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
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. of May 31st, 2019 pursuant to art. 153 of Legislative Decree 58/98

To the Shareholders of OVS S.p.A.

I. Premise: normative, regulatory and deontological sources

This Report was prepared by the Board of Statutory Auditors of OVS S.p.A. (hereinafter the "**Company**" or even just "**OVS**"), appointed by the Shareholders' Meeting of May 31st, 2017 and in office in its current composition since June 1st, 2018. In this regard, it should be noted that, following the resignation of the Chairman of the Board of Statutory Auditors, Ms. Paola Camagni, presented on June 1st, 2018, Mr. Stefano Poggi Longostrevi, alternate auditor chosen by the same minority list from which Ms. Paola Camagni was drawn, took over the position of Chairman of the Board of Statutory Auditors, pursuant to the provisions of art. 24.2 of the Bylaws. The current Chairman of the Board of Statutory Auditors will remain in office until the Shareholders' Meeting called for May 31st, 2019, called to express itself, inter alia, on the appointment of the Chairman of the Board of Statutory Auditors and the appointment of an alternate auditor pursuant to and for the purposes of art. 24.2 of the Bylaws. The Board of Statutory Auditors, as integrated by the next Shareholders' Meeting, will remain in office until the shareholders' meeting called to resolve on the approval of the financial statements for the year ending on January 31st, 2020.

This Report relates to the supervisory activities and other activities carried out by the Board of Statutory Auditors during the financial year ended January 31st, 2019 based on the provisions of the law, taking into account the principles set forth 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 in April 2018 (hereinafter the "**Rules of Conduct**"), the Consob provisions on corporate controls and the indications contained in the Corporate Governance Code. With this Report, also in compliance with the indications provided by Consob with Communication DEM/1025564 of April 6th, 2001, as subsequently amended and supplemented, the Board of Statutory Auditors gives an account of the activities carried out, separately for each supervisory object required by the regulations governing the activity of the same Board.

Having OVS adopted the traditional governance model, and given that the statutory audit was entrusted to the auditing company PricewaterhouseCoopers S.p.A. (hereinafter also referred to as "**PWC**") for the financial years ending up until January 31st, 2023, the Board of Statutory Auditors also identifies itself with the "Internal Control and Audit Committee" which has other specific control and monitoring functions on the financial information and on the statutory audit required by art. 19 of Legislative Decree January 27th, 2010 no. 39, as amended by Legislative Decree July 17th, 2016 no. 135, which is also acknowledged in this Report.

With this Report, the Board of Statutory Auditors also reports infra on the supervisory activity carried out with reference to the obligations relating to non-financial information pursuant to Legislative Decree no. 254/2016.

In fulfilling these obligations, the Board of Statutory Auditors, as the apical body of the overall system of corporate controls, also provides an integrated picture of the results of the abovementioned controls.

II. Supervision of compliance with laws, regulations and articles of association

During the 2018/2019 financial year the Board of Statutory Auditors met no. 24 times, of which no. 4 times in joint session with the Risk, Control and Sustainability Committee (hereinafter also "**RCSC**"), always with the participation of all its members. Of these meetings of the Board of Statutory Auditors, no. 12 were held in the previous composition up to May 31st, 2018 and no. 12 meetings in the current composition from June 1st, 2018. After January 31st, 2019, and until today, the Board of Statutory Auditors met other n. 7 times, of which n. 1 time in joint session with the RCSC.

The Board of Statutory Auditors, both in its previous composition and in its current form, attended in its entirety to all the meetings of the Board of Directors: no. 14 during the 2018/2019 financial year, and no. 4 after January 31st, 2019 to date.

The Board of Statutory Auditors also always assisted in its entirety, both in its previous composition and in its current form, to all the meetings of the Board's Committees: no. 6 of the Nomination and Remuneration Committee, no. 6 of the Control, Risk and Sustainability Committee and no. 7 of the Committee for Transactions with Related Parties during the financial year 2018/2019, no. 1 of the Nomination and Remuneration Committee and n. 2 of the Control, Risk and Sustainability Committee after January 31st, 2019 to date.

The Board of Statutory Auditors participated, with a majority of its members, in the Shareholders' Meeting of May 31st, 2018.

The Board of Statutory Auditors also met periodically with the Supervisory Body and the PWC auditing company.

