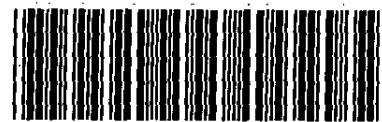


(AMENDED)

REGISTERED NUMBER: 12407604 (England and Wales)

**Terroir Holding Limited**  
**Group Strategic Report, Report of the Directors and**  
**Consolidated Financial Statements for the Year Ended 31 December 2021**

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**Terroir Holding Limited**

**Contents of the Consolidated Financial Statements  
for the Year Ended 31 December 2021**

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**Terroir Holding Limited**  
**Company Information**  
**for the Year Ended 31 December 2021**

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<b>DIRECTORS:</b>	I M S Downie E M Kalawski M A Sigler
<b>SECRETARY:</b>	E M Kalawski
<b>REGISTERED OFFICE:</b>	100 New Bridge Street London EC4V 6JA
<b>REGISTERED NUMBER:</b>	12407604 (England and Wales)
<b>AUDITORS:</b>	Ernst & Young LLP 1 Moore London Place London SE1 2AF

**Terroir Holding Limited (Registered number: 12407604)**

**Group Strategic Report  
for the Year Ended 31 December 2021**

The directors present their Strategic Report for Terroir Holding Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2021.

**ORGANISATIONAL STRUCTURE**

The Company was incorporated on 16 January 2020. The Company is a subsidiary of Platinum Equity Small Cap Fund International (Cayman), L.P.

On 31 March 2020, Terroir Intermediate Holding II Limited, the Company's immediate subsidiary, acquired 100% of the share capital of Terroir Acquisition S.r.l. On 31 March 2020, Terroir Acquisition S.r.l. acquired control of Fantini Vini Group S.r.l. ("Fantini"), (formerly Farnese Vini S.r.l.) and during the period, in order to rationalize the financial structure resulting from this business combination, a reverse merger was carried out, following which the subsidiary Fantini Vini Group S.r.l. incorporated the parent company Terroir Acquisition S.r.l.

On 28 April 2021, the group completed the transaction for the acquisition of 75% of the Spanish company Finca Fella S.L., with its registered office in Santa Cruz del Alpera (Albacete) Spain. It operates in the marketing sector of Iberian origin wine.

Additional detail about the entities within the Group and their principal activities are included in note 16.

**BUSINESS REVIEW**

The Group's key performance indicators (KPIs) are to increase revenue, EBITDA, and execute ongoing cost optimisation initiatives in both manufacturing and overheads.

FY21 revenue and EBITDA were ahead of budget and prior year following a successful shift in channel mix towards grocery and specialty retail to mitigate the impact of COVID-19 lockdowns. Fantini is well placed to retain a portion of this additional off-premise business, with YTD-22 performance showing continued positive momentum. A state of the art new bottling plant is now operational and will generate production efficiencies and de-risk supply chain. Inflation, in particular around glass bottles and energy, is impacting the cost-base but Fantini has primarily been able to pass-on these cost increases.

Values in thousand Euros	31 December 2021	% of revenues
Revenues from sales	90,573	100%
Gross profit	41,200	45%
Net profit for the year	4,287	5%
EBITDA	17,170	19%
Values in thousand Euros	31 December 2021	
Net Current Assets	28,782	
Net Assets	80,277	
Values in thousand Euros	<b>9 months to 31 December 2020</b>	% of revenues
Revenues from sales	62,963	100%
Gross profit	29,263	46%
Net loss for the year	(5,454)	-9%
EBITDA	5,640	9%
Values in thousand Euros	<b>31 December 2020</b>	
Net Current Assets	3,605	
Net Assets	46,515	

The Company took control of Fantini on 31 March 2020, hence the above figures for 2020 only show economic KPI from that time. In order to make the figures comparable, we represent in the table below the restated figures as if the Company had owned Fantini over the whole year, based on the number of days of ownership:

**Terroir Holding Limited (Registered number: 12407604)**

**Group Strategic Report - Continued  
for the Year Ended 31 December 2021**

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Values in thousand Euros	31 December 2020	% of revenues
Revenues from sales	81,804	100%
Gross profit	38,425	47%
Net loss before tax	(7,090)	-9%
EBITDA	7,332	9%

FY20 net result was highly affected by all transaction costs related to the acquisition of Fantini which totalled €7.1 million.

Net assets in 2021 were positively affected by the capitalisation of a shareholder loan of €29 million and the profit returned during 2021. The Group regularly fulfilled the bank loans instalment repayments.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Group is exposed to the below risks. The Group's senior management (encompassing directors of Terroir Holding Limited and Fantini) oversees the management of these risks and agrees policies for managing each of these risks.

The Group is exposed to market risk (interest rate risk and exchange rate risk), liquidity risk and credit risk. Financial risk management is carried out by the Group on the basis of guidelines established by the Company's Board of directors (the "Board"). The objective is to ensure that liabilities are always in balance with the composition of assets in order to maintain adequate solvency of assets. The degree of significance of the Group's exposure to the various categories of financial risk identified is commented on below.

The directors do not believe there are any principal risks that are not financial risks. Financial risk management is further discussed in note 22.

**Changing socio-economic Landscape:**

The human and economic cost of the pandemic has been significant, leading to increased poverty and unemployment levels, which have been compounded by further geopolitical instability and sharp global cost inflation. These factors and others are contributing to increased social inequalities and a widening of the wealth gap between demographics. Whilst we cannot completely mitigate the impact of this risk, we continue to monitor this changing socio-economic landscape, its impact on our consumer base and their buying preferences, and the development of our pricing strategies accordingly.

**Invasion of Ukraine**

Whilst the Group does not have any direct operations in Russia or Ukraine, a review was undertaken by management to assess the potential consequences on the financial statements arising from the conflict or from the resulting sanctions imposed on Russia and Belarus. It was concluded that there are no material impacts on the consolidated financial statements for the year ended 31 December 2021. Management continues to monitor closely the legal compliance of any trade with Russian customers.

**Exchange rate risk**

No currency hedging instruments are used as most of the Group's sales and purchases are made in euros, so there is little exposure to exchange rate risk. When needed, the operating group naturally hedges its foreign currency risk and the exchange risk.

**Interest rate risk**

Interest rate risk is represented by exposure to the variability of the fair value or future cash flows of financial assets or liabilities due to changes in interest rates. Taking into account the derivative financial instruments activated to reduce interest rate risk on the Group's principal outstanding third party loan (Senior Facility), we believe that the risk is not significant. Of the remaining loan balances, those due from related parties are interest free and a second bank loan accrues interest on rolling fixed rates. Rising interest rates are taken into consideration. There remain no concerns with the Group's current funding or interest rate exposure.

**Group Strategic Report - Continued  
for the Year Ended 31 December 2021**

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**Liquidity risk**

The Group implements a series of activities and procedures to optimise the management of its resources and reduce liquidity risk. The objective is to maintain a balance between requirements and funding through the use of bank credit facilities. The bank lines of credit currently granted to the Group, cash and cash equivalents and the liquidity generated by ordinary activities are deemed adequate to enable the Group to meet its obligations punctually and economically when due.

**Credit risk**

Financial instruments that may expose the Group to a concentration of credit risk are mainly cash, investments and trade receivables. The Group's customer portfolio consists of major accounts in the distribution sector with sufficient creditworthiness to ensure the collection of trade receivables.

In order to mitigate the risk on trade receivables, the Group has a credit risk hedging insurance policy in place that significantly reduces the risk of losses on major foreign customers. The most significant credit risk is inherent in the Italian hospitality and restaurants market, where only a minor part of the Group's business is concentrated. However, the Group has recently adopted procedures for the management of credit facilities, via constant monitoring of the specific risks associated with individual customers. Moreover, given the fragmentation of receivables due from domestic customers, the risk of major losses due to individual defaults is not significant.

**DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP**

**Director's statement**

Section 172 of the Companies Act 2006 requires all directors of a company to perform in the best interests of the company to promote the success of the company for the benefit of all of its shareholders. In order to fulfil these obligations the directors are required to consider:

- Likely long term consequences of decisions made
- The best interests of employees and to be mindful of this in their actions
- The need to balance the Company's interests with the business relationships with, amongst others, customers and suppliers;
- The impact of the Company's activities on the environment and communities in which we operate; and
- In undertaking our duties as directors we are mindful that the decisions we make may not always be in the best interests of all the interested parties however we are focused on setting our strategy, vision and goals in a way that means we are operating to ensure that we are considering the best interests of all. We believe this strategy allows for a stable and positive outlook for the business and the impact on our wider stakeholders.

During the year, the Company's Board of Directors (the "Board") met several times to review the business performance to ensure that we are operating in line with our strategy. We also considered the risks affecting the Company including those affecting our employees of the Group and the wider environment.

Whilst the strategy is set by the Company's directors, the day-to-day operation of the companies in the Group is delegated to the Group's management who we feel are best placed to provide input to and implement the strategy, reporting back on its performance and suitability to the activities of each business when considering the wider stakeholders.

**Group Strategic Report - Continued  
for the Year Ended 31 December 2021**

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Local Communities and Suppliers

From the outset the group saw a clear social need to make Southern Italian grape producers more efficient, productive and appealing for the next generation of grape growers and continues successfully to expand its wine production and product range while maintaining a business model of very limited land ownership and developing a long-term procurement and support program with small holder farmers located in many different areas. For the above-mentioned reasons the effects of the climate change are also mitigated by the different procurement channels.

The Group has had a strong past in supporting smallholder farmers by providing the necessary support and knowhow in irrigation, fertilisers and farming practices to make their farming business profitable and sustainable in the long-term and continues to do so.

Employees

The world continues to face the challenges of Covid-19 and as a group we remained intensely focused on the health of our people during the global pandemic, providing appropriate support while continuing to protect the business and ensuring we continue to support employees and local farmers. In the past few years Fantini has set up a whistle blowing procedure to improve the working environment. Since this year an on-line portal is available to report any violation of equal rights and any other offence which can occur within the Group.

Information on quality, environment and safety

The Group has obtained the most important voluntary certifications related to the food sector:

- The BRC Food Standard;
- The UNI EN ISO 22000/2015 - Food Safety Management Systems; and
- The ISO 9001/2015 - Quality Management System.

During the year we reconsidered our approach to climate change and agreed on further measures to reduce our impact on the environment. For the first time an official ESG report has been filed compliant with the Italian regulations.

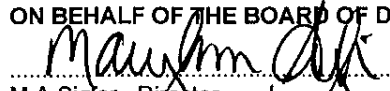
**Engaging with others**

We ensure that the view of our other stakeholders (supplier, customers and the wider community) are considered through reports and information from senior management who have regular contact with these groups to ensure that the Board reacts to changing demands and circumstances as they impact on the operation of the Group. Fantini has longstanding relationships with the majority of its customers within both the direct and indirect channels. These relationships are overseen by Fantini's sales team and a collaborative approach is taken with regular tastings and meetings to ensure continued success. The president of Fantini personally visits customers all over the world on a regular basis. New innovative suppliers are recruited through tenders and together with the key suppliers with a long time partnership, assure an excellent quality and service for our customers.

**Corporate governance**

As a privately-owned company we do not have an obligation to comply with any specific codes for corporate governance. However, we do embrace the principals of good governance and act in a way that ensures that the business is operated in a collaborative way. We also ensure that we comply with any relevant laws in the countries in which we operate for the benefit of the business and its wider stakeholders.

ON BEHALF OF THE BOARD OF DIRECTORS:

*WES*  
  
M A Sigler - Director

Date:  27 December 2022

**Terroir Holding Limited (Registered number: 12407604)**

**Directors' Report  
for the Year Ended 31 December 2021**

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The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the Company in the year under review was that of a holding company and the directors intend it to continue as an investment holding company for the foreseeable future.

The principal activity of the underlying Group is the production and marketing of wine.

**RESULTS AND DIVIDENDS**

The profit of the Group for the year, after taxation, amounted to €4,287,000 (2020 period - €5,454,000 loss). No dividends will be distributed for the year ended 31 December 2021.

