

OVS

OVS S.p.A.

Registered office in Venezia, Via Terraglio, no. 17 – share capital Euro 227,000,000.00 fully paid-up.
Company Register of Venice, taxpayer's code and VAT number 04240010274-REA no. 378007
Internet website: www.ovscorporate.it

OVS S.p.A. Board of Directors' explanatory report on the fourth item on the agenda of the Shareholders' Meeting - Ordinary Part - scheduled on May 31, 2019 in single call -

STOCK OPTION PLAN WITH ORDINARY SHARES OF OVS S.P.A. CALLED "STOCK OPTION PLAN 2019 - 2022", RESERVED TO DIRECTORS WHO ARE ALSO EMPLOYEES, MANAGERS WITH STRATEGIC RESPONSIBILITIES AND / OR OTHER EMPLOYEES OF OVS S.P.A. AND OF THE COMPANIES CONTROLLED BY THIS COMPANY PURSUANT TO ART. 93 OF LEGISLATIVE DECREE NO. N. 58/1998. INHERENT AND CONSEQUENT RESOLUTIONS.

Shareholders,

the Board of Directors has called You to ordinary shareholders' meetings to submit for your approval, pursuant to art. 114-bis of Legislative Decree February 24, 1998 no. 58 and subsequent amendments and additions (the "**TUF**"), an incentive and retention plan called the "Stock Option Plan 2019 - 2022" (the "**Plan**") reserved for directors who are also employees, managers with strategic responsibilities and/or to the other employees of OVS S.p.A ("**OVS**" or the "**Company**") and its subsidiaries pursuant to art. 93 of the TUF (the "**Subsidiaries**"), which may be implemented using both (i) treasury shares subject to purchase relating to the authorization pursuant to art. 2357 of the Civil Code granted from time to time by the assembly; and (ii) shares resulting from a capital increase by the Board of Directors, subject to the granting to the Board of Directors of a proxy to increase the share capital pursuant to art. 2443 of the Civil Code, in divisible form (the "**Proxy**"), with the exclusion of the option right pursuant to art. 2441, paragraph 8, of the Civil Code, for a total amount of a maximum nominal amount of Euro 5,000,000.00, through the issue of a maximum of no. 5,000,000 newly issued OVS ordinary shares, also in several tranches, reserved for the beneficiaries of the "Stock Option Plan 2019 - 2022" (the "**Capital Increase**").

The proposal for the conferment of the Proxy, illustrated by a specific report prepared pursuant to art. 72 of the regulation on issuers adopted by CONSOB with resolution no. 11971 of May 14, 1999 and subsequent amendments and additions (the "**Issuer Regulations**"), will be submitted for examination and approval as item 1 on the agenda of the extraordinary part by the Shareholders' Meeting of May 31, 2019 (hereinafter referred to as the "**Extraordinary Meeting**").

The terms and conditions relating to the Proxy are illustrated by a specific illustrative report prepared pursuant to art. 72 and of Annex 3A, of the Issuers Regulation which will be made available to the public by publication on the Company's website www.ovscorporate.it, in the "Governance/Shareholders' Meeting" Section, as well as at the "Info" authorized storage mechanism, at least 21 days before the date set for the Meeting.

For more information on the Proxy, please refer to the aforementioned explanatory report and to what is briefly illustrated in the following point 2.

The information document relating to the Plan, prepared pursuant to article 84-bis and to Annex 3A of the Issuers Regulation, will be made available to the public within the terms of the law and will be available on the Company's website www.ovscorporate.it, in "Governance/Shareholders' Meeting" section, together with this report.

1) Reasons motivating the adoption of the Plan

The Company, in compliance with the market practice of listed companies, believes that the Plan constitutes an effective incentive and retention tool for the individuals who hold strategic and decisive roles for the success and for the employees of OVS and of the Subsidiary Companies and allows to maintain high and improve performance and help increase the Company's value growth for shareholders.

The Plan is developed over a period of time deemed appropriate for achieving the incentive and loyalty objectives pursued by the same.

The adoption of share-based compensation plans is also in line with the recommendations of art. 6 of the Corporate Governance Code, which recognizes that these plans represent a suitable tool to enable the interests of executive directors and executives with strategic responsibilities of listed companies to be aligned with those of shareholders, allowing them to pursue the priority objective of creating value in the

medium to long term.

