9M20 FINANCIAL RESULTS

December 15, 2020

OVS

OVS

Disclaimer

This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person.

This presentation might contain certain forward-looking statements that reflect the Company's management's current views with respect to future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on OVS S.p.A.'s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of OVS S.p.A. to control or estimate. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation.
OVS S.p.A. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.

Any reference to past performance or trends or activities of the OVS S.p.A. shall not be taken as a representation or indication that such performance, trends or activities will continue in the future.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy OVS's securities, nor shall the document form the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of OVS. OVS's securities referred to in this document have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The manager in charge of preparing corporate accounting documents, Nicola Perin, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the accounting figures, books and records.

This investor presentation contains measurements that were not prepared in accordance with IAS/IFRS.

OVS

9M20 Highlights
Market largely outperfomed

Positive sales performance in the third quarter, reporting a +6.1% increase, despite new restrictions put in place by the Government due to the second wave of COVID-19. Before store closures, sales performance vs. last year was approx. +10%.

In the third quarter, the Group significantly outperformed the market, which dropped by -3.2%. The market share over the last twelve months increased by 15bps.

In the nine months online sales were up by 50%.

IIIQ20 Adjusted EBITDA at €38.1m, in line with the corresponding quarter of last year, for the second time in a row.

Strong quarterly cash generation of €53.7m, mainly driven by good sales performance. Adjusted Net Debt at €356.9m, €38.3m lower than a year ago.

The Shareholders' Meeting authorized unanimously the share capital increase in a divisible way, for a maximum total value of €80m.

Press rumors concerning OVS' interest in the Stefanel brand are confirmed

8.2%
Italian Market Share

€38.1m
III Quarter Adjusted EBITDA

€356.9m
Adjusted Net Debt

Source: Sita Ricerca for market share and Italian Apparel market performance

OVS

Key Income Statement Items – 3Q20
Positive Like-for-like performance

- Top line **recovery** following the pandemic was **fast** and better than expected, reflecting once again the role of the Group as a reference point for the daily needs of Italian families: stores **traffic** progressively increased with both **conversion rate** and **average tickets** higher than last year.
- **IIIQ Net Sales** amounted to **€361m**, up by **6.1%** compared to the same period of last year, showing a positive performance also in terms of like-for-like. As of mid October, before store closures imposed by the second wave of the pandemic, sales performance vs. 2019 was significantly better (approximately +10%)
- IIIQ **Adjusted EBITDA** was equal to **€38.1m**, aligned with the good result achieved last year, which was **+68% higher** than the one of IIIQ18. IIIQ revenues were characterized by a lower gross margin due to the postponement of the Season-end sales from July-August to August- mid September, impacting Q3 entirely, and to the late arrival of the Fall Winter collection caused by the long lockdown in the Far East.
- **Adjusted Net debt at €356.9m**, **€38.3m lower** than a year ago, thanks to sales performance and clearance activity on Spring Summer goods, anticipating **part of the deleverage expected in 1H21**. Other factors that contributed to the **€53.7m of cash generation** in the quarter were the lower intake, the financial impact of the cost saving initiatives, and the postponement of some investments.

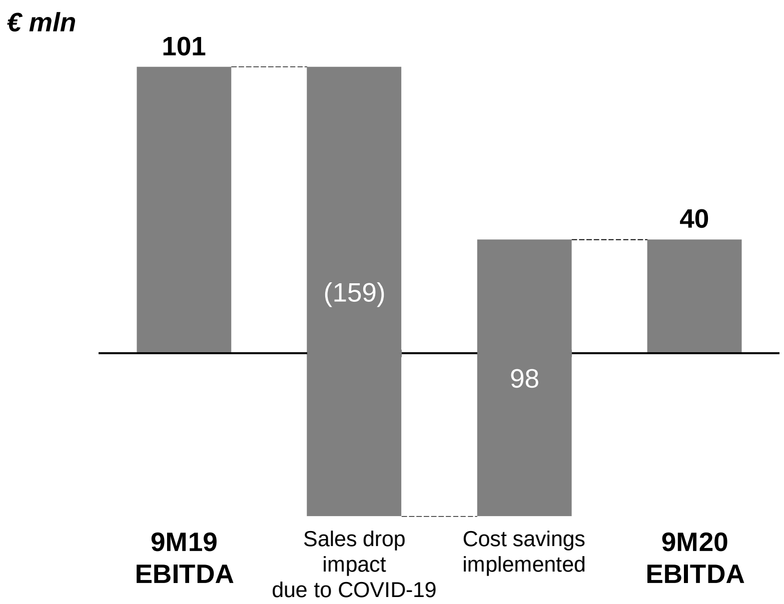
€ mln	3Q20 (A)	3Q19 (A)	*Chg.*	*Chg. %*
Net Sales	**361.0**	**340.3**	**20.7**	**6.1%**
EBITDA	**38.1**	**38.6**	**(0.5)**	**(1.2%)**
EBITDA%	*10.5%*	*11.3%*		
EBIT	**23.4**	**23.2**	**0.2**	**0.9%**
EBIT%	*6.5%*	*6.8%*		
PBT	**17.5**	**18.1**	**(0.5)**	**(3.0%)**
Net Financial Position	**356.9**	**395.2**	38.3	
Market Share	8.2%	8.1%		+15ppt

