

OVS S.p.A.

Registered office in Venice - Mestre, Via Terraglio no. 17
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Register of Companies of Venice, tax code and VAT number 04240010274
REA no. VE-378007
Institutional website: www.ovscorporate.it

Report of the Board of Statutory Auditors to the Shareholders' Meeting of OVS S.p.A. pursuant to art. 153 of the Legislative Decree 58/98, to be held on 9 July 2020

To the Shareholders of OVS S.p.A.

I. Introduction: normative, regulatory and deontological sources

This Report has been prepared by the Board of Statutory Auditors of OVS S.p.A. (hereinafter the "**Company**" or even only "**OVS**"), appointed by the Shareholders' Meeting of May 31, 2017 and in office in its current composition from the date of June 1, 2018. In this regard, it is reminded that Mr. Stefano Poggi Longostrevi, who took over the role of Chairman of the Board of Statutory Auditors following the resignation of Ms. Paola Camagni, was confirmed by the Shareholders' Meeting of May 31, 2019, which also resolved the appointment of an alternate auditor pursuant to and for the effects of art. 24.2 of the Articles of Association. The mandate of the current Board of Statutory Auditors will expire with the Shareholders' Meeting of 9 July 2020 called to resolve on the Financial statements approval for the year ended 31 January 2020.

This Report informs on the supervisory activities and other activities carried out by the Board of Statutory Auditors during the year ended January 31, 2020 based on the provisions of the law, taking into account the Principles set out in the "Rules of conduct of the board of statutory auditors of listed companies" issued by the National Council of Chartered Accountants and Accounting Experts last updated in April 2018 (hereinafter the "**Rules of Conduct**"), the Consob provisions on corporate controls and the indications contained in the Code of Conduct. With this Report, also in compliance with the indications provided by Consob with Communication DEM / 1025564 of April 6, 2001, as subsequently amended and integrated, the Board of Statutory Auditors reports on the activities carried out, separately for each supervisory object provided for by the regulations of the Board of Statutory Auditors activities.

Having adopted OVS the traditional governance model, and given that the Audit of the accounts was entrusted to the auditing company PricewaterhouseCoopers S.p.A. (hereinafter also "PWC") for the financial years ending 31 January 2023, the Board of Statutory Auditors also identifies with the "Internal Control and Audit Committee" which has additional specific control and monitoring functions on the disclosure financial and statutory audit pursuant to art. 19 of Legislative Decree January 27, 2010 n. 39, as amended by Legislative Decree 17 July 2016 n. 135, which is also acknowledged in this Report.

With this Report, the Board of Statutory Auditors also reports below on the supervisory activity carried out with reference to the obligations relating to the non-financial declaration pursuant to Legislative Decree n. 254/2016.

In fulfilling these obligations, the Board of Statutory Auditors, as the top body of the overall corporate control system, also provides an integrated framework of the results of the controls themselves.

II. Supervisory activities on compliance with the laws, regulations and the article of association

During the 2019/2020 financial year, the Board of Statutory Auditors met no. 17 times, of which no. 7 times in joint session with the Control Risk and Sustainability Committee (hereinafter also "CCRS"), always with the participation of all its members. After January 31, 2020, and to date, the Board of Statutory Auditors has met other n. 10 times, of which n. 4 times in joint session with the CCRS.

The Board of Statutory Auditors also attended the meetings of the Board of Directors: no. 11 during the 2019/2020 financial year, and no. 5 after January 31, 2020 to date.

The Board of Statutory Auditors also attended (almost always in its entirety) all the meetings of the intra-council committees: no. 6 of the Nomination and Remuneration Committee during the 2019/2020 financial year and no. 3 after January 31, 2020 until the date of this report, no. 7 of the Control and Risk and Sustainability Committee during the 2019/2020 financial year and no. 4 after January 31, 2020 to date, and no. 1 of the Related Party Transactions Committee during the 2019/2020 financial year and no. 1 after January 31, 2020 to date.

The Board of Statutory Auditors participated unanimously by its members in the Shareholders' Meeting of May 31, 2019.

The Board of Statutory Auditors also periodically met with the Supervisory Body and the independent auditing firm PWC. The meetings with the auditing firm intensified, in respect to the past, having organized no. 6 meetings in the 2019/2020 financial year (3 of which joint to the CCRS) and no. 4 meetings subsequent to January 31, 2020 to date (of which 3 joint to the CCRS) to discuss, among other things, the planning of the auditing activities for the 2019/2020 financial year and any methodological impacts on the assessment process of preparing the impairment test as at 31 January 2020 related to the new accounting standard IFRS 16, as well as deriving from the effects of the spread of the Covid-19 epidemiological emergency also for the purposes of the annual financial report.

The Board of Statutory Auditors regularly interfaced with the Head of the Internal Audit function and with the Manager in charge of drafting the corporate accounting documents and CFO and held meetings with the managers of some key corporate staff functions (such as the Director of Legal and Corporate Affairs, the Human Resources Director, the Information Technology Director, the Data Protection Officer and the Investor Relator). During the year, the Board of Statutory Auditors also held meetings with the General Managers of the two brands OVS and UPIM, in implementation of what was suggested in the Board of Statutory Auditors Self-assessment at the end of the previous year.

