

FIRST HALF 2024: EXCELLENT GROWTH IN SALES AND MARGINS

The Board of Directors of OVS SpA approved the results for the first half-year period 1 February – 31 July 2024:

- **Net sales reached €762 million**, an increase of 3.6% over the first half of 2023. The excellent first quarter was followed by a second quarter in which sales grew by 2.8% compared to the same period in 2023, despite even more unfavourable weather;
- The **gross margin** grew significantly to **59.6 % of sales**, up around 200 basis points from the 57.7 % recorded in the first half of 2023;
- Adjusted **EBITDA** stood at **€89.0 million**, up €2.6 million compared with the first half of 2023;
- Adjusted **net profit** was **€34.6 million**, up €0.9 million compared with the first half of 2023;
- The adjusted **net financial position** at 31 July 2024 was **-€263.0 million**. Over the past 12 months, the group generated approximately €60 million in cash and **purchased treasury shares and distributed dividends for €80 million**;
- The performance of sales, even in August, was very positive. The new collections are proving to be very successful and net sales of September, also thanks to the finally favourable weather, are showing a significant increase. **The second semester therefore starts in the best way, strengthening the already good growth of the like-for-like sales**;
- The Board of Directors resolved to **extend the current buyback plan by additional €10 million**.



Statement by the Chief Executive Officer, Stefano Beraldo

Results for the first half of 2024

After a first quarter with promising results, the second quarter began with temperatures in May below the seasonal average and continued with an extremely rainy June that was worse than in 2023. Performance recovered strongly in July when temperatures normalised, resulting in the quarter closing with net sales growth of 2.8%.

The group once again far outperformed the market, which came in slightly negative over the six-month period. Both of the major brands were positive: Upim registered a particularly strong performance, with sales growing by 7.3%; OVS, with a product mix more sensitive to weather conditions, saw sales increase by 2.5%.

Besides the consolidation of the Piombo brand with the launch of the Piombo Contemporary line, which is aimed at a clientele seeking an elegant and sober style, the excellent results of the collections pitched to younger audience were noteworthy. In particular, our B.Angel brand has grown strongly, doubling sales within two years and becoming an entity of significant magnitude. The strong performance in the beauty category continues, driven by the growing impact of spontaneous activations on social media and characterised by excellent profitability.

The better purchase cost of the spring-summer 2024 collection compared to the 2023 collection and the careful management of mark-downs are behind the significant improvement of the gross margin to 59.6% of sales. This improvement effectively offset the forecasted increase in personnel costs, which we expect to reduce its incidence on turnover in the second half of the year, and enabled EBITDA to close with an improvement of €2.6 million.

The financial position as at 31 July 2024, compared to the previous year, is the result of significant dividend distribution and important purchases of treasury shares over the past twelve months, totalling €80 million. Added to this, the phasing of planned investments which, compared to last year, were more concentrated in the first half of the year.

Current trading and business outlook

All brands began the second half of the year with very positive sales results.

Sales in August grew by 7%, also thanks to the continuing summer weather. September, which is the turning point into the autumn collection, is achieving excellent results, with sales showing double-digit growth to date for the benefit of margins and cash generation.

The autumn collections, enriched by new ideas, have been well received and, considering what has been achieved to date, lead us to be optimistic about the performance of the current quarter and of the entire fiscal year.

Update on the share buyback plan

Given the importance of this instrument in supporting the stock liquidity, as well as a form of indirect remuneration for shareholders, we deem it is appropriate to continue with the share buyback programme with an additional €10 million.

Key economic results

€m	31 Jul 2024 Reported	31 Jul 2024 Adjusted	31 Jul 2023 Reported	31 Jul 2023 Adjusted	Change Adjusted	Change % Adjusted
Net Sales	762.1	761.7	734.9	734.9	26.8	3.6%
Gross Margin	448.4	454.2	422.2	424.1	30.1	7.1%
GM%	58.8%	59.6%	57.4%	57.7%		+192ppt
EBITDA	180.7	89.0	177.6	86.4	2.6	3.0%
EBITDA%	23.7%	11.7%	24.2%	11.8%		(7ppt)
EBIT	69.6	57.3	61.3	54.6	2.6	4.8%
EBIT%	9.1%	7.5%	8.3%	7.4%		+9ppt
PBT	32.5	48.2	31.9	45.9	2.2	4.9%
Net Income	21.7	34.6	22.4	33.7	0.9	2.8%

The table shows the main economic and financial results reported and adjusted to represent the group's operating performance net of non-recurring events which are unrelated to ordinary operations and the effects of the adoption of IFRS 16.