(A) *Only the adjusted results (known as managerial) have been reported as considered representative of the business performance. In particular, they do not reflect (i) the application of IFRS16 (ii) the mark-to market impact at net debt level (amounting to -€5.3m) and (iii) some other adjustments (please see overleaf for more details)*

OVS

Key Income Statement Items – 9M20
EBIT close to breakeven

- 9M20 **Net Sales** amounted to **€736.7m**, down by 25.7% compared to the same period of last year and **recovering** vs. the -68% reported in the first quarter and the -42% reported in the 1H20. Once the effective days of opening are considered, 9M20 sales trend was higher by 1.5% vs. last year.
- 9M20 **Adjusted EBITDA** was equal to **€40.1m** thanks to the better than expected IIQ20 and IIIQ20 top line performance and the effective cost savings implemented, that also allowed to almost reach the **break-even** at Adjusted EBIT level (-€3.1m vs. -€47.7m of IQ20)



€ mln	31.10.2020 (A)	31.10.2019 (A)	*Chg.*	*Chg. %*
Net Sales	736.7	990.9	(254.2)	(25.7%)
EBITDA	40.1	101.1	(60.9)	(60.3%)
EBITDA%	5.4%	10.2%		
EBIT	(3.1)	57.4	(60.5)	n.s.
EBIT%	-0.4%	5.8%		
PBT	(19.5)	43.3	(62.8)	n.s
Net Financial Position	356.9	395.2	38.3	
Market Share	8.2%	8.1%		+15ppt

(A) *Only the adjusted results (known as managerial) have been reported as considered representative of the business performance. In particular, they do not reflect (i) the application of IFRS16 (ii) the mark-to market impact at net debt level (amounting to -€5.3m) and (iii) some other adjustments (please see overleaf for more details)*

Sales and EBITDA Performance in 9M20
Both brands contributed to the strong recovery

Net Sales (€mln)

Aggregate Performance

€mln	9M20	9M19	Chg.	Chg. %
DOS & e-commerce	594.1	802.9	(208.8)	(26.0%)
Franchise & Marketplace	142.6	188.1	(45.5)	(24.2%)
Total	**736.7**	**990.9**	**(254.2)**	**(25.7%)**

Performance By Brand

€mln	9M20	9M19	Chg.	Chg. %
OVS LOVE PEOPLE. NOT LABELS.	591.1	809.0	(217.9)	(26.9%)
upim	145.6	182.0	(36.4)	(20.0%)
Total	**736.7**	**990.9**	**(254.2)**	**(25.7%)**

EBITDA (€mln)

€mln	9M20 EBITDA (A)	9M20 EBITDA%	9M19 EBITDA (A)	9M19 EBITDA%	Var.	Var.%
OVS LOVE PEOPLE. NOT LABELS.	29.8	5.0%	81.3	10.0%	(51.5)	(63.3%)
upim	10.3	7.1%	19.8	10.9%	(9.5)	(47.8%)
Total	**40.1**	**5.4%**	**101.1**	**10.2%**	**(60.9)**	**(60.3%)**

Both brands posted similar recovery in terms of performance, with Upim performing slightly better thanks to its higher penetration of the franchise channel, mainly dedicated to kids, and its lower penetration in the shopping malls.

