



ITALIAN WINE BRANDS
Creatori di Eccellenze

CONSOLIDATED ANNUAL FINANCIAL REPORT
31 DECEMBER 2022

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 1.124.468,80

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

www.italianwinebrands.it

Table of contentent

| | |
|--|-----|
| Composition of Administrative and Supervisory bodies | 3 |
| Letter to Shareholders | 4 |
| Directors' Report on Operations | 6 |
| | |
| Consolidated Annual Financial Reports | |
| Consolidated Statement of Financial Position | 42 |
| Comprehensive Income Statement | 43 |
| Statement of changes in Shareholders' Equity | 44 |
| Statement of Cash Flows | 45 |
| Form and contents of the Consolidated Financial Report | 46 |
| Notes to the Financial Statement | 70 |
| | |
| Separate Annual Financial Reports | 100 |

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)

Sofia Barbanera

Antonella Lillo (Independent Director)

Massimiliano Mutinelli

Marta Pizzolo

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,

In 2021 your company became the first Italian wine operator, reaching the goal we set at the time of listing. In 2022, in an exceptionally complex global context, characterized by continuous increases in the costs of production factors, scarcity of raw materials, reduced consumer spending capacity and repositioning of consumption in the post-Covid commercial channels, we worked tirelessly to satisfy our customers all over the world and to search for new ones.

In this world, which changes continuously and unpredictably, we have continued to invest in the diversification of our product portfolio, customers, markets and commercial channels. Your company is much stronger today than it was a few years ago, being less dependent on individual customers or markets. The acquisitions completed in 2022, both the US import company Enovation Brands Inc., and the Tuscan company Barbanera are pillars of the strategy. With the first, we entered directly on the leading market by destination for Italian wine. With the second, we have acquired expertise in a range of premium wines, which were lacking in the company portfolio and which we believe will realise excellent results in the years to come.

2022 proforma turnover reached 430 M, towards 409 M in 2021. However, we were unable to transfer to our customers all the cost increases that occurred during the year and for this reason the marginality has been affected.

After the many acquisitions completed we now intend to further optimize our operations. We have 5 production plants in 4 Italian regions, 4 companies abroad and 6 in Italy. We imagine a more efficient way to manage the group and we are creating it, enhancing our people and our assets. This, together with the repositioning of prices, should lead to a reduction in costs and an improvement in profitability.

In terms of innovation, we are moving into new "areas", experimenting with low/no alcohol products, to intercept new consumption trends and expanding our presence in the "sparkling wines" market where, already today, we are the second largest producer of Prosecco from Italy. The most influential market forecasts forecast global growth in the "sparkling wines" category and in the premium segments of still wines, exactly where we have invested in the last three years.

More over, important investments are underway (from a sustainability point of view) to make our factories energy independent, reduce costs and improve our environmental profile.

Today your group is a large one, recognized and respected on the market, it has developed its corporate culture, based on positive values, shared by all managers and employee. We sell



ITALIAN WINE BRANDS

Creatori di Eccellenze

about 180 million bottles a year, every day we ship about 800,000 bottles, which reach every corner of the Earth. We are still determined to grow, there is room for growth and we want to take it.

Alessandro Mutinelli

Chairman and CEO



ITALIAN WINE BRANDS

Creatori di Eccellenze

Directors' Report on Operations

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

1.1. Reference market in which the company operates

2022 was a complex year for the international economy, characterized by a significant recovery in consumption, the awakening of a highly inflationary scenario and fears for energy supplies, especially natural gas and raw materials. This scenario was fueled, by consumers' desire for a return to normality, social stability and the realignment of consumption habits after the two-year period marked by the Covid-19 pandemic, and by, fears for the conflict in Ukraine and the consequent stop to imports of Russian gas into Europe as well as the ongoing geopolitical tensions.

The demand and the positioning of Italian wine in the world have been conditioned by many factors, even external to the wine sector; a year of «black&white» characterized and influenced by:

- strong instability of the global geopolitical situation, triggered mainly by the war in Ukraine, with a consequent rise in inflation;
- worsening of the effects of the energy crisis with consequences on the costs and availability of raw and packaging materials (so-called "dry materials") and in the management of the supply chains of all industrial sectors;
- favorable euro-dollar exchange rate for Italy which made it possible to offset part of the increases in production costs and to recover competitiveness on US\$ markets such as the USA and Canada;
- global recovery of tourism, which has gave a strong boost to wine consumption in the ho.re.ca channel all over the world;
- great appeal for Italian wine worldwide which promoted operators who adopted a commercial policy based on market diversification;
- unstoppable success of Italian "sparkling" which drives the growth of the sector and the export of Italian wine in general;
- double and triple digit growth in many emerging countries (Vietnam, Africa).

Italy confirms itself as the first world exporter of wine by volume, followed by France, which however is first by value of exports. 2022 marked a new historical record for the trade of Italian



ITALIAN WINE BRANDS

Creatori di Eccellenze

wine in the world. In fact, the year closed with a 12% increase in value, for a consideration of 8 billion euro. Positive trend also for France which reaches 12.5 billion euros of wine exports, while Spain stops at 3 billion euros.

Furthermore, with a total of 526 DOP IGP wines, Italy is the number 1 country in Europe for certified products.

If the volumes in the main markets tend to decrease, in terms of value, exports show variable growth from country to country. The top 5 countries for Italian wine exports performed very well in 2022 USA (+16%), United Kingdom (+32.7%), Canada (+21.7%) and Japan (+25.3%). Germany decreased (-11.9% in value; -4.4% in volume), a strongly "price-driven" market, more marked by the growth in prices and the economic situation.

In the last 10 years, the weight of Italian wine sales in the European Union has dropped from 57% to 39% while exports to other developing markets have grown, such as Asia, where it has reached 7% of the overall exports. The best performances in 2022 were those recorded in emerging countries such as Thailand (+146%), Vietnam (+120%), India (+113%), Angola (+112%), Malaysia (+99%) and the Philippines (+92%).

In this context, the Italian Wine Brands Group has pursued its "mission", which is to bring its branded products to customers around the world through all commercial channels, with the aim of making them happy in the purchasing and consumption experience. This mission, considered to be the basis of the creation of value in the medium term, was implemented by developing every action necessary to maintain the supply chain in safety, in particular of dry materials, and directly absorbing part of the increase in the costs of factors of production which were progressively created during the year which has just ended. These actions allow us to have an increasingly solid, resilient and significantly growing customer base today.

Italian Wine Brands also pursued the mission described above during the year by continuing the M&A activity in particular with the acquisition of 85% of Enovation Brands Inc. finalized in April and with the acquisition in December of 100% of the company owned by the Blackbeard family.

The IWB Group is today the private Italian leader in the production and distribution of national wines and is distinguished by the breadth of the reference markets in which it operates, by the number of brands in its portfolio and by the variety of distribution channels.

In terms of reference markets, IWB achieves its turnover predominantly and increasingly with foreign customers and only for a residual part with national customers.

Sales are primarily through a portfolio of proprietary and registered brands. In particular, the Group operates under the following different brands:



ITALIAN WINE BRANDS

Creatori di Eccellenze



PRÒVINCO ITALIA

GRANDE
ALBERGONO
GRANDE

ELETTRA
(CANTINE SASSI)

GOMERA
AS IT WALS - WIE ES WALT

RONCO DI SASSI
SOCIETÀ AGRICOLA SASSI - ROSSO

OLD WORLD
TRADIZIONE WINE

POGGIO
DEL CONCONE

CALAROJAS
TEMPRANILLO

FORTE
ELERONE

GRANDI MORI

DURANTE
(CANTINE SASSI)

Ripa Sotto

SAN
ZENONE

SAN
VITALE
WINEMAKERS COLLECTION

DANTI

OROPERLA
ESSENTIAL SPARKLES

Svinando

OPTIMACRAFT
WINE & SPIRITS ITALY

SELLARONDA
TERRE DI MONTEGNA

Terra
di Gigli

ITALIA
ART CAFE

RAPHAEL 04 BO
PROSECCO E SPUMANTE

SASSO AL VLNICO

CANTINE DEL
BORGO REALE

CUOR
PIETRA
CANTINE

FRA
MORICOTIC

AIMONE

ALBERTO
NANI
Prosecco
CANTINE

ARISTOCRATICO

RED
FIRE

PASSO
SARDO

LIGNUM VITIS

NEROPERSO

LUNA DI LUNA

CA' MONTINI
CANTINE DI VALFLETTA

Gemma di Lura

EMPORIUM

VOGA

DUCA DI SARAGNANO

BARBANERA
WINE & SPIRITS



ITALIAN WINE BRANDS

Creatori di Eccellenze

With centralised governance functions (finance & IT, sales&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 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: one in Diano d'Alba (CN) three in Montebello (VI) four in Calmasino (VR) and one in Cetona (SI)

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., Provinco Italia S.p.A., Enoitalia S.p.A, Enovation Brands Inc., Barbanera s.r.l. e Fossalto s.r.l.

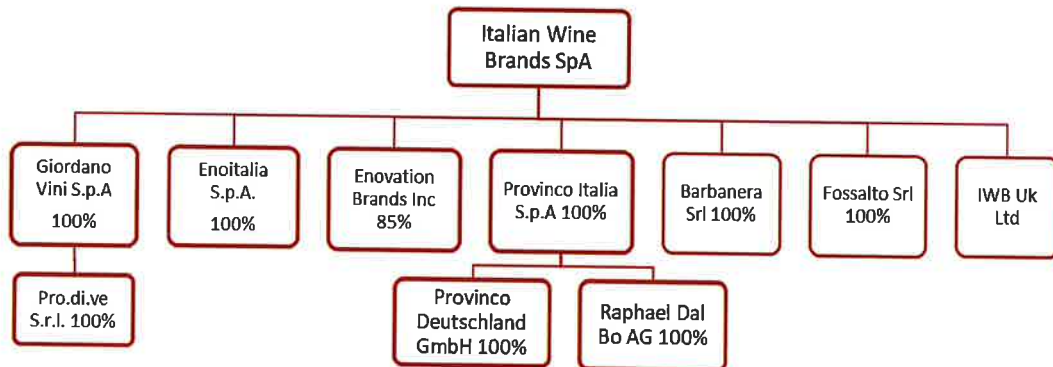
IWB Uk Ltd is the company established in 2022 as the Group's exporter to the British market in compliance with the new regulations that will come into force this year and which require the formal indication of the exporter on the label.

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.



ITALIAN WINE BRANDS

Creatori di Eccellenze



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 2020 and 2022, shows the following results, expressed in € thousand.

The economic results of Enovation Brands Inc are consolidated starting from the acquisition and therefore limited to the period April-December 2022; for the companies Blackbeard s.r.l. and Fossalto s.r.l. the consolidation as at 12/31/22 was carried out only at equity level.

The pro-forma income statement is aimed at providing the economic representation of the IWB Group following the acquisition.

| €thousand | 31.12.2022 pro-forma ⁽¹⁾ | 31.12.2022 | 31.12.2021 pro-forma ⁽¹⁾ | 31.12.2021 | 31.12.2020 |
|--|--|------------------|--|------------------|------------------|
| Revenue from sales | 430.312 | 390.654 | 408.934 | 313.227 | 204.311 |
| Change in inventories | 3.320 | 610 | 19.524 | 13.333 | 4.780 |
| Other income | 5.897 | 5.574 | 2.953 | 2.645 | 1.538 |
| Total revenues | 439.529 | 396.838 | 431.411 | 329.204 | 210.629 |
| Purchase costs | (298.387) | (271.790) | (295.527) | (217.705) | (123.650) |
| Costs for services | (78.190) | (70.990) | (72.362) | (62.009) | (52.159) |
| Personnel costs | (24.256) | (21.633) | (20.492) | (14.563) | (8.125) |
| Other operating costs | (1.520) | (1.368) | (1.200) | (898) | (1.091) |
| Total operating costs | (402.352) | (365.781) | (389.581) | (295.174) | (185.025) |
| Restated EBITDA (2) | 37.177 | 31.057 | 41.829 | 34.030 | 25.604 |
| EBITDA | 35.871 | 29.735 | 38.808 | 31.009 | 23.604 |
| Restated net profit/(loss) | 15.212 | 12.040 | 20.463 | 16.715 | 15.634 |
| Net profit/(loss) | 14.212 | 11.033 | 18.284 | 14.537 | 14.192 |
| Net financial debt | 146.547 | 146.547 | 121.256 | 121.256 | 10.332 |
| <i>of which net financial debt - third-party lenders</i> | 121.877 | 121.877 | 107.977 | 107.977 | (1.437) |
| <i>of which net financial debt - Deferred price acquisitions</i> | 7.621 | 7.621 | 0 | 0 | 1.861 |
| <i>of which net financial debt - right-of-use liabilities</i> | 17.049 | 17.049 | 13.279 | 13.279 | 9.908 |

¹ Pro-forma consolidated figures relating to all companies of the group perimeter for the period 1 January 2022 – 31 December 2022.

² The restated accounting data at 31/12/2022 (restated EBITDA and restated Profit/(Loss) for the Period) are shown gross of non-recurring cost, as detailed on page 14.



ITALIAN WINE BRANDS
Creatori di Eccellenze

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

Reclassified statement of financial position

€thousand

| | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|---|----------------|----------------|----------------|
| Other intangible assets | 39.021 | 35.983 | 34.005 |
| Goodwill | 214.743 | 181.085 | 68.309 |
| Tangible assets | 52.131 | 50.124 | 15.104 |
| Right-of-use assets | 17.709 | 14.042 | 9.637 |
| Equity investments | 5 | 3 | 2 |
| Total Fixed Assets | 323.609 | 281.237 | 127.057 |
| Inventory | 102.815 | 77.908 | 25.490 |
| Net trade receivables | 61.599 | 68.144 | 30.567 |
| Trade Payables | (136.717) | (137.367) | (56.809) |
| Other assets (liabilities) | (1.842) | 1.286 | (2.541) |
| Net working capital | 25.855 | 9.970 | (3.293) |
| Payables for employee benefits | (1.444) | (1.212) | (621) |
| Net deferred and prepaid tax assets (liabilities) | (7.870) | (8.451) | (8.028) |
| Other provisions | (288) | (334) | (261) |
| NET INVESTED CAPITAL | 339.861 | 281.210 | 114.854 |
| Shareholders' equity | 193.315 | 159.954 | 104.521 |
| Profit (loss) for the period | 11.242 | 14.537 | 14.193 |
| Share capital | 1.124 | 1.046 | 880 |
| Other reserves | 181.314 | 144.371 | 89.448 |
| Shareholders' equity of NClS | (366) | 0 | 0 |
| Net Financial position | 121.877 | 107.977 | (1.437) |
| Deferred price acquisitions | 7.621 | 0 | 1.861 |
| Right of use liabilities | 17.049 | 13.279 | 9.908 |
| TOTAL SOURCES | 339.861 | 281.210 | 114.854 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

Reclassified Income statement

| € thousand | Restated 31.12.2022 pro-forma | Restated 31.12.2022 | Restated 31.12.2021 pro-forma | Restated 31.12.2021 | Restated 31.12.2020 |
|---|-------------------------------------|------------------------|-------------------------------------|------------------------|------------------------|
| Revenue from sales | 430.312 | 390.654 | 408.934 | 313.227 | 204.311 |
| Change in inventories | 3.320 | 610 | 19.524 | 13.333 | 4.780 |
| Other income | 5.897 | 5.574 | 2.953 | 2.645 | 1.538 |
| Total revenue | 439.529 | 396.838 | 431.411 | 329.204 | 210.629 |
| Purchase costs | (298.387) | (271.790) | (295.527) | (217.705) | (123.650) |
| Costs for services | (78.190) | (70.990) | (72.362) | (62.009) | (52.159) |
| Personnel costs | (24.256) | (21.633) | (20.492) | (14.563) | (8.125) |
| Other operating costs | (1.520) | (1.368) | (1.200) | (898) | (1.091) |
| Operating costs | (402.352) | (365.781) | (389.581) | (295.174) | (185.025) |
| EBITDA | 37.177 | 31.057 | 41.829 | 34.030 | 25.604 |
| Write-ups / (Write-downs) | (833) | (803) | (1.212) | (1.152) | (1.427) |
| Amortization and depreciation | (11.450) | (9.666) | (9.264) | (6.948) | (3.960) |
| Operating result from core business | 24.894 | 20.588 | 31.353 | 25.930 | 20.217 |
| Exceptional items | (1.306) | (1.322) | (3.021) | (3.021) | (2.000) |
| Net releases (accruals) for provision risks and charges | (59) | (54) | 0 | 0 | 0 |
| EBIT | 23.530 | 19.213 | 28.332 | 22.909 | 18.217 |
| Net financial income/(expenses) | (5.645) | (5.518) | (4.308) | (3.938) | (1.186) |
| EBT | 17.885 | 13.695 | 24.024 | 18.970 | 17.031 |
| Taxes | (3.673) | (2.662) | (5.739) | (4.433) | (2.839) |
| Net Result | 14.212 | 11.033 | 18.284 | 14.537 | 14.192 |
| Tax effect of exceptional charges | 364 | 369 | 843 | 843 | 558 |
| Net profit before exceptional items and related tax effect | 15.212 | 12.040 | 20.463 | 16.715 | 15.634 |



ITALIAN WINE BRANDS

Creatori di Eccellenze

Reclassified Income statement

€thousand

| | Reported 31.12.2022 pro-forma | Management (1) | adjustments (2) | Restated 31.12.2022 pro-forma |
|---|-------------------------------------|-------------------|--------------------|-------------------------------------|
| Revenue from sales | 430.312 | | | 430.312 |
| Change in inventories | 3.320 | | | 3.320 |
| Other income | 5.897 | 0 | | 5.897 |
| Total revenue | 439.529 | 0 | 0 | 439.529 |
| Purchase costs | (298.387) | | | (298.387) |
| Costs for services | (78.614) | 424 | 0 | (78.190) |
| Personnel costs | (24.406) | 150 | 0 | (24.256) |
| Other operating costs | (2.252) | 732 | | (1.520) |
| Operating costs | (403.658) | 1.306 | 0 | (402.352) |
| EBITDA | 35.871 | 1.306 | 0 | 37.177 |
| Write-ups / (Write-downs) | (833) | | | (833) |
| Amortization and depreciation | (11.450) | | | (11.450) |
| Operating result from core business | 23.588 | 1.306 | 0 | 24.894 |
| Exceptional items | | | | |
| Net releases (accruals) for provision risks and charges | (59) | (1.306) | 0 | (1.306) |
| EBIT | 23.530 | 0 | 0 | 23.530 |
| Net financial income/(expenses) | (5.645) | | | (5.645) |
| EBT | 17.885 | 0 | 0 | 17.885 |
| Taxes | (3.673) | | | (3.673) |
| Net Result | 14.212 | 0 | 0 | 14.212 |
| Tax effect of exceptional charges | | | | 364 |
| Net profit before exceptional items and related tax effect | | | | 15.212 |

Summary of Management Adjustments

- *Costs for services equal to Euro 424 thousand and relating to i) Euro 225 thousand aimed at the acquisition of 85% of the share capital of Enovation Brands Inc for legal and notary consultancy, financial advisory and due diligence, ii) Euro 20 thousand for consultancy relating to the acquisition of the companies Barbanera srl and Fossalto srl. ii) Euro 179 thousand for legal consultancy relating to settlements with former employees and feasibility studies on new projects.*
- *Personnel costs of Euro 150 thousand relating to settlements with former employees.*
- *Other operating costs equal to Euro 732 thousand for a fraud committed against the company Enovation Brands Inc*

Alternative performance indicators

In this annual financial report, some economic-financial indicators are presented and commented on, which are not identified as accounting measures under the IAS-IFRS, but which allow commenting on the Group's business performance. These figures, defined below, are used to comment on the performance of the Group's business in compliance with the



ITALIAN WINE BRANDS

Creatori di Eccellenza

provisions of the Consob Communication of 28 July 2006 (DEM 6064293) and subsequent amendments and additions (Consob Communication n.0092543 of 3 December 2015 which transposes the guidelines ESMA/2015/1415). The alternative performance indicators listed below should be used as an information supplement to the provisions of the IAS-IFRS to assist users of the financial report in a better understanding of the Group's economic, equity and financial performance. It should be noted that the criterion used by the Group may not be homogeneous with that adopted by other groups and the balance obtained may not be comparable with that determined by the latter. Below is the definition of the alternative performance indicators used in the Annual Financial Report:

EBITDA restated", with respect to the "Net result" shown in the consolidated statement of comprehensive income, is composed as follows:

Net Income less items (i) "Taxes", (ii) "Net Financial Income and Charges", (iii) "Revaluations/(Write-downs)" including inventory write-down and trade receivables write-down, (iv) "Provisions for risks" and the item (v) "Depreciation", (vi) also net of non-recurring costs and income and costs related to the medium-long term incentive plan for management.

Net result before non-recurring expenses and related tax effect: used for the comparison at the level of total consolidated result, it represents the profit/loss net of income and expenses of a non-recurring nature, inclusive of the related taxes. As such, the indicator provides useful and immediate feedback on the income trend for the year not affected by non-recurring items.

Total fixed assets: calculated as the algebraic sum of the following items: Goodwill; Other intangible fixed assets, tangible fixed assets, right-of-use assets; Financial fixed assets including: non-current financial assets, deferred tax assets.

Net working capital: calculated as the algebraic sum of inventories, net trade receivables, trade payables, other assets and liabilities.

Net invested capital (CIN): calculated as the algebraic sum of: net working capital, total fixed assets, payable for employee benefits, deferred tax assets and liabilities and other provisions. This indicator represents the "Need" of capital necessary for running the company at the date of the financial statements, financed in the two components Own funds (Equity) and Third-party funds (Net financial debt; Deferred acquisition price; Liabilities for rights of use).

Consolidated net financial position (NFP) or also "Total Financial Debt" in the ESMA definition: it is calculated as the algebraic sum of the following items: cash and cash equivalents, non-current/current financial liabilities which also include payables linked to the



ITALIAN WINE BRANDS
Creatori di Eccellenze

price on acquisitions still to be paid and the positive/negative fair values of hedging derivatives and current financial assets included in the item "other receivables and other current assets".

1.2.2 Financial and equity position of the Parent Company

The financial statement of IWB S.p.A. at 31 December 2022 shows:

- A Net Profit for the period of € 9,4 million (€ 9,8 million at 31 December 2021);
- Net financial position of €95,3 million (€72,5million at 31 December 2021). The increase is explained by the acquisition of Enovation Brands Inc, Barbanera srl and Fossalto srl

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

Reclassified statement of financial position

€ thousand

| | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|---|----------------|----------------|-----------------|
| Other intangible assets | 119 | 196 | 224 |
| Tangible assets | 102 | 122 | 143 |
| Right-of-use assets | 119 | 179 | 238 |
| Equity investments | 263.557 | 205.481 | 54.256 |
| Total Fixed Assets | 263.897 | 205.978 | 54.861 |
| Net trade receivables | 2.558 | 2.282 | 112 |
| Trade Payables | (319) | (211) | (121) |
| Other assets (liabilities) | 3.225 | 4.736 | 4.354 |
| Net working capital | 5.464 | 6.807 | 4.345 |
| Payables for employee benefits | (42) | (37) | (24) |
| Net deferred and prepaid tax assets (liabilities) | 32 | 85 | 0 |
| Other provisions | 0 | 0 | 0 |
| NET INVESTED CAPITAL | 269.351 | 212.833 | 59.182 |
| Shareholders' equity | 174.199 | 140.266 | 89.264 |
| Profit (loss) for the period | 9.444 | 9.780 | 7.799 |
| Share capital | 1.124 | 1.046 | 880 |
| Other reserves | 163.630 | 129.440 | 80.585 |
| Net Financial position | 87.384 | 72.351 | (32.229) |
| Deferred price acquisitions | 7.621 | 0 | 1.861 |
| Right of use liabilities | 146 | 216 | 286 |
| TOTAL SOURCES | 269.351 | 212.833 | 59.182 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

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, Enoitalia S.p.A. for 151.225thousand, Enovation Brands Inc for € 15.066 thousand, Barbanera srl and Fossalto srl for total amount of € 43.010 thousand
- current and non-current financial assets are represented by receivables / loans from subsidiaries.