**DIRECTORS**

The directors who served during the year and up to the date of signing the financial statements were:

E M Kalawski  
I M S Downie  
M A Sigler

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK adopted international accounting standards ('IFRS').

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with International Accounting Standards ("IAS") 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group and parent company financial statements, state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or the group will continue in business.



**Directors' Report - Continued  
for the Year Ended 31 December 2021**

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**DIRECTORS' RESPONSIBILITIES STATEMENT (CONTINUED)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, and a directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

**GOING CONCERN**

The Group is funded through a combination of debt and equity. The Group is cash generative at the operating level, generating €13,669,000 of cash from operations before tax in 2021 (2020 €7,896,000) and ended December 2021 with a cash balance of €13,486,000 (2020 €21,777,000). Despite challenging market conditions subsequent to the year end, the Group has generated revenue and profits in line with the 2021 results and continued to generate significant cash at an operating level, reflecting the robust business model and enabling the Group to meet interest and loan repayments as they fall due, as well as day to day operational requirements. As at the end of October 2022 the Group retained cash balances in excess of €13m.

Long term loans of €73,980,000 at December 2021, excluding loans from the Bank of America, MPS, Unicredit and ISMEA (2020 €80,100,000) have a performance covenant which is assessed every 6 months. Therefore, to assess the Group's ongoing ability to comply with its performance covenant, the directors have prepared a detailed base case forecast covering the period to 31 December 2023 which indicate significant headroom in compliance with the covenant test throughout. The directors have also considered a range of downside scenarios, including performing a reverse stress test, despite continued positive performance against prior year and budget to date, as the Directors acknowledge that there is a level of uncertainty caused by the impact of the conflict in Ukraine, inflationary cost pressures, and the continued impact of the Covid-19 pandemic. Within these downside scenarios headroom is maintained on the covenant test and the reverse stress test scenario is deemed remote.

On this basis the directors have concluded that the Group will continue to meet their performance covenant requirements and have sufficient liquidity to meet their liabilities as they fall due over the going concern assessment period to 31 December 2023 (the 'assessment period'). The loan from Bank of America of \$31.5million (the "BofA loan") is due for renewal on 23 August 2023 and thus within the assessment period. At the time of signing the annual report and financial statements the renewal of this loan has not been concluded. Whilst the directors expect the BofA loan facility to be renewed, this is not guaranteed or within the control of the Directors and as the forecasts indicate the Group would not have sufficient reserves to repay the BofA loan at the renewal date, the Company has obtained a letter of support from its shareholder, Platinum Equity Small Cap Fund International (Cayman) LP indicating that it would provide sufficient resources to enable the Company to settle the BofA loan in the event it is not renewed, with such support provided for a period of 18 months from the date of approval of the financial statements (or, if earlier, the date on which the BofA loan is extended), and thus extending well beyond the assessment period. On the basis of the above and their assessment of the Group's and Company's financial prospects and position, as well as the parent company's ability to provide the support indicated, if required, the directors have a reasonable expectation that the Group and Company will be able to continue in operational existence for the going concern assessment period to 31 December 2023. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**FUTURE DEVELOPMENTS**

The Group's business and financial performance depends on the development of the wine industry, which has been affected by geo-political and macroeconomic conditions and is subject to a high level of fluctuation. The directors remain positive regarding the continued success of the business.

**Directors' Report - Continued  
for the Year Ended 31 December 2021**

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**STREAMLINE ENERGY AND CARBON REPORTING**

Neither the parent or any UK subsidiary consumed more than 40,000kWh of energy in the period and as such they qualify as low energy users and are exempt from further Streamlined Energy and Carbon Reporting disclosures.

The Group is currently working on recording and managing its CO2 emissions throughout Europe with a view to ensuring that it implements strategy and policy to reduce its CO2 emissions.

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The Company maintains liability insurance for its directors and officers during the period under review and up to the date of signing the financial statements. This qualifies to be disclosed as a third-party indemnity provision per the Companies Act 2006.

**MATTERS COVERED IN THE STRATEGIC REPORT**

The Company has chosen in accordance with the Companies Act 2006, s. 414C(11) to set out in the Strategic Report information required by The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Director's Report. It has done so in respect of risk and uncertainties and financial risk management objectives and policies.

**RESEARCH AND DEVELOPMENT ACTIVITIES**

During the financial year, the Group continued to pursue the development of new products and/or wine-making processes, the development component of which was capitalised in the financial statements for €249,000 (0.2% of the value of production). The activities mainly comprise the experimentation and implementation of new wine-making techniques carried out at the Roseto degli Abruzzi site.

**POST YEAR END EVENTS**

There have been no significant events affecting the Group since the year end.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

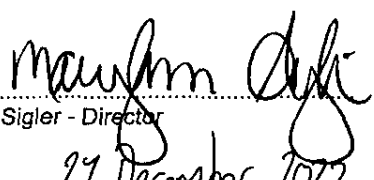
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**INDEPENDENT AUDITORS**

The independent auditors, Ernst & Young LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006

**ON BEHALF OF THE BOARD OF DIRECTORS:**

W33  
  
M A Sigler - Director

Date:

27 December 2022

## **Independent Auditor's Report to the Members of Terroir Holding Limited**

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### **Opinion**

We have audited the financial statements of Terroir Holding Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

## **Independent Auditor's Report to the Members of Terroir Holding Limited**

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### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Independent Auditor's Report to the Members of Terroir Holding Limited

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are UK adopted International Accounting Standards, the Companies Act 2006, Italian Company Law, Italian National Labour Law, Italian Community Law 2003, Consolidated Text of Vine and Wine Law, relevant health and safety laws, and tax laws and regulations.
- We understood how the group is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, recent correspondence with the regulatory bodies as well as consideration of the results of our audit procedures across the group and we did not identify any contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand their process of identification and assessment of risk and how these risks are being mitigated. We also considered performance targets and their influence on efforts made by management to manage earnings. We considered the programmes and controls that the group and company have established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. We also considered the risk of fraud through management override of controls and, in response, incorporated data analytics into our testing of journal entries. Where the risk of material misstatement was considered to be higher, we performed specific audit procedure to address each identified risk of material misstatement including fraud risk. These procedures included testing manual journals and tracing these back to the source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing in relation to the identified fraud risk with a focus on journals indicating large or unusual transactions and challenging the assumptions behind key estimates and judgements made by management in the financial period. Our procedures also involved enquiries of the management and those charge with governance.

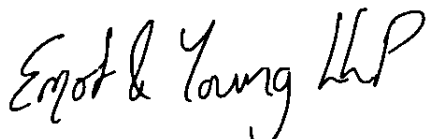
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Independent Auditor's Report to the Members of  
Terroir Holding Limited**

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**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Lovegrove (Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 28 December 2022

**Terroir Holding Limited**  
**Consolidated Statement of Profit or Loss**  
**for the Year Ended 31 December 2021**

		Year Ended 31.12.21	Period 16.1.20 to 31.12.20 €'000
	Notes	€'000	
<b>CONTINUING OPERATIONS</b>			
Revenue	6	90,573	62,963
Cost of sales	8	<u>(49,373)</u>	<u>(33,700)</u>
<b>GROSS PROFIT</b>		41,200	29,263
Other operating income	7	3,014	1,735
Administrative expenses	8	<u>(32,857)</u>	<u>(29,550)</u>
<b>OPERATING PROFIT</b>		11,357	1,448
Finance income	11	3,620	6,988
Finance expense	11	<u>(8,267)</u>	<u>(12,536)</u>
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		6,710	(4,100)
Income tax charge	12	<u>(2,423)</u>	<u>(1,354)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u>4,287</u>	<u>(5,454)</u>
Profit/(loss) attributable to:			
Owners of the parent		2,817	(5,944)
Non-controlling interests		<u>1,470</u>	<u>490</u>
		<u>4,287</u>	<u>(5,454)</u>

The notes form part of these financial statements

**Terroir Holding Limited**

**Consolidated Statement of Other Comprehensive Income  
for the Year Ended 31 December 2021**

	Year Ended 31.12.21  €'000	Period 16.1.20 to 31.12.20 €'000
<b>PROFIT/(LOSS) FOR THE YEAR</b>	4,287	(5,454)
<b>OTHER COMPREHENSIVE PROFIT/(LOSS):</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Defined benefit pension schemes remeasurement	144	(213)
Tax on above	(34)	53
	<u>110</u>	<u>(160)</u>
<b>Items that will or may be reclassified to profit or loss:</b>		
Gains recognized in cash flow hedge reserve	46	98
Tax on above	(11)	(23)
Exchange gain arising on translation of functional currency	639	5,350
Tax on above	(121)	(1,016)
	<u>553</u>	<u>4,409</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<u>663</u>	<u>4,249</u>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS)</b>	<u>4,950</u>	<u>(1,205)</u>
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the parent	3,480	(1,695)
Non-controlling interests	1,470	490
	<u>4,950</u>	<u>(1,205)</u>

The notes form part of these financial statements



**Terroir Holding Limited (Registered number: 12407604)**

**Consolidated Statement of Financial Position  
31 December 2021**

	<b>Notes</b>	<b>2021 €'000</b>	<b>2020 €'000</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	35,177	31,436
Intangible assets			
Goodwill	14	76,243	76,243
Other intangible assets	15	65,190	68,545
Trade and other receivables	18	34	212
Deferred tax assets	12	612	659
		<u>177,256</u>	<u>177,095</u>
<b>CURRENT ASSETS</b>			
Inventories	17	24,201	18,064
Trade and other receivables	18	26,864	24,242
Derivative financial assets		8	5
Cash and cash equivalents	32	13,486	21,777
		<u>64,559</u>	<u>64,088</u>
<b>TOTAL ASSETS</b>		<u>241,815</u>	<u>241,183</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	28,999	22,848
Lease liabilities	21	185	179
Financial liabilities – borrowings			
Loans and borrowings	20	6,593	37,456
		<u>35,777</u>	<u>60,483</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	21	228	177
Financial liabilities – borrowings			
Loans and borrowings	20	99,984	107,244
Employee benefit liabilities	23	1,888	1,905
Provisions	24	537	717
Deferred tax liabilities	12	23,124	24,142
		<u>125,761</u>	<u>134,185</u>
<b>TOTAL LIABILITIES</b>		<u>161,538</u>	<u>194,668</u>
<b>NET ASSETS</b>		<u>80,277</u>	<u>46,515</u>

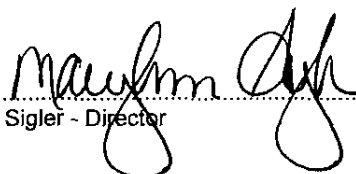
The notes form part of these financial statements

Terroir Holding Limited (Registered number: 12407604)

Consolidated Statement of Financial Position - continued  
31 December 2021

	Notes	2021 €'000	2020 €'000
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	25	-	-
Share premium	26	60,650	31,654
Cash flow hedging reserve	26	35	75
Foreign exchange reserve	26	4,642	4,334
Retained earnings	26	(2,660)	(6,104)
Total equity		62,667	29,959
Non-controlling interests	27	17,610	16,556
<b>TOTAL EQUITY</b>		<b>80,277</b>	<b>46,515</b>

The financial statements were approved by the Board of Directors and authorised for issue on 27 December 2022 and were signed on its behalf by:

WSB  
  
 M A Sigler - Director

The notes form part of these financial statements

Terroir Holding Limited (Registered number: 12407604)

**Company Statement of Financial Position**  
**31 December 2021**

	Notes	2021 €'000	2020 €'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	16	80,017	-
Deferred Tax	12	-	528
		<u>80,017</u>	<u>528</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	18	-	73,072
Cash and cash equivalents	32	5,370	10,307
		<u>5,370</u>	<u>83,379</u>
<b>TOTAL ASSETS</b>		<u>85,387</u>	<u>83,907</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	323	171
Financial liabilities – borrowings			
Loans and borrowings	20	-	31,124
		<u>323</u>	<u>31,295</u>
<b>NET CURRENT ASSETS</b>		<u>5,047</u>	<u>52,084</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities – borrowings			
Loans and borrowings	20	27,698	28,496
Deferred tax liabilities		703	-
<b>TOTAL LIABILITIES</b>		<u>28,724</u>	<u>59,791</u>
<b>NET ASSETS</b>		<u>56,663</u>	<u>24,116</u>

The notes form part of these financial statements

Terroir Holding Limited (Registered number: 12407604)

Company Statement of Financial Position - continued  
31 December 2021

	Notes	2021 €'000	2020 €'000
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	25	-	-
Share premium	26	60,650	31,654
Foreign exchange reserve	26	2,996	(2,252)
Retained earnings	26	(6,983)	(5,286)
<b>TOTAL EQUITY</b>		<b>56,663</b>	<b>24,116</b>

The company's loss for the year was €1,697,000 (2020 loss for the period €5,286,000). The company also recorded a foreign exchange gain through other comprehensive income of €2,996,000 net of tax of €703,000 (2020 loss of €2,252,000 net of tax of €528,000) arising due to the difference in the company's functional and presentational currencies. The company has taken advantage of the exemption in Companies Act 2006 S408 not to present its own profit and loss account.

