

OVS S.p.A.

Registered office in Venice - Mestre, Via Terraglio no. 17

Share capital Euro 227,000,000.00 fully paid-up

Register of Companies of Venice, tax code and VAT number 04240010274

Report of the Board of Statutory Auditors to the Shareholders' Meeting of OVS S.p.A. pursuant to article 153 of the Legislative Decree 58/1998 – Fiscal Year ended 31 January 2021

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 9 July 2020 for a three-year period until the Shareholders' Meeting for the approval of the financial statements for the year ended on 31 January 2023 and composed by the Chairman of the Board Stefano Poggi Longostrevi and by the Standing Auditors Paola Tagliavini and Roberto Cortellazzo Wiel (in addition to 2 alternate Auditors).

The Chairman of the Board of Statutory Auditors Stefano Poggi Longostrevi and the Statutory Auditor Roberto Cortellazzo Wiel were in office for the entire duration of the financial year 01.02.2020/31.01.2021, as they were already members of the previous Board of Statutory Auditors (with Eleonora Guerriero, Statutory Auditor until to the Shareholders' Meeting of 9 July 2020), while the Standing Auditor Paola Tagliavini has been in office since 9 July 2020.

This Report informs on the supervisory activities and other activities carried out by the Board of Statutory Auditors during the year ended 31 January 2021 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, the Consob provisions on corporate controls and the indications contained in the Code of Conduct.

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 identifies with the "Internal Control and Audit Committee" which has specific control and monitoring functions on the disclosure financial and statutory audit pursuant to article 19 of Legislative Decree 27 January 2010 no. 39, as amended by Legislative Decree 17 July 2016 no. 135, which is also acknowledged in this Report.

With this Report, also in compliance with the indications provided by Consob with Communication DEM / 1025564 of 6 April 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.

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 no. 254/2016.

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

II. Transactions and events of greater economic, financial and equity significance occurred in the 2020/2021 financial year or after the closure of the same

The financial year was characterized by the Covid-19 pandemic which led to a state of global health emergency starting from the first months of 2020, causing a situation of deep uncertainty and serious economic crisis worldwide and also for Italy.

The context due to the emergency was immediately addressed by the OVS Group with the activation of exceptional measures to reduce the spread of the virus and ensure the safety of customers and employees. The closure of the stores throughout the national territory starting from the second week of March 2020 and the consequent zeroing of sales made through stores until April required, also, further extraordinary actions. Since the beginning of March 2020, OVS management has set up a team dedicated to emergency management, implementing multiple initiatives, mainly in five areas: rents, personnel, operating costs, procurement of goods and finally, investments, such as described in detail in the paragraph “Impacts of the Covid-19 pandemic on the Group's performance and actions taken” of the Management Report.

In consideration of the spread of the pandemic, the Board of Statutory Auditors requested and obtained from the management information and documents regarding measures adopted by the Company to deal with the emergency and reassurance regarding the presence of health and safety conditions in the workplace and operating procedures suitable to favor the contrast and containment of the spread of the virus. The Board of Statutory Auditors was also constantly informed on the economic and financial performance, including prospective, and on the actions taken by the Company for Covid-19, also through its participation in the many Boards of Directors and meetings, made jointly, of the Risk Control and Sustainability Committee, holding during the year.

The drastic drop in collections in the months of March, May and November 2020 and the almost total absence of the same in the month of April 2020, forced OVS to re-program all financial outlays, together with the activation of extraordinary measures that would allow to create some immediate benefits in terms of liquidity.

In consideration of the financial needs deriving from the period of forced lockdown of the store network, OVS has started a process aimed at financial strengthening - which ended with the approval of the Decree of the Ministry of Economy and Finance, the signing of the agreement on 24 June and the disbursement on 25 June 2020 - with the obtainment of new loan for Euro 100 million, 80% counter-guaranteed by SACE S.p.A., that had the involvement of a pool of 5 banks of the current loan agreement, from Cassa Depositi e Prestiti S.p.A. and from a new bank.

