



Annual Financial Report at
December 31, 2020





Contributing to people's wellbeing by helping them make informed food choices. Promoting awareness of the health benefits of plant-based foods. Spreading knowledge of healthy eating responsibly and with passion.

That's Valsoia. And that's the mission expressed in our logo with the Italian for 'goodness and health' – "bontà e salute".

A mission everyone can experience in all our deliciously healthy products.

It's this commitment to pleasure and health that has made the Valsoia brands some of Italy's leading and best-loved household names, thanks to the quality of our products and constant research and innovation



* Brand in exclusive distribution in the Italian territory

To live a better and healthier life through our nutritional choices every day, this is the MISSION of Valsoia Spa. An Italian company that strives every day to offer a sound dietetic-nutritional response to the increasing demand for health and well-being.

QUALITY AND EXPERIENCE

Valsoia champions “plant-based nutrition” and “healthy eating” connected to the cultural values of quality and selecting excellent ingredients. Well-designed and controlled processes back up the precious know how we have gained over decades of experience. Valsoia is always actively researching products that are good, healthy and safe and therefore made with precious and unique ingredients.

NUTRITION RESEARCH

Our constant focus on recipes, the creation of new tastes and the selection of raw materials has led to improvement in the flavours and the realization of new proposals, so as to satisfy the ever-growing variety and complexity of the demand for nutritious foods.

PRODUCT VARIETY

Currently we offer plant-based alternatives, beverages, ice-creams, yoghurt, desserts, cookies, main dishes, cheeses and dressings all sold under the Valsoia trademark; moreover, our products include the Santa Rosa preserves and sorbets, marks of excellence in preserves and fruit processing and the Pomodorissimo tomato sauces, characterised by their unmistakable flavour.

ITALIAN TRADITION

All our products follow the nutritional tradition of Italy. All the products are healthy and of high quality, ideal for the entire family and they are appropriate for every moment of the day, from breakfast to dinner. Our products feature the simplicity of the flavours that are the result of our careful preparation, distilling the experience of the best nutritionists.



News:

New Drinks 100% VEGETABLES VALSOIA

Products developed in response to new consumption trends and global lifestyles:

The ZERO sugar beverage line aims to satisfy a growing demand for sugar-free products from consumers.

VALSOIA BARISTA guarantees a thick and creamy foam ideal for a perfect cappuccino

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General information

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GENERAL INFORMATION

Corporate offices and positions

Board of Directors ⁽¹⁾

Chairman	Lorenzo Sassoli de Bianchi
Deputy Chairman	Furio Burnelli
Chief Executive Officer and General Manager ⁽²⁾	Andrea Panzani
Directors	Susanna Zucchelli
	Francesca Postacchini ⁽⁷⁾
	Gregorio Sassoli de Bianchi
	Camilla Chiusoli
	Patrizia Fogacci
	Marco Montefameglio ⁽⁷⁾

Board of Statutory Auditors ⁽¹⁾

Chairman	Gianfranco Tomassoli
Statutory Auditors	Claudia Spisni
	Massimo Mezzogori
Alternate Auditors	Massimo Bolognesi
	Simonetta Frabetti

Honorary Chairman⁽⁶⁾

Cesare Doria de Zuliani

Supervisory Board ⁽³⁾

Chairman	Gianfranco Tomassoli
Standing members	Maria Luisa Muserra
	Giulia Benini ⁽³¹⁾

Independent Auditors ⁽⁴⁾

KPMG S.p.A.

Manager in charge of financial reporting ⁽⁵⁾

Nicola Mastacchi

(1) Appointed on April 28, 2017, in office until the approval of the 2019 Financial Statements.

(2) Chief Executive Officer (since April 23, 2015) and General Manager (since February 04, 2014).

- (3) Appointed on December 19, 2016, in office until the approval of the 2019 Financial Statements.
 - (3.1) Internal member, Legal Specialist of Valsoia S.p.A. since November 2018;
- (4) Appointed on April 23, 2015, in office until the approval of the 2023 Financial Statements.
- (5) Appointed by the Board of Directors on May 23, 2019. Manager of Valsoia S.p.A. since 2019 Statutory Auditors.
- (6) Appointed on 27 April 2020, in office until approval of the 2022 Financial Statements
- (7) Ms Postacchini and Mr Montefameglio are co-opted on November 12, 2020, in office until the next Shareholders' Meeting on 2021.

Corporate data and Group structure

Company Name: Valsoia S.p.A.

Registered office: Via Illo Barontini n. 16/5 - 40138 Bologna (BO) - Italy

Telephone: +39 051 6086800

Fax: +39 051 248220

Certified e-mail: valsoia@legalmail.it

Website: www.valsoiaspa.com - Investor Relations section

Share Capital - fully paid up: 3,524,532.66 euros

Tax Code and registration number in the Companies Register of Bologna: 02341060289

VAT No.: 04176050377

Enrolment with the Chamber of Commerce of Bologna: BO-338352

Production facility:

C.so Matteotti n. 13 - 13037 Serravalle Sesia (VC) – Italy

The structure of the Valsoia Group, at December 31, 2020, in addition to the parent company Valsoia S.p.A., included the following subsidiaries:

Company Name	Share Capital	Main oOffice	% held
Valsoia Pronova d.o.o.	€ 100,000	Ljubljana (Slovenia)	100

At the closing of this period, Valsoia does not own any other investments above 10% of the share capital, represented by shares with rights of voting, in non-listed companies, nor does it own shares in limited liability companies.

The Company has no branch offices.

Valsoia S.p.A. has decided to take the option authorised by art. no. 70, par. 8 and art. 71, par. 1-bis of Consob Regulation no. 11971/99 (as amended) and therefore to dispense with the obligation to provide disclosure to the public in the event of significant mergers, spin-offs, share capital increases through contributions in kind, acquisitions and disposals.

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Directors
Report

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REPORT ON OPERATING PERFORMANCE AS AT DECEMBER 31, 2020

Key financial highlights

Income statement ratios (EUR 000)	31.12.2020		12.31.2019		Change	
	EUR	%	EUR	%	EUR	%
Sales revenue on a like-for-like basis			74,781			
Sales revenue "Pomodorissimo" (*)			(3)			
Total sales revenue	83,461	100	74,778	100	8,683	+11.6%
Value of production	86,890	104.1	76,507	102.3	10,383	+13.6%
Gross Operating Result (EBITDA) (**)	11,970	14.3	11,125	14.9	845	+7.6%
Net operating results (EBIT)	9,404	11.3	8,759	11.7	645	+7.4%
Pre-tax profit	9,292	11.1	8,608	11.5	684	+7.9%
- Current taxes	(1,428)	(1.7)	(1,383)	(1.8)	(45)	+3.2%
- Non-recurrent tax effects	(210)	(0.2)	(21)	N/s	(189)	
Net profit for the period	7,654	9.2	7,204	9.6	+450	+6.2%

(*) Your company has suspended the sales of the "Pomodorissimo Santa Rosa" Line starting from November 2018 following the Third Party Licensing of the related Trademark

(**) The interim result is not defined as an accounting measurement pursuant to the IFRS standards, therefore the definition criteria for this parameter may not be consistent with those adopted by other companies. With reference to this interim result, for a better understanding, it should be noted that EBITDA in the 2020 financial statements was negatively impacted by the economic effect of the Stock Options Plan for EUR 747 thousand (143 thousand in 2019) and positively by the reclassification effects on the income statement resulting from the application of IFRS16 for EUR 565 thousand (574 in 2019).

Equity indicators (EUR 000)	31.12.2020	12.31.2019	Change
Current non-financial assets	16,763	17,074	(311)
Current non-financial liabilities	(19,125)	(14,947)	(4,178)
Net working capital	(2,362)	2,127	(4,489)
Other net operating assets/(liabilities)	(394)	(531)	137
Non-current assets	56,289	43,678	12,611
Total INVESTMENTS	53,533	45,274	8,259
Shareholders' equity	75,012	70,677	4,335
Short-term net financial position (assets)	(26,400)	(33,119)	6,719
Non-current loans and borrowings	4,921	7,716	(2,795)
Net financial position (assets) (*)	(21,479)	(25,404)	3,924
Total SOURCES	53,533	45,274	8,259

(*) = The figure as at December 31, 2020 includes the effect on the NFP deriving from the application of IFRS 16 Leases, equal to EUR 1.9 million (EUR 2.1 million at December 31, 2019); this effect is purely accounting in nature. Net of the accounting effects of the foregoing, the net cash flow actually produced by the Company in 2020, after the distribution of dividends resolved during the approval of the Financial Statements at December 31, 2019 for EUR 4.0 million and after payment for the purchase of the "Loriana" Business Unit for approximately EUR 13 million, amounted to approximately EUR (4.1) million.

Economic and financial performance indicators	31.12.2020	12.31.2019
ROE (Net profit for the period/Shareholders' equity)	10.2%	10.2%
ROI (EBIT/Total investments)	18.2%	19.3%
ROS (EBIT/Sales revenue)	11.3%	11.7%
EBITDA margin (EBITDA (b)/Sales revenue)	14.3%	14.9%
Shareholders' equity /Non-current assets	1.33	1.62
Shareholders' equity (Net fin. pos. + M/L-term loans and borrowing)/Non-current assets	1.40	1.79
Acid test (Short-term net financial pos. + Current non-financial assets) /Current non-fin. liabilities	2.25	3.36
Debt ratio (Short-term net financial pos. + Non-current loans and borrowings) /Shareholders' equity	n.a.	n.a.

MAIN EVENTS FOR THE PERIOD AND BUSINESS PERFORMANCE

In 2020, on a like-for-like basis, the Company recorded sales revenue of EUR 83.461 million compared to EUR 74.778 million in the previous year, an increase of +11.6% (EUR +8.683 million) compared to the end of 2019. The revenue shown above is, for both years, net of sales of the "Pomodorrissimo-Santa Rosa" brand owned by Valsoia S.p.A., which has been licensed to third parties since November 2018.

The increase in sales recorded during the year is due both to the growth of "Valsoia Bontà e Salute" brand products (Health Division) and to the positive trend of all Food Division Brands (Santa Rosa confetture, Dietetic, Weetabix). This positive trend, already evident during the first two months of the year, accelerated during the lock-down months, due to the increase in household food stocks as a consequence of the need to prepare food at home, and continued in the following months until the end of the year.

In general, the performance of Valsoia S.p.A. in terms of aggregate consumption in Italy was positive for all its brands (+8.8% in value at December 2020 as compared with 2019, source IRI), outperforming the total Italian Food and Beverage market (+6.6%).

This positive trend in terms of consumption is shared by the "Valsoia Bontà e Salute" brand health products and each of the Company's "Food" brands.

The market shares of the Company's brands are therefore growing significantly in all the segments covered, both "food" and "health". In particular, the continued growth in market share, which began in 2019, together with the substantial increase in the number of households covered, testify to the "health" of the Company's brands, which is very solid and further strengthened by the significant investments in communication and consumer marketing actions made during the year.

During 2020, with regard to the health markets of "plant-based alternatives" in particular, there will be an initial decrease in the number of references on the shelves of competitors, thus concretely starting that path of rationalisation and reduction of crowding strongly advocated in past years. Also as a consequence of this better "readability" of the offer, together with the strong pressure in communication of the Market Leader "Valsoia Bontà & Salute", also the markets of "vegetable alternatives", as a whole, resumed a growth path in 2020, substantially in all the main segments covered by Valsoia.

Export sales have also shown strong growth, recording growth of +26,9% during the twelve months of the year as compared with the same period of last year.

In the year under review, the Company managed and controlled the cost of products sold and operations, absorbing the higher costs due to rises in certain commodity prices, coupled with extraordinary expenses deriving from the necessary adjustment to comply with safety and protection rules for its employees and stakeholders brought about by

the health COVID-19 pandemic health emergency.

The Company has also kept both commercial expenses and overheads under control, in line with the annual marketing plans, adjusting them to the new Italian and export market context. More specifically, once again major investments have been made in communication for all the Company's Brands, starting March and continuing basically uninterrupted through to December 31.

The operating margin in FY 2020 (EBITDA) amounted to EUR 11.970 million, up by +7.6% compared with the previous year, showing an operating margin ratio (EBITDA Margin %) of 14.3% versus 14.9% last year.

It should be noted that the gross margin for the year 2020 (see EBITDA Margin %) is impacted not only by the already mentioned extraordinary expenses related to the health emergency (safety, security, extraordinary bonuses for employees, donations made, which have already been mentioned in previous reports) but also by significant investments in "consumer marketing", as well as the significant extraordinary costs related to the acquisition of the "Piadina Lorigiana" business unit, including the registration tax on the acquisition. It should be noted that the acquisition was made on December 14, 2020 with an operating effect from December 31, 2020 and more details are given under point 5) of the Notes to the Accounts.

Please also note that in the second half of the year under review the Company launched the "Valsoia Vegetable Supplements" line, thus entering the large supplement market (EUR 3.6 billion in consumption), which has been characterised by a continuous growth trend over the years. All investments related to the launch of the Supplements line were also paid to FY 2020 and therefore have an impact on the EBITDA Margin for the year (e.g. budget listing to Retailers, study, creation and planning of the film dedicated to Valsoia plant supplements).

Pre-tax profit came to EUR 9.29 million (+7.9% on the previous year). This result is also affected by the write-down of EUR 300 thousand (equal to the relative residual book value) with reference to some buildings for civil use currently present in the building areas in Serravalle Sesia (Valsoia plant) which will soon be demolished due to a project for the expansion of the production plant, which will be assessed in detail and implemented during 2021.

Net profit for the period, as a result of that described, came to EUR 7.654 million, up on the same period of 2019 by +6.2%, with a percentage index that goes from 9.6% last year to 9.2%.

The number of employees is basically stable (+1) compared with December 31, 2019.

Products and revenue performance

Valsoia S.p.A. produces, distributes and markets mass consumption food products with a particular focus on health foods.

The Company's mission is to provide solutions and stay ahead of the requirements of consumers insofar as health and well-being, with food products which are guaranteed in terms of their focus on health and it continues to be perceived

by consumers as a leading company in terms of quality.

The Company's products are distinguished by the following trademarks:



VALSOIA BONTA' E SALUTE

Valsoia offers a broad range of plant-based products, for the entire family. Valsoia products provide healthy nutrition which is varied and very tasty, every day.



NATURATTIVA

Naturattiva offers many plant-based specialities, made with soya and rice, and exclusively with organically grown ingredients.



VITASOYA

Vitasoya Soyadrink is a natural product, of high quality and excellent flavour. Thanks to its recipe, nutritious and balanced, it is the ideal drink, starting in the morning, to stay in shape and eat healthy.



SANTA ROSA

Santa Rosa, a historical brand in the Italian food tradition, offers high quality preserves choosing only fruit of superior quality through strict purchase specifications.



POMODORISSIMO

This is a line of products created using only Italian tomatoes, which are carefully selected and processed based on the exclusive "Sapore crudo" [raw flavour] recipe, which ensures that the characteristics of the tomato remain unchanged after it is picked. The use of the Santa Rosa Pomodorissimo brand has been licensed to third parties starting from November 2018.



DIETE.TIC

Purchased in October 2017. Liquid sweetener, sugar replacement, with a unique and patented formula. Completely calorie free, does not alter the flavour of food and beverages and is highly soluble.



LORIANA Piadina

Purchased in December 2020, “LORIANA Piadina” was launched in the early 1970s and today boasts a consolidated presence on the Italian market. Its success is due to the unique nature of the product, which retains unchanged quality and tradition.

Valsoia distributes the following products in Italy:



WEETABIX

A range of whole wheat cereals for a healthy breakfast. Products from the Weetabix Food Company, an English company with a long history and tradition. They are unique, loved and appreciated worldwide and exclusively distributed in Italy by Valsoia.

Valsoia is the licensee of the following brand (in addition to the patents and know-how):



BLUENYX

It is a dietary supplement with an exclusive MGTS 3 ACTION formula that facilitates the natural and regenerative path of one's sleep.

Thanks to the presence of vitamins and mineral salts, it contributes positively to metabolism, to the reduction of a sense of fatigue and to maintaining the functionality of the immune system.

The following table shows the sales revenue broken down by business area.

Description (EUR 000)	31.12.2020		12.31.2019		Change
	EUR	% Inc.	EUR	% Inc.	%
Health Food Products Division (a)	47,535	56.9	44,120	59.0	+7.7
Food Products Division (b)	23,844	28.6	20,843	27.9	+14.4
Others (c)	5,605	6.7	4,715	6.3	+18.9
TOTAL ITALIAN REVENUE	76,984	92.2	69,678	93.2	+10.5
Sales abroad	6,477	7.8	5,102	6.8	+26.9
TOTAL REVENUE like-for-like perimeter	83,461	100.0	74,781	100.0	+11.6
Pomodorissimo Santa Rosa revenue	0		(3)	0	
TOTAL REVENUE	83,461	100.0	74,778	100.0	+11.6

- (a) Valsoia Bontà e Salute, Vitasoya, Naturattiva trademarks
- (b) Santa Rosa (preserves), Diete.Tic, Weetabix trademarks
- (c) Supplements, Industrial products

The Company has continued with determination throughout 2020 the control and implementation of "field" operating strategies, with retailers and at points of sale, when made possible by health regulations. As already mentioned, it also supported its Brands throughout the year through strong media planning, which was particularly effective given the extraordinary audience for the period. We note the interesting growth in the number of "Treating Families" for each of the Brands for both "Health" (Valsoia Bontà & Salute) and "Food" (Santa Rosa Confetture and Diete.Tic).

This expansion of the number of buying families, coupled with a general focus of consumer choices on brand leaders, increased consumption of the Company's brands that strengthened their leadership position and market share against the competitors and consolidating a trend that was already in place prior to the health emergency.

The sales of all the Company's divisions therefore increased in the year under review. Particularly noteworthy is the recovery of consumption in the health market of "vegetable alternatives", after two years of contraction. Revenues of the Health Division also grew by 7.7%. Similarly, the performance of Food Brands (Santa Rosa, Diete.Tic) shows a significant increase of +14.4% on the previous year.

Revenues certainly benefited, particularly in March and April, from the increase in domestic consumption during the lock-down period.

However, the positive performance prior to the health emergency and its uninterrupted continuation even after the emergency is evident.

During the year, the Company successfully launched certain innovative and strategic products, in particular:

- the "Large Cone" gluten-free ice cream, a new recipe with natural ingredients;

- the "Super Burger" innovative, extremely high quality product with just a few, simple ingredients, for the more demanding consumers who are attentive to sustainability issues;
- the completion of the "sugar-free" drinks line;
- the presentation in Italy of the "Barista" drink.

The launch in the second half of the year of the innovative line of "Food supplements" under the "Valsoia" brand is important and has a wide prospective range: a line of natural and 100% vegetable products dedicated to the large-scale retail trade. The line includes products covering all the main categories of the supplements market with a pharmaceutical quality offer supported by the strength of the "Valsoia" brand. The presentation to the Retailers and the consequent insertions have been successful at the moment reaching the first objective at covered weighted distribution plan. The launch was supported by a major communications plan, starting as early as autumn 2020.

