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Italian Wine Brands S.p.A.

Review report on interim condensed consolidated financial statements as of June 30, 2021

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(This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.)

Review report on interim condensed consolidated financial statements

To the shareholders of
Italian Wine Brands S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements comprising the consolidated statement of financial position, the comprehensive consolidated income statement, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flow and related explanatory notes of Italian Wine Brands S.p.A. and its subsidiaries (Italian Wine Brands Group) as of June 30, 2021.

Management is responsible for the preparation of this interim condensed consolidated financial statements in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) endorsed by the European Union.
Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Italian Wine Brands Group as of June 30, 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, September 29, 2021

BDO Italia S.p.A.
(signed on the original)
Vincenzo Capaccio
Partner

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ITALIAN WINE BRANDS
Creatori di Eccellenze

CONSOLIDATED HALF-YEAR FINANCIAL REPORT
30 JUNE 2021

ITALIAN WINE BRANDS S.P.A.
Registered office in Milan, Viale Abruzzi, 94
joint-stock company with subscribed and paid-up share capital of €1.046.265,80

Tax Code Companies Reg. No. 08851780968
Registered in the Companies Register of Milan, Monza-Brianza, Lodi
R.E.A. no. 2053323

www.italianwinebrands.it

TABLE OF CONTENTS

Composition of the Administrative and Supervisory Bodies 3
Directors' Report on Operations 4

Consolidated Annual Financial Report

Consolidated Statement of Financial Position 28
Comprehensive Income Statement 29
Statement of Changes in Shareholders' Equity 30
Statement of Cash Flows 31
Form and content of the Consolidated Financial Report 32
Notes to the Financial Statements 56

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)

Antonella Lillo (Independent Member)

Massimiliano Mutinelli

Marta Pizzolo

Simone Strocchi

Board of Statutory Auditors

David Reali (Chairman of the Board of Statutory Auditors)

Eugenio Romita (Statutory Auditor)

Debora Mazzaccherini (Statutory Auditor)

Independent Auditors

BDO Italia S.p.A.

Nomad

IntesaSanPaolo S.p.A.

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Directors' Report on Operations

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

1.1. Reference market in which the company operates

The first half of 2021 was confirmed as a particular period for the international economy, subject to a slight recovery in generalized consumption, however still far from pre-pandemic levels. On the one hand, in fact, the fears for the worsening of the economical environment experienced during the pandemic peak, tempered by the success of the vaccination campaigns, had an influence, on the other hand the desire of consumers for the return to a regime of normality, of social stability and realignment of consumption habits acted strongly.

In this context, the Italian Wine Brands group has pursued its mission, which is to bring its branded products to its customers around the world through all commercial channels and with the aim of making them happy in the shopping and consumption experience. This strategy was implemented by developing every necessary action aimed at protecting company stakeholders, employees, customers, suppliers, in the still critical period of lock-down and pandemic, guaranteeing maximum operational safety to all company areas. Security measures have been put in place in terms of health and home working protocols which have made it possible to continue seamlessly and at full capacity all the group's production and distribution activities as well as maximum compliance with safety provisions also in agreement with and support by trade unions and workers' organizations.

The mission of Italian Wine Brands described above was also pursued both through an important commercial effort aimed at increasing organic sales and through the acquisition of 100% of the shares of the company Enoitalia SpA, formalized on July 27, 2021. For information on this transaction, refer to paragraph *2.2 Significant events occurring after the end of the half year*

In terms of reference markets, IWB achieved its business volume in the first half of the year mainly and increasingly with foreign customers (79.9% in the first six months of 2021 compared to 78.8% in the first six months of 2020) and only for a residual part with national customers.

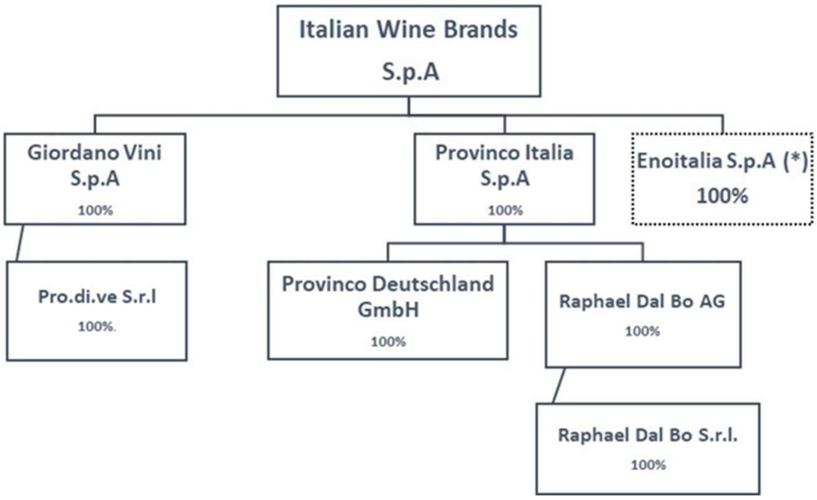
More that 90% sales are made through a portfolio of proprietary and registered brands. In particular, the group operates under the various brands:

The "wholesale" channel, aimed at the sale of products to sector operators, such as large-scale retail chains, state monopolies and traditional trade, has continued the organic growth undertaken for several years and has further strengthened its presence on the Swiss market through the acquisition, which took place in March 2020, of the subsidiary Raphael Dal Bo AG.

The "distance selling" channel, aimed at the direct sale of the products in the portfolio to private consumers, recorded a significant increase in volumes sold in the first half of the year thanks to the policies to strengthen e-commerce sales undertaken starting from 2017.

From a corporate point of view, IWB S.p.A. carries out management and coordination activities for Group companies.

The corporate organization chart of the Italian Wine Brands group is provided below.



(*) Company that entered the group perimeter starting from July 27, 2021.

1.2.1 Consolidated situation

The following is a summary of the first half consolidated economic and financial results obtained by the Italian Wine Brands group compared with first half of 2020 and 2019, with data expressed in thousands of Euro:

	30.06.2021	30.06.2020	30.06.2019	Δ % 19/20	Cagr 19/20
Revenue from sales	**99.501**	**92.158**	**70.073**	**7,97%**	**19,16%**
Change in inventories	8.219	4.255	3.239		
Other income	1.147	490	643		
Total revenues	**108.867**	**96.903**	**73.955**	**12,35%**	**21,33%**
Purchase costs	(65.202)	(56.571)	(42.954)		
Costs for services	(27.196)	(25.338)	(19.686)		
Personnel costs	(4.330)	(4.029)	(3.706)		
Other operating costs	(314)	(297)	(350)		
Total operating costs	**(97.042)**	**(86.235)**	**(66.696)**		
Restated EBITDA	**11.825**	**10.668**	**7.259**	**10,85%**	**27,63%**
EBITDA	11.640	10.151	6.670		
Restated net profit/(loss)	**6.485**	**5.814**	**3.113**	**11,53%**	**44,34%**
Net profit/(loss)	**6.344**	**5.348**	**2.688**	**18,62%**	**53,63%**
Net financial debt	**13.819**	**20.169**	**21.556**		
of which net financial debt - third-party lenders	*3.797*	*9.444*	*9.856*		
of which net financial debt - right-of-use liabilities	*10.022*	*10.725*	*11.700*		

The reclassified consolidated balance sheet and income statement figures are shown below

Reclassified statement of financial position

€thousand

	30.06.2021	31.12.2020	30.06.2020
Other intangible assets	34.954	34.005	33.585
Goodwill	68.309	68.309	68.325
Tangible assets	15.125	15.104	14.000
Right-of-use assets	9.644	9.637	10.248
Equity investments	2	2	2
Total Fixed Assets	**128.034**	**127.057**	**126.160**
Inventory	33.697	25.490	24.968
Net trade receivables	21.355	30.567	25.725
Trade Payables	(54.877)	(56.809)	(44.916)
Other assets (liabilities)	222	(2.541)	(6.338)
Net working capital	**397**	**(3.293)**	**(561)**
Payables for employee benefits	(605)	(621)	(603)
Net deferred and prepaid tax assets (liabiliies)	(8.129)	(8.028)	(8.225)
Other provisions	(240)	(260)	(991)
NET INVESTED CAPITAL	**119.456**	**114.854**	**115.780**
Shareholders' equity	**105.637**	**104.521**	**95.611**
Profit (loss) for the period	6.345	14.193	5.348
Share capital	880	880	880
Other reserves	98.413	89.448	89.383
Net Financial position	**3.797**	**424**	**9.444**
Right of use liabilities	**10.022**	**9.908**	**10.725**
TOTAL SOURCES	**119.456**	**114.854**	**115.780**

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Reclassified Income stetement

€thousand

	Restated 30.06.2021	Restated 30.06.2020	Restated 30.06.2019
Revenue from sales	99.501	92.158	70.073
Change in inventories	8.219	4.255	3.239
Other income	1.147	490	643
Total revenues	**108.867**	**96.903**	**73.955**
Purchase costs	(65.202)	(56.571)	(42.954)
Costs for services	(27.196)	(25.338)	(19.686)
Personnel costs	(4.330)	(4.029)	(3.706)
Other operating costs	(314)	(297)	(350)
Total operating costs	**(97.042)**	**(86.235)**	**(66.696)**
EBITDA	**11.825**	**10.668**	**7.259**
Write-ups / (Write-downs)	(588)	(521)	(672)
Amortization and depretiation	(2.131)	(1.910)	(1.599)
Operating result from core business	**9.106**	**8.237**	**4.988**
Exceptional items	(185)	(517)	(589)
Net releases (accruals) for provision risks and charges	-	-	-
EBIT	**8.921**	**7.720**	**4.399**
Net Finance revenues (costs)	(1.269)	(619)	(671)
Exceptional Net Finance revenues (costs)	-	(13)	-
EBT	**7.652**	**7.089**	**3.728**
Taxes	(1.308)	(1.741)	(1.040)
Net Result	**6.344**	**5.348**	**2.688**
Tax effect of exceptional charges	44	64	164
Net profit before exceptional items and related tax effect	**6.485**	**5.814**	**3.113**