In its activity, the Board of Statutory Auditors has constantly provided for the acquisition of documentation and information useful for planning its activity, which has concerned in particular:

- a) Supervisory activities on:
 - (i) compliance of the resolutions adopted by the corporate bodies with the law and regulatory provisions, as well as with the Articles of Association;
 - (ii) pursuant to art. 149, paragraph 1, letter c-bis of Legislative Decree 58/98 (hereinafter "TUF"), the methods of actual implementation of the Code of Conduct for listed companies to which OVS has adhered;
 - (iii) compliance with the obligations regarding privileged information and internal dealing, noting that the Company has adopted the internal regulation on internal dealing, in implementation of EU regulation no. 596/2014 (MAR Regulation), and amended and integrated with the resolution of the Board of Directors of 30 January 2020 both the "Internal dealing procedure" and the "Internal procedure for the

management and treatment of relevant and privileged information" adopted with resolution of 10 December 2015 and effective from 3 July 2016, and that the management and communication of information concerning the Company is governed in accordance with it; it is also noted that, at the same time as the aforementioned amendments, the Board of Directors of 30 January 2020 also amended and integrated the Procedure relating to the "Register of persons who have access to privileged and relevant information";

- (iv) compliance of the internal procedure concerning transactions with related parties to the principles indicated in the Regulation approved by Consob with resolution no. 17221 of March 12, 2010 and subsequent amendments (hereafter "RPT Regulation"), as well as its concrete application;
- (v) the functioning of the corporate information process, verifying compliance with the laws and regulations concerning the formation and setting of the separate and consolidated financial statements schedules, as well as the related accompanying documents, for this purpose also examining the Annual report of the Manager responsible for preparing the accounting and corporate documents;
- (vi) the actions taken with reference to the privacy provisions, in particular the EU Regulation no. 2016/679 (so-called GDPR), in compliance with which it is reminded that the Company has appointed the so-called Data Protection Officer, with which the Board of Statutory Auditors has interacted during its verification activities. It should be noted the creation during the year of a specific Privacy Committee, composed of the managers of the operating structures most involved in the management of personal data;
- (vii) compliance of the Consolidated non-financial declaration (hereinafter also "DNF") with the provisions of Legislative Decree n. 254/96, including the changes made by art. 1, paragraph 1.073, of law no. 145/2018;

b) verify the below:

- (i) compliance with the regulations on the conduct of meetings of the corporate bodies and the fulfillment of the periodic information obligation by the delegated bodies regarding the exercise of the delegated powers;

- (ii) that none of the Statutory Auditors had interests, on their own behalf or on behalf of third parties, in a given transaction during the past financial year and that the conditions of independence provided for by the law persist, including through an internal self-assessment process regarding the recurrence, and the permanence, of the suitability requirements of the components and about the correctness and effectiveness of its functioning (in compliance with the provisions of the Q.1.1 Standard of the Rules of Conduct), the results of which are summarized in a subsequent paragraph of this Report;
- a) the monitoring of the concrete methods of implementation of the corporate governance rules stated by the Corporate Governance Code, for this purpose also by examining the Annual Report on corporate governance and ownership structures pursuant to art. 123-bis of the TUF;
- b) acknowledging the preparation of the Remuneration Report pursuant to art. 123-ter of the TUF and pursuant to art. 84-quater of Consob Regulation no. 11971/1999 (hereinafter "**Issuers Regulation**").

On above, the Board of Statutory Auditors informs:

- to have reported its recommendations to the Board of Directors from time to time, with particular reference to the methods of actual implementation of the Code of Conduct for listed companies. In this regard, it is acknowledged that the Board of Directors consolidated the corrective measures launched in the previous year, during the 2019/2020 financial year, also taking into account the suggestions of the Statutory Auditors, including the implementation of the *Board of Directors evaluation* - carried out this year with the support of the head of the *Internal Audit* function on the basis of the same questionnaire used in the previous *Board of Directors evaluation* - and the implementation of an *Induction programme* for Directors and Statutory Auditors;
- with regard to the functioning of the Board of Directors and the internal board committees, the Board of Statutory Auditors believes that the information flows, both towards the Board of Statutory Auditors and towards these bodies and committees, as well as their activation and operational functionality, also thanks to the improvement actions described below, are overall in line with the provisions of the corporate governance rules. In this regard, it is acknowledged that, during the 2019/2020 financial year, the Company maintained the

improvement actions implemented in the previous year in the organization of the work and the functioning of the Board of Directors and the Committees, i.e. the tools technical assistance for meetings (recording of meetings, simultaneous translation, creation of a board room for consulting meeting documentation). In addition, support from an external lawyer was retained for certain meetings. Thanks to these actions, the timing of the minutes of the meetings remained substantially in line with those of the previous year and, therefore, faster than in the past and a progressive improvement was obtained in the usability of the pre-board information. The Statutory Auditors will continue to monitor the maintenance and effectiveness of these tools and, in particular, the timeliness in sending the pre-council documentation and the minutes of the meetings of the Directors' Boards and Committees;

