



Iervolino & Lady Bacardi Entertainment Group Consolidated Annual Financial Report as at 31 December 2022

Parent Company: IERVOLINO & LADY BACARDI ENTERTAINMENT S.P.A.

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ILBE GROUP REPORT OF OPERATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 December 2022

1. Introduction

The consolidated financial statements as at 31 December 2022 of the Iervolino & Lady Bacardi Entertainment Group (hereinafter also referred to as the ILBE Group or the Group) include the parent company Iervolino & Lady Bacardi Entertainment S.p.A. (formerly Iervolino Entertainment S.p.A.) and the investments in Arte Video S.r.l. and Arte Video Corp, R.E.D. Carpet S.r.l., Wepost S.r.l., Iervolino & Lady Bacardi Studios d.o.o. and Sobe Sport S.r.l., the latter representing a change with respect to the scope of the previous year.

The consolidated financial statements at 31 December 2022 closed with total revenues of Euro 161,000 thousand (Euro 152,319 thousand in the previous year) and an EBIT, before certain non-recurring charges of Euro 11,049 thousand, of Euro 20,799 thousand (Euro 24,442 thousand in last financial year). The EBIT margin was 13% (16% last year).

At the same time, the net financial position (net of the net effect of Euro 2,713 thousand created in 2022 of IFRS 16 relating to the new lease contracts) improved to Euro 23,074 thousand compared to Euro 29,289 thousand at 31 December 2021.

The results obtained are coherent and consistent with the backlog and the projects under development and the guideline of the foreseeable evolution of the management represented in the Consolidated Report on operations of the previous year.

These results are, moreover, in line with the strategic choices of:

- (i) Investing in quality Intellectual Properties;
- (ii) essentially international market choice and, predominantly, aimed at a streaming audience;
- (iii) Diversification with high added value service activities (executive productions and provision of quality services);
- (iv) Prioritise growth and value creation over time over short-term profitability;
- (v) Investment and growth in the context of financial balance.

In this regard, the successes of international and national audiences on SKY-cinema, Apple TV, SKY-Dea Kids and Amazon Prime Video of the collections of "Arctic Friends", "Puffins", Lamborghini, Dakota, Eddie & Sunny, The Poison Rose, State of Consciousness, MUTI, Waiting for the Barbarians, In Dubious Battle - Il Coraggio degli Ultimi, The Bleeder, The Humbling, Shiraz - La Città delle Rose, Beyond the Edge, and others, confirm the goodness of the choices made.

The song Applause, a hymn to women all over the world taken from the film Tell it like a woman, composed by Diane Warren and performed by Sofia Carson, was one of the 5 candidates for "Best Original Song" at the Academy Awards held on 13 March 2023.

The film Tell it like a Woman, for which "Applause" was composed, is produced by ILBE and We Do It Together is an all-female anthology which, through seven short films made by eight female directors, highlights women's stories of courage and determination.

2. The macroeconomic context and the 'Media & Entertainment' reference industry

The global entertainment and media (M&E) industry experienced a significant increase last year, strongly outpacing overall global economic growth. Following a pandemic-related decline of 2,3% in 2020, M&E revenues increased 10,4% in 2021, from \$2,12 trillion to \$2,34 trillion.

The sector is becoming more digital, more mobile and more youth-oriented. Virtual reality (VR) and gaming are powerful growth drivers, whilst digital advertising permeates the entire industry.

The Outlook results expected from a sector study by a major international consultancy firm include:

- ✓ Global video game and e-sports production totalled \$215,6 billion in 2021 and is projected to grow at a CAGR of 8,5% to \$323,5 billion in 2026. Asia Pacific generated the lion's share of revenues in 2021 at \$109,4 billion, nearly double that of North America, the second-highest region. Gaming is now the third largest data-consuming M&E content category, behind video and communications.
- ✓ VR continues to be the fastest growing M&E segment, albeit from a relatively small base. Global spending on virtual reality increased 36% year-over-year in 2021 to \$2,6 billion, following growth of 39% in 2020. Growth between 2021 and 2026 is forecast at 24% CAGR, bringing the segment to \$7,6 billion. Gaming content is the top contributor to VR revenue, grossing \$1,9 billion in 2021. This is expected to increase to \$6,5 billion in 2026, 85% of total VR revenue.
- ✓ The spread of advertising across the digital world has made it a dominant industry category. After a nearly 7% decline in 2020, advertising grew an impressive 22,6% in 2021 to \$747,2 billion. Driven almost entirely by digital, advertising is projected to grow at a CAGR of 6,6% through 2026. Internet advertising revenue is seen growing even faster, expanding at 9,1% CAGR. In 2026, advertising is projected to be a \$1 trillion market and the largest M&E revenue stream, having overtaken consumer spending and internet access.
- ✓ After growing 35,4% in 2020, over-the-top (OTT) video grew another 22,8% in 2021, pushing revenue to \$79,1 billion. OTT revenue growth pace to moderate slightly; it is expected to grow at a CAGR of 7,6% through 2026, pushing revenues to \$114,1 billion.
- ✓ Traditional TV, beset by competition from OTT streaming services, still generates sizable revenues, but its inexorable decline will continue, with global revenues expected to shrink at a -0,8% CAGR from \$231bn in 2021 to \$222,1 billion in 2026.
- ✓ Global cinematographic revenues are rebounding, reversing losses caused by the pandemic, and are forecast to hit a new high of \$46,4 billion in 2023. Box office revenue is projected to reach \$49,4 billion in 2026 from \$20,8 billion in 2021, a CAGR of 18,9%. China overtook the United States to become the world's largest film market in 2020 and is expected to maintain this leadership through 2026.
- ✓ Live music revenue is expected to surpass pre-pandemic levels in 2024. Digital music streaming subscriptions are driving growth in the recorded music industry, where revenues are projected to grow from \$36,1 billion in 2021 to \$45,8 billion in 2026.
- ✓ The growth of content is fuelling a massive consumption of data: 2,6 million petabytes (PB) of data was consumed in 2021 and is projected to grow at a CAGR of 26% to reach 8,1 million PB by 2026. Gaming will be the fastest growing data consumer over the forecast period, with a projected CAGR of 29,6%. Mobile phones will be the fastest growing device category between 2021 and 2026, with a CAGR of 28,8%, and is expected to push mobile data consumption from 1,1 million PB to 3,8 million PB extension.

In essence, what emerges as an M&E market trend is that the choices billions of consumers make about where they will invest their time are fuelling industry transformation and driving trends. Essentially, we're seeing the emergence of a global M&E consumer base over the next few years that is younger, more digital, and more into streaming and gaming than the current consumer population. This is shaping the future of the industry.

North America dominates per capita M&E, but the fastest growth lies elsewhere

Regionally, North America has by far the highest M&E spending per capita, at \$2,229, nearly double Western Europe's \$1,158. In contrast, Asia Pacific, which was the largest M&E region by revenue in 2021 at \$844,7 billion, has per capita spending of \$224. The Middle East and Africa have the lowest per capita M&E spending of any region globally, at \$82.

The top ten growth markets by CAGR, meanwhile, are focused on Latin America, the Middle East, Africa and Asia, with video and OTT gaming providing the bulk of the revenue growth, and e-sports and cinema also seeing rapid growth. Turkey (estimated CAGR 14,2%), Argentina (10,4%), India (9,1%) and Nigeria (8,8%) lead the way in consumer M&E spending growth prospects over the period five-year forecast.

The Italian market

In 2022, the Italian Entertainment & Media market is expected to be worth Euro 36,6 billion and Euro 40,8 billion for 2026 (CAGR '21-'26: +3,5%), despite the uncertainty dictated by the recent geopolitical instability.

The Italian M&E market grew to €34,3 billion in 2021, surpassing the pre-pandemic value of €33,9 billion in 2019), Consumer spending will grow with a CAGR '21-'26 of +3,3% from 24,6 billion in 2021, The Advertising market will grow with a CAGR '21-'26 of +4,1% from 9,7 billion in 2021. The following are growing in absolute value and in relative terms: OTT video (+€436 million; +36,2%), Cinema (+€256 million; +146,1%) and Music & podcasts (+€239 million; +32,7%). The most significant growth is in the Video games & e-sports market (+41,3%) driven by virtual reality, These are the main results of the study in an important Italian consultancy firm for the M&E outlook in 2022-2026.

The study outlines the forecasts of the M&E market to 2026 based on the performance of the 17 main segments: books, Business-to-Business, cinema, Internet data consumption, 5G technology, Internet access, online advertising, music-radio-podcasts, magazines, newspapers and periodicals, Out-Of-Home advertising, traditional TV and home video, Over-The-Top video streaming, TV advertising, videogames & e-sports, virtual reality and - starting this year - metaverse & NFT.

Against an overall GDP growth of +6,6%, the revenues of the M&E sector recorded a considerable growth of +9,6%, reaching over Euro 34,3 billion in 2021; if we consider that this figure can be projected to exceed Euro 40,8 billion in 2026, the sector's role as a solid contribution to the national economy is confirmed. The GDP trend can traditionally influence some of the most important indicators of the M&E sector such as general consumer spending and advertising-related spending, which in 2022 will grow respectively by +5,4% and +10,5% (trend that will be maintained in the forecast period). There is an overall increase in investments

in infrastructure and assets, both public and private. The benefits obtained, although of various nature, are more influential in terms of reduction of the so-called "Digital Divide" (i.e., the progressive reduction of the gap between those who have access to information technologies and those who are excluded from it) and in terms of availability of increasingly advanced and immersive M&E content. The new consumption habits - largely due to the legacy of the pandemic - have further accelerated the digitalisation trend already established in previous years. Unlike others, the M&E sector is not currently among those impacted in the most disruptive way by the recent evolutions of the geopolitical context (although some negative effects are already evident, especially as regards procurement and production costs), but this does not mean that it will be immune to a general wave of uncertainty. If the current negative estimates in terms of inflation are added to this context, it is reasonable to expect effects inherent both in the Consumer world (with end users who will see their ability/propensity to spend reduced, prioritising goods considered "primary") and in the Business (with some sector players who will intensify their communication activities to strengthen their competitive advantage and others who will have to reinvent current advertising strategies, aiming at new mixes for their target audiences to obtain savings in terms of cost).

NFT opportunities

NFTs (Non-Fungible Tokens) are digital certificates of authenticity, NFTs demonstrate ownership of a unique digital asset such as a work of art, a song, a collector's item, a film or video or anything else with blockchain technology.

Thus, if you buy a physical painting, you know it is real because you see the artist's signature on the canvas, Someone can photocopy the painting, but they don't own it, You do. Before NFTs, digital assets were like photocopies: you can see who has published something, but you cannot see who owns an Instagram post, a Pinterest Pin or a Reddit meme.

NFTs are like a signature for digital objects: they authenticate the ownership of digital assets, Just like physical certificates, they document: (i) who created it; (ii) when it was created; (iii) who bought it (and when); (iv) the price at which it was sold; (v) who owns it now.

This is public via a blockchain, so anyone can track your NFTs from the original creator to your wallet and verify their authenticity (even friends calling you crazy for buying a profile picture).

But owning digital resources is more than 'nice to have', It is a fun hobby, Some NFTs unlock digital (or physical) experiences, grant access to exclusive communities, allow you to contribute to projects, and grant premium access to software products.

NFTs are increasingly gaining ground in the art, entertainment and business worlds, changing paradigms through a very specific dynamic: guaranteeing fans the true and certified unique ownership of work by their favourite artist. Having landed in Italy over the past few months, the NFTs have arrived at the cinema. There are many NFTs made with films. The opportunities are only beginning, but there is no doubt that this is a new possibility for exploiting works.

The metaverse

In the not too distant future, the metaverse could become an incredibly realistic world where

people access immersive virtual experiences, through a VR headset or other connected device. Since the metaverse is an evolution that can profoundly change the way businesses and consumers interact with products, services and each other, its potential financial and economic value goes far beyond VR. Over time, much of the production associated with video games, musical performances, advertising, and even e-commerce could migrate to the metaverse.

How big is the M&E opportunity in the metaverse? The rapidly growing market for VR is a starting point to consider, It is currently one of the smallest segments monitored, but the 36% increase in global production over the past year is a hint of its long-term potential. The global installed base of standalone and tethered VR headsets is projected to grow from 21,6 million in 2021 to 65,9 million in 2026.

With the impressive growth and potential of the M&E sector also comes enormous volatility in the markets and what can only be described as fault lines opening between companies, within sectors and across geographies and generations.

The challenge and goal will be to understand the consumer and end up on the right side of the disruption.

3. The ILBE Group's business model

The ILBE Group is a Global Production Group specialising in producing film and television content, including web series, films, TV shows and short TV shows. It has relationships with leading international partners and interacts with internationally renowned actors and actresses to develop audiovisual productions for international distribution,.

The Group's activities from which the related revenues arise are:

- ✓ Film and audiovisual content production activities;
 - ✓ The exploitation of rights and IP in the portfolio, In particular, in the area of 'animation' products, the licensing of characters and pipelines (processes and working methods for the production of animated content), plus the exploitation of distribution rights;
 - ✓ 'Service' activities, i.e, executive production carried out for other producers;
 - ✓ post-production, which is the activity of the subsidiary Arte Video S,r,l, and from next year also of the subsidiary Wepost S,r,l,, which is completing investments in the studios, Arte Video is also the official encoding house for Apple iTunes, GooglePlay, Sony Entertainment, Amazon Prime Video, Microsoft, and Rakuten;
 - ✓ celebrity management and advertising, communication & marketing consultancy activities carried out by the subsidiary R,E,D, Carpet S,r,l, and by Sobe Sport S,r,l,, recently acquired.

The production of films and audiovisual content is the main activity of the Group carried out by the parent company ILBE and its subsidiaries.

The contents of the audiovisual productions are designed for the global market with the participation of internationally renowned actors. The works are mainly shot directly in English.

The Group starts the production of cinematographic and audiovisual contents after having stipulated contracts for the concession of the right to use its own intellectual properties that

provide for the payment of the so-called guaranteed minimum, thus transferring the performance risk of the work to international distributors.

The Group remains the owner of intellectual property rights that can be exploited in the years following the production of the content through remakes, sequels and other derivative products.

Revenues and income from the production or distribution of film and audiovisual works (TV series) are divided into four broad categories:

- ✓ Revenues resulting from granting the right to exploit Intellectual Properties through the so-called guaranteed minimum right (MG) to the sales agent or distributor, which represent the majority of the work revenues; these revenues are realised at the time of its delivery to the customer. The actual production period can last from four to seven months for web series to ten to eighteen months for films, the duration of which varies according to the intrinsic characteristics of the individual works;

The collection of the MG generally takes place on average between five to six months after delivery to the customer, but also over a year, In this case, the greater share in the film's income compensates for the greater financial exposure;

- ✓ Income from Government Grants (tax credits or other contributions to the cost of production) is accounted for in connection with the realisation of revenue from granting international distribution rights and the realisation of back-end revenue regarding the reasonable certainty of receipt.

The collection takes place, on average, eighteen months after commercial delivery of the work.

- ✓ Revenues from the distributor's share of the income after the MG (so-called backend, of which the distributor is obviously responsible for the majority), In this case, these revenues are recognised when they are realised, i.e, when they are collected, which generally takes place over a long period of time, or, in the case of sales to third parties when the relevant rights are transferred.

The collection of backend revenues occurs at the time of realisation, which normally takes place within a long-term time horizon;

The backend of the web series also includes the licensing of characters and pipelines both in Italy and abroad, which, in this type of work, realise the dominant share of revenues after the guaranteed minimum of distribution, This should be seen in this context: (i) the activities of Iervolino & Lady Bacardi Studios d.o.o, (Serbia) for the production of episodes of the web series Puffins: Impossible for several episodes to be produced for the commissioning producer in line with the development plan; (ii) the licensing of characters and processes and methodologies for the animated production, These investments also have the indirect benefit of enhancing the value and commercialisation of the IP owned and, therefore, the possibility of creating new lines of business through the commercial exploitation of the same, such as merchandising or video games.

It should also be noted that the latter transactions are generally part of overall agreements with producers that also provide for significant investments by the Group in distribution rights for the works to be produced, While this quantitatively and qualitatively increases the Company's library of distribution rights, which will have a financial manifestation in terms

of receipts in future years, it also has a significant financial absorption that reduces the net receipts from 'service' activities that also involve the sale of pipeline rights, i.e, other rights.

- ✓ Income from distribution rights or the sale thereof.

The cost of sales of cinematographic and audiovisual works, recorded in the types of revenue mentioned, is represented by the share of the financial year of the amortisation of the works or rights whose costs, during the realisation phase, are recorded in the intangible assets, These investment costs are paid very quickly.

Amortisation is calculated following the international accounting standard illustrated in the notes to the financial statements of the 'film forecast computation method', which is determined over the time horizon in which the intangible asset will generate revenues, Based on the peculiarity and visibility of the individual productions or distribution rights forecasts, the amortisation period is estimated to be a maximum of four financial years, Accordingly, at the end of the fourth financial year, the work, or the related rights, will have a net carrying amount of nil even though it will not have completed its ability to generate cash through possible exploitation in the years after the fourth financial year.

Revenues and margins deriving from the Group's other activities other than the production of films and audiovisual products are recorded on an accrual basis based on the production carried out.

For IFRS 8 - the Group's activities can be identified in three operating segments, details of which are set out in Note 3 to the financial statements:

- ✓ Film productions including rights exploitation and service activities (production activities carried out on behalf of third parties - the final Intellectual Property is not owned by the Group) and post-production, These activities are carried out in all group companies;
- ✓ Digital delivery activities, This activity is a part of the activity carried out by Arte Video.
- ✓ Celebrity management and consultancy in ADV, communication & marketing. This activity is a part of the activity carried out by Red Carpet and Sobe Sport.

4. Activities carried out in 2022

ILBE productions

Regarding management activities, we highlight the main activities of the parent company ILBE relating to productions:

Puffins

'Puffins the series' is an animated web series, a spin-off of the animated family film 'Arctic Friends'. The episodes, each about five minutes long, will have as their main subjects the 'sea puffins', literally 'sea puffins', the cute and mischievous creatures of 'Arctic-Friends'.

We recall that Johnny Depp lent his voice to the character Johnny Puff in 'Puffins', for 250 of the 5-minute episodes of the web series. As part of the agreement, Johnny Depp will be available to participate in the promotion, advertising, interviews and press junkets.

The Company will also be able to create merchandising activities around the Johnny Puff

character, which will retain the actor's distinctive features and introduce them to the market at an international level.

The success on the Apple TV, Amazon prime and SKY – DEA kids platforms was also significant for the Puffins, where the first season ranked first in Italy in the ranking for families.

In 2022, 61 animations episodes were produced and delivered to the customer, resulting in recognition of revenues for a total of Euro 20,611 thousand (including government grants).

The IP Puffins enhancement strategy also continued: the DeAgostini Group was identified as the ideal partner for the development of a project aimed at positioning and increasing brand awareness, as well as enhancing the IP.

The project, made up of several phases aimed at achieving strategic objectives with different and complementary touchpoints, involved the granting of the programming rights for 60 episodes of the animated series Puffins, for the first time in Italy on the DeAkids -601 channel of Sky - and on the on-demand platform. The airing of the series achieved exceptional ratings (+246% compared to the channel average). This data allows us to better sell the series and all the spin-offs in preparation: Puffins Impossible, Baby Puffins & Bunny.

Furthermore, a strategic enhancement of the product has begun with the creation of an original production of short clips with two exceptional talents, Matt and Bise, two faces recognised as real authorities amongst Italian youtubers.

To maximise the results obtained and therefore the brand positioning within the kids & family target, a multimedia marketing strategy was studied in parallel (digital, print, adv). In addition, the initials and other extra contents were created from scratch: "What you don't know about the Puffins", "A day at the Puffins" and "Meet the Puffins" always aired on DeAKids channel 601 of sky, The aforementioned programmes achieved a +71% of the channel's average.

The Puffins product has been present in important BTB fairs and festivals such as the "Toys" in Milan and the "Cartoons On the Bay" in Pescara, At the "Cartoons on the Bay", an event promoted by Rai and organised by Rai Com, the product received a Special Award for best cross-media product.

In June, the Puffins were present at the Annecy Animation Festival, an important event dedicated to animated films.

On 15 September, the Puffins were present at the Milano Licensing Day, the reference event for the licensing market.

The strategy is to launch the YouTube channel, licensing and merchandising in an important way in 2023.

Among the developing ideas is to make our animations INCLUSIVE and suitable for all children including autistic children.

Baby Puffins & Bunny

In 2022, the Group began production on a new sequel to the Puffins animated series, entitled Baby Puffins & Bunny, which will consist of a maximum of 405 episodes of 5 minutes each, Baby Puffins & Bunny is an animated series for preschool children (3-5 years), set in the cold

heart of the Arctic. The protagonist is the young bunny Jipo, who spends his days with his four puffin brothers: Didi, Pie, Tic and Tac, and with the PB bear. Together they make up a happy, affectionate and special family, The "Baby Puffins & Bunny" family is in fact a modern family, in which the concepts of diversity and integration coexist, an example above all is the bunny Jipo: which belongs to another animal species and has different characteristics compared to little brothers puffin (can't fly, but is very fast).

The series tells the daily adventures of our little protagonists, where the stories are joyful and devoid of real worries, and the situations, often comical, develop until they always find a happy ending. The dynamics are based on a profound harmony between the adult world and the world of children whose roles are always clear and distinct. The role of the adult, played by the PB bear, is responsible, forward-looking and reassuring: a real point of reference for his little ones, Sometimes the charismatic Johnny Puff, an expert in music and sports, and the eccentric Aunt Iris, imaginative and creative, will come to help him in his role. The stories are commented by a narrator who tells the main passages of the episodes and, sometimes, participates emotionally in the situations by managing their times.

In 2022, 135 episodes in the animatics version were produced and delivered to the customer, resulting in recognition of revenues for a total of Euro 29,512 thousand (including government grants).

TIK TOK (Short Animation)

In 2022, the Group started the production of the animated series in the new cutting-edge "short" format for the Tik Tok generations, consisting of 3 series (Mini Puffins Wonder, Swifty, Super Impossible) of 100 episodes lasting 60 seconds each.

TIK TOK - Swifty

The adventures of Swifty and her friends return in a new and unedited key, on Tiktok, Swifty is a white fox who has finally landed his dream job: together with the seraphic and relaxed polar bear PB, he is a courier at the Atomic Blast Delivery Service of the Arctic, Swifty and PB are often joined by their friend Jade, a charming vixen and ingenious who shares challenges, games and misadventures with them; and together they form a dynamic and close-knit trio, Running through the ice to make deliveries hides many pitfalls but one thing is certain: it takes a great team of heroes to do their job well, and luckily for us, Swifty, PB and Jade are ready to rise to the challenge!

In the fascinating and exotic Arctic lands, the adventures of Swifty and his two best friends come to life: seraphic bear PB and cunning fox Jade. The three, who spend their days between unlikely encounters, deliveries and bizarre inventions, find themselves the protagonists of a series of exciting and hilarious stories. The Swifty series aims to entertain and excite through lightness and comedy, without forgetting fundamental issues such as solidarity, friendship and respect for the environment. Their antagonist is the walrus Otto Von Walrus, as brilliant as he is childish, always followed by his very mischievous but faithful Puffins Pif, Puf and Paf, Otto will help make the days of the protagonists even more eventful, between comical, paradoxical and bizarre situations, Fishing competitions, mysterious customers, folk festivals, magic parcels, flying sledges,,, all this and much more, now also on Tiktok!

TIK TOK - Mini Puffins

The Arctic is an exotic and fascinating place and, unlike what you might think, it is full of life and fun, This is also thanks to the Puffins: Didi, Pie, Tic, Tac and their friend Johnny Puff, who every

day invent new ways to have fun and play together. Amongst the colourful and carefree characters of Mini Puffins we have several goats and the funny otters Bertha and Leopold, who between adventures, couple skirmishes and small jealousies always offer hints of comedy and intrigue, Instead, the ingenious and selfish walrus Otto takes care of the spoilsport, who builds bizarre inventions sometimes out of envy and sometimes out of the need to receive attention, The stories offer both educational and entertainment content, for the joy and amusement of the small and the general public.

Tic, Tac, Didi and Pie return to experience amazing adventures, full of fun, in a new format that is suitable for modern platforms such as "TikTok",

The lovely Arctic birds spend their days among the ice, the woods of the Tundra and their special home: the Clubhouse, For this hilarious quartet everything is a discovery and every day can be incredibly exciting!

The Puffins have faithful and very original friends by their side: the legendary Johnny Puff, a former rock star who loves nature and practices yoga and meditation, and the couple Leopold and Bertha: two nice paranoid and conspiratorial otters, But they also have opponents, more funny than evil: Otto, the diabolical and ingenious walrus and his spiteful collaborators: Piff, Puff and Paff.

The Puffins, over the course of the episodes will learn that one should not judge by appearances and that it is important to reflect on the consequences of one's actions. They will understand that unity is always strength, especially when you have to deal with your fears and find courage, Particular attention is always given to topics such as sharing, solidarity and respect for the environment, Our protagonists will face exciting situations: unmask Otto's plan who prepares biscuits that once eaten transform into Werewolves, come to terms with friend Didi's selfie mania, oppose Otto and his very dangerous remote control stops – time, deal with the craze of playing video games that gets out hand for Tac,,, this and much more, also on TikTok!

TIK TOK – Super Impossible

Super Impossible follows the adventures of four superhero Puffins: Tic, Tac, Didi and Pie, Aided by their mentor Johnny Puff, the Puffins protect Taigasville from trouble caused by the evil engineer walrus: Otto von Walrus.

When the Puffins rashly touch the surface of a mysterious meteorite, their joyous lives in Taigasville change forever. The four friends find themselves, in fact, possessing exceptional powers:

the determined Didi, always enterprising and a little capricious, transforms into Didi Damage, endowed with the power of super speed, which even allows her to spy on the future; the feisty Pie, strong and a little clumsy, transforms into Megapie, endowed with an inexhaustible energy, which allows her to run, swim and fly without stopping; the bespectacled Tac, judicious and intelligent, transforms into Tactik, capable of performing very difficult calculations and controlling every technological tool; the ditzy Tic, sensitive and candid, transforms into Mystic, capable of communicating with nature, sensing every danger thanks to her extraordinary empathy.