OVS

31Oct20 Consolidated Trade Working Capital
In line with last year despite the negative market conditions

€mln	31Oct20	31Oct19
Trade Receivables	119.5	123.0
Inventory	432.5	419.7
Trade Payables	(354.1)	(347.3)
Trade Working Capital	**198.0**	**195.5**

Note: TWC does not reflect the impacts related to the IFRS16

31Oct20 trade working capital was aligned with the figure at 31Oct19 despite the lockdown period that impacted the Group at the beginning of the year, resulting in €254.2m of lower sales:

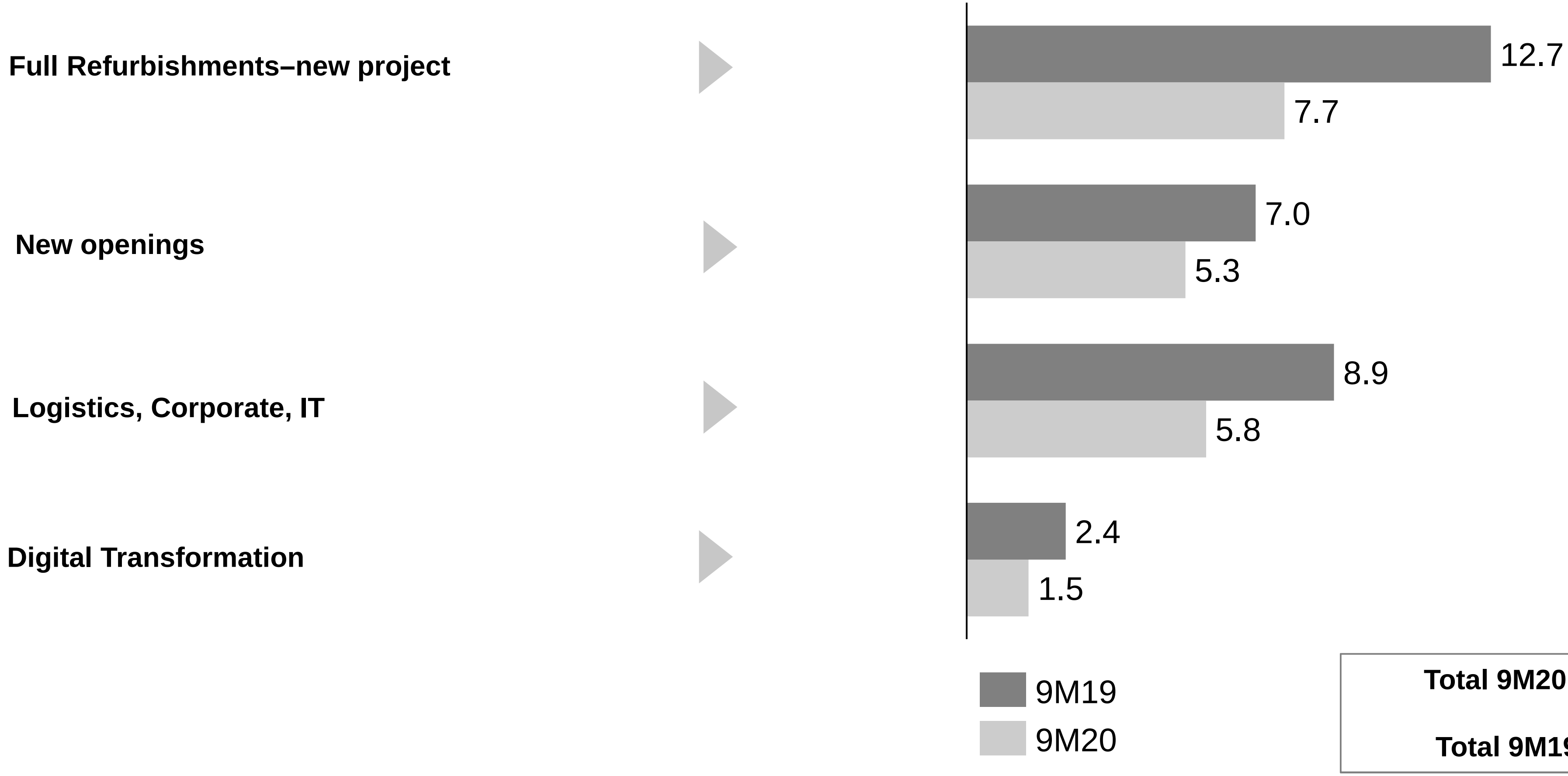
- **Trade receivables** were overall in line with last year (-€3.5m). Some longer payment terms have been granted to some franchisee partners in order to recover from the lockdown period. Our franchise network is under control and recovering fast, benefitting from its locations in small catchment areas and its focus on the kids segment.