- that, to date, there have been no reports to Consob pursuant to art. 149, paragraph 3, of the TUF;
- to have verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of the Directors, having nothing to report in this regard;
- to have taken note of the 2020 Remuneration Policy, as illustrated in the Remuneration Report to which it refers, which also takes into account the "Recommendations of the Committee for 2020" referred to in the Letter of the Chairman of the Corporate Governance Committee of December 2019, by integrating the sustainability of the business activity in the definition of the strategies and the remuneration policy within the short-term incentive system offered to Top Management (MBO 2020), in order to further consolidate the engagement of these figures also with reference to the pursuit of non-financial, strategic and sustainability objectives. It should also be noted that the long-term incentive system was also integrated, through ad hoc actions. Among the new features introduced, within the MBO system, there is also the change in the weight of the individual KPIs, in order to align them more closely with the situation that will characterize the market during the 2020 financial year.

It is acknowledged that, during the 2019/2020 financial year and to date, no complaints have been received pursuant to art. 2408 of the Civil Code.

III. Transactions and events of greater economic, financial and equity significance occurred in the 2019/2020 financial year or after the closure of the same

Please note that, on 11 March 2019, Gruppo Coin S.p.A. (now Icon S.p.A.) has sold to Tamburi Investment Partners S.p.A. (hereinafter "**TIP**") its equity investment (equal to 17.835%) in the Company; as a result of this purchase, TIP, already a shareholder of OVS with a stake of approximately 4.912%, reached a total of approximately 22.747% of the share capital of OVS.

It is also reminded that, following this acquisition, on 13 March 2019, the Board of Directors resolved to replace the non-executive directors Stefano Ferraresi, Stefania Criveller and Marvin Teubner who had resigned, with the appointment by co-optation of Giovanni Tamburi, Alessandra Gritti and Massimiliano Magrini, all non-executive and the latter also in possession of the independence requirements provided for by current legislation and by the Code of Conduct. These Directors were confirmed by the Shareholders' Meeting of May 31, 2019 and will remain in office until the Shareholders' Meeting called to approve the financial statements closed on January 31, 2020, as well as the other members of the Board of Directors in office.

During the aforementioned Shareholders' Meeting of May 31, 2019, the Director Elena Garavaglia, co-opted on June 20, 2018 from the so-called list "Minority" referred to at the Shareholders' Meeting of May 31, 2017, was also confirmed as Director.

The Shareholders' Meeting of May 31, 2019 also appointed and elected Franco Moscetti as Chairman of the Board of Directors, presented by TIP shareholder, in place of Nicholas Stathopoulos, whose resignation was effective as of the date of the Shareholders' Meeting itself.

Following the appointments by co-optation of 13 March 2019, the Board of Directors updated the composition of the intra-board Committees, whose current composition is described in the Corporate Governance Report, to which reference is made for more details. In this regard, it should be noted that the Board of Directors of 11 December 2019 made some changes in the composition of the internal committees, following the resignation from the committees, due to professional commitments, of Mr. Gabriele Del Torchio, who continued to serve on the Board of Directors.

Among the most significant transactions, during the 2019/2020 financial year, the process aimed at refinancing the entire financial package existing at the end of the previous year continued, according to the timetable defined together with the financial advisor, the legal teams

and to the banks of the Pool. Following the process, on 18 September 2019, OVS received the letter of proposal of the agreement amending the existing Loan Agreement, signed by the agent bank and the lending banks; this amending agreement ("**Amendment and Restatement Agreement**") provides, among other things, for the rescheduling of the financial package from March 2, 2020 to March 2, 2023. For more details on the changes that have occurred, please refer to what is reported in the Management Report. OVS proceeded with the formal signing of the relative acceptance letter and, on October 3, 2019 (as per the press release on the same date), proceeded to meet the conditions precedent set pursuant to the Amendment and Restatement Agreement itself, so that this agreement and the changes envisaged therein have become totally effective.

After January 31, 2020, closing date of OVS financial year, following the spread of the pandemic of the "Covid - 19" there was, as is known, the closure by law of the entire Italian sales network as described in detail in the paragraph "Significant events subsequent to year end" of the Management Report, which describes the actions taken by the OVS Group from March 2020 and in the following months up to the completion of the reopening of the sales network from 18 May. Following the spread of this pandemic, the Board of Statutory Auditors requested and obtained from the Management information and documents on the measures adopted by the Company to cope with this emergency and reassurances about the presence of conditions of health and safety in the workplace and methods operational, in order to favor the contrast and containment of the spread of the virus during the so-called Phases 1 and 2. The Board of Statutory Auditors was also constantly informed on the economic-financial trend, also prospective, and on the actions taken by the Company following Covid-19, also through its participation in the numerous Boards of Directors and meetings of the Control Risk and Sustainability Committee jointly with the Boards of Statutory Auditors, which have been held over the past few months.