In parallel to this process, the banks of the existing loan agreement granted some changes/suspensions to the above-mentioned loan agreement, the most significant of which are: (i) the suspension of the repayment of the installments scheduled for August 2020 and February 2021 and (ii) the suspension of the covenant test until April 2021.

It is also reminded that the proposal for a Capital Increase, unanimously approved by the Shareholders' Meeting on 15 December 2020, up to a maximum value of 80 million Euro, to be completed by 31 July 2021, aimed at allowing the OVS Group to further accelerate the consolidation into the clothing market in Italy.

As of 31 January 2021, the adjusted Net Financial Position of the OVS Group is equal to 401 million Euro, compared to a total of credit lines available which is equal to approximately 550 million Euro due to, also, the new credit line for 100 million Euro above indicated.

Among the significant events occurred after the closure of the financial year ended on 31 January 2021, the Board of Statutory Auditors also notes that, given the persistence of the pandemic and new lockdowns, more or less hard throughout Italy, as well as considering the third wave that has gradually intensified after the close of the 2020 financial year (starting from mid-March 2021), the OVS Group took action with the lending banks and obtained a further waiver in March 2021 in order to extend the suspension of the covenant check until 21 January 2022 included.

Also, on 1 March 2021 the transfer of ownership of the Stefanel business unit to OVS was finalized, involving the Stefanel brand and twenty-three directly managed stores.

With reference to the governance system, it is reminded that, on 9 July 2020, the Shareholders' Meeting appointed the Board of Directors composed of nine members, for a three-year period up to the Shareholders' Meeting for the approval of the financial statements for the year as at 31 January 2023; 8 Directors were taken from the List presented by the outgoing Board, which obtained the highest number of votes, while one Director was taken from the minority list presented by a group of institutional investors.

With the Shareholders' Meeting held on 9 July 2020 and the subsequent meeting of the Board of Directors held on the same date, Chairman of the Board of Directors Franco Moschetti, Vice Chairman Giovanni Tamburi and Chief Executive Officer Stefano Beraldo were confirmed in their roles.

Subsequently, the Board of Directors in the meeting of 4 August 2020 appointed the members

of the internal committees, the current composition of them is described in the Report on Corporate Governance, to which reference should be made for more details.

For other significant events that occurred during the year, please refer to the Management Report drawn up by the Directors.

III. Supervisory activities on compliance with the laws, regulations and the article of association – attendance to the meetings of corporate bodies

The 2020/2021 financial year was characterized by a situation of deep uncertainty in relation to the genesis and evolution of the Covid-19 pandemic. The indications and government measures issued, starting from the month of March and for all the financial year, declaring a state of emergency, have imposed particularly stringent measures to limit the spread of the pandemic on the national territory, as a total or partial lockdown and strong measures of social distancing.

In this context, the Company's activity is never interrupted - even in full compliance with the total or partial closure of the stores during the lockdown periods - and continued, where possible, in a “remotely way” for the office staff.

The activities of the Board of Statutory Auditors, also, continued from March in such manner, through the acquisition of data and information in electronic format and the holding of its meetings, mainly, via video conference.

Taking into account the degree of reliability of the Company in ensuring the correct conduct of the meetings and an adequate transmission system of information flows, the Board of Statutory Auditors believes that the adoption of these methods has not reduced or affected the degree of reliability of the information received and the effectiveness of its activities.

During the 2020/2021 financial year, the Board of Statutory Auditors met no. 19 times, of which no. 8 times in joint session with the Control Risk and Sustainability Committee (hereinafter also "CCRS"), of which no. 9 meeting from 09.07.2020 to 31.12.2021 (no. 4 of which jointly with CCRS) always with the participation of all its members. The average duration of the meeting of the Board of Statutory Auditors was 2 hours and 10 minutes. After 31 January 2021, and to date, the Board of Statutory Auditors has met other no. 7 times, of which no. 2 times in joint session with the CCRS.