2) Object and method of implementation of the Plan

The Plan provides for the free allocation, to each of the beneficiaries indicated in the following point 3, of a maximum total of 5,000,000 options (the "**Options**") that grant the right to subscribe or purchase the ordinary OVS shares in the ratio of no. 1 (one) ordinary share for each n. 1 (one) Option exercised.

The Plan provides that the Options are assigned by the Board of Directors, after consulting the Nomination and Remuneration Committee.

As indicated in the introduction, the Plan may be implemented using both (i) treasury shares subject to purchase relating to the authorization pursuant to art. 2357 of the Civil Code granted from time to time by the assembly; and (ii) shares deriving from a capital increase by the Board of Directors, subject to approval by the Extraordinary Shareholders' Meeting, of the granting to the Board of Directors of a proxy to increase the share capital, against payment, with the exclusion of the right to option pursuant to art. 2441, paragraph 8, of the Civil Code, for a total amount of a maximum nominal amount of Euro 5,000,000.00, through the issue of a maximum of no. 5,000,000 newly issued OVS ordinary shares, with no par value, with the same characteristics as those in circulation on the issue date, with regular entitlement, to be reserved for the beneficiaries of the "Stock Option Plan 2019 - 2022" .

The Company will make available to the beneficiary the OVS ordinary shares due to the same following the exercise of the Options in the terms and in the manner that will be established in the regulation of the Plan.

The Company's ordinary shares attributed to the beneficiary following the exercise of the Options will have regular dividend rights equal to that of the ordinary shares of the Company in circulation at the date of attribution and will therefore be accompanied by the coupons in effect on that date.

The right of the Board of Directors, after consulting the Nomination and Remuneration Committee, to use any shares held by the Company and acquired as part of repurchase programs for treasury shares resolved remains unaffected. and executed pursuant to the applicable legal provisions.

For more details on the Plan, please refer to the related information document, prepared pursuant to article 84-bis and to Annex 3A of the Issuers Regulation, which will be made available to the public within the terms of the law and will be available on the website of the [www .ovscorporate.it](http://www.ovscorporate.it), in the "Governance/Shareholders' Meeting" Section, together with this report.

3) Recipients of the Plan

The Plan is reserved for directors who are also employees, managers with strategic responsibilities and/or other employees of OVS and/or Subsidiaries, identified by the bodies responsible for implementing the Plan, having heard the opinion of the Appointments Committee and Remuneration.

The number of Options to be assigned to each beneficiary is defined, taking into account the above criteria, evaluating the strategic importance of each beneficiary in relation to the creation of new value, considering the professional capacity and potential, the ability to contribute to the development of company activity, taking into account the experience and competence covered in the organization, as well as the related retention needs.

4) Methods and clauses for the implementation of the Plan, with particular reference to its duration and the conditions for the exercise of the Options

The Plan lasts until June 30, 2026 and provides for a three-year vesting period for the Options assigned to the beneficiaries.

Each beneficiary may exercise the Options assigned by June 30, 2026 provided that a specific performance condition is reached in relation to OVS's three-year consolidated cumulative EBITDA. The Plan also envisages a so-called gate condition on/off linked to the achievement of a specific minimum value of the share. Both gate condition and performance condition were set by the Board of Directors

on April 17, 2019, subject to the opinion of the Nomination and Remuneration Committee.

Specifically, the conversion of the Options assigned into Options accrued and therefore exercisable, to the extent and under the envisaged conditions, is primarily subject to verification by the Board of Directors, at the end of the predetermined performance period, i.e. the period between 1 February 2021 and 31 January 2022, the end of the accounting period 2021, of the condition of access to the Plan ("**Access Condition**").

This Access Condition consists of the achievement of a minimum value of the OVS share price to be calculated as the weighted average of the price at the end of the market day of the second half of the year preceding the end of the 2021 financial year (1 August 2021 – 31 January 2022), which must be at least 2.5 Euro. In particular:

- if this value is less than 2.5 Euro, the Plan will not produce any effect for the identified Beneficiaries, thus giving rise to no possibility of transforming the Options assigned into Options accrued and exercisable;
- if this value is equal to or greater than 2.5 Euro, the achievement of the defined performance condition will be verified for the determination of the number of Options assigned which will be transformed into Options accrued and therefore exercisable by the beneficiaries.

