



**ITALIAN WINE BRANDS**  
*Creatori di Eccellenze*

**CONSOLIDATED ANNUAL FINANCIAL REPORT**  
**31 DECEMBER 2021**

**ITALIAN WINE BRANDS S.P.A.**

Registered office in Milan, Viale Abruzzi, 94  
joint-stock company with subscribed and paid-up share capital of Euro 1.046.265,80

Tax Code Company Reg. No. 08851780968  
Registered in the Companies Register of Milan  
R.E.A. No. 2053323

[www.italianwinebrands.it](http://www.italianwinebrands.it)

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These separate and consolidated financial statements constitute a non-official version and they are not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815.

## **Composition of Corporate Bodies**

### **Board of Directors**

Alessandro Mutinelli (Chief Executive Officer and Chairman)

Giorgio Pizzolo (Deputy Chairman)

Pier Paolo Quaranta (Director with delegated powers)

Simone Strocchi

Marta Pizzolo

Massimiliano Mutinelli

Antonella Lillo (Independent Director)

### **Board of Statutory Auditors**

David Reali (Chairman of the Board of Statutory Auditors)

Debora Mazzaccherini (Statutory Auditor)

Eugenio Romita (Statutory Auditor)

### **Independent Auditors**

BDO Italia S.p.A.

### **Nomad**

Intesa Sanpaolo S.p.A.



## **Letter to shareholders**

**Dear Shareholders,**

2021 has been a fundamental year in the development of your company: thanks to the acquisition of Enoitalia SpA, completed in July of this year, Italian Wine Brands has become the first Italian non-cooperative wine producer for size, reaching the target declared at the time of listing on the Stock Exchange at the beginning of 2015.

The growth project on international markets also continued with the signing of the agreements, in December 2021, relating to the acquisition of the US company Enovation Brands Inc. This acquisition, which will be completed by the end of April, will allow IWB to be present in America with its own strong and widespread commercial structure, with distinctive proprietary brands. The American market is, to date, the most important outlet for Italian wine abroad with excellent growth fundamentals in the medium to long term.

The positive management of 2021 resulted in the achievement of important economic and financial results: on a pro-forma basis, the consolidated turnover settled at Euro 408.9 million while the pro-forma Ebitda reached Euro 41.8 million. From a financial point of view, IWB is balanced, with a leverage ratio (Net Financial Position / pro-forma Ebitda) of 2.6x and a debt duration of over 5 years.

The effort made in these 6 years on Stock market therefore allows us now to be stronger in facing a very challenging 2022 from the point of view of the cost of production factors and procurement of supplies.

The results obtained are the starting point of a further development path, which will see the IWB group focus further on the enhancement of the brands in its portfolio and on the development of high added value products, through innovation and creative thinking combined with pragmatism and organizational efficiency.

Thanks to our principles, we have built in the past and will continue to do so in the future, the value of the IWB group, a value recognized by our customers, our suppliers, our employees and, last but not least, the capital market, both equity and debt.

Alessandro Mutinelli

Chairman and CEO

## **Directors' Report on Operations**

### **1. Analysis of the Company's situation, performance and operating results**

#### **1.1. Reference market in which the company operates**

The IWB Group is one of the leading Italian players in the production and distribution of domestic wines, which stands out for the size of the reference markets in which it operates, the number of brands it has in its portfolio and the variety of distribution channels

In terms of its target markets, IWB's business is predominantly and increasingly achieved with foreign customers, also thanks to Enoitalia S.p.A acquisition finalized on July 2021, and only the remaining part with domestic customers.

Sales are made exclusively through a portfolio of proprietary and registered brands. In particular, the group operates under the various brands:



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PRÓVINCO ITALIA

GRANDE ALBERONE  
GRAND TOUR

ELETTRA  
ELETTRONIC WINE

GOMERA  
AS TE WITIS - WIT ES WITIS

RONCO DI SASSI  
FOR AUTHENTIC DISCOVERY EXPERIENCE

OLD WORLD  
ITALIAN WINE

POGGIO DEL CONCONE

CALAROJAS  
TEMPRANILLO

FORTE ELERONE

GRANDI MORI

DURANTE  
*The Journey Starts Here*

Ripa Sotto

SAN ZENONE

SAN GIOVIBILE  
WINEBERRY COLLECTION

DANTI

OROPERLA  
ECOVITALE WINEBERRY

Swinando

OPTIMACRAFT  
WINE LOVABLE PASSION

SELLARONDA  
TERRETTORI DI MONTAGNA

Terra di Gigli

ITALIAN ART CAFE

RAPHAEL<sup>044</sup> BO  
PROSECCO E SPUMANTI

SASSO AL VENTO

CANTINE DEL BORGO REALE  
GRAND D'ALBA

CUOR DI PIETRA

TRA MORICONE

AIMONE

ALBERTO NANI  
Prosecco

VOGA

RED FIRE

PASSO SARDO

Gemma di Luna

EMPORIUM

ARISTOCRATICO

LIGNUM VITIS

NEROPERSO

LUNA DI LUNA

CA' MONTINI  
TERRE DI CALMEDDA



## ITALIAN WINE BRANDS

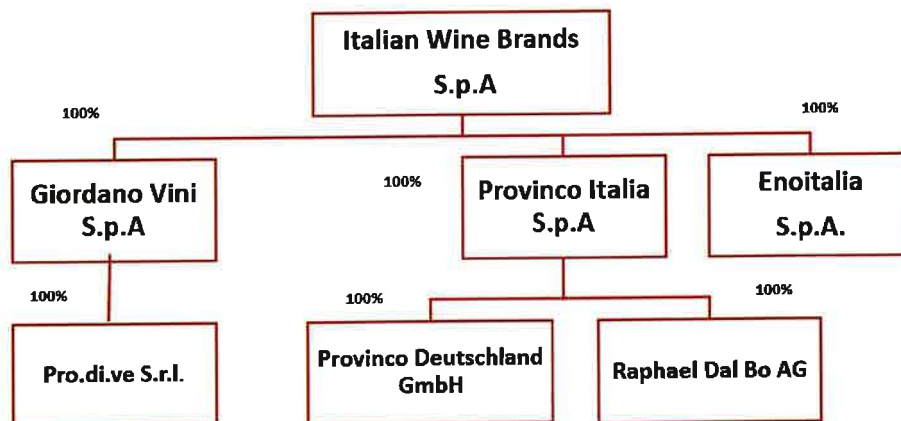
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With centralised governance functions (finance & IT, marketing, production and quality, and purchasing), the IWB Group is unique because it has three different sales and distribution channels.

- the "wholesale" channel for the sale of products to operators in the sector, such as large-scale distribution chains, state monopolies and traditional trade,
- the "distance selling" channel for direct sales of products in the portfolio to private consumers.
- the Ho.re.ca channel aimed at the sale to hotels, restaurants and catering in which the IWB group is active, thanks to the acquisition of Enoitalia S.p.A, in particular in the US market and in UK.

The three distribution channels also rely on a centralised production structure consisting of (i) 5 owned and one rented cellars in Diano d'Alba (CN), Torricella (TA), Calmasino (VR) and Montebello (VI) and nine bottling lines owned by the Group and located as follow: two in Diano d'Alba (CN) three in Montebello (VI) and four in Calmasino (VR)

From a corporate point of view, IWB S.p.A. carries out management activities for Group companies as well as management and coordination activities, directly holding controlling interests in the main Group companies: Giordano Vini S.p.A. and Provinco Italia S.p.A. The corporate organization chart of the Italian Wine Brands group is provided below, also following the aforementioned acquisition of Enoitalia S.p.A. and its subsidiaries.





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### 1.2.1 Consolidated situation

The main comments on the reclassified Statement of Financial Position and Income Statement presented at the end of this section are provided below. The consolidated Annual Report of the Group, between 2019 and 2021, shows the following results, expressed in millions of €.

The economic results of Enoitalia SpA are consolidated starting from the acquisition and therefore limited to the second half of 2021. The pro-forma income statement is aimed at providing the economic representation of the IWB Group following the acquisition.

	<b>31.12.2021 pro-forma<sup>(1)</sup></b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Revenue from sales</b>	<b>408.934</b>	<b>313.227</b>	<b>204.311</b>	<b>157.494</b>
Change in inventories	19.524	13.333	4.780	1.329
Other income	2.953	2.645	1.538	1.220
<b>Total revenues</b>	<b>431.411</b>	<b>329.205</b>	<b>210.629</b>	<b>160.043</b>
Purchase costs	(295.527)	(217.705)	(123.650)	(92.547)
Costs for services	(72.362)	(62.009)	(52.159)	(41.486)
Personnel costs	(20.492)	(14.563)	(8.125)	(7.441)
Other operating costs	(1.200)	(898)	(1.091)	(482)
<b>Total operating costs</b>	<b>(389.581)</b>	<b>(295.175)</b>	<b>(185.025)</b>	<b>(141.956)</b>
<b>Restated EBITDA</b>	<b>41.830</b>	<b>34.030</b>	<b>25.604</b>	<b>18.087</b>
EBITDA	38.809	31.009	23.604	16.304
<b>Restated net profit/(loss)</b>	<b>20.464</b>	<b>16.716</b>	<b>15.634</b>	<b>9.185</b>
<b>Net profit/(loss)</b>	<b>18.286</b>	<b>14.538</b>	<b>14.192</b>	<b>7.899</b>
<b>Net financial debt</b>	<b>121.256</b>	<b>121.256</b>	<b>10.332</b>	<b>10.683</b>
<i>of which net financial debt - third-party lenders</i>	<i>107.977</i>	<i>107.977</i>	<i>(1.437)</i>	<i>(565)</i>
<i>of which net financial debt - deferred price acquisition of Raphael Dal Bo AG</i>	<i>0</i>	<i>0</i>	<i>1.861</i>	<i>0</i>
<i>of which net financial debt - right-of-use liabilities</i>	<i>13.279</i>	<i>13.279</i>	<i>9.908</i>	<i>11.248</i>

<sup>1</sup> Pro-forma consolidated figures relating to all companies of the group perimeter for the period 1 January 2021 – 31 December 2021.

<sup>2</sup> The restated accounting data at 31/12/2021 (restated EBITDA and restated Profit/(Loss) for the Period) are shown gross of non-recurring cost, as detailed on page 11.



The reclassified consolidated statement of financial position and income statement are shown below.

### Reclassified statement of financial position

€thousand	31.12.2021	31.12.2020	31.12.2019
Other intangible assets	35.983	34.005	32.474
Goodwill	181.085	68.309	55.455
Tangible assets	50.124	15.104	14.539
Right-of-use assets	14.042	9.637	10.860
Equity investments	3	2	2
<b>Total Fixed Assets</b>	<b>281.237</b>	<b>127.057</b>	<b>113.330</b>
Inventory	77.908	25.490	20.334
Net trade receivables	68.144	30.567	23.605
Trade Payables	(137.367)	(56.809)	(45.750)
Other assets (liabilities)	1.286	(2.541)	(1.731)
<b>Net working capital</b>	<b>9.971</b>	<b>(3.293)</b>	<b>(3.542)</b>
Payables for employee benefits	(1.212)	(621)	(651)
Net deferred and prepaid tax assets (liabilities)	(8.451)	(8.028)	(8.252)
Other provisions	(334)	(261)	(994)
<b>NET INVESTED CAPITAL</b>	<b>281.211</b>	<b>114.854</b>	<b>99.891</b>
<b>Shareholders' equity</b>	<b>159.955</b>	<b>104.521</b>	<b>89.208</b>
Profit (loss) for the period	14.538	14.193	7.899
Share capital	1.046	880	880
Other reserves	144.371	89.448	80.429
<b>Net Financial position</b>	<b>107.977</b>	<b>(1.437)</b>	<b>(565)</b>
Deferred price acquisition Raphael Dal Bo AG	-	1.861	-
Right of use liabilities	13.279	9.908	11.248
<b>TOTAL SOURCES</b>	<b>281.211</b>	<b>114.854</b>	<b>99.891</b>



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### Reclassified Income statement

€thousand

	Restated 31.12.2021 pro-forma	Restated 31.12.2021	Restated 31.12.2020	Restated 31.12.2019
Revenue from sales	408.934	313.227	204.311	157.494
Change in inventories	19.524	13.333	4.780	1.329
Other income	2.953	2.645	1.538	1.220
<b>Total revenues</b>	<b>431.411</b>	<b>329.205</b>	<b>210.629</b>	<b>160.043</b>
Purchase costs	(295.527)	(217.705)	(123.650)	(92.547)
Costs for services	(72.362)	(62.009)	(52.159)	(41.486)
Personnel costs	(20.492)	(14.563)	(8.125)	(7.441)
Other operating costs	(1.200)	(898)	(1.091)	(482)
<b>Total operating costs</b>	<b>(389.581)</b>	<b>(295.175)</b>	<b>(185.025)</b>	<b>(141.956)</b>
<b>EBITDA</b>	<b>41.830</b>	<b>34.030</b>	<b>25.604</b>	<b>18.087</b>
Write-ups / (Write-downs)	(1.212)	(1.152)	(1.427)	(1.233)
Amortization and depreciation	(9.264)	(6.948)	(3.960)	(3.349)
<b>Operating result from core business</b>	<b>31.354</b>	<b>25.930</b>	<b>20.217</b>	<b>13.505</b>
Exceptional items	(3.021)	(3.021)	(2.000)	(1.783)
Net releases (accruals) for provision risks and charges	-	-	-	0
<b>EBIT</b>	<b>28.333</b>	<b>22.909</b>	<b>18.217</b>	<b>11.722</b>
Net Finance revenues (costs)	(4.308)	(3.938)	(1.186)	(1.223)
<b>EBT</b>	<b>24.025</b>	<b>18.971</b>	<b>17.031</b>	<b>10.499</b>
Taxes	(5.739)	(4.433)	(2.839)	(2.600)
<b>Net Result</b>	<b>18.286</b>	<b>14.538</b>	<b>14.192</b>	<b>7.899</b>
Tax effect of exceptional charges	843	843	558	497
<b>Net profit before exceptional items and related tax effect</b>	<b>20.464</b>	<b>16.716</b>	<b>15.634</b>	<b>9.185</b>



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### Reclassified Income statement

€thousand	Reported 31.12.2021	Management 1	adjustments 2	Restated 31.12.2021
Revenue from sales	408.934			408.934
Change in inventories	19.524			19.524
Other income	2.975	(22)		2.953
<b>Total revenues</b>	<b>431.433</b>	<b>(22)</b>		<b>431.411</b>
Purchase costs	(295.527)			(295.527)
Costs for services	(74.562)	917	1.283	(72.362)
Personnel costs	(21.219)	262	465	(20.492)
Total operating costs	(1.316)	116		(1.200)
<b>Total operating costs</b>	<b>(392.624)</b>	<b>1.295</b>	<b>1.748</b>	<b>(389.581)</b>
<b>EBITDA</b>	<b>38.809</b>	<b>1.273</b>	<b>1.748</b>	<b>41.830</b>
Write-ups / (Write-downs)	(1.212)			(1.212)
Amortization and depreciation	(9.264)			(9.264)
<b>Operating result from core business</b>	<b>28.333</b>	<b>1.273</b>	<b>1.748</b>	<b>31.354</b>
Exceptional items		(1.273)	(1.748)	(3.021)
Net releases (accruals) for provision risks and charges				
<b>EBIT</b>	<b>28.333</b>	<b>0</b>	<b>0</b>	<b>28.333</b>
Net Finance revenues (costs)	(4.308)			(4.308)
<b>EBT</b>	<b>24.025</b>	<b>0</b>	<b>0</b>	<b>24.025</b>
Taxes	(5.739)			(5.739)
<b>Net Result</b>	<b>18.286</b>	<b>0</b>	<b>0</b>	<b>18.286</b>
Tax effect of exceptional charges				843
<b>Net profit before exceptional items and related tax effect</b>				<b>20.464</b>

#### Summary of Management Adjustments

- Other Revenues equal to Euro 22 thousands relating to the reimbursement of legal expenses for litigation with a former commercial agent.  
  
Euro 917 thousands of Cost for Services related to: a) Euro 725k Enoitalia S.p.A. acquisition (Euro 301k for Tobin Tax, Euro 272k for legal and notary advice, Euro 152 k for financial advisory and due diligence), b) Euro 192 k legal advice related to litigation with a former commercial agent and conciliations with ex-employees.  
  
Euro 262 thousands of Personnel Costs for personnel redundancy;  
  
Euro 116 thousands of Other Costs for VAT levy
- Costs for Services and Personnel, respectively €1,283 thousand for Services and €465 thousand for Personnel related to the accrual and allocation of the second tranche of the 2020-2022 Stock Grant Plan, representing 18,75% of the total value of the plan itself and in line with the achievement of the mean profitability targets and control of the net financial position during the period 2020-2022. In particular, the Pro-Forma Restated EBITDA target for the first year is €41.0m and the NFP to Restated EBITDA target ratio at 31 December 2021 is less than 3.0x.

The interim profitability index called by the directors "Restated EBITDA," compared to the "Net Profit" shown in the consolidated comprehensive income statement, is made up as follows:



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Net income less "Taxes", "Net financial income and charges", "Write-ups/(Write-downs)" including the write-down of inventories and trade receivables, "Provisions for risks" and "Amortisation and Depreciation," also after deducting non-recurring charges and income and costs related to the medium/long-term management incentive plan.

### 1.2.2 Financial and equity position of the Parent Company

The financial statement of IWB S.p.A. at 31 December 2021 shows:

- A Net Profit for the period of € 9,8 million (€ 7,8 million at 31 December 2020);
- Net financial position of €72,5 million (€30,1million positive at 31 December 2020). The increase is explained by the acquisition of Enoitalia S.p.A.

Below is a summary of the parent company's statement of financial position, financial position and income statement.

#### Reclassified statement of financial position

€thousand	31.12.2021	31.12.2020	31.12.2019
Other intangible assets	196	224	194
Right-of-use assets	179	238	298
Tangible assets	122	143	163
Investment in subsidiaries	205.481	54.256	54.256
<b>Total Fixed Assets</b>	<b>205.978</b>	<b>54.861</b>	<b>54.911</b>
Net trade receivables	2.282	112	1.267
Trade Payables	(211)	(121)	(328)
Other assets (liabilities)	4.821	4.354	2.958
<b>Net working capital</b>	<b>6.892</b>	<b>4.345</b>	<b>3.897</b>
Payables for employee benefits	(37)	(24)	-
Net deferred and prepaid tax assets (liabilities)	-	-	-
Other provisions	-	-	-
<b>NET INVESTED CAPITAL</b>	<b>212.833</b>	<b>59.183</b>	<b>58.808</b>
<b>Shareholders' equity</b>	<b>140.266</b>	<b>89.264</b>	<b>80.268</b>
Profit (loss) for the period	9.780	7.799	6.388
Share capital	1.046	880	880
Other reserves	129.440	80.585	73.000
<b>Net Financial position</b>	<b>72.567</b>	<b>(30.082)</b>	<b>(21.460)</b>
<b>TOTAL SOURCES</b>	<b>212.833</b>	<b>59.183</b>	<b>58.808</b>



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In relation to the above statement of financial position, it should be noted that:

- The equity investments in subsidiary companies consist of Giordano Vini S.p.A. for €32,823 thousand, Provinco Italia S.p.A. for €21,433 thousand and Enoitalia 151.225thousand (including acquisition costs)
- current and non-current financial assets are represented by receivables / loans from subsidiaries.

#### Reclassified Income statement

€thousand	31.12.2021	31.12.2020	31.12.2019
Revenue from sales	1.369	800	200
Other income	72	57	39
<b>Total revenues</b>	<b>1.441</b>	<b>857</b>	<b>239</b>
Purchase costs	(16)	(1)	(5)
Costs for services	(1.773)	(1.465)	(1.224)
Personnel costs	(1.017)	(796)	(256)
Total operating costs	(214)	(462)	(88)
<b>Total operating costs</b>	<b>(3.020)</b>	<b>(2.725)</b>	<b>(1.573)</b>
<b>EBITDA</b>	<b>(1.579)</b>	<b>(1.868)</b>	<b>(1.334)</b>
Write-ups / (Write-downs)	-	-	-
Amortization and depreciation	(170)	(162)	(56)
<b>Operating result from core business</b>	<b>(1.749)</b>	<b>(2.030)</b>	<b>(1.390)</b>
Net releases (accruals) for provision risks and charges	-	-	-
<b>EBIT</b>	<b>(1.749)</b>	<b>(2.030)</b>	<b>(1.390)</b>
Net Finance revenues (costs)	(1.859)	182	189
Dividends	12.402	9.152	7.355
<b>EBT</b>	<b>8.794</b>	<b>7.303</b>	<b>6.154</b>
Taxes	986	496	234
<b>Net Result</b>	<b>9.780</b>	<b>7.799</b>	<b>6.388</b>
Tax effect of exceptional charges	302	-	-
<b>Net profit before exceptional items and related tax effect</b>	<b>10.082</b>	<b>7.799</b>	<b>6.388</b>

In relation to the situation described above in the income statement:

- dividends refer entirely to the subsidiary Provinco Italia S.p.A.;
- costs for services and personnel costs include respectively € 794 thousand and € 289 thousand of fees relating to the assignment of stock grants relating to the 2020-2022 plan;
- financial income refers to interest income accrued on the loan granted to the subsidiaries Giordano Vini S.p.A. (equal to € 458 thousand), Enoitalia Sp.A. (equal to Euro 27 thousand) and Provinco SpA (equal to Euro 27 thousand) and to interest income accrued on current accounts and liquidity deposit accounts (Euro 2 thousand); financial charges are mainly represented by interest expense relating to the bond loan equal to € 2,205 thousand.



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### 1.2.3 Consolidated Net Financial Position

The details of the net financial debt as at 31 December 2021 as at 31 December 2020 and as at 31 December 2019 are provided below, set out on the basis of the new scheme provided for by the ESMA guideline 32-382-1138 of 4 March 2021.

<i>€thousand</i>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
A. Cash	438	340	720
B. Cash equivalents	58.666	33.062	31.933
C. Other current financial activities	1.113	57	111
<b>D. Liquidity (A) + (B) + (C)</b>	<b>60.217</b>	<b>33.459</b>	<b>32.764</b>
E. Current financial debt (included financial instruments but not included current part of non current financial debt)	31.963	4.565	3.561
F. Current part of non current financial debt	2.894	6.599	5.010
<b>G. Current financial debt (E) + (F)</b>	<b>34.857</b>	<b>11.164</b>	<b>8.571</b>
<b>H. Net current financial debt (G) - (D)</b>	<b>(25.360)</b>	<b>(22.295)</b>	<b>(24.193)</b>
I. Non current financial debt (excluded current part and financial instruments)	4.931	23.807	24.967
J. Financial instruments	130.795	-	-
K. Trade payables and other non current debts/right of use	10.891	8.821	9.909
<b>L. Non current financial debt (I) + (J) + (K)</b>	<b>146.617</b>	<b>32.628</b>	<b>34.876</b>
<b>M. Net financial position (H) + (L)</b>	<b>121.256</b>	<b>10.332</b>	<b>10.683</b>
<i>of which</i>			
<i>Deferred price acquisition Raphael Dal Bo AG</i>	-	1.861	-
<i>Current payables for the acquisition of right of use</i>	2.388	1.088	1.339
<i>Non Current payables for the acquisition of right of use</i>	10.891	8.821	9.909
<b>Net financial position without the effect of IFRS 16 IFRS 16 and deferred pr</b>	<b>107.978</b>	<b>(1.437)</b>	<b>(565)</b>

### 1.3 Group Performance

#### Business volume – Revenues

Italian Wine Brands is the first Italian non-cooperative wine group by reaching, on a consolidated annual pro-forma basis, Euro 408.9 million in turnover and therefore recording a substantial doubling in turnover compared to 2020. The main contribution to the growth is linked to the acquisition of Enoitalia SpA (turnover in 2021 equal to Euro 208.4 million), finalized in July 2021.

The trend in revenues is characterized both by the further strengthening of the Group on international markets, where sales revenues of approximately Euro 332.3 million were achieved (+ 102.55% compared to 2020), and by a greater presence on the domestic market, with sales revenues of approximately Euro 75.7 million (+ 91.4% compared to 2020).

Amounts in €thousand

	31.12.2021 pro-forma	31.12.2021	31.12.2020	31.12.2019	Δ % 20/21	Cagr 19/21
<b>Revenues from sales - Italy</b>	<b>75.681</b>	<b>57.597</b>	<b>39.539</b>	<b>33.333</b>	<b>91,41%</b>	<b>50,68%</b>
<b>Revenues from sales - International Markets</b>	<b>332.342</b>	<b>254.719</b>	<b>164.080</b>	<b>123.543</b>	<b>102,55%</b>	<b>64,01%</b>
UK	98.048	66.447	24.254	17.262	304,26%	138,33%
Germany	61.568	51.863	41.961	35.298	46,73%	32,07%
Swiss	49.076	48.154	48.814	27.572	0,54%	33,41%
US	19.252	10.430	1.561	3.018	1133,57%	152,57%
Austria	17.833	17.764	18.493	14.589	(3,57%)	10,56%
France	13.259	9.020	5.760	5.087	130,20%	61,45%
Belgium	10.013	9.190	6.641	4.039	50,78%	57,44%
Netherlands	9.912	6.597	1.709	960	480,15%	221,37%
Poland	9.417	6.040	1.086	1.038	767,30%	201,26%
Denmark	7.535	6.004	5.020	5.177	50,10%	20,65%
Ireland	6.847	4.512	1.516	1.008	351,57%	160,69%
Canada	4.654	2.446	877	617	430,88%	174,67%
Sweden	2.260	1.681	1.586	1.324	42,47%	30,63%
Hungary	1.869	1.666	1.544	1.312	21,04%	19,35%
China	1.616	1.225	882	1.264	83,15%	13,04%
Other Countries	19.184	11.681	2.378	3.979	706,84%	119,57%
<b>Other revenues</b>	<b>910</b>	<b>910</b>	<b>692</b>	<b>617</b>	<b>31,49%</b>	<b>21,46%</b>
<b>Total revenues from sales</b>	<b>408.934</b>	<b>313.227</b>	<b>204.311</b>	<b>157.494</b>	<b>100,15%</b>	<b>61,14%</b>

Pro-forma consolidated figures relating to all companies of the group perimeter for the period 1 January 2021 – 31 December 2021 have been indicated in the table above and in the following ones (**31.12.2021 pro-forma**), in the same way, the deviations are calculated with reference to the pro-forma 31.12.21 figure (**Δ % 20/21 - Cagr 19/21**).



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The table shows how the acquisition of Enoitalia has ensured greater geographical diversification of revenues, contributing to the strengthening of the group in key countries such as the United States (+ 1,133.6% growth compared to the previous year), Germany (+ 46.7%) and England (+ 304.3%) respectively first and second destination market for Italian wine abroad.

The group's exposure to sales made in the Russian Federation is very limited, totaling approximately Euro 2.0 million in 2021, already almost completely collected by IWB before the outbreak of the war in Ukraine.

**The breakdown of sales revenues by distribution channels** highlights a marked strengthening of the wholesale sector (sale to large-scale retail chains, state monopolies), an important strength in the distance selling channel (direct sales to individuals) thanks to the resilience of the business model e-commerce and traditional even in the post-pandemic phase, both in Italy and abroad. In addition to this, thanks to the acquisition of Enoitalia S.p.A., the IWB group is now also active in the Ho.re.ca. channel. (hotel, restaurant and catering) mainly in UK and the United States and to a lesser extent in other countries.

The breakdown of revenues by business area is shown below.

*Amounts in €thousand*

	31.12.2021 pro-forma	31.12.2021	31.12.2020	31.12.2019	Δ % 20/21	Cagr 19/21
<b>Total Revenues from Sales</b>	<b>408.934</b>	<b>313.227</b>	<b>204.311</b>	<b>157.494</b>	<b>100,15%</b>	<b>61,14%</b>
Revenues from wholesale division	299.379	212.078	119.629	87.654	150,26%	84,81%
Revenues from distance selling division	82.706	82.671	83.990	69.223	(1,53%)	9,31%
Revenues from ho.re.ca division	25.938	17.567			NA	NA
Other Revenues	910	910	692	617	31,49%	21,46%

**Wholesale** revenues have recorded a very sustained development over the last 3 years, going from Euro 87.7 million in 2019 to Euro 299.4 million in 2021. The growth is attributable both to i) organic development, Euro 17.4 million, thanks to the growth of the group's proprietary brands and ii) the acquisition of companies operating in the wine sector, Euro 194.3 million. In particular, the acquisition of Enoitalia contributed for Euro 182.4 million in 2021 and the acquisition of Raphael Dal Bo AG contributed for Euro 11.9 million in 2020. Thanks to this significantly higher growth compared to that recorded by the market in the same period (see tables above), the wholesale distribution channel is by far the main contributor to the group's revenues, accounting for 73.2% of total sales revenues in 2021 (58.6 % in 2020, 55.7% in 2019).





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The breakdown of the sales revenues of the *wholesale* channel by country is provided below:

	31.12.2021 pro-forma	31.12.2021	31.12.2020	31.12.2019	Δ % 20/21	Cagr 19/21
Revenues from sales - Italy	42.607	24.655	5.524	3.645	671,34%	241,91%
Revenues from sales - International Markets	256.772	187.423	114.106	84.009	125,03%	74,83%
UK	72.470	44.625	14.703	13.206	392,88%	134,26%
Swiss	45.486	44.586	45.117	24.279	0,82%	36,88%
Germany	32.615	23.334	14.833	11.123	119,88%	71,24%
US	15.379	8.628	1.561	3.018	885,45%	125,75%
Austria	15.149	15.082	15.856	12.346	(4,46%)	10,77%
Belgium	9.354	8.552	5.997	3.674	55,97%	59,57%
Netherlands	9.176	5.892	1.093	542	739,36%	311,33%
Poland	8.841	5.710	1.086	1.038	714,27%	191,91%
France	7.749	3.545	165	103	4590,92%	767,39%
Denmark	7.513	5.995	5.020	5.177	49,66%	20,47%
Ireland	6.707	4.377	1.516	1.008	342,32%	158,01%
Canada	3.085	1.774	877	617	251,87%	123,62%
Sweden	2.222	1.656	1.586	1.324	40,10%	29,54%
Hungary	1.866	1.665	1.544	1.312	20,86%	19,26%
China	1.565	1.185	882	1.264	77,42%	11,26%
Other Countries	17.593	10.816	2.269	3.979	675,51%	110,27%
<b>Total revenues from sales</b>	<b>299.379</b>	<b>212.078</b>	<b>119.629</b>	<b>87.654</b>	<b>150,26%</b>	<b>84,81%</b>

In the countries in which it operates through the wholesale channel, IWB has managed to obtain growth rates much higher than those expressed by the reference market, combining organic growth with targeted M&A operations. These results were mainly obtained thanks to:

- a renewal, expansion, extension and enrichment of the range of its own brand product portfolio, which make the commercial offer of the IWB Group attractive, recognized on the market and synonymous with quality;
- the increase in the market share of sales on existing accounts thanks to excellent rotation parameters of the shelf of its customers;
- the acquisition of new accounts, carried out substantially in every single country in which the Group operates.

