. TRADE RECEIVABLES

As at September 30, 2020 trade receivables amount to Eur 58,2 million (Eur 68,5 million as at December 31, 2019), net of the bad debt provision which amounts to Eur 6,2 million (Eur 5,8 as at December 31, 2019).

13. TAX ASSETS AND OTHER CURRENT ASSETS

13.1. Tax credit and due from tax authorities

Current tax credit and due from tax authorities amount to Eur 8,9 million compared to Eur 8,7 million as at December 31, 2019 and are mainly composed by:

- VAT receivables
- Receivables for tax advances paid
- Other tax receivables

13.2. Other assets

Other assets amounting to Eur 5,8 (Eur 7,0 as at December 31, 2019) mainly includes prepayments to suppliers, payment in advance for maintenance expenses, utilisation of software, for insurance policies for IP deposit.

14. CASH AND CASH EQUIVALENTS AND DEPOSITS

Cash and cash equivalents amount to Eur 98,8 million with an increase of Eur 35,2 million compared to December 31, 2019. Please refer to the Statement of Cash Flow for a more detailed explanation of the investments made by the Group during the period.

15. ASSETS HELD FOR DISPOSAL

Assets held for disposal, amounting to Eur 2,5 million, include buildings and land with the related generic facilities belonging to the Ascoli plant of the B&B Group, currently unused.

16. SHAREHOLDERS' EQUITY

The Shareholders' equity as of September 30, 2020 amount to Eur 990,3 million (Eur 983,6 as at December 31, 2019) and the variation is mainly due to the result of the period and minor movements indicated in the Statement of changes in consolidated shareholders' equity shown below:

	Share Capital	Share premium reserve	Other reserves	Profit for the period	Total Group Shareholders' Equity	Minority shareholders' equity	Net profit attributable to minority interests	Total shareholders' equity
Balance as of Jan 1, 2019	**5,1**	**1.005,4**	**(19,3)**	**(10,5)**	**980,7**	**2,0**	**0,9**	**983,6**
Allocation of previous period result	-	-	(10,5)	10,5	-	0,9	(0,9)	-
Result for the period	-	-	-	5,1	5,1	-	0,9	6,0
Other comprehensive income	-	-	(0,5)	-	(0,5)	(0,1)	-	(0,6)
Total comprehensive profit for the period	**-**	**-**	**(11,0)**	**15,6**	**4,6**	**(0,8)**	**(0,0)**	**5,4**
Stock option's reserve	-	-	1,2	-	1,2	-	-	1,2
Other movements	-	-	0,1	-	0,1	0,0	-	0,1
Total movement of the period	-	-	1,3	-	1,3	0,0	-	1,3
Balance as of 30 Sept, 2020	**5,1**	**1.005,4**	**(29,0)**	**5,1**	**986,6**	**2,8**	**0,9**	**990,3**

17. PROVISIONS FOR RISKS AND OTHER CHARGES

The Provisions for risks and other charges, amounting to Eur 11,4 million (Eur 10,4 as at December 31, 2019), include the following:

- **Provisions for pensions and similar obligations**, amounting to Eur 4,3 million;
- **Other provisions**, amounting to Eur 7,1 million.

The Provision for pensions and similar obligations comprises the amount for agents' termination indemnity accrued in compliance with collective labour agreements applicable to agents presently in force. The amount reflects a prudent acknowledgement of the risk related to termination of agent mandates in the instances envisaged by law.

The Provision for pensions and similar obligations is subject to actuarial calculation.

The item Other provisions includes the following:

- a *Provision for Product Warranties* to cover the request for warranty extensions on LED products
- a *Provision for General Liabilities* allocated to cover possible liabilities due to legal disputes

18. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities are broken down as follows:

	September 30, 2020	December 31, 2019
Current financial liabilities:		
Payables to other lenders	1,3	3,0
Payables to banks	1,8	4,5
Liabilities for leases ST	9,5	8,3
Total current financial liabilities	**12,6**	**15,8**
Non-current financial liabilities:		
Payables to other lenders	4,3	3,8
Bond loan	707,5	698,1
Bank loan	30,0	-
Liabilities for leases LT	31,8	39,0
Total non-current financial liabilities	**773,2**	**740,9**
TOTAL FINANCIAL LIABILITIES	**785,7**	**756,7**

The reconciliation of the payable for Shareholder Loan is as follows:

	September 30, 2020	December 31, 2019
Bond Loan	720,0	720,0
Amortised cost	(24,7)	(27,6)
Matured interest	12,2	5,7
Liabilities for Shareholder Loan	**707,5**	**698,1**

The Shareholder Loan comprises two bonds issued on November 16, 2018 with the following characteristics:

	Nominal value	Due	Nominal rate
Bond 1	400,000	Bullet 15/11/2025	6.5%
Bond 2	320,000	Bullet 17/11/2025	Euribor 3m + 6%

The item *Bank Loan* refers to revolving loan agreement subscribed on November 9, 2018 in favour of, inter alias, UniCredit S.p.A. and drawn down in March 2020.

During the third quarter of 2020, with respect to agreement, IDG have refund UniCredit S.p.A. for Eur 70,0 million.

The item *Due to other lenders* refers mainly to a deferred payment of the industrial building in Spain and to a deferred payment for the acquisition of minority interests (see § 4,2).

The item *Payables to bank* refers to a bank loan held by Arclinea S.p.A. controlled by B&B Italia S.p.A.