The Board of Statutory Auditors also attended the meetings of the Board of Directors: no. 12 during the 2020/2021 financial year (no. 6 of which after the Shareholders' Meeting held on 9 July 2020), and no. 2 after 31 January 2021.

The Board of Statutory Auditors also attended (always in its entirety) all the meetings of the internal committees: no. 4 of the Nomination and Remuneration Committee during the 2021/2021 financial year (no. 1 of which from 9 July 2020) and no. 2 after 31 January 2021

until the date of this report; no. 8 of the Control and Risk and Sustainability Committee during the 2020/2021 financial year (no. 4 of which from 9 July 2020) and no. 2 after 31 January 2021 to date; no. 2 of the Related Party Transactions Committee during the 2020/2021 financial year (none of which from 9 July 2020) and no. 1 after 31 January 2021 to date.

The Board of Statutory Auditors participated, always in its entirety, at the two Shareholders' Meetings, one (both ordinary and extraordinary) held on 9 July 2020 and another one (extraordinary) held on 15 December 2020.

The Board of Statutory Auditors also periodically met the Supervisory Body and the independent auditing firm PWC. The periodic meetings with the auditing firm intensified was held frequently having organized no. 7 meetings in the 2020/2021 financial year (5 of which joint to the CCRS) and no. 3 meetings subsequent to 31 January 2021 to date (of which 1 joint to the CCRS) to discuss, among other things, about impacts deriving from the effects of the spread of the Covid-19 epidemiological emergency, the planning of the auditing activities for the 2020/2021 financial year and the assessment process for the impairment test as of 31 January 2021.

The Board of Statutory Auditors constantly 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 corporate staff functions (such as the Director of Legal and Corporate Affairs, the Human Resources Director, the Head of Health and Safety requirements at the workplace, the Information Technology Director, the Data Protection Officer and the Investor Relator). During the year, the Board of Statutory Auditors also held meetings with Sourcing and Purchasing Manager and with Italy Retail Manager.

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 article 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, at least, with the resolution of the Board of Directors of 30 January 2020 the "Internal dealing procedure", the "Internal procedure for the management and treatment of relevant and privileged information" as well as 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 12 March 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;
 - (vii) compliance of the Consolidated non-financial declaration (hereinafter also "DNF") with the provisions of Legislative Decree no. 254/2016;
- b) Verify the following:
- (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) there have not been any interests of the Statutory Auditors, on their own behalf or on behalf of third parties, in a transaction during the past financial year and that the conditions of independence provided for by the law, including through an internal self-assessment process persist, the results of which are summarized in a subsequent paragraph of this Report;
- c) 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 article 123-bis of the TUF, approved by the Board of Directors during the meeting held on 15 April 2021;
- d) acknowledging the preparation of the Remuneration Report pursuant to article 123-ter of the TUF and pursuant to article 84-quater of Consob Regulation no. 11971/1999 (hereinafter "**Issuers Regulation**"), approved by the Board of Directors during the meeting held on 15 April 2021 that takes into account of the amendments introduced by Consob resolution no. 21623 of 10 December 2020 adopting Directive (UE) 2017/828.

On above, the Board of Statutory Auditors informs:

- with reference to the methods of actual implementation of the Code of Conduct for listed companies, it is acknowledged that during the 2020/2021 financial year, carried out an

Induction program for Directors and Statutory Auditors with a session on to the Company's business, a session on the internal control and risk system and a session on the 2020 Corporate Governance Code;

- 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, as well as their activation and operational functionality are overall in line with the provisions of the Corporate Governance Code. In this regard, it is acknowledged that - in the organization of the work of the Board of Directors and the Committees – the Company has utilized technical tools for meetings as recording of meetings and a board room for consulting meeting documentation that have given a gradual improvement in the usability of the pre-meeting information and the timing of the minutes of the meetings. 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 article 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, with reference to the requirements stated by article 148 of TUF, of *Criterio Applicativo* no. 3.C.4 of the Corporate Governance Code 2018 edition and Recommendation no. 6 of the Corporate Governance Code 2020 edition, having nothing to report in this regard;
- to have taken note of the 2021 Remuneration Policy, as illustrated in the Remuneration Report to which it refers, which also takes into account the "Recommendations of the Committee for 2021" referred to in the Letter of the Chairman of the Corporate Governance Committee of December 2020, 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 2021), 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, starting from financial year 2020/2021 the long-term incentive system was also integrated.