The financial statements were approved by the Board of Directors and authorised for issue on 27 December 2022 and were signed on its behalf by:

WSS  
M A Sigler - Director

The notes form part of these financial statements

**Terroir Holding Limited**

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2021**

	Share capital and share premium €'000	Foreign exchange reserve €'000	Cash flow hedge reserve €'000	Retained earnings €'000
<b>AT 16 JANUARY 2020</b>	-	-	-	-
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	-	(5,944)
Other comprehensive income/(loss) (note 28)	-	4,334	75	(160)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	-	4,334	75	(6,104)
<b>Contributions by and distributions to owners</b>				
Issue of share capital (note 25 and 26)	31,654	-	-	-
On acquisition of subsidiaries (note 31)	-	-	-	-
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>	31,654	-	-	-
<b>AT 31 DECEMBER 2020</b>	31,654	4,334	75	(6,104)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	-	2,817
Other comprehensive income/(loss) (note 28)	-	308	(40)	627
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	-	308	(40)	3,444
<b>Contributions by and distributions to owners</b>				
Issue of share capital (note 25 and 26)	28,996	-	-	-
Dividends paid	-	-	-	-
On acquisition of subsidiaries (note 31)	-	-	-	-
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>	28,996	-	-	-
<b>AT 31 DECEMBER 2021</b>	60,650	4,642	35	(2,660)

The notes form part of these financial statements

**Terroir Holding Limited**

**Consolidated Statement of Changes in Equity - continued  
for the Year Ended 31 December 2021**

	Total attributable to equity holders of parent €'000	Non controlling interest €'000	Total equity €'000
<b>AT 16 JANUARY 2020</b>	-	-	-
<b>Comprehensive income for the period</b>			
Loss for the period	(5,944)	490	(5,454)
Other comprehensive income/(loss) (note 28)	4,249	-	4,249
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>(1,695)</b>	<b>490</b>	<b>(1,205)</b>
<b>Contributions by and distributions to owners</b>			
Issue of share capital (notes 25 and 26)	31,654	-	31,654
On acquisition of subsidiaries (note 31)	-	16,066	16,066
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>	<b>31,654</b>	<b>16,066</b>	<b>47,720</b>
<b>AT 31 DECEMBER 2020</b>	<b>29,959</b>	<b>16,556</b>	<b>46,515</b>
<b>Comprehensive income for the period</b>			
Profit for the period	2,817	1,470	4,287
Other comprehensive income/(loss) (note 28)	895	-	895
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>3,712</b>	<b>1,470</b>	<b>5,182</b>
<b>Contributions by and distributions to owners</b>			
Issue of share capital (notes 25 and 26)	28,996	-	28,996
Dividends paid	-	(216)	(216)
Other changes	-	(200)	(200)
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>	<b>28,996</b>	<b>(416)</b>	<b>28,580</b>
<b>AT 31 DECEMBER 2021</b>	<b>62,667</b>	<b>17,610</b>	<b>80,277</b>

Share capital and share premium includes €10 of share capital issued during the year (2020: €97).

The dividends were paid to minority shareholders in Fantini subsidiary companies.

The notes form part of these financial statements

**Terroir Holding Limited**

**Company Statement of Changes in Equity  
for the Year Ended 31 December 2021**

	Called up share capital €'000	Retained earnings €'000	Share premium €'000	Foreign exchange reserve €'000	Total equity €'000
<b>Comprehensive loss for the period</b>					
Loss for the period	-	(5,286)	-	-	(5,286)
Other comprehensive loss	-	-	-	(2,252)	(2,252)
<b>Total comprehensive loss for the period</b>	-	(5,286)	-	-	(7,538)
<b>Contributions by and distributions to owners</b>					
Issue of share capital	-	-	31,654	-	31,654
<b>Total contributions by and distributions to owners</b>	-	-	31,654	-	31,654
<b>AT 31 DECEMBER 2020</b>	-	(5,286)	31,654	(2,252)	24,116
<b>Comprehensive loss for the year</b>					
Loss for the year	-	(1,697)	-	-	(1,697)
Other comprehensive profit	-	-	-	5,248	5,248
<b>Total comprehensive loss for the year</b>	-	(1,697)	-	5,248	3,551
<b>Contributions by and distributions to owners</b>					
Issue of share capital	-	-	28,996	-	28,996
<b>Total contributions by and distributions to owners</b>	-	-	28,996	-	28,996
<b>AT 31 DECEMBER 2021</b>	-	(6,983)	60,650	2,996	56,663

Share capital and share premium includes €10 of share capital issued during the year (2020: €97).

The notes form part of these financial statements

**Terroir Holding Limited**

**Consolidated Statement of Cash Flows  
for the Year Ended 31 December 2021**

	Note	2021 €'000	2020 €'000
<b>Cash flow from operating activities</b>			
Profit/(loss) for the period		4,287	(5,454)
<b>Adjustments for</b>			
Depreciation of property, plant and equipment	13	2,160	1,441
Amortisation of intangible assets	15	3,747	2,751
Finance expense	11	4,738	3,991
Loss on disposal of fixed assets	13	6	45
Net foreign exchange (gain)/loss	11	(91)	1,562
Income tax expense	12	2,423	1,354
<b>Movements in working capital</b>			
(Increase) in trade and other receivables		(2,447)	(103)
(Increase)/decrease in inventories		(6,137)	2,563
Increase/(decrease) in trade and other payables		4,983	(254)
<b>Cash generated from operations</b>		13,669	7,896
Income taxes paid		(2,043)	(2,654)
Interest paid on borrowings		(3,622)	(3,288)
<b>Net cash from operating activities</b>		8,004	1,954
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired		(34)	(137,507)
Purchase of property, plant and equipment		(5,982)	(6,798)
Proceeds from the sale of property, plant and equipment		169	-
Purchase of intangible assets		(392)	(253)
<b>Net cash used in investing activities</b>		(6,239)	(144,558)
<b>Cash flows from financing activities</b>			
Issue of shares and other equity		-	31,654
Dividends paid to non-controlling interests		(216)	-
Proceeds from borrowings		-	146,836
Repayment of borrowings		(10,063)	(12,388)
Payment of lease liabilities		(179)	(268)
Proceeds from new leases		236	-
<b>Net cash from financing activities</b>		(10,222)	165,834
<b>Net cash (decrease)/increase in cash and cash equivalents</b>		(8,457)	23,230
Cash and cash equivalents at the beginning of the year/period		21,777	-
Impact of change in foreign exchange rate		166	(1,453)
<b>Cash and cash equivalents at the end of the year/period</b>		13,486	21,777

The above Consolidated Statement of Cash Flows has been prepared under 'Indirect Method' as set out in the 'Statement of Cash Flows' (IAS-7).

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

The notes form part of these financial statements



## Terroir Holding Limited

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

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#### 1. GENERAL INFORMATION

Terroir Holding Limited (the "Company") is a limited company incorporated in the United Kingdom. The Company's registered office is at 100 New Bridge Street, London, EC4V 6JA. These consolidated financial statements comprise the company and its subsidiaries (collectively the "Group" and individually "Group Companies"). The group is primarily involved in the production and marketing of wine. These Company and consolidated financial statements cover the year ended 31 December 2021.

#### 2. BASIS OF PREPARATION

The financial statements of the Company and the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Profit and Loss Account or Statement of Comprehensive Income or Statement of Cash flows in these financial statements.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

##### 2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis for certain financial assets and financial liabilities held at fair value through profit and loss.

##### 2.2 Changes in accounting policies

###### i) New standards, interpretations and amendments effective from 1 January 2021

The Group has applied for the first time certain standards or amendments that are effective from 1 January 2021.

- On 31 March 2021, the IASB issued an amendment entitled "**Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)**" extending by one year the period of application of the amendment issued in 2020, which provided lessees with the option to account for Covid-19-related rent reductions without having to assess, through contract analysis, whether the definition of lease modification in IFRS 16 was met. Therefore, lessees that applied this option in the 2020 financial year accounted for the effects of rent reductions directly in the income statement at the effective date of the reduction. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, applies from 1 April 2021 and early adoption is permitted.
- On 27 August 2020, the IASB published, in light of the interbank interest rate reform such as IBOR, the document "**Interest Rate Benchmark Reform-Phase 2**" which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts;
  - and - IFRS 16 Leases

Terroir Holding Limited

Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2021

2. BASIS OF PREPARATION (Continued)

The changes above have had no material impact on the financial statements.

ii) New standards, interpretations and amendments not yet effective

The amendments approved by the European Union but not yet applicable at 31 December 2021 are as follows:

- On 14 May 2020, the IASB published the following amendments entitled:
  - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this resulting in any changes to the requirements of IFRS 3.
  - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is not to permit the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset itself. These sales revenues and related costs will therefore be recognised in profit or loss.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that the assessment of whether a contract is onerous shall include all costs directly attributable to the contract. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct materials used in the work), but also all costs that the entity cannot avoid because it has entered into the contract (such as the portion of personnel costs and depreciation of equipment used to perform the contract).
  - **Annual Improvements 2018-2020:** amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

The amendments have been approved by the European Union. All amendments enter into force on 1 January 2022.

- On 12 February 2021, the IASB published two amendments entitled '**Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2**' and '**Definition of Accounting Estimates-Amendments to IAS 8**'. The amendments are intended to improve the disclosure of accounting policies in order to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The two documents were endorsed by the European Union on 2 March 2022. The amendments will apply from 1 January 2023, but earlier application is permitted.

On initial review, the Directors believe that the future adoption of these amendments is not expected to have a material impact on the Group's financial statements.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

The amendments issued by the IASB at 31 December 2021 and not yet endorsed by the European Union are set out below:

- On 23 January 2020, the IASB published an amendment entitled '**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**'. The document aims to clarify how to classify payables and other short-term or long-term liabilities. The amendments are effective as of 1 January 2023; however, earlier application is permitted.
- On 7 May 2021, the IASB published an amendment entitled '**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**'. The document clarifies how deferred taxes should be accounted for on certain transactions that may give rise to assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but earlier application is permitted.

The directors are currently evaluating the possible effects of the introduction of these amendments.

## Terroir Holding Limited

### Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2021

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#### 3. FUNCTIONAL AND PRESENTATION CURRENCY

The Company's functional currency is United States Dollars ("USD"). This differs from the presentational currency which is Euros. All amounts have been rounded to the nearest thousand unless otherwise indicated. The primary operating entities are based in Italy with the majority of sales denominated in Euros. Therefore, this is the group's presentational currency.

