

OVS S.p.A.

Registered office at Via Terraglio 17, Mestre, Venice (Italy)

Share capital €290,923,470.00 fully paid up

Venice Companies Register, tax and VAT code 04240010274

Board of Statutory Auditors' Report to the Shareholders' Meeting of OVS S.p.A. pursuant to Article 153 of Legislative Decree 58/1998 - Year ended 31 January 2022

To the Shareholders of OVS S.p.A.

I. Introduction: legislative, regulatory and ethics sources

This report was prepared by the Board of Statutory Auditors of OVS S.p.A. (hereinafter the “**Company**” or also “**OVS**”), appointed by the Shareholders' Meeting of 9 July 2020 for a three-year period until the Shareholders' Meeting called to approve the financial statements for the year ending 31 January 2023. For the entire duration of the financial year 1.2.2021/31.1.2022 and until 29 April 2022, the Board of Statutory Auditors was composed of the Chairman of the Board of Statutory Auditors, Stefano Poggi Longostrevi, and the Standing Auditors, Paola Tagliavini and Roberto Cortellazzo Wiel (as well as two Alternate Auditors).

On 29 April 2022, after the resignation of Standing Auditor Paola Tagliavini due to professional commitments, Emanuela Italia Fusa, formerly an Alternate Auditor, took over as Standing Auditor, in compliance with laws on gender balance and with the provisions of the Articles of Association. The next Shareholders' Meeting, convened for 31 May 2022, will also be called to resolve on the addition to the Board of Statutory Auditors, in accordance with applicable legislation.

This report describes the supervisory activities and other work carried out by the Board of Statutory Auditors during the year ended 31 January 2022 and until the date of this report in accordance with the law, taking into account the Principles set out in the “Rules of conduct for the boards of statutory auditors of listed companies” issued by the Italian National Council of Chartered Accountants and Accounting Experts and last updated in April 2018, Consob provisions on corporate controls and the instructions in the Corporate Governance Code.

Since the audit of the accounts has been entrusted to the Auditing firm, PricewaterhouseCoopers S.p.A. (hereinafter also “**PWC**”), for annual reporting periods ending on or before 31 January 2023, the Board of Statutory Auditors is identified as the “Internal Control and Audit Committee” which has specific control and monitoring functions regarding financial reporting and the audit of the accounts provided for in Article 19 of Legislative Decree 39 of 27 January 2010, as amended by Legislative Decree 135 of 17 July 2016, which are also acknowledged in this report.

The Board of Statutory Auditors' Report is provided to the shareholders of OVS S.p.A. ahead of the Shareholders' Meeting called for 31 May 2022 for the approval of the financial statements for the year ended 31 January 2022 and the presentation of the consolidated financial statements.

In this report, and in accordance with Consob's instructions in Communication DEM/1025564 of 6 April 2001, as amended, the Board of Statutory Auditors reports on the activities carried out, separately for each supervisory subject required by the regulations governing its activities.

In this report, the Board of Statutory Auditors also describes the supervisory activity carried out with regard to obligations relating to the Non-Financial Statement (hereinafter also referred to as the "NFS") pursuant to Legislative Decree 254/2016.

In fulfilling these obligations, the Board of Statutory Auditors, as the senior body in the overall corporate control system, provides an integrated picture of the results of these controls.

II. Significant economic, financial and equity transactions and events in the financial year 2021/2022 or after the end of the year

The 2021/2022 financial year was also affected by the continuing spread of the Covid-19 pandemic (although its effects were mitigated by vaccine campaigns), which resulted in the ongoing state of emergency and a situation of general uncertainty, as well as some mandatory periods of store closures, including in the sector in which OVS operates, particularly in the first quarter of 2021.

Thanks to the measures taken during the emergency phase, the OVS Group was able to react and return to sales levels almost in line with its pre-pandemic performance. The Group also continued to take steps to safeguard the health and safety of customers and its employees, already implemented in the previous year, while working to further strengthen managerial flexibility, as described in the section "Impacts of the Covid-19 pandemic on Group performance" of the Report on Operations.

In relation to the ongoing spread of Covid-19 and its variants, the Board of Statutory Auditors requested, and obtained from management, information and documents on the safeguards implemented by the Company to deal with the pandemic situation and assurances regarding the presence of health and safety conditions in working environments and of operating methods suitable for combating and containing the spread of the virus. The Board of Statutory Auditors was also kept constantly informed of economic and financial performance, including projected performance, and the actions taken by the Company as a result of the pandemic, including by attending meetings of the Board of Directors and the joint meetings with the Control, Risks and Sustainability Committee held during the year.

During 2021/2022, the OVS Group completed the acquisition of the STEFANEL business unit, finalising the transfer of ownership of the Stefanel brand and 23 directly operated stores on 1 March 2021.

In addition, on 9 March 2021 the OVS Group, through its subsidiary 82 S.r.l., completed the acquisition of the Piombo brand from Ciro Paone S.p.A. As also indicated by the Directors in the Report on Operations, the introduction of the Piombo brand attracted new customers, offering a high-quality product that has extended the range of prices offered and therefore expanded margins in some product categories.