The Food division closed the year with revenues up +14.4% on the previous year. This trend is recorded for both Santa Rosa confetture and Diete.Tic. Interesting is the continuous progression in the year of growth also for Food Brands, supported by a very consistent enlargement of the "Buying Families".

Finally, the results are important recorded by export presence and sales, which reach 7.8% of the Company's total revenues, up +26.9% on the same period of last year. Mainly related to the two product lines mainly sold abroad (vegetable ice cream and alternative to spreadable cream, present in approximately 12,000 international supermarkets).

Sales continued to grow significantly, particularly in Europe, even during the pandemic period, an important sign of the consolidated stability of our presence with retailers and consumers abroad.

Investments

In 2020, investments in intangible assets and property, plant and equipment reached EUR 1.9 million. These investments concerned primarily the purchase of plant and equipment for the production of ice creams and preserves, and the extraordinary restructuring works at the Serravalle Sesia plant.

Sustainability project

Following the path undertaken at the end of 2019, with the support of DNV GL Business Assurance Italia with the objective of measuring the commitment and degree of Social Responsibility of the Valsoia Company (according to the indications provided by the international standard ISO 26000), the Company has continued the path by establishing a Sustainability Agenda (Valsoia Sustainability Agenda) and a Roadmap that includes the actions considered priorities: - definition of the Sustainability Strategy; - map of Stakeholders; - Stakeholder Engagement; - materiality analysis; - analysis of extra-financial risks; - identification of a set of GRI (Global Reporting Initiative) KPI's functional to Valsoia's business.

The Company, therefore, is preparing a document, the “Sustainably Report 2019-2020”, which will be made public by the end of May, although it is not, for the time being, an “NFS” (Non-Financial Statement) pursuant to Legislative Decree no. 254/2016 (transposition of Directive 2014/95/EU).

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

The following table shows the breakdown of the Net Financial Position at December 31, 2020 and December 31, 2019.

Description (EUR 000)	31.12.2020	12.31.2019
Cash	2	3
Current accounts and bank deposits	29,566	36,245
Current financial assets	0	0
Total cash and cash equivalents	29,568	36,248
Current loans and borrowings	(2,603)	(2,592)
Current payables for leases	(543)	(537)
Current net financial debt	26,422	33,119
Non-current loans and borrowings	(3,573)	(6,154)
Non-current payables for leases	(1,370)	(1,561)
NET FINANCIAL POSITION	21,479	25,404

As at December 31, 2020, the Company’s total net financial position amounted to approximately EUR 21.5 million, down by more than EUR 3.9 million since the start of the year. This figure is obviously negatively affected by the payment made in December 2020, for approximately EUR 13.0 million, for the acquisition of the “Piadina Loriana” Business Unit. The Net Financial Position at December 31, 2020 and that at December 31, 2019 includes respectively EUR 1.9 and 2.1 million in lease payables relating to the representation of the accounting effects deriving from the application of IFRS 16, with regard to rental contracts (rental of offices in Bologna and rental of warehouses in Serravalle) and operating leases (long-term rental of company cars) in place.

The cash flow generated by the Company’s core business in 2020 (i.e. gross of the distribution of dividends resolved with the approval of the financial statements as of December 31, 2019 and distributed in May 2020 for EUR 4,0 million and the payment of the consideration for the acquisition of the “Piadina Loriana” Business Unit in December 2020 for approximately EUR 13.0 million) was positive and equal to approximately EUR 12.9 million.

In fact, during the full year 2020, current operations continued to generate positive cash flow with a primary operating cash flow of EUR 12.5 million. In the same period, the careful management of the components of net working capital led to a generation of liquid funds of about EUR 2.8 million, and the other items of working capital led to an absorption of liquidity (including tax management) of approximately EUR 0.5 million.

On the other hand, cash outflows amounted to EUR 1.9 million, for the requirements relating to Investments (tangible

for EUR 1.5 million and intangible for approximately EUR 0.4 million).

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Risks of a financial nature and derivative instruments

Foreign Exchange Risk

The Company purchases raw materials for its production in the international market and carries out business transactions in euros and, as regards purchases made from the United States of America, in US dollars. At the same time, the Company makes sales of finished products abroad (EEC and non-EEC) and settles the related business transactions mainly in euros, with the exception of sales in the United States of America which are settled in US dollars. The exchange rate risk therefore derives from the net exposure in US dollars.

During the year, the Company implemented currency forward purchase operations. The financial impact of these operations, carried out for hedging purposes but not meeting all the requirements set forth in the IAS/IFRS standards, are fully recognised in the statement of comprehensive income for the period; in particular, at the closing date of the period, some foreign exchange transactions on financial derivative products (forward purchases), the designation of which at fair value involved the recognition, in the income statement, of a negative component of EUR 21.9 thousand, recorded in the Statement of financial position under Current payables due to banks, were being carried out.

Credit Risk

The Company deals with customers mainly in the “large-scale retail trade”, which historically have had an overall low insolvency rate and whose risk profile has not been significantly affected by the COVID-19 health emergency. Therefore, the Company monitors carefully the quality of its receivables in terms of risk control.

Interest Rate Risk

Given the capital and financial structure, and in consideration of the conditions under which the outstanding loans were taken out (fixed rate), it is believed that the Company is not particularly exposed to the risk of changes in the interest rates.

Cash and changes in Cash Flows risk

Considering the positive net financial position and the strong capacity to generate cash flows from operations, the risk from changes in the cash flows is estimated to be relatively low. Valsoia was also granted significant credit facilities by the banks, not used to date, which are more than adequate with respect to its current needs.

Operating risks

Risks related to the food/health sector

Although Valsoia guarantees effective quality control on its own production and on externally acquired products through a constant monitoring of raw materials, production processes and finished products, it cannot be excluded that, similarly to any other company operating in the food sector, an accidental contamination of the product by external agents, unpredicted in the formulation of the product, may occur.

In particular, Valsoia has always chosen to use only raw materials that are not genetically modified. For this purpose, the Company requires certifications from all the suppliers of raw materials, as a proof of their GMO-free status. In addition, the Company requires CSQA certifications to confirm the absence of genetically modified organisms both in the raw materials used and in the finished products; however, Valsoia cannot exclude their accidental presence in marketed products.

In general, contamination of products by external agents, including genetically modified organisms above the tolerance threshold, would involve a recall of the products from the market, with related financial burdens, as well as the risk of penalties charged to the Company and to any responsible individual. It also cannot be excluded that, if the use of food produced by Valsoia causes harm to the health of the consumers, the Company may be subject to compensation claims or actions due to these events.

Risks related to safety at the workplace and environmental damages

Valsoia owns and manages a production facility in Italy, Serravalle Sesia (VC) for the production of some of the main products of the Company. Valsoia believes that it operates in full compliance with the regulations concerning occupational safety and the protection of the environment. However, it cannot be excluded that, for accidental reasons, the operations at the facility may cause harm to the employees of the Company, to third parties or to the surrounding environment.

Risks related to operations carried out at the production facilities of third parties and providers of logistic services

In addition to the Serravalle Sesia production facility, the Company partners with third parties for the supply of some products.

The marketing of products in Italy is carried out through a network of distribution centres specialised in the distribution logistics of food products.

The production facility, the suppliers and the distribution centres are subject to ordinary operating risks, including, but not limited to: malfunctioning of the equipment, non-compliance with applicable regulations, revocation of permits and licenses, insufficient labour force or work disruptions, circumstances that may involve an increase in production or transport costs, natural disasters, significant disruptions in the supply of raw materials or semi-finished products, and terrorist attacks.

Any sudden and extended business disruption, due to the aforementioned events and other events, may have a negative impact on the financial results of the Company. The use of products and distributors involves also some additional risks and charges among which are the resolution of a contract and less control on the supply/production chain. Any delay or defect in the supplied products or services, as well as the disruption or termination of existing

agreements without alternative solutions available in the short term, can have a negative impact on the activities and financial results of Valsoia.

Risks related to relationships with purchasing centres

Valsoia offers its products to large scale retail distribution and boasts several hundred customers. In Italy, within large scale retail distribution, it is normal practice that the execution of trade agreements with the suppliers is carried out for the most part by a limited number of purchasing centres involving a large portion of the Italian current distribution. Even if, despite the relative degree of independence of each single affiliate, the possibility of the direct contact of Valsoia with the individual customers cannot be excluded, each centre avails itself of a significant contractual power in defining terms and conditions, and a possible termination of relationships with one or more of these centres may have a strong negative impact on the financial results of the Company.

Therefore, Valsoia, given the recognition of its trademarks, the high reputation of the services associated with its products and the efficient distribution network, has maintained for many years strong business relationships with all the main Italian purchasing centres.

Risks related with the termination of distribution contracts on behalf of third parties

Currently, 2% of the Company's revenue derives from the distribution of third party products.

A termination of these relationships would have a negative impact on the financial results of the Company.

Risks associated with the spread of contagion by "COVID-19"

Late February 2020, at the same time as the health alert for COVID-19, the Company took action, in line with the indications of the competent authorities, to guarantee the safety and security of all employees, stakeholders and consumers, also assuring business continuity. Right from the early stages of the health emergency, Valsoia S.p.A. has never stopped operating, restoring its business in the production and marketing of food products.

In particular, Valsoia has set up an in-house crisis committee, which has been operative since the very first day of the emergency. This committee continues to meet frequently to monitor developments and act accordingly. In general, right from the outset, the recommendations made and which continue to apply, were:

- to demand that all company employees comply with the hygiene rules of conduct issued by the Ministry of Health, informing them accordingly;
- to supply the toilets and common areas inside the offices and the establishment with antibacterial detergents and alcohol-based hand solutions;
- to intensify sanitation operations in the work areas;
- to apply smart working solutions wherever possible, for office staff and only grant access to offices once body temperature had been measured;
- to apply, right from the outset, the maximum safety procedures for the production site and offices connected with the related activities (measurement of body temperature for all factory staff and all external workers involved in logistics/production - use of protective masks in all departments - careful verification of distancing between work stations);
- to suspend first, and thereafter limit to that strictly necessary, both commercial transfers and business travel in

general, including abroad.

Even after the issuance, on several occasions and with different contents, of the Prime Ministerial Decrees which followed one another during 2020 and which sanctioned the substantial reopening of all production activities, first, and then commercial activities, Valsoia S.p.A. maintained all internal health safety protocols giving the following indications:

- continuity of activation of smart working on a rotation basis, at least until the declared end of the “health emergency” and simultaneous reduction of the work stations that can be occupied for each office;
- different break hours from work;
- reporting of the maximum capacity envisaged at the entrance to all common areas.

The above organisational solution was maintained in force in the first months of 2021 and is still in force, also due to the lock-down measures issued by the competent authorities (local, regional and state) to cope with the second and third pandemic wave.

The Company also points out, during 2020, that in the most acute period of the health emergency:

- for all employees, supplementary medical cover has been stipulated in the event of hospitalisation due to COVID-19 contagion;
- payment to the plant labour who, with it being impossible to apply smart working, in accepting responsibility for and complying with the safety protocols, have guaranteed presence and operations of the production departments.

From the point of view of business continuity, inventory levels and relationships with copackers and logistics platforms have been carefully analysed. There have been substantial increases in all stocks of raw materials and finished products. The operational continuity of the logistics centres has been verified and where possible a potential back up has been created. The copackers have adopted similar prudential solutions to protect continuity.

Right from the very first day of the health emergency, the production, logistics and commercial chain in which Valsoia S.p.A. operates has always been kept open. This is why, together with all the measures implemented to safeguard the health of all stakeholders, no negative effects have been seen in terms of turnover as a result of the COVID-19 health emergency.

Finally, it should be recalled that in FY 2020, the Company has adhered to Solidality, donating products in 20,000 food packages distributed free of charge to the families in greatest difficulty; additionally, during the most acute phase of the health emergency, the Company decided to support Sant’Orsola Hospital of Bologna with a donation specifically to purchase ultrasound equipment to allow for the rapid diagnosis of COVID-19, as well as the Sant’Anna Institute nursing home of Bologna, with a cash donation.

Other general risks

Risks related to the competition

Given the fact that the Company operates in the consumer packaged food products sector, currently characterised by increased dynamics without particularly high entry barriers from a production perspective, an increase in competition by current and new competitors operating in related sectors cannot be excluded.

An additional increase in competition could have negative impacts on the profitability of the Company; therefore, Valsoia, a company leader in the main market segments in which it operates, has been developing for years a careful marketing policy aimed at strengthening its trademarks, already widely recognised and established.

Risks related to the price volatility of raw materials

The prices of raw materials used by the Company are subject to the volatility of the relevant markets. This situation concerns also the other costs for production, transport and distribution of the products that are, in many cases, directly affected by the fluctuations in oil prices.

In this uncertain scenario, an increase in the prices of the raw materials used that would result in a negative impact on the Company's margins cannot be precluded.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK

In the period following the closure of the Annual Financial Report, there was good growth in both “health” and “food” sales revenue, as well as in export sales, in January and February, in line with that already recorded in 2020.

The presentation to the domestic and international market of a new plant-based ice cream “Large Cookie” together with a new “Super Sausage” based on pea protein as an alternative to animal protein has begun successfully.

In addition, the distribution expansion of the Supplements Line continues, in line with the objectives of the 2021 Marketing Plan. The start of the management and marketing of the “Piadina Loriana” business ramp was positive, in line with the assumptions of the Acquisition Plan.

On December 28, 2020, Valsoia also completed an agreement with Weetabix Ltd for the exclusive distribution throughout Italy of OREO’S brand breakfast cereals, licensed to Weetabix Ltd by Mondelez International (which owns the brand). The distribution agreement for Italy with Valsoia comes into effect on January 1, 2021.

OTHER INFORMATION

Other information

Personal Data Protection Code.

Valsoia, upon a resolution issued by the Board of Directors on May 07, 2018, has adopted an Organisational Model for the protection of personal information, pursuant to the Regulation (EU) 2016/679 (“GDPR”). The Company has implemented during the year the activities provided for in the Model and in the applicable laws and has appointed a

Data Protection Officer (“DPO”) in order to ensure the necessary reviews about the compliance by the Company with all the provisions in the areas of privacy and security of personal information, as per the GDPR and the other applicable regulations.

Transactions carried out with the parent company and with related parties

In addition to transactions with the parent company and its subsidiaries and affiliates, Valsoia also carried out transactions with related parties the economic and financial impact of which was not significant, which were in any case carried out at arm's length. For further details, please refer to the Notes to the Financial Statements. Furthermore, CONSOB is currently updating the Procedure for transactions with related parties, which may impact that originally adopted by the Company on November 11, 2010; for further information, see the procedure published on the website www.valsoiaspa.com.

Atypical and/or unusual transactions

Pursuant to CONSOB Communication DEM/6064293 of July 28, 2006, it is hereby specified that, other than what has been indicated above, the Company has not carried out any atypical and/or unusual transactions.

Management and co-ordination activities

Though controlled by Lorenzo Sassoli de Bianchi, the Chairman of the company, through Finsalute S.r.l., Valsoia S.p.A. is not subject to the management and coordination of the latter pursuant to Articles 2497 et seq. of the Italian Civil Code. This situation is demonstrated, inter alia, by Valsoia's independence in its negotiations with customers, suppliers and the banking system.

Report on Corporate Governance and Ownership Structures

The Board of Directors has prepared the Report on Corporate Governance and Ownership Structure required by Art. 123-bis of Legislative Decree 58/1998. This document is available for consultation on the Company's website www.valsoiaspa.com in the Investor Relations section.

Treasury shares disclosures

At 12.31.2020, the Company had no treasury shares in its portfolio.

Dividend bearing shares, convertible bonds and other securities issued by the Company

Neither dividend bearing shares nor bonds convertible into shares were issued.

Research and development activities

During the period, research and development activities continued in line with the Marketing Plans objectives:

- verification of the qualitative performance of the Company's products in respect of market benchmarks with the aim of maintaining our leadership position enjoyed in Quality;

- research and development of new products that represent the plant-based alternative to existing products with high health performance as well as high organoleptic characteristics;
- research and development in the area of Santa Rosa preserves, also in market segments adjoining the current lines.

Review of the existing product portfolio

The activities of the Company have also focused on the research of new variants in terms of the flavour and/or nutritional or health properties of the products in the portfolio. The Company has also conducted several sensory researches on the existing products and innovations, implementing the indications obtained for improvements.

Information on energy savings

In 2020, Valsoia renewed its certification from the certification entity KiwaCermet pursuant to UNI ISO 50001 (Energy Management).

In 2020, approximately 2.4% (98,000 kWh) of electric power necessary for production was obtained thanks for the photovoltaic plant installed in 2011.

Valsoia is not subject to the emission trading scheme as it does not own combustion plants with heating power in excess of 20 MW.

In 2020, Valsoia received no definitive fines or penalties for environmental offences or damages.

Information on the Personnel

The table below shows the changes concerning the employees or similar personnel during 2020:

Personnel	31/12/2019	Resignations/ Terminations	Hires	Internal movements	12/31/2020	Change
Executives	10				10	-
Employees and managers	88	- 6	+ 7		89	+ 1
Factory workers	23	- 2	+ 2		23	
Co.co.co(*)	1				1	
	122				123	

(*) Coordinated and on-going cooperation (BoD members excluded)

In addition to the fixed personnel in the establishment included in the data above, in 2020 28,662 hours of seasonal work were used for the production of ice cream (26,227 in 2019).

As shown by the results above, in 2020 the Company increased its workforce by 1 units.

The ratio between hirings and terminations shows a higher turnover of staff in the clerical area, which also recorded 2 retirements.

The total annual days of absence due to illness were approximately 358 (on the average 2.9 days per person, lower than in 2019).

It should be noted that, in order to further improve the level of occupational health and safety, reduce progressively the costs and increase efficiency and services, in 2020, the Company implemented the safety management system which had begun in 2008 with reference to the UNI-INAIL guidelines of September 28, 2001.

In order to meet the transparency obligations required by regulations, the “REPORT ON THE REMUNERATION POLICY AND FEES PAID” was prepared pursuant to Art. 123-bis of the Consolidated Finance Law and Art. 84-quater of the Issuers’ Regulation. This document is available at the Company’s website at <https://www.valsoiaspa.com/investor-relations/corporate-governance/assemblee>

Investments in Valsoia S.p.A held by members of the bodies of administration and control.

