Risk Factors Comparison 2023-10-13 to 2022-09-13 Form: 10-K

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In addition to the other information in this report and our other filings with the Securities and Exchange Commission (" SEC"), you should carefully consider the risks and uncertainties described below, which could materially and adversely affect our business, financial condition and results of operations. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. Risks Related to Our Operations The strength of our reputation is critical to our success and may be adversely ~~effected~~ **affected** by contamination or other quality control issues or other factors outside of our control. Our reputation as a premier producer of wine and spirits among our customers and the wine industry is critical to the success of our business and our growth strategy. The wine market is driven by a relatively small number of active and well- regarded wine critics within the industry who have disproportionate influence over the perceived quality and value of wines. If we are unable to maintain the actual or perceived quality of our wines and other alcoholic beverage products, or if our wines otherwise do not meet the subjective expectations or tastes of one or more of a relatively small number of wine critics, the actual or perceived quality and value of one or more of our wines could be harmed, which could negatively impact not only the value of that wine, but also the value of the vintage, the particular brand or our broader portfolio. The winemaking process is a long and labor-intensive process that is built around yearly vintages, which means that once a vintage has been released we are not able to make further adjustments to satisfy wine critics or consumers. As a result, we are dependent on our winemakers and tasting panels to ensure that our wine products meet our exacting quality standards. Any contamination or other quality control issue could have an adverse effect on sales of the impacted wine or our broader portfolio of winery brands. If any of our wines become unsafe or unfit for consumption, cause injury or are otherwise improperly packaged or labeled, we may have to engage in a product recall and / or be subject to liability and incur additional costs. A widespread recall, multiple recalls, or a significant product liability judgment against us could cause our wines to be unavailable for a period of time, depressing demand and our brand reputation. Even if a product liability claim is unsuccessful or is not fully pursued, any ~~resulting~~ **related** negative publicity could **harm** ~~adversely affect~~ our reputation with existing and potential customers and accounts, as well as our corporate and individual winery brands image in such a way that current and future sales could be diminished. In addition, should a competitor experience a recall or contamination event, we could face decreased consumer confidence by association as a producer of similar products. Additionally, third parties may sell wines or inferior brands that imitate our winery brands or that are counterfeit versions of our labels, and customers could confuse these imitation labels with our authentic wines. A negative consumer experience with ~~such a~~ **an imitation or counterfeit** wine could cause ~~them~~ **consumers** to refrain from purchasing our brands in the future and damage our brand integrity. Any failure to maintain the actual or perceived quality of our wines could materially and adversely affect our business, results of operations and financial results. Damage to our reputation or loss of consumer confidence in our wines for any of these or other reasons could result in decreased demand for our wines and could have a material adverse effect on our business, operational results and financial results, as well as require additional resources to rebuild our reputation, competitive position and winery brand strength **. The impact of U. S. and worldwide economic trends and financial market conditions could materially and adversely affect our business, liquidity, financial condition and results of operations. We are subject to risks associated with adverse economic conditions in the U. S. and globally, including economic slowdown or recession, inflation, and the disruption, volatility and tightening of credit and capital markets. Unfavorable global or regional economic conditions could materially and adversely impact our business, liquidity, financial condition and results of operations. Recent events, including the COVID- 19 pandemic, the military incursion by Russia into Ukraine, inflationary conditions and rising interest rates, have caused disruptions in the U. S. and global economy, and uncertainty regarding general economic conditions, including concerns about a potential U. S. or global recession may lead to decreased consumer spending on discretionary items, including wine. In general, positive conditions in the broader economy promote customer spending, while economic weakness generally results in a reduction of customer spending. Unemployment, tax increases, governmental spending cuts or a return to high levels of inflation could affect consumer spending patterns and purchases of our wines and other alcoholic beverage products. These conditions could also create or worsen credit issues, cash flow issues, access to credit facilities and other financial hardships for us and our suppliers, distributors, accounts and consumers. An inability of our suppliers, distributors and retailers to access liquidity could impact our ability to produce and distribute our wines. An inflationary environment can also increase our cost of labor, shipping, energy and other operating costs, which may have a material adverse impact on our financial results. Although interest rates have increased and are expected to increase further, inflation may continue. Further, increased interest rates could have a negative effect on the securities markets generally, which may, in turn, have a material adverse effect on the market price of our common stock. We may not achieve some or all of the expected benefits of our cost reduction and revenue enhancing initiatives, and any future restructuring plans or changes in management may adversely affect our business. We are implementing our Five- Point Plan which we believe will enable us to drive stronger earnings power, provide a sustainable foundation for future growth and allow us to continue as a leading vintner with a strong portfolio of affordable luxury brands by focusing on the plan' s five priorities: (1) margin expansion, (2) cost reduction, (3) cash management, (4) monetizing assets, and (5) revenue growth. In 2024, our priorities under our Five- Point Plan are to deliver profitability, generate cash, and reduce debt. In order to meet these objectives our near- term goals are to simplify the business, reduce costs, improve production throughout our**

operations, focus on key brands, and pay down debt through the monetization of assets and reducing costs, among other things. We may not be able to obtain the benefits that we anticipate in connection with our Five- Point Plan, if at all, or any future restructuring plans. Furthermore, even if we are successful with our Five- Point Plan, we may not see the benefits of such efforts on our financial condition, results of operations and cash flows. Additionally, as a result of any future restructuring or changes in our management, we may experience a loss of continuity, loss of accumulated knowledge and / or inefficiency during transitional periods. Reorganization and restructuring can require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. There are also significant costs associated with restructuring or changes in management which can have a significant impact on our earnings and cash flow. If we implement a restructuring plan or have significant changes in management and fail to achieve some or all of the expected benefits from such plan or changes, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows . Consumer demand for wine and alcoholic beverages could decline, which could adversely affect our results of operations. We rely on consumers' demand for our wine and other products. Consumer demand may decline due to a variety of factors, including a general decline in economic conditions, changes in the spending habits of consumers generally, a generational or demographic shift in consumer preferences, increased activity of anti- alcohol groups, increased state or federal taxes on alcoholic beverage products and concerns about the health consequences of consuming alcoholic beverage products. Furthermore, our ability to effectively manage production and inventory is inherently linked to actual and expected consumer demand for our products, particularly given the long product lead time and agricultural nature of the wine business. Unanticipated changes in consumer demand or preferences could have adverse effects on our ability to manage supply and capture growth opportunities, and substantial declines in the demand for one or more of our product categories could harm our results of operations, financial condition and prospects. We are subject to significant competition, which could adversely affect our profitability. VWE' s wines compete for sales with thousands of other domestic and foreign wines. VWE' s wines also compete with other alcoholic beverages and, to a lesser degree, non- alcoholic beverages. As a result of this intense competition, we have been subject to, and may continue to be subject to, upward pressure on selling and promotional expenses. In addition, some of our competitors have greater **access to** financial, technical, marketing and public relations resources ~~available to them~~ than we do. These circumstances could adversely impact our revenues, margins, market share and profitability. Our wholesale operations and wholesale revenues largely depend on independent distributors whose performance and continuity is not assured. Our wholesale operations and wholesale revenues depend largely on independent distributors whose performance and continuity is not assured. Our wholesale operations generate revenue from products sold to distributors, who then sell them to off- premise retail locations such as grocery stores, specialty and multi- national retail chains, as well as on- premise locations such as restaurants and bars. Sales to distributors are expected to continue to represent a substantial portion of our revenues in the future. A change in relationships with one or more significant distributors could harm our business and reduce sales. The laws and regulations of several states