See the Appendix section of the document for details on the reconciliation items between reported and adjusted results



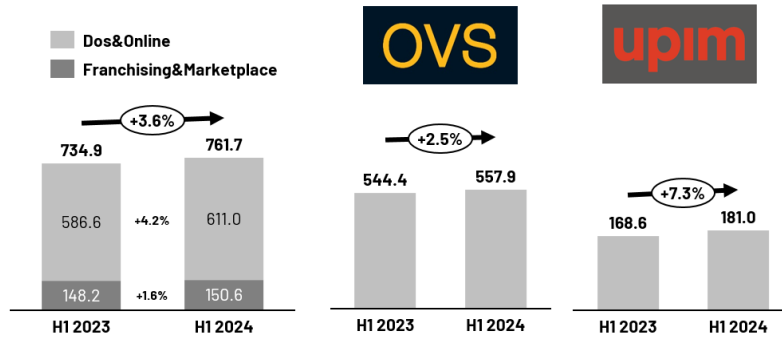
Net sales

Net sales for the half year amounted to €761.7 million, up 3.6% compared with the same period of 2023.

Directly operated stores drove this growth, with sales up 4.2%. Also the franchising business is growing, with sales increasing by 1.6%.

The OVS brand achieved sales growth mainly on a like-for-like basis. The Upim brand was supported both by the like-for-like sales performance and by the expansion of the sales network.

Net sales (€m) by Distribution channel and of main Brands



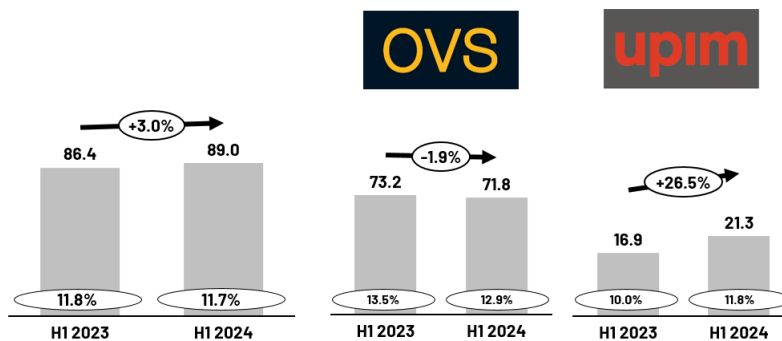
EBITDA

Adjusted EBITDA in the half year came in at €89.0 million, up by €2.6 million compared with the €86.4 million recorded in the first half of 2023. The EBITDA margin remains broadly in line with the figure for H1 2023.

OVS achieved an EBITDA of €71.8 million despite the adverse weather conditions during May and June, and significant marketing investments in B.Angel. In September, with the arrival of autumn in the back-to-school period, sales have grown significantly, contributing to a rapid recovery in profitability.

Upim's EBITDA growth is the result of the operating leverage generated by the excellent sales performance.

EBITDA (€m) and EBITDA margin (%) aggregated and of main Brands



Net result

Adjusted net profit rose to €34.6 million, an improvement due to higher EBITDA, net of an increased tax rate impacted by the introduction of international regulations, the effects of which will be more thoroughly identified at year-end.

