

Conference call "ITALIAN WINE BRANDS full year 2025 results" - March 30th, 2026

Good morning, good morning everyone. Good morning. Can you hear us? Yes. Okay, perfect.

So thank you for joining Italian Wine Brands full year 2025 results call. I'm Alessandro Mutinelli, Chairman and CEO of the company. With me today, Mrs. Gabriella Fabotti, Investor Relator and CFO. And we will comment on our 2025 performance and open the line for Q&A session. So, Gabriella, can we share the presentation?

Good morning, thank you for your time and to share the presentation that we are with the numbers and results we are presenting today.

Okay. So. This is the agenda.

Yes, this is the agenda. So, we will have an overlook at the numbers. Second part, how the market cap has moved. Then we go into details on full year results. Then there are some information about the overmarket, wine market. And then conclusion and Q&A.

So, in a few words, 2025 was a challenging year for the global wine sector, with mature markets, macro uncertainty and evolving consumption patterns. Against this backdrop, our focus was for discipline and execution; so, protecting our premium positioning, strengthening our international footprint and delivering solid profitability and cash generation. As you can see here for the key numbers, total turnover was 395.9 million, 1.5% down compared to last year. Overall, there was a shift in the channels with the Ho.re.ca sector performing extremely well, +6.2% volume also for the large customers were up. The only segment that was down last year was the distance selling. We enlarged our distribution worldwide, 83% of the total turnover is outside of Italy, +1.6% compared to 2024, 97 countries reached last year, so, we add 7 countries last year.

Solid performance in terms of volumes: we reached 158.7 million bottles, which represents plus 3.65%.

Again, great achievements in terms of quality recognitions, more than 200 prizes, awards last year. And, on top of that, at the beginning of this year, for the first time in history, we were able to get the best producer in Italy both from Mundusvini in Germany and from Berliner Weintraufe, which represented the two main largest wine challenges and competitions in Europe.

About the business model of Italian Wine Brands, I believe we do not need to go deeper inside. You all know exactly what we are doing. We are a very flexible asset light company, to adapt to the market trends. We produce what our customers need in a very flexible way.

So, I told you before that volumes increased last year, +3.65%, and again, an outstanding cash generation. The channel which performed the best last year was Ho.re.ca Channel, so hotels, catering and restaurants: +9.6% in volume, +6.2% in value.

Adjusted EBITDA confirms a near historical record, which was last year. So, 2024 was the record year. So, we reached 49.1 million, we have written here, despite the US tariff. So, down just 2.5% compared to record year 2024.

Adjusted net result 25.6 million euros, +1.1 compared to 2024, and an outstanding cash generation, equal to approximately to 50 million euros.

Yes, of course, plus dividend that was double last year, plus interest and buyback. So, the generation of cash to finance the investment for the stakeholder and for the bond.

So, in terms of overview, again, in 2025 Italian Wine Brands demonstrate strong execution capabilities in a challenging market environment for the global wine industry, characterized by volume pressure, value contraction and structural changes in consumer behavior. The group maintains its position in profitability and financial strength, while strengthening pillars of sustainable growth in the medium term. Being flexible has helped us a lot in this market situation. The key points of last year were, in the first stage, all the uncertainty linked to the US tariff, which at the beginning pushed the sales to North America and then practically slowed down much

shipments to that part of the world. Of course, there was a pressure on consumer purchasing power. We have seen this trend after COVID with higher inflation and reduced purchasing power from consumers, and also macroeconomic environment was not so positive. But overall, our flexibility helped us a lot to reach numbers very close to the record year 2024.

So, I must admit that last year our focus was to gain market share, and this is the result with an increase in volume. Even if consumers around the world are purchasing less volumes, last year our focus was to gain market shares, with focus on quality and premium positioning. Our focus was and is also for the next years, strengthening the top brands as the primary level for the value creation. Confirmation of leadership in Prosecco production: actually, until 2024, we were the second largest Prosecco producer. In 2025 we became the first producer of Prosecco of Italy. This is a great achievement for us, because Prosecco was, is and is prospected to be the leading product for the next year of Italy. So, being the first producer helped us also to present ourselves in the best possible way to the market.

Last year was also characterized by the introduction for the first time in our portfolio of “no” and “low alcohol” products, in response to new consumer trends. We launched four different items. So, there are opportunities on the market. We stay innovative from one side but also conservative. So, we do not put all our investments in this trend because we want to see if the market will develop; and if it will develop we are there, already there with our products.