Reclassified Income statement

€thousand

| | Restated 31.12.2022 | Restated 31.12.2021 | Restated 31.12.2020 |
|---|------------------------|------------------------|------------------------|
| Revenue from sales | 1.688 | 1.369 | 800 |
| Other income | 121 | 72 | 57 |
| Total revenue | 1.809 | 1.441 | 857 |
| Purchase costs | (1) | (16) | (1) |
| Costs for services | (1.083) | (979) | (1.465) |
| Personnel costs | (1.123) | (728) | (796) |
| Other operating costs | (115) | (214) | (462) |
| Operating costs | (2.322) | (1.937) | (2.725) |
| EBITDA | (513) | (496) | (1.868) |
| Write-ups / (Write-downs) | 0 | 0 | 0 |
| Amortization and deprettiation | (169) | (170) | (162) |
| Operating result from core business | (681) | (666) | (2.030) |
| Exceptional items | (67) | (1.083) | 0 |
| Net releases (accruals) for provision risks and charges | 0 | 0 | 0 |
| EBIT | (748) | (1.749) | (2.030) |
| Net financial income/(expenses) | (2.777) | (1.859) | 182 |
| Dividendi da imprese controllate | 12.180 | 12.402 | 9.152 |
| EBT | 8.656 | 8.794 | 7.304 |
| Taxes | 788 | 986 | 496 |
| Net Result | 9.444 | 9.780 | 7.799 |

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 include € 320 thousand for directors, statutory auditors and OdV fees and € 402 thousand for consultancy;
- financial income refers to interest income accrued on the loan granted to the subsidiaries Giordano Vini S.p.A. (equal to € 736 thousand), Enoitalia Sp.A. (equal to Euro 110 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 € 3.473 thousand.



ITALIAN WINE BRANDS

Creatori di Eccellenze

1.2.3 Consolidated Net Financial Position

The details of the net financial debt as at 31 December 2022 as at 31 December 2021 and as at 31 December 2020 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> | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|--|-----------------|-----------------|-----------------|
| A. Cash | 41 | 444 | 340 |
| B. Cash equivalents | 61.008 | 58.660 | 33.062 |
| C. Other current financial activities | 674 | 1.113 | 57 |
| D. Liquidity (A) + (B) + (C) | 61.723 | 60.217 | 33.459 |
| E. Current financial debt (included financial instruments but not included current part of non current financial debt) | 37.950 | 31.889 | 4.565 |
| F. Current part of non current financial debt | 3.968 | 2.967 | 6.599 |
| G. Current financial debt (E) + (F) | 41.918 | 34.855 | 11.164 |
| H. Net current financial debt (G) - (D) | (19.806) | (25.361) | (22.295) |
| I. Non current financial debt (excluded current part and financial instruments) | 12.947 | 4.931 | 23.807 |
| J. Financial instruments | 131.018 | 130.795 | 0 |
| K. Trade payables and other non current debts/right of use | 22.387 | 10.891 | 8.821 |
| L. Non current financial debt (I) + (J) + (K) | 166.353 | 146.617 | 32.628 |
| M. Net financial position (H) + (L) | 146.547 | 121.256 | 10.333 |
| <i>of which</i> | | | |
| <i>Deferred price acquisitions</i> | 7.621 | 0 | 1.861 |
| <i>Current payables for the acquisition of right of use</i> | 3.090 | 2.388 | 1.088 |
| <i>Non Current payables for the acquisition of right of use</i> | 13.959 | 10.891 | 8.821 |
| Net financial position without the effect of IFRS 16 IFRS 16 and deferred price | 121.877 | 107.977 | (1.437) |



ITALIAN WINE BRANDS

Creatori di Eccellenze

1.3 Group Performance

Business volume – Revenues

Italian Wine Brands S.p.A. confirmed itself as the first Italian non-cooperative wine group, consolidating, on an annual pro-forma basis, Euro 430.3 million in turnover.

Revenues trend is characterized both by the further strengthening of the Group on international markets, where revenues from sales amounted to approximately Euro 355.4 million (+6.92% compared to 2021), while the domestic market was affected by higher consumption in the Ho.re.ca channel deriving from the end of the pandemic with sales revenues of approximately Euro 73.5 million, down by 2.86% compared to 2021.

| € thousand | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Cagr 20/22 |
|---------------------------------------|-------------------------|----------------|-------------------------|----------------|----------------|--------------|---------------|
| Revenues from sales - Italy | 73.521 | 70.625 | 75.681 | 57.597 | 39.539 | (2,86%) | 36,36% |
| Revenues from sales - Foreign markets | 355.356 | 318.593 | 332.342 | 254.719 | 164.080 | 6,92% | 47,16% |
| UK | 98.073 | 95.365 | 98.048 | 66.447 | 24.254 | 0,03% | 101,09% |
| Germany | 69.210 | 56.399 | 61.568 | 51.863 | 41.961 | 12,41% | 28,43% |
| Switzerland | 43.032 | 42.039 | 49.076 | 48.154 | 48.814 | (12,32%) | (6,11%) |
| US | 33.556 | 29.216 | 19.252 | 10.430 | 1.561 | 74,30% | 363,69% |
| Austria | 16.530 | 16.415 | 17.833 | 17.764 | 18.493 | (7,31%) | (5,46%) |
| France | 14.153 | 13.888 | 13.259 | 9.020 | 5.760 | 6,75% | 56,76% |
| Poland | 11.021 | 7.486 | 9.417 | 6.040 | 1.086 | 17,03% | 218,59% |
| Netherlands | 8.467 | 5.643 | 9.912 | 6.597 | 1.709 | (14,58%) | 122,62% |
| Denmark | 8.425 | 7.139 | 7.535 | 6.004 | 5.020 | 11,81% | 29,55% |
| Belgium | 8.103 | 7.657 | 10.013 | 9.190 | 6.641 | (19,08%) | 10,46% |
| Canada | 6.698 | 5.818 | 4.654 | 2.446 | 877 | 43,92% | 176,41% |
| Ireland | 5.963 | 5.480 | 6.847 | 4.512 | 1.516 | (12,92%) | 98,30% |
| Sweden | 2.858 | 1.814 | 2.260 | 1.681 | 1.586 | 26,44% | 34,22% |
| China | 2.561 | 1.336 | 1.616 | 1.225 | 882 | 58,52% | 70,39% |
| Hungary | 1.807 | 1.732 | 1.869 | 1.666 | 1.544 | (3,30%) | 8,19% |
| Other countries | 24.901 | 21.167 | 19.184 | 11.681 | 2.378 | 29,80% | 223,62% |
| Other Revenues | 1.436 | 1.436 | 910 | 910 | 692 | 57,77% | 44,03% |
| Total Revenues from sales | 430.312 | 390.654 | 408.934 | 313.227 | 204.311 | 5,23% | 45,13% |

The table above and the following ones show the consolidated data referring to all the companies currently included in the scope of the Group considered for the period 1 January 2022-31 December 2022 (**31.12.2022 pro-forma**), in the same way the differences are calculated with reference to the pro-forma figure as at 31.12.21 where indicated in the table (**Δ % 21/22 - Cagr 20/22**).

The data in the table show how the acquisitions have guaranteed greater geographical diversification of revenues, contributing to strengthening the Group in key countries such as the United States (+74.3% growth compared to the previous year), Germany (+12.41 %) respectively first and third destination market for Italian wine abroad.

The Group's exposure to sales in the Russian Federation is very limited, amounting to a total of approximately Euro 2.8 million in 2022, fully collected as a result of the new policy which provides for advance payments for sales in Russia.



ITALIAN WINE BRANDS
Creatori di Eccellenza

The breakdown of sales revenues by distribution channels shows a marked strengthening of wholesale (sales to large-scale retail chains, to state monopolies) despite the reduction in 2022 consumption conveyed by this market segment; a repositioning of the distance selling channel (direct sales to individuals) on pre-pandemic levels as a result of new consumption habits; revenues more than doubled in the ho.re.ca channel, both nationally and internationally, do not seem to be affected by the difficult macro-economic context.

Overall, the strategic foresight of the IWB Group is confirmed which, thanks to diversified commercial policies on channels with the greatest potential and to acquisitions, which have accelerated entry into the ho.re.ca channel in its phase of greatest development, consolidates constant growth in time and a strengthening of its market position.

The breakdown of revenues by business area is shown below.

€ thousand

| | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Cagr 20/22 |
|---|-------------------------|----------------|-------------------------|----------------|----------------|--------------|---------------|
| Total Revenues from sales | 430.312 | 390.654 | 408.934 | 313.227 | 204.311 | 5,23% | 45,13% |
| Revenues from wholesale division | 303.471 | 279.013 | 299.379 | 212.078 | 119.629 | 1,37% | 59,27% |
| Revenues from distance selling division | 68.545 | 68.502 | 82.706 | 82.671 | 83.990 | (17,12%) | (9,66%) |
| Revenues from ho.re.ca | 56.860 | 41.703 | 25.938 | 17.567 | - | 119,21% | NA |
| Other Revenues | 1.436 | 1.436 | 910 | 910 | 692 | 57,77% | 44,03% |

Wholesale revenues have almost tripled in the last 3 years, going from Euro 119.6 million in 2020 to Euro 303.5 million in 2022. The growth can be attributed to the acquisition of companies operating in the wine sector, equal in the period in question to Euro 196.3 million. Downstream of this growth, the wholesale distribution channel is therefore confirmed by far as the main contributor to the Group's revenues, reaching 70.5% of total sales revenues in 2022 (73.2% in 2021, 58.6% in 2020) despite the difficulties encountered in 2022 to guarantee continuity in the supply chain.



ITALIAN WINE BRANDS
Creatori di Eccellenze

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

| <i>Ethousand</i> | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Cagr 20/22 |
|---|-------------------------|----------------|-------------------------|----------------|----------------|--------------|---------------|
| Revenues wholesale division - Italy | 43.450 | 42.457 | 42.607 | 24.655 | 5.524 | 1,98% | 180,46% |
| Revenues from wholesale division - Foreign markets | 260.021 | 236.557 | 256.772 | 187.423 | 114.106 | 1,27% | 50,96% |
| UK | 64.502 | 62.423 | 72.470 | 44.625 | 14.703 | (10,99%) | 109,45% |
| Germany | 41.327 | 30.394 | 32.615 | 23.334 | 14.833 | 26,71% | 66,92% |
| Switzerland | 40.017 | 39.152 | 45.486 | 44.586 | 45.117 | (12,02%) | (5,82%) |
| US | 23.340 | 21.945 | 15.379 | 8.628 | 1.561 | 51,76% | 286,72% |
| Austria | 14.205 | 14.157 | 15.149 | 15.082 | 15.856 | (6,23%) | (5,35%) |
| Poland | 10.321 | 6.922 | 8.841 | 5.710 | 1.086 | 16,74% | 208,31% |
| France | 9.654 | 9.654 | 7.749 | 3.545 | 165 | 24,58% | 664,47% |
| Belgium | 7.560 | 7.166 | 9.354 | 8.552 | 5.997 | (19,18%) | 12,27% |
| Denmark | 7.305 | 7.099 | 7.513 | 5.995 | 5.020 | (2,78%) | 20,63% |
| Netherlands | 6.497 | 4.943 | 9.176 | 5.892 | 1.093 | (29,20%) | 143,78% |
| Ireland | 5.744 | 5.267 | 6.707 | 4.377 | 1.516 | (14,37%) | 94,62% |
| Canada | 4.234 | 3.534 | 3.085 | 1.774 | 877 | 37,25% | 119,76% |
| Sweden | 2.282 | 1.764 | 2.222 | 1.656 | 1.586 | 2,67% | 19,93% |
| Hungary | 1.799 | 1.724 | 1.866 | 1.665 | 1.544 | (3,56%) | 7,96% |
| China | 1.220 | 1.220 | 1.565 | 1.185 | 882 | (22,02%) | 17,63% |
| Other countries | 20.014 | 19.192 | 17.593 | 10.816 | 2.269 | 13,76% | 197,02% |
| Total Revenues from sales - wholesale division | 303.471 | 279.013 | 299.379 | 212.078 | 119.629 | 1,37% | 59,27% |

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

- a continuous renewal, expansion, extension and enrichment of the range of the own-brand product portfolio, which make the commercial offer of the IWB Group attractive, recognized on the market and synonymous with quality;
- a consolidated presence in the countries with the highest "resilient" per capita consumption of wine;
- to an international commercial force which represents an element of uniqueness in the sector and which has allowed the start of a significant growth path in sales also in the countries of the Far East where the consumption of wine is an ostentatious and emulatory element of the "Western world" factor that allows the sale of a product mix with higher added value.

The Direct Selling market to the consumer, which in the two-year period 2020-2021 benefited from the restrictions caused by the lock-down, in 2022 saw a "return to normality" also for sales through digital channels. Wine e-commerce, particularly in Italy, "marks time" with a drop of 15% in volumes and as much as 23% in values in some of the main digital sales platforms. (Uv-Ismea Observatory based on Ismea-Nielsen IQ) also due to the effect of price reductions (e-commerce was the only retail channel to decrease price lists in times of inflation, - on average by -9, 5%).



ITALIAN WINE BRANDS
Creatori di Eccellenze

In this context, **the distance selling division** has tried to enhance the loyalty of its customers through an even more innovative offer that combines own-brand products with highly recognizable brands on the market at competitive prices while paying constant attention to safeguarding margins.

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

€ thousand

| | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Cagr 20/22 |
|--|-------------------------|---------------|-------------------------|---------------|---------------|-----------------|----------------|
| Revenues from distan selling division - Italy | 27.682 | 27.639 | 32.794 | 32.760 | 34.016 | (15,59%) | (9,79%) |
| Revenues from distance selling div - Foreign markets | 40.864 | 40.864 | 49.912 | 49.912 | 49.974 | (18,13%) | (9,57%) |
| Germany | 24.594 | 24.594 | 27.987 | 27.987 | 27.128 | (12,13%) | (4,79%) |
| UK | 6.169 | 6.169 | 9.058 | 9.058 | 9.550 | (31,90%) | (19,63%) |
| France | 4.183 | 4.183 | 5.409 | 5.409 | 5.594 | (22,67%) | (13,53%) |
| Switzerland | 2.798 | 2.798 | 3.552 | 3.552 | 3.697 | (21,22%) | (13,00%) |
| Austria | 2.246 | 2.246 | 2.678 | 2.678 | 2.637 | (16,13%) | (7,70%) |
| Belgium | 427 | 427 | 604 | 604 | 644 | (29,36%) | (18,57%) |
| Netherlands | 417 | 417 | 583 | 583 | 615 | (28,45%) | (17,63%) |
| Other countries | 30 | 30 | 39 | 39 | 109 | (24,22%) | (47,63%) |
| Total Revenues from sales - distance selling division | 68.545 | 68.502 | 82.706 | 82.671 | 83.990 | (17,12%) | (9,66%) |

In more specific terms, in 2022 distance selling saw a decrease in sales on the Italian market compared to 2019 (also due to the regulatory restrictions imposed on the telemarketing channel), and a 3.1% growth on foreign markets achieved in particularly thanks to (i) the development of the UK market despite the difficulties related to Brexit and ii) the consolidation on the German market.

The contribution of sales made through digital platforms should be noted, which came to represent 29.3%% of the division's overall sales compared to 19.3%% in 2019.

2022 in particular saw the launch of sales through the Svinando platform in new European countries, in particular in the UK, Austria and France which could form the basis for a renewed growth in digital sales in the current year. Overall, sales through the Svinando platform grew by 41% compared to 2021, going against the market trend.

New payment methods have also been introduced which should allow for a further improvement in the user experience and encourage retention of the customer base and repurchases. 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.

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



ITALIAN WINE BRANDS
Creatori di Eccellenze

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

| <i>Ethousand</i> | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Cagr 20/22 |
|--|-------------------------|---------------|-------------------------|---------------|---------------|-----------------|----------------|
| Revenues from distan selling division - Italy | 27.682 | 27.639 | 32.794 | 32.760 | 34.016 | (15,59%) | (9,79%) |
| Direct Mailing | 12.292 | 12.292 | 15.441 | 15.441 | 16.107 | (20,39%) | (12,64%) |
| Teleselling | 8.376 | 8.376 | 9.990 | 9.990 | 9.816 | (16,16%) | (7,63%) |
| Digital / WEB | 7.013 | 6.970 | 7.363 | 7.328 | 8.092 | (4,75%) | (6,90%) |
| <i>% Direct Mailing on total Italy</i> | <i>44,41%</i> | <i>44,48%</i> | <i>47,08%</i> | <i>47,13%</i> | <i>47,35%</i> | | |
| <i>% Teleselling on total Italy</i> | <i>30,26%</i> | <i>30,30%</i> | <i>30,46%</i> | <i>30,50%</i> | <i>28,86%</i> | | |
| <i>% Digital / WEB on total Italy</i> | <i>25,34%</i> | <i>25,22%</i> | <i>22,45%</i> | <i>22,37%</i> | <i>23,79%</i> | | |
| Revenues from distance selling div - Foreign markets | 40.864 | 40.864 | 49.912 | 49.912 | 49.974 | (18,13%) | (9,57%) |
| Direct Mailing | 22.247 | 22.247 | 28.261 | 28.261 | 27.068 | (21,28%) | (9,34%) |
| Teleselling | 5.526 | 5.526 | 6.816 | 6.816 | 7.686 | (18,93%) | (15,21%) |
| Digital / WEB | 13.091 | 13.091 | 14.835 | 14.835 | 15.220 | (11,76%) | (7,26%) |
| <i>% Direct Mailing on total International revenues</i> | <i>54,44%</i> | <i>54,44%</i> | <i>56,62%</i> | <i>56,62%</i> | <i>54,16%</i> | | |
| <i>% Teleselling on total International revenues</i> | <i>13,52%</i> | <i>13,52%</i> | <i>13,66%</i> | <i>13,66%</i> | <i>15,38%</i> | | |
| <i>% Digital / WEB on total International revenues</i> | <i>32,04%</i> | <i>32,04%</i> | <i>29,72%</i> | <i>29,72%</i> | <i>30,46%</i> | | |
| Total Revenues from sales - distance selling division | 68.545 | 68.502 | 82.706 | 82.671 | 83.990 | (17,12%) | (9,66%) |

Thanks to a targeted M&A activity, the IWB Group, already starting from 2021, with the acquisition of Enoitalia has also significantly entered the Ho.re.ca channel. which constitutes an essential completion of the channel portfolio, also obtaining a significant improvement in the supervision of the customer base on the various consumption occasions.

This strategy was rewarded by the 2022 results with revenues recording important signs of growth in conjunction with the end of the Covid-19 pandemic period and despite the presence of an uncertain economic scenario, confirming that conviviality is once again prevailing over wine.

The details of the sales revenues of the ho.re.ca channel by country are provided below:

| <i>Ethousand</i> | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Cagr 20/22 |
|--|-------------------------|---------------|-------------------------|---------------|------------|----------------|------------|
| Revenues ho.re.ca division - Italy | 2.390 | 530 | 280 | 183 | - | 753,59% | NA |
| Revenues from ho.re.ca division - Foreign markets | 54.471 | 41.172 | 25.658 | 17.384 | - | 112,29% | NA |
| UK | 27.402 | 26.773 | 16.520 | 12.764 | - | 65,87% | NA |
| US | 10.216 | 7.271 | 3.872 | 1.802 | - | 163,82% | NA |
| Germany | 3.290 | 1.412 | 966 | 542 | - | 240,64% | NA |
| Canada | 2.464 | 2.284 | 1.569 | 672 | - | 57,02% | NA |
| Netherlands | 1.553 | 282 | 153 | 121 | - | 917,93% | NA |
| China | 1.341 | 116 | 51 | 40 | - | 254,55% | NA |
| Denmark | 1.120 | 41 | 22 | 9 | - | 5026,03% | NA |
| Poland | 700 | 564 | 576 | 330 | - | 21,54% | NA |
| Sweden | 576 | 50 | 38 | 25 | - | 1429,69% | NA |
| France | 316 | 50 | 100 | 65 | - | 216,05% | NA |
| Ireland | 219 | 212 | 140 | 135 | - | 56,55% | NA |
| Switzerland | 216 | 88 | 38 | 16 | - | 470,38% | NA |
| Belgium | 116 | 64 | 55 | 34 | - | 111,26% | NA |
| Austria | 78 | 13 | 7 | 3 | - | 1051,43% | NA |
| Hungary | 8 | 8 | 3 | 1 | - | 171,11% | NA |
| Other countries | 4.857 | 1.945 | 1.551 | 825 | - | 213,21% | NA |
| Total Revenues from sales - ho.re.ca division | 56.860 | 41.703 | 25.938 | 17.567 | - | 119,21% | NA |



ITALIAN WINE BRANDS

Creatori di Eccellenze

In 2022, England was confirmed as the leading on-trade market for IWB with revenues growing by 65.9%. In this country, the Group operates in the segment with a broad range of wines focused in particular on prosecco and sparkling 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. On-trade in the UK has come to exceed 40% of total wine sales over the years, managing to achieve a dominant position in the Italian market share. The recovery in out-of-home consumption, associated with the growing interest in Italian sparkling wine (in particular Prosecco DOC) and a young consumer target interested in novelties and Italian style supported the recovery in Group sales during the year.

Sales on the US market grew by 163.8% also due to the acquisition, completed in April 2022, of Enovation Brands Inc, which, in the strategy of the IWB Group, will constitute an acceleration factor in the US market for all the brands in the portfolio. A similar commercial development is foreseen in the Canadian market.

As far as the USA is concerned, the on-trade channel plays a double strategic role for the Group: both in terms of sales and visibility for historic brands (such as Voga Italia, Ca Montini) which are also marketed in the wholesale channel. The recovery of the market has been gradual in function of the reopening of the single States.

As far as minor countries are concerned, there is evident interest in the main European markets and in particular in Germany and Poland, where the share of Italian wine sold in the horeca channel has increased over the years. In 2022, in particular, wine importers and distributors in the main Polish cities increased their turnover by up to 40% thanks to the arrival of new customers from Ukraine.

A significant factor in the strengthening of IWB on this channel was the acquisition of Barbanera which enjoys an excellent positioning in the premium segment.

The Group's exposure to sales in the Russian Federation is very limited, amounting to approximately Euro 1.3 million in 2022.



ITALIAN WINE BRANDS

Creatori di Eccellenze

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 € thousand

| | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Δ % 20/22 |
|--|-------------------------|----------------|-------------------------|----------------|----------------|-----------------|---------------|
| Revenues from sales and other revenue | 436.209 | 396.228 | 411.887 | 315.871 | 205.849 | 5,91% | 45,57% |
| Raw materials consumed | (295.066) | (271.180) | (276.003) | (204.372) | (118.870) | 6,91% | 57,55% |
| % of total revenues | (67,64%) | (68,44%) | (67,01%) | (64,70%) | (57,75%) | | |
| Costs for services | (78.190) | (70.990) | (72.362) | (62.009) | (52.159) | 8,05% | 22,44% |
| % of total revenues | (17,92%) | (17,92%) | (17,57%) | (19,63%) | (25,34%) | | |
| Personnel | (24.256) | (21.633) | (20.492) | (14.563) | (8.125) | 18,37% | 72,78% |
| % of total revenues | (5,56%) | (5,46%) | (4,98%) | (4,61%) | (3,95%) | | |
| Other operating costs | (1.520) | (1.368) | (1.200) | (898) | (1.091) | 26,63% | 18,04% |
| % of total revenues | (0,35%) | (0,35%) | (0,29%) | (0,28%) | (0,53%) | | |
| Restated EBITDA | 37.177 | 31.057 | 41.829 | 34.030 | 25.604 | (11,12%) | 20,50% |
| % of total revenues | 8,52% | 7,84% | 10,16% | 10,77% | 12,44% | | |

First of all, the table above shows that, during the 2022 financial year, the incidence of Consumption of raw materials on turnover is stable despite (i) the different "mix" of sales, increasingly shifted to the wholesale channel, structurally characterized from a greater incidence of the raw material on sales compared to the sales of the distance selling channel (ii) there were significant increases in the prices of the raw material, both in the "wine" component (in particular Prosecco) and in the "dry materials" component. These increases weighed on the margins of revenues achieved with large-scale retail trade which saw the upward realignment of price lists as early as January 2022.

