



Report of the Board of
Statutory Auditors to
the Financial Report

Annual Financial Report at December 31, 2021

VALSOIA S.p.A.

Registered office at Via Ilio Barontini, 16/5 - Bologna

Share capital € 3,533,772.66 fully paid-up

Registered with the Companies Register of Bologna under no. 02341060289

Report from the Statutory Auditors to be presented to the Shareholders' Meeting pursuant to Art. 153 of Italian Legislative Decree no. 58/1998 (the Consolidated Law on Finance "T.U.F.")

and Art. 2429 of the Italian Civil Code, paragraphs 2 and 3

Dear Shareholders,

In this report, prepared in accordance with Art. 153 of Italian Legislative Decree no. 58/98 ("T.U.F."), the Board of Statutory Auditors of Valsoia S.p.A. reports to you on the supervisory duties carried out and the related results.

During the year ended December 31, 2021, the Board of Statutory Auditors has carried out the supervisory activities, as explained hereinafter, as required by law, also taking into account the Consob communications with regard to the corporate controls and activities of the Board of Statutory Auditors and "Principles of conduct applicable to the Board of Statutory Auditors in regulated markets", recommended by the National Board of Accountants and Auditors.

The statutory audit is carried out by KPMG for the nine-year period 2015-2023, in accordance with Italian Legislative Decree no. 58/1998 and Italian Legislative Decree no. 39/10, to whose reports reference is made.

With this report, the Board of Statutory Auditors of Valsoia is providing information about the supervisory activities it has carried out and the related outcomes:

- we have participated in all Shareholders' Meetings and meetings of the Board of Directors held over the course of the year and have obtained from the Directors, with the frequency required by Law, information on the activities carried out and general management activities and their foreseeable developments, and on transactions of major economic and financial significance carried out by the Company and by its Subsidiary;
- we have ascertained that the actions taken and implemented were compliant with the law, the articles of association and the resolutions passed by the Shareholders' Meeting and were based on the principles of proper administration and adequacy level of the Company's organizational structure, including with regard to the measures adopted by the Board of Directors to deal with the emergency situation caused by COVID-19. This activity was carried out by gathering information from the heads of company departments and the COVID-19 Committee still operating;



- we have gained knowledge of the Company's activities and monitored these activities within our areas of competence. The aforementioned knowledge was obtained by means of direct audits, collection of information from the managers of the departments concerned and from the Manager in charge of financial reporting, and exchanges of data and information with the Independent Auditors KPMG S.p.A.;
- we have also organised meetings with members of various Company departments to check that the organizational structure is suitable both for the achievement of corporate objectives and for a stronger internal control system;
- we have assessed and checked the suitability of the administrative and accounting system as well as its reliability for accurately representing operational facts by obtaining information from the Manager in charge of financial reporting, the examination of Company documents and analysis of the work carried out by external auditors, who provided over the course of the year the results of their controls of the Company's regular bookkeeping, without showing any relevant or prejudicial evidence to be reported;
- we have verified the adequacy, in terms of methodology, of the impairment testing process to which the assets of the financial statements concerned have been subjected;
- we have found the internal control system to be effective, with the understanding that it is a structure aimed at providing the tools for ensuring compliance with the laws and Company provisions and procedures, both operational and administrative, in this connection, improvements are made to the mechanisms for checking and updating said procedures with the development of risk-processing management, reviewed annually; in particular the corporate governance report provides much latitude for the activities carried out to protect the financial information process, which are also relevant pursuant to the provisions of Art. 19, paragraph 1, letter a), of Legislative Decree 39/2010;
- we have monitored the suitability of the provisions issued by the Company to its subsidiaries in accordance with Art. 114, paragraph 2, of Legislative Decree 58/98;
- we have examined, both through direct audits and through the information received from the Independent Auditors, compliance with laws relating to the preparation of the financial statements, with particular regard to the statements adopted, to their content and to the IFRS applied;
- we have ascertained that Valsoia S.p.A. is not required to prepare a consolidated financial statement, in view of the negligible amounts presented by Companies in which it holds a stake;
- we have ascertained the thoroughness of the Directors' Report drafted in accordance with Art. 2428 of the Civil Code and its suitability in providing a clear and appropriate