In terms of geography and channels, we have had an expansion in core markets such as UK, Germany and North America, which offset the weakness of less established markets. And we have a full coverage of distribution channels supporting revenue resilience.

As I told you before, diversification of markets, diversification of channels, diversification of brands on different price points, in our opinion is the key point, the key strength of our group to have resilience in this market.

From the operational point of view in terms of efficiency, we did during the last couple of years, and especially in the last year, rationalization of the production structure. We closed and sold one plant in Piedmont last year. The internalization of production did a step forward, so, we produced internally more quantity than in the past, with benefits in terms of quality, quantity, flexibility and cost. And we went forward with targeting investments in automation and digitalization.

In terms of organization, which is again a key point for future development, we enlarged our structure in sales and marketing function, supporting our strategic view of brand development and international penetration, and constant focus on cost of control and people development.

In terms of outlook - 2026 priorities - organic growth: driven by brands and strengthening its premium positioning, we believe that, as you will see in the presentation, there are clear trends on the wine market. Even if overall volumes are going down, there are trends I can anticipate for sparkling and premium red wines, and is there where we are investing the most: organic growth driven by brands and strengthening premium positioning. It means development of top brands and enhancement of the most iconic products. These to improve profitability and cash generation. We will continue to invest in product innovation, including emerging segments such as low and no alcohol. We have a plan of further industrial organization efficiency, with new plans for reducing operating costs.

Looking again at the numbers, coming back to the numbers and looking at the historical trends, we see that there is a slight decrease in revenues, that is to be explained in detail in the following slide, but again considering the volatility of last year due to the US tariff and also the impact of exchange rate. Of course we have hedging, but last year we succeeded to guarantee good hedging only for the first half.

In terms of EBITDA, again we are very near to the historical record and without the impact of tariff and exchange rate, probably we will have confirmed or overcome also the historical record.

The EBIT is impacted by the EBITDA, but if we look at the details, as we are to do, we will see that, thanks to the organization, the concentration of industrial food trade, we are able to reduce the costs related to the plants.

In terms of net result, there is a decrease compared to 2024, but this is all concentrated in the so-called non-recurring items. We have some specific numbers. One still due to the Enovation acquisition, despite completed in 2022. And then we have the incentive plan and low alcohol test and pilot production; and the last cost related to the dismissal of Valle Talloria plant. So, not considering these that are by evidence one off, the net result - and looking at the perspective for the future - the net result despite the year is in line with the historical record.

The trends of IWB shares compared to the index: in general we perform in some way, principally in the first part of the year, better than the index. But despite this performance, the result compared to EBITDA adjusted, compared to the net result and cash generation, confirm that there is an under-evaluation of the IWB shares value. And this is despite the recognition given to the share value by the IWB brokers, the average of the target price is in the range of 33 euros. So there is a potential upside more than 50% looking at the target price and recommendation given by the company, the broker that gives representation of our company, and potential profitability of the share.

The governance is stable. So nothing happened. Just last Friday we had a change not at the holding level but in the IWB Italia management structure. We had Alessandro Vella, that was in charge (he was the general manager of IWB Italia) succeeded Giorgio Pizzolo as new CEO of the B2B business in Italy. And this is the line of reinforce the managerial structure of the group.

Looking in details at the number, as anticipated, we see these decrease in value, but increase in volume, and mostly in the channels where we are more strong and that represents most of the wine market in Italy at worldwide level, so wholesales and Ho.re.ca channel, what we call together B2B business.

The profitability adjusted EBITDA is only 1 million less than 2024 and this is more than explained by tariff and exchange rate.

The adjusted net result, without the impact of the one-off, the result is positive and the decrease compared to last year is something that is absolutely temporary.

The cash generation of the year: this is net of dividend, interest and buyback. Is more than the average of previous year. We work very well in terms of networking capital, and of course we have the cash in of Valle Taloria.

The merger: so last year we were able in few months to complete the due diligence and cash most of the value of the sales of Valle Talloria site.

Looking at the split in terms of revenues, you see that HO.RE.CA increase, not only in volume but also in value, and this is very important for the future and the profitability of the group. There is a decrease in distance selling channel, even if there is a positive news on Svinando platform, where the revenues increase more than 8%, giving good perspective for the digital part of this business.

