

Cellularline S.p.A.
Registered office in Reggio Emilia (RE) - Via Lambrakis 1/A
Share capital EUR 21,343,189 fully paid-up Registered with Reggio Emilia Companies House

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING
pursuant to Article 153 of Italian Legislative Decree no. 58/1998

Shareholders,

With this report (hereinafter also the "Report"), the Board of Statutory Auditors of Cellularline S.p.A. (hereinafter also referred to as the 'Company'), hereby reports to you on the supervisory activities carried out during the financial year ending at 31 December 2022 and the results thereof, in accordance with the law and the relevant standards.

The Board examined the Annual Financial Report as at 31 December 2022, consisting of the following documents that were prepared and submitted by the Directors:

- Draft Financial Statements;
- Consolidated Directors' Report, supplemented with non-financial information.

During FY 2022, the Board of Statutory Auditors, also in its capacity as the "*Internal Control and Audit Committee*", carried out controls and other supervisory activities, for the aspects within its competence, in compliance with the relevant legal and regulatory provisions in force, as well as with the Corporate Governance Code, the Rules of Conduct for the Board of Statutory Auditors of listed companies issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Professional Order of Tax Advisors) and the Communications issued by CONSOB concerning corporate controls and the activities of the Board of Statutory Auditors.

The Board of Statutory Auditors also carried out its supervisory activities in relation to the adequacy of the organisational structure, the internal control system and the administrative accounting system, as well as the reliability of the latter in correctly representing management events.

1 Activities of the Board of Statutory Auditors

1.1. Procedures for and attendance of the meetings of the Board of Directors and the internal board committees

The Board of Statutory Auditors has planned its activities in light of the regulatory framework of reference, as well as carrying out the checks deemed most appropriate in relation to the size of the Company and the nature and manner of pursuing the corporate purpose.

Control activities were also carried out through:

- periodic meetings with the heads of company departments, organised in order to acquire the information and data that are useful and appropriate over time;
- attendance of the Shareholders' Meeting;
- attendance of the meetings of the Board of Directors and the internal board committees;
- regular information exchanges with the independent auditing firm, also in compliance with the regulations;
- exchange of information with the Supervisory Board and the Internal Audit Department.

In greater detail, the Board of Statutory Auditors, during 2022:

- attended 21 meetings of the Board of Directors and 1 Shareholders' Meeting, obtaining, in accordance with Art. 2381, paragraph 5, of the Italian Civil Code and the Articles of Association, adequate information on the general performance of operations and its foreseeable development, as well as on the most significant transactions, due to their size or characteristics, carried out by the Company;
- carried out supervisory activities through 14 meetings of the Board of Statutory Auditors (including work on the annual financial statements);
- attended 8 meetings of the Audit and Risk Committee. Collaboration and discussion with the Control and Risk Committee, also through the organisation of joint meetings on issues of common interest, was fruitful and effective and, among other things, made it possible to broaden the Board of Statutory Auditors' process of analysis on the subject of risk control and management, acquiring additional information to that obtained independently;
- attended 7 meetings of the Appointments and Remuneration Committee.

The Board of Statutory Auditors carried out its activities taking a risk-based approach aimed at identifying and assessing any major critical elements with a frequency of intervention graduated according to the relevance of the perceived risk.

Prior to the drafting of this Report, the Board of Statutory Auditors carried out a self-assessment of its work, verifying the suitability of each of its members to perform the functions assigned to them in terms

of professionalism, competence, availability of time and independence, and mutually acknowledging the absence of paid work and other assets in general, such as to constitute an actual risk for independence.

1.2. Consideration of the most important economic, financial and equity transactions carried out by the Company and their compliance with the law and the articles of association

The information acquired on the most important economic, financial and equity operations carried out by the Company enabled the Board of Statutory Auditors to ascertain their compliance with the law and the Articles of Association and their conformity with the Company's interests.

