



**Italian Wine Brands S.p.A.**

*Review report on the condensed interim consolidated financial statements as at June 30, 2020*

*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 the condensed interim consolidated financial statements

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

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### Introduction

We have reviewed the accompanying condensed interim consolidated financial statements, comprising the consolidated statement of financial position, the consolidated comprehensive income statement, the statement of changes in consolidated equity consolidated and the cash flow statement and related notes of Italian Wine Brands S.p.A. and its subsidiaries (the Italian Wine Brands Group), as at and for the six months ended June 30, 2020. The Directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express our conclusion on these condensed interim consolidated financial statements based on our review.

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### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The review of the condensed interim consolidated financial statements consists of making inquiries, mainly of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full scope 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 condensed interim consolidated financial statements.

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### Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of Italian Wine Brands Group as at and for the six months ended June 30, 2020, have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, September 28, 2020

BDO Italia S.p.A.  
Signed by Vincenzo Capaccio  
Partner

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**CONSOLIDATED HALF-YEAR FINANCIAL  
REPORT  
30 JUNE 2020**

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

Registered office in Milan, Via Abruzzi, 94  
joint-stock company with subscribed and paid-up share capital of €879,853.70

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

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



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## **Composition of Corporate Bodies**

### **Board of Directors**

Alessandro Mutinelli (Chief Executive Officer and Chairman)

Simone Strocchi (Deputy Chairman)

Pier Paolo Quaranta

Angela Oggionni

Massimiliano Mutinelli

Antonella Lillo (Independent Member)

Carlo Giordano (Independent Member)

### **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**

UBI Banca S.p.A.



## Directors' Report on Operations

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

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

The first half of 2020 saw the outbreak of the COVID-19 pandemic, which had a major impact on all world economies and caused the lockdown of many industrial activities.

Nonetheless, the Italian Wine Brands Group continued to operate interruptedly, in particular thanks to the essential nature of the product category sold (food products) and exposure to sales channels that were only partially affected by the impact of the lock-down.

The actions aimed at protecting the company's stakeholders, employees, customers, and suppliers, during the period of maximum criticality were timely and involved all areas of the company. Health safety measures have been implemented and home working protocols that have allowed all Group production and distribution activities to continue seamlessly and at full capacity, and ensured full compliance with safety regulations, also in agreement with and with the support of trade unions and workers' organisations.

In terms of reference markets, IWB generated its turnover mainly and increasingly with foreign customers (79.0% in the first six months of 2020 compared with 77.9% in the first six months of 2019) and only a residual part with domestic customers (21.0% in the first six months of 2020 compared with 22.1% in the first six months of 2019).

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

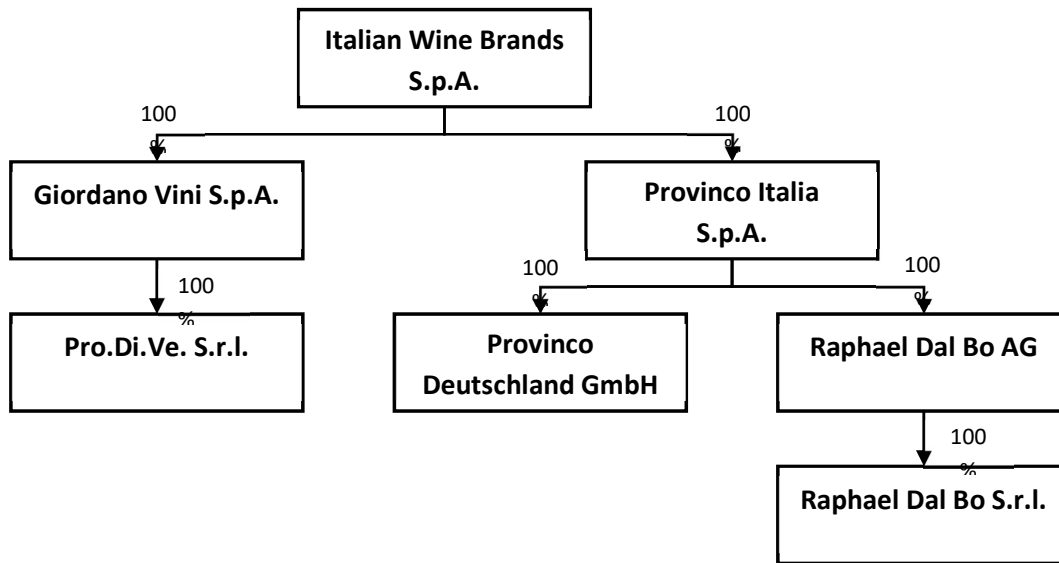


The wholesale channel specialised in the sale of products to operators in the sector, such as large-scale retail chains, state monopolies and traditional trade, continued the organic growth trend started several years ago and further strengthened its presence on the Swiss market through the acquisition of Raphael Dal Bo AG and its subsidiaries.

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

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

Below follows the corporate organisational chart of the Italian Wine Brands group, also following the aforementioned acquisition of Raphael Dal Bo AG and its subsidiaries.



### 1.2.1 Consolidated situation

The Italian Wine Brands Group recorded brilliant results in the first half of 2020, expressed in thousands of Euros:

	30.06.2020	30.06.2019	30.06.2018	30.06.2017
<b>Revenue from sales</b>	<b>92.158</b>	<b>70.073</b>	<b>69.940</b>	<b>68.989</b>
Change in inventories	4.255	3.239	(315)	1.045
Other income	490	643	728	492
<b>Total revenue</b>	<b>96.903</b>	<b>73.955</b>	<b>70.353</b>	<b>70.526</b>
Purchase costs	(56.571)	(42.954)	(40.162)	(36.997)
Costs for services	(25.338)	(19.686)	(19.816)	(22.542)
Personnel costs	(4.029)	(3.706)	(4.132)	(4.524)
Other operating costs	(297)	(350)	(126)	(162)
<b>Total operating costs</b>	<b>(86.235)</b>	<b>(66.696)</b>	<b>(64.236)</b>	<b>(64.225)</b>
<b>EBITDA Adjusted</b>	<b>10.668</b>	<b>7.259</b>	<b>6.117</b>	<b>6.301</b>
EBITDA	10.151	6.670	5.328	6.301
<b>Adjusted net profit/(loss)</b>	<b>5.814</b>	<b>3.113</b>	<b>2.757</b>	<b>2.836</b>
<b>Net profit/(loss)</b>	<b>5.348</b>	<b>2.688</b>	<b>2.188</b>	<b>2.836</b>
<b>Net financial debt</b>	<b>20.169</b>	<b>21.556</b>	<b>11.291</b>	<b>13.553</b>
<i>of which net financial debt - third-party lenders</i>	9.444	9.856	11.291	13.553
<i>of which net financial debt - right-of-use liabilities</i>	10.725	11.700	-	-

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



## Reclassified statement of financial position

(€thousand)	30.06.2020	31.12.2019	30.06.2019
Other intangible assets	33.585	32.474	31.929
Goodwill	68.325	55.455	55.455
Plant, property and equipment	14.000	14.539	14.331
Right-of-use assets	10.248	10.860	11.472
Non-current financial assets	2	2	2
<b>Total fixed assets</b>	<b>126.160</b>	<b>113.330</b>	<b>113.189</b>
Inventory	24.968	20.334	22.236
Net trade receivables	25.725	23.605	19.770
Trade payables	(44.916)	(45.750)	(38.929)
Other assets (liabilities)	(6.338)	(1.731)	(681)
<b>Net working capital</b>	<b>(561)</b>	<b>(3.542)</b>	<b>2.396</b>
Payables per employee benefits	(603)	(651)	(680)
Net deferred and prepaid taxes assets (liabilities)	(8.225)	(8.252)	(8.621)
Other provisions	(991)	(994)	(1.067)
<b>NET INVESTED CAPITAL</b>	<b>115.780</b>	<b>99.891</b>	<b>105.217</b>
<b>Shareholders' equity</b>	<b>95.611</b>	<b>89.208</b>	<b>83.661</b>
Profit (loss) for the period	5.348	7.899	2.688
Share capital	880	880	880
Other reserves	89.383	80.429	80.093
<b>Net financial debt</b>	<b>9.444</b>	<b>(565)</b>	<b>9.856</b>
<b>Right-of-use liabilities</b>	<b>10.725</b>	<b>11.248</b>	<b>11.700,00</b>
<b>TOTAL SOURCES</b>	<b>115.780</b>	<b>99.891</b>	<b>105.217</b>

## Reclassified income statement

(€thousand)	Adjusted 30.06.2020	Adjusted 30.06.2019	Adjusted 30.06.2018
Revenue from sales	92.158	70.073	69.940
Change in inventories	4.255	3.239	(315)
Other income	490	643	728
<b>Total revenue</b>	<b>96.903</b>	<b>73.955</b>	<b>70.353</b>
Purchase costs	(56.571)	(42.954)	(40.162)
Costs for services	(25.338)	(19.686)	(19.816)
Personnel costs	(4.029)	(3.706)	(4.132)
Other operating costs	(297)	(350)	(126)
<b>Total operating costs</b>	<b>(86.235)</b>	<b>(66.696)</b>	<b>(64.236)</b>
<b>EBITDA</b>	<b>10.668</b>	<b>7.259</b>	<b>6.117</b>
Write-downs	(521)	(672)	(801)
Depreciation and amortization	(1.910)	(1.599)	(932)
<b>Operating result from core business</b>	<b>8.237</b>	<b>4.988</b>	<b>4.384</b>
Exceptional items	(517)	(589)	(789)
Net release (accruals) of provisions for risks and charges	-	-	0
<b>Operating profit/(loss)</b>	<b>7.720</b>	<b>4.399</b>	<b>3.595</b>
Net financial income/(expenses)	(619)	(671)	(594)
Non recurring Net financial income/(expenses)	(13)	0	0
<b>EBT</b>	<b>7.089</b>	<b>3.728</b>	<b>3.001</b>
Taxes	(1.741)	(1.040)	(813)
<b>Net profit/(loss)</b>	<b>5.348</b>	<b>2.688</b>	<b>2.188</b>
Tax effect of exceptional items	64	164	220
<b>Net profit before exceptional items and related tax effect</b>	<b>5.814</b>	<b>3.113</b>	<b>2.757</b>