Wholesales: there is a very slight reduction in terms of value, but this is completely explained by US, where the decrease in terms of revenues is quite 8%, while the most important country markets nowadays for the group, improved a lot. Wholesales UK increased 15% and reach 1 third of the total revenues of the group. We increase in Germany, despite the difficulty of macroeconomic German system, and we increase in North Europe, in particular in Netherlands where the revenues Wholesales increase 25%.

Looking at the geography: Again UK revenues increase not only at Wholesales level, but in total including distance selling: 11% additional revenues.

Germany was stable despite the decrease of distance selling and despite the situation of the country, and we confirm a very strong presence in the so-called Nordics. In the Americas, all included North and South America, we confirm that our exposure to US remain limited to about 8% of total

revenues, and Canada revenues last year compensate US decrease, so we are able to increase our position in Canada to overcome the difficulties, the general difficulties in US market due to the volatility of the market, also because of the very different news month by month. And we go on with the positive development in Brazil that, also thanks to the Mercosur agreement, could be an area where we will increase also in the future.

Res of the world is a small area nowadays, but with possibility to improve and cover all the continent and most of the countries. Last year we already had positive performance in New Zealand, and in new country we increase revenues, mostly with the brand, so – again – positive news for the future. Well this is the round for the distance selling business, that is the only area of the group that decrease and decrease for the channel composition inside distance selling. So you see that tele-selling is reducing very very fast because of compliance reasons but also because people refuse the contact phone and it is very difficult, more and more difficult, to reach the customer by phone.

The positive news is that the digital web is going on and in particular the Svinando platform where we sell a good part of the business is in any case done with our internal products.

The direct mailing maintain 45% share of the total revenues of this channel because the very old customer of the group are very very loyal and so we maintain this relationship with our historical customer for Giordano Vini.

Looking again at P&L it is important to outline that the EBITDA margin is stable. So, despite a very difficulty year also in terms of utilities and tariff, the margin and the decrease in distance selling the margin remain at the same level of 2024 that again was a record for the group. This is due to the fact that we are able to decrease raw material additionally and able to compensate the reduction in price. The reduction is mostly concentrated in classes unitary costs that is in the range of 5% and then we have a mixed improvement for this dedicated project and part of the brand, mainly the main top brands Grande Alberone and Voga.

The unitary cost of bulk wine was more or less stable.

We reduced the cost of services again due to the integration and we are more or less in line with the cost of personnel where the impact of new national contract compensate the reduction of the cost due to the integration. And then we have some additional people, we internalise people that had a temporary but long-standing relationship or relationship with the group and the aim was to obtain the condition for the so-called reduced corporate tax and so in this year we benefit 4 point less in the corporate tax from 2024, from 24% to 20%.

Looking at the segment, we are going on in improving the part of the business that is increasing in the market, so the total revenues of the B2B that include Wholesales and Ho.re.ca. is higher than last year not only in terms of volume but also in terms of value and the EBITDA realised in 2025 is in line with the one of previous year. The reduction is in the B2C business where the EBITDA is zero. For this segment we have a new plan in place that is more concentrated in cost reduction and in the optimisation of the different platforms so we will pursue a more efficient strategy of omnichannel approach to the business, try to recover profitability in the B2C.

Looking below EBITDA in the upper part of the slide we see that 2025, we see that, as anticipated, depreciation and amortisation decreased 1 additional million and this is at least 2 million compared to 2023, and this is due to the fact that we announced a plant and we are able to concentrate our production in Veneto and Toscana closing the Valle Talloria site.

The non-recurring are increasing due to the third year of strategic incentive plan but also to the test and pilot products for the no alcohol.

For what concerns the net financial, here we have the cost of the interest for the bond that is 3.5 million, the impact of exchange rate, and we have 3.8 million that is the last part of Enovation acquisition. There was a deferred price agreed with the seller and the condition for this deferred

price were realized at the end of 2025 and this is the reason of this – again - one-off cost for the group.

In terms of taxes there is of course a big impact for the reduced profit before taxes but we benefit this year 4% reduction in corporate tax because, thanks to the investment and thanks to the additional internal people, we are able to obtain this 4 point reduction and the absolute value is in the range of 1 million euro reduced tax that is also reduction in cash.