The **distance selling** division, after the strong growth recorded in 2020, managed to substantially maintain volumes and increase margins during 2021 thanks to the consolidation of the expansion strategy on digital channels and the focus on foreign countries.

The sales revenues of the distance selling division are shown below, broken down by country:



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Amounts in € thousand

	31.12.2021 pro-forma	31.12.2021	31.12.2020	31.12.2019	Δ % 20/21	Cagr 19/21
Distance Selling Revenues from sales - Italy	32.794	32.760	34.016	29.688	(3,59%)	5,10%
Distance Selling Revenues from sales - International Markets	49.912	49.912	49.974	39.535	(0,12%)	12,36%
Germany	27.987	27.987	27.128	24.176	3,17%	7,59%
UK	9.058	9.058	9.550	4.056	(5,15%)	49,45%
France	5.409	5.409	5.594	4.984	(3,31%)	4,18%
Swiss	3.552	3.552	3.697	3.293	(3,92%)	3,86%
Austria	2.678	2.678	2.637	2.243	1,57%	9,26%
Belgium	604	604	644	366	(6,12%)	28,53%
Netherland	583	583	615	417	(5,19%)	18,22%
Other Countries	39	39	109	0	(63,81%)	NA
<b>Distance Selling Total Revenues from Sales</b>	<b>82.706</b>	<b>82.671</b>	<b>83.990</b>	<b>69.223</b>	<b>(1,53%)</b>	<b>9,31%</b>

In more specific terms, in 2021 distance selling saw a growth in revenues of 19 % compared to 2019, achieved in particular thanks to the development of digital platforms which came to represent 26.8% of the division's overall sales.

These positive results are the result of the strategy undertaken since the beginning of 2017 and aimed at the progressive shift of outbound telephone sales towards the conversion of orders on digital channels. This strategy was implemented through the various joint actions listed below:

- i) substantial investments in technological infrastructure;
- ii) development of digital communication;
- iii) focus and improvement on the quality of the wine product;
- iv) optimization of integrated logistics processes;
- v) acquisition of multi-brand platforms ([www.svinando.com](http://www.svinando.com)).

The above actions have made it possible to fully grasp the generalized development of online sales during the current year as well as to progressively and significantly improve the redemption and conversion parameters of the entire customer database which are now in line with those of the main online operators in the wine sector.

The table below shows the evidence of the revenues of the distance selling division broken down by sales channel.



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Amounts in € thousand

	31.12.2021 pro-forma	31.12.2021	31.12.2020	31.12.2019	Δ % 20/21	Cagr 19/21
<b>Revenues Distance Selling division - Italy</b>	<b>32.794</b>	<b>32.760</b>	<b>34.016</b>	<b>29.688</b>	<b>(3,59%)</b>	<b>5,10%</b>
Direct Mailing	15.441	15.441	16.107	14.067	(4,14%)	4,77%
Teleselling	9.990	9.990	9.816	11.294	1,78%	(5,95%)
Digital / WEB	7.363	7.328	8.092	4.327	(9,01%)	30,45%
<i>% Direct Mailing on total Italy</i>	<i>47,1%</i>	<i>47,1%</i>	<i>47,4%</i>	<i>47,4%</i>		
<i>% Teleselling on total Italy</i>	<i>30,5%</i>	<i>30,5%</i>	<i>28,9%</i>	<i>38,0%</i>		
<i>% Digital / WEB on total Italy</i>	<i>22,5%</i>	<i>22,4%</i>	<i>23,8%</i>	<i>14,6%</i>		
<b>Revenues - Distance selling division - International market</b>	<b>49.912</b>	<b>49.912</b>	<b>49.974</b>	<b>39.535</b>	<b>(0,12%)</b>	<b>12,36%</b>
Direct Mailing	28.261	28.261	27.068	23.306	4,41%	10,12%
Teleselling	6.816	6.816	7.686	7.163	(11,32%)	(2,45%)
Digital / WEB	14.835	14.835	15.220	9.066	(2,53%)	27,92%
<i>% Direct Mailing on total International revenues</i>	<i>56,6%</i>	<i>56,6%</i>	<i>54,2%</i>	<i>59,0%</i>		
<i>% Teleselling on total International revenues</i>	<i>13,7%</i>	<i>13,7%</i>	<i>15,4%</i>	<i>18,1%</i>		
<i>% Digital / WEB on total International revenues</i>	<i>29,7%</i>	<i>29,7%</i>	<i>30,5%</i>	<i>22,9%</i>		
<b>Distance selling division Total Revenues</b>	<b>82.706</b>	<b>82.671</b>	<b>83.990</b>	<b>69.223</b>	<b>(1,53%)</b>	<b>9,31%</b>

2021, with the acquisition of Enoitalia SpA, also marks the Group's entry into the **Ho.re.ca.** channel which constitutes an essential completion of the channel portfolio within the Group and which will allow a significant improvement in the coverage of the customer base in the different consumption occasions.

Revenues 2021 indicate the first signs of recovery in conjunction with the overcoming of the period of the Covid-19 pandemic.



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Below is a breakdown of the sales revenues of the ho.re.ca channel by country:

Amounts in Ethousand

	31.12.2021 pro-forma	31.12.2021	31.12.2020	31.12.2019	Δ % 20/21	Cagr 19/21
Ho.re.ca. Revenues from sales - Italy	280	183	0	0	NA	NA
Ho.re.ca Revenues from sales - International Markets	25.658	17.384	0	0	NA	NA
UK	16.520	12.764	0	0	NA	NA
US	3.872	1.802	0	0	NA	NA
Canada	1.569	672	0	0	NA	NA
Germany	966	542	0	0	NA	NA
Poland	576	330	0	0	NA	NA
Netherland	153	121	0	0	NA	NA
Ireland	140	135	0	0	NA	NA
France	100	65	0	0	NA	NA
Belgium	55	34	0	0	NA	NA
China	51	40	0	0	NA	NA
Sweden	38	25	0	0	NA	NA
Swiss	38	16	0	0	NA	NA
Denmark	22	9	0	0	NA	NA
Austria	7	3	0	0	NA	NA
Hungary	3	1	0	0	NA	NA
Other Countries	1.551	825	0	0	NA	NA
Ho.re.ca Total revenues from sales	25.938	17.567	0	0	NA	NA

England is confirmed as the first on-trade market for the Group thanks to the role of Enoitalia S.p.A which has been operating in the segment for years with a wide range of wines. The nation is in fact the second largest importer of wine in the world in terms of volumes and the first in sparkling wines. Over the years, on-trade in the UK has reached over 40% of total wine sales and Enoitalia has managed to achieve a dominant position in the Italian market share by collaborating with the most important national groups. The recovery in consumption outside the home, associated with the growing interest in Italian sparkling (in particular Prosecco DOC) and a young consumer target interested in novelties and Italian style have supported the recovery of the Group's sales during the year.

As far as the USA is concerned, the on-trade channel plays a double strategic role for the Group: both of sales and of visibility for the historic brands (such as Voga Italia, Ca Montini) which are also marketed in the wholesales channel. The recovery of the market was gradual by virtue of the reopening of the individual states.

Canada has always been a nation close to the European style of consumption also in the consumption away from home with a strong interest not only for sparkling wines, but also for still wines. The market share that the Group has in this country, presided over by the historical brands of Enoitalia, has facilitated the resumption of sales.

As for the smaller countries, there is an evident interest in the main European markets and in particular in Germany and Poland where the share of Italian wine sold in the on-trade channel has increased over the years.



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### Analysis of operating margins

The cost components which, deducted from the Total Revenues item, contributed to the formation of the pro-forma Restated EBITDA of the Italian Wine Brands Group are detailed as follows:

#### Analysis of operating margins

*Restated Ethousand*

	31.12.2021 pro-forma	31.12.2021	31.12.2020	31.12.2019	Δ % 20/21	Cagr 19/21
<b>Revenues from sales and other revenues</b>	<b>411.887</b>	<b>315.872</b>	<b>205.849</b>	<b>158.714</b>	<b>100,09%</b>	<b>61,09%</b>
Raw materials consumed	(276.003)	(204.372)	(118.870)	(91.218)	132,19%	73,95%
<i>% of total revenues</i>	<i>(67,01%)</i>	<i>(64,70%)</i>	<i>(57,75%)</i>	<i>(57,47%)</i>		
Costs for services	(72.362)	(62.009)	(52.159)	(41.486)	38,73%	32,07%
<i>% of total revenues</i>	<i>(17,57%)</i>	<i>(19,63%)</i>	<i>(25,34%)</i>	<i>(26,14%)</i>		
Personnel	(20.492)	(14.563)	(8.125)	(7.441)	152,21%	65,95%
<i>% of total revenues</i>	<i>(4,98%)</i>	<i>(4,61%)</i>	<i>(3,95%)</i>	<i>(4,69%)</i>		
Other operating costs	(1.200)	(898)	(1.091)	(482)	9,99%	57,79%
<i>% of total revenues</i>	<i>(0,29%)</i>	<i>(0,28%)</i>	<i>(0,53%)</i>	<i>(0,30%)</i>		
<b>Restated EBITDA (*)</b>	<b>41.830</b>	<b>34.030</b>	<b>25.604</b>	<b>18.087</b>	<b>63,37%</b>	<b>52,08%</b>
<i>% of total revenues</i>	<i>10,16%</i>	<i>10,77%</i>	<i>12,44%</i>	<i>11,40%</i>		

More specifically, in 2021 the incidence of raw material consumption on revenues increased from 57.8% to 67.0% due to the different "mix" of sales, increasingly shifted to the wholesale channel, characterized structurally by a greater incidence of raw materials on sales compared the distance selling channel. At the same time, and for the same reason, there has been a further reduction in the incidence of costs for services on revenues from 25.3% to 17.6%. There is also a very slight increase in the incidence of personnel costs (from 4.0% to 5.0%) due to the greater portion of internal production carried out by Enoititalia compared to the historical perimeter of IWB's activity before the acquisition.

With regard to the operating margin of 2021, it should be noted that in the months of November and December 2021 there were tensions on the purchase prices of the raw material, both of the "wine" component (in particular Prosecco) and of the "dry materials" component which they had a negative impact on the profit margins achieved between November and December towards large supermarkets (revenues made on the basis of the 2021 price lists). These cost increases has been almost entirely reversed on prices starting from 1 January 2022, thanks to the upward realignment of the sales price lists.



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Costs for Services, equal to Euro 72.3 million in the year, increased to absolute values of Euro 20.2 million compared to 2020 but at the same time reduced their incidence on sales revenues (from 26.1% in 2019 to 25.3% in 2020 up to 17.6% in 2021).

*Restated €thousand*

	<b>31.12.2021 pro-forma</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Services from third parties	15.386	13.092	9.971	8.158
Duties and excise duties	8.646	8.282	8.374	3.451
Transport	19.448	17.174	14.935	11.871
Postage expenses	4.119	4.119	4.007	4.098
Fees and rents	1.085	1.001	717	447
Consulting	3.388	2.118	1.443	1.285
Advertising costs	1.299	1.098	259	286
Utilities	2.473	1.681	824	844
Remuneration of Directors, Statutory Aud	3.176	2.512	1.946	1.831
Maintenance	2.018	1.313	370	235
Costs for outsourcing	7.382	7.382	7.407	7.051
Commissions	1.677	898	141	121
Other costs for services	4.465	3.539	2.931	2.952
Non-recurring expenses	(2.200)	(2.200)	(1.166)	(1.144)
<b>Total</b>	<b>72.362</b>	<b>62.009</b>	<b>52.159</b>	<b>41.486</b>

The details of the costs for services incurred by the Group during the year 2021 are provided below, compared with the same items in 2020 and 2019

The increase in costs for value-added services in 2021 compared to 2020 is entirely attributable to the different scope of consolidation, while the further reduction in the incidence of costs for services on sales revenues is linked i) to the "mix" of sales, again more oriented towards the wholesale distribution channel, structurally characterized by a significantly lower incidence of costs for services on revenues compared to sales made on the distance selling channel, and ii) the increasing efficiency of the distance selling division.

Personnel costs recorded an increase in absolute values during the year from Euro 8.1 million in 2020 to Euro 20.5 million in 2021 almost exclusively linked to the entry into the group of Enoitalia S.p.A. The increase in the absolute value of personnel costs is also accompanied by a slight increase in the percentage incidence on sales revenues (from 4.7% in 2019, to 4.0% in



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2020 up to 5.0% in 2021) from ascribe to the higher percentage of wine production and bottling carried out internally by Enoitalia. The internalization of these productions allows to significantly reduce the costs for external processing and to increase the overall operating margin.

The dynamics of revenues and costs described above made it possible to obtain a restated – pro-forma Gross Operating Margin of Euro 41.8 million in the year 2021 (10.2% of sales revenues).

Below is a breakdown of the cost items that lead from the Gross Operating Margin to the pre-tax income of the Italian Wine Brands Group.

<i>Restated €thousand</i>						
	<b>31.12.2021 pro-forma</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Δ % 20/21</b>	<b>Cagr 19/21</b>
<b>Ebitda adjusted</b>	<b>41.830</b>	<b>34.030</b>	<b>25.604</b>	<b>18.087</b>	<b>63,37%</b>	<b>52,08%</b>
Write downs	(1.212)	(1.152)	(1.427)	(1.233)	(15,07%)	(0,86%)
% of total revenues	(0,29%)	(0,36%)	(0,69%)	(0,78%)		
Depreciation and amortization	(9.264)	(6.948)	(3.960)	(3.349)	133,94%	66,32%
% of total revenues	(2,25%)	(2,20%)	(1,92%)	(2,11%)		
Exceptional items	(3.021)	(3.021)	(2.000)	(1.783)	51,04%	30,16%
% of total revenues	(0,73%)	(0,96%)	(0,97%)	(1,12%)		
<b>Operating profit (loss)</b>	<b>28.333</b>	<b>22.909</b>	<b>18.217</b>	<b>11.722</b>	<b>55,53%</b>	<b>55,47%</b>
% of total revenues	6,88%	7,25%	8,85%	7,39%		
Financial income (expenses)	(4.308)	(3.938)	(1.186)	(1.223)	263,24%	87,68%
% of total revenues	(1,05%)	(1,25%)	(0,58%)	(0,77%)		
<b>Net Result</b>	<b>24.025</b>	<b>18.971</b>	<b>17.031</b>	<b>10.499</b>	<b>28,85%</b>	<b>52,15%</b>
% of total revenues	5,83%	6,01%	8,27%	6,62%		

From the table above, it emerges that the income statement of the Italian Wine Brands Group was characterized in 2021 by an incidence of non-monetary items (write-downs, depreciation, provisions), decreasing compared to previous years and for an overall incidence on turnover equal to about 3.3%.

Non-recurring charges, equal to Euro 3 million (Euro 2 million in 2020), are attributable to:

- as for a total of Euro 1.3 million, to (i) costs for services related to legal consultancy relating to the acquisition of Enoitalia by IWB S.p.A. (€ 917 thousand); (ii) charges related to the transaction with a former employee of the subsidiary Giordano Vini S.p.A. (Euro 262 thousand) and (iii) a VAT amendment of Euro 116 thousand



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- € 1.7 million for the Costs for Services and Personnel Costs relating to the full accrual and assignment of the first tranche of the 2020-2022 stock grant plan, the parameters of which are described in detail in paragraph 1.2.1.

Financial Charges recorded a significant increase linked to the issue of the Bond Loan which impacted financial charges for € 2.2 million

### **Investments in Capital Assets, Net Working Capital and Financial Position.**

During the year under review there were investments in Fixed Capital equal to a total of Euro 7.2 million divided between tangible fixed assets (Euro 3.7 million, mainly investments for the automation of production and sparkling wine production lines and for laboratory equipment) and fixed assets intangible assets (Euro 3.5 million, mainly acquisitions of addresses and customers for Euro 2.1 million, software developments for Euro 1.3 million and improvements on third party assets for Euro 0.1 million).

The property complex located in Diano d'Alba and the six wineries of which five properties located in Diano d'Alba, Torricella, Calmasino and Montebello as well as the bottling lines of Diano d'Alba, Calmasino and Montebello represent a flower to the eyelet of the Italian wine industry and are widely able to support, with adequate maintenance investments, the production levels planned for the near future.

The Net Working Capital at 31 December 2021 increased compared to 31 December 2020 substantially due to the acquisition of Enoitalia which involves:

- 1) for the trade receivables and trade payables, an increase following the growth in turnover;
- 2) and as regards the warehouse, the need to support the development of the 2022 business with the advance purchase of raw materials at more advantageous prices than those recorded on the market in the last months of the year.

The dynamics described above of i) limited volumes of investments in fixed capital, ii) increase in net working capital iii) substantial cash flows produced by operations, allowed the improvement of the consolidated active cash position despite the investment for the acquisition of Enoitalia SpA, the distribution of the dividend and the purchase of treasury shares. In particular, the consolidated cash position increased from Euro 33.4 million at 31 December 2020 to Euro 59.1 million at 31 December 2021.



## **2 Significant events**

### **2.1 2021 significant events**

#### **2.1.1 Bond**

It should be noted that on May 13, 2021 Italian Wine Brands successfully placed on the market its first Senior Unsecured Bond Loan for a total amount of Euro 130.0 million, maturing May 13, 2027, bullet repayment and a fixed interest rate at 2.5% per annum. The proceeds from this bond issue were allocated i) to the repayment of existing credit lines (Euro 24.0 million) which took place in June 2021 and ii) to the payment of a portion of the price relating to the acquisition of 100% of the company Enoitalia SpA (Euro 105.0 million), completed on 27 July 2021 (as better explained in the following paragraph 2.2 Significant events that occurred after the end of the half year - of this report).

#### **2.1.2 Enoitalia S.p.A acquisition**

On 27 July 2021, Italian Wine Brands S.p.A. finalised its investment transaction in Enoitalia S.p.A. (the "Transaction") which provided for:

- i. the acquisition of the entire share capital of the company (the "Acquisition") for a total consideration of € 150,500,000.00;
- ii. the reinvestment by Gruppo Pizzolo S.p.A., the holding company of Enoitalia S.p.A., in the share capital of Italian Wine Brands S.p.A. for a total of € 45,500,000.00, through the subscription of a reserved share capital increase. (the "Reserved Share Capital Increase"). This Reserved Share Capital Increase provided for the issuing of 1,400,000 ordinary shares of Italian Wine Brands S.p.A., at a subscription price of EUR 32.50 per share.

Simultaneously to the closing of the Transaction, Chairman and CEO of the IWB Group, Alessandro Mutinelli, through Provinco S.r.l., (a company wholly owned by him), and Gruppo Pizzolo S.p.A., signed a 5-year shareholders' agreement covering 23.55% of IWB's share capital and providing for the following main understandings reached between the parties:

- i. appointment of the Board of Directors: the parties of the shareholders' agreement undertook to vote, at the Shareholders' Meeting of IWB, with all shareholdings covered by the agreement, in favour of the proposal submitted by Provinco S.r.l. in accordance with the following:



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- a. (a) the majority of the members of the Board of Directors shall be appointed on the recommendation of Provinco S.r.l.;
  - b. In the event that: (X) it is proposed that the Board of Directors of the Company be composed of 7 members, 2 directors will be appointed by Gruppo Pizzolo, including the Vice Chairman of the Board of Directors of IWB with proxies; and (Y) it is proposed that the Board of Directors of the Company be composed of 9 members, 3 directors will be appointed by Gruppo Pizzolo, including the Vice Chairman of the Board of Directors of IWB with proxies and 1 director must meet the independence requirements provided by law;
- ii. Direct lock-up: the 1,400,000 new ordinary shares of IWB resulting from the reserved capital increase subscribed by Gruppo Pizzolo are subject to a lock-up restriction (subject to specific exceptions to allow the transfer of these shares in compliance with legal or regulatory obligations) for the purpose of stabilising the share price, for a period of 36 months from closing date of the Transaction;
  - iii. Indirect lock-up: also in order to allow the effective implementation of the project of integration of the two industrial groups, the historical partners of Enoitalia have undertaken not to transfer, in whole or in part, the shareholdings that they hold, directly or indirectly, in the corporate vehicles that own the entire share capital of Gruppo Pizzolo and to ensure that the aforementioned companies do not transfer, in whole or in part to third parties the shareholding they hold in the Gruppo Pizzolo's share capital;
  - iv. standstill: for a period of 36 months from the closing date of the Transaction, Gruppo Pizzolo and the historical shareholders of Enoitalia (directly or indirectly, and whether acting alone or in concert with another person) have undertaken to: (i) not to buy or offer to buy, or to cause or encourage any other related person to buy or offer to buy, IWB shares (or IWB financial instruments of any other nature) and (ii) not to enter into any contracts, agreements or understandings (including non-binding ones), including shareholders' agreements, or to engage in any conduct that has the effect of acquiring an interest, direct or indirect, in IWB shares (or IWB financial instruments of any other nature);
  - v. tag-along: if one of the parties to the shareholders' agreement (in the case of Gruppo Pizzolo, after the lock-up commitment has expired) intends to sell its entire shareholding under the shareholders' agreement to a potential third party purchaser the other party will be entitled to sell, in turn, to the third party purchaser, in whole or in part, the shares in the Company then held directly and indirectly under the same terms and conditions. In the event of the exercise of the right of co-sale, if the third party does not intend to acquire the shareholding of both shareholders, neither of them will be able to complete the transfer of their shares.
  - vi. drag-along: in the event that Provinco S.r.l. intends to transfer to a third party all of its shareholding that is the subject of the agreement, Provinco S.r.l. will have the right to request Gruppo Pizzolo to transfer (and, in this case, Gruppo Pizzolo will have the obligation to transfer) all of the IWB shares then held, directly and indirectly, in favour of the third party purchaser.



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Enoitalia is an Italian company operating in the production, bottling and marketing of wine in five continents and over eighty countries and exports about 80% of its products. The main reference markets are continental Europe, the UK and the United States, where Enoitalia boasts a presence in both on and off trade channels; other markets, such as Asia, Australia, Russia and the Middle East are instead served by a dedicated task force.

Enoitalia has a business model and a set of skills that are extremely complementary to those of IWB and, for this reason, the Transaction represents a significant opportunity to integrate the group headed by IWB with that headed by Enoitalia in order to create significant synergies, both in terms of market positioning and product offering.

During the entire 2020 financial year, Enoitalia achieved sales revenues for a total of Euro 200.8 million, with an Ebitda of Euro 17.1 million and a net financial debt of Euro 1.1 million. These accounting data can be inferred from the company's financial statements as at 31 December 2020, drawn up according to the OIC accounting principles.

During the first half of 2021, Enoitalia achieved revenues from sales for a total of Euro 97.3 million, with an Ebitda of Euro 7.2 million and a net financial debt of Euro 11.0 million. These accounting data can be deduced from the half-year financial statements drawn up in accordance with the OIC accounting principles and not subject to audit.

### *2.1.3 Agreements for the acquisition of 85% shareholding in Enovation Brands Inc*

On 30 December 2021 Italian Wine Brands S.p.A. announced the signing of agreements for the acquisition of 85% of the share capital of Enovation Brands Inc.

Enovation, based in Miami, is a long-standing importer of Italian wines into North America. It is the owner of proprietary brands that are highly recognised in the US market (Voga®, among the main ones) and it relies on a widespread distribution throughout the North American, both in the supermarkets and ho.re.ca. channels.

From June 2020 to June 2021, Enovation achieved sales revenue of USD 32.2 million (with 82% of sales revenue generated in the US and 18% in Canada). In the same period, Enovation achieved adjusted buy-side Ebitda of USD 3.2 million, net accounting profit of USD 3.4 million. The net financial position at 30 June 2021 was USD 0.1 million.

The brothers Giovanni and Alberto Pecora, co-founders and operating managers of the company, hold 45% of Enovation share capital and Norina S.r.l., a financial company that is owned by the four branches of the Pizzolo family ("Norina") holds 55% of Enovation share capital. More specifically, today, IWB signed two sale and purchase agreements with deferred



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and conditional execution, which provide for IWB to acquire, directly or through a company controlled by it, respectively

- (i) Norina's entire 55% interest in the share capital of Enovation (the "**Norina Shareholding**"); and
- (ii) a shareholding in the share capital of Enovation, equal in total to 30% of the same, owned by the Pecora brothers (the "**Pecora Shareholding**").

Following the completion of the transaction, the share capital of Enovation will therefore be held as follows: **(a)** IWB will hold, directly or indirectly, an interest of 85% of the relevant share capital; **(b)** Giovanni Pecora will hold an interest of 10% of the relevant share capital; and **(c)** Alberto Pecora will hold an interest of 5% of the relevant share capital.

The equity value agreed between IWB and the sellers for the purchase of 85% of Enovation's share capital is USD 22 million, which corresponds to an equity value for 100% of the company of USD 25.9 million. The enterprise value of USD 26.0 million corresponds to an EV/Ebitda adjusted buyside valuation multiple of 8.1x.

The agreements between IWB and the sellers also state that the payment of a portion equal to 20% of the price, i.e. USD 4.4 million (i.e. 20% of USD 22 million), is subject to the condition precedent of the achievement of accretive EBITDA results in 2022 and 2023. The agreements between the parties also provide for earn-out mechanisms in favour of the brothers Alberto and Giovanni Pecora in the event of strongly positive results of the company to be achieved by 31 December 2024. IWB will use its own cash on hands in order to finance this acquisition with no recourse to new dedicated bank debt.

The execution of the agreements is subject to the fulfilment, by 30 April 2022, of certain conditions precedent, including the positive outcome of the due diligence activities to be carried out by IWB with specific regard to the authorisations and licences owned by Enovation and the obtaining of the consents of the competent US authorities for the change in the shareholding structure.

The agreements provide for the release by the respective sellers of a set of representations and warranties (and related indemnification obligations subject to time limits, materiality thresholds and caps in line with practice for similar transactions), as well as non-competition undertakings by the sellers, undertaken with respect to both IWB and Enovation, and non-solicitation and non-reversal employee undertakings.

Through the integration of Enovation, IWB will have direct access to the American market, which is the main market for Italian wines abroad (EUR 1.8 billion in estimated value in 2021). Among the immediate revenue synergies generated by the transaction, Enovation will certainly benefit from the distribution to its customers of new red wine references, produced in particular in Puglia and Piemonte, where IWB has its own production cellars, while IWB will be able to offer Enovation-branded products on the international markets served through its own commercial network. With regard to cost synergies, possibilities to reduce the purchase price of raw materials will be explored, linked to the higher purchase volumes achieved at group level. The transaction also confirms IWB's propensity to grow both organically and through acquisitions, this being the fourth transaction completed in less than four years after Svinando.com, Raphael Dal Bo Ag and Enoitalia S.p.A..

The signing of the agreements for the acquisition of the majority shareholding in Enovation was positively evaluated by the Board of Directors of IWB as a transaction with a strong



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strategic value and with contents and potential to increase the value of the Company's shares. For the purposes of the Board's evaluations, the independent expert EY Advisory S.p.A. was specifically engaged to provide benchmark support for the analysis of the estimated value, as of June 30, 2021, for the valuation, from a financial point of view, of the consideration agreed with the shareholders of Enovation in the context of the transaction.

The Company's Board of Directors also approved the transaction subject to the favourable opinion issued by the Company's Independent Director, Antonella Lillo, regarding the signing of the sale and purchase agreement with Norina, as well as on the appropriateness and fairness of the related conditions. This opinion was issued because Norina is a "related party" of the Company as it belongs to the four family branches of the Pizzolo family, including the Vice Chairman of IWB, Giorgio Pizzolo, and the director of IWB, Marta Pizzolo. It should be noted that the sale and purchase of the Norina Shareholding qualifies as a related-party transaction of "less importance" pursuant to the "Procedure for transaction with related party" adopted by the Company and the Regulation approved by Consob with resolution No. 17221/2010.

### *2.1.4 Asset management*

From the point of view of asset management, it should be noted that in 2021 dividends were distributed for a total of Euro 4,794 thousand, n. 2,400 Italian Wine Brands treasury shares for a total of Euro 52 thousand at an average price of Euro 21.84 per share.

With reference to the effects on the business of the group companies deriving from Covid-19 (SARS-CoV-2), it should be noted that during 2021 the necessary measures were maintained to ensure the continuation of company activities (ie organization of company spaces to ensure the necessary distancing between people, incentives for remote work with reference to office activities, creation of separate teams for production and transport activities).

As evidenced by the economic and financial results, there were no particular negative effects on company performance, thanks to the presence of the group on markets / channels not impacted by Covid-19 (mainly e-commerce and large-scale distribution operators). The administrative bodies of all the companies of the group keep the situation carefully monitored in order to ensure any timely interventions where necessary to guarantee the ordinary continuation of the business.



## **2.2 Significant events subsequent to the end of the 2021 financial year and foreseeable management evolution**

During the first months of 2022 there was a significant growth both in terms of volumes and in terms of order values, the overall order portfolio and deliveries to both existing customers and new accounts.

As regards the inflationary tensions recorded starting from October 2021 and exacerbated following the outbreak of the war in Ukraine, there are increases in the cost of glass, electricity and gas, transport and packaging that could have an economic effect starting from April of the current year. These cost increases, for the period April - December 2022, could produce the following effects:

- Glass: approximately +3 cents per bottle;
- Electricity and Gas: + Euro 2.0 million overall;
- Transport and packaging: + Euro 3.0 / 3.5 million overall.

Following such events, which is estimated to have an overall impact with a cost increase of approximately 6/7 cents per bottle in the period April - December 2022, since the beginning of the year the group has implemented a tightening strategy differentiated for each type of customer / product in order to maintain profit margins.