## Reclassified income statement

(€thousand)

	Reported 30.06.2020	Management adjustments	Adjusted 30.06.2020
Revenue from sales	92.158		92.158
Change in inventories	4.255		4.255
Other income	490		490
<b>Total revenue</b>	<b>96.903</b>		<b>96.903</b>
Purchase costs	(56.571)		(56.571)
Costs for services	(25.395)	57	(25.338)
Personnel costs	(4.215)	186	(4.029)
Other operating costs	(571)	274	(297)
<b>Total operating costs</b>	<b>(86.752)</b>	<b>517</b>	<b>(86.235)</b>
<b>EBITDA</b>	<b>10.151</b>	<b>517</b>	<b>10.668</b>
Write-downs	(521)		(521)
Depreciation and amortization	(1.910)		(1.910)
<b>Operating result from core business</b>	<b>7.720</b>	<b>517</b>	<b>8.237</b>
Exceptional items	-	(517)	(517)
Net release (accruals) of provisions for risks and charges	-		-
<b>Operating profit/(loss)</b>	<b>7.720</b>	<b>-</b>	<b>7.720</b>
Net financial income/(expenses)	(632)	13	(619)
Non recurring Net financial income/(expenses)	-	(13)	(13)
<b>EBT</b>	<b>7.089</b>	<b>-</b>	<b>7.088</b>
Taxes	(1.741)		(1.741)
<b>Net profit/(loss)</b>	<b>5.348</b>	<b>-</b>	<b>5.348</b>
Tax effect of exceptional items			64
<b>Net profit before exceptional items and related tax effect</b>			<b>5.814</b>

### Summary of Management Adjustments

- Costs for services equal to: €57 thousand for legal advice in connection with the acquisition of Raphael Dal Bo AG by Provinco Italia S.p.A.
- Personnel costs equal to: €186 thousand relating to the costs incurred for the dismissal of a manager at the subsidiary Giordano Vini S.p.A. who remained on the payroll until March 2020;
- Other operating costs equal to: €274 thousand relating to the closing of a credit position linked to an advertising barter contract in 2016;
- Net financial income (expenses) – exceptional expenses equal to: €13 thousand for bank commissions in connection with the acquisition of Raphael Dal Bo AG by Provinco Italia S.p.A.

The interim profitability index called by the directors " EBITDA Adjusted ," 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".



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

The financial statements of IWB S.p.A. at 30 June 2020 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 €9.06 million (€7.08 million at 30 June 2019);
- Net liquidity of €30.23 million (€17.36 million at 31 December 2019)

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

#### Reclassified statement of financial position

(€thousand)	30.06.2020	31.12.2019
Other intangible assets	228	194
Right-of-use assets	153	298
Plant, property and equipment	268	163
Investments in subsidiaries	54.256	54.256
<b>Total fixed assets</b>	<b>54.905</b>	<b>54.911</b>
Net trade receivables	2.032	1.267
Trade payables	(182)	(328)
Other assets (liabilities)	3.850	7.058
<b>Net working capital</b>	<b>5.700</b>	<b>7.997</b>
Payables per employee benefits	(21)	-
Net deferred and prepaid taxes assets (liabilities)	-	-
Other provisions	-	-
<b>NET INVESTED CAPITAL</b>	<b>60.584</b>	<b>62.908</b>
<b>Shareholders' equity</b>	<b>90.813</b>	<b>80.268</b>
Profit (loss) for the period	9.058	6.388
Share capital	880	880
Other reserves	80.875	73.000
<b>Net financial debt</b>	<b>(30.229)</b>	<b>(17.360)</b>
<b>TOTAL SOURCES</b>	<b>60.584</b>	<b>62.908</b>

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



- The equity investments in subsidiary companies consist of Giordano Vini S.p.A. for €32,823 thousand and Provinco Italia S.p.A. for €21,433 thousand. The item “Equity investments” takes into account the irrevocable waiver by Italian Wine Brands S.p.A., as sole shareholder of Giordano, of the receivable for shareholders' loans of €18,900 thousand, as the entire capital share of the interest-bearing loan granted on 9 February 2015 to the company with significant positive and simultaneous effects on shareholders' equity and financial debt.

## Reclassified income statement

(€thousand)	30.06.2020	30.06.2019
Revenue from sales	400	-
Other income	38	15
<b>Total revenue</b>	<b>438</b>	<b>15</b>
Purchase costs	(1)	-
Costs for services	(357)	(356)
Personnel costs	(378)	-
Other operating costs	(54)	(35)
<b>Total operating costs</b>	<b>(790)</b>	<b>(391)</b>
<b>EBITDA</b>	<b>(352)</b>	<b>(376)</b>
Write-downs	-	-
Depreciation and amortization	(75)	(15)
<b>Operating result from core business</b>	<b>(427)</b>	<b>(391)</b>
Exceptional items	-	-
Net release (accruals) of provisions for risks and charges	-	-
<b>Operating profit/(loss)</b>	<b>(427)</b>	<b>(391)</b>
Net financial income/(expenses)	87	75
Dividends from subsidiaries	9.152	7.355
<b>EBT</b>	<b>8.812</b>	<b>7.039</b>
Taxes	246	42
<b>Net profit/(loss)</b>	<b>9.058</b>	<b>7.081</b>

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

- dividends refer entirely to the subsidiary Provinco Italia S.p.A.;
- financial income mainly refers to the interest income matured on the loan granted to the subsidiary Giordano Vini S.p.A. (equal to €85 thousand)
- 

### 1.2.3 Consolidated Net Financial Position

In order to define the consolidated Net Financial Position, the provisions of CONSOB communication no. DEM/6064293 of 28 July 2006 were applied; it refers to the information



provided in CESR Recommendation 05-054/b of 10 February 2005 "CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses:

	30.06.2020	31.12.2019	30.06.2019
A. Cash	36	720	127
B. Other liquid assets	17.786	31.933	24.485
C. Securities held for trading	-	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>17.822</b>	<b>32.653</b>	<b>24.612</b>
E. Current financial receivables	2.824	111	240
E.2 Derivative financial instruments	-	-	-
F. Current bank payables	3.538	3.561	3.688
G. Current part of non-current debt	3.459	4.996	5.483
H. Other current financial payables	12	14	15
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>7.009</b>	<b>8.571</b>	<b>9.186</b>
<b>J. Net current financial debt (I) - (E) - (D)</b>	<b>(13.637)</b>	<b>(24.193)</b>	<b>(15.666)</b>
K. Non-current financial assets	-	-	-
L. Other non-current financial receivables	-	-	-
M. Non-current bank payables	24.382	24.967	26.706
N. Bonds issued	-	-	-
O. Other non-current payables	9.424	9.909	10.516
<b>P. Non-current financial debt (M) + (N) + (O)</b>	<b>33.806</b>	<b>34.876</b>	<b>37.222</b>
<b>Q. Net non-current financial debt (P) - (K) - (L)</b>	<b>33.806</b>	<b>34.876</b>	<b>37.222</b>
<b>Net financial position (J) + (Q)</b>	<b>20.169</b>	<b>10.683</b>	<b>21.556</b>
<i>of which</i>			
<i>Current payables for the acquisition of rights of use</i>	1.301	1.339	1.184
<i>Non-current payables for the acquisition of rights of use</i>	9.424	9.909	10.516
<b>Net financial position without effect of IFRS 16</b>	<b>9.444</b>	<b>(565)</b>	<b>9.856</b>

### 1.3 Group Performance

#### Business volume - Revenues

During the first half of 2020 the Group's consolidated revenues reached €92.2 million, a significant and consistent increase compared to €70.1 million in the first half of 2019 (+31.5% yoy).

This result was largely the fruit of the organic development of the Group's business (+€16.5 million) and partly of the acquisition of Raphael Dal Bo AG, which was completed at the beginning of 2020 (+€5.6 million).

The compound annual growth rate (i.e., "CAGR") in the two-year period 2018/2020 stands at 14.8%, much higher than the reference market average.



The contribution to growth was particularly made by international markets, where the Group recorded 78.8% of total revenues (77.7% in the first half of 2019, 77.5% in the first half of 2018). After years of decline, the Italian market recorded a surprising rate of growth, thanks in particular to the development of direct sales activities and consistent with the market dynamics during the lockdown period due to the COVID-19 pandemic, which saw a shift in wine consumption from the Horeca channel to large-scale retail and online purchases.

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

<i>€thousand</i>	30/06/2020	30/06/2019	30.06.2018	Δ % 19/20	CAGR 18/20
<b>Revenue from sales - Italy</b>	<b>19.341</b>	<b>15.395</b>	<b>15.750</b>	<b>25,63%</b>	<b>10,81%</b>
<b>Revenue from sales - Foreign Markets</b>	<b>72.604</b>	<b>54.411</b>	<b>53.840</b>	<b>33,44%</b>	<b>16,13%</b>
Switzerland	21.172	12.870	12.680	64,51%	29,22%
Germany	20.219	15.775	14.705	28,17%	17,26%
England	9.056	7.238	5.162	25,12%	32,45%
Austria	8.473	7.062	6.861	19,97%	11,13%
Denmark	2.917	2.686	3.212	8,60%	(4,70%)
France	2.864	2.372	2.694	20,72%	3,10%
Belgium	1.594	418	630	281,24%	59,04%
Netherlands	912	445	360	105,04%	59,20%
USA	836	1.338	653	(37,54%)	13,13%
Sweden	828	813	786	1,84%	2,63%
Canada	540	346	462	55,95%	8,07%
China	306	776	722	(60,59%)	(34,92%)
Other countries	2.889	2.272	4.913	27,17%	(23,31%)
<b>Other revenues</b>	<b>213</b>	<b>267</b>	<b>350</b>	<b>(20,23%)</b>	<b>(21,99%)</b>
<b>Total revenues from sales</b>	<b>92.158</b>	<b>70.073</b>	<b>69.940</b>	<b>31,52%</b>	<b>14,79%</b>

As known, the IWB Group realises 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

	30/06/2020	30/06/2019	30.06.2018	Δ % 19/20	CAGR 18/20
Revenues from wholesale division	50.582	37.325	35.204	35,52%	19,87%
Revenues from distance selling division	41.363	32.481	34.386	27,35%	9,68%
Other revenues	213	267	350	(20,23%)	(21,99%)
<b>Total revenues from sales</b>	<b>92.158</b>	<b>70.073</b>	<b>69.940</b>	<b>31,52%</b>	<b>14,79%</b>

The wholesale distribution channel became the Group's main source of revenues also in the first half of 2020, accounting for 54.9% of total revenues from sales (53.3% in 2019, 50.3% in 2018). Growth was constant and solid over the 2018-2020 period with a CAGR of 19.9%. Specifically, the CAGR, in relation to the organic growth of the Group's business, was 13.6% while the acquisition of Raphael Dal Bo contributed the remaining 6.3%.