Among the significant events subsequent to the end of the year as at 31 January 2020, the Board of Statutory Auditors also notes that, in light of the contingent financial needs deriving from the lockdown period, OVS has started a process for obtaining New Finance for Euro 100 million, counter-guaranteed for 80% by SACE SpA, which saw the involvement of a pool made up of 5 banks from the current loan agreement, from Cassa Depositi and Prestiti SpA and from a new bank. As of the date of preparation of this Report, the institutions involved have proceeded with the related resolutions; the process will end with the approval of the Decree of

the Ministry of Economy and Finance. For more details on the characteristics of the New Finance, please refer to the Management Report (paragraph "Actions taken by the OVS Group from March 2020").

Parallel to this process, the banks of the pre-existing loan agreement have already approved favorably, albeit subject to obtaining the New Finance, the granting of some amendments / suspensions of the contract itself, among which the most significant are: (i) the suspension of the repayment of the installments scheduled for August 2020 and February 2021 and (ii) suspension of the covenant test until April 2021.

IV. Supervisory activities on related party transactions

With regard to the supervisory activity regarding Transactions with related parties, it is highlighted that the transactions carried out during the 2019/2020 financial year have been previously examined by the Related Party Transactions Committee, in accordance with the provisions of the RPT Procedure last amended by the Board of Directors on 19 September 2018, which also provides for keeping and updating of a Register of Transactions with Related Parties.

The Board of Statutory Auditors periodically requested and obtained updates on the evolution of relations with related parties, with particular focus on those with the related party Coin S.r.l. (now Coin SpA, hereinafter referred to as "**COIN**"), in relation to which the Board of Statutory Auditors specifically monitored the performance of the Piombo brand corners, as well as the repayment plan of the expired commercial credits claimed by OVS against COIN, which ended within January 31, 2020. As regards the Piombo corners, it is reported, as indicated in the Annual Financial Report to which you are referred for more details, that in 2019 no. 2 of the n. 5 corners inside the Coin department stores have been closed (as one of the n. 2 direct stores), in order to bring the Piombo corners to the OVS network.

During the 2019/2020 financial year, OVS carried out a new transaction with related parties of lesser importance with COIN, relating to the *wholesale* sale of Lead branded goods for a value of approximately 400,000 Euros for which the RPT Committee expressed your favorable (non-binding) opinion.

For more details on this and other related party transactions, please refer to the information contained in the Notes to the financial statements and in the Management Report.

With reference to the aforementioned transactions, the Board of Statutory Auditors has

constantly monitored compliance:

- (i) of the RPT Regulation and RPT Procedure, also through the acquisition of detailed documentation;
- (ii) of the provisions on transparency and information to the public.

From the information acquired, also after the in-depth analyzes carried out, and from the analysis of the documentation obtained, there are no elements that suggest that the Transactions with related parties of OVS indicated in the Annual Financial Report at 31 January 2020 have not been implemented and managed in the interest of the Company.

Taking into account the size and structure of the Company and the OVS Group, the Board of Statutory Auditors, without prejudice to the above, believes that the Board of Directors, in the Annual Financial Report at 31 January 2020, has provided an adequate illustration of the transactions carried out be with subsidiaries and other related parties, explaining their economic, financial and equity effects.

V. Supervision of compliance with the principles of correct administration

In order to monitor compliance with the principles of correct administration, in addition to having participated, as explained above, in its entirety in almost all the meetings of the Board of Directors and the internal board Committees, the Board of Statutory Auditors declares:

- to have obtained during the 2019/2020 financial year from the Directors, in compliance with the periodicity provided for by article 23, paragraph 3, of the Articles of Association, the due information on the activity carried out and on the operations of greater economic, financial and equity resolution approved and implemented by OVS and its subsidiaries in the aforementioned year; these activities and operations are described in the Management Report and in the Notes to the financial statements. Based on the information made available to the Board of Statutory Auditors, the same may reasonably believe that the operations carried out in the 2019/2020 financial year comply with the law and the articles of association and are not manifestly imprudent, risky, or in conflict with the resolutions taken by the Shareholders' Meeting or such as to compromise the integrity of the corporate assets;
- not having detected the existence of atypical or unusual transactions with Group companies or with third parties carried out during the 2019/2020 financial year. As regards the risks

and effects of the operations carried out, please refer to the Management Report as well as to the risk analysis contained in the Notes to the consolidated and separate financial statements.

It should be noted that, on 19 September 2019, the Board of Directors, on the proposal of the Director in charge of the internal control and risk management system, with the favorable opinion of the Control Risk and Sustainability Committee and having heard the Board of Statutory Auditors, approved the new version of the Company's Risk Management System Guidelines to identify, supervise and govern risk areas.

Based on the information acquired as part of the aforementioned supervisory activity, it can be said that the management choices of the Directors were inspired by principles of correct information and reasonableness, having the same awareness of the risks and effects of the operations carried out.