In this regard, it is considered that these transactions have been fully described in the Directors' Report. Specifically:

- A) obtaining of AEO (Authorized Economic Operator) certification from the Customs and Monopolies Agency;
- B) appointment by co-option of Davide Danieli – Group Chief Corporate & Financial Officer, Investor Relater and manager responsible for preparing the company's financial reports as of 21 April 2021 – as Executive Director of the Company;
- C) acquisition of the remaining 25% of the share capital of Pegaso S.r.l., the sole shareholder of Systema, a company operating in the market for mobile phone accessories in the Telco channel;
- D) incorporation of Cellularline USA Inc., a sales company for the development of Cellularline Group products for the USA and Canada;
- E) initiation of a share buyback and disposal programme, starting on 24 October 2022, which provides for a maximum number of Cellularline shares of 526,475 corresponding to approx. 2.4% of the share capital and for a maximum equivalent value of EUR 2.0 million.

The Directors' Report also describes all the main events relating to the voluntary tender offer, aimed at delisting, concerning all of the ordinary shares of Cellularline S.p.A. promoted by 4 Side S.r.l. in the first half of 2022 and concluded in October of the same year with the declaration of ineffectiveness of the offer due to the failure to fulfil the condition provided for.

1.3. Transactions with Related Parties

The Board of Statutory Auditors has acquired specific information on intra-group and related party transactions. These transactions are described in the Directors' Report, which refers to the section in the notes to the financial statements entitled 'Transactions with Related Parties'.

It is acknowledged that they comply with the law and the articles of association, that they are in the company's interest, and that there are no situations that require further consideration and comment. Transactions with related parties, as defined by IAS 24 and governed by article 4 of Consob Regulation no. 17221 of 12 March 2010 (and subsequent amendments), implemented until 31 December 2022 concern mainly commercial transactions relating to the supply of goods and the provision of services.

1.4. Adequacy of the information provided in the Directors' Report concerning atypical and/or unusual transactions, including those within the group and with related parties

No such cases.

1.5. Observations and proposals on findings and remarks (disclosure of the contents of the auditors' report)

The independent auditing firm KPMG S.p.A. (hereinafter also referred to as 'KPMG') today issued the reports pursuant to Art. 14 of Legislative Decree No. 39/2010 and Art. 10 of EU Regulation No. 537/2014 in which it certifies that the separate financial statements of Cellularline S.p.A. and the consolidated financial statements of the Cellularline Group as at 31 December 2022 give a true and fair view of the financial position, results of operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards, as well as the measures issued in implementation of Art. 9 of Legislative Decree no. 38 of 28 February 2005. In their audit reports, the auditors highlight the key audit issues of the recoverability of goodwill and the recoverability of customer relationships and trademarks with a finite useful life.

KPMG also issued the supplementary report for the Audit Committee on the results of the statutory audit, which also includes the statement on the independence of the statutory auditor.

The independent auditing firm also believes that the Directors' Report and the information in the Report on Corporate Governance and Ownership Structures indicated in Art. 123-bis, paragraph 4, of the Consolidated Finance Act are consistent with the financial statements of Cellularline S.p.A. and the consolidated financial statements of the Cellularline Group as at 31 December 2022.

The Board of Statutory Auditors and the independent auditing company maintained a continuous exchange of information. The independent auditing firm reported to the Board of Statutory Auditors on the work of the statutory audit of the accounts and the absence of any uncertainties or limitations in the audits conducted.

1.6. Indication of any complaints filed pursuant to Article 2408 of the Civil Code, any steps taken and their outcome

The Board of Statutory Auditors reports that it received no complaints pursuant to Article 2408 of the Civil Code during FY 2022.

1.7. Indication of any complaints lodged, any initiatives taken and their outcome

It is acknowledged that no complaints were received by the Board of Statutory Auditors from any person during FY 2022.