prohibit changes of distributors except under certain limited circumstances, which makes it difficult to terminate a distributor for poor performance without reasonable cause as defined by applicable statutes. Difficulty or inability with respect to replacing distributors, poor performance of major distributors or inability to collect accounts receivable from major distributors could harm our business. There can be no assurance that existing distributors and retailers will continue to purchase our products or provide ~~ours~~ - **our** products with adequate levels of promotional support. Consolidation at the retail tier, among club and chain grocery stores can be expected to heighten competitive pressure to increase marketing and sales spending or constrain or reduce prices **. Direct- to- Consumer segment results of operations and revenues, which largely depend on wine club memberships, tasting rooms, and sales through televised programming and through the internet, could be adversely affected by a shift in consumer sentiment to purchase less wine through these channels. We sell our wine and other merchandise in our Direct- to- Consumer Segment to consumers through wine club memberships, at wineries' tasting rooms, through televised programming, and through the Internet. A shift in consumer sentiment to purchase less wine through these channels, or a significant decline in the volume of sales made to consumers through these channels, could have adverse effects on our results of operations and revenues for our Direct- To- Consumer Segment** . The loss or significant decline of sales to one or more of our more important distributors, marketing companies or retailers could have adverse effects on our results of operations, financial condition and prospects. We derive significant revenue from distributors and marketing companies such as Deutsch Family Wine and Spirits, Republic National Distributing Company and Southern Glazer' s Wine & Spirits, and from retail business customers such as Costco, Albertson' s and Target. The loss of one or more of these customers, or significant decline in the volume of sales made to them, could have adverse effects on our results of operations, financial condition and prospects. Decreases in brand quality ratings by important rating organizations could adversely affect our business. Many of VWE' s brands are issued ratings by local or national wine rating organizations. In the wine industry, higher product ratings usually translate into greater demand and higher pricing. Although some VWE brands have been rated highly in the past, and VWE believes its farming and winemaking activities are of a quality to generate good ratings in the future, VWE has no control over ratings issued by third parties, which may or may not be favorable in the future. Significant or persistent declines in the ratings issued to VWE wines could have adverse effects on its business. We may not be fully insured against catastrophic events and losses, which may adversely affect our financial condition. A significant portion of our activities are in California and the Pacific Northwest, which regions are increasingly prone to seismic activity, landslides, wildfires **, droughts, flooding** and other natural disasters (collectively, " catastrophes "). Although VWE insures against catastrophes, including through our use of a wholly- owned captive insurance company and by carrying insurance to cover our own property damage, business interruption and certain production assets, we may not be fully insured against all catastrophes, the occurrence of which may (i) disrupt our operations, (ii) delay production, shipments and revenue and (iii) result in significant expenses to repair or replace damaged vineyards or facilities. Any disruption caused by a catastrophe could adversely affect our business, results of operations or financial condition. ~~Our inability~~ **If we are unable** to protect **our** ~~trademarks and other~~ intellectual property rights **, our ability to compete effectively in the market for our products** could ~~adversely affect~~ **be negatively impacted. The market for our products depends to a significant extent upon the goodwill associated with our trademarks and trade names. Our trademarks and trade names convey that the products we sell are" brand name" products. We believe consumers ascribe value to our brands. We own or license the material trademarks and trade names used in connection with the manufacturing, packaging, marketing and sale of our products. These rights prevent our competitors or new entrants to the market from using our valuable brand names. Therefore, trademark and trade name protection** ~~its~~ - **is critical to our** business. **Although most of our material** ~~VWE' s business relies on~~ intellectual property **is registered in the United States** , **we may** ~~mainly consisting of trademarks, customer lists and business practices. VWE does~~ not ~~register its business~~ **be successful in asserting protection. In addition, third** ~~practices~~ --- **parties may assert claims against** ~~or~~ **our** ~~customer lists, but they are kept highly confidential and considered trade secrets and, as such, are accessible to a very limited number of people within VWE. Although VWE believes that it does not rely significantly on any individual~~ intellectual property ~~right~~ **rights or claim that we have infringed on** ~~, a breach of confidentiality with respect to the~~ **their** ~~customer lists or business practices, or loss of access to them, or the future expiration of~~ intellectual property ~~trademark~~ rights, ~~could have adverse impacts on VWE' s business. VWE relies in part on confidentiality agreements, ownership of intellectual property, and non- competition agreements with employees, vendors and third parties in order to protect its intellectual property. It is possible that these agreements could be breached and that VWE might lack an~~ **and we** ~~adequate remedy for breach. Disputes~~ may ~~arise concerning the ownership of intellectual property or the extent to which the confidentiality agreements remain in force. Furthermore, VWE' s trade secrets may become revealed to its competitors or developed independently by them, in which case VWE will~~ not be able to ~~enjoy~~ **successfully resolve those claims. If we were to lose the** exclusive **right to** use **one or more** of ~~some~~ **our intellectual property rights, the loss** of **such exclusive right could have a material adverse effect on our financial condition and results of operations. In addition, other parties may infringe on our intellectual property rights and may thereby dilute the value of our brands in the marketplace. Brand dilution could cause confusion in the marketplace and adversely affect the value that consumers associate with our brands, which could negatively impact our business and sales. Furthermore, from time to time, we may be involved in litigation in which we are enforcing or defending our intellectual property rights, which could require us to incur substantial fees and expenses and have a material adverse effect on our financial condition and results of operations. Health pandemics, epidemics or contagious diseases have disrupted, and could continue to disrupt, our operations, which could adversely affect our business and results of operations. Our business could be adversely affected by a widespread outbreak of contagious disease, such as the global pandemic related to COVID- 19 and** its **variants** ~~formulas or maintain confidentiality concerning its products~~ . The ~~ongoing~~ **effects of the** COVID- 19 pandemic **or other outbreaks** ~~and its variants has had~~ , **pandemics** ~~and will likely continue to have~~ , ~~adverse effects~~ **epidemics or other contagious disease** on ~~the economy~~ **our business could include disruptions to our operations** and **restrictions** on our **employees' ability to travel in affected regions, as well as temporary closures of our tasting rooms and facilities of our suppliers, customers, or other vendors in our supply chain, which could impact our** business ~~. The COVID~~ **, interactions and relationships with our customers, third** - ~~19 pandemic~~ **party suppliers** and **contractors** ~~it variants~~ , ~~are likely to~~ **and results of operations. In addition, a significant outbreak of contagious disease in the human population could result in a widespread health crisis that could** adversely affect the economies and financial markets ~~and could~~ **of many countries,** ~~result~~ **resulting** in an economic downturn **that** ~~and a recession. It is uncertain how this would~~ **could** ~~affect~~ **reduce the** demand for our products ~~. While VWE continues to see robust demand in its industry,~~ and **likely** ~~has seen little~~ impact **our** ~~to its~~ results of operations ~~from the COVID- 19 pandemic, the environment remains uncertain and it may not be sustainable over the longer term. The degree to which the pandemic ultimately impacts our business and results of operations will depend on future developments beyond our control, including the severity of the pandemic, the extent of actions to contain the virus, the availability and efficacy of a vaccine or other treatment, how quickly and to what extent normal economic and operating conditions can resume, and the severity and duration of the economic downturn that results from the pandemic. Rising inflation may result in increased costs of operations and negatively impact the credit and securities markets generally, which could have a material adverse effect on our results of operations and the market price of our common stock. Inflation has accelerated in the U. S. and globally due in part to global supply chain issues, a rise in energy prices, and strong consumer demand as economies continue to reopen from restrictions related to the COVID- 19 pandemic. An inflationary environment can increase our cost of labor as well as our energy and other operating costs which may have a material adverse impact on our financial results. In addition, economic conditions could impact and reduce the number of customers who purchase our products as credit becomes more expensive or unavailable. Although interest rates have increased and are expected to increase further, inflation may continue. Further, increased interest rates could have a negative effect on the securities markets generally which may, in turn, have a material adverse effect on the market price of our common stock~~ . New lines of business or new products and services could subject us to additional risks. VWE may invest in new lines of business ~~,~~ or may offer new products ~~, such as within its spirits business or, upon federal legalization of cannabis, cannabis- infused beverages~~ . There are risks and uncertainties associated with such efforts, particularly in instances where the markets are not fully developed or are evolving. In developing and marketing new lines of business and new products and services, VWE may invest significant time and resources. External factors, such as regulatory compliance obligations, competitive alternatives, lack of market acceptance and shifting consumer preferences, may also affect the successful implementation of a new line of business or a new product or service ~~. With respect to cannabis- infused beverages, even if the federal government legalizes medical and / or adult- use cannabis, significant delays in the drafting and implementation of industry regulations and licensing and the costs associated with burdensome regulations and taxes could adversely impact VWE' s ability to operate profitably in the cannabis- infused beverage industry~~ . Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have adverse effects on VWE' s business, results of operations and financial condition. **We compete for skilled management and labor and our future success depends in large part on key personnel. Our future success depends in large part on our ability to retain and motivate to a high degree our senior management team. Our ability to deliver high- quality products also depends on retaining and motivating proficient winemakers, grape growers and other skilled management and operations personnel. The loss of such personnel or a labor shortage could adversely affect our business and our ability to implement our strategy. Risks Related to Litigation and Regulatory Proceedings** Litigation relating to alcohol abuse or the misuse of alcohol could adversely affect our business. Increased public attention has been directed at the **alcohol** beverage ~~alcohol~~ industry, which we believe is due to concern over problems related to alcohol abuse, including drinking and driving, underage drinking and health consequences from the misuse of alcohol. Adverse developments in these or similar lawsuits or a significant decline in the social acceptability of **alcohol** beverage ~~alcohol~~ products that could result from such lawsuits could materially adversely affect our business **. We have been and may be named in litigation or regulatory proceedings, which could require significant management time and attention and result in significant liability and expenses, which could have an adverse impact on our financial condition. We are and may in the future be, subject to various legal and regulatory proceedings, including class action litigation. It is inherently difficult to predict the outcome of these matters, and there can be no assurance that we will prevail in any proceeding or litigation. Legal and regulatory matters of any degree of significance could result in substantial cost and diversion of our efforts, which by itself could have a material adverse effect on our financial condition and operating results. As disclosed in " Description of Business- Legal Proceedings, " purported securities class action lawsuits have been filed against the Company and certain current and former members of its management team, alleging that the defendants made material misstatements or omissions in certain of the Company' s periodic reports filed with the SEC relating to, among other things, the Company' s business, operations, and prospects, including with respect to the Company' s inventory metrics and overhead burden. The lawsuits, which were consolidated into a single action, seek an unspecified amount of damages and an award of attorney' s fees, in addition to other relief. Additionally, the Company is involved in two disputes relating to an Asset Purchase Agreement (" APA ") and a related Non- Compete Agreement / Non- Solicitation Agreement (the " Non- Compete Agreement ") from a 2018 acquisition. Claimants collectively allege potential damages of approximately $ 3. 0 million. The Company intends to vigorously defend itself against the claims. Failure to obtain a favorable resolution of the lawsuits could have a material adverse effect on our business, results of operations and financial condition. Currently, the amount of any such material adverse effect cannot be reasonably estimated. In addition, the ultimate costs associated with defending and resolving the lawsuits and the ultimate outcome cannot be predicted. These matters are subject to inherent uncertainties and the actual cost will depend upon many unknown factors and management' s view of these factors may change in the future. Defending against these and any future lawsuits and legal proceedings, regardless of their merit, may involve significant expense, be disruptive to our business operations and divert our management' s attention and resources. Negative publicity surrounding the legal proceedings may also harm our reputation, our stock price, and adversely impact our business and financial condition** . Risks Related to Our Production Activities Increases in the cost, disruption of supply or shortage of energy could adversely affect our business. Our production facilities use a significant amount of energy in their operations, including electricity, propane and natural gas. Increases in the price, disruption of supply or shortage of energy sources, which may result from increased demand, natural disasters, power outages or other causes could increase our operating costs and negatively impact our profitability. VWE has experienced increases in energy costs in the past, and energy costs could rise in the future. In addition, we incur costs in connection with the transportation and distribution of our materials and products. Higher fuel costs will result in higher transportation, freight, and other operating costs, which could significantly increase our production costs and, correlatively, decrease our operating margins and profit **. Various diseases, pests and certain weather conditions could affect quality and quantity of grapes. Various diseases, pests, fungi, viruses, drought, floods, frosts and certain other weather conditions could affect the quality and quantity of grapes, decreasing the supply of our products and negatively impacting our operating results. Future government restrictions regarding the use of certain materials used in grape growing may increase vineyard costs and / or reduce production. We cannot guarantee that our grape suppliers will succeed in preventing disease in their existing vineyards or that we will succeed in preventing disease in our existing vineyards or future vineyards we may acquire. For example, Pierce' s disease is a vine bacterial disease spread by insects which kills grapevines for which there is no known cure. If our vineyards become contaminated with this or other diseases, operating results would decline, perhaps significantly** . If we are unable to obtain adequate supplies of grapes or other raw materials, or if there is an increase in the cost of such materials, or contamination to ingredients or products, our profitability and production of wine could be negatively impacted, which could materially and adversely affect our business, results of operations and financial condition. We source our grapes from the vineyards that we own and control and from independent growers. Our production activities also require adequate supplies of other quality agricultural, raw and processed materials, including corks, glass bottles, barrels, winemaking additives and agents, water and other supplies. A shortage of, or contamination to grapes of the required variety and quality, or an inability to obtain ~~or~~ **a** significant increase in the price of other requisite raw materials, could impair our ability to produce wines in the quantity and quality demanded by our customers and reduce our profitability. **Our primary packaging materials include glass, aluminum, cardboard and corks. A shortage, inability to obtain or significant price increase would affect our distribution capabilities.** Any such occurrences could adversely affect our business, results of operations and financial condition. Drought ~~or~~ **,** inclement weather **or water right restrictions** could reduce the amount of water available for use in our growing and production activities, which could materially and adversely affect our business, results of operations and financial condition. Water supply and adequate rainfall are critical to the supply of grapes, other agricultural raw materials and generally our ability to operate our business. If climate patterns change or droughts occur, there may be a scarcity of water or poor water quality **, and in some cases governmental authorities may have to divert water to other uses** , which could affect production costs, consistency of yields or impose capacity constraints. VWE depends on enough quality water for operation of its wineries, as well as to irrigate its vineyards and conduct other operations. The suppliers of the grapes and other agricultural raw materials purchased by VWE also depend upon sufficient supplies of quality water for their vineyards and fields. Prolonged or severe drought conditions or restrictions imposed on irrigation options by governmental authorities could have an adverse effect on our business, results of operations and financial condition. **A decrease in the water supply or any water restrictions imposed on the Hopland facility could reduce the amount of water available for us in our production activities, which could decrease the ability of the Hopland facility to produce our products efficiently, and which could materially and adversely affect our business, results of operations and financial condition. Water supply is critical to the operation of the Hopland facility. There may be a scarcity of available groundwater or poor water quality at the Hopland facility, and in some cases governmental authorities may have to divert water to other uses, which could affect the amount of water available for use at the Hopland facility. While we have improved the efficiency of our water usage and wastewater treatment at the Hopland facility in anticipation of the increased output from the new high- speed bottling line, any decrease in the supply of water available to the Hopland facility could lead to increased production costs, decreased efficiency and lower margins. Prolonged or severe drought conditions or restrictions imposed on water usage by governmental authorities could have an adverse effect on the expected benefits from the Hopland facility, our business, results of operations and financial condition.