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

€thousand

	30/06/2020	30/06/2019	30.06.2018	Δ % 19/20	CAGR 18/20
<b>Revenues from wholesale division - Italy</b>	<b>2.569</b>	<b>1.481</b>	<b>678</b>	<b>73,47%</b>	<b>94,66%</b>
<b>Revenues from wholesale division - Foreign Markets</b>	<b>48.013</b>	<b>35.844</b>	<b>34.526</b>	<b>33,95%</b>	<b>17,92%</b>
Switzerland	19.228	11.250	10.926	70,91%	32,66%
Austria	7.151	5.975	5.743	19,69%	11,59%
Germany	6.799	4.485	3.080	51,59%	48,58%
England	4.661	5.421	3.334	(14,02%)	18,24%
Denmark	2.917	2.686	3.212	8,60%	(4,70%)
Belgium	1.259	253	445	397,62%	68,20%
USA	836	1.338	653	(37,54%)	13,13%
Sweden	828	813	786	1,84%	2,63%
Netherlands	589	229	163	157,22%	90,10%
Canada	540	346	462	55,95%	8,07%
China	306	776	722	(60,59%)	(34,92%)
France	103	-	87	N/A	8,79%
Other countries	2.797	2.272	4.913	23,09%	(24,55%)
<b>Total revenue Wholesale div.</b>	<b>50.582</b>	<b>37.325</b>	<b>35.204</b>	<b>35,52%</b>	<b>19,87%</b>

The figures shown in the table above are very positive and testify to the solid growth achieved by the Group through this distribution channel. In Europe, the reference territory in which it operates, IWB was able to outperform the market in terms of growth rates (approximately equal to about 2-3% of the annual increase in values). These results have been achieved mainly through:



- an expansion and extension 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, recognised on the market and synonymous with quality;
- the acquisition of new accounts, essentially in each country in which the Group operates;
- an increase in the market share of sales from existing accounts thanks to excellent stock rotation parameters of its customers;
- growth through external lines (acquisition of Raphael Dal Bo AG and Raphael Dal Bo S.r.l.).

As far as the individual markets are concerned, we should point out the brilliant performances achieved in the Switzerland, which remains first in terms of size. This growth is linked to the commercial success of the brands in the portfolio, in particular "Grande Alberone" and "Ronco di Sassi," and the acquisition of new customers.

Like Switzerland, Austria, the second largest foreign country for the division, also confirms a solid growth trend, significantly higher than the growth of the reference market.

As far as England is concerned, after years of very strong business growth mainly as a result of the remarkable success on the market of sparkling wines, spumante and Prosecco wines produced by IWB, there is a slight slowdown in business.

Germany too, a country that has historically been only marginally represented in sales to large-scale retailers and characterised by very strong competitive pressure on prices imposed by discount chains, has also seen the Group's presence grow exponentially over the last two years, thanks in particular to the acquisition of new accounts.

In Scandinavia, the Group has consolidated its presence thanks to a new importer in Sweden and an increased commercial focus on the main Danish account, where several new own-brand references have been introduced.

Asia is currently covered by a still limited commercial structure and, though still marginal, it has substantially doubled its revenues in the three-year period under review and the trend in orders also suggests 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 organised 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 two other chains of significant size.



During the first half of 2020, the *distance selling* channel accounted for 45.1% of the Group's revenues (46.4% in the first half of 2019 and 49.2% in the first half of 2018), 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:

<i>€thousand</i>	30/06/2020	30/06/2019	30.06.2018	Δ % 19/20	CAGR 18/20
<b>Revenues from distance selling - Italy</b>	<b>16.772</b>	<b>13.916</b>	<b>15.072</b>	<b>20,52%</b>	<b>5,49%</b>
<b>Revenues from distance selling - Foreign Markets</b>	<b>24.592</b>	<b>18.565</b>	<b>19.314</b>	<b>32,46%</b>	<b>12,84%</b>
Germany	13.420	11.289	11.626	18,87%	7,44%
England	4.395	1.816	1.828	142,02%	55,06%
France	2.761	2.372	2.607	16,38%	2,90%
Switzerland	1.944	1.622	1.754	19,87%	5,29%
Austria	1.321	1.086	1.118	21,67%	8,71%
Belgium	335	165	185	102,78%	34,48%
Netherlands	323	215	196	50,42%	28,45%
Other countries	93	-	-	N/A	N/A
<b>Total revenue distance selling div.</b>	<b>41.363</b>	<b>32.481</b>	<b>34.386</b>	<b>27,35%</b>	<b>9,68%</b>

The table below provides details of the Group's sales revenues from distance selling in Italy and abroad, broken down into sales through the Direct Mailing, Teleselling and Digital/Web channels.

<i>€thousand</i>	30/06/2020	30/06/2019	30.06.2018	Δ % 19/20	CAGR 18/20
<b>Revenues from distance selling - Italy</b>	<b>16.772</b>	<b>13.916</b>	<b>15.072</b>	<b>20,52%</b>	<b>5,49%</b>
Direct Mailing	7.572	6.536	6.991	15,85%	4,07%
Teleselling	4.894	5.602	6.414	(12,64%)	(12,65%)
Digital / WEB	4.306	1.778	1.667	142,18%	60,72%
<i>Direct Mailing % on total Italy</i>	<i>45,1%</i>	<i>47,0%</i>	<i>46,4%</i>		
<i>Teleselling % on total Italy</i>	<i>29,2%</i>	<i>40,3%</i>	<i>42,6%</i>		
<i>Digital / WEB % on total Italy</i>	<i>25,7%</i>	<i>12,8%</i>	<i>11,1%</i>		
<b>Revenues from distance selling - Foreign Markets</b>	<b>24.592</b>	<b>18.565</b>	<b>19.314</b>	<b>32,46%</b>	<b>12,84%</b>
Direct Mailing	13.288	11.187	11.849	18,78%	5,90%
Teleselling	3.728	3.594	4.573	3,73%	(9,71%)
Digital / WEB	7.576	3.784	2.892	100,21%	61,85%
<i>Direct Mailing % on total Foreign</i>	<i>54,0%</i>	<i>60,3%</i>	<i>61,3%</i>		
<i>Teleselling % on total Foreign</i>	<i>15,2%</i>	<i>19,4%</i>	<i>23,7%</i>		
<i>Digital / WEB % on total Foreign</i>	<i>30,8%</i>	<i>20,4%</i>	<i>15,0%</i>		
<b>Total revenue distance selling div.</b>	<b>41.363</b>	<b>32.481</b>	<b>34.386</b>	<b>27,35%</b>	<b>9,68%</b>



The analysis of the above table shows:

- thanks to the substantial investments made in recent years, the *Digital/WEB* channel has reached a weight on total *distance selling* revenues of around 30%; the channel's growth rate in Italy (+142.2%) was much higher than that achieved in Italy by companies operating in the same sector during the lockdown period due to the COVID-19 (102.0%, source: Nomisma);
- the Group confirms its position as the leading Italian digital player on the European wine market, with notable growth in both structural terms and remuneration.

### 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.

<i>Adjusted € thousand</i>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>Δ % 19/20</b>	<b>CAGR 18/20</b>
<b>Revenues from sales and other revenues</b>	<b>92.648</b>	<b>70.716</b>	<b>70.668</b>	<b>31,01%</b>	<b>14,50%</b>
Raw materials consumed <i>% of total revenues</i>	(52.316) -56,47%	(39.715) -56,16%	(40.477) -57,28%	31,73%	13,69%
Costs for services <i>% of total revenues</i>	(25.338) -27,35%	(19.686) -27,84%	(19.816) -28,04%	28,71%	13,08%
Personnel <i>% of total revenues</i>	(4.029) -4,35%	(3.706) -5,24%	(4.132) -5,85%	8,72%	(1,26%)
Other operating costs <i>% of total revenues</i>	(297) -0,32%	(350) -0,49%	(126) -0,18%	(15,14%)	53,53%
<b>EBITDA Adjusted (*)</b> <i>% of total revenues</i>	<b>10.668</b> <b>11,51%</b>	<b>7.259</b> <b>10,27%</b>	<b>6.117</b> <b>8,66%</b>	<b>46,96%</b>	<b>32,07%</b>

(\*) EBITDA Adjusted to take into account the effects of exceptional items

The table above shows that, in the first half of 2020, the incidence of raw material consumption on revenues was more or less in line with the same period of the previous year.

Costs for services increased in the period in absolute values (€5.7 million) due to the growth in revenues from €19.7 million at 30 June 2019 to €25.3 million, while as a percentage of revenues there was a decrease of 50 bps (from 27.84% to 27.35%).



Details are given below for the costs for services incurred by the Group in the first half of 2020, compared with the same items in 2019 and 2018.

<i>Adjusted €thousand</i>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
Services from third parties	5.187	4.263	3.493
Transport	7.093	5.332	6.000
Postage expenses	2.076	2.115	1.962
Fees and rents	294	214	819
Professional	615	658	930
Advertising costs	3	2	4
Utilities	410	378	276
Remuneration of Directors, Statutory Auditors and Supervisory Body	437	445	407
Maintenance	149	100	89
Costs for outsourcing	3.619	3.237	2.702
Duties on sales	3.877	1.510	1.573
Commissions	71	46	93
Other costs for services	1.564	1.549	1.794
Exceptional items	(57)	(163)	(326)
<b>Total</b>	<b>25.338</b>	<b>19.686</b>	<b>19.816</b>

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

All cost items in this area remained substantially stable or slightly down in absolute terms compared to previous periods except for:

- "services from third parties," which include costs for handling goods between warehouses;
- "transport costs," almost entirely related to the cost of home delivery of sales to private customers;
- "outsourcing costs," which include the logistical processing costs of packages for private customers;

which increased in line with the trend in revenues of both the *wholesale* and *distance selling* channels.