The table below shows the changes that took place during the year in the investments held by members of the administration and control bodies, also through fiduciary companies or subsidiaries or held by individuals that are very closely connected to them: under-age children and non legally-separated spouses:

Name and surname	Position	Number of shares at 12/31/2019	% Share Cap.	Number of shares purchased in the Period	Number of shares sold in the Period	Number of shares at 12/31/2020	% Share Cap.
Lorenzo Sassoli de Bianchi	A	6,533,526	61.302	-	-	6,533,526	61.173
Ruggero Ariotti (a)	B		7.269	-	-	-	-
Cesare Doria de Zuliani	D	283,244	2.658	-	-24,991	258,253	2.418
Furio Burnelli (b)	B	958,357	8.990	-	-	958,357	8.973
Gregorio Sassoli de Bianchi	E	2,000	0.019	-	-	2,000	0.019
Susanna Zucchelli	E	-	-	-	-	-	-
Francesca Postacchini	E	-	-	-	-	-	-
Gianfranco Tomassoli	F	-	-	-	-	-	-
Massimo Mezzogori	G	-	-	-	-	-	-
Claudia Spisni	G	-	-	-	-	-	-
Andrea Panzani	C, H	30,636	0.287	8,000	-	38,636	0.362
Camilla Chiusoli	E	-	-	-	-	-	-

Patrizia Fogacci	E	2,237	0.021	2,400	-	4,637	0.043
Marco Montefameglio (c)	E	774,778	7.269	-		774,778	7.254

- A Chairman of the Board of Directors
- B Deputy Chairman of the Board of Directors
- C CEO
- D Director – Honorary Chairman
- E Director
- F Chairman of the Board of Statutory Auditors
- G Statutory Auditor
- H General Manager

(a) shares held through the company GALVANI FIDUCIARIA, trustee of the KOBRA trust, in which Ruggero ARIOTTI is the beneficiary. On April 08, 2019, Mr. Ruggero Ariotti transferred to the Trust Company the bare ownership of the shareholding held, maintaining for himself the right of usufruct and all economic rights deriving from said shareholding. On May 13, 2020, following the death of Ruggero Ariotti, full ownership of the shareholding was consolidated in Galvani Fiduciaria S.r.l.

(b) includes the shares held by spouse Angela Bergamini

(c) shares held through Galvani Fiduciaria, in which Mr. Montefameglio serves as Sole Director. As at 12/31/2019, Galvani Fiduciaria was the bare owner of the "Ariotti" investment. On May 13, 2020, following the death of Dr. Ariotti, the entire shareholding was consolidated.

WARNINGS

Valsoia S.p.A. is a joint stock company established in Italy, registered with the Companies Register of Bologna, with fully paid-up share capital of EUR 3,524,532.66 and registered office in Italy, Bologna, Via Barontini 16/5, listed on the MTA of Borsa Italiana S.p.A. (London Stock Exchange Group).

These Financial Statements were prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and they are in compliance with the provisions issued in implementation of article 9 of Legislative Decree 9/2005, as has been done in previous financial years.

The term IFRS includes all the revised International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as the Standing Interpretations Committee ("SIC").

These Financial Statements for the financial year 2020 have been drafted in compliance with CONSOB Regulation no. 11971 of May 14, 1999, as amended by CONSOB Resolution no. 14990 of April 14, 2005.

As required by CONSOB Communication no. DEM/6064293 of 7/28/2006, we hereby specify that the classifications of income statement items contained in this Directors' Report reflect exactly the Financial Statements.

Allocation of profit for the period

Dear Shareholders, the Financial Statements that we submit to your attention show a profit of EUR 7,654,110.51

We propose to allocate:

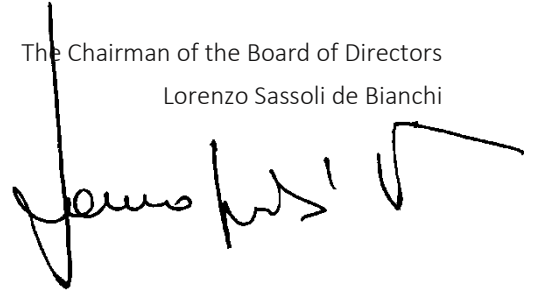
- to the extraordinary reserve: EUR 3,595,557.75
- a dividend of EUR 0.38 for each of the
10,680,402 shares totalling: EUR 4,058,552.76

We hereby propose that the dividends be paid on May 05, 2021, with record date May 04, 2021 and ex-date May 03, 2021.

/

Bologna, March 19, 2021

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi



3 /

Annual Financial
Statements

Annual Financial Report at December 31, 2020

ACCOUNTING STATEMENTS

FIGURES IN EUROS

STATEMENT OF FINANCIAL POSITION	Notes	December 31, 2020	December 31, 2019
CURRENT ASSETS			
Cash and cash equivalents	(1)	29,568,134	36,248,281
Trade receivables, net	(2)	6,944,151	8,088,118
Inventories	(3)	8,528,435	6,783,645
Other current assets	(4)	1,290,545	2,202,445
Total current assets		46,331,265	53,322,489
NON-CURRENT ASSETS			
Goodwill	(5)	21,178,307	8,198,307
Intangible assets	(6)	23,403,049	23,483,736
Property, plant and equipment	(7)	9,547,894	9,629,510
Fixed assets for right of use	(8)	1,918,593	2,096,970
Financial assets	(9)	110,000	110,000
Deferred tax assets	(10)	291,432	170,352
Other non-current assets	(11)	131,315	159,298
Total non-current assets		56,580,590	43,848,173
TOTAL ASSETS		102,911,855	97,170,662

STATEMENT OF FINANCIAL POSITION

Notes

December 31, 2020

December 31, 2019

CURRENT LIABILITIES

Current payables due to banks	(12)	2,625,206	2,592,491
Short-term operative lease payables (lfrs16)	(13)	542,782	536,565
Trade payables	(14)	15,277,564	11,755,366
Tax payables	(15)	701,532	634,989
Provision for risks	(16)	321,057	78,284
Other current liabilities	(17)	2,825,037	2,478,644
Total current liabilities		22,293,178	18,076,339

NON-CURRENT LIABILITIES

Non-current payables due to banks	(18)	3,551,223	6,154,186
M/L-term operative lease payables (lfrs16)	(19)	1,369,822	1,561,449
Other tax payables	(20)	290,986	301,839
Provision for post-employment benefits	(21)	395,002	399,619
Total non-current liabilities		5,607,033	8,417,093

SHAREHOLDERS' EQUITY

(22)

Share Capital		3,524,533	3,517,141
Legal Reserve		700,605	700,605
Revaluation reserve		26,423,946	23,103,715
IAS/IFRS adjustments reserve		(1,202,290)	(1,202,290)
Other reserves		37,910,740	37,353,628
Profit/(loss) for the period		7,654,110	7,204,431
Total Shareholders' equity		75,011,644	70,677,230

TOTAL

102,911,855

97,170,662

ACCOUNTING STATEMENTS

FIGURES IN EUROS

INCOME STATEMENT	Notes	December 31, 2020	December 31, 2019
VALUE OF PRODUCTION	(23)		
Revenue from sales and services		83,460,541	74,777,595
Changes in inventories of finished goods		2,167,045	393,592
Other revenue and income		1,158,701	1,335,699
Total value of production		86,786,287	76,506,886
OPERATING COSTS	(24)		
Purchases		(43,862,518)	(37,264,618)
Services		(17,924,739)	(17,276,699)
Cost of use of assets owned by other, of third party assets		(148,239)	(88,005)
Labour costs		(10,711,084)	(9,650,940)
Changes in raw materials inventory		(422,254)	(103,103)
Other overheads		(1,747,829)	(998,517)
Total operating costs		(74,816,663)	(65,381,882)
GROSS OPERATING RESULT		11,969,624	11,125,004
Amortisation, depreciation and write-downs of fix	(25)	(2,565,178)	(2,366,377)
NET OPERATING RESULT		9,404,446	8,758,627
Net financial income/(charges)	(26)	(112,485)	(150,310)
PRE-TAX PROFIT (LOSS)		9,291,961	8,608,317
TAXES	(27)		
Income taxes		(1,548,831)	(797,122)
Deferred tax assets/liabilities		121,080	(154,005)
Non-recurrent tax effects		(210,099)	(452,759)
Total taxes		(1,637,850)	(1,403,886)
PROFIT/(LOSS) FOR THE PERIOD		7,654,111	7,204,431
Basic EPS	(28)	0.717	0.676
Diluted EPS		0.711	0.669

ACCOUNTING STATEMENTS

FIGURES IN EUROS

STATEMENT OF COMPREHENSIVE INCOME	Notes	December 31, 2020	December 31, 2019
PROFIT (LOSS) FOR THE PERIOD		7,654,111	7,204,431
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD		0	0
Total		0	0
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Actuarial gains/(losses) for IAS 19		(23,987)	(5,304)
Total		(23,987)	(5,304)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (LOSS)		7,630,124	7,199,127

ACCOUNTING STATEMENTS

FIGURES IN EUROS

STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED AT	December 31, 2020	December 31, 2019
(EUR 000)		
A Opening current net cash	33,655,790	30,318,514
B Cash flow from operating activities for the period		
. Profit/(Loss) for the period	7,654,110	7,204,431
. Taxes for the period	1,637,850	1,403,886
. Net financial (income)/charges	112,485	150,310
. Amortisation, depreciation and write-down of fixed assets	2,565,179	2,366,377
. Capital (gains) - Losses from asset disposal	(2,121)	2,599
. Charges for SOP (Stock Option Plans)	746,939	143,215
. Net change in other provisions	340,727	(2,939)
- <i>Cash flow from operating activities before changes in working capital</i>	<i>13,055,169</i>	<i>11,267,879</i>
(Increase)/Decrease in trade receivables	1,033,900	702,442
(Increase)/Decrease in Inventories	(1,761,281)	(381,125)
Increase/(Decrease) in trade payables	3,522,198	514,016
Increase/(Decrease) in other credits	(264,467)	76,828
Increase/(Decrease) in other debits	179,709	(208,213)
- <i>Changes in Working Capital</i>	<i>2,710,059</i>	<i>703,948</i>
Total(B)	15,765,228	11,971,827
C Income tax paid	(337,117)	0
D Cash flow from (used in) investment activities		
- Net increases in property, plant and equipment	(1,478,718)	(1,023,432)
- Net increases in intangible assets	(359,451)	(275,788)
- Purchase of the company brand "Loriana"	(12,980,000)	0
Total(D)	(14,818,169)	(1,299,220)
E Cash flow from (used in) financial activities		
Receipts from issuance of shares from SOP plan 2019-2022	7,392	14,116
Increase/(decrease) in medium/long-term loans	(2,602,963)	(2,591,124)
Increase/(decrease) debt for leasing	(564,707)	(574,227)
Net financial income/(charges)	(112,485)	(150,310)
Dividends	(4,050,041)	(4,033,786)
Total (E)	(7,322,804)	(7,335,331)
F Cash flow for the period (B+C+D+E)	(6,712,862)	3,337,276
G Closing current net cash (A+F)	26,942,928	33,655,790

ACCOUNTING STATEMENTS

FIGURES IN EUROS

STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVE	REALIGNMENT RESERVES	ADJUST. RESERVE IAS/IFRS	OTHER RESERVES	PROFIT/ (LOSS) FOR THE PERIOD	TOTAL SHAREHOLDERS' EQUITY
BALANCE AS AT JANUARY 01, 2019	3,503,025	700,605	16,765,093	(1,202,290)	37,490,166	10,097,960	67,354,559
2019 changes							
Allocation of profit for FY 2018:							
- dividend distribution						(4,033,786)	(4,033,786)
- reserves					6,064,173	(6,064,173)	0
Reclassification of reserves			6,338,622		(6,338,622)		0
CS increase for 2016-2019 SOP	14,116						14,116
SOP charges					143,214		143,214
Comprehensive income/(loss)							
- Result for the period						7,204,431	7,204,431
- Other components of the income statement					(5,304)		(5,304)
BALANCE AS AT DECEMBER 31, 2019	3,517,141	700,605	23,103,715	(1,202,290)	37,353,627	7,204,432	70,677,230
2020 changes							
Allocation of profit for FY 2019:							
- dividend distribution						(4,050,041)	(4,050,041)
CS increase for 2019-2022 SOP	7,392						7,392
Reclassification of reserves			3,320,231		(3,320,231)		0
SOP charges					746,939		746,939
Comprehensive income/(loss)							
- Result for the period						7,654,111	7,654,111
- Other components of the income statement					(23,987)		(23,987)
BALANCE AS AT DECEMBER 31, 2020	3,524,533	700,605	26,423,946	(1,202,290)	37,910,738	7,654,112	75,011,644

NOTES TO THE FINANCIAL STATEMENTS

Introduction

Valsoia S.p.A. (hereinafter “Valsoia” or the “Company”) is a joint stock company established in Italy, registered with the Companies Register of Bologna, with fully paid-up share capital of EUR 3,524,532.66, with registered office in Italy, Bologna, Via Barontini 16/5, listed on the MTA of Borsa Italiana S.p.A.

These Financial Statements for the financial year ended December 31, 2020 have been drafted in compliance with CONSOB Regulation no. 11971 of May 14, 1999, as amended by CONSOB Resolution no. 14990 of April 14, 2005.

These Financial Statements were prepared in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, and they are in compliance with the provisions issued in implementation of article 9 of Legislative Decree 9/2005, as has been done in previous financial years. The term IFRS includes all the revised International Accounting Standards (“IAS”) and all the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), formerly known as the Standing Interpretations Committee (“SIC”).

Valsoia, at the closing date of the financial year, holds a controlling equity investment in Valsoia Pronova d.o.o. (SLO). In consideration of the non-substantial impact of the financial figures of this subsidiary (See *Note 9*), Valsoia does not prepare consolidated Financial Statements. As provided for in the relevant accounting standards, Group reports will be prepared when considered relevant in terms of complete information on the financial and business results of the Group. The relevance will be based, inter alia, on the impact of the financial position and business volume shown by the subsidiaries, any indebtedness pertaining to them and any other factors that may be relevant for the user of the Financial Statements.

The Financial Statements include:

- the statement of the financial position at December 31, 2020, compared with the results of December 31, 2019. The statement of financial position provides a classification based on the current, or non-current, nature of the items comprising it, and in particular:
 - current assets are represented by cash or cash equivalents, by assets that are expected to be realised, sold or consumed during the ordinary operations of the company, by assets held for trading, by assets that are expected to be realised within twelve months from the reporting date. All other assets are classified as non-current.
 - current liabilities are the liabilities that will be presumably extinguished during the ordinary operations of the company or within 12 months from the reporting date, or the liabilities that do not have an unconditional right to the deferral of their extinction beyond twelve months. All other liabilities are

classified as non-current. Pursuant to CONSOB Resolution no. 15519 of July 27, 2006, the financial effects of the transactions with related parties, if significant, are recognised separately in the statement of financial position.

- The income statement for FY 2020, compared with the income statement of the previous year. In particular, it must be noted that the adopted income statement, compliant with the IAS 1 provisions, shows the following interim result, not defined as an accounting measurement according to the IFRSs (therefore it is possible that the definition criteria of such interim results may not be consistent with those adopted by other companies), since the Company's Directors believe that it contains significant information for understanding the Company's results:
 - EBITDA: comprises the Net profit (loss) for the period, before taxes, gains and losses arising from financial operations, amortisation/depreciation and write-downs of fixed assets carried out during the relevant period.

Furthermore, pursuant to CONSOB Resolution no. 15519 of July 27, 2006, we note that the effects of the transactions with related parties and of the significant non-recurring events and transactions and/or atypical/unusual income transactions are shown separately in the income statement, if significant.

- The statement of cash flows for FY 2020, compared with the statement of cash flows of the same period of last year. In preparing the statement of cash flows, the indirect method – by which the profit or loss of the period is adjusted based on the effects of non-monetary operations, by any deferral or allocation of previous or future operating income or payments and by items of costs and revenues related to the financial flows arising from investment or financial activities – was adopted. To ensure a better presentation of the cash flow information, the items Deferred tax assets and liabilities and Provision for post-employment benefits were restated from previous years.
- The statement with changes in Shareholders' equity for 2020 and 2019 including the changes resulting from the first time application of the IFRS 15 standard.
- These Notes to the Financial Statements. As for the tables included in the Notes to the Financial Statements, it was decided, for a better comparison of the Financial Statements items, to compare the figures of December 31, 2020 with the corresponding figures at December 31, 2019.

The Financial Statements, related to the period ended at December 31, 2020, were prepared in EUR, the functional currency of the Company. They consist of the statement of financial position, the income statement and the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the Financial Statements. All the figures shown in the Notes are expressed in EUR thousand, unless otherwise indicated. The separate financial statements are audited by KPMG S.p.A. on the basis of the appointment made by the Shareholders' Meeting of

April 23, 2015 for the period 2015-2023. The Directors authorised publication of these separate financial statements on March 19, 2021. The Shareholders' Meeting called to approve the Financial Statements has the right to request amendments to the financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EU AND EFFECTIVE FROM JANUARY 1, 2020

The accounting standards, amendments and interpretations in effect from January 1, 2020 and endorsed by the European Commission are shown below:

- On October 31, 2018, the IASB published the document “Amendments to IAS 1 and IAS 8: Definition of Material” which aims at fine tuning and aligning the definition of “Material” used in some IFRS standards, so that it is also compliant with the new Conceptual Framework for Financial Reporting approved in March 2018. The application of the new amendment has not involved any significant changes to the financial report at December 31, 2020.
- On March 29, 2018, the IASB published the revised Conceptual Framework for Financial Reporting. The main amendments applied to the 2010 version concern a new chapter on assessment, better definitions and guidance, in particular as regards the definition of liabilities and clarifications on important concepts such as assessment stewardship, prudence and uncertainties. The application of the new amendment has not involved any significant changes to the financial report at December 31, 2020.
- In September 2019, the IASB published the document “Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)”. This document shall apply to financial statements for financial years starting on or after January 1, 2020. The document was approved on January 15, 2020 and published on January 16, 2020. The application of the new amendment has not involved any significant changes to the financial report at December 31, 2020.
- On October 22, 2018, the IASB published various amendments to IFRS 3. The document “Amendments to IFRS 3 Business Combinations” introduced a definition of business that is much more restrictive compared with that of the current version of IFRS 3, as well as a logical path to be followed in order to verify whether a transaction is a “business combination” or is a simple asset acquisition. The amendment has not involved any significant changes to the financial report at December 31, 2020.
- On October 12, 2020, Commission Regulation (EU) 2020/1434 of October 09, 2020 adopting "Concessions on lease payments related to COVID-19 (Amendment to IFRS 16)" was published in the Official Journal L 331, in order to provide optional and temporary COVID-19 related operating support for lessees benefiting from suspensions of lease payments due. The amendment has not involved any significant changes to the financial report at December 31, 2020.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EU AND EFFECTIVE FROM JANUARY 1, 2021

The accounting standards, amendments and interpretations in effect from January 1, 2021 and endorsed by the European

Commission are shown below:

- On May 18, 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts aims to increase transparency on the sources of profit and the quality of profits made and to ensure a high level of comparability of results by introducing a single revenue recognition standard that reflects the services provided. Commission Regulation (EU) 2020/2097 of December 15, 2020 amending Regulation (EC) No 1126/2008 extending the deadline for the temporary extension of the application of IFRS 9 until 2023 was published in the Official Journal of the European Union No L 425 on December 16, 2020.
- On January 14, 2021, Commission Regulation (EU) 2021/25 of January 13, 2021 amending Regulation (EC) No 1126/2008 implementing at European level the amendments adopted on August 27, 2020 by the International Accounting Standards Board of “Reform of interest rate reference indices - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16” was published, taking into account the consequences of effectively replacing existing interest rate reference indices with alternative reference rates. These amendments provide for a specific accounting treatment to allocate over time changes in the value of financial instruments or leasing contracts due to the replacement of the reference index for determining interest rates, thus avoiding immediate repercussions on the profit (loss) for the year and unnecessary terminations of hedging relationships following the replacement of the reference index for determining interest rates. The amendments to the European Regulation shall enter into effect on January 1, 2021.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the date of the approval of this Interim Financial Report, following are some of the new standards, amendments and interpretations, still in a consultation stage, that have been issued by IASB but not yet endorsed by the EU:

Document title	Issue date by the IASB	Date of coming into force of the IASB document	Date of envisaged approval by the EU
Standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	January 1, 2016	Approval process suspended pending the new accounting standard on "rate-regulated activities".
IFRS 17 Insurance Contracts, including subsequent amendments issued in June 2020	May 2017 June 2020	January 1, 2023	TBD
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until the completion of the IASB equity method project	Approval process suspended pending conclusion of IASB project on the equity method

Reference to the Conceptual Framework (Amendments to IFRS 3)	May 2020	January 1, 2022	TBD
Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)	May 2020	January 1, 2022	TBD
Onerous contracts—Cost of fulfilling a contract (Amendments to IAS 37)	May 2020	January 1, 2022	TBD
Annual improvements to IFRS Standards (Cycle 2018–2020)	May 2020	January 1, 2022	TBD
Classification of Liabilities as Current or Non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020	January 2020 July 2020	January 1, 2023	TBD

CHANGES TO ACCOUNTING STANDARDS

This Annual Financial Report has been prepared using the same accounting standards applied by the Company for the preparation of the Financial Statements at December 31, 2020.