It should be reminded that, during the 2018/2019 financial year, the Company had purchased a total of 809,226 treasury shares, equal to 0.356% of the share capital, for a total amount of Euro 1,496 thousand. The Shareholders Meeting of May 31, 2019, among other things, authorized the purchase of further treasury shares, also in support of stock option plans. At 31 January 2020 the Company still owns a total of n. 809,226 treasury shares; therefore, during the 2019/2020 financial year there were no further purchases or disposals.

VI. Supervision of the adequacy of the organizational structure

The Board of Statutory Auditors has acquired knowledge and supervised, to the extent of its competence, the adequacy of the Company's organizational structure and believes that the structure as a whole is adequate. In the 2019/2020 financial year, there were no significant changes regarding the organizational structure and the first reports of the CEO, highlighting the reinforcement that occurred in the IT area through the insertion of no. 2 new resources with management functions.

As part of its supervisory activity, the Board of Statutory Auditors also viewed and obtained information on the organizational and procedural activities carried out pursuant to Legislative Decree 231/2001 and subsequent additions and amendments, on the administrative liability of entities for the offenses envisaged by these regulations; these activities are illustrated in the Report on corporate governance and ownership structures, to which reference is made.

The Supervisory Body also reported, during the periodic meetings, the Board of Statutory Auditors on the activities carried out during the 2019/2020 financial year, with particular reference to the implementation of the Audit Plan (for 231 profiles), to the checks carried out with regards to accidents as well as the checks carried out with respect to what has been learned from reports received and from information acquired both during information meetings with managers and from information flows received periodically by the various corporate functions. In relation to the recent introduction of new predicate offenses, the Supervisory Body has reported to the Statutory Auditors that it has invited the Company to evaluate its implementation, when applicable, in the Model.

Finally, the Board of Statutory Auditors was informed about the training activities put in place by the Company, the Audit Plan scheduled for the 2020 financial year and the planned interventions also in light of the critical issues that emerged. However, no facts or situations have been reported by the Supervisory Body that need to be highlighted in this Report.

For strategically significant subsidiaries, identified by the Board of Directors with resolution of 30 January 2020, and with reference to the provisions of art. 15 of the Consob Market Regulation (resolution n.20249 of December 28, 2017) on the relevant subsidiaries set up and regulated by the law of States not belonging to the European Union, the Board of Statutory Auditors reports that the company to which this provision applies (OVS Hong Kong Sourcing Ltd.) is included among the companies within the OVS Internal Control System on Financial Reporting for which no significant deficiencies have been reported.

As regards the self-assessment process of the Board of Statutory Auditors carried out by it at the end of the 2019/2020 financial year, regarding its composition and independence, as well as the size and functioning of the same, a substantially adequate framework emerges from the results of this process. With reference to the improvement interventions identified in the Self-assessment Report of the Board of Statutory Auditors of the previous year, we acknowledge the substantial completion of the same, by organizing a specific meeting, within the Board of Statutory Auditors, both with the General Manager of OVS brands and with the General Manager of the UPIM brand, as well as the setting already for the year 2019 of an annual calendar of the meetings of the Board of Statutory Auditors, with advance fixing of the topics of each meeting of the Statutory Auditors (coordinating them, where possible, with those of the Control Risks and Sustainability Committee, in order to avoid duplication). For 2020, the

calendar of meetings of the Board of Statutory Auditors has been integrated into the annual calendar of meetings of the Board of Directors and Committees.

On the other hand, as an area of possible improvement, that relating to the timing of prior preparation by the corporate functions of the supporting documentation for the meetings of the Statutory Auditors, which was re-proposed for the current year 2020, remained unchanged, making use of the support of the secretariat of the Board of Statutory Auditors for an advance of the request times. Among the areas for improvement for 2020 there is also the opportunity to increase the frequency of information exchanges between the external auditing firm and the Board of Statutory Auditors - an action, however, as reported before, already implemented in the first months of 2020 - in addition to the mandatory meetings.

Upon expiry of its mandate, the Board of Statutory Auditors prepared and transmitted to the Company its "Guidelines relating to the new Board of Statutory Auditors of OVS SpA", summarizing the activities carried out, also indicating the number of meetings and the commitment required, so as to allow Shareholders and Auditor candidates to evaluate the appropriate characteristics, skills and professionalism, the commitment and time required and the adequacy of the related remuneration for the performance of the office, in accordance with the provisions of the "Rules of conduct" (Standard Q.1.6).

With regard to the self-assessment process of the Board of Directors and its Committees, it is acknowledged that, in the 2019/2020 financial year, the Company implemented a *Board Evaluation*, in which all the Directors in office participated, with the help of the Internal Audit function, at the end of which a report was issued, illustrated to the Nomination and Remuneration Committee on January 27, 2020 and to the Board of Directors on January 30, 2020, also containing an Action proposal Plan, which provides that the Company must continue in the virtuous process undertaken implementing the actions and innovations already carried on; assessment points have been included for the next Board of Directors and some suggestions also on the new composition of the Board and the skills deemed appropriate for inclusion in the new Board of Directors, with regard to a figure with business skills and one with listed legal-corporate and corporate governance skills.