In the first half of 2021, the Parent Company, OVS S.p.A., carried out a paid capital increase for a maximum amount of €79,904,337.50 including the share premium, approved by the Extraordinary Shareholders' Meeting on 15 December 2020, through an optional offer of up to 63,923,470 ordinary shares of OVS S.p.A. The new shares were offered for subscription to OVS S.p.A. shareholders at a price of €1.25 each, divided into €1.00 for share capital and €0.25 for share premium, as determined by the Board of Directors on 5 July 2021. At the end of the offer period, a total of 63,923,470 new shares had been subscribed, equal to all the new shares offered in the capital increase. As a result of the above, the share capital of OVS S.p.A. now amounts to €290,923,470.00.

In addition, in the second half of 2021, the Parent Company, OVS S.p.A., completed the issue of a sustainability-linked bond, with the aim of improving the Group's financial structure, reducing the cost of debt and extending its maturity, as well as linking it to sustainability objectives. The bond issue was completed on 10 November 2021 with the subscription of €160 million of non-convertible bonds, maturing on 10 November 2027, the financial contribution of which was used to partially repay the existing debt.

At 31 January 2022, the OVS Group's adjusted net financial position was €190 million (compared with €401 million at 31 January 2021), partly due to excellent performance in terms of cash flows generated during 2021 and the contribution of the capital increase described above.

Significant events after the end of the financial year as of 31 January 2022 include the signing on 1 February 2022 with The GAP Inc. of the final agreement for the sale to OVS of the Italian business unit of the GAP group, comprising the GAP stores in Italy.

In addition, on 7 April 2022, OVS S.p.A. signed a loan agreement consisting of two credit facilities totalling €230 million, both sustainability-linked, with a term of five years and maturing in April 2027, further improving the Group's financial structure. This loan repaid and replaced the two credit facilities (revolving and term) totalling €133 million with a shorter maturity and more onerous conditions, as well as the 80% SACE guaranteed credit facility of €100 million, taken out in 2020 to meet the requirements related to the Covid-19 pandemic and no longer consistent with the Group's financial structure.

The Directors, in their own report, have provided information on the outlook for operations and the possible effects of the conflict between Russia and Ukraine which, despite the exposure of sales in these countries being essentially nil compared with the annual turnover of the OVS Group, could lead to further inflationary pressures in Europe, as well as the increase in the costs of raw materials and energy, which the Company monitors closely in order to implement the necessary containment measures.

For other significant events during the reporting period, please see the Report on Operations, prepared by the Directors.

III. Supervisory activities relating to compliance with laws, regulations and the Articles of Association - participation in meetings of the corporate bodies

The 2021/2022 financial year was characterised by profound uncertainty over the evolution of the Covid-19 pandemic. The government's instructions and measures, announced when the state of emergency was declared, continued throughout the year, entailed strict "social distancing" measures to limit the spread of the pandemic across the country. In this context, the Company's operations never stopped – although it fully complied with its obligations to close stores during lockdowns – and continued, where possible, "remotely" for its office staff.

The activities of the Board of Statutory Auditors continued from March onwards according to these arrangements: data and information were obtained electronically and meetings were mainly held by video conference.

Given that the Company is very reliable in ensuring that meetings are conducted properly and that information flows are transmitted correctly, the Board of Statutory Auditors believes that the adoption of these arrangements did not decrease or affect the degree of reliability of the information received and the effectiveness of its activities.

During 2021/2022, the Board of Statutory Auditors met 18 times, including jointly with the Control, Risks and Sustainability Committee (hereinafter also the "CCRS") on six occasions, with the participation of all its members. The meetings lasted approximately two hours on average. Since 31 January 2022 and to date, the Board of Statutory Auditors has met a further nine times, including once jointly with the CCRS.

The Board of Statutory Auditors also attended meetings of the Board of Directors: nine during 2021/2022 and three since 31 January 2022 to date.

The Board of Statutory Auditors also attended (again with all members) all the meetings of the internal Board Committees: five Appointments and Remuneration Committee meetings in 2021/2022 and four between 31 January 2022 and the date of this report; seven Control, Risks and Sustainability Committee meetings in 2021/2022 and two since 31 January 2022 to date; and three Related Parties Committee meetings in 2021/2022 and one since 31 January 2022.

The Board of Statutory Auditors attended, with all members present, an Ordinary Shareholders' Meeting on 28 May 2021.

The Board of Statutory Auditors also met periodically with the Supervisory Body and the Auditing firm PWC. The periodic meetings with the Auditing firm have been held frequently: five meetings took place in FY 2021/2022 (including three jointly with the CCRS) and three have taken place since 31 January 2022 to date (including one jointly with the CCRS) to discuss, *inter alia*, the impacts of the ongoing Covid-19 pandemic, the planning of audit activities for FY 2021/2022 and the assessment process for the preparation of impairment tests as of 31 January 2022.

The Board of Statutory Auditors has constantly interfaced with the Head of Internal Audit and with the Financial Reporting Officer and CFO and has held meetings with the heads of certain staff company functions (such as the Director of Legal and Corporate Affairs, the Director of Human Resources, the Head of Occupational Health and Safety, the Director of Information Technology, the Data Protection Officer and the Investor Relator). During the year, the Board also held meetings with the Director of Purchasing and Sourcing, the Director of OVS Retail Italia and the Director of the Upim Brand.