- The level of **inventory,** higher by €12.8m vs. last year, improved significantly compared to the one reported at 31Jul20 (when it was higher vs. last year by €37.5m). The control over inventory was impressive considering the drop in sales of approximately €250m vs. last year caused by the pandemic. Flexibility in sourcing, lower intake and postponement/orders cancellations have been highly effective.

- Also **Trade payables** were overall in line with last year (+€6.8m). Following longer payment terms agreed with suppliers during the first quarter, payable terms are now back to normal, while some payments still have to be made to landlords once negotiations are finalized.

Given the focus on liquidity during the lockdown period, capex decreased by €10.7m vs. 9M19

9M Capex breakdown (*€m)*



Total 9M20 €20.3m

Total 9M19 €31m

Consolidated Cash Flow Statement

Good working capital management and strong sales recovery limited the impact of lockdown

€mln	3Q20	3Q19
EBITDA Adjusted	**38.1**	**38.6**
Adjustments	(2.5)	(1.5)
Change in Trade Working Capital	33.9	3.4
Other changes in Working Capital	5.3	1.7
Capex	(8.5)	(11.1)
Operating Cash Flow	**66.2**	**31.0**
Financial charges	(5.9)	(6.7)
Taxes & others	(6.6)	(5.9)
Net Cash Flow excl derivatives MtM and IFRS 16	**53.7**	**18.5**

- 3Q20 Cash generation was **€35.3m** higher than last year. This was mainly driven by working capital management and in particular:
  (+) inventory benefitted from higher sales and less merchandise purchased from suppliers,
  (-) some longer payment terms have been granted to OVS' franchisees, and
  (+) some payments to landlords have been postponed due to some negotiations still undergoing.
  Longer payment terms agreed during the first lockdown period with suppliers of goods and services have been fully paid.

€mln	9M20	9M19
EBITDA Adjusted	**40.1**	**101.1**
Adjustments	(9.1)	(3.8)
Change in Trade Working Capital	(49.6)	(37.1)
Other changes in Working Capital	6.5	(17.8)
Capex	(20.3)	(31.0)
Operating Cash Flow	**(32.4)**	**11.3**
Financial charges	(16.3)	(14.8)
Taxes & others	1.7	(16.0)
Net Cash Flow excl derivatives MtM and IFRS 16	**(47.0)**	**(19.4)**

- During the first nine months, despite the lower cash inflows for approximately **€250m** due to the lockdown period, the higher cash absorption amounted to only **€27.6m** compared to the same period last year. In absence of promptly activated action plan (savings, activation of Government support and flexibility in sourcing) cash absorption would have been significantly higher.

OVS

Net Debt and Leverage
Sharp improvement vs. 1H20

€ mln	31 October 2020	31 October 2019
Net Debt excluding MtM & IFRS16	356.9	395.2
Leverage on EBITDA (*) ***Adjusted Net Debt/EBITDA Adjusted LTM***	3.7x	2.8x
Leverage on EBITDA (**) **Adj. Average last 12 months Net Debt/EBITDA Adjusted LTM**	4.01x	2.98x

Notes:

(*) calculated on Net Debt at 31 October excluding the MtM and the IFRS16

(**) calculated on the average last 12 months Net Debt excluding the MtM and the IFRS16

- Group's **Adjusted Net Debt** at 31st October amounted to **€356.9m**, €38.3m lower compared to a year ago. A good trend in terms of top line, and good working capital management also thanks to the lower intake planned, combined with the cost-saving initiatives put in place formed the basis in order for reaching this result.
- Leverage on EBITDA is 3.7x, **down by 0.6x** from the one reported at 31st July 2020 thanks to the cash generation of the last quarter that allowed to anticipate a portion of the deleverage expected in 1H21. The Leverage increase vs. last year is only related to the temporary EBITDA drop of the first quarter, when the lockdown impacted the whole network for almost two months. The second wave of the pandemic will temporary slightly increase once again the leverage at year end, but the recovery posted in the third quarter will continue in 2021. It shall be noted that the Group has obtained the exemption from the test of the only covenant required (calculated as Net Financial Position on EBITDA) up to 31 January 2021 inclusive.
- The average interest rate for the period was 3.45% + 3m Euribor.