Handwritten signature and initials on the right margin of the page.

representation of the progress of the Company's activities, summarized in the statements of financial performance contained therein. This Report, among other things, (i) provides sales results with regard to individual product groups, (ii) shows the net financial position at the end of the year and provides a summary of the flows, (iii) describes, indicating the amounts, transactions carried out with related counterparties furthermore concluded at arm's length, (iv) shows the research and development activities carried out, (v) shows the main financial performance indicators, (vi) shows the financial risks and other principal risks and uncertainties deriving from activities, with particular reference to the risks connected with the spreading of the COVID-19 pandemic, the measures adopted in line with the competent authorities and current provisions, to guarantee the security of all employees, stakeholders and consumers in order to ensure business continuity; in particular, Valsoia has set up an internal crisis committee that has been active since the first day of the emergency, (vii) having acknowledged the disclosure contained in the Notes to the Financial Statements, in the section related to the events subsequent to the balance sheet date, relating to the persistence of the health alert for the COVID-19 pandemic also in 2022, points out that as at the reporting date, no significant economic or financial effects are noted, with reference to the start of military operations of the Russian troops in Ukraine, and that, as of the date of the Report, the war does not result in any significant uncertainty in relation to the premise of business continuity; (viii) it shows full compliance with the laws and regulations and in particular with regard to information concerning ownership and control structures (pursuant to Art. 123 *bis* of the Consolidated Law on Finance "T.U.F.") it refers to a specific Report on Corporate Governance and Ownership Structures drafted pursuant to Art. 123 *bis* of Legislative Decree 58/1998 by the Board of Directors giving reasons, in our view adequate, for the decision not to adhere to codes of conduct regarding corporate governance promoted by companies that operate regulated markets or trade associations;

- we acknowledged that on March 17, 2022, the Board of Directors decided to approve the Report on Remuneration pursuant to Art. 123 *ter* of the T.U.F. and Art. 84 *quater* of Consob resolution no. 11971/99, the "Issuers' Regulation";
- we oversaw the correct implementation of the obligations imposed on the Company by the market abuse regulations, including those relating to so-called internal dealing transactions;
- we have verified and evaluated all periodical reports and communications made available to the public by the Company, as well as the fulfilment of Consob's disclosure obligations.

In compliance with the provisions of the "Rules of Conduct for the Board of Statutory Auditors of Listed Companies" issued by the Italian National Board of Chartered and Expert Accountants, which require the Board of Statutory Auditors to carry out, after appointment and subsequently on an annual basis, an assessment of its work in relation to the concerted planning of its activities, the suitability of its members, the adequate composition of the body with reference to the requirements of professionalism, competence, integrity and independence, as well as the adequacy of available time and resources in relation to the complexity of the task (the "Self-Assessment"), we inform you that the Board of Statutory Auditors carried out the Self-Assessment for the year 2021, the results of which shall be presented in the "2021 Report on Corporate Governance and Ownership Structure" pursuant to Art. 123 *bis* of the T.U.F..

Within the Company's Board of Directors, consisting of nine members, of whom four are women, there are seven non-executive Directors, two of whom were classified by the Board of Directors as independent. The Board of Directors verified the independence requirements set forth in Article 148, paragraph 3, of Legislative Decree 58/98 of the Directors; therefore, the Board of Directors complies with the provisions of Art. 147-*ter*, paragraph 4, and 148, paragraph 3, of Legislative Decree 58/98. Despite the fact that Valsoia does not abide to the Self-Regulatory Code, on February 16, 2022 the Non-executive Directors drafted a "Report on the self-assessment activity of the Board of Directors" in order to provide feedback on the annual recommendations sent by the Chair of the Corporate Governance Committee to all issuers listed on the regulated market managed by *Borsa Italiana* (the Italian Stock Exchange).

On the basis of the information received and the appropriate analyses carried out, we can provide you with the following information:

1. The most important economic, financial and equity transactions carried out by the Company - such as the agreement with Vallè for exclusive distribution, the acquisition of the "Swedish Green Food Company", referring to the Management Report on Operations for a more detailed examination - were carried out in compliance with the law and the Articles of Association.