The team of superheroes is led by the wacky Johnny Puff, who assumes the identity of Silent Sparrow, a ninja, who acts as a mentor to the group, with a mystical musical sensibility.

The hilarious quintet is faced with the diabolical plans of Dr, Otto von Walrus, the evil walrus engineer who, in his secret lair of the Fortress, is always busy developing the most bizarre inventions, which often end up turning against him.

Didi, Pie, Tic and Tac are back to experience new, exciting adventures, this time in the name of the wildest and most exhilarating action, in a new format, designed especially for the youngest of TikTok users.

Following the amazing adventures of the Super Puffins, the episodes highlight the underlying themes of the series, which aims to stimulate the young audience, through an always light and sparkling visual language, to reflect on highly topical topics: friendship, solidarity and inclusion, but above all the protection of the environment and the landscape.

The Puffins, who dream of making it big in the music world with their band inspired by Johnny Puff, show the importance of teamwork, of collaboration that overcomes differences and divergences. The four friends, although so different from each other, are always ready to put aside disagreements and rivalries to support each other (such as when, for example, Tac investigates the disappearance of Albert Goat or when the Puffins organise a treasure hunt to cheer Tic up), to counter Otto's absurd finds (the magic flute, who hypnotizes with his music, the anti-gravity gun, the invisibility ray, the giant Puffin) or to decipher mysterious objects, endowed with arcane powers, such as the magical locket, capable of transforming the appearance of the people who wear it possess, but also to send messages into space, perhaps to an alien civilisation...

Thanks to their powers, the Super Puffins always manage to screw up the clumsy plots of Otto, who deceives the inhabitants of Taigasville, inviting them to a big party at the Fortress, in order to capture them, he either holds Leopold and Bertha hostage, or even goes as far as kidnapping Johnny Puff, only to have his deafening music silence him!

But, above all, they manage, thanks to generosity and altruism, to bring the Walrus to his megalomaniac senses, showing him how it is possible to make the best use of intelligence and technology.

Otto, in fact, like a true mad scientist, continually boasts of his wicked successes, but he always finds himself alone, always looking for his soul mate (who is the mysterious woman with whom he speaks through a red telephone?). He is obsessed with the crazy plan to create an army of faithful Puffins and to enlarge his Fortress: after unsuccessfully trying to steal electricity from the inhabitants of Taigasville and to blackmail them with their most embarrassing photos, the Walrus drills the frozen lake to dump waste from his secret lair, he pours oil into the bay and commands his Puffins to cut down trees in the surrounding forests.

In this context, the superpowers with which the Puffins are endowed allude to the special qualities of the individual, to its uniqueness and originality, to the contribution that each individual can offer to resolving of the most tangled situations, to protect friends and defend the environment.

In 2022, 300 episodes in the animatics version were produced and delivered to the customer, resulting in recognition of revenues for a total of Euro 13,488 thousand (including government grants).

Animation Movie

In 2022, the Group started the production of three Animation Films, based respectively on the characters of the animated series Puffins (A Stellar Adventure), Arctic Friends (In Search of the Arctic Idol) and Puffins Impossible (The Walrus Who Wanted too Much), lasting 85 minutes each.

Animation Movie – A Stellar Adventure

The Puffins' hilarious adventures come to life in an animated feature film full of action, comedy and positive messages such as ecological sensitivity and diversity, Johnny Puff, Didi, Pie, Tic, and Tac return, busier than ever to rescue wacky aliens Oxy and Toxy from the clutches of evil inventor Otto, who plans to harness their flying saucer technology for his own bizarre and selfish purposes.

Protagonists of our story, the Puffins live in harmony in their clubhouse, having fun playing

together every day, Despite their distinct distinctive characters, the four Puffins always get along: diversity is their strong point because each has a special talent, useful for tackling and resolving any situation in the right way, Diversity will also be represented by Oxy and Toxy, the two alien Puffins who will become the Puffins' trusted friends.

The Puffins Didi, Pie, Tic and Tac live carefree in their clubhouse nestled in the heart of the Arctic. Their life flows pleasantly and peacefully together with their friend Johnny Puff, while the walrus Otto (with the help of his puffins Piff, Puff and Paff) builds a mega antenna on the roof of his fortress to watch his favourite soap opera. The signal from Otto's antenna creates interference with Oxy's flying saucer which is forced to make an emergency landing: before the crash, Oxy ejects from the vehicle ending up in the middle of the tundra, while the flying saucer ends up near the fortress of Otto, who takes it to upgrade his antenna. With no vehicle left and only with his alien cube (a sort of musical instrument with which he drove the flying saucer), Oxy wanders in the tundra until he meets Johnny Puff, Didi, Pie, Tic and Tac. After an initial uneasy encounter with the alien, our people make friends managing to communicate with him and realising that he can't go home. Subsequently, Toxy arrives on Earth, Oxy's brother, who has picked up an SOS signal sent by mistake by Tic while playing with his alien cube. Despite an incursion by conspiracy theorists Bertha and Leopold, fascinated and suspicious of Toxy's flying saucer, the Puffins manage to bring the two aliens together, Toxy is happy to see his brother again, but Oxy can't go back with him because he has to retrieve his flying saucer which is in the walrus fortress. The Puffins thus decide to help their new friends get the flying saucer back: our heroes will succeed in the epic feat of helping Oxy and Toxy get home, while the two cute aliens will, in turn, help the Puffins to save the entire tundra from a climatic catastrophe caused by Otto's dangerous projects.

Animation Movie – In Search of the Arctic Idol

In search of the Arctic idol is a film around 80 minutes long, inspired by the already known vicissitudes of Swifty, Jade and PB, the very nice protagonists of the web series Arctic Friends. Thanks to its slapstick humour, capable of entertaining children and making adults smile, the film tells of an unprecedented and hilarious adventure, introducing the mysterious and unpredictable explorer, Adventure Goat.

The life of Swifty and PB, couriers of the Arctic delivery service, and Jade, brilliant and clumsy mechanic, proceeds placidly amidst small daily unexpected events, but something is about to change. The Puffins of the walrus Otto find the ancient statuette of an idol and inadvertently, breaking it, activate his arcane and dark power, Meanwhile, a mysterious and eccentric stranger arrives in the city: the archaeologist-adventurer Adventure Goat, who, meanwhile, is looking for the statuette. Adventure Goat enters the lives of our heroes, putting himself in conflict with Swifty, who, jealous of the attentions that Jade reserves for the newcomer, tries to equal him and to compete with him in every way. Meanwhile, the pieces of the idol travel among the inhabitants of Taigasville passing from hand to hand, and release their positive or negative magic creating unpredictable effects and implications. With the help of the shaman Anuk, to prevent the figurine from falling into the wrong hands, Swifty, Jade and PB decide to join forces with Adventure Goat with the aim of recovering the pieces and re-sealing the idol's power. What they don't know is that Otto, who discovered the secret, also intends to take possession of the enormous power and will do anything to find the statuette.

Animation Movie – The Walrus Who Wanted too Much

The hilarious adventures of Puffins Impossible come to life in an animated feature film of about 80 minutes, set in the evocative Arctic lands.

Four very special puffins: Tic, Tac, Didi and Pie, protect the town of Taigasville from the evil walrus engineer: Otto von Walrus, When the Puffins rashly touch the surface of a mysterious meteorite, their joyful life in Taigasville changes forever. In fact, the four friends find themselves possessing exceptional powers and becoming superheroes. Subject: The diabolical mind of the walrus Otto Von Walrus takes very little to ignite, so when he throws a used toothpick into the boiler, he realises that his mammoth fortress could be much more powerful thanks to combustion. This thought will be fatal: Otto will stop at nothing to power up his mighty mobile fortress, even if it means cutting down all the trees in Taigasville.

The unsuspecting inhabitants of the placid Arctic town know nothing of his ominous actions, except Tic, the ditzy member of the Puffins Impossible team. Being connected with nature, Tic grows weaker every time a tree is cut down, until he is completely stripped of his powers, But his very strong feathered companions Didi Damage, Tactik and Mega Pie, led by their mentor Johnny Puff, will help him regain his strength.

Our Puffins Impossible team has many problems with Otto, every day. From a brutal game of paintball to the invention of a camera that petrifies the photographed subjects and even a mind control device! In addition to many other inventions that distract our heroes from discovering the plans of the unrepentant walrus.

Luckily, Didi Damage, Tactik, Megapie and, of course, Silent Sparrow will not only help Tic regain his strength, but they will discover the plans of the evil walrus and finally manage to contain it with a solution that will satisfy everyone, even Otto himself,,, before the last tree falls forever.

In 2022, 3 films in the animatics version were produced and delivered to the customer, resulting in recognition of revenues for a total of Euro 18,088 thousand (including government grants).

State of Consciousness

'State of Consciousness' is a film by director Marcus Stokes and tells the story of Stephen (Emile Hirsch, known for his role in Into the Wild), an ordinary boy who finds himself having to deal with a mental short circuit that detaches him from reality, finding himself forced to take medication for a psychological disorder he doesn't have. To regain his sanity and return to his normal life, his only chance will be to escape the sinister plans of Dr Laura Fielder.

'State of Consciousness', like every film covered by the agreement with Paradox, qualifies as an Italian film and is therefore subject to a government grant and European quota rules.

For the financial year 2022, revenues related to the delivery of the film were recorded for a total of Euro 3,867 thousand (including government grants).

MUTI

August 2021 saw the start of the production of 'MUTI', starring Oscar winner Morgan Freeman, The cast is completed by: Cole Hauser, Vernon Davis, Peter Stormare and Giuseppe Zeno, The film is directed by George Gallo, Francesco Cinquemani and Luca Giliberto, Synopsis: Unable to process the grief over his daughter's death. Detective Lukas, a few days from retirement, launches into a dramatic hunt for a mysterious serial killer who kills according to a brutal tribal ritual: the Muti, The only one who can help Lukas is Professor Mackles, an anthropologist of African origin who hides an unmentionable secret.

Filming began in Mississippi (USA) and continued later in Italy, ILBE has signed agreements with

RedBox Entertainment for distribution in the US and Canada and WWPS for worldwide distribution (excluding Italy, US and Canada).

This project involves authors of Italian nationality for an Italian film intended for the global market, Also important is the agreement with RedBox, a top American company in the sector,

For the financial year 2022, revenues related to the delivery of the film were recorded for a total of Euro 17,118 thousand (including government grants).

GIVING BACK GENERATION 2 and 3

The 25-episode series (12 for GBG 2 and 13 for GBG 3) features groups of celebrity guests opening up and discussing important issues and life lessons facing today's teens and young people such as friendship, empowerment, inclusion, kindness and positivity with a single goal: "Giving back", making a difference and positively influencing the listener. The season two guests are as follows: Taylor Thompson, Tanya Rad, Leonor Varela, Emil Nava, Selena Gomez, Ashley Cook, Serena Poon, Gabe Kennedy, Elisa Sednaoui Dellal, Leo Gassman, Giulia De Lellis, Miguel Gobbo Diazl, Giulia Stabile. The third season guests are as follows: Sarah Dubbeldam, Imani Mcgee-Stafford, Jay Shetty, Radhi Shetty, Leah Haywood, Chari Hawkins, Charles Lew, Genevieve Medow-Jenkins, Natalie Manuel, Arianne Phillips, Irma Testa, Gabriel Garko, Guillermo Mariotto and Alessio Sakara.

For the financial year 2022, a total of Euro 3,504 thousand (including government grants) was recorded.

Current main productions

Ferrari

In 2022, through the associated company "Welcome to Italy", the executive production of the highly anticipated film "Ferrari" was carried out. The film is written, directed and produced by four-time Academy Award nominee Michael Mann and stars Academy Award nominee Adam Driver as Enzo Ferrari, Academy Award winner Penélope Cruz as Laura Ferrari, Shailene Woodley as by Lina Lardi, by Patrick Dempsey in the role of the racing car driver Piero Taruffi, by Jack O'Connell in the role of the driver Peter Collins, by Sarah Gadon in the role of Linda Christian and by Gabriel Leone in the role of the charismatic Fon De Portago.

Verona

Ilbe followed in 2022 the executive production of Verona, a feature film with main cinematic exploitation, produced by Verona Production Partners LLC.

The film of US nationality is directed by director Timothy Scott Bogart, with the presence in the cast of Rupert Everett, Rebel Wilson, Jason Isaacs, Clara Rugaard, Jamie Ward. This is a costume musical of the well-known tragedy of Romeo and Juliet by W, Shakespeare revisited with some dramaturgical twists. Filming was followed in Emilia Romagna and Veneto, with the presence of department heads including, the winner of the three Academy Awards set designer Dante Ferretti, the Goya-nominated costume designer Luciano Capozzi and music by Evan Bogart, former owner of the Casablanca record. After the end of shooting which took place between November 2022 and February 2023, the film is in post-production and theatrical exploitation is expected in 2024.

In the Fire

In 2022, the production of the film *In the Fire* began. The direction was entrusted to Conor Allyn, director, screenwriter and producer of Texan origins, who has already directed "No Man's Land" in 2021 contemporary western set between the Mexico and United States border. Previously, he directed "Walk Ride Rodeo," "Java Heat," as well as various international productions.

The film is expected to be delivered in the first half of 2023.

Paradox Effect

In December 2023, ILBE signed an agreement with Wonder Capital LLC, a film production and distribution company, and one with WWPS, an international film production company, for the assignment of the distribution rights of the film "Paradox Effect", an action film directed by Scott Weintrob ("Home", "Savage x Fenty") and written by Samuel Bartlett, Ferdinando Dell'Omo and Andrea Iervolino. The agreement provides for the transfer of the rights respectively for the territories of the United States and Canada with Wonder Capital and China with WWPS. With the latter, ILBE has also signed agreements for the concession to exploit the image rights for the creation of NFT's (Non-Fungible Tokens) of the work and for the participation in the sales profits in the rest of the world. The agreements guarantee ILBE a guaranteed, non-revocable minimum amount of approximately Euro 4 million pertaining to the financial year 2023, Filming began in January.

The film is expected to be delivered in the first half of 2023.

Red Carpet productions

The audiovisual production activity is also carried out by the subsidiary Red Carpet mainly concentrated on two important areas: Music and Sport and having intuited it before the others (especially as regards music) we currently enjoy a small competitive advantage which gives us credibility and a speed superior to our competitors.

Mahmood

Format: documentary

Genre: music

Duration: 90 min

Release: Italy, France, UK, Spain, Germany, USA, Latin America and the Emirates

Theatrical release 17/10/2022

OTT release: on Prime Video from 15 November 2022

Since 15 November, "Mahmood" has been available on Prime Video: the docufilm that tells the life of Mahmood between Milan and Egypt, his closest loved ones, music, victories in Sanremo, Eurovision, the European tour, the backstage of his works. Directed by Giorgio Testi, written by Virginia W, Ricci and produced by Red Carpet (ILBE Group), in collaboration with Tulipani Management and Prime Video, "Mahmood" tells, through the voice of Alessandro Mahmoud and the testimonies of personalities such as Blanco, Carmen Consoli, Dardust and Paola Zukar, the path that, as a boy born and raised in the Milanese suburbs, led him to success making him a phenomenon musical. Twice winner of Sanremo, a sold out European tour, two participations in the Eurovision Song Contest, billions of views and streams of his songs and videos, collaborations with the most followed and respected artists of the contemporary pop, R&B, rap and trap music scene (from Blanco to Carmen Consoli, from Marco

Mengoni to Elodie and Elisa, from Fabri Fibra to Guè Pequeno, Massimo Pericolo, Sfera Ebbasta). The documentary follows the singer-songwriter throughout his European tour but goes beyond the pure and simple musical celebration to build an intimate narrative, made up of solitary moments, crowds during live performances and relationships with people who have left a sign in his personal life: his family, always present and his point of reference, his friends, his collaborators. An inner journey that has music as the backbone and where love and absence find their way to coexist.

Stavamo Bene Insieme [We Were Good Together]

Format: documentary

Genre: football

Duration: 96 min

Release: Italy

Theatrical release 13/10/2022

Cinema takings: €294,408

OTT release: on DAZN from 09 November 2022

The documentary film "We Were Good Together", the first exclusive DAZN production for cinema, made with the executive production Red Carpet and the casting by SoBe Sport, and directed by Mattia Molinari, was broadcast in cinemas exclusively on 13, 14, 15 and 16 October 2022. The heart of the documentary film is the exciting reunion at San Siro, where six old friends and teammates, Massimo Ambrosini, Gennaro Gattuso, Filippo Inzaghi, Paolo Maldini, Alessandro Nesta and Andrea Pirlo recall their memories linked to three unforgettable moments in history of football, today etched in the memory of all Milan supporters. It is the epic narration of a five-year cycle, dedicated to the three UEFA Champions League finals carried out by Carlo Ancelotti, which saw Milan triumph, fall and be reborn: the night in Manchester, the one in which Paolo Maldini raised the sixth Champions League in Milan's history, the fall in Istanbul against Liverpool and the incredible revenge in Athens signed by Pippo Inzaghi. Along with them, special guests of the docufilm also included Carlo Ancelotti, Rafael Benitez, Gianluigi Buffon and Adriano Galliani. Together, they tell and retrace in detail the episodes that the whole sports world knows, offering for the first time new anecdotes, curiosities, memories and emotions: a unique point of view, shared by those who lived those evenings as a true protagonist, "We Were Good Together" was distributed in Italian cinemas exclusively by Nexo Digital in collaboration with the media partners Radio Capital, Radio DeeJay and MYmovies.it. It has been available on the DAZN streaming platform since 9 November.

Red Valley: Siamo Quello Che Ascoltiamo [We Are What We Hear]

Format: documentary

Genre: music

Duration: 78 min

Release: Italy

OTT release: on Prime Video from 03 October 2022

The Red Valley Festival 2022, the main musical event of the Sardinian summer and one of the major electronic, pop and rap music initiatives nationwide, has become a film, and is available from 3 October 2022 on Prime Video. The documentary film retraces the most exciting moments of the event, enriched by exclusive interviews with the artists and backstage footage, and encompasses the importance of music for new generations, an increasingly "place" in which to seek answers and learn lessons, "Red Valley: we are what we listen to" offers a guide

to learn about the new musical languages loved by the new generations. An "explanation" given by the artists themselves regarding concepts embedded in their songs that turns the spotlight on the importance of dialogue on topics such as love, death, sex, success, nostalgia, democracy, money, all so central to the younger generation. In the splendid setting of Olbia, each of the artists involved talks about themselves and dwells on the main messages of their songs. Marracash denounces the death of collective identity, Blanco focuses on the complexity of relationships for Generation Z, Fabri Fibra reflects on the relationship between music, fiction and politics and, later, Shablo, Mr, Rain, Salmo, Irama, Il Tre, Paola Zukar and the Nuclear Tactical Penguins excited by a fan's card. A new and innovative format to reach the new generations and open a communication channel for them with the talents they identify with. The mission that underlies everything is that young people today often complain of not having answers from schools, institutions and sometimes even from the family, and so they look for them in music, "Red Valley: we are what we listen to" aims to intercept this need in the difficult attempt to provide guidance in understanding a world that seems to have become too complex.

Alè Europe

Format: docu series

Genre: sport

Duration: 12 x 10'

Release: Italy, Republic of San Marino, Vatican City and Malta

OTT release: on CHILI TV from April 2023

Twelve stories of sport and success make up the "Alè Europe" series, winner of the European tender for the enhancement of European cohesion policies. The new series, produced by Red Carpet, a company of the ILBE Group, is the first sports project ever belonging to the entertainment sector to be awarded the European tender "Call for proposal - Support for information measures relating to the EU Choice Policy", "Alè Europe" is an original and unedited format: 12 are the stars on the flag of the European Union, 12 are the stories focused on men and women who are protagonists of Italian sport, with attention also to the Paralympic world. The narrative wants to be truly inclusive and democratic, as the values of our continent teach. During the 12 episodes, stories of victories, falls and rebirths of champions of the Italian sports scene are told. At the same time, we will see the story of successful projects made possible by the initiatives of the European Union. Once again sport becomes the tool to tell other worlds. Among the protagonists of the series are Martina Carraro and Fabio Scozzoli (multi-titled swimmers and couple in life), Daniele Cassioli, (the greatest Paralympic water ski champion of all time), Monica Contrafatto (Paralympic bronze in the 100 meters in Tokyo and military), Marco Di Costanzo (Olympic bronze rower), Giorgio Minisini (world champion in artistic swimming), Michela Moioli (Olympic champion snowboarder), Vincenzo Nibali (one of the strongest cycling champions ever), Antonella Palmisano (Olympic champion in charge in the 20 km walk), Manuel Pasqual (glorious former captain of Fiorentina), Letiza Paternoster (world champion cyclist on track), Enza Petrilli (Paralympic silver archer) and Gaia Sabbatini (talented Italian middle-distance champion). The project was developed with the financial support of the European Union. The series will be available for free streaming on the CHILI platform from April 2023.

Productions in development

Re Carlo (working title)

Format: feature film
Genre: football
Director: Pupi Avati
Filming starts: March 2023

The story and profile of one of the most successful men in the history of world football. The Italian coach that the world envies us now sits on the bench of the most popular team: Real Madrid (350 million supporters). Loved by everyone, above all by his players, due to his calm demeanor and the genuineness of his character. His idea is to reconstruct his youth in a film, his Emilian and peasant origins, his youthful loves and all the important stages of his life. His career will be the background, telling of a man of very humble origins who manages to get to the top of the world, not once but many, always falling in love! Carlo Ancelotti is an international character, very famous above all in Spain, Italy, England and Germany.

(Un)Lucky Luciano

Format: docu series
Genre: football
Duration: 4 x 50'

Moggi's is a story about power, What everyone wants and craves, which ultimately compromises professional lives and family generations. Furthermore, above all, of that power that escapes and that no one is able to tie to themselves forever because it is tied to a time not granted to human beings. What was he willing to do to get it? How far and especially to whom did it go to exercise it? What compromises did he have to accept and what limits did he set himself during his 40-year career? What was he holding in check and by whom was he commanded? Who sets the limit? For the world of football, for his opponents, Luciano Moggi was the embodiment of power without limits. A damned soul, A mythological animal that had created an unprecedented legend that would make history. Yet the star of Italian football leaders has changed in contact with that power, He blackened with the smoke he was forced to sell, He fed and built his family on that power. How much has all this, that should be just a job, changed the course of emotions of a happy family and convinced of being surrounded? What do his allies and enemies really think today, almost 20 years after the radiation? And what do they think of post-Moggi football? There are still those who think it is the devil, who only the tail of this one who has a very different face from that of Luciano. A demon or just a scary-looking satyr? On the other hand, in the hell of football, who can claim to be a saint.

O segreto e Liberato (working title)

Format: documentary
Genre: music

Or secret and Pulicenella? No thanks, let's talk about Liberato's secret! Even today, an aura of mystery covers everything related to the famous Neapolitan artist. Through this documentary, we retrace everything related to his childhood from his beginnings as a waiter to his musical rise. We will follow him during the stages of the European tour (Paris and London) and during

his concert event in Piazza del Plebiscito in Naples. We will discover everything related to the organisation of one of his concerts, from the "reclamation" of the hotel from prying cameras, up to the arrival on stage, always triumphant, always different and obviously spectacular and unexpected by the fans. Everything will be implemented by spectacular live multicam from the concert in Naples In collaboration with Bomba Dischi.

Marracash (working title)

Format: documentary

Genre: music

This is the story of Fabio Rizzo, who rejected the name Bartolo and was born in Milan, who started from the blackest poverty of southern immigration in the 60s and 70s and then established himself on the national musical and cultural scene, without connections, without acquaintances, without concessions, without hustling in the majors, without compromises. Not even in private life Marracash represents the perfect prototype of the rapper who in these modern times is the figure closest to that of the hero, understood precisely in the mythological sense, Marracash is a modern hero made up of talent and contrasts. The two imposing personalities clashing generate music that represents and tells stages of this 'Monomyth', of this uphill path without a precise destination. The analysis and the story of the Docufilm will therefore focus precisely on these contrasts, in the dualism of Sicily vs Milan, child vs adult, moralism vs excesses, love vs hate, Fabio Rizzo embodies opposites. It is always this dualism that shapes Marracash's creations and the more extreme these opposites are, the more explosive the creations become. Everything will be crowned by the great Marrageddon event, In partnership with Big Picture Mgmt.

Stavamo Bene Insieme Inter (working title)

Format: documentary

Genre: football

Inter, in the 2009-2010 season, was a team made up of varied personalities, united by a shared desire for glory. A team on a mission on behalf of its coach, José Mourinho: leader, demiurge and custodian of the dreams of a people who have longed to win the Champions League for too long. As driven by a superior force, and in full respect of its identity, Inter overcomes the obstacles of its European path without ever sparing itself a dose of suffering. The image of Mourinho and Orlandi who at the final whistle in the second leg of the semi-final against Barcelona, after 80 minutes of agony played outnumbered, dedicate the victory to the fans as they embrace each other, is the snapshot that more than any other hits the heart of a sporting and human adventure that will never stop moving every Inter fan. Based on the model of We were good together, the documentary film on the great AC Milan epic of the beginning of the millennium, the idea is to bring together some of the protagonists of that legendary season in the sacred place where it took place, the Santiago Bernabeu, theatre of the final against Bayern Munich, In the rarefied air of that iconic and highly evocative stadium, the players retrace the great ride that took them to the roof of Europe, weave memories and anecdotes with the intimacy of old friends who still today, 12 years later, keep activate a WhatsApp chat called Triplete.