Summary statement of financial position

€m	31 Jul 2024 Reported	of which IFRS 16 impact	of which IFRS 15 reclass	31 Jul 2024 Adjusted	31 Jul 2023 Reported	of which IFRS 16 impact	of which IFRS 15 reclass	31 Jul 2023 Adjusted
Trade Receivables	119.2	0.0	23.3	95.9	112.1	(0.0)	23.5	88.6
Inventory	495.8	0.0	0.0	495.8	484.2	0.0	0.0	484.2
Trade Payables	(400.3)	0.0	0.0	(400.3)	(370.5)	(0.0)	0.0	(370.5)
Trade Working Capital	214.7	0.0	23.3	191.4	225.8	(0.0)	23.5	202.4
Other assets/(liabilities)	(125.3)	(7.0)	(23.3)	(95.1)	(110.4)	(11.6)	(23.5)	(75.3)
Net Working Capital	89.3	(7.0)	0.0	96.3	115.5	(11.6)	0.0	127.1
Tangible and Intangible Assets	2,136.8	936.6	0.0	1,200.2	2,071.5	905.6	0.0	1,166.0
Net deferred taxes	(28.5)	7.0	0.0	(35.5)	(29.9)	6.8	0.0	(36.7)
Other long term assets/(liabilities)	(13.3)	11.7	0.0	(25.0)	(3.8)	11.7	0.0	(15.5)
Pension funds and other provisions	(33.0)	0.0	0.0	(33.0)	(33.6)	0.0	0.0	(33.6)
Net Capital Employed	2,151.2	948.3	0.0	1,203.0	2,119.6	912.5	0.0	1,207.2
Net Equity	871.0	(69.6)	0.0	940.6	897.7	(61.9)	0.0	959.6
Net Financial Debt	1,280.2	1,017.9	0.0	262.4	1,221.9	974.4	0.0	247.5
Total source of financing	2,151.2	948.3	0.0	1,203.0	2,119.6	912.5	0.0	1,207.2

The table shows the reported and adjusted financial position in order to provide a balance sheet representation of the Group, net of the application of IFRS 16 and reclassifying the liabilities for returns as per IFRS 15 among the components of operating working capital.

The increase in inventories of €11.6 million at 31 July 2024 is the result of greater stock in transit referred to new collections which were shipped in advance to minimise delays related to the Suez crisis.

Treasury shares

Treasury shares in portfolio as of 31 July 2024 were 43,460,139, or 14.9387% of the share capital. As of 18 September 2024, the Company's treasury shares increased to 44,982,688, amounting to 15.4620% of the share capital.



Summary statement of cash flows

€m	H1 2024	H1 2023
EBITDA Adjusted	89.0	86.4
Non recurring items	(1.3)	(1.2)
Change in Trade Working Capital	(55.7)	(51.2)
Other changes in Working Capital	(17.7)	(29.5)
Capex	(46.2)	(37.9)
Operating Cash Flow	(31.8)	(33.4)
Financial charges	(8.5)	(8.0)
Taxes & others	(15.8)	(9.5)
Net Cash Flow		
excluding MtM hedging instruments and amortized cost, buyback and dividends	(56.1)	(50.9)
Dividends	(25.2)	(16.2)
Buyback	(36.0)	(12.9)
Change in Net financial position		
excluding MtM hedging instruments and amortized cost	(117.4)	(80.1)
Change in MtM hedging instruments, amortized cost and FX differences	0.3	3.8
Change in Net financial position		
including MtM hedging instruments	(117.0)	(76.3)

The table shows the adjusted cash flows to show the Group's operating performance net of non-recurring events which are unrelated to ordinary operations, net of the application of IFRS 16 and reclassifying liabilities for returns pursuant to IFRS 15 among the components of operating working capital.

Operating cash absorption in the first half year, which is typical for our industry, amounted to €56.1 million, slightly higher than last year due to the more concentrated investment phasing in the first semester.

Net financial position

At 31 July 2024, the Group's net financial position, adjusted for the impact of the mark-to-market of the hedging instruments and the adoption of IFRS 16, stood at €263.0 million.

€m	31 July 2024	31 July 2023
Net Debt reported	1,280.2	1,221.9
Net Debt adjusted	263.0	242.1
for MtM hedging instruments and IFRS16		
Leverage on EBITDA		
Net Debt adjusted /	1.42x	1.31x
EBITDA Adjusted last 12 months		
Leverage last 12 months on EBITDA		
Average Net Debt adjusted of last 12 months /	1.38x	1.30x
EBITDA Adjusted last 12 months		

The Net Financial Position included the purchase of €36.0 million in treasury shares (14,809,188 shares) and the distribution of €25.2 million in dividends.