In particular, in relation to the turnover towards:

- of wholesale customers and ho.re.ca customers. of "branded" products (about 55% of the group's total turnover), starting from March it was possible to reverse the increases on sales prices, while keeping sales trends monitored and the defense of market shares reached. This maneuver was also and above all possible in a context of strong demand for branded products from the IWB group and relative scarcity of alternative products;
- of direct customers (distance selling, about 20% of the total turnover of the group), a massive storage of raw materials was carried out starting from June 2021 which allowed the full defense of margins in the period November 2021 - March 2022 and starting from April 1, 2022, an increase in the price lists to the public of 6% on average will be applied;
- of wholesale customers of "private label" products (approximately 25% of the group's total turnover), agreements have been defined or are still being negotiated with discount chains and retailers which alternatively foresee for:
  - o the adjustment of the sales price lists;
  - o the setting up of multi-year sales agreements with underlying supply chain contracts;
  - o the setting up of "cost-plus" supply agreements, which provide for the recognition of the margin for sourcing / winemaking / bottling in favor of IWB and the purchase of





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raw material directly by the end-customer.

The forecast for the coming months, for this limited portion of company turnover, is to be able to absorb most of the aforementioned increases.

From the supply of goods perspective, there are tensions on deliveries of raw materials, however not such as to affect the normal performance of the business and the volume of deliveries to end customers.

The group's exposure to sales made in the Russian Federation is very limited, totaling approximately Euro 2.0 million in 2021, already almost completely collected by IWB before the outbreak of the war in Ukraine.

#### **4. Codice etico e Modello organizzativo**

On 27 July 2021, the parent company IWB Spa approved the adoption of the Organization, Management and Control Model (the "231 Model") as required by Legislative Decree 231 of 8 June 2001, consistent with company processes and procedures and with the Group's integration plan.

The model consists of a General Part, a Special Part and the Code of Ethics which, in line with that adopted by Giordano Vini, constitutes an ideal alliance that the Group clearly establishes with its Human Resources and with the main external interlocutors.

The entrepreneurial goals of the IWB. they are pursued without ever losing sight of respect, responsibility, transparency, sobriety and continuous innovation, points of reference that have always made it possible to guarantee the centrality of the "Customer" to whom to always offer maximum satisfaction.

The drafting of the Model was carried out through (i) the gap analysis and identification of sensitive processes in view of the most recent predicate offenses referred to in Legislative Decree 231/2001; (ii) verification of the existence of a system of proxies and powers of attorney connected with the organizational responsibilities assigned; (iii) the revision of the prevention and control protocols based on the principle of segregation of duties.

At the same time, the Board of IWB S.p.A. proceeded with the appointment of the Supervisory Body.

#### **5. Rapporti con imprese correlate**



The operations carried out are part of normal business management, within the typical activity of each interested party, and are regulated under standard conditions.

- (i) a commercial lease agreement entered into on 1 February 2012 between Provinco Italia S.p.A. and Provinco S.r.l. pursuant to which Provinco S.r.l. leased the property located in Rovereto (TN) - Via per Marco, 12/b to Provinco Italia S.p.A.; the lease is valid for six years (until 31 January 2018) with tacit renewal for the same period unless notice of termination is given 12 months before expiry; the agreed rent is equal to €60 thousand per year plus VAT.
- (ii) (ii) service contracts with Electa SpA concerning respectively (a) support for the preliminary analyzes and the executive definition of M&A projects for an amount equal to Euro 80 thousand (b) services to support the analysis of possible financing alternatives, the definition of the terms and conditions of the loans, the review of the documentation and the fulfillment of the related corporate obligations for an amount equal to € 100 thousand (c) support for investor relations activities for an amount equal to € 40 thousand

It should also be noted that, as detailed in the paragraph Significant events of the year for the acquisition of 55% of Enovation Inc the Company's Board of Directors approved the transaction subject to the favourable opinion issued by the Company's Independent Director, Antonella Lillo, regarding the signing of the sale and purchase agreement with Norina, as well as on the appropriateness and fairness of the related conditions. This opinion was issued because Norina is a "related party" of the Company as it belongs to the four family branches of the Pizzolo family, including the Vice Chairman of IWB, Giorgio Pizzolo, and the director of IWB, Marta Pizzolo. It should be noted that the sale and purchase of the Norina Shareholding qualifies as a related-party transaction of "less importance" pursuant to the "Procedure for transaction with related party" adopted by the Company and the Regulation approved by Consob with resolution No. 17221/2010.

It should be noted that the Parent IWB has adopted and follows the related Related Party Procedure in compliance with the general provisions of the Euronext Growth Milan Issuer Regulations.

## **6. Information relating to the environment, safety and personnel**

### **HEALTH AND SAFETY**

The subsidiary Giordano Vini S.p.A. - which owns industrial buildings for production purposes - has implemented the Risk Assessment Document required by the law on safety at work.





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Said document provides for an analysis of the risks present in the company both in terms of work activities and settlement methods; then it identifies the measures taken to minimize risks, those still to be taken and those to maintain an adequate level of safety. Finally, the necessary timeframes for the implementation of the remaining measures are identified.

The method of carrying out the work activity was considered in the analysis of the risks without specific risk situations being identified. The subject is always under control in the periodic updates of these documents.

The Risk Assessment Documents, as well as the Emergency Plans and Maps with safety signs and exit routes are periodically updated.

During first half 2021, constant health monitoring activities were carried out, as required by current legislation.

During the period, awareness activities continued on environmental and safety issues with ad-hoc training initiatives, as well as on the accident prevention measures and first aid, providing specific training for firefighting and first-aid workers, in full compliance with the reference regulatory framework.

### **UNI ISO 45001:2018 CERTIFICATION**

*(Occupational Health and Safety Assessment Series)*

Starting in 2012, the companies of the Italian Wine Brands Group adopted an Occupational Health and Safety Management System in compliance with the international standard OHSAS 18001:2007 (Occupational Health and Safety Assessment Series). Starting from 2021 the company updated to UNI ISO45001:2018 certification.

UNI ISO45001:2018 certification is not a legal obligation but the voluntary choice of those who feel responsibility for their own safety and that of others and puts these principles into practice through the adoption of a Health and Safety Management System for Workers.

The primary objective of a safety management system is to prevent and minimize accidents and incidents by integrating safe work practices into all areas of an organization.

Through this certification, the third-party accredited body SGS ITALIA S.p.A. has recognized that the companies of the Group have implemented a management system in line with the highest safety standards and have also pursued its objectives continuously, making significant improvements to safety conditions in the workplace.

As part of its management system, the Group has sanctioned its commitment through the "Quality and Safety Policy" as a tool by which the entire company's mission is to offer an



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increasing number of customers in the world food and wine products of the finest Italian traditions, in the comfort of the exclusive service of the Group, considering the protection of workers' health and safety as an integral part of its business.



Adherence to the ISO 45001 standard (previously OHSAS 18001) "Management systems for health and safety at work defines Enoitalia's commitment to implement a management system for health and safety at work (SSL) to ensure workplaces safe and healthy and proactively improve their performance

In addition, the company is subjected every two years to ethical audits according to the Sedex Smeta 2 pillar scheme and to audits in order to ascertain supply chain security

### **MANAGEMENT FOR QUALITY AND FOOD SAFETY.**

Giordano SpA after having obtained the ISO 9001 Certification about ten years ago, in March 2015, they obtained the IFS Food Certification (for the German market) and the BRC Food Certification (for the United Kingdom) in order to constantly guarantee their Customers who turn to large-scale distribution, a high level of production and safety of the products supplied, but also by improving existing processes, obtaining better general safety, an improvement in relations with the customer and a high level of competitiveness on the market.



Enoitalia has always accompanied its significant growth on the markets with the continuous and concrete commitment to continuous improvement, gradually pursuing important certification objectives in line with the requests of the international customers served and in line with the internal growth of the organization.



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Therefore, adherence to certification standards has always been progressive and concretely supported by the internal growth of the organization with the aim of keeping in line with the expectations of the international customers served.

Today, with the commitment of the quality assurance team and the entire organization, from the workers to the top management, Enoitalia's operating sites are globally managed in accordance with the following certification standards:

### **ISO 9001**

ISO 9001 is intended by Enoitalia as the reference standard for planning, implementing, monitoring and improving both operational and support processes. The quality management system is implemented and implemented as a means to achieve the objectives. The customer and his satisfaction are at the heart of Enoitalia's business logic; every activity, application and monitoring of the activities / processes is in fact aimed at determining the maximum satisfaction of the customer. The phases of application of the standard start from the definition of the procedures and records for each individual process or macro process identified within the company organization in accordance with a careful analysis of the company opportunities, the definition of the mission and the company vision expressed through the policy of quality.

### **ISO 14001**

Adherence to the environmental management standard constitutes historical baggage for Enoitalia. The company has been certified for more than 20 years, demonstrating its commitment to keep the environmental impacts of its activities under control, and to systematically seek improvement in a consistent and effective way.

### **BRC E IFS (food safety)**

The certification schemes, a reference and prerequisite for the international customers served, have the purpose of guaranteeing food safety. The audits take place annually. Enoitalia adheres to them for each site in the unannounced manner, confident of the commitment of the whole organization to compliance with the defined rules.

### **VIVA la sostenibilità nella vitivinicoltura**

Enoitalia is on the second renewal (two-year validity) of the VIVA sustainability certification to which it adheres as an Organization, which aims to improve and communicate sustainability performance to stakeholders through the analysis of 3 indicators (Air, Water, Territory)

Product certifications are also active according to organic schemes and vegan regulations.



## GROUP WORKFORCE

The precise and average headcount by category at 31 December 2021, at 31 December 2021 and at 31 December 2019 is shown below for the Group companies:

	At 31.12.2021	Average no 31.12.2021	At 31.12.2020	Average no 31.12.2020	At 31.12.2019	Average no 31.12.2019
Executives	6	6	6	7	6	8
Middle managers	21	21	14	12	10	10
Employee	174	161	121	122	122	126
Workers	127	128	20	19	16	18
<b>Total</b>	<b>328</b>	<b>317</b>	<b>161</b>	<b>160</b>	<b>154</b>	<b>162</b>

## 7. Treasury shares

As of 31/12/2021 the Parent Company holds no. 6,092 ordinary shares, representing 0.08% of the ordinary share capital. As part of the purchase authorization approved by the Shareholders' Meeting on 7 February 2020, as of 30 June 2021, an additional 2,400 treasury shares were purchased and 34,612 ordinary shares and 34,612 phantom shares were assigned in relation to the Italian Wine Brands SpA and following the accrual of a total of no. 69,224 rights relating to the first tranche included in the performance period of the Plan.



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### CONSOLIDATED BALANCE SHEET

	Note	31.12.2021	31.12.2020
<i>Amounts in EUR</i>			
<b>Non-current assets</b>			
Intangible fixed assets	5	35.983.013	34.004.563
Goodwill	6	181.085.190	68.308.732
Land, property, plant and equipment	7	50.123.900	15.104.117
Right-of-use assets	7	14.041.962	9.636.543
Equity investments	8	2.859	2.496
Other non-current assets	9	2.327.877	223.504
Deferred tax assets	10	<u>1.515.513</u>	<u>1.846.158</u>
<b>Total non-current assets</b>		<b>285.080.314</b>	<b>129.126.113</b>
<b>Current assets</b>			
Inventory	11	77.907.701	25.490.065
Trade receivables	12	68.143.859	30.566.837
Other current assets	13	2.395.938	1.402.285
Current tax assets	14	7.402.216	2.096.047
Current financial assets		1.113.163	57.426
Cash and cash equivalents	15	<u>59.103.393</u>	<u>33.401.735</u>
<b>Total current assets</b>		<b>216.066.270</b>	<b>93.014.395</b>
Non-current assets held for sale		-	-
<b>Total assets</b>		<b>501.146.584</b>	<b>222.140.508</b>
<b>Shareholders' equity</b>			
Share capital		1.046.266	879.854
Reserves		113.170.255	67.027.888
Reserve for defined benefit plans		(77.633)	(66.778)
Reserve for stock grants		518.220	739.278
Profit (loss) carried forward		30.760.201	21.747.715
Net profit (loss) for the period		<u>14.537.076</u>	<u>14.192.552</u>
<b>Total Shareholders' Equity of parent company shareholders</b>		<b>159.954.385</b>	<b>104.520.509</b>
Shareholders' equity of NCIs		-	-
<b>Total Shareholders' Equity</b>	16	<b>159.954.385</b>	<b>104.520.509</b>
<b>Non-current liabilities</b>			
Financial payables	17	135.725.740	23.806.909
Right-of-use liabilities	17	10.891.065	8.821.241
Provision for other employee benefits	18	1.212.286	621.328
Provisions for future risks and charges	19	333.891	260.141
Deferred tax liabilities	10	9.966.431	9.874.128
Other non-current liabilities	21	-	-
<b>Total non-current liabilities</b>		<b>158.129.413</b>	<b>43.383.747</b>
<b>Current liabilities</b>			
Financial payables	17	32.467.349	10.076.307
Right-of-use liabilities	17	2.388.122	1.088.147
Trade payables	20	137.367.109	56.808.562
Other current liabilities	21	9.507.718	4.166.831
Current tax liabilities	22	1.332.487	2.096.405
Provisions for future risks and charges	19	-	-
Derivatives		-	-
<b>Total current liabilities</b>		<b>183.062.785</b>	<b>74.236.252</b>
Liabilities directly related to assets held for sale		-	-
<b>Total shareholders' equity and liabilities</b>		<b>501.146.584</b>	<b>222.140.508</b>



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**CONSOLIDATED PROFIT AND LOSS**

Amounts in EUR	Note	31.12.2021	31.12.2020
Revenue from sales	23	313.226.713	204.311.431
Change in inventories	11	13.332.751	4.779.602
Other income	23	2.666.610	1.537.890
<b>Total revenue</b>		<b>329.226.074</b>	<b>210.628.923</b>
Purchase costs	24	(217.704.762)	(123.650.253)
Costs for services	25	(64.208.638)	(53.325.328)
Personnel costs	26	(15.289.502)	(8.685.129)
Other operating costs	27	(1.013.998)	(1.365.143)
<b>Operating costs</b>		<b>(298.216.900)</b>	<b>(187.025.853)</b>
<b>EBITDA</b>		<b>31.009.174</b>	<b>23.603.070</b>
Depreciation and amortization	5-7	(6.948.102)	(3.959.744)
Provision for risks	19	-	-
Write-ups / (Write-downs)	28	(1.152.492)	(1.425.778)
<b>Operating profit/(loss)</b>		<b>22.908.580</b>	<b>18.217.548</b>
Finance revenue		591.319	215.643
Borrowing costs		(4.529.499)	(1.401.691)
<b>Net financial income/(expenses)</b>	29	<b>(3.938.180)</b>	<b>(1.186.048)</b>
<b>EBT</b>		<b>18.970.400</b>	<b>17.031.500</b>
Taxes	30	(4.433.324)	(2.838.948)
(Loss) Profit from discontinued operations		-	-
<b>Profit (loss) (A)</b>		<b>14.537.076</b>	<b>14.192.552</b>
<b>Attributable to:</b>			
(Profit)Loss of NCIs		-	-
<b>Group profit (loss)</b>		<b>14.537.076</b>	<b>14.192.552</b>
<b>Other Profit/(Loss) of comprehensive income statement:</b>			
<b>Other items of the comprehensive income statement for the period to be subsequently released to profit or loss</b>			
<b>Other items of the comprehensive income statement for the period not to be subsequently released to profit or loss</b>			
Actuarial gains/(losses) on defined benefit plans	18	(10.856)	(5.565)
Tax effect of Other profit/(loss)		-	-
<b>Total other profit/(loss), net of tax effect (B)</b>		<b>(10.856)</b>	<b>(5.565)</b>
<b>Total comprehensive profit/(loss) (A) + (B)</b>		<b>14.526.220</b>	<b>14.186.987</b>



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**CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**

Amounts in in Eur

	Share Capital	Capital Reserves	Reserve for stock grants	Reserve from financial assets available for sale	Reserve for defined benefit plans	Retained earnings	Total
<b>Balance sheet at 1 January 2020</b>	<b>879.854</b>	<b>64.829.575</b>	<b>1.192.129</b>	<b>-</b>	<b>(61.213)</b>	<b>22.367.791</b>	<b>89.208.136</b>
Capital increase							
Purchase of own shares		(1.701.455)					(1.701.455)
Sale of own shares		2.685.391					2.685.391
Dividends						(739.809)	(739.809)
Stock grants		1.234.311	(452.851)				781.460
Legal reserve							
Reclassification and other changes		(19.934)				119.733	99.799
<b>Total comprehensive profit/ (loss)</b>					<b>(5.565)</b>	<b>14.192.552</b>	<b>14.186.987</b>
<b>Balance sheet at 31 December 2020</b>	<b>879.854</b>	<b>67.027.888</b>	<b>739.278</b>	<b>-</b>	<b>(66.778)</b>	<b>35.940.267</b>	<b>104.520.509</b>
Capital Increase	166.412	45.333.588					45.500.000
Purchase of own shares		(52.440)					(52.440)
Sale of own shares		-					
Dividends						(4.793.595)	(4.793.595)
Stock grants		645.169	(221.058)				424.111
Legal reserve							
Reclassification and other changes		216.051				(385.471)	(170.420)
<b>Total comprehensive profit/ (loss)</b>					<b>(10.856)</b>	<b>14.537.076</b>	<b>14.526.220</b>
<b>Balance sheet at 31 December 2021</b>	<b>1.046.266</b>	<b>113.170.256</b>	<b>518.220</b>	<b>-</b>	<b>(77.633)</b>	<b>45.297.277</b>	<b>159.954.385</b>

  
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**CONSOLIDATED CASH FLOW**

Amounts in EUR

	<b>31.12.2021</b>	<b>31.12.2020</b>
Profit (loss) before taxes	18.970.400	17.031.500
Adjustments for:		
- non-monetary items - stock grant	-	-
- allocations to the provision for bad debts net of utilizations	1.152.492	1.425.778
- non-monetary items - provisions / (releases)	-	-
- non-monetary items - amortisation/depreciation	6.948.102	3.959.744
<b>Adjusted profit (loss) for the period before taxes</b>	<b>27.070.994</b>	<b>22.417.022</b>
<b>Cash flow generated by operations</b>		
Income tax paid	(6.201.766)	(5.032.145)
Other financial (income)/expenses without cash flow (financial amortisation)	2.205.312	156.109
Total	<b>(3.996.454)</b>	<b>(4.876.036)</b>
<b>Changes in working capital</b>		
Change in receivables from customers	(633.226)	(7.520.849)
Change in trade payables	19.556.589	10.538.491
Change in inventories	(14.638.428)	(4.486.377)
Change in other receivables and other payables	(19.231.443)	804.101
Other changes	(29.865)	(59.549)
Change in post-employment benefits and other provisions	67.323	(758.172)
Change in other provisions and deferred taxes	422.948	(224.124)
Total	<b>(14.486.102)</b>	<b>(1.706.480)</b>
<b>Cash flow from operations (1)</b>	<b>8.588.438</b>	<b>15.834.506</b>
<b>Capital expenditure:</b>		
- Tangible	(2.835.873)	(1.736.476)
- Intangible	(3.481.896)	(3.064.227)
- Net cash flow from business combination (*):	(149.226.832)	(11.641.919)
- Financial	2.863.354	-
<b>Cash flow from investment activities (2)</b>	<b>(152.681.247)</b>	<b>(16.442.622)</b>
<b>Financial assets</b>		
Short-term borrowings	130.000.000	-
Short-term borrowings (paid)	32.542.000	17.816.780
Long-term borrowings/ (repayments) - Bond	(9.000.000)	(15.000.000)
Collections / (repayments) Senior loan	(16.625.000)	(3.250.000)
Collections / (repayments) other financial payables	(2.038.000)	(1.073.667)
Change in other financial assets	(1.055.737)	53.831
<b>Change in other financial liabilities</b>	<b>(4.914.740)</b>	<b>1.695.303</b>
Purchase of own shares	(52.440)	(1.701.455)
Sale of own shares	-	2.685.391
Dividends paid	(4.793.595)	(739.809)
Monetary capital increases	45.500.000	-
Change in reserve for stock grants	424.111	781.460
Other changes in shareholders equity	(192.132)	88.670
<b>Cash flow from financing activities (3)</b>	<b>169.794.467</b>	<b>1.356.504</b>
<b>Cash flow from continuing operations</b>	<b>25.701.658</b>	<b>748.388</b>
<b>Change in cash and cash equivalents (1+2+3)</b>	<b>25.701.658</b>	<b>748.388</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33.401.735</b>	<b>32.653.347</b>
<b>Cash and cash equivalents at end of period</b>	<b>59.103.393</b>	<b>33.401.735</b>

(\*) Effects of the acquisition of 100% of Enoitalia SpA shareholders' equity as below detailed:

a) Total amount paid (cash):	150.500.000
b) Amount of cash and cash equivalents (with a negative sign):	(1.273.168)







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### FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL REPORT

#### Introduction

This Financial Report at 31 December 2021 has been prepared in accordance with the AIM Regulation and in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. The designation "IFRS" also includes all currently valid International Accounting Standards ("IAS"), as well as all interpretations of the International Accounting Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

Directive 2004/109 / EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the obligation for issuers of securities listed on regulated markets of the European Union to draw up the annual financial report in the language XHTML, based on the European Single Electronic Format (ESEF), approved by ESMA. For the year 2021 it is expected that the consolidated financial statements must be "marked" with the ESEF taxonomy, using an integrated computer language (iXBRL).

#### Statement of financial position schedules

This Financial Report at 31 December 2021 consists of the statement of financial position, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the notes, and is accompanied by the directors' report on operations.

Statement of financial position schedules are prepared according following methodologies:

- The format adopted for the Statement of Financial Position distinguishes between current and non-current assets and liabilities.
- The income statement format adopted provides for the classification of costs by nature, more representative than "destination one". The Group opted to present the items of profit or loss for the year in a single statement of comprehensive income, which includes the result for the period and, by homogeneous categories, income and expenses which, in accordance with IFRS, are posted directly to shareholders' equity.
- The statement of cash flows analyses the cash flows deriving from the operating activities using the indirect method, whereby the profit (loss) for the period is adjusted for the effects of non-monetary transactions, any deferrals or provisions relating to previous or future operating receipts or payments and the revenue or cost items connected with cash flows deriving from investing or financing activities.



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- The statement of changes in shareholders' equity includes, in addition to total profits/losses for the period, the amounts of transactions with equity holders and changes in reserves during the period.

The financial statements are presented in Euro, the reference currency for the Company. Unless otherwise indicated, the figures reported in these notes are expressed in thousands of Euro.

### 1 Consolidation area

Subsidiaries are defined as all investees in which the Group simultaneously has an interest:

- decision-making power, i.e., the ability to direct the relevant activities of the investee, i.e., those activities that have a significant influence on the results of the investee;
- the right to variable results (positive or negative) from an investment in the consolidated entity;
- the ability to use its decision-making power to determine the amount of profit/loss arising from an investment in a consolidated entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until such time as control ceases to exist. Equity shares and shares in the profit and loss of non-controlling interests are presented in the consolidated statement of financial position and income statement respectively.

The entities included in the scope of consolidation and the relative percentages of direct or indirect ownership by the Group are listed below:

Company	Country	Share Capital		Parent Company	Percentage Held	Percentage held directly
		Currency	Value			
IWB S.p.A.	Italy	EUR	1.046.266	-	Capogruppo	-
Provinco Italia S.p.A.	Italy	EUR	132.857	IWB S.p.A.	100%	100%
Giordano Vini S.p.A.	Italy	EUR	14.622.511	IWB S.p.A.	100%	100%
Enoitalia S.p.A.	Italy	EUR	1.453.055	IWB S.p.A.	100%	100%
Provinco Deutschland GmbH	Germany	EUR	25.000	Provinco Italia S.p.A.	100%	-
Pro.Di.Ve. S.r.l.	Italy	EUR	18.486	Giordano Vini S.p.A.	100%	-
Raphael Dal Bo AG	Swiss	CHF	100.000	Provinco Italia S.p.A.	100%	-

### 2 General principles of preparation

The consolidated Annual Financial Report was prepared on a going concern basis.



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The presentation currency being the Euro, and the amounts shown are rounded to the nearest whole number, including, unless otherwise indicated, the amounts shown in the notes.

The cost principle has been adopted in the preparation of this Consolidated Annual Financial Report, with the exception of derivative financial instruments measured at fair value.

The most significant accounting standards adopted in the preparation of this consolidated financial statements are:

### **Valuations and significant accounting estimates**

The preparation of the consolidated interim financial statements requires the making of estimates and assumptions that have an effect on the values of the assets and liabilities in the financial statements and on the information relating to potential assets and liabilities at the date of the financial statements. The final results could differ from the estimates made which are based on data that reflect the current state of the information available. The estimates are used to record the provisions for credit risks, asset write-downs, current and deferred taxes, other provisions and provisions. The estimates and assumptions are periodically reviewed and the effects of each change are immediately reflected in the income statement.

With regard to the valuation of financial assets, due to the nature of the financial assets held by the Group relating mainly to cash and cash equivalents, and receivables from the tax authorities for VAT, there are no particular risks arising from the uncertainties defined above.

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The accounting principles adopted in the preparation of the consolidated half-year financial report comply with those used for the preparation of the Group's annual financial statements for the year ended 31 December 2020 with the exception of the accounting principles, amendments and interpretations which were applied for the first time. by the Group starting from 1 January 2021, described below.

The general principle adopted in the preparation of this consolidated Annual Financial Report is that of cost, with the exception of derivative financial instruments measured at *fair value*.

The most significant accounting principles adopted in the preparation of these consolidated financial statements are as follows:

### **Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is calculated as the sum of the amount paid, valued at fair value as at the acquisition date, and the amount of any non-controlling interest held in the acquired asset. For each



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business combination, the purchaser must assess any non-controlling interest held in the acquired property at *fair value* or proportionate to the non-controlling interests held in the net identifiable assets of the acquired property. Acquisition costs are expensed and classified as administrative expenses.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value at the acquisition date; exceptions to this are deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments relating to share-based payments of the acquired company or share-based payments issued in place of contracts of the acquired company, and assets (or groups of assets and liabilities) held for sale, which are instead measured according to their reference standard.

Any potential consideration must be recorded by the purchaser at *fair value* at the date of acquisition and classified according to IAS 32.

Goodwill is initially measured at cost, which is the excess of the sum of the consideration transferred in the business combination, the value of shareholders' equity attributable to non-controlling interests and the *fair value* of any investment previously held in the acquiree over the *fair value* of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the value of the shareholders' equity pertaining to non-controlling interests and the *fair value* of any investment previously held in the acquiree, this excess is immediately recognized in profit or loss as income from the transaction concluded.

The portions of shareholders' equity pertaining to non-controlling interests at the acquisition date can be measured at *fair value* or at the pro-rata value of the net assets recognized for the acquiree. The choice of valuation method is made on a transaction-by-transaction basis.

Any contingent consideration provided for in the business combination contract is measured at *fair value* at the acquisition date and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Any subsequent changes in this *fair value*, which may be qualified as adjustments arising during the measurement period, are retrospectively included in goodwill. Changes in *fair value* that qualify as adjustments arising during the measurement period are those resulting from additional information on facts and circumstances that existed at the acquisition date, obtained during the measurement period (which may not exceed one year from the business combination).

In the case of business combinations carried out in stages, the equity investment previously held in the acquiree is revalued at *fair value* at the date of acquisition of control and any resulting profit or loss is recognized in the income statement. Any amounts deriving from the



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equity investment previously held and recognized in Other comprehensive income are restated in profit or loss as if the equity investment had been sold.

If the initial amounts of a business combination are incomplete at the reporting date of the financial statements in which the business combination took place, provisional amounts of the items for which recognition cannot be completed are reported in the consolidated financial statements. These provisional amounts are adjusted during the measurement period to take into account new information obtained about facts and circumstances existing at the acquisition date that, if known, would have affected the amount of the assets and liabilities recognized at that date.

Transactions in which the parent company acquires or sells further non-controlling interests without changing the control exercised over the subsidiary are transactions with shareholders and therefore the relative effects must be recognized in shareholders' equity: there will be no adjustments to goodwill and no gains or losses recognized in the income statement.

Ancillary charges relating to business combinations are recognized in profit or loss in the period in which they are incurred.

### ***Intangible assets with indefinite useful life***

#### ***Goodwill***

Goodwill is recognized as an asset with an indefinite useful life and is not amortized, but tested for impairment annually, or more frequently if there is an indication that specific events or changed circumstances may have caused an impairment loss. Impairment losses are immediately recognized in profit or loss statement and are not subsequently reversed. After the initial recognition, goodwill is valued at cost, net of any accumulated impairment losses.

In order to test for impairment, goodwill acquired in a business combination is allocated, at the acquisition date, to the individual cash-generating units or groups of cash-generating units that should benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which goodwill is allocated represents the lowest level at which goodwill is monitored for internal management purposes.

Any loss in value is identified by comparing the carrying amount of the cash generating unit with its realizable value. If the realizable value of the cash-generating unit is lower than the



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carrying amount attributed, the related impairment loss is recognized. This impairment loss is reversed if the reasons for it no longer exist.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the disposed asset shall be included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the discontinued asset must be determined on the basis of the relative values of the discontinued asset and the portion of the cash-generating unit retained.

### **Trademark**

With effect from 1 January 2014, the Directors of Giordano Vini S.p.A., also with the support of an independent expert, attributed an indefinite useful life to the trademark acquired as part of a merger transaction. As part of the business combination carried out in 2015, with regard to Provinco Italia S.p.A., part of the purchase price was allocated to the trademarks owned by Provinco, attributing an indefinite useful life to them as well.

### **Intangible assets with finite useful life**

Intangible assets with finite useful life are valued at purchase or production cost net of amortization and accumulated impairment losses. Depreciation is commensurate with the expected useful life of the asset and begins when the asset is available for use. The useful life is reviewed annually, and any changes are made prospectively.

Whenever there are reasons to do so, intangible assets with a finite useful life are tested for *impairment*.

### **Other intangible assets**

Other intangible assets are recognized in the statement of financial position only if it is probable that the use of the asset will generate future economic benefits and if the cost of the asset can be measured reliably. Once these conditions are met, intangible assets are recorded at purchase cost, which corresponds to the price paid plus accessory charges.