The Statutory Auditors took note of the substantially positive results, which emerged in the *Board Evaluation*, of the assessments regarding the composition, size and functioning of the Board of Directors and the Committees. The activity of the Committees is widely appreciated

and the size and composition of the same is considered adequate. For a summary of the results of this *Board Evaluation*, please refer to the Report on corporate governance and ownership structures.

The Board of Statutory Auditors also notes the completion of the actions referred to in the previous Action Plan, underlining in particular a greater focus on the Boards of Directors held during the 2019/2020 financial year on topics related to the business and the economic, equity and financial situation of the Company, as well as the approval on 30 January 2020, on the favorable opinion of the Nomination and Remuneration Committee, of the Succession Plan of the CEO, and in general of the executive directors, of OVS as well as of a policy that describes the path that regulates the Succession plan for executives with strategic responsibilities, prepared with the support of an external consultant on the subject.

VII. Supervision of the internal control and risk management system and of the administrative-accounting system

The Board of Statutory Auditors supervised the adequacy of the internal control and risk management system and the administrative-accounting system, as well as the suitability of the latter to correctly represent the management facts, by:

- i) the examination of the positive assessment expressed by the Board of Directors on the adequacy and effective functioning of the Internal Control and Risk Management System;
- ii) the examination and comments of the Chief Financial Officer / Executive in charge of preparing the accounting and corporate documents on the Administrative and Accounting System;
- iii) the examination and comments of the Chief Financial Officer / Executive in charge of the internal control system on financial reporting, from which no significant deficiencies emerge;
- iv) the examination of the Annual Internal Audit Report on the OVS Internal Control and Risk Management System;
- v) the examination of the Internal Audit reports and the periodic Report of the same regarding the progress of the 2019 Audit Plan - which during the year saw, among other things, the execution of a specific audit on the subject of Cyber Security planned

following the assessment carried out on the IT area at the end of 2018 - and on the results of the overall activity carried out during the year;

- vi) obtaining information from the managers of specific corporate functions concerned;
- vii) the information relationships with the administrative bodies (the board of statutory auditors is missing) of the foreign subsidiaries pursuant to paragraphs 1 and 2 of art. 151 of the TUF;
- viii) participation in the work of the Control Risk and Sustainability Committee and, when the topics required it, joint discussion of the same with this Committee.

The Board of Statutory Auditors has taken note of and positively assessed, together with the Controls and Risks and Sustainability Committee, the 2020 Audit Plan, which was approved by the Board of Directors on January 30, 2020 and subsequently reviewed and approved by the Board of Directors on May 26, 2020. by reason of Covid-19 to take into account, in particular, the impacts of the current operating context on business processes. This plan was integrated with two audits to support the activities of the Supervisory Body, regarding compliance pursuant to Legislative Decree 81/2008 and analysis of the internal control measures of the processes on which the case of the so-called "Tax offenses" also with a view to any need to adapt the Organization, Management and Control Model. With reference to the Internal Audit function, the Statutory Auditors took note of the CCRS assessment of the overall adequacy, effectiveness and efficiency of this function, believing the monitoring is constant and adequate.

Taking into account the above, the Board of Statutory Auditors believes that the internal control system of OVS is overall adequate.

VIII. Supervision of the statutory auditing process and the independence of the auditing firm

The statutory auditing firm PWC has released today's reports pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) no. 537/2014, respectively for the separate financial statements and for the consolidated financial statements at 31 January 2020, prepared in accordance with the International Financial Reporting Standards - IFRS - adopted by the European Union as well as with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005, as described in the Notes to the financial statements. From

these reports, it appears that the separate and consolidated financial statements of OVS provide a true and correct representation of the equity and financial situation of OVS S.p.A. and the OVS Group as of January 31, 2020, of the economic result and of the cash flows for the year ended on that date.

With reference to the separate financial statements and the consolidated financial statements, the external auditing firm declared that the Management Report and the Report on corporate governance and ownership structures, limited to the information indicated in art. 123-bis, paragraph 4, of the Consolidated Law on Finance, are consistent with the financial statements at the aforementioned date of January 31, 2020 and are prepared in accordance with the law. In addition, the statutory auditing company with reference to the declaration pursuant to art. 14, c. 2, letter e), of Legislative Decree January 27, 2010, n. 39, regarding the possible identification of significant errors in the Management Report, on the basis of the knowledge and understanding of the company and its context acquired during the audit, stated that it has nothing to report.

Lastly, the statutory auditing firm PWC released the Additional Report for the Internal Control and Audit Committee pursuant to art. 11 of Regulation (EU) no. 537/2014, the contents of which, as regards the financial statements to which this report refers, are consistent with those of the aforementioned audit report.

The Board of Statutory Auditors has taken note of the contents of the Additional Report issued by the auditing firm without remarks or references to information. This report will be sent, with any comments from the Board of Statutory Auditors, to the Board of Directors.