As of 31 July 2024, the company had purchased 43,851,535 shares at an average price of €2.131. The ratio of adjusted net financial position to adjusted EBITDA for the last 12 months is 1.38x. Excluding the €54.5 million in treasury shares purchased in the last 12 months, the ratio is 1.09x.

Additional €10 million buyback approved

The Board of Directors, in execution of the authorisation to purchase treasury shares issued by the Shareholders' Meeting of 24 January 2024, today resolved to continue the implementation of the share buyback programme for an additional sum of up to €10 million. It should be recalled that in order to implement this programme, the Company has granted to a leading intermediary and confirmed today, insofar as may be necessary, a mandate to take and implement decisions regarding the purchase of OVS shares, in full autonomy and in accordance with the contractually predefined parameters and criteria, with the provisions of applicable regulations, and with the authorising shareholders' resolution.

The purpose of the purchase programme is, regarding the additional approved tranche, to regularise trading and price trends and to support the stock's liquidity in the market.

For further information, see the press release dated 24 January 2024, available on the Company's website www.ovscorporate.it and on the "1INFO" authorised storage mechanism at www.1info.it. OVS will continue to disclose the details of purchase transactions to the market in accordance with applicable regulations.

As of 18 September 2024, the Company's treasury shares were 44,982,688, equal to 15.4620% of the share capital.



Other information

Company information

OVS S.p.A. is an Italian registered company (VAT No. 04240010274), with its registered office in Venice-Mestre, Italy. OVS S.p.A. shares have been listed on the Milan Euronext (formerly the Milan Electronic Stock Exchange) since 2 March 2015.

It is hereby noted that OVS has adopted the regime derogating from Article 70, paragraph 6 and Article 71, paragraph 1 of the Issuer's Regulation, as indicated in the informational prospectus.

Half-year Financial Report at 31 July 2024

OVS S.p.A. announces that, in accordance with the provisions of Article 154-ter, paragraph 2, of Legislative Decree No. 58 of 24 February 1998, the Half-Year Financial Report as of 31 July 2024, accompanied by a report on the limited audit conducted by the auditing company, will be made available to shareholders and the public at the Company's registered office, on the Company website (in the "Investor Relations/Financial Statements and Reports" section at www.ovscorporate.it), and on the "Info" authorised storage mechanism at the website www.info.it, under the terms established by law.

Declaration by the Financial Reporting Officer

The Financial Reporting Officer, Mr Nicola Perin, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance (TUF), that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

Conference call

Tomorrow, Friday 20 September 2024 at 15:00, a conference call will be held with analysts and investors, at which the main results for the period ended 31 July 2024 will be presented.

The conference call may be joined by dialling +39 02 802 09 11 from Italy, +44 1 212 81 80 04 from the UK and +1 718 705 87 96 from the USA (for journalists, +39 02 8020927).

A presentation will be available and can be downloaded from the "Investor Relations", "Presentations" section of the Company website at www.ovscorporate.it. A recording of the conference call will also be made available on the website the day after the call.

Forthcoming events in the financial calendar

Monday, 16 December 2024 - Additional periodic information for the third quarter of 2024

For further information

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Disclaimer

- The information presented in this document has not been audited.
- The document may contain forward-looking statements relating to future events and OVS's operating, financial and income results. By their very nature, such forecasts include an element of risk and uncertainty, as they depend on the occurrence of future events and developments. Actual results may differ significantly from those announced due to a variety of factors.