Costs for Services, equal to Euro 78.2 million in the year, increased by Euro 5.8 million in absolute terms compared to 2021 mainly due to the effect of utility costs, which substantially tripled in the first half compared to the same period of 2021.

Details of the costs for services incurred by the Group in 2022 are provided below, compared with the same items in 2021 and 2020.



ITALIAN WINE BRANDS
Creatori di Eccellenze

Restated €thousand

| | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 |
|---|-------------------------|---------------|-------------------------|---------------|---------------|
| Services from third parties | 12.892 | 11.868 | 13.784 | 11.489 | 8.332 |
| Duties and excise duties | 7.886 | 7.887 | 8.646 | 8.282 | 8.374 |
| Transport | 19.873 | 18.518 | 19.448 | 17.174 | 14.935 |
| Postage expenses | 3.921 | 3.921 | 4.119 | 4.119 | 4.007 |
| Fees and rents | 1.308 | 1.138 | 1.085 | 1.001 | 717 |
| Consulting | 2.898 | 2.175 | 3.388 | 2.118 | 1.443 |
| Advertising costs | 1.562 | 1.183 | 1.299 | 1.098 | 3 |
| Utilities | 5.866 | 5.582 | 2.473 | 1.681 | 824 |
| Remuneration of Directors, Statutory Auditors | 1.606 | 1.514 | 3.176 | 2.512 | 1.946 |
| Maintenance | 2.074 | 1.775 | 2.018 | 1.313 | 370 |
| Costs for outsourcing | 7.721 | 7.721 | 8.984 | 8.984 | 9.302 |
| Commissions | 2.863 | 1.599 | 1.677 | 898 | 141 |
| Other costs for services | 8.143 | 6.532 | 4.465 | 3.539 | 2.931 |
| Non-recurring expenses | (424) | (424) | (2.200) | (2.200) | (1.166) |
| Total | 78.190 | 70.990 | 72.362 | 62.009 | 52.159 |

The increase in costs for value-added services in 2022 compared to 2021 is attributable to the different scope of consolidation, while the incidence of costs for services on revenues from sales is linked i) to the sales "mix", increasingly oriented towards the distribution channel wholesale, 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 growing efficiency of the distance selling division (iii) partially offset by the increase in transport and utility costs .

During the year, personnel costs recorded an increase in absolute values from Euro 20.5 million in 2021 to Euro 24.3 million in 2022, linked almost exclusively to the entry into the Group of Enovation Brands Inc and Barbanera S.r.l. The increase in value personnel costs is also accompanied by a slight increase in the percentage incidence on sales revenues (from 3.95% in 2020, to 5.0% in 2021 up to 5.6% in 2022) to be ascribed to the higher percentage of wine production and bottling made internally. The insourcing of these productions makes it possible to significantly reduce the costs for external processing and to increase the overall operating margins.

The dynamics of revenues and costs described above made it possible to obtain a restated pro-forma EBITDA of Euro 37.3 million (8.56% of revenues from sales) in 2022.

Below is a breakdown of the cost items that from the EBITDA lead to the formation of the Income before taxes of the Italian Wine Brands Group



ITALIAN WINE BRANDS
Creatori di Eccellenze

Restated € thousand

| | 31.12.2022 pro-forma | 31.12.2022 | 31.12.2021 pro-forma | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Δ % 20/22 |
|--|-------------------------|---------------|-------------------------|---------------|---------------|-----------------|---------------|
| Restated EBITDA | 37.177 | 31.057 | 41.829 | 34.030 | 25.604 | (11,12%) | 20,50% |
| Write downs | (833) | (803) | (1.212) | (1.152) | (1.427) | (31,30%) | (23,60%) |
| % of total revenues | (0,19%) | (0,20%) | (0,29%) | (0,36%) | (0,69%) | | |
| Depreciation and amortization | (11.450) | (9.666) | (9.264) | (6.948) | (3.960) | 23,59% | 70,04% |
| % of total revenues | (2,62%) | (2,44%) | (2,25%) | (2,20%) | (1,92%) | | |
| Exceptional items | (1.306) | (1.322) | (3.021) | (3.021) | (2.000) | (56,77%) | (19,19%) |
| % of total revenues | (0,30%) | (0,33%) | (0,73%) | (0,96%) | (0,97%) | | |
| Release (provision) for risks and charge | (59) | (54) | - | - | - | NA | NA |
| % of total revenues | (0,01%) | (0,01%) | - | - | - | | |
| Operating profit (loss) | 23.530 | 19.213 | 28.332 | 22.909 | 18.217 | (16,95%) | 13,65% |
| % of total revenues | 5,39% | 4,85% | 6,88% | 7,25% | 8,85% | | |
| Financial income (expenses) | (5.645) | (5.518) | (4.308) | (3.938) | (1.186) | 31,03% | 118,16% |
| % of total revenues | (1,29%) | (1,39%) | (1,05%) | (1,25%) | (0,58%) | | |
| Result before taxes | 17.885 | 13.695 | 24.024 | 18.970 | 17.031 | (25,55%) | 2,48% |
| % of total revenues | 4,10% | 3,46% | 5,83% | 6,01% | 8,27% | | |

The table above shows how the income statement of the Italian Wine Brands Group was characterized in 2022 by a reduction in non-recurring charges and write-downs which offset the increase in depreciation determined mainly by the change in perimeter for an overall incidence on turnover equal about 3%.

Non-recurring charges, amounting to Euro 1.5 million (Euro 3 million in 2021), are attributable to:

- Costs for services equal to Euro 424 thousand and relating to i) Euro 225 thousand aimed at the acquisition of 85% of the share capital of Enovation Brands Inc for legal and notary consultancy, financial advisory and due diligence, ii) Euro 20 thousand for consultancy relating to the acquisition of the companies Barbanera srl and Fossalto srl. iii) Euro 179 thousand for legal consultancy relating to settlements with former employees and feasibility studies on new projects.
- Personnel costs of Euro 150 thousand relating to settlements with former employees.
- Other operating costs of Euro 882 thousand relating (i) for Euro 150 thousand to a settlement agreement with a strategic supplier (ii) for Euro 732 thousand for a fraud against the company Enovation Brands Inc
- Financial charges recorded a significant increase linked to the issue of the Bond Loan which impacted financial charges for Euro 3.5 million compared to Euro 2.2 million in 2021 due to the different period of application.

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

Investments in Fixed Capital increased during the year under review, amounting to a total of Euro 9.9 million divided between tangible fixed assets (Euro 6.3 million, mainly investments for the Montebello property dedicated to production and acquired indirectly through the



ITALIAN WINE BRANDS

Creatori di Eccellenze

merger with Garzan) and intangible assets (Euro 3.6 million, mainly acquisitions of addresses and customers for Euro 2.4 million, software developments for Euro 0.9 million, website development for approximately Euro 0.2 million and improvements to third parties for Euro 0.1 million).

The Net Working Capital at December 31, 2022 increased compared to December 31, 2021 essentially due to the effect

(i) the acquisitions which led to an increase in inventories of Euro 22 million

(ii) the reduction in trade payables deriving from the new payment terms agreed to bulk wine suppliers.

only partially offset by better management of trade receivables,

The dynamics described above of i) limited volumes of investments in fixed capital, ii) an increase in net working capital lower than the increase in inventories, iii) substantial cash flows produced by operations, have allowed the improvement of the consolidated cash position despite investments for the acquisition of Enovation Brands Inc, Barbanera S.r.l. and Fossalto S.r.l. , the distribution of the dividend and the purchase of treasury shares. In particular, the consolidated cash position went from Euro 59.1 million as at 31 December 2021 to Euro 61.1 million as at 31 December 2022.

2 Significant events

2.1 2022 significant events

2.1.1 Acquisition of 85% of Enovation Brands Inc.

On 8 April 2022 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



ITALIAN WINE BRANDS

Creatori di Eccellenze

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 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 buy-side 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 hand 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



ITALIAN WINE BRANDS

Creatori di Eccellenze

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. 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.

2.1.2 Reserved capital increase

On 16 December 2022 the Extraordinary Shareholders' Meeting of Italian Wine Brands S.p.A. approved, on second call, the proposal to increase the share capital against payment and inseparably, for a total amount of Euro 26,316,240.00 (of which Euro 78,203.00 as share capital and Euro 26,238,037, 00 as a share premium) (the "Reserved Capital Increase"). The Reserved Capital Increase provided for the issue of a total of no. 657,906 new ordinary shares of the Company, with no par value, at the unit subscription price of Euro 40.00 (inclusive of the share premium), with the exclusion of the option right pursuant to article 2441, paragraph 5 of the Civil Code, to be reserved in subscription to Holding Marco Barbanera S.r.l. ("HMB") and Holding Paolo Barbanera S.r.l. ("HPB") to be paid in cash, including by offsetting.

This Reserved Capital Increase is part of an investment transaction by IWB, which involved the acquisition by the Company of the entire share capital of Barbanera S.r.l. ("Blackbeard") and Fossalto S.r.l. ("Fossalto") and the reinvestment of HMB and HPB, shareholders of Barbanera and Fossalto, in the share capital of IWB through the subscription and payment in cash, also through compensation, of the Reserved Capital Increase (the "Transaction"). For further information on the Transaction, please refer to the press release of 22 November 2022 available on the Company's website (www.italianwinebrands.it, Section "Investors / Press releases").



ITALIAN WINE BRANDS

Creatori di Eccellenze

The Shareholders' Meeting saw the participation of shareholders for a total of 4,205,244 shares, representing 47.77% of the share capital, who unanimously expressed their approval of the Transaction.

The approval of the Reserved Capital Increase by the Extraordinary Shareholders' Meeting of IWB constituted a condition precedent of the Transaction which must therefore be considered fulfilled on 16 December. The closing of the Transaction and, therefore, the completion of the acquisition of the entire capital of Barbanera and Fossalto by the Company and the subscription and release of the Reserved Capital Increase by HPB and HMB took place on 22 December 2022 as better described in the paragraph below.

2.1.3 Acquisition of 100% of the wine companies owned by the Barbanera family

On December 22 IWB signed the agreements for the acquisition of 100% of the share capital of the companies of the Barbanera family ("Sellers"), i.e. Barbanera S.r.l. ("Barbanera") and Fossalto S.r.l. ("Fossalto") (collectively the "Targets").

Barbanera is a family company founded in the 70s in Cetona (Siena) by brothers Marco and Paolo Barbanera, active today in the vinification, production and sale of high-quality wines in the premium segment.

Over the years, Barbanera has grown steadily and it is now the point of reference of Tuscan wine on international markets thanks, in particular, to its autochthonous wines awarded by the main critics (Barbanera®, Gigino®, Vecciano®), made both with use of the raw material from the vineyards owned by the family (about 33 hectares located in areas with a high wine-growing vocation), and with raw materials subject to careful selection and a winemaking process entirely carried out within the company.

The positive production and commercial results described above have translated into a solid and continuously growth of economic and financial performances. Barbanera and Fossalto achieved a consolidated turnover of Euro 38.7 million in 2021, of which over 90% generated on international markets and increased consistently from Euro 33.3 million in 2020 and from Euro 26.6 million in 2019. The Adjusted Ebitda achieved by the companies in 2021 was equal to Euro 5.4 million (margin on turnover equal to 14.0%), the net profit was equal to Euro 3.8 million while the net financial position at 31 December 2021 was positive for Euro 1.2 million (IFRS compliant data).

Under the agreement signed today, IWB will acquire 100% of the capital of the Targets on the basis of a total Equity Value of Euro 41,990,000.00 which will be paid by IWB in cash on the closing date, tentatively expected by 31 December 2022 and, in any case, no later than 31 March 2023 (the "Closing"). The structure of the transaction also provides that the holding companies of the Barbanera family will reinvest in the IWB Group a total value of Euro



ITALIAN WINE BRANDS

Creatori di Eccellenze

26,316,240.00 by subscribing no. 657,906 newly issued IWB ordinary shares at a price of Euro 40.00 (forty/00) each.

Upon completion of the transaction, the Barbanera family will hold a total stake of 6.95% of the share capital of IWB after the capital increase (the "Reinvestment"). The newly issued IWB shares subscribed by the holding companies of the Barbanera family will be subject to non-transferability restrictions for a period of 36 months (lock-up).

The structure of the transaction also provides for a deferred price component ("Earn-out") of a total amount of Euro 1,000,000.00 to be paid in the first half of 2024 in the presence of an increase in average Ebitda for the two-year period 2022-2023 compared to 2021.

The agreements between IWB and the Barbanera family provide that, after the Closing date, there will be the entry into the IWB Board of Directors of Dr. Sofia Barbanera, current sales manager for Europe and the USA of Barbanera. Management continuity is also envisaged for the two Target companies, which will be able to benefit from the support of the IWB Group's managerial and strategic skills in order to identify cost and organizational synergies.

The acquisition (details of which are provided below) will take place at a valuation of Target's economic capital at lower multiples than those currently expressed by IWB shares. The acquisition has been evaluated by the Board of Directors of IWB as an accretive transaction with regards of the value of IWB shares.

The acquisition is also highly strategic for IWB which, after having taken root in Piedmont, Veneto and Puglia with its own production, vinification and bottling cellars, is completing the offer with a historic Tuscan production cellar, owner of a portfolio of premium wines/brands that can be distributed globally through its sales channels. In addition, as part of the deal, IWB will ensure the sourcing of raw materials of the highest quality through the signing of an exclusive and long-term supply contract with Le Forconate, a farm that has approximately 33 hectares and is owned by the Barbanera family.

2.1.4 Asset management

From the point of view of asset management, it should be noted that during 2022 dividends were distributed for a total of Euro 879 thousand, no. 36,192 Italian Wine Brands treasury shares for a total of Euro 1,430 thousand at an average price of Euro 39.5 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 the necessary measures have been maintained to ensure the continuation of company activities (i.e. organization of company spaces to ensure the necessary between people, incentives for remote work with reference to office activities, creation of separate teams for production and transport activities).

2.2 Significant events subsequent to the end of the 2022 financial year

In January 2023, as part of the activities aimed at closing the consolidated financial statements as at 31 December 2022, a fraud emerged which affected the accounts of the company Enovation Brands Inc starting from years prior to the acquisition by the IWB Group:

(i) The pre-closing amount is governed by the SPA representations and warranties and has consequently been deducted from the purchase price.

(ii) The amount after the closing, net of the tax benefit and the minority interest, is equal to Euro 457 thousand. The gross amount of Euro 732 thousand is accounted for under the adjustments relating to the operating margin.

At the date of approval of the financial statements, investigations aimed at defining responsibilities and the potential recovery of at least part of the amount are still underway.

On 30 March 2023, the company's Board of Directors approved the 2023-2025 Incentive Plan which will be submitted for approval by the next shareholders' meeting called for 26 April 2023 on first call and 27 April 2023 on second call. The Plan aims to (i) incentivize the group's key resources with respect to the pursuit of important economic-financial targets (ii) encourage the beneficiaries to remain within the group; and (iii) develop a sense of belonging for key resources through the attribution of tools representing the value of the Company.

The Board of Directors of IWB also submits to the Shareholders' Meeting the resolution in the ordinary session regarding the authorization to purchase and dispose of treasury shares in order to provide the Company with a stock of treasury shares to be allocated to service of the Incentive Plan, as consideration in extraordinary transactions - including the exchange of shares with other parties, as part of transactions in the interest of the Company, such as potential, further sector aggregations under continuous analysis and evaluation by the Board of Directors – as well as any future incentive and loyalty plans adopted by the Company and/or other purposes permitted by law in the interest of the Company itself.



3. Outlook

In 2022, despite a macro-economic context characterized (i) by the uncertainties deriving from the Russia-Ukraine conflict (ii) by inflationary dynamics which have led to a significant increase in production factors and a reduction in consumers' spending power, the IWB Group has continued the growth path for external lines aimed at maximizing the presence on international markets and completing the product portfolio with highly recognizable brands and development potential.

While aware of the uncertainty of the general economic situation, the Group continues to be confident in the potential for growth and resilience of its business in the medium-long term thanks to its strong competitive and multi-channel positioning, its international commercial strength, its solid financial structure, its constant management commitment aimed at overseeing the supply chain, controlling costs and improving efficiency and production organisation.

The Group's priority continues to be the sustainable growth of its business and we believe that the correct foundations have been laid despite the current difficult economic situation.

In 2023, the Group's margins will increase as a result of the price lists in force during the current year and the reduction in the cost of some production factors, after the peaks of the previous year. In addition, activities have been started aimed at (i) rationalizing and simplification of processes through the integration of production companies, which will lead to the reduction of countless intra-group transactions, eliminating non-productive costs and speeding up operations with customers (ii) the development of new products in the premium range, which will tend to replace low-cost production added value, with benefits on profitability and cash generation (iii) the expansion of the distribution of the most profitable brands in new geographical areas.

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.



ITALIAN WINE BRANDS

Creatori di Eccellenze

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.

The Board of 23 March 2023 inter alia approved an update of the Model aimed at introducing:

- (i) updating to recent legislative changes;
- (ii) an Anti-Corruption Model/Guidelines;
- (iii) the introduction of alternative whistleblowing channels.

5. Agreements 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.

- (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) a service contract with Electa SpA concerning support for investor relations activities for an amount of €40 thousand on an annual basis

The relationships described above are governed by conditions in line with those of the market.



It should also be noted that, as detailed in the paragraph Significant events during the year for the acquisition of 55% of Enovation Brands Inc. The Board of Directors of the Company approved the transaction subject to the favorable opinion issued by the Independent Director of the Company, . Antonella Lillo, (regarding the signing of the sales contract with Norina, as well as the convenience and substantial correctness of the related conditions) as Norina is a "related party" of the Company being attributable to the four family branches of the Pizzolo family, including the Vice President of IWB, Dr. Giorgio Pizzolo, and the administrator of IWB, Dr. Marta Pizzolo. It should be noted that the purchase and sale transaction of the Norina Stake qualifies as a transaction with a related party "of lesser importance" pursuant to and for the purposes of the "Procedure for transactions with related parties" adopted by the Company and the Regulation approved with Consob resolution no. 17221/2010

It should be remembered that the Parent Company IWB has adopted and follows the related Related Parties Procedure in compliance with the general provisions of the Euronext Growth Milan Issuers' Regulation.

6. Information relating to the environment, safety and personnel

HEALTH AND SAFETY

The Group - which holds the ownership of industrial buildings intended for production purposes - has implemented the Risk Assessment Document required by the law on occupational safety.

The aforementioned document first of all provides for an analysis of the risks present in the company both for the work activity and for the settlement methods; the measures undertaken to minimize the risks, those still to be taken and those to maintain an adequate level of safety are then identified. Finally, the timescales necessary for the implementation of the residual measures are identified.

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

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

During 2022, a constant health surveillance activity was carried out as required by current legislation.



ITALIAN WINE BRANDS

Creatori di Eccellenze

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 personnel and for first aid, in full compliance with the reference regulatory framework.

UNI ISO 45001:2018 CERTIFICATION

(Occupational Health and Safety Assessment Series)

The operating companies of the Italian Wine Brands Group (Giordano spa and Enoitalia spa) constantly adopt and implement an Occupational Health and Safety Management System compliant with the UNI-ISO 45001 standard.

The human capital of the IWB Group organizations constitutes the main resource, therefore the health and well-being of employees are some of the main keys to the success of the Group companies.

The organization is committed to providing its employees with a safe and healthy work environment, proactively anticipating possible improvements in work procedures and environments.

ISO 45001 in IWB aims to create a Management System in the field of Occupational Health and Safety, based on the minimization of occupational risks and on the improvement of safety and working conditions on a global level, capable of identifying, analyzing and evaluate the risks affecting the personnel, in order to adopt the appropriate measures which improve the working environment where necessary.

It is therefore a strategic and operational decision that confirms the commitment to:

- reduce injuries, and health problems due to work practices;
- support adequate development and dissemination of the policy on Health and Safety at work, with clear and evident leadership from management and a commitment to comply with current legislation;
- improve and protect the reputation of the organization;
- define realistic occupational health and safety objectives;
- promote employee motivation and involvement by strengthening collaboration and participation;
- ensure clear and evident leadership from management and commitment to the management system and its compliance;



ITALIAN WINE BRANDS

Creatori di Eccellenze

- improve the control of risks and performance and results in terms of occupational safety and health.

As part of the management system adopted, the risk assessment documents were created with a view to establishing operational tools aimed at minimizing and controlling risks as well as defining continuous improvement measures.

The analysis of work activities did not reveal situations of out of control and unacceptable risk.

With this certification, the accredited external body SGS ITALIA S.p.A. recognized the operating companies of the Group for having implemented a management system in line with the highest safety standards and for having also pursued their objectives on an ongoing basis, contributing important measurable 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 with which the entire Company has the mission of offering an ever-increasing number of Customers in the world of food and wine products of the best Italian tradition, the convenience of the Group's exclusive service, considering the protection of workers' health and safety as an integral part of its business.

MANAGEMENT FOR QUALITY AND FOOD SAFETY.

The Group's operating sites (Giordano vini, Barbanera and Enoitalia) operate and are certified according to the Global Food Safety Initiative (GFSI) in line with the requirements defined by the food safety standards

- BRCGS food
- IFS food (International Featured Standard)

Companies join for each site in the "unannounced" audit mode, confident of the commitment of the entire organization to comply with the defined rules.

The systems adopted guarantee independent audits on food safety systems to adopt the highest standards of food safety also with the involvement of the supply chain and to meet customer requirements. Furthermore, these certifications facilitate access to the global market in line with the Group's mission.

The objective of the GFSI certifications is therefore to ensure the quality and safety of the food products offered to consumers by suppliers and retailers of the large-scale distribution: they are therefore operational tools used for due diligence and to select suppliers in the agri-food chain.



ITALIAN WINE BRANDS

Creatori di Eccellenza

This approach reduces the overall costs of supply chain management and at the same time increases the level of security for customers, suppliers and consumers.

Furthermore, the GFSI certifications represent a great opportunity to demonstrate the continuous commitment of the Group companies towards safety, quality and compliance with the rules governing the agri-food sector, favoring the selection and qualification of suppliers and providing a framework for managing safety, integrity, legality and quality of products.

The requirements of the standard are related to the quality management system, HACCP system and relevant prerequisite programs, including GMP (Good Manufacturing Practice), GLP (Good Laboratory Practice) and GHP (Good Hygiene Practice) requirements.

The certification includes the assessment of the companies' premises, operating systems and procedures.

This standard offers companies the opportunity to:

- communicate your commitment to safety and, in the event of an accident, limit the possible legal consequences, demonstrating that you have taken all reasonable measures to avoid it;
- build and implement a management system to check that the quality, safety and legal compliance constraints that regulate the food sector are respected, with specific reference to the laws in force in the countries of destination of the finished products;
- have a tool to improve the management of food safety, through the control and monitoring of critical factors;
- reduce the incidence of waste, rework and product recalls.

Certification according to the BRCGS global standard for food safety also promotes efficient supply chain management, reducing the need for external auditing and increasing the overall reliability of the supply chain.

Furthermore, the Provinco Italia company is IFS Broker certified.

The IFS Broker was created to ensure product safety and quality, bridging the gap between production and distribution. The standard promotes proper communication between customers and suppliers with the aim that product requirements and specifications are understood and developed.