In the course of its work, the Board has consistently obtained documentation and information useful for planning its activities, which concerned in particular:

- a) the monitoring of:
 - (i) the 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 the “**TUF**”), the practical implementation of the Corporate Governance Code of listed companies, to which OVS adheres;
 - (iii) compliance with the obligations on inside information and internal dealing, noting that the Company has adopted, most recently by resolution of the Board of Directors of 30 January 2020, both the “Procedure on Internal Dealing” and the “Internal Procedure for the Management and Processing of Relevant and Inside information” and the Procedure relating to the “Register of Persons with Access to Inside and Relevant Information”;
 - (iv) the compliance of the internal procedure concerning related party transactions with the principles set forth in the Regulation approved by Consob with Resolution 17221 of 12 March 2010 as amended (hereinafter the “**RPT Regulation**”), as well as its effective application;
 - (v) the functioning of the corporate information process, verifying compliance with laws and regulations relating to the formation and layout of the separate and consolidated financial statements, as well as the relevant accompanying documents, for this purpose also examining the Annual Report of the Financial Reporting Officer;

- (vi) the actions taken with reference to the provisions on privacy, in particular Regulation (EU) No 2016/679 (the (GDPR), in accordance with which it will be recalled that the Company appointed a Data Protection Officer, with whom the Board of Statutory Auditors spoke during its control activities;
 - (vii) the compliance of the consolidated Non-Financial Statement (hereinafter also the “NFS”) with the provisions of Legislative Decree 254/2016;
- b) the ascertainment of:
- (i) compliance with the rules on the conduct of meetings of corporate bodies and the fulfilment of the periodic reporting obligation by the delegated bodies in relation to the exercise of the powers conferred;
 - (ii) the absence of interest on the part of the Statutory Auditors, on their own behalf or on behalf of third parties, in a given transaction during the financial year, and that they continue to fulfil the conditions of independence established by law, including through an internal self-assessment process, the results of which are summarised in a later section of this report;
- c) the monitoring of the concrete procedures for the implementation of corporate governance rules provided for in the Corporate Governance Code, to this end also reviewing the Annual Report on Corporate Governance and Ownership Structure pursuant to Article 123-*bis* of the TUF, approved by the Board of Directors at its meeting of 21 April 2022;
- d) the acknowledgement of the preparation of the report on remuneration policy and compensation paid (hereinafter also the “**Remuneration Report**”) pursuant to Article 123-*ter* of the TUF and Article 84-*quater* of Consob Regulation No. 11971/1999 (hereinafter the “**Issuers’ Regulation**”), approved by the Board of Directors at its meeting of 3 May 2022, which also takes into account the amendments made in application of Consob Resolution No. 21623 of 10 December 2020 following the transposition of Directive (EU) 2017/828.

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

- with reference to the practical implementation of the Corporate Governance Code for listed companies, it should be noted that during the 2021/2022 financial year, a specific meeting dedicated to the Company's business was held, including for the purposes of the induction programme for Directors and Statutory Auditors;
- with regard to the functioning of the Board of Directors and the internal Board Committees, the Board of Statutory Auditors considers that information flows to both the Board of Statutory Auditors and to these bodies, as well as their activation and operational functionality, are on the whole in line with the provisions of the Corporate Governance Code. In this regard, it should be noted that – for the organisation of the work of the Board and the Committees – the Company uses technical assistance tools such as the recording of meetings and a board room for viewing meeting documentation, which has progressively improved the

usability of pre-board information. The Board of Statutory Auditors will continue to monitor the maintenance and effectiveness of these tools and, in particular, the timeliness of sending the pre-board documentation and the minutes of the meetings of the Board and Committees;

- that, to date, there have been no reports to Consob pursuant to Article 149, paragraph 3 of the TUF;
- that it has verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of Directors, with reference to the requirements established by Article 148 of the TUF and Recommendation No. 6 of the Corporate Governance Code, having nothing to report in this regard;
- that it has acknowledged the 2022 Remuneration Policy, as described in the Remuneration Report, to which reference is made, which also takes into account the “Recommendations of the Committee for 2022” referred to in the Letter of the Chairman of the Corporate Governance Committee dated 3 December 2021, through the integration of the sustainability of the business activity into the definition of remuneration strategies and policy within the short-term incentive system for Top Management (2022 MBO), in order to further strengthen the engagement of these individuals, including with regard to the pursuit of non-financial, strategic and sustainability objectives. It should also be noted that, as of FY 2021/2022, the long-term incentive system, which was further extended with the 2022 Remuneration Policy, has also been integrated.

During FY 2021/2022 and to date, no complaints pursuant to Article 2408 of the Italian Civil Code have been received.

IV. Supervisory activities regarding atypical and/or unusual transactions undertaken with third parties or within the Group and regarding related party transactions

The Board of Statutory Auditors did not find or receive any information from the Board of Directors, the Auditing firm or the Head of Internal Audit, regarding the existence during 2021/2022 of atypical and/or unusual transactions, as defined by Consob Communication DEM/6064293 of 28 July 2006, carried out with third parties, related parties or within the Group.

The Directors reported, in the notes to the financial statements, on the ordinary transactions carried out during the year with Group companies and other related parties, to which reference is made, also with regard to the characteristics of the transactions and their economic, financial and equity effects.

With regard to related party transactions, it should firstly be recalled that the Company established a Related Party Transactions Committee and approved the RPT Procedure, last amended by the Board of Directors on 17 June 2021, which also provides for the maintenance and updating of a Related Party Transactions Register.