19. CURRENT AND NON-CURRENT FINANCIAL LEASE LIABILITIES

The item includes the financial liabilities accounted for in accordance with the lease standard IFRS 16 and they amount to Eur 40,8 million divided into current liability for Eur 9,5 million and non-current for Eur 31,4 million.

As indicated in §8 the lease financial liability is the counterpart of the right of use accounted for in the balance sheet.

20. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities amounting to Eur 0,5 million (Euro 0,8 million as at December 31, 2019) refer mainly to payables for rent tied to stores and offices of the Group.

21. TRADE PAYABLES

Trade payables include:

	September 30, 2020	December 31, 2019
Italy	54,2	74,8
EEC	50,8	34,3
Non-EEC	13,7	15,2
TOTAL TRADE PAYABLES	**118,7**	**124,2**

The item Trade payables includes also the advances from customers for an amount equal to Eur 39,6 million (Euro 30,4 million as at December 31, 2019).

22. TAX PAYABLES AND OTHER CURRENT LIABILITIES

This category includes amounts due:

- to tax authorities, amounting to Eur 17,2 million;
- to social security institutions, amounting to Eur 4,0 million;
- to personnel and others, amounting to Eur 21,3 million.

23. REVENUE

Total Revenue, for the nine months period ended September 30, 2020 amounted to Eur 360,7 million (Eur 386,8 as of September 30, 2019) refer to the sale of products and services.

The following table shows the breakdown by geographical area:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Europe	250,9	254,8
Americas	49,7	68,6
APAC	54,3	55,8
MENA and other	5,8	7,7
TOTAL REVENUES	**360,7**	**386,8**

24. PURCHASES OF RAW MATERIALS AND VARIATION IN INVENTORIES

Purchases of raw materials and variation in inventories amount to Eur 106,2 million compared to Euro 117,0 for the same period of previous year.

25. PERSONNEL COSTS

Personnel costs include wages and salaries, social security contributions, employees' severance indemnities and pensions and amount to Eur 79,0 million (Eur 81,3 as of September 30, 2019).

26. SERVICE COSTS

Service costs are broken down as follows and are in line with the same period of previous year:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Subcontract work and services for production	27,1	32,2
Fees, royalties, advertising and communications	25,6	29,3
Transport and customs costs	10,5	11,4
Utilities, ancillary services, EDP fees, maintenance and repairs	7,3	6,8
Costs for technical, artistic, tax, legal and various advice	6,4	6,9
Remunerations for directors, statutory auditors and audit	1,6	1,5
Transfers and entertainment	2,6	5,9
Cost of training, subcontract personnel, banking and other miscellaneous services	4,8	5,5
Insurance, patents and trademarks, post and telegraphic	2,1	2,3
TOTAL SERVICES COSTS	**87,9**	**101,8**

27. PROVISIONS

Allocations to provisions were:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Provisions for pension fund	0,2	0,1
Provisions for risks	0,8	1,0
Provisions for other charges	0,7	0,6
TOTAL PROVISIONS	**1,7**	**1,8**

28. OTHER COSTS AND CHARGES

Other costs and charges amounting to Eur 5,6 million (Eur 9,5 million as of September 30, 2019) include rental and leasing fees for contract out of scope under IFRS 16 (i.e. low value assets), membership and subscriptions included internet, gifts and charity, purchase of stationery and consumables for offices. The decrease respect to the previous year mainly due to the stop of production according to the Italian government Decree against Covid-19.

29. AMORTISATION, DEPRECIATION AND IMPAIRMENT

The item Amortisation, depreciation and impairment amounting to Eur 24,6 million (Eur 23,2 million as of September 30, 2019) and it includes the amortization of right-of-use assets accounted for in the balance sheet for IFRS 16 purposes.

30. FINANCIAL CHARGES

Financial charges amount to Eur 43,5 million and are mainly composed by interest on Bond Loan and lease agreements.

Unaudited Consolidated Income Statement for the three months ended September 30, 2020 and for the three months ended September 30, 2019

€ millions		Three months ended Sept 30, 2020 Issuer Pro Forma	Three months ended Sept 30, 2019 Issuer Pro Forma
Revenues from contracts with customers	23	135,2	124,9
Other revenues and income		0,7	1,6
TOTAL REVENUES		**135,9**	**126,5**
Purchases of raw materials and variation in inventories	24	(40,0)	(37,8)
Personnel costs	25	(26,2)	(25,4)
Service costs	26	(30,3)	(31,4)
Provisions	27	(0,6)	(0,6)
Other costs and charges	28	(1,5)	(2,5)
TOTAL COSTS		**(98,6)**	**(97,7)**
Amortization, depreciation and impairment	29	(8,2)	(8,1)
OPERATING PROFIT		**29,1**	20,7
Financial income	30	0,1	0,7
Financial charges	31	(14,6)	(14,8)
RESULT BEFORE TAX FROM CONTINUING OPERATIONS		**14,6**	**(0,9)**
Income taxes		(6,1)	(5,1)
NET RESULT FROM CONTINUING OPERATIONS		**8,5**	**(2,1)**
Net profit of discontinued operations		-	(0,3)
PROFIT/(LOSS) FOR THE PERIOD		**8,5**	**1,2**
Profit/(Loss) for the period, attributable to minority interest		0,2	0,2
Profit/(Loss) for the period, attributable to the Group		8,3	(2,3)