There was also a significant increase in the cost of duties and excise, linked to export taxes in some European countries including Switzerland and the United Kingdom, areas where Group sales have increased considerably.

Personnel costs increased slightly in absolute terms (from €3.7 million to €4.0 million) during the first half of the year, due to consolidation of the *wholesale* area and the entry of RDB into the Group, matched by a considerable decrease in terms of percentage of revenues (from 5.2% to 4.4%).

The trends in revenues and costs described above made it possible to record a EBITDA Adjusted of €10.7 million (11.5% of Total Revenues) in the first half of 2020, slightly up compared with the first six months of 2019 (€7.3 million).

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

<i>Adjusted €thousand</i>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>Δ % 19/20</b>	<b>CAGR 18/20</b>
<b>EBITDA Adjusted</b>	<b>10.668</b>	<b>7.259</b>	<b>6.117</b>	<b>46,96%</b>	<b>32,07%</b>
Write-downs <i>% of total revenues</i>	(521) -0,56%	(672) -0,95%	(801) -1,13%	(22,47%)	(19,35%)
Depreciation and amortization <i>% of total revenues</i>	(1.910) -2,06%	(1.599) -2,26%	(932) -1,32%	19,45%	43,16%
Exceptional items <i>% of total revenues</i>	(517) -0,56%	(589) -0,83%	(789) -1,12%	(12,22%)	(19,03%)
Release (Provisions) for risks and charges <i>% of total revenues</i>	- 0,00%	- 0,00%	- 0,00%		
<b>Operating profit/(loss) <i>% of total revenues</i></b>	<b>7.720 8,33%</b>	<b>4.399 6,22%</b>	<b>3.595 5,09%</b>	<b>75,49%</b>	<b>46,54%</b>

The above table shows that the income statement of the Italian Wine Brands Group was characterised in the first half of 2020 by a limited and increasingly reduced incidence of non-monetary items (write-downs, amortisation/depreciation, provisions), which accounted for approximately 2.6% of turnover.

Exceptional expenses, equal in the first half, to €517 thousand, are attributable for €274 thousand to the closing of the credit position related to an advertising bartering operation, for €186 thousand to charges related to the settlement with a former manager of the subsidiary Giordano Vini S.p.A. and for €57 thousand to costs for services related to legal advice concerning the acquisition of Raphael Dal Bo AG by Provinco Italia S.p.A.



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

There were no specific investments in Capital Assets during the period under review. The owned real estate complex located in Diano d'Alba and the two cellars located in Diano d'Alba and Torricella, as well as the bottling lines of Diano d'Alba are a feather in the cap of the Italian wine industry and are largely able to support, with adequate maintenance investments, the production levels planned for the near future.

On 2 March 2020, the scope of consolidation was extended following the acquisition of 100% of the shares of the Swiss company Raphael Dal Bo AG and its wholly-owned subsidiary Raphael Dal Bo S.r.l. of Valdobbiadene (jointly "RDB"), by Provinco Italia S.p.A.

According to the contractual agreements, at the closing of the transaction, Provinco Italia S.p.A. paid the sellers an amount of CHF 12.4 million, equal to approximately 86% of the total sale price agreed between the parties at the closing and Mr. Raphael Dal Bo purchased 210,289 own shares held by the subsidiary Italian Wine Brands for a total of CHF 2.9 million, becoming a shareholder of the Group with a 2.84% interest. The IWB shares purchased by Mr. Raphael Dal Bo are locked up for 36 months as of today's date and result in a strong loyalty and alignment of the new shareholder's interests with the market.

The remaining 14% of the total price, amounting to a maximum of CHF 2.0 million, will be paid by 31 March 2021 depending on whether RDB's 2020 results are confirmed. This amount will be paid against the concurrent commitment by Mr Raphael Dal Bo to purchase own shares in portfolio from IWB for an amount equal to 30% of the price received by the latter. These shares will also be locked up for 36 months from the date of purchase.

Raphael Dal Bo AG, with registered office in Riedikon (Zurich) and subsidiary in Valdobbiadene (TV), boasts an important position in Switzerland in the organic sparkling and semi-sparkling wines sector with its own brands "Raphael Dal Bo," "La vita è bella" and "Raffaello." The company has a wide range of products characterized by a very high brand recognition and an excellent positioning in market segments with the highest added value ("affordable premium"). The products are distributed by an important international customer base, made up of both leading retail chains and major specialist store chains.

In 2019, RDB generated consolidated sales of CHF 10.7 million (+10.4% compared to consolidated sales in 2018), while in the first half of 2020 it recorded consolidated sales of CHF 5.5 million (+23.2 million compared to consolidated sales in the same period of 2019).



Net Working Capital decreased compared to 30 June 2019 as a result of two opposite effects: trade receivables, inventory and trade payables showed an increase as a result of the growth in revenues and a higher percentage weight on revenues (from 4.4% to 6.3%) while the net current tax position is characterised by higher payables linked to the increase in sales (higher VAT payable) and net profit (higher direct taxes to be paid).

Net Financial Position remained in line, in absolute terms, with 30 June 2019, despite the substantial investment for the acquisition of RDB and the distribution of the dividend in June 2020 (approximately €750 thousand).

## **2. Significant events after the end of the period**

Nothing in particular to report.

## **3. Outlook**

The normal business management, which sees the management engaged every day in the virtuous development of the business and in the pursuit of the best performance, was impacted in recent weeks by the aforementioned COVID-19 pandemic.

As is well known, the IWB group supplies food products to retail chains and private customers (with home delivery services) and therefore, at the reporting date, it is not directly affected by further potential Government lockdown measures in terms of business, distribution or production.

The Group's action has been and will continue to be focused on the full preservation and enhancement of the company's assets, primarily those of its customers and employees.

## **4. Code of Ethics and Organisational Model**

The Code of Ethics, which Giordano Vini S.p.A. adopted in 2010, is an ideal alliance that the Company clearly establishes with its Human Resources and with its main external partners, and is a fundamental tool of the Compliance Programme.

The entrepreneurial objectives of Giordano Vini S.p.A. are pursued without ever losing sight of respect, responsibility, transparency, sobriety and continuous innovation.

These are points of reference that have always allowed us to ensure the centrality of customers to whom we always offer maximum satisfaction.



Giordano Vini S.p.A has adopted a Compliance Programme as required by Legislative Decree no. 231 of 8 June 2001.

This decree introduced the liability of companies for certain crimes committed in their interest or to their advantage by persons acting on their behalf or in their name, such as directors, executives, employees as well as persons in a consulting relationship when they act under the control or direction of persons employed by those companies.

## **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.

## **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 minimise 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.

In the first half of 2020, 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 fire-fighting and first-aid workers, in full compliance with the reference regulatory framework.

### **OHSAS 18001:2007 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).

OHSAS 18001:2007 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 minimise accidents and incidents by integrating safe work practices into all areas of an organisation.

Through this certification, the third-party accredited body SGS ITALIA S.p.A. has recognised 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.



## GROUP WORKFORCE

The precise and average headcount by category at 30 June 2020, at 30 June 2019 and at 30 June 2018 is shown below for the Group companies:

	At 30 June 30.06.2020	Average no. 30.06.2020	At 30 June 30.06.2019	Average no. 30.06.2019	At 30 June 30.06.2018	Average no. 30.06.2018
Executives	6	7	6	5	5	6
Middle managers	13	13	9	9	8	9
Office workers	123	122	127	127	130	131
Workers	16	18	16	17	17	31
<b>Total</b>	<b>158</b>	<b>159</b>	<b>158</b>	<b>158</b>	<b>160</b>	<b>177</b>

## 7. Treasury shares

At 30 June 2020, the Parent Company held 3,985 ordinary shares, representing 0.05% of the ordinary share capital.



## Consolidated Statement of Financial Position

<i>Amounts in EUR</i>	Notes	30/06/2020	30/06/2019
<b>Non-current assets</b>			
Intangible fixed assets	5	33.584.628	32.474.226
Goodwill	6	68.325.255	55.454.960
Land, property, plant and equipment	7	14.000.075	14.538.503
Right-of-use assets	7	10.248.472	10.860.401
Equity investments	8	2.496	2.496
Other non-current assets	9	221.114	505.944
Deferred tax assets	10	1.716.677	1.762.347
<b>Total non-current assets</b>		<b>128.098.717</b>	<b>115.598.877</b>
<b>Current assets</b>			
Inventory	11	24.967.938	20.333.956
Trade receivables	12	25.725.235	23.605.479
Other current assets	13	2.491.582	1.621.560
Current tax assets	14	937.701	1.015.930
Current financial assets		2.824.396	111.257
Cash and cash equivalents	15	17.822.006	32.653.347
<b>Total current assets</b>		<b>74.768.858</b>	<b>79.341.529</b>
Non-current assets held for sale		-	-
<b>Total assets</b>		<b>202.867.575</b>	<b>194.940.406</b>
<b>Shareholders' equity</b>			
Share capital		879.854	879.854
Reserves		67.694.513	64.829.575
Reserve for defined benefit plans		(59.555)	(61.213)
Reserve for stock grants		-	1.192.129
Profit (loss) carried forward		21.747.715	14.468.557
Net profit (loss) for the period		5.348.062	7.899.234
<b>Total Shareholders' Equity of parent company shareholders</b>		<b>95.610.589</b>	<b>89.208.136</b>
Shareholders' equity of NCl's		-	-
<b>Total Shareholders' Equity</b>	16	<b>95.610.589</b>	<b>89.208.136</b>
<b>Non-current liabilities</b>			
Financial payables	17	24.381.524	24.967.467
Right-of-use liabilities	17	9.425.151	9.909.388
Provision for other employee benefits	18	602.848	650.839
Provisions for future risks and charges	19	990.967	994.367
Deferred tax liabilities	10	9.941.867	10.014.441
Other non-current liabilities	21	-	-
<b>Total non-current liabilities</b>		<b>45.342.357</b>	<b>46.536.502</b>
<b>Current liabilities</b>			
Financial payables	17	5.709.088	7.232.059
Right-of-use liabilities	17	1.300.806	1.339.165
Trade payables	20	44.916.027	45.750.159
Other current liabilities	21	4.494.395	1.664.900
Current tax liabilities	22	5.494.313	3.209.485
Provisions for future risks and charges	19	-	-
Derivatives		-	-
<b>Total current liabilities</b>		<b>61.914.629</b>	<b>59.195.768</b>
Liabilities directly related to assets held for sale		-	-
<b>Total shareholders' equity and liabilities</b>		<b>202.867.575</b>	<b>194.940.406</b>