FINANCIAL RISK MANAGEMENT

Please see the Annual Financial Report - Directors' Report.

MEASUREMENT CRITERIA AND ACCOUNTING STANDARDS

These Financial Statements have been drawn up in compliance with the International Financial Reporting Standards (“IFRS”) issued by the Accounting Standards Board (“IASB”) and endorsed by the European Union. For this purpose, “IFRS” includes also the International Accounting Standards (IAS) currently in effect, as well as all interpretation documents issued by the International Financial Reporting Interpretations Committee (“IFRIC”), known formerly as the Standing Interpretations Committee (“SIC”). In preparing these Financial Statements, the accounting standards adopted do not differ materially from those used for the preparation of the Financial Statements last year.

MEASUREMENT CRITERIA

These annual financial statements have been prepared on the basis of the historical cost principle, except for any fair value measurement where specifically indicated in the notes, and on a going concern basis. Indeed, Directors gave

careful consideration as to the assumption of the business being a going concern when preparing these annual financial statements and came to the conclusion that there could be no doubt on the matter.

The main accounting standards adopted are explained hereto.

Goodwill

This item refers to the goodwill booked at the time of acquisitions and/or mergers by incorporation. In addition to the goodwill relating to the Cash Generating Unit (hereinafter "CGU") "Santa Rosa", already recorded in the previous financial statements following the merger by incorporation of J&T Italia S.r.l. during FY 2012 and the acquisition of the Business of the same name "Dieta.Tic" during 2017, in FY 2020, following the acquisition of the "Loriana" Business Unit (effective as at December 31, 2020), an item referring to the positive difference between the value of the acquired business unit and the fair value of the individual assets that comprised it at the time of acquisition was recorded under Assets, in Goodwill.

After initial booking, goodwill is reduced for impairment, calculated using the procedures described below ("impairment testing"). In particular, goodwill is subject to recoverability analysis every year, or a more frequently if events or circumstances suggest that impairment may apply. More generally, as at the acquisition date, goodwill is allocated to each of the cash generating units expected to benefit from the synergies deriving from the acquisition. Any impairment is identified through valuations based on the ability of each unit to generate cash flows that will ensure recovery of the portion of goodwill allocated to it. If the recoverable amount of the cash generating unit is lower than the carrying amount attributed, the related impairment loss is recognised. This impairment is not reversed if the reasons that caused it no longer exist.

At the time of the disposal of part or all of the business previously acquired, if that acquisition had generated goodwill, account is taken of the residual value of the goodwill when determining any capital gains or losses on disposal.

Goodwill is not amortised; for more details on the impairment tests made, please refer to the paragraph below entitled "Impairment testing".

Intangible assets

Intangible assets consist of non-monetary items able to generate future economic benefits, which are identifiable but have no physical consistency.

These items are recognised at their acquisition and/or production cost, including expenses directly attributable to rendering the asset available for use, net of any impairment, except if they have been acquired as part of an acquisition process, which provides for their evaluation at fair value.

The useful life of the intangible assets is considered as either definite or indefinite.

The intangible assets with a definite life are amortised based on their useful life and subject to impairment testing whenever there are indications that impairment may have taken place. The period and method of amortisation applied to them are re-examined at the end of each financial year or more frequently if necessary. The changes in the useful

life and procedures according to which future economic benefits connected to the intangible assets are gained by the company are recognised by modifying the period or the method of the amortisation and handled as amendments to the accounting estimates. The portion of the amortisation of the intangible assets with a definite useful life is recognised in the income statement under the cost category that is appropriate for the function of the intangible asset. The intangible assets with an indefinite useful life are tested for impairment every year at the cash generating unit level. No amortisation has been recognised for such assets. The useful life of an intangible asset with an indefinite life is re-examined annually to ascertain that the conditions continue to exist for this classification.

Trademarks

These are recognised at their acquisition cost or, if they have been acquired as part of a company acquisition, based on their estimated fair value pursuant to the International Accounting Standards.

The Directors have decided, pursuant to the recommendations of the International Accounting Standards (and IAS 38 in particular), to consider the “Santa Rosa” trademark as having an indefinite life. The “Santa Rosa” trademark is classified among intangible assets with an indefinite duration, and therefore it is not amortised, based, inter alia, on the following reasons:

- it has a priority role in the Valsoia strategy;
- the trademark is owned and appropriately registered and constantly protected, pursuant to the law, with options for the renewal of the legal protection at the expiry of the registration periods, with limited costs incurred;
- the products marketed by the Company under this trademark are not subject to technological obsolescence, as is also typical of the food sector in which the Company operates;
- the sector of reference of the “Santa Rosa” trademark shows characteristics of stability with a limited impact from product innovation or changes in the market demand;
- the level of trade investments needed to obtain the financial benefits expected from this business sector is sustainable for the Company and falls within the scope of the corporate strategies.

As provided for in the reference accounting standards, the congruence of the value of the “Santa Rosa” trademark recognised in the Financial Statements is verified, at least annually, through an impairment test based on the criteria described in the following paragraph “Impairment Testing”.

On the other hand, the “Dieta.Tic” and “Loriana” trademarks, since they do not present the same characteristics as the “Santa Rosa” trademark in terms of history, awareness and degree of market maturity, were not valued by the Directors as having an indefinite useful life and are therefore subject to amortisation on the basis of a 15 year estimated life.

Industrial patents and intellectual property rights

The licenses acquired which are relative to software are capitalised based on the costs incurred for their purchase and to render them available for use. Amortisation is calculated using the straight line method across their useful life, which

is estimated at 5 years. The costs associated with the development of software programs are recognised as a cost when they are incurred.

Intangible assets generated internally – research and development costs

Research costs are entered in the income statement in the period in which they are incurred.

The intangible assets which are generated internally, resulting from the development of products by the Company, are recognised under assets only if the following terms and conditions are fulfilled:

- the asset is identifiable,
- it is probable that the asset will generate future economic benefits,
- the development costs of the assets can be measured reliably.

These intangible assets are eventually amortised using the straight line method across their relative useful lives.

When the internally generated assets do not meet the above mentioned requirements, the development costs are allocated to the income statement of the year in which they are incurred.

Property, plant and equipment

Property, plant and equipment are recognised at their historical cost, net of accumulated depreciation and any write-downs for impairment. Furthermore, the cost includes every expense which is directly incurred to render the asset available for use. Any interests payable relative to the construction of property, plant and equipment are capitalised and depreciated throughout the life of the class of assets which they are stated under, as required by IAS 23.

For certain property, plant and equipment, during transition to IFRSs, the Company has decided to adopt, rather than the original cost on the date the asset was purchased, the revalued amount in application of specific revaluation laws, since on the date the revaluations were applied, the new value of the assets approximated their market value.

The costs incurred for maintenance and repairs of an ordinary nature are directly allocated to the income statement of the financial year in which they were incurred.

The capitalisation of the costs inherent in the expansion, updating or improvement of the structural elements which are owned or belong to third parties, is carried out only if they fulfil the requirements for a separate classification as assets or parts of an asset. The carrying amount is amended by the systematic depreciation, which is calculated based on the estimated useful life.

Depreciation is determined, at constant rates, by the cost of the asset and net of residual values that are relative, when these can be reasonably estimated, depending on their estimated useful life applying the following rates (major categories):

Category	Rate
Industrial buildings	4%
Residential buildings	3%
Temporary constructions	10%
Plant and machinery	7.5% - 8% - 10% - 14% - 15%
Industrial equipment	20%
Electronic equipment	20%
Furniture and equipment for the offices	12%
Vehicles	25%
Land is not depreciated.	

If the asset being depreciated is composed of elements which are distinctly identifiable, the useful life of which differs significantly from that of the other parts that compose the asset, the depreciation is carried out separately for each of the parts that compose it in application of the component approach, if the effect is deemed as significant.

The depreciation period begins from the time that the asset is available for use and ends on the date on which the asset is classified as held for sale, pursuant to IFRS 5 or the date on which the asset is eliminated from the accounts, whichever is earlier. Any changes in the depreciation schedule are applied prospectively.

Gains and losses deriving from the sale or disposal of assets are determined as the difference between the sales revenue and the net carrying amount of the assets, and are charged to the income statement.

Right-of-use assets

The Company recognises right-of-use assets on the lease commencement date (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease liabilities, initial direct costs incurred and lease payments made on or before the commencement date net of any incentives received.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects the fact that the lessee will exercise the purchase option, the lessee shall depreciate the right-of-use asset from the commencement date until the end of the useful life of the underlying asset.

Lease liabilities

At the effective date of the lease, the company recognises lease liabilities by measuring them at the present value of the lease payments not yet paid at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate, and

amounts expected to be payable as residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that such option will be exercised by the Company and lease termination penalty payments if the lease term takes into account the Company's exercise of its lease termination option.

Variable lease payments that do not depend on an index or rate are recognised as an expense in the period (unless incurred in the production of inventories) in which the event or condition that generated the payment occurs.

In calculating the present value of payments due, the Company uses the marginal borrowing rate at the commencement date if the implied interest rate is not readily determinable. After the effective date, the amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect payments made. In addition, the carrying amount of lease payables is restated in the event of any changes to the lease or for the revision of the contractual terms for the modification of payments; it is also restated in the presence of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or the rate used to determine such payments.

Short-term leases and leases of low-value assets

The Company applies the exemption for the recognition of short-term leases (i.e., leases that have a term of 12 months or less from the commencement date and do not contain an option to purchase). The Company also applied the low value asset lease exemption with respect to leases related to equipment considered as being of low value. Fees relating to short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Financial assets

Financial assets consist of the equity investment in a foreign subsidiary that is not consolidated, since the equity and financial figures for 2020 are of a negligible amount. These assets are recorded at the historical cost, amortised as necessary for impairment. When there is evidence that this equity investment has become impaired, it is recognised in the income statement as a write down. If the Company's interest in the losses of the investee company exceeds the carrying amount of the equity investment, the value of the investment will be written off entirely and any further losses will be recorded under liability provision if the Company is to be held liable. If the impairment is subsequently found not to exist or has been reduced, the relative amount is written back to the income statement.

Impairment Test

At least each year, at the reporting date, the Company reviews the carrying amount of goodwill and of the intangible assets with an indefinite useful life to determine whether there are indications that these assets have become impaired. Should this be the case, their recoverable amount is estimated in order to calculate the potential amount of the write-down. When it is not possible to estimate the recoverable value of the assets individually, the Company makes an

estimate of the recoverable value of the cash generating unit which the asset belongs to.

The recoverable amount is the greater between the fair value net of selling costs and the value in use. In determining the value in use, the estimated future cash flows are discounted at their current value using a rate gross of taxes which reflects the current valuations of the market regarding the value of money and the specific risks inherent in the asset.

If the recoverable amount of an asset (or of a cash generating unit) is considered to be lower than the relative carrying amount, it is reduced to the lower recoverable value. Impairment is recognised directly in the income statement.

When there is no longer any reason for a write-down to be maintained, the carrying amount of the asset (or of the cash generating unit), with the exception of goodwill, is restated at the new value deriving from the estimate of its recoverable value; however, this new value cannot exceed the net carrying amount which the asset would have had if the write-down for impairment had not been made. The write-back of the value is charged to the income statement directly, unless the asset is valued at a re-valued amount, in which case the write-back is charged to the revaluation reserve.

Inventories

The inventories shall be measured at the lower of cost and net realisable value.

Costs include direct materials and, where applicable, direct labour, the general production expenses and other costs incurred to bring the inventories to their current location and status.

The cost is calculated using the average weighted cost method for inventories of raw materials, ancillary materials and goods.

The finished products originating from the Serravalle Sesia facility are measured using the industrial production cost method which, essentially, is similar to the average weighted cost method.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Trade receivables

Trade receivables are recognised at nominal value, reduced by an appropriate write-down in order to reflect the estimate of the losses on receivables and therefore measure the receivables themselves at fair value. When there is objective evidence that the receivables are impaired, a write-down is recorded in the income statement to reflect this impairment.

If, given the payment terms that have been granted, a financial transaction takes place, the receivables are measured at their amortised cost through discounting of the nominal value to be received, allocating the discount as financial income.

Current financial assets

Financial assets are recognised and reversed in the Financial Statements on the basis of the trading date and are initially valued at cost, inclusive of direct charges associated with the acquisition. The Company determines the classification of its financial assets after the initial resolution and, where appropriate and permitted, it reviews this classification at the end of each year. This category includes the financial assets that fulfil the following two conditions:

- the financial asset is owned according to a business model, the objective of which is achieved through the collection of the financial flows as set forth contractually (“Held to collect” business model) and
- the contractual terms of the financial asset envisage on specific dates, cash flows represented purely by payments of principal and interest on the amount of principal to be repaid (“SPPI test” passed).

According to the general rules stated in IFRS 9 as regards the reclassification of the financial assets, any reclassification under other categories of assets is not permitted, unless the Company modifies its business model for the management of the financial assets. In these cases, the financial assets may be reclassified from the category valued at amortised cost to the other two categories as set forth in IFRS 9 (Financial Assets valued at fair value with impact on the comprehensive income or Financial Assets designated at fair value with impact on the income statement).

The financial assets which the Company intends and is able to hold until maturity (“Held to collect”) are recorded at the amortised cost, using the effective interest rate method, net of the write-downs made in order to reflect any impairment.

The financial assets other than those held to maturity are classified as held for negotiation and are designated at the end of each period at fair value, with impact on the comprehensive income or in the income statement according to the business model adopted by the Company for the valuation of financial assets.

Cash and cash equivalents

The item relative to the cash and cash equivalents includes the cash, current bank accounts, demand deposits and other current financial investments with high liquidity which are easily convertible into cash and are subject to an insignificant risk of fluctuation in their value.

Derivative financial instruments

The Company can use derivative financial instruments to hedge risks deriving from interest rate fluctuations, exchange rate fluctuations and fluctuations in the price of raw materials.

The derivative financial instruments are initially recognised at cost and adjusted to their fair value on the subsequent closing dates. Though such derivative instruments are not held for trading purposes, but exclusively to hedge against the aforementioned risks, they do not always cover the requirements set forth in IAS 39 to be defined as hedging

instruments. The changes in the fair value of the derivative instruments that are eligible hedges are recognised under the equity reserves, net of the relative tax effect, and under the “other income statement components” in the statement of comprehensive income.

The changes in fair value of the derivative instruments that are not eligible as hedges are recognised in the income statement of the period in which they originated as are the effects deriving from early redemption of the derivative, whether partial or total. The fair value of the instruments at the end of the period is recognised under “Cash and cash equivalents” if positive, or under item “Other current liabilities” if negative.

Provision for risks

Provisions for risks are recognised in the Financial Statements when the Company is required to honour a current obligation (legal or implicit) resulting from a past event and it is probable that funds will be paid to cover this obligation, the amount of which can be reasonably estimated. Provisions are made on the basis of the best estimate, calculated by the Directors, of the costs required to fulfil the obligation at the reporting date, and they are discounted, when the effect is significant.

The changes in the estimate are reflected in the income statement of the period in which the change took place.

Employee benefits

Post-employment benefit plans

Payments for defined contribution plans are allocated to the income statement in the period in which they are due; from 2007, payments into the Provisions for post-employment benefits (severance pay) fall under this category, following the amendments made to the severance pay by the Financial Law. For defined benefit plans, the costs relative to the benefits provided is determined by using the “projected unit credit method”, making the actuarial valuations at the end of each period. The actuarial gains and losses are recognised in the income statement in the period in which they take place. All the costs relative to an increase in the current value of the obligation for defined benefit plans, as the time the benefits have to be paid draws nearer, and on the other hand expenses which fall under the allocation for the pension plan funds are recognised in the income statement under labour costs. Allocations made up to December 31, 2006 for post-employment benefits are classified under defined benefit plans.

Remuneration plans in the form of stock options

In line with the indications of IFRS 2, the Company classifies stock options under “share-based payments” and provides, for the type that falls under the “equity settled” category with physical delivery of the shares, the determination on the assignment date of the fair value estimate of the option rights issued and recognition as personnel cost to be distributed on a linear basis throughout the vesting period, offset by an appropriate equity reserve. This allocation is made on the

basis of the estimated amounts that will accrue to the personnel that are entitled, considering that conditions for the use thereof are not based on the market value of these rights. Determination of the fair value is made using the “binomial” model.

Payables

Payables are recognised at their nominal value, representative of the fair value, except for any non-interest bearing non-current loans that are discounted.

Loans

Loans are recognised, at the date of their inception, at the fair value of the amount received net of any additional acquisition charges. Subsequently, the loans are valued with the criteria of the amortised cost using the actual interest rate method.

Share capital

The share capital consists of the capital subscribed and paid up by the Company's Shareholders. The costs which are strictly connected to the issuing of new shares reduce the share capital, net of any deferred tax effect.

Revenue recognition

Sales revenue of the Company is represented primarily by the sales of mass consumption food products and secondarily by sales of semi-finished products intended for the food industry.

Sales revenue is recognised at the time of their delivery to the customer, except in those cases, as per IFRS 15, when the Company maintains the economic control also subsequently to the transfer. Within the scope of its activities, Valsoia may use, for marketing its products, sales agents; in this case, the sales revenue is recognised at the delivery to the final user, net of the fees due to the agent.