1.8. Indication of whether any further engagements were entrusted to the auditing firm and their costs

During 2022 and in the period running between 1 January 2023 and the date of this Report, the independent auditing firm KPMG S.p.A. and the company KPMG Advisory S.p.A. (which is part of the same network as the independent auditing firm), with respect to the engagement for the legal audit of the statutory and consolidated financial statements and the verification of the regular maintenance of accounting, civil and tax records, Cellularline S.p.A. conferred, subject to the favourable opinion of the Board of Statutory Auditors:

- an assignment, during 2022, to provide methodological support for the definition of the storytelling of the Sustainability Report, aimed at communicating the Company's strategies and performance to the outside world. This is a methodological support service for the execution of an ESG disclosure assessment by KPMG Advisory S.p.A. (EUR 14,000);
- an assignment, during 2022, concerning the performance of auditing activities for the purpose of "certifying" the expenses incurred for research and development, technological innovation and design activities by the Company, in order to take advantage of the tax credit pursuant to Article 1, paragraphs 198 to 208, of Law No. 160 of 27 December 2019, as amended by Law No. 178 of 30 December 2020, and the Decree of 26 May 2020 issued by the Minister of Economic Development (EUR 5,000);
- an engagement, during 2022, to perform the limited assurance of the Company's Sustainability Report for the year ending 31 December 2021 (EUR 15,000);
- an engagement, during 2023, to perform the limited assurance of the Company's Sustainability Report for the year ending 31 December 2022 (EUR 27,500);

- an engagement, during 2023, to conduct a benchmarking exercise to identify environmental, social and governance indicators and to carry out a gap analysis to identify areas of improvement with respect to the GRI Standards requirements on the Company's Sustainability Report for the year ending 31 December 2022, by KPMG Advisory S.p.A. (EUR 15,000).

1.9. Indication of whether any engagements were entrusted to persons linked to the independent auditing firm by ongoing relationships and the related costs

During FY 2022 and in the period running between 1 January 2023 and the date of this Report, no further appointments were conferred on the shareholders, directors, members of the control bodies and employees of the auditing firm itself and its subsidiaries or affiliated companies.

The Board of Statutory Auditors therefore confirms that no critical issues have arisen with regard to the independence of the independent auditing firm.

1.10. Indication of the existence of opinions, proposals and observations issued in accordance with the law during the financial year

The Board of Statutory Auditors acknowledges that, in 2022, in accordance with the regulations in force, it issued its proposal regarding the co-option of Davide Danieli following the resignation of Director Stefano Cerrato.

In January 2023, the Board of Statutory Auditors issued an opinion on the appointment of the Manager responsible for preparing the financial information.

1.11. Observations on compliance with the principles of correct administration

The Board of Statutory Auditors has acquired knowledge and supervised, to the extent of its competence, on compliance with the fundamental criterion of prudent management of the Company and the more general principle of diligence, all on the basis of its participation in the meetings of the Board of Directors, of the documentation and information directly received from the various management bodies in relation to the operations carried out by the Group and with, where appropriate, specific analyses and verifications. The information acquired made it possible to ascertain the compliance with the law and the articles of association of the actions resolved and implemented and to verify that they were not manifestly imprudent or reckless.

The Board of Statutory Auditors considers that the governance instruments and institutions adopted by the Company constitute, on the whole, a suitable safeguard for compliance with the principles of

proper administration in operational practice. The Board of Statutory Auditors supervised the resolution-passing processes of the Board of Directors and verified that the management decisions were compliant with the applicable regulations (substantive legitimacy), adopted in the interest of the Company, compatible with the Company's resources and assets and adequately supported by information, analysis and verification processes, also with recourse, when deemed necessary, to the consultative activity of committees and external professionals.

1.12. Observations on the adequacy of the organisational structure

During the year under review, the Board of Statutory Auditors became aware of and monitored, to the extent of its competence, the adequacy of the Company's organisational structure in relation to the size and nature of the Company's business, having no specific findings to report.

The Board of Statutory Auditors points out that the Board of Directors has established an internal Appointments and Remuneration Committee, a Control and Risks Committee and a Related Party Transactions Committee, with an advisory, proactive and analytical role, as per the provisions of Art. 4, 5 and 6 of the Code of Corporate Governance.

1.13. Observations on the adequacy of the internal control system and in particular on the activities carried out by the internal control officers.

For the purpose of expressing its opinion on the overall tightness of the internal control system, the Board of Statutory Auditors also monitored the activities carried out by the main actors of the internal control and risk management system.