Looking at the cash generation we push this year on working capital and reduction and we have additional CAPEX and the additional CAPEX have the two aim to improve the efficiency and cost reduction for the future so we will have benefit starting from 2026 for additional automation and digitalization of production and again this CAPEX contributed to the reduced corporate tax.

The cash-out of the taxes is higher than 2024 for two reasons: of course in 2025 we paid the taxes of 2024 that was the year of the record and one advance payment in 2024 was moved to 2025 and this explain this very high difference between the two years.

The financial costs again are the interest on the bond and the exchange rate impact of the reduction in financing is due to the fact that we have some amortized line that are going to zero and the M&A is the cash-in from the Valle Talloria plant sales.

The dividends was double last year due to the 10th anniversary since the listing.

And last number, the total net financial position, that sharply decreased despite the impact of the fair price so it's the bank net financial position in 43 million and below EBITDA. Then we have FR16 that is decreasing and of course for some there is a cash consumption and the deferred price. The important thing is that the bank net financial position is below EBITDA and the overall average is in the range of 1.

And we have some slide about the market. Yes maybe I give you some information about the market.

Here you see a chart so it's very very fresh numbers. We received these figures last week from Unione Italiana Vini which is the largest association of wine producers of Italy. So overall we see volumes are going down for all categories out of sparkling. As I said before sparkling in the recent years have gained market shares and, being Italian Wine Brands the largest producer of Prosecco in Italy, we can benefit of the only category which is increasing in volume and in value.

You see still bottles it means red and white wines still.

Bulk wine, which we are not involved in bulk wine trade because we sell finished products, were also down in total volume, -3.8%. In terms of value was -2.2% the total value of the market.

You see the price increase of bulk wine, but as I said before we are not involved in the bulk wine market out of that we buy bulk wine because for our production. So this was the overall figures of the market so at the end we can say that Italian Wine Brands has beaten the market variations due to the flexibility of our of our production.

This probably is the more important chart. Again these are figures provided by Unione Italiana Vini; what we expect from now to 2029. We will see a continued decrease in categories like basic and popular so, in the entry-level products, entry-level prices we will suffer in future again of a decrease, but we see there are two categories that are expected to grow, which are premium and luxury wines. And these are exactly the categories where Italian Wine Brands is investing all the marketing money or all the investment organization. Gabriella told you before that we have changed our CEO in the wholesale part of the business Mr. Alessandro Vella, who joined us two years ago with great experience in sales and marketing, and we hired also a very experienced marketing director in the last three months to boost the premium segment of our portfolio.

So as I said before we are investing, we are already invested in Sparkling which is the category which is expected to grow also in future and we are investing and developing our premium assortment because these are the two categories that are expected to grow in the future.

So this is more details about what I said before: where we are investing? We are investing in organic wines, biological products. You see here a picture of "Poster of the month": was a Switzerland where we pushed our top brand Raphael Dal Bo to reach millennials, to focus us on quality, health and sustainability. We also develop further and further our packaging innovation to be a European leader in this kind of products. We launched last year our NO-LOW alcohol products to match this health attitude of new consumers also for religious and non-religious, let's say, approach to wine for some religion is not permitted so we developed also for this kind of consumers the zero alcohol products also for diet or drivers which are impacted by alcohol. So these are categories that are expected to grow in future and where we are fully involved in the development.

And for 2026 as anticipated in the first part of the presentation of course we remain focused on top brands that represent the most profitable part of our business and despite the difficult 2025 improved at least the domain to one, and last week we organized a meeting with the press to present the new Forconate brand and perspective. For 2026 given the situation, the uncertainty on the US market, we decide to concentrate to Italian market, that is, the value of the Italian market is equivalent of all the export so it's a very important market at worldwide level.

The GDO represent about 70% of this market and we are to launch at Vinitaly our strategy for this channel with also the presence of the main representative of the GDO where we are to start commercial, we are confident to start very very soon a commercial partnership. Yes maybe I can add something about this wine. So the Italian market was never for Italian Brands a priority. As you have seen before more than 80% of our turnover is outside of Italy, but given that the Italian market is equal to 50% of the value of the market we decided to invest more in Italy. Investing more in Italy means that we have hired an experienced GDO director so responsible for all the bigger customers in Italy. He has started to work with us a few months ago, developed a food program for enlarging our presence in the Italian market and in 10 days there will be Vinitaly in Italy which is the main fair for the wine in Italy. We will present all our portfolio to main customers of the country.

