



COMPAGNIA DEI CARAIBI STARTS INTERNATIONAL EXPANSION OF ITS OWN BRAND PORTFOLIO

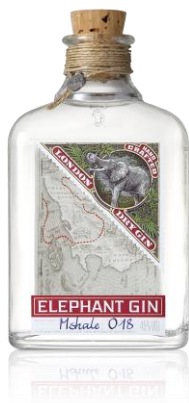
BINDING AGREEMENT SIGNED FOR THE ACQUISITION OF 100% OF ELEPHANT GIN, GERMAN SUPER PREMIUM DISTILLATE

IN 2021, ELEPHANT WAS MARKETED IN 35 COUNTRIES

TOTAL INVESTMENT OF € 15.6M, OF WHICH € 2.1M IN AUCAP

Vidracco (TO), 13 December 2022 **Compagnia dei Caraibi S.p.A.** Benefit Company (ticker 1TIME) ("**Compagnia dei Caraibi**" or the "**Company**") a leading company in the import, development, brand building and distribution of premium and over premium spirits, wines and soft drinks from around the world, as well as Italian craft beers, through its subsidiary Refined Brands S.r.l., **announces that it has entered into an agreement to acquire 100% of the share capital of Elephant Gin GmbH (the "Target"), a German company producing the well-known super premium gin.**

Edelberto Baracco, Chairman and CEO of Compagnia dei Caraibi **declared:** *"The acquisition of Elephant Gin represents a key step in the expansion of Compagnia dei Caraibi's own brand portfolio in one of its fastest growing segments. We are familiar with Elephant and its international growth potential, indeed we were one of the first to believe in Robin and Tessa Gerlach's project by starting distribution 6 years ago, contributing to the development of the brand on the Italian market. Leveraging the company's assets and product range, Compagnia dei Caraibi will enter the world of direct production of super premium gin, through an international brand and a proprietary distillery, with attached visitor centre, located in Germany".*



Elephant Gin GMBH was founded in 2013 by Robin and Tessa Gerlach, who started the brand, inspired by their travels in Africa and the need to protect and enhance African wildlife. The Elephant Gin range is now **an artisan product created** in the company's **own distillery** in Wittenburg, Germany. The production process of Elephant Gin involves **exclusive and refined ingredients** such as herbs, exotic African plants and spices; distillation takes place in copper stills in small batches numbering approximately 600 bottles. All ingredients are **hand-selected**, the **bottles** custom-made and packaged.

Robin and Tessa Gerlach, founding partners of Elephant Gin GmbH and creators of the brand: *"We are incredibly excited to have found the best possible home for Elephant Gin - one that shares the same values, sustainability approach and work ethic. CdC have been a long time partner for us and have supported us in our all of efforts and undertakings throughout the past 6 years. We are looking forward to growing the brand further in a close partnership with Compagnia dei Caraibi and benefit from their vast experience and successes in the international spirits market".*

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As at 31 December 2021, Elephant Gin GmbH had made **total net sales** of **Euro 3.4 million** with **EBITDA** of Euro - 0.03 million and **net financial debt** as at 31 December 2021 of Euro 0.5 million. 2022 forecast turnover is approximately Euro **2.7 million**. The reasons for the penalisation of growth in 2022 lie in the significant investments in the development of the organisational structure, in particular the redefinition of the commercial structure, and the development of the distillery with adjoining visitor centre. The investments made are functional to the significant growth expected by the company over the next few years.

Today, Elephant Gin GmbH's EBITDA is particularly low due to the outsourcing of production and the company's strong focus and investment in the development of its organisational structure and the planning and construction of its own distillery with adjoining visitor centre. The start of operation of the new distillery, expected in the first half of 2023, will allow a significant reduction in production costs and a consequent improvement in margins.

STRATEGIC RATIONALE

Expansion of own brand portfolio

Compagnia dei Caraibi will consolidate its international positioning, particularly in a category that has historically recorded significant growth rates in revenues.

Gin has, in fact, performed well in recent years and, in particular, in 2021, overtaking whisky and becoming the third largest category of spirits in Italy after flavoured spirits and brandy.

Specifically, the super-premium and ultra-premium categories in 2021 in Italy grew by +121% and +103% respectively compared to 2020¹.

The acquisition of Elephant Gin further strengthens the strategy of balancing revenues from own brands alongside the investments in brand building and international expansion of proprietary brands made post-takeover.

Compagnia dei Caraibi has contributed to the development of the premium and ultra-premium Gin category in Italy, its Gin catalogue is now a benchmark for the Italian market, and with the acquisition of Elephant it aims to expand its positioning to the European market.

Supply chain integration and entry into production

Leveraging the assets and product range of Elephant Gin GmbH, Compagnia dei Caraibi will enter the world of direct artisan gin production through a **proprietary distillery**, located in Wittenburg, which is currently under construction and expected to be fully operational by the first half of 2023.

Globalisation

The acquisition of Elephant will significantly speed up the process of globalisation, especially in Northern Europe and America, also thanks to the addition of 22 resources to the Group, in addition to the founders **Robin and Tessa Gerlach**, who will continue to lead the development of Elephant Gin GmbH.