The standard monitors the parties involved to ensure that appropriate measures are in place so that suppliers operate in accordance with the established quality and safety requirements. The certification also guarantees the monitoring of suppliers' compliance so that they supply products in compliance with regulations and specifications and offers benefits in terms of



ITALIAN WINE BRANDS

Creatori di Eccellenze

quality excellence and customer satisfaction to obtain a competitive advantage on the markets.



ISO 9001

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

OTHER CERTIFICATIONS

Enoitalia has always accompanied its significant growth on the markets with a 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 organisation.

Adhesion, therefore, to the 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 workers to senior management, Enoitalia's operating sites are globally managed in compliance with the following certification standards:

ISO 14001

Adherence to the standard for environmental management constitutes historical baggage for Enoitalia. The company has been certified for more than 20 years, demonstrating its commitment to keeping the environmental impacts of its activities under control, and to systematically seek improvement in a coherent and effective way. A similar certification is obtained from Barbanera.



ITALIAN WINE BRANDS

Creatori di Eccellenze

VIVA sustainability in viticulture

Enoitalia is at the second renewal (valid for two years) of the VIVA sustainability certification to which it has adhered as an Organization since 2018, which aims to improve and communicate sustainability performance to stakeholders through the analysis of 3 indicators (Air, Water, Territory)

Sedex – SMETA (ETHICAL)

Within the Group, Enoitalia spa is subjected to ethical audits every two years according to the Sedex Smeta 2 pillar scheme and to audits with the aim of ascertaining supply chain security.

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

GROUP WORKFORCE

The precise and average headcount by category at 31 December 2022, at 31 December 2021 and at 31 December 2020 is shown below for the Group companies:

| | At 31.12.2022 | Average no 31.12.2022 | At 31.12.2021 | Average no 31.12.2021 | At 31.12.2020 | Average no 31.12.2020 |
|-----------------|------------------|--------------------------|------------------|--------------------------|------------------|--------------------------|
| Executives | 8 | 8 | 6 | 6 | 6 | 7 |
| Middle managers | 23 | 23 | 21 | 21 | 14 | 12 |
| Employee | 202 | 205 | 174 | 161 | 121 | 122 |
| Workers | 140 | 144 | 127 | 128 | 20 | 19 |
| Total | 373 | 379 | 328 | 317 | 161 | 160 |

7. Treasury shares

As at 31/12/2022 the Parent Company holds n. 10,681 ordinary shares, representing 0.11% of the ordinary share capital. As part of the authorization to purchase approved by the Shareholders' Meeting on 7 February 2020, 36,192 treasury shares were purchased during 2022 and 32,362 ordinary shares and 32,363 phantom shares were assigned with reference to the Incentive Plan of Italian Wine Brands S.p.A. and following the accrual of a total of no. 64,725 rights referring to the first tranche included in the performance period of the Plan.



ITALIAN WINE BRANDS

Creatori di Eccellenze

CONSOLIDATED BALANCE SHEET

| | Note | 31.12.2022 | 31.12.2021 |
|--|-----------|--------------------|--------------------|
| <i>Amounts in EUR</i> | | | |
| Non-current assets | | | |
| Intangible fixed assets | 5 | 39.020.818 | 35.983.013 |
| Goodwill | 6 | 214.743.000 | 181.085.190 |
| Land, property, plant and equipment | 7 | 52.130.951 | 50.123.900 |
| Right-of-use assets | 7 | 17.709.172 | 14.041.962 |
| Equity investments | 8 | 5.109 | 2.859 |
| Other non-current assets | 9 | 429.732 | 2.327.877 |
| Attività finanziarie non correnti | | - | - |
| Deferred tax assets | 10 | 1.564.520 | 1.515.513 |
| Total non-current assets | | 325.603.302 | 285.080.314 |
| Current assets | | | |
| Inventory | 11 | 102.814.958 | 77.907.701 |
| Trade receivables | 12 | 61.599.269 | 68.143.859 |
| Other current assets | 13 | 6.082.797 | 2.395.938 |
| Current tax assets | 14 | 3.493.237 | 7.402.216 |
| Current financial assets | | 674.237 | 1.113.163 |
| Cash and cash equivalents | 15 | 61.049.148 | 59.103.393 |
| Total current assets | | 235.713.647 | 216.066.270 |
| Non-current assets held for sale | | - | - |
| Total assets | | 561.316.949 | 501.146.584 |
| Shareholders' equity | | | |
| Share capital | | 1.124.468 | 1.046.266 |
| Reserves | | 142.277.658 | 112.428.321 |
| Reserve for defined benefit plans | | (22.659) | (77.633) |
| Reserve for stock grants | | 65.947 | 518.220 |
| Profit (loss) carried forward | | 38.992.842 | 31.502.135 |
| Net profit (loss) for the period | | 11.242.499 | 14.537.077 |
| Total Shareholders' Equity of parent company shareholders | | 193.680.755 | 159.954.386 |
| Shareholders' equity of NCl's | | (366.135) | - |
| Total Shareholders' Equity | 16 | 193.314.619 | 159.954.386 |
| Non-current liabilities | | | |
| Financial payables | 17 | 152.393.087 | 135.725.740 |
| Right-of-use liabilities | 17 | 13.959.419 | 10.891.065 |
| Provision for other employee benefits | 18 | 1.443.925 | 1.212.286 |
| Provisions for future risks and charges | 19 | 288.172 | 333.891 |
| Deferred tax liabilities | 10 | 9.434.874 | 9.966.431 |
| Other non-current liabilities | 21 | - | - |
| Total non-current liabilities | | 177.519.477 | 158.129.413 |
| Current liabilities | | | |
| Financial payables | 17 | 38.827.981 | 32.467.349 |
| Right-of-use liabilities | 17 | 3.089.661 | 2.388.122 |
| Trade payables | 20 | 136.717.241 | 137.367.109 |
| Other current liabilities | 21 | 8.938.396 | 9.507.718 |
| Current tax liabilities | 22 | 2.909.575 | 1.332.487 |
| Provisions for future risks and charges | 19 | - | - |
| Total current liabilities | | 190.482.853 | 183.062.785 |
| Liabilities directly related to assets held for sale | | - | - |
| Total shareholders' equity and liabilities | | 561.316.949 | 501.146.584 |



ITALIAN WINE BRANDS

Creatori di Eccellenze

CONSOLIDATED PROFIT AND LOSS

| | Note | 31.12.2022 | 31.12.2021 |
|---|------|----------------------|----------------------|
| <i>Amounts in EUR</i> | | | |
| Revenue from sales | 23 | 390.654.334 | 313.226.713 |
| Change in inventories | 11 | 610.153 | 13.332.751 |
| Other income | 23 | 5.573.930 | 2.666.610 |
| Total revenue | | 396.838.417 | 329.226.074 |
| Purchase costs | 24 | (271.789.668) | (217.704.762) |
| Costs for services | 25 | (71.413.602) | (64.208.638) |
| Personnel costs | 26 | (21.783.374) | (15.289.502) |
| Other operating costs | 27 | (2.116.351) | (1.013.998) |
| Operating costs | | (367.102.995) | (298.216.900) |
| EBITDA | | 29.735.423 | 31.009.174 |
| Depreciation and amortization | 5-7 | (9.666.058) | (6.948.102) |
| Provision for risks | 19 | (53.660) | - |
| Write-ups / (Write-downs) | 28 | (802.986) | (1.152.492) |
| Operating profit/(loss) | | 19.212.718 | 22.908.581 |
| Finance revenue | | 1.522.120 | 591.319 |
| Borrowing costs | | (7.039.704) | (4.529.499) |
| Net financial income/(expenses) | 29 | (5.517.584) | (3.938.180) |
| EBT | | 13.695.134 | 18.970.401 |
| Taxes | 30 | (2.661.939) | (4.433.324) |
| (Loss) Profit from discontinued operations | | - | - |
| Profit (loss) (A) | | 11.033.196 | 14.537.077 |
| Attributable to: | | | |
| (Profit)/Loss of NCIs | | 209.303 | - |
| Group profit (loss) | | 11.242.499 | 14.537.077 |
| Other Profit/(Loss) of comprehensive income statement: | | | |
| Other items of the comprehensive income statement for the period to be subsequently released to profit or loss | | | |
| Other items of the comprehensive income statement for the period not to be subsequently released to profit or loss | | | |
| Actuarial gains/(losses) on defined benefit plans | 18 | 54.974 | (10.856) |
| Tax effect of Other profit/(loss) | | - | - |
| Total other profit/(loss), net of tax effect (B) | | 54.974 | (10.856) |
| Total comprehensive profit/(loss) (A) + (B) | | 11.088.170 | 14.526.221 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Amounts in in Eur

| | Share Capital | Capital Reserves | Reserve for stock grants | Reserve for defined benefit plans | Retained earnings | Shareholders' equity of NCI's | Total |
|---|------------------|--------------------|--------------------------|-----------------------------------|-------------------|-------------------------------|--------------------|
| Balance sheet at 1 January 2021 | 879.854 | 66.285.953 | 739.278 | (66.778) | 36.682.202 | - | 104.520.510 |
| 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 | | | (386.472) | | (170.421) |
| Total comprehensive profit/ (loss) | | | | (10.856) | 14.537.077 | | 14.526.221 |
| Balance sheet at 31 December 2021 | 1.046.266 | 112.428.321 | 518.220 | (77.633) | 46.039.212 | - | 159.954.386 |
| Capital increase | 78.203 | 26.238.037 | | | | | 26.316.240 |
| Purchase of own shares | | (1.446.020) | | | | | (1.446.020) |
| Sale of own shares | | - | | | | | - |
| Dividends | | | | | (879.216) | | (879.216) |
| Stock grants | | 1.278.338 | (452.274) | | (826.065) | | - |
| Legal reserve | | 72.515 | | | (72.515) | | - |
| Reclassification and other changes | | 3.706.467 | | | (5.268.575) | (156.832) | (1.718.941) |
| Total comprehensive profit/ (loss) | | | | 54.974 | 11.242.499 | (209.303) | 11.088.170 |
| Balance sheet at 31 December 2022 | 1.124.468 | 142.277.658 | 65.947 | (22.659) | 50.235.341 | (366.135) | 193.314.619 |



ITALIAN WINE BRANDS

Creatori di Eccellenze

CONSOLIDATED CASH FLOW

Amounts in in Eur

| | Notes | 31.12.2022 | 31.12.2021 |
|--|-------|---------------------|----------------------|
| Profit (loss) before taxes | | 13.695.134 | 18.970.401 |
| Adjustments for: | | - | - |
| - non-monetary items - stock grant | | - | - |
| - allocations to the provision for bad debts net of utilizations | | 802.986 | 1.152.492 |
| - non-monetary items - provisions / (releases) | | 53.660 | - |
| - non-monetary items - amortisation/depreciation | | 9.666.058 | 6.948.102 |
| Adjusted profit (loss) for the period before taxes | | 24.217.839 | 27.070.995 |
| Cash flow generated by operations | | (1.888.999) | (6.201.767) |
| Income tax paid | | 3.473.329 | 2.205.312 |
| Other financial (income)/expenses without cash flow (financial amortisation) | | - | - |
| Total | | 1.584.330 | (3.996.455) |
| Changes in working capital | | | |
| Change in receivables from customers | | 17.823.645 | (633.226) |
| Change in trade payables | | (17.206.508) | 19.556.589 |
| Change in inventories | | (3.009.645) | (14.638.428) |
| Change in other receivables and other payables | | 2.115.358 | (19.231.443) |
| Other changes | | (299.235) | (29.865) |
| Change in post-employment benefits and other provisions | | (242.417) | 67.323 |
| Change in other provisions and deferred taxes | | (543.689) | 422.948 |
| Total | | (1.362.491) | (14.486.102) |
| Cash flow from operations (1) | | 24.439.678 | 8.588.438 |
| Capital expenditure: | | | |
| - Tangible | | (6.297.749) | (2.835.873) |
| - Intangible | | (3.630.091) | (3.481.896) |
| - Net cash flow from business combination (*): | | (48.858.251) | (149.226.832) |
| - Cessione rami d'azienda | | - | - |
| - Financial | | - | 2.863.354 |
| Cash flow from investment activities (2) | | (58.786.090) | (152.681.247) |
| Financial assets | | | |
| Long-term borrowings/ (repayments) - Bond | | 223.329 | 130.000.000 |
| Short-term borrowings (paid) | | 6.657.000 | 32.542.000 |
| Long-term borrowings/ (repayments) - Bond | | (10.019.000) | (9.000.000) |
| Collections / (repayments) revolving loan | | 7.500.000 | (16.625.000) |
| Collections / (repayments) other financial payables | | 6.620.628 | (2.038.000) |
| Change in other financial assets | | 438.925 | (1.055.737) |
| Change in other financial liabilities | | 2.374.574 | (4.914.740) |
| Purchase of own shares | | (1.446.020) | (52.440) |
| Sale of own shares | | - | - |
| Dividends paid | | (879.216) | (4.793.595) |
| Monetary capital increases | | 26.316.240 | 45.500.000 |
| Change in reserve for stock grants | | - | 424.111 |
| Variazione riserva valutazione | | - | - |
| Other changes in shareholders equity | | (1.494.293) | (192.132) |
| Cash flow from financing activities (3) | | 36.292.168 | 169.794.467 |
| Cash flow from continuing operations | | 1.945.755 | 25.701.658 |
| Change in cash and cash equivalents (1+2+3) | | 1.945.755 | 25.701.658 |
| Cash and cash equivalents at beginning of period | | 59.103.393 | 33.401.735 |
| Cash and cash equivalents at end of period | | 61.049.148 | 59.103.393 |

(*) Effects of the acquisition of 85% of Enovation Brands shareholders' equity as below detailed:

| | |
|--|-------------------|
| a) Total amount paid/to be paid (cash): | 14.962.662 |
| b) Amount of cash and cash equivalents (with a negative sign): | (1.116.253) |
| | 13.846.409 |

(*) Effects of the acquisition of 100% of Barbanera S.r.l. and Fossalto S.r.l. shareholders' equity as below detailed:

| | |
|--|-------------------|
| a) Total amount paid/to be paid (cash): | 42.990.000 |
| b) Amount of cash and cash equivalents (with a negative sign): | (7.978.159) |
| | 35.011.841 |



ITALIAN WINE BRANDS

Creatori di Eccellenze

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL REPORT

Introduction

This Financial Report at 31 December 2022 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 2022 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 2022 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.



ITALIAN WINE BRANDS

Creatori di Eccellenze

- 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 | 1.124.468 | - | Holding | |
| 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% |
| Enovation Brands Inc | United States | USD | 1.000 | IWB S.p.A. | 85% | 85% |
| Barbanera S.r.l. | Italy | EUR | 113.915 | IWB S.p.A. | 100% | 100% |
| Fossalto S.r.l. | Italy | EUR | 10.000 | IWB S.p.A. | 100% | 100% |
| Italian Wine Brands UK Ltd | England | GBP | 1 | 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% | - |



ITALIAN WINE BRANDS

Creatori di Eccellenze

2 General principles of preparation

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

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 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).



ITALIAN WINE BRANDS

Creatori di Eccellenze

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 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 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



ITALIAN WINE BRANDS

Creatori di Eccellenze

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. 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.



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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.

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.



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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.



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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%, 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



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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.,



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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.

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.



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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 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. Enoitalia S.p.A., Barbanera srl e Fossalto srl 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.



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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 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.

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.



ITALIAN WINE BRANDS

Creatori di Eccellenze

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.

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:



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- 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;
 - 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 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 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.

Receivables from wholesales and the ho.re.ca channel are insured; for shipments to countries with a high risk index, advance payment is required.

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.

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.

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.

4. Accounting principles

4.1 Accounting standards adopted

Approved accounting standards and interpretations in force from 1 January 2022

Pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the IFRSs that entered into force on or after 1 January 2022 are indicated below:

- **Amendments to IAS 16 - Property, plant and equipment - Consideration received before expected use**

These amendments prohibit deducting from the cost of property, plant and equipment amounts received from the sale of products while the asset is being prepared for its intended

use. The proceeds from the sale of the products and the related production cost must be recognized in the Income Statement.

There were no impacts on the Group Financial Statements as a result of these changes.

• **Amendments to IAS 37 - Provisions, potential liabilities and potential assets - Onerous contracts - Costs to fulfill a contract**

These amendments specify that the costs to be considered when evaluating onerous contracts are both the incremental costs of fulfilling the contract (for example, direct labor and materials) and a share of other costs that relate directly to the fulfillment of the contract (e.g. a split of the depreciation charge of the assets used to fulfill the contract).

There were no impacts on the Group Financial Statements as a result of these changes.

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

These are limited amendments to some standards (IFRS 1 First-time adoption of IFRSs, IFRS 9 Financial instruments, IAS 41 Agriculture and illustrative examples of IFRS 16 Leases) which clarify the formulation or correct omissions or conflicts between the requirements of the IFRS standards. There were no impacts on the Group Financial Statements as a result of these changes.

4.2 International accounting standards and/or interpretations issued but not yet effective in 2022

As required by IAS 8 "Accounting standards, changes in accounting estimates and errors", the new Standards or Interpretations already issued, but not yet entered into force or not yet endorsed by the European Union as at 31 December 2022 and therefore not applicable, and the foreseeable impacts on the consolidated financial statements.

None of these Standards and Interpretations has been adopted by the Group in advance.

• **Amendments to IAS 1 - Presentation of financial statements - Classification of liabilities as current or non-current**

The amendments clarify the criteria that must be applied for the classification of liabilities as current or non-current and specify that the classification of a liability is not influenced by the probability that the settlement of the liability will be postponed by twelve months following the reference year. The Group's intention to liquidate in the short term has no impact on the classification. These amendments, whose entry into force is scheduled for 1 January 2023, have not yet been endorsed by the European Union. No impacts are expected on the classification of financial liabilities as a result of these changes.



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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 so that they are more useful; in particular:

- the obligation to indicate the "significant" accounting principles has been replaced with the obligation to indicate the "significant" ones;
- guidance has been added on how to apply the concept of materiality to disclosures on accounting standards.

In assessing the relevance of disclosures about accounting standards, entities must consider both the size of the transactions, other events or conditions and their nature.

These amendments, approved by the European Union, will enter into force on 1 January 2023. No impacts are expected on the disclosures of the Group Financial Statements as a result of these amendments.

• **Amendments to IAS 8 - Accounting Standards, Changes in Accounting Estimates and Errors**

These amendments introduce a new definition of "accounting estimates," more clearly distinguishing them from accounting policies, and provide guidance for determining whether changes should be treated as changes in estimates, changes in accounting policies, or errors.

These amendments, endorsed by the European Union, will enter into force on 1 January 2023. No impacts are expected on the Group Financial Statements as a result of these amendments.

• **Amendments to IAS 12 Income taxes – deferred tax assets and liabilities deriving from a single transaction**

These amendments eliminate the possibility of not recognizing deferred taxes upon initial recognition of transactions that give rise to taxable and deductible temporary differences (eg leasing contracts).

With reference to leasing contracts, these amendments also clarify that, when lease payments are deductible for tax purposes, it is a matter of judgment (after considering the applicable tax law) whether such deductions are attributable for tax purposes to the liability for leasing recorded in the balance sheet or the related right of use. If the tax deductions are attributed to the right of use, the taxable amounts of the right of use and the lease liability are equal to their carrying amounts, and no temporary differences arise at initial recognition. However, if the tax deductions are attributed to the lease liability, the tax values of the right of use and the



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Creatori di Eccellenza

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 deferred tax asset must still be recognised.

These amendments, endorsed by the European Union, will enter into force on 1 January 2023. No impacts are expected on the Group Financial Statements as a result of these amendments.

- **Amendments to IAS 1 - Presentation of financial statements - non-current liabilities with covenants**

These amendments specify that the covenants to be respected after the reporting date do not affect the classification of the debt as current or non-current at the reporting date. The amendments instead require the company to provide information on these covenants in the notes to the financial statements.

These amendments, which will enter into force on 1 January 2024, have not yet been endorsed by the European Union. No impacts are expected on the classification of financial liabilities and in terms of disclosure following these changes.

- **Amendments to IFRS 16 Leases: Lease liabilities in a sale and leaseback transaction**

These amendments specify the requirements for accounting for a sale and a leaseback after the date of the transaction.

In particular, in the subsequent measurement of the liability deriving from the leasing contract, the seller-lessee determines the "lease payments" and the "revised leasing payments" in such a way as not to recognize gains or losses that refer to the right of use maintained .

These amendments, which will enter into force on 1 January 2024, have not yet been endorsed by the European Union. No impacts are expected on the Group Financial Statements as a result of these changes

Notes

5. Intangible fixed assets

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

€thousand

| Net carrying amount | INTANGIBLE FIXED ASSETS | | | | | | 31.12.2022 |
|---|-------------------------|--------------|-----------|----------------|------------------|-------------------------------------|---------------|
| | 01.01.2022 | Increases | decreases | amortizations | reclassification | Increases from business combination | |
| Trademarks & patents | 30.319 | 60 | - | (193) | - | 2.242 | 32.428 |
| Software | 1.753 | 1.100 | - | (1.009) | 24 | 3 | 1.871 |
| Set-up costs | - | 13 | - | (3) | - | - | 10 |
| Other intangibles assets | 3.696 | 2.232 | - | (1.735) | 172 | 102 | 4.467 |
| Intangible assets under construction and advances | 216 | 225 | - | - | (196) | - | 245 |
| Net carrying amount intangible assets | 35.983 | 3.630 | - | (2.939) | - | 2.347 | 39.021 |

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 for 2022 relate to:

(i) for Euro 3,216 for the development of the following computerization processes which concerned the company Giordano Vini S.p.A.:

- website implementation activities and launch of operations in new countries (UK, Austria and France also through the Svinando platform)
- development of the customer base through targeted acquisition through successful marketing campaigns ("CPA");
- SW development

(ii) Euro 398 thousand to Enoitalia SpA aimed at introducing a new ERP and strengthening cybersecurity

6. Goodwill

The total goodwill - equal to Euro 214,743 thousand - derives from the following business combinations: Provinco Italia S.p.A. for Euro 11,289 thousand; Giordano wines 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, Enovation Brans Inc for Euro 17,061 thousand and Barbanera Srl and Fossalto srl for a total of Euro 16,597 thousand

At December 31, 2022, 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 2022, 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 is plans whereas 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 7% post tax, calculated taking into consideration the sector in which the company operates, the fully operational debt structure and the current economic situation and 6,8% for Enovation Brands Inc
- For the cash flows relating to the years subsequent to the explicit projection period, a rate of 2

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, 2022, 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 | 01.01.2022 | Increases | decreases | reclassification/other changes | increases from business combination | 31.12.2022 |
| Land and buildings | 37.843 | 4.367 | - | (2.017) | 5 | 40.198 |
| Plant and equipments | 54.434 | 565 | (131) | (207) | 724 | 55.385 |
| Equipment | 19.981 | 263 | - | 1 | 1.333 | 21.579 |
| Other | 7.797 | 64 | (459) | 13 | 322 | 7.736 |
| Tangible assets under construction and advances | 23 | 1.084 | - | (17) | 11 | 1.101 |
| Right of use assets | 20.353 | - | (5) | (992) | 10.531 | 29.887 |
| Total historical costs | 140.430 | 6.343 | (595) | (3.219) | 12.926 | 155.885 |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Accumulated depreciation | | | | | | |
| Accumulated depreciation | 01.01.2022 | amortizations | decreases | other changes | increases from business combination | 31.12.2022 |
| Land and buildings | (12.258) | (761) | - | 1.622 | (3) | (11.399) |
| Plant and equipments | (36.852) | (2.581) | 89 | 207 | (628) | (39.766) |
| Equipment | (13.718) | (812) | - | - | (995) | (15.525) |
| Other | (7.125) | (255) | 455 | (9) | (243) | (7.176) |
| Tangible assets under construction and advances | - | 0 | - | - | - | 0 |
| Right of use assets | (6.311) | (2.318) | 5 | 621 | (4.175) | (12.178) |
| total accumulated depreciation | (76.265) | (6.727) | 549 | 2.442 | (6.044) | (86.046) |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Net Value | | | | | | |
| Net Value | 01.01.2022 | increases | decreases | amortizations | other changes | 31.12.2022 |
| Land and buildings | 25.585 | 4.367 | - | (761) | (393) | 28.798 |
| Plant and equipments | 17.581 | 565 | (42) | (2.581) | 96 | 15.618 |
| Equipment | 6.264 | 263 | - | (812) | 339 | 6.054 |
| Other | 671 | 64 | (4) | (255) | 84 | 560 |
| Tangible assets under construction and advances | 23 | 1.084 | - | 0 | (6) | 1.101 |
| Right of use assets | 14.042 | - | - | (2.318) | 5.985 | 17.709 |
| Total Net Value | 64.166 | 6.343 | (46) | (6.727) | 6.105 | 69.840 |

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

- Land and buildings: as a result of the acquisition of the property in Montebello, headquarters of the production plants following the acquisition and subsequent merger of Garzan srl
- Plant and machinery - main investments in Enoitalia for: automation and digitization of the bottling line (Euro 389 thousand), and of the cellars (Euro 165 thousand)
- Equipment - for investments relating to autoclaves (Euro 162 thousand);



ITALIAN WINE BRANDS

Creatori di Eccellenze

- Assets in progress and advances relating to: new layout of the F3 bottling line (Euro 312 thousand) and photovoltaic system (Euro 428 thousand); new cellar layout and label detectors in Giordano (Euro 204 thousand)

8. Equity investments

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

Amounts in Euro

| | Country | 31.12.2022 | 31.12.2021 |
|--------------------------------------|---------|--------------|--------------|
| Other companies | | | |
| BCC di Alba e Roero | Italy | 258 | 258 |
| Consorzio Conai | Italy | 675 | 675 |
| Unione Italiana Vini Scarl | Italy | 516 | 516 |
| 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 |
| Banca Valdichiana | Italia | 1.100 | - |
| Banca Tema | Italia | 1.250 | - |
| Total | | 5.109 | 2.859 |

9. Other non current activities

They refer for Euro 178 thousand to the receivable for IRAP in relation to the cost of labor pursuant to decree law no. 201 of 2011 and Euro 251 in security deposits.