The Board of Statutory Auditors has verified the effective implementation and functioning of the Related Party Transactions Procedure adopted by the Company, including periodic information from the Board of Directors in the event that such transactions are carried out. In this regard, we acknowledge that on 17 June 2021, the Board of Directors, having obtained a favourable opinion from the Related Party Transactions Committee, approved the updated RPT Procedure, which takes account of the provisions of Consob Resolution No. 21624 of 10 December 2020.

During its supervisory activity, the Board of Statutory Auditors periodically requested and obtained updates on changes in relations with related parties, including with related party Coin S.r.l. (now Coin S.p.A., hereinafter “**COIN**”). In FY 2021/2022, OVS carried out a new, minor related party transaction with COIN, relating to the provision of IT services by OVS to COIN, subject to the favourable opinion of the RPT Committee.

For more details on this and other related party transactions, please see the information in the Report on Operations and in the notes to the financial statements, which also indicates that, following the alignment of the Consob Regulation with the parameters laid down by IAS 24 for the determination of related parties, Coin S.p.A. is no longer a related party from June 2021.

With respect to the above transactions, the Board of Statutory Auditors constantly monitored compliance:

- (i) with the RPT Regulation and the RPT Procedure, including by obtaining detailed documentation;
- (ii) with provisions on transparency and public information.

On the basis of the information obtained, including as a result of the inquiries made, and the analysis of the documentation obtained, no critical issues came to light in relation to compliance with the interest of the Company in the related party transactions of OVS indicated in the Annual Report at 31 January 2022.

Given the size and structure of the Company and the OVS Group, the Board of Statutory Auditors believes that the Board of Directors, in its Annual Report as of 31 January 2022, provided an adequate explanation of the transactions carried out with subsidiaries and other related parties, with an explanation of their economic, financial and equity effects.

V. Supervisory activities related to compliance with the principles of sound management

In order to oversee compliance with the principles of sound management, as well as attending (as described above) all meetings of the Board of Directors and internal Board Committees, the Board of Statutory Auditors declares that it obtained, during the 2021/2022 financial year, from the Directors, with the frequency provided for in Article 23, paragraph 3, of the Articles of Association, the necessary information on the activities carried out and the most significant economic, financial and equity transactions resolved upon and carried out in the previous year by OVS and the subsidiaries; these activities and transactions 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 can reasonably believe that the transactions carried out in 2021/2022 comply with the law and the Articles of Association and are not manifestly imprudent, risky or contrary to resolutions adopted by the Shareholders' Meeting or of a nature that could compromise the integrity of the corporate assets.

Following the supervisory activity carried out and taking into account the information acquired in the context of this activity, it can also be stated that the management choices of the Directors were based on the principles of sound management and reasonableness, with the same being aware of the risks and effects of the transactions carried out.

It should be recalled that, in the 2018/2019 financial year, the Company purchased a total of 809,226 treasury shares, amounting to 0.356% of the share capital, for a total of 1,496 thousand euros. The Shareholders' Meeting of 28 May 2021 authorised, *inter alia*, the purchase of further treasury shares, including to service stock option plans. As of 31 January 2022, the Company still held 809,226 treasury shares. No additional purchases or disposals took place during 2021/2022.

From 2 February 2022, the Company commenced further purchases of treasury shares, as authorised by the Shareholders' Meeting of 28 May 2021. As of 21 April 2022, the Company holds 3,355,351 treasury shares (equal to 1.1533% of the share capital), while its subsidiaries do not hold any OVS shares.

VI. Supervisory activities relating to the adequacy of the organisational structure

The Board of Statutory Auditors obtained knowledge of and oversaw, to the extent of its competence, the adequacy of the Company's organisational structure – including by holding meetings with the Director of Human Resources and Organisation and the heads of certain staff functions (such as the Director of Legal and Corporate Affairs, the Director of Administration, Finance and Control, the Director of Information Technology and the Investor Relator) and business functions – and believes that the organisational structure as a whole is adequate. In the 2021/2022 financial year, there were no significant changes in the organisational structure and the initial reports by the Chief Executive Officer, except for the changing of the Director of Human Resources and Organisation because an age limit was reached, and the inclusion of a new managerial role of

Director of Digital Business at OVS. On 1 February 2022, the Company appointed two new Managers with strategic responsibilities: the current Director of Sourcing, Operations and Sustainability and the current Director of OVS Retail Italia. Both managers have been at OVS for many years, and their appointment is part of a process of reorganising and strengthening the individual areas that they oversee.

As part of its supervisory activities, the Board also examined and obtained information on organisational and procedural activities carried out pursuant to Legislative Decree 231/2001, as amended, on the administrative liability of entities for the offences provided for by that legislation; these activities are described in the Report on Corporate Governance and Ownership Structure, to which the reader is referred.

The Supervisory Body reported, including during the periodic meetings, to the Board of Statutory Auditors on the work done during the 2021/2022 financial year, and particularly on the implementation of the Audit Plan (for 231 profiles), the checks carried out on accidents and occupational safety training, as well as the checks carried out on what was learned from reports received, from information obtained through meetings with managers and from information flows received periodically from the various company functions.

In relation to the recent introduction of new predicate offences, the Board of Statutory Auditors acknowledges that the Organisation, 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 offences, including “tax offences”.

Lastly, the Board of Statutory Auditors was informed by the Supervisory Body of training activities in relation to Legislative Decree 231/01, the Audit Plan (for 231 profiles) planned for the 2022 financial year and the follow-up actions in relation to the improvement areas that emerged. However, the Supervisory Body did not report any events or situations that required highlighting in this report.