This value was set by the Board of Directors of April 17, 2019, on the proposal of the Nomination and Remuneration Committee, considering an adequate performance in terms of return for the shareholders of OVS also taking into account the liquidity and the specific factor of risk in the sector in which the company operates.

This determination was made considering as a reference the current closing price (as of 15 April 2019), equal to 1.67 Euro, that of the average of the last 30 calendar days, equal to 1.64 Euro and that of the average of the last 50 days of calendar, equal to 1.59 Euro; this reference values were compared with the yield of the FTSEMIB index of the last 3 years, equal to + 25% and of the last 5 years, equal to + 3.1%. The comparison shows that the € 2.5 target determines an expected return of 49.8% compared to the closing price on 15 April 2019, which is 25% higher than the yield of the 3-year and 46-year FTSEMIB Storico 7% higher than the performance of the historical FTSEMIB at 5 years. The average price of the stock of OVS SpA over the last 50 and 30 days, on the other hand, reflects even more significant returns: compared to the yield of the FTSEMIB at 3 years, the former reflects a return of 31.9% higher than the latter of 27.1%, while if we consider the performance of the FTSEMIB at 5 years, the former reflects a higher return of 54.1%, the latter instead of 49.3%. Even considering the price at which the transaction between TIP and BC Partners took place, equal to € 1.85, the upside is significant and equal to 35.1%.

The Plan therefore envisages the achievement of a performance objective which is conditioned by the right of each beneficiary to accrue the Options, (the "**Performance Condition**"). The Options assigned to each beneficiary, subject to verification that the Access Condition to the Plan has been exceeded, will accrue in relation to the achievement of a cumulated EBITDA target value for the years 2019-2021, (three-year period starting from 1 February 2019, beginning of the 2019 financial year, and ending on 31 January 2022, end of 2021 financial year) equal to Euro 550 million, target value also set by the Board of Directors of April 17, 2019, subject to the favorable opinion of the Nomination and Remuneration Committee, target value that will be calculated applying the same accounting principle adopted by OVS for the consolidated financial statements 2019.

The Plan provides that the beneficiaries cannot exercise the Options in the thirty calendar days that precede the public disclosure of the financial statements and interim financial reports that the Company is required to make public pursuant to the laws and regulations in force from time to time and of the Regulations of the markets organized and managed by Borsa Italiana.

The Board of Directors, in consultation with the Nomination and Remuneration Committee, may also provide for additional periods of blocking of the exercise of the Options, or change the terms indicated in the Plan regulation in the event of significant legislative or regulatory changes.

As a condition to benefit from the Plan, the latter provides for the existence and maintenance of an administration and/or subordinate employment relationship between the beneficiaries and the Company and the Subsidiaries (the "**Report**"). The termination, in the cases contemplated by the Plan, of the Report affects the exercise of the Options, determining the termination of the Options

themselves, the methods, conditions and terms provided for in the regulation of the Plan.

5) Possible support of the Plan by the special Fund for encouraging the participation of Workers pursuant to art. 4, paragraph 112, of Law 24 December 2003, n. 350

The Plan will not receive any support from the special fund for encouraging worker participation in the companies, pursuant to art. 4, paragraph 112, of the law of December 24, 2003, n. 350.

6) Criteria for determining the exercise price of the shares to service the Plan

The exercise price of the shares is set at Euro 1.85, determined by the Board of Directors of April 17, 2019, after hearing the opinion of the Nomination and Remuneration Committee, which is equal to the unit price per share to which the shares by Gruppo Coin S.p.A. (a wholly owned subsidiary of the BC Partners funds) equal to 17.835% of the share capital of Tamburi Investment Partners S.p.A. on March 11, 2019. If the arithmetic average of the official prices recorded by the OVS security on the MTA in the thirty calendar days prior to the date of assignment of the Options to the beneficiaries by the Board of Directors were greater than Euro 1.85, the exercise price will be equal to that average.

A mechanism is provided for adjusting the exercise price of the Shares in the event of distribution of dividends during the so-called vesting period and up to the time when the Options become exercisable. This mechanism requires the exercise price to be reduced by the dividend distributed per share.