Sales revenue, as recognised above, is shown net of rewards and commercial discounts and, if existing, all expenses related to activities performed by the customers under the trade and sale policies agreed upon with the Company (contribution for promotional activities, loyalty cards, listing fees, discount coupons, etc.), are deducted.

Foreign currency transactions

The transactions in foreign currencies are converted into EUR at the exchange rate applicable on the transaction date.

At the end of the year, the financial assets and liabilities denominated in foreign currencies are aligned with the exchange rates applicable at the end of the year. The non-monetary assets expressed at fair value which are denominated in a foreign currency are converted at the exchange rates applicable on the date on which the fair values were determined. The exchange differences emerging from settlement of the monetary items and the restatement thereof at the current rates at the end of the period are allocated to the income statement of that period, except for differences on non-monetary assets which are expressed at fair value, the changes of which are recognised directly under equity, as is the exchange component.

Taxes

Taxes for the year represent the amounts of the current and deferred taxes, net of revenues deriving from any tax benefits with retroactive effect.

Current taxes are based on the taxable income for the year. Taxable income differs from the result recorded in the income statement, as it excludes positive and negative components which will be taxable or deductible in other years, and items which will never be taxable or deductible. Liabilities for current taxes are calculated using the rates applicable at the reporting date.

Deferred tax assets and liabilities are those taxes which are expected to be paid or recovered on temporary differences between the carrying amount of the assets and liabilities in the Financial Statements and the corresponding tax value used in calculating the taxable amount. Deferred tax liabilities are generally recognised for all temporary taxable differences, while the deferred tax assets are recognised to the extent that it is considered probable that there will be taxable results in the future that will absorb the temporary deductible differences. The carrying amount of deferred tax assets is reviewed on each reporting date and reduced to the extent that the existence of taxable income sufficient to allow recovery in whole or in part of these assets is no longer probable.

Deferred tax assets and liabilities are calculated based on the tax rate that is expected to be applicable at the time that the realisation of the assets or the repayment of the liabilities are expected to take place. The deferred tax assets and liabilities are allocated directly to profit or loss, except for those which are relative to items directly related to equity, in which case the relative deferred taxes are also allocated to equity.

Current and deferred tax assets and liabilities are offset when income taxes are applied to the same tax authority and when a legal right to compensation exists.

Earnings per share

The basic earnings per share are calculated dividing the Company's net profit for the period by the number of ordinary shares outstanding during the year.

The diluted earnings per share are calculated adjusting the weighted average of the number of ordinary shares outstanding, assuming the conversion into ordinary shares of all potential shares with a dilutive effect.

Dividends

These are recognised when Shareholders become entitled to receive payment. This normally corresponds to the shareholders' meeting resolution to distribute dividends. The distribution of dividends is therefore recorded as a liability in the statement of financial position at the time the distribution thereof is approved by the Shareholders' Meeting.

Segment Information

According to IFRS8 - Operating segments, an operating segment is a component of an entity: a) which undertakes business activities that generate revenues and costs (including revenues and costs involving operations with other parts of the same entity); b) whose operating results are reviewed periodically at the highest operating decision-making level in order to adopt the decisions regarding the resources to be allocated to the segment and the assessment of the results; c) for which separate financial statement information is available.

No operating segments characterised by the autonomous nature of their products/services and production processes with the above mentioned characteristics were identified within the Company.

Therefore, no segment information is provided, as the requirements do not apply.

Hierarchical fair value assessment levels

Financial instruments (IFRS 7) recognised in the statement of financial position and income statement at fair value (as defined by IFRS 13) must be classified on the basis of a hierarchy of levels which reflects the significance of the inputs used to determine the fair value. The following levels are distinguished:

- Level 1 – prices observed on the active market for assets and liabilities subject to evaluation;
- Level 2 – inputs other than the listed prices above, which can be observed directly (prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are not based on observable market data.

Relative to the Financial Statements of Valsoia, these concepts are applicable to the evaluation of:

- Level 2: derivative contracts, stock option plans, the “Santa Rosa” trademark, the “Santa Rosa” goodwill, the “Diete.Tic” goodwill and the “Loriana” goodwill.

The hierarchical level associated with the other items of the Financial Statements is 3.

Use of estimates

The preparation of the Financial Statements requires the Directors to apply accounting standards and methodologies

that, under certain circumstances, consist of evaluations and estimates based on historical experience and assumptions that are considered reasonable and realistic from time to time in relation to the relative circumstances. Application of these estimates and assumptions influences the amounts shown in the financial statement schedules, such as the statement of financial position, income statement and statement of cash flows, as well as the notes. The final results of the financial statement items for which the aforementioned estimates and assumptions were used, may differ from those shown in the Financial Statements due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based. Following, we describe briefly the accounting standards which require, more than others, a greater degree of the subjectivity on behalf of the Directors insofar as the estimates they make and for which a change in the conditions underlying the assumptions could have a significant impact on the Company's Financial Statements.

Goodwill and trademarks with an indefinite useful life – Estimate of the degree of recoverability

The Company presents in its Financial Statements amounts which are recognised as goodwill and trademarks with an indefinite useful life. These amounts are not amortised and they are tested for impairment, at least annually, in line with the indications set forth under IAS 36, based on the cash flow forecasts for the upcoming financial periods which are reflected in the Business Plan.

An impairment test was carried out, approved by the BoD on March 19, 2021, in reference with the accounting values recognised at the date of the Financial Statements in order to identify any loss for reductions in the value of the “Santa Rosa”, “Dieta.Tic” and “Loriana” CGUs versus their recoverable value. This recoverable value is based on the use value which is determined through the method of discounted cash flows.

Conducting impairment tests requires significant judgement skill, especially in formulating estimates such as:

- the expected financial flows for the measurement of which it is necessary to keep into account their general financial and sector performance, as well as the cash flows generated by the CGU that was subject to analysis in the previous years;
- the financial parameters to be used for the afore-mentioned discounted cash flows.

In addition, the Plan for 2021-2025 (hereinafter the “Plan”) approved by the Directors of the Company on March 19, 2021, on which the estimate of the expected financial flows is based, is characterised by the uncertainties that are typical of any estimation process.

In the event that future company and market scenarios are different than those that were assumed when the aforementioned forecasts were compiled, the value of the goodwill and the trademarks could be subsequently subject to write-downs.

Recoverable amount of non-current assets

Non-current assets include property, plant, machinery and other assets, equity investments and other non-current assets. The company regularly monitors the carrying amounts of non-current assets held and used or that will be sold, whenever events or circumstances warrant such checks. The company regularly monitors the recoverability of non-

current assets' carrying amounts by estimating the cash flows expected from the use or sale of the asset and discounting them to calculate the asset's present value. When a non-current asset has undergone impairment, the company recognises an impairment loss equal to the difference between the asset's carrying amount and its recoverable amount through use or sale, calculated using the cash flows included in the most recent business plans. The estimates and assumptions used in this analysis reflect the Company's knowledge of business developments and take into account forecasts that are believed to be reasonable regarding future market and industry developments. It cannot be ruled out that different developments in the markets and sectors in which the Company operates could lead to values that differ from the original estimates and, where necessary, to adjustments in the carrying amount of certain non-current assets.

Depreciation

The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The economic useful life of the Company's fixed assets is determined by the Directors at the time the fixed asset is acquired; it is based on historical experience for similar fixed assets, market conditions and anticipations regarding future events that could have an impact on the useful life, including changes in technology. Therefore, the effective economic useful life may differ from the estimated useful life. The Company periodically evaluates technological and industry changes to update the remaining useful life. This periodic update could result in a change in the depreciation period and therefore also in the depreciation charge for future years.

Employees benefits – Post-employment plans

The provision for employee benefits, the costs and financial charges associated with those provisions are assessed on the basis of an actuarial methodology that requires the use of estimates and assumptions. The actuarial methodology considers parameters of a financial nature such as, for example, discount rates, the rates at which salaries increase, and considers the possibility that potential future events could occur through the use of parameters of a demographic nature such as for example the rates that refer to mortality and resignations or the retirement of employees. In particular, the discount rates used as a reference by the company are rates or curves of rates applicable to high quality corporate bonds.

Employees Benefits – Remuneration plans in the form of stock options

The Company has adopted Stock Option Plans as incentives. The currently active "2019-2022 Stock Option Plan" is intended for the senior managers/executives of the Company, based on the work performed and the responsibilities assigned, as well as for the General Manager. The rights can be exercised exclusively by the beneficiaries who have been, uninterruptedly, employees of the Company up to the time of the subscription of the shares. In this plan, option rights are assigned on newly issued shares, half of which will mature ("Objective 1"), annually based on the achievement of the Company's economic performance targets measured on EBITDA and, for the other half ("Objective 2"), annually on the basis of the achievement of objectives the Company's economic outperformance is always measured on EBITDA.

With reference to Objective 1, the rights may be exercised annually, starting from the date of approval of the Financial Statements for the year ended December 31 of each financial year included in the Plan, exclusively by the beneficiaries who have been employees of the Company without interruption up to that moment. With reference to Objective 2, the rights may be exercised only at the end of the three-year period to which the Plan refers and as from the date of approval of the Financial Statements for the year ended December 31, 2021, exclusively by the beneficiaries who have been employees of the Company continuously until that date.

For both Objectives, the deadline for the exercise of accrued option rights is December 31, 2022 (for more details, please refer to the Information Document of the 2019-2022 Stock-Options Plan published on the website www.valsoia.it in the Investor Relations section).

In compliance with the IFRS 2 accounting standard, the Company has estimated the expenses to be borne, deriving from the above plan, by assessing:

- the percentage of probability in achieving the objectives set out in the plan and the consequent number of option rights accrued by the beneficiaries, based on the plans set out by the company and the estimated probability of their achievement;
- the various fair values of the assigned option rights. These values were determined, in reference with the date of the actual granting of the option rights by the Board of Directors, using the Black and Scholes method.

Should future scenarios be different from the assumed ones when the aforementioned forecasts were formulated, the final charges could be subsequently subject to adjustments.

Allowance for doubtful accounts

In order to determine the level that is appropriate for the allowance for doubtful accounts, Valsoia assesses the possibility of collecting the receivables based on the solvency of every debtor, the ageing of the receivables and the losses recognised in the past for similar receivables. The quality of the estimates depends on the availability of updated information regarding the solvency of the debtors.

Provision for stock obsolescence

The final inventories of products considered obsolete or slow-moving are periodically subjected to specific valuation tests, taking into account past experience, historical results and the probability of realisation of the goods under normal market conditions. If these analyses reveal the need to reduce the value of inventories, the management makes the appropriate write-downs.

Deferred tax assets

Recognition of deferred tax assets is based on income expectations over future financial periods. The valuation of the expected revenue for the purposes of recognising deferred taxes depends on factors that could vary over time and which have significant effects on the valuation of active deferred taxes.

Contingent liabilities

In relation to potential disputes, lawsuits and other claims, and in order to determine the level that is appropriate for the provision for risks and charges relative to such contingent liabilities, Valsoia verifies that the claims made by the counterparties are well-founded, the correctness of our own operations, and assesses the amount of any loss resulting from potential outcomes. Furthermore, the Company consults its own legal advisers regarding the problems relative to disputes that arise during the course of its activities. The determination of the amount of the provision for risks and charges which could be necessary for contingent liabilities is carried out after careful analysis of each problem category. Determining the amounts required for the provision for risks and charges is subject to amendments based on the developments of any issue.

Related parties

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, the Notes contain details regarding transactions with related parties. The effects of these transactions on the statement of financial position and income statement, as well as on the company's cash flows are not shown because they are not significant.

Analysis of the breakdown of the main items of the statement of financial position

Current assets

Note (1) – Cash and cash equivalents

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Cash	2	3
Current accounts and bank deposits	29,566	36,245
Total Cash and cash equivalents	29,568	36,248

At December 31, 2020, the Company uses variable interest income rates between 0.0% and 0.1%, substantially in line with the previous period.

Following are details on the Net Financial Position at December 31, 2020 and December 31, 2019.

For details about changes in the Net Financial Position, please refer to the Directors' Report, presented together with this financial report, in addition to the contents of the statement of cash flows.

Description (EUR 000)	31.12.2020	12.31.2019
Cash	2	3
Current accounts and bank deposits	29,566	36,245
Current financial assets	0	0
Total cash and cash equivalents	29,568	36,248
Current loans and borrowings	(2,603)	(2,592)
Short-term lease payables (IFRS16)	(543)	(537)
Current net financial position	26,422	33,119
Non-current loans and borrowings	(3,576)	(6,154)
Medium/long-term lease payables (IFRS16)	(1,370)	(1,561)
NET FINANCIAL POSITION	21,476	25,404

Note (2) - Trade receivables (net)

Trade receivables derive from ordinary sale transactions, mainly with national operators in the Large-scale retail and Wholesale sectors.

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Trade receivables (nominal value)	7,958	8,992
Allowance for doubtful accounts	(1,014)	(904)
Total trade receivables	6,944	8,088

Trade receivables are shown net of the allowance for doubtful accounts, determined in accordance with the new IFRS9 standard, on the basis of a prudent estimate of collection risks, taking into account the information available on the risk of insolvency of the individual positions, their seniority and the losses on receivables recognised in the past for similar types of receivables, as well as projections of average collection times by type of counterparty and geographical area.

. Following a review of debt collection operating procedures, there was a significant reduction in trade receivables at December 31, 2020.

The following table shows a summary of the afore-mentioned trade receivables, broken down by ageing, which shows a decrease in past due receivables.

Description	12.31.2020	12.31.2019
Trade receivables (nominal value)		
- past due by over 12 months	427	361
- past due by over 30 days	115	543
- expired at the date	2,294	1,805
- with subsequent expiry	5,122	6,283
Total trade receivables (gross)	7,958	8,992

The receivables that are past due by over 12 months are represented primarily by receivables pending legal resolution.

Following are the changes in the allowance for doubtful accounts.

Description	12.31.2020	12.31.2019
Opening balance	904	1,029
- (usage)	(1)	(173)
- allocations	111	48
Total allowance for doubtful accounts	1,014	904

The allowances made for doubtful accounts are recognised under the item Other overheads in the income statement. The decline in the allocation compared with the previous year reflects the reduction in receivables as shown in the previous table.

At December 31, 2020, the Company had existing receivables in foreign currency for a total of GBP 78.7 thousand.

Note (3) - Inventories

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Raw materials, ancillary and consumable materials	1,452	1,846
Work in process	143	153
Finished goods	6,933	4,785
Total inventories	8,528	6,784

The value of stocks of raw, ancillary and consumable materials is substantially in line with the previous year. As regards Finished Products, the value increased as a result of both the increase in sales revenues and the stockpiling policies

implemented throughout the year, and also in the latter part of the year, to deal with the potential problems caused by the effects of the COVID-19 pandemic on the logistics and production chains of all products. The measurement of the closing inventories is carried out net of the provision for inventory obsolescence, amounting to a total of EUR 514 thousand (EUR 497 thousand at December 31, 2019), in order to adjust its assessment to the value of the presumed realisation, also in consideration of the risk for obsolescence thereof (“expiry date”).

Inventories are not subject to any obligations or restrictions related to property rights.

The table below provides a breakdown of the movements in the provision for inventory obsolescence:

Description	12.31.2020	12.31.2019
Provision for inventory obsolescence of raw and ancillary materials		
Opening balance	281	161
- provisions made / (uses)	83	120
Balance at December 31	364	281
Provision for inventory obsolescence of finished products and goods		
Opening balance	216	246
- provisions made / (uses)	(66)	(30)
Balance at December 31	150	216
Total Provision for inventory obsolescence	514	497

Note (4) - Other current assets

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Tax receivables	752	1,956
Prepayments and accrued income	42	59
Other current receivables	497	187
Total other current assets	1,291	2,202

Tax receivables as at December 31, 2020 were down compared to the end of the previous year, due to the use made of them during 2020 to offset payables arising from ordinary tax maturities during the year. The credit was originally recognised in FY 2018 following the agreement reached with the Tax Authorities regarding the so-called “patent box” relief, with reference to financial years 2015 to 2018 against the presentation of specific supplementary declarations and subsequently integrated with the credit, for the same relief, relating to FY 2019.

“Other short-term receivables” increased compared with last year due to advances to suppliers on orders in progress.

Non-current assets

Note (5) – Goodwill

The item Goodwill shows the following changes for the period:

Description	12.31.2019	Changes for the period		31.12.2020
	Net value	Increases	Other increases/ (decreases)	Value value
Santa Rosa Goodwill	3,230	0	0	3,230
Diete.Tic goodwill	4,968	0	0	4,968
Loriana goodwill (to be allocated)	0	9,255	0	9,255
Total goodwill	8,198	9,255	0	17,453

The goodwill recognised derives:

- with regard to Santa Rosa, from the allocation of the residual amount of the premium on the value of the investment, compared to the fair value of the assets and liabilities of J&T Italia S.r.l., the company to which the Santa Rosa business referred, following its merger by incorporation in previous years;
- with regard to Diete.Tic, from the process of Purchase Price Allocation as regards the positive difference between the Business Unit value concerning the liquid sweetener “Diete.Tic” acquired on October 02, 2017 and the fair value of the single assets that compose it.
- The increase in goodwill derives from the process of Purchase Price Allocation as regards the positive difference between the Business Unit value concerning Piadina “Loriana” acquired on December 31, 2020 and the fair value of the single assets that compose it. This surplus value, based on the estimate from an independent third party expert, was consequently allocated to the goodwill of the “Loriana” CGU.

Pursuant to IAS/IFRS, goodwill is not amortised but is tested for impairment at least once a year, when preparing the financial statements, as required by IAS 36 and as described in Note 6 below.

For comparison purposes, we show the movement of goodwill in the previous year:

Description	12.31.2018	Changes for the period		12.31.2019
	Net value	Increases	Other increases/ (decreases)	Value value
Santa Rosa Goodwill	3,230	0	0	3,230
Diete.Tic Goodwill	4,968	0	0	4,968
Total goodwill	8,198	0	0	8,198

Note (6) – Intangible assets

The item Intangible assets shows the following changes for the period:

Description	12.31.2019	Changes for the period		31.12.2020
	Net value	Increases/(decreases) Net	Amortisation/depreciation / impairment	Value value
Trademarks	21,147	3,760	(85)	24,822
Industrial patents and intellectual property rights	2,214	266	(259)	2,221
Other	123	57	(95)	85
Total Intangible assets	23,484	4,083	(439)	27,128

The increases for the period refer primarily to the recognition of the “Loriana” trademark (EUR 3,725 thousand), valued upon their first recognition at fair value, belonging to the Business Unit relating to the piadina “Loriana”, acquired during the period. The fair value of the “Loriana” trademark was measured with the support of a third party independent expert, using a market method called “relief from royalties”. This method of measurement, which uses inputs that are observable from the market, is a methodology that is preferred by the accounting standards. During the measurement process, a 10.0% WACC rate was used. As provided in the method used, this rate was applied to the revenue flows in the multiple year plans compiled by the company and approved by the Board of Directors on November 12, 2020.

The increases for the period refer mainly to the purchase of software licenses and printing systems.

