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OVS's market share continued to grow strongly
Record EBITDA and cash generation in the second quarter

- ✓ Market share reached **9%**, up by nearly 100 bps in a year, due to the excellent performance of the like-for-like store network and online sales.
- ✓ **Net sales for the quarter** up by **35.4%** on the same period of 2020 and higher than 2019 by **11%**, even though restrictions were still in place during some weekends in May. **Half-year** net sales came in at **€599.2 million**, up **59.5%** on 2020. **Online sales** through the ovs.it website increased by **30%** compared with 2020 and by **77%** compared with 2019. The loyal customer base has now reached 4.7 million (+12% in one year), while numbers of customers purchasing both online and on the physical channel continue to grow.
- ✓ **Adjusted EBITDA** for the **second quarter** was **€54.5 million,** up **50.9%** compared with €36.1 million in 2020 and up **45.7%** compared with €37.4 million in 2019. The excellent sales performance, good control of costs and careful management of mark-downs resulted in record EBITDA in the second quarter. **Adjusted profit before tax** for the quarter was also positive, at **€33.5 million**.
- ✓ The **adjusted net financial position** was **€318.2 million**, markedly lower than at 31 July 2020, but also €95.4 million lower than the pre-pandemic figure of 31 July 2019. The second quarter of the year saw **cash generation** of **€75.7 million**, in addition to €81 million deriving from the capital increase completed in July (giving a total of **€156.7 million**).

CONSOLIDATED SECOND-QUARTER RESULTS

New Piombo womenswear collection

€ mln	2Q 2021 Adjusted	2Q 2020 Adjusted	*Chg.*	*Chg.%*
Net Sales	**369.7**	**273.1**	**96.6**	***35.4%***
Gross Margin	**217.8**	**166.3**	*51.5*	*30.9%*
GM%	*58.9%*	*60.9%*		*(200ppt)*
EBITDA	**54.5**	**36.1**	*18.4*	*50.9%*
EBITDA%	*14.7%*	*13.2%*		*+151ppt*
EBIT	**39.9**	**21.2**	*18.7*	*88.2%*
EBIT%	*10.8%*	*7.8%*		*+303ppt*
PBT	**33.5**	**15.4**	*18.0*	*116.7%*
Net Financial Position	**318.2**	**410.6**	*92.5*	*22.5%*
Market Share	**9.0%**	**8.1%**		*+96ppt*

NB: in order to give a clearer picture of the Group's performance, the data in this document have been adjusted. In particular, the adjusted figures exclude the accounting effects of IFRS16. See below for more information.

Statement from the Chief Executive Officer, Stefano Beraldo

We are very pleased with the second quarter results, which are the best ever for our Group in terms of profitability and cash generation.

Sales grew by 35% in the last quarter compared with 2020, and, even more significantly, by 11% compared with 2019, despite a further 4.7% contraction in the market in the same period. This helped recover a part of the sales lost due to the lockdowns in the first three months of the year.

All this resulted in a further increase in market share, which has now reached 9%: OVS was also the fastest-growing group in terms of market share in the last quarter, including compared with international players operating only via digital channels, demonstrating that multi-channel remains a key factor in the market in which we operate and that our Group is benefiting from this.

There was a 12% increase in loyal customers, whose average spend per purchase is around 18% more than the ones not taking part to our loyalty program, and who now account for more than 40% of our sales. The number of customers who regularly buy both online and offline also grew.

The sales performance resulted in impressive EBITDA and cash generation in the May-July period: EBITDA, at €54.5 million, was up 51% compared to 2020 and 46% compared to 2019; cash flow amounted to €75.7 million over the same period, in addition to €81 million deriving from the capital increase; this cash generation allowed the Group to close the period with a €95 million improvement in its net financial position compared with the pre-pandemic figure of July 2019. It is therefore clear that, excluding the impact of capital increase, we have fully absorbed the cash loss caused by the 2020 closures, effectively bringing forward the expected deleveraging, and we now have sufficient resources to explore all the M&A opportunities offered by the market in the short and medium term.