The gross carrying amount of other intangible assets with a finite useful life is systematically allocated over the years in which they are used, by means of constant amortization charges, in relation to their estimated useful life. Amortization begins when the asset is available for use and is proportionate, for the first reporting period, to the period of actual use. The amortization rates used are determined on the basis of the useful life of the related assets.



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The useful life values used for the purposes of preparing this Consolidated Annual Financial Report are as follows:

CATEGORY	USEFUL LIFE
Concessions, licenses, trademarks and similar rights	10 years
Industrial patent and use of intellectual property	3 years
Project for adjustment of management control	3 years
Software and other intangible assets	3-4 years

### ***Right-of-use assets***

Lease contracts are recorded as rights of use under non-current assets with a balancing entry in a financial liability. The cost of the fee is broken down into its components of financial expense, recorded in profit or loss over the term of the contract, and repayment of principal, recorded as a reduction of the financial liability. The right of use is amortized on a monthly basis on a straight-line basis over the shorter of the asset's useful life and the term of the contract.

Rights of use and financial liabilities are initially measured at the present value of future payments discounted using the incremental borrowing rate.

For a more detailed discussion of the subject see paragraph 4.1.

### ***Land, property, plant and equipment***

Tangible assets are composed of:

- industrial land and buildings
- plant and equipment
- industrial and commercial equipment
- other assets

These are recorded at purchase or production cost, including directly attributable ancillary charges necessary for putting the asset into operation for its intended use.

The cost is reduced by depreciation, with the exception of land, which is not depreciated because it has an indefinite useful life, and any losses in value.

Depreciation is calculated on a straight-line basis using percentages that reflect the economic and technical deterioration of the asset and is calculated from the moment in which the asset is available for use.





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Significant parts of property, plant and equipment with different useful life are accounted for separately and depreciated over their useful life.

The useful life of assets and residual values are reviewed annually at the time of closing the financial statements. The useful life values used for the purposes of preparing this Consolidated Annual Financial Report are as follows:

CATEGORY	USEFUL LIFE
Land	Indefinite
Buildings	18-50 years
Plant and equipment:	
- Means of transport for interiors	10-12 years
- Generic plant	8-18 years
- Machinery	6-15 years
- Vats and tanks	4-20 years
Industrial and commercial equipment:	
- Cars	5-8 years
- Equipment	8-12 years
- Electronic machines	4-8 years
- Ordinary office machines and furniture	15 years
- Goods on loan for use	4 years

Routine maintenance and repair costs are recognized directly in profit or loss in the period in which they are incurred.

Profits and losses arising from the sale or disposal of property, plant and equipment are determined as the difference between the sale proceeds and the net carrying amount of the asset and are recognized in profit or loss for the period.

Leasehold improvements with the characteristics of fixed assets are capitalized in the category of the asset to which they refer and are depreciated over their useful life or, if shorter, over the duration of the lease agreement.

Financial charges, incurred for investments in assets which normally require a certain period of time to be ready for use or sale (*qualifying asset* pursuant to IAS 23 - Borrowing Costs), are capitalized and amortized over the useful life of the class of assets to which they refer.

All other financial charges are recognized in profit or loss in the period in which they are incurred.



### ***Impairment of assets***

At least once a year it is checked whether the assets and/or the cash generating units ("CGUs") to which the assets are attributable may have suffered an impairment loss. If there is such evidence, the realizable value of the assets/CGUs is estimated. Goodwill and other intangible assets with an indefinite useful life are tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.

Realizable value is defined as the higher of its *fair value* less costs to sell and value in use. The value in use is defined on the basis of the discounting back of the future cash flows expected from the use of the asset, gross of taxes, applying a discount rate that reflects current market changes in the time value of money and the risks of the asset.

If it is not possible to estimate the realizable value of the individual fixed asset, the recoverable value of the cash-generating unit (CGU) to which the fixed asset belongs is determined.

If the realizable value of an asset (or cash-generating unit) is lower than its carrying amount, the carrying amount is reduced to its recoverable amount and the loss is recognized in profit or loss. Subsequently, if an impairment loss on assets other than goodwill ceases to exist or decreases, the carrying amount of the asset (or cash-generating unit) is increased to the new estimate of its realizable value (which, however, may not exceed the net carrying amount that the asset would have had if the impairment loss had never been recognized). This reversal is immediately recognized in profit or loss.

### ***Equity investments***

Investments in subsidiaries not included in the scope of consolidation are stated at cost, adjusted for impairment. The positive difference resulting from the acquisition between the acquisition cost and the portion of the shareholders' equity at replacement cost of the investee company pertaining to the period is therefore included in the carrying amount of the investment. If there is evidence that these investments have suffered a loss in value, this is recorded in the income statement as a write-down. In the event that any share of the losses of the investee exceeds the carrying amount of the investment, and the entity has an obligation to account for them, the value of the investment is written off and the share of any further losses is recognized as a provision under liabilities. If, subsequently, the loss in value no longer exists or is reduced, a reversal of the impairment loss within the limits of cost is recognized in profit or loss.

Associates are all companies over which the Group is able to exercise significant influence as defined by IAS 28 - Investments in Associates and Joint Ventures. Such influence is normally presumed to exist when the Group holds a percentage of voting rights between 20% and 50%,



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or when - even with a lower percentage of voting rights - it has the power to participate in the determination of financial and management policies by virtue of particular legal ties such as, for example, participation in shareholders' agreements together with other forms of significant exercise of governance rights.

Joint arrangements are agreements under which two or more parties have joint control on the basis of a contract. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Such agreements may give rise to joint ventures or joint operations.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures differ from joint operations, which are arrangements that give the parties to the arrangement which have joint control over the initiative, rights over the individual assets and obligations for the individual liabilities relating to the arrangement. In the case of joint operations, it is mandatory to recognize the assets and liabilities, costs and revenues of the arrangement in accordance with the relevant accounting standards. The Group has no joint operation arrangements in place.

### ***Financial instruments***

Financial instruments are included in the statement of financial position items described below. Investments and other non-current financial assets include investments in subsidiaries and other non-current financial assets. Current financial assets include trade receivables and cash and cash equivalents. In particular, cash and cash equivalents include bank deposits. Financial liabilities refer to financial payables, including payables for advances on orders, assignment of receivables, as well as other financial liabilities (which include the negative *fair value* of derivative financial instruments), trade payables and other payables.

### ***Non-current financial assets***

Non-current financial assets other than equity investments, as well as financial liabilities, are accounted for in accordance with IFRS 9. Loans and receivables not held for trading and assets held with the intention of keeping them in the portfolio until maturity are valued at amortized cost, using the effective interest method. When financial assets do not have a fixed maturity, they are valued at purchase cost. Evaluations are regularly carried out to verify whether there is objective evidence that a financial asset may have been impaired. If there is objective evidence, the impairment loss shall be recognized as an expense in the income statement for the period. With the exception of derivative financial instruments, financial liabilities are stated at amortized cost using the effective interest method.

### ***Trade receivables and payables***

Trade receivables are initially recorded at amortized cost, which coincides with the adjusted nominal value, in order to adjust it to the presumed realizable value, by recording a provision for bad debts. This provision for bad debts is commensurate with both the size of the risks relating to specific receivables and the size of the general risk of non-collection impending on all the receivables, prudentially estimated based on past experience and the degree of known financial equilibrium of all debtors.

Trade and other payables are recorded at their nominal value, which is considered representative of the settlement value. Receivables and payables in foreign currencies are aligned with the exchange rates prevailing on the reporting date and gains or losses deriving from conversion are entered in profit or loss.

Receivables assigned as a result of factoring transactions are eliminated from the statement of financial position if the risks and rewards of ownership have been substantially transferred to the assignee, thus constituting a non-recourse assignment. The portion of disposal costs that is certain to be included in the quantum amount is recognized as a financial liability.

Collections received on behalf of the factoring company and not yet transferred, generated by the contractual terms and conditions that provide for the periodic and predetermined transfer, are stated under financial liabilities.

### ***Cash and cash equivalents***

The item relating to cash and cash equivalents includes cash, bank current accounts, postal current accounts, deposits repayable on demand and other short-term highly liquid financial investments that are readily convertible into cash and are subject to an insignificant risk of change in value.

### ***Financial payables***

Financial liabilities include financial payables, including payables for deferred price parts relating to the assignment of non-recourse receivables, as well as other financial liabilities.

Financial liabilities, other than derivative financial instruments, are initially recorded at market value (fair value) less transaction costs; they are subsequently valued at amortized cost, i.e., at their initial value, net of principal repayments already made, adjusted (upwards or downwards) on the basis of the amortization (using the effective interest method) of any differences between the initial value and the value at maturity.



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***Inventory***

Inventory is recorded at the lower of purchase or production cost and realizable value, represented by the amount that the entity expects to obtain from their sale in the normal course of business. The cost configuration adopted is the weighted average cost. Purchase costs include prices paid to suppliers increased by ancillary costs incurred up to entry into the warehouse, net of discounts and rebates. Production costs include both direct costs of materials and labor and reasonably attributable indirect production costs. In the allocation of production overheads, the normal production capacity of the plants is taken into account for the allocation of the cost of the products.

Provisions are made for the value of inventory determined in this way to take into account inventory considered obsolete or slow-moving.

Inventory also includes production cost relating to returns expected in future periods in connection with deliveries already made, estimated based on the sales value less the average mark-up applied.

***Assets and liabilities held for sale***

Assets and liabilities held for sale and *discontinued operations* are classified as such if their carrying amount will be recovered principally through sale rather than through continuing use. These conditions are considered to have been met when the sale or discontinuance of the group of assets being disposed of is considered highly probable and the assets and liabilities are immediately available for sale in the conditions in which they are located.

When an entity is involved in a disposal plan that results in a loss of control of an investee, all assets and liabilities of that investee are classified as held for sale when the above conditions are met, even if, after disposal, the entity continues to hold a non-controlling interest in the subsidiary.

Assets held for sale are valued at the lower of their net carrying amount and *fair value* net of selling costs.

***Employee benefits***

Bonuses paid under defined-contribution plans are recognized in profit or loss for the portion accrued during the year.

Until 31 December 2006, the provision for employee severance indemnities (TFR) was considered a defined benefit plan. The rules governing this fund were amended by Law 296 of



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27 December 2006 ("2007 Finance Act") and subsequent Decrees and Regulations issued in early 2007. In light of these changes, and in particular with reference to companies with at least 50 employees, this scheme is now to be considered a defined benefit plan solely for the amounts accrued before 1 January 2007 (and not yet paid at the reporting date), while for the amounts accrued after that date it is similar to a defined contribution plan.

Defined-benefit pension plans, which also include severance indemnities due to employees pursuant to Article 2120 of the Italian Civil Code, are based on the working life of the employees and the remuneration received by the employee during a predetermined period of service. In particular, the liability representing the benefit due to employees under defined benefit plans is recorded in the financial statements at its actuarial value.

The recognition of defined benefit plans requires the actuarial estimation of the amount of benefits accrued by employees in exchange for service rendered in the current and prior periods and the discounting back of such benefits in order to determine the present value of the entity's commitments. The present value of the commitments is determined by an independent actuary using the projected unit credit method. This method considers each period of service provided by employees at the company as an additional unit under law: actuarial liability must therefore be quantified only on the basis of the seniority accrued at the valuation date; therefore, total liability is normally re-proportioned based on the ratio between the years of service accrued at the valuation date of reference and the total seniority achieved at the time envisaged for the payment of the benefit. In addition, the above method provides to consider future salary increases, for whatever reason (inflation, career, contract renewals, etc.), until the time of termination of employment.

The cost of defined-benefit plans accrued during the year and recorded in profit or loss as part of personnel expenses is equal to the sum of the average current value of the rights accrued by the employees present for the work performed during the period, and the annual interest accrued on the present value of the commitments of the entity at the beginning of the period, calculated using the discount rate of future disbursements adopted for the estimate of the liability at the end of the previous period. The annual discount rate adopted for the calculations is assumed to be equal to the market rate at the end of the period for zero coupon bonds with a maturity equal to the average residual duration of the liability.

The amount of actuarial losses and gains deriving from changes in the estimates made is charged to profit or loss.

It should be noted that the valuation of the severance indemnity based on IAS 19 concerned IWB S.p.A., Giordano Vini S.p.A. and Enoitalia S.p.A. whose financial statements and reporting packages are respectively drawn up on the basis of IAS / IFRS and did not impact Provinco Italia S.p.A. ; the effect on this company is estimated not to be significant.



### ***Salary benefits in the form of equity participation***

The Group also remunerates its top management through *stock grant* plans. In such cases, the theoretical benefit attributed to the parties concerned is debited to profit or loss in the years covered by the plan, with a balancing entry in the shareholders' equity reserve. This benefit is quantified by measuring the *fair value* of the assigned instrument at the assignment date using financial valuation techniques, including any market conditions and adjusting the number of rights that are expected to be assigned at each reporting date.

### ***Provisions for future risks and charges***

These are provisions arising from current obligations (legal or implicit) and relating to a past event, for the fulfilment of which it is probable that an outlay of resources will be necessary, the amount of which can be reliably estimated. If the expected use of resources goes beyond the next financial year, the obligation is recorded at its present value determined by discounting the expected future cash flows discounted at a rate that also takes into account the cost of money and the risk of the liability.

Provisions are reviewed at each reporting date and, if necessary, adjusted to reflect the best current estimate; any changes in estimate are reflected in profit or loss for the period in which the change occurred.

Risks for which the occurrence of a liability is only possible are mentioned in the notes without making any provision.

### ***Revenue from sales***

Revenues are recognized to the extent that it is probable that economic benefits will flow to the entity and the amount can be measured reliably. Revenues are recognized net of discounts, allowances and returns.

Revenues from the *distance selling* division are recognized when the carrier delivers them to the customer. Revenues from the sale of wine, food products and gadgets are recognized as a single item.

The *distance selling* division accepts, for commercial reasons, returns from customers for distance selling under the terms of sale. In relation to this practice, the amounts invoiced at the time of shipment of the goods are adjusted by the amounts for which, even on the basis



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of historical experience, it can reasonably be expected that at the reporting date not all the significant risks and rewards of ownership of the goods have been transferred. The returns thus determined are stated in profit or loss as a reduction in revenues.

### ***Interest income***

Interest income is recorded in profit or loss on an accruals basis according to the effective rate of return method. These mainly refer to bank current accounts.

### ***Public grants***

Public grants are recorded when there is a reasonable certainty that they can be received (this moment coincides with the formal resolution of the public bodies granting them) and all the requirements of the conditions for obtaining them have been met.

Revenues from public grants are recognized in profit or loss based on the costs for which they were granted.

### ***Dividends***

The distribution of dividends to shareholders, if resolved, generates a debt at the time of approval by the Shareholders' Meeting.

### ***Cost recognition***

Selling and marketing expenses are recognized in profit or loss at the time they are incurred or the service is rendered.

Costs for promotional campaigns, mailings or other means are charged at the time of shipment of the material.

Non-capitalizable research and development costs, consisting solely of personnel costs, are expensed in the period in which they are incurred.

### ***Interest charges***

Interest expense is recognized on an accruals basis, based on the amount financed and the effective interest rate applicable.

### ***Taxes***

Taxes for the period represent the sum of current and deferred taxes.





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Current taxes are based on the taxable income for the period. Taxable income differs from the result reported in profit or loss in that it excludes positive and negative components that will be taxable or deductible in other years and also excludes items that will never be taxable or deductible. Current tax liabilities are calculated using the rates in force at the reporting date, or if known, those that will be in force at the time the asset is realized or the liability is extinguished.

Deferred tax assets and liabilities are the taxes that are expected to be paid or recovered on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax value used in the calculation of taxable income, accounted for using the full liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that there will be taxable results in the future that will allow the use of deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from goodwill or the from initial recognition (not in business combination transactions) of other assets or liabilities in transactions that have no influence on either the accounting result or the taxable result. The tax benefit deriving from the carry-forward of tax losses is recognized when and to the extent that it is considered probable that future taxable income will be available against which these losses can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will exist to permit the recovery of all or part of those assets.

Deferred taxes are calculated based on the tax rate that is expected to be in force when the asset is realized or the liability is settled.

Deferred taxes are charged directly to profit or loss, with the exception of those relating to items recognized directly in equity, in which case the related deferred taxes are also charged to equity.

### ***Financial assets measured at fair value through other comprehensive income (FVOCI)***

This category includes equity instruments for which the Group - at the time of initial recognition or at the time of transition - has exercised the irrevocable option to present the profits and losses deriving from fair value changes in shareholders' equity (FVOCI). These are classified as non-current assets under "Other financial assets at fair value through other comprehensive income".

These are initially recognized at fair value, including transaction costs directly attributable to the acquisition.





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They are subsequently measured at fair value, and gains and losses arising from changes in fair value are recognized in a specific equity reserve. This reserve will not be reflected in profit or loss. In the event of disposal of the financial asset, the amount suspended at equity is reclassified to retained earnings.

Dividends deriving from these financial assets are recorded in profit or loss at the time when the right to collection arises.

***Financial assets at fair value through profit or loss (FVPL)***

This valuation category comprises:

- equity instruments for which the Group - at the time of initial recognition or at the time of transition - did not exercise an irrevocable option to present the profits and losses deriving from changes in fair value in shareholders' equity. These are classified as non-current assets under "Other financial assets at fair value through profit or loss";
- debt instruments for which the Group's business model for asset management provides for the sale of the instruments and the cash flows associated with the financial asset represent the payment of outstanding capital. These are classified as current assets under "Other financial assets at fair value through profit or loss";
- derivative instruments, with the exception of those designated as hedging instruments, classified under the item "derivative financial instruments".

These are initially recognized at fair value. Transaction costs directly attributable to the acquisition are recognized in profit or loss. They are subsequently measured at fair value, and gains and losses arising from changes in fair value are recognized in profit or loss.

***Derivative financial instruments designated as hedging instruments***

In line with the provisions of IFRS 9, derivative financial instruments are accounted for in accordance with the procedures established for hedge accounting only when:

- the items covered and the hedging instruments meet the eligibility requirements;
- at the beginning of the hedging relationship, there is a formal designation and documentation of the hedging relationship, the Group's risk management objectives and the strategy for hedging;
- the hedging relationship meets all of the following efficacy requirements:
  - there is an economic relationship between the hedged item and the hedging instrument;
  - the effect of credit risk is not dominant with respect to the changes associated with the hedged risk;



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- the hedge ratio defined in the hedging relationship is met, including through rebalancing actions, and is consistent with the risk management strategy adopted by the Group.

These derivative instruments are measured at *fair value*.

Depending on the type of hedge, the following accounting treatments are applied:

- *Fair value hedge* - if a derivative financial instrument is designated as a hedge of exposure to changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss from subsequent changes in the fair value of the hedging instrument is recognized in profit or loss. The gain or loss on the hedged item, for the part attributable to the hedged risk, modifies the carrying amount of that asset or liability (basis adjustment) and is also recognized in profit or loss;
- *Cash flow hedge* - if a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of a recognized asset or liability or a highly probable future transaction, the effective portion of the change in fair value of the hedging derivative is recognized directly in equity, while the ineffective portion is recognized immediately in profit or loss. Amounts that have been recognized directly in equity are reclassified to profit or loss in the year in which the hedged item has an effect on profit or loss.

If the hedge of a highly probable future transaction subsequently results in the recognition of a non-financial asset or liability, the amounts that are suspended in equity are included in the initial value of the non-financial asset or liability.

***Fair value estimation***

The *fair value* of financial instruments listed on an active market is determined on the basis of market prices at the reporting date. The reference market price for financial assets held is the current sale price (purchase price for financial liabilities).

The *fair value* of financial instruments that are not traded on an active market is determined using various valuation techniques and assumptions based on market conditions at the reporting date. For medium and long-term liabilities, the prices of similar listed financial instruments are compared; for the other categories of financial instruments, the cash flows are discounted.

The *fair value* of IRSs is determined by discounting the estimated cash flows deriving from them at the reporting date. For loans, it is assumed that the nominal value, net of any adjustments made to take into account their collectability, approximates the fair value. The fair



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value of financial liabilities for disclosure purposes is determined by discounting the cash flows from the contract at an interest rate that approximates the market rate at which the entity is financed.

### 3 Fair value measurement

In relation to financial instruments measured at *fair value*, the classification of these instruments based on the hierarchy of levels provided for by IFRS 13 is shown below, which reflects the significance of the inputs used in determining *fair value*. The following levels can be distinguished:

Level 1 - unadjusted quotations recognized on an active market for the assets or liabilities being measured;

Level 2 - inputs other than the quoted prices mentioned in the previous point, which are observable on the market, either directly (as in the case of prices) or indirectly (i.e., derived from prices);

Level 3 – inputs that are not based on observable market data.

There are no assets or liabilities outstanding that are measured at *fair value* at 30 June 2021.

#### 3.1 Financial risks

The Group is mainly exposed to financial risks, credit risk and liquidity risk.

##### Risks deriving from exchange rate fluctuations

The Group is subject to the market risk deriving from exchange rate fluctuations, as it operates in an international setting, with transactions carried out in different currencies. Exposure to risk arises both from the geographical distribution of the business and from the various countries in which purchases are made.

##### Risks deriving from changes in interest rates

Since financial debt is mainly regulated by variable interest rates, it follows that the Group is exposed to the risk of their fluctuation. The trend of interest rates is constantly monitored by the Company and depending on their changes it will be possible to evaluate the opportunity



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to adequately hedge the interest rate risk. The Group is currently not hedged, considering the insignificant impact on the income statement of interest rate changes.

Derivative financial instruments (for exchange rate hedging) in relation to which it is not possible to identify an active market, are recorded at fair value and are included in the items of financial assets and liabilities and other assets and liabilities. The relative fair value was determined using valuation methods based on market data, in particular by using specific pricing models recognized by the market.

### **Credit risk**

Credit risk is the Group's exposure to potential losses that may result from the failure to meet obligations with counterparts.

The receivables recorded essentially comprise receivables from final consumers for whom the risk of nonrecovery is moderate and in any case of a minimum individual amount. The Company has instruments for the preventive control of the solvency of each customer, as well as instruments for monitoring and reminding of receivables through the analysis of collection flows, payment delays and other statistical parameters.

### **Liquidity risk**

The Group finances its activities both through the cash flows generated by its operations and through the use of external sources of funding and is therefore exposed to liquidity risk, represented by the fact that its financial resources are not sufficient to meet its financial and commercial obligations in accordance with agreed terms and maturities. The Group's cash flows, borrowing requirements and liquidity are controlled by considering the maturity of financial assets (trade receivables and other financial assets) and the cash flows expected from the related transactions. The Group has both secured and unsecured credit lines, consisting of revocable short-term credit lines in the form of revolving loans, current account overdrafts and signature loans.

### **Default and covenant risk on debt**

This risk arises from the presence in loan agreements of provisions that, if certain events were to occur, would entitle the counterparties to demand that the borrower repay immediately the loaned amounts, thereby generating liquidity risk.

In detail, following the issue of the senior bond loan, non-convertible, unsubordinated and unsecured, with a total nominal value of Euro 130,000,000, called "Italian Wine Brands S.p.A. up to Euro 130,000,000 2.5% Senior Unsecured Fixed Rate Notes due 13 May 2027 " financial covenants have been defined based on the performance of some parameters at the Group consolidated level, the measurement of which is expected starting from 31 December 2021. The parameters defined following the full refinancing of the debt attributable to the subsidiary



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Giordano Vini SpA which took place in July 2017, no longer existed following the repayment of the loan which took place on 18 June 2021

### **Operational and management risks**

The Group neither manages nor owns vineyards and purchases the raw materials necessary for the production of wines (grapes, must and bulk wine) directly from third-party producers. The market trend of these raw materials, which are natural products, largely depends on the results of the harvests, which in turn are influenced, in quantitative and qualitative terms, by climatic, phytopathological or polluting factors. Although the Group has adopted a flexible purchasing system based on the purchase of raw materials from year to year in the main Italian wine-making regions according to harvest trends and has developed consolidated relationships with suppliers, it cannot be excluded that particularly poor harvests may lead to a significant increase in the prices of raw materials or make it more difficult to obtain grapes, musts and bulk wine in the quantities and qualities needed to sustain customer demand. Moreover, the Group's catalogue is mainly composed of DOC, DOCG and IGT wines and the negative trend in harvests could affect the Group's ability to continue to maintain a basket of products centered on wines with these characteristics. These circumstances could have a negative effect on the Group's economic and financial situation.

### **Accounting standards**

#### **4.1 Accounting standards adopted**

The accounting standards adopted are the same as those used for the preparation of the consolidated financial statements at 31 December 2020 except for the following new standards or amendments to existing standards, details of which are provided in the paragraphs below.

#### **Accounting standards, amendments and interpretations endorsed and effective from 1 January 2021**

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (Reference interest rate reform – IBOR reform – phase 2)  
These amendments relate to how the impacts of replacing the current benchmark interest rates with alternative interest rates are to be managed, specifically:



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- The introduction of a practical expedient for accounting for changes in the basis on which contractual cash flows of financial assets and liabilities are calculated;
- The introduction of certain exemptions related to the termination of coverage relationships;
- temporary exemption from the requirement to separately identify a risk component (where such separate hedged component is represented by alternative interest rates);
- The introduction of some additional disclosures regarding the impacts of the reform.

These amendments had no impact on the Group's financial statements because the potentially impacted instruments are expected to expire before the transition to the new IBOR.

### **Amendments to IFRS 16 - Leases – fee reductions related to Covid-19.**

These changes extend by one year the possibility of applying an optional accounting treatment for tenants in the presence of reductions in permanent rent (rent holidays) or temporary rents linked to Covid-19. The changes were to be applicable until June 30, 2021, but as the impact of the pandemic continues, that option was extended until June 30, 2022.

Lessees can choose to account for rent reductions as variable lease payments recognized directly in the income statement for the period in which the reduction applies, or treat them as a modification of the lease agreement with the consequent obligation to remeasure the lease payable based on of the revised consideration using a revised discount rate. The Group expects to apply this optional accounting treatment should the case occur within the permitted application period.

There are no impacts on the Group's financial statements following the extension of this optional accounting treatment, as the Group has not received concessions on lease payments related to Covid-19.

### **International accounting standards and/or interpretations issued but not yet effective in 2021**

The new standards or interpretations already issued, but not yet effective or not yet approved by the European Union at 30 June 2021 and therefore not applicable are indicated below. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current**



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The amendments clarify the principles to be applied for the classification of liabilities as current or non-current and specify that the classification of a liability is not affected by the likelihood that the Group will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The Group's intention to liquidate in the short term does not impact the classification. These amendments, which will take effect on 1 January 2023, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Amendments to IAS 16 - Property, plant and equipment - Proceeds before Intended Use**  
These amendments prohibit the deduction of proceeds from selling items from property, plant and equipment while the item is being prepared for its intended use. The proceeds from the sale of the products, and the related cost of production, must be recognised in profit or loss. These amendments, which will take effect on 1 January 2022, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

### **Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts — Cost of Fulfilling a Contract**

These amendments specify the costs to be taken into account when assessing onerous contracts and specify that the "directly related costs" approach must be applied.

These amendments, which will take effect on 1 January 2022, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Annual Improvements (2018 - 2020 cycle) issued in May 2020**

These amendments are limited to certain standards (IFRS 1 First-time Adoption of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and illustrative examples of IFRS 16 Leases) which clarify the wording or correct omissions or conflicts between IFRS standards. These amendments, which will take effect on 1 January 2022, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.





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- **Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure on accounting standards**

These amendments provide guidance for applying materiality judgments to accounting policy disclosures in a way that is more useful; specifically:

- the obligation to indicate the “significant” accounting policies has been replaced with the obligation to indicate the “material” ones;
- guidance has been added on how to apply the concept of materiality to accounting policy disclosures.

In assessing the materiality of accounting policy disclosures, entities should consider both the size of the transactions, other events or conditions, and their nature.

These amendments, which will take effect on 1 January 2023, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

These amendments introduce a new definition of “accounting estimates,” particularly in terms of the difference between accounting estimates and accounting policies and provide guidance on determining whether changes should be treated as changes in estimates, changes in accounting principles, or errors.

These amendments, which will take effect on 1 January 2023, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

These amendments eliminate the possibility of not recognising deferred taxes upon initial recognition of transactions that give rise to taxable and deductible temporary differences (e.g., lease agreements).

These amendments also clarify that when lease payments are deductible for tax purposes, it is a matter of judgment (after considering applicable tax law) whether such deductions are attributable for tax purposes to the lease liability recorded on the balance sheet or to the





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related right-of-use. If tax deductions are attributed to the right-of-use, the tax bases of the right-of-use and lease liability are the same as their carrying amounts, and no temporary differences arise upon initial recognition. However, if tax deductions are attributed to the lease liability, the tax values of the right-of-use and lease liability are nil, giving rise to taxable and deductible temporary differences, respectively. Even if the gross temporary differences are equal, a deferred tax liability and a deferred tax asset must still be recognised.

These amendments, which will take effect on 1 January 2023, have not yet been endorsed by the European Union. Impacts on the Group's financial statements following these amendments are currently being analysed.

## Notes

### 5. Intangible fixed assets

Intangible fixed assets refer almost entirely to the trademarks owned by the Group. The changes are shown below:

*Euro thousand*

Net carrying amount	INTANGIBLE FIXED ASSETS						31/12/2021
	Net Carrying amount						
01/01/2021	increases	decreases	amortizations	reclassification	increases from business combination		
Trademarks & patents	29.810	46	-	(57)	-	517	30.316
Software	774	307	(5)	(610)	1.255	64	1.786
Other intangibles assets	3.030	337	(2)	(1.486)	1.719	69	3.666
Intangible assets under const	391	2.798	-	-	(2.974)	-	216
<b>Net carrying amount intang</b>	<b>34.005</b>	<b>3.488</b>	<b>(7)</b>	<b>(2.154)</b>	<b>-</b>	<b>650</b>	<b>35.983</b>

The item "Trademarks and patents" indicated consists of the trademark Giordano Vini, consisting of the value resulting from the merger of Ferdinando Giordano S.p.A. into Giordano Vini S.p.A. (formerly Alpha S.r.l.) carried out in previous years. Also included are the trademarks owned by Provinco Italia S.p.A., amounting to €8,586 thousand, valued at the time of allocation of the purchase price in accordance with IFRS 3.