On the basis of the information obtained we were able to ascertain that these transactions were not manifestly imprudent, risky or involving a potential conflict of interest or contrary to resolutions of the shareholders' meeting or such as to compromise the integrity of the Company's assets.

2. We have not found or received information from the Board of Directors and the Independent Auditors with regard to the existence of atypical and/or unusual transactions carried out over the course of the year with companies of the Group, related parties or third parties worthy of reporting other than those already indicated in



the Company's financial statements. The Directors, in their Directors' Report and explanatory notes and comments, have appropriately described and illustrated the main transactions with third parties and related parties, which furthermore were concluded under normal market conditions, describing their characteristics and economic effects. We also supervised the application of the related corporate procedure updated by resolution of the Board of Directors of June 21, 2021, which is available on the company's website, in compliance with the amendments made by Consob by Resolution of December 10, 2020 to its RPT Regulation no. 17221 of March 12, 2010 in order to implement Directive (EU) 2017/828.

3. During the year, no notifications were made to the Board of Statutory Auditors in accordance with Art. 2408 of the Civil Code and no complaints were made to the Board of Statutory Auditors by the shareholders or any third parties.
4. We have no comments to make with regard to correct administration standards, which appear to have been constantly observed and in line with the Company's interests.
5. We have no comments to make about the general appropriateness of the organizational structure for efficiently pursuing the Company's objectives. In particular, the Board received information disclosures on the IT system and its implementation. In view of the above, the Board of Statutory Auditors considers that the internal control system is capable of supporting the orderly implementation of the Company's management.
6. The Company has adopted the Organizational Model that is set forth in Legislative Decree no. 231/2001 ("Model 231") aimed at preventing the performance of unlawful actions, pursuant to the Decree, and consequently, the application to the Company of administrative liability. The Model currently in effect was approved in its fourth edition by the Board of Directors at its meeting on March 19, 2021. The Board has met, on a regular basis, with the Supervisory Body, of which a member of the Board of Auditors is also a member, for a mutual exchange of information on the activities carried out, and has reviewed the yearly report dated February 15, 2022 where no prejudicial evidence or violations of the Model adopted by the Company were identified, nor were there any acts or conducts involving a violation of the provisions contained in the Legislative Decree 231/2001.
7. We acknowledge that the Company has adopted a "General Data Protection Regulation" model ("GDPR") pursuant to the EU Regulation 2016/679.
8. It should be noted that during the period between January 1, 2022 and the date of this report, the Board of Directors approved the new 2022-2025 Stock Option Plan to be submitted to the Shareholders' Meeting.



9. During fiscal year 2021, the Board of Statutory Auditors held 11 meetings and issued the following opinions as required by law: on the allocation of the Brand and Goodwill values of the "Loriana" Company branch on 03/19/2021, on the overall compensation for the remuneration of all Directors on 03/19/2021 and on the remuneration envisaged for Directors holding specific offices on 04/26/2021 and on the approval of the RPT (related party transaction) procedure on 06/21/2021. In 2021, the Board of Directors has held 7 meetings in which the Board of Statutory Auditors has always participated. It should be noted that due to the restrictions related to the COVID-19 pandemic, the activity was carried out on site, at the company's headquarters, as well as remotely without affecting the work results.
10. With reference to the supervisory activity on the statutory audit, required by Art. 19 paragraph 1 of Legislative Decree 39/10, the Board of Statutory Auditors, in its capacity as "Internal Control and Audit Committee", held periodic meetings with the managers of the Independent Audit firm, also pursuant to Art. 150, paragraph 3 of Legislative Decree 58/98, Art. 19, paragraph 1, of Italian Legislative Decree no. 39/2010. Over the course of systematic meetings between the Board of Statutory Auditors and the External Auditors, in accordance with Art. 150, paragraph 3, of Legislative Decree no. 58/1998, there was nothing major to be reported. The Board of Statutory Auditors has received analytical information with regard to the Impairment tests carried out by the Company to confirm the values recorded - with regard to the Financial Statements at 12/31/2021 - for the "Santarosa" brand and goodwill, the "Dieta.Tic" brand and goodwill and the "Loriana" brand and goodwill. The corresponding details are provided by the Directors in the financial statements in accordance with international financial reporting standards and Consob recommendations.
11. On April 5, 2022 the Independent Auditors KPMG S.p.A. also presented to the Board of Statutory Auditors, in its capacity as the Committee for internal control and audit, the Additional Report as provided by Art. 11 of EU Regulation no. 537/2014, showing no significant shortcomings in the internal control system in relation to the financial disclosure process that need to be reported. As an annex to the Additional Report, the Independent Auditors have provided a declaration relating to independence, as required by Art. 6 of EU Regulation no. 537/2014, showing no findings of any situations that could compromise independence. Finally, the Board of Statutory Auditors has acknowledged the Transparency Report prepared by the Independent Auditors published on its own website pursuant to Art. 18 of Legislative Decree 39/2010.