#### 4. ACCOUNTING POLICIES

##### 4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

**4. ACCOUNTING POLICIES (Continued)**

**4.2 Going concern**

The Group is funded through a combination of debt and equity. The Group is cash generative at the operating level, generating €13,669,000 of cash from operations before tax in 2021 (2020 €7,896,000) and ended December 2021 with a cash balance of €13,486,000 (2020 €21,777,000). Despite challenging market conditions subsequent to the year end, the Group has generated revenue and profits in line with the 2021 results and continued to generate significant cash at an operating level, reflecting the robust business model and enabling the Group to meet interest and loan repayments as they fall due, as well as day to day operational requirements. As at the end of October 2022 the Group retained cash balances in excess of €13m.

Long term loans of €73,980,000 at December 2021, excluding loans from the Bank of America, MPS, Unicredit and ISMEA (2020 €80,100,000) have a performance covenant which is assessed every 6 months. Therefore, to assess the Group's ongoing ability to comply with its performance covenant, the Directors have prepared a detailed base case forecast covering the period to 31 December 2023 which indicate significant headroom in compliance with the covenant test throughout. The directors have also considered a range of downside scenarios, including performing a reverse stress test, despite continued positive performance against prior year and budget to date, as the directors acknowledge that there is a level of uncertainty caused by the impact of the conflict in Ukraine, inflationary cost pressures, and the continued impact of the Covid-19 pandemic. Within these downside scenarios headroom is maintained on the covenant test and the reverse stress test scenario is deemed remote.

On this basis the directors have concluded that the Group will continue to meet their performance covenant requirements and have sufficient liquidity to meet their liabilities as they fall due over the going concern assessment period to 31 December 2023 (the 'assessment period'). The loan from Bank of America of \$31.5million (the "BofA loan") is due for renewal on 23 August 2023 and thus within the assessment period. At the time of signing the annual report and financial statements the renewal of this loan has not been concluded. Whilst the directors expect the BofA loan facility to be renewed, this is not guaranteed or within the control of the Directors and as the forecasts indicate the Group would not have sufficient reserves to repay the BofA loan at the renewal date, the Company has obtained a letter of support from its shareholder, Platinum Equity Small Cap Fund International (Cayman) LP indicating that it would provide sufficient resources to enable the Company to settle the BofA loan in the event it is not renewed, with such support provided for a period of 18 months from the date of approval of the financial statements (or, if earlier, the date on which the BofA loan is extended), and thus extending well beyond the assessment period. On the basis of the above and their assessment of the Group's and Company's financial prospects and position, as well as the parent company's ability to provide the support indicated, if required, the directors have a reasonable expectation that the Group and Company will be able to continue in operational existence for the going concern assessment period to 31 December 2023. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**4.3 Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the minority interest in the acquiree. For each business combination, the group determines whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. Acquisition costs are expensed in the year and classified as administrative expenses.

The Group determines that it has acquired a business when the integrated set of activities and assets includes at least one factor of production and one substantial process that together contribute significantly to the ability to generate an output. The acquired process is considered substantial if it is critical to the ability to continue generating an output and the acquired inputs include an organized workforce that has the necessary skills, knowledge or experience to perform that process or contributes significantly to the ability to continue generating an output and is considered unique or scarce or cannot be replaced without significant cost, effort or delay to the ability to continue generating an output.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

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**4. ACCOUNTING POLICIES (Continued)**

**4.3 Business combinations (continued)**

When the group acquires a business, it classifies or designates the financial assets acquired or liabilities undertaken in accordance with the contractual terms, economic terms and other relevant conditions in place at the date of acquisition. This includes testing to determine whether an embedded derivative should be separated from the host contract.

Goodwill is initially recognized at cost represented by the excess of all consideration paid and the amount recognized for non-controlling interests over the identifiable net assets acquired and liabilities undertaken by the group. If the fair value of the net assets acquired exceeds all the consideration paid, the group reassesses whether it has correctly identified all the assets acquired and all the liabilities undertaken and revises the procedures used to determine the amounts to be recognized at the acquisition date. If the new valuation still shows a fair value of the net assets acquired that is higher than the consideration paid, the difference (profit) is posted to the income statement.

After initial recognition, goodwill is valued at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the group's cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

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 is included in the carrying amount of the asset when determining the gain or loss on disposal. Goodwill associated with the discontinued operation is determined based on the corresponding values of the discontinued operation and the retained portion of the cash-generating unit.

**4.4 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**4.5 Revenue**

The Group analyses contracts entered into with customers in order to identify the underlying obligations. Where a contract includes several goods and/or services, the group assesses whether or not these components should be recognised separately. In view of the characteristics of the contracts signed by group companies, contracts with multiple obligations cannot normally be identified.

The criterion for recognising revenues from the sale of goods and services depends on the way in which the individual services are provided: fulfilment at a specific time or fulfilment over time. In general, group sales fall within the first type and, therefore, are recognized when the customer obtains control of the asset, a moment that is influenced by the delivery methods contractually envisaged. In the case of performance over time, depending on the characteristics of the underlying service, revenues are recognized either on a straight-line basis, over the duration of the contract, or based on the state of progress using the percentage of completion method, in compliance with the provisions of IFRS 15.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

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**4. ACCOUNTING POLICIES (Continued)**

**4.5 Revenue (continued)**

In determining the price of the product sales transaction, the group considers the effects arising from the presence of any variable consideration, significant financing components, non-cash consideration and consideration payable to the customer.

**4.6 Leasing**

In compliance with the provisions of IFRS 16, the group identifies as leases those contracts against which it obtains the right to use an identifiable asset for a period of time in exchange for payment.

With regard to each lease agreement, as from its commencement date, the group records an asset (right to use the asset) against a corresponding financial liability (lease payable), except in the following cases:

- Short term leases, i.e. contracts with a duration of less than or equal to twelve months;
- Low-value leases, i.e. contracts with a value of no more than €5,000.

Therefore, in the case of short-term, low-value contracts, the financial liability for the lease and the related right of use are not recorded, but the lease payments are charged to the income statement on a straight-line basis for the duration of the respective contracts.

In the case of a complex contract that includes a leasing component, the leasing component is always managed separately from the other services included in the contract.

**Lease payables**

Lease payables are shown in the balance sheet item current and non-current financial liabilities, together with the group's other financial payables.

On initial recognition, the lease payable is recorded on the basis of the present value of the lease payments to be paid, determined using the interest rate implicit in the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the group); where this rate is not specified in the contract or easily determinable, the present value is determined using the incremental borrowing rate, i.e. the incremental interest rate that, in a similar economic context and in order to obtain an amount equal to the value of the right of use, the group would have recognized for a loan with similar duration and guarantees.

Lease payments subject to update include fixed lease payments; lease payments that vary as a result of an index or a rate; the redemption price, where existing and where the Group is reasonably certain to use it; the amount of the payment envisaged against the possible release of guarantees on the residual value of the asset; the amount of the penalties to be paid in the event of the exercise of early extinction options on the contract, where the group is reasonably certain to exercise them.

After initial recognition, the lease payable is increased to take account of the interest accrued, determined on the basis of the amortized cost, and decreased against the lease payments made. Moreover, the lease payable is subject to restatement, upwards or downwards, in the event of changes to contracts or other situations provided for by IFRS 16 that entail a change in the amount of the lease payments and/or the duration of the lease. In particular, in the presence of situations that imply a change in the estimate of the probability of exercising (or not exercising) the options for renewal or early extinction of the contract or in the forecasts for the redemption (or not) of the asset at the end of the contract, the lease payable is determined by discounting the new value of the instalments to be paid on the basis of a new update rate.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**4. ACCOUNTING POLICIES (Continued)**

**4.6 Leasing (continued)**

**Rights of use**

Rights of use are recorded under the item "Tangible fixed assets" together with owned tangible fixed assets, and are broken down by category according to the nature of the asset used under the lease contract.

Upon initial recognition of the lease agreement, the right of use is recorded at a value corresponding to the lease payable, determined as described above, increased by prepaid rentals and ancillary charges and net of any incentives received. Where applicable, the initial value of the rights of use also includes the related costs of dismantling and restoring the area.

Situations that result in a restatement of the lease liability involve a corresponding change in the value of the right-of-use.

After initial recognition, the right of use is subject to straight-line amortization, starting from the commencement date of the lease, and is written down in the event of impairment.

Depreciation is carried out on the basis of the shorter of the duration of the leasing contract and the useful life of the underlying asset; however, where the leasing contract provides for the transfer of ownership, possibly also as a result of the use of redemption options included in the value of the right of use, depreciation is carried out on the basis of the useful life of the asset.

**4.7 Foreign currency**

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into EUR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

The Company's functional currency is USD. This differs from the presentational currency which is EUR. The reason for the difference is to present the company consistent with the group.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

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**4. ACCOUNTING POLICIES (Continued)**

**4.8 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**4.9 Public contributions**

Public contributions are recognised in the financial statements when there is reasonable certainty that all the conditions required for the receipt of the contributions will be met and that the grants will be received. Contributions are recognised in the income statement over the period in which the related costs are recognised. In particular, contributions related to the acquisition of a fixed asset are recorded among deferred income and charged to the income statement in annual instalments, taking into account the depreciation period of the recorded cost of the assets to which they refer.

**4.10 Employee benefit costs**

**Short-term and long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Provisions for post-employment benefits are represented by staff severance indemnities. In the event that, in accordance with the underlying regulations, Employee Severance Indemnity is transferred to a Supplementary Pension Scheme, pursuant to IAS 19 it qualifies as a defined-contribution plan; the provisions for Employee Severance Indemnity made up to 31 December 2006 and the provisions relating to employees whose severance indemnity is still managed by Group companies qualify as defined-benefit plans.

A defined contribution plan is a pension plan under which the company pays fixed contributions to a separate entity. The company has no legal or other obligation to pay further contributions if the fund is not sufficient to pay all employees the benefits relating to the period of employment. Contribution obligations related to employees for pensions and other purposes are charged to income when incurred.

Net obligations relating to defined-benefit plans due to employees are calculated by estimating, using actuarial techniques, the amount of the future benefit that employees have accrued during the year and in previous years. The benefit thus determined is discounted and shown net of the fair value of any related assets. The calculation is performed by an independent actuary using the projected unit credit method. Actuarial gains and losses are recognized in the comprehensive income statement on an accrual basis in the period in which they arise.



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

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**4. ACCOUNTING POLICIES (Continued)**

**4.11 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**i) Current Tax**

The tax currently payable is based on taxable profit for the period. Taxable profit differs from "profit before tax" as reported in the consolidated Profit and Loss Account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**ii) Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**iii) Current and deferred tax for the period**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**4. ACCOUNTING POLICIES (Continued)**

**4.12 Intangible assets**

**i) Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Edizione's trademark and customer relationships	- 20 years
Concessions, licences, trademarks and similar rights	- 10 years

Research and development costs are charged to the Statement of Profit or Loss for the period in which they are incurred, with the exception of development costs, which are recorded among intangible assets when all the following conditions are met:

- The technical feasibility of completing the intangible asset so that it is available for use or sale;
- The intention to complete the asset and the ability and intention to use or sell it;
- The way in which the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to reliably assess the cost attributable to the asset during its development.

The amortisation of the development costs posted among the intangible assets begins from the date on which the result generated by the project is marketable. Amortisation is carried out on a straight-line basis over a period corresponding to the estimated useful life of the relevant projects, which is five years.

**ii) Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

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**4. ACCOUNTING POLICIES (Continued)**

**4.13 Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Buildings	3-10%
Plant and machinery	10%
Industrial and commercial equipment	20%
Other assets	12-25%

**4.14 Inventories**

Inventories are valued at the lower of purchase or production cost and estimated sale value for finished and work in progress goods, or replacement value for raw materials.

The value of inventories of bulk wines was determined by using the weighted average cost of the year; the value of inventories of all other types was determined by using the weighted average cost of the year.

The value of work in progress products is calculated by using the average weighted cost including the value-added deriving from the specific costs for the oenological treatment and processing of the products.

The value of finished products and goods for resale has been determined on the basis of the weighted average cost deriving from the sum of the weighted average costs relating to the individual components in the bill of materials, including bottling services provided by third parties.