The main final financial figures confirm that the elements of discontinuity implemented in the Group's strategy over the last period are continuing to produce increasingly tangible results.

The new third-party brands included in OVS's commercial offering are attracting new customers, enabling both excellent cross-selling with the Group-owned brands and better stock management in some product categories. Some of these, particularly in womenswear, performed exceptionally well, with sales per square metre also doubling compared with the average, making this the best performing segment over the quarter.

The Group's own brands are also enriching substantially the commercial offer, allowing the Group to cover higher positioning in terms of quality and price, and therefore to increase sales density. A clear case of success in this context is the Piombo brand, launched last autumn/winter in the menswear segment, which also performed very well during the spring/summer period. This year's autumn/winter collection saw the launch of the Piombo brand for womenswear, with early signs pointing to success in this category as well.

The Upim business unit has also successfully pursued its expansion plan, increasing its presence with a local approach, both providing a complete local offering for day-to-day needs, and giving entrepreneurs with multi-brand stores, whose market share decreased also last year, a valid business alternative.

In addition, the new Stefanel collection was recently launched. The heritage of the brand, which is well-known in Italy and abroad, has been maintained, but the collection has been revised to make it more contemporary, with prices that are more than 30% lower, while top quality has been maintained thanks to the Group's sourcing capacity.

We believe that the innovations introduced in the commercial offering, including those described above, are the foundations of our Group's new positioning: we are a multi-channel, contemporary, accessible platform offering easy-to-wear fashion that is mainly aimed at Italian families, sustainable and far removed from the concept of fast fashion. Our Group is not only a traditional, vertically integrated retailer, but now has one of the largest and most well-structured supply chains in Europe, with unmatched know-how in the kids segment (market share in Italy has reached 22.2% in terms of value and 31.3% in terms of quantity).

The digitalisation process continues at a rapid pace, increasing the Group's flexibility, reducing costs and enhancing operational efficiency. To give just a few examples, during the first half of 2021: (i) the option of accessing "the entire product range in one click" was extended to another 250 franchise stores, allowing items not available in the stores to be sold in-store via i-pad; (ii) the first phase of the "Operational platform & order manager" was launched. Once it has been completed by the end of the year, this will allow real-time access from all the digital platforms to all of OVS's stock, effectively allowing, among other things, the effective use of stores as a hub for the distribution of items in the region; (iii) the new PLM ("Product Lifecycle Management") was released, enabling all product data to be integrated, from the R&D phase to the shipping phase; and (iv) the project to review the distribution model in stores also continues. Thanks to predictive algorithms, this will improve product distribution criteria by capturing customer socio-demographics.

Sustainability plays a central part in all the digitalisation projects: together with multi-channel services, they enable CO_2 emissions and the consumption of natural resources to be reduced, as suppliers and the goods purchased in the various supply countries are better controlled, and travel and inbound and outbound goods shipments are reduced and optimized. This is also due to robust control of the entire supply chain: as a result of the very detailed information required to collaborate with our Group, it recently achieved first place on the Fashion Transparency Index, which analyses the performance of 250 of the world's leading fashion brands and retailers in terms of transparency.

Digitalisation and the intrinsic features of our commercial offering (less "fast fashion" and more "sustainable" and "cross-season") are enabling our Group, as was also the case last year, to manage effectively some inevitable delays caused by the pandemic in the delivery of goods in certain supply countries and the inefficiencies in goods shipments worldwide: we therefore do not believe that the current context will have a significant effect on the evolution of the Group's top line and profitability as this year continues.

We would like to thank our shareholders for the success of the capital increase, which was completed on 30 July of this year and was fully subscribed. We believe that the trust placed in us is valid proof of your endorsement of the strategies we have implemented and we are sure that these will create value in the short and medium-to-long term.