** Impacts from climate change and related government regulations may adversely affect our financial condition. Our business depends upon agricultural activity and natural resources. There has been much public discussion related to concerns that carbon dioxide and other ~~GHGs~~ **greenhouse gases** in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. Severe weather events and natural disasters, such as our experiences with drought, flooding, and / or wildfires in California, Oregon, or Washington, and climate change may negatively affect agricultural productivity in the regions from which we presently source our various agricultural raw materials or the energy supply powering our production facilities. Decreased availability of our raw materials may increase our cost of product sold. Severe weather events and natural disasters or changes in the frequency or intensity of weather events or natural disasters can also impact product quality and disrupt our supply chains, which may affect production operations, insurance cost and coverage, as well as delivery of our products to wholesalers, retailers, and consumers. Natural disasters such as severe storms, floods, and earthquakes may also negatively impact the ability of consumers to purchase our products. We may experience significant future increases in the costs associated with environmental regulatory compliance, including fees, licenses, and the cost of capital improvements for our operating facilities to meet environmental regulatory requirements. In addition, we may be party to various environmental remediation obligations arising in the normal course of our business or relating to historical activities of businesses we acquire. Due to regulatory complexities, governmental or contractual requirements, uncertainties inherent in litigation, and the risk of unidentified contaminants in our current and former properties, the potential exists for remediation, liability, indemnification, and other costs to differ materially from the costs that we have estimated. We may incur costs associated with environmental compliance arising from events we cannot control, such as unusually severe droughts, floods, hurricanes, earthquakes, or fires, which could have a material adverse effect upon our business, liquidity, financial condition, and / or results of operations. ~~We could be negatively impacted by the occurrence of wine contamination. We are subject to certain hazards and product liability risks, such as potential contamination, through tampering or otherwise, of ingredients or products. Contamination of our wine could result in destruction of our wine held in inventory and could cause the need for a product recall, which could significantly damage VWE' s reputation for product quality. We maintain insurance against certain of these kinds of risks, and others, under various insurance policies. However, our insurance may not be sufficient to fully cover any resulting liability or may not continue to be available at a price or on terms that are satisfactory to us.~~ Risks Related to Information Technology **(" IT")** and Cybersecurity A failure **or cybersecurity breach** of one or more of our key IT systems, networks, processes, associated sites or service providers could have a material adverse impact on business operations, and if the failure is prolonged, our financial condition. We rely on IT systems, networks, and services, including internet sites, data hosting and processing facilities and tools, hardware (including laptops and mobile devices), software and technical applications and platforms, some of which are managed, hosted, provided and used by third ~~-~~ parties or their vendors, to assist us in the operation of our business. The various uses of these IT systems, networks and services include, but are not limited to: hosting our internal network and communication systems; tracking bulk wine; supply and demand; planning; production; shipping wines to customers; hosting our winery websites and marketing products to consumers; collecting and storing customer, consumer, employee, stockholder, and other data; processing transactions; summarizing and reporting results of operations; hosting, processing and sharing confidential and proprietary research, business plans and financial information; complying with regulatory, legal or tax requirements; providing data security; and handling other processes necessary to manage our business. Increased IT security threats and more sophisticated cybercrimes and cyberattacks, including computer viruses and other malicious codes, ransomware, unauthorized access attempts, denial of service attacks, phishing, social engineering, hacking and other types of attacks pose a potential risk to the security of our IT systems, networks and services, as well as the confidentiality, availability, and integrity of our data, and we have in the past, and may in the future, experience cyberattacks and other unauthorized access attempts to our IT systems. Because the techniques used to obtain unauthorized access are constantly changing and often are not recognized until launched against a target, we or our vendors may be unable to anticipate these techniques or implement sufficient preventative or remedial measures. If we are unable to maintain and upgrade our system safeguards, we may incur unexpected costs and certain of our systems may become more vulnerable to unauthorized access. In the event of a ransomware or other **cyberattack** ~~cyber- attack~~ , the integrity and safety of our data could be at risk or we may incur unforeseen costs impacting our financial position. If the IT systems, networks or service providers we rely upon fail to function properly, or if we suffer a loss or disclosure of business or other sensitive information due to any number of causes ranging from catastrophic events, power outages, security breaches, unauthorized use or usage errors by employees, vendors or other third parties and other security issues, we may be subject to legal claims and proceedings, liability under laws that protect the privacy and security of personal information (also known as personal data), litigation, governmental investigations and proceedings and regulatory penalties, and we may suffer interruptions in our ability to manage our operations and reputation, competitive or business harm, which may adversely affect our business, results of operations and financial results. In addition, such events could result in unauthorized disclosure of material confidential information, and we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us or to our employees, stockholders, customers, suppliers, consumers or others. In any of these events, we could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or technological failure and the reputational damage resulting therefrom, to pay for investigations, forensic analyses, legal advice, public relations advice or other services, or to repair or replace networks and IT systems. As a result of the growing normalization of hybrid and remote work, a greater number of our employees are working remotely and accessing our IT systems and networks remotely, which may further increase our vulnerability to cybercrimes and cyberattacks and increase the stress on our technology infrastructure and systems. Although we maintain cyber risk insurance, this insurance may not be sufficient to cover all of our losses from any future breaches or failures of our IT systems, networks and services. Our failure to adequately maintain and protect personal information of our customers or our employees in compliance with evolving legal requirements could have a material adverse effect on our business. We collect, use, store, disclose or transfer (collectively, " process ") personal information, including from employees and customers, in connection with the operation of our business. A wide variety of local and international laws as well as regulations and industry guidelines apply to the privacy and collecting, storing, use, processing, disclosure and protection of personal information and may be inconsistent among countries or conflict with other rules. Data protection and privacy laws and regulations are changing, subject to differing interpretations and being tested in courts and may result in increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. Compliance with applicable privacy and data protection laws and regulations is a rigorous and time- intensive process, and we may be required to put in place additional mechanisms ensuring compliance. Our actual or alleged failure to comply with any applicable privacy and data protection laws and regulations, industry standards or contractual obligations, or to protect such information and data that we process, could result in litigation, regulatory investigations, and enforcement actions against us, including fines, orders, public censure, claims for damages by employees, customers and other affected individuals, public statements against us by consumer advocacy groups, damage to our reputation and competitive position and loss of goodwill (both in relation to existing customers and prospective customers) any of which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. Additionally, if third parties that we work with, such as vendors or developers, violate applicable laws or our policies, such violations may also place personal information at risk and have an adverse effect on our business. Even the perception of privacy concerns, whether valid, may harm our reputation, subject us to regulatory scrutiny and investigations, and inhibit adoption of our wines by existing and potential customers. Risks Related to **Our Common Stock We are currently not in compliance with the Nasdaq continued listing requirements. If we are unable to regain compliance with Nasdaq' s listing requirements, our securities could be delisted, which could affect our common stock' s market price and liquidity and reduce our ability to raise capital. On September 13, 2023, VWE received a letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC (" Nasdaq ") indicating that, based upon the closing bid price of our common stock for the last 30 consecutive business days, we no longer meet Nasdaq Listing Rule 5450 (a) (1), which requires listed companies to maintain a minimum bid price of at least $ 1 per share. Nasdaq Listing Rule 5810 (c) (3) (A) provides a compliance period of 180 calendar days, or until March 11, 2024, in which to regain compliance with the minimum bid price requirement. If we evidence a closing bid price of at least $ 1 per share for a minimum of 10 consecutive business days during