Results at 31 January 2020 strongly improved.
Initial considerations concerning the impact of COVID-19.

MAIN PRELIMINARY RESULTS FOR THE 2019 FINANCIAL YEAR

2019 was characterized by a strong recovery across all the aspects. The first half of the year, which was marked by a decline in margins and unfavourable weather conditions, was followed by a strong recovery in profits in the second half, even though the unfavourable weather continued.

The year ended with **net sales** of **€1,370 million**. In a once again shrinking domestic market (-3.9%), our market share continued to grow (now 8.1%). The slight decrease in sales for the year (-1.5%) was mainly due to the strategy of reducing inflows of goods combined with lower promotional leverage.

Adjusted EBITDA, which came in at **€156.3 million** (+€12.1 million year-on-year), recovered by €31 million compared with the second half of 2018 (+49% year-on-year).

Adjusted net profit was **€57.7 million**, up €2.6 million compared with 2018.

The **adjusted net financial position** at 31 January 2020 was **€309.9 million** (€302.3 million taking into account the positive mark-to-market effect of €7.6 million), compared to €375.8m at January 2019, underpinning a cash generation of more than €65 million, with progressive deleveraging that reduced the **debt to EBITDA ratio** to less than **2**. As expected, cash flow in the second half of 2019 was particularly significant (amounting to €104 million, compared to €52 million in the same semester of the previous year).

UPDATE ON THE IMPACTS OF COVID-19 AND THE MAIN INITIATIVES LAUNCHED BY THE COMPANY TO TACKLE THE EMERGENCY

After the Group made a return to historical profitability levels in 2019 with substantial cash generation, particularly in the second half of the year, 2020 began with the COVID-19 tragedy that is afflicting us all. The emergency situation was addressed immediately, with the activation of exceptional measures to reduce the spread of the virus and ensure the safety of customers and employees. Further extraordinary measures were then required with country-wide store closures from the second week of March, resulting in no sales through stores.

Since the beginning of March, a dedicated team was set up to manage the emergency, putting in place all possible measures to prepare the Group for the situation. Five main areas were identified: rents, staff, operating costs, supplies of goods and finally investments.

Discussions with landlords took place immediately, in order to suspend rental payments, at least for the period in which the stores remain closed, to review them so that they are as much as possible a variable cost based on stores performance from the first day of reopening, and finally to revise the terms and conditions of payment.

The preliminary results correspond to the accounting results of the OVS Group, and are provisional, before the application of the accounting principle IFRS 16, excluding any impacts deriving from IAS10 in case COVID-19 would be considered an adjusting event, and of the impairment tests according to IAS36. In line with the past, the preliminary results are adjusted to take into account non-recurring items and / or non-cash items and the operational impacts of exchange rate differences on derivatives.

With regard to staff, use of the accrued holiday provision has been activated, followed by a subsequent transition to the "Cassa Integrazione" temporary lay-off fund. This has enabled wages to be guaranteed, only partially compressing financial disbursements in the short term. A solidarity fund has also been set up, funded by the salaries of the executives, for those most affected by the crisis, such as the family of one of our young colleagues who unfortunately lost his life after two weeks of fighting the virus.

All costs that are not strictly necessary have been minimized, both at the store level and in terms of corporate and sales support costs. Investment forecasts for the current year have been scaled back and the plan for autumn/winter goods inflows has been reorganized, however reduced compared with the previous plan.

Visibility on the impact of sales over the year is still limited. Our company remains by far the largest in the Italian textile clothing industry, with some of the best margins and Balance Sheet indicators. However, the almost total lack of cash-in in March and the dramatic drop in April, as well as the foreseeable reduction in the first months following the end of the lockdown, have made payment deferral measures necessary. These measures have been well understood, partly thanks to our high level of credibility with all our suppliers. The recent "Liquidity Decree" represents a valid financial support and the discussions in this regard both with government institutions and with banking institutions are already well underway, with concrete positive signs.

With regard to the business outlook, we can say the following. Revenues will contract sharply in the 2020 financial year. In addition to the almost two months of disruption already experienced, it is reasonable to expect a significant decrease post-lockdown that will be more marked until the summer and hopefully less pronounced in the second half of the year. The ongoing cost containment measures, the support of the temporary lay-off fund, discounts from suppliers and lower costs for services and rents will be the main factors partially offsetting the loss of profits.

With regard to the financial variable, we anticipate a situation very closely connected to our business model. In the short term we will experience the impact of the cash-out on the goods purchased for the spring/summer season, most of which are unsold. Such goods, never seen by our customers this year, will be used in the next spring summer, and this will allow us to materially reduce orders and to benefit from lower payments linked to those purchases, impacting positively the cash generation. The nature of our product range, which is only partially exposed to the volatility of the fashion sector, and our focus on the family, will help us greatly. We will also take the opportunity offered by the situation to radically rejuvenate our stock.

We are therefore confident that, in view of the completely exceptional nature of events, which have hit retail companies particularly hard, as well as the objective quality of our stock, we will overcome the short-term financial impacts and will soon return to a well-balanced situation.

OVS

OVS is a large corporate, a reference point for Italian families and the only major supplier in the children's clothing world. Over the years it has been able to revitalize brands such as Upim and other historical chains. It can do so again, maintaining its role as an aggregating factor.

The spirit of unity, sharing and the desire to start again is stronger than ever and is felt across all of our corporate functions. One of the many initiatives launched in this period is an in-house social network, where all our employees are constantly encouraged to offer business and commercial ideas for when the stores reopen.

We are all steeped in an intense culture of belonging which has been built up over many years. Our strategies and goals, unchanged in the medium and long term, will be supported all the more strongly by a growing desire, shared by us all, to re-start successfully.

OTHER INFORMATION

Company information

OVS S.p.A. is an Italian registered company (VAT no. 04240010274) with its registered office in Venice-Mestre (Italy). The shares of OVS S.p.A. have been listed on the Milan Electronic Stock Market since 2 March 2015.

Attestation by the Director responsible for preparing the Company's accounting statements

Nicola Perin, the Manager responsible for preparing the Company's accounting statements, hereby attests, pursuant to Article 154-bis, paragraph 2, of the Italian Consolidated Finance Act, that the accounting information contained in this press release corresponds to the company documents, books and accounting records.

2020 Corporate Calendar – Update of the date of the conference call with the financial community and the date of the 2020 Shareholders' Meeting.

2019 Annual Financial Statements	**11 May 2020**
Interim Report on Operations for the first quarter of the year to 30 April 2020	**24 June 2020**
Half-year Financial Report as at 31 July 2020	**22 September 2020**
Interim Report on Operations for the third quarter of the year to 31 October 2019	**15 December 2020**

The conference call with the financial community on the results for the 2019 financial year will be held after the Board of Directors meets on 11 May 2020 to approve the financial statements.

The Shareholders' Meeting called to approve the 2019 financial statements will be postponed until 29 June 2020. Therefore, in accordance with Borsa Italiana, in order to facilitate operations on the Italian Derivatives Market (IDEM), the Company announces that the dividend detachment date, where applicable, will be no later than 13 July 2020. It should be recalled that this press release is issued exclusively to comply with the instructions of Borsa Italiana S.p.A. and should not be construed in any way as a forecast as to the existence of the requirements for the distribution of dividends relating to the results for the 2019 financial year or future years.

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Disclaimer

i) The information presented in this document has not been audited.

ii) The document may contain forward-looking statements relating to future events and the operating, economic and financial results of OVS. By their very nature, such forecasts include an element of risk and uncertainty, as they depend on the occurrence of future events and developments. The actual results may differ significantly from those announced due to a variety of factors.