It is acknowledged that, during the 2020/2021 financial year and to date, no complaints have been received pursuant to article 2408 of the Italian Civil Code.

IV. Supervisory activity on atypical and / or unusual transactions carried out with third parties or intra-group and on transactions with related parties

The Board of Statutory Auditors did not find or received any indications from the Board of

Directors, the Independent Auditing firm or the Head of Internal Audit, regarding the existence during the 2020/2021 financial year of atypical and/or unusual operations, as defined by the Consob communication DEM / 6064293 of 28 July 2006, carried out with third parties, related parties or intra-group companies.

The Directors have given information, in the notes to the financial statements, of the transactions of an ordinary nature carried out during the year with Group companies and other related parties, to which reference should be made, also with regard to the characteristics of the transactions and their economic, financial and equity effects.

With regard to the transactions with related parties, it is reminded that the Company has a Related Party Transactions Committee and approved 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, with reference to its supervisory activity 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 S.p.A., hereinafter referred to as "COIN"). During the 2020/2021 financial year, OVS carried out a new transaction with related parties of lesser importance with COIN, relating to a repayment plan of the receivables of OVS towards COIN and expired during the lockdown period of the stores, during the first phase of the pandemic; the Board of Statutory Auditors monitored the return of overdue trade receivables, actually completed during the financial year in accordance with and within the terms set out in the plan itself.

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, no critical elements had arisen regarding the interest of the Company for the Transactions with related parties indicate in the Annual Financial Report as of 31 January 2021.

Taking into account the size and structure of the Company and the OVS Group, the Board of Statutory Auditors believes that the Board of Directors, in the Annual Financial Report as of 31 January 2021, 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 2020/2021 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 2020/2021 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.

Taking into account the supervisory activities made and the information acquired as part of the aforementioned activity, it can be said, also, that the management choices of the Directors were inspired by principles of correct management 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 31 May 2019, among other things, authorized the purchase of further treasury shares, also in support of stock option plans. At 31 January 2021 the Company still owns a total of no. 809,226 treasury shares; therefore, during the 2020/2021 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 - also by holding meetings with the Human Resources and Organization Director and with the heads of some staff functions (legal and corporate; administration, finance and control; Information Technology; Investor relator) and business functions - believes that the organizational structure as a whole is adequate. In the 2020/2021 financial year, there were no significant changes regarding the organizational structure and the first reports of the CEO.

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 reported, also during the periodic meetings, the Board of Statutory Auditors on the activities carried out during the 2020/2021 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 Board of Statutory Auditors acknowledges that the Organization, Management and Control Model pursuant to Legislative Decree 231/01 was last updated and approved by the Board of Directors on 15 April 2021 to take account of the new types of predicate offenses including "tax offenses".

Finally, the Board of Statutory Auditors was informed by the Supervisory Committee about the training activities put in place by the Company, the Audit Plan (with reference to 231 items) scheduled for the 2021 financial year and the follow-up interventions regarding some improvement area. 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 article 15 of the Consob Market Regulation (resolution no. 20249 of 28 December 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.

With regard to the self-assessment process of the Board of Directors and its Committees, it is acknowledged that the Company in the 2020/2021 financial year did not carry out a Board Evaluation given the recent appointment in July 2020 of the new Board of Directors and also in consideration of the provisions of the Corporate Governance Code.

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 2020 Audit Plan - approved by the Board of Directors on 30 January 2020 and subsequently updated on 26 May 2020 to take into account the situation deriving from the pandemic - 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 article 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 Risks and Sustainability Committee, the 2021 Audit Plan, which was approved by the Board of Directors on 11 February 2021. This plan was integrated with a project on governance of IT function and an update on Risk Assessment.