The Board of Statutory Auditors interfaced regularly with the Head of the Internal Audit function and held meetings with the heads of certain key corporate staff functions (such as the Director of Legal and Corporate Affairs, the Manager responsible for preparing the corporate accounting documents and CFO, the Human Resources Director, the Information Technology Director, the Data Protection Officer and the Investor Relator).

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

a) supervision over:

   i. the compliance of the resolutions adopted by the corporate bodies with the law, the regulatory provisions, as well as the Company Bylaws;

   ii. pursuant to art. 149, paragraph 1, letter c-bis of Legislative Decree 58/98 (hereinafter "TUF"), the 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 that the management and communication of information regarding the Company is governed and governed in accordance with it;

iv. the compliance of the internal procedure regarding transactions with parties related to the principles indicated in the Regulation approved by Consob with resolution no. 17221 of March 12th, 2010 and subsequent amendments (hereinafter "**TRP Regulation**"), as well as its actual application;

v. the functioning of the corporate information process, verifying compliance with the laws and regulations concerning the formation and layout of the separate and consolidated financial statements, as well as the related accompanying documents, for this purpose also examining the Report annual report of the Executive in charge of preparing the accounting and corporate documents;

vi. the actions implemented with reference to the new provisions on privacy, in particular the EU Regulation no. 2016/679 (so-called GDPR), in compliance with which the Company has appointed the so-called Data Protection Officer, with which the Board of Statutory Auditors interacted during its verification activities;

vii. the compliance of the non-financial declaration (hereinafter also "**DNF**") with the provisions of Legislative Decree n. 254/96, including the modifications made by art. 1, paragraph 1.073, of law no. 145/2018 to the art. 3 of Legislative Decree n. 254/96;

b) verification of the following:

i. compliance with the regulations on the conduct of the 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 any interests, on their own account or

on behalf of third parties, in a given transaction during the past year and that the independence conditions provided for by the law persist, even through an internal self-assessment process about the recurrence, and permanence, of the requisites of suitability of the components and about the correctness and effectiveness of their operation (in compliance with the provisions of the Q.1.1. Standard of the Rules of Conduct), whose results are summarized in a subsequent paragraph of this Report;

c) monitoring the concrete procedures for implementing the corporate governance rules envisaged by the Corporate Governance Code, for this purpose also examining the annual report on corporate governance and ownership structure;

d) the acknowledgment of the preparation of the Remuneration Report pursuant to art. 123 of the TUF and pursuant to art. 84-quater of Consob Regulation n. 11971/1999 (hereinafter the "**Issuer Regulations**").

With regard to the above, the Board of Statutory Auditors reports:

- to have reported, from time to time, their recommendations to the Board of Directors, with particular reference to the methods of concrete implementation of the Code of Conduct for listed companies. In this regard, the Board of Directors adopted certain corrective measures during the year, also taking into account the suggestions of the Board of Statutory Auditors itself, among which we highlight, in particular, the preparation and approval, in December 2018, of the 2019-2021 three-year Strategic Plan, the implementation of the Board evaluation with the support of a qualified external consultant and the implementation of an Induction program for Directors and 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 to the Board of Statutory Auditors and to these bodies and committees, as well as their activation and operational functionality, also thanks to 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 2018/2019 financial year, the Company has

progressively implemented a series of actions to improve the organization of the works and the functioning of the Board and the Committees, also through the inclusion of tools of technical assistance to the meetings (recording of meetings, simultaneous translation of the interventions, creation of a board room for consulting the documentation of the meetings), as well as support to the Secretary of the Board by an external lawyer. These improvement actions, implemented progressively during the 2018/2019 financial year, made it possible to obtain a faster minuting of the meetings with respect to the past and to improve the usability of the pre-meeting information. The Board of Statutory Auditors will continue to monitor the maintenance and effectiveness of these instruments and, in particular, the timeliness in sending the pre-meeting documentation and the minutes of the meetings of the 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 to assess the independence of the Directors, also following the resignations and appointments that occurred during the year, and after January 31st, 2019 until today, not having anything to report;

- to have acknowledged the 2019 Compensation Policy, as illustrated in the Remuneration Report to which reference is made, which, among other things, also in compliance with the "Recommendations of the Committee for 2019" referred to in the Letter of the Chairman of the Committee for the Corporate Governance of December 2018, strengthens the connection of variable remuneration to medium-long term objectives.