So maybe in terms of cost, in line with our business plan we are investing in new equipments for our facilities in order to increase efficiency. We are also changing quite all the packaging system of the carton cases with a reduction in cost of the materials and also more and more efficiency.

M&A scouting is ongoing, more and more we receive a teaser of companies which are on sale. We take a look to everything in a very disciplined way. We look only to possible targets that really add value to our strategy and to our numbers. We are not searching for just icon things to show off but to businesses that can really add value to our group. We know that we can grow further without doing any M&A activities but given the overall situation that I've shown you before with the numbers of the wine market, more and more there are opportunities on the market. We see and we expect that the cost of doing acquisition will go down. So the evaluation of the company that we have seen in the past years, even supported by activities, by private equity funds are going down, so we are very conservative. We look at everything that is coming in, and believe me there is a lot which is coming in, but we are, as I said, very disciplined about this.

I think we are sustainable. At the end we were able to complete not investments, we did almost one and a half year ago but at the end we were able to attach all the plants to the grid which was the toughest thing that we experienced. So the largest plant was attached to the grid in November last year. So unfortunately in the period of the year where there is less sun in the north of Italy but we will see here in the next space. In 2026 will be fully used for this plant.

Okay, so we hope that we have submitted to you the key numbers but we are, of course, as usual, open to questions.

Andrea, yes please.

Hi, good morning to everybody. Thank you for taking my questions. I would like to have an idea how is the trading doing in the first three months of the year, you didn't provide for any guidance, specific

guidance or quantitative guidance in the press release but just to have an idea how the year started. And then we would like to know if from your side you see inflation in the cost of glass for the time being. And if I may, I've got another question related to the new stock option plan. If you mentioned 500,000 rights, roughly it should be current price 9 to 10 million. So shall we split that over three years as a cost? And then I can come back for other questions. Thank you.

So, current rate, we haven't submitted guidance for 2026. We are very disciplined to focus on our strategy. So we are very focused on cost from one side, production cost and developing the market. So we are investing more in terms of sales and marketing. First part of the year, so the first two months have been, let's say, in line with the past. We introduced some new plans at the beginning of the year. So we had a reduced capacity in the first two months but we are recovering very fast. In terms of volume, we forecast for this year some volumes more, based on contracts that we signed with our customers. Of course, the war is not helping us because people are spending more for gasoline or for diesel, and in this period of time, they are impacted by this kind of more expenses. We stay overall positive because we have the contracts with the customers. We follow up very, very carefully and we take care of the numbers in a very precise way. So, in two words, we forecast some volumes more in 2026. We have to carefully look at the numbers based on the delivery to the customers.

Inflation in class, so far not. Some suppliers are saying that probably if the situation remains as it is, they have to increase the prices. Some issues with aluminium capsules because the largest producer of aluminium for these capsules is exactly located where there is the war today. But at the moment, we do not see pressure on inflation, but we will follow up and monitor it very, very carefully.

Stock option plan. We proposed to the general meeting a stock option plan on three years for a total amount of 500,000 shares, which is a slight teamwork (the last plan was 400,000) based on very aggressive targets for the management, because we want to focus on the margin generation, we are also giving to the management very high targets in terms of margins. And we propose on the other side a higher number of shares available for this plan.

Good morning. Can you hear me? Alberto, yeah. Yeah.

So, I have a follow-up on cost. If you can maybe give us a sense of the moving parts also on the other input cost. And you also mentioned some potential efficiencies. So, should we assume an improvement in margin in 2026? Then I have a question on the working capital because you aim to achieve an impressive reduction in 2025. So, if you can give us more colour on the drivers behind this reduction and which level of working capital do you expect as sustainable for 2026? And one last one: you mentioned that there are new plans for process optimization, so, which kind of CAPEX should we expect for 2026?

So, inputs cost reduction. We expect on a capital basis some reductions. We didn't take into account the cost reduction because there are also some investments in work in CAPEX. So, the CAPEX, the level of CAPEX will remain in this. It's like a reduction. So, the main part, okay, we have an ordinary CAPEX plan that is to, the peak was 2025. Then we are considering an additional CAPEX plan that is in any case related to the development of the group and we are to present, and we found also some sources for financing in terms of, not financing in terms of debt, but the contribution. So, if we launch this extraordinary investment plan, we will announce to the market.

For what concerns the cost saving in 2026, the plans were realised last year.