the 180- day compliance period, we will automatically regain compliance. In the event we do not regain compliance with the $ 1 bid price requirement by March 11, 2024, we may be eligible for consideration of a second 180- day compliance period. To qualify for this additional compliance period, the Company would be required to transfer the listing of the common stock to the Nasdaq Capital Market. To qualify, the Company must meet the continued listing requirement for the applicable market value of publicly held shares requirement and all other applicable initial listing standards for the Nasdaq Capital Market, with the exception of the minimum bid price requirement. In addition, the Company would also be required to notify Nasdaq of its intent to cure the minimum bid price deficiency. If VWE fails to regain compliance with the Nasdaq continued listing standards, Nasdaq will provide notice that our common stock will be subject to delisting. We would then be entitled to appeal that determination to a Nasdaq hearings panel. The notification has no immediate effect on the listing of our common stock on Nasdaq. We intend to monitor the closing bid price of our common stock and consider our available options in the event the closing bid price of our common stock remains below $ 1 per share. We cannot assure you that we will be able to regain compliance with Nasdaq listing standards. Our failure to continue to meet the minimum bid requirement would result in our common stock being delisted from Nasdaq. We and holders of our securities could be materially adversely impacted if our securities are delisted from Nasdaq. In particular: • we may be unable to raise equity capital on acceptable terms or at all; • we may lose the confidence of our customers, which would jeopardize our ability to continue our business as currently conducted; • the price of our common stock will likely decrease as a result of the loss of market efficiencies associated with Nasdaq and the loss of federal preemption of state securities laws; • holders may be unable to sell or purchase our securities when they wish to do so; • we may become subject to stockholder litigation; • we may lose the interest of institutional investors in our common stock; • we may lose media and analyst coverage; • our common stock could be considered a " penny stock, " which would likely limit the level of trading activity in the secondary market for**

our common stock; and • we would likely lose any active trading market for our common stock, as it may only be traded on one of the over- the- counter markets, if at all. Risks Related to Regulation of Our Business VWE' s failure to obtain or maintain necessary licenses or otherwise ~~fail to~~ comply with applicable laws and regulations could have adverse effects on its results of operations, financial condition and business. A complex multi- jurisdictional regime governs alcoholic beverage manufacturing, distribution, sales, and marketing in the United States. The alcoholic beverages industry in which VWE operates is subject to extensive regulation by the Alcohol and Tobacco Tax and Trade Bureau (and other federal agencies), each state' s liquor authority, and potentially local authorities depending on location. These regulations and laws dictate such matters as licensing requirements, production, importation, ownership restrictions, trade, and pricing practices, permitted distribution channels, delivery, and prohibitions on sales to minors, permitted, and required labeling, and advertising and relations with wholesalers and retailers. These laws, regulations and licensing requirements may, and sometimes are, interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other legal mandates or with VWE' s business practices. Further, these laws, rules, regulations, and interpretations are constantly changing because of litigation, legislation, and agency priorities, and could result in increased regulation. VWE' s actual or asserted non- compliance with any such law, regulation or requirement could expose VWE to investigations, claims, litigation, injunctive proceedings and other criminal or civil proceedings by private parties and regulatory authorities, as well as license suspension, license revocation, substantial fines, and negative publicity, any of which could adversely affect VWE' s results of operations, financial condition, and business. Failure to comply with environmental, health and safety laws and regulations would expose us to civil and criminal liability. The laws and regulations concerning the environment, health and safety may subject us to civil liability for non- compliance or environmental pollution. Such laws may include criminal sanctions (including substantial penalties) for violations. Some environmental laws also include provisions imposing strict liability for the release of hazardous substances into the environment, which could result in VWE becoming liable for clean- up efforts without any negligence or fault on our part. Other environmental laws impose liability jointly and severally, which could expose us to responsibility for cleaning up environmental pollution caused by others. In addition, some environmental, health and safety laws are applied retroactively such that they could impose liability for acts done in the past even if such acts were carried out in accordance with the law in force at the time. Civil or criminal liability under such laws could have adverse effects on our business, results of operations and financial condition. We may also become subject to claims for personal injury or property damage arising from exposure to hazardous substances if personal injury or environmental contamination was ostensibly caused by activity at one of its production sites. Such legal proceedings could be instituted by private individuals or non- governmental organizations. In addition, any expansion of our existing facilities or development of new vineyards or wineries, or any expansion of our business into new product lines or new geographic markets, may be limited by present and future environmental restrictions, zoning ordinances and other legal requirements. New and changing environmental requirements, and new market pressures related to climate change, could materially and adversely affect our business, results of operations and financial results. There has been significant public discussion related to concerns that carbon dioxide and other greenhouse gases in the atmosphere have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Federal regulations govern, among other things, air emissions, wastewater and stormwater discharges, and the treatment, handling and storage and disposal of materials and wastes. State environmental regulations and authorities intended to address and oversee environmental issues are largely state- level analogs to federal regulations and authorities intended to perform the similar purposes. We are subject to state and local environmental regulations that address a number of elements of our wine production process, including air quality, the handing of hazardous waste, recycling, water use and discharge, emissions and traffic impacts. Compliance with these and other environmental regulation requires significant resources. Continued regulatory and market trends towards sustainability may require or incentivize us to make changes to our current business operations. We may experience future increases in the costs associated with environmental regulatory compliance, including fees, licenses and the cost of capital improvements to meet environmental regulatory requirements. In addition, we may be party to various environmental remediation obligations arising in the normal course of our business or relating to historical activities of businesses we acquire. We cannot assure that our costs in relation to these matters will not have a material adverse effect on our business, results of operations and financial results. **A failure to comply with anti- corruption laws, trade sanctions and restrictions, or similar laws or regulations may have a material adverse effect on our business and financial results. Some of the countries where we do business have a higher risk of corruption than others. While we are committed to doing business in accordance with all applicable laws, including anti- corruption laws and global trade restrictions, we remain subject to the risk that an employee, or one of our many direct or indirect business partners, may take action determined to be in violation of international trade, money laundering, anti- corruption, or other laws, sanctions, or regulations, including the U. S. Foreign Corrupt Practices Act of 1977, the U. K. Bribery Act 2010, or equivalent local laws. Because COVID- 19 has negatively impacted numerous local economies, government intervention in local economies and businesses has increased, which has elevated the risk of and opportunity for corruption. Any determination that our operations or activities are not in compliance with applicable laws or regulations, particularly those related to anti- corruption and international economic or trade sanctions, could result in investigations, interruption of business, loss of business partner relationships, suspension or termination of licenses and permits (our own or those of our partners), imposition of fines, legal or equitable sanctions, negative publicity, and management distraction or departure. Further, our continued compliance with applicable anti- corruption, economic and trade sanctions, or other laws or regulations, and our other policies could result in higher operating costs, delays, or even competitive disadvantages.