12. On April 5, 2022 the Independent Auditors, KPMG S.p.A., in accordance with Art. 14 of Legislative Decree no. 39/10 and Art. 10 of EU Regulation no. 537/2014, issued a Report on the auditing of the financial statements for the year ended 12/31/2021. With regard to the opinions and attestations in the Audit Report on the financial statements, the Independent Auditors have:

— issued an opinion that Valsolia S.p.A.'s financial statements for the fiscal year provide a truthful and accurate representation of Valsolia S.p.A.'s financial situation at 12/31/2021 and of its profit and loss and cash flows for the year ended on that date, in accordance with International Financial Reporting Standards adopted by the European Union as well as the orders issued in implementation of Art. 9 of Legislative Decree no. 38/05;

— issued an opinion showing that the financial statements have been prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815;

— presented the key audit matters that, in their professional judgement, are most significant and that affect their overall opinion of the financial statements;

— issued an opinion with regard to the consistency that the Directors' Report accompanying the financial statements and certain specific information contained in the "Report on Corporate Governance and Ownership Structures" indicated in Art. 123 *bis* paragraph 4, of Legislative Decree 58/1998, for which the Company's directors are responsible, are drafted in accordance with the law;

— declared, with regard to any significant errors in the Directors' Report, on the basis of their knowledge and understanding of the Company and the corresponding context acquired over the course of the audit activities, that there is nothing to report. The Notes to the Financial Statements show, in accordance with Art. 149 *duodecies* of the Consob issuers' regulation, 2021 payments itemization for audit services and for miscellaneous services, with the following details:

- Audit of the accounts and certification € 83,000
- Reimbursement of Consob contributions and expenses € 16,000

13. In order to minimize the risks associated with the health emergency, the Board of Statutory Auditors observes that the Board of Directors has decided to avail itself, also for 2022, of the faculty established by Art. 106 of Law Decree no. 18 of March 17, 2020 converted by Law no. 27 of April 24, 2020, the application of which was extended by Law no. 15 of February 25, 2022, by providing in the notice of call that shareholders

may attend the Shareholders' Meeting exclusively through their designated representative, pursuant to Art. 135 *undecies* of Legislative Decree no. 58/98 of the T.U.F., without physical participation by the shareholders. In this regard, the Board will be liaising closely with the Board of Directors to ensure that the Shareholders' Meetings can be held ordinarily and shareholders' rights exercised regularly in compliance with said provisions.

14. With regard to the approval of the Financial Statements, the Board of Statutory Auditors reports that on 03/17/2022 the Board of Directors approved the draft Financial Statements as at 12/31/2021, which was made available to the Board of Statutory Auditors on that same date along with the Directors' Report. On 03/17/2022, the Managing Director and the Manager in charge of financial reporting issued the certifications required by Art. 154 *bis*, paragraphs 3 and 4, of Legislative Decree 58/98. In conclusion, we attest that our supervisory activities have not revealed any omissions, no prejudicial evidence or irregularities to be reported to the shareholders.

In view of the above, the Board of Statutory Auditors declares that it has no objection to the approval of the Financial Statements for the year ended 12/31/2021 and to the proposed allocation of profits, which is as established by law and by the Company's articles of association.

Bologna, 5 April 2022.

The Board of Statutory Auditors

Gianfranco Tomassoli

Claudia Spisni

Massimo Mezzogori

VALSOIA_{SpA}

www.alsoi.com