## Comprehensive consolidated income statement

<i>Amounts in EUR</i>	Notes	30/06/2020	30/06/2019
Revenue from sales	23	92.157.943	70.073.295
Change in inventories	11	4.255.361	3.238.818
Other income	23	490.047	642.550
<b>Total revenue</b>		<b>96.903.351</b>	<b>73.954.663</b>
Purchase costs	24	(56.571.342)	(42.954.422)
Costs for services	25	(25.394.652)	(19.848.578)
Personnel costs	26	(4.214.969)	(3.705.939)
Other operating costs	27	(570.509)	(776.150)
<b>Operating costs</b>		<b>(86.751.472)</b>	<b>(67.285.089)</b>
<b>EBITDA</b>		<b>10.151.879</b>	<b>6.669.574</b>
Depreciation and amortization	5-7	(1.910.191)	(1.598.507)
Provision for risks	19	0	0
Write-ups / (Write-downs)	28	(520.676)	(672.024)
<b>Operating profit/(loss)</b>		<b>7.721.012</b>	<b>4.399.043</b>
Finance revenue		110.257	51.526
Borrowing costs		(742.070)	(722.735)
<b>Net financial income/(expenses)</b>	29	<b>(631.813)</b>	<b>(671.209)</b>
<b>EBT</b>		<b>7.089.199</b>	<b>3.727.834</b>
Taxes	30	(1.741.137)	(1.039.731)
(Loss) Profit from discontinued operations		-	-
<b>Profit (loss) (A)</b>		<b>5.348.062</b>	<b>2.688.103</b>
<b>Attributable to:</b>			
(Profit)/Loss of NCIs		-	-
<b>Group profit (loss)</b>		<b>5.348.062</b>	<b>2.688.103</b>
<b>Other Profit/(Loss) of comprehensive income statement:</b>			
<b>Other items of the comprehensive income statement for the period to be subsequently released to profit or loss</b>			
		-	-
<b>Other items of the comprehensive income statement for the period not to be subsequently released to profit or loss</b>			
Actuarial gains/(losses) on defined benefit plans	18	1.658	(33.960)
Tax effect of Other profit/(loss)		-	-
<b>Total other profit/(loss), net of tax effect (B)</b>		<b>1.658</b>	<b>(33.960)</b>
<b>Total comprehensive profit/(loss) (A) + (B)</b>		<b>5.349.720</b>	<b>2.654.143</b>



## Statement of changes in consolidated shareholders' equity

Amounts in EUR

	Share capital	Capital reserves	Reserve for stock grants	Reserve from financial assets available for sale	Reserve for defined benefit plans	Retained earnings	Total
<b>Balance at 1 January 2019</b>	<b>879.854</b>	<b>65.744.306</b>	<b>254.698</b>	<b>0</b>	<b>(28.916)</b>	<b>17.432.132</b>	<b>84.282.074</b>
Capital increase							-
Purchase of own shares		(1.220.964)					(1.220.964)
Dividends						(2.896.073)	(2.896.073)
Stock grant		238.739	937.431				1.176.170
Legal reserve		33.995				(33.995)	-
Reclassifications		33.499				(33.507)	(8)
<b>Total comprehensive profit/(loss)</b>					<b>(32.297)</b>	<b>7.899.234</b>	<b>7.866.937</b>
<b>Balance at 31 December 2019</b>	<b>879.854</b>	<b>64.829.575</b>	<b>1.192.129</b>	<b>0</b>	<b>(61.213)</b>	<b>22.367.791</b>	<b>89.208.136</b>
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 grant		1.234.311	(1.192.129)				42.182
Legal reserve							-
Reclassifications and other changes		14.310				119.733	134.043
<b>Total comprehensive profit/(loss)</b>					<b>1.658</b>	<b>5.348.062</b>	<b>5.349.720</b>
<b>Balance at 30 June 2020</b>	<b>879.854</b>	<b>67.694.513</b>	<b>0</b>	<b>0</b>	<b>(59.555)</b>	<b>27.095.777</b>	<b>95.610.589</b>



## Consolidated statement of cash flows

Amounts in EUR

	30.06.2020	30.06.2019
Profit (loss) before taxes	7.089.199	3.727.834
Adjustments for:		
- non-monetary items - stock grant	-	-
- allocations to the provision for bad debts net of utilizations	520.676	672.024
- non-monetary items - provisions / (releases)	-	-
- non-monetary items - amortisation/depreciation	1.910.191	1.598.507
<b>Adjusted profit (loss) for the period before taxes</b>	<b>9.520.066</b>	<b>5.998.365</b>
<b>Cash flow generated by operations</b>		
Income tax paid	621.920	1.460.912
Other financial (income)/expenses without cash flow (financial amortisation)	87.803	92.262
Total	<b>709.723</b>	<b>1.553.174</b>
<b>Changes in working capital</b>		
Change in receivables from customers	(1.774.145)	342.965
Change in trade payables	(1.354.044)	(5.592.691)
Change in inventories	(4.065.341)	(3.239.156)
Change in other receivables and other payables	21.156	(819.671)
Other changes	41.541	336
Change in post-employment benefits and other provisions	(53.049)	(13.583)
Change in other provisions and deferred taxes	(26.904)	(75.432)
Total	<b>(7.210.785)</b>	<b>(9.397.232)</b>
<b>Cash flow from operations (1)</b>	<b>3.019.004</b>	<b>(1.845.693)</b>
<b>Capital expenditure:</b>		
- Tangible	(45.981)	(213.948)
- Intangible	(1.793.121)	(703.492)
- Net cash flow from business combination (*):	(11.641.919)	0
- Financial	-	-
<b>Cash flow from investment activities (2)</b>	<b>(13.481.022)</b>	<b>(917.440)</b>
<b>Financial assets</b>		
Short-term borrowings	4.097.157	10.737.090
Short-term borrowings (paid)	(4.000.000)	(20.252.000)
Collections / (repayments) Senior loan	(1.625.000)	(3.250.000)
Collections / (repayments) other financial payables	(1.073.667)	4.411.000
Change in other financial assets	(2.713.139)	46.103
Change in other financial liabilities	(110.723)	(242.262)
Purchase of own shares	(1.069.074)	(379.513)
Dividends paid	2.685.391	-
Monetary capital increases	(739.809)	(2.896.073)
Change in reserve for stock grants	-	-
Change in valuation reserve	42.182	-
Other changes in Shareholders' equity	137.360	(8)
<b>Cash flow from financing activities (3)</b>	<b>(4.369.323)</b>	<b>(11.825.663)</b>
<b>Cash flow from continuing operations</b>	<b>(14.831.341)</b>	<b>(14.588.796)</b>
<b>Change in cash and cash equivalents (1+2+3)</b>	<b>(14.831.341)</b>	<b>(14.588.796)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>32.653.347</b>	<b>39.200.858</b>
<b>Cash and cash equivalents at end of period</b>	<b>17.822.006</b>	<b>24.612.062</b>

(\*) Effects of the acquisition of 100% of the investment in the company RdB AG as detailed below:

(a) Total consideration paid in cash:	11.938.432
(b) Amount of cash and cash equivalents acquired	(296.512)



## FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL REPORT

### Introduction

This Financial Report at 30 June 2020 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 2020 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.

The format adopted for the Statement of Financial Position distinguishes between current and non-current assets and liabilities.

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 income statement format adopted provides for the classification of costs by nature.

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 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.



## 1 Scope of consolidation

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 directly held
		Currency	Value			
IWB S.p.A.	Italia	EUR	879.854	-	Capogruppo	-
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	S.p.A.	100%	-
Pro.Di.Ve. S.r.l.	Italia	EUR	18.486	S.p.A.	100%	-
Raphael Dal Bo AG	Svizzera	CHF	100.000	S.p.A.	100%	-
Raphael Dal Bo S.r.l.	Italia	EUR	10.000	AG	100%	-

## 2 General principles of preparation

The consolidated Half-Year Financial Report was prepared on a going concern basis, with the presentation currency being the Euro, and the amounts shown are rounded to the nearest whole number, including, unless otherwise indicated, the amounts shown in the notes.

The general principle adopted in the preparation of this consolidated Half-Year 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 recognised 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 recognised 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 recognised 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 recognised in the income statement. Any amounts deriving from the equity investment previously held and recognised 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 recognised at that date.

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

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

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

#### ***Goodwill***

Goodwill is recognised as an asset with an indefinite useful life and is not amortised, 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 recognised 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 realisable value. If the realisable value of the cash-generating unit is lower than the carrying amount attributed, the related impairment loss is recognised. 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 amortisation 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 recognised 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 amortisation charges, in relation to their estimated useful life. Amortisation begins when the asset is available for use and is proportionate, for the first reporting period, to the period of actual use. The amortisation 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 Half-Year 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
Teleselling Development Cost	lease agreement
Leased intangible assets	financial lease contract.

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

As a result of the entry into force on 1 January 2019 of the new IFRS 16, 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 amortised 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 Half-Year 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 recognised 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 recognised in profit or loss for the period.

Leasehold improvements with the characteristics of fixed assets are capitalised 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 capitalised and amortised over the useful life of the class of assets to which they refer.

All other financial charges are recognised 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 realisable 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.