These trademarks are identified as having an indefinite useful life and, consequently, are not amortized but tested for impairment annually, as is the case for goodwill. The carrying amount is unchanged from that of the Consolidated Annual Financial Report at 31 December 2020 in line with that used for the purposes of goodwill, for which reference should be made to the next paragraph.

The increases in the year 2021 essentially relate to the development of the following computerization processes that involved the company Giordano Vini S.p.A.:

- implementation of websites and start of operations in new countries (UK and Germany also through the Svinando platform) and in support of the new Ho.Re.Ca channel for the subsidiary Giordano Vini S.p.A
- development of the customer base through targeted acquisition through successful marketing campaigns ("CPA");
- sw for the automation of the bottling lines
- introduction of new accounting ERPs and a software for the control of payments functional to the assessment of solvency and reminder of overdue receivables (VAD) for the subsidiary Giordano Vini Spa.



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### 6. Goodwill

The overall total goodwill - equal to Euro 181,085 thousand - arises from the following business combinations: Provinco Italia S.p.A. for Euro 11,289 thousand; Giordano Vini S.p.A. for Euro 43,719 thousand; Pro.Di.Ve. S.r.l. for Euro 447 thousand; Raphael Dal Bo AG for Euro 12,854; Enoitalia SpA for Euro 112,776 thousand, the latter occurring in July 2021.

At December 31, 2021, goodwill and intangible assets with an indefinite useful life were subjected to an impairment test, which consists of estimating the recoverable value of the CGUs, that for IWB are subsidiaries controlled entities, and comparing them it with the net book value of the related assets, including goodwill.

The value in use corresponds to the present value of future cash flows that are expected to be associated with the assets subject to impairment, using a rate that reflects the specific risks of the individual CGUs at the valuation date. The key assumptions used by management are the estimate of future increases in sales, operating cash flows, the growth rate of terminal values and the weighted average cost of capital (discount rate).

At 31 December 2021, the recoverable value of the cash-generating unit was subjected to impairment tests in order to verify the existence of any losses in value, by comparing the book value of the unit (including goodwill, intangible assets with a finite useful life and other net operating assets) and the value in use, or the present value of the expected future cash flows that are supposed to derive from the continuous use and possible disposal of the same at the end of its life useful.

The value in use was determined by discounting the cash flows in line with the economic and financial forecasts prepared by the companies. In order to determine the value in use of the CGU, the discounted cash flows of the 5 years of explicit projection for the company Enoitalia S.p.A. and 3 years for the other companies of the group are considered added to a terminal value, "valuated" through the discounting perpetuity method.

These plans were drawn up both by reflecting the past experience of the companies and by appropriately evaluating the current economic situation. The assumptions made in forecasting cash flows in the explicit projection period were made on prudential assumptions.

- The discount rate (WACC, weighted average cost of capital) applied to forecast cash flows is 6.5% post tax, calculated taking into consideration the sector in which the company operates, the fully operational debt structure and the current economic situation
- For the cash flows relating to the years subsequent to the explicit projection period, a rate of 1.5

Consistently with the requirements of IAS 36, the Group carried out a sensitivity analysis to verify whether a reasonably possible change in a basic assumption on which the Management based the determination of the recoverable value of the CGU, could cause the carrying amount of the CGU itself exceeds the recoverable value.

At December 31, 2021, there were no losses in value between the book value and the relative value in use (determined according to the Discounted Cash Flow method).

## 7. Land, property, plant and equipment

The change in tangible fixed assets is shown below:

PROPERTY, PLANT AND EQUIPMENT						
Gross Value						
Historical costs	01/01/2021	increases	decreases	reclassification/other changes	increases from business combinations	31/12/2021
Land and buildings	13.105	344	(45)	0	21.678	35.082
Plant and equipments	17.315	1.570	(494)	1.179	32.566	52.136
Equipment	729	1.026	0	0	9.027	10.782
Other	5.107	133	(8)	8	1.059	6.298
Tangible assets under construction and	1.156	49	0	(1.185)	3	23
Right of use assets	12.055	616	0	0	7.683	20.354
<b>Total historical costs</b>	<b>49.466</b>	<b>3.737</b>	<b>(547)</b>	<b>2</b>	<b>72.016</b>	<b>124.675</b>
PROPERTY, PLANT AND EQUIPMENT						
Accumulated depreciation						
Accumulated depreciation	01/01/2021	amortization	divestments	other changes	increases from business combinations	31/12/2021
Land and buildings	(3.874)	(819)	2	0	(4.806)	(9.497)
Plant and equipments	(13.277)	(1.741)	255	0	(18.955)	(33.717)
Equipment	(592)	(366)	0	0	(4.414)	(5.372)
Other	(4.566)	(224)	8	0	(828)	(5.610)
Tangible assets under construction and	0	0	0	0	0	0
Right of use assets	(2.418)	(1.645)	0	0	(2.250)	(6.312)
<b>total accumulated depreciation</b>	<b>(24.727)</b>	<b>(4.794)</b>	<b>266</b>	<b>-</b>	<b>(31.253)</b>	<b>(60.508)</b>
PROPERTY, PLANT AND EQUIPMENT						
Net Value						
Net Value	01/01/2021	increases	divestments	amortization	other changes	31/12/2021
Land and buildings	9.231	344	(43)	(819)	16.872	25.585
Plant and equipments	4.038	1.570	(238)	(1.741)	14.790	18.419
Equipment	136	1.026	-	(366)	4.613	5.410
Other	541	133	-	(224)	239	688
Tangible assets under construction and	1.156	49	-	-	(1.182)	23
Right of use assets	9.637	616	-	(1.645)	5.433	14.042
<b>Total Net Value</b>	<b>24.740</b>	<b>3.737</b>	<b>(281)</b>	<b>(4.794)</b>	<b>40.765</b>	<b>64.166</b>

The most significant increase from the point of view of actual acquisitions concerns the items:

- Plant and machinery - main investments: automation and digitalization on the bottling line (279 thousand euros), as part of the industry 4.0 projects, end-of-line printers, double filter with redosing (340 thousand euros), electrical system with new line layout F3 bottling (Euro 102 thousand), continuous tunnel heater (Euro 143 thousand)
- Equipment - for investments relating to laboratory equipment (Euro 126 thousand); autoclaves of 2,200 hl each (900 thousand euros).
- Increase for usage rights refers to the renewal of the lease contract for the Provinco Italia SpA headquarters pursuant to IFRS 16

The increases from business combinations refer to the direct acquisitions of Enoitalia S.p.A. and consist of:

- Production plant and office building in Calmasino di Bardolino (VR): approximately 8,765 square meters covered on an area of 50,000 square meters. The plant is equipped with a cellar for winemaking, and 4 bottling lines for a production capacity of 28,000 bottles / hour
- Production plant in Montebello Vicentino (VI), of about 26,000 square meters, located on an area of 46,000 square meters. The plant is equipped with state-of-the-art winemaking, bottling and storage systems. There are in particular 3 bottling lines, with a total production capacity of 34,000 bottles / hour, two of which are suitable for the bottling of sparkling wines and an automatic finished product warehouse (LGV).
- Finished product warehouse of about 5,200 square meters in Cason (VR), located on an area of 9,000 square meters.
- Rental contracts stipulated by Enoitalia SpA which increase the amount of the rights of use

### Equity investments

Equity investments, almost entirely attributable to the company Giordano Vini S.p.A., are detailed as follows:

*Amounts in Euro*

	Country	31.12.2021	31.12.2020
<b>Other companies</b>			
BCC di Alba e Roero	Italy	258	258
Consorzio Conai	Italy	675	670
Unione Italiana Vini Scarl	Italy	516	258
Consorzio Natura è Puglia	Italy	500	500
Consorzio Granda Energia	Italy	517	517
Banca Alpi Marittime C.C. Carrù Scpa	Italy	293	293
Garzan	Italy	100	
<b>Total</b>		<b>2.859</b>	<b>2.496</b>

## 9. Other non current activities

This item include Euro 178 migliaia for IRAP (regional business tax) receivable in relation to labour costs pursuant to Italian Decree Law No. 201 of 2011 and Euro 2.149 for security deposit (of which Enoitalia Euro 2.100 thousands).

## 10. Deferred Taxes

Deferred tax assets and liabilities arise from the following temporary differences:

Amounts at 31 december 2021

*Euro thousand*

<b>Description</b>	<b>Imponibile</b>	<b>Aliquota</b>	<b>Saldo</b>
Provision for risks and charges	100	24,00%	24
Provisions for returns and inventory write down	1.287	27,90%	359
Non capitalisable long term charges for IFRS purposes	140	27,90%	39
Provision for bads debts	3.738	24,00%	897
Remuneration of directors	536	24,00%	129
Provision for pensions	132	27,90%	37
Others	129	24,00%	31
<b>Total Deferred tax assets</b>			<b>1.516</b>

<b>Description</b>			
Business combination/Goodwill	8.584	27,90%	2.395
Tangible and intangible fixed assets	26.710	27,90%	7.452
Exchange rate adjustment	158	24,00%	38
Others	338	24,00%	81
<b>Total Provision for deferred taxes</b>			<b>9.966</b>



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### Amounts at 31 December 2020

€ thousand

Description	Tax base	Tax rate	Balance
Tangible and intangible fixed assets	853	27,90%	238
Provision for risks and charges	131	24,00%	31
Provisions for returns and inventory write-downs	1.461	27,90%	408
Non-deductible interest expense	1.060	24,00%	254
Non-capitalisable long-term charges for IFRS purposes	140	27,90%	39
Provision for bad debts	2.307	24,00%	554
Remuneration of directors	1.001	24,00%	240
Exchange rate adjustment		24,00%	0
Provisions for pensions	136	27,90%	38
Others	183	24,00%	44
<b>Total deferred tax assets</b>			<b>1.846</b>

Description	Tax base	Tax rate	Balance
Business combinations / Goodwill	5.639	27,90%	1.573
Tangible and intangible fixed assets	29.703	27,90%	8.286
Exchange rate adjustment	24	24,00%	6
Others	38	24,00%	9
<b>Total provision for deferred taxes</b>			<b>9.874</b>

## 11. Inventories

The inventories are detailed below:

Euro thousand

	31.12.2021	31.12.2020
Raw materials and consumables	8.192	2.010
Semi- finished products	43.743	16.144
Finished products	24.342	7.316
Advances	1.631	20
<b>Total</b>	<b>77.908</b>	<b>25.490</b>



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Individual items include:

- components for the production of bottles (glass, caps and labels), packaging, wine products (raw materials);
- food, bulk and bottled wine, liqueurs (semi-finished products);
- packaging and gadgets (finished products).

The increase compared to 31/12/20 included 46.204 euro thousand due to Enoitalia S.p.A. inventory.

The carrying amount of the inventories is shown net of a provisions for bad debts of €1,6 million, the changes of which in the period are shown below:

*Euro thousand*

<b>Provision at 1.1.21</b>	<b>1.736</b>
Provisions	50
Increase from business combination	-
Amount used	(172)
<b>Provision at the end of the period</b>	<b>1.614</b>

- Uses mainly refer to the disposal of food products that have reached their expiry date.

## 12. Trade receivables

Trade receivables at 31 December 2020 and 31 December 2021 are detailed below:

*€ thousand*

	<b>31.12.2021</b>	<b>31.12.2020</b>
Trade receivables	72.482	33.057
Provision for writedown	(4.338)	(2.490)
<b>Total</b>	<b>68.144</b>	<b>30.567</b>

During 2021, the provision for bad debts changed as follows:





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€thousand

	31.12.2021	31.12.2020
<b>Initial amount</b>	<b>2.490</b>	<b>2.975</b>
Provisions	1.155	1.409
Increase from business combination	825	48
Amounts used	(132)	(1.943)
<b>Fondo alla fine del periodo</b>	<b>4.338</b>	<b>2.490</b>

Provisions were made based on the estimated realizable value of the receivables, also in light of the possible risks of total or partial non-recoverability thereof and according to economic and statistical criteria, in compliance with the principle of prudence. In addition, the provisions are deducted from the total of the item on a lump-sum and indistinct basis.

Specifically, the criterion adopted for the write-down of receivables relating to the "Distance Selling Division" is based on an analysis of the "stage of credit reminder"; the variables of this analysis is the reminder time after the receivable has become due and the percentage of reduction linked to each geographical area based on the statistical analysis of the probability of recovering the amount.

There are no receivables with a contractual duration of more than 5 years.

### 13 Other assets

Other assets at 31 December 2020 and 31 December 2021 are detailed in the following table:

€thousand

	31.12.2021	31.12.2020
Receivables from distributors for cash on deliv	179	158
Security deposits	435	384
Others	1.149	362
Advances to suppliers	301	46
Accruals and prepayments	332	452
<b>Total</b>	<b>2.396</b>	<b>1.402</b>

The "others" item mainly includes receivables vs factor (Enoitalia) for €766 thousand.

#### 14 Current tax assets

Tax receivables at 31 December 2020 and 31 december 2021 are detailed in the following table:

*€thousand*

	31.12.2021	31.12.2020
VAT receivables	5.009	2.095
Tax Credit	2.368	
Others	25	1
<b>Total</b>	<b>7.402</b>	<b>2.096</b>

With effect from the 2016 period, the Parent Company (together with its subsidiaries Giordano Vini S.p.A. and Provinco Italia S.p.A.) has opted for the national IRES tax consolidation scheme, the effects of which are also reported in the economic and financial results at 30 June 2021.

Participation in tax consolidation is governed by specific regulations that apply throughout the period of validity of the option.

The economic relations of tax consolidation are summarized below:

- for the years with positive taxable income, the subsidiaries pay to the consolidating company the higher tax it owes to tax authorities;
- consolidated companies with negative taxable income receive from the parent company a compensation corresponding to 100% of the tax savings realized at Group level and recorded on an accrual basis. Compensation is paid only when it is actually used by the Parent Company, for itself and/or for other companies in the Group;
- in the event that the Parent Company and its subsidiaries do not renew the option for national consolidation, or in the event that the requirements for continuing national consolidation are no longer met before the end of the three-year period of validity of the option, the tax losses carried forward resulting from the tax return are attributed to the consolidating company or entity.

Enoitalia SpA will join Tax consolidation scheme starting from December 31, 2022.

## 15. Cash and cash equivalents

A breakdown of cash and cash equivalents at 31 December 2020 and 31 december 2021 is provided in the table below:

<i>€thousand</i>	31.12.2021	31.12.2020
Bank deposits	56.346	30.495
Postal deposits	2.320	2.567
Cheques	403	283
Cash	35	57
<b>Total</b>	<b>59.103</b>	<b>33.402</b>

## 16 Shareholders' equity

The company's shareholders' equity is made up as follows:

<i>Amounts in EUR</i>	31.12.2021	31.12.2020
Share capital	1.046.266	879.854
Legal reserve	175.971	175.971
Share premium reserve	109.899.034	64.565.446
Reserve for actuarial gains on defined benefit plans	(77.633)	(66.778)
Reserve for stock grants	518.220	739.278
Reserve for translate	196.117	(19.934)
Reserve for the purchase of treasury shares	-	(582.570)
Other reserves	2.899.133	2.888.974
Prior profits/(losses)	30.760.201	21.747.715
Profit/(loss) of the period	14.537.077	14.192.552
<b>Total reserves</b>	<b>158.908.120</b>	<b>103.640.655</b>
<b>Total Group shareholders' equity</b>	<b>159.954.386</b>	<b>104.520.509</b>
Shareholders' equity of NCIs	-	-
<b>Total shareholders' equity</b>	<b>159.954.386</b>	<b>104.520.509</b>



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Share capital

The share capital of Italian Wine Brands is equal to €1.046.265,80 divided into 8,802,077 ordinary shares, all without indication of the nominal value.

The extraordinary Shareholders' Meeting of 26 July 2022 of Italian Wine Brands S.p.A. has approved, on second call, the proposed non divisible capital increase against payment, for a total amount of Euro 45,500,000.00 (of which Euro 166,412.10 as capital and Euro 45,333,587.90 as share premium) (the "Reserved Capital Increase"). The Reserved Capital Increase provides for the issue of a total of no. 1,400,000 new ordinary shares without nominal value, at a subscription price of Euro 32.50 (including share premium), with the exclusion of option rights pursuant to Article 2441, Paragraph 5 of the Italian Civil Code, to be reserved for subscription by Gruppo Pizzolo S.r.l. ("Gruppo Pizzolo") and to be paid in cash, also by means of compensation.

The Reserved Capital Increase will be carried out in the context of an investment transaction of IWB, which provides for the acquisition by the Company of the entire share capital of Enoitalia S.p.A. and the reinvestment by Gruppo Pizzolo, the majority shareholder of Enoitalia, in the share capital of IWB by means of the subscription and payment in cash, also by way of compensation, of the Reserved Capital Increase.

The deal was finalized on 27 July 2021.

Reserves

The share premium reserve was generated as a result of listing that took place in 2015 and increased in 2021 as a result of the capital increase as described in the previous paragraph.

The reserve for defined-benefit plans is generated by the actuarial profits/(losses) deriving from the valuation of the accrued termination benefits in accordance with IAS 19.

Other reserves include €3,112 thousand in the reserve for transactions "under common control" generated by the first consolidation of the company Giordano Vini S.p.A. during the first half of 2015, net of a negative reserve of €498 thousand generated by the direct recognition in equity, in accordance with IAS 32, of the expenses incurred by the parent company in relation to the aforementioned capital transactions net of the related deferred taxes.

At 31 December 2021 the Parent Company held 6.092 ordinary shares, representing 0.08% of the ordinary share capital in circulation.

The reconciliation schedule between the shareholders' equity and the result of the parent company and those of the consolidated companies is set out below:



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<b>31 dicembre 2021</b>		
Amounts in EUR	Risultato dell'esercizio	Patrimonio netto
Shareholders' equity IWB SpA - ITA GAAP standards		
Differences in accounting standards	<b>9.779.891</b>	<b>130.486.543</b>
Shareholders' equity IWB SpA - IFRS standards		
<b>Elimination of carrying amount of consolidated equity investments:</b>		
	-	(204.755.982)
Amortisation of consolidation difference	19.725.673	219.920.161
Pro-quota share of consolidated equity investments net of consolidation differences	(14.235.857)	-
Dividends from subsidiaries	(732.630)	(233.412)
Consolidation adjustments for transactions between consolidated companies		
	<b>14.537.077</b>	<b>145.417.309</b>
Group shareholders' equity and profit/(loss) for the period		
	<b>14.537.077</b>	<b>145.417.309</b>
<b>Consolidated shareholders' equity and profit/(loss)</b>		



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### 17. Financial liabilities

The situation al 31 december 2021 is te following:

€thousand

	Short term	Medium/long term (within 5 years)	Long term (over 5 years)	31.12.2021 Total
<b>Bond</b>	-	-	130.795	130.795
Pool financing - Senior	-	-	-	-
Short-term unsecured loans	15.642	-	-	15.642
GV revolving loans	16.000	-	-	16.000
Other loans in addition to e.g. unsecured loans	576	4.931	-	5.507
Financial accrued expenses and charges to be settled	239	-	-	239
<b>Total Banks</b>	<b>32.457</b>	<b>4.931</b>	-	<b>37.388</b>
Payables to factoring companies	10	-	-	10
	10	-	-	10
<b>Total</b>	<b>32.467</b>	<b>4.931</b>	<b>130.795</b>	<b>168.193</b>

The statement of Group Financial payables at 31 december 2020 is given below for comparable purposes:

€thousand

	Short term	Medium/long term (within 5 years)	Long term (over 5 years)	31.12.2020 Total
Pool financing - Senior	3.250	13.050	-	16.300
Short-term unsecured loans	1.500	-	-	1.500
GV revolving loans	2.000	7.000	-	9.000
Other loans in addition to e.g. unsecured loans	1.400	3.757	-	5.157
Financial accrued expenses and charges to be settled	65	-	-	65
<b>Total Banks</b>	<b>8.215</b>	<b>23.807</b>	-	<b>32.022</b>
Payables to factoring companies	-	-	-	-
Deferred price acquisition of Raphael Dal Bo AG	1.861	-	-	1.861
<b>Total other lenders</b>	<b>1.861</b>	-	-	<b>1.861</b>
<b>Total</b>	<b>10.076</b>	<b>23.807</b>	-	<b>33.883</b>

The table below shows the changes in financial liabilities



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€ thousand

	31.12.2020	Disbursements / Other changes	Refunds / Other changes	Fair value adjustment	Operating costs/expenses	31.12.2021
<b>Bond</b>	-	130.000		795		130.795
Pool financing - Senior	16.300	-	(16.625)	325	-	0
Short-term unsecured loans	1.500	14.142	-	-	-	15.642
GV revolving loans	9.000	16.000	(9.000)	-	-	16.000
Other loans in addition to e.g. unsecured loans	5.157	2.400	(2.038)	(12)	-	5.507
Financial accrued expenses and charges to be se	65	239	(65)	-	-	239
<b>Total Banks</b>	<b>32.022</b>	<b>32.781</b>	<b>(27.728)</b>	<b>313</b>	<b>-</b>	<b>37.388</b>
Payables to factoring companies	-	10	-	-	-	10
Deferred price acquisition of Raphael Dal Bo AG	1.861	-	(1.861)	-	-	-
<b>Total other lenders</b>	<b>1.861</b>	<b>10</b>	<b>(1.861)</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>Total</b>	<b>33.883</b>	<b>162.791</b>	<b>(29.589)</b>	<b>1.108</b>	<b>-</b>	<b>168.193</b>

The bank debt as of December 31, 2021 consists of the following loans:

- Senior bond, non-convertible, unsubordinated and unsecured, of Euro 130 million issued by Italian Wine Brands S.p.A. on May 13, 2021 with a duration of 6 years (maturity May 13, 2027), bullet repayment, annual fixed rate of 2.50%, annual interest. The bond loan is listed on the MOT market managed by Borsa Italiana and on the Irish Stock Exchange managed by Euronext Dublin.

- Revolving medium-term loan granted on 30 July 2021 to the subsidiary Giordano Vini S.p.A. by BPM for an original amount of Euro 8.0 million, increased by Euro 4.5 million in September 2021 with a quarterly maturity and a rate equal to the 3-month Euribor (zero floor) plus a spread of 1.1%. 36 months

- Short-term financing so-called "Hot money" granted by the Banca d'Alba to the subsidiary Giordano Vini S.p.A. with opening of current account credit for Euro 1.5 million, renewed on a quarterly basis with a rate of 0.8%. The maturity of the loan is set at the maturity of each quarter.

- "Import" short-term loan granted to the subsidiary Giordano Vini S.p.A. from Banca d'Alba for an amount of € 1.0 million with maturity on March 15, 2022 and a rate of 0.7%.

- Medium-term loan of Euro 2 million granted to the subsidiary Giordano Vini S.p.A. disbursed on 20 February 2017 by Intesa San Paolo, repayable in quarterly installments and repayment



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scheduled for 20 February 2022, at a rate equal to the 3-month Euribor plus a spread of 2.10%. The residual debt at 31 December 2021 valued using the amortized cost method amounts to Euro 0.1 million.

- Medium-term loan of Euro 2.4 million granted to the subsidiary Giordano Vini S.p.A. disbursed on February 26, 2021 by Credit Agricole, repayable in quarterly installments and repayment scheduled for February 26, 2026, at a rate equal to the 3-month Euribor plus a spread of 1.00%. The residual debt at 31 December 2021 valued using the amortized cost method amounts to Euro 2 million.

An IRS-OTC derivative contract was stipulated against the aforementioned loan to hedge the interest rate risk for the entire duration of the loan; this contract provides for an exchange of flows between the Company and Credit Agricole defined on the basis of the residual amount of the underlying loan in any given period; the Mark To Model value of the derivative is negative for Euro 29 thousand.

- "Revolving" short-term loan granted on 6 May 2019 to the subsidiary Giordano Vini S.p.A. by Crédit Agricole for an original amount of Euro 2.0 million, increased by Euro 1.5 million at the beginning of 2021 with a quarterly maturity and a rate equal to the 3-month Euribor plus a spread of 0.60%.

- Medium-term loan of Euro 3 million granted to the subsidiary Provinco Italia S.p.A. disbursed on November 30, 2020 repayable in quarterly installments and repayment scheduled for November 30, 2023, at the rate equal to the 3-month Euribor plus a spread of 2.00%. The residual debt at December 31, 2021 amounts to € 2 million.

- Unsecured loan of € 1.5 million contracted by Provinco Italia S.p.A. with Credito Emiliano on September 20, 2021, repayable in deferred quarterly installments and repayment scheduled on September 20, 2024 at a fixed rate of 0.8% per annum. The residual debt as at 31 December 2021 was 1.376 thousand.

Short-term loan of € 8 million granted by Deutsche Bank S.p.A. to Provinco S.p.A. paid on 10 September 2021. Maximum duration 1 year with quarterly renewal. Interest rate: variable, determined on an annual nominal basis by the sum of: a) a fixed amount equal to 0.700% denominated spread; b) a variable portion equal to the 3-month Euribor rate, base 360 (currently equal to -0.570% per annum). The residual debt at December 31, 2021 is equal to euro 8 million. Refund method: at any time, without penalties for the customer.





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- Short-term loan of € 1.5 million contracted with Credito Emiliano S.p.A.

On 14 September 2021. Interest rate: variable, determined on an annual nominal basis by the sum of: a) a fixed amount equal to 0.26% called the spread; b) a variable portion equal to the 3-month Euribor rate, base 360 (currently equal to -0.570% per annum) with a floor of 0.00%. Duration: maximum 1 year, with quarterly renewal. Refund method: at any time, without penalties for the customer. The residual debt at December 31, 2021 is equal to euro 1.5 million.

- Short-term SBF loans for a total of € 3,642 thousand granted to Enoitalia S.p.A by various institutions at an average rate of 0.51%

Financial payables are recognized in the balance sheet at the value resulting from the application of the amortized cost, determined as the initial fair value of the liabilities net of the costs incurred to obtain the loans, increased by the accumulated amortization of the difference between the initial value and the maturity, calculated using the effective interest rate  $i_a$  where the application of the amortized cost method is not relevant compared to the nominal value

The aforementioned loan agreements have similar clauses and practices for this type of transaction, such as, for example: (i) provision of a financial covenant (calculation envisaged at the Italian Wine Brands Group level) based on the performance of certain financial parameters at consolidated Group level; (ii) disclosure obligations in relation to the occurrence of significant events for the Company, as well as corporate disclosure; (iii) commitments and obligations, usual for financing transactions of this kind, such as, by way of example, limits on the assumption of financial debt and the sale of one's assets, prohibition on distributing dividends or reserves where certain financial parameters are not respected.

### 18 Termination benefits

#### *Defined contribution plans*

In the case of defined contribution plans, the Company pays contributions to public or private insurance institutions on the basis of a legal or contractual obligation, or on a voluntary basis. By paying the contributions, the Group fulfils all its obligations.

Payables for contributions to be paid at the reporting date are included in the item "Other current liabilities"; the cost pertaining to the period accrues on the basis of the service rendered by the employee and is recorded in the item "Personnel costs" in the area of belonging.



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*Defined benefit plans*

Employee benefit plans, which can be classified as defined benefit plans, are represented by the termination benefits (TFR); the liability is instead determined on an actuarial basis using the "projected unit credit" method. Actuarial gains and losses determined in the calculation of these items are shown in a specific equity reserve. The changes in the liability for termination benefits at 31 December 2021 are shown below:

<i>€thousand</i>	<b>2021</b>	<b>2020</b>
<b>Provision at 1 January</b>	<b>621</b>	<b>651</b>
Provisions	186	42
Increases from business combinations	436	
Advances paid during the period	-	-
Benefits paid out in period	(41)	(76)
Actuarial (gains)/losses	11	6
Financial costs	(2)	(1)
<b>Provision at end of period</b>	<b>1.212</b>	<b>621</b>

The component "allocation of costs for employee benefits" and "contribution/benefits paid" are recorded in profit or loss under the item "Personnel costs" in the area to which they refer. The component "financial income/(expenses)" is recognized in profit or loss under "Financial income/(expenses)", while the component "actuarial income/(expenses)" is recognized under *other comprehensive income* and transferred to a Shareholders' equity reserve called "Reserve for defined benefit plans".

At 31 December 2021 the main actuarial assumptions used at the end of 2020 have been confirmed as follows:

<i>Actuarial assumptions</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
Discount rate	(0,25%)	(0,10%)
Inflation rate	2,28%	1,20%
Expected average turnover	8,98%	8,62%



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### 19. Provision for risks and charges

During the period the item changed as follow:

*€thousand*

	Non- current	Current	Total
<b>Provision at 1.1.2020</b>	<b>994</b>	<b>-</b>	<b>994</b>
Provisions	-	-	-
Amounts used	(734)	-	(734)
<b>Provision at 31.12.2020</b>	<b>260</b>	<b>-</b>	<b>260</b>

*€thousand*

	Non- current	Current	Total
<b>Provision at 1.1.2021</b>	<b>260</b>	<b>-</b>	<b>260</b>
Provisions	-	-	-
Increase by business combination	100	-	100
Releases	-	-	-
Amounts used	(26)	-	(26)
<b>Provision at 31.12.2021</b>	<b>334</b>	<b>-</b>	<b>334</b>

Non-current liabilities mainly include:

- a provision of Euro 125 thousand relating to potential liabilities relating to the supplementary indemnity of client agents set aside by Provinco Italia S.p.A. determined taking into account the collective economic agreements and the maximum limit of art. 1751 of the Civil Code.
- a provision of € 100 thousand for a lawsuit against a former "agent" set aside by Enoitalia S.p.A.

### 20. Trade Payables

This item includes all trade payables which have the following geographical distribution:

*€thousand*

	31.12.2021	31.12.2020
Suppliers Italy	134.485	55.289
Suppliers Foreign markets	2.882	1.520
	<b>137.367</b>	<b>56.809</b>

## 21. Other liabilities

Other liabilities are made as follow:

<i>€thousand</i>		<b>31.12.2021</b>	<b>31.12.2020</b>
Employees	▶	3.764	1.131
Social security institutions	▶	1.092	522
Directors		976	639
Accruals and deferred income	▶	3.078	441
Others	▶	599	1.434
<b>Total current</b>		<b>9.508</b>	<b>4.167</b>

Payables to employees mainly include wages for December 2021 paid in January 2022 and deferred fees for holidays and holidays accrued and not yet taken.