ITALIAN WINE BRANDS
Creatori di Eccellenze

Reclassified Income stetement

€thousand

	Reported 30.06.2021	Management adjustments	adjustments	Restated 30.06.2021
Revenue from sales	99.501			99.501
Change in inventories	8.219			8.219
Other income	1.147			1.147
Total revenues	**108.867**			**108.867**
Purchase costs	(65.202)			(65.202)
Costs for services	(27.196)			(27.196)
Personnel costs	(4.515)	185		(4.330)
Other operating costs	(314)			(314)
Total operating costs	**(97.227)**	**185**	**-**	**(97.042)**
EBITDA	**11.640**	**185**	**-**	**11.825**
Write-ups / (Write-downs)	(588)			(588)
Amortization and depretiation	(2.131)			(2.131)
Operating result from core business	**8.921**	**185**	**-**	**9.106**
Exceptional items	-	(185)	-	(185)
Net releases (accruals) for provision risks and charges	-			-
EBIT	**8.921**	**-**		**8.921**
Net Finance revenues (costs)	(1.269)			(1.269)
Exceptional Net Finance revenues (costs)				-
EBT	**7.652**	**-**		**7.652**
Taxes	(1.308)			(1.308)
Net Result	**6.344**	**-**		**6.344**
Tax effect of exceptional charges				44
Net profit before exceptional items and related tax effect				**6.485**

Summary of Management Adjustments

Personnel costs equal to: € 185 thousand relating i) as for € 117 thousand for the costs incurred for no. 6 settlements with former employees and ii) as much as € 68 thousand for the accounting of the cost difference of the shares subject to stock grant between the time of delivery to the beneficiaries and the closing date of the fiscal year at 31.12.2020.

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

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

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1.2.2 Financial and equity position of the Parent Company

The financial statements of IWB S.p.A. at 30 June 2021 set out herein do not represent the separate financial statements of IWB S.p.A., which have been prepared in compliance with the provisions contained in Article 2423 of the Italian Civil Code, interpreted and supplemented by the accounting standards issued by the OIC. The following accounting schedules refer to a situation prepared in accordance with the Group IFRS standards for the preparation of these consolidated financial statements, and show:

- A Net Profit for the period of €11,9 million (€9,06 million at 30 June 2020);
- Net liquidity of €112,2 million (€14,98 million at 31 December 2020)

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

Reclassified statement of financial position

€thousand

	30.06.2021	31.12.2020	30.06.2020
Other intangible assets	218	224	228
Right-of-use assets	133	238	153
Tangible assets	208	143	268
Investment in subsidiaries	54.256	54.256	54.256
Non- current financial assets	28.100	4.100	
Deferrred tax assets	85		
Total Fixed Assets	**83.000**	**58.961**	**54.905**
Current financial assets	**13.000**	**11.000**	
Inventory			
Net trade receivables	1.063	112	2.032
Trade Payables	(575)	(121)	(182)
Other assets (liabilities)	4.906	4.354	3.850
Net working capital	**5.394**	**4.345**	**5.700**
Payables for employee benefits	(28)	(24)	(21)
Net deferred and prepaid tax assets (liabiliies)	-	-	-
Other provisions	-	-	-
NET INVESTED CAPITAL	**101.366**	**74.283**	**60.584**
Shareholders' equity	**96.636**	**89.264**	**90.813**
Profit (loss) for the period	11.906	7.799	9.058
Share capital	880	880	880
Other reserves	83.850	80.585	80.875
Net Financial position	**4.730**	**(14.982)**	**(30.229)**
TOTAL SOURCES	**101.366**	**74.283**	**60.584**

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 and Provinco Italia S.p.A. for €21,433 thousand.

The item Equity investments takes into account the irrevocable waiver of Italian Wine Brands SpA, as the sole shareholder of Giordano, of the shareholder loan credit of Euro 18,900 thousand, as the entire principal amount of the interest-bearing loan granted on 9 February 2015 in favor of the Company with consistent positive and simultaneous effects on shareholders' equity and financial debt.

Reclassified Income stetement

€thousand

	30.06.2021	30.06.2020
Revenue from sales	485	400
Other income	2	38
Total revenues	**487**	**438**
Purchase costs	(16)	(1)
Costs for services	(444)	(357)
Personnel costs	(352)	(378)
Other operating costs	(52)	(54)
Total operating costs	**(864)**	**(790)**
EBITDA	**(377)**	**(352)**
Write-ups / (Write-downs)	-	-
Amortization and depretiation	(87)	(75)
Operating result from core business	**(464)**	**(427)**
Net releases (accruals) for provision risks and charges	-	-
EBIT	**(464)**	**(427)**
Net Finance revenues (costs)	(361)	87
Dividends	12.402	9.152
EBT	**11.577**	**8.812**
Taxes	330	246
Net Result	**11.907**	**9.058**

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

- dividends refer entirely to the subsidiary Provinco Italia S.p.A.;
- financial income refers to interest income accrued on the loan granted to the subsidiaries Giordano Vini S.p.A.and Provinco SPA equal to €99 thousand.
-

1.2.3 Consolidated net financial position

The details of the net financial debt as at 30 June 2021 as at 31 December 2020 and as at 30 June 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.

€thousand	30.06.2021	31.12.2020	30.06.2020
A. Cash	48	340	36
B. Cash equivalents	134.657	33.062	17.786
C. Other current financial activities	2.013	57	2.824
D. Liquidity (A) + (B) + (C)	**136.718**	**33.459**	**20.646**
E. Current financial debt (included financial instruments but not included current part of non current financial debt)	7.143	7.514	3.550
F. Current part of non current financial debt	3.135	3.650	3.459
G. Current financial debt (E) + (F)	**10.278**	**11.164**	**7.009**
H. Net current financial debt (G) - (D)	**(126.440)**	**(22.295)**	**(13.637)**
I. Non current financial debt (excluded current part and financial instruments)	11.670	32.628	33.806
J. Financial instruments	128.590	-	-
K. Trade payables and other non current debts/right of use	-	-	-
L. Non current financial debt (I) + (J) + (K)	**140.260**	**32.628**	**33.806**
M. Net financial position (H) + (L)	**13.819**	**10.333**	**20.169**
of which			
Deferred price aquisition Raphael Dal Bo AG	-	1.861	-
Current payables for the acquisition of right of use	1.143	1.088	1.301
Non Current payables for the acquisition of right of use	8.880	8.821	9.424
Net financial position withot the effect of IFRS 16 IFRS 16 and deferred pr	**3.797**	**(1.437)**	**9.444**

1.3 Group Performance

Business volume - Revenues

During the first half of 2021, the consolidated Sales revenues of the group reached Euro 99.5 million, an increase compared to the Euro 92.2 million of the first half of 2020 (+ 8.0% year on year) thanks exclusively to organic development of the group's activities. The compound annual growth rate (ie "CAGR": compound annual growth rate) in the two-year period 2019/2021 consolidated at a level of 19.2%, a figure significantly higher than the average of the wine market.

The contribution to growth was in particular provided by international markets, where the group achieved 79.9% of total revenues (78.8% in the first half of 2020, 77.6% in the first half of 2019). The Italian market substantially confirmed the sales levels of the first half of 2020, thanks to the stability of the commercial channels in which the group operates.

The table below shows the breakdown of Group revenues by geographical area.

€thousand

	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Revenues from sales - Italy	**19.555**	**19.341**	**15.395**	**1,11%**	**12,70%**
Revenues from sales - Foreign mark	**79.484**	**72.604**	**54.411**	**9,48%**	**20,86%**
Switzerland	23.355	21.172	12.870	10,31%	34,71%
Germany	22.456	20.219	15.775	11,07%	19,31%
Austria	8.484	8.473	7.062	0,13%	9,60%
UK	8.081	9.056	7.238	(10,77%)	5,66%
Belgium	3.501	1.594	418	119,72%	189,43%
France	3.160	2.864	2.372	10,37%	15,43%
Denmark	2.583	2.917	2.686	(11,46%)	(1,94%)
US	2.131	836	1.338	155,05%	26,21%
Netherlands	618	912	445	(32,24%)	17,87%
China	542	306	776	77,10%	(16,46%)
Sweden	500	828	813	(39,56%)	(21,55%)
Canada	286	540	346	(46,98%)	(9,07%)
Other countries	3.786	2.889	2.272	31,05%	29,10%
Other Revenues	**462**	**213**	**267**	**116,69%**	**31,48%**
Total Revenues from sales	**99.501**	**92.158**	**70.073**	**7,97%**	**19,16%**

As known, the IWB Group realizes its revenues from sales through two distribution channels; "*wholesale*" defines the sales of products to operators in the sector, such as large-scale distribution chains, state monopolies and *traditional trade*; "*distance selling*" defines direct sales of products to private consumers via the web, direct mailings and teleselling and other channels.

The following table shows a breakdown of revenues by business area.

€thousand

	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Revenues from *wholesale division*	56.508	50.582	37.325	11,72%	23,04%
Revenues from *distance selling division*	42.532	41.363	32.481	2,82%	14,43%
Other revenues	462	213	267	116,69%	31,48%
Total revenues from sales	**99.501**	**92.158**	**70.073**	**7,97%**	**19,16%**

The **wholesale division** is confirmed as the main contributor to the group's revenues also during the first half of 2021, accounting for 56.8% of total sales revenues (54.9% in 2020, 53.3% in 2019). Growth was constant and solid over the 2019-2021 period with a two-year CAGR of 23.0%, partly also favored by the acquisition of Raphael Del Bo AG (March 2020) which contributed in the first half of 2021 with a total turnover of Euro 6.2 million (Euro 5.7 million in the first half of 2020).