Resvrgis

Format: film

Genre: thriller

Duration: /

Release: TBD

Theatrical release TBD

OTT release: TBD

Sara is 25 years old and has just come out of prison. The girl was the instigator of a car accident that caused the death of Emma, the companion of her former historian of hers: Miriam. After two years of imprisonment, the young woman returns home just in time to spend the holidays with her family. Bored and tired of her parents' hypocrisy, she takes refuge in Gaia, her best friend, who invites her to join the hunting trip that her boyfriend Geppi and her brother Rino have organised like every Christmas. Having no better alternative, Sara accepts her invitation, only discovering later that Miriam and her new flame, Tea, are also coming. There's a festive atmosphere, not just because it's Christmas, in recent years, friends have lost touch, some for one reason, some for another, and it's been "a century" since they last hunted together. In those parts the wild boar hunt is a tradition, for some a religion, and before dreams and goals separated them from each other, Sara and her companions used to hunt every weekend. After a long time, finally, they are all together again, ready for a new adventure. But something dark awaits them in the woods. In fact, Miriam and Sara come across some ruins hidden in the forest and find an ancient mask, which they take with them to the refuge. Soon the group finds itself hunted by a mysterious creature that forces them to scatter in the woods. The hunters become prey and fall, one by one, into the jaws of the monster. Only Sara and Miriam remain, who manage to take refuge in a cave where they find disturbing cave paintings. The two girls realise that they have awakened an ancient cult more than two thousand years old and that there is nothing they can do to stop it. Whilst the memory of that cursed night two years ago comes back to their minds, as if fate had waited for them to come together to punish them together, Maybe the solution is in an old diary found in the shelter. The question is: What are they willing to do to survive?

Distribution Rights

Revenues from distribution rights amounted to Euro 3,431 thousand and are mainly associated with Lamborghini (Euro 3,168 thousand).

Service activities, including licences for the exploitation of Intellectual Properties

These activities totalled €41,241 thousand, including the Puffins animated series: Impossible (Euro 30,303 thousand) also includes the sales of licences for the exploitation of Intellectual Properties relating to the concessions of the characters of the web series Puffins.

Post-production and service activities for streaming platforms, 3D & encoding & animation

Film post-production and service for streaming platforms for video on demand are the core business of Arte Video S.r.l. A company recognised as an 'Official Encoding House' by the most important brands in the sector, such as Apple iTunes (Apple iTunes Preferred, one of the 5 companies in the world), GooglePlay, Sony Entertainment, Amazon Prime Video, Disney+, Paramount+, Microsoft and Rakuten. In addition to developing and implementing projects in the cinematographic and video production and post-production sector, it carries out services for

the creation of DVD and Blu-ray printing matrices, both in High Definition and in Ultra High Definition with exclusive technology in Italy (and few others in the world such as Disney) for Java programming; has systems for creating DCP (Digital Cinema Package) cinema projection matrices, creating KDMs (DCP matrix decryption keys) for cinemas, making 2D and 3D animations and introduced towards the end of 2022 the 2D film production department, immersive 360° and the Colour Grading and Conforming area.

2022, in the wake of 2021, which was a year of change in the on-demand platform sector, sees the birth of new international platforms that take advantage of the services offered, such as the recent Paramount+. The already consolidated basis related to the certifications of 'Authorised Encoding House' made the company chosen for the creation of new services for the public related to the TV Channels of Apple and Amazon Prime Video; in fact, Arte Video Srl created, and still manages in exclusive national rights, the Minerva Channel for Apple and several channels for the Amazon Prime Video platform such as Nexo+, Zelig, I-Wonder-Full, Cecchi Gori Entertainment and has created the Juventus Channel and Mediaset Infinity Channel, Arte Video S,r,l, is the only Italian company certified by Apple to create TV Channels packages.

The streaming video sector, which is constantly developing, is characterised by aggregators that rely on Arte Video to manage film packages. These include WarnerBros, RaiCom, Minerva, Koch Media, CG ENT, Sweet Chili Ent, Under The Milkyway, and Pathè. They have chosen the company for the quality of the checks carried out on the video/cinematographic masters before they are released onto the market and the technologies applied to create the finished products. The DVD and BluRay sector sees the company supporting several Italian distributors. Several new films are under construction, such as The Eight Mountains and dozens of titles that have been completely made in the company studios, we remember among all Waiting for the barbarians, Morrison, Proxima, Nuovo Cinema Paradiso, Erasehead, Opera, Infernal affairs, Arrow, Kyashan, Drive My Car and Parasite (winner of 4 Academy Awards), for which Arte Video created graphics, encoding, DVD authoring, Bluray HD Java and BluRay UHD Java.

The award received in 2021 "Apple Preferred Encoding House Award", sees Arte Video as one of the 5 companies in the world recognised as "preferred" by Apple in 2022 and the performance required throughout 2022 for maintaining the Preferred certification (error less than 3% and at least 100 trimeter titles) have reconfirmed Arte Video as Preferred Encoding House also for 2023.

In addition to the sector dedicated to streaming, the company is developing new film post-production projects and is developing graphic animation activities for the Tik Tok cartoon series with 100 episodes per subject (Mini Puffins, Super Impossible, Swifty) and completing the series of Puffins: Impossible, Puffins and Arctic Friends (Series that have been in Apple's TOP 10 for several months). The 2D -> 3D encoding process for the various mobile devices present on the market provides for 3D encodings in various formats (Anaglyphic Red/Cyan, Anaglyphic Green/Magenta, SideBySide and Top/Bottom) for dozens of devices per single episode or film; encodings are carried out internally with an exclusive licence for the Italian territory.

In addition to 3D animation, which will see further developments with new formats for the next four years, the company has completed and is working on the Post Production of several films (both for the parent company and for other end customers) such as In the Fire and Paradox Effect.

The Colour Grading and Conforming department for the cinematographic sector was introduced in the company and already with the first production it obtained recognition as "Best artistic contribution" at the 35th Tokyo film Festival with the film Peacock Lament.

Since December, the director Marco Fabbro, international winner of numerous festivals for immersive cinema, has joined the Video Art team, with whom the company is developing production, screenplay, supervision and realised projects, as well as the implementation of research and development for the immersive sector of the Metaverse. The 360° immersive technologies will be enhanced in 2023 with dedicated systems and specific technical aids for which the immersive team has already developed the pre-production drafts ranging from Grips for fixing cameras, to APPs, to software and for end up in production processes.

In December 2022, the Arctic Friends and Puffins APPs (both 2D and 3D) were placed on the market for mobile devices and tablets on iOS and Android systems and a Meditation APP called Respiro Energia was created in collaboration with the employee Serena Moras which will be available by Q1 2023 which also sees the collaboration with the company of the ILBE group RedCarpet Srl for the communication part.

In 2022, it was possible to return to the various face-to-face events and among the most important in which company personnel participated were the Nab Show in Las Vegas and IBC in Amsterdam for sector technologies and refresher courses, the Cannes Film Festival, MIPCOM and the American Film Market for international meetings in the film sector and for the latter the company has created its own exhibition stand with various meetings that are leading to the development of services in new territorial areas such as the USA and Northern Europe.

These service activities have allowed the company to consolidate the workforce in the various offices, reaching about thirty people with permanent and project-based hiring.

Currently Arte Video is present in Palmanova (UD), in Rome, in Pasadena in California (Hollywood area) with the subsidiary Arte Video Corp and in London with a collaborator for international relations.

Celebrity management and consultancy and production in ADV, communication & marketing.

Casting, celebrity management and production of digital ADV, communication & marketing content are carried out by the subsidiaries R.E.D. Carpet S.r.l. (hereinafter also referred to as Red Carpet) and SoBe Sport S.r.l.

Red Carpet has consolidated partnerships with its clients such as media centres (e.g.: Omnicom, GroupM) and broadcast (e.g.: Prime Video, DAZN, RAI), carrying out valuable activities for customers such as Ferrero, McDonald's and activating new collaborations with customers of the calibre of Kia, Barilla and Poste Italiane.

Thanks to its seniority and its creative ideas, Red Carpet has won large tenders and tenders, confirming itself as one of the reference agencies for the creation and production of important projects in the entertainment sector, such as:

Glo Hyper X2
World Street Skateboarding 2022
Alè Europe

Produzioni Digital ADV

GLO: Red Carpet has closed an agreement with BAT Italia Spa for the production of content creation services for the glo™ product range (device for heated tobacco), Red Carpet has developed a compelling social format: the creation of two "mash-ups" on the social platforms of glo™ Italia, named "glo™ more than music", with the collaboration of two pairs of artists. The format includes the creation of visual content, and more, used within the brand's YouTube, Instagram and Facebook channels. The artists involved were Baby K, Fred De Palma, Lazza and Rose Villain, The main objective of the digital project was the promotion of the new glo™ "HYPER X2".

Mulino Bianco: for Mulino Bianco, in collaboration with Optimum Media Group and Publicis, Red Carpet has completed the production of video content aimed at creating a social campaign on Instagram, Facebook and YouTube focused on the "Pangoccioli" product.

Barilla: Barilla has launched a new line of bronze pasta on the market which represents a new beginning for the brand, Red Carpet took care of the social campaign by selecting the talents who took part together with Omnicom Media.

McDonald's x Minions: the talents selected by Red Carpet, Alessia Mancini, Flavio Montrucchio, Fabrizia Spinelli, Matteo Viviani and Ludmilla Radchenko, promoted the Minions beach towels offered by McDonald's on Instagram together with the classic Happy Meal.

Alfa Tonale: Alfa Romeo, with the new Tonale SUV model, has created a campaign on TikTok with 2 talents belonging to Tonale's passion points: Art & Design, Fashion and Motorsport. The campaign concept is "live unpredictably" and the role of the talents is to tell Tonale and the concept through their passions, Red Carpet created the contents which were then shared on the social channels of the talents.

Mulino Bianco: Red Carpet produced a video that was broadcast by Mulino Bianco on its TikTok profile with the aim of generating awareness of the Pancake product and its possible variations.

Celebrity Management

Rai Sport: Antonio Di Gennaro, through the contribution of Red Carpet, has renewed his collaboration with Rai Sport for 2022 and has confirmed himself as the voice that accompanied the matches of the Italian national football team. The former footballer also commented for Rai on the Qatar 2022 World Cup final between France and Argentina, followed by over 16 million viewers with a 74,3% share.

Fascino PGT: Red Carpet, in 2022, curated the following exceptional guests for Fascino PGT within the "C'è Posta per Te" programme hosted by Maria De Filippi:

the coach of the Italian national team Roberto Mancini;
the captain of Napoli and number 10 of the Italian national team Lorensedo Insigne and Salvatore Esposito, a Neapolitan actor;
the defenders of the Italian national team, Leonardo Bonucci and Giorgio Chiellini,
Charlize Theron broadcast on 28 January 2023, The episode was watched by 4,809,000 viewers, totalling a share of 29,79%.
Charles Leclerc broadcast on 14 January 2023, The episode was watched by 4,895,000 viewers, totalling a share of 30,4%.

Che Tempo Che Fa: Red Carpet, in 2022, curated the following exceptional guests for L'Officina as part of the programme "Che Tempo Che Fa", hosted by Fabio Fazio:

World tennis legend Rafael Nadal was broadcast exclusively on Sunday 8 May, who by virtue of the records and titles achieved on every surface is recognised as one of the strongest tennis players ever, as well as one of the greatest athletes in history of sports.

On Sunday 4 December, Ciro Ferrara was a guest at Fabio Fazio's table together with Teo Teocoli, Simona Ventura, Mara Maionchi and Francesco Paolantoni.

Poste Italiane: Red Carpet supported the identification of the new 2022-2023 testimonial of Poste Italiane in view of the company's entry into the energy market. The celebrity identified is Mara Venier. The talent has been involved in various multi-channel communication projects with campaigns on new products and services and some specific initiatives on the company's 160th anniversary. In choosing the testimonial, the characteristics of solidity, credibility, Italian spirit, irony and the ability to look enthusiastically to the future having a great history behind them were of relevance. The campaign has been on air since February 2023, launched in conjunction with the special episode of Domenica In Sanremo.

Dixan: Red Carpet has identified Laura Chiatti as the new Testimonial for the 2021 campaign, supporting the brand in the TV commercial's management, contract management, and logistics. Given the success of the campaign, the partnership between Laura Chiatti and Dixan has been renewed for the whole of 2022.

Zespri: from 6 to 10 July Zespri kiwis were at the Taste Festival in Rome, which was held at the Foro Italico. There were showcooking sessions with chefs and healthy kiwi-based recipes, Red Carpet was commissioned to activate on-field influencers related to the world of health and fitness. The talents selected for the activity are: Juliana Moreira, Massimiliano Rosolino and Ludovica Gargari. The activity was also conveyed on the social profiles of the talents, through Instagram content.

Banijay: Red Carpet, in 2022, curated the participation of Ciro Ferrara in two programmes for Banijay:

Home Restaurant: the first season of Home Restaurant began on TV8 at the end of May, broadcast from Monday to Friday at 7,15 pm, Giorgio Locatelli sets off and enters the homes of Italians. In each episode, two non-professional chefs have the task of following a theme and transforming their home environment into a Home Restaurant, trying to amaze Giorgio Locatelli and a VIP guest, Red Carpet brought Ciro Ferrara into the programme to support Chef Locatelli in two episodes of this new adventure.

100% Italia: On December 18, Nicola Savino hosted a special entitled 100% Christmas on TV8 in prime time. Exceptionally, three VIP couples played, including that of the "Azzurri", made up of Ciro Ferrara and Gianmarco Tamberi.

TikTok: Red Carpet has selected Federico Russo as host for the TikTok x Eurovision 2022 show, Federico interviewed three international stars of the calibre of Loreen, Conchita and Duncan on the TikTok stage.

Editoriale Grace (Luxottica): Red Carpet has selected the talent Federica Sabatini for the Editorial Michael Kors for Editoriale Grazia (Luxottica).

Mediaset - Jokes aside: Red Carpet has identified *Ciro Ferrara* as the victim on whom to organise the prank to play, together with the family and the authors of the programme. The episode in which he was the protagonist was aired on 9 October 2022 on Italia 1.

Voello: this year, it was the sponsor of Procida capital of Italian culture 2022. On this occasion, there were some events and territorial activations in support of the bond that the brand has with its homeland, celebrating the island and the generosity that unites them. On 13 July 2022, a musical event was held on the island, a secret show featuring an Italian singer-songwriter, Red Carpet has selected the talent *Sara Daniele* for the occasion, as a positive figure and in line with the territoriality of the initiative.

EA Sports: EA has announced an exclusive partnership deal with Juventus, meaning the Italian giants can now shed the generic Piemonte Calcio colours and return to the iconic black and white stripes. The return of Juventus is a big move for EA after the club has been absent in previous years. The new multi-year collaboration was officially presented by one of the legends of Juventus football: *Claudio Marchisio*, EA Sport has officially announced that the former Juventus and Italian national team midfielder has joined the heroes of the popular FIFA 23 Ultimate Team mode.

GLO: The mash-up created by *Baby K* and *Fred De Palma* exclusively for glo™ was presented not only on the customer's social platforms, but also during private events organised by the brand to celebrate the launch of the new glo™ HYPER X2 device in cities of Rome, Naples, Catania and Bari in October.

New Holland at SIMA 2022: *Nicki Shields*, British TV presenter well known as a Formula E pit lane reporter, was a guest of New Holland at SIMA 2022 (Salon international des solutions et technologies pour une agriculture performante et durable) which was held in Paris from 6 to 10 November 2022.

Microsoft: Red Carpet selected and engaged the Italian basketball player *Marco Belinelli* on behalf of Microsoft for the private company event held in Milan on September 22nd which was also attended by *Chris Capossela*, EVP & Chief Marketing Officer of Microsoft. The main objective was to tell the personal story of *Marco Belinelli* and the link with the work done by the latter for the promotional video of the Original by design Italy campaign and link it to the personal story of *Marco Belinelli*, *Marco* and *Chris Capossela*, at the end of the meeting, created the design of a special basketball backboard on a Surface device, which was auctioned off to help finance a children's playground in the city of Milan.

RAI Qatar Convention: The workshop organised by Rai Pubblicità was held on Saturday 17 December 2022 in the conference room of the National Museum of Qatar in Doha, Red Carpet selected, for Rai: *Julio Velasco*, *Valter Di Salvo* and *Alessandro Nesta*. The three took part in the event moderated by the Rai CEO *Gian Paolo Tagliavia*. The workshop was held on the eve of the World Cup final.

Consultancy in ADV, Communication & Marketing

Bolton: in collaboration with MediaCom, RED Carpet has created a social campaign on Instagram focused on the product "Borotalco Invisible" for which four talents from the world of art and entertainment have been involved: *Andreas Muller*, *Veronica Peparini*, *Tommaso Stansedani* and *Giulia Izzo*.

McDonald's: Red Carpet has consolidated its collaboration with McDonald's through various Celebrity Management projects, ADV consultancy and productions and social campaigns entirely dedicated to their wide range of products.

Nutella: Red Carpet collaborated with the Publicis Kin media centre for the engagement of Alessandro Cattelan for the World Nutella Day activity. The talent has published a set of stories and a reel on his Instagram channel where, using the Nutella spreadable cream, he told how he lived World Nutella Day.

Dyson: Red Carpet won the trust of the English brand during the course of the year by supporting the brand in celebrity endorsement activities for the promotion of different products related to the world of "Personal Care", "Floor Care" and "Environmental Care".

De Longhi - Kenwood: Red Carpet has also confirmed its partnership with the De Longhi group in 2022, in particular with the Kenwood brand, through various collaborations with important Chefs including Daniele Rossi, Chef Hiro and Frau Knam.

Microsoft: Red Carpet has identified Marco Belinelli as the new ambassador for the launch of the new Surface. For the occasion, the Italian basketball player was involved in the creation of a social spot published on his official channels.

Pattex: Red Carpet supported the Pattex brand on the occasion of Father's Day to promote the product "Pattex Millechiodi Forte&Rapido" with the creation of social content by Matteo Viviani.

KIA: Red Carpet has engaged Kia as an official automotive sponsor in the documentary about Mahmood's career and European tour which is available on Prime Video.

New Holland: thanks to the contribution of Red Carpet, it attended the celebratory event held in Jesi at the end of the Giro d'Italia stage. For the occasion, a party was held with all the management of the group and with the presence of chef Max Santoni.

Garofalo for Marvel: Garofalo has launched a partnership with Marvel for the launch of Thor, whose theatrical release was in July. The partnership has provided for the possibility of activating instant win competitions for cinema tickets and a final prize, Red Carpet was in charge of selecting the talents such as Juliana Moreira and Edoardo Stoppa who created and launched the challenge on social networks, with themes related to love and the couple's recipe.

Philips 3D: Red Carpet took care of the creativity of the Philips Sonicare billboard campaign 'Make the right choice', which invites users to take care of their oral hygiene in a bold and disruptive way. The campaign was planned by Omnicom Media Group on IGPDecaux systems. Initiated on 19 September with the complete customisation of the Sirietto tram on the main lines in the centre of Milan, it reaches its peak with a 3D DOOH video of via Dante. Thanks to three-dimensional billboards, Philips Sonicare was the first company in its category to leverage 3D digital out of home in Italy to transport citizens into the world of oral care.

World Street Skateboarding: for the second consecutive year, Red Carpet won the tender organised by Sport and Health, the Italian Roller Sports Federation (Fisr) and World Skate for the management of communication and brand awareness of the "World Street Skateboarding 2022", which it took place in Rome from 26 June to 3 July. The competition took place in the Parco del Colle Oppio, where athletes from all over the world competed, Red Carpet was entrusted with the creation of the brand identity of the event and a communication plan to increase brand awareness, with the creation of content for the social channels, the activation

of media partnerships and the involvement of influencers and personalities from the entertainment world.

Warner Bros: Red Carpet offered its advice to bring Måneskin into the Warner Bros film "Elvis" dedicated to Elvis Presley, House of Iona/Rca Records have released the song "If I Can Dream", a historic hit by Elvis Presley, reinterpreted by Måneskin and taken from the original soundtrack of the film "Elvis", released in theatres on 22 June 2022.

Sony: Red Carpet offered its consultancy in the creation of the promotional clip of the film "The Talented Mr, Crocodile" with the soundtrack sung by the last winner of Amici Luigi Strangis.

Sports marketing activities by Sobe Sport

Ongoing management of customers on a daily basis, with a particular focus on the most important football matches.

ZAMBROTTA FOR THE FIFA MUSEUM: Gianluca Zambrotta brand ambassador of the FIFA Museum with the aim of promoting the brand in Italy and abroad through social networks and media activities/planned events.

CAMBIASSO IN KAZAKHSTAN: Cuchu Cambiasso special guest in Almaty in Kazakhstan for the final phases of the SuperBowl project, a reality show for the selection of young footballers at a national level.

ZAMBROTTA FOR POKER STARS NEWS: periodic collaboration for Gianluca Zambrotta with Poker Stars News, an information site dedicated to all sports, for the creation of content and promotion on social channels.

ADANI FOR COMIX DIARY: collaboration for editorial content and interview given by Lele Adani on the new edition of the Comix diary distributed nationwide.

ODDO FOR CONFORAMA: Massimo Oddo guest of the Conforama convention for a motivational speech and story of his experience as a footballer and coach.

FOOTBALL LEGENDS ACADEMY: involvement of football legends such as Alessandro Nesta, Gianluca Zambrotta, Javier Saviola, Luis Garcia, Andrea Belotti and other talents linked to the world of football for media activities, training, padel and entertainment in luxury resorts such as the Verdura Resort of Sciacca in Sicily.

BOBO SUMMER CUP 2022: management of communication and commercial collaborations for the consumer event linked in this edition to padel, itinerant and held in the following three stages in Viareggio, Civitanova Marche and Jesolo with the involvement of numerous leading talents such as Christian Vieri, Lele Adani, Antonio Cassano, Nicola Ventola, Bernardo Corradi, Cristian Brocchi, Nicola Amoruso, Alessandro Matri, Giampaolo Pazzini, Cristian Zaccardo, Davide Bombardini, Ludovica Pagani, Costanseda Caracciolo, Carolina Marcialis, Carolina Stramare and other talents related to the world of sport and entertainment, Media partnership with DAZN Italia and Gazzetta dello Sport.

POWERADE PADEL CUP 2022: travelling tournament organised by Powerade Italia (Coca Cola Group) at national level (Catania, Latina, Florence, Bologna, Turin and Milan) involving talents such as Lele Adani, Gianluca Zambrotta, Giampaolo Pasedsenedini, Laura Barriales, Nicolò De Vitis Nicola Ventola.

AMBROSINI, PAZZINI, MONTOLIVO, BORJA VALERO AND GOBBI FOR DAZN ITALIA: renewal of contracts - Massimo Ambrosini Giampaolo Pasedesini, Riccardo Montolivo, Borja Valero, Massimo Gobbi voices as commentators and commentators of DAZN Italia for the 2022/23 Serie A championship.

ZAMBROTTA FOR SERIE A – PRESENTATION OF THE 2022/23 SEASON CALENDARS: Gianluca Zambrotta guest as Serie A Legend for the presentation of the new football championship calendar.

NESTA – SERIE A and BE IT: Gianluca Zambrotta guest as Serie A Legend for the presentation of the new football championship calendar.

CAMBIASSO FOR BWIN: Esteban Cambiasso ambassador for the final event of BWIN International, organised on the occasion of the UEFA Europa League Final in Seville, Spain.

CAMBIASSO FOR ARMANI: collaboration for the supply of Emporio Armani clothes to wear on the occasion of SkySport broadcasts during Champions League matches.

MILITO FOR BOGGI: collaboration for the supply of Boggi clothes to wear on the occasion of Amazon Prime broadcasts during Champions League matches.

PAZZINI FOR NINTENDO SWITCH: protagonist of the Italian launch campaign of the new Nintendo Switch Sports game.

GIRELLI FOR AMAZON PRIME VIDEO SPORT: special guest in the Amazon studio during the broadcast of the Champions League matches.

ZAMBROTTA FOR DAZN/COCA COLA SUPERMATCH: guest of the special Coca Cola Super Match episode on DAZN to comment live on Juventus Inter Serie A matches together with the Cronache di Spogliatoio community.

ODETTE GIUFFRIDA FOR LYNKCO: ambassador for the launch campaign of the new Lynkco car in Italy.

PARTNERSHIP WITH PANINI AMERICA: numerous active players and legends such as Paolo Maldini, Shevchenko, Nesta, Gilardino, Crespo, Bergomi, Burdisso, Cambiasso, Romagnoli, Theo Hernandez, Bonucci, Tonali, involved in the partnership with Panini USA.

PIRLO FOR INTESA SAN PAOLO AND GENERALI: involvement of Andrea Pirlo as ambassador for the corporate events organised by Intesa San Paolo and Generali in Belgrade in Serbia and in Zagreb in Croatia.

AMBROSINI FOR UNDER ARMOUR: Massimo Ambrosini brand ambassador for Under Armour Italia.

CAMBIASSO FOR UEFA: involved in various activities and events in partnership with UEFA Legends for internal development projects or media activities at an international level.

ZAMBROTTA FOR MEDIASET – RITORNO A SCUOLA (Back to School): Zambrotta guest in the programme conducted by Nicola Savino "Back to School" aired on Italia 1.

PIRLO – INTESA SAN PAOLO: involvement of Andrea Pirlo for press conferences and media

events organised by Intesa San Paolo Serbia (in Belgrade) and Croatia (in Zagreb).

NESTA – ADIDAS/FIGC: Alessandro Nesta participates in an event organised by Adidas in Rome as a brand ambassador.

GILARDINO – MY SPORT AGENCY: involvement of Alberto Gilardino during the event.

LE COQ SPORTIF: periodic collaboration with the brand for the supply and involvement of various talents.

VIERI – MC FIT: activation and involvement of the talent for the specific promotion of the Milan fitness centre in Viale Zara.

ADANI – EA SPORTS FIFA23: weekly collaboration with EA Sports for the creation of exclusive content for each day of the Serie A championship and during the 2022 World Cup to be published on his Instagram profile.

MATERAZZI, ZAMBROTTA and NESTA – LEGA SERIE A: Serie A brand ambassadors for specific social activities and events organised by the League.

ZAMBROTTA – INTESA SAN PAOLO: participation of Gianluca Zambrotta at the corporate event of Intesa San Paolo in collaboration with Juventus, at the Vinovo sports centre.

MATERAZZI – KENWOOD: involvement of Marco Materazzi for the brand's social campaign.

INZAGHI and NESTA – KONAMI: use of image rights of the two talents for the promotion of brand activities abroad.

MALDINI – INZAGHI – ZAMBROTTA – MILITO – NESTA MARCHISIO x EA SPORTS FIFA LEGENDS: use of brand image rights for the presence of talents in the FIFA 2023 video game as legends.