The item deferred income mainly consists of the portion pertaining to future years of the grants on plant account obtained for Industry 4.0 projects and tax credits relating to Enoitalia equal to 1,400 thousand euros

The item Other includes the payable relating to the settlement agreement, including legal fees, referred to in paragraph 19. Provision for risks and charges.

## 22. Current Tax liabilities

The item is made as follow:

<i>€thousand</i>		<b>31.12.2021</b>	<b>31.12.2020</b>
VAT		1.815	1.619
IRES		(766)	(1.095)
IRPEF withholding tax		632	327
IRAP		(337)	398
Excise duties		(16)	486
Other taxes		4	361
<b>Total</b>		<b>1.332</b>	<b>2.096</b>



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### 23. Revenues from sales and other revenues

Revenues from sales and other revenues and income as at 31 December 2021, compared with those of the two previous periods, are detailed below:

*Amounts in €thousand*

	31.12.2021	31.12.2020	31.12.2019	Δ % 20/21	Cagr 19/21
<b>Revenues from sales - Italy</b>	<b>57.597</b>	<b>39.539</b>	<b>33.333</b>	<b>45,67%</b>	<b>31,45%</b>
<b>Revenues from sales - International Markets</b>	<b>254.719</b>	<b>164.080</b>	<b>123.543</b>	<b>55,24%</b>	<b>43,59%</b>
UK	66.447	24.254	17.262	173,97%	96,20%
Germany	51.863	41.961	35.298	23,60%	21,21%
Swiss	48.154	48.814	27.572	(1,35%)	32,15%
Austria	17.764	18.493	14.589	(3,94%)	10,35%
US	10.430	1.561	3.018	568,28%	85,90%
Belgium	9.190	6.641	4.039	38,39%	50,84%
France	9.020	5.760	5.087	56,60%	33,16%
Netherland	6.597	1.709	960	286,10%	162,17%
Poland	6.040	1.086	1.038	456,30%	141,28%
Denmark	6.004	5.020	5.177	19,59%	7,69%
Ireland	4.512	1.516	1.008	197,55%	111,61%
Canada	2.446	877	617	179,05%	99,14%
Sweden	1.681	1.586	1.324	5,97%	12,67%
Hungary	1.666	1.544	1.312	7,93%	12,70%
China	1.225	882	1.264	38,92%	(1,55%)
Other Countries	11.681	2.378	3.979	391,29%	71,34%
<b>Other revenues</b>	<b>910</b>	<b>692</b>	<b>617</b>	<b>31,49%</b>	<b>21,46%</b>
<b>Total revenues from sales</b>	<b>313.227</b>	<b>204.311</b>	<b>157.494</b>	<b>53,31%</b>	<b>41,03%</b>

### 24. Purchase costs

Purchase costs refer for Euro 56.5 million (Euro 50.6 million at 31/12/2020) to Giordano Vini S.p.A., for Euro 1.96 million to Pro.Di.Ve. S.r.l. (Euro 1.25 million at 12/31/2020), for Euro 69.97 million (Euro 66.3 million at 12/31/20) to Provinco Italia SpA, for Euro 6.2 million to Raphael Dal Bo AG ( Euro 4.8 million at 12/31/20) and for Euro 96.6 million to Enoitalia SpA



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## 25. Costs for services

The costs for services at 31 December 2021, compared with those of the previous year, are detailed below:

€thousand

	31.12.2021	31.12.2020	31.12.2019
Services from third parties	21.374	18.601	11.892
Transport	17.174	14.935	11.871
Postage expenses	4.119	4.007	4.098
Fees and rents	1.001	717	447
Consulting	2.118	1.443	1.285
Advertising costs	1.098	3	3
Utilities	1.681	824	844
Remuneration of Directors, Statutory Auditors and Supervisory Body	2.512	1.946	1.831
Maintenance	1.313	370	235
Costs for outsourcing	7.382	7.407	7.051
Commissions	898	141	121
Other costs for services	3.539	2.931	2.952
<b>Total</b>	<b>64.209</b>	<b>53.325</b>	<b>42.630</b>

The fees to directors, statutory auditors and the control body are detailed as follows:

€thousand

	31.12.2021	31.12.2020
Directors	2.379	1.870
Statutory auditors	110	69
SB	23	6
<b>Total</b>	<b>2.512</b>	<b>1.945</b>

It should be noted that, during the 2021 financial year, the remuneration for the Independent Auditors is divided as follows:

€thousand

	Audit	Consulting
Holding	14	18
Subsidiaries	80	-
<b>Total</b>	<b>94</b>	<b>18</b>

## 26. Personnel costs

Personnel costs at 31 December 2021, compared with those of the previous year, are detailed below:

<i>€thousand</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
Wages and salaries	9.760	6.041
Social security charges	3.012	1.798
Termination benefits	689	331
Stock grant	683	374
Administration cost	1.075	116
Other costs	71	24
<b>Total</b>	<b>15.290</b>	<b>8.685</b>

The following table shows the number of employees:

	<b>At 31.12.2021</b>	<b>Average no 31.12.2021</b>	<b>At 31.12.2020</b>	<b>Average no 31.12.2020</b>
Executives	6	6	6	7
Middle managers	21	21	14	12
Employee	174	161	121	122
Workers	127	128	20	19
<b>Total</b>	<b>328</b>	<b>317</b>	<b>161</b>	<b>160</b>

## 27. Other operating costs

The item "other operating costs" amounts to Euro 1,013 thousand compared to Euro 1,365 thousand at 31/12/2020 and mainly includes: contingent liabilities of Euro 157 thousand, non-deductible taxes for approximately Euro 305 thousand, non-deductible VAT portion due to the pro-rata of approximately Euro 147 thousand, concessions, licenses and various taxes equal to Euro 145 thousand and Euro 80 thousand relating to capital losses.

## 28. Devaluation

The item essentially relates to the subsidiary Giordano Vini S.p.A. and relates to the write-down of trade receivables accounted for in the period.

## 29. Financial income and expenses

Financial income and expenses are detailed in the following tables:

*€thousand*

	31.12.2021	31.12.2020
On current accounts	4	20
Exchange rate gain/(loss)	585	156
Others	2	39
<b>Total</b>	<b>591</b>	<b>216</b>

*€thousand*

	31.12.2021	31.12.2020
Bond interests	(2.205)	
Loans	(577)	(568)
Right-of-use liabilities	(369)	(309)
Bank current accounts	(34)	(4)
Financial instruments	(24)	-
Bank fees and charges	(487)	(290)
Exchange rate gain/(loss)	(339)	(172)
Others	(494)	(58)
<b>Total</b>	<b>(4.530)</b>	<b>(1.401)</b>

In detail, interest on loans includes:

- interest expense on medium / long-term loans;
- interest expense on bank current accounts relating mainly to the use of current account overdrafts with various banking institutions;
- realized exchange differences and period-end adjustments relating to items in foreign currency;
- commissions and bank charges including those for sureties.



### 30. Taxes

The taxes at 31 December 2021, compared with those of the previous year, are detailed below:

	31.12.2021	31.12.2020
IRES	(4.116)	(2.590)
IRAP	(487)	(469)
Taxes for prior periods	175	(4)
<b>Total current taxes</b>	<b>(4.428)</b>	<b>(3.063)</b>
Prepaid taxes	(83)	84
Deferred taxes	78	140
<b>Total deferred taxes</b>	<b>(5)</b>	<b>224</b>
<b>Total</b>	<b>(4.433)</b>	<b>(2.839)</b>

### 31. Agreements with Related parties

At 31 December 2021 there were:

- (iii) a commercial lease agreement entered into on 1 February 2012 between Provinco Italia S.p.A. and Provinco S.r.l. pursuant to which Provinco S.r.l. leased the property located in Rovereto (TN) - Via per Marco, 12/b to Provinco Italia S.p.A.; the lease is valid for six years (until 31 January 2018) with tacit renewal for the same period unless notice of termination is given 12 months before expiry; the agreed rent is equal to €60 thousand per year plus VAT.
- (iv) (ii) service contracts with Electa SpA concerning respectively (a) support for the preliminary analyzes and the executive definition of M&A projects for an amount equal to Euro 80 thousand (b) services to support the analysis of possible financing alternatives, the definition of the terms and conditions of the loans, the review of the documentation and the fulfillment of the related corporate obligations for an amount equal to € 100 thousand (c) support for investor relations activities for an amount equal to € 40 thousand

The above relationship is regulated at conditions at arm's length.

It should also be noted that, as detailed in the paragraph Significant events of the year for the acquisition of 55% of Enovation Inc the Company's Board of Directors approved the transaction subject to the favourable opinion issued by the Company's Independent Director,



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Antonella Lillo, regarding the signing of the sale and purchase agreement with Norina, as well as on the appropriateness and fairness of the related conditions. This opinion was issued because Norina is a “related party” of the Company as it belongs to the four family branches of the Pizzolo family, including the Vice Chairman of IWB, Giorgio Pizzolo, and the director of IWB, Marta Pizzolo. It should be noted that the sale and purchase of the Norina Shareholding qualifies as a related-party transaction of “less importance” pursuant to the “Procedure for transaction with related party” adopted by the Company and the Regulation approved by Consob with resolution No. 17221/2010.

### **32. Atypical and unusual transactions**

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, during the period the Group did not carry out atypical or unusual transactions, as defined by the communication itself, according to which atypical and/or unusual transactions are those that, due to their significance/relevance, the nature of the counterparties, the object of the transaction, the method of determining the transfer price and the timing of the event, may give rise to doubts regarding: the correctness/completeness of the information in the financial statements, the conflict of interest, the safeguard of the company's assets, the protection of non-controlling interests.

\*\*\*\*\*

For the Board of Directors

The Chairman and Chief Executive Officer

Alessandro Mutinelli



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# **ANNUAL FINANCIAL REPORT**

## **31 DECEMBER 2021**

**ITALIAN WINE BRANDS S.P.A.**

Registered office in Milan, Viale Abruzzi, 94

joint-stock company with subscribed and paid-up share capital of Euro 1.046.265,80

Tax Code Company Reg. No. 08851780968

Registered in the Companies Register of Milan

R.E.A. No. 2053323

**[www.italianwinebrands.it](http://www.italianwinebrands.it)**



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## **Composition of Corporate Bodies**

### **Board of Directors**

Alessandro Mutinelli (Chief Executive Officer and Chairman)

Giorgio Pizzolo (Deputy Chairman)

Pier Paolo Quaranta (Director with delegated powers)

Simone Strocchi

Marta Pizzolo

Massimiliano Mutinelli

Antonella Lillo (Independent Director)

### **Board of Statutory Auditors**

David Reali (Chairman of the Board of Statutory Auditors)

Debora Mazzaccherini (Statutory Auditor)

Eugenio Romita (Statutory Auditor)

### **Independent Auditors**

BDO Italia S.p.A.

### **Nomad**

Intesa Sanpaolo S.p.A.



## **Directors' Report on Operations**

### **1. Analysis of the Company's situation, performance and operating results**

#### **1.1. Reference market in which the company operates**

The IWB Group is one of the leading Italian players in the production and distribution of domestic wines, which stands out for the size of the reference markets in which it operates, the number of brands it has in its portfolio and the variety of distribution channels.

In terms of its target markets, IWB's business is predominantly and increasingly achieved with foreign customers, also thanks to Enoitalia S.p.A acquisition finalized on July 2021, and only the remaining part with domestic customers.

Sales are made exclusively through a portfolio of proprietary and registered brands. In particular, the group operates under the various brands:



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PRÓVINCO ITALIA  
GROUP OF ITALIAN WINE BRANDS

GRANDE ALBERONE  
GRAND TOUR

ELETTRA  
EDIZIONE STAGI

GOMERA  
AS IT WINS - WE, IS WIN

RONCO DI SASSI  
THE AUTHENTIC SOUTHERN EXPERIENCE

OLD WORLD  
ITALIAN WINE

POGGIO DEL CONCONE

CALAROJAS  
TEMPRANILLO

FORTE ELERONE

GRANDI MORI

DURANTE  
(to far us della vita)

Ripa Sotto

SAN ZENONE

SANTOBILE  
WINEMAKER'S COLLECTION

DANTI

OROPERLA  
ESSENTIAL BLENDING

Svirando

OPTIMACRAFT  
WINE APPROPRIATE PRODUCTION

SELLARONDA  
CREATORS OF MONFERRATO

Terre di Gigli

ITALIAN ART CAFE

RAPHAEL DAL BO  
PROSECCO & SPUMANTE

SASSO AL VENTO

CANTINE DEL BORGO REALE  
BIANCO D'ALBA

CUOR DI PIETRA  
GRANDI VITIGNI

ORA MORIGONE

AIMONE

ALBERTO NANI  
Prosecco di Orgoglio

VOGA

RED FIRE

PASSO SARDO

Gemma di Luna

EMPORIUM

ARISTOCRATICO

LIGNUM VITIS

NEROPERSO

LUNA DI LUNA

CA' MONTINI  
TERRE DI VALFREDDA



## ITALIAN WINE BRANDS

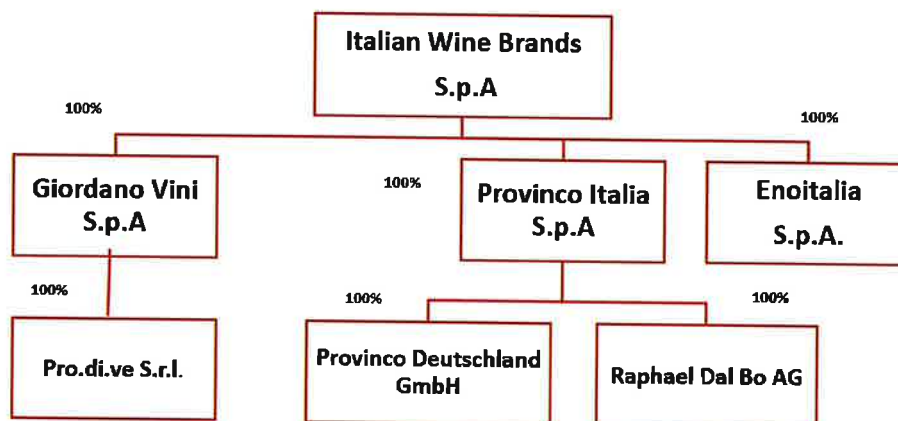
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With centralised governance functions (finance & IT, marketing, production and quality, and purchasing), the IWB Group is unique because it has three different sales and distribution channels:

- the "wholesale" channel for the sale of products to operators in the sector, such as large-scale distribution chains, state monopolies and traditional trade,
- the "distance selling" channel for direct sales of products in the portfolio to private consumers.
- the Ho.re.ca channel aimed at the sale to hotels, restaurants and catering in which the IWB Group is active, thanks to the acquisition of Enoitalia S.p.A, in particular in the US market and in the UK.

From a corporate point of view, IWB S.p.A. carries out management activities for Group companies as well as management and coordination activities, directly holding controlling interests in the main Group companies: Giordano Vini S.p.A, Enoitalia S.p.A. and Provinco Italia S.p.A.

The corporate organization chart of the Italian Wine Brands Group is provided below:





### 1.2.2 Financial and equity position of IWB S.p.A.

The financial statement of IWB S.p.A. at 31 December 2021 shows:

- A Net Profit for the period of € 9,8 million (€ 7,8 million at 31 December 2020);
- Net financial position of €72,5 million (€30,1million positive at 31 December 2020)

Below is a summary of the parent company's statement of financial position, financial position and income statement.

#### Reclassified statement of financial position

€thousand	31.12.2021	31.12.2020	31.12.2019
Other intangible assets	196	224	194
Right-of-use assets	179	238	298
Tangible assets	122	143	163
Investment in subsidiaries	205.481	54.256	54.256
<b>Total Fixed Assets</b>	<b>205.978</b>	<b>54.861</b>	<b>54.911</b>
Net trade receivables	2.282	112	1.267
Trade Payables	(211)	(121)	(328)
Other assets (liabilities)	4.821	4.354	2.958
<b>Net working capital</b>	<b>6.892</b>	<b>4.345</b>	<b>3.897</b>
Payables for employee benefits	(37)	(24)	-
Net deferred and prepaid tax assets (liabilities)	-	-	-
Other provisions	-	-	-
<b>NET INVESTED CAPITAL</b>	<b>212.833</b>	<b>59.183</b>	<b>58.808</b>
<b>Shareholders' equity</b>	<b>140.266</b>	<b>89.264</b>	<b>80.268</b>
Profit (loss) for the period	9.780	7.799	6.388
Share capital	1.046	880	880
Other reserves	129.440	80.585	73.000
<b>Net Financial position</b>	<b>72.567</b>	<b>(30.082)</b>	<b>(21.460)</b>
<b>TOTAL SOURCES</b>	<b>212.833</b>	<b>59.183</b>	<b>58.808</b>

In relation to the above statement of financial position, it should be noted that:

- The equity investments in subsidiary companies consist of Giordano Vini S.p.A. for €32,823 thousand, Provinco Italia S.p.A. for €21,433 thousand and Enoitalia 151.225thousand (including acquisition costs)
- current and non-current financial assets are represented by financial receivables from / loans to subsidiaries.



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**Reclassified Income statement**

€thousand	31.12.2021	31.12.2020	31.12.2019
Revenue from sales	1.369	800	200
Other income	72	57	39
<b>Total revenues</b>	<b>1.441</b>	<b>857</b>	<b>239</b>
Purchase costs	(16)	(1)	(5)
Costs for services	(1.773)	(1.465)	(1.224)
Personnel costs	(1.017)	(796)	(256)
Other operating costs	(214)	(462)	(88)
<b>Total operating costs</b>	<b>(3.020)</b>	<b>(2.725)</b>	<b>(1.573)</b>
<b>EBITDA</b>	<b>(1.579)</b>	<b>(1.868)</b>	<b>(1.334)</b>
Write-ups / (Write-downs)	-	-	-
Depreciation and Amortization	(170)	(162)	(56)
<b>Operating result from core business</b>	<b>(1.749)</b>	<b>(2.030)</b>	<b>(1.390)</b>
Net releases (accruals) for provision risks and charges	-	-	-
<b>EBIT</b>	<b>(1.749)</b>	<b>(2.030)</b>	<b>(1.390)</b>
Net Finance revenues (costs)	(1.859)	182	189
Dividends	12.402	9.152	7.355
<b>EBT</b>	<b>8.794</b>	<b>7.303</b>	<b>6.154</b>
Taxes	986	496	234
<b>Net Result</b>	<b>9.780</b>	<b>7.799</b>	<b>6.388</b>

In relation to the situation described above in the income statement:

- dividends refer entirely to the subsidiary Provinco Italia S.p.A.;
- costs for services and personnel costs include respectively € 794 thousand and € 289 thousand of fees relating to the assignment of stock grants relating to the 2020-2022 plan;
- financial income refers to interest incomes accrued on the loans granted to the subsidiaries Giordano Vini S.p.A. (equal to € 458 thousand), Enoitalia Sp.A. (equal to Euro 27 thousand) and Provinco SpA (equal to Euro 27 thousand) and to interest income accrued on current accounts and liquidity deposit accounts (Euro 2 thousand); financial charges are mainly represented by interest expense relating to the bond loan equal to € 2,205 thousand.



## ITALIAN WINE BRANDS

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### Reclassified Income statement

€ thousand	Reported 31.12.2021	Management 1	adjustments 2	Restated 31.12.2021
Revenue from sales	1.369			1.369
Change in inventories	0			0
Other income	72			72
<b>Total revenues</b>	<b>1.441</b>			<b>1.441</b>
Purchase costs	(16)			(16)
Costs for services	(1.773)		794	(979)
Personnel costs	(1.017)		289	(728)
Other operating costs	(214)			(214)
<b>Total operating costs</b>	<b>(3.020)</b>	<b>0</b>	<b>1.083</b>	<b>(1.937)</b>
<b>EBITDA</b>	<b>(1.579)</b>	<b>0</b>	<b>1.083</b>	<b>(496)</b>
Write-ups / (Write-downs)	0			0
Amortization and depreciation	(170)			(170)
<b>Operating result from core business</b>	<b>(1.749)</b>	<b>0</b>	<b>1.083</b>	<b>(666)</b>
Exceptional items	0	0	(1.083)	(1.083)
Net releases (accruals) for provision risks and charges	0			0
<b>EBIT</b>	<b>(1.749)</b>	<b>0</b>		<b>(1.749)</b>
Net Finance revenues (costs)	(1.859)			(1.859)
Dividends	12.402			12.402
<b>EBT</b>	<b>8.794</b>	<b>0</b>		<b>8.794</b>
Taxes	986			986
<b>Net Result</b>	<b>9.780</b>	<b>0</b>		<b>9.780</b>
Tax effect of exceptional charges				302
<b>Net profit before exceptional items and related tax effect</b>				<b>10.561</b>

#### Summary of Management Adjustments

- Costs for Services and Personnel, respectively equal to € 794 thousand for Services and equal to €289 thousand for Personnel related to the accrual and allocation of the second tranche of the 2020-2022 Stock Grant Plan, representing 18,75% of the total value of the plan itself and in line with the achievement of profitability targets and control of the net financial position in 2021. In particular, the Pro-Forma Restated EBITDA target for the first year is €41.0m and the NFP to Restated EBITDA target ratio at 31 December 2021 is less than 3.0x.



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## 1.2.2 Net Financial Position

The details of the net financial debt as at 31 December 2021 as at 31 December 2020 and as at 31 December 2019 are provided below, set out on the basis of the new scheme provided for by the ESMA guideline 32-382-1138 of 4 March 2021.

<i>€thousand</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
A. Cash	-	-
B. Cash equivalents	11.364	15.208
C. Other current financial activities	47.104	15.157
<b>D. Liquidity (A) + (B) + (C)</b>	<b>58.468</b>	<b>30.365</b>
E. Current financial debt (included financial instruments but not included current part of non current financial debt)	25	-
F. Current part of non current financial debt	70	68
<b>G. Current financial debt (E) + (F)</b>	<b>95</b>	<b>68</b>
<b>H. Net current financial debt (G) - (D)</b>	<b>(58.373)</b>	<b>(30.297)</b>
I. Non current financial debt (excluded current part and financial instruments)	-	-
J. Financial instruments	130.795	-
K. Trade payables and other non current debts/right of use	146	216
<b>L. Non current financial debt (I) + (J) + (K)</b>	<b>130.941</b>	<b>216</b>
<b>M. Net financial position (H) + (L)</b>	<b>72.567</b>	<b>(30.082)</b>
<i>of which</i>		
<i>Current payables for the acquisition of right of use</i>	70	68
<i>Non Current payables for the acquisition of right of use</i>	146	216
<b>Net financial position without the effect of IFRS 16</b>	<b>72.351</b>	<b>(30.366)</b>

## 2.1 Significant events of the year

### 2.1.1 Bond

It should be noted that on May 13, 2021 Italian Wine Brands successfully placed on the market its first Senior Unsecured Bond Loan for a total amount of Euro 130.0 million, maturing May 13, 2027, bullet repayment and a fixed interest rate at 2.5% per annum. The proceeds from this bond issue were allocated i) to the repayment of an existing credit line (Euro 24.0 million) which took place in June 2021 and ii) to the payment of a portion of the price relating to the



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acquisition of 100% of Enoitalia S.p.A. (euro 105 million) completed on July 2, 2021 (as better explained in the following paragraph).

### 2.1.2 Enoitalia S.p.A acquisition

On 27 July 2021, Italian Wine Brands S.p.A. finalised its investment transaction in Enoitalia S.p.A. (the "Transaction") which provided for:

- iii. the acquisition of the entire share capital of the company (the "Acquisition") for a total consideration of € 150,500,000.00;
- iv. the reinvestment by Gruppo Pizzolo S.p.A., the holding company of Enoitalia S.p.A., in the share capital of Italian Wine Brands S.p.A. for a total of € 45,500,000.00, through the subscription of a reserved share capital increase. (the "Reserved Share Capital Increase"). This Reserved Share Capital Increase provided for the issuing of 1,400,000 ordinary shares of Italian Wine Brands S.p.A., at a subscription price of EUR 32.50 per share.

Simultaneously to the closing of the Transaction, Chairman and CEO of the IWB Group, Alessandro Mutinelli, through Provinco S.r.l., (a company wholly owned by him), and Gruppo Pizzolo S.p.A., signed a 5-year shareholders' agreement covering 23.55% of IWB's share capital and providing for the following main understandings reached between the parties:

- vii. appointment of the Board of Directors: the parties of the shareholders' agreement undertook to vote, at the Shareholders' Meeting of IWB, with all shareholdings covered by the agreement, in favour of the proposal submitted by Provinco S.r.l. in accordance with the following:
  - c. (a) the majority of the members of the Board of Directors shall be appointed on the recommendation of Provinco S.r.l.;
  - d. In the event that: (X) it is proposed that the Board of Directors of the Company be composed of 7 members, 2 directors will be appointed by Gruppo Pizzolo, including the Vice Chairman of the Board of Directors of IWB with proxies; and (Y) it is proposed that the Board of Directors of the Company be composed of 9 members, 3 directors will be appointed by Gruppo Pizzolo, including the Vice Chairman of the Board of Directors of IWB with proxies and 1 director must meet the independence requirements provided by law;
- viii. Direct lock-up: the 1,400,000 new ordinary shares of IWB resulting from the reserved capital increase subscribed by Gruppo Pizzolo are subject to a lock-up restriction (subject to specific exceptions to allow the transfer of these shares in compliance with legal or regulatory obligations) for the purpose of stabilising the share price, for a period of 36 months from closing date of the Transaction;
- ix. Indirect lock-up: also in order to allow the effective implementation of the project of



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integration of the two industrial groups, the historical partners of Enoitalia have undertaken not to transfer, in whole or in part, the shareholdings that they hold, directly or indirectly, in the corporate vehicles that own the entire share capital of Gruppo Pizzolo and to ensure that the aforementioned companies do not transfer, in whole or in part to third parties the shareholding they hold in the Gruppo Pizzolo's share capital;

- x. **standstill**: for a period of 36 months from the closing date of the Transaction, Gruppo Pizzolo and the historical shareholders of Enoitalia (directly or indirectly, and whether acting alone or in concert with another person) have undertaken to: (i) not to buy or offer to buy, or to cause or encourage any other related person to buy or offer to buy, IWB shares (or IWB financial instruments of any other nature) and (ii) not to enter into any contracts, agreements or understandings (including non-binding ones), including shareholders' agreements, or to engage in any conduct that has the effect of acquiring an interest, direct or indirect, in IWB shares (or IWB financial instruments of any other nature);
- xi. **tag-along**: if one of the parties to the shareholders' agreement (in the case of Gruppo Pizzolo, after the lock-up commitment has expired) intends to sell its entire shareholding under the shareholders' agreement to a potential third party purchaser the other party will be entitled to sell, in turn, to the third party purchaser, in whole or in part, the shares in the Company then held directly and indirectly under the same terms and conditions. In the event of the exercise of the right of co-sale, if the third party does not intend to acquire the shareholding of both shareholders, neither of them will be able to complete the transfer of their shares.
- xii. **drag-along**: in the event that Provinco S.r.l. intends to transfer to a third party all of its shareholding that is the subject of the agreement, Provinco S.r.l. will have the right to request Gruppo Pizzolo to transfer (and, in this case, Gruppo Pizzolo will have the obligation to transfer) all of the IWB shares then held, directly and indirectly, in favour of the third party purchaser.

Enoitalia is an Italian company operating in the production, bottling and marketing of wine in five continents and over eighty countries and exports about 80% of its products. The main reference markets are continental Europe, the UK and the United States, where Enoitalia boasts a presence in both on and off trade channels; other markets, such as Asia, Australia, Russia and the Middle East are instead served by a dedicated task force.

Enoitalia has a business model and a set of skills that are extremely complementary to those of IWB and, for this reason, the Transaction represents a significant opportunity to integrate the group headed by IWB with that headed by Enoitalia in order to create significant synergies, both in terms of market positioning and product offering.

During the entire 2020 financial year, Enoitalia achieved sales revenues for a total of Euro 200.8 million, with an Ebitda of Euro 17.1 million and a net financial debt of Euro 1.1 million. These accounting data can be inferred from the company's financial statements as at 31 December 2020, drawn up according to the OIC accounting principles.



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During the first half of 2021, Enoitalia achieved revenues from sales for a total of Euro 97.3 million, with an Ebitda of Euro 7.2 million and a net financial debt of Euro 11.0 million. These accounting data can be deduced from the half-year financial statements drawn up in accordance with the OIC accounting principles and not subject to audit.

### *2.1.3 Agreements for the acquisition of 85% shareholding in Enovation Brands Inc*

On 30 December 2021 Italian Wine Brands S.p.A. announced the signing of agreements for the acquisition of 85% of the share capital of Enovation Brands Inc.

Enovation, based in Miami, is a long-standing importer of Italian wines into North America. It is the owner of proprietary brands that are highly recognised in the US market (Voga®, among the main ones) and it relies on a widespread distribution throughout the North American, both in the supermarkets and ho.re.ca. channels.

From June 2020 to June 2021, Enovation achieved sales revenue of USD 32.2 million (with 82% of sales revenue generated in the US and 18% in Canada). In the same period, Enovation achieved adjusted buy-side Ebitda of USD 3.2 million, net accounting profit of USD 3.4 million. The net financial position at 30 June 2021 was USD 0.1 million.

The brothers Giovanni and Alberto Pecora, co-founders and operating managers of the company, hold 45% of Enovation share capital and Norina S.r.l., a financial company that is owned by the four branches of the Pizzolo family (“**Norina**”) holds 55% of Enovation share capital. More specifically, IWB signed two sale and purchase agreements with deferred and conditional execution, which provide for IWB to acquire, directly or through a company controlled by it, respectively

- (iii) Norina’s entire 55% interest in the share capital of Enovation (the “**Norina Shareholding**”); and
- (iv) a shareholding in the share capital of Enovation, equal in total to 30% of the same, owned by the Pecora brothers (the “**Pecora Shareholding**”).

Following the completion of the transaction, the share capital of Enovation will therefore be held as follows: (a) IWB will hold, directly or indirectly, an interest of 85% of the relevant share capital; (b) Giovanni Pecora will hold an interest of 10% of the relevant share capital; and (c) Alberto Pecora will hold an interest of 5% of the relevant share capital.