10. Deferred Taxes

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

Amounts at 31 december 2022

Euro thousand

| Description | Tax base | Tax rate | Balance |
|---|-----------------|-----------------|----------------|
| Tangible and intangible fixed assets | 376 | 27,90% | 105 |
| Provision for risks and charges | 154 | 24,00% | 37 |
| Provisions for returns and inventory write down | 1.381 | 27,90% | 385 |
| Provision for bads debts | 2.827 | 24,00% | 678 |
| Remuneration of directors | 500 | 24,00% | 120 |
| Exchange rate adjustment | 310 | 24,00% | 74 |
| Provision for pensions | 456 | 27,90% | 127 |
| Others | 154 | 24,00% | 37 |
| Total Deferred tax assets | | | 1.564 |
| Description | | | |
| Business combination/Goodwill | 25.708 | 27,90% | 7.173 |
| Tangible and intangible fixed assets | 8.109 | 27,90% | 2.262 |
| Total Provision for deferred taxes | | | 9.435 |



ITALIAN WINE BRANDS

Creatori di Eccellenze

Amounts at 31 december 2021

Euro thousand

| Description | Tax base | Tax rate | Balance |
|---|----------|----------|--------------|
| Tangible and intangible fixed assets | - | 27,90% | - |
| Provision for risks and charges | 100 | 24,00% | 24 |
| Provisions for returns and inventory write down | 1.287 | 27,90% | 359 |
| Non-deductible interest expenses purposes | - | 24,00% | - |
| | 140 | 27,90% | 39 |
| Provision for bads debts | 3.738 | 24,00% | 897 |
| Remuneration of directors | 536 | 24,00% | 129 |
| Exchange rate adjustment | - | 24,00% | - |
| Provision for pensions | 132 | 27,90% | 37 |
| Others | 129 | 24,00% | 31 |
| Total Deferred tax assets | | | 1.516 |

| Description | Tax base | Tax rate | Balance |
|---|----------|----------|--------------|
| 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 |
| Total Provision for deferred taxes | | | 9.966 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

11. Inventories

The inventories are detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-------------------------------|-------------------|-------------------|
| Raw materials and consumables | 10.105 | 8.192 |
| Semi- finished products | 57.904 | 43.743 |
| Finished products | 29.963 | 24.342 |
| Advances | 4.843 | 1.631 |
| Total | 102.815 | 77.908 |

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 2022 is determined by the entry into the scope of consolidation respectively of Barbanera S.r.l. whose inventories amount to Euro 20,690 thousand and Enovation Brands Inc whose inventories amount to Euro 1,243 thousand.

Compared to the values as at 31 December 2022, there was also an increase of Euro 5,091 thousand in the inventories of Enoitalia SpA which, having integrated the sparkling wine activity upstream, increased the days of rotation of the warehouse. This increase is partially offset by Giordano S.p.A which reduced its inventories by Euro 4,193 thousand thanks to an improvement in production planning.

The book value of inventories is shown net of a bad debt provision of 1,422 thousand, the movements in which during the period are shown below:



ITALIAN WINE BRANDS
Creatori di Eccellenze

€thousand

| | |
|---|--------------|
| Provision at 01.01.2022 | 1.615 |
| Provisions | 41 |
| Increase from business combination | 186 |
| Amount used | (420) |
| Provision at the end of the period | 1.422 |

The uses refer mainly to the disposal of food products that have reached their expiry date and platforms.

12. Trade receivables

Trade receivables at 31 December 2021 and 31 December 2022 are detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-------------------------|-------------------|-------------------|
| Trade receivables | 65.416 | 72.482 |
| Provision for writedown | (3.816) | (4.338) |
| Total | 61.599 | 68.144 |



ITALIAN WINE BRANDS

Creatori di Eccellenze

During 2022, the provision for bad debts changed as follows:

€thousand

| | 31.12.2022 |
|---|-------------------|
| Provision at 01.01.2022 | 4.338 |
| Provisions | 955 |
| Increase from business combination | 55 |
| Amount used | (1.532) |
| Provision at the end of the period | 3.816 |

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.

The receivables of the Wholesales and Ho.re.ca divisions are covered by insurance.

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

13 Other current assets

Other assets at 31 December 2021 and 31 December 2022 are detailed in the following table:

| <i>€thousand</i> | 31.12.2022 | 31.12.2021 |
|--|-------------------|-------------------|
| Receivables from distributors for cash on delivery | 0 | 178 |
| Security deposits | 453 | 435 |
| Others | 4.691 | 1.150 |
| Advances to suppliers | 371 | 301 |
| Accruals and prepayments | 568 | 332 |
| Total | 6.083 | 2.396 |

La voce altri include principalmente crediti vs factor (Enoitalia) pari a euro 4.600 migliaia.

14 Current tax assets

Tax receivables at 31 December 2021 and 31 december 2022 are detailed in the following table:

| <i>€thousand</i> | 31.12.2022 | 31.12.2021 |
|------------------|-------------------|-------------------|
| VAT receivables | 1.620 | 4.999 |
| IRAP receivables | 0 | 0 |
| IRES receivables | 0 | 0 |
| Tax Credit | 1.814 | 2.393 |
| Others | 60 | 11 |
| Total | 3.493 | 7.402 |

The decrease in VAT credits is mainly related to the company Giordano Vini which during the year optimized the use of the credit with a more targeted management of declarations of intent.



ITALIAN WINE BRANDS

Creatori di Eccellenze

With effect from 2016, the Parent Company (together with the subsidiaries Giordano Vini S.p.A. and Provinco Italia S.p.A.) opted for the national IRES tax consolidation regime, the effects of which are also reported in the income statement and balance sheet as at 31 December 2022.

Participation in the tax consolidation is governed by a specific regulation which is in force for the entire period of validity of the option.

The economic relations of the tax consolidation, in summary, are defined as follows:

- in relation to years with a positive taxable income, the subsidiaries pay the Consolidating Company the higher tax owed to the Treasury;
- consolidated companies with negative taxable income receive compensation from the Parent Company corresponding to 100% of the tax savings achieved at Group level accounted for on an accruals basis. On the other hand, the compensation is paid only when it is actually used by the Parent Company, for itself and/or for other Group companies;
- in the event that the Parent Company and the subsidiaries do not renew the option for the national consolidation, or in the event that the requirements for the continuation of the national consolidation cease to exist before the completion of the three-year period of validity of the option, the tax losses reportables resulting from the declaration are attributed to the consolidating company or body.

Enoitalia SpA will become part of the Group consolidation starting from the tax return as at 31 December 2022

15. Cash and cash equivalents

A breakdown of cash and cash equivalents at 31 december 2021 and 31 december 2022 is provided in the table below:

| <i>€thousand</i> | 31.12.2022 | 31.12.2021 |
|------------------|-------------------|-------------------|
| Bank deposits | 59.779 | 56.341 |
| Postal deposits | 1.229 | 2.318 |
| Cheques | 18 | 412 |
| Cash | 23 | 32 |
| Total | 61.049 | 59.103 |



ITALIAN WINE BRANDS
Creatori di Eccellenza

16 Shareholders' equity

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

| <i>Amounts in EUR</i> | | |
|--|--------------------|--------------------|
| | 31.12.2022 | 31.12.2021 |
| Share capital | 1.124.468 | 1.046.266 |
| Legal reserve | 209.253 | 175.971 |
| Share premium reserve | 136.137.072 | 109.899.034 |
| Reserve for actuarial gains on defined benefit plans | (22.659) | (77.633) |
| Reserve for stock grants | 65.947 | 518.220 |
| Reserve for translate | 214.032 | 196.117 |
| Reserve for the purchase of treasury shares | (258.760) | - |
| Other reserves | 5.976.062 | 2.157.199 |
| Prior profits/(losses) | 38.992.842 | 31.502.135 |
| Profit/(loss) of the period | 11.242.499 | 14.537.077 |
| Total reserves | 192.556.287 | 158.908.120 |
| Total Group shareholders' equity | 193.680.755 | 159.954.386 |
| Shareholders' equity of NCIs | (366.135) | - |
| Total shareholders' equity | 193.314.619 | 159.954.386 |

Share capital

The share capital of Italian Wine Brands is equal to €1.124.468,80 divided into 9.459.983 ordinary shares, all without indication of the nominal value (Basic earnings per share Euro 1.19).

- The Extraordinary Shareholders' Meeting of Italian Wine Brands S.p.A. held in second call on 16 December 2022, approved the new proposal to increase the share capital subscribed and paid up following the execution of the paid and inseparable share capital increase, for a total amount of Euro 26,316,240, 00 (of which Euro 78,203.00 as capital and Euro 26,238,037.00 as share premium) through the issue of a total of no. 657,906 new ordinary shares of the Company (ISIN: IT0005075764), with no par value, at the unit subscription price of Euro 40.00 (including share premium), with the exclusion of the option right pursuant to art. 2441, paragraph 5 of the Civil Code, reserved for subscription to Holding Marco Barbanera S.r.l. ("HMB") and Holding Paolo Barbanera S.r.l. ("HPB").

The Reserved Capital Increase is part of the IWB investment transaction announced on 22 November 2022 and completed on 22 December 2022, which provided for: (i) the



ITALIAN WINE BRANDS

Creatori di Eccellenze

acquisition by the Company of the entire share capital of Barbanera S.r.l. ("Blackbeard") and Fossalto S.r.l. ("Fossalto", together with Barbanera the "Target"), (ii) the reinvestment of HPB and HMB, shareholders of the Targets, in the share capital of IWB through the subscription and payment in cash, also through compensation, of the Capital Increase Reserved.

The certification of successful execution of the Reserved Capital Increase pursuant to art. 2444 of the Civil Code was filed with the Milan Monza Brianza Lodi Company Register on 22 December 2022.

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.

Minority interests relate to minority interests in Enovation Brands Inc held by Giovanni Pecora (10%) and Alberto Pecora (5%) respectively.

At 31 December 2022 the Parent Company held 10.681 ordinary shares, representing 0.11% 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:



ITALIAN WINE BRANDS
Creatori di Eccellenze

| <i>Amounts in EUR</i> | 31.12.2022 | |
|---|---------------------------------|-------------------------|
| | Profit/(loss) for the period | Shareholders' equity |
| Shareholders' equity IWB SpA - IFRS standards | 9.199.126 | 173.228.662 |
| Elimination of carrying amount of consolidated equity investments: | | |
| Carrying amount of consolidated equity investments | | (262.586.202) |
| Pro-quota share of consolidated equity investments net of consolidation differences | 17.077.331 | 283.354.051 |
| Dividends from subsidiaries | (15.105.758) | - |
| Consolidation adjustments for transactions between consolidated companies | (137.502) | (681.891) |
| Group shareholders' equity and profit/(loss) for the period | 11.033.196 | 193.314.619 |
| Third parties | 209.303 | 366.135 |
| Consolidated shareholders' equity and profit/(loss) | 11.242.499 | 193.680.755 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

17. Financial liabilities

The situation al 31 december 202 is the following:

€thousand

| | Short term | Medium/long term (within 5 years) | Long term (over 5 years) | 31.12.2022 Total |
|---|---------------|--------------------------------------|-----------------------------|---------------------|
| Bond | - | 131.018 | - | 131.018 |
| Short-term unsecured loans | 14.280 | - | - | 14.280 |
| Revolving loans | 23.500 | - | - | 23.500 |
| Other loans in addition to e.g. unsecured loa | 878 | 12.947 | - | 13.825 |
| Financial accrued expenses and charges to t | 170 | - | - | 170 |
| Total Banks | 38.828 | 12.947 | - | 51.774 |
| Payables to factoring companies | 0 | - | - | 0 |
| Deferred price acquisitions | - | 7.621 | - | 7.621 |
| Other financial loans | - | 807 | - | 807 |
| Total other lenders | 0 | 8.428 | - | 8.428 |
| Total | 38.828 | 152.393 | - | 191.221 |

The statement of Group Financial payables at 31 december 2021 is given below for comparable purposes:

€thousand

| | Short term | Medium/long term (within 5 years) | Long term (over 5 years) | 31.12.2021 Total |
|---|---------------|--------------------------------------|-----------------------------|---------------------|
| Bond | - | - | 130.795 | 130.795 |
| Short-term unsecured loans | 15.642 | - | - | 15.642 |
| Revolving loans | 16.000 | - | - | 16.000 |
| Other loans in addition to e.g. unsecured loa | 578 | 4.931 | - | 5.509 |
| Financial accrued expenses and charges to t | 237 | - | - | 237 |
| Total Banks | 32.457 | 4.931 | - | 37.388 |
| Payables to factoring companies | 10 | - | - | 10 |
| Deferred price acquisitions | - | - | - | - |
| Other financial loans | - | - | - | - |
| Total other lenders | 10 | - | - | 10 |
| Total | 32.467 | 4.931 | 130.795 | 168.193 |

The table below shows the changes in financial liabilities



ITALIAN WINE BRANDS
Creatori di Eccellenze

Ethousand

| | 31.12.2021 | Disbursements / Other changes | Refunds / Other changes | Fair value adjustment | Operating costs/expenses | 31.12.2022 |
|---|----------------|-------------------------------|-------------------------|-----------------------|--------------------------|----------------|
| Bond | 190.795 | 3.473 | (3.250) | | | 131.018 |
| Short-term unsecured loans | 15.642 | 8.657 | (10.019) | | | 14.280 |
| Revolving loans | 16.000 | 7.500 | | | | 23.500 |
| Other loans in addition to e.g. unsecured loa | 5.509 | 10.388 | (2.072) | | | 13.825 |
| Financial accrued expenses and charges to t | 237 | 170 | (237) | | | 170 |
| Total Banks | 37.388 | 26.715 | (12.328) | - | - | 51.775 |
| Payables to factoring companies | 10 | | (10) | | | - |
| Deferred price acquisitions | - | 7.621 | | | | 7.621 |
| Other financial loans | - | 807 | | | | 807 |
| Total other lenders | 10 | 8.428 | (10) | - | - | 8.428 |
| Total | 168.193 | 38.616 | (15.588) | - | - | 191.222 |

Bank debt as at 31 December 2022 consists of the following loans:

- Senior, non-convertible, non-subordinated and unsecured bond loan of Euro 130 million issued by Italian Wine Brands S.p.A. on 13 May 2021 with a duration of 6 years (maturity 13 May 2027), bullet repayment, annual fixed rate of 2.50%, with annual payment of 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 signed on 30 July 2021 with BPM and having the Group companies as beneficiaries at the signing date. As at 31 December 2022, Euro 8 million of the loan was used by IWB S.p.A and Euro 7 million by the subsidiary Giordano Vini S.p.A.. The loans have a quarterly maturity and a rate equal to the 3-month Euribor (zero floor) plus a spread of 1.1%. Maximum duration 36 months. The use of the loan mentioned above was renewed during the first quarter of 2023.

- Short-term loan so-called "hot money" granted by Banca d'Alba to the subsidiary Giordano Vini S.p.A. with opening of current account credit for Euro 1.5 million, renewed quarterly with a rate of 1.8%.

- Medium-term loan granted on 28 February 2022 by Intesa San Paolo to the subsidiary Giordano Vini S.p.A. for an amount of Euro 2 million, repayable in quarterly installments and repayment scheduled for 28 February 2027, at a rate equal to the 3-month Euribor/360 increased by a spread of 1.45%. The residual debt as at 31 December 2022 valued using the amortized cost method amounts to Euro 1.7 million.

- Medium-term loan disbursed on February 26, 2021 by Credit Agricole to the subsidiary Giordano Vini S.p.A., for an amount of €2.4 million repayable in quarterly installments and repayment scheduled for February 26, 2026, at a rate equal to the 3-month Euribor /360 PREV



ITALIAN WINE BRANDS
Creatori di Eccellenze

AVERAGE plus a spread of 1.00%. The residual debt at 31 December 2022 valued using the amortized cost method amounts to Euro 1.6 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 each given period; the Mark To Model value of the derivative is positive by Euro 84 thousand.

- Revolving short-term loan disbursed on 5 October 2022 to the subsidiary Giordano Vini S.p.A. from Crédit Agricole for an amount of Euro 8.5 million, with a quarterly maturity and a rate equal to the Euribor 1M punctual on the day of initiation (with adjustment of the parameter every 30 days) increased by a spread of 1%. The use of the loan mentioned above was renewed during the first quarter of 2023.

- Medium-term loan disbursed on 04 October 2022 by Credito Emiliano to Giordano for an amount of 1.5 million repayable in monthly installments and repayment scheduled for 04 April 2024, at the rate equal to the 3-month Euribor/360 increased by a spread of 0.95%. The residual debt at 12/31/2022 valued using the amortized cost method amounts to Euro 1.3 million

- 2 Loans for a total of Euro 969 thousand granted to Giordano S.p.A. by Simest on development projects:

- o 800 thousand disbursed on 01/28/2022 to be repaid by 12/31/2028 with a grace period of 36 months and a rate of 0.55%

- o 169 thousand disbursed on 06/04/2022 to be repaid by 10/12/2025 with a grace period of 12 months and a rate of 0.055%

- Unsecured loan granted on 30 November 2020 by Intesa San Paolo to the subsidiary Provinco Italia S.p.A. for an amount of Euro 3 million repayable in deferred quarterly installments and repayment scheduled for 30 November 2023, at a rate equal to the 3-month Euribor increased by a spread of 2.00%. The residual debt as at 30 June 2022 amounts to Euro 1 million.

- Unsecured loan taken out on 20 September 2021 by Provinco Italia S.p.A. with Credito Emiliano of Euro 1.5 million repayable in deferred quarterly installments and repayment scheduled for 20 September 2024 at a fixed rate of 0.8% per annum. The residual debt as at 30 June 2022 is equal to Euro 0.879 thousand.

- Unsecured loan taken out on 29 June 2022 by Provinco Italia S.p.A. with Unicredit for an amount of Euro 5.0 million repayable in deferred quarterly installments and a total duration



ITALIAN WINE BRANDS

Creatori di Eccellenze

of 36 months supported by an EIB guarantee. The rate is equal to the 3-month Euribor increased by a spread of 1.4%. The residual debt as at 31 December 2022 is equal to Euro 4.2 million. The resolution includes the availability of a revolving line of Euro 5.0 million with a duration of 36 months which has not yet been used as at 31 December 2022.

- Short-term loan, contracted by Provinco Italia S.p.A. with Credito Emiliano S.p.A. on 5 October 2022 for an amount of Euro 2 million Interest rate equal to the 1-month Euribor with a 0% floor increased by a 0.7% Spread. Duration: maximum 1 year, with quarterly renewal. Refund method: at any time, without penalties for the customer. The residual debt as at 31 December is equal to Euro 2 million.
- Short-term SBF loans, for a total of Euro 2,839 thousand granted to Enoitalia S.p.A by various institutions at an average rate equal to the 3-month Euribor increased by an average spread of 0.51%.
- Revolving short-term loan disbursed on 5 October 2022 to the subsidiary Enoitalia S.p.A. from Crédit Agricole for an amount of Euro 5 million, with a quarterly maturity and a rate equal to the Euribor 1M punctual on the day of initiation (with adjustment of the parameter every 30 days) increased by a spread of 1%. The use of the loan mentioned above was renewed during the first quarter of 2023.
- Non-reversible line granted by Credito Emiliano to Enoitalia SpA for an amount equal to Euro 1.5 million at a rate equal to the 3-month Euribor increased by a spread of 0.4%.
- Short-term loan, contracted by Barbanera S.r.l. with Intesa San Paolo on 25 November 2022 with expiry on 24 January 2023 for an amount of Euro 2 million Interest rate equal to 2.2%.
- Unsecured loan contracted on 29 June 2016 by Barbanera S.r.l. with Intesa SanPaolo of Euro 0.9 million repayable in six-monthly installments and a total duration of 7 years. The rate is equal to the 6-month Euribor increased by a spread of 1.3%. The residual debt at December 31, 2022 is Euro 133 thousand.
- Unsecured loan taken out on 30 March 2021 by Barbanera S.r.l. with Intesa SanPaolo of Euro 1.0 million repayable in monthly installments and a total duration of 6 years. The rate is equal to the 1-month Euribor increased by a spread of 0.7%. The residual payable at December 31, 2022 is Euro 1,000 thousand.
- Unsecured loan contracted on 26 July 2018 by Barbanera S.r.l. with Credit Agricole of Euro 1.5 million repayable in half-yearly installments and a total duration of 4 years. The rate



ITALIAN WINE BRANDS
Creatori di Eccellenza

is equal to the 6-month Euribor increased by a spread of 0.5%. The residual debt at December 31, 2022 is Euro 563 thousand.

The deferred price for the acquisition of Enovation Brands Inc. refers to the unconditional consideration to be paid to the sellers and for which a deferred payment has been agreed respectively equal to (i) USD 3.3 million no later than 10 January 2023 (ii) USD 3.3 million by and no later than January 10, 2024 (iii) USD 1.4 million by and no later than May 1, 2024. The debt is reduced by USD 927 thousand in consideration of the repayment envisaged under pursuant to article 8 of the loan agreement as a result of the fraud that emerged in the company's accounts during the preparatory activities for the preparation of the consolidated financial statements. For more details, see paragraph 2.2 Significant events after the end of the financial year

- The earn out of a total of Euro 1,000,000.00 to be paid pro rata to Holding Marco Barbanera and Holding Paolo Barbanera in the first half of 2024 in the presence of an increase in average Ebitda for the two-year period 2022-2023 compared to 2021 for the company Barbanera S.r.l. and Fossalto S.r.l.

Financial payables are recorded 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 cumulative amortization of the difference between the initial value and the maturity, calculated using the effective interest rate where the application of the amortized cost method is not relevant with respect to the nominal value

The aforesaid loan agreements present similar and standard clauses 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) information obligations in relation to the occurrence of significant events for the Company, as well as corporate information; (iii) commitments and obligations, usual for financing transactions of this type, 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.