During the 2019/2020 financial year, the Board of Statutory Auditors also received updates on the actions taken by OVS on the basis of the Additional Report of the auditing firm of last year, in particular on the SoD (Segregation of Duties) project for SAP.

The Board of Statutory Auditors supervised compliance with the provisions established by Legislative Decree December 30, 2016, no. 254 on the communication of non-financial information and information on diversity. In this regard, having verified the approval by the Board of Directors of the non-financial declaration, the auditing firm PWC has issued, as specified in the above-mentioned audit report, a specific report pursuant to art. 3, c. 10 of Legislative Decree December 30, 2016 n. 254 and art. 5 of the Consob Implementation Regulation of 18 January 2018, n. 20267.

The Board of Statutory Auditors, as already specified, has held periodic meetings with the managers of the external auditing firm, also pursuant to art. 150, c.3, of the TUF and art. 19, c.1, of the Legislative Decree n. 39/2010, during which no facts or situations emerged that need to be highlighted in this Report.

The Board of Statutory Auditors, also in light of the in-depth analyzes carried out and the comparisons made with the auditor, believes that the process of preparing the financial statements has been overall correct and that the accounting principles have been applied correctly.

The explanatory notes to the separate financial statements and the consolidated financial statements of the Company contain the statement of fees for the year paid to the statutory auditing firm PWC and to the entities belonging to its network, pursuant to art. 149-duodecies of the Issuers Regulation, including the "other services" provided to OVS by the external auditing firm or by other entities belonging to its network, constituted in the 2019/2020 financial year by "audit related services" connected to the control over the content of the Declaration non-financial. As can be seen from this prospectus, during the 2019/2020 financial year no other non-auditing services were provided by PWC or by entities belonging to its network.

It is acknowledged that the auditing firm PWC and subjects belonging to its network have not been assigned tasks that are not permitted pursuant to the regulations applicable to OVS.

Taking into account the declarations of independence issued by PWC, more precisely the "Annual independence confirmation pursuant to art. 6, paragraph 2), letter a) of the European Regulation 537/2014 and pursuant to paragraph 17 of the International Revision Principle (ISA Italy) 260", and of the transparency report produced by the same pursuant to art. 13 of the European Regulation 537/2014, as well as the tasks assigned to it by OVS and by the companies of the OVS Group, the Board of Statutory Auditors does not believe that critical aspects exist regarding the independence of the auditor.

IX. Verification activities on the financial statements, on the consolidated financial statements and on the consolidated non-financial declaration

The Board of Statutory Auditors carried out checks on compliance with the rules relating

to the formation of the separate financial statements of OVS and the Group consolidated financial statements at 31 January 2020, and took note of the declaration of the bodies responsible for which the separate financial statements and the consolidated financial statements were drawn up in compliance with the international accounting principles IAS / IFRS and the related interpretative principles and that the Company has applied with regard to financial statement formats and corporate disclosure as established by Consob.

The Board of Statutory Auditors notes that the consolidated and separate financial statements have been prepared on the assumption of business continuity, as the directors have assessed that any critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months represent risks remote and therefore were evaluated as not significant. For more details, please refer to the section "Structure and content of the financial statements" of the Notes to the consolidated financial statements at January 31, 2020.

In relation to the consolidated financial statements of the Group, as regards the consolidation area, it should be noted that, on January 31, 2020, 100% of the shares of the Austrian company Serenissima Retail GmbH were sold to third parties, thus determining their deconsolidation from this date.

The explanatory notes to the financial statements report the information required by the international accounting standards regarding the impairment of assets. In this regard, it is recalled that the procedure adopted by OVS for the purpose of the impairment test was updated in February 2019, by the approval by the Company's Board of Directors of an update of the aforementioned policy, called "IAS 36 Policy - Impairment losses on assets and impairment tests". This procedure was further updated in January 2020, making some additions in particular in order to bring it into line with changes in the accounting standards and, specifically, with the entry into force of the new accounting standard IFRS 16 starting from the year 2019, which entailed the registration of a new "category" of tangible fixed assets of a very significant overall value, relating to the Rights of use of assets underlying the rental contracts (Leasing), consequently increasing both the carrying amount of the Group's CGUs OVS, and the EBITDA accounting flows of the same (for the "lessening" of the cost of rent). No significant changes were made as regards the methodology used.

Preparing the financial statements at 31 January 2020, the Company made use of an external

expert for the purpose of preparing the impairment test. Considering the current context of uncertainty described in the Management Report at 31 January 2020, due to the effect of the Covid - 19 pandemic, and the importance that it can have in complex evaluation processes and based on estimates, the sustainability of the result of the impairment test as the hypotheses of the model vary, which are described in detail in the Notes to the separate and consolidated financial statements of OVS Group to which reference is made. In particular, it should be noted that the Company deemed it prudent and at the same time to accept in the financial statements closed on 31 January 2020 what emerged from the impairment test conducted according to the review of the flows to take into account and to give greater weight to the evidence now coming from the external and in particular from the final and prospective data of the year started on February 1, 2020, which led to the recognition of impairment losses for a total of Euro 161 million, almost entirely attributed to the Goodwill item relating to the OVS CGU.