**5. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the Group's consolidated financial statements requires the Directors to make discretionary judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities and related disclosures, as well as the disclosure of contingent liabilities. Uncertainty about such assumptions and estimates could result in outcomes that will require, in the future, a significant adjustment to the carrying amount of such assets and/or liabilities.

**Judgments**

In applying the Group's accounting policies, the directors have made decisions based on the following discretionary judgments (excluding those involving estimates):

**Lease terms**

The group has applied judgment to determine the lease term for those lease contracts that include a renewal or break option. The assessment of whether the group is reasonably certain to exercise a renewal option or reasonably certain not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the balance sheet.

Extension options and break clauses are included in a number of the group's leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not utilise a break clause. Extension options (or periods after break clauses) are only included in the lease term if the lease is reasonably certain to be extended (or break clause not utilised). The following factors are considered the most relevant:

- If there are significant penalties to break leases (or not extend), the group is typically reasonably certain to extend (or not to utilise the break clause); and
- The group considers other factors including the likely value of future rentals, the importance of the underlying assets to the group's operations, whether the asset is specialised in nature and the costs and business disruption required to replace the leased asset.

The Group have considered the leasing of barrels used in the production process and generally consider the lease term to be less than 12 months. As such the practical expedient for short-term leases has been applied and the Group will continue to be expense them in the period incurred.

**Estimates and assumptions**

The main assumptions concerning the future and other main causes of measurement uncertainty that, at the reporting date, present a high risk of giving rise to significant adjustments to the carrying amounts of assets and liabilities within the next financial year are described below. The group has based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. However, current circumstances and assumptions about future events could change due to changes in the market or events beyond the Group's control. Such changes, if they occur, are reflected in the assumptions when they occur.

**Amortisation**

Amortisation is recorded to write down intangible assets to a residual value of nil over their useful economic life ("UEL"). Management must therefore estimate the appropriate UELs to apply to each class of intangible asset. Changes in the estimated UELs would alter the amount of amortisation charged each year, which could materially impact the carrying value of the assets in question over the long term. UELs are therefore reviewed on an annual basis to ensure that they are in line with policy and that those policies remain appropriate.

## **Terroir Holding Limited**

### **Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2021**

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#### **5. ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)**

##### **Depreciation**

Depreciation is recorded to write down property, plant and equipment and right-of-use assets to their residual values over their UELs. Management must therefore estimate the appropriate UELs to apply to each class of asset as set out in the accounting policy above. Changes in the estimated UELs would alter the amount of depreciation charged each year, which could materially impact the carrying value of the assets in question over the long term. UELs are therefore reviewed on an annual basis to ensure that they are in line with policy and that those policies remain appropriate

##### **Provision for expected losses on trade receivables and contractual assets**

The Group uses a matrix to calculate the Expected Credit Loss ("ECL") for trade receivables and contractual assets. Provision rates are based on days past due for each customer class grouped into the various segments that exhibit similar historical loss trends (e.g., by geographic area).

The matrix is initially based on the Group's observed historical default data. The Group will calibrate the matrix to refine the historical credit loss data with predictive elements. At each reporting date, the historical insolvency data is updated and changes in estimates on forecast elements are analysed.

The amount of ECL is sensitive to changes in expected economic circumstances and conditions. Historical experience on the Group's credit loss trends and forecasts of future economic conditions may also not be representative of actual customer insolvency in the future.

##### **Taxes**

Deferred tax assets are recognized, to the extent that it is probable that there will be a taxable profit in the future such that the losses can be utilized. Significant estimation by management is required to determine the amount of tax assets that may be recognized based on the level of future taxable profits, the timing of their occurrence, and applicable tax planning strategies.

##### **Defined benefit plans (pension funds)**

The cost of defined benefit pension plans and other post-employment benefits and the present value of the defined benefit obligation are determined using actuarial valuations. Actuarial valuations require the development of various assumptions that may differ from actual future developments. These assumptions include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Because of the complexity of the valuation and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed annually.

The discount rate is the parameter most subject to change. In determining the appropriate discount rate, the directors use as a reference the interest rate of corporate bonds, in currencies consistent with the currencies of the defined benefit obligations, which have a minimum rating of AA, assigned by internationally recognized rating agencies, and with average maturities corresponding to the expected duration of the defined benefit obligation. Bonds are subject to further qualitative analysis and those with a credit spread deemed excessive are excluded from the basket of bonds from which the discount rate is calculated, as they do not represent a high-quality bond category.

##### **Lease - Estimated incremental borrowing rate**

When the Group cannot readily determine the implicit interest rate of the lease, it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee would have to pay for a loan, with a similar term and with similar collateral, required to obtain an asset of similar value to the asset consisting of the right-of-use in a similar economic environment. The incremental borrowing rate therefore reflects what the Group would have to pay, which requires estimation when there is no observable data or when rates need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable data (such as market interest rates) if available, and making specific considerations about the terms and conditions of the investee (such as the creditworthiness of the investee alone).

5. ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

**Development costs**

The Group capitalizes costs related to new product development projects. The initial capitalisation of costs is based on whether the Directors' opinion on the technical and economic feasibility of the project is confirmed, usually when the project has reached a precise stage in the development plan. To determine the values to be capitalized, the directors develop forecasts of the future cash flows expected from the project, the discount rates to be applied and the periods of manifestation of the expected benefit.

**Inventory**

Impairment allowances are raised against inventory when it is considered that the amount realizable from such inventory's sale is considered to be less than its carrying amount. The impairment allowances are made with reference to an inventory age analysis.

**Goodwill impairment**

Goodwill derives from the reverse merger transaction with debt. The Group updated the impairment test carried out last year on the basis of new data for the financial year 2021 and the updated business plan. Goodwill is subject to an impairment test at the balance sheet date and the recoverability of the Net Invested Capital has been tested. The Group is considered as a single CGU. As part of the definition of the CIN per CGU, the Group carried out an analysis in order to identify the smallest cash-generating entity. From the analyses carried out, in consideration of the type of business carried out by the Group, which is the production and sale of wine, a single CGU was identified.

The recoverable amount of the CGUs was determined through the value in use, by applying the Discounted Cash Flows model, based on the cash flows expected in the explicit period of seven years beyond the terminal value, on the basis of the forecasts elaborated by the management in the 2021-2025 business plan, approved by the board of directors on 22 September 2020.

At the methodological level:

- the Unlevered Free Cash Flow of the explicit forecast was determined using the economic and financial data of the Plan, while the terminal value was calculated as the UFCF of the last explicit forecast period, aligning the amortisation and depreciation (and, consequently, the tax impact) to the level of CAPEX in FY25
- the discount rate used is the WACC defined at Group level, i.e. 7.64%.

The key assumptions used in the calculation of value in use are the size of the WACC and the growth rate of revenues.

The impairment test gave a positive result with a large amount of available headroom. The sensitivity analyses carried out showed that there were no impairment losses even in the face of significant increases in the WACC rate and a reduction in the growth rate of revenues.

**Control of subsidiaries**

Although the indirect holding in Tenute Rossetti S.r.l, Caldora Vini S.r.l and Cinque I Segni S.r.l are less than 50%, Terroir Holding Limited through its subsidiary Fantini Vini S.r.l has power to direct relevant activities and composition of the boards of these entities. Hence there is deemed control as under IFRS 10 and the Directors consider it appropriate to consolidate them as subsidiaries.

Terroir Holding Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

**6. REVENUE**

**Revenue from contracts with customers**

The following is an analysis of the group's revenue for the period from continuing operations:

	Year Ended 31 December 2021 €'000	Period 16 January 2020 to 31 December 2020 €'000
Revenue from wine products	90,573	62,963
	Year Ended 31 December 2021 €'000	Period 16 January 2020 to 31 December 2020 €'000
Revenues from bottled wines	89,967	62,683
Revenues from bulk wines	606	280
<b>Total revenue</b>	<b>90,573</b>	<b>62,963</b>
	Year Ended 31 December 2021 €'000	Period 16 January 2020 to 31 December 2020 €'000
Europe	67,503	47,365
Americas	12,063	9,280
Asia	9,346	5,281
Rest of world	1,661	1,037
<b>Total revenue from wine products</b>	<b>90,573</b>	<b>62,963</b>

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**7. OTHER OPERATING INCOME**

	Year Ended 31 December 2021	Period 16 January 2020 to 31 December 2020
	€000	€000
Public contributions	1,149	280
Sales of raw materials	805	235
Service revenue	1,045	1,220
Other income	15	-
	3,014	1,735

Public contributions relate to the financing of wine promotional campaigns on the markets of non-EU countries.

During the period the group was an indirect beneficiary of contributions through the Confagri consortium amounting to €886,000 (2020 period €664,000) included in "Service revenue", which includes recharges to clients for transportation costs.

Included within "Sales of raw materials" are the sales of production waste, pallets, packaging and consumables.

**8. OPERATING PROFIT**

Operating profit is arrived after charging/(crediting) the below costs:

	Year ended 31 December 2021	Period 16 January 2020 to 31 December 2020
	€000	€000
<b>Included in cost of sales:</b>		
Purchase of raw materials	55,510	31,137
Changes in inventory	(6,137)	2,563
<b>Included in administrative expenses:</b>		
Depreciation and amortisation	5,907	4,192
Employee benefit expenses	10 6,800	4,738
Provisions	24 100	227
Bottling services	1,583	1,190
Industrial services	2,597	1,714
Marketing and advertising expenses	9,283	6,227
Transport expenses	2,502	1,556
Monitoring fees	750	534
Acquisition related costs	31 9	7,117
Other operating expenses	3,326	2,055

The acquisition related costs incurred in Fantini and expensed in the Group Accounts, were €9,000 (2020 period €3,364,000) classified under other operating costs (transaction costs) and nil (2020 period €3,753,000 classified under other operating costs (deal fees)).



**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**9. AUDITOR'S REMUNERATION**

During the period, the group obtained the following services from the Company's auditor and its associates:

	Year ended 31 December 2021 €000	Period 16 January 2020 to 31 December 2020 €000
Fees payable to the Group's auditor and its associates in respect of:		
Audit of the financial Statements	102	124
Other Assurance services	7	80
Subsidiary local statutory audits	38	50
Non-audit services	16	9

**10. EMPLOYEES BENEFIT EXPENSES**

**Group**

	Year ended 31 December 2021 €000	Period 16 January to 31 December 2020 €000
<b>Employee benefit expenses (including directors) comprise:</b>		
Wages and salaries	5,133	3,188
Defined pension contribution costs	96	161
Defined benefit scheme costs	286	209
Other personnel costs	146	101
Social security costs	1,139	1,079
	<b>6,800</b>	<b>4,738</b>

**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. This is considered to be the directors of the company listed on page 1 together with the company's advisors, Platinum Equity Advisors, LLC ("Advisors"). These amounted to €750,000 (2020 - €533,684).

During the year, one director received remuneration for services rendered amounting to nil (2020 period €8,954) with no pension contributions made on their behalf, these costs were recharged from Advisors.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**10. EMPLOYEES BENEFIT EXPENSES**

The monthly average number of persons, including the directors, employed by the Group during the period was as follows:

	Year ended 31 December 2021	Period 16 January 2020 to 31 December 2020
Office workers	47	45
Manufacturing	36	36
Middle manager	9	9
Executives	3	3
Contractors	-	1
	<u>95</u>	<u>94</u>

**Company**

The company has no employees other than the directors.

The remuneration of the directors, if any, is paid by the ultimate parent company. The directors' services to this company and to a number of fellow subsidiaries are of a non-executive nature and their remuneration is deemed to be wholly attributable to the services to the ultimate parent company. Accordingly, the Company includes no remuneration in respect of the directors.

**11. FINANCE INCOME AND EXPENSE**

**Recognised in profit or loss**

	Year Ended 31 December 2021 €000	Period 16 January 2020 to 31 December 2020 €000
Foreign exchange gain	3,620	6,988
<b>Total finance income</b>	<u>3,620</u>	<u>6,988</u>
<b>Finance Expense</b>		
Foreign exchange loss	3,529	8,545
Bank loan interest payable	3,448	3,053
Other interest payable	1,290	938
<b>Finance expense recognised in profit or loss</b>	<u>8,267</u>	<u>12,536</u>

Interest expense consists almost exclusively of charges paid to banks for loans outstanding during the period.

