



Italian Wine Brands S.p.A.

Independent auditor's report pursuant
to article 14 of Legislative Decree n.
39, dated January 27, 2010 and article
10 of EU Regulation n. 537/2014

*Consolidated financial statements at
December 31, 2021*

Independent auditor's Report

pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

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

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Italian Wine Brands Group (the "Group"), which comprise the consolidated balance sheet as at December 31, 2021, the consolidated profit and loss, the consolidated statement of changes in shareholders' equity, the consolidated cash flow 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, 2021, 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, as well as the regulation issued to implement art. 9 of Legislative Decree n. 38/'05.

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 Italian Wine Brands S.p.A. (the "Company") in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter**Audit response**

*IMPAIRMENT OF GOODWILL**NOTE 6 “GOODWILL”*

The total goodwill - equal to Euro 181,085 thousand - arises from the following business combinations: Provinco Italia S.p.A. for Euro 11,289 thousand; Giordano Vini S.p.A. for Euro 43,719 thousand; Pro.Di.Ve. S.r.l. for Euro 447 thousand; Raphael Dal Bo AG for Euro 12,854; Enoitalia S.p.A. for Euro 112,776 thousand, the latter occurring in July 2021.

At December 31, 2021, goodwill and intangible assets with an indefinite useful life were subjected to an impairment test, which consists of estimating the recoverable value of the CGUs, that for IWB are controlled entities, and comparing them it with the net book value of the related assets, including goodwill.

The value in use corresponds to the present value of future cash flows that are expected to be associated with the assets subject to impairment, using a rate that reflects the specific risks of the individual CGUs at the valuation date.

At December 31, 2021, there were no losses in value between the book value and the relative value in use (determined according to the Discounted Cash Flow method).

The recoverability of goodwill is considered a key audit matter for the audit of the consolidated financial statements, due to the subjectivity of the selection of parameters used to estimate the value in use.

Our main audit procedures performed are the following:

- also being supported by BDO experts:
 - we verified the reasonableness of key assumptions underlying the plans of the management;
 - we verified the adequacy of the impairment model prepared by the Group and its compliance to the accounting principles;
 - we assessed the key underlying assumptions for the impairment model, in particular the ones related to cash flow projections, future growth rates and discount rates and determination of “terminal value”;
 - we verified the clerical accuracy of the impairment model;
- we verified the disclosures provided in the accompanying notes.

Responsibilities of the Directors and Those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree n. 38/'05 and, within the terms prescribed by the law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company Italian Wine Brands S.p.A. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible 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 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 ISA Italia, we exercised professional judgment and maintain professional skepticism throughout the audit. We also 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.
- 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.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify 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.
- 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.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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 on the consolidated financial statements.

We have communicated with Those charged with governance, as properly identified in accordance with ISA Italia, 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.

We have also provided Those charged with governance with a statement that we have complied with relevant ethical and independence requirements applicable in Italy, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described those matters in our auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

We were initially engaged by the Shareholders meeting of Italian Wine Brands S.p.A. on April 22, 2021 to perform the audits of the Company's and the consolidated financial statements of the Group of each fiscal year starting from December 31, 2021 to December 31, 2029.

We declare that we did not provide prohibited non-audit services, referred to article 5, paragraph 1, of Regulation (EU) 537/2014, and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements of Italian Wine Brands S.p.A. included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation n.537/2014, submitted to Those charged with governance.

Reports on other legal and regulatory requirements

Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815

The Directors of Italian Wine Brands S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF - European Single Electronic Format) (hereinafter the "Delegated Regulation") to the consolidated financial statements, to be included in the Annual financial report.

We have performed the procedures required under audit standard (SA Italia) no. 700B in order to express an opinion on the compliance of the consolidated financial statements to the requirements of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked-up, in all material respects, in compliance to the requirements of Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Italian Wine Brands S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Italian Wine Brands S.p.A. as at December 31, 2021, including their consistency with the consolidated financial statements and their 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 and of specific information of the corporate governance report as provided by article 123-bis, paragraph 4, of Legislative Decree n. 58/'98, with the consolidated financial statements of Italian Wine Brands Group as at December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of Italian Wine Brands Group as at December 31, 2021 and are compliant with applicable laws and regulations.



With reference to the assessment pursuant to article 14, paragraph. 2, (e), of Legislative Decree n. 39/'10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, April 8, 2022

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

As disclosed by the Directors, the accompanying consolidated financial statements of Italian Wine Brands S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.