The following table shows revenues from sales of the wholesale channel, broken down by country:

ITALIAN WINE BRANDS
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€thousand

	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Revenues wholesale division - Italy	**3.176**	**2.569**	**1.481**	**23,62%**	**46,43%**
Revenues from wholesale division - Foreign markets	**53.332**	**48.013**	**35.844**	**11,08%**	**21,98%**
Switzerland	21.414	19.228	11.250	11,37%	37,97%
Germany	7.339	6.799	4.485	7,94%	27,92%
Austria	7.030	7.151	5.975	(1,70%)	8,47%
UK	4.141	4.661	5.421	(11,16%)	(12,60%)
Belgium	3.148	1.259	253	150,05%	252,75%
Denmark	2.583	2.917	2.686	(11,46%)	(1,94%)
US	2.131	836	1.338	155,05%	26,21%
China	542	306	776	77,10%	(16,46%)
Sweden	500	828	813	(39,56%)	(21,55%)
Netherlands	327	589	229	(44,52%)	19,46%
Canada	286	540	346	(46,98%)	(9,07%)
France	135	103	-	31,17%	N/A
Other countries	3.757	2.797	2.272	34,32%	28,58%
Other Revenues					
Total Revenues from sales - wholesale division	**56.508**	**50.582**	**37.325**	**11,72%**	**23,04%**

The figures shown in the table above are very positive and testify the strength of the Group's competitive positioning both in terms of the product/brand and the customer portfolio. The reference territory in which it operates and its positioning has allowed IWB to outperform the reference market (stable)

These results have been achieved mainly through:

- a renewal, expansion, extension and enhancement of the own brand product portfolio, which today accounts for over 90% of the channel’s sales and which makes the IWB Group's commercial offering attractive, recognized on the market and synonymous with quality;
- an increase in the market share of sales from existing *accounts* thanks to excellent stock rotation parameters of its customers;
- the acquisition of new *accounts*, essentially in each country in which the Group operates.

As regards the individual markets, we should point out the brilliant performances achieved in Switzerland which continues to be the Group’s number-one country in terms of revenues. This growth is linked to

- the growing commercial success of the brands in the portfolio, in particular "Grande Alberone" "Ronco di Sassi," and “Raphael Dal Bo”
- the introduction of new branded products such as Elettra® a blend of high quality negramaro and primitivo and Durante®, a high quality supertuscan.

In UK , after years of very strong business expansion mainly linked to the remarkable success on the market of sparkling wines, sparkling wines and Prosecco produced by IWB, there is a slight slowdown in activities. Similar considerations apply to Austria.

Germany, a nation historically presided over by the group only to a marginal extent in sales to large-scale retail chains and characterized by very strong competitive pressure on prices imposed by discount chains, has now recorded significant structural growth rates for five consecutive years, thanks to shelf insertion. of branded products (in particular Grande Alberone ®) and the acquisition of new accounts.

In the United States, the listing of new accounts is noted while the Asian area, currently presided over by a still limited, although still marginal commercial structure, has substantially doubled its revenues in the post-pandemic period and the trend in orders also suggests for growth in the second half of the current year.

Since the beginning of 2018, the Group has been operating in Italy through its wholesale division, supplying both Italian organized distribution chains and an important German large-retail chain, already a primary customer of the Group in this business area. In addition, new distribution agreements have been concluded with other chains of significant size.

The **distance selling** division contributed in the first half of 2021 to 42.8% of the Group's revenues (44.9% in the first half of 2020 and 46.4% in the first half of 2019), further reducing its weight as a distribution channel within the Group.

The following table shows revenues from sales of the *distance selling* channel, broken down by country:

€thousand

	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Revenues from distan selling division - Italy	**16.379**	**16.772**	**13.916**	**(2,34%)**	**8,49%**
Revenues from distance selling div - Foreign markets	**26.152**	**24.592**	**18.565**	**6,35%**	**18,69%**
Germany	15.117	13.420	11.289	12,65%	15,72%
UK	3.939	4.395	1.816	(10,37%)	47,28%
France	3.025	2.761	2.372	9,59%	12,94%
Switzerland	1.941	1.944	1.622	(0,15%)	9,40%
Austria	1.454	1.321	1.086	10,05%	15,72%
Belgium	353	335	165	5,60%	46,34%
Netherllands	291	323	215	(9,89%)	16,43%
Other countries	30	93	-	(67,68%)	N/A
Total Revenues distant selling division	**42.532**	**41.363**	**32.481**	**2,82%**	**14,43%**

The distance selling channel performed well in the first half of the year, recording an overall growth of 2.8% compared to the same period of 2020. This figure is to be considered particularly positive, as the sales volumes in the period March - June 2020 had been very significantly positively impacted by the lockdown caused by the emergence of the Covid-19 pandemic. The repurchase rates of new customers acquired in this phase were up compared to historical averages, especially in Germany, while in Italy customers proved to be more opportunistic and much more sensitive to pricing and promotional policies.

The parameters that contribute to determining the life time value of customers have improved in a particular way starting from 2019 thanks to the continuous improvement strategies undertaken in the production in the cellar, in the Customer Care and in the Logistics and Transport department which, together, have allowed to increase the perception of the customer towards the Giordano Vini® brand is noteworthy and have guaranteed the success of Svinando.com® both in Italy (+ 90% yoy) and in Germany. The qualitative results achieved are evidenced by the scores obtained on the main review portals, results that are comparable (or often better) to those attributed to digital pure players operating on the Italian market. Following these positive results, investments have been planned over the next few months aimed at the entry of Svinando on the UK market and at evaluating the entry of the group, also through direct sales, on the US market.

The following table shows revenues from sales of the *distance selling* channel, broken down by sales channel in Italy and Foreign markets

€thousand

	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Revenues distant selling - Italy	**16.379**	**16.772**	**13.916**	**(2,34%)**	**8,49%**
Direct Mailing	7.569	7.572	6.536	(0,04%)	7,61%
Teleselling	5.283	4.894	5.602	7,94%	(2,89%)
Digital / WEB	3.528	4.306	1.778	(18,08%)	40,86%
% Direct Mailing on total Italy	*46,21%*	*45,15%*	*46,97%*		
% Teleselling on total Italy	*32,25%*	*29,18%*	*40,26%*		
% Digital / Web on total Italy	*21,54%*	*25,67%*	*12,78%*		
Revenue distant selling - Foreign markets	**26.152**	**24.592**	**18.565**	**6,34%**	**18,69%**
Direct Mailing	14.908	13.288	11.187	12,19%	15,44%
Teleselling	3.640	3.728	3.594	(2,35%)	0,64%
Digital / WEB	7.604	7.576	3.784	0,37%	41,76%
% Direct Mailing on total Foreign - markets	*57,00%*	*54,03%*	*60,26%*		
% Teleselling on total Foreign - markets	*13,92%*	*15,16%*	*19,36%*		
% Digital / Web on total Foreign - markets	*29,08%*	*30,81%*	*20,38%*		
Total Revenues distant selling division	**42.532**	**41.363**	**32.481**	**2,83%**	**14,43%**

The analysis of the table above brings out some considerations:

- the Group confirms itself by far as the leading Italian omnichannel player on the European wine market, with a trend of significant, structural and profitably pursued growth;

- positive growth results come from the direct mailing channel (+ 7.8% yoy), a method of communication and interaction with the customer in which the group is particularly recognizable and increasingly appreciated;

- the teleselling channel, historically the main contributor to turnover for direct distribution, recorded a slight growth (+ 3.7% yoy) thanks to the commercial push also occurred on alternative products to wine (craft beer and gourmet food products);

- the Digital / WEB channel maintained (-5.8% yoy), thanks to the substantial investments made in recent years, a weight on total distance selling revenues equal to approximately 26%. In Italy there is a slight decline in the channel due to the comparison with the same period of the previous year, a period in which online sales, historically very insignificant in the domestic market, reached peaks that were not repeated in subsequent periods; on foreign markets, especially in Germany, growth was more homogeneous, progressive and sustainable in the medium term.

Analysis of operating margins

Below is a detailed breakdown of the cost components which, deducted from the item Total Revenues, contributed to the formation of the EBITDA Adjusted of the Italian Wine Brands Group.

Analysis of operating margins

Restated €thousand

	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Revenues from sales and other revenues	**100.648**	**92.648**	**70.716**	**8,63%**	**19,30%**
Raw materials consumed	(56.983)	(52.316)	(39.715)	8,92%	19,78%
% of total revenues	*(56,62%)*	*(56,47%)*	*(56,16%)*		
Costs for services	(27.196)	(25.338)	(19.686)	7,33%	17,54%
% of total revenues	*(27,02%)*	*(27,35%)*	*(27,84%)*		
Personnel	(4.330)	(4.029)	(3.706)	7,46%	8,09%
% of total revenues	*(4,30%)*	*(4,35%)*	*(5,24%)*		
Other operating costs	(314)	(297)	(350)	5,72%	(5,28%)
% of total revenues	*(0,31%)*	*(0,32%)*	*(0,49%)*		
Restated EBITDA (*)	**11.825**	**10.668**	**7.259**	**10,85%**	**27,63%**
% of total revenues	*11,75%*	*11,51%*	*10,27%*		

(*) Restated EBITDA to take into account the effects of non-recurring charges

The table above shows first of all that, during the first half of 2021, the incidence of raw material consumption on turnover is substantially in line with the same period of the previous year, with a very slight increase exclusively due to the mix effect of sale of distribution channels.

Costs for Services increased in the period in question to absolute values (Euro 1.9 million) due to the growth in turnover, going from Euro 25.3 million at 30 June 2020 to Euro 27.2 million, while in terms of incidence on the turnover recorded a further decrease of over 30 bps (from 27.35% to 27.02%).

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

Restated €thousand	**30.06.2021**	**30.06.2020**	**30.06.2019**
Services from third parties	5.783	5.187	4.263
Transport	7.604	7.093	5.332
Postage expenses	2.082	2.076	2.115
Fees and rents	342	294	214
Consulting	457	615	658
Advertising costs	2	3	2
Utilities	388	410	378
Remuneration of Directors, Statutory Auditors and Supervisory Body	456	437	445
Maintenance	300	149	100
Costs for outsourcing	3.584	3.619	3.237
Duties and excise duties	4.319	3.877	1.510
Commissions	82	71	46
Other costs for services	1.797	1.564	1.549
Non-recurring expenses		(57)	(163)
Total	**27.196**	**25.338**	**19.686**

In general terms, the reduction in the percentage incidence of costs for services on turnover is linked to a "mix" effect of sales, increasingly oriented towards the wholesale distribution channel, structurally characterized by a significantly lower incidence of costs for services on revenues compared to sales made on the distance selling channel.