So, overall, we do not expect higher volumes of investment in CAPEX for the near future. Of course, we will do it based on volumes increase that we are projecting. But as I said before, capital discipline first is the first point of our strategy. So, all the investment that we are doing here is to bring efficiency and overall in line with the past years.

In terms of working capital, there is a small part, again important, because there is also an impact in PNL, that is the increase in digital sales of B2C. So, this helped to cash immediately and also in terms of devaluation, you see that the devaluation of receivable is quite zero because the devaluation was related to the mailing and the reselling business. Then, we put additional pressure on our customers to cash in in time after a new organisation. We went on optimising the process and then we had a part of additional factoring, considering that in 2025 we had some extraordinary events. So, the additional tax for 2024, the double dividend, and so we put some more pressure in that aspect.

So, for what we see now, 2026 will be an ordinary, not extraordinary networking capital year. So, the cash generation from cash flow will be lower, but we will have also lower CAPEX and in terms of tax, there is some balance compared to last year.

Yes, I had an important part in terms of working capital. You know that in the food industry, there is a rule, there is a law that imposes to pay suppliers at 60 days. We are full compliant to this rule, so we pay on time, precise on time, all our suppliers while all the rest of the market is not compliant. Because we are a public company, we want to be compliant and, of course, this also asked us more money to pay suppliers in the past couple of years. So, we reduced our outstanding amounts with our suppliers. Thank you.

Good morning, everyone.

So, thanks for taking my questions. I had three questions. The first one is about your strategy to increase your presence in the Italian market. So, I wanted to know if this acceleration of your presence implies higher marketing and trade spending and what should we see as impact on the EBITDA for the first half of 2026 or the full year 2026 and if you expect from the first year a positive contribution to profitability. The second question is about the earn-out related to Enovation. So, we saw in 2025 this impact, should we consider this behind us or there are any residual effects or other earn-outs coming the next year that we can expect in the next year. And the third question is about de-alcoholized wine, if you can give us a little bit more color on this division and how much of revenues come from this type of wine. Thanks.

Okay. So, thank you for the questions. Entering Italy: we have already a very, very limited presence in the retail sector in Italy. We are presenting the project to the big customers this year. So, the impact on the figures in 2026 will not be significant. Starting from 2027, I expect some interesting numbers.

Earn-out, Enovation Brands, so there are no residual effects on the coming years. So, it's done, finished. So, we paid the last amount that accrued during 2025. For this reason, it was an impact of the profit and loss of current and was not not only equity impact but also P&L impact. This is due to the fact that the target was related to the average EBITDA 2024-2025, and in 2025, despite the tariff, the company that managed not only U.S. but also Canadian market increased its revenues 5% in the U.S. dollar. And so, they pushed the pressure, they put the pressure on the so-called global Canadian and other market managers directly from Enovation and realized an extraordinary 2025 EBITDA. So, in a short way, so entering Italy, we will see numbers in 2027. We will see also numbers in 2026 but a significant number in 2027. No residual effects for Enovation brands.

De-alcoholized wines are roughly half a million euros turnover in 2025. So, we invested some money because we wanted to be there. There was some request, especially from North European markets. No request at all from Italy for de-alcoholized wines. We launched, as I said, the four different products, two sparklings and two steel wines. Sparkling wines, zero-alcohol sparkling wines are performing much, much, much better than steel wines. For this year, our projections are slight increase. We do not see a huge increase in this volume. Probably, the expectation of the market of what are bigger than what, at the end, the consumers are buying from the shelves of supermarkets. But as I said, because we are a flexible company, we wanted to be there and we didn't invest in

plants. Some other competitors of Italy decided to invest millions of euros in building plants, new plants for de-alcoholization, for the production of de-alcoholization. Our approach, again, was conservative. So, we decided to use third part plants located in Germany, which had a great experience in producing wines. So, we let produce there our products. We bring the products to Italy with our brands and we started the distribution. When we see volumes enough to invest in plants, we decided to keep a very flexible approach to this kind of products. First, we see the numbers and then we decide to invest.

Thank you.

Thank you for your time. There are no other questions. We thank you.

If I may, just a couple of follow-up. One on the Middle East situation. If you can tell us if you have some direct impact in terms of sales? And the second on the US tariff. So, what is the situation in these first months of 2026? Are you still paying tariffs? Are the volumes restarted? So, an update also on this front. Thanks.