Furthermore, during the 2018/2019 financial year, the Board of Statutory Auditors also paid particular attention to the trend of the listing of the OVS security (constantly decreasing, with peaks heavily downwards in December 2018), also organizing meetings with the Investor Relator in order to acquire more information about the reasons for this trend. In this regard, please refer to the description of the Company in its public announcements.

It is acknowledged that, during the 2018/2019 financial year and until today, no complaints

have been received pursuant to art. 2408 of the civil code.

III. Transactions of greater economic, financial and equity importance

With reference to relations with the former Swiss Group Sempione Fashion (formerly Charles Vögele) the following is noted. On April 13th, 2018, the Company agreed with the related parties Sempione Fashion AG and Charles Vögele Austria GmbH to change the technical procedures for the execution of its business relationships according to the structure of the so-called consignment stock (so-called "Consignment Agreement") and, due to the effect of this agreement, OVS repurchased the goods previously sold, against payment of the related price in cash and partly through compensation.

Despite the Consignment Agreement, Sempione Fashion's financial situation further deteriorated and, on May 28th, 2018, following communications sent to OVS by Sempione Fashion, the Board of Directors of OVS, in order to assess the adoption of further measures aimed at safeguarding the interests of OVS and, at the same time, supporting Sempione Fashion in its attempt to improve its liquidity profile, approved a change in the payment terms provided for by the Consignment Agreement (the "Modification Agreement"). For more details, refer to the Information Document published on May 30th, 2018.

On May 30th, 2018 Sempione Fashion obtained from the Judge of the Swiss Court the admission to a provisional composition moratorium procedure (provisional insolvency procedure) requested by Sempione Fashion itself. Subsequently, on July 21st, 2018 Sempione Fashion AG completed the sale of the goods in liquidation initiated following the admission of the company to the "provisional composition moratorium" procedure and, on July 30th, 2018, following the final closure of the stores, the receiver presented a request for bankruptcy of Sempione Fashion AG, thus concluding the composition procedure with an outcome that falls within those already prefigured by OVS in the aforementioned Information Document.

As a result, on July 30th, 2018, subject to the favorable opinion of the Committee for Transactions with Related Parties and resolution of the Board of Directors, OVS notified Sempione Fashion AG of the resolution of the Cooperation Agreement stipulated on April 18th, 2017. For the effect, any commercial relationship between OVS and Sempione Fashion AG resulting from this contract and its subsequent amendments ceased.

Subsequently, in April 2019, Charles Vögele Austria GmbH, during the financial year 2018, and Vidrea Deutschland GmbH (formerly Charles Vögele Deutschland GmbH), purchased in the meantime by a third party (Vidrea Retail B.V.), were subject to insolvency proceedings.

In this regard, the Board of Statutory Auditors reports that the economic, financial and equity effects of the events described above have been reflected in the accounting and financial documents of OVS.

Receivables from companies of the former Sempione Fashion Group (formerly Charles Vögele) were fully written down in the financial statements as at January 31st, 2019, subject to a credit of EUR 0.4 million to Charles Vögele Hungaria Kft collected in the months following that date. For more details on this, please refer to what is indicated in the Management Report and in the annual financial report of the Company.

The considerations of the Board of Statutory Auditors regarding these transactions are indicated in the final part of paragraph IV) on the activity of supervision of Transactions with related parties.

IV. Supervision of transactions with related parties

As for the supervisory activity in the area of Transactions with related parties, it is first of all noted that:

- on September 19th, 2018, the Board of Directors updated the TRP Procedure, with effect on the same date, subject to the favorable opinion of the Committee for Transactions with Related Parties. This procedure regulates the procedures for the instruction and approval of transactions with related parties defined as of greater importance, based on the criteria indicated in the TRP Regulation and on transactions with related parties defined as minor, for which we intend those other than transactions of greater importance and from transactions for small amounts pursuant to the TRP Regulation, and also establishes the obligation to establish, maintain and update a Register of Transactions with Related Parties, according to the procedures referred to in the procedure itself;

- Transactions with related parties carried out during the 2018/2019 financial year were

previously examined by the Committee for Transactions with Related Parties, Committee established by resolution of the Board of Directors on September 7th, 2017. The Board of Statutory Auditors, as part of its activity of supervision, made its observations on the approval process of transactions with related parties, reporting them both to the Related Party Transactions Committee and to the Board of Directors.