ZAMBROTTA – MUNICIPALITY OF OSIMO: participation in the municipal event and motivational speech together with the mayor.

ZAMBROTTA – UEFA Champions League: presence during the Champions League match of AC Milan and availability for media activities and meet & greet with fans before the match.

NESTA – INDONESIA: involvement during event organised together with other international legends and Erick Thohir.

NESTA – INDONESIA: use of image rights and related use only on the national territory for Indonesian brands with additional supply of autographed items.

ZAMBROTTA – ICAM Cioccolato: participation of the talent during a corporate event.

BARONE, ODDO, ZACCARDO – EUROBET: involvement of talents for the brand's social activities for the promotion of audio podcasts during the World Cup.

PAZZINI – MILITO for BWIN,TV: involvement of talents for the brand's social activities.

AMBROSINI FOR UNDER ARMOUR: Massimo Ambrosini brand ambassador for Under Armour Italia.

ZAMBROTTA – ORAL B/PROCTER AND GAMBLE: participation of Gianluca Zambrotta for the corporate event of the Oral B sales team in Rome.

SERGINHO, ODDO, MATERAZZI, COSTACURTA, ZAMBROTTA, ALBERTINI FOR FORMULA 1 - Management and participation in the padel event within the F1 fan zone during the qualifying of the Monza 2022 Grand Prix.

ZAMBROTTA - MILITO FOR PLANETWIN365,NEWS: Gianluca Zambrotta and Diego Milito, guests of Planetwin365,win for an Instagram livestream.

NESTA – AC MILAN: trophy tour London consumer and media event in partnership with AC Milan.

EVA GINI, VENTOLA, CERELLA, ODDO for PANASONIC: activation with Panasonic during the ATP Finals with related social activity.

DATOME for FESTIVAL CREATIVITA' IF: motivational speech in collaboration with Dentsu agency for B2B event.

MILITO and CAMBIASSO for MONTECARLO PADEL EVENT: participation in a padel event organised in Monte Carlo.

NESTA and CAMBIASSO for EA SPORTS & LEGA SERIE A: talent involvement for social activities and participation in a physical event organised by Lega Serie A for EA SPORTS.

NESTA for WORLD CUP QATAR: promotion activities and interviews during the 2022 World Cup.

NESTA for RAI ADVERTISING: activities in collaboration with Red Carpet and participation of the talent during a RAI corporate event.

SOBE FOR PRIME VIDEO: Diego Milito, Massimo Ambrosini, Pocho Lavezzi and Alessandro Nesta, commentators on Prime Video for the round of 16 of the Champions League.

ZAMBROTTA FOR SERIE A/ SAUDI SPORTS COMPANY: Gianluca Zambrotta commented the Italian Super Cup for Saudi Sports Company, Serie A's official broadcaster.

NESTA FOR MILAN CHANNEL: Alessandro Nesta as a guest on Milan Channel in presence at San Siro in the Milan-Atalanta match of 16-05-22.

NESTA AND ODDO FOR PRIME VIDEO: Alessandro Nesta and Massimo Oddo as Prime Video guests for the European Super Cup final in Helsinki.

CAMBIASSO FOR ARMANI: collaboration for the supply of Emporio Armani clothes to wear on the occasion of Sky Sport broadcasts during Champions League matches.

MILITO FOR BOGGI: collaboration for the supply of Boggi clothes to wear on the occasion of Amazon Prime broadcasts during Champions League matches.

ZAMBROTTA FOR THE FIFA MUSEUM: Gianluca Zambrotta brand ambassador of the FIFA Museum with the aim of promoting the brand in Italy and abroad through social networks and media activities/planned events.

ZAMBROTTA FOR POKER STARS NEWS: periodic collaboration for Gianluca Zambrotta with Pokerstars News, an information site dedicated to all sports, for the creation of content and promotion on social channels.

NICOLÒ DE VITIS FOR CAMPARI: On the occasion of the 79th edition of the Venice Film Festival, Nicolò hosted two evenings of the "Campari Boat in Cinema".

SPORTS FESTIVAL: Christian Vieri, Lele Adani, Nicola Ventola and Alessandro Matri were guests at the Sports Festival and challenged each other in Paddle in the square of Trento.

ZAMBROTTA FOR EURO 2024: Gianluca Zambrotta represented Italy in the qualifying group draws for Euro 2024.

FOR DAZN "WE WERE GOOD TOGETHER": Documentary AC Milan legends, Massimo Ambrosini, Filippo Inzaghi, Paolo Maldini, Alessandro Nesta, Andrea Pirlo, Gennaro Gattuso.

PORCELLA FOR REEBOK: Francisco Porcella Reebok testimonial for the new "Always Classic" campaign by Reebok Europe.

ZAMBROTTA - BROCCHI FOR CIRCOLO DEI MONDIALI: Gianluca Zambrotta and Cristian Brocchi guests of the "Circolo dei Mondiali" on Rai 1.

ADANI FOR BSMT BASEMENT: Lele Adani guest of Gianluca Gazzoli on the occasion of the release of nba 2023, Focus of the episode on Michael Jordan together with Carl Brave and Alessandro Della Giusta.

NESTA FOR BASEMENT CAFE' OF LAVAZZA: Involvement of live talent for the creation of podcast multimedia content that will be broadcast online in the coming months.

ZAMBROTTA for TOPPS: use of the talent's image rights for the supply of autographed items to the brand.

Internationalisation: development of activities in the Serbian Republic

The Group operates in Serbia through the wholly owned subsidiary Iervolino & Lady Bacardi Entertainment Studios d.o.o. with operating offices in Belgrade and Novi Sad.

The company's main contract is an executive production activity (service) on behalf of the producer Archangel Digital Studios, a Serbian company owned by the Serbian actor and producer Milos Bikovic (highly regarded in the former Yugoslavian territories, often awarded at national festivals), for the production of animated content.

The existing contracts relate to 270 episodes for the three-year period 22-24.

During 2022, the production of 90 episodes divided into five seasons began (after the previous three completed) with an investment value of around Euro 39 million, Seasons 4 and 5 were completed during the year, whilst for seasons 6 and 7, 65%/70% of work was achieved and with season 8, 35% of work was completed.

Also in the year, the development of a project for the creation of content in the Metaverse began. In the financial year 2022, the production of service activities amounted to approximately EUR 30,303 thousand.

5. Backlog and projects in development

Backlog

At the date of approval of the consolidated financial statements for the year ended 31 December 2022, the contracted production portfolio (guaranteed minimum revenue still to be produced) totalled €172,9 million:

- New sequel to the animated series Arctic Friends and Puffins, entitled Baby Puffins & Bunny consisting of 405 episodes lasting 5 minutes each, of which 135 animatics episodes made in 2022, The backlog is €91,9 million, with a production plan spread over 2023 and 2024.
- Animated series Puffins, Arctic Friends and Puffins Impossible, in the new cutting-edge "short" format for the Tik Tok generations, consisting of 3 series (Mini Puffins Wonder, Swifty, Super Impossible) of 100 episodes lasting 60 seconds each. The backlog of the new animated production is equal to Euro 5,3 million expected in the first half of 2023.
- Executive production of the animated series Puffins Impossible and related service activities including licensing for the exploitation of IP, consisting of 270 episodes. The executive production and IP licences backlog is equal to Euro 62,3 million with a production plan spread over the years 2023 and 2024.
- Production of the film In the Fire for Euro 4,5 million, scheduled for delivery in the first half of 2023.
- The production of three Animation Films, based respectively on the characters of the animated series Puffins (A Stellar Adventure), Arctic Friends (In Search of the Arctic Idol) and Puffins Impossible (The Walrus Who Wanted too Much), lasting 85 minutes each. The backlog of the new production is equal to Euro 4,9 million expected in the first half of 2023.
- Production of the film Paradox Effect for Euro 4 million, scheduled for delivery in the first half of 2023.

Projects under development

The projects under development relate to the following future activities that the Group will reasonably develop and contract in the next three-year period '23-'25, amounting, at the date of approval of this document, to a rough estimate of assets of €311,1 million.

In particular, the activities of the projects under development are as follows:

Production activities

The activities of the ILBE Group as a producer over the next three-year period '23-'25 are currently estimated at a total of €233,7 million, broken down as follows:

- ✓ Web series, TikTok animations and Animation Movie under development in which the Group has decided to invest since the current financial year, To date, some 19 projects are in the

development phase with an estimated budget of EUR 114,9 million to be developed over the next three years.

- ✓ Audiovisual projects in development in which the Group has decided to invest since the current financial year, To date, some 9 projects are in the development phase with an estimated budget of EUR 22,6 million to be developed over the next three years.
- ✓ Feature film projects, To date, some 12 projects are in the development phase with an estimated budget of EUR 74,7 million to be developed over the next three years.
- ✓ 'Unscripted' projects, To date, some 16 projects are in the development phase with an estimated budget of EUR 21,5 million to be developed over the next three years.

Service activities (post-production and licensing)

The activities of the ILBE Group as a service provider, including IP licensor, to a third party producer, are currently estimated at a total of Euro 25,9 million for the next three-year period '23-'25.

Celebrity management and digital ADV activities

The activities of this CGU developed by the subsidiaries Red Carpet and Sobe Sport, based mainly on recurring revenues and contracts, are expected to grow strongly. It is reasonable to assume assets from third parties of approximately Euro 51,8 million for the three-year period '23-'25.

Executive production activities

Since the end of 2021, ILBE has been specialising in executive productions of international import films, After "Lamborghini" in 2021, the executive productions of Ferrari (through the associated company "Welcome to Italy") and Verona began in 2022. In this type of activity, the Group only records the net operating margin (thus netting out revenues and costs according to the reference accounting standards in similar activities). Considering two or three important executive productions per year, the contribution to EBIT and margins will be very interesting. This contribution will come from executive productions which we estimate will generate a turnover of approximately Euro 80 million over the three-year period '23-'25.

6. Summary data and alternative performance indicators (APIs)

The summary data illustrated in this report on operations refer to the ILBE Group's consolidated financial statements as at 31 December 2022, prepared following the IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union.

Therefore, the report should be read in conjunction with the financial statements and related notes to the consolidated financial statements for the year ended 31 December 2022.

In addition, to facilitate understanding of the Group's economic and financial performance, several alternative performance indicators (the 'Alternative Performance Indicators' or 'APIs') have also been presented to illustrate the operating performance achieved.

For a correct interpretation of these APIs, the following should be noted:

- ✓ these indicators are constructed exclusively from historical data of the Group and are not indicative of the Group's future performance;
- ✓ IFRS does not require IAPs and, although derived from the Group's consolidated financial statements, are not audited;
- ✓ IAPs should not be considered as a substitute for the indicators required by the relevant accounting standards (IFRS);
- ✓ these APIs must be read in conjunction with the Group's financial information taken from the Group's comparative consolidated financial statements;
- ✓ the definitions of the indicators used by the Group, as they are not derived from IFRS, may not be homogeneous with those adopted by other groups and therefore comparable with them;
- ✓ the IAPs used by the Group are prepared with continuity and uniformity of definition and representation for the financial periods considered, As amortisation of audiovisual works constitutes the majority of the Group's cost of sales, EBIT (before non-recurring costs) is the economic indicator of operations;
- ✓ EBIT: defined as the operating result attributable only to recurring characteristic management;
- ✓ Non-recurring charges: non-recurring charges are costs classified by accounting nature in the financial statements and reclassified by destination to appropriately comment on the operating performance of the year;
These costs, in fact, relate to events or operations - both of ordinary management and not representative of normal business activity - the occurrence of which is non-recurring or which are not frequently repeated in the normal course of business of the company;
- ✓ Adjusted NFP: is defined as the difference between financial receivables and payables excluding from the latter financial payables arising from the application of IFRS 16 (leases) essentially referring to property leases;

The economic performance of consolidated transactions for the period is shown below:

Euro thousands	31/12/2022	31/12/2021	Changes	Change %
Revenues	161,000	152,319	8,681	6%
Operating costs	24,606	10,601	14,005	>100%
Staff costs	5,828	3,446	2,382	69%
Amortisation, write-downs, and provisions	109,767	113,830	(4,063)	-4%
EBIT	20,799	24,442	(3,643)	-15%
EBIT margin %	13%	16%	-3%	N.A.
Non-recurring charges (classified in the balance sheet under amortisation and costs for services)	11,049	941	10,108	>100%
EBIT net of non-recurring costs	9,750	23,502	(13,752)	-59%
Net financial expenses	5,212	3,140	2,072	66%
Pre-tax result	4,538	20,362	(15,824)	-78%
Taxes	(1,014)	(1,934)	920	-48%
Net profit for the period	3,524	18,428	(14,904)	-81%
Group interest	3,476	18,428	(14,951)	-81%
Minority interest	48	-	48	100%

The reclassified Group balance sheet is shown below:

Euro thousands	31/12/2022	31/12/2021
Assets		
Non-current assets		
Intangible assets	74,793	100,663
Tangible assets and rights-of-use assets	3,562	505
Deferred tax assets	8,190	8,958
Investments accounted for using the equity method	73	18
Other non-current assets	2,757	1,788
Total non-current assets	89,376	111,932
Current assets		
Trade receivables	31,693	18,759
Tax receivables	2,108	-
Current financial assets	18,158	12,070
Other current assets	36,462	34,078
Cash and other liquid assets	12,462	3,246
Total current assets	100,882	68,152
Total Assets	190,258	180,084
Shareholders' equity		
Non-current liabilities		
Employee benefits	310	308
Other non-current liabilities	112	409
Non-current financial liabilities	26,859	32,940
Total non-current liabilities	27,280	33,657
Current liabilities		
Current financial liabilities	29,547	11,665
Trade payables	13,957	22,257
Tax payables	54	567
Contractual Liabilities	10,190	17,392
Other current liabilities	19,859	8,968
Total current liabilities	73,607	60,848
Total liabilities	190,258	180,084

The Group's key balance sheet and financial indicators are shown below:

Main balance sheet and financial indicators - Euro thousands	31/12/2022	31/12/2021
Intangible fixed assets (including Trade Mark and Goodwill)	74,793	100,663
Tangible fixed assets and rights-of-use assets	3,562	505
Other non-current assets	11,020	10,764
Fixed assets	89,376	111,932
Receivables from clients	31,693	18,759
Payables to clients	(13,957)	(22,257)
Other current assets/(liabilities)	8,466	7,151
Working Capital	26,203	3,653
Severance Indemnity	(310)	(308)
Other non-current liabilities	(112)	(409)
NIC	115,157	114,868
Shareholders' Equity	89,370	85,579
Cash and cash equivalents	(12,462)	(3,246)
Financing assets	(18,158)	(12,070)
Financial liabilities	56,406	44,605
NFP debt	25,787	29,289
Sources of Finance	115,157	114,868

The main indicators of the Group's cash flow statement are shown below:

Euro thousands	31/12/2022	31/12/2021
A - Net cash flow provided by/(used in) operating activities	84,059	102,613
B - Net cash flow provided by/(used in) investing activities	(82,975)	(123,566)
C - Net cash flow generated/(absorbed) by financing activities	8,132	20,686
D - Total cash flow generated/(absorbed) in the period (A+B+C)	9,216	(267)
E - Cash and cash equivalents at the beginning of the period	3,246	3,513
F - Cash and cash equivalents at the end of the period (D+E)	12,462	3,246

The breakdown of the Group NFP is shown below:

Net financial position - Euro thousands	31/12/2022	31/12/2021
Cash and cash equivalents	(12,462)	(3,246)
Current financial assets	(18,158)	(12,070)
Liquidity	(30,620)	(15,316)
Current portion of non-current financial liabilities	9,506	1,996
Liabilities for current leases	615	-
Other current financial liabilities	19,426	9,669
Current financial debt	29,547	11,665
Net current financial debt	(1,073)	(3,651)
Non-current financial liabilities	24,761	32,940
Liabilities for non-current leases	2,098	-
Non-current trade payables	-	-
Non-current financial debt	26,859	32,940
NFP debt	25,787	29,289
<i>of which IFRS 16 (leasing)</i>	<i>2,713</i>	<i>-</i>
Adjusted NFP debt	23,074	29,289

Operating performance and financial results

The revenues and income for the year, analysed for management purposes as a whole, amounting to Euro 161,000 thousand (Euro 152,319 thousand in 2021), relate to the granting of rights to film and audiovisual works and government grants, service activities including licences to exploit intellectual properties and celebrity management activities. Specifically:

- Revenue from the granting of rights to film and audiovisual works and proceeds from government grants amount to Euro 108,580 thousand (Euro 93,604 thousand in 2021). These revenues and income mainly relate to the productions of Puffins (Euro 20,611 thousand), Baby Puffins & Bunny (Euro 29,512 thousand), MUTI (Euro 17,118 thousand) and Animation Movie (Euro 18,088 thousand).
- Revenues from service activities including licences for the use of Intellectual Properties amount to Euro 41,241 thousand (Euro 50,052 thousand in 2021).
- Revenues deriving from the exploitation of distribution rights amount to Euro 3,431 thousand (Euro 0 thousand in 2021).
- Revenues from post-production activities amount to Euro 1,422 thousand (Euro 975 in 2021).
- Revenues from casting, celebrity management and production of digital ADV, communication & marketing content amounted to Euro 5,984 thousand (Euro 4,828 thousand in 2021).

2022 closed with a Group net profit of Euro 3,476 thousand, which showed a decrease of Euro 14,951 thousand compared with financial year 2021 of Euro 18,428 thousand. This change

essentially refers to i) the recognition of non-recurring charges of Euro 11,049 thousand; and ii) the increase in net financial expenses mainly associated with the recognition of an unrealised loss on financial investments of Euro 993 thousand and with the increase in net exchange losses of Euro 370 thousand.

From a management perspective, the year recorded Group EBIT of Euro 20,799 thousand, which shows a decrease of 15% compared to the same period of 2021 of Euro 24,442 thousand. This decrease essentially refers to a more prudent amortisation policy for new animated productions.

The Group's net profit without considering non-recurring charges would have been equal to Euro 14,525 thousand (Euro 19,369 thousand in 2021).

In the context of costs, we point out as a relevant aspect connected to the Russian-Ukrainian conflict and the increase in energy costs which had a significant impact on the increase in film production costs due to the increase and shortage of energy especially in the first 9 months of the year. The film cost reports reveal an increase of 400% in the cost of energy and 80% in the cost of transport respectively used for the productions, the (partial) recovery of margins was achieved through savings and reduction of other costs and internal efficiency improvements.

The effects of the Russo-Ukrainian conflict also had an indirect effect on sales which excluded the Russian market.

Non-recurring charges amount to Euro 11,049 thousand and are the result of the following cases:

- Euro 9,514 thousand relating to the change of strategy in the sale of the distribution rights of so-called "family movies" in order to promote commercial agreements for the long-term exploitation of works in order to maximised their economic return. This led to the recognition of depreciation and write-downs on the basis of the relationship between the economic benefits deriving from the exploitation of the rights in the current year and the total economic benefits that will be generated on the basis of the sales plans considering the usual visibility over a short-/medium-term time horizon. For this reason, significant write-downs and depreciation were recognised in the year against modest revenues. This event, which is undoubtedly infrequent in nature, is recognised in compliance with the continuity of application of the accounting principles.
- Euro 1,535 thousand relating to portions of smart-working costs and write-downs following the disposal of assets.

From a financial point of view, the ILBE Group's net invested capital is mainly represented by intangible assets (film works, intellectual properties and others) of Euro 74,793 thousand (Euro 100,663 thousand the previous year); other fixed assets amount to Euro 14,582 thousand (Euro 11,269 thousand the previous year) while net working capital is positive at Euro 26,203 thousand (Euro 3,653 thousand the previous year). Other non-current liabilities and severance pay amounted to Euro 422 thousand (Euro 717 thousand in the previous year).

The resulting net invested capital amounts to Euro 115,157 thousand, increased by Euro 289 thousand compared to the balance at 31 December 2021 of Euro 114,868 thousand and is financed by the net financial position of Euro 25,787 thousand (Euro 29,289 thousand at 31 December 2021) and by the shareholder's equity of Euro 89,370 thousand (Euro 85,579 at 31 December 2021).

Working capital mainly includes 'government grants' from film productions, which will be monetised by offsetting other taxes or sold to authorised intermediaries, starting from the following financial year.

From a financial point of view, cash and cash equivalents at 31 December 2022 show a balance of Euro 12,462 thousand, an increase of Euro 9,216 thousand compared to the balance at the beginning of the period of Euro 3,246 thousand, essentially due to the procurement of resources for the financial needs of productions with important payments in the first quarter of 2023.

Adding the net difference between financial assets and liabilities to the cash and cash equivalents balance, the net financial position at 31 December 2022 presents a debit balance of Euro 25,787 thousand, a decrease of Euro 3,502 thousand compared to that of the balance at 31 December 2021 of Euro 29,289 thousand. Considering that the net financial position as at 31 December 2022 is impacted for Euro 2,713 thousand by the accounting of the new lease contracts on the basis of IFRS 16, the decrease compared to the balance as at 31 December 2021 is equal to Euro 6,215 thousand. In fact, the net financial position adjusted for the aforementioned effects deriving from the application of IFRS 16 is equal to Euro 23,074 thousand compared to that of 31 December 2021 equal to Euro 28,289 thousand; this reduction is substantially connected to the optimisation of the cash flow of investments compared to the previous year which, among other things, led to the recognition of interest-bearing financial receivables from producers for Euro 6,500 thousand intended for the payment of tax payables arising from executive production. These credits will be reimbursed upon collection of the relevant tax credit by the producer customer.

The analysis of net financial debt (adjusted) shows improvements in terms of incidence on total non-financial assets, rising to 14,5% in 2022 compared to 17,8% in 2021. There were also improvements in terms of incidence on revenues, rising to 14,3% in 2022 compared to 19,2% in 2021.

The main investment and financial dynamics of the year underlying these balances relate to the following:

The positive change in cash and cash equivalents of Euro 9,216 thousand consists of flows generated by operating activities and financing activities amounting to Euro 84,058 thousand and Euro 8,132 thousand respectively, and those absorbed by investment activities in audiovisual works amounting to Euro 82,392 thousand.

In addition, we note the following main financial transactions during the period:

- ✓ The taking out of four medium-term loans of Euro 9,1 million to support existing production;
- ✓ The increase in credit lines of Euro 5,6 million;
- ✓ A factoring transaction with recourse equal to Euro 2,0 million;
- ✓ The increase of Euro 1,3 million relating to the recognition of new trade payables for leases of offices and factories, but recognised as financial as envisaged by the accounting standard IFRS 16;
- ✓ The repayment of loans for approximately Euro 10,3 million.

The next financial year will be characterised by loan repayments, again for approximately Euro 10 million, to which must be added charges for financial interest which have risen by over one million due to the increase in interest rates, however partially offset by financial income

deriving from financial receivables taken out on executive productions.

7. Transactions with related parties

The Issuer's financial and economic transactions with related parties from 1 January 2022 to 31 December 2022 are set out below:

	Trade Receivables	Other assets	Trade payables	Other liabilities	Revenues	Costs
	€/000	€/000	€/000	€/000	€/000	€/000
TATATU S.p.a.	-	1,701	-	-	-	-
Welcome to Italy S.r.l.	386	-	-	-	424	-
AMBI Distribution	-	-	-	-	154	-
Total related party transactions	386	1,701	-	-	578	-
Total Financial Statements Item	31,693	158,590	13,957	86,931	161,000	151,250
Weight on Financial Statements items	1%	1%	0%	0%	0%	0%

The outstanding credit balance with Tatatu S,p,A, of Euro 1,701 thousand relates to a receivable due in 2024 for the consideration paid for the closure of the ADV business unit (Euro 1,089 thousand) and a trade receivable (Euro 612 thousand).

Relations with Welcome to Italy S.r.l. refer to the services rendered by ILBE for the executive production of the film "Ferrari".

Relations with AMBI Distribution relate to the sales agency contract stipulated for the distribution of the film "Lamborghini" in some territories.

The Issuer's financial and economic transactions with related parties from 1 January 2021 to 31 December 2021 are set out below:

	Trade Receivables	Other assets	Trade payables	Other liabilities	Revenues	Costs
	€/000	€/000	€/000	€/000	€/000	€/000
TATATU S.p.a.	-	1,721	-	-	-	-
Total related party transactions	22	1,721	-	-	33	-
Total Financial Statements items	18,759	160,418	22,257	71,341	152,319	128,817
Weight on Financial Statements items	0%	1%	0%	0%	0%	0%

Transactions with related parties carried out with Tatatu S,p,A, during the period, amounting to Euro 33 thousand on the revenue side and Euro 22 thousand on the credit side, refer to services rendered by the subsidiary Arte Video S.r.l., The outstanding credit balance with Tatatu S.p.A, of Euro 1,721 thousand relates to a receivable due in 2023 for the consideration paid for the closure of the ADV business unit (Euro 1,089 thousand) and a trade receivable (Euro 641 thousand).

8. Human Resources

The ILBE Group has a structure of about 120 permanent employees plus some contracted resources. In addition, some professionals have an ongoing relationship with the ILBE Group

and, in some cases, also have specific responsibilities for Law 231/2001.

It should be noted that, at the time of the start of the production of an audiovisual piece, a considerable number of workers are hired with fixed-term contracts until the conclusion of said piece.

During the year, 1,072 fixed-term employees were hired for existing productions.

9. Research and development

During the year, the research and development activities of the financial year were applied research carried out to the exploitation of the theoretical knowledge already acquired for practical purposes i.e. essentially for the development in the technical area of the IP 0.2.1 pipeline release in particular on the following aspects of the hardware and software of the production process:

Software:

Teradici & Nomachine: These are software applications that allow users to access their workstations remotely, Each user is assigned unique login credentials to access the workstation. Teradici was mainly deployed for the FX, SHF, Lighting and Compositing activities, while Nomachine was deployed for the other activities: Asset Development, Layout, Animation, Rendering and Production Support Supervision.

Ase-Sync: It is the tool for synchronising data between all users, thus enabling users to work on their workstations remotely. This tool synchronises project data securely between our internal memory and the user's workstation. This tool optimises the organisational process.

WFH (Work From Home) Asset and Shot Publish: It is a publishing tool for users in the Asset and Animation department working in smart-working mode to publish data in the pipeline from their home workstation.