With reference to the Internal Audit function, the Statutory Auditors took note of the CCRS assessment of the overall adequacy and effectiveness of this function, evaluating the control structure 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

The Independent Auditing firm PWC has released on 7 May 2021 the reports pursuant to article 14 of Legislative Decree 39/2010 and article 10 of Regulation (EU) no. 537/2014, respectively for the separate financial statements and for the consolidated financial statements as of 31 January 2021, 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 article 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 31 January 2021, 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 article 123-bis, paragraph 4, of the Consolidated Law on Finance, are consistent with the financial statements at the aforementioned date of 31 January 2021 and are prepared in accordance with the law. In addition, the statutory auditing company with reference to the declaration pursuant to article 14, paragraph 2, letter e), of Legislative Decree 27 January 2010, no. 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 Independent Auditing firm PWC released the Additional Report for the Internal Control and Audit Committee pursuant to article 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, in which no significant misstatements have been identified on the separate financial statements and on the consolidated financial statements as a whole. This report will be sent, with any comments from the Board of Statutory Auditors to the Board of Directors.

During the 2020/2021 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.

With reference to the provisions established by Legislative Decree 30 December 2016, no. 254 on the communication of non-financial information and information on diversity, the Independent Auditing firm PWC has issued, as specified in the above-mentioned audit report, a specific report pursuant to article 3, paragraph 10 of Legislative Decree 30 December 2016 no. 254 and article 5 of the Consob Regulation of 18 January 2018, no. 20267.

The Board of Statutory Auditors, as already specified, has held frequent meetings with the managers of the Independent Auditing firm, also pursuant to article 150, paragraph 3, of the TUF and article 19, paragraph 1, of the Legislative Decree no. 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.

IX. Supervisory activity on the assignment of appointments to the independent auditing firm and its independence

The Board of Statutory Auditors supervised the independence of the Independent Auditing firms, based on article 19 of Legislative Decree 39/2010, verifying the nature and extent of all assignments it has received from OVS and/or its subsidiaries for services other than auditing, the details of which are provided in the Explanatory Notes to the separate financial statements and to the consolidated financial statements of the Company, pursuant to article 149-duodecies of the Issuers' Regulations on disclosure of fees.

Below a table that summarize services provided by the independent auditing firm PricewaterhouseCoopers S.p.A. and to entities belonging to its network for services pertaining to the financial year 2020/2021 (amounts in Euro):

(amounts in thousands of Euro)	2020	2019
a) Audit services		
- to OVS S.p.A.	260	280
- to subsidiaries (network PwC)	39	60
b) Attestation services		
- Attestation services to OVS S.p.A. by PwC S.p.A.	-	-
- Attestation services to OVS S.p.A. (network PwC)	-	-
- Other services to OVS S.p.A.	38 (*)	20 (*)
c) Other services by network PwC		
- to OVS S.p.A.	-	-

(*) Fees for services “audit related” for the purpose of the limited examination of the Consolidated Non – Financial statements and tax compliance visa

The Board of Statutory Auditors acknowledged that the independent auditing firm PwC and subjects belonging to its network have not been assigned tasks that are not permitted pursuant to the applicable regulations.

With regard to tasks other than those of auditing (not belonging to those forbidden by Article 5, paragraph 1 of the European Regulation No. 537/2014), the Board of Statutory Auditors deemed them compatible with the legal audit engagement and, as far as it concerns the fees, adequate to the size and complexity of the work carried out, ultimately, so not resulting in critical aspects that affect the independent auditing firm's criteria.

The Board of Statutory Auditors received, also, declarations of independence issued by PWC, more precisely the "Annual independence confirmation pursuant to article 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 the transparency report produced by the same pursuant to article 13 of the European Regulation 537/2014.

X. Verification activities on the financial statements and on the consolidated financial statements

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 as of 31 January 2021, 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 as of 31 January 2021.