The item Trademarks mainly refers to the Santa Rosa trademark of EUR 20,060 thousand, valued at fair value as part of the allocation of the value of the investment in J&T Italia S.r.l. following the aforementioned merger by incorporation. The Santa Rosa trademark, as allowed by IAS 38 and in line with that applied in previous years, has been considered as having an indefinite useful life and therefore it is not amortised, based on the following reasons:

- it has a priority role in the Valsoia strategy;
- the trademark is owned and appropriately registered and constantly protected, pursuant to the law, with options for the renewal of the legal protection at the expiry of the registration periods, with limited costs incurred;
- the products marketed by the Company under this trademark are not subject to technological obsolescence, as is also typical of the food sector in which the Company operates;
- the sector of reference of the “Santa Rosa” trademark shows characteristics of stability with a limited impact from product innovation or changes in the market demand;
- the level of trade investments needed to obtain the financial benefits expected from this business sector is sustainable for the Company and falls within the scope of the corporate strategies.

The value of the Santa Rosa trademark is tested for impairment at least annually at the time of the drawing up of the

annual financial statements, in accordance with the matters envisaged by IAS 36.

Intangible assets also include trademarks and patents, valued upon their first recognition at fair value, belonging to the Business Unit producing the liquid sweetener “Diete.Tic”, acquired during 2017. The net book value, at the end of the period, of the “Diete.Tic” trademark was EUR 1,001 thousand and the patents were EUR 1,893 thousand. The fair value of the Diete.Tic trademark and of the Patents protecting the production process was measured with the support of a third party independent expert, using a market method called “relief from royalties”. This method of measurement, which uses inputs that are observable from the market, is a methodology that is preferred by the accounting standards. The Patents are amortised according to their residual useful life based on their expiry date; the “Diete.Tic” trademark, according to the considerations above, is amortised based on its useful life, estimated at 15 years.

For comparison purposes, we show the changes to the *Intangible assets* that occurred in the previous year:

Description	12.31.2018	Changes for the period		12.31.2019
	Net value	Net Increases/decreases	Depr./ Write-downs	Value value
Trademarks, licenses and similar	21,233	0	(86)	21,147
Industrial patents and intellectual property rights Other	2,439	137	(362)	2,214
Other	72	139	(88)	123
Fixed asset Intangible	23,744	276	(536)	23,484

6.1 Impairment Test

As indicated previously in the section on the accounting standards, Valsoia S.p.A. carries out impairment testing as required by IAS 36 on an annual basis, even if there are no indications of impairment, to verify the degree of recoverability of the value of the goodwill on the trademarks “Santa Rosa” and “Diete. Tic” brands and the “Santa Rosa”, “Diete.Tic” and “Loriana” goodwill.

Upon the closing of the Financial Statements for 2020, impairment tests were carried out and were subject to the specific approval by the Board of Directors prior to approving the Financial Statements for the year.

In particular, in application of the methodology indicated by IAS 36, Valsoia S.p.A. identified the cash generating units (CGUs) that represent the smallest identifiable group able to generate independent cash flows.

The value in use is represented by the current value of the Discounted Cash Flows that are expected to be derived from the continuous use of the assets relative to the CGUs and the final value attributable to them and, for the purposes of verifying the recoverability of the recognised values, it was compared with the net accounting value attributed to the property, plant and equipment and the intangible assets of the CGU, including the goodwill, in addition to an evaluation of the estimated operating net working capital.

The determination of the Enterprise Value involves the following operations:

- estimate of the future cash flows (positive and negative) deriving from the ongoing use of the asset and its final disposal;
- discounting of the afore-mentioned cash flows by applying an appropriate discount rate.

The value in use of the CGUs was estimated using the UDCF (“Unlevered Discounted Cash Flow”) model applied to the cash flows included in the 2021 - 2025 multi-year plans approved by the Company’s Board of Directors on March 19, 2021 for the Santa Rosa, Diete.Tic and Loriana CGUs. After the analytical forecast period, a terminal value was determined assuming as a perpetual operating flow, the net operating profit less adjusted tax (Noplat) for the last financial year of the Plan.

Following are the main parameters and results from the Impairment tests carried out.

Impairment Test of Santa Rosa CGU

- Discount rate (WACC) = 6.20% (6.85% at 12.31.2019)
- Growth rate of the terminal value (g rate) = 1.0 % (1.0% at 12.31.2019)
- Enterprise Value = EUR 42.0 million (34.3 million at 12.31.2019)
- Book value of CGU net assets (*) = EUR 24.6 million (EUR 25.9 million at 12.31.2019)
- Cover: EUR 17.4 million (EUR 8.4 million at 12.31.2019).

(*) trademark, goodwill, plants and equipment and net working capital

Based also on the indications contained in the document no. 2 issued jointly by the Bank of Italy, Consob and ISVAP on February 6, 2009, we elaborated the sensitivity analysis on the test results compared to the variation of the basic assumptions (WACC and g-rate) which affect the value in use of the cash generating unit. In particular, the sensitivity analyses refer to the following aspects:

- a change of 0.5 percentage points of the growth rate g (g-rate) used for the test base;
- a change of 0.5 percentage points of the discount rate (WACC) compared to the rate used for the base test.

The following table summarises the gains resulting from this sensitivity analysis from which no situations of potential impairment arose also considering a concurrent worsening of the market variables being considered.

		Wacc		
		5,70%	6,20%	6,70%
g rate	0,50%	18.080	14.744	11.946
	1,00%	21.426	17.457	14.186
	1,50%	25.562	20.742	16.850

Impairment Test of DIETE.TIC CGU

- Discount rate (WACC) = 6.53 % (7.43% at 12.31.2019)
- Growth rate of the terminal value (g rate) = 1.0% (1.0% at 12.31.2019)

- Enterprise Value = EUR 26.0 million (EUR 19.2 million at 12.31.2019)
- Book value of CGU net assets (*) = EUR 8.2 million (EUR 8.6 million at 12.31.2019)
- Cover: EUR 17.8 million (EUR 10.6 million at 12.31.2019)

(*) trademark, patents, goodwill, plants and equipment and net working capital

Based also on the indications contained in the document no. 2 issued jointly by the Bank of Italy, Consob and ISVAP on February 6, 2009, we elaborated the sensitivity analysis on the test results compared to the variation of the basic assumptions (WACC and g-rate) which affect the value in use of the cash generating unit. In particular, the sensitivity analyses refer to the following aspects:

- a change of 0.5 percentage points of the growth rate g (g-rate) used for the test base;
- a change of 0.5 percentage points of the discount rate (WACC) compared to the rate used for the base test.

The following table summarises the gains resulting from this sensitivity analysis from which no situations of potential impairment arise also considering a joint worsening of the market variables being considered.

		Wacc		
		6,03%	6,53%	7,03%
g rate	0,50%	18.268	16.168	14.390
	1,00%	20.300	17.831	15.772
	1,50%	22.780	19.825	17.405

Impairment test of LORIANA CGU

- Discount rate (WACC) = 6.49%
- Growth rate of the *terminal value* (g rate) = 1.0%
- Enterprise Value = EUR 22.7 million
- Book value of CGU net assets (*) = EUR 13.1 million
- Cover: EUR 9.6 million

(*) trademark, goodwill, plants and equipment and net working capital

Based also on the indications contained in the document no. 2 issued jointly by the Bank of Italy, Consob and ISVAP on February 6, 2009, we elaborated the sensitivity analysis on the test results compared to the variation of the basic assumptions (WACC and g-rate) which affect the value in use of the cash generating unit. In particular, the sensitivity analyses refer to the following aspects:

- a change of 0.5 percentage points of the growth rate g (g-rate) used for the test base;
- a change of 0.5 percentage points of the discount rate (WACC) compared to the rate used for the base test.

The following table summarises the gains resulting from this sensitivity analysis from which no situations of potential impairment arose also considering a concurrent worsening of the market variables being considered.

		Wacc		
		5,99%	6,49%	6,99%
g rate	0,50%	9.980	8.084	6.482
	1,00%	11.835	9.600	7.741
	1,50%	14.103	11.421	9.229

Note (7) – Property, plant and equipment

Following is a breakdown of the Property, plant and equipment item at December 31, 2020.

Description	Historical cost	Depreciation Amortisation/Depreciation/Impairment	Net value Net Value
Land and buildings			
Land:			
- located in the Rubano municipality	908	0	908
- located in the Serravalle Sesia municipality	1,529	0	1,529
Buildings:			
- house in Serravalle Sesia	575	(449)	126
- industrial facilities in Serravalle Sesia	5,832	(2,727)	3,105
- light constructions/buildings at the facility of Sanguinetto	1	(1)	0
Total land and buildings	8,845	(3,177)	5,668
Plant and equipment			
- fixed systems for offices	145	(122)	23
- specific plant and equipment for the production of plant extracts	5,889	(5,182)	707
- specific plant and equipment for ice cream production	11,030	(9,390)	1,640
- specific plant and equipment for other food production	253	(245)	8
- general plant and equipment for establishments	1,563	(1,233)	330
- general plant and equipment for establishments Serravalle	484	(461)	23
- silos, vats, tanks at the facility of Serravalle	372	(316)	56
- silos, vats, tanks at the facility of Serravalle	3,487	(2,915)	572
- photovoltaic system	122	(84)	38
- plants for preserves production	144	(53)	91

- generic plants at the Sanguinetto facility	61	(15)	46
- sweetener production plant			
- supplement production plant			
Total plant and equipment	23,550	(20,016)	3,534
Industrial and commercial equipment			
- furniture and equipment for the laboratory	414	(384)	30
- other small equipment	218	(188)	30
- other transportation means	249	(245)	4
Total equipment Industrial and commercial equipment	881	(817)	64
Other assets			
- electric and electronic machinery	622	(427)	195
- furniture and equipment for the offices	396	(355)	41
- cell phones	81	(72)	9
- vehicles	302	(265)	37
Total other assets	1,401	(1,119)	282
Total property, plant and equipment	34,677	(25,129)	9,548

The item Property, plant and equipment shows the following changes for the period.

Description	12.31.2019	Changes for the period			31.12.2020
	Value	Increases	Decreases	Other changes	Value

Historical Cost

Land and buildings	8,505	341	0	0	8,846
Plant and equipment	22,645	957	(52)	0	23,550
Industrial and commercial equipment	851	30	(0)	0	881
Other assets	1,476	158	(234)	0	1,400
Fixed assets in progress	0	0	0	0	0
Tot. Historical Cost (A)	33,477	1,486	(286)	0	34,677

Provision / Impairment

Land and buildings	2,634	244	0	300	3,178
Plant and equipment	19,182	878	(44)	0	20,016

Description	12.31.2019	Changes for the period			31.12.2020
	Value	Increases	Decreases	Other changes	Value
Industrial and commercial equipment	785	32	0	0	817
Other assets	1,246	106	(234)	0	1,118
Fixed assets in progress	0	0	0	0	0
Tot. Acc. depreciation (B)	23,847	1,260	(278)	300	25,129
Total Property, plant and equipment (A-B)	9,630	226	(8)	(300)	9,548

The increases in the Property, plant and equipment refer mainly to purchases of specific equipment for the production of ice creams and extracts at the Serravalle Sesia facility, as well as equipment for the production of preserves.

The other increases refer to equipment, vehicles and electronic equipment.

The decreases relate to the disposal of assets almost completely amortised.

The second table shows the impairment loss of EUR 300,000 relating to two civil buildings located in Serravalle Sesia, within the production plant area; the impairment loss was deemed to be equivalent to the difference between their residual book value and their attributable value (zero): these buildings, in fact, are due to be demolished in 2021.

There are no restrictions or encumbrances on the fixed assets.

For comparison purposes, following are the changes to *Property, plant and equipment* from the previous year:

Description	12.31.2018	Changes for the period			12.31.2019
	Value	Increases	Decreases	Other changes	Value
Historical Cost					
Land and buildings	8,492	13	0	0	8,505
Plant and equipment	21,750	934	(39)	0	22,645
Industrial and commercial equipment	827	24	0	0	851
Other assets	1,424	56	(4)	0	1,476
Fixed assets in progress	0	0	0	0	0

Description	12.31.2018	Changes for the period			12.31.2019
	Value	Increases	Decreases	Other changes	Value
Tot. Historical Cost (A)	32,493	1,027	(43)	0	33,477
Depreciation					
Land and buildings	2,397	237	0	0	2,634
Plant and equipment	18,354	864	(34)	0	19,182
Industrial and commercial equipment	746	39	0	0	785
Other assets	1,134	116	(6)	0	1,234
Fixed assets in progress	0	0	0	0	0
Tot. Acc. depreciation (B)	22,631	1,256	(40)	0	23,847
Total Property, plant and equipment (A-B)	9,862	(229)	(3)	0	9,630

Note (8) – Right-of-use assets (IFRS 16)

The item Right-of-use assets shows the following changes for the period:

Description	12.31.2019	Changes for the period			31.12.2020
	Value	Increases	Decreases	Other changes	Value
Historical Cost					
Leased buildings	1,732		(203)	0	1,529
Leased vehicles	727	381	(87)	0	1,021
Rented electronic equipment	178	208	0	0	386
Tot. Historical Cost (A)	2,637	589	(290)	0	2,936
Depreciation					
Leased buildings	241	230	0	0	471
Leased vehicles	210	236	(87)	0	359

Description	12.31.2019	Changes for the period			31.12.2020
	Value	Increases	Decreases	Other changes	Value
Rented electronic equipment	89	99	0	0	188
Tot. Acc. depreciation (B)	540	565	(87)	0	1,018
Total assets by right of use (A-B)	2,097	24	(203)	0	1,919

Note (9) – Financial assets

This item is composed of Investments in subsidiaries and shows the following changes for the period:

Description	Shareholding in share capital	12.31.2019 Value	Changes for the period		31.12.2020 Value
			Increases	Decreases	
Valsoia Pronova d.o.o. - Slovenia	100%	110	0	0	110
Tot. Fixed assets Financial		110	0	0	110

In 2020, the subsidiary Valsoia Pronova d.o.o. recorded sales of approximately EUR 649 thousand with a profit of EUR 25 thousand and Shareholder's Equity of EUR 217 thousand.

Note (10) – Deferred tax assets

This item breaks down as follows:

Description	12.31.2020		12.31.2019	
	Taxable amount	Taxes	Taxable amount	Taxes

Deferred tax assets/Provision for deferred taxes with contra entry in the income statement

IRES/IRAP CHANGES

- Trademarks and deferred charges not capitalised pursuant to IAS/IFRS	68	19	89	24
- Dealloc. of accounting-tax amounts for "Santa Rosa" trademark	0	0	0	0
	(1,062)	(296)	(800)	(223)
	0	0	0	0

Description	12.31.2020		12.31.2019	
	Taxable amount	Taxes	Taxable amount	Taxes
- Dealloc. of accounting-tax amounts for "Dieta.Tic" trademark	2,159	528	1,533	377
- Multi-annual deductible expenses pursuant to Art. 108 Consolidated Law on Income Tax	146	40	(28)	(8)
- Taxed risk and write-down provisions				
- Others				
Total	1,311	291	794	170

The item Deferred tax assets/(Provision for deferred taxes) refers to the recognition of temporary differences between the values recorded in the statement of financial position of the assets and liabilities and the related amounts recognised for tax purposes. It is estimated that said receivable is referring to differences that will be reabsorbed in the medium and long term.

Note (11) - Other non-current assets

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Guarantee deposits	37	37
Investments in other companies	9	9
Receivables from tax authorities, non-current	0	28
Receivables from subsidiary companies	85	85
Total other non-current assets	131	159

Non-current receivables due from the tax authorities at 12/31/2019 (comprising IRES credits due to the failure to deduct IRAP on payroll and related costs relating to the periods 2007-2011 with reference to which a rebate application was made as envisaged by Article 2 of Italian Decree Law No. 201/2011) have been reversed, as their collection is not longer considered probable.

Receivables from subsidiary companies refer to interest-bearing loans granted to the subsidiary Valsoia Pronova d.o.o.

Liabilities and shareholders' equity

Current liabilities

Note (12) - Current payables due to banks

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Overdraft accounts	0	1
Payables for bank loans or bank lending (current instalments)	2,603	2,591
Payables for currency hedging	22	0
Total Current payables due to banks	2,625	2,592

The item Current payables to banks mainly refers to the instalments with maturities of less than 12 months of a medium/long-term loan taken out in the first few months of 2018.

Note (13) - Short-term lease payables (IFRS 16)

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Current payables for leases	543	537
Total current payables for leases	543	537

The item Short-term payables for leases refers to what is reported in the preceding point (8) "Assets for right of use - IFRS16"

Note (14) – Trade payables

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Trade payables due to suppliers within 12 months	15,278	11,755
Total trade payables	15,278	11,755

Payables to suppliers increased compared to the previous year due to the reasons indicated in point 3) above in relation to stock procurement policies. There have been no particular changes in the payment conditions.

The Company showed, at December 31, 2020 payables in foreign currency – mainly in USD – for a total countervalue of EUR 97 thousand. Considering this amount, the sensitivity analysis is believed to be non-significant as regards changes of foreign exchange rates.

Note (15) – Tax payables

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Due to the Tax Authorities for:		
- stamp duty paid electronically.	2	2
- withholding taxes	479	482
- substitute tax	221	151
Total tax payables	702	635

At December 31, 2020, the Company had payables due to the tax authorities for direct taxes and VAT as per Note 4 above. Tax payables consist primarily of withholdings to be paid to the Tax Authorities as tax substitute and respectively the second and first instalment (short-term portion) of substitute taxes deriving from the realignment of the Santa Rosa trademark, carried out pursuant to Italian Law 160/2019, Art. 1, paragraphs 696 et seq. and the realignment of the Santa Rosa trademark and goodwill, carried out in accordance with and pursuant to Italian Law 178/2020, as detailed in subsequent Note 27) – Taxes.

Note (16) – Provisions for risks

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Sales return provision	94	60
Provision for customer disputes	27	18
Reserve for contingent liability risks	200	0
Total provision for risks	321	78

The provision for returns, calculated on the basis of the best estimates carried out by the Company, reflects the risks of product being returned by the customers that can no longer be sold. The related accounting does not involve the

re-recognition of the products in inventory.

The estimate at December 31, 2020, has involved a provision made in the amount of EUR 34 thousand with a corresponding downward change in Sales revenue.

The provision for customer disputes is calculated based on the assessment of ongoing disputes with customers, credit notes to be issued or promotional invoices received that have not been agreed.

The provision for contingent liabilities represents a present obligation arising from past events, of a legal nature, and an outflow of resources to meet this obligation is probable, the date and amount of which are uncertain. In particular, it refers to the risk deriving from a recourse action brought by the bankruptcy proceedings of a customer in relation to the volume of business invoiced to that customer over a given period of time: the probability of having to meet a financial commitment is confirmed by the Company's lawyers and the provision is allocated on the basis of the best estimate made by Management of the costs required to meet the obligation at the reporting date.