** Risks Related to Our Financial Condition We have identified ~~a~~ material ~~weakness~~ **weaknesses** in our internal control over financial reporting, and if our remediation of such material ~~weakness~~ **weaknesses** is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. In the course of our financial close process **audits** for the ~~fiscal~~ years ended June 30, **2023 and** 2022 and 2021, we identified ~~a~~ material ~~weakness~~ **weaknesses** in our internal control over financial reporting **. The Company also identified a material weakness during our quarter ending December 31, 2022 related to timely processes and controls as they relate to performing and concluding on impairment and other judgmental assessments related to certain contingencies** . A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material **weaknesses identified relate to our control environment based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The material** weakness ~~identified relates~~ **related** to ~~our process and controls -~~ **control** ~~over~~ **environment consists of an overall lack of a sufficient control environment to produce materially correct financial statements, including a lack of U. S. GAAP expertise for the types of transactions we have been involved in which resulted in the restatement of the Company' s condensed consolidated financial statements as of and for the interim periods ended September 30, 2022, December 31, 2022, and March 31, 2023. In addition, the material weakness in the control environment contributed to the following material weaknesses: • Insufficient resources and expertise within the accounting and** financial reporting ~~related~~ **department** to ~~balance sheet~~ **review the accounting of complex financial reporting transactions and** ~~account~~ **accounts and** ~~reconciliations, which includes~~ the **implementation** ~~prior year identification~~ of **new** ~~certain inventory- related account~~ **accounting pronouncements** ~~balances and the current year identification of interest rate swap derivatives account balances~~ . **• We** ~~Management concluded that this material weakness arose because we~~ did not have effective business processes and controls to perform reconciliations **and cut off procedures** of balance sheet ~~account~~ **accounts on a timely basis** ~~balances. See Part II~~ , ~~Item 9A "~~ **and we did not maintain proper documentation and supporting schedules over significant accounts. • Ineffective** ~~Controls~~ **controls over updating** and **distributing accounting policies and** ~~Procedures~~ **procedures** ~~" for additional information about this material weakness~~ **such as those related to employee reimbursements across the organization. • We recognized revenue incorrectly due to a lack of sufficient controls to identify** and **resolve errors if and when they** ~~our~~ **occur** ~~remediation efforts~~ **, and a lack of sufficient documentation over the review of underlying data and reports used in the revenue accounting process** . If we are unable to **remediate the identified material weaknesses or** further implement and maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods could be adversely affected ~~, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price~~ . ~~If~~ **Further, if** we are unable to ~~assert~~ **conclude** that our internal control over financial reporting is effective, or, if and when required, our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial ~~reports~~ **statements** , the market price of our common stock could be adversely affected, our common stock could become subject to delisting and we could become subject to litigation or investigations by the stock exchange or exchanges on which our securities are listed, the SEC or other regulatory authorities, any of which could require additional financial and management resources. Furthermore, we cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material ~~weakness~~ **weaknesses** in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of financial statements for prior periods. **Matters relating to or arising from the restatements and the associated material weaknesses identified in our internal control over financial reporting, including adverse publicity, have caused us to incur significant legal, accounting and other professional fees and other costs, have exposed us to greater risks associated with other civil litigation, regulatory proceedings and government enforcement actions, have diverted resources and attention that would otherwise be directed toward our operations and implementation of our business strategy and may impact our ability to attract and retain customers, employees and vendors, any of which could have a material adverse effect on our business, financial condition and results of operations.** We may be unable to obtain additional financing to fund the operations and growth of our business on terms favorable to us, or at all. We may require additional financing to fund our operations or growth. The failure to secure additional financing could have a material adverse effect on our continued development or growth. Such ~~financings -~~ **financing** may result in dilution to stockholders, issuance of securities with priority as to liquidation and dividend and other rights more favorable than our common stock, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect our business. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe that we have sufficient funds for current or future operating plans. There can be no assurance that financing will be available to us on favorable terms, or at all. The inability to obtain financing when needed may make it more difficult for us to operate its business or implement its growth plans. The terms of the VWE credit facility may restrict our flexibility, and failure to comply with such terms would have a variety of adverse effects. The VWE credit facility contains various covenants and restrictions that may, in certain circumstances and subject to carve- outs and exceptions, limit VWE' s ability to, among other things: • create liens; • make loans to third parties; • incur additional indebtedness; • make capital expenditures in excess of agreed upon amounts; • merge or consolidate with another entity; • dispose of its assets; • make dividends or distributions to its shareholders; • change the nature of its business; • amend its organizational documents; • make accounting changes; and • conduct transactions with affiliates. Under the VWE credit facility, VWE also is required to maintain compliance with a minimum fixed charge coverage ratio covenant (not less than 1. ~~10~~ **00** : 1. 00) **beginning with the fiscal quarter ending September 30, 2024** . As a result of the covenants and other restrictions contained in its credit facility, VWE is limited in how it may choose to conduct its business. VWE cannot guarantee that it will be able to remain in compliance with these covenants and other restrictions or be able to obtain waivers for noncompliance in the future. Failure to comply with the covenants and other restrictions contained in its debt instruments would likely have adverse effects on its financial condition and business by impairing its ability to continue financing its business. Of particular significance, VWE could **have repayments accelerated or** be forced to repay immediately and in full any outstanding borrowings under its credit facility if it were to breach its covenants and not cure the breach, even if it could otherwise satisfy its debt service obligations. Also, if VWE were to experience a change of control, as defined in its credit facilities, it could be required to repay in full all loans outstanding thereunder, plus accrued interest and fees. **For more information on the credit facilities of** VWE ~~may be adversely affected by the phase~~ **, see " Management' s Discussion and Analysis of Financial Condition and Results of Operations** - **Debt- Credit Facility.** ~~out of, or changes in the method of determining, the London Interbank Offered Rate (" LIBOR~~ " **An aspect** ~~), or the replacement~~ of ~~LIBOR with different reference rates. LIBOR is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on U. S. dollar- denominated loans globally. The VWE credit facility uses LIBOR as a reference rate such that the interest due to~~ VWE' s ~~creditors under this facility is calculated using LIBOR. On July 27, 2017, the U. K.' s Financial Conduct Authority (the authority that administers LIBOR) announced that it intends to phase out LIBOR by the end of 2021. The replacement of LIBOR with an alternative rate or benchmark, may adversely affect interest rates and result in higher borrowing costs. This could materially and adversely affect our results of operations, cash flows and liquidity. VWE cannot predict the effect of the potential changes to the establishment and use of alternative rates or benchmarks. VWE may need to renegotiate its credit facility or incur other indebtedness. The use of an alternative rate or benchmark, could negatively impact the terms of such renegotiated credit facility or such other indebtedness. If LIBOR ceases to exist, VWE might need to amend certain contracts and cannot predict what alternative rate or benchmark would be negotiated. This may result in an increase to VWE interest expense. If VWE' s intangible assets or goodwill become impaired, then VWE may be required to record charges to earnings, which could be significant. VWE has substantial intangible assets and goodwill on its balance sheet resulting from acquisitions that VWE has completed. VWE reviews intangible assets and goodwill for impairment annually or more frequently if events or circumstances indicate that these assets might be impaired. Application of impairment tests requires judgment. A significant deterioration in a key estimate or assumption or a less significant deterioration to a combination of assumptions or the sale of a part of a reporting unit could result in an impairment charge in the future, which could have an impact, possibly significant, on VWE' s reported earnings. We may not realize the benefits anticipated from our recent business combination, which could adversely affect our common stock price. The anticipated benefits from the recently completed business combination are, necessarily, based on projections and assumptions that may not materialize as expected or which may prove to be inaccurate. Our ability to achieve the anticipated benefits will depend on our ability to successfully implement our growth strategies, as well as the availability of cash. We may encounter significant challenges with recognizing the anticipated benefits of the business combination, including the following: • potential disruption of, or reduced growth in, our historical core businesses; • challenges arising from the expansion of VWE' s product offerings into adjacencies with which VWE has limited experience; • coordinating sales and marketing efforts to effectively position VWE' s capabilities and the direction of product development; • difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining VWE' s business with the capital resources resulting from the transactions; • the increased scale and complexity of VWE' s operations resulting from the business combination; • retaining key employees, suppliers and other stakeholders of VWE; • retaining and efficiently managing VWE' s expanded distributor and supplier base; and • difficulties in anticipating and responding to actions that may be taken by competitors in response to VWE' s business combination. If we do not successfully manage these issues and the other challenges inherent