All cost items in this area remained essentially stable or slightly decreased in absolute values compared to previous periods, except for:

- “third party services”, which include the costs for moving goods between warehouses;

- “transport costs”, almost entirely related to the cost of home delivery of sales to private customers;

- “duties and excise duties on sales”, which vary according to turnover;

which increased in line with the turnover trend of both the wholesale channel and the distance selling channel.

Personnel costs recorded a slight increase in absolute values in the half year (from Euro 4.0 million to Euro 4.3 million) linked to the strengthening of the wholesale commercial area and the staff functions, which corresponds to a stability of percentage incidence on turnover (4.4%).

The dynamics of revenues and costs described above made it possible to obtain in the first half of 2021 a Restated Gross Operating Margin of Euro 11.8 million (11.8% of Total Revenues), a figure higher than that of the first six months of 2020 (€ 10.7 million, 11.5% of Total Revenues).

Below is a breakdown of the cost items that from the EBITDA result in the formation of the Operating Income of the Italian Wine Brands Group.

Analysis of operating margins

Restated €thousand

	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Ebitda adjusted	**11.825**	**10.668**	**7.259**	**10,85%**	**27,63%**
Wrie downs	(588)	(521)	(672)	12,86%	(6,46%)
% of total revenues	*(4,97%)*	*(4,88%)*	*(9,26%)*		
Depreciation and amotization	(2.131)	(1.910)	(1.599)	11,57%	15,44%
% of total revenues	*(18,02%)*	*(17,90%)*	*(22,03%)*		
Exceptional items	(185)	(517)	(589)	(64,14%)	(43,90%)
% of total revenues	*(1,57%)*	*(4,85%)*	*(8,11%)*		
Release (provision) for risks and charges	-	-	-		
% of total revenues	-	-	-		
Operating profit (loss)	**8.921**	**7.720**	**4.399**	**15,56%**	**42,41%**
% of total revenues	*75,44%*	*72,37%*	*60,60%*		

The above table shows that the income statement of the Italian Wine Brands Group was characterized in the first half of 2021 by a limited incidence of non-monetary items (write-downs, depreciation, provisions), which weighed on the turnover overall by approximately 2.7 %.

Non-recurring charges, equal to Euro 185 thousand in the half year, are attributable or largely to charges connected with the transaction with some former employees.

Below is a breakdown of the cost items that lead to the Net Profit of the Italian Wine Brands Group from Operating Income.

Analysis of operating margins

Restated €thousand

	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Operating profit (loss)	**8.921**	**7.720**	**4.399**	**15,56%**	**42,41%**
Financial income (expences)	(1.269)	(632)	(671)	100,79%	37,52%
% of total revenues	*(14,22%)*	*(8,19%)*	*(15,25%)*		
Taxes	(1.308)	(1.741)	(1.040)	(24,87%)	12,15%
% of total revenues	*(14,66%)*	*(22,55%)*	*(23,64%)*		
Net Result	**6.344**	**5.347**	**2.688**	**18,65%**	**53,63%**
% of total revenues	*71,11%*	*69,26%*	*61,10%*		

In the first half of 2021, financial charges substantially doubled compared to the same period of the previous year due to the issue of the bond for a total of Euro 130.0 million completed on May 13, 2021 (see section Significant events).

As regards the item "taxes", on the other hand, there was a significant decrease in the tax rate compared to the past thanks to tax assets present and used in the period in the subsidiary Giordano Vini S.p.A.

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

During the half year in question, the group made significant investments in Fixed Capital, amounting to a total of Euro 2.5 million (Euro 1.8 million in the first half of 2020). In particular, the two bottling lines and filtration systems of the Alba winery were profoundly modernized as well as the machinery management software, which is completely interconnected with the company ERP and therefore will be able to take advantage of the economic contributions deriving from the Industry 4.0. In addition to this, investments were made in the IT area, in particular with regard to the ERP system (transition to Microsoft Business Central platform), Wholesale CRM systems, product offering systems and the development of web platforms.

From the point of view of financial commitments, on 31 March 2021 the earn-out relating to approximately 14% of the total price was paid to the shareholders of Raphael dal Bo AG, equal to CHF 2.0 million based on the target Ebitda 2020 fully achieved.

Net working capital recorded a slight increase compared to June 30, 2020 as a result of two opposite effects: on the one hand positive as the trade receivables and trade payables decreased following the stabilization of the turnover, on the other negative since the net current fiscal position is characterized by lower debts linked to the stabilization of sales (reduction of the difference between debit and credit VAT compared to the previous year) and higher direct taxes paid in the period.

The Net Financial Debt is confirmed in significant reduction, in absolute values, compared to 30 June 2020, going from Euro 9.4 million to Euro 3.8 million, despite the investments described above and the distribution of the two tranches of dividends, which took place one in January (€ 0.40 per share) and the other in April (€ 0.25 per share), for a total of approximately € 4.8 million.

2. Significant events

2.1 First half 2021 significant events after the end of the period

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

2.2 Significant events after the end of the six-month period

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

i. the acquisition of the entire share capital of the company (the "Acquisition") for a total consideration of € 150,500,000.00;

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

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

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

a. (a) the majority of the members of the Board of Directors shall be appointed on the recommendation of Provinco S.r.l.;

b. In the event that: (X) it is proposed that the Board of Directors of the Company be composed of 7 members, 2 directors will be appointed by Gruppo Pizzolo, including the Vice Chairman of the Board of Directors of IWB with proxies; and (Y) it is proposed that the Board of Directors of the Company be composed of 9 members, 3 directors will be appointed by Gruppo Pizzolo, including the Vice Chairman of the Board of Directors of IWB with proxies and 1 director must meet the independence requirements provided by law;

ii. Direct lock-up: the 1,400,000 new ordinary shares of IWB resulting from the reserved capital increase subscribed by Gruppo Pizzolo are subject to a lock-up restriction (subject to specific exceptions to allow the transfer of these shares in compliance with legal or regulatory obligations) for the purpose of stabilising the share price, for a period of 36 months from closing date of the Transaction;

iii. Indirect lock-up: also in order to allow the effective implementation of the project of integration of the two industrial groups, the historical partners of Enoitalia have undertaken not to transfer, in whole or in part, the shareholdings that they hold, directly or indirectly, in the corporate vehicles that own the entire share capital of Gruppo Pizzolo and to ensure that the aforementioned companies do not transfer, in whole or in part to third parties the shareholding they hold in the Gruppo Pizzolo's share capital;

iv. standstill: for a period of 36 months from the closing date of the Transaction, Gruppo Pizzolo and the historical shareholders of Enoitalia (directly or indirectly, and whether acting alone or in concert with another person) have undertaken to: (i) not to buy or offer to buy, or to cause or encourage any other related person to buy or offer to buy, IWB shares (or IWB financial instruments of any other nature) and (ii) not to enter into any contracts, agreements or understandings (including non-binding ones), including shareholders' agreements, or to engage in any conduct that has the effect of acquiring an interest, direct or indirect, in IWB shares (or IWB financial instruments of any other nature);

v. tag-along: if one of the parties to the shareholders' agreement (in the case of Gruppo Pizzolo, after the lock-up commitment has expired) intends to sell its entire shareholding under the shareholders' agreement to a potential third party purchaserthe other party will be entitled to sell, in turn, to the third party purchaser, in whole or in part, the shares in the Company then held directly and indirectly under the same terms and conditions. In the event of the exercise of the right of co-sale, if the third party does not intend to acquire the shareholding of both shareholders, neither of them will be able to complete the transfer of their shares.

vi. drag-along: in the event that Provinco S.r.l. intends to transfer to a third party all of its shareholding that is the subject of the agreement, Provinco S.r.l. will have the right to request Gruppo Pizzolo to transfer (and, in this case, Gruppo Pizzolo will have the obligation to transfer) all of the IWB shares then held, directly and indirectly, in favour of the third party purchaser.

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

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

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

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

3. Outlook

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

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

4. Code of Ethics 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.

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

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

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

5. Transactions with related parties

Transactions carried out are part of the normal management of the company, within the scope of the typical activity of each interested party, and are regulated at standard conditions.

It should be noted that the parent company IWB has adopted and follows the relative Related Parties Procedure in compliance with the general provisions of the AIM Italia Issuers' Regulations.

Details are described in Note 31

6. Information relating to the environment, safety and personnel

HEALTH AND SAFETY

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

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

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

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

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

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

UNI ISO 45001:2018 CERTIFICATION

(Occupational Health and Safety Assessment Series)

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

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

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

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

As part of its management system, the Group has sanctioned its commitment through the "Quality and Safety Policy" as a tool by which the entire company's mission is to offer an increasing number of customers in the world food and wine products of the finest Italian traditions, in the comfort of the exclusive service of the Group, considering the protection of workers' health and safety as an integral part of its business.

FOOD QUALITY AND SAFETY MANAGEMENT

After having obtained ISO 9001 Certification about ten years ago, in March 2015 the Group companies attained IFS Food Certification (for the German market) and the BRC Food Certification (for the United Kingdom) to constantly guarantee their customers who turn to large retailers a high level of production and safety of the supplied products, while improving existing processes, achieving better overall safety, an improvement in the relations with the Customer and greater competitiveness on the market.

26 |

GROUP WORKFORCE

The precise and average headcount by category at 30 June 2021, at 30 June 2020 and at 30 June 2019 is shown below for the Group companies:

	At 30.06.2021	Average no 30.06.2021	At 30.06.2020	Average no 30.06.2020	At 30.06.2019	Average no 30.06.2019
Executives	7	6	6	7	6	5
Middle managers	13	13	13	13	9	9
Employee	118	120	123	122	127	127
Workers	21	23	16	18	16	17
Total	**159**	**162**	**158**	**159**	**158**	**158**

7. Treasury shares

As of 30/06/2021 the Parent Company holds no. 6,092 ordinary shares, representing 0.08% of the ordinary share capital. As part of the purchase authorization approved by the Shareholders' Meeting on 7 February 2020, as of 30 June 2021, an additional 2,400 treasury shares were purchased and 34,612 ordinary shares and 34,612 phantom shares were assigned in relation to the Italian Wine Brands SpA and following the accrual of a total of no. 69,224 rights relating to the first tranche included in the performance period of the Plan.