The Notes to the separate financial statements and the consolidated financial statements of the OVS Group also describe the impacts of the new IFRS 16 standard, applied starting from the mandatory effective date (the "date of first application" and therefore on 1 February 2019), using the modified retrospective method, option b) (paragraph C5 (b) of IFRS 16), without restatement of the contracts already in place on February 1, 2019 and not applying the principle to "low value" and short-term activities (therefore, recognizing the cumulative effect of the initial application as an adjustment to the shareholders' equity as of February 1, 2019 without restating the comparative balances).

The application of the new IFRS 16 principle required significant judgments on some key estimates, such as the determination of the lease term and the discount rate and, as specified above, entailed the registration of a new "category" of tangible fixed assets. overall very significant value, the "Rights of use of assets underlying the leasing contracts". For more details, please refer to the information contained in the Explanatory Notes.

With regard to the timing of preparation of the documents of the financial statements package, the Board of Statutory Auditors notes that, despite the approval of the same took place during the Board of Directors meeting on May 26, 2020, the Board of Statutory Auditors started its own verification activities already from 13 May, on the basis of the drafts sent to the Board of Statutory Auditors in order to allow it to comply with the terms set out in art. 154-ter of the TUF for the preparation of this Report. The Board of Statutory Auditors also, before the date

of approval of the financial statement documentation by the Board of Directors, acquired information on the *impairment test* process, also through a joint meeting with the Control Risk and Sustainability Committee in which took part the Manager in charge of drafting the corporate accounting of OVS and the external auditing firm, as well as on the above issues.

In light of the in-depth analyzes carried out and the comparisons made with the external auditor, the Board of Statutory Auditors deems that the procedure for preparing the financial statements and presenting them to the Shareholders' Meeting has been overall correct. The Board of Statutory Auditors also notes that no exceptions to the accounting standards adopted have been declared.

The Board of Statutory Auditors also acknowledges that it has verified the compliance of the consolidated non-financial declaration with the legal provisions of Legislative Decree n. 254/96, including the changes made by art. 1, paragraph 1.073, of law no. 145/2018. In this regard, it is acknowledged that the DNF - which is presented this year in an independent document from the Annual Financial Report - describes the procedures for managing the main risks adopted by the Company.

X. Methods of concrete implementation of the corporate governance rules

Based on the information acquired, the Board of Statutory Auditors reports on the adaptation of the corporate governance structure of the Company in implementation of the codes of conduct with which the Company has declared itself to comply.

In particular, it is acknowledged that, in line with the provisions of the Corporate Governance Code, during the 2019/2020 financial year, the Company implemented, as previously specified, specific training measures for the members of the Board of Directors and the Board of Statutory Auditors (*Induction Program*) and performed the Self-assessment of the Board and its Committees (*Board Evaluation*).

In relation to the *Induction Program*, it should be noted that, in addition to the induction sessions held during 2019/2020 financial year, following the *Board Evaluation*, the Board of Directors suggested that the new Board that will take place approves an induction plan relating to the three-year term, which may be integrated in the case of particular issues of interest.

The Board of Statutory Auditors has verified that the annual corporate governance report has

been prepared in accordance with the provisions of art. 123-bis of the TUF, in particular the obligation to inform the market of its degree of adherence to the Code of Conduct pursuant to art. 89-bis of the Issuers Regulation.

XI. Opinions rendered by the Board of Statutory Auditors

The Board of Statutory Auditors, during the 2019/2020 financial year and subsequent to 31 January 2020 to date, has issued its favorable opinion pursuant to art. 2389, paragraph 3, of the Italian Civil Code in relation to the remuneration of directors vested with particular offices, as regards the objectives of the annual variable component for 2020 of the CEO.

It should be remembered that, during the year, in the period prior to 31 May 2019, the Board of Statutory Auditors also issued the opinions which the Board itself already reported in its Report on the financial statements for the year ended 31 January 2019, issued in date 10 May 2019, to which reference is made.

At the outcome of the supervisory activity carried out during the year and illustrated above, from which no omissions and reprehensible facts emerged, the Board of Directors has no observations to report to the Shareholders' Meeting pursuant to art. 153 TUF.

XII. Conclusions and proposals regarding the financial statements and their approval

Based on the supervisory activity carried out during the year, the Board of Statutory Auditors, taking into account all of the above, does not find any impedimental reasons for the approval of the financial statements at 31 January 2020 of OVS S.p.A. and the proposal made by the Board of Directors on May 26, 2020 regarding the destination of the net result for the year.

Milano-Treviso, 30 May 2020

The Board of Statutory Auditors

Stefano Poggi Longostrevi – Chairman



Roberto Cortellazzo Wiel – Standing Statutory Auditor



Eleonora Guerriero – Standing Statutory Auditor