in operating a business of our scale, then we may not achieve the anticipated benefits of the business combination, could incur unanticipated expenses and charges and the results of operations and the market price of our common stock could be adversely affected. A significant aspect of VWE' s expansion plan is to grow through strategic~~ **strategy may include** acquisitions. If the liabilities VWE assumes as part of making ~~strategic~~ **any such** acquisitions are greater than anticipated, VWE' s financial results could be adversely affected. When VWE acquires the equity, i. e., the stock of a corporation or the membership interests in a limited liability company, rather than the assets, of a target company, it also generally assumes the liabilities of the target company, which often include known, unknown, and contingent liabilities. VWE' s ability to accurately identify and assess the magnitude of these assumed liabilities may be limited by, among other things, the information available to VWE and the limited operating experience VWE has with these acquired businesses. If VWE is unable to accurately assess the scope of these liabilities or if these liabilities are neither probable nor estimable at the time of the acquisition, VWE' s projected financial results for the acquired company could be adversely affected. To the extent that VWE' s overall results of operations are affected by any of these events, the price of VWE common stock could decrease. General Risk Factors ~~Mergers and~~ **We may not successfully integrate business** acquisitions **. Since inceptions, we have completed more than 30 acquisitions, and we have completed 8 acquisitions** in **the past 5 years. If we fail to accurately assess and successfully integrate any recent or future business acquisitions, we may not achieve the anticipated benefits,** which ~~VWE might engage involve risks that~~ could **result in lower revenues** ~~adversely affect its business. As part of its growth strategy~~ , **unanticipated operating expenses** ~~VWE will continue considering and entering into discussions~~ , ~~negotiations~~ **reduced profitability** and ~~agreements regarding possible transactions such as mergers,~~ **dilution of our book value per share. Successful integration of** acquisitions **involves many challenges** ~~and other business combinations. The purchase price for possible acquisitions of brands, other assets and businesses might be paid in cash, through the issuance of common stock or~~

~~other securities, borrowings or a combination of these methods. Business combinations entail numerous risks~~ , including: • **The** ~~difficulties~~ **difficulty of** ~~in the integration~~ - **integrating** ~~of~~ acquired operations ~~, supply~~ and **personnel with our existing operations** ~~distribution networks, and products, which can impact retention of customer goodwill~~ ; • ~~failure to achieve expected synergies~~ **Implementation or remediation of controls, procedures, and policies at the acquired company** ; • **Integration of the acquired company' s accounting and other administrative systems; • The difficulty of developing and marketing new products and services; • The** diversion of **our** management' s attention ~~from other business concerns~~ **as a result of evaluating, negotiating and integrating acquisitions** ; • ~~assumption of unknown material~~ **Our exposure to unforeseen** liabilities of acquired companies ~~, which could become material or subject us to litigation or regulatory risks~~ ; **and** • ~~amortization~~ **The loss of key employees of an acquired operation. In addition, an acquisition could adversely impact cash flows and / or operating results, and dilute shareholder interests, for many reasons, including: • Charges to our income to reflect the impairment** of acquired intangible assets, **including goodwill; • Contingent consideration payments; • Agreements to provide indemnification for certain potential liabilities; • Interest costs and debt service requirements for any debt incurred in connection with an acquisition or new business venture; and • Any issuance of securities in connection with an acquisition or new business venture that dilutes or lessens the rights of our current shareholders. If the integration of any or all of our acquisitions or future acquisitions is not successful, it could have a material adverse impact on our operating results and stock price. Our future business acquisition efforts may not be successful,** which ~~could reduce~~ **may limit our growth or adversely affect our results of operations, and financing of any** future ~~reported earnings;~~ **acquisitions could result in shareholder dilution** and **/ or increase** ~~• potential loss of customers or~~ **our leverage** ~~key employees~~ . There can be no assurance that VWE will ~~continue to~~ be able to identify, consummate and successfully integrate business combinations. **If we identify** ~~A failure to comply with anti- corruption laws, trade sanctions and~~ - **an** ~~restrictions~~ **appropriate acquisition candidate** , **we may not be able to successfully negotiate terms or finance the acquisition. If economic downturns or other matters of national or global concern continue** ~~or~~ **for** ~~similar laws~~ **an extensive period of time or recur,** ~~or~~ **our** ~~regulations may have a~~ **ability to pursue and consummate potential acquisitions could be** ~~material~~ **materially** ~~adverse~~ **adversely** ~~effect on~~ **affected. In addition, to successfully complete targeted acquisitions, we may issue additional equity securities that could dilute our stockholders' ownership,** ~~our~~ - **or we may incur additional debt, which could increase our leverage and our risk of default under our existing Credit Facility. If we fail to successfully acquire** ~~business~~ **businesses , our growth** and ~~financial~~ results ~~. Some~~ of **operations could** ~~the countries where we do business have a higher risk of corruption than others. While we are committed to doing business in accordance with all applicable laws, including anti- corruption laws and global trade restrictions, we remain subject to the risk that an employee, or one of our many direct or indirect business partners, may take action determined to~~ be **materially** ~~in violation of international trade, money laundering, anti- corruption, or other laws, sanctions, or regulations, including the U. S. Foreign Corrupt Practices Act of 1977, the U. K. Bribery Act 2010, or equivalent local laws. Because the COVID- 19 pandemic has negatively impacted numerous local economies, government intervention in local economies~~ and ~~businesses has increased, which has elevated the risk of and opportunity for corruption. Any determination that our operations or activities are not in compliance with applicable laws or regulations, particularly those related to anti- corruption and international economic or trade sanctions, could result in investigations, interruption of business, loss of business partner relationships, suspension or termination of licenses and permits (our own or those of our partners), imposition of fines, legal or equitable sanctions, negative publicity, and management distraction or departure. Further, our continued compliance with applicable anti- corruption, economic and trade sanctions, or other laws or regulations, and our other policies could result in higher operating costs, delays, or even competitive disadvantages. We compete for skilled management and labor and our future success depends in large part on key personnel. Our future success depends in large part on our ability to retain and motivate to a high degree our senior management team. Our ability to deliver high- quality products also depends on retaining and motivating proficient winemakers, grape growers and other skilled management and operations personnel. The loss of such personnel or a labor shortage could~~ adversely ~~affect~~ **affected** ~~our business and our ability to implement our strategy~~ . VWE is an emerging growth company and can offer no assurance that the reduced reporting requirements applicable to emerging growth companies will not make its shares less attractive to investors. VWE is an emerging growth company as defined in the ~~Jumpstart Our Business Startups Act (the "~~ JOBS Act ~~")~~ . For as long as VWE continues to be an emerging growth company, it may take advantage of exemptions from various reporting requirements that apply to public companies other than emerging growth companies, including exemption from compliance with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act ~~of 2002 (the " Sarbanes- Oxley Act ")~~ , reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. VWE will remain an emerging growth company until the earlier of (1) the date (a) December 31, 2026, (b) on which VWE has total annual gross revenue of at least $ 1. ~~07~~ **235** billion, or (c) on which VWE is deemed to be a large accelerated filer, which means the market value of shares of VWE' s common stock that are held by non- affiliates exceeds $ 700 million as of the prior ~~June 30th~~ **December 31st** , and (2) the date on which VWE has issued more than $ 1. 0 billion in non- convertible debt during the prior three- year period. VWE can offer no assurance that investors will not find its common stock less attractive because VWE may rely on these exemptions. If some investors find such less attractive as a result, then there may be a less active trading market for such stock and its market price may be more volatile. VWE will continue to incur significant expenses and administrative burdens as a public company, which could have an adverse effect on its business, financial condition and results of operations. VWE, as a public company, faces significant legal, accounting, administrative and other costs and ~~expense~~ **expenses** . VWE also is a reporting issuer in all of the provinces and territories of Canada, other than Quebec. The Sarbanes- Oxley Act, as well as rules and regulations subsequently implemented by the SEC, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the Public Company Accounting Oversight Board (United