The Board of Statutory Auditors took note of the overall assessment of the internal control and risk management system by the Head of the Internal Audit Department, the conclusions of which are set out below: *"In continuity with previous years, Cellularline's internal control and risk management system was progressively strengthened in 2022. In consideration of the findings of the Internal Audit Department and reflected in this report, during the year 2022, no critical elements emerged such as to have a material impact on Cellularline's internal control and risk management system, which, therefore, we consider to be adequate with respect to the company's size and characteristics. With a view to the ever-desirable improvement of the System as a whole, the Internal Audit Department will pay particular attention to the following aspects during FY 2023: (i) alignment and progressive strengthening of the procedural system with respect to the evolution of the Company's risk profile; (ii) timely resolution of findings resulting from audit interventions; (ii) execution of planned audit interventions."*

The Board of Statutory Auditors took note of the overall assessment of the internal control and risk management system by the Control and Risk Committee, the conclusions of which are outlined below: *"The Board of Statutory Auditors took note of the overall assessment of the internal control and risk management system by the Internal Audit Department, the report of the Supervisory Board, and the information obtained from the relevant bodies.*

On this basis, the Committee, having also noted that the Internal Audit Department did not find any circumstances that would lead it to deem the internal control and risk management system unsuitable in its entirety, formulates an opinion of substantial adequacy with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness.

The Committee also reiterates the importance of continuing to reinforce procedural and control safeguards, with particular reference to strategic risks, sustainability, IT risk and human capital management, also taking into account the fact that the Company's organisational structure is evolving".

The Board of Statutory Auditors, participating in the preparation process, approved the work plan prepared by the Internal Audit Department.

The Board of Statutory Auditors has assessed, to the extent of its competence, the adequacy of the internal control system, and on the basis also of the information exchanged with the Internal Audit Department and the Control and Risk Committee, has not found any particularly weak elements to date. The Board of Statutory Auditors also acquired information from the Supervisory Board during specific meetings, as well as from an examination of the half-yearly reports prepared by the latter. No discrepancies were found between what was represented in the documents produced by management, by the Supervisory Board pursuant to Legislative Decree No. 231/2001 and the company entrusted with the statutory audit of the accounts.

For the sake of completeness, reference is made to the shortcomings, which are, however, marginal and insignificant, identified by KPMG and which are attributable to software/ERP systems.

1.14. Observations on the adequacy of the administrative/accounting system and its reliability in correctly representing management events.

The Board of Statutory Auditors assessed, to the extent of its competence, the reliability of the administrative and accounting system to correctly record and represent operating events by obtaining information directly from the Directors, the heads of the various Departments and the independent auditors during the meetings held to examine the work plan carried out by the latter.

The Board of Statutory Auditors also supervised the financial reporting process.

The Board of Statutory Auditors recalls that on 12 January 2023, the Board of Directors appointed

Mauro Borgogno as Group Chief Corporate & Financial Officer and Manager responsible for preparing the financial information pursuant to article 154-bis of the Consolidated Finance Act, with the approval of the Board of Statutory Auditors, as he meets the requirements in the articles of association to hold this office. The appointment of Mr Borgogno became necessary due to the resignation of Mr Danieli from the role of Chief Financial Officer, Investor Relater as well as Manager responsible for preparing the financial information with effect from 8 January 2023.

The Manager responsible for preparing the financial information issued a certification that the financial statements provide a true and fair view of the financial position, results of operations and cash flows of the Company and its consolidated subsidiaries.

The Board of Statutory Auditors has verified, through specific meetings with the parties involved and requests for clarifications on the methods adopted (methods used and forecast flows), that the impairment test process (approved by the Company's Board of Directors on 15 March 2023 and carried out with the support of an Independent Accounting Expert) for the 2022 financial statements was carried out adequately and consistently with the practices adopted.

In accordance with the provisions of Art. 15, paragraph 1, letter c, point ii), of the Market Regulation (Conditions for listing shares of parent companies incorporated and regulated by the law of non-EU States), the Board of Statutory Auditors did not find any facts and circumstances indicating that the administrative and accounting system of the subsidiaries was not capable of regularly providing the management and auditor of the parent company with the economic and financial data necessary for the preparation of the consolidated financial statements.

1.15. Observations on the adequacy of the provisions issued by the Company to its subsidiaries pursuant to Art. 114, paragraph 2 of the Consolidated Finance Act

No observations.