7) Limitations on the transfer of Options

The assignment of the Options takes place on an individual basis and each Option and all the rights incorporated in them are strictly personal, registered, non-transferable by deed between living and non-negotiable and therefore incapable of being used against the debts or contracts assumed by each of the beneficiaries towards OVS and/or Subsidiaries.

Beneficiaries who are executive directors or managers with strategic responsibility of OVS, as identified by the Board of Directors, will have the obligation to continuously hold, for at least 12 months from the exercise date, a number of shares equal to at least 30% of the shares subscribed or purchased due to the exercise of the Options, net of the transferable shares for the payment (a) of the exercise price of the Options, as well as (b) of the fiscal, social security and welfare charges, where due, connected to the exercise of the Options. Beneficiaries who are executive directors, in compliance with the recommendations of the Corporate Governance Code, will in any case have the obligation, even after the aforementioned unavailability period, to hold at least 30% of the shares continuously until the end of the mandate of the shares subject to the lock-up commitment pursuant to the Plan regulation.

The Plan also provides for revocation and return clauses.

In particular, the Plan provides that if the Board of Directors, after consulting the Nomination and Remuneration Committee, ascertains - within the period of 3 years from the initial date of exercise - that the performance objectives have been determined on the basis of data that have proved to be manifestly incorrect or have been ascertained by the beneficiary with a first instance sentence, fraudulent conduct that is fraudulent or grossly negligent to the detriment of the Company from which an asset or financial loss for the same Company was derived or without which the objectives of performance would not have been achieved, the Board of Directors, after consulting the Nomination and Remuneration Committee, reserves the right to obtain from the beneficiary author of one of the aforementioned deeds and/or facts, the revocation of the exercisable Options, or the return of the shares in the ownership of the beneficiary, deducted a number of shares of a value corresponding to 1 the exercise price of the Options and the tax, social security and welfare charges connected with the exercise of the Options actually paid, or, the return of the sales value (less the amount corresponding to the exercise price of the Options and to the tax, social security and welfare related to the exercise of the Options, possibly also by offsetting with the salaries and/or the end-of-beneficiary duties of the beneficiary) if the beneficiary's shares had already been sold.

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Shareholders,

in light of the above, we invite you to pass the following resolutions:

"The Shareholders' Meeting of OVS S.p.A.:

- *having examined the explanatory report of the Board of Directors, prepared pursuant to articles 114-bis and 125-ter of Legislative Decree February 24, 1998, n. 58, as subsequently amended;*
- *having examined the information document prepared pursuant to art. 84-bis of the regulation adopted by Consob with resolution no. 11971 of May 14, 1999, as subsequently amended*

resolves

- *to approve, pursuant to and for the purposes of art. 114-bis of Legislative Decree February 24, 1998, n. 58, the adoption of the stock option plan called "Stock Option Plan 2019 - 2022" with the characteristics (including conditions and conditions for implementation) indicated in the explanatory report of the Board of Directors and in the information document on the "Stock Option Plan 2019 - 2022 ";*
- *to confer on the Board of Directors, with the right to sub-delegate, all necessary or appropriate powers to implement the "Stock Option Plan 2019 - 2022" (also by using the treasury shares as shares to exercise the options) in the Company's portfolio), in particular by way of example and not limited to, all powers to prepare, adopt the regulation implementing the aforementioned plan, as well as modify and/ or supplement it, identify the beneficiaries and determine the number of options to be assigned to each of these, proceed with the assignments to the beneficiaries, identify the applicable exercise price, as well as carry out any act, fulfillment, formalities, communication that are necessary or appropriate for the management and/ or implementation of the plan itself, with the right to delegate its powers, tasks and responsibilities regarding the execution and application of the plan to the President of the Council of Administration, without prejudice to the fact that every decision relating to and/ or pertaining to the possible assignment of options to the Chairman as beneficiary (like any other decision relating to and/ or pertaining to the management and/ or implementation of the plan towards him) will remain the exclusive competence of the Board of Directors;*
- *to confer on the Chairman of the Board of Directors, all powers, with the right to sub-delegate, to carry out legislative and regulatory obligations following the resolutions adopted. "*

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Venice – Mestre, April 17, 2019

For the Board of Directors
The Chairman, Nicholas Stathopoulos