Realisable 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 realisable 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 realisable 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 recognised 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 realisable value (which, however, may not exceed the net carrying amount that the asset would have had if the impairment loss had never been recognised). This reversal is immediately recognised 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 recognised 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 recognised 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 recognise 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 amortised 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 recognised as an expense in the income statement for the period. With the exception of derivative financial instruments, financial liabilities are stated at amortised cost using the effective interest method.

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

Trade receivables are initially recorded at amortised cost, which coincides with the adjusted nominal value, in order to adjust it to the presumed realisable 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 amortised cost, i.e., at their initial value, net of principal repayments already made, adjusted (upwards or downwards) on the basis of the amortisation (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 realisable 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 labour 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 recognised 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 recognised to the extent that it is probable that economic benefits will flow to the entity and the amount can be measured reliably. Revenues are recognised net of discounts, allowances and returns.

Revenues from the distance selling division are recognised when the carrier delivers them to the customer. Revenues from the sale of wine, food products and gadgets are recognised 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 funds***

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

***Interest charges***

Interest expense is recognised 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 realised 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 recognised for all taxable temporary differences, while deferred tax assets are recognised 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 recognised 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 recognised 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 realised or the liability is settled.

Deferred taxes are charged directly to profit or loss, with the exception of those relating to items recognised 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 recognised 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 recognised 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 recognised at fair value. Transaction costs directly attributable to the acquisition are recognised in profit or loss. They are subsequently measured at fair value, and gains and losses arising from changes in fair value are recognised 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 recognised 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 recognised 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 recognised directly in equity are reclassified to profit or loss in the year in which the hedged item has an effect on profit or loss.

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

#### ***Fair value estimation***

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

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

The fair value of IRSS is determined by discounting the estimated cash flows deriving from them at the reporting date. For loans, it is assumed that the nominal value, net of any adjustments made to take into account their collectability, approximates the fair value. The fair value of financial liabilities for disclosure purposes is determined by discounting the cash flows from the contract at an interest rate that approximates the market rate at which the entity is financed.

### **3 Fair value measurement**

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



Level 1 - unadjusted quotations recognised 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 2020.

### **3.1 Financial risks**

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

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

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

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

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

Derivative financial instruments (for exchange rate hedging) in relation to which it is not possible to identify an active market, are recorded at fair value and are included in the items of financial assets and liabilities and other assets and liabilities. The relative fair value was determined using valuation methods based on market data, in particular by using specific pricing models recognised 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 full refinancing of the debt attributable to the subsidiary Giordano Vini S.p.A. in July 2017, financial covenants were defined based on the performance of certain parameters at Group level. These covenants have been met.

### **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 centred 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 2019, to which reference should be made for further details, with the exception of:

- the following new standards or amendments to existing standards, which are applied from 1 January 2020 but do not impact the Group:

#### **Amendments to IFRS 3 “Business Combinations” - Definition of Business**

These amendments introduced a new definition of business, according to which an acquisition to qualify as a business combination must include inputs and processes that contribute substantially to obtaining an output. The definition of output è modified in a restrictive sense, and it is specified that cost savings and other economic benefits are to be excluded as outputs. This change will result in that more acquisitions will qualify as asset acquisition instead of business acquisition.

#### **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of “Material”**

These amendments, in addition to clarifying the concept of materiality of transactions, focus on the definition of a consistent and single concept of materiality across the various accounting standards and incorporate the guidelines included in IAS 1 on non-material information.

#### **Amendments to IFRS 9, IAS 39 and IFRS 7: Reference interest rate reform (IBOR reform)**

These changes concern the impact on the financial statements of replacing the current benchmark interest rates with alternative interest rates: in the presence of hedging relationships impacted by the uncertainty of the reform of the benchmark rates, these changes make it possible not to make the assessments required by IFRS 9 in the presence of changes in rates. The effects of these changes on the interest rate hedging transactions carried out by the Group are constantly monitored. There are no impacts until LIBOR is replaced by the new benchmark rate (2021).

- 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.



#### 4.2 International accounting standards and/or interpretations issued but not yet effective in 2020

The new standards or interpretations already issued, but not yet effective or not yet approved by the European Union at 30 June 2020 and therefore not applicable are indicated below. They are not expected to have a material impact on the Group's financial statements at the date of application.

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

These amendments 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. The amendment, in force since 1 June 2020, has not yet been endorsed by the European Union.

- **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. These amendments, which will take effect on 1 January 2022, have not yet been endorsed by the European Union.

- **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.

- **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. These amendments, which will take effect on 1 January 2022, have not yet been endorsed by the European Union.

- **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.

## Notes

### 5 Intangible fixed assets

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

*€thousand*

INTANGIBLE FIXED ASSETS						
Net carrying amount						
Net carrying amount	01/01/2020	increases	decreases	amortisation	Reclassifications	30/06/2020
Trademarks and patents	29.795	13	-	(4)	-	29.804
Software	968	41	-	(290)	149	867
Other intangible assets	1.629	0	-	(388)	1.404	2.645
Intangible assets under construction and advances	82	1.740	-	-	(1.553)	269
<b>Net carrying amount intangible assets</b>	<b>32.474</b>	<b>1.793</b>	<b>-</b>	<b>(683)</b>	<b>-</b>	<b>33.585</b>

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

These trademarks are identified as having an indefinite useful life and, consequently, are not amortised 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 2019, in line with that used for the purposes of goodwill, for which reference should be made to the next paragraph.

The increases in the first half of 2020 mainly relate to the development of the following computerisation processes concerning the company Giordano Vini S.p.A.:

- website go-live activities and start-up of operations in new countries (Spain and Germany through the Svinando platform);
- development of the customer base through targeted acquisition with successful marketing campaigns ("CPA");
- revision of the applications for the solvency check and reminder of overdue receivables (VAD)
- improvements to courier interfacing and package valorisation programmes.



## 6 Goodwill

Total goodwill - equal to €68,325 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 €12,870, 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).

In the absence of impairment indicators, having also assessed the impact of the COVID-19 on the economic data for the first half of 2020 and the potential impact on future projections, considered limited as commented on below in this paragraph and in the Directors' Report, no interim impairment test was carried out at 30 June 2020. The impairment test carried out for the purposes of the 2019 financial statements did not reveal any impairment of the relevant CGUs.

As illustrated in the annual report for 2019, a particular analysis by the Governance Bodies of the subsidiaries was dedicated to the possible effects on the business of the company following the Covid-19 (SARS-CoV-2). As is well known, the subsidiaries of Italian Wine Brands sell their products all over Europe, which is heavily hit by the Coronavirus.

In particular, sensitivity assumptions have been made in relation to the effects of the spread of Covid-19 based on first estimates. These assumptions, by their nature, contain elements of uncertainty and are subject to changes, even significant, due to the continuous changes in the scenario and the reference context, which could lead to an alteration, even significant, of normal market dynamics and, more in general, of business operating conditions.

The expected negative impact on the sensitivity analyses at EBITDA level during 2020 is not currently reflected in the financial statements for the first half of the current year. Should the crisis continue, the respective Governance Bodies will take action to implement further sensitivity analyses.



## 7 Land, property, plant and equipment

The change in tangible fixed assets is shown below:

€ thousand

PROPERTY, PLANT AND EQUIPMENT						
Gross value						
Historical cost	01/01/2020	increases	divestments	reclassifications/ other changes	increases from business combinations	30/06/2020
Land and buildings	13.026	-	-	0	-	13.026
Plant and equipment	16.274	18	-	83	48	16.423
Equipment	723	3	-	-	-	726
Other plant, property and equipment	4.820	19	(9)	78	434	5.344
Assets under construction and advances	164	-	-	(161)	-	3
Right-of-use assets	12.055	-	-	-	-	12.055
<b>Total historical cost</b>	<b>47.062</b>	<b>41</b>	<b>(9)</b>	<b>-</b>	<b>483</b>	<b>47.577</b>
PROPERTY, PLANT AND EQUIPMENT						
Accumulated depreciation						
Accumulated depreciation	01/01/2020	depreciation	divestments	other changes		30/06/2020
Land and buildings	(3.542)	(127)	-	-	-	(3.669)
Plant and equipment	(12.196)	(308)	-	-	(41)	(12.545)
Equipment	(568)	(16)	-	-	-	(584)
Other plant, property and equipment	(4.163)	(165)	9	-	(405)	(4.724)
Right-of-use assets	-	1.194	(612)	-	-	(1.806)
<b>Total accumulated depreciation</b>	<b>(21.663)</b>	<b>(1.227)</b>	<b>9</b>	<b>-</b>	<b>(446)</b>	<b>(23.328)</b>
PROPERTY, PLANT AND EQUIPMENT						
Net value						
Net carrying amount	01/01/2020	increases	divestments	depreciation	Other changes	30/06/2020
Land and buildings	9.484	-	-	(127)	-	9.357
Plant and equipment	4.078	18	-	(308)	90	3.878
Equipment	155	3	-	(16)	-	143
Other plant, property and equipment	657	19	-	(165)	108	619
Assets under construction and advances	164	-	-	-	(161)	3
Right-of-use assets	10.860	-	-	(612)	-	10.249
<b>Total net carrying amount</b>	<b>25.399</b>	<b>41</b>	<b>0</b>	<b>(1.227)</b>	<b>37</b>	<b>24.249</b>

Increases from business combinations refer to the direct acquisition of Raphael Dal Bo AG and the indirect acquisition of Raphael Dal Bo S.r.l. (100% owned by the former) by Provinco Italia S.p.A.

## 8 Equity investments

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



Amounts in EUR thousand

	Country	30.06.2020	31.12.2019
<b>Other companies</b>			
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
<b>Total</b>		<b>2.496</b>	<b>2.496</b>

## 9 Other non-current assets

This item includes €179 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.