Appendix

€m	31 Jul 2024					31 Jul 2023					Change Adjusted	Change % Adjusted
	31 Jul 2024 Reported	of which IFRS 16 Impact	of which non recurring	of which Stock Option, Derivatives, PPA, Forex	31 Jul 2024 Adjusted	31 Jul 2023 Reported	of which IFRS 16 Impact	of which non recurring	of which Stock Option, Derivatives, PPA, Forex	31 Jul 2023 Adjusted		
Net Sales	762.1	-	0.4	-	761.7	734.9	-	-	-	734.9	26.8	3.6%
Purchases of consumables	313.7	-	0.2	6.0	307.5	312.7	-	-	1.9	310.7	(3.3)	(1.1%)
Gross Margin	448.4	-	0.2	(6.0)	454.2	422.2	-	-	(1.9)	424.1	30.1	7.1%
GM%	58.8%	n.a.	n.a.	n.a.	59.6%	57.4%	n.a.	n.a.	n.a.	57.7%		+192ppt
Personnel costs	162.6	-	0.4	1.0	161.2	147.1	(0.0)	-	1.0	146.2	15.0	10.3%
Costs for services	115.8	(0.5)	0.6	-	115.8	110.7	(0.4)	1.1	-	110.0	5.8	5.2%
Rent costs	(23.3)	(99.5)	0.4	-	75.8	(24.2)	(94.9)	-	-	70.7	5.1	7.2%
Provisions	2.8	-	-	-	2.8	1.1	-	-	-	1.1	1.7	152.9%
Other operating costs	9.7	0.0	0.1	-	9.6	9.9	0.0	0.1	-	9.7	(0.2)	(1.6%)
Total operating costs	267.6	(100.0)	1.4	1.0	365.2	244.6	(95.3)	1.2	1.0	337.7	27.5	8.1%
EBITDA	180.7	100.0	(1.3)	(7.1)	89.0	177.6	95.3	(1.2)	(2.9)	86.4	2.6	3.0%
EBITDA%	23.7%	n.a.	n.a.	n.a.	11.7%	24.2%	n.a.	n.a.	n.a.	11.8%		(7ppt)
Depreciation & Amortization	111.1	75.0	0.1	4.3	31.7	116.2	80.2	-	4.3	31.8	(0.0)	(0.1%)
EBIT	69.6	25.0	(1.3)	(11.4)	57.3	61.3	15.1	(1.2)	(7.2)	54.6	2.6	4.8%
EBIT%	9.1%	n.a.	n.a.	n.a.	7.5%	8.3%	n.a.	n.a.	n.a.	7.4%		+9ppt
Net financial (income)/charges	37.2	30.5	-	(2.4)	9.1	29.4	20.3	-	0.4	8.7	0.4	4.6%
PBT	32.5	(5.5)	(1.3)	(8.9)	48.2	31.9	(5.2)	(1.2)	(7.6)	45.9	2.2	4.9%
Taxes	10.8	(0.3)	(0.3)	(2.1)	13.6	9.5	(0.6)	(0.3)	(1.8)	12.3	1.3	10.6%
Net Income	21.7	(5.2)	(1.0)	(6.8)	34.6	22.4	(4.6)	(0.9)	(5.8)	33.7	0.9	2.8%
Net Financial Position	1,280.2	1,017.9	-	(0.6)	263.0	1,221.9	974.4	-	5.4	242.2	20.8	8.6%

The table shows the results adjusted to represent the Group's operating performance net of the effects of the application of the IFRS 16 international accounting standard, as well as non-recurring events unrelated to the core business.

In the first half of 2024, the results were adjusted mainly to strip out the impact of IFRS 16, in particular: (i) €100.0 million on EBITDA mainly to reflect rental costs, (ii) €25.0 million on EBIT due to the reversal of depreciation and amortisation of €75.0 million, and (iii) €5.5 million on PBT due to the reversal of €30.5 million related to net financial expenses.

EBITDA for the first half of 2024 is adjusted mainly by: (i) €6.0 million in positive net foreign exchange differences for forward hedging of goods in foreign currency sold in the year; (ii) €1.0 million in costs related to stock option plans (non-cash costs); and (iii) €1.3 million relating to discontinued businesses and other minor one-off charges.

Other adjustment items that impacted EBIT and PBT relate to (i) €4.3 million related to the amortisation of intangible assets linked to past Purchase Price Allocations, (ii) €2.4 million in adjusted net financial income, mainly related to foreign exchange differences arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and foreign exchange differences.

The Adjusted Result for the period was affected by €2.7 million in recalculated taxes following the above adjustments.

The reported net financial debt as of 31 January 2024 stood at €1,280.2 million, of which €1,017.9 million is the result of the application of IFRS 16 and represents the present value of future lease payments. Management believes that approximately €600 million of the €1,017.9 million does not represent a real financial liability, as the Company holds early withdrawal rights.