For subsidiaries of strategic importance, identified by the Board of Directors by resolution of 30 January 2020, and with regard to the provisions of Article 15 of the Consob Market Regulation (Resolution 20249 of 28 December 2017) on significant subsidiaries established and governed by the laws of non-EU states, the Board of Statutory Auditors reports that the company to which this provision applies (OVS Hong Kong Sourcing Ltd.) is included among those covered by the OVS Internal Control System on Financial Reporting, with regard to which no material shortcomings have been reported.

With respect to the self-assessment process of the Board of Directors and its Committees, it should be noted that in the 2021/2022 financial year the Company decided not to implement the Board Evaluation process, also in view of the provisions of the Corporate Governance Code for companies that are not large.

VII. Supervisory activities relating to the internal control and risk management system and the administrative and accounting system

The Board of Statutory Auditors oversaw the adequacy of the internal control and risk management system and the administrative and accounting system, as well as the latter's ability to properly represent operating events, by means of:

- i) an examination of the positive assessment expressed by the Board of Directors of the adequacy and effective functioning of the internal control and risk management system;
- ii) the examination and comments of the Chief Financial Officer/Financial Reporting Officer on the administrative and accounting structure;
- iii) the examination and comments of the Chief Financial Officer/Financial Reporting Officer on the internal control system for financial reporting, from which no significant shortcomings have emerged;
- iv) the examination of the annual report of Internal Audit on OVS's Internal Control and Risk Management System;
- v) the examination of the reports of Internal Audit and the latter's periodic report on the progress of the 2021 Audit Plan – approved by the Board of Directors on February 2021 – and on the results of the overall activity carried out during the year, as part of which a risk assessment was also carried out;
- vi) obtaining information from the heads of specific company departments concerned;
- vii) information exchange with the management bodies (where the Board of Statutory Auditors is missing) of the foreign subsidiaries pursuant to Article 151, paragraphs 1 and 2, of the TUF;
- viii) participation in the work of the Control, Risks and Sustainability Committee and, when requested by the parties, joint discussion of this work with the Committee.

The Board of Statutory Auditors, together with the Control, Risks and Sustainability Committee, acknowledged and positively assessed the 2022 Audit Plan, which was approved by the Board of Directors on 31 January 2022. With regard to Internal Audit Function, the Board of Statutory Auditors acknowledged the CCRS's assessment of the overall adequacy and effectiveness of this function, believing the safeguard to be constant and adequate.

In view of the above, the Board of Statutory Auditors believes that the internal control system of OVS is adequate overall.

VIII. Supervisory activities related to the statutory audit process

On 10 May 2022, the Auditing firm PWC, issued its 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 the consolidated financial statements at 31 January 2022, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and measures issued in implementation of Article 9 of Legislative Decree 38/2005, as described in the notes to the financial statements. These reports show that the separate and consolidated financial statements of OVS provide a true and fair view of the financial position of OVS S.p.A. and the OVS Group as of 31 January 2022 and the income statement and cash flows for the year ended on that date.

With respect to the separate and consolidated financial statements, the Auditing firm declared that the Report on Operations and the Report on Corporate Governance and Ownership Structure, limited to the information indicated in Article 123-*bis*, paragraph 4, of the TUF, were consistent with the financial statements as of 31 January 2022 and were prepared in accordance with the law. Furthermore, the Auditing firm, with reference to the declaration referred to in Article 14, paragraph 2, letter e) of Legislative Decree 39 of 27 January 2010, regarding the possible identification of material misstatements in the Report on Operations, on the basis of its knowledge and understanding of the company and the relevant context acquired during the audit, declared that it had nothing to report.

On the compliance of the consolidated financial statements with the provisions of the European Union Delegated Regulation (EU) 2019/815 on the obligation to use the European Single Electronic Format (ESEF) approved by ESMA, the Auditing firm certified that the consolidated financial statements included in the annual financial report had been prepared in XHTML format and had been marked, in all significant respects, in compliance with the ESEF Delegated Regulation. Similarly, the Auditing firm certified that the financial statements had been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Finally, the Auditing firm PWC, produced the Supplementary Report for the Internal Control and Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014, the contents of which, with respect to the financial statements to which this report refers, are consistent with those of the aforementioned audit report.

The Board of Statutory Auditors acknowledged the contents of the Supplementary Report produced by the Auditing firm, which did not identify any material misstatements in the separate financial statements or in the consolidated financial statements as a whole. The said report will be forwarded, with any observations and comments of the Board of Statutory Auditors, to the Board of Directors.

During the 2021/2022 financial year, the Board of Statutory Auditors also received updates on the actions taken by OVS on the basis of the previous year's supplementary report from the Auditing firm, in particular on the SoD (Segregation of Duties) project for SAP.

With regard to the provisions of Legislative Decree 254 of 30 December 2016 on the communication of non-financial information and diversity information, the Auditing firm PWC, issued a specific report pursuant to Article 3, paragraph 10, of Legislative Decree 254 of 30 December 2016 and Article 5 of Consob Regulation 20267 of 18 January 2018.

As already mentioned, the Board of Statutory Auditors held frequent meetings with the managers of the Auditing firm, including pursuant to Article 150, paragraph 3, of the TUF and Article 19, paragraph 1, of Legislative Decree 39/2010, during which no facts or situations emerged that require disclosure in this report.