The 'Liabilities for rights of use' relate to the entry into force from 01 January 2019 of the accounting standard IFRS 16 which provided for the recognition in the accounts of lease contracts indicating the amount corresponding to the " Right of use" against a liability calculated as the present value of future cash outlays relating to the contract itself.

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.

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 2022 are shown below:

| <i>€thousand</i> | 31.12.2022 | 31.12.2021 |
|--|-------------------|-------------------|
| Provision at 01.01. | 1.212 | 621 |
| Provisions | 91 | 186 |
| Increases from business combinations | 427 | 436 |
| Increases from transactions "under common control" | 0 | 0 |
| Advances paid during the period | 0 | 0 |
| Benefits paid out in period | (227) | (41) |
| Actuarial (gains)/losses | (55) | 11 |
| Financial costs | (4) | (2) |
| Provision at the end of the period | 1.444 | 1.212 |

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



ITALIAN WINE BRANDS

Creatori di Eccellenze

other comprehensive income and transferred to a Shareholders' equity reserve called "Reserve for defined benefit plans".

At 31 December 2022 the main actuarial assumptions used at the end of 2021 have been confirmed as follows:

| Actuarial assumptions | 31.12.2022 | 31.12.2021 |
|------------------------------|-------------------|-------------------|
| Discount rate | 3,01% | (0,25%) |
| Inflation rate | 4,53% | 2,28% |
| Expected average turnover | 8,87% | 8,98% |

19. Provision for risks and charges

During the period the item changed as follow:

| <i>€thousand</i> | 31.12.2021 | | |
|---|---------------------|----------------|--------------|
| | Non- current | Current | Total |
| Provision at 01.01.2021 | 260 | 0 | 260 |
| Provisions | 0 | 0 | 0 |
| Increase by business combination | 100 | 0 | 100 |
| Releases | 0 | 0 | 0 |
| Amounts used | (26) | 0 | (26) |
| Provision at the end of the period | 334 | 0 | 334 |

| <i>€thousand</i> | 31.12.2022 | | |
|---|---------------------|----------------|--------------|
| | Non- current | Current | Total |
| Provision at 01.01.2022 | 334 | 0 | 334 |
| Provisions | 54 | 0 | 54 |
| Increase by business combination | 8 | 0 | 8 |
| Releases | 0 | 0 | 0 |
| Amounts used | (108) | 0 | (108) |
| Provision at the end of the period | 288 | 0 | 288 |

Non-current liabilities mainly include:

- a provision of Euro 126 thousand relating to potential liabilities relating to the supplementary indemnity of 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 Euro 154 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:

| <i>€thousand</i> | 31.12.2022 | 31.12.2021 |
|---------------------------|-------------------|-------------------|
| Suppliers Italy | 129.563 | 134.476 |
| Suppliers Foreign markets | 7.154 | 2.891 |
| Total | 136.717 | 137.367 |

21. Other current liabilities

Other liabilities are made as follow:

| <i>€thousand</i> | 31.12.2022 | 31.12.2021 |
|------------------------------|-------------------|-------------------|
| Employees | 3.608 | 3.789 |
| Social security institutions | 1.377 | 1.059 |
| Directors | 52 | 976 |
| Accruals and deferred income | 3.175 | 3.078 |
| Others | 727 | 605 |
| Total | 8.938 | 9.508 |



ITALIAN WINE BRANDS

Creatori di Eccellenze

Payables to employees mainly include salaries for the month of December 2022 paid in January 2023 and deferred fees for holidays and public holidays accrued and not yet used.

The item deferred income mainly consists of the portion pertaining to future years of plant grants obtained for Industry 4.0 projects and tax credits pertaining to Enoitalia.

The item Other includes: advances from customers for Euro 374 million; payables to the board of statutory auditors for Euro 54 thousand and Euro 203 thousand relating to ongoing disputes.

22. Current Tax liabilities

The item is made as follow:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-----------------------|--------------|--------------|
| VAT | 2.133 | 1.815 |
| IRES | 385 | (767) |
| IRPEF withholding tax | 770 | 650 |
| IRAP | (241) | (338) |
| Excise duties | 6 | (27) |
| Other taxes | (143) | (1) |
| Total | 2.910 | 1.332 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

23. Revenues from sales and other revenues

Revenues from sales and other revenues and income as at 31 December 2022, compared with those of the two previous periods, are detailed below:

€ thousand

| | 31.12.2022 | 31.12.2021 | 31.12.2020 | Δ % 21/22 | Cagr 20/22 |
|--|----------------|----------------|----------------|----------------|---------------|
| Revenues from sales - Italy | 70.625 | 57.597 | 39.539 | (2,86%) | 36,36% |
| Revenues from sales - Foreign markets | 318.593 | 254.719 | 164.080 | 6,92% | 47,16% |
| UK | 95.365 | 66.447 | 24.254 | 0,03% | 101,09% |
| Germany | 56.399 | 51.863 | 41.961 | 12,41% | 28,43% |
| Switzerland | 42.039 | 48.154 | 48.814 | (12,32%) | (6,11%) |
| US | 29.216 | 10.430 | 1.561 | 74,30% | 363,69% |
| Austria | 16.415 | 17.764 | 18.493 | (7,31%) | (5,46%) |
| France | 13.888 | 9.020 | 5.760 | 6,75% | 56,76% |
| Poland | 7.486 | 6.040 | 1.086 | 17,03% | 218,59% |
| Netherlands | 5.643 | 6.597 | 1.709 | (14,58%) | 122,62% |
| Denmark | 7.139 | 6.004 | 5.020 | 11,81% | 29,55% |
| Belgium | 7.657 | 9.190 | 6.641 | (19,08%) | 10,46% |
| Canada | 5.818 | 2.446 | 877 | 43,92% | 176,41% |
| Ireland | 5.480 | 4.512 | 1.516 | (12,92%) | 98,30% |
| Sweden | 1.814 | 1.681 | 1.586 | 26,44% | 34,22% |
| China | 1.336 | 1.225 | 882 | 58,52% | 70,39% |
| Hungary | 1.732 | 1.666 | 1.544 | (3,30%) | 8,19% |
| Other countries | 21.167 | 11.681 | 2.378 | 29,80% | 223,62% |
| Other Revenues | 1.436 | 910 | 692 | 57,77% | 44,03% |
| Total Revenues from sales | 390.654 | 313.227 | 204.311 | 5,23% | 45,13% |

24. Purchase costs

Purchase costs refer for Euro 38.6 million (Euro 56.5 million as at 31/12/2021) to Giordano Vini S.p.A., for Euro 3.5 million to Pro.Di.Ve. S.r.l. (Euro 1.96 million at 12/31/2021), for Euro 68.5 million (Euro 69.97 million at 12/31/21) to Provinco Italia S.p.A, for Euro 6.5 million to Raphael Dal Bo AG (Euro 6.2 million as at 31/12/21) and for Euro 185.3 million to Enoitalia S.p.A. (Euro 96.6 million as at 31/12/21), for Euro 26.6 million to Barbanera Srl and for Euro 14.6 million to Enovation Brands Inc.



ITALIAN WINE BRANDS
Creatori di Eccellenze

25. Costs for services

The costs for services at 31 December 2022, compared with those of the previous year, are detailed below: i:

€thousand

| | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|---|-------------------|-------------------|-------------------|
| Services from third parties | 19.755 | 19.771 | 16.706 |
| Transport | 18.518 | 17.174 | 14.935 |
| Postage expenses | 3.921 | 4.119 | 4.007 |
| Fees and rents | 1.138 | 1.001 | 717 |
| Consulting | 2.175 | 2.118 | 1.443 |
| Advertising costs | 1.183 | 1.098 | 3 |
| Utilities | 5.582 | 1.681 | 824 |
| Remuneration of Directors, Statutory Auditors | 1.514 | 2.512 | 1.946 |
| Maintenance | 1.775 | 1.313 | 370 |
| Costs for outsourcing | 7.721 | 8.984 | 9.302 |
| Commissions | 1.599 | 898 | 141 |
| Other costs for services | 6.532 | 3.539 | 2.931 |
| Total | 71.414 | 64.208 | 53.325 |

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

€thousand

| | 31.12.2022 | 31.12.2021 |
|--------------------|-------------------|-------------------|
| Directors | 1.342 | 2.379 |
| Statutory auditors | 141 | 110 |
| SB | 31 | 23 |
| Total | 1.514 | 2.512 |

It should be noted that, during the 2022 financial year, the remuneration for the Independent Auditors is divided as follows:

€thousand

| | Audit | Consulting |
|--------------|--------------|-------------------|
| Holding | 39 | 0 |
| Subsidiaries | 101 | 8 |
| Total | 140 | 8 |

26. Personnel costs

Personnel costs at 31 December 2022, compared with those of the previous year, are detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-------------------------|-------------------|-------------------|
| Wages and salaries | 14.897 | 9.760 |
| Social security charges | 4.284 | 3.012 |
| Termination benefits | 732 | 689 |
| Stock grant | 0 | 683 |
| Administration cost | 1.756 | 1.075 |
| Other costs | 114 | 71 |
| Total | 21.783 | 15.290 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

The following table shows the number of employees:

| | At 31.12.2022 | Average no 31.12.2022 | At 31.12.2021 | Average no 31.12.2021 |
|-----------------|------------------|--------------------------|------------------|--------------------------|
| Executives | 8 | 8 | 6 | 6 |
| Middle managers | 23 | 23 | 21 | 21 |
| Employee | 202 | 205 | 174 | 161 |
| Workers | 140 | 144 | 127 | 128 |
| Total | 373 | 379 | 328 | 317 |

27. Other operating costs

The item "other operating costs" amounted to Euro 2,116 thousand compared to Euro 1,013 thousand as at 31/12/2021 and mainly includes: out-of-period expenses for Euro 1,185 thousand, and Euro 732 thousand relating to fraud against Enovation.

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.

28. Devaluation

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

29. Financial income and expenses

Financial income and expenses are detailed in the following tables:

€thousand

| | 31.12.2022 | 31.12.2021 |
|---------------------------|--------------|------------|
| On current accounts | 22 | 4 |
| Exchange rate gain/(loss) | 1.494 | 585 |
| Others | 6 | 2 |
| Total | 1.522 | 591 |

€thousand

| | 31.12.2022 | 31.12.2021 |
|---------------------------|----------------|----------------|
| Bond interests | (3.473) | (2.205) |
| Loans | (424) | (306) |
| Right-of-use liabilities | (381) | (369) |
| Bank current accounts | (142) | (34) |
| Financial instruments | 108 | (24) |
| Factoring | (321) | (273) |
| Bank fees and charges | (434) | (412) |
| Exchange rate gain/(loss) | (1.771) | (339) |
| Others | (202) | (567) |
| Total | (7.040) | (4.529) |

In detail, interest on loans include:

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



ITALIAN WINE BRANDS
Creatori di Eccellenza

30. Taxes

The taxes at 31 December 2022, compared with those of the previous year, are detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-----------------------------|-------------------|-------------------|
| IRES | (2.490) | (4.122) |
| IRAP | (471) | (487) |
| Taxes for prior periods | (224) | 181 |
| Total current taxes | (3.185) | (4.428) |
| Prepaid taxes | 12 | (83) |
| Deferred taxes | 511 | 78 |
| Total deferred taxes | 523 | (5) |
| Total | (2.662) | (4.433) |

31. Agreements 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.

- (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) a service contract with Electa SpA concerning support for investor relations activities for an amount of €40 thousand on an annual basis

The relationships described above are governed by conditions in line with those of the market.

It should also be noted that, as detailed in the paragraph Significant events during the year for the acquisition of 55% of Enovation Brands Inc. The Board of Directors of the Company



ITALIAN WINE BRANDS

Cventori di Eccellenze

approved the transaction subject to the favorable opinion issued by the Independent Director of the Company, . Antonella Lillo, (regarding the signing of the sales contract with Norina, as well as the convenience and substantial correctness of the related conditions) as Norina is a "related party" of the Company being attributable to the four family branches of the Pizzolo family, including the Vice President of IWB, Dr. Giorgio Pizzolo, and the administrator of IWB, Dr. Marta Pizzolo. It should be noted that the purchase and sale transaction of the Norina Stake qualifies as a transaction with a related party "of lesser importance" pursuant to and for the purposes of the "Procedure for transactions with related parties" adopted by the Company and the Regulation approved with Consob resolution no. . 17221/2010

It should be remembered that the Parent Company IWB has adopted and follows the related Related Parties Procedure in compliance with the general provisions of the Euronext Growth Milan Issuers' Regulation.

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



ITALIAN WINE BRANDS
Creatori di Eccellenze



ITALIAN WINE BRANDS
Creatori di Eccellenze

ANNUAL FINANCIAL REPORT 31 DECEMBER 2022

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 1.124.468,80

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

www.italianwinebrands.it

Table of contents

| | |
|--|-----|
| Composition of Administrative and Supervisory Bodies | 102 |
| Directors' Report on Operations | 103 |
| | |
| Annual Financial Report | |
| Statement of Financial Position | 120 |
| Comprehensive Income Statement | 121 |
| Statement of changes in Shareholders' Equity | 122 |
| Statement of Cash Flows | 123 |
| Form and content of Financial Report | 124 |
| Notes to the Financial Statements | 132 |



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)

Sofia Barbanera

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

2022 was a complex year for the international economy, characterized by a significant recovery in consumption, the awakening of a highly inflationary scenario and fears for energy supplies, especially natural gas and raw materials. This scenario was fueled, by consumers' desire for a return to normality, social stability and the realignment of consumption habits after the two-year period marked by the Covid-19 pandemic, and by, fears for the conflict in Ukraine and the consequent stop to imports of Russian gas into Europe as well as the ongoing geopolitical tensions.

In this context, the Italian Wine Brands Group has pursued its "mission", which is to bring its branded products to customers around the world through all commercial channels, with the aim of making them happy in the purchasing and consumption experience. This mission, considered to be the basis of the creation of value in the medium term, was implemented by developing every action necessary to maintain the supply chain in safety, in particular of dry materials, and directly absorbing part of the increase in the costs of factors of production which were progressively created during the year which has just ended. These actions allow us to have an increasingly solid, resilient and significantly growing customer base today.

Italian Wine Brands also pursued the mission described above during the year by continuing the M&A activity in particular with the acquisition of 85% of Enovation Brands Inc. finalized in April and with the acquisition in December of 100% of the company owned by the Blackbeard family.

The IWB Group is today the private Italian leader in the production and distribution of national wines and is distinguished by the breadth of the reference markets in which it operates, by the number of brands in its portfolio and by the variety of distribution channels.

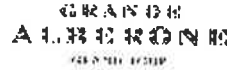
In terms of reference markets, IWB achieves its turnover predominantly and increasingly with foreign customers and only for a residual part with national customers.

Sales are primarily through a portfolio of proprietary and registered brands. In particular, the Group operates under the following different brands:



ITALIAN WINE BRANDS

Creatori di Eccellenze





ITALIAN WINE BRANDS
Creatori di Eccellenze

With centralised governance functions (finance & IT, sales&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 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: one in Diano d'Alba (CN) three in Montebello (VI) four in Calmasino (VR) and one in Cetona (SI)

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., Provinco Italia S.p.A., Enoitalia S.p.A, Enovation Brands Inc., Barbanera s.r.l. e Fossalto s.r.l.

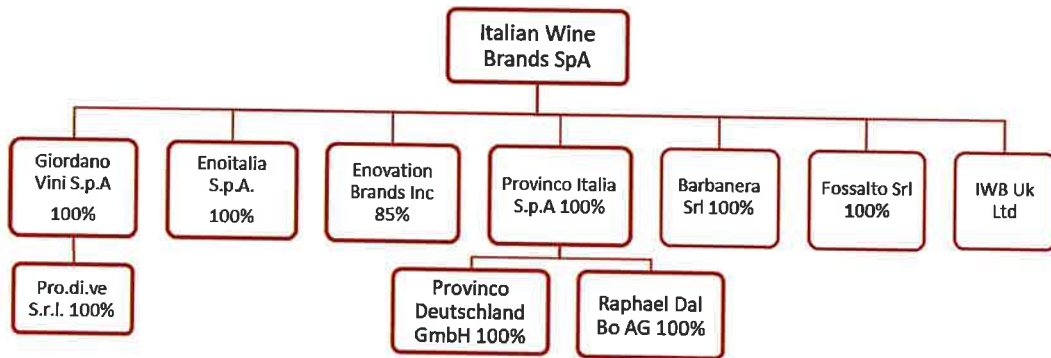
IWB Uk Ltd is the company established in 2022 as the Group's exporter to the British market in compliance with the new regulations that will come into force this year and which require the formal indication of the exporter on the label.

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.



ITALIAN WINE BRANDS

Creatori di Eccellenze



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

The financial statement of IWB S.p.A. at 31 December 2022 shows:

- A Net Profit for the period of € 9,5 million (€ 9,8 million at 31 December 2021);
- Net financial position of €95 million (€72,5million at 31 December 2021)

The increase is explained by the acquisitions of Enovation Brands Inc , Barbanera Srl and Fossalto Srl

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

Reclassified statement of financial position

€thousand

| | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|---|----------------|----------------|-----------------|
| Other intangible assets | 119 | 196 | 224 |
| Tangible assets | 102 | 122 | 143 |
| Right-of-use assets | 119 | 179 | 238 |
| Equity investments | 263.557 | 205.481 | 54.256 |
| Total Fixed Assets | 263.897 | 205.978 | 54.861 |
| Net trade receivables | 2.558 | 2.282 | 112 |
| Trade Payables | (319) | (211) | (121) |
| Other assets (liabilities) | 3.225 | 4.736 | 4.354 |
| Net working capital | 5.464 | 6.807 | 4.345 |
| Payables for employee benefits | (42) | (37) | (24) |
| Net deferred and prepaid tax assets (liabilities) | 32 | 85 | 0 |
| Other provisions | 0 | 0 | 0 |
| NET INVESTED CAPITAL | 269.351 | 212.833 | 59.182 |
| Shareholders' equity | 174.199 | 140.266 | 89.264 |
| Profit (loss) for the period | 9.444 | 9.780 | 7.799 |
| Share capital | 1.124 | 1.046 | 880 |
| Other reserves | 163.630 | 129.440 | 80.585 |
| Net Financial position | 87.384 | 72.351 | (32.229) |
| Deferred price acquisitions | 7.621 | 0 | 1.861 |
| Right of use liabilities | 146 | 216 | 286 |
| TOTAL SOURCES | 269.351 | 212.833 | 59.182 |



ITALIAN WINE BRANDS

Creatori di Eccellenze

In relation to the balance sheet described above, it should be noted that:

- equity investments in subsidiaries are made up of Giordano Vini S.p.A. for Euro 32,823 thousand; from Provinco Italia S.p.A. for Euro 21,433 thousand and by Enoitalia S.p.A. for Euro 151,225 thousand; Enovation Brands Inc. for Euro 15,067 thousand; Blackbeard S.r.l. and Fossalto S.r.l. for a total of 43,010 thousand.

- Other assets (liabilities) are represented by receivables/loans from subsidiaries.

Reclassified Income statement

€thousand

| | Restated 31.12.2022 | Restated 31.12.2021 | Restated 31.12.2020 |
|---|------------------------|------------------------|------------------------|
| Revenue from sales | 1.688 | 1.369 | 800 |
| Other income | 121 | 72 | 57 |
| Total revenue | 1.809 | 1.441 | 857 |
| Purchase costs | (1) | (16) | (1) |
| Costs for services | (1.083) | (979) | (1.465) |
| Personnel costs | (1.123) | (728) | (796) |
| Other operating costs | (115) | (214) | (462) |
| Operating costs | (2.322) | (1.937) | (2.725) |
| EBITDA | (513) | (496) | (1.868) |
| Write-ups / (Write-downs) | 0 | 0 | 0 |
| Amortization and depreciation | (169) | (170) | (162) |
| Operating result from core business | (681) | (666) | (2.030) |
| Exceptional items | (67) | (1.083) | 0 |
| Net releases (accruals) for provision risks and charges | 0 | 0 | 0 |
| EBIT | (748) | (1.749) | (2.030) |
| Net financial income/(expenses) | (2.777) | (1.859) | 182 |
| Dividendi da imprese controllate | 12.180 | 12.402 | 9.152 |
| EBT | 8.656 | 8.794 | 7.304 |
| Taxes | 788 | 986 | 496 |
| Net Result | 9.444 | 9.780 | 7.799 |

In relation to the above income statement situation, it should be noted that:

- dividends refer entirely to the subsidiary Provinco Italia S.p.A.;

- costs for services include Euro 320 thousand for directors, statutory auditors and OdV fees and Euro 402 thousand for consultancy;

- financial income refers to the interest income accrued on the loan granted to the subsidiaries Giordano Vini S.p.A. (amounting to Euro 736 thousand), Enoitalia Sp.A. (equal to Euro 110 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 amounting to Euro 3,473 thousand.



ITALIAN WINE BRANDS
Creatori di Eccellenze

Reclassified Income statement

thousand

| | Reported 31.12.2022 | Management (1) | adjustments (2) | Restated 31.12.2022 |
|---|------------------------|-------------------|--------------------|------------------------|
| Revenue from sales | 1.688 | | | 1.688 |
| Change in inventories | 0 | | | 0 |
| Other income | 121 | 0 | | 121 |
| Total revenue | 1.809 | 0 | 0 | 1.809 |
| Purchase costs | (1) | | | (1) |
| Costs for services | (1.128) | 45 | 0 | (1.083) |
| Personnel costs | (1.145) | 22 | 0 | (1.123) |
| Other operating costs | (115) | 0 | | (115) |
| Operating costs | (2.388) | 67 | 0 | (2.322) |
| EBITDA | (579) | 67 | 0 | (513) |
| Write-ups / (Write-downs) | 0 | | | 0 |
| Amortization and depreciation | (169) | | | (169) |
| Operating result from core business | (748) | 67 | 0 | (681) |
| Exceptional items | - | (67) | 0 | (67) |
| Net releases (accruals) for provision risks and charges | 0 | | | 0 |
| EBIT | (748) | 0 | 0 | (748) |
| Net financial income/(expenses) | (2.777) | | | (2.777) |
| Dividendi da imprese controllate | 12.180 | | | 12.180 |
| EBT | 8.656 | 0 | 0 | 8.656 |
| Taxes | 788 | | | 788 |
| Net Result | 9.444 | 0 | 0 | 9.444 |
| Tax effect of exceptional charges | | | | 19 |
| Net profit before exceptional items and related tax effect | | | | 9.492 |

Summary of Management Adjustments

Costs for services equal to Euro 45 thousand and relating to i) Euro 67 thousand for legal consultancy relating to a dispute with an employee and feasibility studies on new projects

Personnel costs of Euro 22 thousand relating to settlements with former employees.

1.2.2 Net Financial Position

The details of the net financial debt as at 31 December 2022 as at 31 December 2021 and as at 31 December 2020 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> | 31.12.2022 | 31.12.2021 |
|--|-------------------|-------------------|
| A. Cash | 0 | 0 |
| B. Cash equivalents | 3.887 | 11.365 |
| C. Other current financial activities | 23.666 | 21.004 |
| D. Liquidity (A) + (B) + (C) | 27.553 | 32.370 |
| E. Current financial debt (included financial instruments but not included current part of non current financial debt) | 8.019 | 25 |
| F. Current part of non current financial debt | 72 | 70 |
| G. Current financial debt (E) + (F) | 8.091 | 95 |
| H. Net current financial debt (G) - (D) | (19.462) | (32.275) |
| I. Non current financial debt (excluded current part and financial instruments) | 0 | 0 |
| J. Financial instruments | 131.018 | 130.795 |
| K. Trade payables and other non current debts/right of use | 7.695 | 146 |
| L. Non current financial debt (I) + (J) + (K) | 138.714 | 130.941 |
| M. Net financial position (H) + (L)* | 119.251 | 98.667 |
| <i>of which</i> | | |
| <i>Deferred price acquisitions</i> | 7.621 | 0 |
| <i>Current payables for the acquisition of right of use</i> | 72 | 70 |
| <i>Non Current payables for the acquisition of right of use</i> | 74 | 146 |
| Net financial position without the effect of IFRS 16 IFRS 16 and deferred price | 111.484 | 98.451 |
| <i>*The figure doesn't include financial receivables from subsidiaries with a maturity of more than 12 months.</i> | | |
| Other non current financial activities | 24.100 | 26.100 |
| NFP (included non current financial receivables) | 87.384 | 72.351 |

2 Significant events

2.1 2022 significant events

2.1.1 Acquisition of 85% of Enovation Brands Inc.

On 8 April 2022 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 and conditional execution, which provide for IWB to acquire, directly or through a company controlled by it, respectively

- (iv) Norina's entire 55% interest in the share capital of Enovation (the “**Norina Shareholding**”); and
- (v) 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.