The equity value agreed between IWB and the sellers for the purchase of 85% of Enovation’s share capital is USD 22 million, which corresponds to an equity value for 100% of the company of USD 25.9 million. The enterprise value of USD 26.0 million corresponds to an EV/Ebitda adjusted buy-side valuation multiple of 8.1x.

To finance the acquisition of the equity of Enovation, IWB will use its cash equivalents without resorting to specific and dedicated forms of financing.

The agreements between IWB and the sellers also state that the payment of a portion equal to 20% of the price, i.e. USD 4.4 million (i.e. 20% of USD 22 million), is subject to the condition





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precedent of the achievement of accretive EBITDA results in 2022 and 2023. The agreements between the parties also provide for earn-out mechanisms in favour of the brothers Alberto and Giovanni Pecora in the event of strongly positive results of the company to be achieved by 31 December 2024. IWB will use its own cash on hands in order to finance this acquisition with no recourse to new dedicated bank debt.

The execution of the agreements is subject to the fulfilment, by 30 April 2022, of certain conditions precedent, including the positive outcome of the due diligence activities to be carried out by IWB with specific regard to the authorisations and licences owned by Enovation and the obtaining of the consents of the competent US authorities for the change in the shareholding structure.

The agreements provide for the release by the respective sellers of a set of representations and warranties (and related indemnification obligations subject to time limits, materiality thresholds and caps in line with practice for similar transactions), as well as non-competition undertakings by the sellers, undertaken with respect to both IWB and Enovation, and non-solicitation and non-reversal employee undertakings.

Through the integration of Enovation, IWB will have direct access to the American market, which is the main market for Italian wines abroad (EUR 1.8 billion in estimated value in 2021). Among the immediate revenue synergies generated by the transaction, Enovation will certainly benefit from the distribution to its customers of new red wine references, produced in particular in Puglia and Piemonte, where IWB has its own production cellars, while IWB will be able to offer Enovation-branded products on the international markets served through its own commercial network. With regard to cost synergies, possibilities to reduce the purchase price of raw materials will be explored, linked to the higher purchase volumes achieved at group level. The transaction also confirms IWB's propensity to grow both organically and through acquisitions, this being the fourth transaction completed in less than four years after Svinando.com, Raphael Dal Bo Ag and Enoitalia S.p.A..

The signing of the agreements for the acquisition of the majority shareholding in Enovation was positively evaluated by the Board of Directors of IWB as a transaction with a strong strategic value and with contents and potential to increase the value of the Company's shares.

The Company's Board of Directors also approved the transaction subject to the favourable opinion issued by the Company's Independent Director, Antonella Lillo, regarding the signing of the sale and purchase agreement with Norina, as well as on the appropriateness and fairness of the related conditions. This opinion was issued because Norina is a "related party" of the Company as it belongs to the four family branches of the Pizzolo family, including the Vice Chairman of IWB, Giorgio Pizzolo, and the director of IWB, Marta Pizzolo. It should be noted that the sale and purchase of the Norina Shareholding qualifies as a related-party transaction of "less importance" pursuant to the "Procedure for transaction with related party" adopted by the Company and the Regulation approved by Consob with resolution No. 17221/2010.



#### **2.1.4 Asset management**

From the asset management point of view, it should be noted that in 2021 IWB S.p.A (i) distributed total dividends of Euro 4,794 thousand, (ii) bought n. 2,400 Italian Wine Brands treasury shares for a total of Euro 52 thousand at an average price of Euro 21.84 per share.

With reference to the effects on the business of the Group companies deriving from Covid-19 (SARS-CoV-2), it should be noted that during 2021 the necessary measures were maintained to ensure the continuation of company activities (ie organization of company spaces to ensure the necessary distancing between people, incentives for remote work with reference to office activities, creation of separate teams for production and transport activities).

As evidenced by the economic and financial results, there were no particular negative effects on company performance, thanks to the presence of the Group on markets / channels not impacted by Covid-19 (mainly e-commerce and large-scale distribution operators). The administrative bodies of all the companies of the group keep the situation carefully monitored in order to ensure any timely interventions where necessary to guarantee the ordinary continuation of the business.

#### **2.2 Significant events occurring after the end of the financial year**

During the first months of 2022, no particular significant events are to be noted with respect to the end of the 2021 financial year.

### **3. Outlook**

The efforts of the management are, as always, aimed at expanding its distribution and production capacity through the full satisfaction of its customers, both private and executive. For IWB, the acquisition of Enoitalia allows in particular a significant strengthening (i) of the product offering among the fastest growing categories within its core business and (ii) of the market positioning, with an improvement in its profitability and the generation of cash flows, benefiting from further economies of scale.

Furthermore, with the integration between IWB and Enoitalia, their respective entrepreneurial, managerial and creative cultures will be brought together, as well as the related know-how, to strengthen the competitiveness of the group, accelerate its development path and implement cost and cost synergies. revenue aimed at maximizing economic / financial results.



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The focus of management is also focused in these first months of 2022 on defending operating margins in the face of the substantial increase in the cost of production factors. In fact, negotiations are underway with major customers to adjust the sales price lists on the basis of the continuous increases in transport costs, energy and dry materials such as glass, packaging and labels.

#### **4. Codice etico e Modello organizzativo**

On 27 July 2021, the parent company IWB Spa approved the adoption of the Organization, Management and Control Model (the "231 Model") as required by Legislative Decree 231 of 8 June 2001, consistent with company processes and procedures and with the Group's integration plan.

The model consists of a General Part, a Special Part and the Code of Ethics which, in line with that adopted by Giordano Vini, constitutes an ideal alliance that the Group clearly establishes with its Human Resources and with the main external interlocutors.

The entrepreneurial goals of the IWB are pursued without ever losing sight of respect, responsibility, transparency, sobriety and continuous innovation, points of reference that have always made it possible to guarantee the centrality of the "Customer" to whom to always offer maximum satisfaction.

The drafting of the Model was carried out through (i) the gap analysis and identification of sensitive processes in view of the most recent predicate offenses referred to in Legislative Decree 231/2001; (ii) verification of the existence of a system of proxies and powers of attorney connected with the organizational responsibilities assigned; (iii) the revision of the prevention and control protocols based on the principle of segregation of duties.

At the same time, the Board of IWB S.p.A. proceeded with the appointment of the Supervisory Body.

#### **5. Transactions with related parties**

The operations carried out are part of normal business management, within the typical activity of each interested party, and are regulated under standard conditions.

- (v) service contracts with Electa SpA concerning respectively (a) support for the preliminary analyzes and the executive definition of M&A projects for an amount equal to Euro 80 thousand (b) services to support the analysis of possible financing alternatives, the definition of the terms and conditions of the loans, the review of the documentation and the fulfillment of the related corporate obligations for an



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amount equal to € 100 thousand (c) support for investor relations activities for an amount equal to € 40 thousand

- (vi) It should also be noted that, as detailed in the paragraph Significant events of the year for the acquisition of 55% of Enovation Inc the Company's Board of Directors approved the transaction subject to the favourable opinion issued by the Company's Independent Director, Antonella Lillo, regarding the signing of the sale and purchase agreement with Norina, as well as on the appropriateness and fairness of the related conditions. This opinion was issued because Norina is a "related party" of the Company as it belongs to the four family branches of the Pizzolo family, including the Vice Chairman of IWB, Giorgio Pizzolo, and the director of IWB, Marta Pizzolo. It should be noted that the sale and purchase of the Norina Shareholding qualifies as a related-party transaction of "less importance" pursuant to the "Procedure for transaction with related party" adopted by the Company and the Regulation approved by Consob with resolution No. 17221/2010.

It should be noted that the Parent IWB has adopted and follows the related Related Party Procedure in compliance with the general provisions of the Euronext Growth Milan Issuer Regulations.

### **6. Information relating to the environment, safety and personnel**

#### **HEALTH AND SAFETY**

During 2021, constant health surveillance was carried out as required by current legislation.

Awareness raising activities on environmental and safety issues continued during the year with ad hoc training interventions, as well as on the accident prevention measures to be adopted and on first aid, providing specific training for fire prevention officers and workers to first aid, in full compliance with the reference regulatory framework.

## GROUP WORKFORCE

The precise and average headcount by category at 31 December 2021, at 31 December 2020 and at 31 December 2019 is shown below for the Group companies:

	<b>At</b>	<b>Average no</b>	<b>At</b>	<b>Average no</b>	<b>At</b>	<b>Average no</b>
	<b>31.12.2021</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2019</b>
Executives	6	6	6	7	6	8
Middle managers	21	21	14	12	10	10
Employee	174	161	121	122	122	126
Workers	127	128	20	19	16	18
<b>Total</b>	<b>328</b>	<b>317</b>	<b>161</b>	<b>160</b>	<b>154</b>	<b>162</b>

## 7. Treasury shares

As of 31/12/2021 the Parent Company holds no. 6,092 ordinary shares, representing 0.08% of the ordinary share capital.

As part of the purchase authorization approved by the Shareholders' Meeting on 7 February 2020, as of 31 December 2021, an additional 2,400 treasury shares were purchased and 34,612 ordinary shares and 34,612 phantom shares assigned in relation to the Italian Wine Brands SpA and following the accrual of a total of no. 69,224 rights relating to the first tranche included in the performance period of the Plan.



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### BALANCE SHEET

	Note	31/12/2021	31/12/2020
<i>Amounts in EUR</i>			
<b>Non-current assets</b>			
Intangible fixed assets	5	196.042	223.856
Land, property, plant and equipment	6	301.079	380.991
Equity investments	7	205.481.085	54.255.982
Financial non current assets	8	28.100.000	4.100.000
Deferred tax assets	9	85.012	85.012
<b>Total non-current assets</b>		<b>234.163.218</b>	<b>59.045.841</b>
<b>Current assets</b>			
Trade receivables	10	2.281.696	269.407
Current tax assets	11	829.658	1.167.135
Other current assets	12	4.979.680	5.295.282
Current financial assets	13	19.004.177	11.057.182
Cash and cash equivalents	14	11.365.680	15.208.143
<b>Total current assets</b>		<b>38.460.890</b>	<b>32.997.150</b>
<b>Total assets</b>		<b>272.624.109</b>	<b>92.042.991</b>
<b>Shareholders' equity</b>			
Share capital		1.046.266	879.854
Reserves		129.440.277	80.585.312
Net profit (loss) for the period		9.779.891	7.799.008
<b>Total Shareholders' Equity</b>	15	<b>140.266.434</b>	<b>89.264.174</b>
<b>Non-current liabilities</b>			
Financial liabilities	16	130.941.130	216.013
Provision for the other employee benefits	17	36.866	23.630
<b>Total non current liabilities</b>		<b>130.977.996</b>	<b>239.643</b>
<b>Current liabilities</b>			
Financial payables	18	95.245	67.806
Trade payables	19	210.618	120.801
Other current liabilities	20	1.073.816	2.350.566
<b>Total current liabilities</b>		<b>1.379.679</b>	<b>2.539.174</b>
<b>Total shareholders' equity and liabilities</b>		<b>272.624.109</b>	<b>92.042.991</b>



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### PROFIT AND LOSS

<i>Amounts in EUR</i>	Note	31/12/2021	31/12/2020
Revenue from sales	21	1.368.771	800.000
Other income	21	72.247	57.358
<b>Total revenues</b>		<b>1.441.017</b>	<b>857.358</b>
Purchase costs	22	(16.255)	(1.485)
Costs for services	23	(1.772.892)	(1.465.399)
Personnel costs	24	(1.016.859)	(796.325)
Other operating costs	25	(213.979)	(461.762)
<b>Operating costs</b>		<b>(3.019.985)</b>	<b>(2.724.971)</b>
<b>EBITDA</b>		<b>(1.578.968)</b>	<b>(1.867.613)</b>
Depreciation and amortization	5, 6	(170.448)	(162.140)
<b>Operating profit/(loss)</b>		<b>(1.749.415)</b>	<b>(2.029.753)</b>
Net financial income/(expenses)	26	10.543.170	9.333.183
<b>EBT</b>		<b>8.793.755</b>	<b>7.303.429</b>
Taxes	27	986.136	495.579
<b>Net Result</b>		<b>9.779.891</b>	<b>7.799.008</b>



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### CHANGES IN SHAREHOLDER' EQUITY

	Share Capital	Premium Reserve	Legal Reserve	Arrot	Stock grant reserve	Own shares	FTA Reserve	Valuation Reserve	Retained earnings	Net Result	Total Net Equity
<b>31/12/2019 ITA</b>	879.854	65.049.504	175.971	1		(2.800.816)	-	-	7.167.059	6.825.552	<b>77.297.125</b>
<b>Transition</b>		(484.058)			623.887		2.971.165	(1.580)	(139.829)		<b>2.969.585</b>
<b>31/12/2019</b>	879.854	64.565.446	175.971	1	623.887	(2.800.816)	2.971.165	(1.580)	7.027.230	6.825.552	<b>80.266.710</b>
Result allocation									6.825.552	(6.825.552)	-
Dividends									(739.810)		(739.810)
Stock grant					(279.979)						(279.979)
Sale of own shares						2.218.245					2.218.245
Comprehensive Result										7.799.008	7.799.008
<b>31/12/2020</b>	879.854	64.565.446	175.971	1	343.908	(582.571)	2.971.165	(1.580)	13.112.972	7.799.008	<b>89.264.174</b>
Result allocation									7.799.008	(7.799.008)	-
Share capital increase	166.412	45.333.588									45.500.000
Stock grant					267.330						267.330
Sale of own shares					(343.908)	582.571			10.159		248.822
Dividends distribution									(4.793.597)		(4.793.597)
Comprehensive Result								(186)		9.779.891	9.779.705
<b>31/12/2021</b>	1.046.266	109.899.034	175.971	1	267.330	-	2.971.165	(1.766)	16.128.542	9.779.891	<b>140.266.434</b>

  
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**STATEMENT OF CASH FLOWS**

Amounts in EUR

	31/12/2021	31/12/2020
Profit (loss) before taxes	8.793.755	7.303.429
Adjustments for:		
- non-monetary items - provisions / (releases)	-	7.604
- financial incomes	(10.543.170)	(9.333.183)
- non-monetary items - amortisation/depreciation	170.448	162.140
<b>Adjusted profit (loss) for the period before taxes</b>	<b>(1.578.968)</b>	<b>(1.860.010)</b>
<b>Cash flow generated by operations</b>		
Paid in taxes	1.323.614	(1.690.457)
	<b>1.323.614</b>	<b>(1.690.457)</b>
<b>Change in net working capital</b>		
Change in receivables from customers	(2.012.289)	-
Change in trade payables	89.817	(206.807)
Change in other receivables and other payables	(961.148)	(980.689)
Change in post-employment benefits and other provisions	13.049	7.651
	<b>(2.870.571)</b>	<b>(1.179.845)</b>
<b>Cash flow from operations (1)</b>	<b>(3.125.925)</b>	<b>(4.730.312)</b>
<b>Capital expenditure:</b>		
- Tangible	(52.097)	59.535
- Intangible	(10.626)	(172.053)
- Financial	(151.225.103)	-
<b>Cash flow from investment activities (2)</b>	<b>(151.287.825)</b>	<b>(112.518)</b>
<b>Financial assets</b>		
Collections / (repayments) financial payables	130.752.556	(67.806)
(Increase) / (decrease) financial receivables	(31.946.994)	-
Financial income (costs)	10.543.170	9.333.183
Share capital increase	45.500.000	-
(Purchase) / Sale of own shares	516.152	1.938.267
Dividends paid	(4.793.597)	(739.810)
<b>Cash flow from financing activities (3)</b>	<b>150.571.287</b>	<b>10.463.834</b>
<b>Cash flow from continuing operations</b>	<b>(3.842.463)</b>	<b>5.621.004</b>
<b>Change in cash and cash equivalents (1+2+3)</b>	<b>(3.842.463)</b>	<b>5.621.004</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15.208.143</b>	<b>9.587.139</b>
<b>Cash and cash equivalents at end of period</b>	<b>11.365.680</b>	<b>15.208.143</b>







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### FORM AND CONTENT OF THE FINANCIAL REPORT

#### Introduction

This Financial Report at 31 December 2021 has been prepared in accordance with the Euronext Growth Milan Regulation and in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. The designation "IFRS" also includes all currently valid International Accounting Standards ("IAS"), as well as all interpretations of the International Accounting Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

The financial statement at 31 December 2021 is the first financial statements of the Company, drawn up according to international accounting standards, and provide comparative information referring to the previous year, as required by the reference accounting standards. Please refer to the appendix regarding the impacts resulting from the adoption of international accounting standards in first time adoption.

#### 1 Statement of financial position schedules

This Financial Report at 31 December 2021 consists of the statement of financial position, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the notes, and is accompanied by the directors' report on operations.

Statement of financial position schedules are prepared according following methodologies:

- The format adopted for the Statement of Financial Position distinguishes between current and non-current assets and liabilities.
- The income statement format adopted provides for the classification of costs by nature, more representative than "destination one". The Company opted to present the items of profit or loss for the year in a single statement of comprehensive income, which includes the result for the period and, by homogeneous categories, income and expenses which, in accordance with IFRS, are posted directly to shareholders' equity.
- The statement of cash flows analyses the cash flows deriving from the operating activities using the indirect method, whereby the profit (loss) for the period is adjusted for the effects of non-monetary transactions, any deferrals or provisions relating to previous or future operating receipts or payments and the revenue or cost items connected with cash flows deriving from investing or financing activities.



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- The statement of changes in shareholders' equity includes, in addition to total profits/losses for the period, the amounts of transactions with equity holders and changes in reserves during the period.

The schedules of the financial position, the comprehensive income statement, the statement of changes in shareholders' equity and the cash flow statement are presented in units of Euro; the values shown in the explanatory notes are expressed in thousands of Euros.

## 2 Accounting principles

### ***General principles***

The separate financial statements were drawn up in the perspective of business continuity, with the presentation currency consisting of the Euro and the amounts shown are rounded to the nearest unit, including, unless otherwise indicated, the amounts highlighted in the accompanying notes.

The general principle adopted in preparing these separate financial statements is that of cost, with the exception of derivative financial instruments, which are measured at fair value.

As regards the details of the accounting principles adopted, unless otherwise indicated, the principles for the separate financial statements are the same as those reported in the dedicated section of the Group's consolidated financial statements to which reference should be made.

The information relating to the main risks and uncertainties has been summarized in the management report.

### **Equity investments**

Subsidiaries are companies over which the Company independently has the power to determine the strategic choices of the company in order to obtain the related benefits. Generally, the existence of control is assumed when one holds, directly and indirectly, more than half of the voting rights exercisable in the ordinary shareholders' meeting, also considering the so-called potential votes, that is, the voting rights deriving from convertible instruments.



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Equity investments in subsidiaries and associates are valued at the purchase cost, possibly reduced in the event of distribution of capital or capital reserves or in the presence of impairment losses determined by applying the so-called impairment test.

If the conditions for a previously made write-down no longer exist, the book value of the investment is reinstated with recognition in the income statement, within the limits of the original cost.

### 3 Fair value measurement

In relation to financial instruments measured at *fair value*, the classification of these instruments based on the hierarchy of levels provided for by IFRS 13 is shown below, which reflects the significance of the inputs used in determining *fair value*. The following levels can be distinguished:

Level 1 - unadjusted quotations recognized on an active market for the assets or liabilities being measured;

Level 2 - inputs other than the quoted prices mentioned in the previous point, which are observable on the market, either directly (as in the case of prices) or indirectly (i.e., derived from prices);

Level 3 – inputs that are not based on observable market data.

As of December 31, 2021 and 2020, no assets or liabilities held by the company are measured at fair value.

### 4 Risks to which the Company is exposed

#### **Risks deriving from exchange rate fluctuations**

The Group is subject to the market risk deriving from exchange rate fluctuations, as it operates in an international setting, with transactions carried out in different currencies. Exposure to risk arises both from the geographical distribution of the business and from the various countries in which purchases are made.

#### **Risks deriving from changes in interest rates**



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Since financial debt is mainly regulated by variable interest rates, it follows that the Group is exposed to the risk of their fluctuation. The trend of interest rates is constantly monitored by the Company and depending on their changes it will be possible to evaluate the opportunity to adequately hedge the interest rate risk. The Group is currently not hedged, considering the insignificant impact on the income statement of interest rate changes.

Derivative financial instruments (for exchange rate hedging) in relation to which it is not possible to identify an active market, are recorded at fair value and are included in the items of financial assets and liabilities and other assets and liabilities. The relative fair value was determined using valuation methods based on market data, in particular by using specific pricing models recognized by the market.

### **Price risk**

The price risk is represented by the possibility that the value of a financial asset or liability varies as a result of changes in market prices (other than those relating to currencies and rates).

This risk is typical of financial assets not listed on an active market which cannot always be realized quickly at a value close to their fair value.

This risk, given the size of the investments in place, is not significant and therefore is not hedged

### **Credit risk**

Credit risk is the Group's exposure to potential losses that may result from the failure to meet obligations with counterparts.

The receivables recorded essentially comprise receivables from final consumers for whom the risk of nonrecovery is moderate and in any case of a minimum individual amount. The Company has instruments for the preventive control of the solvency of each customer, as well as instruments for monitoring and reminding of receivables through the analysis of collection flows, payment delays and other statistical parameters.

### **Liquidity risk**

The Group finances its activities both through the cash flows generated by its operations and through the use of external sources of funding and is therefore exposed to liquidity risk, represented by the fact that its financial resources are not sufficient to meet its financial and commercial obligations in accordance with agreed terms and maturities. The Group's cash flows, borrowing requirements and liquidity are controlled by considering the maturity of financial assets (trade receivables and other financial assets) and the cash flows expected from the related transactions. The Group has both secured and unsecured credit lines, consisting of



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revocable short-term credit lines in the form of revolving loans, current account overdrafts and signature loans.

### 5. Accounting standards

#### 5.1 Accounting standards, amendments and interpretations endorsed and effective from 1 January 2021

Pursuant to IAS 8 "Accounting standards, changes in accounting estimates and errors", the IFRS in force starting from January 1, 2021 are indicated below:

On January 14, 2021, the Commission Regulation (EU) 2021/25 of January 13, 2021 amending Regulation (EC) no. 1126/2008 which adopts certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, as regards the International Accounting Standard IAS 39 Financial instruments: recognition and measurement, and the International Financial Reporting Standards (IFRS) 4 Insurance contracts, IFRS 7 Financial instruments: additional information, IFRS 9 Instruments financial and IFRS 16 Leasing.

The Regulation implements at European level the amendments adopted on 27 August 2020 by the International Accounting Standards Board of «Reform of the reference indexes of interest rates - phase 2 - Amendments to IFRS 9, to IAS 39, to IFRS 7, to 'IFRS 4 and IFRS 16', which take into account the consequences of the effective replacement of reference indices for the determination of existing interest rates with alternative reference rates.

These amendments provide for a specific accounting treatment to spread over time the changes in the value of financial instruments or leasing contracts due to the replacement of the reference index for determining interest rates, thus avoiding immediate repercussions on profit (loss). exercise and unnecessary termination of hedging relationships following the replacement of the reference index for determining interest rates.

Companies apply the amendments to the European Regulation at the latest starting from the start date of their first financial year starting on January 1, 2021 or later.

There are no impacts on the individual financial statements due to the application of these changes



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### **5.2 International accounting standards and / or interpretations issued but not yet entered into force and / or not approved**

The following are the new Standards or Interpretations already issued, but not yet entered into force or not yet approved by the European Union at 31 December 2021 and therefore not applicable. They are not expected to have a material impact on the Company's financial statements at the date of application.

- **Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current**

The amendments clarify the principles to be applied for the classification of liabilities as current or non-current and specify that the classification of a liability is not affected by the likelihood that the Group will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The Group's intention to liquidate in the short term does not impact the classification. These amendments, which will take effect on 1 January 2023, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Amendments to IAS 16 - Property, plant and equipment - Proceeds before Intended Use**

These amendments prohibit the deduction of proceeds from selling items from property, plant and equipment while the item is being prepared for its intended use. The proceeds from the sale of the products, and the related cost of production, must be recognised in profit or loss. These amendments, which will take effect on 1 January 2022, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

**Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts — Cost of Fulfilling a Contract**

These amendments specify the costs to be taken into account when assessing onerous contracts and specify that the "directly related costs" approach must be applied.

These amendments, which will take effect on 1 January 2022, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Annual Improvements (2018 - 2020 cycle) issued in May 2020**

These amendments are limited to certain standards (IFRS 1 First-time Adoption of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and illustrative examples of IFRS 16 Leases) which clarify the wording or correct omissions or conflicts between IFRS standards. These amendments, which will take effect on 1 January 2022, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure on accounting standards**

These amendments provide guidance for applying materiality judgments to accounting policy disclosures in a way that is more useful; specifically:

- the obligation to indicate the “significant” accounting policies has been replaced with the obligation to indicate the “material” ones;
- guidance has been added on how to apply the concept of materiality to accounting policy disclosures.

In assessing the materiality of accounting policy disclosures, entities should consider both the size of the transactions, other events or conditions, and their nature.

These amendments, which will take effect on 1 January 2023, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

These amendments introduce a new definition of “accounting estimates,” particularly in terms of the difference between accounting estimates and accounting policies and provide guidance on determining whether changes should be treated as changes in estimates, changes in accounting principles, or errors.



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These amendments, which will take effect on 1 January 2023, have not yet been endorsed by the European Union. At the current valuation stage, no impact on the classification of financial liabilities is expected as a result of these amendments.

- **Amendments to IFRS 16 Leases - Covid-19 related rent concessions**

These amendments extend by one year the option to introduce optional accounting for lessees in the event of permanent (rental holidays) or temporary rent reductions linked to Covid-19.

Lessees may choose to account for rent reductions as variable lease payments recognised directly in profit or loss for the period in which the reduction applies or treat them as a modification of the lease agreement with the resulting obligation to remeasure the lease liability based on the revised consideration using a revised discount rate. This option is applicable to reductions in lease payments for which payment is due on or before 30 June 2022. The amendment, in force since 1 April 2021, has not yet been endorsed by the European Union.

- **Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

These amendments eliminate the possibility of not recognising deferred taxes upon initial recognition of transactions that give rise to taxable and deductible temporary differences (e.g., lease agreements).

These amendments also clarify that when lease payments are deductible for tax purposes, it is a matter of judgment (after considering applicable tax law) whether such deductions are attributable for tax purposes to the lease liability recorded on the balance sheet or to the related right-of-use. If tax deductions are attributed to the right-of-use, the tax bases of the right-of-use and lease liability are the same as their carrying amounts, and no temporary differences arise upon initial recognition. However, if tax deductions are attributed to the lease liability, the tax values of the right-of-use and lease liability are nil, giving rise to taxable and deductible temporary differences, respectively. Even if the gross temporary differences are equal, a deferred tax liability and a deferred tax asset must still be recognised.

These amendments, which will take effect on 1 January 2023, have not yet been endorsed by the European Union. Impacts on the Group's financial statements following these amendments are currently being analysed.



## Notes

### 5. Intangible fixed assets

Intangible fixed assets almost entirely refer to the IT infrastructure and ERP of the company also used for the purposes of the Group consolidation. The handling is shown below:

*Euro thousand*

INTANGIBLE FIXED ASSETS						
Net carrying amount	01/01/2021	increases	decreases	amortizations	reclassification	31/12/2021
Goodwill	0	0	0	0		0
Trademarks & patents	0	0	0	0		0
Software	177	63	0	(91)	47	196
Other intangibles assets	0	0	0	0		0
Intangible assets under construction and advances	47	0	0	0	(47)	0
<b>Net carrying amount intangible assets</b>	<b>224</b>	<b>63</b>	<b>0</b>	<b>(91)</b>	<b>0</b>	<b>196</b>



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## 6. Land, property, plant and equipment

The change in tangible fixed assets is shown below:

PROPERTY PLANT AND EQUIPMENT						
Gross Value						
Historical costs	01/01/2021	increases	decreases	amortizations	reclassification	31/12/2021
Land and buildings						0
Plant and equipments	83					83
Equipment						0
Other	80					80
Tangible assets under construction and advances						0
Right of use assets	328					328
<b>Total historical costs</b>	<b>491</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>491</b>
PROPERTY PLANT AND EQUIPMENT						
Accumulated depreciation						
Accumulated depreciation	01/01/2021	amortization	divestments	other changes		31/12/2021
Land and buildings						0
Plant and equipments	(10)	(10)				(20)
Equipment						0
Other	(10)	(10)				(20)
Right of use assets	(90)	(60)				(150)
<b>Total accumulated depreciation</b>	<b>(110)</b>	<b>(80)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(190)</b>
PROPERTY PLANT AND EQUIPMENT						
Net Value						
Net Value	01/01/2021	increases	divestments	amortization	other changes	31/12/2021
Land and buildings	0			0		0
Plant and equipments	73			(10)		63
Equipment	0			0		0
Other	70			(10)		60
Tangible assets under construction and advances	0					0
Right of use assets	238			(60)		178
<b>Total Net Value</b>	<b>381</b>	<b>0</b>	<b>0</b>	<b>(80)</b>	<b>0</b>	<b>301</b>

## 7. Equity investments

The item is detailed as follow:

*Euro thousand*

	Country	31.12.2021	31.12.2020
<b>Subsidiaries</b>			
Giordano Vini SpA	ITA	32.823	32.823
Provinco SpA	ITA	21.433	21.433
Enoitalia SpA	ITA	151.225	0
<b>Total</b>		<b>205.481</b>	<b>54.256</b>

## 8. Financial non current assets

They refer to medium-term loans granted to Giordano Vini S.p.A.