In the light of the inquiries conducted and discussions with the Auditing firm, the Board of Statutory Auditors believes that the process of preparing the financial statements was correct overall and that the accounting standards were applied correctly.

IX. Supervisory activities relating to the assignments entrusted to the Auditing firm and its independence

The Board of Statutory Auditors oversaw the independence of the Auditing firm, in accordance with Article 19 of Legislative Decree 39/2010, verifying the nature and extent of all the mandates received by it from OVS and/or its subsidiaries for services other than statutory auditing, the details of which are provided in the notes to the Company's separate and consolidated financial statements, pursuant to Article 149-*duodecies* of the Issuers' Regulation on the subject of the advertising of fees.

The table below summarises the mandates assigned to the Auditing firm PWC, and to the entities in its network, for services pertaining to 2021/2022.

(thousands of euro)	2021	2020
a) Auditing firm's fees for the provision of auditing services:		
- to Parent Company OVS S.p.A.	278	260
- to subsidiaries (services provided by companies in the PwC network)	38	39
b) Auditing firm's fees for the provision of services other than auditing:		
- to Parent Company OVS S.p.A. for audit services for the issuance of certification	0	0
- to Parent Company OVS S.p.A. for audit services for the issuance of certification (services provided by companies in the PwC network)	0	0
- to Parent Company OVS S.p.A. for other services	21 (*)	38 (*)
c) Fees for entities in the PwC network for the provision of services:		
- to Parent Company OVS S.p.A.	148 (**)	0

(*) These fees relate to “audit-related” services for the limited review of the consolidated Non-Financial Statement and tax compliance stamps.

(**) These fees relate to activities relating to the issuance of comfort letters on the prospectus for the capital increase and the prospectus for the bond issue.

The Board of Statutory Auditors acknowledges that the Auditing firm PWC, and the entities in its network have not been assigned mandates that are not permitted pursuant to applicable legislation.

With regard to the non-audit-related mandates (not among those prohibited pursuant to Article 5, paragraph 1 of EU Regulation No 537/2014), the Board of Statutory Auditors deemed these compatible with the statutory audit mandate and, with regard to fees, suitable for the size and complexity of the work carried out, also taking into account the nature of the non-recurring mandates relating to the issue of comfort letters on the prospectuses, and therefore not critical aspects affecting the independence criteria of the Auditing firm.

The Board of Statutory Auditors also received declarations of independence issued by PWC, specifically the “Annual confirmation of independence pursuant to Article 6, paragraph 2), letter a) of Regulation (EU) No 537/2014 and pursuant to paragraph 17 of the International Auditing Standard (ISA Italia) 260”, and the transparency report published by PWC pursuant to Article 13 of Regulation (EU) No 537/2014.

X. Activities carried out by the Board of Statutory Auditors for the audit of the accounts assignment for the nine-year period 2023-2031

In February 2022, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, in agreement with the competent company structures, agreed to the decision to launch the selection procedure for the new Auditing firm to which to grant the mandate for the nine-year period 2023-2031.

The decision to undertake this procedure before the expiry of PWC’s mandate (date of approval of the financial statements as at 31.01.2023) was primarily due to the need to ensure compliance with the provisions on the independence of the Auditing firm laid down in EU Regulation 537/2014, to which OVS is subject by virtue of its capacity as a “public-interest entity” (*ente di interesse pubblico* – EIP).

The appointment of the new Auditing firm before the expiry of the mandate prevents a situation in which, during the year preceding the start of the audit period (in this case, during the 2022 financial year), the entity that is to assume the role of new Auditing firm of OVS would be providing the Company (and its subsidiaries) with prohibited services for which EU legislation requires a “cooling in” period.

In addition, the early engagement facilitates the handover between the incoming and outgoing Auditing firms, enabling a more effective approach to the incoming auditor’s necessarily less extensive physiological knowledge of the EIP and its group, with a view to ensuring that the statutory audit is of the highest quality.

In accordance with the provisions of Article 16 of Regulation (EU) No 537/2014, the selection procedure for the new Auditing firm was carried out in a fully transparent and traceable manner and was conducted on the basis of clear and non-discriminatory assessment criteria, with participation open to auditing firms with expertise and experience in the statutory audit of issuers with listed shares, and with knowledge and structures appropriate for the performance of the mandate.

The Board of Statutory Auditors oversaw the entire procedure for selecting the Auditing firm put in place by OVS, with regard to the selection of the auditing firms to be invited, the structure of the call for tenders, the identification of the assessment criteria and their weightings, the stages of the procedure and the implementation of the assessment grid in accordance with the scoring system adopted, in order to ensure the full traceability of the selection procedure. In particular, the Board of Statutory Auditors examined in detail the proposals received from the candidate companies and met with the respective representatives with the active support of the competent company structures.

At the end of the tender process, at its meeting of 19 April 2022, the Board of Statutory Auditors issued the reasoned Recommendation required pursuant to Article 16 of EU Regulation 537/2014, which was made available to Shareholders in view of the Shareholders' Meeting convened to approve the financial statements as of 31 January 2022, which was called on to resolve on the assignment of the new auditing mandate.

In its recommendation, to which reference should be made for further information, the Board of Statutory Auditors indicated two possible alternatives of assignment and expressed its duly justified preference for one of the candidates.

The recommendation also contains a detailed description of the steps of the procedure, the selection criteria applied and the results of the assessments made by the Board of Statutory Auditors.