ITALIAN WINE BRANDS
Creatori di Eccellenze

Consolidated Statement of Financial Position

Amounts in EUR	Notes	30.06.2021	31.12.2020
Non-current assets			
Intangible fixed assets	5	34.954.332	34.004.563
Goodwill	6	68.308.732	68.308.732
Land, property, plant and equipment	7	15.125.131	15.104.117
Right-of-use assets	7	9.643.531	9.636.543
Equity investments	8	2.496	2.496
Other non-current assets	9	223.504	223.504
Deferred tax assets	10	1.677.508	1.846.158
Total non-current assets		**129.935.232**	**129.126.113**
Current assets			
Inventory	11	33.696.618	25.490.065
Trade receivables	12	21.355.038	30.566.837
Other current assets	13	1.860.888	1.402.285
Current tax assets	14	3.858.656	2.096.047
Current financial assets	17	2.012.767	57.426
Cash and cash equivalents	15	134.705.358	33.401.735
Total current assets		**197.489.324**	**93.014.395**
Non-current assets held for sale			-
Total assets		**327.424.556**	**222.140.508**
Shareholders' equity			
Share capital		879.854	879.854
Reserves		67.622.098	67.027.888
Reserve for defined benefit plans		(66.778)	(66.778)
Reserve for stock grants		94.110	739.278
Profit (loss) carried forward		30.763.445	21.747.715
Net profit (loss) for the period		6.344.502	14.192.552
Total Shareholders' Equity of parent company shareholders		**105.637.231**	**104.520.509**
Shareholders' equity of NCIs			-
Total Shareholders' Equity	**16**	**105.637.231**	**104.520.509**
Non-current liabilities			
Financial payables	17	131.379.855	23.806.909
Right-of-use liabilities	17	8.879.709	8.821.241
Provision for other employee benefits	18	604.738	621.328
Provisions for future risks and charges	19	240.494	260.141
Deferred tax liabilities	10	9.806.196	9.874.128
Other non-current liabilities	21		-
Total non-current liabilities		**150.910.992**	**43.383.747**
Current liabilities			
Financial payables	17	9.135.477	10.076.307
Right-of-use liabilities	17	1.143.190	1.088.147
Trade payables	20	54.877.041	56.808.562
Other current liabilities	21	2.824.922	4.166.831
Current tax liabilities	22	2.895.703	2.096.405
Provisions for future risks and charges	19	-	-
Derivatives		-	-
Total current liabilities		**70.876.333**	**74.236.252**
Liabilities directly related to assets held for sale			-
Total shareholders' equity and liabilities		**327.424.556**	**222.140.508**

ITALIAN WINE BRANDS
Creatori di Eccellenze

Comprehensive consolidated income statement

Amounts in EUR	Notes	30.06.2021	30.06.2020
Revenue from sales	23	99.501.083	92.157.943
Change in inventories	11	8.219.191	4.255.361
Other income	23	1.146.696	490.047
Total revenue		**108.866.970**	**96.903.351**
Purchase costs	24	(65.202.013)	(56.571.342)
Costs for services	25	(27.195.820)	(25.394.652)
Personnel costs	26	(4.515.307)	(4.214.969)
Other operating costs	27	(313.704)	(570.509)
Operating costs		**(97.226.844)**	**(86.751.472)**
EBITDA		**11.640.126**	**10.151.879**
Depreciation and amortization	5-7	(2.131.333)	(1.910.191)
Provision for risks	19	-	-
Write-ups / (Write-downs)	28	(587.672)	(520.676)
Operating profit/(loss)		**8.921.121**	**7.721.012**
Finance revenue		132.787	110.257
Borrowing costs		(1.401.515)	(742.070)
Net financial income/(expenses)	29	**(1.268.728)**	**(631.813)**
EBT		**7.652.393**	**7.089.199**
Taxes	30	(1.307.891)	(1.741.137)
(Loss) Profit from discontinued operations			-
Profit (loss) (A)		**6.344.502**	**5.348.062**
Attributable to:			
(Profit)/Loss of NCIs			-
Group profit (loss)		**6.344.502**	**5.348.062**
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		1.658
Tax effect of Other profit/(loss)		-	-
Total other profit/(loss), net of tax effect (B)		**-**	**1.658**
Total comprehensive profit/(loss) (A) + (B)		**6.344.502**	**5.349.720**

Consolidated statement of changes in shareholders' equity

Amounts in in Eur

	Share Capital	Capital Reserves	Riserve for stock grants	Reserve from financial assets available for sale	Reserve for defined benefit plans	Retained earnings	Total
Balance sheet at 31 December 2019	**879.854**	**64.829.575**	**1.192.129**	**-**	**(61.213)**	**22.367.791**	**89.208.136**
Capital increase							-
Purchase of own shares		(1.069.074)					(1.069.074)
Sale of own shares		2.685.391					2.685.391
Dividends						(739.809)	(739.809)
Stock grants		1.234.311	(1.192.129)				42.182
Legal reserve							-
Reclassification and other changes		14.310				119.733	134.043
Total comprehensive profit/ (loss)					1.658	5.348.062	**5.349.720**
Balance sheet at 30 June 2020	**879.854**	**67.694.513**	**-**	**-**	**(59.555)**	**27.095.777**	**95.610.589**

Amounts in in Eur

	Share Capital	Capital Reserves	Riserve for stock grants	Reserve from financial assets available for sale	Reserve for defined benefit plans	Retained earnings	Total
Balance sheet at 31 December 2020	**879.854**	**67.027.888**	**739.278**	**-**	**(66.778)**	**35.940.267**	**104.520.509**
Capital increase							-
Purchase of own shares		(52.440)					(52.440)
Sale of own shares							-
Dividends						(4.784.942)	(4.784.942)
Stock grants		645.168	(645.168)				-
Legal reserve							-
Reclassification and other changes		1.482				(391.879)	(390.397)
Total comprehensive profit/ (loss)						6.344.502	**6.344.502**
Balance sheet at 30 June 2021	**879.854**	**67.622.098**	**94.110**	**-**	**(66.778)**	**37.107.947**	**105.637.232**

ITALIAN WINE BRANDS
Creatori di Eccellenze

Consolidated statement of cash flows

Amounts in EUR

	30.06.2021	30.06.2020
Profit (loss) before taxes	7.652.393	7.089.199
Adjustments for:		
- non-monetary items - stock grant	-	-
- allocations to the provision for bad debts net of utilizations	587.672	520.676
- non-monetary items - provisions / (releases)	-	-
- non-monetary items - amortisation/depreciation	2.131.333	1.910.191
Adjusted profit (loss) for the period before taxes	**10.371.398**	**9.520.066**
Cash flow generated by operations		
Income tax paid	(2.271.202)	621.920
Other financial (income)/expenses without cash flow (financial amortisa	327.561	87.803
Total	**(1.943.641)**	**709.723**
Changes in working capital		
Change in receivables from customers	8.624.127	(1.774.145)
Change in trade payables	(1.931.521)	(1.354.044)
Change in inventories	(8.097.232)	(4.065.341)
Change in other receivables and other payables	(1.800.511)	21.156
Other changes	(109.321)	41.541
Change in post-employment benefits and other provisions	(36.237)	(53.049)
Change in other provisions and deferred taxes	100.718	(26.904)
Total	**(3.249.977)**	**(7.210.785)**
Cash flow from operations (1)	**5.177.780**	**3.019.004**
Capital expenditure:		
- Tangible	(621.114)	(45.981)
- Intangible	(1.871.368)	(1.793.121)
- Net cash flow from business combination (*):	-	(11.641.919)
- Financial	-	-
Cash flow from investment activities (2)	**(2.492.482)**	**(13.481.022)**
Financial assets		
Short-term borrowings	6.000.000	4.097.157
Short-term borrowings (paid)	(10.500.000)	(4.000.000)
Long-term borrowings/ (repayments) - Bond	130.000.000	
Collections / (repayments) Senior loan	(16.625.000)	(1.625.000)
Collections / (repayments) other financial payables	247.952	(1.073.667)
Change in other financial assets	(1.955.341)	(2.713.139)
Change in other financial liabilities	(3.321.509)	(110.723)
Purchase of own shares	(52.440)	(1.069.074)
Sale of own shares	-	2.685.391
Dividends paid	(4.784.942)	(739.809)
Monetary capital increases	-	-
Change in reserve for stock grants	-	42.182
Other changes in shareholders equity	(390.398)	137.360
Cash flow from financing activities (3)	**98.618.322**	**(4.369.323)**
Cash flow from continuing operations	**101.303.621**	**(14.831.341)**
Change in cash and cash equivalents (1+2+3)	**101.303.621**	**(14.831.341)**
Cash and cash equivalents at beginning of period	**33.401.735**	**32.653.347**
Cash and cash equivalents at end of period	**134.705.356**	**17.822.006**

FORM AND CONTENT
OF THE CONSOLIDATED FINANCIAL REPORT

Introduction

This Financial Report at 30 June 2021 has been prepared in accordance with the AIM Regulation and in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. The designation “IFRS” also includes all currently valid International Accounting Standards (“IAS”), as well as all interpretations of the International Accounting Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”).

Statement of financial position schedules

This Financial Report at 30 June 2021 consists of the statement of financial position, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the notes, and is accompanied by the directors' report on operations.