Other finance expenses includes the amortisation of the debt issuance costs of €937,000 (2020 €703,000).

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**12. INCOME TAX**

**12.1 Income tax recognised in profit or loss**

	Year ended 31 December 2021	Period 16 January 2020 to 31 December 2020
	€000	€000
<b>Consolidated profit or loss</b>		
<b>Current tax</b>		
Overseas tax	3,600	2,201
<b>Total current tax</b>	3,600	2,201
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	(1,177)	(847)
<b>Total deferred tax</b>	(1,177)	(847)
<b>Total tax expense</b>	2,423	1,354

	Year ended 31 December 2021	Period 16 January 2020 to 31 December 2020
	€000	€000
<b>Consolidated other comprehensive income</b>		
Deferred tax related to items recognised in OCI during the year/period:		
Defined benefit pension schemes remeasurement	(34)	53
Gains recognized in cash flow hedge reserve	(11)	(23)
Exchange gain arising on translation of functional currency	(121)	(1,016)
<b>Deferred tax credit to OCI</b>	(166)	(986)

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to losses for the period as follows:

	Year ended 31 December 2021	Period 16 January 2020 to 31 December 2020
	€000	€000
Profit/(Loss) for the period	4,287	(5,454)
Income tax expense	2,423	1,354
<b>Profit/(Loss) before income taxes</b>	6,710	(4,100)
Tax on profit using the Company's domestic tax rate of 19%	1,275	(779)
Foreign subsidiaries income taxes	2,423	1,354
Effect of deferred tax assets not recognised	(1,275)	779
<b>Total tax expense</b>	2,423	1,354

Terroir Holding Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

**12. INCOME TAX (Continued)**

**12.2 Deferred tax balances**

	Year ended 31 December 2021	Period 16 January 2020 to 31 December 2020
	€000	€000
Deferred tax assets	612	659
Deferred tax liabilities	(23,124)	(24,142)
	<u>(22,512)</u>	<u>(23,483)</u>

**Group**

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	€'000	€'000	€'000	€'000
<b>2021</b>				
Provisions	149	61	-	210
Doubtful debts	113	(11)	-	102
Inventories	241	(45)	-	196
Employee benefits	125	-	(34)	91
Cash flow hedge	21	-	(11)	10
Other	10	(5)	-	5
<b>Deferred tax asset</b>	<u>659</u>	<u>-</u>	<u>(45)</u>	<u>614</u>
Customer relationship	(15,041)	781	-	(14,260)
Brands	(4,487)	233	-	(4,254)
Tangible fixed assets	(3,464)	81	-	(3,383)
Translation reserve	(1,016)	-	(121)	(1,137)
Other	(134)	44	-	(90)
<b>Deferred tax liability</b>	<u>(24,142)</u>	<u>1,139</u>	<u>(121)</u>	<u>(23,124)</u>

**Company**

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	€'000	€'000	€'000	€'000
<b>2021</b>				
Translation reserve	528	-	(1,231)	(703)
<b>Deferred tax asset/(liability)</b>	<u>528</u>	<u>-</u>	<u>(1,231)</u>	<u>(703)</u>

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**12. INCOME TAX (Continued)**

Group	Acquired on business combination	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
2020	€'000	€'000	€'000	€'000
Provisions	165	(16)	-	149
Doubtful debts	118	(5)	-	113
Inventories	218	23	-	241
Employee benefits	93	(21)	53	125
Cash flow hedge	44	-	(23)	21
Other	14	(4)	-	10
<b>Deferred tax asset</b>	<b>652</b>	<b>(23)</b>	<b>30</b>	<b>659</b>
Customer relationship	(15,627)	586	-	(15,041)
Brands	(4,662)	175	-	(4,487)
Tangible fixed assets	(3,528)	64	-	(3,464)
Translation reserve	-	-	(1,016)	(1,016)
Other	(179)	45	-	(134)
<b>Deferred tax liability</b>	<b>(24,142)</b>	<b>870</b>	<b>(1,016)</b>	<b>(24,142)</b>
<b>Company</b>				
	Acquired on business combination	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
2020	€'000	€'000	€'000	€'000
Translation reserve	-	-	528	528
<b>Deferred tax asset/(liability)</b>	<b>-</b>	<b>-</b>	<b>528</b>	<b>528</b>

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**13. PROPERTY, PLANT AND EQUIPMENT**

Group	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Fixed assets in progress and advances	Totals
	€'000	€'000	€'000	€'000	€'000	€'000
<b>COST OR VALUATION</b>						
At 1 January 2021	22,332	2,433	952	792	6,257	32,766
Additions	1,031	628	1,271	364	2,687	5,981
Disposals	-	(58)	(23)	(234)	-	(315)
Reclassification/transfer	3,598	4,500	703	27	(8,827)	1
At 31 December 2021	26,961	7,503	2,903	949	117	38,433
<b>DEPRECIATION</b>						
At 1 January 2021	552	434	232	112	-	1,330
Charge for year	739	685	463	179	-	2,066
Eliminated on disposal	-	(58)	(12)	(70)	-	(140)
At 31 December 2021	1,291	1,061	683	221	-	3,256
<b>NET BOOK VALUE</b>						
<b>At 31 December 2021</b>	25,670	6,442	2,220	728	117	35,177
At 31 December 2020	21,780	1,999	720	680	6,257	31,436

Terroir Holding Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

**13. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Right of use assets**

Included in the property, plant and equipment note above are rights of use assets. The following table shows the breakdown of the rights of use assets.

	Land and Buildings	Plant and Machinery	Industrial and commercial equipment	Other assets	Total
	€'000	€'000	€'000	€'000	€'000
<b>COST OR VALUATION</b>					
At 1 January 2021	291	7	91	226	615
Additions	94	7	-	180	281
Disposals	-	-	-	(13)	(13)
At 31 December 2021	385	14	91	393	883
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2021	(87)	(7)	(78)	(91)	(263)
Charge for the period	(90)	(7)	(13)	(99)	(209)
At 31 December 2021	(177)	(14)	(91)	(190)	(472)
<b>NET BOOK VALUE</b>					
At 31 December 2021	208	-	-	203	411
At 31 December 2020	204	-	13	135	352

**14. GOODWILL**

**Group**

	€'000
<b>COST</b>	
At 1 January 2021 and 31 December 2021	<u>76,243</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>76,243</u>
At 31 December 2020	<u>76,243</u>

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**15. OTHER INTANGIBLE ASSETS**

	<b>Concessions, licenses, trademarks and similar rights €'000</b>	<b>Customer relationships €'000</b>	<b>Other intangible assets €'000</b>	<b>Total €'000</b>
<b>COST</b>				
At 1 January 2021	16,739	54,222	335	71,296
Additions	74	-	318	392
Disposals	-	-	-	-
At 31 December 2021	16,813	54,222	653	71,688
<b>AMORTISATION AND IMPAIRMENT</b>				
At 1 January 2021	671	2,033	47	2,751
Charge for period	901	2,711	135	3,747
At 31 December 2021	1,572	4,744	182	6,498
<b>NET BOOK VALUE</b>				
<b>At 31 December 2021</b>	<b>15,241</b>	<b>49,478</b>	<b>471</b>	<b>65,190</b>
At 31 December 2020	16,068	52,189	288	68,545

**16. INVESTMENTS**

On 31 March 2020 the Group acquired 79.96% of the voting equity instruments of total control of Fantini. This represents the Group's only operations and was the principal reason for the incorporation of the group.

Details of the company's subsidiaries at the end of the reporting period are as follows:

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Proportion of ownership interest and voting power held by the group (%) 2021</b>
1) Terroir Intermediate Holding Limited*	Holding Company	100
2) Terroir Intermediate Holding I Limited*	Holding Company	100
3) Terroir Intermediate Holding II Limited*	Holding Company	100
4) Fantini Group Vini S.r.l.	Production, bottling and sale of wines	80
5) Ro. De. A S.r.l.	Processing and transformation of wines	80
6) Vesevo S.r.l.	Processing and transformation of wines	80



**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**16. INVESTMENTS (Continued)**

7) Tenimenti Zabù S.r.l.	Processing and transformation of wines	80
8) Vigneti del Vulture S.r.l.	Processing and transformation of wines	80
9) Vigneti del Salento S.r.l.	Processing and transformation of wines	80
10) Luccarelli S.r.l.	Processing and transformation of wines	80
11) Tenute Rossetti S.r.l.	Processing and transformation of wines	48
12) Cantina Sava S.r.l.	Processing and transformation of wines	56
13) Caldora Vini S.r.l.	Processing and transformation of wines	48
14) Cinque Segni S.r.l.	Processing and transformation of wines	41
15) Atzei Vini S.r.l.	Processing and transformation of wines	80
16) Finca Fella S.l.	Marketing of wine	60

The 100% shareholding in Terroir Intermediate Holding Limited is held directly by the Company. The remaining shareholdings are indirect.

Although the indirect holding in Tenute Rossetti S.r.l., Caldora Vini S.r.l. and Cinque Segni S.r.l. are less than 50%, Terroir Holding Limited through its subsidiary Fantini Vini S.r.l. have power to direct relevant activities and composition of the board in these entities. Hence there is deemed control as under IFRS 10 and directors consider it appropriate to consolidate them as subsidiaries.

The place of incorporation and operation are detailed below for each entity:

**1) Terroir Intermediate Holding Limited\* – Registration number: 12409048**

100 New Bridge Street, London, EC4V 6JA, England, United Kingdom

**2) Terroir Intermediate Holding I Limited\* – Registration number: 12473975**

100 New Bridge Street, London, EC4V 6JA, England, United Kingdom

**3) Terroir Intermediate Holding II Limited\* – Registration number: 12360819**

100 New Bridge Street, London, EC4V 6JA, England, United Kingdom

**4) Fantini Group Vini S.r.l. (FKA "Farnese Vini S.r.l.")**

Via Luigi Dommarco n. 23, 66026 Ortona (CH), Italy

**5) Ro. De. A S.r.l.**

Via Salara n. 58, 64026 Roseto degli Abruzzi (TE), Italy

**6) Vesevo S.r.l.**

Via Due Principati n. 9, 83020 Celzi di Forino (AV), Italy

**7) Tenimenti Zabù S.r.l.**

SS. 188, Contrada Anguila, 92017 Sambuca di Sicilia (AG), Italy

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**16. INVESTMENTS (Continued)**

**8) Vigneti del Vulture S.r.l.**

Contrada Pipoli, 85011 Acerenza (PZ), Italy

**9) Vigneti del Salento S.r.l.**

Via G.L. Marugj n. 66, 74024 Manduria (TA), Italy

**10) Luccarelli S.r.l.**

Via G.L. Marugj n. 66, 74024 Manduria (TA), Italy

**11) Tenute Rossetti S.r.l.**

Via F. Mascagni n. 15/17A, 50050 Cerreto Guidi (FI), Italy

**12) Cantina Sava S.r.l.**

Via Lombardia n. 2, 74028 Sava (TA), Italy

**13) Caldora Vini S.r.l.**

Via Civiltà del lavoro Snc, 66026 Ortona (CH), Italy

**14) Cinque Segni S.r.l.**

Via Francesco la Francesca n. 46, 84124 Salerno (SA), Italy

**15) Atzei Vini S.r.l.**

Via Calgliari 47, 09170, Oristano, Italy

**16) Finca Fella S.I.**

Paseo Constitucion 75, 02690 Alpera (Albacete) Spain

The subsidiaries denoted by a \* are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts for the year ended 31 December 2021 under S479A of the Act.

Investments in subsidiaries are recorded at cost, with a value of €1 in Terroir Intermediate Holding Limited, which is the fair value of the consideration paid. No cash was paid by the Company as the investment was acquired through intercompany.