1.16. Observations on any relevant issues that arose during the meetings held with the auditors pursuant to Art. 150, paragraph 3 of the Consolidated Finance Act

During 2022, the Board of Statutory Auditors held special meetings with the independent auditing firm, during which data and information relevant to the performance of their respective duties were exchanged. The Board of Statutory Auditors analysed the work carried out by the auditors, with particular reference to the audit approach and strategy for FY 2022, as well as the definition of the audit plan. The main issues were shared (termed “key audit matters”) and related business risks, thus

being able to appreciate the adequacy of the auditor's planned response.

The Board of Statutory Auditors ascertained, through information obtained from the auditing firm KPMG and the Company's management, compliance with IAS/IFRS, as well as with other laws and regulations pertaining to the preparation and layout of the separate financial statements, the consolidated financial statements and the accompanying Directors' Report.

Lastly, the Board of Statutory Auditors acknowledged, as verified by the independent auditors and reported in their report, that the Company has taken the necessary steps to prepare the financial statements in a single electronic communication format, using XHTML technology, in accordance with the requirements of Delegated Regulation (EU) 2019/815.

1.17. Indication of the Company's adherence, if any, to the Corporate Governance Code of the Committee for the Corporate Governance of Listed Companies

During FY 2020, the Company fully adhered to the Corporate Governance Code approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria, as shown in the Report on Corporate Governance and Ownership Structure. As of 1 January 2021, the Company applies the Corporate Governance Code and has disclosed information on compliance to the market in the Corporate Governance Report. The Report on Corporate Governance and Ownership Structure has been prepared in accordance with the instructions of the Regulation of Markets organised and managed by Borsa Italiana S.p.A. and provides a detailed description of the governance system adopted by the Company and includes preliminary considerations on how it will comply with the Corporate Governance Code as of 1 January 2021.

The Board of Statutory Auditors monitored how the corporate governance rules contained therein were actually implemented. This system complies and adheres to the rules of the governance model prescribed by the Corporate Governance Code for Listed Companies and international best practice, and the prescribed principles are effectively and correctly applied.

The Report on Corporate Governance and Ownership Structure for 2022 gives an account of the conclusions reached by the Directors regarding the confirmation of the adequacy and effectiveness of the organisational, administrative and accounting structure of the Company and its main subsidiaries. Refer to the Report on Corporate Governance and Ownership Structure for FY 2022, in respect of which the Board of Statutory Auditors expresses an overall positive assessment.

1.18. Concluding remarks on the supervisory activity carried out, as well as on any omissions, reprehensible facts or irregularities detected in the course of the supervisory activity

The Board of Statutory Auditors acknowledges that the supervisory activity was carried out, during FY 2022, in a normal manner and that no significant facts emerged from it such as to require specific reporting in this Report.

1.19. Indication of any proposals to be represented at the Shareholders' Meeting pursuant to Art. 153, paragraph 2 of the Consolidated Finance Act in matters pertaining to the Board of Statutory Auditors

Apart from the following chapter, the Board of Statutory Auditors does not deem it necessary to make any further proposals or observations.

2. OBSERVATIONS AND PROPOSALS CONCERNING THE ANNUAL FINANCIAL STATEMENTS AND THEIR APPROVAL

The financial statements of the Company, prepared by the Board of Directors in accordance with the law, were duly submitted and illustrated by the latter to the Board of Statutory Auditors together with the Directors' Report on 15 March 2023 at the Board of Directors' meeting held on that date.

With regard to the control of the proper keeping of accounts and the correct recording of operating events in the accounting records, as well as the verification of the correspondence between the information in the financial statements and the results in the accounting records and the compliance of the financial statements with the law, the Board of Statutory Auditors recalls that these tasks are entrusted to the auditing company.

In particular, the independent auditors reported to the Board of Statutory Auditors that, based on the audit procedures performed during the year and on the financial statements for the financial year and consolidated financial statements as at 31 December 2022, no uncertainties or limitations had arisen in the audits conducted and that the auditor's report was unqualified.

The Board of Statutory Auditors supervised the general approach taken to the annual financial statements and specifies that the supervision of the financial reporting process, through the examination of the control system and of the processes for producing information that have as their specific object accounting data in the strict sense, was conducted by the Board of Statutory Auditors having regard not to the information but to the process through which the information is produced and disseminated.