Okay, thank you for these questions. So, Middle East, the numbers of Italian warehouses in Middle East are negligible. So, very, very, very low. There are shifts of shipments in those countries. We have seen last month. So, some containers have been kept on hold here in Italy because customers are waiting to collect these goods, but we are talking about a few containers.

Most interesting, US tariff. So, as you know, the introduction was for a 15% rate tariff. I don't have here the slide provided by Unione Italiana Vini, but the whole segment, one segment of this 15% tariff has been paid by suppliers. So, we see that based on volumes shipped toward the United States and value of this 15% of tariff, 10% have been paid by suppliers, reducing the price of the products. 5% has been paid by importers. US is not performing well. It's not performing well. Even if Italian warehouses are out of price reduction for this tariff, because we also reduce our prices to our importers and clients in the United States and out of effect of the US dollar, which were positive, but overall the market in the United States was negative. As you probably know, the court of the US announced that it was unconstitutional, the tariff. So, we have asked to be reimbursed for the money that we paid through our US importing companies, through Emovation Brands. So, we filed our request of reimbursement and then we'll see what's happened. Thank you very much.

Yes, if I may, a quick on the distance selling side of the business. If I understood correctly, it has a positive impact on the trade working capital, although I guess you don't keep it open for the financing because you're reducing your leverage. Although the distance selling has a negative impact on markets, it's still diluting the margins. So, a little bit to understand the strategy behind this, are you keeping it for Svinando? Maybe it's just a matter of volumes or I don't know. That's the question. It's a good question. It's a good question because we discuss everything about this segment. It helped us a lot during the COVID period because it was a main driver of our profitability and volumes. We are looking very carefully at the numbers of our distance selling and we have now in place another plan for this part of the business. We will cut the commercial cost from teleselling and mailing. As a company that would like to have one product everywhere the customer is, it's important to have also a direct link to the final consumer. Overall, we have half a million final customers around Europe. We want to keep them, but we want to keep them in a profitable way. So, the new plan is to cut non-profitable commercial expenses. So, we are expecting in the near future lower level of revenues, but it doesn't matter. We want to have a sustainable business even if it's lower in terms of revenues, but we want to see positive numbers in terms of cash generation. So, the plan is in that direction. We are also looking at cooperation with other players because especially here in Italy, but also in Germany, there are some other players that face the same situation. So, we are discussing with everybody in order to make platforms that are sustainable for the business. For us, of course, it's important. It's a road to the market for our products, but we don't want to keep it burning. This is our key statement, also of the board of directors of Italian

Wine Brands. So, we have to manage it in a profitable way or we have to see what to do with this channel.

Yes. So, according to your expectation, it's not a matter of customer only buying one or two bottles, or not spending 50 euros per online tickets and everything is taken away from marketing costs, development costs, logistic costs. Well, it's increasingly more profitable to sell 50 euros of wine inside of a shop than in a website, right? So, is it proven to be being a structurally profitable channel or even with bigger volumes? Because what it's not scaling is the ticket amount of online customers. The only thing that is scalable is the average price of the bottle. So, we believe that entry-level products, first you have seen from the forecast for next years, so entry-level products are going to slow down again. So, there is no way to be efficient with online and the distribution channel for entry-level wines. The logistic costs have increased a lot in the past years and they will increase again because the cost of gasoline and petrol are going to increase more and more. Consumers are not willing to pay delivery costs because they have been used by competitors not to pay the delivery costs, which are a great part of the cost of the supply. So, the only way is to sell higher-level products, leveraging on the assortment, because the assortment that you find online is not comparable with the assortment that you find in the shop near to your home. So, the only way is to leverage in that part of the business. Online needs a higher percentage of first margin compared to larger distribution retailers. We see that larger distribution retailers normally work with 30% first margin. To run successfully and profitably an online player, you need at least 50% first margin because you have logistic costs, which are very high. So, in a few words, we will keep it not in the way that we have kept until today. So, probably we will reduce some activities and we will streamline the activities. We don't want to keep it for a long time without having positive returns. Because the money that we invest in distance selling, we would better invest in some other areas of the business where we know that we have more returns. We are much better to do other kinds of business than this one.

If there are no other questions. And in any case, we are available for any other information. Have a nice day. Thanks a lot for your time. See you soon. Thank you. Bye-bye. Bye.