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.



ITALIAN WINE BRANDS

Creatori di Eccellenze

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. 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.

2.1.2 Reserved capital increase

On 16 December 2022 the Extraordinary Shareholders' Meeting of Italian Wine Brands S.p.A. approved, on second call, the proposal to increase the share capital against payment and inseparably, for a total amount of Euro 26,316,240.00 (of which Euro 78,203.00 as share



ITALIAN WINE BRANDS

Creatori di Eccellenze

capital and Euro 26,238,037, 00 as a share premium) (the "Reserved Capital Increase"). The Reserved Capital Increase provided for the issue of a total of no. 657,906 new ordinary shares of the Company, with no par value, at the unit subscription price of Euro 40.00 (inclusive of the share premium), with the exclusion of the option right pursuant to article 2441, paragraph 5 of the Civil Code, to be reserved in subscription to Holding Marco Barbanera S.r.l. ("HMB") and Holding Paolo Barbanera S.r.l. ("HPB") to be paid in cash, including by offsetting.

This Reserved Capital Increase is part of an investment transaction by IWB, which involved the acquisition by the Company of the entire share capital of Barbanera S.r.l. ("Blackbeard") and Fossalto S.r.l. ("Fossalto") and the reinvestment of HMB and HPB, shareholders of Barbanera and Fossalto, in the share capital of IWB through the subscription and payment in cash, also through compensation, of the Reserved Capital Increase (the "Transaction"). For further information on the Transaction, please refer to the press release of 22 November 2022 available on the Company's website (www.italianwinebrands.it, Section "Investors / Press releases").

The Shareholders' Meeting saw the participation of shareholders for a total of 4,205,244 shares, representing 47.77% of the share capital, who unanimously expressed their approval of the Transaction.

The approval of the Reserved Capital Increase by the Extraordinary Shareholders' Meeting of IWB constituted a condition precedent of the Transaction which must therefore be considered fulfilled on 16 December. The closing of the Transaction and, therefore, the completion of the acquisition of the entire capital of Barbanera and Fossalto by the Company and the subscription and release of the Reserved Capital Increase by HPB and HMB took place on 22 December 2022 as better described in the paragraph below.

2.1.3 Acquisition of 100% of the wine companies owned by the Barbanera family

On December 22 IWB signed the agreements for the acquisition of 100% of the share capital of the companies of the Barbanera family ("Sellers"), i.e. Barbanera S.r.l. ("Barbanera") and Fossalto S.r.l. ("Fossalto") (collectively the "Targets").

Barbanera is a family company founded in the 70s in Cetona (Siena) by brothers Marco and Paolo Barbanera, active today in the vinification, production and sale of high quality wines in the premium segment.

Over the years, Barbanera has grown steadily and it is now the point of reference of Tuscan wine on international markets thanks, in particular, to its autochthonous wines awarded by the main critics (Barbanera®, Gigino®, Vecciano®), made both with use of the raw material from the vineyards owned by the family (about 33 hectares located in areas with a high wine-growing vocation), and with raw materials subject to careful selection and a winemaking process entirely carried out within the company.



ITALIAN WINE BRANDS

Creatori di Eccellenze

The positive production and commercial results described above have translated into a solid and continuously growth of economic and financial performances. Barbanera and Fossalto achieved a consolidated turnover of Euro 38.7 million in 2021, of which over 90% generated on international markets and increased consistently from Euro 33.3 million in 2020 and from Euro 26.6 million in 2019. The Adjusted Ebitda achieved by the companies in 2021 was equal to Euro 5.4 million (margin on turnover equal to 14.0%), the net profit was equal to Euro 3.8 million while the net financial position at 31 December 2021 was positive for Euro 1.2 million (IFRS compliant data).

Under the agreement signed today, IWB will acquire 100% of the capital of the Targets on the basis of a total Equity Value of Euro 41,990,000.00 which will be paid by IWB in cash on the closing date, tentatively expected by 31 December 2022 and, in any case, no later than 31 March 2023 (the "Closing"). The structure of the transaction also provides that the holding companies of the Barbanera family will reinvest in the IWB Group a total value of Euro 26,316,240.00 by subscribing no. 657,906 newly issued IWB ordinary shares at a price of Euro 40.00 (forty/00) each.

Upon completion of the transaction, the Barbanera family will hold a total stake of 6.95% of the share capital of IWB after the capital increase (the "Reinvestment"). The newly issued IWB shares subscribed by the holding companies of the Barbanera family will be subject to non-transferability restrictions for a period of 36 months (lock-up).

The structure of the transaction also provides for a deferred price component ("Earn-out") of a total amount of Euro 1,000,000.00 to be paid in the first half of 2024 in the presence of an increase in average Ebitda for the two-year period 2022-2023 compared to 2021.

The agreements between IWB and the Barbanera family provide that, after the Closing date, there will be the entry into the IWB Board of Directors of Dr. Sofia Barbanera, current sales manager for Europe and the USA of Barbanera. Management continuity is also envisaged for the two Target companies, which will be able to benefit from the support of the IWB Group's managerial and strategic skills in order to identify cost and organizational synergies.

The acquisition (details of which are provided below) will take place at a valuation of Target's economic capital at lower multiples than those currently expressed by IWB shares. The acquisition has been evaluated by the Board of Directors of IWB as an accretive transaction with regards of the value of IWB shares.

The acquisition is also highly strategic for IWB which, after having taken root in Piedmont, Veneto and Puglia with its own production, vinification and bottling cellars, is completing the offer with a historic Tuscan production cellar, owner of a portfolio of premium wines/brands that can be distributed globally through its sales channels. In addition, as part of the deal, IWB will ensure the sourcing of raw materials of the highest quality through the signing of an exclusive and long-term supply contract with Le Forconate, a farm that has approximately 33 hectares and is owned by the Barbanera family .

2.1.4 Asset management

From the point of view of asset management, it should be noted that during 2022 dividends were distributed for a total of Euro 879 thousand, no. 36,192 Italian Wine Brands treasury shares for a total of Euro 1,430 thousand at an average price of Euro 39.5 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 the necessary measures have been maintained to ensure the continuation of company activities (i.e. organization of company spaces to ensure the necessary between people, incentives for remote work with reference to office activities, creation of separate teams for production and transport activities).

2.2 Significant events subsequent to the end of the 2022 financial year

In January 2023, as part of the activities aimed at closing the consolidated financial statements as at 31 December 2022, a fraud emerged which affected the accounts of the company Enovation Brands Inc starting from years prior to the acquisition by the IWB Group:

(i) The pre-closing amount is governed by the SPA representations and warranties and has consequently been deducted from the purchase price.

(ii) The amount after the closing, net of the tax benefit and the minority interest, is equal to Euro 457 thousand. The gross amount of Euro 732 thousand is accounted for under the adjustments relating to the operating margin.

At the date of approval of the financial statements, investigations aimed at defining responsibilities and the potential recovery of at least part of the amount are still underway.

On 30 March 2023, the company's Board of Directors approved the 2023-2025 Incentive Plan which will be submitted for approval by the next shareholders' meeting called for 26 April 2023 on first call and 27 April 2023 on second call. The Plan aims to (i) incentivize the group's key resources with respect to the pursuit of important economic-financial targets (ii) encourage the beneficiaries to remain within the group; and (iii) develop a sense of belonging for key resources through the attribution of tools representing the value of the Company.

The Board of Directors of IWB also submits to the Shareholders' Meeting the resolution in the ordinary session regarding the authorization to purchase and dispose of treasury shares in order to provide the Company with a stock of treasury shares to be allocated to service of the Incentive Plan, as consideration in extraordinary transactions - including the exchange of shares with other parties, as part of transactions in the interest of the Company, such as potential, further sector aggregations under continuous analysis and evaluation by the Board of Directors – as well as any future incentive and loyalty plans adopted by the Company and/or other purposes permitted by law in the interest of the Company itself.



3. Outlook

In 2022, despite a macro-economic context characterized (i) by the uncertainties deriving from the Russia-Ukraine conflict (ii) by inflationary dynamics which have led to a significant increase in production factors and a reduction in consumers' spending power, the IWB Group has continued the growth path for external lines aimed at maximizing the presence on international markets and completing the product portfolio with highly recognizable brands and development potential.

While aware of the uncertainty of the general economic situation, the Group continues to be confident in the potential for growth and resilience of its business in the medium-long term thanks to its strong competitive and multi-channel positioning, its international commercial strength, its solid financial structure, its constant management commitment aimed at overseeing the supply chain, controlling costs and improving efficiency and production organisation.

The Group's priority continues to be the sustainable growth of its business and we believe that the correct foundations have been laid despite the current difficult economic situation.

In 2023, the Group's margins will increase as a result of the price lists in force during the current year and the reduction in the cost of some production factors, after the peaks of the previous year. In addition, activities have been started aimed at (i) rationalizing and simplification of processes through the integration of production companies, which will lead to the reduction of countless intra-group transactions, eliminating non-productive costs and speeding up operations with customers (ii) the development of new products in the premium range, which will tend to replace low-cost production added value, with benefits on profitability and cash generation (iii) the expansion of the distribution of the most profitable brands in new geographical areas.

4. Ethics' Code and Organizational Model

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.



ITALIAN WINE BRANDS

Creatori di Eccellenze

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.

The Board of 23 March 2023 inter alia approved an update of the Model aimed at introducing:

- (i) updating to recent legislative changes;
- (ii) an Anti-Corruption Model/Guidelines;
- (vi) the introduction of alternative whistleblowing channels.

5. Agreements 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.

- (ii) 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) a service contract with Electa SpA concerning support for investor relations activities for an amount of €40 thousand on an annual basis

The relationships described above are governed by conditions in line with those of the market.

It should also be noted that, as detailed in the paragraph Significant events during the year for the acquisition of 55% of Enovation Brands Inc. The Board of Directors of the Company



ITALIAN WINE BRANDS

Creatori di Eccellenze

approved the transaction subject to the favorable opinion issued by the Independent Director of the Company, . Antonella Lillo, (regarding the signing of the sales contract with Norina, as well as the convenience and substantial correctness of the related conditions) as Norina is a "related party" of the Company being attributable to the four family branches of the Pizzolo family, including the Vice President of IWB, Dr. Giorgio Pizzolo, and the administrator of IWB, Dr. Marta Pizzolo. It should be noted that the purchase and sale transaction of the Norina Stake qualifies as a transaction with a related party "of lesser importance" pursuant to and for the purposes of the "Procedure for transactions with related parties" adopted by the Company and the Regulation approved with Consob resolution no. . 17221/2010

It should be remembered that the Parent Company IWB has adopted and follows the related Related Parties Procedure in compliance with the general provisions of the Euronext Growth Milan Issuers' Regulation.

6. Information relating to the environment, safety and personnel

HEALTH AND SAFETY

The Group - which holds the ownership of industrial buildings intended for production purposes - has implemented the Risk Assessment Document required by the law on occupational safety.

The aforementioned document first of all provides for an analysis of the risks present in the company both for the work activity and for the settlement methods; the measures undertaken to minimize the risks, those still to be taken and those to maintain an adequate level of safety are then identified. Finally, the timescales necessary for the implementation of the residual measures are identified.

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

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

During 2022, a constant health surveillance activity 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 personnel and for to first aid, in full compliance with the reference regulatory framework.

GROUP WORKFORCE

The precise and average headcount by category at 31 December 2022, at 31 December 2021 and at 31 December 2020 is shown below for the Group companies:

| | At 31.12.2022 | Average no 31.12.2022 | At 31.12.2021 | Average no 31.12.2021 | At 31.12.2020 | Average no 31.12.2020 |
|-----------------|------------------|--------------------------|------------------|--------------------------|------------------|--------------------------|
| Executives | 8 | 8 | 6 | 6 | 6 | 7 |
| Middle managers | 23 | 23 | 21 | 21 | 14 | 12 |
| Employee | 202 | 205 | 174 | 161 | 121 | 122 |
| Workers | 140 | 144 | 127 | 128 | 20 | 19 |
| Total | 373 | 379 | 328 | 317 | 161 | 160 |

7. Treasury shares

As at 31/12/2022 the Parent Company holds n. 10,681 ordinary shares, representing 0.11% of the ordinary share capital. As part of the authorization to purchase approved by the Shareholders' Meeting on 7 February 2020, 36,192 treasury shares were purchased during 2022 and 32,362 ordinary shares and 32,363 phantom shares were assigned with reference to the Incentive Plan of Italian Wine Brands S.p.A. and following the accrual of a total of no. 64,725 rights referring to the first tranche included in the performance period of the Plan.



ITALIAN WINE BRANDS

Creatori di Eccellenze

BALANCE SHEET

| | Note | 31.12.2022 | 31.12.2021 |
|---|------|--------------------|--------------------|
| <i>Amounts in EUR</i> | | | |
| Non-current assets | | | |
| Intangible fixed assets | 5 | 118.988 | 196.042 |
| Land, property, plant and equipment | 6 | 102.098 | 122.474 |
| Right-of-use assets | 6 | 119.070 | 178.606 |
| Equity investments | 7 | 263.556.633 | 205.481.085 |
| Attività finanziarie non correnti | 8 | 24.100.000 | 26.100.000 |
| Deferred tax assets | 9 | 31.681 | 85.012 |
| Total non-current assets | | 288.028.470 | 232.163.218 |
| Current assets | | | |
| Trade receivables | 10 | 2.557.898 | 2.281.696 |
| Other current assets | 12 | 3.574.473 | 4.979.680 |
| Current tax assets | 11 | 87.319 | 829.658 |
| Current financial assets | 13 | 23.666.202 | 21.004.177 |
| Cash and cash equivalents | 14 | 3.887.031 | 11.365.680 |
| Total current assets | | 33.772.923 | 40.460.890 |
| Total assets | | 321.801.393 | 272.624.109 |
| Shareholders' equity | | | |
| Share capital | | 1.124.468 | 1.046.266 |
| Reserves | | 136.087.565 | 110.075.005 |
| Reserve for defined benefit plans | | 5.070 | (1.766) |
| Reserve for stock grants | | - | 267.330 |
| Profit (loss) carried forward | | 27.537.536 | 19.099.708 |
| Net profit (loss) for the period | | 9.444.454 | 9.779.891 |
| Total Shareholders' Equity | 15 | 174.199.092 | 140.266.434 |
| Non-current liabilities | | | |
| Financial payables | 16 | 138.639.473 | 130.794.980 |
| Right-of-use liabilities | 16 | 74.167 | 146.149 |
| Provision for other employee benefits | 17 | 42.039 | 36.866 |
| Total non-current liabilities | | 138.755.679 | 130.977.996 |
| Current liabilities | | | |
| Financial payables | 18 | 8.019.034 | 25.382 |
| Right-of-use liabilities | 18 | 71.983 | 69.863 |
| Trade payables | 19 | 318.576 | 210.618 |
| Other current liabilities | 20 | 400.440 | 1.073.816 |
| Current tax liabilities | 21 | 36.589 | - |
| Total current liabilities | | 8.846.621 | 1.379.679 |
| Total shareholders' equity and liabilities | | 321.801.393 | 272.624.109 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

PROFIT AND LOSS

| | Note | 31.12.2022 | 31.12.2021 |
|--|------|--------------------|--------------------|
| <i>Amounts in EUR</i> | | | |
| Revenue from sales | 21 | 1.688.399 | 1.368.771 |
| Other income | 21 | 120.801 | 72.247 |
| Total revenue | | 1.809.200 | 1.441.017 |
| Purchase costs | 22 | (582) | (16.255) |
| Costs for services | 23 | (1.127.715) | (1.772.892) |
| Personnel costs | 24 | (1.145.349) | (1.016.859) |
| Other operating costs | 25 | (114.657) | (213.979) |
| Operating costs | | (2.388.302) | (3.019.985) |
| EBITDA | | (579.102) | (1.578.968) |
| Depreciation and amortization | 5, 6 | (168.647) | (170.448) |
| Operating profit/(loss) | | (747.749) | (1.749.415) |
| Finance revenue | | 13.038.242 | 12.916.617 |
| Borrowing costs | | (3.634.461) | (2.373.447) |
| Net financial income/(expenses) | 26 | 9.403.781 | 10.543.170 |
| EBT | | 8.656.031 | 8.793.755 |
| Taxes | 27 | 788.422 | 986.136 |
| (Loss) Profit from discontinued operations | | - | - |
| Profit (loss) (A) | | 9.444.454 | 9.779.891 |
| Attributable to: | | | |
| (Profit)/Loss of NCIs | | - | - |
| Group profit (loss) | | 9.444.454 | 9.779.891 |





ITALIAN WINE BRANDS
Creatori di Eccellenza

CHANGES IN SHAREHOLDER' EQUITY

Amounts in in Eur

| | Share Capital | Capital Reserves | Reserve for stock grants | Reserve for defined benefit plans | Retained earnings | Total |
|---|------------------|--------------------|--------------------------|-----------------------------------|-------------------|--------------------|
| Balance sheet at 1 January 2021 | 879.854 | 64.158.847 | 343.908 | (1.580) | 23.883.145 | 89.264.174 |
| Capital increase | 166.412 | 45.333.588 | | | | 45.500.000 |
| Purchase of own shares | | (52.440) | | | | (52.440) |
| Sale of own shares | | 301.260 | | | | 301.260 |
| Dividends | | | | | (4.793.595) | (4.793.595) |
| Stock grants | | 343.908 | (76.578) | | | 267.330 |
| Legal reserve | | | | | | - |
| Reclassification and other changes | | (10.158) | | | 10.158 | - |
| Total comprehensive profit/ (loss) | | | | (186) | 9.779.891 | 9.779.705 |
| Balance sheet at 31 December 2021 | 1.046.266 | 110.075.005 | 267.330 | (1.766) | 28.879.599 | 140.266.434 |
| Capital increase | 78.203 | 26.238.037 | | | | 26.316.240 |
| Purchase of own shares | | (1.446.020) | | | | (1.446.020) |
| Sale of own shares | | 490.314 | | | | 490.314 |
| Dividends | | - | | | (879.216) | (879.216) |
| Stock grants | | 788.025 | (267.330) | | (520.695) | - |
| Legal reserve | | 33.282 | | | (33.282) | - |
| Reclassification and other changes | | (91.079) | | | 91.129 | 50 |
| Total comprehensive profit/ (loss) | | | | 6.836 | 9.444.454 | 9.451.290 |
| Balance sheet at 31 December 2022 | 1.124.469 | 136.087.564 | - | 5.070 | 36.981.989 | 174.199.092 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

STATEMENT OF CASH FLOWS

Amounts in in Eur

| | Notes | 31.12.2022 | 31.12.2021 |
|--|-------|---------------------|----------------------|
| Profit (loss) before taxes | | 8.656.031 | 8.793.755 |
| Adjustments for: | | | |
| - non-monetary items - stock grant | | - | - |
| - non-monetary items - provisions / (releases) | | - | - |
| - non-monetary items - amortisation/depreciation | | 168.647 | 170.448 |
| Adjusted profit (loss) for the period before taxes | | 8.824.679 | 8.964.203 |
| Cash flow generated by operations | | | |
| Income tax paid | | (333.640) | 1.323.614 |
| Other financial (income)/expenses without cash flow (financial amortisation) | | 3.473.329 | 2.205.312 |
| Total | | 3.139.689 | 3.528.926 |
| Changes in working capital | | | |
| Change in receivables from customers | | (276.202) | (2.012.289) |
| Change in trade payables | | 107.957 | 89.817 |
| Change in other receivables and other payables | | 2.632.822 | (961.148) |
| Change in post-employment benefits and other provisions | | 12.009 | 13.049 |
| Change in other provisions and deferred taxes | | 53.331 | - |
| Total | | 2.529.917 | (2.870.571) |
| Cash flow from operations (1) | | 14.494.285 | 9.622.558 |
| Capital expenditure: | | | |
| - Tangible | | - | (52.097) |
| - Intangible | | (11.682) | (10.626) |
| - Financial | | (58.075.548) | (151.225.103) |
| Cash flow from investment activities (2) | | (58.087.230) | (151.287.825) |
| Financial assets | | | |
| Long-term borrowings/ (repayments) - Bond | | 223.329 | 130.000.000 |
| Collections / (repayments) other financial payables | | 8.000.000 | (31.946.994) |
| Change in other financial assets | | (662.025) | - |
| Change in other financial liabilities | | 4.071.625 | (1.452.756) |
| Purchase of own shares | | (1.446.020) | (52.440) |
| Sale of own shares | | 490.314 | 301.260 |
| Dividends paid | | (879.216) | (4.793.595) |
| Monetary capital increases | | 26.316.240 | 45.500.000 |
| Change in reserve for stock grants | | - | 267.330 |
| Other changes in shareholders equity | | 50 | - |
| Cash flow from financing activities (3) | | 36.114.297 | 137.822.805 |
| Cash flow from continuing operations | | (7.478.648) | (3.842.463) |
| Change in cash and cash equivalents (1+2+3) | | (7.478.648) | (3.842.463) |
| Cash and cash equivalents at beginning of period | | 11.365.680 | 15.208.143 |
| Cash and cash equivalents at end of period | | 3.887.031 | 11.365.680 |





ITALIAN WINE BRANDS

Creatori di Eccellenze

FORM AND CONTENT OF THE FINANCIAL REPORT

Introduction

This Financial Report at 31 December 2022 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 2022 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 2022 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.



ITALIAN WINE BRANDS

Creatori di Eccellenze

- 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.



ITALIAN WINE BRANDS
Creatori di Eccellenze

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.

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, 2022, no assets or liabilities held by the company are measured at fair value.

3 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.



ITALIAN WINE BRANDS

Creatori di Eccellenze

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 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 represented by the possibility that the issuer of a financial instrument does not fulfill its obligation and causes a financial loss to the subscriber.

The credit risk derives from sales carried out as part of the ordinary business activity and from the use of financial instruments which provide for the settlement of positions with the counterparty.

As far as commercial transactions are concerned, the company operates exclusively with group companies.

As far as financial transactions are concerned, these are carried out with group companies and with leading financial institutions of large size and high credit rating, whose rating is monitored in order to limit the risk of counterparty insolvency.



ITALIAN WINE BRANDS

Creatori di Eccellenze

Liquidity risk

Liquidity risk can manifest itself with the inability to find, under economic conditions, the financial resources necessary for the Company's operations. The two main factors affecting the Company's liquidity are:

Financial resources generated or absorbed by operating or investing activities;

The maturity characteristics of financial debt.

The Company finances its activities both through the cash flows generated by operations and through recourse to external sources of financing and is therefore exposed to liquidity risk, represented by the fact that the financial resources are not sufficient to meet the financial obligations and commercial within the pre-established terms and deadlines. The cash flows, financing needs and liquidity of the company are controlled by considering the expiry of the financial assets (trade receivables and other financial assets) and the expected cash flows from the related transactions. The company has both secured and unsecured lines of credit, consisting of revocable short-term lines in the form of direct financing, current account overdrafts and endorsement credit.

The Company has a composition of the long-term debt structure exposed to interest rate risk as indicated in the explanatory notes.

As regards the exposure related to trade payables, there is no significant concentration of suppliers.

Management believes that the funds generated by operating and financing activities will allow the Company to meet its needs deriving from investment activities, management of working capital and repayment of debts on their contractual maturity.