An assessment has been performed at the balance sheet date as to whether there is any indication that the Company's investments might be impaired. No indicators identified, the carrying value is supported by the performance and recoverable value of the underlying Group.

**17. INVENTORIES**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>€'000</b>	<b>€'000</b>
Raw materials	10,223	7,438
Work-in-progress	6,256	3,843
Finished goods and goods for resale	<u>7,722</u>	<u>6,783</u>
	<u>24,201</u>	<u>18,064</u>

Raw materials include wine-making products, dry materials for bottling, packaging and unprocessed bulk wine purchased. The work in progress and semi-finished products includes bulk wine at the end of one or more wine-making processes. Finished products consists of bottled wine.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**18. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Current:</b>				
Trade receivables (net of impairment allowance)	17,655	17,670	-	-
Amounts owed by group undertakings	-	-	-	73,072
Receivables from related parties	-	3	-	-
Other receivables	5,390	3,046	-	-
Tax recoverable	3,819	3,523	-	-
	<u>26,864</u>	<u>24,242</u>	<u>-</u>	<u>73,072</u>
<b>Non-current:</b>				
Other debtors	<u>34</u>	<u>212</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>26,898</u>	<u>24,454</u>	<u>-</u>	<u>73,072</u>

Receivables from group undertakings were settled by way of issue of shares in those group undertakings during the year. The Company has not incurred credit losses during the year.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
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**18. TRADE AND OTHER RECEIVABLES (Continued)**

Other receivables include an interest-bearing loan (Euribor + 1 %) provided to third parties in the amount of €400,000. At 31 December 2021, €108,000 was owing. The last repayment instalment will fall during the year ending 31 December 2022. Other receivables also include charge-backs of marketing costs of €1,964,000 (Fantini acts as the leader of a temporary association of companies set up to participate tenders), receivables from public bodies for contributions on wine promotions abroad for €162,000, prepayments to service providers of €202,000, advances to suppliers of €1,066,000 and other financial assets and financial receivables of €195,000.

Tax receivables, almost exclusively relates to VAT receivables. The Group is a net exporter and generally tends to accumulate VAT receivables, all possible measures are taken to limit their value as much as possible.

Movements in the impairment allowance for trade receivables are as follows:

	<b>2021</b>	<b>2020</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current</b>		
Opening balance	1,135	-
Movements in the period	-	1,121
Utilisation	(110)	(124)
Provisions	7	138
	<u>1,032</u>	<u>1,135</u>

**19. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Current:</b>				
Trade payables	22,104	17,942	-	-
Other payables and accruals	5,581	4,221	323	171
Social security and other taxes	1,314	685	-	-
Total current trade and other payables	<u>28,999</u>	<u>22,848</u>	<u>323</u>	<u>171</u>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Trade payables balance relates to payables incurred in the normal course of business by the Group.

Trade payables are unsecured and are usually paid within 136 days of their recognition. The carrying amount of trade payables is believed to approximate their fair value, given their short-term nature.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**20. LOANS AND BORROWINGS**

Group	2021 €'000	2020 €'000
<b>Non-current</b>		
Bank loans	99,984	107,244
<b>Current</b>		
Loans payable to related parties	140	31,124
Bank loans	6,453	6,332
<b>Total loans and borrowings</b>	<b>106,577</b>	<b>144,700</b>
 <b>Company</b>		
	2021 €'000	2020 €'000
<b>Non-current</b>		
Bank loans - unsecured	27,698	28,496
<b>Current</b>		
Loans payable to related parties	-	31,124
<b>Total loans and borrowings</b>	<b>27,698</b>	<b>59,260</b>

Amounts due to banks only include long-term loans and their current dues. The group did not make use of advances on invoices and/or bank overdrafts.

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

The bank loan agreement is secured by a pledge in favour of all the lenders in the pool on shares representing 100% of the share capital of Fantini. As at 31 December 2021, the group is fully compliant with the financial covenant envisaged by the Senior Facility, on pain of forfeiting the benefit of the term.

Loan Institution	Nominal Value €'000	Interest rate	At 31 December 2021		Total €'000	Maturity Date
			Current €'000	Non- current €'000		
MPS	4,797	1.25%	1,229	3,568	4,797	31 October 2025
Unicredit	2,473	1.75%	582	1,891	2,473	31 March 2026
ISMEA	434	0.50%	144	290	434	31 December 2024
Bank of America	27,698	3.65%	-	27,698	27,698	23 August 2023
Bank pooling – Senior Facility	21,980	3.25%	5,180	16,800	21,980	31 March 2026
Bank pooling – Senior Facility	52,000	3.75%	-	52,000	52,000	31 March 2027
Loan Arrangement Fees			(682)	(2,263)	(2,945)	
<b>Total</b>	<b>109,382</b>		<b>6,453</b>	<b>99,984</b>	<b>106,437</b>	

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**20. LOANS AND BORROWINGS (Continued)**

Loan Institution	Nominal Value €'000	Interest rate	At 31 December 2020		Total €'000	Maturity Date
			Current €'000	Non- current €'000		
MPS	5,000	1.25%	203	4,797	5,000	31 October 2025
Unicredit	3,055	1.75%	582	2,473	3,055	31 March 2026
ISMEA	576	0.50%	144	432	475	31 December 2024
Bank of America	28,496	3.65%	-	28,496	28,496	23 August 2023
Bank pooling – Senior Facility	26,600	3.50%	4,620	21,980	26,600	31 March 2026
Bank pooling – Senior Facility	52,000	4.00%	-	52,000	52,000	31 March 2027
Bank pooling – Senior Facility	1,500	3.50%	1,500	-	1,500	11 January 2021
Loan Arrangement Fees			(717)	(2,934)	(3,651)	
<b>Total</b>	<b>117,227</b>		<b>6,332</b>	<b>107,244</b>	<b>113,576</b>	

**21. LEASE LIABILITIES**

**Group**

**(i) Leases as a lessee**

The Group has obligations to lease buildings, plant and motor vehicles, details of which are included in note 13, the information below summaries the cashflows due in respect of these leases.

Lease liabilities are due as follows:

	2021 €'000	2020 €'000
<b>Contractual undiscounted cash flows due</b>		
Not later than one year	185	179
Between one and five years	166	113
Later than five years	62	64
	<b>413</b>	<b>356</b>

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
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The lease liabilities included in the consolidated statement of financial position:

	2021 €'000	2020 €'000
<b>Current</b>		
Lease liabilities	185	179
<b>Non-current</b>		
Lease liabilities	228	177
	<u>413</u>	<u>356</u>

The following amounts in respect of leases have been recognised in profit or loss:

	2021 €'000	2020 €'000
Interest expense on lease liabilities	3	5
Expenses relating to lease of low-value assets, excluding short term leases of low value assets	89	41
Variable lease payments not included in the measurement of lease liabilities	9	14

Interest expenses on rights of use are included under financial expenses. Costs relating to short-term, low-value and variable-rate leases, excluded from the application of IFRS 16, are posted under "other operating expenses". During the period, outflows for payments connected with lease agreements totalled €224,000 of which €221,000 relating to capital allowances.

## **22. FINANCIAL ASSETS AND LIABILITIES - FAIR VALUE AND FINANCIAL RISK MANAGEMENT**

The Group is exposed in varying degrees to financial risks connected with its core business activities. In particular, it is simultaneously exposed to market risk (interest rate risk and exchange rate risk), liquidity risk and credit risk. Financial risk management is carried out by the Group on the basis of guidelines established by the Board of Directors. The objective is to ensure that liabilities are always in balance with the composition of assets in order to maintain adequate solvency of assets. The degree of significance of the Group's exposure to the various categories of financial risk identified is commented on below.

### **Credit risk**

Credit risk is the risk that a counterparty fails to meet its obligations in relation to a financial instrument or a commercial contract, thus leading to a financial loss. The group is exposed to credit risk arising from its operating activities (mainly for trade receivables).

In order to mitigate the risk on trade receivables, the group has a credit risk hedging policy in place that significantly reduces the risk of losses on major foreign customers. The most significant credit risk is inherent in the Italian ho.re.ca. market, where, however, only a minor part of the group's business is concentrated. The group has, however, recently adopted procedures for the management of credit facilities, via constant monitoring of the specific risks associated with individual customers. Moreover, it is believed that, given the fragmentation of receivables due from domestic customers, the risk of major losses due to individual defaults is not significant.

The book value of financial assets, expressed net of write-downs for expected losses, represents the maximum exposure to credit risk.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**22. FINANCIAL ASSETS AND LIABILITIES - FAIR VALUE AND FINANCIAL RISK MANAGEMENT  
(Continued)**

The book value of financial assets, expressed net of write-downs for expected losses, represents the maximum exposure to credit risk.

At each balance sheet date, an impairment analysis is carried out on receivables, using a matrix to measure expected losses. In particular, in order to determine the allowance for doubtful accounts, the group relies on the probability of recovering the receivable, the time value of money, and information on past events that is available at the reporting date, current conditions and expected market scenarios.

Below is information on the exposure to credit risk on trade receivables, using a matrix of write-downs by maturity bands of receivables:

	<b>Current</b>	<b>Past due 1 to 90 days</b>	<b>Past due 90 to 180 days</b>	<b>Past due 180 to 365 days</b>	<b>Past due more than 365 days</b>	<b>Total</b>
Estimated Loss %	0.5%	1.6%	16.1%	11.7%	72.5%	5.5%
Credit values (€'000s)	13,099	3,609	450	440	1,089	18,687
Estimated loss on receivables (€'000s)	63	56	72	52	789	1,032

The group considers the risk associated with the concentration of trade receivables and contract assets to be low, as its customers are located in different countries and operate in largely independent markets.

**Liquidity risk**

The group implements a series of activities and procedures to optimise the management of its resources and reduce liquidity risk. The objective is to maintain a balance between requirements and funding through the use of bank credit facilities. The bank lines of credit currently granted to the Company, cash and cash equivalents and the liquidity generated by ordinary activities are deemed adequate to enable the Company to meet its obligations punctually and economically when due. The following table includes an analysis by maturity of financial liabilities other than derivatives. The various maturity rates are determined on the basis of the period between the balance sheet date and the contractual maturity of the obligations. The amounts shown in the tables are contractual amounts not discounted, and therefore include both the principal and interest. Loans and other financial liabilities are classified on the basis of the earliest maturity at which repayment may be requested, and financial liabilities subject to revocation and other liabilities for which the contractual maturity dates are not available are deemed to be due on demand.

<b>31 December 2021</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>31 December 2021</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Bank loans and financing	281	476	9,372	110,820	-	120,949
Leasing debts	-	31	92	172	185	480
Trade and other payables	10,726	10,787	6,172	-	-	27,685
	<u>11,007</u>	<u>11,294</u>	<u>15,636</u>	<u>110,992</u>	<u>185</u>	<u>149,114</u>



**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**22. FINANCIAL ASSETS AND LIABILITIES - FAIR VALUE AND FINANCIAL RISK MANAGEMENT  
(Continued)**

31 December 2020	On demand	Less than 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	31 December 2021
	€'000	€'000	€'000	€'000	€'000	€'000
Bank loans and financing	1,500	434	8,983	68,845	53,407	133,169
Leasing debts	-	50	129	113	64	356
Trade and other payables	4,052	11,610	6,281	-	-	21,943
	5,552	12,094	15,393	68,958	53,471	155,468

**Interest rate risk**

Interest rate risk is represented by the exposure to the variability of the fair value or future cash flows of financial assets or liabilities due to changes in market interest rates. Taking into account the derivative financial instruments activated to reduce interest rate risk on the Group's principal outstanding loan (the "Senior Facility"), we believe that the risk is not significant.

The Group recognises assets from derivative instruments €8,000 as the mark-to-market valuation as of 31 December 2021 of the interest rate cap underlying the Senior Facility for 66% of the outstanding principal.

**Exchange rate risk**

The exchange rate risk arises from transactions in currencies other than the euro. This risk is not significant for the Group, since almost all sales and purchases are made in euros.