It should be noted that a dispute is still pending, substantially unchanged from the end of the previous period, with the Tax Authorities. This dispute, arising from an assumed minor registration fee paid in reference to the purchase of J&T Italia S.r.l., which occurred in 2011, finds Valsoia in a potential debit position toward the tax authorities, jointly with the company selling "J&T", for a total amount of EUR 723 thousand. Valsoia, following the same approach of the previous period and keeping into account the opinion of its consultants, believes that to date there are no reasonable grounds for setting aside a provision for risks related to this pending dispute.

Note (17) - Other current liabilities

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Amounts payable to social security institutions	477	456
Amounts due to employees and on-going collaboration contracts	2,016	1,814
Amounts due to others	327	202
Accrued liabilities	5	7
Total other current liabilities	2,825	2,479

Other current liabilities mainly consist of amounts due to employees for salaries, bonuses and deferred compensation accrued at December 31, 2020.

Amounts due to others include advance payments received from customers.

Non-current liabilities

Note (18) - Non-current payables due to banks

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Payables for bank loans or bank lending (non-current portion)	3,551	6,154
Total Non-current payables due to banks	3,551	6,154

This item refers primarily to the instalments with expiry date beyond 12 months of medium-long term financing agreements in effect at December 31.

Current bank loans are not covered by guarantees and are not subject to budgetary covenants; in consideration of the contractual terms and conditions agreed upon (these are fixed rate loans), the sensitivity analysis is not believed to be significant with regard to changes in the interest rates.

As regards the information required by IFRS 7, following is a summary of the deadlines set out by the amortisation/depreciation plans for the aforementioned loans and borrowings:

Year	EUR
2022	2,615
2023	731
2024	102
2025	103
Loans and borrowings	3,551

Also with reference to the information required by IFRS 7, the following table summarises the overall changes occurring in the Payables for current and non-current bank loans:

Description	31/12/2019 Value	Changes for the period			12.31.2020 Value
		Loans	Repayments	Reclassifications	
Payable for Current Bank Loans	2,592		(2,592)	2,603	2,603
Payable for Non-current Bank Loans	6,154	0		(2,603)	3,551
Total financial liabilities	8,746	0	(2,592)	0	6,154

Reclassifications refer to the instalments of bank loans with repayment deadlines within the 12 months subsequent to the year end.

Note (19) - Medium/long-term lease payables (IFRS 16)

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Medium/long-term lease payables (IFRS 16)	1,370	1,561
Total non-current payables for leases	1,370	1,561

The item Medium/long-term lease payables refers to the portion falling due after 12 months of that described in the previous point (8) "Right-of-use assets - IFRS16"

Description (EUR 000)	Minimum financial lease payments due		Capital share as at:	
	31/12/2020	12.31.19	31/12/2020	12.31.19
Within 1 year	545	539	543	537
From 1 to 5 years	1,373	1,425	1,370	1,414
Beyond 5 years	0	147	0	147
Total	1,918	2,111	1,913	2,098

The reconciliation between the minimum payments due from the financial leasing company and the current value is as follows:

Description (EUR 000)	12.31.2020	12.31.2019
Minimum payments due for financial allocation	1,918	2,111
(future financial expense)	(5)	(13)
Total	1,913	2,098

Note (20) Other medium/long-term tax payables.

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Non-current tax payables for substitute tax	291	302
Total non-current payables for substitute tax	291	302

This amount refers, respectively, to the third instalment and the second and third instalments, referring to the substitute taxes to be paid in relation to:

- the realignment of the Santa Rosa trademark carried out pursuant to Law No. 160/2019 Art. 1, paragraphs 696 et seq.,
- the realignment of the Santa Rosa trademark and goodwill carried out pursuant to Law No. 178/2020 as better described below in Note 27) - Taxes.

Note (21) – Provision for post-employment benefits

This item includes the allocations for the post-employment benefits due to employees and had the following movements:

Description	Taxable amount
Opening provision for post-employment benefits at 12.31.2019	399
2020 changes	
- Financial income/(charges)	1
- End of employment severances and advances to employees	(29)
- Actuarial gains (losses)	24
Closing provision for post-employment benefits at 12.31.2020	395

The provision for post-employment benefits is valued according to the IAS 19 standard, by which it is recognised under “Defined benefit plans”; therefore, it was recognised through the actuarial projected unit credit method.

Following are the main assumptions used for the calculation:

Demographic assumptions

Mortality rate: the probabilities have been drawn from the general Italian population based on age and sex (ISTAT) in 2000, and decreased by 25%.

Invalidity rates: for calculating the probability of exiting the company due to a total and permanent disability of the employee, the disability tables that are currently used by insurance companies, based on age and sex, were used.

As regards retirement age, it was assumed that active employees would stop working as soon as they reach the first pre-requisite for retirement as set forth in the mandatory general insurance scheme. The valuation incorporates the changes in the retirement age dictated by the "Monti" reform.

As for the probability of ending employment for resignations or termination, an 4% annual frequency was used.

As for the probability of requests for advances on salaries, for projection purposes, an annual 2.8% advance rate (percentage of employees who ask for an advance from their post-employment benefits, every year) was used. As regards the amount of advance payments, 50% of the accrued provision for post-employment benefits amount was used.

Business-financial assumptions

The *discount rate* used for the valuations was -0.0231% per annum as at 12/31/2020 for bonds issued by European Companies with AA rating and a maturity of 7-10 years.

Note: the average maturity of the company's liabilities is 7.05 years.

Yearly Inflation rate: 1.0%

Shareholders' equity - Note (22)

Share capital

The share capital of the Company is fully paid up and amounts to EUR 3,524,532.66, with 10,680,402 ordinary shares of a Nominal value of EUR 0.33 each.

Legal reserve

This is the reserve accrued pursuant to Art. 2430 of the Italian Civil code.

Revaluation reserve

This item is composed of the Revaluation Reserve accrued pursuant to Italian Law 488/2001 and Italian Law 350/2003.

IAS/IFRS adjustments reserve

In the IAS/IFRS reserve, the effects deriving from IFRS adjustments on Shareholders' equity at January 1, 2004, were recognised.

Other reserves

The other reserves include:

- extraordinary reserve deriving from the allocation of profits accrued but not yet distributed on a voluntary basis in previous periods, as set forth by the Shareholders' Meeting;
- earnings brought forward due to the application of IAS/IFRS accounting standards, starting from the transition date of January 01, 2004;
- reserve set up within the scope of the Allowance for doubtful accounts, in application of the IAS 8 accounting standard occurring in 2006;
- actuarial gains (losses) reserve: this includes the actuarial gains/losses deriving from the application of the IAS 19 standard;
- stock option reserve. This item includes:
 - o the 2011-2015 Stock Option Plan reserve set aside for a total amount of EUR 490 thousand, corresponding to the charges applicable to the 5 validity periods of the Plan.
 - o the 2016-2019 Stock Option Plan reserve set aside for a total amount of EUR 844 thousand, corresponding to the charges applicable to the 3 validity periods of the Plan.
 - o The 2019-2022 Stock Option Plan reserve set aside for a total amount of EUR 790 thousand, corresponding to the charges applicable to the first two years of the current Plan
The first two Plans concluded with the issuance of the equity-linked instruments and the related increase of the Share Capital.
- reserve of EUR 201 thousand following the effects of the first time application (FTA) of the accounting standard IFRS 15.

With reference to the charges relating to the 2019-2022 Stock Option Plan, in accordance with IFRS2, they have been estimated by assessing:

- the percentage of probability in achieving the objectives set out in the Plan and the consequent number of option rights accrued by the beneficiaries, based on the plans set out by the company and the probability of their achievement;
- the fair value of the assigned option rights. This value was determined, in reference to the date of the actual initial assignment of the option rights approved by the Board of Directors on November 11, 2019, by using the Cox-Rubinstein binomial model for Bermudan options based on the following assumptions:

Measurement of fair value - 2019-2022 SOP: summary of data			
	Bermudan 1	Bermudan 2	Bermudan 3
Measurement Date	11/11/2019		
Start of Vesting Period	04/30/2020	04/30/2021	04/30/2022
End of Vesting Period	12/30/2022	12/30/2022	12/30/2022
Market price of the share (EUR)	10.95		
Strike price of the share (EUR)	0.33		
Volatility	27.724%		

Risk-free rate (Btp 5 years)		-0.335%	
Estimated dividends		1.50%	
Unit fair value (EUR)	10.54	10.37	10.21

As regards the probability of employees leaving the Company (exit rate), the rate used is 0% per year (bad leaver).

The comprehensive fair value of the Stock Option Plan was estimated from the product between the unitary fair value of the individual option and the expected value of the number of option rights accrued at the exercise dates. This expected value is the result of the product between the number of option rights assigned and the probability of achieving the company's performance targets.

The number of option rights assigned by the Board of Directors on November 11, 2019 is 168,000 in total, out of a maximum of 200,000 options that can be assigned:

- 56,000 allocated for 2019 and subject to exercise, after accrual, from April 30, 2020 for 50% (target 1) and for the other 50% (target 2) from April 30, 2022;
- 56,000 allocated for 2020 and subject to exercise, after accrual, from April 30, 2021 for 50% (target 1) and for the other 50% (target 2) from April 30, 2022;
- 56,000 allocated for 2021 and subject to exercise, after accrual, from April 30, 2022 for 50% (target 1) and for the other 50% (target 2) from April 30, 2022;

For details on the items composing the Shareholders' Equity, see the table below:

Description	12.31.2020	12.31.2019	Possibility of use
Share capital	3,525	3,517	-
Legal reserve	701	701	B
Reserves for realignment of tax values	26,424	23,104	A, B, D
IAS/IFRS adjustments reserve	(1,202)	(1,202)	-
Other reserves:			
IAS 8 adjustment reserve	469	469	A, B, C
earnings brought forward for transition to IAS/IFRS	417	416	A, B, C
extraordinary reserve	34,899	35,065	A, B, C,
S.O.P. reserve 2011-2015	490	490	A, B, C
S.O.P. reserve 2016-2019	844	844	A, B, C
S.O.P. reserve 2019-2022	790	44	A, B, C
Cash flow hedge reserve	0	0	
actuarial gains/losses reserve	(8)	16	-
reserve for exchange rate gains	9	9	
Total other reserves	37,910	37,353	

Profit/(loss):		
Profit for the period	7,654	7,204
Total Shareholders' equity	75,012	70,677

Key for the possibility of use:

- A. Available for share capital increases;
- B. Available for loss hedging;
- C. Available for shareholders distribution;
- D. Available for the distribution to shareholders with the loss of the benefit of tax suspension.

It should also be noted that, during the year, dividends were distributed to the shareholders for a total of EUR 4 million, as an appropriation of profits for the year 2019.

Analysis of the breakdown of the main items of the income statement

Note (23) - Value of production

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Revenue from sales and services:		
- Revenue - Italy	76,984	69,676
- Revenue - Abroad	6,477	5,102
Total sales revenue	83,461	74,778
Changes in inventories of work in progress, semi-finished and finished goods		
- Opening inventories	(4,843)	(4,450)
- Closing inventories	7,010	4,843
Changes in inventories of finished and semi-finished products	2,167	393
Other revenue and income	1,158	1,336
TOTAL VALUE OF PRODUCTION	86,786	76,507

The table below shows the distribution of revenue from sales and services, in Italy, by product family.

Description (EUR 000)	31.12.2020		12.31.2019		Change
	EUR	% Inc.	EUR	% Inc.	%
Health Food Products Division (a)	47,535	56.9	44,120	59.0	+7.7
Food Products Division (b)	23,844	28.6	20,843	27.9	+14.4
Others (c)	5,605	6.7	4,715	6.3	+18.9
TOTAL ITALIAN REVENUE	76,984	92.2	69,678	93.2	+10.5
Sales abroad	6,477	7.8	5,102	6.8	+26.9
TOTAL REVENUE like-for-like perimeter	83,461	100.0	74,781	100.0	+11.6
Pomodorissimo Santa Rosa revenue	0	0	(3)	0	n.s.
TOTAL REVENUE	83,461	100.0	74,778	100.0	+11.6

(a) Valsoia Bontà e Salute, Vitasoya, Naturattiva trademarks

(b) Santa Rosa (preserves), Diète.Tic, Weetabix trademarks

(c) Supplements, Industrial products

Regarding the comment on the change in sales revenue, please see the Directors' Report.

The item "Other revenue and income" is detailed as follows:

Description	12.31.2020	12.31.2019
Other revenue and income:		
- Chargeback to third parties	278	310
- Capital gains on sale of assets	10	1
- Other	870	1,025
Total other revenue and income	1,158	1,336

The Chargeback to third parties is to be attributed to business and promotional costs incurred pursuant to distribution agreements charged to the counterparty and the recovery of costs incurred on behalf of third parties.

Other revenues refer to out-of-period income, operating grants and also include the consideration agreed following the Licensing contract with third parties for the Santa Rosa "Pomodorissimo" line.

Note (24) - Operating costs

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Purchase costs		
- Raw materials	12,449	12,094
- Ancillary materials	1,778	1,711
- Consumable materials	598	504
- Finished products and goods	29,038	22,955
Total purchases	43,863	37,264
Services		
- Industrial	3,853	3,642
- Marketing and sales	10,720	10,089
- Administrative and general	3,352	3,546
Total services	17,925	17,277
Cost of use of assets owned by other, of third party assets	148	88
Labour costs		
- Wage and salaries	7,117	6,840
- Social security charges	2,710	2,617
- Post employment benefits	14	12
- Other labour costs	123	38
- Personnel charges pursuant to SOP	747	144
Total labour costs	10,711	9,650
Change in inventories of raw materials	422	103
Other overheads	1,748	999
TOTAL OPERATING COSTS	74,817	65,382

During the year, Cost of sales and costs directly related to sales (logistics costs) increased due to the increase in turnover.

Rentals and leases include costs associated with operating leases that do not fall within the scope of IFRS 16 because they are less than 12 months old or individually of insignificant amount.

As regards the *Labour costs*, this item includes the entire cost for personnel and ongoing professional contracts, not including the remuneration of the Board of Directors but including the costs for holidays and leave accrued but not taken, additional wages and other allocations required by the law. It also includes EUR 747 thousand in stock option charges relating to the 2019 -2022 SOP, as better described in *Note 22) Shareholders' equity*.

At December 31, 2020, the workforce of the company was composed as follows:

Description	12.31.2020	12.31.2019
Executives	10	10
Employees and managers	89	88
Factory workers	23	23
Worker with non fixed term contract	1	1
Total employees	123	122

For further details, please see the Directors' Report - Information on the personnel.

The item Other overheads breaks down as follows:

Description	12.31.2020	12.31.2018
Other overheads:		
- Duties, Taxes, excise licenses and Registration fees	509	120
- Credit losses	111	48
- Capital loss from asset disposal	8	3
- Contingent liabilities	179	236
- Membership fees	176	167
- Other charges	765	425
Total other overheads	1,748	999

Taxes and duties include the registration tax of EUR 393 thousand charged to the purchaser on the purchase of the "Loriana" BU.

Out-of-period expense refers to operating costs recognised in the period pertaining to previous years.

In addition, lower losses for the year were recorded in line with the reduction in trade receivables at the closing date compared to December 31, 2019.

Other expenses consist mainly of costs for the disposal of obsolete products, liberalisation charges, entertainment expenses and contributions to trade associations; in 2020, in particular, this item includes provisions for miscellaneous risks of EUR 200 thousand (*see note 16*)

Note (25) – Amortisation, depreciation and write-downs of fixed assets

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Depreciation of Property, plant and equipment Intangible	440	536
Depreciation of Property, plant and equipment Tangible	1,260	1,256
Impairment of Property, plant and equipment	300	0
Amortisation of right-of-use assets	565	574
Total amortisation and depreciation	2,565	2,366

In general, amortisation and depreciation of intangible assets and property, plant and equipment are substantially in line with the past. For more details on changes in fixed assets, reference should be made to Notes 6), 7) and 8).

With reference to the item "Impairment of property, plant and equipment", reference should be made to the description in point 7) "Property, plant and equipment" above.

With reference to the item "Amortisation of assets for rights of use", please refer to the description in point 8) Fixed assets for rights of use above.

Note (26) – Net financial income/charges

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Interest income and other financial income	4	29
Interest expense and bank charges	(98)	(185)
Foreign exchange gains/(losses)	(18)	6
Total financial income/(charges)	(112)	(150)

Financial income comprises primarily interest income from current bank accounts and from forward purchase operations in addition to interest expense on non-current loans.

Financial charges are represented primarily by foreign currency discount expenses recognised to customers.

In the period closed at December 31, 2020, a total loss on currency exchange was recorded for EUR 18 thousand.

Considering the limited exposure of the Company to changes in interest rates and foreign exchange rates, a sensitivity analysis thereof is not considered to be necessary.

Note (27) – Taxes

This item breaks down as follows:

Description	12.31.2020	12.31.2019
Current IRES - IRAP income taxes	(1,549)	(1,228)
(Advance)/deferred taxes	121	(154)
Taxes - non-recurrent effects (Patent Box)	0	431
Taxes - non-recurrent effects (realignment Santa Rosa trademark)	(210)	(453)
Total Taxes	(1,638)	(1,404)

Prepaid tax is shown net of deferred tax; the balance expresses the taxes calculated on provisions and other temporary differences whose payment has been brought forward in time. Details about the recognition of deferred tax assets/liabilities were provided in *Note 10), Deferred tax assets* herein.

Non-recurring tax effects relate to the realignment for tax purposes of the Santa Rosa trademark and goodwill that the Company carried out as at December 31, 2020. This transaction, carried out pursuant to and for the purposes of Article 1, paragraph 83 of Law 178/2020 (the 2021 Budget Law) aims to obtain, through the payment of a substitute tax, the realignment of tax values to the higher values recorded in the financial statements for both the "Santa Rosa" trademark and goodwill. For 2020 the substitute tax totals EUR 210 thousand, payable in three annual instalments, with the recognition of tax payables of the same amount.

With reference to Current taxes, below is the reconciliation between the theoretical and effective tax at 12.31.2020 and 2019.

Description	2020			2019		
	Taxable amount	Tax	Rate %	Taxable amount	Tax	Rate %
Pre-tax profits	9,292			8,608		
<i>Total theoretical IRES</i>		<i>2,230</i>	<i>24.0</i>		<i>2,066</i>	<i>24.0</i>
ACE effect		(144)			(135)	
Charitable donations		(20)			(8)	
Other tax recoveries/(deductions) - net effect - (perm + temp)		(729)			(935)	
Total current IRES (a)		1,337			988	
Tax base for IRAP	20,116			18,408		
<i>Total theoretical IRAP</i>		<i>785</i>	<i>3.9</i>		<i>718</i>	<i>3.9</i>
Personnel cost deduction		(373)			(346)	
Reversal of first advance payment		(72)			0	
IRAP deductions		(128)			(132)	

Description	2020			2019		
	Taxable amount	Tax	Rate %	Taxable amount	Tax	Rate %
Total current IRAP (b)		212			240	
Total current taxes (a) + (b)	9,292	1,549	16.7	8,608	1,228	14.2

Note (28) - Basic and diluted earnings per share

The basic earnings per share are determined by dividing the profit for the year by the number of shares (no. 10,680,402) which compose the share capital.