Statement of financial position schedules are prepared according following methodologies:

- The format adopted for the Statement of Financial Position distinguishes between current and non-current assets and liabilities.
- The income statement format adopted provides for the classification of costs by nature, more representative than “destination one”.The Group opted to present the items of profit or loss for the year in a single statement of comprehensive income, which includes the result for the period and, by homogeneous categories, income and expenses which, in accordance with IFRS, are posted directly to shareholders' equity.
- The statement of cash flows analyses the cash flows deriving from the operating activities using the indirect method, whereby the profit (loss) for the period is adjusted for the effects of non-monetary transactions, any deferrals or provisions relating to previous or future operating receipts or payments and the revenue or cost items connected with cash flows deriving from investing or financing activities.
- 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.*	Italia	EUR	879.854	-	Holding	
Provinco Italia S.p.A.	Italia	EUR	132.857	IWB S.p.A.	100%	100%
Giordano Vini S.p.A.	Italia	EUR	14.622.511	IWB S.p.A.	100%	100%
Provinco Deutschland GmbH	Germania	EUR	25.000	Provinco Italia S.p.A.	100%	-
Pro.Di.Ve. S.r.l.	Italia	EUR	18.486	Giordano Vini S.p.A.	100%	-
Raphael Dal Bo AG	Svizzera	CHF	100.000	Provinco Italia S.p.A.	100%	-
Raphael Dal Bo S.r.l.**	Italia	EUR	10.000	Raphael Dal Bo AG	100%	-

*On July 26th The extraordinary Shareholders' Meeting of Italian Wine Brands S.p.A. has approved, the proposed reserved capital increase, to 1.046.265,80, suscribed on July 27 by Gruppo Pizzolo
** On September 8 Raphael Dal Bo AG sold its investment in Raphael Dal Bo S.r.l to Provinco Italia S.p.A
*** On 27 July 2021, Italian Wine Brands S.p.A. finalised its investment transaction in Enoitalia S.p.A.; Enoitalia is not yet included in consolidated financial statement

2 General principles of preparation

The consolidated Annual Financial Report was prepared on a going concern basis. The Group has assessed that, despite the general uncertainty and volatility of the financial markets

connected to the viral epidemic of Covid-19 which on 11 March 2020 was classified as a pandemic by the World Health Organization, there are no significant uncertainties (as defined by paragraph 24 of IAS 1) on the going concern, since the operational management of the Group has not been significantly affected by this phenomenon and since the production and sale of products has grown significantly in the last two years.
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. Unless otherwise indicated, the figures reported in these notes are expressed in thousands of Euro.

Valuations and significant accounting estimates

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

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

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

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

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

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is calculated as the sum of the amount paid, valued at fair value as at the acquisition date, and the amount of any non-controlling interest held in the acquired asset. For each business combination, the purchaser must assess any non-controlling interest held in the acquired property at *fair value* or proportionate to the non-controlling interests held in the net identifiable assets of the acquired property. Acquisition costs are expensed and classified as administrative expenses.

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

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

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

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

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

In the case of business combinations carried out in stages, the equity investment previously held in the acquiree is revalued at *fair value* at the date of acquisition of control and any resulting profit or loss is recognized in the income statement. Any amounts deriving from the 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 bon-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 not reversed if the reasons for it no longer exist.

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

Trademark

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

Intangible assets with finite useful life

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

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

Other intangible assets

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

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

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.

Land, property, plant and equipment

Tangible assets are composed of:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of assets

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

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

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

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

Equity investments

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

Associates are all companies over which the Group is able to exercise significant influence as defined by IAS 28 - Investments in Associates and Joint Ventures. Such influence is normally presumed to exist when the Group holds a percentage of voting rights between 20% and 50%, or when - even with a lower percentage of voting rights - it has the power to participate in the determination of financial and management policies by virtue of particular legal ties such as, for example, participation in shareholders' agreements together with other forms of significant exercise of governance rights.

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

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

Financial instruments

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

Non-current financial assets

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

Trade receivables and payables

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

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

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

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

Cash and cash equivalents

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

Financial payables

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

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

Inventory

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

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

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

Assets and liabilities held for sale

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

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

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

Employee benefits

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

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

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 employee severance indemnity in accordance with IAS 19 concerned only Giordano Vini S.p.A., whose financial statements were prepared in accordance with IAS/IFRS and did not have an impact on Provinco Italia S.p.A.; the effect on this company is estimated to be insignificant.

Salary benefits in the form of equity participation

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

Provisions for future risks and charges

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

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

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

Revenue from sales

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

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

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

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:

- 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 int 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 fixed interest rates, it follows that the Group is slightly 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.

Liquidity risk

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

Default and covenant risk on debt

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

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

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

Operational and management risks

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

4 Accounting standards

4.1 Accounting standards adopted

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

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (Reference interest rate reform – IBOR reform – phase 2)
  These amendments relate to how the impacts of replacing the current benchmark interest rates with alternative interest rates are to be managed, specifically:
  - The introduction of a practical expedient for accounting for changes in the basis on which contractual cash flows of financial assets and liabilities are calculated;

  - The introduction of certain exemptions related to the termination of coverage relationships;
  - temporary exemption from the requirement to separately identify a risk component (where such separate hedged component is represented by alternative interest rates);
  - The introduction of some additional disclosures regarding the impacts of the reform.

  These amendments had no impact on the Group's financial statements.

- income taxes are recognised based on the best estimate of the weighted average rate expected for the entire financial year, in line with the indications provided by IAS 34 for the preparation of interim financial statements.

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

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

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

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

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

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

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

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

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

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

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

- the obligation to indicate the “significant” accounting policies has been replaced with the obligation to indicate the “material” ones;

- guidance has been added on how to apply the concept of materiality to accounting policy disclosures.

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

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

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

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

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

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

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

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

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

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

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

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

Notes

5 Intangible fixed assets

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

Euro thousand

INTANGIBLE FIXED ASSETS Net Carrying amount						
Net carrying amount	**01/01/2021**	**increases**	**decreases**	**amortizations**	**reclassification**	**30/06/2021**
Trademarks & patents	29.810	8	-	(5)	-	29.813
Software	774	260	-	(275)	-	759
Other intangibles assets	3.030	854	-	(641)	-	3.242
Intangible assets under construction and ad	391	750	-	-	-	1.140
Net carrying amount intangible assets	**34.005**	**1.871**	**-**	**(922)**	**-**	**34.954**

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

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

The increases in first half 2021 are mainly related to the following development concerning the company Giordano Vini S.p.A.:

- the informatization process that involved Giordano Vini S.p.a in relation to the implementation of the new ERP;
- Development of the customer base through targeted acquisition through successful marketing campaigns ("CPA");
- Licencing finalized to Industry 4.0 projects;
  he software for the automation of the bottling line and the creation of the packages

6 Goodwill

Total goodwill - equal to €68,309 thousand - derives from the following business combinations: Provinco Italia S.p.A. for €11,289 thousand; Giordano Vini S.p.A. for €43,719 thousand; Pro.Di.Ve. S.r.l. for €447 thousand; Raphael Dal Bo AG for €12,854 thousand, the latter in March 2020.

The value in use corresponds to the present value of the future cash flows that are expected to be associated with the CGUs, identified as being congruent with the legal entities, Giordano Vini S.p.A., Provinco Italia S.p.A. and Raphael Dal Bo AG, 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).

It should be noted that, in the absence of "impairment indicators", having also assessed the impacts of COVID-19 on the economic data of the first half of 2021 and the potential impacts on future projections, (considered limited as demonstrated by the sales trend) no interim imparment test was carried out as at 30 June 2021.
As part of the impairment test carried out for the purposes of the 2020 financial statements, no impairment losses of the related CGUs emerged.

7 Land, property, plant and equipment

The change in tangible fixed assets is shown below:

Euro thousand

PROPERTY, PLANT AND EQUIPMENT Gross Value						
Hystorical costs	**01/01/2021**	**increases**	**decreases**	**reclassification/other changes**	**increases from business combinations**	**30/06/2021**
Land and buildings	13.026	124	(45)	-	-	13.104
Plant and equipments	16.836	397	(216)	1.111	-	18.128
Equipment	734	7	-	-	-	740
Other	5.491	116	(8)	(458)	-	5.140
Tangible assets under construction and	1.157	28	-	(1.154)	-	31
Right of use assets	12.055	-	-	492	-	12.547
Total hystorical costs	**49.298**	**671**	**(269)**	**(9)**	**-**	**49.691**

PROPERTY, PLANT AND EQUIPMENT Accumulated depreciation						
Accumulated depreciation	**01/01/2021**	**amortization**	**divestments**	**other changes**	**increases from business combinations**	**30/06/2021**
Land and buildings	(3.796)	(128)	2	-	-	(3.922)
Plant and equipments	(12.797)	(344)	211	43	-	(12.887)
Equipment	(597)	(13)	-	-	-	(610)
Other	(4.948)	(116)	8	458	-	(4.599)
Tangible assets under construction and	-	-	-	-	-	-
Right of use assets	(2.418)	(609)	-	123	-	(2.903)
total accumulated depretiation	**(24.557)**	**(1.210)**	**221**	**624**	**-**	**(24.922)**

PROPERTY, PLANT AND EQUIPMENT Net Value						
Net Value	**01/01/2021**	**increases**	**divestments**	**amortization**	**other changes**	**30/06/2021**
Land and buildings	9.230	124	(44)	(128)	-	9.182
Plant and equipments	4.039	397	(5)	(344)	1.154	5.241
Equipment	136	7	-	(13)	-	130
Other	542	116	-	(116)	(0)	542
Tangible assets under construction and	1.157	28	-	-	(1.154)	31
Right of use assets	9.637	-	-	(609)	616	9.644
Total Net Value	**24.741**	**671**	**(49)**	**(1.210)**	**615**	**24.769**

The most significant increase in the first half of 2021 essentially relate to:

a) Industry 4.0 investments in Giordano Vini S.p.A in particular (i) the quality control system for labeling (ii) the power station and the filtration system of the cellar system (iii) the automation of the packaging.

b) Equipment for the analysis laboratory and IT equipment.

c) The restructuring and improvements of the Provinco Italia building partially financed by a county contribution.

8 Equity investments

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

Amounts in Euro

	Country	30.06.2021	31.12.2020
Other companies			
BCC di Alba e Roero	Italy	258	258
Consorzio Conai	Italy	670	670
Unione Italiana Vini Scarl	Italy	258	258
Consorzio Natura è Puglia	Italy	500	500
Consorzio Granda Energia	Italy	517	517
Banca Alpi Marittime C.C. Carrù Scpa	Italy	293	293
Total		**2.496**	**2.496**

9 Other non-current assets

This item includes €224 thousand for IRAP (regional business tax) receivable in relation to labour costs pursuant to Italian Decree Law No. 201 of 2011 and the remainder for the amount of security deposits.