The Board of Statutory Auditors has periodically requested and obtained updates on the evolution of relations with Sempione Fashion AG and its group companies (formerly the Charles Vögele Group), as well as on the status of the procedures that involved Sempione Fashion AG and certain companies in its group. For more details, please refer to the previous paragraph and to the financial statement disclosure of the Company.

As regards the other Transactions with related parties referred to in the report of the Board of Statutory Auditors to the financial statements for the year ended on January 31st, 2018, and more specifically those for the purchase of some points of sale concluded with the related party Coin S.r.l. (now Coin S.p.A., hereinafter **"COIN"**), the Board of Statutory Auditors constantly monitored and obtained updates on the status of their implementation during the year, carrying out further and in-depth analysis. Among other things, information was requested and provided by the Board of Directors regarding the trends in the points of sale purchased, which are substantially in line with those of the other stores in the same sector located in the same localities.

During the financial year 2018/2019, the Committee for Transactions with Related Parties, in its meetings, in which the Board of Statutory Auditors took part in its entirety, examined and expressed a favorable opinion on some new transactions with the company COIN relating, respectively, to the opening of some corners with the Piombo brand and approval of a repayment plan for overdue trade receivables claimed by OVS against COIN itself. For more details, please refer to the information contained in the explanatory notes to the financial statements and in the report on operations.

With reference to the aforementioned transactions, the Board of Statutory Auditors has constantly monitored compliance:

i) of the TRP Regulation and the TRP Procedure, including through the acquisition of

detailed documentation and the opinions requested and obtained by the Company from external lawyers for the purpose of interpreting and correctly framing the cases;

ii) the provisions on transparency and information to the public, for which, moreover, reference is made to the Information Document mentioned above in paragraph III) and to the press releases issued by the Company.

From the information acquired, including the outcome of the investigations carried out, and from the analysis of the documentation obtained even after the issue of the report of the Board of Statutory Auditors to the financial statements for the year ended January 31st, 2018, no elements emerged such as to suggest that Transactions with related parties OVS indicated in the annual financial report as at January 31st, 2019 (including those initiated last year and referred to in this paragraph) have not been put in place 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 all of the above, believes that the Board of Directors, in the annual financial report at January 31st, 2019, has provided an adequate illustration of the transactions entered into be with subsidiaries and other related parties, explaining their economic, financial and equity effects.

V. Supervisory activities on compliance with the principles of correct administration

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

- to have obtained during the 2018/2019 financial year from the Directors, with the frequency established by Article 23, paragraph 3, of the Bylaws, the necessary information on the activity carried out and on the transactions of major economic, financial and capital importance resolved and implemented in the aforementioned financial year by OVS and its subsidiaries; these activities and operations are described in the Report on Operations and in the Notes to the Financial Statements. On the basis of the information made available to the Board of Statutory Auditors, the same may reasonably believe that the operations carried out in the 2018/2019 financial year are

compliant with the law and the company by-laws and are not manifestly imprudent, reckless, or in contrast with the resolutions adopted by the Assembly or such as to compromise the integrity of the corporate assets;

- that it did not detect the existence of atypical or unusual transactions with Group companies or third parties carried out during the 2018/2019 financial year. With regard to transactions with companies of the Sempione Fashion Group (formerly Charles Vögele), these are described in paragraph III) Transactions of greater economic, financial and equity importance. As regards the risks and the effects of the transactions carried out, please refer to the Management Report and the risk analysis contained in the Notes to the Consolidated and Separate Financial Statements. It is recalled that, on April 22nd, 2015, the Board of Directors, on the proposal of the Director in charge of Internal Control and Risk Management, having heard the opinion of the Control and Risk Committee and the Board of Statutory Auditors in office at the time, approved the guidelines of the Risk Management system, to identify, supervise and govern risk areas. The aforementioned guidelines are being reviewed and updated, also following the invitation made in this regard by the independent Directors.