¹ IWSR 2021 – International Wines and Spirits Record



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Further leverage for international expansion comes from the integration of commercial structures, thanks to which Compagnia dei Caraibi, through its global distribution network, will ensure the activation of new markets and a better control of already active markets.

TRANSACTION STRUCTURE

The total investment for the purchase of 100% of the shares in Target amounted to **15.6 million euros**, of which **2.1 million euros was a capital increase**.

In detail, the agreement signed by the counterparties provides for:

- By 31 December 2022, the entry of Compagnia dei Caraibi - through its subsidiary Refined Brands S.r.l. (hereinafter referred to as 'RB') - in the share capital of Elephant Gin GmbH by means of a capital increase for 2.1 million euros, bringing the Company to hold a 13.47% stake in the share capital of Target (hereinafter referred to as the '**Au Cap First Step**'). The simultaneous purchase by RB of a further 11.82% shareholding for an equivalent value of 1,844,262 euros, thus reaching a total shareholding of 25.29% of the share capital of Target (hereinafter referred to as the '**First Step Acquisition**').
- By 30 June 2023, the acquisition of a further 26.28% stake for an equivalent value of 4,098,360 euros. Through the execution of the '**Tranche 2023**', Compagnia dei Caraibi - through RB - will thus own 51.57% of the share capital of Elephant Gin GmbH.
- By 30 June 2024, the acquisition of the remaining 48.43% stake will be realised for an equivalent value of 7,553,688 euros ('**2024 Tranche**'), resulting in the acquisition of the entire share capital of Target.

The consideration for the **2023** and **2024 Tranches** - relating to one or all of the four major shareholders of Elephant Gin GmbH who will hold, following the Au Cap First Step and the First Step Acquisition, a total shareholding of 72.31% - may be paid, for an amount not exceeding 50% of the relevant consideration, in shares of Compagnia dei Caraibi valued at the higher of the following two amounts:

- the highest trading price of the last thirty market days preceding the Transfer Date;
- the average trading price of the shares over the last ninety market days preceding the Transfer Date.

Under the scope of the agreement stipulated for the transaction, the sellers make a specific lock-up commitment in connection with Compagnia dei Caraibi shares received.

For **Tranches 2023** and **2024**, there is also a price adjustment mechanism (+/- 10%) depending on the results achieved (in terms of Revenues and EBITDA).

The amount resulting from the capital increase of Elephant Gin will be used entirely for the completion of the distillery located in Wittenburg and for the development of the brand on international markets.

Compagnia dei Caraibi S.p.A. will intervene in the transaction as guarantor of the subsidiary Refined Brands, which will delegate to the parent company Compagnia dei Caraibi the obligation to pay the consideration for the sale of the Elephant Gin shares. In this regard, a shareholders' loan agreement will be concluded between the subsidiary and the parent company at arm's length conditions.



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The purchase price to be paid at closing will be financed by Compagnia dei Caraibi using a combination of available cash and bank loans already in place.

The agreement implies contractual guarantees and related indemnity protection in favour of the purchaser in line with market practice.

The Transaction does qualify as substantial under Article 12 of Euronext Growth Milan Rules for Companies being higher than the threshold reported in the form 3 paragraph 4.

Lexton Rechtsanwälte acted as legal advisor to the selling shareholders. Eversheds Sutherland Germany and Italy acted as legal and tax advisor to Compagnia dei Caraibi.

This press release is available at www.compagniadecaraibi.com (Investor Relations/Press releases section) and at www.1info.com.

Compagnia dei Caraibi (ticker: 1TIME, ISIN: IT0005453235) is a company founded in Vidracco (To) in 2008, which imports and distributes spirits, wines and soft drinks from all over the world including rum, gin, vodka, whiskey, tequila, sodas, waters, champagne and craft beers. The portfolio consists mainly of 'Premium' and 'Super Premium' products. Today, Compagnia dei Caraibi, whose real roots date back to 1995, is one of the most dynamic players on the market, with a rapid and constant growth and a catalogue numbering over 800 references imported exclusively in Italy, including some of the trendiest brands on the market, such as Rum Diplomático, always present in the Top 5 Trending and Best Selling Brands list, Rum Plantation, also listed among the Top 5 Trending and Best Selling Brands and Gin Mare, one of the most popular premium gins sold in Italy. Compagnia dei Caraibi has also always been committed to the community and working to improve the environment. At the base of Compagnia dei Caraibi's choices is the conviction that loyalty, honesty and sharing of ethical values in the business world create wealth and added value both for the individual and for society.

For further information

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Disclaimer

This press release contains forecasts and estimates reflecting the Target management's current views on certain future events. These forecasts and estimates include, but are not limited to, all information other than factual data, including, without limitation, that relating to the Target's and the Group's future financial position and operating results, strategy, plans, objectives and future developments in the markets in which the Group operates or intends to operate. Forecasts and estimates are based on information available to the Target and the Group as of today, and are based on basic assumptions; therefore, forecasts and estimates are only valid as of the date of this release. There can be no assurance that these future results will be achieved; actual events may differ materially due to the risks and uncertainties faced by the Target and the Group, which could cause actual results to vary materially from the future results indicated, expressed or implied in the forward-looking data. In view of these uncertainties and risks, readers

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