**Fair value**

The book value of the financial assets and liabilities is equal to or approximates their fair value. With regard to the Statement of Financial Position at fair value, IFRS 7 and IFRS 13 require these values to be classified on the basis of a hierarchy of levels that reflects the significance of the inputs used in determining the fair value. The following levels are distinguished:

- Level 1 - quoted prices recorded in an active market for assets or liabilities being measured;
- Level 2 - inputs other than the quoted prices referred to in the previous point, which are observable directly (prices) or indirectly (derived from prices) on the market;
- Level 3 - inputs that are not based on observable market data.

For the purposes of valuing the items measured at Fair value a Level 1 Fair value was used.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**22. FINANCIAL ASSETS AND LIABILITIES - FAIR VALUE AND FINANCIAL RISK MANAGEMENT  
(Continued)**

	31 December 2021	31 December 2020
	€000	€000
<b>Financial Assets measured at fair value</b>		
Derivative financial assets	8	5
	<u>8</u>	<u>5</u>
 <b>Financial Assets measured at amortised cost</b>		
Trade and Other Receivables	23,045	19,458
Cash and Cash Equivalents	13,486	21,777
	<u>36,531</u>	<u>41,235</u>
 <b>Financial Liabilities measured at amortised cost</b>		
Bank Loans	(106,578)	(117,227)
Other Loans	-	(31,124)
Finance Lease Liabilities	(413)	(356)
Trade and other payables	(27,685)	(21,848)
	<u>(134,676)</u>	<u>(170,555)</u>

Trade and other receivables includes trade receivables (net of impairment) and other receivables. Taxes recoverable, prepayments and advances have not been included.

Bank loans exclude loan arrangement fees.

Trade and other payables includes trade payables, other payables and accruals. Social security and other taxes have not been included.

**23. DEFINED BENEFIT SCHEME**

**(i) Defined benefit scheme characteristics and funding**

Staff severance indemnity, mandatory pursuant to art. 2120 of the Italian civil code is a deferred compensation and is based on the years of service of the employee and on the compensation received during the period of service.

According to Italian law, the deferred compensation to be paid when an employee leaves the entity is based on the years of service of the employees and on the taxable remuneration earned by the employee during the service period, i.e. the capital accumulated when the employment ends. The provisions are due in the event of retirement, death, invalidity or resignation. During the periods analysed there were no special events, such as restructuring plans, reductions or regulations.

The employee benefit plan, included in the Italian employees' contracts only, was first recognised in the year as part of the business combinations. According to IAS 19, the liability was determined by an actuarial calculation. The effect of the actuarial profit, amounting to €110,000 for the period ended 31 December 2021 has been recognised in the other comprehensive income.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**23. DEFINED BENEFIT SCHEME (Continued)**

The following table sets forth the maturity profile of the Defined Benefit Obligation:

Maturity Profile of Defined Benefit Obligation	€000
Years	
Expected benefit payments during fiscal year ending 31-Dec-22	68
Expected benefit payments during fiscal year ending 31-Dec-23	75
Expected benefit payments during fiscal year ending 31-Dec-24	89
Expected benefit payments during fiscal year ending 31-Dec-25	100
Expected benefit payments during fiscal years ending 31-Dec-26 through 31-Dec-30	1,494
Unallocated expected benefit payments	62
	<b>1,888</b>

The amounts recognised in the statement of financial position are as follows:

	As at 31 December 2021 €'000
Present value of funded obligation	(1,888)
Fair value of scheme assets	-
<b>Employee benefit liability</b>	<b>(1,888)</b>

The amounts included within the statement of comprehensive income are as follows:

	Year ended 31 December 2021 €'000	Period 16 January 2020 to 31 December 2020 €'000
Current service costs	279	209
<b>Amount included in administrative expenses</b>	<b>279</b>	<b>209</b>
Interest on pension liability	7	12
<b>Amount included in finance costs</b>	<b>7</b>	<b>12</b>

The cumulative actuarial profits recognised in other comprehensive income as at 31 December 2021 is €144,000 Analysis of the amount recognised in statement of total comprehensive income:

	As at 31 December 2021 €'000
Experience loss on liabilities	(12)
Changes in assumptions	156
<b>Net profit</b>	<b>144</b>

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**23. DEFINED BENEFIT SCHEME (Continued)**

Changes in the present value of the employee benefit obligation are as follows:

	<b>As at 31 December 2021 €'000</b>	<b>As at 31 December 2020 €'000</b>
Opening balance	1,905	-
Acquired through business combination	-	1,532
Service cost	279	209
Interest cost	7	12
Actuarial losses	(144)	213
Benefit paid	(159)	(21)
Other movements	-	(40)
<b>Closing employee benefit obligation</b>	<b>1,888</b>	<b>1,905</b>

Expected payments for the year ending 31 December 2022 for the Group amount to €68,000 (2020 €77,000).

One of the main assumptions is the discount rate, which should be based on the returns available on high quality corporate bonds at the accounting date with a term corresponding to that of liabilities. The other assumptions should be chosen to reflect a better estimate of future long-term experience. IAS 19 does not define "high quality", but generally means a security rating of AA.

The actuarial calculations were carried out based on the assumptions as follows:

	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>
Discounting rate	0.98%	0.34%
Inflation rate	1.2%	1.0%
Rate of increase in severance indemnity	2.4%	2.25%
Death	RG48 mortality table – State General Accounting Office	
Disability	INPS tables, broken down by gender and age	
Turnover	2.5%-5%	2.5%-5%
Probability of advances	3%	3%

Sensitivity analysis of the value of employee benefits liabilities is shown below:

	<b>As at 31 December 2021 €'000</b>	<b>As at 31 December 2021 €'000</b>
Base case	1,888	1,905
<b>Impact of:</b>		
Discount rate +0.25%	(63)	(67)
Discount rate -0.25%	66	70
Inflation rate +0.25%	24	(116)
Inflation rate -0.25%	(24)	(25)
Rate of increase in salaries +2.00%	(79)	(104)
Rate of increase in salaries -2.00%	105	141

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**24. PROVISIONS**

Group	Agents indemnity (FISC) €'000	Other provisions €'000	Total €'000
At 1 January 2021	152	565	717
Charged to profit or loss	41	(221)	(180)
Utilised during the period	-	-	-
<b>At 31 December 2021</b>	<b>193</b>	<b>344</b>	<b>537</b>
Due after more than one year	193	344	537
	193	344	537

Other provisions comprise costs associated with the termination of commercial agreements with foreign intermediaries.

**25. SHARE CAPITAL**

**Authorised**

	2021 Number	2020 Number
<b>Shares treated as equity</b>		
Ordinary shares of \$1.20 each	110	100
	110	100

**Issued and fully paid**

	2021 Number	2020 Number
<b>Ordinary shares of \$1.20 each</b>		
At 16 January 2020	-	1
At 1 January 2021	100	-
Shares issued during period	10	99
<b>At 31 December 2021</b>	<b>110</b>	<b>100</b>

At incorporation the Company issued one ordinary share with a nominal value per share of £1. The consideration received was equal to the nominal value. The share was redenominated to a new nominal of each share to \$1.20. On 31 March 2020 the Company issued 99 ordinary shares with a nominal value per share of \$1.20. The consideration received for the shares allotted was \$353,535.

On 30 April 2021, the company issued 10 ordinary shares with a nominal value per share of \$1.20. The consideration received for the shares allotted was \$38,227,844, settled in full by the forgiveness of debt owed to the current shareholders and by a reduction in the share premium of \$51,372,872.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

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**26. RESERVES**

**Retained earnings**

The profit and loss account includes all current period retained losses net of distributions to owners.

**Share premium**

The share premium account contains the premium arising on the issue of ordinary shares.

**Cash flow hedging reserve**

This reserve includes the effective components of the profits or losses on derivatives designated and qualified as cash flow hedges.

**Foreign exchange reserve**

For the Group, the foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the Group's parent company and intermediate holding companies from their functional currency of USD to the Group's presentational currency of Euros. For the Company, the foreign currency translation reserve reflects the foreign exchange differences when translating the Company's financial statements between the functional currency of USD and the presentational currency of Euros.

**27. NON-CONTROLLING INTERESTS**

	<b>2021 €'000</b>
At January 2021	16,556
Share of profit for the period	1,470
Arising on acquisition of subsidiary	(200)
Dividends paid to non-controlling interests	<u>(216)</u>
<b>At December 2021</b>	<b><u>17,610</u></b>

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out in note 16.

**Terroir Holding Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**28. ANALYSIS OF AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME**

<b>2021</b>	<b>Cash flow hedging reserve €'000</b>	<b>Foreign exchange reserve €'000</b>	<b>Retained earnings €'000</b>
Remeasurements on defined benefit pension schemes			144
Tax relating to items that will not be classified			(34)
Gains recognised on hedging instruments	52		
Exchange differences arising on translation of functional currency		380	
Tax relating to items that may be reclassified	(12)	(72)	
	<u>(40)</u>	<u>308</u>	<u>110</u>
<b>2020</b>	<b>Cash flow hedging reserve €'000</b>	<b>Foreign exchange reserve €'000</b>	<b>Retained earnings €'000</b>
Remeasurements on defined benefit pension schemes			(213)
Tax relating to items that will not be classified			53
Gains recognised on hedging instruments	98		
Exchange differences arising on translation of functional currency		5,350	
Tax relating to items that may be reclassified	(23)	(1,016)	
	<u>75</u>	<u>4,334</u>	<u>(160)</u>

**29. RELATED PARTY TRANSACTIONS**

Balances and transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

**Loans from parent companies**

	<b>2021 €000</b>	<b>2020 €000</b>
Platinum Equity Small Cap Fund International (Cayman) L.P.	-	(28,012)
Platinum Equity Principals International (Cayman), LLC	-	(3,112)
	<u>-</u>	<u>(31,124)</u>

These loans were capitalised during the year (see note 25).

**Other related party transactions with parent companies**

Under an advisory services agreement with Advisors, the Group pays an annual fee to the parent company for management services. During the period, the Group was provided with transaction and operating support and incurred corporate and advisory fees totalling €750,000.

## Terroir Holding Limited

### Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2021

#### 30. CONTROLLING PARTY

The Company does not have an ultimate parent company. The immediate shareholders of the Company are Platinum Equity Small Cap Fund International (Cayman), L.P. and Platinum Terroir Principals International (Cayman) LLC.

The ultimate controlling party is Platinum Equity Small Cap Fund International (Cayman), L.P.

The Company is the undertaking of the smallest and largest Group to consolidate these financial statements.

#### 31. BUSINESS COMBINATIONS

On 28 April 2021, the group completed the transaction for the acquisition of 75% of the Spanish company Finca Fella S.L., with its registered office in Santa Cruz del Alpera (Albacete) Spain. It operates in the marketing sector of Iberian origin wine.

The consideration for the acquisition is €102,000, paid in full at the time of acquisition. The table below shows the value of the identifiable assets acquired and liabilities assumed at the date of acquisition.

	€'000
Inventories	354
Trade and other receivables	236
Cash and cash equivalents	68
Trade and other payables	(522)
<b>Total net assets – fair value</b>	<b>136</b>
Minority interest – fair value	(34)
<b>Acquisition consideration</b>	<b>102</b>

The consideration paid for the acquisition corresponds to the fair value of the assets acquired and therefore no goodwill was recognised in the consolidated financial statements. Ancillary costs incurred for the acquisition amounted to €9,000, charged to the income statement for the year and included in the item other operating costs.

From a financial point of view, the acquisition resulted in a net outflow of €34,000 corresponding to the consideration paid at the acquisition date of €102,000 net of Finca Fella's cash and cash equivalents outstanding at 30 April 2021.

#### 32. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	€'000	€'000	€'000	€'000
Bank accounts	13,486	21,777	5,370	10,307

#### 33. EVENTS AFTER THE REPORTING DATE

##### Group

A public grant was received by Fantini on 22 October 2022 for €2.9M.