XI. Audit activities on the separate and consolidated financial statements

The Board of Statutory Auditors carried out checks on compliance with the rules on the preparation of the separate financial statements of OVS and the consolidated financial statements of the Group as of 31 January 2022, and acknowledged the declaration of the bodies responsible for preparing the separate financial statements and the consolidated financial statements that these had been drawn up in accordance with IASs/IFRSs and the relevant interpretative standards, and that the Company had applied Consob's provisions on financial statements and corporate reporting.

The Board of Statutory Auditors finds that the consolidated and separate financial statements were prepared on a going concern basis, as the Directors believed that any critical issues regarding the Group's ability to meet its obligations in the foreseeable future, and particularly in the next 12 months, represent remote risks and were therefore assessed as not significant. For further details, please see the section entitled "Structure and content of the financial statements" in the notes to the consolidated financial statements as of 31 January 2022.

With regard to the Covid-19 pandemic and the effects of the conflict between Russia and Ukraine, the Board of Statutory Auditors examined the representations of the Directors in the Report on Operations regarding the activation of the necessary business continuity safeguards and strict compliance with the protocols designed to preserve the health and safety of employees and contractors, the macroeconomic scenarios and the actions taken to contain the effects of these

situations; in the Report on Operations and in the notes to the financial statements, to which the reader is referred, the Directors provided – including on the basis of the provisions of Consob Call for Attention 1/21 of 16 February 2021 and the Consob Communication of 18 March 2022 (referring to the ESMA document of 14 March 2022 on the impacts of the Russian-Ukrainian crisis) – an analysis of the actions and measures implemented, attesting that there was no uncertainty regarding the going concern principle, as there were no financial, managerial or other indicators that might point towards critical issues regarding the Group’s ability to meet its obligations in the foreseeable future and in the next 12 months in particular.

In relation to the Group’s consolidated financial statements, with regard to the scope of consolidation, there were no changes in the financial year ended 31 January 2022.

It should be noted that, at the time of preparation of the previous financial statements for the year ended 31 January 2021, the Company had exercised the right to realign the tax value with the statutory value (as provided for in Article 110, paragraph 8-*bis*, of Decree Law 104/2020) on the entire value of the “Brands” (OVS and Upim) for a total amount of €371.4 million, benefiting from a positive impact of €95.1 million on taxes, arising from the release of deferred tax liabilities net of substitute tax expenses, all as described in the notes to the financial statements. Due to the realignment, OVS created a tax suspension amount in the share premium reserve of €360.2 million in the financial statements as of 31 January 2022.

The notes to the financial statements contain the information required by international accounting standards on the impairment of assets. In this regard, it will be recalled that the procedure adopted by OVS for the purposes of impairment testing – Policy on IAS 36 - Impairment of Assets and Impairment Testing – was last updated in January 2020.

When preparing the financial statements as of 31 January 2022, the Group used an external expert to prepare the impairment testing. Considering the current context of uncertainty described in the Report on Operations as of 31 January 2022, as a result of the Covid-19 pandemic and the conflict between Russia and Ukraine as well as the related inflationary tensions, and the importance that this may have in complex estimate-based valuation processes, the sustainability of the results of impairment testing was carefully analysed given the changes in the assumptions of the model, which are described in detail in the notes to the separate and consolidated financial statements of the OVS Group, to which the reader is referred. In particular, it should be noted that, as of 31 January 2022, no need for write-downs arose from the impairment testing carried out according to the review of flows to take account of the forward-looking budget data for the financial year that began on 1 February 2022, approved by the Board of Directors on 31 January 2022.

The impacts of IFRS 16, adopted from the mandatory effective date (the “date of first-time adoption” was therefore 1 February 2019), are also described in the notes to the separate and consolidated financial statements of the OVS Group. The adoption of IFRS 16 requires significant judgements on certain key estimates, such as the determination of lease terms and the discount rate, and entailed the recognition of a “category” of tangible assets of very significant overall value, the “Right of use assets underlying lease agreements”. In order to make a comparison with previous

years, the results are commented on in the financial statements, also excluding the impacts of IFRS 16. For more details, please see the information in the notes.

Before the date of approval of the financial statements by the Board of Directors, the Board of Statutory Auditors also obtained information on the impairment testing process, including through a joint meeting with the Control, Risks and Sustainability Committee, which was attended by the Financial Reporting Officer of OVS and the Auditing firm, as well as on the above matters.

In the light of the inquiries conducted and discussions with the Auditing firm, the Board of Statutory Auditors believes that the process of preparing the financial statements and submitting them to the Shareholders' Meeting was correct overall. The Board of Statutory Auditors also notes that no derogations from the accounting standards adopted have been declared.

XII. Auditing of the consolidated Non-Financial Statement

The Board of Statutory Auditors oversaw compliance with the provisions of Legislative Decree 254 of 30 December 2016 and Consob Regulation 20267 of 18 January 2018 concerning the consolidated Non-Financial Statement ("NFS") prepared 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 a consolidated Non-Financial Statement as required by articles 3 and 4 of Legislative Decree 254/2016 and the Global Reporting Initiative Sustainability Reporting Standards ("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 laid down by Legislative Decree 254 of 2016, establishing that the NFS enables an understanding of the Group's activity, performance and results and the impacts produced and that the NFS reports on environmental, social and staff matters, respect for human rights and anti-corruption, taking into account the activities and characteristics of the undertaking, in accordance with the provisions of Article 3 of Legislative Decree 254 of 2016.