ASE Player: It is a proprietary media player (ASE Player) that connects directly to ATOM. This media player allows various departments to review content directly within the pipeline and propagates notes directly to interested and relevant parties without leaving the ATOM environment.

Hardware and network:

Firewall: The firewall supports over 350 networked users for secure remote access to workstations.

Bandwidth: The width is 500 Mbps for easier connectivity between everyone.

Isilon Archive: The Isilon storage server provides 400 TB of data.

The benefits of research and development results

Over the years, the research and development results led to the conception of new and

innovative pipeline processes and methodologies for the production of new and innovative short animated content of 5 minutes each for use on digital platforms. This has also cut processing times by 45%, taking annual productivity from 50 to almost 300 episodes in a year, increasing the quality of output and control of time and costs.

Lastly, it is necessary to consider another factor in terms of profitability deriving from the Licensing of the Pipeline (i.e., processes and working methodologies for the production of short animated contents) obtained from the implementation of the R&D activity (know-how and software), which after having determined the recognition in 2020 and 2021 of revenues equal to a total of Euro 34,908 thousand, contributed for further revenues equal to Euro 7,509 thousand in the year.

10. Disclosure of principal risks and uncertainties

Management of financial risks and cash flow variation

Liquidity risk

The ILBE Group's day-to-day operations generated cash flows intended for requirements and absorbed by the day-to-day operations for the regular payment of suppliers. Additional financial resources for investment are raised either through financial or capital transactions. Having put in place an effective economic and financial planning system, IE constantly monitors management flows to finance working capital and monitor the monetisation of the realised EBIT, which takes place a few months after the delivery of the audiovisual work and is appropriately financed and guaranteed by/to the banking system.

Foreign exchange rate risk

The ILBE Group is limited to financial risks related to exchange rate fluctuations regarding transactions with countries outside the Eurozone. It should also be noted that almost all receivables and payables are in the same foreign currency (US dollar).

The Group has not implemented any exchange rate risk hedging transactions as they are significantly reduced by offsetting costs incurred in the same currency as revenues.

Interest Rate Risk

The Group has no derivative contracts in place to hedge risks related to interest rate fluctuations as this risk exposure is marginal.

Market risk, credit risk and price risk

Risks related to the competitiveness and cyclicity of the sector

An element that increasingly characterises *the entertainment market* is the growing importance of the contents offered, which are increasingly differentiated according to the transmission channels.

The Group is constantly looking for new formats and content to be created independently or through service contracts and always remaining the owner of the relevant Intellectual Property. In addition, productions are always funded based on the so-called 'guaranteed minimum' with relationships with international distributors and always responsive to the demands of the general public that can then generate additional business in the *merchandising* channel as well,

Credit risk

The Group does not have a significant concentration of credit risk and has appropriate procedures, such as verifying the creditworthiness of debtors by analysing their reliability in the market, to minimise credit risk

11. Significant events occurring after the end of the financial year

No significant events occurred after the closing date of the financial year.

In 2023, the Group will continue to monitor the evolution of the negative impacts of the Russian-Ukrainian conflict and the increase in interest rates.

12. Business Outlook

The company activities will be concentrated on the new animated productions in progress (Baby Puffins & Bunny, Mini Puffins Wonder, Swifty and Super Impossible). With reference to the new film works, we point out "In the fire", "Paradox Effect" and the new animated films: A Stellar Adventure. In Search of the Arctic Idol and The Walrus Who Wanted too Much, Furthermore, further revenues will derive from the distribution of the new Skin Care production.

As regards the subsidiaries R.E.D. Carpet, Video Art and SoBe Sport, the related activities in their respective operating sectors are expected to grow.

In the light of the foregoing, for 2023 the forecast of growth in revenues and capitalised works is confirmed, while a slightly more contained trend in margins is expected compared to the current year.

Rome, 23 March 2023

For the Board of Directors



Consolidated Financial Statements and Notes

31/12/2022

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Statement of the consolidated financial position

As at 31 December 2022 - amounts in Euro thousands

	Notes	31-dic-22	of which related parties	31-dic-21	of which related parties
Assets					
Non-current assets					
Intangible assets:		74,793	-	100,662	-
Completed productions	Note 6	42,566	-	40,168	-
Ongoing productions	Note 6	6,251	-	22,732	-
IP and Distribution Rights	Note 6	24,286	-	37,185	-
Other intangible activities	Note 6	152	-	144	-
Trademark	Note 6	358	-	358	-
Goodwill	Note 6	1,180	-	75	-
Tangible assets and rights-of-use assets	Note 7	3,562	-	505	-
Deferred tax assets	Note 8	8,190	-	8,958	-
Investments accounted for using the equity method	Note 9	73	-	18	-
Other non-current assets	Note 10	2,757	1,701	1,788	1,721
Total non-current assets		89,376	1,701	111,931	1,721
Current assets					
Trade receivables	Note 11	31,693	386	18,759	22
Tax receivables	Note 12	2,108	-	-	-
Current financial assets	Note 13	18,158	-	12,070	-
Other current assets	Note 14	16,379	-	32,405	-
Assets arising from contracts with customers	Note 15	20,083	-	1,673	-
Cash and other liquid assets	Note 16	12,462	-	3,246	-
Total current assets		100,882	386	68,153	22
Total Assets		190,258	2,087	180,084	1,743
Shareholders' Equity					
Share Capital	Note 17	1,410	-	1,401	-
Legal reserve	Note 17	497	-	497	-
Extraordinary reserve	Note 17	37,692	-	19,436	-
Treasury Shares	Note 17	(232)	-	-	-
Other reserves	Note 17	17,020	-	16,574	-
Profit/ (Loss carried forward)	Note 17	29,415	-	29,243	-
Profit (loss) for the year	Note 17	3,476	-	18,428	-
Assets attributable to the shareholders of the parent company		89,278	-	85,579	-
Minority interests		92	-	-	-
Total Shareholders' equity		89,370	-	85,579	-
Non-current liabilities					
Employee benefits		310	-	308	-
Deferred tax liabilities		112	-	109	-
Provisions for liabilities and charges		-	-	300	-
Non-current financial liabilities	Note 18	26,859	-	32,940	-
Total non-current liabilities		27,280	-	33,657	-
Current liabilities					
Current financial liabilities	Note 19	29,547	-	11,665	-
Trade payables	Note 20	13,957	-	22,257	-
Tax payables		54	-	567	-
Contractual liabilities	Note 21	10,190	-	17,391	-
Other current liabilities	Note 22	19,859	-	8,968	-
Total current liabilities		73,607	-	60,848	-
Total liabilities		190,258	-	180,084	-

Consolidated statement of comprehensive income for the year
as at 31 December 2022 - amounts in Euro thousands

	Notes	31-dic- 22	of which related parties	31-dic- 21	of which related parties
Revenues	Note 23	142,289	578	137,279	33
Other revenues and income		140	-	190	-
Tax credits and other government grants	Note 24	18,571	-	14,850	-
Total operating income and revenues		161,000	578	152,319	33
Purchases of raw materials, consumables and merchandise		219	-	277	-
Costs for services	Note 25	24,986	-	9,826	-
Staff costs	Note 26	5,828	-	3,446	-
Other operating costs		352	-	497	-
Amortisation, write-downs, and provisions	Note 27	119,865	-	114,771	-
Operating Result		9,750	578	23,502	33
Financial income	Note 28	229	-	525	-
Financial expenses	Note 28	5,480	-	3,665	-
Share pertaining to the result of associates and joint ventures	Note 9	39	-	-	-
Profit before tax		4,538	-	20,362	-
Income tax	Note 29	(1,014)	-	(1,934)	-
Profit for the period		3,524	-	18,428	-
<i>Group interest</i>		<i>3,476</i>		<i>18,428</i>	
<i>Minority interest</i>		<i>48</i>		<i>-</i>	
Other comprehensive income components that may be reclassified subsequently to profit/(loss) for the year net of taxation		(114)	-	152	-
Change in the translation reserve		(114)	-	-	-
Other comprehensive income components that will not be subsequently reclassified to profit/(loss) for the year net of taxation		121	-	(66)	-
Re-measurement of net employee benefit liabilities/(assets)		121	-	(66)	-
Total comprehensive profit/(loss) after tax		3,531	-	18,514	-
<i>Group interest</i>		<i>3,474</i>		<i>18,514</i>	
<i>Minority interest</i>		<i>57</i>		<i>-</i>	
Basic earnings per share (ordinary shares)	Note 30	0,15	-	0,77	-
Diluted earnings per share (ordinary shares)	Note 30	0,15	-	0,77	-

Consolidated statement of changes in equity

as at 31 December 2022 - amounts in Euro thousands

	Notes	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Other Reserves	Translation reserve	Capital contribution payment	Profit/(Loss) carried forward	Profit/(loss) for the financial year	Total	Minority interests	Total Shareholders' equity
Balance as at 01 January 2022		1,401	497	19,436	16,491	51	32	-	29,243	18,428	85,579	-	85,579
Profit/(loss) for the financial year	Note 17	-	-	-	-	-	-	-	-	-	3,476	48	3,524
Allocation of the 2021 result	Note 17	-	-	18,256	-	-	-	-	172	(18,428)	-	-	-
"SoBE" transaction capital increase	Note 17	10	-	-	590	-	-	-	-	-	600	-	600
Other changes	Note 17	-	-	-	-	-	-	-	-	-	-	44	44
Purchase of treasury shares	Note 17	-	-	-	-	(232)	-	-	-	-	(232)	-	(232)
Other items of the statement of comprehensive income	Note 17	-	-	-	-	121	(114)	-	-	-	7	-	7
OCI transfers	Note 17	-	-	-	-	(152)	-	-	-	-	(152)	-	(152)
Balance as at 31 December 2022		1,410	497	37,692	17,081	(212)	(82)	-	29,415	-	89,278	92	89,370

as at 31 December 2021 - amounts in Euro thousands

	Notes	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Other Reserves	Translation reserve	Capital contribution payment	Profit/(Loss) carried forward	Profit/(loss) for the financial year	Total	Minority interests	Total Shareholders' equity
Balance as at 01 January 2021		1,401	497	-	16,491	(35)	8	-	29,181	19,498	67,041	-	67,041
Profit/(loss) for the financial year	Note 17	-	-	-	-	-	-	-	-	18,428	18,428	-	-
Allocation of the 2020 result	Note 17	-	-	19,437	-	-	-	-	62	(19,498)	1	-	-
Increased translation reserve	Note 17	-	-	-	-	-	23	-	-	-	23	-	-
Changes in consolidation	Note 17	-	-	-	-	-	-	-	-	-	-	-	-
OCI changes	Note 17	-	-	-	-	86	-	-	-	-	86	-	-
Balance as at 31 December 2021		1,401	497	19,437	16,491	51	31	-	29,243	18,428	85,579	-	85,579

Consolidated statement of cash flow

as at 31 December 2022 - amounts in euro thousands

	Notes	31-dic-22	31-dic-21
Operating profit		3,524	18,428
Income Tax	Note 29	1,014	1,934
		-	-
Adjustments to reconcile pre-tax profit with net cash flows:		-	-
Amortisation of intangible assets and property, plant and equipment	Note 27	119,715	114,771
Net exchange rate changes	Note 28	1,700	-
Financial income	Note 28	(132)	(3)
Financial expenses	Note 28	3,683	1,780
Share pertaining to the result for the year of associated companies and joint ventures	Note 8	(39)	-
Provisions (Utilisations) to staff-related funds		2	60
Changes in provisions, pension funds and government grants	Note 27	(300)	-
Other non-monetary items		-	-
Cash flow generated by operations		129,167	136,970
		-	-
Change in working capital:		-	-
Change in trade credits		(12,934)	(22,595)
Change in trade payables		(25,356)	(12,740)
Change in other receivables and other assets		(6,880)	(8,438)
Change in other payables and other liabilities		5,252	14,999
Interest paid/collected		(3,080)	(1,023)
Income tax paid		(2,110)	(4,560)
A - Net cash flow provided by/(used in) operating activities		84,059	102,613
Investments/divestments in intangible and tangible assets	Note 6 and 7	(76,016)	(115,997)
Investments in financial assets (participations)	Note 5 and 8	(674)	-
Investments/divestments in other financial assets		(6,285)	(7,569)
B - Net cash flow provided by/(used in) investing activities		(82,975)	(123,566)
Mortgages and loans taken out in the period		18,902	31,129
Loans and borrowings repaid in the period		(10,258)	(10,443)
Lease liability principal payments		(280)	-
Purchase of treasury shares	Note 17	(232)	-
C - Net cash flow generated/(absorbed) by financing activities		8,132	20,686
D - Total cash flow generated/(absorbed) in the period (A+B+C)		9,216	(267)
E - Cash and cash equivalents at the beginning of the period		3,246	3,513
F - Cash and cash equivalents at the end of the period (D+E)		12,462	3,246

Note: Under IAS 7, net cash flow provided by/(used in) investing activities only includes investments paid, including compensation, during the period,

Notes to the consolidated financial statements

1. Company information

The publication of the consolidated financial statements of Iervolino & Lady Bacardi Entertainment S.p.A. and its subsidiaries (the Group) for the period ended 31 December 2022 was authorised by the Board of Directors on 23 March 2023.

Iervolino & Lady Bacardi Entertainment S.p.A., the consolidating company, is a listed joint-stock company registered and domiciled in Italy. The registered office is located in Via Salaria 222, 00198 Rome.

The Group's main activity is producing film and television content, including films, TV shows, web series, short TV shows and much more. The content produced by the Group is considered standing Hollywood-style productions and features internationally-renowned actors. The Group's main objective is to produce for the international market, based on the business model used by the major Hollywood majors. The Group is also involved in authoring, encoding & digital delivery, celebrity management, and ADV, communications & marketing consultancy (Celebrity Management).

Information on the Group's transactions with related parties is presented in Note 31.1.

2. Main accounting principles

2.1 Drafting principles

The consolidated financial statements have been prepared following the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in Euro, and all amounts are expressed in thousands of Euro unless otherwise indicated.

The consolidated financial statements comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and these notes to the financial statements.

These financial statements have been prepared on a going concern basis. The Directors have verified that there are no financial, operational or other indicators that may indicate that the Group will be able to meet its obligations in the foreseeable future. Risks and uncertainties related to the business are described in the relevant sections of the Report on Operations. A description of how the Group manages financial risks, including liquidity risks and capital risks, is contained in the section Additional information on financial instruments and risk management policies of these Notes. The main

accounting principles and valuation criteria applied in preparing the consolidated financial statements are described below,

Following the relevant accounting standards, the Directors have made the following choices regarding their financial statements.

Consolidated Statement of Comprehensive Income: is prepared following the 'by nature' format and shows the intermediate results relating to Operating Profit/(Loss) and Profit/(Loss) Before Tax to allow for the measurability of normal operating performance. Operating income is determined as the difference between revenues and other income and operating expenses (the latter including non-cash expenses related to write-downs and amortisation of current and non-current assets, net of any reversals).

Consolidated Statement of Financial Position: is presented using the distinction between 'current - non-current' assets and liabilities. An asset/liability is classified as current when it meets one of the following criteria: it is expected to be realised/extinguished, or it is expected to be sold or used in the normal course of business, it is held for trading and it is expected to be realised/extinguished within 12 months after the reporting period. If all three conditions are not met, the assets/liabilities are classified as non-current.

Consolidated Statement of Cash Flows: is prepared using the 'indirect method', whereby the net result for the period is normally adjusted for the effects of non-monetary transactions.

Consolidated Statement of Changes in Shareholders' Equity: illustrates the changes in equity items.

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of Iervolino & Lady Bacardi Entertainment S.p.A. and its subsidiaries at 31 December 2022.

Control is achieved when the Group is exposed to or entitled to variable returns from its relationship with the entity being invested in and, at the same time, can affect those returns by exercising its power over that entity.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee entity (i.e. it has valid rights that give it the current ability to direct the relevant activities of the investee entity);
- the exposure to or rights to variable returns arising from the relationship with the entity being invested in;
- the ability to exercise its power over the invested entity to affect the number of its returns.

Generally, there is a presumption that most voting rights involve control. To support this presumption and when the Group holds less than a majority of the voting (or similar) rights, the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- Contractual arrangements with other holders of voting rights;
- Rights under contractual agreements;

- Voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control of an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and expenses of the subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

Profit or loss and each component of comprehensive income are allocated to the owners of the parent and non-controlling interests, even if this means that the non-controlling interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to ensure compliance with the group's accounting policies. All assets and liabilities, equity, revenues, expenses and intra-group cash flows relating to transactions between group entities are eliminated in full consolidation.

Changes in ownership interests in a subsidiary that do not result in a loss of control are accounted for in equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, non-controlling interests and other components of shareholders' equity, and any gain or loss is recognised in profit or loss. Any retained interest must be recognised at fair value.

The following table summarises, concerning the subsidiaries, the information as at 31 December 2022, relating to the name, registered office and share capital held directly and indirectly by the Group.

Company Name	Headquarters	Group share of ownership	Direct ownership	Methods of consolidation
Parent company				
Iervolino & Lady Bacardi Entertainment S.p.a.	Via Salaria 222, 00198 Rome (Italy)	N/A,	N/A,	N/A,
Subsidiaries				
Arte Video S.r.l.	Via Barberini 29, 00187 Roma (Italia)	100%	100%	Full
R,E,D, Carpet S.r.l.	Via del Porto Fluviale 69, 00154 Rome (Italy)	100%	100%	Full
Wepost S.r.l. (formerly Iexchange S.r.l.)	Via Barberini 29, 00187 Roma (Italia)	100%	100%	Full
ILBE Studios d.o.o.o (formerly Iervolino Studios d.o.o.o)	Svetosavka Street 26/9, Pozarevac (Serbia)	100%	100%	Full
Arte Video Corp	1680 Knowlwood Drive - Pasadena, California 91103 (USA)	99%	0%	Full
SoBe Sport S.r.l.	Via Francesco Petrarca 13, 20123 Milan (Italy)	60%	60%	Full
Associated companies				
Furuna Crafts d.o.o.o	Zeleznicka 4, Novi Sad	50%	0%	Equity
Welcome to Italy S.r.l.	Via Sallustiana 26, 00187 Rome (Italy)	40%	40%	Equity

The scope of consolidation as at 31 December 2022, compared to that as at 31 December 2021, changed following the acquisition in March 2022 by Iervolino & Lady Bacardi Entertainment S.p.A. of 60% of SoBe Sport S.r.l., a company operating in sports communication and marketing.

With reference to associated companies recognised using the equity method, it should be noted that, on 12 May 2022, Iervolino & Lady Bacardi Entertainment S.p.A. together with the company Bett,One

S.r.l. the company Welcome to Italy S.r.l., a company whose purpose is the executive production of films and other audiovisual products. The percentage of the Group's shareholding is 40%.

2.3 Summary of the main accounting principles

(a) Business combinations, goodwill and trade marks

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 as at the date of acquisition and the amount of the minority stake in the acquisition. For each business combination, the Group defines whether to measure the minority stake in the acquisition at fair value or in proportion to the share of the minority stake in the net identifiable assets of the acquisition, Acquisition costs are expensed during the year and classified under administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions existing as at the acquisition date. This includes verifying whether an embedded derivative should be separated from the primary contract.

The acquirer recognises any contingent consideration to be recognised at fair value at the acquisition date. The potential consideration classified as equity not subject to remeasurement and its subsequent payment is accounted for with the balancing entry of shareholders' equity. The change in fair value of contingent consideration classified as an asset or liability, such as a financial instrument within the scope of IFRS 9 Financial Instruments, shall be recognised in profit or loss following IFRS 9. Contingent consideration that is not within the scope of IFRS 9 is measured at fair value at the balance sheet date, and changes in fair value are recognised in profit or loss.

Goodwill and brand names are initially recognised at cost represented by the excess of all consideration paid and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total amount of paid, the Group again checks whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to determine the amounts to be recognised as at the date of acquisition. If the new valuation still shows a fair value of the net assets acquired higher than the consideration, the difference (profit) is recognised in the income statement.

After initial recognition, goodwill and brand names are measured at cost less accumulated impairment losses. For impairment testing, goodwill and brands acquired in a business combination are allocated from the acquisition date to each cash-generating unit of the Group that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill and a brand name have been allocated to a cash-generating unit and the entity disposes of part of the operations of that unit, the goodwill and brand name associated with the operation disposed of are included in the carrying amount of the operation when determining the gain or loss on disposal, The goodwill and brand associated with the discontinued operation are determined based on the relative values of the discontinued operation and the retained portion of the cash-generating unit.

b) Investments in associates

An associate is a company over which the Group exercises significant influence. Significant influence means the power to participate in determining an investee's financial and operating policies without having control or joint control over it.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investments in associates are accounted for using the equity method.

Under the equity method, an investment in an associate is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the investor's share of the investee's profits and losses realised after the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not subject to a separate impairment test.

The year's statement of profit/(loss) reflects the Group's share of the associate's profit/(loss) for the year. Any changes in other comprehensive income relating to these investees are presented as part of the Group's comprehensive income. In addition, if an associate reports a change directly to equity, the Group recognises its share, if applicable, in the statement of changes in equity. Unrealised gains and losses arising from transactions between the Group and associates are eliminated in proportion to the share of the investment in the associates.

The Group's aggregate share of the profit/(loss) of associates is recognised in the statement of profit/(loss) for the year after operating profit/(loss). It represents profit/(loss) after tax and the shares of other associate shareholders.

The financial statements of associated companies are prepared on the same date as the Group's financial statements. Where necessary, the financial statements are adjusted to align with Group accounting principles.

Following the application of the shareholders' equity method, the Group assesses whether it is necessary to recognise an impairment loss on its investment in associates or joint ventures. The Group assesses whether there is any objective evidence that investments in associates are impaired at each balance sheet date. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate and the carrying amount of the associate in its financial statements and recognises the difference in profit/(loss) for the year under the caption 'share of profit/(loss) of associates'.

Upon loss of significant influence over an associate, the Group measures and recognises the remaining investment at fair value. The difference between the carrying amount of the investment at the date of loss of significant influence and the fair value of the remaining investment and consideration received is recognised in profit or loss.

c) Intangible assets

Intangible assets acquired separately are initially recognised as assets at their purchase cost, including any directly attributable incidental expenses and financial expenses incurred during the period of realisation of the assets. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Internally produced intangible assets, except for internal production costs of cinematographic works, are not capitalised and are recognised in the year's income statement in which they are incurred. Within the item 'Intangible Assets', we distinguish the following types of costs related to acquired rights to cinematographic works: (i) costs incurred for film productions; (ii) costs for acquired rights with a limited duration such as concessions/licences acquired at a fixed price or with a guaranteed minimum; (iii) costs for the acquisition of Intellectual Property for future productions.

Under the headings "Completed productions" and "Work in progress", all costs relating to film productions and incurred in the films' various pre-production, production and post-production phases are capitalised. Finished products are amortised using the film forecast computation method, under which amortisation at the reporting date is determined over the time horizon over which the intangible asset will generate revenue. The amortisation period, based on the peculiarity and visibility of the individual productions in place, is estimated over the time horizon of four financial years.

At each balance sheet date, in addition to reviewing the useful life, intangible assets with finite useful lives are analysed to identify any indicators of impairment, whether from external or internal sources. In circumstances where such indicators are identified, the recoverable amount of these assets is estimated, and any impairment loss is recognised in the income statement. The recoverable amount of an asset is the higher its fair value, less costs to selling and its value in use, where the latter is the sum of the estimated future revenue from the asset.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, it can be demonstrated:

- a) the technical feasibility of completing the intangible asset so that it is available for use and sale;
- b) its intention to complete the intangible asset for use or sale;
- c) the ability to use or sell the intangible asset;
- d) how the intangible asset will generate probable future economic benefits. However, the entity can demonstrate the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes, the usefulness of the intangible asset;
- e) the availability of adequate technical, financial and other resources to complete the development or sale of the intangible asset;
- f) its ability to reliably measure the cost attributable to the intangible asset during its development.

The asset is subject to an annual impairment test during the development period.

Concession/licensing agreements for the acquisition of film exploitation rights are recognised as intangible assets under 'IP and Distribution Rights' at the time of transfer of control, which usually coincides with receipt of the invoice. These rights are amortised according to a method based on expected revenues, commonly used in the sector and which provides that the cumulative amortisation at the balance sheet date is determined by making reference to the relationship between the revenues realised and the total revenues deriving from the various types of exploitation of the rights, envisaged on the basis of the sales plans considering the visibility of a defined short-/medium-term time horizon. This is because the Directors believe that this method reflects more appropriately and correctly the speed with which the Group expects the use of the economic benefits associated with these rights.

Costs for the acquisition of Intellectual Property for future productions are recorded under "Other Rights", "Other intangible assets" contains other intangible assets with a finite useful life; these assets are shown net of accumulated amortisation and any accumulated impairment losses. Depreciation is

calculated straight-line over the estimated useful life, which is reviewed at least annually; any changes in amortisation criteria are applied prospectively. Amortisation begins when the intangible asset is available for use. The estimated useful life of 'Other intangible assets' is 5 years.

d) Tangible assets

They are recognised at historical cost less accumulated amortisation and accumulated impairment losses. Depreciation charged to the profit and loss account was calculated according to the economic-technical life of the assets, based on the criterion of residual useful life. If, regardless of amortisation already recorded, an impairment loss were to occur, the asset will be written down. If, in future years, the assumptions for the write-down no longer apply, the original value adjusted only by amortisation and depreciation is restored.

e) Leases

When signing a contract, the Group assesses whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in exchange for a fee.

The Group as lessee

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognises the liabilities relating to lease payments and the right-of-use asset which represents the right to use the asset underlying the contract.

i. Right-of-use assets

The Group recognises the right-of-use assets on the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The cost of the right-of-use assets includes the amount of the lease liability recognised, the initial direct costs incurred and the lease payments made at the commencement date or before commencement, net of any incentives received. Right-of-use assets are amortised on a straight-line basis from the effective date to the end of the useful life of the asset consisting of the right-of-use or, if earlier, at the end of the lease term, as follows:

- Buildings from 2 to 6 years
- Cars 5 years
- Equipment 3 years

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise its call option, the lessee shall depreciate the asset, consisting of the right of use from the effective date until the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment.

ii) Lease-related liabilities

As at the commencement date of the lease, the Group recognises the lease liabilities by measuring them at the present value of the payments due for the lease not paid at that date. Payments due include fixed payments (including payments that are fixed in substance) less any lease incentives receivable, variable lease payments that are index or rate dependent and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that this option will be exercised by the Group and lease termination penalty payments, if the lease term takes into account the exercise by the Group of the termination option of the lease itself.