With reference to the Covid-19 health emergency, the Board of Statutory Auditors examined what the Directors represented in the Management Report regarding the activation of the necessary "business continuity" safeguards and strict compliance with health protocols aimed at preserving health and the safety of employees and collaborators, the macroeconomic scenarios and the actions taken to react to the situation, in particular following the periods of lockdown and mandatory closure of stores, and to strengthen financial resources; in the Management Report and Explanatory Notes, to which reference is made, the Directors have provided - also on the basis of the provisions of Consob Notice no. 1/21 of 16 February 2021 - an analysis of the actions and measures adopted, certifying that the provisions to the inventory depreciation fund and the bad debt fund are adequate for the risk assessments connected to the particular situation of the period and that there are uncertainty on the assumption of business continuity, taking into account the absence of financial, managerial or other indicators that could signal critical issues regarding the ability of the Group to meet its obligations in the foreseeable future and in particular in the next 12 months.

In relation to the consolidated financial statements of the Group, as regards the consolidation area, there are no changes in the financial year ended 31 January 2021.

It should be noted that, drawing up the financial statements as of 31 January 2021, the Company made use of the right to realign the tax value to the statutory value (as required by article 110, paragraph. 8-bis, of Legislative Decree 104/2020) on the entire value of the "Brands" (OVS and Upim) for a total amount of 371.4 million Euro, benefiting from 95.1 million Euro of positive impact on taxes, deriving from the release of deferred tax liabilities net of the substitute tax burden, all as described in the Explanatory Notes to the financial statements. In view of the realignment, OVS will proceed with the affixing of a tax suspension constraint to the share premium reserve for 360.2 million Euro.

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 named "Policy IAS 36 - Impairment losses on assets and impairment tests –was updated at least in January 2020.

Preparing the financial statements as of 31 January 2021, 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 as of 31 January 2021, 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 as of 31 January 2021 no need for write-downs emerged from the impairment test conducted according to the review of the flows to take into account the prospective budget data for the year started on 1 February 2021, approved by the Board of Directors on 11 February 2021.

The Explanatory Notes of the separate financial statements and the consolidated financial statements of the OVS Group also describe the impacts of the IFRS 16 standard, applied starting from the mandatory effective date (the "date of first application" and therefore on 1 February 2019). The application of the IFRS 16 principle required significant judgments on some key estimates, such as the determination of the lease term and the discount rate and entailed registration of a "category" of tangible fixed assets with an overall very significant value, the "Rights of use of assets underlying the leasing contracts". For homogeneity of comparison with previous years, the results are commented in the explanatory notes to the financial statements, also excluding the impacts of IFRS 16. For more details, please refer to the information contained in the Explanatory Notes.

The Board of Statutory Auditors, before the date of approval of the financial statement by the Board of Directors, also, 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 independent 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.

XI. Verification activities on the consolidated non-financial declaration

The Board of Statutory Auditors supervised on compliance with the provisions of Legislative Decree no. 254 of 30 December 2016 and Consob Regulation no. 20267 of 18 January 2018 regarding the Consolidated Non-Financial Statement ("NFS") drawn up by the Company and presenting the sustainability strategy adopted by the OVS Group.

The Board of Statutory Auditors finds that the Company, in its capacity as Parent Company, has prepared the Consolidated Non-Financial Statement in accordance with the requirements of Articles 3 and 4 of Legislative Decree no. 254/2016 and by the "Global Reporting Initiative Sustainability Reporting Standards" (so-called "GRI Standards") defined by the GRI - Global Reporting Initiative - and identified by the Company's Directors as reporting standards.

The Board of Statutory Auditors monitored compliance with the provisions established by Legislative Decree no. 254 of 2016, ensuring that the NFS allows for the understanding of the Group's activity, its performance, its results and the impacts produced and that the NFS reports on environmental, social, personnel issues, respect for human rights, to the fight against corruption, taking into account the activities and characteristics of the company, in compliance with the provisions of article 3 of Legislative Decree no. 254 of 2016.