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

It is also noted that, during the 2018/2019 financial year, the Company purchased a total of no. 809,226 treasury shares, equal to 0.356% of the share capital, for a total amount of Euro 1,496 thousand; these transactions were carried out as part of the authorization to purchase treasury shares approved by the Shareholders' Meeting on May 31st, 2018. The Shareholders' Meeting called for May 31st, 2019 will, among other things, be called to authorize the purchase of additional treasury shares (subject to the revocation of the previous authorization granted by the ordinary shareholders' meeting on May 31st, 2018, which remained partially unexecuted), also in support of stock option plans. In this regard, it should be noted that at the Shareholders' Meeting called for May 31st, 2019, the approval of a Stock Option Plan called "Stock Option Plan 2019 - 2022", reserved to the directors who are also employees, to managers with strategic responsibilities and/or to the other employees of OVS and its

subsidiaries pursuant to art. 93 of the TUF.

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 this regard, it should be noted that, in September 2018, Mr. Francesco Sama concluded his employment relationship with OVS and, in his place as the General Manager of the OVS Brand, was appointed Mr. Ismail Seyis, a senior executive to OVS with a different classification.

As part of its supervisory activity, the Board of Statutory Auditors also examined and obtained information on organizational and procedural activities, implemented pursuant to Legislative Decree 231/2001 and subsequent additions and amendments, on the administrative liability of entities for the crimes 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, to the Board of Statutory Auditors on the activities carried out during the 2018/2019 financial year, including the process of continuously updating the organizational Model and the related processes and information flows of the areas identified as sensitive in the risk assessment conducted by the Company with the help of external consultants, without reporting facts or situations that should be highlighted in this Report.

Finally, with reference to the provisions of art. 15 of the Market Regulation (adopted by Consob with resolution No. 20249 of December 28th, 2017), relating to significant subsidiaries established and regulated by the law of non-EU countries, the Board of Statutory Auditors reports that - as of January 31st, 2019 - the companies to which this provision applies are included among the companies within the scope of the Internal Control OVS System on Financial Disclosure with respect to which no significant deficiencies have been reported.

With regard to the self-assessment process of the Board of Statutory Auditors, regarding its composition and independence, as well as the size and functioning of the same, the results of this process carried out by the Board of Statutory Auditors at the end of the 2018/2019 financial year show a substantially adequate picture. An area of possible improvement in the timing of the preventive making available to the Statutory Auditors of the documents supporting the meetings of the Board of Statutory Auditors is highlighted and, to this end, a calendar of Board of Statutory Auditors meetings was defined to facilitate the prompt early preparation of the documentation of support from company functions.

With regard to the self-assessment process of the Board of Directors and its Committees, it is acknowledged that, in the 2018/2019 financial year, the Company set up a Board Evaluation, in which all the Directors in office participated, conducted through interviews and questionnaires to them, with the help of an external consultant who has a wide and multi-year experience in the field, at the end of which a report was issued, illustrated to the Compensation and Nomination Committee on January 25th, 2019 and to the Board of Directors on January 31st, 2019, also containing a proposal for an Action Plan (approved by the Board itself) aimed at allowing a further improvement in the functioning of the Board and the Committees.

The Board of Statutory Auditors acknowledged the substantially positive results, emerged in the Board Evalutation, of the assessments regarding the composition, size and functioning of the Board of Directors and the Committees. For a summary of the outcomes of this Board Evalutation, see the Report on corporate governance and ownership structure.

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 operating events, through:

i. examination of the positive evaluation expressed by the Board of Directors on the adequacy and effective functioning of the Internal Control and Risk Management System;

ii. examination and comments by the Chief Financial Officer/Manager in charge of preparing the accounting and corporate documents on the Administrative and Accounting Structure;

iii. examination and comments of the Chief Financial Officer/Manager in charge of the internal control system on financial reporting, from which no significant deficiencies emerge;

iv. examination of the Annual Report of the Internal Audit on the Internal Control and Risk Management System of OVS;

v. examination of the reports of the Internal Audit and the Periodic Report of the same concerning the progress of the 2018 Audit Plan and the results of the overall activity carried out during the second half of the year;

vi. obtaining information from the managers of specific corporate functions involved;

vii. the reports with the administrative bodies (in the absence of the board of statutory auditors) of the foreign subsidiaries pursuant to paragraphs 1 and 2 of the art. 151 of the TUF;

viii. participation in the work of the Risk Control and Sustainability Committee and, when the matters dealt with have requested it, the joint discussion of these with this Committee.