In particular, having preliminarily ascertained, through meetings with the heads of the Departments involved and with the auditing firm, the adequacy of the administrative and accounting system to

correctly record and represent management events and to translate them into reliable data systems for the realisation of external information, the Board of Statutory Auditors acknowledges that:

- the financial statements have been prepared, starting from FY 2019, in accordance with IFRSs issued by the International Accounting Standards Board;
- the formation, layout and format of the annual financial statements comply with laws and regulatory provisions;
- the financial statements are consistent with the facts and information that have come to our knowledge following our participation in the meetings of the Corporate Bodies, which have enabled us to acquire information on the most significant economic, financial and equity transactions carried out by the Company;
- to the best of the Board of Statutory Auditors' knowledge, the Directors, in preparing the financial statements, have not departed from the provisions of the law pursuant to Art. 2423, paragraph 5 of the Civil Code;
- the financial statements have been prepared by the Board of Directors on a going concern basis;
- development costs have been correctly entered in the Assets of the Balance Sheet, with our express consent pursuant to Art. 2426, paragraph 1, point 5 of the Italian Civil Code;
- in the financial statements for 2022, pursuant to Article 2426, paragraph 1, point 6 of the Italian Civil Code, there is a residual goodwill of EUR 18,432 thousand, recorded in the Assets of the Balance Sheet with the favourable opinion of the Board of Statutory Auditors. This item was reduced from the previous year as a result of the impairment test as appropriately represented in the financial statements under review, carried out by the Directors with the support of an independent expert accountant. The recoverable value corresponds to the value in use, determined by discounting the expected operating cash flows indicated in the business plan prepared for the period 2023-2026 and approved by the Company's Board of Directors on 15 March 2023.

The Board of Statutory Auditors has ascertained that:

- the Directors' Report complies with applicable laws and is consistent with the resolutions adopted by the Board of Directors and the information available to the Board of Statutory Auditors;
- the information illustrated in the aforementioned document complies with the relevant provisions and contains an overall analysis of the Company's situation, performance and result

of operations, as well as an indication of the main risks to which the Company is exposed and expressly shows the elements that may affect the development of operations.

With regard to the financial statements for the year ended 31 December 2022, the Board of Statutory Auditors has no further observations or proposals to make.

The supervisory and control activities carried out during the year, as illustrated in this Report, did not reveal any additional facts to be reported to the Shareholders' Meeting.

Conclusions

As a result of the supervisory activity carried out during FY 2022 and also taking into account the findings of the activity carried out by the statutory auditor, contained in the special report accompanying the financial statements, the Board of Statutory Auditors:

- a) acknowledges the adequacy of the organisational, administrative and accounting structure adopted by the company and its actual functioning, as well as the efficiency and effectiveness of the system of internal controls and risk management;
- b) insofar as under its purview, expresses its opinion in favour of approving the financial statements for the year ending 31 December 2022 and the proposal formulated by the Board of Directors to fully cover the loss for the year, amounting to EUR 75,893,350, through the utilisation of the following reserves:
 - Reserves for Retained Earnings in the amount of EUR 13,400,827;
 - Extraordinary Reserve in the amount of EUR 31,176,621;
 - Share Premium Reserve in the amount of EUR 31,315,902;
- c) acknowledges the proposal to assign, by way of extraordinary dividend, a maximum of 743,499 ordinary treasury shares at the ratio of 1 ordinary treasury share for every 28 ordinary shares (rounded down to the nearest unit) held by each shareholder. These shares are fully withdrawable from the treasury shares in the Company's portfolio, with a consequent reduction of the relevant reserve.

The Board of Statutory Auditors, appointed on 24 April 2020, recalls that its term of office expires with the approval of the financial statements as at 31 December 2022. The Shareholders' Meeting is therefore invited to resolve on the appointment of the three Standing Auditors and two Alternate Auditors and the determination of their compensation.

Milan, 30 March 2023

The Board of Statutory Auditors

Cristiano Proserpio

Daniela Bainotti

Paolo Chiussi