The diluted earnings per share is determined by dividing the profit for the year by the number of shares composing the share capital and the potentially new issued shares following the 2019-2022 SOP.

Positions or transactions deriving from atypical and/or unusual operations

During the year ended December 31, 2020, in addition to the above, there were no events/transactions falling within the scope of Consob Communication DEM/6064293 of July 28, 2006. As instructed in said Communication, "atypical and/or unusual transactions are those that, because of their significance, importance, nature of the counterparties, purpose of the transaction, method for determining the transfer price or time of their occurrence (close to the end of the year), could give rise to doubts relating to: the accuracy and completeness of the information in the financial statements, a conflict of interest, the safeguarding of the company's assets or the protection of non-controlling shareholders".

Information on transactions carried out with the holding company, subsidiaries and related parties

Following are the main economic, financial and equity effects of the transactions that took place with the parent company Finsalute S.r.l.

Holding company	revenue/(costs)	receivables/(payables)		collections/(payments)
	FY 2020	01.01.2020	12.31.2020	FY 2020
Finsalute S.r.l.	5	2	2	6
Total transactions with the holding company	5	2	2	6

During the year, the following related party transactions, including with the subsidiary Valsoia Pronova d.o.o., were carried out at arm's length.

Related party	Revenue/(costs)	Receivables/(payables)		Collections/(payments)
	FY 2020	01.01.2020	12.31.2020	FY 2020
Membership fees	(112)	(0)	(2)	(120)
Directors' remuneration	(18)	(10)	(12)	(19)
Purchase of goods and services	164/(161)	69/(35)	95/(25)	138/(198)
Relationship to subsidiary (Valsoia Pronova)	338/(34)	148/(22)	173/(11)	314/(44)
Total transactions with related parties	502/(325)	217/(67)	268/(50)	452/(381)

The major transactions with related parties in terms of income and equity refer to the ordinary operations (Purchase of goods and services) carried out at arm's length, which took place with Consorzio Italia del Gusto.

Information required by article 149-duodecies of CONSOB Issuers' Regulation

The following schedule, prepared pursuant to article 149-duodecies of the CONSOB Issuers' Regulation, shows the consideration payable and the expenses for 2020 for auditing services and for other services provided by KPMG S.p.A. and companies belonging to its network.

Description	Remuneration
KPMG S.p.A.	
- Auditing and certification services	75
- Cost reimbursement and contr. Consob	16
- Other consultancy	37
- Expenses on other consultancy	2
Total remuneration	130

Remuneration of the Statutory Auditors and the Directors

Pursuant to CONSOB Resolution 11971/99 (Issuers' Regulation), the remuneration paid or which is attributable for 2020 to the members of the Board of Directors and the Board of Statutory Auditors as well as the managers with strategic responsibilities and the equity investments held by them during the year are shown in the "Report on Remuneration"

which will be provided to the Shareholders' Meeting called for approval of the Financial Statements at December 31, 2020.

Report on transparency regarding public funds

They are summarised below, as required by Art. 1 paragraphs 125 - 129 of Law 124/2017, as amended by Art. 35 of Law 34/2019, public disbursements made to Valsoia Spa during FY 2020 for at least a cumulative total of EUR 10 thousand in the period considered.

Funding Entity	Type of	Amount
	funding	2020
Ministry of Economic Development	Contrib. 2019 R&D	38
Ministry of Economic Development	Cred. Tax Investments in instrumental assets	23
GSE – Gestore Servizi Elettrici	Contribution to energy production by Photovoltaic plant	41
Emilia Romagna Region	Ctrb. International Project "Digital Export"	4
Tax Authorities	Sanitation and PPE bonus	28
Tax Authorities	Write-off vers. IRAP balance '19/advance payment '20	95
TOTAL		229

Events following the close of the financial year

No significant events took place after the reporting period.

With the continued health alert for the COVID-19 pandemic into the early months of 2021, the Company took action, in line with the indications of the competent authorities, to guarantee the safety and security of all stakeholders, assuring business continuity. At the date of preparation of this Report, there were no significant economic or financial effects.

Allocation of profit for the period

Dear Shareholders, the Financial Statements that we submit to your attention show a profit of EUR 7,654,110.51

We propose to allocate:

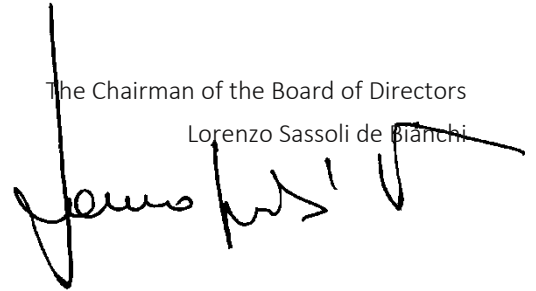
- to the extraordinary reserve: EUR 3,595,557.75
- a dividend of EUR 0.38 for each of the
10,680,402 shares totalling: EUR 4,058,552.76

We hereby propose that the dividends be paid on May 05, 2021, with record date May 04, 2021 and ex-date May 03, 2021.

Bologna, March 19, 2021

The Chairman of the Board of Directors

Lorenzo Sassoli de Bianchi



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Statement pursuant to Art.
154-bis of Legislative
Decree 58/98

Annual Financial Report at December 31, 2020

STATEMENT PURSUANT TO ART. 154 BIS, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE NO. 58/98

The undersigned, Andrea Panzani, General Manager and Chief Executive Officer, and Nicola Mastacchi, Manager in charge of financial reporting for Valsoia S.p.A., hereby certify, also taking into account the provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy in the relation to the characteristics of the company, and
- the actual application

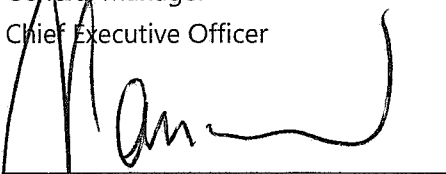
of the administrative and accounting procedures for the preparation of the Financial Statements at December 31, 2020.

It is also hereby certified that:

- a) the financial statements as at and for the year ended December 31, 2020 fully reflect the accounting records and books;
- b) the financial statements for the year ended December 31, 2020 were prepared in compliance with the International Financial Reporting Standards, ratified by the European Union, as well as all provisions issued in implementation of Legislative Decree no. 38/2005; they provide a truthful and correct representation of the equity, business and financial situation of the issuer;
- c) the Directors' Report includes a reliable analysis of the performance and operating results, as well as of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

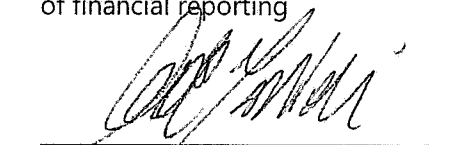
Bologna, March 19, 2021

General Manager
Chief Executive Officer



Andrea Panzani

Manager in charge
of financial reporting



Nicola Mastacchi

5 /

Independent Auditors
Reports

Annual Financial Report at December 31, 2020



KPMG S.p.A.
Revisione e organizzazione contabile
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Telefono +39 051 4392511
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PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Valsoia S.p.A.*

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Valsoia S.p.A. (the “company”), which comprise the statement of financial position as at 31 December 2020, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Valsoia S.p.A. as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the “*Auditors' responsibilities for the audit of the financial statements*” section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Recoverability of goodwill and the Santa Rosa trademark

Notes to the financial statements: basis of preparation section, paragraphs "Goodwill", "Intangible assets", "Impairment test" and "Use of estimates", notes 5 "Goodwill" and 6 "Intangible assets"

Key audit matter

In 2012, after the merger of J&T Italia S.r.l., the company recognised goodwill which it allocated to the "Santa Rosa" cash-generating unit ("CGU") and its carrying amount is €3,230 thousand at 31 December 2020. As a result of the same transaction, the company recognised the "Santa Rosa" trademark, which is classified as an intangible asset with an indefinite useful life and has a carrying amount of €20,060 thousand at 31 December 2020.

The directors tested the carrying amount of the CGU for impairment to identify any impairment losses compared to its recoverable amount. The impairment test was approved on 19 March 2021. The directors estimated the recoverable amount using the discounted cash flow model to calculate value in use, based on the cash flows forecast in the Santa Rosa CGU's 2021-2025 business plan (the "Santa Rosa plan"), approved by the company's board of directors on 19 March 2021.

The cash flow estimate reflects the potential impact of the Covid-19 outbreak.

Impairment testing entails a high level of judgement, in addition to the uncertainty inherent in any forecast, especially in relation to:

- the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector and the actual cash flows generated by the CGU in recent years;
- the financial parameters to be used to discount the above cash flows.

For the above reasons, we believe that the recoverability of the goodwill and trademark

Audit procedures addressing the key audit matter

Our audit procedures included:

- understanding the process adopted to prepare the Santa Rosa plan and the impairment test;
- checking any discrepancies between the previous year historical and business plan figures, in order to check the accuracy of the forecasting process;
- analysing the criteria used to identify the Santa Rosa CGU and tracing the carrying amounts of the assets and liabilities allocated thereto to the financial statements;
- analysing the reasonableness of the expected cash flows and the main assumptions used by the directors to determine the CGU's value in use, the discount rate and the terminal value's growth rate. We involved our own valuation specialists in our assessment of the discount rate. Our analyses included comparing the main assumptions used to the company's historical data and external information, where available;
- comparing the cash flows used for impairment testing to the cash flows forecast in the Santa Rosa plan;
- examining the comparison of the CGU's value in use prepared by the directors to the company's market capitalisation to analyse the reasons for any difference and assess the reasonableness of value in use;
- checking the sensitivity analysis presented in the notes in relation to the



allocated to the Santa Rosa CGU is a key audit matter.

main assumptions used for impairment testing;

- assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Recoverability of goodwill and the Diete.Tic trademark

Notes to the financial statements: basis of preparation section, paragraphs "Goodwill", "Intangible assets", "Impairment test" and "Use of estimates", notes 5 "Goodwill" and 6 "Intangible assets"

Key audit matter

On 2 October 2017, after the acquisition of the "Diete.Tic" business unit, the company recognised goodwill which it allocated to the "Diete.Tic" CGU and its carrying amount is €4,968 thousand at 31 December 2020. As a result of the same transaction, the company recognised the "Diete.Tic" trademark, which is classified as an intangible asset with a finite useful life and has a carrying amount of €1,001 thousand at 31 December 2020.

The directors tested the carrying amount of the CGU for impairment to identify any impairment losses compared to its recoverable amount. The impairment test was approved on 19 March 2021. The directors estimated the recoverable amount using the discounted cash flow model to calculate value in use, based on the cash flows forecast in the Diete.Tic CGU's 2021-2025 business plan (the "Diete.Tic plan"), approved by the company's board of directors on 19 March 2021.

The cash flow estimate reflects the potential impact of the Covid-19 outbreak.

Impairment testing entails a high level of judgement, in addition to the uncertainty inherent in any forecast, especially in relation to:

- the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector and the actual cash flows generated by the CGU in recent years;
- the financial parameters to be used to discount the above cash flows.

For the above reasons, we believe that the recoverability of the goodwill and trademark

Audit procedures addressing the key audit matter

Our audit procedures included:

- understanding the process adopted to prepare the Diete.Tic plan and the impairment test;
- checking any discrepancies between the previous year historical and business plan figures, in order to check the accuracy of the forecasting process;
- analysing the criteria used to identify the Diete.Tic CGU and tracing the carrying amounts of the assets and liabilities allocated thereto to the financial statements;
- analysing the reasonableness of the expected cash flows and the main assumptions used by the directors to determine the CGU's value in use, the discount rate and the terminal value's growth rate. We involved our own valuation specialists in our assessment of the discount rate. Our analyses included comparing the main assumptions used to the company's historical data and external information, where available;
- comparing the cash flows used for impairment testing to the cash flows forecast in the Diete.Tic plan;
- examining the comparison of the CGU's value in use prepared by the directors to the company's market capitalisation to analyse the reasons for any difference and assess the reasonableness of value in use;
- checking the sensitivity analysis presented in the notes in relation to the



allocated to the Diete.Tic CGU is a key audit matter.

main assumptions used for impairment testing;

- assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;



- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 23 April 2015, the company's shareholders appointed us to perform the statutory audit of its financial statements as at and for the years ending from 31 December 2015 to 31 December 2023.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.



Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2020 and for the consistency of such reports with the related financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Bologna, 30 March 2021

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit



Report of the Board of
Statutory Auditors to the
Financial Report

Annual Financial Report at December 31, 2020

VALSOIA S.p.A.

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

Share capital €3,524,532.66 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") 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 (the "Consolidated Law on Finance"), the Board of Statutory Auditors of Valsoia S.p.A. reports to you on the supervisory duties carried out and the related results.

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting on 27.04.2020 and its term of office will end with the approval of the financial statements for the year ended 31.12.2022.

During the year ended 31 December 2020, the Board of Statutory Auditors has carried out the supervisory activities, as explained hereinafter, 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 attended all the meetings of the Shareholders' Meeting and of the Board of Directors held during the year and we obtained from the Directors, with the frequency required by law, information on the activities carried out and on the general performance of operations and its foreseeable outlook, as well as on the most important economic, equity and financial transactions carried out by the Company and its subsidiaries; given the particular moment in time, we have also obtained from the Directors timely and appropriate information on the impact on the Company of the COVID-19 health emergency, starting from the early months of 2020, on the risk factors and uncertainties relating to business continuity, as well as on the business plans prepared to deal with these risks and uncertainties;

- 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 the degree of adequacy of the Company's organisational 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;
- we have obtained knowledge of the Company's activities and monitored these activities within our areas of competence. The aforementioned knowledge was obtained by means of direct checks, 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 strengthening the 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 censurable facts 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, with reference to which 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 has ample space reserved for the activities carried out to protect the financial information process, which are also relevant in with regard to the provisions of art. 19, paragraph 1, letter a), of Legislative Decree 39/2010;
- we have ascertained the suitability of the provisions issued by the Company to its subsidiary in accordance with art. 114, paragraph 2, of Legislative Decree 58/98;
- we have examined, through both direct checks and 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 consolidated financial statements in view of the negligible amounts presented by Companies in which it holds a stake;
- we have ascertained the completeness of the Directors' Report drafted in accordance with art. 2428 of the Civil Code and its suitability in providing a clear and appropriate representation, including 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 flows, (iii) describes, indicating the amounts, transactions carried out with related counterparties further more 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 evolution of the COVID-19 pandemic situation, 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) it has acknowledged the disclosure, contained in the Notes to the Financial Statements, relating to the persistence of the health alert for the COVID-19 pandemic also in 2021, an event classified amongst those subsequent to the Financial Statements reference date, pointing out that as at the reporting date, no significant economic or financial effects are noted; (viii) shows complete observance of 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) 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 have noted that on 19 March 2021 the Board of Directors decided to approve the Report on Remuneration pursuant to art. 123 *ter* of the TUF 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 the Consob's disclosure obligations.

In compliance with the provisions of the “Rules of Conduct for the Board of Statutory Auditors of Listed Companies” *Rules of Conduct for the Board of Statutory Auditors of Listed Companies*” issued by the Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili (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 the availability of 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 2020, the results of which are the subject of a specific presentation in the “2020 Report on Corporate Governance and Ownership Structure” pursuant to Art. 123 bis of the TUF.

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.

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 - within which we recall the amendment to the incentive plan called PO 2019-2022 and the acquisition of the Piadina Lorianana business unit - were carried out in compliance with the law and the Company's 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 have also watched over the application of all the related corporate procedures, which were updated with a resolution of the Board of Directors dated 23 May 2019 and are available for consultation on the Company's website.
3. During the year, no notifications were made to the Board of Statutory Auditors in accordance with art. 2408 of the Civil Code or made to the Board of Statutory Auditors by shareholders or 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 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 Organisational 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 23 February 2021 where no censurable facts 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. The Board of Statutory Auditors held 9 meetings in 2020 and issued the following opinions required by law: on the remuneration of directors holding special offices on

27.04.2020, on the share capital increase on 22.06.2020, on the assignment of a non-audit service to KPMG on 16.10.2020, on the co-option of two directors pursuant to Article 2386 of the Italian Civil Code on 12.11.2020. In 2020, 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 not carried out on site at the company's headquarters but remotely without affecting the work performed.

9. 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 Auditors, 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, no relevant aspects to be reported emerged. 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 31.12.2020 – for the “Santarosa” brand and goodwill, the “Diete.Tic” brand and goodwill and the “Loriana Piadina” goodwill. The corresponding details are provided by the Directors in the financial statements in accordance with international financial reporting standards and Consob recommendations.
10. On 30 March 2021 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 auditing, the Additional Report set out 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 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.
11. The Independent Auditors, KPMG S.p.A., on 30 March 2021 issued, in accordance with art. 14 of Legislative Decree no. 39/10 and art. 10 of EU Regulation no. 537/2014, the Report on the auditing of the financial statements for the year ended 31.12.2020.

With regard to the opinions and attestations, the Independent Auditors, in the Audit Report on the financial statements, have:

- issued an opinion that Valsoia S.p.A.'s financial statements for the year provide a truthful and accurate representation of Valsoia S.p.A.'s financial situation at 31.12.2020 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 orders issued in implementation of art. 9 of Legislative Decree no. 38/05;
- 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* 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 details, in accordance with art. 149 *duodecies* of the Consob issuers' regulation, of the payments for 2020 for audit services and for miscellaneous services, with the following details:

- Audit of the accounts and certification	€	75,000
- Reimbursement of Consob contributions and expenses	€	16,000
- Other consultancies	€	37,000
- Expenses on other consultancy	€	2,000

12. As regards the restrictive measures implemented to limit COVID-19, the application of all health and safety protocols, in complete compliance with the provisions of the Ministry of Health, caused the board meeting of 19 March 2021, which licensed the 2020 annual financial information, to be held on a video conference call, thereby also requiring the Board of Statutory Auditors to operate exclusively through meetings held from "remote" positions, for all aspects assigned to it. With regard to the Annual Shareholders' Meeting, the Board of Statutory Auditors notes that the Board of Directors has decided to avail itself, as an exception to the provisions of the Articles of Association, also for 2021 of the option established by Article 106 of Law Decree no. 18 of 17.03.2020 converted by Law no. 27 of 24 April 2020 whose application was

extended by Law no. 21 of 26 February 2021 providing that the participation of shareholders in the Shareholders' Meeting also (or exclusively) by means of telecommunications and exclusively through the representative designated pursuant to art. 135 *undecies* of Legislative Decree no. 58/98 TUF. 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.

13. With regard to the approval of the Financial Statements, the Board of Statutory Auditors reports that on 19.03.2021 the Board of Directors approved the draft Financial Statements as at 31.12.2020, which along with the Directors' Report was made available to the Board of Statutory Auditors on the same date. On 19.03.2021, 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, censurable facts or irregularities to be reported to 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 31.12.2020 and to the proposed allocation of profits, which is as established by law and by the Company's articles of association.

Bologna, 30 March 2021.

The Board of Statutory Auditors

Gianfranco Tomassoli

Massimo Mezzogori

Claudia Spisni

(signed on the original)

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