The Board of Statutory Auditors made its recommendations on the internal control system and on the Internal audit function as well as on the 2019 audit plan, requesting an integration of this plan: these recommendations were implemented by the Company. With reference to the Internal audit function, the Board of Statutory Auditors has acknowledged the path of improvement of the function that the Company has undertaken in the 2018/2019 financial year, both through the appointment of the new manager and through the insertion of a new FTE resource, to which other company resources as well as external consultants offer support, and the assessment of the CRSC of overall adequacy, effectiveness and efficiency of this function, believing that the monitoring is constant and adequate, without prejudice to the need for the Company to continue along the path taken to reinforce the internal structure of this

business function.

Taking the above into consideration, the Board of Statutory Auditors considers that the internal control system of OVS is adequate as a whole.

VIII. Supervision of the statutory audit process and the independence of the auditing company

The independent auditing company PWC has released, today, the Reports pursuant to art. 14 of Legislative Decree 39/2010 and of the art. 10 of Regulation (EU) no. 537/2014, respectively for the separate financial statements and for the consolidated financial statements as at January 31st, 2019, prepared in compliance with International Financial Reporting Standards - IFRS - adopted by the European Union as well as the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005, as described in the explanatory notes to the financial statements. These reports show that the separate financial statements and the consolidated financial statements of OVS provide a true and fair view of the balance sheet and financial position of OVS S.p.A. and of the OVS group at January 3st1, 2019, of the economic result and the cash flows for the year ended on that date.

With reference to the separate and consolidated financial statements, the statutory audit company stated that the Management Report and the Report on Corporate Governance and Ownership Structure, limited to the information indicated in the art. 123-bis, paragraph 4, of the TUF, are consistent with the financial statements at the aforementioned date of January 31st, 2019 and are drafted in compliance with the law. Furthermore, the legal auditing company with reference to the declaration pursuant to art. 14, c. 2, letter e), of Legislative Decree January 27st, 2010, no. 39, on the possible identification of significant errors in the Management Report, based on the knowledge and understanding of the company and its context acquired during the audit, stated that it had nothing to report.

Finally, the independent auditing company PWC has issued 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 acknowledged the contents of the Additional Report

issued by the independent auditors without comments or notices. A copy of this report, together with any comments from the Board of Statutory Auditors, will be sent to the Board of Directors.

The Board of Statutory Auditors monitored compliance with the provisions established by Legislative Decree December 30th, 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 company PWC has released, as specified in the audit report mentioned above, a specific report pursuant to art. 3, paragraph 10, of Legislative Decree December 30th, 2016 no. 254 and of the art. 5 of the Consob Implementation Regulation of January 18th, 2018, no. 20267.

As stated above, the Board of Statutory Auditors held periodic meetings with the heads of the legal auditing company, also pursuant to art. 150, paragraph 3, of the TUF and of the art. 19, paragraph 1, of Legislative Decree 39/2010, during which no facts or situations emerged that should be highlighted in this Report.

The Board of Statutory Auditors, also in light of the investigations carried out and the comparisons 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.

In the Explanatory Notes to the separate financial statements and the consolidated financial statements of the Company, there is a table showing the amounts due for the year recognized to the PWC independent auditing firm and the entities belonging to its network, pursuant to art. 149-duodecies of the Issuers Regulation, including the "other services" provided to OVS by the independent auditors and other entities belonging to its network, set up in 2018/2019 by "audit related services" connected to the control on the content of the non-financial Declaration. As shown in this statement, during the financial year 2018/2019 no other non-audit services were provided by entities belonging to the PWC network.

It is acknowledged that the PWC auditing company and subjects belonging to its network have not been assigned positions 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. Auditing activities on the separate financial statements, on the consolidated financial statements and on the consolidated Declaration of non-financial statement

The Board of Statutory Auditors carried out checks on compliance with the rules concerning the preparation of the separate financial statements of OVS and the consolidated financial statements of the Group as at January 31st, 2019, and acknowledged the declaration by the bodies in charge that the separate and consolidated financial statements were prepared in compliance with the IAS/IFRS international accounting principles and the related interpretative principles and that the Company has applied in the matter of financial statement formats and corporate information as established by Consob.