OVS

Introduction of PIOMBO into men's clothing

MF Fashion

Ovs lancia **Piombo** in 500 store

Dopo le capsule distribuite in soli due flagship, da martedì la collezione uomo del creativo debutta nei punti vendita italiani. «C'è voglia di shopping fisico. Le zone residenziali sono positive», ha spiegato il ceo Stefano Beraldo. **Tommaso Palazzi**

Il Sole 24 ORE

MODA ACCESSIBILE

La catena Ovs arruola (in esclusiva) la creatività di Massimo Piombo

.moda Il Sole 24 ORE

Ovs rende accessibile lo stile, creatività esclusiva a Piombo

WWD

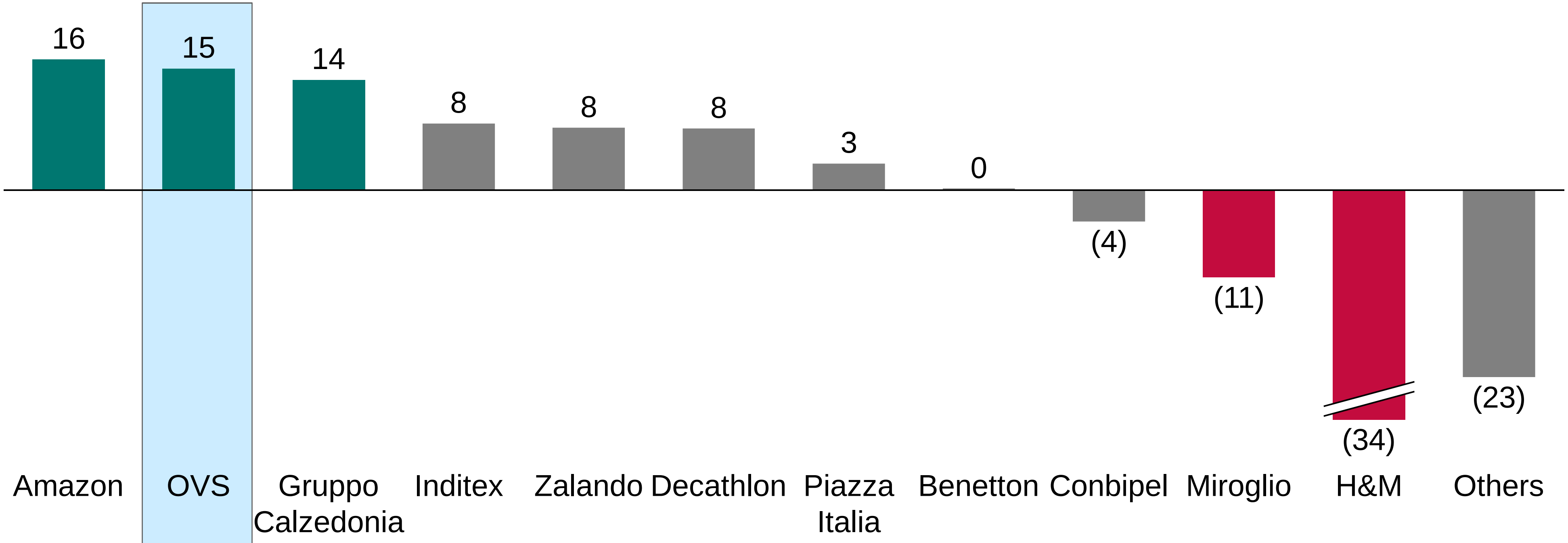
MEN'S / MENS RETAIL BUSINESS

OVS to Roll Out 500 Piombo Corners

The stores carrying the collection designed by Massimo Piombo will be unveiled on Sept. 22.

Market share trend: OVS top performer together with Amazon and Calzedonia

Change in market share LTM June 2020 vs. LTM September 2020, *basis points*



Market share

	Amazon	OVS	Gruppo Calzedonia	Inditex	Zalando	Decathlon	Piazza Italia	Benetton	Conbipel	Miroglio	H&M	Others
Sept'20	3,21	8,20	5,82	4,70	2,62	3,01	1,45	2,85	1,10	1,64	3,24	62,15
June20	3,04	8,05	5,68	4,62	2,55	2,94	1,42	2,85	1,14	1,75	3,58	62,39

*Source: **Sita Ricerca**. Sita releases every 3 months the estimate of market share on **previous 12 months**, i.e. data at September 2020 refers to period Oct'19-Sept-20 and differs from the June data for the Quarter July-September*

Outlook

- Starting from the third week of October Government restrictions put in place to maintain control over the second wave of the pandemic caused the closure of some stores in the Italian territory. November sales were impacted, albeit to a lesser extent than the first lockdown, by those restrictions that imposed the closure of all malls and retail parks during the weekends, holidays and days before holidays. Moreover in some regions where COVID-19 was spreading faster (the so-called “red regions”), all stores were closed during the week, but for the ones dedicated to kids.