ITALIAN WINE BRANDS
Creatori di Eccellenze

10 Deferred Taxes

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

Amounts at 30 June 2021

Euro thousand

Description	**Imponibile**	**Aliquota**	**Saldo**
Tangible and intangible fixed assets	893	27,90%	249
Provision for risks and charges	105	24,00%	25
Provisions for returs and inventory write down	1.461	27,90%	408
Non-deductible interest expences		24,00%	-
Non capitalisable long term charges for IFRS purposes	140	27,90%	39
Provision for bads debts	2.813	24,00%	675
Remuneration of directors	536	24,00%	129
Exchange rate adjustment		24,00%	-
Provision for pensions	132	27,90%	37
Others	483	24,00%	116
Total Deferred tax assets			**1.678**

Description			
Business combination/Goodwill	8.584	27,90%	2.395
Tangible and intangible fixed assets	26.494	27,90%	7.392
Exchange rate adjustment	45	24,00%	11
Others	33	24,00%	8
Total Provision for deferred taxes			**9.806**

Amounts at 31 December 2020

€thousand

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

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

11 Inventory

The composition is shown below:

Euro thousand

	30.06.2021	**31.12.2020**
Raw materials and consumables	2.669	2.010
Semi- finished products	20.989	16.144
Finished products	10.022	7.316
Advances	16	20
Total	**33.697**	**25.490**

Individual items include:

- components for the production of bottles (glass, caps and labels), packaging, wine products (raw materials);

- food, bulk and bottled wine, liqueurs (semi-finished products);
- packaging and gadgets (finished products).

The increase compared to 31/12/20 is explained by seasonality and market opportunities that have allowed production at advantageous costs compared to the prospects of the sector.

The carrying amount of the inventories is shown net of a provisions for bad debts of €1,7 million, the changes of which in the period are shown below:

Euro thousand

Provision at 1.1.21	**1.736**
Provisions	74
Increase from business combination	
Amount used	(74)
Provision at the end of the period	**1.736**

12 Trade receivables

Trade receivables at 31 December 2020 and 30 June 2021 are detailed below:

€thousand	**30.06.2021**	**31.12.2020**
Trade receivables	24.432	33.057
Provision for writedown	(3.077)	(2.490)
Total	**21.355**	**30.567**

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

€thousand

	30.06.2021	31.12.2020
Initial amount	**2.490**	**2.975**
Provisions	588	1.409
Increase from business combination	(1)	48
Utilizzi	-	(1.943)
Fondo alla fine del periodo	**3.077**	**2.490**

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

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

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

13 Other assets

Other assets at 31 December 2020 and 30 June 2021 are detailed in the following table:

€thousand

	30.06.2021	31.12.2020
Receivables from distributors for cash on deliv	164	158
Security deposits	398	384
Others	524	362
Advances to suppliers	27	46
Accruals and prepayments	748	452
Total	**1.861**	**1.402**

14 Current tax assets

Tax receivables at 31 December 2020 and 30 June 2021 are detailed in the following table:

€thousand

	30.06.2021	31.12.2020
VAT receivables	3.806	2.095
Others	52	1
Total	**3.859**	**2.096**

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

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

The economic relations of tax consolidation are summarized below:

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

15 Cash and cash equivalents

A breakdown of cash and cash equivalents at 31 December 2020 and 30 June 2021 is provided in the table below:

€thousand

	30.06.2021	31.12.2020
Bank deposits	133.274	30.495
Postal deposits	1.383	2.567
Cheques	1	283
Cash	47	57
Total	**134.705**	**33.402**

16 Shareholders' equity

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

Amounts in EUR

	30.06.2021	31.12.2020
Share capital	879.854	879.854
Legal reserve	175.971	175.971
Share premium reserve	64.565.446	64.565.446
Reserve for actuarial gains on defined benefit plans	(66.778)	(66.778)
Reserve for stock grants	94.110	739.278
Reserve for translate	(18.452)	(19.934)
Reserve for the purchase of treasury shares	10.159	(582.570)
Other reserves	2.888.974	2.888.974
Prior profits/(losses)	30.763.445	21.747.715
Profit/(loss) of the period	6.344.502	14.192.552
Total reserves	**104.757.378**	**103.640.655**
Total Group shareholders' equity	**105.637.231**	**104.520.509**
Shareholders' equity of NCIs	-	-
Total shareholders' equity	**105.637.231**	**104.520.509**

Share capital

The share capital of Italian Wine Brands is equal to €879,853.70 divided into 7,402,077 ordinary shares, all without indication of the nominal value, unchanged compared to 31 December 2020.

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

The Reserved Capital Increase will be carried out in the context of an investment transaction of IWB, which provides for the acquisition by the Company of the entire share capital of Enoitalia S.p.A. and the reinvestment by Gruppo Pizzolo, the majority shareholder of Enoitalia, in the share capital of IWB by means of the subscription and payment in cash, also by way of compensation, of the Reserved Capital Increase.
The deal was finalized on 27 July 2021.

Reserves
The share premium reserve was generated as a result of listing that took place in 2015.

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 30 June 2021 the Parent Company held 6.092 ordinary shares, representing 0.08% of the ordinary share capital in circulation.

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

ITALIAN WINE BRANDS
Creatori di Eccellenze

Amounts in EUR	30 June 2021	
	Profit/(loss) for the period	Shareholders' equity
Shareholders' equity IWB SpA - ITA GAAP standards	**11.558.487**	**93.666.950**
Differences in accounting standards	347.790	2.967.379
Shareholders' equity IWB SpA - IFRS standards	**11.906.277**	**96.634.330**
Elimination of carrying amount of consolidated equity investments:		
Carrying amount of consolidated equity investments	-	(54.255.982)
Amortisation of consolidation difference		
Pro-quota share of consolidated equity investments net of consolidation differences	8.665.055	63.486.381
Dividends from subsidiaries	(14.233.822)	-
Consolidation adjustments for transactions between consolidated companies	6.992	(227.497)
Group shareholders' equity and profit/(loss) for the period	**6.344.502**	**105.637.231**
	-	-
Consolidated shareholders' equity and profit/(loss)	**6.344.502**	**105.637.231**

17 Financial payables

The situation at 30 June 2020 is as follows:

€thousand	Short term	Medium/long term (within 5 years)	Long term (over 5 years)	30.06.2021 Total
Bond	**456**		**128.590**	**129.046**
Pool financing - Senior	-	-	-	-
Short-term unsecured loans	2.500	-	-	2.500
GV revolving loans	3.500	-	-	3.500
Other loans in addition to e.g. unsecured loans	2.600	2.790	-	5.390
Financial accrued expenses and charges to be settled	50	-	-	50
Derivatives	29			29
Total Banks	**8.679**	**2.790**	**-**	**11.469**
	-	**-**	**-**	**-**
Total	**9.135**	**2.790**	**128.590**	**140.515**

The statement of Group financial payables at 31 December 2020 is given below for comparison purposes:

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

The table below shows the changes in financial liabilities

€thousand

	31.12.2020	Disbursements / Other changes	Refunds / Other changes	Fair value adjustment	Operating costs/expenses	30.06.2021
Bond		**130.000**		**(954)**		**129.046**
Pool financing - Senior	16.300		(16.625)	325		-
Short-term unsecured loans	1.500	1.000				2.500
GV revolving loans	9.000	5.000	(10.500)			3.500
Other loans in addition to e.g. unsecured loans	5.157	2.400	(2.152)	(15)		5.390
Financial accrued expenses and charges to be settled	65	50	(65)			50
Derivatives		29				29
Total Banks	**32.022**	**8.479**	**(29.342)**	**310**	**-**	**11.469**
Deferred price acquisition of Raphael Dal Bo AG	1.861		(1.861)			-
Total other lenders	**1.861**	**-**	**(1.861)**	**-**	**-**	**-**
Total	**33.883**	**138.479**	**(31.203)**	**(644)**	**-**	**140.515**

The bank debt at 30 June 2021 consisted of the following loans:

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

- Short-term "hot money" loan granted by Banca d'Alba to the subsidiary Giordano Vini S.p.A. with current account credit facility of €1.5 million, renewed quarterly at a rate of 1,25%. The maturity of the loan is fixed at the maturity of each quarter.

- Medium-term loan of €2 million granted to the subsidiary Giordano Vini S.p.A. on 20 February 2017 by Intesa Sanpaolo, with repayment in quarterly instalments and extinction on 20 February 2022 at a rate equal to the 3-month Euribor increased by a spread of 2.10%. The residual debt at 30 June 2021 valued using the amortized cost method amounts to 0,3 million €.

- "Import" short-term loan granted to the subsidiary Giordano Vini S.p.A. from Banca d'Alba for an amount of € 1.0 million with extinction on September 23, 2021 and a rate of 0.80%.

- Medium-term loan of Euro 2.4 million granted to the subsidiary Giordano Vini S.p.A. disbursed on February 26, 2021 by Credit Agricole, repayable in quarterly installments and repayment scheduled for February 26, 2026, at a rate equal to the 3-month Euribor plus a spread of 1.00%. The residual debt at 30 June 2021 valued using the amortized cost method amounts to Euro 2.3 million.

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

- Short-term "Revolving" loan granted on 6 May 2019 to the subsidiary Giordano Vini S.p.A. by Crédit Agricole for an amount of €2.0 million with quarterly maturity and a rate equal to the 3-month Euribor plus a spread of 0.60%.

- Medium-term loan of €2 million granted to the subsidiary Provinco Italia S.p.A. disbursed on 27 December 2018 repayable in quarterly instalments and to be extinguished on 27 December 2021, at a rate equal to the 3-month Euribor plus a spread of 1.75%. The residual debt at 30 June 2021 amounts to 0,3 € million.

- Medium-term loan of €3 million granted to the subsidiary Provinco Italia S.p.A. disbursed on 30 November 2020 repayable in quarterly instalments and to be extinguished on 30 November 2023, at a rate equal to the 3-month Euribor plus a spread of 2.00%. The residual debt at 30 June 2021 amounts to 2,5 € million.

