



**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

*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 financial statements

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#### Opinion

We have audited the financial statements of Italian Wine Brands S.p.A. (the Company), which comprise the balance sheet as at December 31, 2021, the profit and loss statement the statement of changes in shareholders' equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the the financial position of the Company 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 article 9 of Legislative Decree NO. 38/05.

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#### 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 Financial Statements* section of our report. We are independent of 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.

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#### Key audit matters

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

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**Key audit matter****Audit response**

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*IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES*

## NOTES 2 “ACCOUNTING PRINCIPLES - EQUITY INVESTMENTS” and 7 “EQUITY INVESTMENTS”

Investments in subsidiaries are accounted for in the financial statements for a total amount of euro 205.481 thousand and are mainly referred to the wholly controlled companies Giordano Vini S.p.A., Provinco S.p.A. e Enoitalia S.p.A..

Equity investments in subsidiaries and associates are valued at the purchase cost, possibly reduced in the event of distribution of capital or capital reserves or in the presence of impairment losses determined by applying the so-called impairment test.

Impairment of investments in subsidiaries is considered a key audit matter for the audit of the financial statements, due to the subjectivity of the selection of parameters used to estimate the recoverable amount.

Our main audit procedures performed are the following:

- we verified the proper classification and related accounting treatment based on reference accounting principles;
  - we obtained and examined the financial statements as of December 31, 2021 of the subsidiaries, which are audited by us, according to specific audit engagements or through acquisition of audit evidence by the component auditori;
  - we compared the value of investment in subsidiaries to the equity portion attributable to the parent company;
  - with reference to the impairment test, 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.
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## FIRST TIME ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS IAS/IFRS

### APPENDIX “TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS (IAS / IFRS)”

Following the admission to trading of the bond of Italian Wine Brands S.p.A. on the regulated market MOT ed Euronext Dublin, the Company is required to adopt the International Financial Reporting Standards (IAS/IFRS) in the preparation of its financial statements. The transition from local accounting standards to international accounting standards, due to subjectivity included in the accounting policy choices and assumptions of management, the qualitative impact and the requirements of disclosure, has been considered a key audit matter.

Our main audit procedures performed are the following:

- understanding the internal process adopted for the transition to international accounting standards;
- examination of the accounting policies and assumptions used by management in the transition process;
- check of the completeness and correctness of the accounting effects, deriving from the first time adoption of international accounting standards IAS/IFRS on the accounting balances for current and prior years since the date of transition;
- check of the completeness and correctness of the disclosures included in the financial statements referred to the first-time adoption of international accounting standards.

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree NO. 38/05 and, within the terms provide 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.

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgment and maintain professional skepticism throughout the audit.

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We also have:

- Identified and assessed the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described those matters in the auditor's report.

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#### **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 financial statements 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 financial statements 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.

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## Reports on other legal and regulatory requirements

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### 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 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 financial statements to the requirements of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in compliance to the requirements of Delegated Regulation.

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### Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree n. 39/10 and of article 123-bis paragraph 4 of Legislative Decree n. 58/98.

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 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 financial statements of Italian Wine Brands S.p.A. 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 financial statements of Italian Wine Brands S.p.A. 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 separate 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.