



Independent Auditors  
Report

Annual Financial Report at December 31, 2021



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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **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 2021, 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 2021 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 trademarks**

*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**

The financial statements at 31 December 2021 include the following goodwill and trademarks allocated to three different CGUs:

- Santa Rosa goodwill and trademark with an indefinite useful life of €3,230 thousand and €20,060 thousand, respectively;
- Diete.Tic goodwill and trademark with a finite useful life of €4,968 thousand and €916 thousand, respectively;
- Loriana goodwill and trademark with a finite useful life of €9,255 thousand and €3,477 thousand, respectively.

The directors tested the carrying amount of each CGU for impairment and to identify any impairment losses compared to its recoverable amount. The three impairment tests were approved on 17 March 2022. 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, Diete.Tic and Loriana CGUs' 2022-2026 business plan (the "2022-2026 business plans"), approved by the company's board of directors on 17 March 2022.

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 CGUs in recent years;

#### **Audit procedures addressing the key audit matter**

Our audit procedures included:

- understanding the process adopted to prepare the 2022-2026 business plans and the impairment tests;
- 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 CGUs 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 CGUs' value in use, the discount rate and the terminal values' growth 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 2022-2026 business plans;
- examining the comparison of the CGUs' 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 values in use;
- checking the sensitivity analysis presented in the notes in relation to the



- the financial parameters to be used to discount the above cash flows.
  - main assumptions used for impairment testing;
- For the above reasons, we believe that the recoverability of the goodwill and trademarks allocated to the Santa Rosa, Diete.Tic and Lorian CGUs is a key audit matter.
- assessing the appropriateness of the disclosures provided in the notes about goodwill and related impairment tests.

### ***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 on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815***

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

### ***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 2021 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 2021 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 2021 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, 5 April 2022

KPMG S.p.A.

(signed on the original)

Massimo Tamburini  
Director of Audit

VALSOIA<sub>SpA</sub>

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