## 10 Deferred Taxes

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

### Amounts at 30 June 2020

€thousand

Description	Tax base	Tax rate	Balance
Tangible and intangible fixed assets	812	27,90%	227
Provision for risks and charges	826	24,00%	198
Provisions for returns and inventory write-downs	1.191	27,90%	332
Non-deductible interest expense	1.060	24,00%	254
Provision for bad debts	2.161	24,00%	519
Remuneration of directors	364	24,00%	87
Exchange rate adjustment	73	24,00%	18
Provisions for pensions	136	27,90%	38
Others	183	24,00%	44
<b>Total deferred tax assets</b>			<b>1.717</b>
<b>Description</b>			
Business combinations / Goodwill	5.902	27,90%	1.647
Tangible and intangible fixed assets	29.700	27,90%	8.286
Others	38	24,00%	9
<b>Total provision for deferred taxes</b>			<b>9.942</b>



#### Amounts at 30 June 2019

€thousand

Description	Tax base	Tax rate	Balance
Tangible and intangible fixed assets	771	27,90%	215
Provision for risks and charges	856	24,00%	205
Provisions for returns and inventory write-downs	1.075	27,90%	300
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	1.341	24,00%	322
Remuneration of directors	260	24,00%	62
Provisions for pensions	182	26,28%	48
Other IRAP - Trentino Region	30	2,68%	1
Others	142	24,00%	34
<b>Total deferred tax assets</b>			<b>1.481</b>

Description	Tax base	Tax rate	Balance
Business combinations / Goodwill	6.163	27,90%	1.720
Tangible and intangible fixed assets	29.700	27,90%	8.286
Exchange rate adjustment	35	24,00%	8
<b>Total provision for deferred taxes</b>			<b>10.014</b>

## 11 Inventory

The composition is shown below:

€thousand

	30.06.2020	31.12.2019
Raw materials and consumables	3.147	2.827
Semi-finished products	14.450	12.903
Finished products	7.355	4.582
Advances	16	22
<b>Total</b>	<b>24.968</b>	<b>20.334</b>

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 figure at 30 June 2020 includes €610 thousand relating to the inventory of Raphael Dal Bo AG and Raphael Dal Bo S.r.l. (this amount is net of €249 thousand for the write-down provision for Raphael Dal Bo AG)



The carrying amount of the inventories is shown net of an provisions for bad debts of €1.4 million, the changes of which in the period are shown below:

*€thousand*

<b>Provision at 1 January 2020</b>	<b>989</b>
Provisions	216
Increases from business combinations	249
Amounts used	(43)
<b>Provision at end of period</b>	<b>1.411</b>

## 12 Trade receivables

Trade receivables at 30 June 2020 and 31 December 2019 are detailed below:

*€thousand*

	<b>30.06.2020</b>	<b>31.12.2019</b>
Trade receivables	28.497	26.580
Provision for writedown	(2.772)	(2.975)
<b>Total</b>	<b>25.725</b>	<b>23.605</b>

Changes in the provision for bad debts during the first half of 2020 were as follows:

*€thousand*

	<b>30.06.2020</b>	<b>31.12.2019</b>
<b>Initial amount</b>	<b>2.975</b>	<b>2.851</b>
Provisions	504	1.232
Increases from business combinations	41	-
Amounts used	(749)	(1.108)
<b>Provision at end of period</b>	<b>2.772</b>	<b>2.975</b>

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



Specifically, for the write-down of receivables relating to the distance selling division, the Group applies a simplified approach, calculating the expected losses over the entire life of the receivables from the time of initial recognition. The Group uses a matrix based on historical experience and linked to the ageing of the receivables themselves, adjusted to take into account forecasting factors specific to certain creditors.

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

### 13 Other assets

Other assets at 30 June 2020 and 31 December 2019 are detailed in the following table:

<i>€thousand</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Receivables from distributors for cash on delivery	167	164
Security deposits	477	362
Others	1.070	612
Advances to suppliers	394	337
Accruals and prepayments	383	146
<b>Total</b>	<b>2.492</b>	<b>1.622</b>

### 14 Current tax assets

Tax receivables at 30 June 2020 and 31 December 2019 are detailed in the following table:

<i>€thousand</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
VAT receivables	896	2.227
IRAP receivables	-	431
IRES receivables	-	327
Others	42	26
<b>Total</b>	<b>938</b>	<b>3.011</b>



With effect from the 2016 period, the Parent Company (together with its subsidiaries Giordano Vini S.p.A. and Provinco Italia S.p.A.) has opted for the national IRES tax consolidation scheme, the effects of which are also reported in the economic and financial results at 30 June 2020.

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 summarised 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 realised 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 30 June 2020 and 31 December 2019 is provided in the table below:

<i>€thousand</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Bank deposits	15.532	30.554
Postal deposits	2.255	1.379
Cheques	2	677
Cash	34	43
<b>Total</b>	<b>17.822</b>	<b>32.653</b>

## 16 Shareholders' equity

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



*Amounts in EUR*

	<b>30.06.2020</b>	<b>31.12.2019</b>
Share capital	879.854	879.854
Legal reserve	175.971	175.971
Reserve for application of IAS		
Share premium reserve	64.565.446	64.565.446
Reserve for actuarial gains on defined benefit plans	(59.555)	(61.213)
Reserve for stock grants	-	1.192.129
Reserve for translate	14.310	-
Reserve for the purchase of treasury shares	49.812	(2.800.816)
Other reserves	2.924.964	2.888.974
Prior profits/(losses)	21.711.725	14.468.557
Profit/(loss) of the period	5.348.063	7.899.234
<b>Total reserves</b>	<b>94.730.735</b>	<b>88.328.282</b>
<b>Total Group shareholders' equity</b>	<b>95.610.589</b>	<b>89.208.136</b>
Shareholders' equity of NCIs	-	-
<b>Total shareholders' equity</b>	<b>95.610.589</b>	<b>89.208.136</b>

#### 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 2019.

#### 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 2020, the Parent Company held 3,985 ordinary shares, representing 0.05% 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:



Amounts in EUR

30 June 2020

	Profit/(loss) for the period	Shareholders' equity
<b>Shareholders' equity IWB SpA - ITA GAAP standards</b>	<b>8.437.273</b>	<b>87.845.215</b>
Differences in accounting standards	620.644	2.966.340
<b>Shareholders' equity IWB SpA - IFRS standards</b>	<b>9.057.917</b>	<b>90.811.556</b>
<b>Elimination of carrying amount of consolidated equity investments:</b>		
Carrying amount of consolidated equity investments	-	(54.255.982)
Pro-quota share of consolidated equity investments net of consolidation differences	5.442.445	59.137.502
Dividends from subsidiaries	(9.271.662)	-
Consolidation adjustments for transactions between consolidated companies	119.362	(82.487)
<b>Application of the financial method to assets held under financial leases</b>		
Group shareholders' equity and profit/(loss) for the period	<b>5.348.062</b>	<b>95.610.589</b>
Non-controlling interest	-	-
<b>Consolidated shareholders' equity and profit/(loss)</b>	<b>5.348.062</b>	<b>95.610.589</b>

## 17 Financial payables

The situation at 30 June 2020 is as follows:

				30.06.2020
	Short term	Medium/long term (within 5 years)	Long term (over 5 years)	Total
Pool financing - Senior	1.625	16.224	-	17.849
Short-term unsecured loans	2.039	-	-	2.039
GV revolving loans	2.000	7.000	-	9.000
Other loans in addition to e.g. unsecured l	0	1.158	-	1.158
Financial accrued expenses and charges to be settled	45	-	-	45
<b>Total banks</b>	<b>5.709</b>	<b>24.382</b>	<b>-</b>	<b>30.091</b>
Payables to leasing companies	-	-	-	0
Payables to factoring companies	-	-	-	0
<b>Total other lenders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
Payables to factoring companies	-	-	-	-
<b>Total other lenders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5.709</b>	<b>24.382</b>	<b>-</b>	<b>30.091</b>



The statement of Group financial payables at 31 December 2019 is given below for comparison purposes:

<i>€thousand</i>				31.12.2019
	Short term	Medium/long term (within 5 years)	Long term (over 5 years)	Total
Pool financing - Senior	3.250	16.146	-	19.396
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 IWB mortgage	407	1.821	-	2.228
Financial accrued expenses and charges to be settled	49	-	-	49
<b>Total banks</b>	<b>7.206</b>	<b>24.967</b>	<b>0</b>	<b>32.173</b>
Payables to factoring companies	26	-	-	26
<b>Total other lenders</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>26</b>
<b>Total</b>	<b>7.232</b>	<b>24.967</b>	<b>0</b>	<b>32.199</b>

The table below shows the changes in financial liabilities

<i>€thousand</i>	31.12.2019	Disbursements / Other changes	Refunds / Other changes	Fair value adjustment	Operating costs/expenses	30.06.2020
Pool financing - Senior	19.396	-	(1.625)	78	-	17.849
Short-term unsecured loans	1.500	539	-	-	-	2.039
GV revolving loans	9.000	4.000	(4.000)	-	-	9.000
Other loans in addition to e.g. unsecured loans	2.228	-	(1.074)	3	-	1.157
Accrued interest expense GV	49	45	(49)	-	-	45
<b>Total banks</b>	<b>32.173</b>	<b>4.584</b>	<b>(6.748)</b>	<b>81</b>	<b>-</b>	<b>30.091</b>
Payables to factoring companies	26	3.411	(3.437)	-	-	0
<b>Total other lenders</b>	<b>26</b>	<b>3.411</b>	<b>(3.437)</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Total</b>	<b>32.199</b>	<b>7.995</b>	<b>(10.185)</b>	<b>81</b>	<b>-</b>	<b>30.091</b>

The bank debt at 30 June 2020 consisted of the following loans:

- Medium/long-term loan granted to Giordano Vini S.p.A. for a total of €35 million paid out on 19 July 2017 and expiring on 30 June 2024, divided as follows:
  - Amortizing" tranche totalling €28 million with repayment in increasing six-monthly instalments of principal in arrears and a rate, adjusted as from 1 July 2018



following compliance with the "Margin Variation" contract clause, equal to 6-month Euribor plus 1.60%. At 30 June 2020, the residual debt valued using the amortised cost method amounted to €17.9 million. Revolving tranche of a total of €7 million with interest rate, adjusted from 1 July 2018 following compliance with the "Margin Variation" contract clause, equal to Euribor at 1, 3 or 6 months depending on the relative period of use plus 1.15% used in this way:

- €3 million renewed on 10 May 2019 with a duration of 3 months and renewed again at the following deadlines;
- €4 million renewed on 10 May 2019 with a duration of 6 months and renewed again at the following deadlines;

The medium/long-term loan provides for financial covenants based on the trend of certain parameters at consolidated Group level. These covenants have been largely met at 31 December 2019.