States), and Nasdaq impose additional reporting and other obligations on public companies. Compliance with public company requirements will increase costs and make certain activities more time- consuming. In addition, expenses associated with public company reporting requirements will be incurred. Furthermore, if any issues in complying with those requirements are identified (for example, if the auditors identify a material weakness or a significant deficiency in the internal control over financial reporting), then VWE could incur additional costs rectifying those issues, and the existence of those issues could adversely affect VWE' s reputation or investor perceptions of it. It may also be more expensive to obtain director and officer liability insurance in such a situation. Risks associated with VWE' s status as a public company may make it more difficult to attract and retain qualified persons to serve on the board of directors or as executive officers. The additional reporting and other obligations imposed by these rules and regulations will increase legal and financial compliance costs and the costs of related legal, accounting and administrative activities. These increased costs will require VWE to divert a significant amount of money that could otherwise be used to expand the business and achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase costs. VWE is subject to financial reporting and other requirements that ~~places~~ **place** increased demands on its accounting and other management systems and resources and for which VWE may not be adequately prepared. VWE is subject to reporting and other obligations under the Exchange Act, including the requirements of Section 404 (a) of the Sarbanes- Oxley Act and similar legislation imposed on reporting issuers under Canadian law, as applicable. Section 404 requires annual management assessments of the effectiveness of VWE' s internal controls over financial reporting and, after VWE is no longer an " emerging growth company, " its independent registered public accounting firm may be required to express an opinion on the effectiveness of VWE' s internal controls over financial reporting. To the extent applicable, these reporting and other obligations will place significant demands on VWE' s management, administrative, operational, and accounting resources and will cause VWE to incur significant expenses. VWE is in the process of creating systems, implementing financial and management controls, reporting systems and procedures, and hiring additional accounting and finance staff. If VWE is unable to accomplish these objectives in a timely and effective manner, then its ability to comply with the financial reporting requirements and other rules that apply to public reporting companies could be impaired. Any failure to maintain effective internal controls could have adverse effects on our business, results of operations and stock price. VWE' s management has limited experience operating a public company. This could lead to diversion of time otherwise spent on business operations and could necessitate the incurrence of additional costs to staff for regulatory expertise. Although several of the directors of the Company have substantial public market experience, **including** ~~as well as~~ our ~~new recently~~ **Chief Financial Officer whose** ~~appointed~~ **appointment** ~~CFO~~ **was effective in March 2022 and the interim Chief Executive Officer whose appointment was effective in February 2023** , VWE' s other executive officers have limited experience in the management of a publicly traded company subject to significant regulatory oversight and reporting obligations under federal securities laws. VWE' s management team may struggle to manage VWE successfully or effectively as a public company. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities, which will result in less time being devoted to the management and growth of VWE. It is possible that VWE will be required to expand its employee base and hire additional qualified personnel, or engage additional outside consultants and professionals, to support its operations as a public company, increasing its operating costs in future periods. The terms of the investor rights agreement, VWE' s organizational documents and Nevada law could inhibit a takeover that VWE shareholders might consider favorable. Features of the investor rights agreement, the VWE articles of incorporation and bylaws and Nevada law will make it difficult for any party to acquire control of VWE in a transaction not approved by the VWE board of directors. These features include: • until the 2028 annual meeting of shareholders of VWE, the Roney Representative (which will be Patrick Roney, so long as he is alive) may designate five individuals (the " Roney Nominees "), the former Bespoke shareholders may designate two individuals (the " Bespoke Nominees ") and the VWE nominating committee may designate two individuals (" the Nominating Committee Nominees") in the slate of nominees recommended to VWE shareholders for election as directors at any annual or special meeting of the shareholders at which directors are to be elected, subject to certain terms and conditions; • the affirmative vote of shareholders holding at least 66- 2 / 3 % of the voting power of the issued and outstanding shares of capital stock of VWE will be required to amend or repeal certain provisions of the articles of incorporation and bylaws of VWE, including those relating to election, removal and replacement of directors, for five years following the closing of the transactions; • the ability of the board of directors to issue and determine the terms of preferred stock; • advance notice for shareholder proposals and nominations of directors by shareholders to be considered at VWE' s annual meetings of shareholders; • certain limitations on convening shareholder special meetings; • limiting the ability of shareholders to act by written consent; and • anti- takeover provisions of Nevada law. These features may have an anti- takeover effect and could delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a VWE shareholder might consider in its best interest, including those attempts that might result in a premium over the market price of their common stock. The VWE articles of incorporation provide that the Second Judicial District Court in the State of Nevada, located in Washoe County, Nevada will be the sole and exclusive forum for substantially all disputes between VWE and its shareholders, which could limit VWE shareholders' ability to obtain a favorable judicial forum for disputes with VWE or its directors, officers or employees. The VWE articles of incorporation provide that, unless VWE consents in writing to the selection of an alternative forum, the Second Judicial District Court, in and for the State of Nevada, located in Washoe County, Nevada, will, to the fullest extent permitted by law, be the exclusive forum for (i) any derivative action, suit or proceeding brought on behalf of VWE, (ii) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or stockholder of VWE to VWE or to its stockholders, or (iii) any action, suit or proceeding arising pursuant to any provision of the NRS or the VWE articles of incorporation or bylaws (as either may be amended and / or restated from time to time). Subject to the foregoing, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Such exclusive forum provision will not relieve VWE of its duties to comply with the federal securities laws and the rules and regulations thereunder, and its shareholders will not be deemed to have waived VWE' s compliance with such laws, rules and regulations. The VWE articles of incorporation further provide that any person or entity purchasing or otherwise acquiring any interest in any VWE securities will be deemed to have notice of and consented to these provisions. Such articles provide that if any action whose subject matter is within the scope of clause (i), (ii) or (iii) above is filed in a court other than the courts in the State of Nevada (a " foreign action ") in the name of any stockholder, such stockholder will be deemed to have consented to (1) the personal jurisdiction of the state and federal courts in Nevada in connection with any action brought in any such court to enforce the provisions of such clause and (2) having service of process made upon any such stockholder' s counsel in the foreign action as agent for such stockholder. These exclusive forum provisions may limit a shareholder' s ability to bring an action, suit or proceeding in a judicial forum of its choosing for disputes with VWE or its directors, officers, employees or stockholders, which may discourage such actions, suits and proceedings. None of the aforementioned provisions of the VWE articles of incorporation will apply to suits to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts of the United States have exclusive jurisdiction. If a court were to find the exclusive forum provision contained in the VWE articles of incorporation to be inapplicable or unenforceable in an action, suit or proceeding, then VWE may incur additional costs associated with resolving such action, suit or proceeding in other jurisdictions, which could harm its business, results of operations, and financial condition. Even if VWE is successful in defending against such actions, suits and proceedings, litigation could result in substantial costs and be a distraction to management and other employee. ~~We cannot guarantee that we will repurchase our common stock or warrants pursuant to our repurchase program or that our repurchase program will enhance long- term stockholder value. Share and warrant repurchases could also increase the volatility of the price of our common stock and warrants and could diminish our cash reserves. On March 8, 2022, our Board authorized a share repurchase program (the" Repurchase Program"), pursuant to which we may repurchase up to $ 30. 0 million in aggregate value of shares of our common stock and / or warrants through September 8, 2022. The timing and amount of any repurchases will depend upon a number of factors, including price, trading volume, general market conditions and legal requirements, among others. The Company is not obligated to repurchase any specific number or amount of shares of common stock or warrants pursuant to the Repurchase Program, and it may modify, suspend or discontinue the Repurchase Program at any time. Repurchases pursuant to the Repurchase Program could affect our common stock price and warrant price and increase their volatility. The existence of the Repurchase Program could cause our common stock price and warrant price to be higher than they would be in the absence of such a program and, if securities are repurchased in the Repurchase Program, it will reduce the market liquidity for such securities. Additionally, the Repurchase Program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities. There can be no assurance that any repurchases will enhance long- term stockholder value and the market price of our common stock or warrants may decline below the levels at which we repurchased any such securities.~~