Variable lease payments that do not depend on an index or a rate are recognised as costs in the period (unless they have been incurred for the production of inventories) in which the event or condition that generated the payment occurs.

In calculating the present value of payments due, the Group uses the incremental borrowing rate at the inception date if the implicit interest rate cannot be easily determined. After the effective date, the amount of the lease liability increases to take into account the interest on the lease liability and decreases to take into account the payments made. Furthermore, the book value of lease payables is recalculated in the event of any changes to the lease or for the revision of the contractual terms for the modification of payments; it is also restated in the presence of changes regarding the valuation of the option to purchase the underlying asset or for changes in future payments deriving from a change in the index or rate used to determine these payments.

The Group's lease liabilities are included in the item Financial liabilities.

Short-Term Leases and Low-Value Asset Leases

The Group applies the exemption for the recognition of short-term leases relating to machinery and equipment (i.e., leases that have a duration of 12 months or less from the commencement date and do not contain a purchase option). The Group has also applied the exemption for leases relating to low value assets with reference to lease contracts relating to office equipment whose value is considered low. Payments relating to short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

f) Financial assets

Upon initial recognition, financial assets are classified according to the subsequent measurement methods, i.e. amortised cost, fair value through OCI and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model the Group uses to manage them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value, through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as explained in paragraph n) Revenue.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid (so-called 'solely payments of principal and interest (SPPI)'). This evaluation is referred to as the SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (e.g., the cash flow from the sale of the asset to the buyer) are subject to the following conditions SPPI) are classified and measured at fair value through profit or loss.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will arise from collecting contractual cash flows, the sale of financial assets or both.

Financial assets classified and measured at amortised cost are held as part of a business model whose objective is to own financial assets to collect contractual cash flows. In contrast, financial assets that are classified and measured at fair value through OCI are held as part of a business model whose objective is to collect contractual cash flows and sell financial assets.

The purchase or sale of a financial asset that requires delivery within a period generally established by regulation or market convention (a so-called standardised sale or *regular way trade*) is recognised on the trade date. i.e, the date on which the Group has committed to purchase or sell the asset.

Subsequent evaluation

For subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income with the reclassification of accumulated gains and losses (debt instruments);
- Financial assets at fair value through other comprehensive income without a reversal of accumulated gains and losses on derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant for the Group. The Group measures financial assets at amortised cost if both of the following requirements are met:

- the financial asset is held as part of a business model whose objective is to own financial assets to collect contractual cash flows;
- and
- the contractual terms of the financial asset provide for cash flows at specified dates consisting solely of principal payments and interest on the principal amount to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment as indicated below. When the asset is derecognised, modified, or revalued, gains and losses are recognised in profit or loss.

The Group's financial assets at amortised cost include trade receivables.

Cancellation

A financial asset is derecognised in the first instance (e.g. removed from the statement of financial position) when:

- the rights to receive cash flows from the asset are extinguished, or

- the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred all the risks and rewards of ownership of the financial asset substantially, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred rights to receive cash flows from an asset or has entered into an arrangement under which it retains the contractual rights to receive the cash flows from the financial asset. Still, it assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through). Therefore, it assesses how it has retained the risks and rewards of ownership. If it has neither transferred nor retained substantially all risks and rewards or has not lost control over it, the asset continues to be recognised in the Group's financial statements to the extent of its continuing involvement in the asset. In this case, the Group also recognises an associated liability. The transferred asset and associated liability are measured to reflect the rights and obligations that remain with the Group.

When the entity's continuing involvement is a guarantee of the transferred asset, involvement is measured at the lower of the amount of the asset, and the maximum amount of consideration received that the entity could be required to repay.

Impairment of financial assets

The Group recognises an expected credit loss ('ECL') write-down for all financial assets represented by debt instruments not held at fair value through profit or loss, ECLs are based on the difference between the contractual cash flows due following the contract. All cash flows that the Group expects to receive are discounted to approximate the original effective interest rate. Expected cash flows will include cash flows arising from the enforcement of collateral held or other credit guarantees that are integral to the contractual terms.

For credit exposures for which there has been no significant increase in credit risk since initial recognition, credit losses arising from estimated default events that are possible within the next 12 months (12-month ECL) must be recognised.

For credit exposures for which there has been a significant increase in credit risk since initial recognition, expected losses that relate to the remaining life of the exposure must be recognised in full, regardless of when the event of default is expected to occur ('Lifetime ECL').

g) Financial liabilities

Initial detection and assessment

Upon initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss, as loans and borrowings, or as derivatives designated as hedging instruments.

All financial liabilities are initially recognised at fair value plus, in the case of mortgages, loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, mortgages and loans, including overdrafts.

Subsequent evaluation

The measurement of financial liabilities depends on their classification, as described below:

Assets and liabilities at amortised cost

This is the most relevant category for the Group. After initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is extinguished and through the amortisation process.

Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the statement of profit/(loss).

Cancellation

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or fulfilled. When an existing financial liability is exchanged for another financial liability of the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any difference between the carrying amounts recognised in the consolidated statement of profit or loss.

Clearing of financial instruments

A financial asset and a financial liability may be offset and the net balance presented in the statement of financial position if there is a present legal right to offset the recognised amounts and there is an intention to settle the net balance or to realise the asset and settle the liability simultaneously.

h) Impairment of non-financial assets

At each balance sheet date, the Group assesses whether indicators of asset impairment exist. In this case, or in cases where an annual impairment test is required, the Group estimates the recoverable amount. The recoverable amount is the higher of the fair value of the asset or cash-generating unit, less costs to sell, and its value in use. The recoverable amount is determined for each individual asset, except when that asset generates cash flows that are largely independent of those generated by other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, the asset is impaired and written down to its recoverable amount accordingly.

In determining value in use, the Group discounts estimated future cash flows to present value using a pre-tax discount rate that reflects market assessments of the present value of money and the risks specific to the asset. Recent market transactions are considered when determining the fair value less costs to sell. An appropriate valuation model is used if such transactions cannot be identified. These calculations are supported by appropriate valuation multiples, quoted share prices for investees whose securities are traded in the market, and other available fair value indicators.

The Group bases its impairment test on the most recent budgets and forecast calculations, prepared separately for each of the Group's cash-generating units to which individual assets are allocated. These budgets and forecast calculations generally cover five years. A long-term growth rate is calculated to project future cash flows beyond the fifth year.

Impairment losses on continuing operations are recognised in the consolidated statement of comprehensive income in the cost categories consistent with the function of the asset that caused the

impairment loss. An exception is made for previously revalued fixed assets, where the revaluation has been recognised in other comprehensive income. In such cases, the impairment loss is recognised in other comprehensive income up to the amount of the previous revaluation. For assets other than goodwill, at each reporting date, the Group assesses whether any indicators previously recognised impairment losses have ceased to exist (or have decreased) and, if such indicators exist, estimates the recoverable amount of the asset or CGU. The value of a previously impaired asset may be reinstated only if there has been a change in the assumptions underlying the calculation of the determined recoverable amount since the last impairment loss was recognised.

The reversal may not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised in prior periods. This reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount. In this case, the reversal is treated as a revaluation increase.

Goodwill is frequently tested for impairment at least once a year or more if circumstances indicate that the carrying amount may be impaired.

Goodwill impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. If the cash-generating unit's recoverable amount is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised.

Goodwill impairment cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment at least annually at the cash-generating unit level and when circumstances indicate that an impairment loss may occur.

i) Cash and cash equivalents and short-term deposits

Cash and short-term deposits comprise cash on hand and demand and short-term deposits with maturities of three months or less, which are held to meet short-term cash commitments rather than for investment or other purposes, and which are not subject to a significant risk of changes in value.

For presentation in the cash flow statement, cash and cash equivalents are represented by cash and cash equivalents as defined above, net of bank overdrafts, as these are considered an integral part of the Group's cash management.

l) Pension funds and other post-employment benefits

The Group provides its employees with benefits that will be paid on termination of employment through defined benefit pension plans. Defined benefit pension plans, which include the termination benefits payable to employees of Italian companies under Article 2120 of the Civil Code, are based on the working life of employees and the remuneration received by them over a predetermined period of service. Specifically, the liability relating to staff termination benefits is recognised in the balance sheet based on its actuarial value, as it qualifies as an employee benefit due under a defined benefit plan. Recognition of defined benefit plans requires the use of actuarial techniques to estimate the number of benefits accrued by employees in exchange for their service in the current and prior periods and to discount those benefits to their present value to determine the present value of the Group's obligations. The present value of these commitments is determined using the projected unit credit

method. This method, which falls within the more general framework of techniques relating to so-called 'accrued benefits', considers each period of service provided by employees to the company as an additional unit of entitlement: the actuarial liability must therefore be quantified based on only the seniority accrued at the valuation date; therefore, the total liability is normally re-proportioned based on the ratio between the years of service accrued at the valuation date and the total seniority reached at the time the benefit is due to be paid. In addition, the above method provides for taking into account future salary increases, for whatever reason (inflation, career, contract renewals, etc.), up to the time of termination of employment.

m) Provisions for risks and charges

Provisions for risks and charges are made when the Group has a present obligation (legal or constructive) due to a past event. An outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made. When the Group considers that a provision for risks and charges will be partly or fully reimbursed, for example, in the case of risks covered by insurance policies, the indemnity is recognised separately as an asset if, and only if, it is practically certain. In this case, the cost of the provision, if any, is presented in the statement of profit or loss net of the amount recognised for compensation.

If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

n) Contractual liabilities

Contractual liability is an obligation to transfer to the customer goods or services the Group has already received consideration (or for which a portion of the consideration is due). Contractual liability is recognised if payment has been received or payment is due (whichever comes first) from the customer before the Group has transferred control of the goods or services to the customer. Liabilities arising from contracts are recognised as revenue when the Group meets its obligations under the relevant contract.

o) Revenue

Revenues from sales and services are recognised when the actual transfer of control of the goods or services contracted with the customer occurs. A summary description of the applied recognition, measurement, and measurement process is provided below for each of the main revenue streams identified.

Revenues from the exploitation of Intellectual Property

Revenue relating to the exploitation of Intellectual Property (IP) is recognised if both of the following conditions are met: (i) the Group has transferred the right to exploit the Intellectual Property to the customer who has significant independent functionality, and (ii) the customer, who has received the right, can use it and benefit from the right to use it without further involvement of the Group.

Licence revenues

Revenue relating to royalties based on the use and sales of an IP licence is recognised if both of the following conditions are met: (i) use has occurred, and (ii) the performance obligations under which some or all of the royalties based on the use of an IP licence have been allocated, have been satisfied.

The Group grants the right to exploit the know-how developed for animation production (hereinafter 'pipeline'). Revenue, following IFRS 15, is recognised *at a point in time*, as the Group grants the right to use (*right to use*) the know-how as it exists at the time it is granted.

Revenues from service activities

Construction contracts usually involve an obligation to perform over time; for such contracts, the Group generally considers it appropriate to use an input method of measuring progress in the performance of the obligation unless a contract-specific analysis suggests the use of a different method that better represents the Group's performance obligation at the balance sheet date.

For construction contracts that include an obligation to perform over time, the Group recognises revenue over time by measuring the progress towards completing that obligation.

The method of hours worked by production personnel is generally considered to be the best method of measuring progress towards the Group's obligation at the balance sheet date.

The amount due from customers for construction contracts is presented as an asset arising from contracts with customers; the amount due to customers for construction contracts is presented as a liability arising from contracts with customers.

Revenues related to service authoring, encoding & digital delivery activities: are collected when the service is rendered.

Revenues relating to Celebrity Management activities: are recognised as the service is rendered.

Revenues are shown net of returns, discounts, allowances and premiums, and directly related taxes.

p) Government grants - Tax Credit:

Government grants - tax credits are recognised when there is reasonable assurance that they will be received and all the conditions attached to them have been met. Grants related to cost components are recognised as income and are allocated systematically over the periods to match the costs they are intended to compensate. The grant related to an asset is recognised as income in the same proportion as that applied for the amortisation of the related intangible asset, following IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

This item primarily includes grants from the Ministry of Cultural Heritage and Activities and Tourism (MIBACT) for television and film productions, following applicable laws, which are recognised as grants in the income statement over the estimated useful life of the assets to which they relate.

With specific reference to the film sector, the Group currently benefits from a type of public contribution, i.e., incentives consisting of tax relief and deriving from tax credits granted to film production companies concerning the production of cinematographic works under Law 244/2007, as regulated by the 'Tax Credit' Producers Decree, setting out the application methods.

In particular, the legislation aims to encourage Italian film production by granting a tax credit corresponding to a certain percentage of the film's total cost.

q) Current taxes

Current tax assets and liabilities for the year are valued at the amount expected to recover from or pay to the tax authorities. The tax rates and regulations used to calculate the amount are enacted or substantively enacted at the balance sheet date in the country where the Group operates and generates its taxable income.

Current income taxes relating to items recognised directly in equity are also recognised in equity and not in the profit/(loss) statement for the period. Management periodically assesses the position taken in the tax return in cases where tax rules are subject to interpretation and, where appropriate, makes provisions.

r) Deferred taxes

Deferred taxes are calculated by applying the liability method to temporary differences between the tax bases of assets and liabilities and their corresponding carrying amounts at the balance sheet date.

Deferred tax assets are recognised for all temporary deductible differences and unused tax credits and losses carried forward to the extent that sufficient future taxable profit will probably be available against which the temporary deductible differences and tax credits and losses carried forward can be utilised, except to the extent that the deferred tax asset associated with the temporary deductible difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the profit or loss reported in the financial statements nor the tax profit or loss. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future to allow all or part of that credit to be utilised. Unrecognised deferred tax assets are reviewed at each balance sheet date. They are recognised to the extent that it becomes probable that taxable profit will be sufficient to allow the recovery of those deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when those assets are realised, or those liabilities are settled, taking into account tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes relating to items recognised outside the income statement are also recognised outside the income statement. Therefore, in equity or the statement of comprehensive income, consistently with the item they relate.

s) Currency conversion

In the Consolidated Financial Statements, the results of operations, assets and liabilities are expressed in Euro, which is the presentation currency of the Parent Company Iervolino & Lady Bacardi Entertainment S.p.A.. For the purpose of preparing the consolidated financial statements, the financial statements of the investee Iervolino & Lady Bacardi Studios d.o.o. and Arte Video Corp are converted into Euro by applying to the assets and liabilities the exchange rate in effect at the closing date of the financial year and to the income statement items the average exchange rates for the financial year if they approximate the exchange rates in force at the closing date of the respective transactions.

The Group uses the direct consolidation method; the gain or loss reclassified to profit or loss upon disposal of a foreign subsidiary represents the amount that arises from using this method.

t) Foreign currency transactions and balances

Foreign currency transactions are initially recognised in the functional currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate at the balance sheet date.

The exchange differences realised or those deriving from the conversion of monetary items are recorded in the income statement, with the exception of the monetary elements that constitute part of the coverage of a net investment in a foreign operation. These differences are recognised in the statement of comprehensive income until the sale of the net investment, and only then is the total amount reclassified to the income statement. The taxes attributable to foreign exchange differences on monetary items are also recognised in the statement of comprehensive income.

In preparing the cash flow statement, presented using the indirect method, the cash flow from operating activities is determined by adjusting profit for the effects of unrealised foreign exchange gains or losses, as these are non-monetary items.

Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recorded at fair value in foreign currency are converted at the exchange rate on the date of determination of this value. The profit or loss that emerges from the conversion of non-monetary items is treated consistently with the recognition of profits and losses related to the change in the fair value of the aforementioned items (i.e. the translation differences on the items whose variation in fair value is recognised in the statement of comprehensive income or in the income statement, respectively, recorded in the statement of comprehensive income or in the income statement).

In determining the spot exchange rate to be used when initially recognising the related asset, expense or income (or portion thereof) upon derecognition of a non-monetary asset or non-monetary liability related to the upfront consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability resulting from the upfront consideration. If there are several payments or advances, the Group determines the transaction date for each payment or advance.

u) Cost recognition

Costs are recognised when the good or service is acquired or consumed.

2.4 Discretionary evaluations and significant accounting estimates

The preparation of the Group's financial statements requires management to make discretionary judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could lead to outcomes that will require a significant adjustment to the carrying amount of these assets and/or liabilities in the future.

The main evaluations that require management's judgement are as follows:

Assessment of the existence of control, joint control and significant influence

According to the provisions of IFRS 10, control is achieved when the Group is exposed to, or has the right to, the variable returns from its relationship with the investee and has the ability, through the exercise of power over the investee, to affect those returns. Power is defined as the current ability to direct the relevant activities of the investee under existing substantive rights.

The existence of control does not depend solely on the possession of a majority of voting rights but on the investor's substantive rights over the investee. Accordingly, management judgement is required to assess specific situations that give rise to substantial rights giving the Group the power to direct the relevant activities of the investee to influence its performance.

Management analyses all facts and circumstances to assess the control requirement, including agreements with other investors, rights arising from other contractual arrangements, and potential voting rights. These other facts and circumstances may be particularly relevant in the context of this assessment, especially in cases where the Group holds less than a majority of the investee's voting rights or similar rights.

The Group reviews the existence of the conditions of control over an investee when facts and circumstances indicate that there has been a change in one or more of the elements considered to verify its existence.

Investments in associates are those in which the company exercises significant influence, i.e., those in which it has the power to participate in the determination of financial and operating policies without having control or joint control. In general, the Group is presumed to have significant influence when it holds an interest of at least 20% in the investee's capital.

To determine significant influence, management judgement is required to assess all facts and circumstances.

The Group reviews the existence of significant influence when facts and circumstances indicate that there has been a change in one or more of the elements considered for the test of significant influence.

Amortisation and verification of the recoverable amount of Intangible Assets

The most significant valuation used in the preparation of the statement of profit/(loss) relates to the film forecast computation method (see paragraph c) Intangible Assets), which affects the determination of amortisation of Intangible Assets. The application of the 'film forecast computation method', according to which the amortisation at the date of the financial statements is determined based on the time horizon, referring to the ratio existing between the revenues realised and the total revenues to be received throughout the life cycle of the film, requires the application of an estimation criterion to determine the future revenues in which the intangible asset will produce revenues.

Regarding verifying the recoverable amount of Intangible Assets, their future exploitation was verified within the last Business Plan approved by the Board of Directors on 23 March 2023.

Recoverability of Deferred Tax Assets

Deferred tax assets are recognised for temporary deductible differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases, A

discretionary assessment is required of the directors to determine the number of deferred tax assets that may be recognised, depending on the estimated timing and amount of future taxable profits.

Application of IFRS 15

Management assesses at the outset of each contract with customers the appropriate method of measuring the fulfilment of the performance obligation contained in the contract. For most existing contracts, the obligation is outlined following paragraph 38 of IFRS 15. The management considers this to be the moment when the confirmation of the technical correspondence of the delivered production is obtained.

The directors, with particular reference to royalty income based on the use of an IP licence, have considered whether both of the following conditions are satisfied: (i) use has occurred, and (ii) the performance obligations under which some or all of the royalties based on the use of an IP licence have been allocated, have been satisfied.

The Group grants the right to exploit the know-how developed for animation production (hereinafter 'pipeline'). Revenue, following IFRS 15, is recognised *at a point in time*, as the Group grants the right to use (*right to use*) the know-how as it exists at the time it is granted.

Recognition of Cinema Tax Credit

Regarding recognising the 'Cinema' tax credit, the management believes that it is reasonably certain when the relative recognition procedure is respected. The corresponding entry as income is related to the production delivered and the rights realised.

Lease – Estimate of the marginal borrowing rate

The Group cannot easily determine the implicit interest rate of the lease and therefore uses the incremental borrowing rate to measure the lease liability. The marginal borrowing rate is the interest rate that the lessee would have to pay for a loan, with a similar term and collateral, required to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The marginal borrowing rate therefore reflects what the group would have had to pay, and this requires an estimate to be made when there is no observable data (as in the case of investees that are not direct counterparties to financial transactions) or when rates need to be adjusted to reflect the terms and conditions of the lease (for example, when the lease is not in the functional currency of the investee). The Group estimates the marginal borrowing rate using observable data (such as market interest rates) if available and making specific considerations on the conditions of the investee (such as the creditworthiness of the investee alone).

2.5 Changes in accounting principles and disclosures

New accounting standards, interpretations and amendments adopted by the Group

The Group has applied for the first time several standards or amendments that are effective from 1 January 2022. The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

Onerous contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract in which the non-discretionary costs (i.e., costs that the Group cannot avoid as it is part of a contract) necessary to fulfil the obligations assumed are higher than the economic benefits that are supposed to be obtainable from the contract.

The amendment specifies that in determining whether a contract is onerous or generates losses, an entity must consider the costs directly related to the contract for the supply of goods or services which include both incremental costs (i.e., the cost of direct labour and materials) than costs directly attributable to the contract assets (i.e., depreciation of equipment used to fulfil the contract as well as costs for contract management and supervision). General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly payable to the other party on the basis of the contract.

These changes have no impact on the Group's financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments aim to replace the references to the Framework for the Preparation and Presentation of Financial Statements with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change of the requirements of the standard.

The amendment added an exception to the measurement principles of IFRS 3 to avoid the risk of potential "day after" losses or gains deriving from liabilities and contingent liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognisable assets at the acquisition date.

In accordance with the transition rules, the Group applies the change prospectively, i.e., to business combinations that occur after the beginning of the financial year in which this change is applied for the first time (date of first application). These amendments had no impact on the Group's consolidated financial statements as potential assets, liabilities and contingent liabilities were not recognised for the purpose of these amendments.

Property, plant and equipment: Proceeds before intended Use – Amendment to IAS 16

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any revenue deriving from the sale of products sold in the period in which the asset is brought to the place or the conditions necessary for it to be able to operate the way it was designed by management. An entity accounts for revenue from the sale of such products, and the costs of producing those products, in profit or loss.

In accordance with the transition rules, the Group applies the amendment retrospectively only for the elements of property, plant and equipment that came into operation after or at the beginning of the

comparative year to the year in which such amendment is applied for the first time applied (date of first application).

These amendments had no impact on the consolidated financial statements of the Group as no sales were made relating to these items of property, plant and equipment, before they came into operation before or after the start of the previous comparative period.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

This change allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts accounted for by the parent, considering the date of transition to IFRSs by the parent, in the event that which no adjustments had been made in the consolidation procedures and for the effects of the business combination in which the parent company acquired the subsidiary. This amendment also applies to associates or joint ventures that choose to apply paragraph D16(a) of IFRS 1.

This change had no impact on the consolidated financial statements of the Group as it is not a first time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

This amendment clarifies which fees an entity includes in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the obliger and the lender, including fees paid or received by the obliger or lender on behalf of others. No such amendment has been proposed with regard to IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transition rules, the Group applies the amendment to financial liabilities that are modified or exchanged subsequently or at the beginning of the financial year in which this amendment is applied for the first time (date of first application). This change had no impact on the Group's consolidated financial statements as there were no changes in the Group's financial liabilities during the half-year.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirements in paragraph 22 of IAS 41 referring to the exclusion of cash flows for taxes when the fair value of an asset is measured in the scope of IAS 41. This change had no impact on the Group's consolidated financial statements as the Group does not have assets within the scope of IAS 41 at the balance sheet date.

2.6 Financial risk management

Liquidity risk

Liquidity risk relates to the difficulty in raising funds to meet commitments.

It may arise from the insufficiency of available resources to meet financial obligations within the agreed terms and deadlines in the event of sudden revocation of uncommitted financing lines or from the possibility that the company may have to meet its financial liabilities before their natural expiry.

Thanks to a careful and prudent financial policy, which is reflected in the adopted policy and the constant monitoring of both the ratio between credit granted and used and the balance between short-term and medium/long-term debt, the Group has adequate quality and quantity of financing lines.

In recent years, the Group's business has been characterised by rapid development, high growth and the acquisition of new Intellectual Property. In this context of growth, characterised by high utilisation of liquidity, the Group has resorted to bank borrowing through the stipulation of loans and two basket bonds, whose time profile of the relative repayment plans is illustrated in the following table:

Company	Lending institution	Type of loan	Interest rate	Amount disbursed	Year of start-up	Year of expiry	Within 1 year	Between 1 year and 5 years	After 5 years
ILBE SPA	Banca Progetto	Financing	Euribor 1M+spread 5%	500	2019	2024	113	73	-
ILBE SPA	Banca Progetto	Financing	Euribor 1M+spread 5%	500	2019	2024	113	64	-
ILBE SPA	Banca Progetto	Financing	Euribor 1M+spread 5%	500	2019	2023	144	-	-
ILBE SPA	Intesa San Paolo S.p.a.	Basket Bond	4,07%	8,000	2020	2027	2,464	5,600	-
ILBE SPA	Unicredit S.p.a.	Financing	Euribor 3M+spread 1,5%	3,000	2021	2023	2,501	-	-
ILBE SPA	Banca Ifis S.p.a.	Financing	Euribor 3M+spread 3,25%	3,000	2021	2026	779	1,815	-
ILBE SPA	Unicredit S.p.a.	Supply chain Basket Bond	2,55%	10,000	2021	2028	1,652	6,620	1,335
ILBE SPA	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,55%	4,200	2021	2026	100	516	-
ILBE SPA	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,44%	3,800	2021	2027	102	714	-
ILBE SPA	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,3%	2,100	2021	2027	25	407	-
ILBE SPA	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,75%	2,400	2022	2027	-	2,395	-
ILBE SPA	BPM	Financing	Euribor 3M+spread 2,65%	1,500	2022	2027	292	1,199	-
ILBE SPA	MedioCredito Centrale S.p.a.	Financing	Euribor 1M+spread 2,3%	3,000	2022	2026	627	2,351	-
ILBE SPA	Deutsch Bank	Financing	Euribor 3M+spread 2,75%	1,500	2022	2025	499	876	-
RED CARPET SRL	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,75%	800	2022	2024	-	800	-

The monitoring of the risks of a liquidity shortage is carried out using a financial planning tool to verify the availability of sufficient cash flows to cover the principal and interest payments to service the Group's debt and other obligations.