The loan also includes a clause to reduce or increase the spread on the Euribor (the so-called "Margin Variation") depending on the result of the ratio of Net Financial Position to annual EBITDA. This ratio was less than 1.0x at 31 December 2017 so as to activate the 0.35% spread reduction clause.

Also at 30 June 2020, the ratio of Net Financial Position to EBITDA (LTM) was less than 1.0x, confirming the same rate conditions for the following year.

- 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 2020 valued using the amortised cost method amounts to €0.7 million.
- 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 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 2020 amounts to €1.0 million.



Financial payables are recorded in the financial statements at the value resulting from application of the amortised cost, determined as the initial fair value of the liabilities net of the costs incurred to obtain the loans, increased by the cumulative amortisation 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 and the sale of its assets, prohibition to distribute dividends or reserves where certain financial parameters are not met.

In order to guarantee the correct and timely fulfilment of the Company's obligations under the aforementioned medium-term loans, guarantees have been provided in line with market practices for this type of transaction issued by the parent company IWB.

"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.

## **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 2020 are shown below:

<i>€thousand</i>	<b>2020</b>	<b>2019</b>
<b>Provision at 1 January</b>	<b>651</b>	<b>656</b>
Provisions	18	41
Advances paid during the period	-	(12)
Benefits paid out in period	(63)	(65)
Actuarial (gains)/losses	(2)	32
Borrowing costs	(1)	(1)
<b>Provision at end of period</b>	<b>603</b>	<b>651</b>

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

The main actuarial assumptions used are as follows:

<b>Actuarial assumptions</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Discount rate	0,20%	0,85%
Inflation rate	1,50%	1,50%
Average Annual Percentage of Staff Exit	8,24%	9,10%

## **19 Provisions for risks and charges**

During the period, the item changed as follows:



€thousand

	Non-current	Current	Total
<b>Provision at 1 January 2019</b>	<b>1.071</b>	<b>-</b>	<b>1.071</b>
Provisions	-	-	-
Amounts used	(77)	-	(77)
<b>Provision at 31 December 2019</b>	<b>994</b>	<b>-</b>	<b>994</b>

€thousand

	Non-current	Current	Total
<b>Provision at 1 January 2020</b>	<b>994</b>	<b>-</b>	<b>994</b>
Provisions	-	-	-
Amounts used	(3)	-	(3)
<b>Provision at 30 June 2020</b>	<b>991</b>	<b>-</b>	<b>991</b>

Non-current liabilities mainly include:

- provisions made at Giordano Vini S.p.A. for legal disputes with suppliers for €826 thousand;
- a provision of €136 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

	30.06.2020	31.12.2019
Suppliers - Italy	43.162	44.754
Suppliers - Foreign Markets	1.754	996
	<b>44.916</b>	<b>45.750</b>



## 21 Other liabilities

Other liabilities are made up as follows:

<i>€thousand</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Employees	1.126	784
Social security institutions	492	470
Directors	85	11
Accruals and deferred income	444	313
Others	2.347	87
<b>Total current</b>	<b>4.494</b>	<b>1.665</b>

Payables to employees mainly include wages and salaries for June 2020 paid in July 2020 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.

The item Others includes the payable for the deferred price component (so-called Earn Out) relating to the acquisition of Raphael Dal Bo AG by Provenco Italia S.p.A. (€ 1,885 thousand)

## 22 Current tax liabilities

These are made up as follows:

<i>€thousand</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
VAT	1.980	1.211
IRES	2.157	-
IRPEF withholding tax	236	310
IRAP	146	-
Excise duties	718	467
Other taxes	258	187
<b>Total</b>	<b>5.494</b>	<b>2.175</b>



## 23 Revenues from sales and other revenues

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

*€ thousand*

	30/06/2020	30/06/2019	30.06.2018	Δ % 19/20	CAGR 18/20
<b>Revenue from sales - Italy</b>	<b>19.341</b>	<b>15.395</b>	<b>15.750</b>	<b>25,63%</b>	<b>10,81%</b>
<b>Revenue from sales - Foreign Markets</b>	<b>72.604</b>	<b>54.411</b>	<b>53.840</b>	<b>33,44%</b>	<b>16,13%</b>
Switzerland	21.172	12.870	12.680	64,51%	29,22%
Germany	20.219	15.775	14.705	28,17%	17,26%
England	9.056	7.238	5.162	25,12%	32,45%
Austria	8.473	7.062	6.861	19,97%	11,13%
Denmark	2.917	2.686	3.212	8,60%	(4,70%)
France	2.864	2.372	2.694	20,72%	3,10%
Belgium	1.594	418	630	281,24%	59,04%
Netherlands	912	445	360	105,04%	59,20%
USA	836	1.338	653	(37,54%)	13,13%
Sweden	828	813	786	1,84%	2,63%
Canada	540	346	462	55,95%	8,07%
China	306	776	722	(60,59%)	(34,92%)
Other countries	2.889	2.272	4.913	27,17%	(23,31%)
<b>Other revenues</b>	<b>213</b>	<b>267</b>	<b>350</b>	<b>(20,23%)</b>	<b>(21,99%)</b>
<b>Total revenues from sales</b>	<b>92.158</b>	<b>70.073</b>	<b>69.940</b>	<b>31,52%</b>	<b>14,79%</b>

## 24 Purchase costs

Purchase costs refer to Giordano Vini S.p.A. for €24.9 million (€18.0 million at 30/06/2019), to Pro.Di.Ve. S.r.l. for €0.45 million (€0.18 million at 30/06/2019), to Provinco Italia S.p.A. for €28.8 million (€24.7 million at 30/06/19), to Raphael Dal Bo AG for €2.0 million and to Raphael Dal Bo S.r.l. for €0.4 million.

## 25 Costs for services

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



*Adjusted €thousand*

	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
Services from third parties	5.187	4.263	3.493
Transport	7.093	5.332	6.000
Postage expenses	2.076	2.115	1.962
Fees and rents	294	214	819
Consulting	615	658	930
Advertising costs	3	2	4
Utilities	410	378	276
Remuneration of Directors, Statutory Auditors and Supervisory Body	437	445	407
Maintenance	149	100	89
Costs for outsourcing	3.619	3.237	2.702
Duties on sales	3.877	1.510	1.573
Commissions	71	46	93
Other costs for services	1.564	1.549	1.794
<b>Total</b>	<b>25.395</b>	<b>19.849</b>	<b>20.142</b>

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

*€thousand*

	<b>30.06.2020</b>	<b>30.06.2019</b>
Directors	393	402
Auditors	41	40
SB	3	3
<b>Total</b>	<b>437</b>	<b>445</b>

In the first half of 2020, fees for the Independent Auditors amounted to €31 thousand (€40 thousand at 30 June 2019).

## **26 Personnel costs**

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



€thousand

	30.06.2020	30.06.2019
Wages and salaries	3.042	2.654
Social security charges	939	850
Termination benefits	154	161
Stock grant	-	-
Administration cost	62	37
Other costs	18	4
<b>Total</b>	<b>4.215</b>	<b>3.706</b>

The following table shows the number of employees:

	At 30 June 30.06.2020	Average no. 30.06.2020	At 30 June 30.06.2019	Average no. 30.06.2019
Executives	6	7	6	5
Middle managers	13	13	9	9
Office workers	123	122	127	127
Workers	16	18	16	17
<b>Total</b>	<b>158</b>	<b>159</b>	<b>158</b>	<b>158</b>

## 27 Other operating costs

The item "Other operating costs" amounts to €571 thousand and mainly includes: exceptional expenses of €274 thousand relating to the closing of the credit position linked to an advertising barter contract dating back to 2016, non-deductible taxes and duties, and non-deductible VAT due on a pro-rata basis. The item in the comparative financial year shows a balance of €776 thousand.

## 28 Write-downs

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

## 29 Financial income and expenses



Financial income and expenses are detailed in the following tables:

<i>€thousand</i>	<b>30.06.2020</b>	<b>30.06.2019</b>
On current accounts	10	9
Exchange rate gain/(loss)	60	42
Others	40	1
<b>Total</b>	<b>110</b>	<b>52</b>

<i>€thousand</i>	<b>30.06.2020</b>	<b>30.06.2019</b>
Loans	(291)	(311)
Right-of-use liabilities	(158)	(177)
Bank current accounts	(3)	(20)
Financial instruments	-	-
Bank fees and charges	(149)	(115)
Exchange rate gain/(loss)	(117)	(53)
Others	(25)	(47)
<b>Total</b>	<b>(742)</b>	<b>(723)</b>

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;
- realised 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 2020, compared with those of the previous year, are detailed below:



<i>€thousand</i>	<b>30.06.2020</b>	<b>30.06.2019</b>
IRES	(1.546)	(1.111)
IRAP	(217)	(42)
Taxes for prior periods	(5)	37
<b>Total current taxes</b>	<b>(1.768)</b>	<b>(1.115)</b>
Prepaid taxes	(46)	2
Deferred taxes	73	74
<b>Total deferred taxes</b>	<b>27</b>	<b>75</b>
<b>Total</b>	<b>(1.741)</b>	<b>(1.040)</b>

### **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. 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 received**

During 2019, the subsidiary Giordano Vini S.p.A. received grants of €20,195.

The following table summarises the grants received in the periods 2018 and 2019: the data relating to the paying entities, their amount and a brief description of the reasons for the benefit.



*Amounts in EUR*

<i>Paying entity</i>	<i>Grant received</i>	<i>Reason</i>
AGEA - through ATI Bacco International	33.394	OCM grant 2018 for exports to Swiss market
AGEA - through ATI DOP in the wordl	20.195	OCM grant 2019 for exports to Swiss market
<b>Total</b>	<b>53.589</b>	

\*\*\*\*\*

For the Board of Directors  
The Chief Executive Officer  
Alessandro Mutinelli