## 9. Deferred Tax Assets

Deferred taxation arises from the following temporary differences:

Value at 31 december 2020

*Euro thousand*

Description	Taxable	Rate	Net value
Remuneration of Directors	354	24,00%	85
<b>Total receivables for pre-paid taxes</b>			<b>85</b>

Value at 31 december 2021

*Euro thousand*

Description	Taxable	Rate	Net value
Remuneration of Directors	354	24,00%	85
<b>Total receivables for pre-paid taxes</b>			<b>85</b>

## 10. Trade receivable

Trade receivables at 31 December 2021 and 31 December 2020 are detailed below:

<i>€thousand</i>	31.12.2021	31.12.2020
Trade receivables	-	-
Trade receivables toward subsidiaries	2.282	269
Provision for writedown	-	-
<b>Total</b>	<b>2.282</b>	<b>269</b>



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**11. Current tax assets**

The item at 31 December 2021 and 31 December 2020 is detailed below:

<i>€thousand</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
VAT receivables	171	81
IRAP receivables	75	93
IRES receivables	672	1.075
Withholdings IRPEF	(93)	(74)
Others	5	(8)
<b>Total</b>	<b>830</b>	<b>1.167</b>

**12. Other activities**

Other activities at 31 december 2021 and at 31 december 2020 are detailed as follow:

<i>€thousand</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
Tax consolidation receivables from subsidiaries	4.979	5.279
Advance payments to suppliers		3
Pre-payments and accrued incomes	1	13
<b>Total</b>	<b>4.980</b>	<b>5.295</b>

With effect from the 2016 period, the Parent Company (together with its subsidiaries Giordano Vini S.p.A. and Provinco Italia S.p.A.) has opted for the national IRES tax consolidation scheme, the effects of which are also reported in the economic and financial results at 31 december 2021.

Participation in tax consolidation is governed by specific regulations that apply throughout the period of validity of the option.

The economic relations of tax consolidation are summarized below:

- for the years with positive taxable income, the subsidiaries pay to the consolidating company the higher tax it owes to tax authorities;



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- consolidated companies with negative taxable income receive from the parent company a compensation corresponding to 100% of the tax savings realized at Group level and recorded on an accrual basis. Compensation is paid only when it is actually used by the Parent Company, for itself and/or for other companies in the Group;
- in the event that the Parent Company and its subsidiaries do not renew the option for national consolidation, or in the event that the requirements for continuing national consolidation are no longer met before the end of the three-year period of validity of the option, the tax losses carried forward resulting from the tax return are attributed to the consolidating company or entity.

Enoitalia SpA will join Tax consolidation scheme starting from 2022.

### 8-13. Current and non current Financial Assets

Financial assets at 31 December 2021 and 31 December 2020 are detailed as in the following table:

€ thousand				31.12.2020
	Short term	Medium term (by 5 years)	Long term	Total
Buy back financial receivable (CFO)	57			57
<b>Total others</b>	<b>57</b>	-	-	<b>57</b>
Giordano Vini	8.000			8.000
Provinco	3.000			3.000
<b>Total Loans vs Subsidiaries</b>	<b>11.000</b>	-	-	<b>11.000</b>
			4.100	4.100
<b>Totale Shareholder Loans vs Subsidiaries</b>	-	-	<b>4.100</b>	<b>4.100</b>
<b>Total</b>	<b>11.057</b>	-	<b>4.100</b>	<b>15.157</b>



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*€thousand*

				<b>31.12.2021</b>
	Short term	Medium term (by 5 years)	Long term	Total
Buy back financial receivable (CFO)	4			4
<b>Total others</b>	<b>4</b>	-	-	<b>4</b>
Giordano Vini	8.000			8.000
Provinco	-			-
Enoitalia	11.000			11.000
<b>Total Loans vs Subsidiaries</b>	<b>19.000</b>	-	-	<b>19.000</b>
		10.000	18.100	28.100
<b>Totale Shareholder Loans vs Subsidiaries</b>	-	<b>10.000</b>	<b>18.100</b>	<b>28.100</b>
<b>Total</b>	<b>19.004</b>	<b>10.000</b>	<b>18.100</b>	<b>47.104</b>

#### 14. Cash

Cash and cash equivalents at 31 December 2021 and 31 December 2020 are detailed as per the following table:

*€thousand*

	<b>31.12.2021</b>	<b>31.12.2020</b>
Banks deposits	11.366	15.208
<b>Total</b>	<b>11.366</b>	<b>15.208</b>

## 15. Net Equity

The company's net equity is made up as follows:

*Amounts in EUR*

	<b>31.12.2021</b>	<b>31.12.2020</b>
Share capital	1.046.266	879.854
Legal reserve	175.971	175.971
Share premium reserve	109.899.034	64.565.446
Reserve for actuarial gains on defined benefit plans	(1.766)	(1.580)
Reserve for stock grants	267.330	343.908
Reserve for the purchase of treasury shares	-	(582.570)
Other reserves	2.971.166	2.971.165
Retained earnings	16.128.542	13.112.972
Profit/(loss) of the period	9.779.891	7.799.008
<b>Total reserves</b>	<b>139.220.168</b>	<b>88.384.320</b>
<b>Total shareholders' equity</b>	<b>140.266.434</b>	<b>89.264.174</b>
Shareholders' equity of NCIs	-	-
<b>Total shareholders' equity</b>	<b>140.266.434</b>	<b>89.264.174</b>

### Share capital

The share capital of Italian Wine Brands is equal to €1.046.265,80 divided into 8.802.077 ordinary shares, all without indication of the nominal value.

The extraordinary Shareholders' Meeting of Italian Wine Brands S.p.A. has approved, on second call, the proposed non divisible capital increase against payment, for a total amount of Euro 45,500,000.00 (of which Euro 166,412.10 as capital and Euro 45,333,587.90 as share premium) (the "Reserved Capital Increase"). The Reserved Capital Increase provides for the issue of a total of no. 1,400,000 new ordinary shares without nominal value, at a subscription price of Euro 32.50 (including share premium), with the exclusion of option rights pursuant to Article 2441, Paragraph 5 of the Italian Civil Code, to be reserved for subscription by Gruppo Pizzolo S.r.l. ("Gruppo Pizzolo") and to be paid in cash, also by means of compensation.

The Reserved Capital Increase will be carried out in the context of an investment transaction of IWB, which provides for the acquisition by the Company of the entire share capital of Enoitalia S.p.A. and the reinvestment by Gruppo Pizzolo, the majority shareholder of Enoitalia, in the share capital of IWB by means of the subscription and payment in cash, also by way of compensation, of the Reserved Capital Increase.

The deal was finalized on 27 July 2021.



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Reserves

The share premium reserve was generated as a result of listing that took place in 2015 and increased as explained in previous paragraph

The reserve for defined-benefit plans is generated by the actuarial profits/(losses) deriving from the valuation of the accrued termination benefits in accordance with IAS 19.

Other reserves include €3,112 thousand in the reserve for transactions "under common control" generated by the first consolidation of the company Giordano Vini S.p.A. during the first half of 2015, net of a negative reserve of €498 thousand generated by the direct recognition in equity, in accordance with IAS 32, of the expenses incurred by the parent company in relation to the aforementioned capital transactions net of the related deferred taxes.

At 31 December 2021 the Parent Company held 6.092 ordinary shares, representing 0.08% of the ordinary share capital in circulation.

The reconciliation schedule between the shareholders' equity and the result of the parent company and those of the consolidated companies is set out below:

**16. Financial liabilities**

The situation as at 31 December 2021 is as follows:

<i>€thousand</i>				31.12.2020
	Short term	Medium term (by 5 years)	Long term	Total
<b>Right-of-use liabilities</b>	-	216	-	216
<b>Total</b>	-	216	-	216

<i>€thousand</i>				31.12.2021
	Short term	Medium term (by 5 years)	Long term	Total
<b>Bond</b>	-	-	130.795	130.795
<b>Right-of-use liabilities</b>	-	146	-	146
<b>Total</b>	-	146	130.795	130.941



The bank debt as of December 31, 2021 consists of the following loans:

- Senior bond, non-convertible, unsubordinated and unsecured, of Euro 130 million issued by Italian Wine Brands S.p.A. on May 13, 2021 with a duration of 6 years (maturity May 13, 2027), bullet repayment, annual fixed rate of 2.50%, annual interest. The bond loan is listed on the MOT market managed by Borsa Italiana and on the Irish Stock Exchange managed by Euronext Dublin.

Financial payables are recognized in the balance sheet at the value resulting from the application of the amortized cost, determined as the initial fair value of the liabilities net of the costs incurred to obtain the loans, increased by the accumulated amortization of the difference between the initial value and the maturity, calculated using the effective interest rate in which the application of the amortized cost method is not relevant compared to the nominal value

The aforementioned loan agreements have similar clauses and practices for this type of transaction, such as, for example: (i) provision of a financial covenant (calculation envisaged at the Italian Wine Brands Group level) based on the performance of certain financial parameters at consolidated Group level; (ii) disclosure obligations in relation to the occurrence of significant events for the Company, as well as corporate disclosure; (iii) commitments and obligations, usual for financing transactions of this kind, such as, by way of example, limits on the assumption of financial debt and the sale of one's assets, prohibition on distributing dividends or reserves where certain financial parameters are not respected.

## **17. Termination benefits**

### *Defined contribution plans*

In the case of defined contribution plans, the Company pays contributions to public or private insurance institutions on the basis of a legal or contractual obligation, or on a voluntary basis. By paying the contributions, the Group fulfils all its obligations.

Payables for contributions to be paid at the reporting date are included in the item "Other current liabilities"; the cost pertaining to the period accrues on the basis of the service rendered by the employee and is recorded in the item "Personnel costs" in the area of belonging.

### *Defined benefit plans*

Employee benefit plans, which can be classified as defined benefit plans, are represented by the termination benefits (TFR); the liability is instead determined on an actuarial basis using the "projected unit credit" method. Actuarial gains and losses determined in the calculation of



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these items are shown in a specific equity reserve. The changes in the liability for termination benefits at 31 December 2021 are shown below:

<i>€thousand</i>	2021	2020
<b>Provision at 1 January</b>	<b>24</b>	<b>16</b>
Provisions	13	8
Benefits paid out in period	-	-
Actuarial (gains)/losses	-	-
Borrowing costs	-	-
<b>Provision at end of period</b>	<b>37</b>	<b>24</b>

The component "allocation of costs for employee benefits" and "contribution/benefits paid" are recorded in profit or loss under the item "Personnel costs" in the area to which they refer. The component "financial income/(expenses)" is recognized in profit or loss under "Financial income/(expenses)", while the component "actuarial income/(expenses)" is recognized under *other comprehensive income* and transferred to a Shareholders' equity reserve called "Reserve for defined benefit plans".

At 31 December 2021 the main actuarial assumptions used at the end of 2020 have been confirmed as follows:

<b>Actuarial assumptions</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Discount rate	(0,25%)	(0,10%)
Inflation rate	2,28%	1,20%
Expected average turnover	8,98%	8,62%

### 19. Trade payables

This item includes all trade payables which have the following geographical distribution:

*€thousand*

	<b>31.12.2021</b>	<b>31.12.2020</b>
Suppliers Italy	210	117
Suppliers Foreign markets	1	-
Subsidiaries	-	4
<b>Total</b>	<b>211</b>	<b>121</b>

## 20. Other liabilities

The Other liabilities are made up as follows:

<i>€thousand</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
Consolidated Tax Payables vs Subsidiaries	-	1.778
Employees	407	135
Social security institutions	63	53
Directors	598	354
Accruals and deferred income	-	31
Others	6	-
<b>Total current</b>	<b>1.074</b>	<b>2.351</b>

## 21. Revenues from sales and other revenues

Revenues from sales relate to services rendered to subsidiaries and regulated by contracts

## 22. Purchase costs

The costs for purchases refer to office materials.

### 23. Services

The costs for services at 31 December 2021, compared with those of the previous year, are detailed below:

*€thousand*

	<b>31.12.2021</b>	<b>31.12.2020</b>
Services from third parties	206	179
Rent and leasing	15	15
Consulting	328	410
Advertising costs	16	12
Utilities	9	8
Remuneration of Directors, Statutory Auditors and Supervisory Body	1.083	797
Others	116	44
<b>Total</b>	<b>1.773</b>	<b>1.465</b>

The fees to directors, statutory auditors and the control body are detailed as follows

*€thousand*

	<b>31.12.2021</b>	<b>31.12.2020</b>
Directors	1.039	766
Statutory auditors	44	31
<b>Total</b>	<b>1.083</b>	<b>797</b>

#### 24. Personnel cost

Personnel costs at 31 December 2021, compared with those of the previous year, are detailed below:

<i>€thousand</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
Wages and salaries	525	442
Social security charges	175	164
Termination benefits	13	8
Stock grant	289	164
Other costs	15	18
<b>Total</b>	<b>1.017</b>	<b>796</b>

The following table shows the number of employees

	<b>N. puntuale 31.12.2021</b>	<b>N. medio 31.12.2021</b>
Executives	4	3
Middle managers	2	1
<b>Total</b>	<b>6</b>	<b>4</b>

#### 25. Other operating costs

The item Other operative costo amounts to euro 213 thousands (euro 462 thousands in 2020)

## 26. Financial income and charges

Financial income and expenses are detailed in the following tables:

*€thousand*

	31.12.2021	31.12.2020
Dividends	12.402	9.152
On current accounts	2	19
Intercompany	512	174
Others	-	-
<b>Total</b>	<b>12.916</b>	<b>9.345</b>

*€thousand*

	31.12.2021	31.12.2020
Bond interests	(2.205)	-
Loans	-	-
Right-of-use liabilities	(7)	(9)
Bank current accounts	-	-
Bank's commissions	(3)	(3)
Others	(158)	-
<b>Total</b>	<b>(2.373)</b>	<b>(12)</b>

In detail, interest on financial liabilities includes:

- interest expense on medium / long-term loans;
- commissions and bank charges including those for sureties.

## 27. Taxes

Taxes at 31 December 2021, compared with those of the previous year, are detailed below:

<i>€thousand</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
IRES	(934)	(414)
IRAP	-	-
Taxes for prior periods (Losses)/revenues from tax consolidation	(52)	4
<b>Total current taxes</b>	<b>(986)</b>	<b>(410)</b>
Prepaid taxes	-	(85)
Deferred taxes	-	-
<b>Total deferred taxes</b>	<b>-</b>	<b>(85)</b>
<b>Total</b>	<b>(986)</b>	<b>(495)</b>

## 28. Transactions with related parties

At 31 December 2021 there were:

- (i) service contracts with Electa SpA concerning respectively (a) support for the preliminary analyzes and the executive definition of M&A projects for an amount equal to Euro 80 thousand (b) services to support the analysis of possible financing alternatives, the definition of the terms and conditions of the loans, the review of the documentation and the fulfillment of the related corporate obligations for an amount equal to € 100 thousand (c) support for investor relations activities for an amount equal to € 40 thousand

The above relationship is regulated at conditions at arm's length.

- (ii) It should also be noted that, as detailed in the paragraph Significant events of the year for the acquisition of 55% of Enovation Inc the Company's Board of Directors approved the transaction subject to the favourable opinion issued by the Company's Independent Director, Antonella Lillo, regarding the signing of the sale and purchase agreement with Norina, as well as on the appropriateness and fairness of the related conditions. This opinion was issued because Norina is a



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“related party” of the Company as it belongs to the four family branches of the Pizzolo family, including the Vice Chairman of IWB, Giorgio Pizzolo, and the director of IWB, Marta Pizzolo. It should be noted that the sale and purchase of the Norina Shareholding qualifies as a related-party transaction of “less importance” pursuant to the “Procedure for transaction with related party” adopted by the Company and the Regulation approved by Consob with resolution No. 17221/2010.

### **29. Atypical and unusual transactions**

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, during the period the Group did not carry out atypical or unusual transactions, as defined by the communication itself, according to which atypical and/or unusual transactions are those that, due to their significance/relevance, the nature of the counterparties, the object of the transaction, the method of determining the transfer price and the timing of the event, may give rise to doubts regarding: the correctness/completeness of the information in the financial statements, the conflict of interest, the safeguard of the company's assets, the protection of non-controlling interests.

\*\*\*\*\*

For the Board of Directors

The Chairman and Chief Executive Officer

Alessandro Mutinelli



## **APPENDIX**

### **TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS (IAS / IFRS)**

#### **1. Introduction**

The adoption of the IAS / IFRS accounting standards for the preparation of the financial statements as of 31 December 2020 does not respond to a regulatory obligation, but derives exclusively from the need to provide greater completeness in the communication on the Company's income and financial dynamics towards the recipients financial statements, also in consideration, on the one hand, of the listing on the AIM market of Borsa Italiana and, on the other hand, of the issuance of listed debt instruments, favoring greater transparency and quality of financial reporting and greater clarity in company policies also for international financial communication purposes.

The transition date to the IAS / IFRS principles is represented by January 1, 2020, or the first day of the financial year presented for comparative purposes. This section shows the reconciliation statements required by IFRS 1 ('First time adoption of International Financial Reporting Standards), together with the related explanatory notes concerning the effects deriving from the adoption of these principles.

The structure of the reconciliation statements is also in line with what is suggested by paragraph 63 of the Interpretation Guidance of IFRS 1.

In application of the provisions of paragraphs 39 and 40 of the IFRS1 International Accounting Standard, this Appendix contains the reconciliation statements of the net result for the year ended 31 December 2020 and of the shareholders' equity as of 1 January 2020 and December 31, 2020.

The company has applied the IAS / IFRS principles retroactively. In particular, in accordance with the requirements of IFRS 1, on the date of transition to the new standards (1 January 2020) a balance sheet was prepared according to the IAS / IFRS, which reflects the application of the following general criteria.



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The assets were recognized when they can be entered on the basis of IAS / IFRS and valued in accordance with these principles.

The items in the financial statements have been classified according to the methods established by the IAS / IFRS, with consequent reclassification with respect to what is reflected in the accounting situations drawn up on the basis of the Italian accounting principles previously in force.

The effect of the adjustment to the new principles of the initial balances of assets and liabilities was recognized in equity, in a specific item of reserves.

### **2. Methods of presentation, optional exemptions and accounting options adopted**

The reworking of the statements as of January 1, 2020 and December 31, 2020 required some preparatory choices regarding the presentation methods and the optional exemptions and accounting options provided for by the IAS / IFRS, referred to below.

#### **2.1. Presentation method**

The adopted 'Balance Sheet' scheme (balance sheet) reflects the classification of the items according to the current / non-current criterion while, for the 'Income Statement' scheme, it was decided to adopt the scheme with the classification of costs 'for nature'.

#### **2.2. Optional exemptions and accounting options provided for by IFRS 1**

In preparing the opening IFRS balance sheet, the Company, in accordance with the provisions of IFRS 1, used all the mandatory exceptions and some of the optional exemptions relating to the retrospective application of the IFRS, analyzed below.

### **4. *Optional exemptions from the complete retrospective application of IFRSs chosen by the Company***

#### ***Business combinations***

Not applicable.

***Fair value or cost revalued as an estimated cost***

The Company made use of the optional exemption provided for by IFRS 1 ("fair value or revaluation as a substitute for cost").

***Compound financial instruments***

Not applicable.

***Adjustment of comparative information relating to financial assets and liabilities***

Not applicable.

***Designation of previously recognized financial instruments***

Not applicable.

***Share-based payments to employees***

The company did not make use of this option but applied IFRS2 retrospectively.

***Insurance contracts***

Not applicable.

***Changes in liabilities recognized for dismantling, restorations and similar liabilities included in the cost of real estate, plant and machinery***

Not applicable.

***5. Mandatory exceptions for the retrospective application of IFRS followed by the Company***

The Company has implemented the following mandatory exceptions relating to retrospective application:

***Derecognition of financial assets and liabilities***



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Financial assets and liabilities that do not meet the requirements of IAS 39 to be eliminated from the financial statements, even if canceled before the transition date, must not be recognized in the financial statements.

### ***Hedge Accounting***

It is not applicable.

### ***Estimates***

The estimates made by the Company at the transition date according to IFRS must comply with the estimates made at the same date according to the previous accounting principles (after the necessary adjustments to reflect any differences in the accounting principles), unless there is objective evidence that such estimates are incorrect.

### ***Non-current assets held for sale and discontinued operations***

Not applicable.

*The Company has decided to make use of the following main exemptions provided for by the IFRS at the time of first application:*

### ***Valuation of intangible fixed assets and tangible fixed assets***

Intangible fixed assets and tangible fixed assets have been entered according to the cost criterion. On first-time application, the reworking of the balance sheet at the date of transition to the IFRS international standards did not entail the adoption of the optional exemption envisaged by IFRS 1 which allows for the substitution of fair value at historical cost as a valuation criterion for tangible and intangible fixed assets.

### ***3. Effects of the adoption of IAS / IFRS - Reconciliations required by IFRS 1***

This note describes the effects resulting from the adoption of the IAS / IFRS on the financial statements for the year 2020 and on the financial statements of previous years. These effects, as required by IFRS 1, are presented and illustrated with relative reconciliation with respect to



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the corresponding values, published at the time, determined according to national accounting standards.

### 3.1 First adoption of the IAS / IFRS - January 1, 2020

The following tables include the summary of the effects on shareholders' equity at January 1, 2020 and December 31, 2020 and on the 2020 income statement of the transition to IAS / IFRS:

BALANCE SHEET	2019	1	2	3	4	5	2019
	ITA GAAP	Participation in Provinco	Stock grant	Plant and expansion costs	Right of use	Employee benefits	IFRS
<i>Amounts in EUR</i>							
<b>Non-current assets</b>							
Intangible fixed assets	193.565						193.565
Tangible fixed assets	163.227				297.676		460.903
Equity investments	51.244.665	3.011.318					54.255.983
Other non-current assets	4.100.000						4.100.000
<b>Total non-current assets</b>	<b>55.701.457</b>	<b>3.011.318</b>	-	-	<b>297.676</b>	-	<b>59.010.451</b>
<b>Current assets</b>							
Trade receivables	69.321						69.321
Other current assets	133.529						133.529
Current tax assets	2.212.515						2.212.515
Current financial assets	13.172.784						13.172.784
Cash and cash equivalents	9.587.139						9.587.139
<b>Total current assets</b>	<b>25.175.288</b>	-	-	-	-	-	<b>25.175.288</b>
<b>Total assets</b>	<b>80.876.745</b>	<b>3.011.318</b>	-	-	<b>297.676</b>	-	<b>84.185.739</b>
<b>Shareholders' equity</b>							
Share capital	879.854						879.854
Reserves	65.225.476			(484.058)			64.741.418
Own shares	(2.800.816)						(2.800.816)
FTA Reserve	-	3.011.318			(39.591)	(562)	2.971.165
Stock grant reserve	-		623.887				623.887
Valuation Reserve	-					(1.580)	(1.580)
Profit (losses) carried forward	7.167.059		(623.887)	484.058			7.027.230
<b>Net Result of the period</b>	<b>6.825.552</b>						<b>6.825.552</b>
<b>Total Net equity</b>	<b>77.297.125</b>	<b>3.011.318</b>	-	-	<b>(39.591)</b>	<b>(2.142)</b>	<b>80.266.710</b>
<b>Non-current liabilities</b>							
Financial liabilities	-				283.819		283.819
Provision for the other employee benefits	13.837					2.142	15.979
<b>Total non current liabilities</b>	<b>13.837</b>	-	-	-	<b>283.819</b>	<b>2.142</b>	<b>299.798</b>
<b>Current liabilities</b>							
Financial payables	-				53.448		53.448
Trade payables	327.608						327.608
Other current liabilities	165.607						165.607
<b>Current tax liabilities</b>	<b>3.072.568</b>						<b>3.072.568</b>
<b>Total current liabilities</b>	<b>3.565.783</b>	-	-	-	<b>53.448</b>	-	<b>3.619.231</b>
<b>Total Net Equity and liabilities</b>	<b>80.876.745</b>	<b>3.011.318</b>	-	-	<b>297.676</b>	-	<b>84.185.739</b>



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PROFIT AND LOSS <i>Amounts in EUR</i>	2020	1	2	3	4	5	2020
	ITA GAAP	Participatio n in Provinco	Stock grant	Plant and expansion costs	Right of use	Employee benefits	IFRS
Revenue from sales	820.411						820.411
Other Revenues	36.422						36.422
<b>Total revenue</b>	<b>856.833</b>	-	-	-	-	-	<b>856.833</b>
Costs for services	(1.879.441)		351.277		62.500		(1.465.864)
Personnel costs	(723.518)		(71.298)				(794.816)
Other operating costs	(463.967)						(463.967)
<b>Operating costs</b>	<b>(3.066.926)</b>	-	<b>279.979</b>	-	<b>62.500</b>	-	<b>(2.724.447)</b>
<b>EBITDA</b>	<b>(2.210.093)</b>	-	<b>279.979</b>	-	<b>62.500</b>	-	<b>(1.867.614)</b>
Depreciation and amortization	(102.805)				(59.535)		(162.140)
	0						0
<b>Operating profit/(loss)</b>	<b>(2.312.698)</b>	-	<b>279.979</b>	-	<b>2.965</b>	-	<b>(2.029.754)</b>
Net financial income	9.344.735						9.344.735
Net financial (expenses)	(2.500)				(9.052)		(11.552)
<b>Net financial income/(expenses)</b>	<b>9.342.235</b>	-	-	-	<b>(9.052)</b>	-	<b>9.333.183</b>
<b>EBT</b>	<b>7.029.537</b>	-	<b>279.979</b>	-	<b>(6.087)</b>	-	<b>7.303.429</b>
Taxes	495.579						495.579
<b>NET RESULT</b>	<b>7.525.116</b>	-	<b>279.979</b>	-	<b>(6.087)</b>	-	<b>7.799.008</b>

BALANCE SHEET <i>Amounts in EUR</i>	2020	1	2	3	4	5	2020
	ITA GAAP	Participatio n in Provinco	Stock grant	Plant and expansion costs	Right of use	Employee benefits	IFRS
<b>Non-current assets</b>							
Intangible fixed assets	223.855						223.855
Tangible fixed assets	142.850						380.991
Equity investments	51.244.665	3.011.318			238.141		54.255.983
Other non-current assets	4.100.000						4.100.000
Deferred tax assets	85.012						85.012
<b>Total non-current assets</b>	<b>55.796.382</b>	<b>3.011.318</b>	-	-	<b>238.141</b>	-	<b>59.045.841</b>
<b>Current assets</b>							
Trade receivables	69.321						69.321
Other current assets	72.967						72.967
Current tax assets	1.252.032						1.252.032
Current financial assets	16.479.584						16.479.584
Cash and cash equivalents	15.208.143						15.208.143
<b>Total current assets</b>	<b>33.082.047</b>	-	-	-	-	-	<b>33.082.047</b>
<b>Total assets</b>	<b>88.878.429</b>	<b>3.011.318</b>	-	-	<b>238.141</b>	-	<b>92.127.888</b>
<b>Shareholders' equity</b>							
Share capital	879.854						879.854
Reserves	65.225.476			(484.058)			64.741.418
Own shares	(582.570)						(582.570)
FTA Reserve	-	3.011.318			(39.591)	(562)	2.971.165
Stock grant reserve	-		343.908				343.908
Valuation Reserve	-					(1.580)	(1.580)
Profit (losses) carried forward	13.252.801		(623.887)	484.058			13.112.972
Net Result of the period	7.525.116		279.979		(6.087)		7.789.008
<b>Total Net equity</b>	<b>86.300.677</b>	<b>3.011.318</b>	-	-	<b>(45.678)</b>	<b>(2.142)</b>	<b>89.264.175</b>
<b>Non-current liabilities</b>							
Financial liabilities							
Provision for the other employee benefits	21.488				216.013		216.013
<b>Total non current liabilities</b>	<b>21.488</b>	-	-	-	<b>216.013</b>	<b>2.142</b>	<b>239.643</b>
<b>Current liabilities</b>							
Financial payables	1.778.000						1,845,806
Trade payables	120.801				67.806		120,801
Other current liabilities	646.402						646,402
Current tax liabilities	11,061						11,061
<b>Total current liabilities</b>	<b>2.556.264</b>	-	-	-	<b>67.806</b>	-	<b>2.624.070</b>
<b>Total Net Equity and liabilities</b>	<b>88.878.429</b>	<b>3.011.318</b>	-	-	<b>238.141</b>	-	<b>92.127.888</b>

## Notes

### **1) IAS 27 / Equity investment in Provinco Italia SpA**

On the basis of IAS 27, dividends received by a subsidiary are always recognized in the income statement, regardless of whether they are the distribution of profit or capital reserves. Any reductions in value resulting from the distribution must then be assessed through an impairment test. Following the acquisition of Provinco Italia SpA which took place in 2015, the first dividend received, referring to the distribution of the pre-acquisition profit for 3,011 thousand euros, was deducted from the book value of the investment, on the basis of the OIC accounting principles. at the time in force.

### **2) IFRS 2 / Stock grant**

The Group also pays its top management through stock grant plans. In such cases, the theoretical benefit attributed to the interested parties is charged to the income statement in the years taken as a reference by the plan, with a balancing entry in an equity reserve. This benefit is quantified by measuring at the grant date the fair value of the instrument assigned through financial valuation techniques, including any market conditions in the valuation and adjusting the number of rights believed to be assigned to each balance sheet date. This cost is recognized as a balancing entry in a shareholders' equity reserve.

### **3) IAS 32 / Accessory charges to share capital increases**

According to IAS 32, the charges incurred at the time of listing in 2015 cannot be capitalized among intangible assets but the amount incurred must be used as a direct reduction of shareholders' equity. In relation to the aforementioned capital increase, the amortization process of start-up and expansion costs ended on 31 December 2019, therefore the only impact relates to a reclassification between the share premium reserve and retained earnings, while the balance sheet at transition date is not affected by any reduction linked to the reversal of intangible fixed assets.

### **4) IFRS 16 / Rights of use assets**

According to IFRS 16, lease agreements, including real estate leases, as in the specific case, are accounted for as rights of use in non-current assets with a financial liability as a contra entry. The cost of the rental is broken down into its components of financial charge, recognized in the income statement during the term of the contract, and repayment of the capital, recorded as a reduction of the financial liability. The right of use is amortized on a monthly basis on a straight-line basis over the shorter period between the useful life of the asset and the duration of the contract.

Usage rights and financial liabilities are initially valued at the present value of future discounted payments using the marginal loan rate

The adjustment reported in the reconciliation of the accounts at 31 December 2019 and 2020 is affected by the accounting based on the financial method, while based on the national



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accounting standards, the rents have been recognized in the income statement on an accruals basis.

### **5) IAS 19 / Employee benefits**

On the basis of IAS 19, the employee benefits paid after the termination of the employment relationship ("post employment benefits") and any other long term benefits ("other long term benefits") are subject to actuarial valuations to express the value current liability of the accrued liability towards the employee at the balance sheet date.

The reported adjustment represents the effect of the actuarial profits resulting from the valuation of the severance indemnity according to IAS 19. This adjustment passes directly from equity.