The explanatory notes to the financial statements contain the information required by international accounting standards regarding the reduction in value of assets. In this regard, it is specified that the procedure adopted by OVS since its listing for the purposes of the impairment test was updated in February 2019, in which the Company's Board of Directors approved an update of the aforementioned policy, called "IAS Policy 36 - Impairment of assets and impairment test", also incorporating the suggestions received from the Control, Risks and Sustainability Committee and the Board of Statutory Auditors, in order to refine it also following very recent documents prepared by competent bodies on the subject (in particular the Discussion Paper "Impairment test pursuant to IAS 36" of January 22nnd, 2019 prepared by Nedcommunity and OIV - Italian Evaluation Body). In particular, changes were made with regard to the internal formalization of the existing controls, the definition of the "impairment indicator" subject to periodic monitoring and the procedures for assignment of relevant tasks to external experts. On the other hand, no significant changes were made as regards the methodology used. When preparing the financial statements as at January 31st, 2019, the Company used an external expert for the purpose of preparing the impairment test.

The impacts of the new IFRS 16 standard starting from the 2019/2020 financial year are also described in the notes to the separate and consolidated financial statements of the OVS Group, applying the modified prospective method. For more details, refer to the information contained in the Notes.

Once the timeliness of the preparation of the documents making up the financial statements was taken into account, the Board of Statutory Auditors - also in light of the investigations carried out and the comparisons with the auditor - considers that the procedure for preparing the financial statements and presenting them to the Shareholders' Meeting was on the whole correct. The Board of Statutory Auditors also notes that no exceptions to the accounting principles adopted have been declared.

The Board of Statutory Auditors also acknowledges having verified the compliance of the Declaration of non-financial nature with the legal provisions of Legislative Decree no. 254/96, including the modifications made by art. 1, paragraph 1.073, of law no. 145/2018 to the art. 3 of Legislative Decree n. 254/96. In this regard, it is acknowledged that the DNF describes the methods for managing the main risks adopted by the Company.

X. Procedures for the concrete implementation of the corporate governance rules

On the basis of the information acquired, the Board of Statutory Auditors reports on the adjustment of the corporate governance structure of the Company in implementation of the codes of conduct to which the Company has declared to comply.

In particular, it is acknowledged that, in line with the provisions of the Corporate Governance Code, during the 2018/2019 financial year, as previously stated, the Company implemented specific training measures for the members of the Board of Directors and of the Board of Statutory Auditors (Induction Program) and performed the self-assessment of the Board and its Committees (Board Evaluation).

The Board of Statutory Auditors verified that the annual report on corporate governance was drafted in compliance with the provisions contained in art. 123-bis TUF, in particular the obligation to inform the market of its degree of compliance with the Code of Conduct pursuant to art. 89-bis of the Issuers Regulation.

XI. Opinions given by the Board of Statutory Auditors

The Board of Statutory Auditors in its current composition, during the 2018/2019 financial year and subsequently to 31 January 2019 until today, has issued the following favorable opinions:

- pursuant to art. 2389, paragraph 3, of the Italian Civil Code in relation to the remuneration of directors vested with special duties and to the objectives of the annual variable component for 2019 (both short and long term) of the Chief Executive Officer;

- the appointment by co-option by the Board of Directors of Director Elena Garavaglia, replacing Director Vincenzo Cariello who resigned on June 1st, 2018; please note that the Director Elena Garavaglia was drawn from the same list as of so-called minority from which the resigned director had been taken;

- the co-optation by the Board of Directors of the Directors Giovanni Tamburi, Alessandra Gritti and Massimiliano Magrini, replacing the Directors Stefano Ferraresi, Stefania Criveller and Marvin Teubner who resigned on March 11th, 2019, following the closing relating to the sale of the 17.835% stake in the Company's share capital by Gruppo Coin S.p.A. to Tamburi Investment Partners S.p.A..

During the financial year, in the period prior to June 1st, 2018, the Board of Statutory Auditors - in its previous composition - also issued the opinions already reported by the Board of Statutory Auditors in its Report on the financial statements for the year ended on January 31st, 2018, issued on May 10th, 2018, to which reference is made.

At the end 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 art. 153 TUF.

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

On the basis of the supervisory activity carried out during the year, the Board of Statutory Auditors, taking into account all of the above, does not find reasons to prevent OVS S.p.A.

and the proposal made by the Board of Directors on April 17th, 2019 regarding the allocation of the net result for the year.

May 10th, 2019

The Board of Statutory Auditors

Mr. Stefano Poggi Longostrevi – Chairman

Mr. Roberto Cortellazzo Wiel – Standing Statutory Auditor

Ms. Eleonora Guerriero – Standing Statutory Auditor