The Board of Statutory Auditors also verified that, in preparing the NFS, the Company considered the impacts of the pandemic on non-financial issues, as required in Consob's Notice no. 1/21 of 16 February 2021.

The Board of Statutory Auditors also verified the approval by the Board of Directors on 15 April 2021 of the aforementioned Consolidated Non-Financial Statement and the issue, on 7 May 2021, by the independent audit firm of the specific Report on the NFS which certifies the compliance of the information provided in this document with Articles 3 and 4 of Legislative Decree 254/2016 and the GRI standards, without any evidence of comments.

XII. 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.

The Company adheres to the Corporate Governance Code for listed companies, last amended

in July 2018 (hereinafter the "Code"). Furthermore, on 11 February 2021, the Company's Board of Directors resolved to adopt the new Corporate Governance Code in force from 1 January 2021.

The Board of Statutory Auditors supervised, pursuant to article 149, paragraph 1, letter c-bis) of the TUF, on the methods of concrete implementation of the corporate governance rules provided for by the Code, with particular regard to:

- the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members;
- the manner in which the internal Committees of the Board of Directors are composed, in particular with reference to the independence requirements of the members, also acknowledging that a meeting of the independent Directors was also held during the year;
- the corporate governance structure of the company, also examining the annual report on corporate governance and ownership structures.

In particular, it is acknowledged that, in line with the provisions of the Corporate Governance Code, during the 2020/2021 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*).

The Board of Statutory Auditors has verified that the annual corporate governance report has been prepared in accordance with the provisions of article 123-bis of the TUF and that the obligation to inform the market of its degree of adherence to the Corporate Governance Code pursuant to article 89-bis of the Issuers Regulation was fulfilled.

..*

With reference to the self-assessment process of the Board of Statutory Auditors at the end of the 2020/2021 financial year – carried out in compliance with the provisions of Standard Q.1.1. of the Rules of Conduct - from the results of this process no lacks were found regarding the suitability of its members, the adequate composition of the body and its functioning, highlighting some points for a possible improvement on documental organization of the work.

With reference to the areas for improvement identified in the self-assessment report of the previous Board of Statutory Auditors at the end of last financial year, it is acknowledged of an increase of frequency of information exchanges between the Independent Auditing firm and the Statutory Auditors also in relation to the items connected to period of the Covid-19 pandemic and the monitoring of the company's financial situation.

XIII. Opinions rendered by the Board of Statutory Auditors

The Board of Statutory Auditors, during the 2020/2021 financial year and subsequent to 31 January 2021 to date, has issued its favorable opinion pursuant to article 2389, paragraph 3, of

the Italian Civil Code:

- in relation to the fixed remuneration of directors vested with particular offices (Chairman of the Board of Directors, Chief Executive Officer, Board members of the Committees);
- regarding the objective parameters and targets of the annual variable component 2021 (short term incentive) of the CEO;
- regarding the long-term monetary incentive plan of the Chief Executive Officer for the three-year period 2020-2022, as described in the remuneration policy approved by the Shareholders' Meeting on 9 July 2020.

It is remembered that, during the 2020/2021 financial year, in the period prior to 9 July 2020, the Board of Statutory Auditors - in the composition at the time in office - had also issued a favorable opinion on the objective parameters and targets of the 2020 annual variable component (short term incentive) of the Chief Executive Officer, which the Board of Statutory Auditors has already reported in its Report on the financial statements for the year ended 31 January 2020, issued on 26 May 2020, 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 Statutory Auditors has no observations to report to the Shareholders' Meeting pursuant to article 153 TUF.

XIV. 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, invites the Shareholders to approve the financial statements as of 31 January 2021 of OVS S.p.A. presented by the Board of Directors, together with the Management Report as well as the proposal made by the Board of Directors on 15 April 2021 regarding the destination of the net result for the year.

Milano-Treviso, 7 May 2021

The Board of Statutory Auditors

Stefano Poggi Longostrevi – Chairman

Paola Tagliavini – Standing Statutory Auditor

Roberto Cortellazzo Wiel – Standing Statutory Auditor