- The December sales trend is better than the one seen in November, also thanks to the fact that all stores in Italy are open during the week, except for the ones located in malls and retail parks during the weekends. Nevertheless there is still low visibility on when the sales trend will go back to normal performances. In this still tough environment, OVS and Upim are even more a reference point for Italian apparel consumption.

- Thanks to the good economic performances reported in the second and third quarter of the year, combined with the good evolution of the cash profile, the Group is better prepared than before to face this second wave of COVID-19 and additional cost savings initiatives have being activated. Given the current regulatory environment governing store openings and the uncertainty about its possible developments, it is difficult to estimate whether the benefits achieved so far can be considered sufficient for the achievement of the economic objectives for the whole year; more confidence in the reachability of the target in terms of net financial position.

- We expect this second wave to cause additional players to disappear from the Italian apparel market. Winners and losers of the market are emerging even more now, creating incredible opportunities ahead of market consolidation for the few, like OVS, that will remain focused on addressing consumers’ needs and that will continue to capitalize the work done in digitalization and related investments. OVS’ digital expansion in all the distribution channels is proceeding fast. A recent example is represented by the new webinars launched, that are enjoying great success.

- The Group is continuing to enlarge its offer also with complementary brands: examples are represented by the recent introductions of “The Body Shop” and “Tally Weijl”. In relation to the owned brands, like Piombo, OVS presented a binding offer aimed at the acquisition of some assets of Stefanel, including the historical brand of the company. In consideration of the size of this offer, the amount to be paid is not expected to be material: related financial needs are already largely in the current availability of the Group.

- OVS, thanks to the innovative and unique tool implemented named “ECO Valore”, has been recently selected among the ten most innovative case studies in the field of circularity, within the 2020 Circular System Commitment Report published by the Global Fashion Agenda.

Appendix

Consolidated Profit and Loss and related adjustments

€ mln	31.10.2020 Reported Pre IFRS16	of which Adjustments, Normalizations & Reclass.	31.10.2020 Adjusted	31.10.2019 Reported Pre IFRS16	of which Adjustments, Normalizations & Reclass.	31.10.2019 Adjusted	*Chg.*	*Chg. %*
Net Sales	**736.0**	(0.7)	**736.7**	**990.9**		**990.9**	***(254.2)***	***(25.7%)***
EBITDA	27.3	(12.8)	**40.1**	81.2	(19.8)	**101.1**	***(60.9)***	***(60.3%)***
EBITDA%	*3.7%*		*5.4%*	*8.2%*		*10.2%*		
EBIT	(22.3)	(19.2)	**(3.1)**	31.2	(26.2)	**57.4**	***(60.5)***	***n.s.***
EBIT%	*(3.0%)*		*-0.4%*	*3.1%*		*5.8%*		
PBT	(40.2)	(20.8)	**(19.5)**	32.0	(11.3)	**43.3**	***(62.8)***	***n.s***

The table shows the results adjusted to represent the Group's operating performance net of the effects of the application of the international accounting standard IFRS16, as well as non-recurring events unrelated to the core business.

In particular, 9M20 EBITDA was adjusted mainly as follows: (i) €0.7 million in an extraordinary one-off premium granted to a foreign partner; (ii) €3.7 million in net foreign exchange gains on forward hedging of purchases of goods in foreign currency sold in the period, (iii) €6.4 million in non-recurring expenses directly attributable to the COVID-19 emergency; (iv) €1.9 million in costs relating to stock option plans (non-cash costs), and (v) other less significant net one-off costs.

Other adjustments that impacted EBIT and the result before tax concerned: (i) costs of €6.4 million related to the amortisation of intangible assets relating to purchase price allocation, and (ii) adjusted net costs of €1.6 million, mainly relating to foreign exchange differences arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realised foreign exchange differences.