The Group also uses the instrument of direct remittance from the customer to the supplier, and the related flows, although shown 'gross' in the statement, do not generate operating cash flows.

Foreign exchange rate risk

The Group incurs a portion of its costs in US dollars and receives a portion of its revenues in US dollars. Therefore, the Group is exposed to the risk of devaluation of the Euro against the US dollar. However, it was not deemed appropriate to set up hedging instruments, as this risk is significantly reduced through direct remittance from the customer to the supplier.

Receipts and payments in currencies other than the US dollar are irrelevant.

Interest Rate Risk

The Group is exposed to marginal risks related to the volatility of interest rates linked to financing. In fact, the percentage of fixed-rate loans at 31 December 2022 is 53% of total loans.

Variable-rate loans are mainly indexed to the 3m Euribor and residually to the 1m Euribor. During 2022, the European Central Bank raised interest rates to combat rising inflation. This increase in interest rates, which also continued in the first quarter of 2023, will result in an increase in interest payable to the Banks. The Group will continue to monitor interest rate trends in 2023, Credit risk.

Credit risk

The Group's commercial activities are considered to have a good credit quality. The risk of a counterparty defaulting on its outstanding obligations at 31 December 2022 is limited.

The Group maintains a high level of vigilance through monthly checks of exposures to its customers to identify the most critical positions. Where necessary, the allowance for doubtful accounts is supplemented by a specific assessment of individual positions to align trade receivables with their estimated realisable value.

With the exception of the claim of ILBE Studios d.o.o. with regard to the company Archangel Digital Studios, there are no concentrations relating to receivables. The risk of concentration towards the company Archangel Digital Studios is monitored through periodic meetings and through the analysis of the timing of the related collections,

3 Main changes in the scope of consolidation

The scope of consolidation as at 31 December 2022, compared to that as at 31 December 2021, changed following the acquisition in March 2022 by Iervolino & Lady Bacardi Entertainment S.p.A. of 60% of SoBe Sport S.r.l., a company operating in sports communication and marketing.

With reference to associated companies recognised using the equity method, it should be noted that, on 12 May 2022, Iervolino & Lady Bacardi Entertainment S.p.A, together with the company Bett,One S.r.l. the company Welcome to Italy S.r.l., a company whose purpose is the executive production of films and other audiovisual products. The percentage of the Group's shareholding is 40%.

Company Name	Headquarters	2022	2021	Methods of consolidation
		Group share of ownership	Group share of ownership	
Parent company				
Iervolino & Lady Bacardi Entertainment S.p.a.	Via Salaria 222, 00198 Rome (Italy)	N.A.	N.A.	N.A.
Subsidiaries				
Arte Video S.r.l.	Via Barberini 29, 00187 Roma (Italia)	100%	100%	Full
R.E.D. Carpet S.r.l.	Via del Porto Fluviale 69, 00154 Rome (Italy)	100%	100%	Full
Wepost S.r.l. (formerly Iexchange S.r.l.)	Via Barberini 29, 00187 Roma (Italia)	100%	100%	Full
ILBE Studios d.o.o.o (formerly Iervolino Studios d.o.o.o)	Svetosavka Street 26/9, Pozarevac (Serbia)	100%	100%	Full
Arte Video Corp	1680 Knowlwood Drive - Pasadena, California 91103 (USA)	99%	0%	Full
SoBe Sport S.r.l.	Via Francesco Petrarca 13, 20123 Milan (Italy)	60%	0%	Full
Associated companies				
Furuna Crafts d.o.o.o	Zelesnicka 4, Novi Sad	50%	50%	Equity
Welcome to Italy S.r.l.	Via Sallustiana 26, 00187 Rome (Italy)	40%	0%	Equity

4 Operating sectors: Disclosure

For the purposes of IFRS 8 - Operating Segments, the Group's activities can be identified in three operating segments: (i) Film productions, including service activities (production activities carried out on behalf of third parties - the Group does not own the final Intellectual Property), post-production and distribution of productions produced internally and acquired from third party producers; (ii) Authoring, encoding & digital delivery activities; (iii) and Celebrity management and ADV, communication & marketing consultancy (Celebrity Management).

The film production segment is the Group's core business. The parent company is a global production company specialised in the production of film and television content, from the preliminary assessment of the project to post-production, with Hollywood-style standing for the international market; for these characteristics, the customers of this operating segment are international sales agents or distributors located outside Italy

The Digital Delivery segment is developed by the subsidiary Arte Video S.r.l.

The Celebrity Management segments is developed by the subsidiary R.E.D. Carpet S.r.l. and, since 2022, by SoBe Sport S.r.l.

The directors monitor the performance of the business units separately to make decisions on resource allocation and performance reviews. The performance of the segments is assessed based on the result, which is measured consistently with the result of the consolidated financial statements.

The following tables present the information on the results of the segments for the years 2022 and 2021, respectively:

31/12/2022					
Values in thousands	Film Productions	Digital Delivery	Celebrity Management	Adjustments and eliminations	Consolidated
Revenues	166,839	1,409	5,697	(31,656)	142,289
Other revenues and income	28	9	103	-	140
Tax credits and other government grants	18,473	4	94	-	18,571
Total operating income and revenues	185,340	1,422	5,894	(31,656)	161,000
Purchases of raw materials, consumables and merchandise	135	69	15	-	219
Costs for services	47,430	199	5,258	(27,901)	24,986
Staff costs	5,240	800	410	(622)	5,828

Other operating costs	335	10	7	-	352
Amortisation, write-downs, and provisions	122,292	42	73	(2,542)	119,865
Operating Result	9,908	303	131	(591)	9,750
Financial income	227	-	2	-	229
Financial expenses	5,467	6	4	3	5,480
Share pertaining to the result of associates and joint ventures	39	-			39
Profit before tax	4,668	296	129	(595)	4,538
Income tax	(961)	-	(61)	8	(1,014)
Sector results	3,707	296	69	(587)	3,524
Total assets	224,231	956	2,940	(37,869)	190,258
Total liabilities	123,867	1,808	1,559	(26,346)	100,888

31/12/2021

Values in thousands	Film Productions	Digital Delivery	Celebrity Management	Adjustments and eliminations	Consolidated	
Revenues	176,107	975	4,197	(44,000)	137,279	
Other revenues and income	343	29	122	(304)	190	
Tax credits and other government grants	14,850	-	0	-	14,850	
Total operating income and revenues	191,301	1,004	4,319	(44,304)	152,319	
Purchases of raw materials, consumables and merchandise	205	60	13	-	277	
Costs for services	41,632	519	3,848	(36,172)	9,826	
Staff costs	3,210	43	451	(258)	3,446	
Other operating costs	490	2	5	-	497	
Amortisation, write-downs, and provisions	117,633	8	7	(2,877)	114,771	
Operating Result	28,131	372	-	4	(4,998)	23,502
Financial income	525	-	(0)	-	525	
Financial expenses	3,654	5	3	3	3,665	
Share pertaining to the result of associates and joint ventures	-	-	-	-	-	
Profit before tax	25,002	367	-	7	(5,000)	20,361
Income tax	(1,859)	(64)	(12)	-	(1,934)	
Sector results	23,143	431	4	(5,000)	18,578	
Total assets	198,308	609	2,421	(22,160)	179,178	
Total liabilities	102,773	123	2,032	(11,329)	93,599	

As at 31 December 2021 and 2022, there were no intra-segment revenues,

5 Business combinations

Acquisition of Sobe Sport S.r.l.

On 29 March 2022, the Group acquired 60% of the shares of SoBe Sport S.r.l. (SoBe), a company based in Italy whose purpose is the sponsorship and management of image rights, brand identity, social media

and marketing in the sports field. The acquisition makes it possible to expand the range of services in the field of Celebrity management and consultancy in ADV, communication & marketing,

The fair value of SoBe's assets and liabilities at the acquisition date was:

€/000	Fair Value recognised at the time of acquisition
Tangible assets	11
Other non-current assets	6
Trade receivables	226
Other current assets	31
Cash and other liquid assets	229
Total Assets	503
Trade payables	42
Tax payables	56
Other current liabilities	296
Total liabilities	393
Total identifiable net assets at fair value	109
Total net assets identifiable at fair value	1,106
Third-party shareholders' equity	(44)
Fee paid for the acquisition	658
Assignment of ILBE ordinary shares	600
Total SoBe acquisition	1,258
Acquisition adjustment entered under Shareholders' Equity	(86)
Total SoBe acquisition net of the Adjustment	1,172
Acquisition cash flow analysis	
Net cash acquired with the subsidiary	229
Fee paid	(658)
Net cash flow from the acquisition	(429)

As at 1 January 2022, the carrying amount of goodwill was Euro 75 thousand. With the acquisition of SoBe, the carrying amount of goodwill as at 31 December 2022 is equal to Euro 1,181 thousand.

The recognition of business combinations transactions implies the attribution to the assets and liabilities of the acquired company of the difference between the purchase cost and the net book value, For the majority of assets and liabilities, the attribution of the difference is carried out by recognising the assets and liabilities at their fair value. The unallocated part, if positive, is entered in goodwill, if negative, it is entered in the income statement. In the attribution process, the Group makes use of the information available.

The Group has decided to value the minority interests of the acquired company on the basis of the corresponding fraction of the acquiree's shareholders' equity.

The goodwill of SoBe includes the value of the expected synergies deriving from the aggregation of the activities of SoBe with those of the RED Carpet group company. Furthermore, new development strategies are also expected on international markets.

The goodwill was allocated entirely to the Celebrity Management, casting and production of digital ADV content, Goodwill is not tax deductible.

Since the acquisition date, SobE has contributed Euro 1,975 thousand to the Group's revenues and Euro 219 thousand to the Group's pre-tax profit. If the business combination had been effective from the beginning of the year, the revenues from operating activities would have been equal to Euro 2,230 thousand and the profit from operating activities for the Group would have been equal to Euro 294 thousand.

The allocation of the higher value paid for the acquisition of SoBe Sport S.r.l. is to be considered definitive.

The Group has issued 244,598 ordinary shares as consideration for the interest in SoBe Sport, the fair value of the shares is calculated with reference to the market price of the group's shares at the acquisition date, which was equal to Euro 2,10 per share.

Note no. 6 Intangible Assets

The breakdown of Intangible Assets as at 31 December 2022, compared to the same values as at 31 December 2021, is shown below:

€/000	31-dic-22	31-dic-21	Changes
Completed productions	42,566	40,168	2,398
Ongoing productions	6,251	22,732	(16,481)
IP and Distribution Rights	24,286	37,185	(12,899)
Other intangible activities	152	144	8
Trademark	358	358	-
Goodwill	1,180	75	1,105
Total Intangible Assets	74,793	100,662	(25,870)

The changes in Production completed, Production in progress, IP and Distribution rights and Other intangible assets are shown below (the column of decreases in addition to amortisation for the year also includes other decreases):

€/000	As at 31 December 2021	Increases	Reclassifications	Reductions/Amortisation	As at 31 December 2022
Completed productions	40,168	83,862	21,224	(102,688)	42,566
Ongoing productions	22,732	3,922	(20,381)	(22)	6,251
IP and Distribution Rights	37,185	7,732	(843)	(19,788)	24,286
Other intangible activities	144	74	-	(66)	152
Total	100,229	95,590	-	(122,564)	73,255

The item Completed productions includes the capitalisation of the completed produced works the rights of which have been granted to the customer. Specifically, during the year, works produced and completed the rights of which were granted to the customer were as follows: 61 episodes of the Puffins web series in animation mode; 135 episodes of the web series Baby Puffins & Bunny in animatics mode; 300 episodes of the Tik Tok web series in animatics mode; 3 animation films in animatics mode; the

films State of Consciousness and MUTI; the Vod Cast Giving Back Generation II and III; the documentaries Mahmood and Red Valley.

The productions completed and fully amortised in previous years relating to the productions The Poison Rose, Giving Back I and WW Salmo, in addition to the typical IP rights, in relation to the individual contracts, are in any case entitled to receive further revenues in the long term (backend) deriving from the exploitation of the productions.

Below are details of the completed productions:

€/000	As at 31 December 2021	Increases 2022	Reductions/Amortisation 2022	Reclassifications	As at 31 December 2022
Waiting for the Barbarians	179	-	(179)	-	-
AF 2018 (15 episodes) - 2018	-	-	-	-	-
AF 2019 (35 episodes) - 2019	1	-	(1)	-	-
AF 2020 (72 episodes) - 2020	-	-	-	-	-
AF 2021 (68 episodes) - 2021	11,247	-	(2,442)	-	8,805
Rights AF	562	-	(122)	-	440
Total AF	11,810	-	(2,565)	-	9,245
Puffins 2019 (20 episodes) - 2019	735	-	(735)	-	-
Puffins 2020 (50 episodes) - 2020	7,728	-	(3,864)	-	3,864
Puffins 2021 (59 episodes) - 2021	8,873	-	-	-	8,873
Puffins 2021 - Animatics - (29 episodes) - 2021	2,819	-	-	-	2,819
Puffins 2022 (61 episodes) - 2022	-	26,883	(21,311)	1,531	7,103
Rights Puffins	2,048	-	(1,508)	-	540
Total Puffins	22,203	26,883	(27,418)	1,531	23,199
Baby Puffins & Bunny 2022 - Animatics - (135 episodes) - 2022	-	26,407	(25,351)	-	1,056
Bunny rights	-	-	(227)	843	616
Total Baby Puffins & Bunny	-	26,407	(25,578)	843	1,672
TIK TOK	-	11,007	(10,567)	-	440
Animation Movie	-	15,252	(14,641)	-	611
Eddie & Sunny	1,056	-	(42)	-	1,014
Tell it like a Woman	2,540	-	-	-	2,540
State of Consciousness	-	909	(3,293)	2,874	490
Giving Back Generation II - III	-	151	(3,419)	3,268	-
Dakota	1,269	-	(51)	-	1,218
MUTI	-	1,979	(13,291)	12,708	1,396
Mahmood	-	767	(767)	-	-
Red Valley	-	507	(507)	-	-
Other projects	1,111	-	(370)	-	741
TOTAL	40,168	83,862	(102,888)	21,224	42,566

The item Production in progress includes capitalising costs of films not completed in 2022.

Below are details of the current productions:

€/000	As at 31 December 2021	Increases 2022	Reductions/Amortisation 2022	Reclassifications	As at 31 December 2022
Paradox Effect	-	337	-	-	337

Le mura di Bergamo	-	185	-	350	535
State of Consciousness	2,874	-	-	(2,874)	-
In the Fire	727	2,822	-	-	3,549
Puffins 2022	1,531	-	-	(1,531)	-
Giving Back Generation II	1,633	-	-	(1,633)	-
Giving Back Generation III	1,635	-	-	(1,635)	-
MUTI	12,708	-	-	(12,708)	-
Other projects	1,624	578	(22)	(350)	1,830
TOTAL	22,733	3,922	(22)	(20,381)	6,251

The item 'Other rights' includes the capitalisation of costs incurred for acquiring distribution rights for films in Italy and abroad and of rights related to Intellectual Properties. The decrease for the year is mainly due to the amortisation of the so-called "family movies". These depreciations amount to approximately Euro 9,5 million.

Details of other rights are given below:

€/000	As at 31 December 2021	Increase s 2022	Reductions/Amortisations 2022	Reclassifications	As at 31 December 2022
Library	110	-	(37)	-	73
Arctic Justice Characters - IP	10,696	-	(1,094)	(843)	8,759
Lamborghini distribution rights	6,600	120	(4,265)	-	2,455
Distribution rights Arctic Justice film	1,288	-	(429)	-	859
Distribution rights Christmas Thieves	3,048	-	(2,271)	(150)	627
Distribution rights The Good Witch of Christmas	3,482	-	(2,696)	150	936
Distribution rights Vote for Santa	2,840	-	(1,775)	-	1,065
Distribution rights A Day with Santa	2,560	-	(1,600)	-	960
Distribution rights Detective Santa	2,753	-	(1,721)	-	1,032
Distribution rights Save Christmas	-	866	(394)	-	472
Distribution rights KID Santa	-	2,133	(1,066)	-	1,067
Distribution rights Billie's Magic World	-	2,133	(1,066)	-	1,067
Rights Puffins - IP	3,317	14	(1,262)	-	2,069
Asset Memento	-	2,145	-	-	2,145

Other rights - IP	491	321	(112)	-	700
TOTAL	37,185	7,732	(19,788)	(843)	24,286

During the period, there were no indications of a possible loss of value concerning Intangible Assets; in fact, the exploitation of Intangible Assets is considered in the last Business Plan approved by the Board of Directors.

The Trademark (Euro 358 thousand) and Goodwill (Euro 1,181 thousand) derive from the difference between the prices paid for the acquisition of the controlling interests, and the "fair value" of the net assets acquired at the date for which the audit is set. In particular, the Trademark relates to acquiring participation in R.E.D. Carpet S.r.l., and the goodwill of the acquisition of the equity investment in Arte Video S.r.l. and SoBe Sport S.r.l.

The allocation of the higher value paid for the acquisition of SoBe Sport S.r.l. is to be considered definitive.

Information on impairment testing of assets

Scope

International Accounting Standard (IAS) 36 requires an assessment of impairment for tangible and intangible assets with a finite useful life when indicators indicate impairment may exist. In the case of goodwill and trademarks and any other intangible assets with indefinite useful lives, this impairment test is performed annually or more frequently upon the occurrence of extraordinary negative events implying a presumption of impairment, the so-called 'triggering events' - through the 'impairment test' process.

Since trademarks and goodwill are not, according to international accounting standards, assets in their own right as they cannot generate cash flows independently of other assets or groups of assets, they cannot be subject to an impairment test separately from the assets to which they relate. The brand and goodwill must be allocated to a 'CGU-Cash Generating Unit' or a group of CGUs, the maximum limit of aggregation coinciding with the notion of 'sector' in IFRS 8. As part of the impairment test for each year, the goodwill and brand acquired through the business combination were allocated to different and distinct cash-generating units to test for impairment. It should be noted that the CGUs identified substantially coincide with the Digital Delivery and Celebrity Management operating sectors. Whilst the CGU Celebrity Management coincides with the companies R.E.D. Carpet S.r.l. and SoBe Sport S.r.l.; the Digital Delivery CGU does not coincide with the company Arte Video S.r.l. (this company is divided not only in the Digital Delivery sector but also in the film production sector).

Based on these premises, the Group then proceeded to verify the recoverability of the net invested capital of the identified CGUs (so-called 1st level test).

On reviewing its impairment indicators, the Group takes into consideration, among other factors, the relationship between its market capitalisation and its book value. As at 31 December 2022, the market

capitalisation of the Group was below the carrying amount of equity, a situation which indicates a potential impairment of the Group's goodwill and assets.

Evaluation system

The Group has performed impairment tests for both CGUs and for ILBE. The discount rate for cash flows (the so-called discount rate) coincides with the weighted average cost of capital (WACC). It was determined as a weighted average of the cost of equity.

The Capital Asset Pricing Model ('CAPM') method was used for the cost of equity (kE), the parameters of which were identified as follows: (i) The risk-free rate was calculated regarding the yield curve for Italian government bonds (BTPs with a maturity of ten years). The risk-free rate considered for Italy is, for 2022, equal to 3,98%; (ii) for the estimation of the beta non-differentiable systemic risk coefficient, reference was instead made to the inputs elaborated by international practice (i.e., Damodaran), the estimate of which is based on the average values of the sector. The value of the average β applied is 1,01; (iii) The equity risk premium has been estimated at 8,35%; (iv) An additional risk premium has been included due to the lack of diversification of the business portfolio and uncertainty about the expected market development.

The discount rate determined for the year is approximately 14%.

The impairment tests were carried out on 3-year plans, approved by the Board of Directors on 23 March 2023, in line with the provisions of IAS 36.

The impairment test results showed that the recoverable amount exceeds the carrying amount.

Finally, a sensitivity analysis was performed, which confirmed the negative results of the impairment test.

Note no. 7 Tangible Assets and Rights-of-Use Assets

The breakdown of the item Tangible Assets and Rights-of-Use Assets as at 31 December 2022, with the same values as at 31 December 2021, is shown below:

€/000	31-dic-22	31-dic-21	Changes
Tangible fixed assets	903	505	398
Rights of use	2,659	-	2,659
Total Tangible assets and rights-of-use assets	3,562	505	3,057

The changes in Tangible Assets and Rights-of-Use Assets are shown below:

€/000	As at 31 December 2021	Increases	Reclassifications	Reductions/Amortisation	As at 31 December 2022
Tangible fixed assets	505	757	-	(359)	903
Rights of use	-	3,070	-	(411)	2,659
Total Tangible assets and rights-of-use assets	505	3,827	-	(770)	3,562

The change in the period is mainly associated with the rental contracts entered into in 2022 and recognised under right-of-use assets. The increase in tangible fixed assets is mainly related to the works carried out for the construction of a post-production studio located in Rome.

Note no. 8 Deferred tax assets

Deferred tax assets, amounting to Euro 8,190 thousand, consist of taxes calculated on temporary deductible differences arising from a mismatch between the carrying amounts in the financial statements and the corresponding amounts recognised for tax purposes. The composition of deferred tax assets at 31 December 2022, compared to the same at 31 December 2021, is shown below:

€/000	31-dic-22	31-dic-21	Changes
Amortisation of intangible fixed assets	7,317	7,332	(15)
Impairment of intangible assets	413	413	-
Other temporary differences	460	1,213	(753)
Total Deferred tax assets	8,190	8,958	(768)

Deferred tax assets are recognised to the extent that it is probable that adequate future taxable profit will be available against which temporary deductible differences and tax assets and liabilities carried forward can be utilised.

Deferred tax assets have been recognised based on an estimate of the probable timing and amount of future taxable profits, as envisaged in the 2023-2025 business plan.

Note no. 9 Investments accounted for using the equity method

The Group holds a 40% stake in Welcome to Italy S.r.l. (equal to Euro 16 thousand), a company whose purpose is the executive production of films and other audiovisual products. Specifically, in 2022, Welcome to Italy took care of the executive production of the film "Ferrari". The Group's equity investment in Welcome to Italy S.r.l. is accounted for in the consolidated financial statements using the equity method. The following table summarises the financial information on the Group's investment in Welcome to Italy S.r.l.:

€/000	2022
Current assets	27,472
Non-current assets	-
Current liabilities	27,432
Non-current liabilities	-
Shareholders' Equity	40
Adjustments of transactions with the Group	97
Adjusted shareholders' equity	137
Share of shareholders' equity attributable to the Group - 40%	55

Goodwill	-
Book value of the Group's investment	55

€/000	2022
Revenues	59,002
Costs	58,740
Financial expenses	262
Profit before tax	-
Taxes	-
Profit (loss) for the year	-
Adjustments of transactions with the Group	97
Adjusted profit (loss) for the year	97
Other comprehensive income components that may be reclassified subsequently to profit/(loss) for the year net of taxation	-
Other comprehensive income components that will not be subsequently reclassified to profit/(loss) for the year net of taxation	-
Total comprehensive profit/(loss) after tax	97
Net profit (loss) for the year attributable to the Group	39

The associated company has no contingent liabilities or commitments as at 31 December 2022,

Note no. 10 Other non-current assets

Other non-current assets amount to Euro 2,757 thousand and consist of trade receivables exceeding the year mainly for (i) the consideration paid to the Group by Tatatu S.p.A. and connected with the consideration recognised for the closure of the ADV business unit (Euro 1,060 thousand) and a trade receivable (Euro 641 thousand); (ii) part of the consideration relating to the MUTI film (Euro 1,021 thousand).

€/000	31-dic-22	31-dic-21	Changes
Trade receivables due after 2022	2,722	1,721	1,001
Other non-current assets	35	67	(32)
Total Other non-current assets	2,757	1,788	969

Note no. 11 Trade receivables

Trade receivables amount to Euro 31,693 thousand, Details are given below:

€/000	31-dic-22	31-dic-21	Changes
Trade receivables from third party customers	31,307	18,737	12,570
Receivables from related parties	386	22	364
Total trade receivables	31,693	18,759	12,934

Receivables from customers are generated by normal commercial activity and are regularly collected or offset against any debt positions at the due dates agreed in the sales contracts.

The following table shows the geographical breakdown of trade Receivables:

€/000	31-dic-22	31-dic-21	Changes
Receivables from domestic customers	7,534	10,583	(3,049)
Receivables from EU customers	677	16	661
Receivables from non-EU customers	23,482	8,160	15,322
Total trade receivables	31,693	18,759	12,934

The company makes a specific assessment of the risk of bad debt for each client. As at 31 December 2022, this analysis revealed uncollectable receivables for Euro 201 thousand.

€/000	31-dic-22	31-dic-21	Changes
Gross trade receivables	31,894	18,891	13,003
Provision for write-down of trade receivables	(201)	(132)	(69)
Total trade receivables	31,693	18,759	12,934

Note no. 12 Tax receivables

The item includes the receivable from the tax authorities following the advance payments made during the year for IRES and IRAP purposes.

Note no. 13 Current financial assets

The item, amounting to Euro 18,158 thousand, mainly consists of financial investments made by the Group to optimise the management of uncommitted cash.

€/000	31-dic-22	31-dic-21	Changes
Financial investments in investment funds	9,457	9,916	(459)
Financial advance to ADS	-	1,346	(1,346)
Receivables from financial institutions for transfer of VAT credit 2020	-	796	(796)
Financial receivables from Verona LLC	6,500	-	6,500
Financial receivables for the transfer of tax credit	1,644	-	1,644
Other current financial assets	557	12	545
Total current financial assets	18,158	12,070	6,088

The financial investments consist of investment funds, 85% of which are made up of bonds, The reduction for the year is given by the difference between the investments made and the loss recorded but not yet realised.