The Board of Statutory Auditors also verified that, in preparing the NFS, the Company had considered the impacts of the pandemic on non-financial issues, as required in the Consob Call for Attention 1/21 of 16 February 2021.

The Board of Statutory Auditors discussed with the Auditing firm the NFS audit activities it had carried out, receiving confirmation that these had not revealed any critical issues to be reported, as also indicated in the Auditing firm's report on the NFS.

The Board of Statutory Auditors also verified the approval by the Board of Directors on 21 April 2022 of the aforementioned consolidated Non-Financial Statement and the issue on 10 May 2022 by the Auditing firm of a specific NFS Report certifying the compliance of the information provided in

that document with articles 3 and 4 of Legislative Decree 254/2016 and the GRI standards, without any evidence of findings.

XIII. Effective implementation procedures for corporate governance rules

On the basis of the information obtained, the Board of Statutory Auditors reports on the adjustment of the Company's corporate governance structure in implementation of the codes of conduct with which the Company has declared that it complies.

The Board of Statutory Auditors verified that the Company – which previously adhered to the Code of Corporate Governance for listed companies – by resolution of the Board of Directors of 11 February 2021 resolved to adopt the new Code of Corporate Governance (the “Code”) in force from 2021. With respect to the provisions of the Code, during the 2021/2022 financial year, the Company:

- approved the updated Rules of the Control, Risks and Sustainability Committee, the Appointments and Remuneration Committee and the Related Parties Committee;
- approved the Operating Rules of the Board of Directors;
- approved the Policy for the Management of Dialogue with Investors in General.

In this regard, the Board of Statutory Auditors acknowledges that an advance period (3 days) has been inserted in the Rules of the Board of Directors and of the Committees for the transmission of pre-board information.

Pursuant to Article 149, paragraph 1, letter *c-bis*) of the TUF, the Board of Statutory Auditors oversaw the procedures for the implementation of the corporate governance rules established 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 procedures by which the internal Committees of the Board of Directors are composed, particularly with regard 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 Structure.

In particular, it should be noted that, in accordance with the provisions of the Code of Corporate Governance, during 2021/2022 the Company provided training to members of the Board of Directors and the Board of Statutory Auditors, as specified above.

The Board of Statutory Auditors verified that the Annual Report on Corporate Governance and Ownership Structure had been drawn up in accordance with the provisions of Article 123-*bis* of the TUF and that the obligation to inform the market of its level of adherence to the Code of Corporate Governance had been fulfilled pursuant to Article 89-*bis* of the Issuers' Regulation.

* * *

With regard to the self-assessment process of the Board of Statutory Auditors at the end of the 2021/2022 financial year – conducted in accordance with the provisions of Standard Q.1.1 of the Rules of Conduct – the results of this process did not reveal any shortcomings in the suitability of its members, the adequate composition of the body and its functioning, while highlighting some objectives for possible improvement in the documentary organisation of its work. As part of this self-assessment, the Board of Statutory Auditors has periodically verified that each of its members continues to meet the independence requirements, as required by the Code. A similar check of compliance with the independence criteria was subsequently carried out with reference to the new Standing Auditor in office since 29 April 2022.

The Board of Statutory Auditors' self-assessment was reported on 21 April 2022 to the Board of Directors, which notified the market of this self-assessment in a press release on the same date and in the Annual Report on Corporate Governance and Ownership Structure prepared for the 2021/2022 financial year.

XIV. Opinions given by the Board of Statutory Auditors

During 2021/2022 and since 31 January 2022 to date, the Board of Statutory Auditors has issued a favourable opinion pursuant to Article 2389, paragraph 3, of the Italian Civil Code:

- regarding the parameters or objectives and targets of the 2022 annual variable component (short-term incentive) of the Chief Executive Officer;
- regarding the extraordinary monetary incentive plan of the Chief Executive Officer for 2021, while the same plan for the years 2022 and 2023 has been included in the Remuneration Policy, submitted in advance to the Shareholders' Meeting called for 31 May 2022.

It should be noted that during the 2021/2022 financial year, in the period prior to 31 May 2021, the Board of Statutory Auditors also issued a favourable opinion on the parameters for objectives and the targets of the 2021 variable component (short-term incentive) of the Chief Executive Officer, which the Board of Statutory Auditors mentioned in its own report on the financial statements for the year ended 31 January 2021, issued on 7 May 2021, to which the reader is referred.

Following the supervisory activity carried out during the year and described above, from which no omissions or reprehensible actions emerged, the Board of Statutory Auditors has no observations to report to the Shareholders' Meeting pursuant to Article 153 of the TUF.

XV. Conclusions and proposals on the financial statements and their approval

On the basis of the supervisory activity carried out during the year, the Board of Statutory Auditors, taking all the above into account, invites the Shareholders to approve the financial statements of OVS S.p.A. for the year ended 31 January 2022, presented by the Board of Directors, together with the Report on Operations, as well as the proposal made by the Board of Directors on 21 April 2022 regarding the allocation of net profit for the year.

Milan - Treviso, 10 May 2022

Board of Statutory Auditors

Stefano Poggi Longostrevi – Chairman

Roberto Cortellazzo Wiel – Standing Auditor

Emanuela Italia Fusa – Standing Auditor