

Italian Wine Brands S.p.A.

Independent auditor's report pursuant to article 14 of Legislative Decree no. 39, dated January 27, 2010, and article 10 of Regulation (EU) 537/2014

Consolidated Financial statements at December 31, 2023

(Translation from the original Italian text)

Independent auditor's Report

pursuant to article 14 of Legislative Decree no. 39, dated January 27, 2010, and article 10 of Regulation EU 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 statement of financial position as of December 31, 2023, the comprehensive income statement, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2023, 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 no. 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 215,969 thousand, arises from the following business combinations: Provinco Italia S.p.A. for Euro 11,289 thousand, Enoitalia S.p.A. 156,942 thousand, Enovation Brands Inc. for Euro 17,038 thousand, Barbanera S.r.l. for Euro 16,687 thousand, Fossalto S.r.l. for Euro 1,159 thousand and Raphael Dal Bo AG for Euro 12,854 thousand.

As at December 31, 2023, goodwill was subjected to impairment testing which consists in estimating the recoverable value of the CGUs - made up of the subsidiaries - and comparing them with the net book value of the related assets, including goodwill pursuant to IAS 36.

The value in use corresponds to the current value of the future financial 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 measurement date.

As at December 31, 2023, no losses in value emerge between the book value and the related value in use (determined according to the Discounted Cash Flow methodology).

The impairment of goodwill is a key audit matter in the audit of the consolidated financial statements, due to the subjectivity in the determination of parameters used to estimate the value in use.

The main audit activities performed are detailed as follows:

- impairment test verification, with the support of BDO experts, related to
 - reasonableness of key assumptions and hypotheses underlying the cash flow forecasts;
 - analysis of the Company’s impairment test based on the applicable standards;
 - assessment of the key assumptions underlying the impairment model with reference to cash flows, discount rate, growth rate and terminal value valuation;
 - mathematical accuracy verification of the impairment model.
- verification of the adequacy of the information provided in the financial statements notes.

Responsibilities of the Directors and the Board of Statutory Auditors 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 no. 38/05 and, in 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.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, 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 ethical and independence requirements applicable in Italy, and we have communicated all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate relevant risks or the safeguards measures applied.

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 Regulation (EU) 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 Auditing Standard (SA Italia) no. 700B in order to express an opinion on the compliance of the consolidated financial statements at December 31, 2023 to the requirements of the Delegated Regulation.

In our opinion, the consolidated financial statements at December 31, 2023 have been prepared in XHTML format and have been marked-up, in all material respects, in compliance to the requirements of Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree no. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree no. 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 Group as at December 31, 2023, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under Auditing 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 no. 58/98, with the consolidated financial statements of Italian Wine Brands Group as at December 31, 2023, 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, 2023, and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph 2, (e), of Legislative Decree no. 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 9, 2024

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 an official version which is compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

This independent auditor's report has been translated into English from the original issued in Italian solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.