Interest-bearing financial receivables from Verona LLC relate to the financial advance made by the Group for the executive production of the Verona project and used by Verona LLC to pay sums intended for tax payables resulting from the executive production, Verona LLC shall repay the credits in question upon collection of the Tax Credit for which it is responsible.

the Group determines fair value under IFRS 13 whenever international accounting standards require such a measurement criterion. The fair value represents the price that would be received for the sale of an asset or paid for the transfer of a liability in an ordinary transaction between market participants at the valuation date (so-called 'exit price'). Its best identification is the market price, i.e. its current, publicly available price traded on a liquid and active market. The fair value of assets and liabilities is classified in a fair value hierarchy with three different levels, defined as follows, based on the inputs and valuation techniques used to measure fair value:

- › Level 1: quoted prices (unmodified) on active markets for identical assets or liabilities that the Company can access at the valuation date;
- › Level 2: Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices);
- › Level 3: Inputs to the asset and liability not based on observable market data (unobservable inputs).

As at 31 December 2022, the assets valued at FVTPL consist of the investment in investment funds for EUR 9,457 thousand, whose fair value level is 1.

Note no. 14 Other current assets

Details of the item Other current assets are summarised in the table below:

€/000	31-dic-22	31-dic-21	Changes
Advances to suppliers	754	278	476
Due from ADS	-	11,683	(11,683)
VAT credits	75	529	(454)
Film production tax credit	15,002	17,953	(2,951)
Self-distribution tax credit for cinema	-	929	(929)
Other tax receivables	147	41	106
Receivables from Lazio Region	180	-	180
Other current receivables	86	36	50
Prepaid expenses	135	956	(821)
Total Other current assets	16,379	32,405	(16,026)

The change is mainly associated with the settlement of the receivable from the company Archangel Digital Studios, user of the service activities by the company of the ILBE Studios group.

Note no. 15 Assets arising from contracts with customers

The item, amounting to Euro 20,083 thousand, includes the assets for work in progress relating to the service activities carried out mainly by ILBE Studios d.o.o. for the production of Puffins Impossible, These activities are accounted for on a progress basis.

Note no. 16 Cash and other liquid assets

The item, amounting to Euro 12,462 thousand, includes the balance of cash and cash equivalents.

There are no cash and cash equivalents restrictions at 31 December 2022 and 31 December 2021.

Note no. 17 Shareholders' equity

The breakdown of this item is shown below:

€/000	31-dic-22	31-dic-21	Changes
Share capital	1,410	1,401	9
Legal Reserve	497	497	-
Share premium reserve	17,081	16,491	590
Extraordinary Reserve	37,692	19,436	18,256
Treasury Shares	(232)	-	
Other reserves	(62)	83	(145)
Profit/(Loss) carried forward	29,415	29,243	172
Profit/(loss) for the financial year	3,476	18,428	(14,952)
Total Group Shareholders' Equity	89,278	85,579	3,699
<i>Third-party shareholders' equity</i>	92	-	92

Share capital

At 31 December 2022, the share capital amounted to EUR 1,410 thousand, fully paid up, and consisted of 35,260,702 shares. The increase in share capital compared to the previous period is associated with the acquisition of 60% of the company SoBe Sport S.r.l.

Legal reserve

At 31 December 2022, the legal reserve amounted to Euro 497 thousand.

Share premium reserve

At 31 December 2022, the share premium reserve consisted of:

- Listing the shares on the AIM Italia multilateral trading system is organised and managed by Borsa Italiana S.p.A. ('AIM Italy') concluded with the start of trading on 5 August 2019 (EUR 8,240 thousand);

- conversion of the bonds arising from the convertible bond 'Iervolino & Lady Bacardi Entertainment S.p.A. Convertible Bond 5% 2019' (€707 thousand);
- issue of the automatically convertible bond "Iervolino & Lady Bacardi Entertainment S.p.A. Convertendo 3% 2019" (Euro 7,251 thousand);
- Acquisition of the subsidiaries Arte Video S.r.l. and R.E.D. Carpet S.r.l. (Euro 293 thousand);
- Acquisition of the subsidiary SoBe Sport S.r.l. (Euro 590 thousand).

Extraordinary reserve

This item includes part of the allocation of the 2021 result.

Treasury Shares

The item mainly refers to the purchase of treasury shares carried out on Euronext Growth Milan during the period and equal to Euro 225 thousand. As part of the treasury share buyback programme approved by the Shareholders' Meeting on 12 November 2021 and launched by the Board of Directors on 11 May 2022, in the period between 18 May 2022 and 31 December 2022 inclusive, ILBE purchased a total of 150,000 ordinary shares at a weighted average ordinary price of approximately Euro 1,5 per share. The residual amount of Euro thousand relates to the purchase of treasury shares carried out on Euronext Growth Paris.

Other reserves

A breakdown of the item Other reserves at 31 December 2022 and 2021 is provided below:

€/000	31-dic-22	31-dic-21	Changes
Translation reserve	(82)	31	(113)
IAS 19 OCI reserve	20	(101)	121
OCI reserve Other components of comprehensive income	-	152	(152)
Other reserves	(62)	83	(145)

The Group's objectives in managing capital are inspired by the creation of shareholder value, guaranteeing the interests of stakeholders and safeguarding business continuity, and maintaining an adequate level of capitalisation that allows economic access to external sources of finance to support the development of the Group's activities adequately.

Note no. 18 Non-current financial liabilities

A breakdown of the item Non-current financial liabilities at 31 December 2022 and 2021 is provided below:

€/000	31-dic-22	31-dic-21	Changes
Loans	11,206	15,961	(4,755)
Basket Bond	13,555	16,871	(3,316)
Liabilities for non-current leases	2,098	-	2,098
Other non-current financial liabilities	-	108	(108)
Total non-current financial liabilities	26,859	32,940	(6,081)

This item includes medium/long-term fixed and variable rate bank loans. The table below shows the loans granted by the Group:

€/000										
Company	Lending institution	Type of loan	Interest rate	Amount disbursed	Year of start-up	Year of expiry	Within 1 year	Between 1 year and 5 years	After 5 years	
ILBE SPA	Banca Progetto	Financing	Euribor 1M+spread 5%	500	2019	2024	113	73	-	
ILBE SPA	Banca Progetto	Financing	Euribor 1M+spread 5%	500	2019	2024	113	64	-	
ILBE SPA	Banca Progetto	Financing	Euribor 1M+spread 5%	500	2019	2023	144	-	-	
ILBE SPA	Intesa San Paolo S.p.a.	Basket Bond	4,07%	8,000	2020	2027	2,464	5,600	-	
ILBE SPA	Unicredit S.p.a.	Financing	Euribor 3M+spread 1,5%	3,000	2021	2023	2,501	-	-	
ILBE SPA	Banca Ifis S.p.a.	Financing	Euribor 3M+spread 3,25%	3,000	2021	2026	779	1,815	-	
ILBE SPA	Unicredit S.p.a.	Supply chain Basket Bond	2,55%	10,000	2021	2028	1,652	6,620	1,335	
ILBE SPA	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,55%	4,200	2021	2026	100	516	-	
ILBE SPA	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,44%	3,800	2021	2027	102	714	-	
ILBE SPA	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,3%	2,100	2021	2027	25	407	-	
ILBE SPA	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,75%	2,400	2022	2027	-	2,395	-	
ILBE SPA	BPM	Financing	Euribor 3M+spread 2,65%	1,500	2022	2027	292	1,199	-	
ILBE SPA	MedioCredito Centrale S.p.a.	Financing	Euribor 1M+spread 2,3%	3,000	2022	2026	627	2,351	-	
ILBE SPA	Deutsch Bank	Financing	Euribor 3M+spread 2,75%	1,500	2022	2025	499	876	-	
RED CARPET SRL	Intesa San Paolo S.p.a.	Financing	Euribor 3M+spread 2,75%	800	2022	2024	-	800	-	

The Basket Bond regulations provide, in particular, for specific economic-financial covenants relating to compliance with predefined thresholds in terms of Net Financial Position/EBIT, Net Financial Position/Shareholders' Equity and EBIT/Gross Interest, As at 31 December 2022, these covenants have been met.

The net financial position as at 31 December 2022 and 31 December 2021 is shown below:

Net financial position – Euro thousands	31/12/2022	31/12/2021
Cash and cash equivalents	(12,462)	(3,246)
Current financial assets	(18,158)	(12,070)
Liquidity	(30,620)	(15,316)
Current portion of non-current financial liabilities	9,506	1,996
Liabilities for current leases	615	-
Other current financial liabilities	19,426	9,669
Current financial debt	29,547	11,665
Net current financial debt	(1,073)	(3,651)
Non-current financial liabilities	24,761	32,940
Liabilities for non-current leases	2,098	-
Non-current trade payables	-	-
Non-current financial debt	26,859	32,940
NFP debt	25,787	29,289
<i>of which IFRS 16 (leasing)</i>	<i>2,713</i>	-
Adjusted NFP debt	23,074	29,289

Note no. 19 Current financial liabilities

Current financial liabilities as at 31 December 2022 amounted to Euro 29,547 thousand and broke down as follows:

€/000	31-dic-22	31-dic-21	Changes
Current portion of non-current financial liabilities	9,506	1,996	7,510
Other current financial liabilities	178	19	159
Liabilities for factoring transactions	2,000	-	2,000
Liabilities for current leases	615	-	615
Current account overdraft	17,248	9,650	7,598
Total current financial liabilities	29,547	11,665	17,882

Note no. 20 Trade payables

Trade payables amount to Euro 13,957 thousand, as shown in the following table:

€/000	31-dic-22	31-dic-21	Changes
Trade payables	13,957	22,527	(8,570)
Payables to related parties	-	-	-
Total trade payables	13,957	22,527	(8,570)

Total trade payables represent the Company's indebtedness to suppliers for purchases of services.

The following table shows the geographical breakdown of trade Payables:

€/000	31-dic-22	31-dic-21	Changes
National trade payables	7,724	13,823	(6,099)
Payables to EU suppliers	4,253	4,253	0
Non-UE Trade payables	1,980	4,181	(2,201)
Total trade payables	13,957	22,257	(8,300)

Note no. 21 Contractual liabilities

As at 31 December 2022, contractual liabilities amounted to Euro 10,190 thousand; details are shown below compared to the amounts as at 31 December 2021:

€/000	31-dic-22	31-dic-21	Changes
Contractual liabilities	10,190	16,484	(6,294)
Total Contractual Liabilities	10,190	16,484	(6,294)

Contractual liabilities arise from financial advances received on obligations to do something that will be fulfilled in the following period. Contractual liabilities specifically refer to the advances relating to the In the Fire project, the executive production of Verona and the service activities carried out by the subsidiary Iervolino & Lady Bacardi Studios d.o.o.

Note no. 22 Other current liabilities

As at 31 December 2022, other current liabilities amounted to Euro 19,859 thousand; a breakdown is provided below compared to the amounts as at 31 December 2021:

€/000	31-dic-22	31-dic-21	Changes
Payables to staff	603	347	256
VAT payables from previous years	253	136	117
Sundry tax payables	2,357	578	1,779
Deferred income	16,380	7,695	8,685
Other payables	266	212	54
Total other current liabilities	19,859	8,968	10,891

Other liabilities mainly consist of deferred income related to the portion of government grants - tax credits that, based on IAS 20, must be systematically allocated between periods to be commensurate with the recognition of the costs they are intended to offset.

Note no. 23 Revenues

Revenues amounted to a total of Euro 142,289 thousand and referred to the following operating segments:

€/000	31-dic-22	31-dic-21	Changes
Revenues Film productions	135,183	132,107	3,076
Revenues Celebrity Management	5,697	4,197	1,500
Revenues Digital Delivery	1,409	975	434
Total Revenues	142,289	137,279	5,010

Revenues from Film Productions relate to: (i) licences of the rights to exploit the intellectual properties carried out during the year (Euro 93,298 thousand); (ii) the granting of the right to exploit characters (Euro 3,029 thousand); (iii) revenues from service activities (Euro 38,212 thousand); (iv) other revenues (Euro 644 thousand).

€/000	31-dic-22	31-dic-21	Changes
Revenues from the granting of IP exploitation rights	93,298	81,941	11,357
Pipeline concession revenues	-	30,220	(30,220)
Revenue from character concession	3,029	6,891	(3,862)
Revenues from services	38,212	12,942	25,270
Other revenues	644	114	531
Total Revenues Film productions	135,183	132,107	3,076

Revenues from concessions of exploitation rights are recognised when the company grants the right to use the intellectual property, know-how and characters. Revenue, following IFRS 15, is recognised *at a point in time*, as the company grants the right to use (*right to use*) the know-how as it exists at the time it is granted. Revenues related to film production service activities are accounted for on a progress basis.

Revenue relating to royalties based on the use and sales of an IP licence is recognised if both of the following conditions are met: (i) use has occurred, and (ii) the performance obligations under which some or all of the royalties based on the use of an IP licence have been allocated, have been satisfied.

The group grants the right to exploit the know-how developed by the company for the production of animation (from now on, 'pipeline'). Revenue, following IFRS 15, is recognised *at a point in time*, as the company grants the right to use (*right to use*) the know-how as it exists at the time it is granted.

No estimated revenues are recognised in the financial statements.

Below is a breakdown of revenue from Film Productions by film/web series:

€/000	31-dic-22	31-dic-21	Changes
Granting of IP exploitation rights	93,298	81,941	11,357
Arctic Friends Web Series	-	42,366	(42,366)
Tell it like a Woman	-	2,420	(2,420)
Waiting for the barbarians	114	-	114
Eddie & Sunny	4	894	(890)
Puffins Web Series	15,168	31,962	(16,794)
Baby Puffins & Bunny Web Series	24,936	-	24,936
Tik Tok	11,799	-	-
Animation Movie	16,170	-	-
Dakota	42	3,904	(3,862)
MUTI	15,215	-	15,215
State of Consciousness	2,835	-	2,835
Giving Back II and III	2,619	-	2,619
Lamborghini	3,168	-	-
WW Salmo	-	394	(394)
Mahmood	853	-	853
Red Valley	375	-	375
Pipeline concession	-	30,220	(30,220)
Granting of characters	3,029	6,891	(3,862)
			-
Services activities	38,212	12,942	25,270
Puffins Impossible	30,303	10,767	19,536
Other services activities	7,909	2,175	5,734
			-
Other revenues	644	114	531
Total Revenues Film productions	135,183	132,107	3,076

The revenues associated with other service activities relate to the services provided relating to post-production and executive production activities.

Other revenues include royalties relating to the ILBE Library.

Revenues are mainly from non-EU customers (Euro 121 million); the remainder is mainly from Italian customers.

On the whole, the company's performance is not significantly affected by seasonal phenomena related to certain year periods.

Note no. 24 Tax Credits and other government grants

The item is mainly composed of the tax credit for cinema production, which refers to the tax benefit deriving from tax credits granted to film production companies concerning costs incurred for producing Italian audiovisual works.

Tax credits and other government grants are detailed below:

€/000	31-dic-22	31-dic-21	Changes
Tax Credit film productions	18,281	14,266	4,015
Arctic Friends Web Series (various seasons)	325	7,265	(6,940)

Tell it like a Woman	41	140	(99)
Waiting for the barbarians	51	460	(409)
Eddie & Sunny	16	331	(315)
Puffins Web Series (various seasons)	5,364	4,717	647
Baby Puffins & Bunny Web Series (various seasons)	4,576	-	4,576
Tik Tok	1,689		
Animation Movie	1,918		
MUTI	1,903	-	1,903
State of Consciousness	1,032	-	1,032
Giving Back II and III	885	-	885
Dakota	32	1,236	(1,204)
WW Salmo	-	116	(116)
Mahmood	241		
Red Valley	208		
R&D Tax Credit	-	559	(559)
Arctic Friends Web Series	-	559	(559)
			-
Other government grants	290	26	264
Total Tax Credits and other government grants	18,571	14,851	3,720

Note no. 25 Costs for Services

The item Cost of services and its comparison with the previous year's balances are detailed in the following table:

€/000	31-dic-22	31-dic-21	Changes
Celebrity Management costs	4,071	3,361	710
Costs for offering service	4,401	1,808	2,593
Costs for creating content in the Metaverse	9,329	-	9,329
Costs for digital delivery	199	151	48
Business travel and transfers	404	316	88
Various administrative expenses	1,254	537	717
Bank fees	117	168	(51)
Technical expertise	600	371	229
Marketing costs	1,234	781	453
Insurance costs	125	89	36
Directors' fees	1,699	1,296	403
Rentals and leases	509	555	(46)
Fees of the Board of Statutory Auditors	40	40	-
Other film production costs	465	-	465
Other purchases of services	539	353	186
Total costs for services	24,986	9,826	15,160

The increase in the item compared to the previous period is mainly attributable to the costs incurred for the creation of content in the Metaverse and the costs for offering services.

Note no. 26 Personnel costs

Personnel costs and their comparison with the previous year's balances are detailed in the following table:

€/000	31-dic-22	31-dic-21	Changes
Salaries and wages	4,778	2,624	2,154
Social charges on wages and salaries	937	731	206
ESI Fund	113	91	22
Total personnel costs	5,828	3,446	2,382

The increase is associated with the recruitment plan across the entire Group.

Note no. 27 Amortisation, write-downs and provisions

Amortisation, write-downs and provisions and their comparison with the previous year's balances are broken down in the following table:

€/000	31-dic-22	31-dic-21	Changes
Amortisation of intangible assets	116,985	114,683	2,302
<i>Arctic Friends WS amortisation</i>	2,564	64,428	(61,864)
<i>Amortisation Puffins WS</i>	27,418	38,969	(11,551)
<i>Amortisation Waiting for the Barbarians</i>	180	180	-
<i>Amortisation Tell it like a Woman</i>	-	2,037	(2,037)
<i>Amortisation Eddie & Sunny</i>	42	944	(902)
<i>Amortisation State of Consciousness</i>	3,293	-	3,293
<i>Amortisation MUTI</i>	13,291	-	13,291
<i>Amortisation Baby Puffins & Bunny WS</i>	25,578	-	25,578
<i>Amortisation Family Movie</i>	7,146	-	7,146
<i>Amortisation Tik Tok</i>	10,567	-	10,567
<i>Amortisation Animation Movie</i>	14,641	-	14,641
<i>Amortisation Giving Back II and III</i>	3,419	-	3,419
<i>Amortisation Dakota</i>	51	3,802	(3,751)
<i>Amortisation Lamborghini</i>	4,265	-	4,265
<i>Amortisation of other production</i>	370	1,111	(741)

<i>WW Amortisation Salmo</i>	-	315	(315)
<i>Amortisation Mahmood</i>	767	-	767
<i>Amortisation Red Valley</i>	507	-	507
<i>Amortisation other rights</i>	2,820	2,840	(20)
<i>Amortisation of other intangible assets</i>	66	57	9
<i>Amortisation of tangible fixed assets</i>	204	79	125
<i>Amortisation Rights of use</i>	411	-	411
Amortisation of tangible and intangible fixed assets	117,600	114,762	2,838
<i>Write-downs and Provisions</i>	2,265	9	2,256
Total Amortisation Write-downs and provisions	119,865	114,771	5,094

The value of amortisation is related to the application of the 'film forecast computation method', according to which amortisation at the balance sheet date is determined in relation to the useful life of the asset and prudentially estimated over a maximum of four years, taking into account the peculiarity of each single existing production and their visibility.

It should be noted that, during the year, for so-called "family movies", depreciation occurred for Euro 7,146 thousand and write-downs occurred for Euro 2,368 thousand.

Note no. 28 Financial income and expenses

The item Financial Income and Expenses and the related comparison with the previous year's balances are broken down in the following table:

€/000	31-dic-22	31-dic-21	Changes
Foreign currency rate gains	102	522	(420)
Other financial income	127	3	124
Total financial income	229	525	(296)
Interest expense on loans	1,056	856	200
Amortised cost	125	265	(140)
Gains and losses on foreign exchange	1,827	1,877	(50)
Interest payable on leases	52	-	52
Finance fees	416	-	416
Unrealised losses on financial investments	993	-	993
Other financial expenses	1,011	667	344
Total financial expenses	5,480	3,665	1,815

The increase in the item is mainly associated with the recognition of unrealised losses on financial investments.

Note no. 29 Income tax

Income taxes are broken down as follows:

€/000	31-dic-22	31-dic-21	Changes
IRES (Corporate income tax)	76	4,135	(4,059)
IRAP (Regional Income Tax)	165	783	(618)
Taxes from previous years	21	(307)	328
Deferred taxes	752	(2,677)	3,429
Total income tax	1,014	1,934	(920)

Note No. 30 Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to the Group's ordinary shareholders (after adjusting for interest on bonds convertible into shares) by the weighted average number of ordinary shares outstanding during the year and those arising from the conversion of all convertible bonds.

The result and share information used in the calculation of basic and diluted earnings per share are shown below:

€/000	31-dic-22	31-dic-21
Weighted average number of ordinary shares for basic earnings per share purposes	24,272	24,016
Operating profit	3,524	18,428
Basic earnings per share (ordinary shares)	0,15	0,77
Bonds convertible into ordinary shares	-	-
Diluted earnings per share (ordinary shares)	0,15	0,77

Note no. 31 Other information

31.1 Transactions with related parties

The Issuer's financial and economic transactions with related parties from 1 January 2022 to 31 December 2022 are set out below:

	Trade Receivables	Other assets	Trade payables	Other liabilities	Revenues	Costs
	€/000	€/000	€/000	€/000	€/000	€/000
TATATU S.p.a.	-	1,701	-	-	-	-
Welcome to Italy S.r.l.	386	-	-	-	424	-
AMBI Distribution	-	-	-	-	154	-
Total related party transactions	386	1,701	-	-	578	-
Total budget items	31,693	158,590	13,957	86,931	161,000	151,250
Weight on budget items	1%	1%	0%	0%	0%	0%

The outstanding credit balance with Tatatu S.p.A, of Euro 1,701 thousand relates to a receivable due in 2023 for the consideration paid for the closure of the ADV business unit (Euro 1,089 thousand) and a trade receivable (Euro 612 thousand).

Relations with Welcome to Italy S.r.l. refer to the services rendered by ILBE for the executive production of the film "Ferrari".

Relations with AMBI Distribution relate to the sales agency contract stipulated for the distribution of the film "Lamborghini" in some territories.

The Issuer's financial and economic transactions with related parties from 1 January 2021 to 31 December 2021 are set out below:

	Trade Receivables	Other assets	Trade payables	Other liabilities	Revenues	Costs
	€/000	€/000	€/000	€/000	€/000	€/000
TATATU S.p.a.	-	1,721	-	-	-	-
Total related party transactions	22	1,721	-	-	33	-
Total budget items	189,759	160,418	22,257	71,341	152,319	128,817
Weight on budget items	0%	1%	0%	0%	0%	0%

Transactions with related parties carried out with Tatatu S.p.A, during the period, amounting to Euro 33 thousand on the revenue side and Euro 22 thousand on the credit side, refer to services rendered by the subsidiary Arte Video S.r.l., The outstanding credit balance with Tatatu S.p.A. of Euro 1,721 thousand relates to a receivable due in 2023 for the consideration paid for the closure of the ADV business unit (Euro 1,089 thousand) and a trade receivable (Euro 641 thousand).

31.2 Amount of fees payable to the Auditing Firm

The following statement shows the fees for audit and non-audit services provided by the same audit firm:

Service type	Service supplier	Fees (Euro thousands)
Iervolino & Lady Bacardi Entertainment S.p.a.		
Accounting Audit	EY S.p.a.	102
Certification services	EY S.p.a.	4
Limited review	EY S.p.a.	25
Other services	EY network entity	30
Total		161
Subsidiaries of Iervolino & Lady Bacardi Entertainment S.p.a.		
Accounting Audit	EY S.p.a.	16
Accounting Audit	EY network entity	22
Other services	EY S.p.a.	24
Other services	EY network entity	24
Total		86

31.3 Commitments and guarantees given by the Group

As part of its activities, the Group has received and provided guarantees to obtain short and medium/long-term financial credit lines.

Euro thousands	31/12/2022
Guarantees given by the Group	19,058
Guarantees received by the Group	18,840
Total guarantees given and received	37,898

31.4 Information pursuant to Article 1, paragraph 125 of Law No, 124 of 4 August 2017

In compliance with the obligations of transparency of public disbursements introduced by Article 1, paragraphs 125-129 of Law no, 124/2017, it should be noted that, concerning the tax credits for independent producers of audiovisual works referred to in Article 8, paragraph 2, of Decree Law no, 91 dated 8 August 2013 and Ministerial Decree dated 5 February 2015 and the Ministerial Decree on Tax Credit dated 15/03/2018 referred to in Article 15 and 16 of Law no, 220 dated 14 November 2016, below is the breakdown of the tax credit accrued in 2021 and 2022:

Granting body	Title of the work	Tax credit accrued in 2022	Tax credit accrued in 2021
Mibact	Tell it like a women	-	-
Mibact	Arctic Friends web series (various seasons)	-	5,908
Mibact	Puffins web series (various seasons)	-	5,348
Mibact	Dakota	1,669	-
Mibact	State of Consciousness	1,374	-
Mibact	Le Mura di Bergamo	390	-
Mibact	Muti	2,144	-
Mibact	Spin Me Round	802	-
Mibact	Giving Back Generation II	442	-
Mibact	Giving Back Generation III	442	-
	Total	7,264	11,256

31.5 Events after the balance sheet date

No significant events occurred after the closing date of the financial year.

In 2023, the Group will continue to monitor the evolution of the negative impacts of the Russian-Ukrainian conflict and the increase in interest rates.

31.6 Transactions arising from atypical and/or unusual operations

No atypical and/or unusual transactions were carried out in the period between 31/12/2021 and 31/12/2022.



Iervolino & Lady Bacardi Entertainment S.p.A.

Consolidated financial statements as at December 31, 2022

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
Iervolino & Lady Bacardi Entertainment S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Iervolino & Lady Bacardi Entertainment Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of Iervolino & Lady Bacardi Entertainment S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Iervolino & Lady Bacardi Entertainment S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and

significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Iervolino & Lady Bacardi Entertainment S.p.A. are responsible for the preparation of the Report on Operations of Group Iervolino & Lady Bacardi Entertainment as at December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Iervolino & Lady Bacardi Entertainment Group as at December 31, 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Iervolino & Lady Bacardi Entertainment Group as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report

Rome, March 29, 2023

EY S.p.A.
Signed by: Andrea Eronidi, Auditor

This report has been translated into the English language solely for the convenience of international readers.