Financial payables are recorded in the financial statements at the value resulting from 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 value at maturity, calculated using the effective interest rate.

In relation to the above loans, certain commitments have been issued to guarantee them.

The aforesaid loan agreements contain similar clauses and practices for this type of transaction, such as, for example: (i) a financial covenant (calculation at the level of the Italian Wine Brands Group) based on the performance of certain financial parameters at the consolidated level of the group; (ii) disclosure obligations in relation to the occurrence of significant events for the Company, as well as corporate disclosure; (iii) commitments and obligations, usual for such loan transactions, such as, by way of example, limits on the assumption of financial debt where certain financial parameters are not met.

The guarantees finalized to the correct and timely fulfilment of the Giordano Vini obligations under the BPM medium-term loans, in place at the end of 2020 have been released following the advanced reimbursement on June 18 2021.

“Liabilities for rights of use" refer to the entry into force from 1 January 2019 of IFRS 16, which requires the recording of lease contracts in the accounts, indicating under non-current assets the amount corresponding to the "Right of use" as a balancing entry to a liability calculated as the present value of future cash disbursements relating to the contract.

Current financial assets relate to the down payment paid to the Pizzolo Group / Enoitalia S.p.A shareholders and functional to the acquisition of Enoitalia S.p.A.

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 30 June 2021 are shown below:

€thousand	2021	2020
Provision at 1 January	**621**	**651**
Provisions	25	42
Advances paid during the period	(6)	-
Benefits paid out in period	(36)	(76)
Actuarial (gains)/losses		6
Borrowing costs		(1)
Provision at end of period	**605**	**621**

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

At 30 June 2021 the main actuarial assumptions used at the end of 2020 have been confirmed as follows:

Actuarial assumptions	**30.06.2021**	**31.12.2020**
Discount rate	(0,10%)	(0,10%)
Inflation rate	1,20%	1,20%
Expected rate of salary increase		
Average Annual Percentage of Staff Exit	8,62%	8,62%

19 Provisions for risks and charges

During the period, the item changed as follows:

€thousand

	Non- current	**Current**	**Total**
Provision at 1.1.2020	**994**	**-**	**994**
Provisions	-	-	-
Releases	-	-	-
Amounts used	(734)	-	(734)
Provision at 31.12.2020	**260**	**-**	**260**

€thousand

	Non- current	**Current**	**Total**
Provision at 1.1.2021	**260**	**-**	**260**
Provisions	1		1
Releases			-
Amounts used	(21)		(21)
Provision at30.06.2021	**240**	**-**	**240**

ITALIAN WINE BRANDS
Creatori di Eccellenze

Non-current liabilities mainly include:

- €102 thousand referring to provisions for risks made by the subsidiary Giordano Vini S.p.A. in relation to a legal dispute pending.
- a provision of €132 thousand relating to potential liabilities relating to the agents' termination benefit set aside by Provinco Italia S.p.A., determined taking into account collective economic agreements and the maximum limit of Article 1751 of the Italian Civil Code.

20 Trade payables

This item includes all trade payables with the following geographical distribution:

€thousand

	30.06.2021	31.12.2020
Suppliers Italy	54.101	55.289
Suppliers Foreign markets	776	1.520
	54.877	**56.809**

21 Other liabilities

Other liabilities are made up as follows:

€thousand

	30.06.2021	31.12.2020
Employees	1.364	1.131
Social security institutions	511	522
Directors	80	639
Accruals and deferred income	364	441
Others	505	1.434
Total current	**2.825**	**4.167**

Payables to employees mainly include wages and salaries for June 2021 paid in July 2021 and deferred compensation for vacation and public holidays accrued but not yet taken.

The item deferred income mainly consists of the portion pertaining to future years of grants for plants obtained in 2010 and 2011.

22 Current tax liabilities

These are made up as follows:

€thousand	**30.06.2021**	**31.12.2020**
VAT	1.570	1.619
IRES	(186)	(1.095)
IRPEF withholding tax	300	327
IRAP	351	398
Excise duties	11	486
Other taxes	850	361
Total	**2.896**	**2.096**

74 |

23 Revenues from sales and other revenues

Revenues from sales and other revenues and income at 30June 2020, compared with those of the two previous periods, are detailed below:

€thousand	30.06.2021	30.06.2020	30.06.2019	Δ % 20/21	Cagr 19/21
Revenues from sales - Italy	**19.555**	**19.341**	**15.395**	**1,11%**	**12,70%**
Revenues from sales - Foreign mark	**79.484**	**72.604**	**54.411**	**9,48%**	**20,86%**
Switzerland	23.355	21.172	12.870	10,31%	34,71%
Germany	22.456	20.219	15.775	11,07%	19,31%
Austria	8.484	8.473	7.062	0,13%	9,60%
UK	8.081	9.056	7.238	(10,77%)	5,66%
Belgium	3.501	1.594	418	119,72%	189,43%
France	3.160	2.864	2.372	10,37%	15,43%
Denmark	2.583	2.917	2.686	(11,46%)	(1,94%)
US	2.131	836	1.338	155,05%	26,21%
Netherlands	618	912	445	(32,24%)	17,87%
China	542	306	776	77,10%	(16,46%)
Sweden	500	828	813	(39,56%)	(21,55%)
Canada	286	540	346	(46,98%)	(9,07%)
Other countries	3.786	2.889	2.272	31,05%	29,10%
Other Revenues	**462**	**213**	**267**	**116,69%**	**31,48%**
Total Revenues from sales	**99.501**	**92.158**	**70.073**	**7,97%**	**19,16%**

24 Purchase costs

Purchase costs include €32 million (€24 million at 30/06/2020) for Giordano Vini S.p.A., €0,88 million for Pro.Di.Ve. S.r.l. (€0.45 million at 30/06/2020), €29,2 million (€28,8 million at 30/06/20) for Provinco Italia S.p.A., €2,9 million for Raphael Dal Bo AG and € 0,5million for Raphael Dal Bo S.r.l.

25 Costs for services

The costs for services at 30 June 2021, compared with those of the previous year, are detailed below:

€thousand

	30.06.2021	30.06.2020
Services from third parties	5.783	5.187
Transport	7.604	7.093
Postage expenses	2.082	2.076
Fees and rents	342	294
Consulting	457	615
Advertising costs	2	3
Utilities	388	410
Remuneration of Directors, Statutor	456	437
Maintenance	300	149
Costs for outsourcing	3.584	3.619
Duties and excise duties	4.319	3.877
Commissions	82	71
Other costs for services	1.797	1.564
Total	**27.196**	**25.395**

The compensation of directors, statutory auditors and supervisory body is detailed below:

€thousand

	30.06.2021	30.06.2020
Directors	434	393
Statutory auditors	19	41
SB	3	3
Total	**456**	**437**

In first half 2021 , fees for the Independent Auditors amounted to €33 thousand (€31 thousand at 30 June 2020).

26 Personnel costs

Personnel costs at 30 June 2020, compared with those of the previous year, are detailed below:

€thousand

	30.06.2021	30.06.2020
Wages and salaries	3.244	3.042
Social security charges	1.047	939
Termination benefits	170	154
Administration cost	31	62
Other costs	24	18
Total	**4.515**	**4.215**

The following table shows the number of employees:

	At 30.06.2021	Average no 30.06.2021	At 30.06.2020	Average no 30.06.2020
Executives	7	6	6	7
Middle managers	13	13	13	13
Employee	118	120	123	122
Workers	21	23	16	18
Total	**159**	**162**	**158**	**159**

27 Other operating costs

The item "Other operating costs" amounts to €314 thousand and mainly includes:, non-deductible taxes for approximately €102 thousand, share Non-deductible VAT due to the pro-rata effect of approximately €49 thousand. The item in the comparative financial year shows a balance of €571 thousand.

28 Write-downs

The item relates to the subsidiary Giordano Vini S.p.A. by 566 euro thousand and Raphael Dal Bo AG fo euro 20 thousand.

29 Financial income and expenses

Financial income and expenses are detailed in the following tables:

€thousand	30.06.2021	30.06.2020
On current accounts	1	10
Exchange rate gain/(loss)	132	60
Others		40
Total	**133**	**110**

€thousand	30.06.2021	30.06.2020
Bond interests	(456)	-
Loans	(508)	(291)
Right-of-use liabilities	(149)	(158)
Bank current accounts	(7)	(3)
Financial instruments	(32)	-
Bank fees and charges	(160)	(149)
Exchange rate gain/(loss)	(46)	(117)
Others	(43)	(25)
Total	**(1.401)**	**(742)**

In detail, interest on loans includes:

- interest paid 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 end-of-period adjustments relating to foreign currency items;
- bank commissions and charges, including those for sureties.

30 Taxes

The taxes at 30 June 2021, compared with those of the previous year, are detailed below:

€thousand

	30/06/2021	30.06.2020
IRES	(1.505)	(1.546)
IRAP	(130)	(217)
Taxes for prior periods	181	(5)
Total current taxes	**(1.455)**	**(1.768)**
Prepaid taxes	79	(46)
Deferred taxes	68	73
Total deferred taxes	**147**	**27**
Total	**(1.308)**	**(1.741)**

31 Related-party transactions

At 30 June 2020 there was:

(i) a commercial lease agreement entered into on 1 February 2012 between Provinco Italia S.p.A. and Provinco S.r.l. pursuant to which Provinco S.r.l. leased the property located in Rovereto (TN) - Via per Marco, 12/b to Provinco Italia S.p.A.; the lease is valid for six years (until 31 January 2018) with tacit renewal for the same period unless notice of termination is given 12 months before expiry; the agreed rent is equal to €60 thousand per year plus VAT.

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

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

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.

33. Grants

During the first half of 2021 they were assigned to the subsidiary Provinco Italia S.r.l. 45,450 euros which are added to the contributions received in previous years.

€thousand

Paying entity	Grant received	Reason
Trento County	45.450	Real estate contribution
Totale	**45.450**	

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For the Board of Directors
The Chairman and Chief Executive Officer

Alessandro Mutinelli