4. Accounting principles

4.1 Accounting standards adopted

Approved accounting standards and interpretations in force from 1 January 2022

Pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the IFRSs that entered into force on or after 1 January 2022 are indicated below:

• **Amendments to IAS 16 - Property, plant and equipment - Consideration received before expected use**

These amendments prohibit deducting from the cost of property, plant and equipment amounts received from the sale of products while the asset is being prepared for its intended use. The proceeds from the sale of the products and the related production cost must be recognized in the Income Statement.

There were no impacts on the Group Financial Statements as a result of these changes.

• **Amendments to IAS 37 - Provisions, potential liabilities and potential assets - Onerous contracts - Costs to fulfill a contract**

These amendments specify that the costs to be considered when evaluating onerous contracts are both the incremental costs of fulfilling the contract (for example, direct labor and materials) and a share of other costs that relate directly to the fulfillment of the contract (e.g. a split of the depreciation charge of the assets used to fulfill the contract).

There were no impacts on the Group Financial Statements as a result of these changes.

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

These are limited amendments to some standards (IFRS 1 First-time adoption of IFRSs, IFRS 9 Financial instruments, IAS 41 Agriculture and illustrative examples of IFRS 16 Leases) which clarify the formulation or correct omissions or conflicts between the requirements of the IFRS standards. There were no impacts on the Group Financial Statements as a result of these changes.

4.2 International accounting standards and/or interpretations issued but not yet effective in 2022

As required by IAS 8 "Accounting standards, changes in accounting estimates and errors", the new Standards or Interpretations already issued, but not yet entered into force or not yet endorsed by the European Union as at 31 December 2022 and therefore not applicable, and the foreseeable impacts on the consolidated financial statements.

None of these Standards and Interpretations has been adopted by the Group in advance.

• **Amendments to IAS 1 - Presentation of financial statements - Classification of liabilities as current or non-current**

The amendments clarify the criteria that must be applied for the classification of liabilities as current or non-current and specify that the classification of a liability is not influenced by the probability that the settlement of the liability will be postponed by twelve months following the reference year. The Group's intention to liquidate in the short term has no impact on the classification. These amendments, whose entry into force is scheduled for 1 January 2023,



ITALIAN WINE BRANDS
Creatori di Eccellenze

have not yet been endorsed by the European Union. No impacts are expected on the classification of financial liabilities as a result of these changes.

• **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 so that they are more useful; in particular:

- the obligation to indicate the "significant" accounting principles has been replaced with the obligation to indicate the "significant" ones;
- guidance has been added on how to apply the concept of materiality to disclosures on accounting standards.

In assessing the relevance of disclosures about accounting standards, entities must consider both the size of the transactions, other events or conditions and their nature.

These amendments, approved by the European Union, will enter into force on 1 January 2023. No impacts are expected on the disclosures of the Group Financial Statements as a result of these amendments.

• **Amendments to IAS 8 - Accounting Standards, Changes in Accounting Estimates and Errors**

These amendments introduce a new definition of "accounting estimates," more clearly distinguishing them from accounting policies, and provide guidance for determining whether changes should be treated as changes in estimates, changes in accounting policies, or errors.

These amendments, endorsed by the European Union, will enter into force on 1 January 2023. No impacts are expected on the Group Financial Statements as a result of these amendments.

• **Amendments to IAS 12 Income taxes – deferred tax assets and liabilities deriving from a single transaction**

These amendments eliminate the possibility of not recognizing deferred taxes upon initial recognition of transactions that give rise to taxable and deductible temporary differences (eg leasing contracts).

With reference to leasing contracts, these amendments also clarify that, when lease payments are deductible for tax purposes, it is a matter of judgment (after considering the applicable tax law) whether such deductions are attributable for tax purposes to the liability for leasing



ITALIAN WINE BRANDS

Creatori di Eccellenze

recorded in the balance sheet or the related right of use. If the tax deductions are attributed to the right of use, the taxable amounts of the right of use and the lease liability are equal to their carrying amounts, and no temporary differences arise at initial recognition. However, if the tax deductions are attributed to the lease liability, the tax values of the right of use and the 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 deferred tax asset must still be recognised.

These amendments, endorsed by the European Union, will enter into force on 1 January 2023. No impacts are expected on the Group Financial Statements as a result of these amendments.

- **Amendments to IAS 1 - Presentation of financial statements - non-current liabilities with covenants**

These amendments specify that the covenants to be respected after the reporting date do not affect the classification of the debt as current or non-current at the reporting date. The amendments instead require the company to provide information on these covenants in the notes to the financial statements.

These amendments, which will enter into force on 1 January 2024, have not yet been endorsed by the European Union. No impacts are expected on the classification of financial liabilities and in terms of disclosure following these changes.

- **Amendments to IFRS 16 Leases: Lease liabilities in a sale and leaseback transaction**

These amendments specify the requirements for accounting for a sale and a leaseback after the date of the transaction.

In particular, in the subsequent measurement of the liability deriving from the leasing contract, the seller-lessee determines the "lease payments" and the "revised leasing payments" in such a way as not to recognize gains or losses that refer to the right of use maintained .

These amendments, which will enter into force on 1 January 2024, have not yet been endorsed by the European Union. No impacts are expected on the Group Financial Statements as a result of these changes

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:

€thousand

| INTANGIBLE FIXED ASSETS | | | | | | |
|---|------------|-----------|-----------|---------------|------------------|------------|
| Net carrying amount | | | | | | |
| Net carrying amount | 01.01.2022 | increases | decreases | amortizations | reclassification | 31.12.2022 |
| Goodwill | 0 | | | | | 0 |
| Trademarks & patents | 0 | | | | | 0 |
| Software | 196 | 12 | | (89) | | 119 |
| Other intangibles assets | 0 | | | | | 0 |
| Intangible assets under construction and advances | 0 | | | | | 0 |
| Net carrying amount intangible assets | 196 | 12 | 0 | (89) | 0 | 119 |

6. Land, property, plant and equipment

The change in tangible fixed assets is shown below:

€thousand

| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
|---|--------------|---------------|-----------|--------------------------------|-------------------------------------|--------------|
| Gross Value | | | | | | |
| Historical costs | 01.01.2022 | Increases | decreases | reclassification/other changes | increases from business combination | 31.12.2022 |
| Land and buildings | 0 | | | | | 0 |
| Plant and equipments | 63 | | | | | 63 |
| Equipment | 0 | | | | | 0 |
| Other | 80 | | | | | 80 |
| Tangible assets under construction and advances | 0 | | | | | 0 |
| Right of use assets | 328 | | | | | 328 |
| Total historical costs | 491 | 0 | 0 | 0 | 0 | 491 |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Accumulated depreciation | | | | | | |
| Accumulated depreciation | 01.01.2022 | amortizations | decreases | other changes | increases from business combination | 31.12.2022 |
| Land and buildings | 0 | | | | | 0 |
| Plant and equipments | (20) | | (10) | | | (30) |
| Equipment | 0 | | | | | 0 |
| Other | (20) | | (11) | | | (31) |
| Right of use assets | (150) | | (59) | | | (209) |
| total accumulated depreciation | (190) | (80) | 0 | 0 | 0 | (270) |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Net Value | | | | | | |
| Net Value | 01.01.2022 | increases | decreases | amortizations | other changes | 31.12.2022 |
| Land and buildings | 0 | | | | | 0 |
| Plant and equipments | 63 | | | (10) | | 53 |
| Equipment | 0 | | | | | 0 |
| Other | 60 | | | (11) | | 49 |
| Tangible assets under construction and advances | 0 | | | | | 0 |
| Right of use assets | 178 | | | (60) | | 118 |
| Total Net Value | 301 | 0 | 0 | (80) | 0 | 221 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

7. Equity investments

The item is detailed as follow:

Amounts in Euro

| | Country | 31.12.2022 | 31.12.2021 |
|----------------------------|---------------|--------------------|--------------------|
| Giordano Vini SpA | Italy | 32.822.790 | 32.822.790 |
| Provinco SpA | Italy | 21.433.193 | 21.433.193 |
| Enoitalia SpA | Italy | 151.225.103 | 151.225.103 |
| Enovation Brands Inc | United States | 15.065.547 | - |
| Barbanera S.r.l. | Italy | 41.010.000 | - |
| Fossalto S.r.l. | Italy | 2.000.000 | - |
| Italian Wine Brands Uk Ltd | England | 1 | - |
| Total | | 263.556.633 | 205.481.085 |

As at 31 December 2022, the company verified that the equity value calculated as the difference between the enterprise value and the net financial position of each company was at least equal to the value of the investment. There were no losses in value.

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:

Amounts at 31 december 2021

Euro thousand

| Description | Imponibile | Aliquota | Saldo |
|----------------------------------|------------|----------|-----------|
| Remuneration of directors | 354 | 24,00% | 85 |
| Total Deferred tax assets | | | 85 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

Amounts at 31 december 2022

Euro thousand

| Description | Tax base | Tax rate | Balance |
|----------------------------------|----------|----------|-----------|
| Exchange rate adjustment | 132 | 24,00% | 32 |
| Total Deferred tax assets | | | 32 |

10. Trade receivable

Trade receivables at 31 December 2023 and 31 December 2021 are detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-------------------------|--------------|--------------|
| Trade receivables | 2.558 | 2.282 |
| Provision for writedown | 0 | 0 |
| Total | 2.558 | 2.282 |

11. Current tax assets

The item at 31 December 2022 and 31 December 2022 is detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-----------------------|------------|------------|
| VAT receivables | 87 | 171 |
| IRAP receivables | 0 | 75 |
| IRES receivables | 0 | 672 |
| IRPEF withholding tax | 0 | (93) |
| Others | 0 | 5 |
| Total | 87 | 830 |

12. Other current activities

Other current activities at 31 december 2022 and at 31 december 2021 are detailed as follow:

€thousand

| | 31.12.2022 | 31.12.2021 |
|--------------------------|--------------|--------------|
| Others | 3.488 | 4.979 |
| Advances to suppliers | 76 | 0 |
| Accruals and prepayments | 10 | 1 |
| Total | 3.574 | 4.980 |

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 2022.

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 2022.



ITALIAN WINE BRANDS
Creatori di Eccellenze

8-13. Current And non current Financial Assets

Financial assets at 31 December 2022 and 31 December 2021 are detailed as in the following table:

| <i>€thousand</i> | | | | 31.12.2021 |
|--|---------------|--------------------------------------|-----------------------------|---------------|
| | Short term | Medium/long term (within 5 years) | Long term (over 5 years) | Total |
| Refund on Acquisitions | - | - | - | - |
| Financial credit vs CFO (Buy-back) | 4 | - | - | 4 |
| Total other lenders | 4 | - | - | 4 |
| Giordano Vini | 8.000 | - | - | 8.000 |
| Provinco | - | - | - | - |
| Enoitalia | 11.000 | - | - | 11.000 |
| Total Loans to Subsidiaries | 19.000 | - | - | 19.000 |
| Shareholder loans to Giordano Vini | 2.000 | 10.000 | 16.100 | 28.100 |
| Total Shareholder loans to Subsidiaries | 2.000 | 10.000 | 16.100 | 28.100 |
| Total | 21.004 | 10.000 | 16.100 | 47.104 |

| <i>€thousand</i> | | | | 31.12.2022 |
|--|---------------|--------------------------------------|-----------------------------|---------------|
| | Short term | Medium/long term (within 5 years) | Long term (over 5 years) | Total |
| Refund on Acquisitions | 480 | - | - | 480 |
| Financial credit vs CFO (Buy-back) | 187 | - | - | 187 |
| Total other lenders | 666 | - | - | 666 |
| Giordano Vini | 8.000 | - | - | 8.000 |
| Provinco | - | - | - | - |
| Enoitalia | 11.000 | - | - | 11.000 |
| Total Loans to Subsidiaries | 19.000 | - | - | 19.000 |
| Shareholder loans to Giordano Vini | 4.000 | 24.100 | - | 28.100 |
| Total Shareholder loans to Subsidiaries | 4.000 | 24.100 | - | 28.100 |
| Total | 23.666 | 24.100 | - | 47.766 |

14. Cash

Cash and cash equivalents at 31 December 2022 and 31 December 2021 are detailed as per the following table:

€thousand

| | 31.12.2022 | 31.12.2021 |
|---------------|-------------------|-------------------|
| Bank deposits | 3.887 | 11.365 |
| Total | 3.887 | 11.366 |

15. Net Equity

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

Amounts in EUR

| | 31.12.2022 | 31.12.2021 |
|--|--------------------|--------------------|
| Share capital | 1.124.468 | 1.046.266 |
| Legal reserve | 209.253 | 175.971 |
| Share premium reserve | 136.137.072 | 109.899.034 |
| Reserve for actuarial gains on defined benefit plans | 5.070 | (1.766) |
| Reserve for stock grants | - | 267.330 |
| Reserve for the purchase of treasury shares | (258.760) | - |
| Prior profits/(losses) | 27.537.536 | 19.099.708 |
| Profit/(loss) of the period | 9.444.454 | 9.779.891 |
| Total reserves | 173.074.624 | 139.220.168 |
| Total shareholders' equity | 174.199.092 | 140.266.434 |

Share capital

The share capital of Italian Wine Brands is equal to €1.124.468,80 divided into 9.459.983 ordinary shares, all without indication of the nominal value.

- The Extraordinary Shareholders' Meeting of Italian Wine Brands S.p.A. held in second call on 16 December 2022, approved the new proposal to increase the share capital



ITALIAN WINE BRANDS

Creatori di Eccellenze

subscribed and paid up following the execution of the paid and inseparable share capital increase, for a total amount of Euro 26,316,240, 00 (of which Euro 78,203.00 as capital and Euro 26,238,037.00 as share premium) through the issue of a total of no. 657,906 new ordinary shares of the Company (ISIN: IT0005075764), with no par value, at the unit subscription price of Euro 40.00 (including share premium), with the exclusion of the option right pursuant to art. 2441, paragraph 5 of the Civil Code, reserved for subscription to Holding Marco Barbanera S.r.l. ("HMB") and Holding Paolo Barbanera S.r.l. ("HPB").

The Reserved Capital Increase is part of the IWB investment transaction announced on 22 November 2022 and completed on 22 December 2022, which provided for: (i) the acquisition by the Company of the entire share capital of Barbanera S.r.l. ("Blackbeard") and Fossalto S.r.l. ("Fossalto", together with Barbanera the "Target"), (ii) the reinvestment of HPB and HMB, shareholders of the Targets, in the share capital of IWB through the subscription and payment in cash, also through compensation, of the Capital Increase Reserved.

The certification of successful execution of the Reserved Capital Increase pursuant to art. 2444 of the Civil Code was filed with the Milan Monza Brianza Lodi Company Register on 22 December 2022.

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 2022 the Parent Company held 10.681 ordinary shares, representing 0.11% of the ordinary share capital in circulation.

On 23 March 2023, the company's Board of Directors resolved to propose to the Shareholders' Meeting the allocation of the profit for the year of Euro 9,444,454, as follows:

- to the shareholders a unit dividend of Euro 0.10 for each entitled share for a maximum total of Euro 944,930.20;
- for the difference to the retained earnings account.

16. Financial liabilities

The situation as at 31 December 2022 is as follows:

| <i>€thousand</i> | | | | 31.12.2021 |
|---|------------|--------------------------------------|-----------------------------|----------------|
| | Short term | Medium/long term (within 5 years) | Long term (over 5 years) | Total |
| Bond | - | - | 130.795 | 130.795 |
| Short-term unsecured loans | - | - | - | - |
| Revolving loans | - | - | - | - |
| Other loans in addition to e.g. unsecured loa | - | - | - | - |
| Financial accrued expenses and charges to t | 25 | - | - | 25 |
| Total Banks | 25 | - | - | 25 |
| Payables to factoring companies | - | - | - | - |
| Deferred price acquisitions | - | - | - | - |
| Other financial loans | - | - | - | - |
| Total other lenders | - | - | - | - |
| Total | 25 | - | 130.795 | 130.820 |

| <i>€thousand</i> | | | | 31.12.2022 |
|---|--------------|--------------------------------------|-----------------------------|----------------|
| | Short term | Medium/long term (within 5 years) | Long term (over 5 years) | Total |
| Bond | - | - | 131.018 | 131.018 |
| Short-term unsecured loans | - | - | - | - |
| Revolving loans | - | - | - | - |
| Other loans in addition to e.g. unsecured loa | 8.000 | - | - | 8.000 |
| Financial accrued expenses and charges to t | 19 | - | - | 19 |
| Total Banks | 8.019 | - | - | 8.019 |
| Payables to factoring companies | - | - | - | - |
| Deferred price acquisitions | - | 7.621 | - | 7.621 |
| Other financial loans | - | - | - | - |
| Total other lenders | - | 7.621 | - | 7.621 |
| Total | 8.019 | 7.621 | 131.018 | 146.659 |

The bank debt as of December 31, 2022 consists of the following loans:

- Senior, non-convertible, non-subordinated and unsecured bond loan of Euro 130 million issued by Italian Wine Brands S.p.A. on 13 May 2021 with a duration of 6 years (maturity 13 May 2027), bullet repayment, annual fixed rate of 2.50%, annual interest. The bond loan is



ITALIAN WINE BRANDS
Creatori di Eccellenze

listed on the MOT market managed by Borsa Italiana and on the Irish Stock Exchange managed by Euronext Dublin.

- "Revolving" medium-term loan signed on 30 July 2021 and having the Group companies as beneficiaries at the signing date. As at 31 December 2022, Euro 8 million of the loan was used by IWB S.p.A and Euro 7 million by the subsidiary Giordano Vini S.p.A. . The loans have a quarterly maturity and a rate equal to the 3-month Euribor (zero floor) increased by a spread of 1.1%. Maximum duration 36 months

- The Price The deferred price for the acquisition of Enovation Brands Inc. refers to the unconditional consideration to be paid to the sellers and for which a deferred payment has been agreed respectively equal to (i) USD 3.3 million no later than on January 10, 2023 (ii) USD 3.3 million no later than January 10, 2024 (iii) USD 1.4 million no later than May 1, 2024. The debt is reduced by USD 927 thousand in consideration of the repayment envisaged pursuant to article 8 of the loan agreement as a result of the fraud that emerged in the company's accounts during the preparatory activities for the preparation of the consolidated financial statements. For more details, see paragraph 2.2 Significant events after the end of the financial year

- The earn out of a total of Euro 1,000,000.00 to be paid pro rata to Holding Marco Barbanera and Holding Paolo Barbanera in the first half of 2024 in the presence of an increase in average Ebitda for the two-year period 2022-2023 compared to 2021 for the company Barbanera S.r.l. and Fossalto S.r.l.

Financial payables are recorded 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 cumulative amortization of the difference between the initial value and the maturity, calculated using the effective interest rate where the application of the amortized cost method is not relevant with respect to the nominal value

The aforesaid loan agreements present similar and standard clauses 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) information obligations in relation to the occurrence of significant events for the Company, as well as corporate information; (iii) commitments and obligations, usual for financing transactions of this type, 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 these items are shown in a specific equity reserve. The changes in the liability for termination benefits at 31 December 2022 are shown below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| Provision at 01.01. | 37 | 24 |
| Provisions | 12 | 13 |
| Benefits paid out in period | 0 | 0 |
| Actuarial (gains)/losses | (7) | 0 |
| Financial costs | (0) | 0 |
| Provision at the end of the period | 43 | 37 |

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".



ITALIAN WINE BRANDS

Creatori di Eccellenze

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

| Actuarial assumptions | 31.12.2022 | 31.12.2021 |
|------------------------------|-------------------|-------------------|
| Discount rate | 3,01% | (0,25%) |
| Inflation rate | 4,53% | 2,28% |
| Expected average turnover | 8,87% | 8,98% |

19. Trade payables

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

€thousand

| | 31.12.2022 | 31.12.2021 |
|---------------------------|-------------------|-------------------|
| Suppliers Italy | 317 | 210 |
| Suppliers Foreign markets | 1 | 1 |
| Total | 319 | 211 |

20. Other current liabilities

The Other liabilities are made up as follows:

€thousand

| | 31.12.2022 | 31.12.2021 |
|------------------------------|-------------------|-------------------|
| Employees | 259 | 407 |
| Social security institutions | 127 | 63 |
| Directors | 0 | 598 |
| Accruals and deferred income | 0 | 0 |
| Others | 15 | 6 |
| Total | 400 | 1.074 |

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 2022, compared with those of the previous year, are detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| Services from third parties | 103 | 116 |
| Fees and rents | 182 | 157 |
| Consulting | 402 | 328 |
| Advertising costs | 4 | 16 |
| Utilities | 8 | 9 |
| Remuneration of Directors, Statutory Auditors | 320 | 1.083 |
| Maintenance | 3 | 0 |
| Other costs for services | 105 | 64 |
| Total | 1.128 | 1.773 |

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

€thousand

| | 31.12.2022 | 31.12.2021 |
|--------------------|-------------------|-------------------|
| Directors | 276 | 1.039 |
| Statutory auditors | 44 | 44 |
| Total | 320 | 1.083 |



ITALIAN WINE BRANDS
Creatori di Eccellenze

24. Personnel cost

Personnel costs at 31 December 2022, compared with those of the previous year, are detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-------------------------|--------------|--------------|
| Wages and salaries | 781 | 525 |
| Social security charges | 315 | 175 |
| Termination benefits | 39 | 28 |
| Stock grant | 0 | 289 |
| Other costs | 10 | 0 |
| Total | 1.145 | 1.017 |

The following table shows the number of employees

| | At 31.12.2022 | Average no 31.12.2022 | At 31.12.2021 | Average no 31.12.2021 |
|-----------------|------------------|--------------------------|------------------|--------------------------|
| Executives | 5 | 5 | 4 | 3 |
| Middle managers | 2 | 2 | 2 | 1 |
| Employee | 1 | 0 | - | - |
| Total | 8 | 7 | 6 | 4 |

25. Other operating costs

The item Other operative costs amounts to euro 115 thousands (euro 213 thousands in 2021)



ITALIAN WINE BRANDS

Creatori di Eccellenze

26. Financial income and charges

Financial income and expenses are detailed in the following tables:

€thousand

| | 31.12.2022 | 31.12.2021 |
|---------------------------|---------------|---------------|
| On current accounts | 848 | 514 |
| Dividends | 12.180 | 12.402 |
| Exchange rate gain/(loss) | 10 | 0 |
| Others | 1 | 0 |
| Total | 13.038 | 12.917 |

€thousand

| | 31.12.2022 | 31.12.2021 |
|---------------------------|----------------|----------------|
| Bond interests | (3.473) | (2.205) |
| Loans | (5) | 0 |
| Right-of-use liabilities | (5) | (7) |
| Bank fees and charges | (14) | (3) |
| Exchange rate gain/(loss) | (132) | 0 |
| Others | (5) | (158) |
| Total | (3.634) | (2.373) |

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 2022, compared with those of the previous year, are detailed below:

€thousand

| | 31.12.2022 | 31.12.2021 |
|-----------------------------|-------------|------------|
| IRES | 860 | 928 |
| IRAP | 0 | 0 |
| Taxes for prior periods | (19) | 58 |
| Total current taxes | 842 | 986 |
| Prepaid taxes | (53) | 0 |
| Deferred taxes | 0 | 0 |
| Total deferred taxes | (53) | 0 |
| Total | 788 | 986 |

28. Transactions with related parties

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

In summary it should be noted:

(i) a commercial lease contract 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 to Provinco Italia S.p.A. the property located in Rovereto (TN) – Via per Marco, 12/b; the lease has a term of six years (until 31 January 2018) with tacit renewal for the same period unless canceled 12 months before expiry; the agreed fee is equal to Euro 60 thousand per year plus VAT.

(ii) a service contract with Electa SpA concerning support for investor relations activities for an amount of €40 thousand on an annual basis



ITALIAN WINE BRANDS

Creatori di Eccellenze

The relationships described above are governed by conditions in line with those of the market.

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.

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