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CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2021

€ mln	31.07.2021 Reported	31.07.2021 Adjusted	31.07.2020 Reported	31.07.2020 Adjusted	*Chg. (Adjusted)*	*Chg. % (Adjusted)*
Net Sales	599.2	599.2	375.1	375.7	223.5	59.5%
Gross Margin	351.1	350.2	216.7	222.9	127.4	57.2%
GM%	58.6%	58.4%	57.8%	59.3%		(86ppt)
EBITDA	160.8	60.1	48.1	2.1	58.1	2,826.2%
EBITDA%	26.8%	10.0%	12.8%	0.5%		+949ppt
EBIT	56.9	31.7	(55.8)	(26.5)	58.1	219.6%
EBIT%	9.5%	5.3%	(14.9%)	(7.0%)		+1,233ppt
PBT	27.0	20.0	(97.6)	(37.0)	56.9	154.0%
Net Income	17.0	13.0	(75.9)	(29.7)	42.7	143.6%
Net Financial Position	1,205.9	318.2	1,303.2	410.6	92.4	22.5%
Market Share	9.0%		8.1%			+96ppt

NB: in order to give a clearer picture of the Group's performance, the data in this document have been adjusted. In particular, the figures exclude the accounting effects of IFRS 16. See below for more information.

New Stefanel collection

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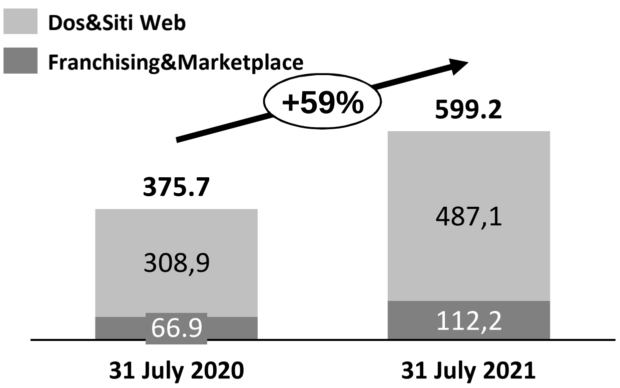
NET SALES

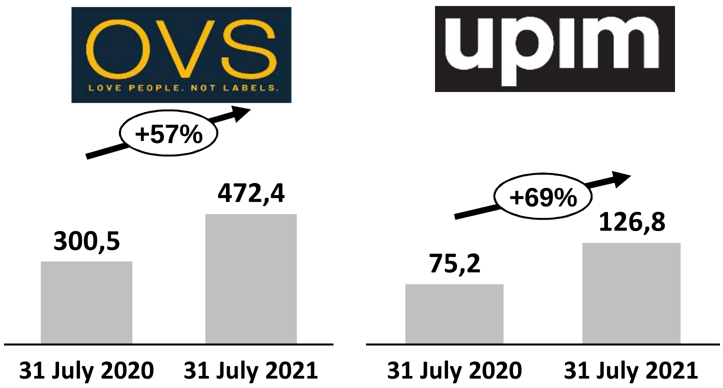
Total sales for the first half of the year came in at €599.2 million, up 59% compared with the same period of 2020. The Group outperformed the market, which nonetheless recorded an encouraging trend, recovering by 34.7% over the period compared with 2020. The second quarter of the year reported sales up by 11% vs. the pre-pandemic level of the second quarter of 2019.

Sales increased in all distribution channels and for both brands, with Upim registering more marked growth due to the greater weight of the franchise channel, mainly dedicated to the kids segment and therefore less subject to restrictions in the first few months of 2021.

NET SALES: aggregate performance



NET SALES: performance by brand



EBITDA

In the second quarter, the Group achieved its highest ever EBITDA of €54.5 million. Thanks to this performance, together with the strong recovery in the first quarter, EBITDA for the first six months was €60.1 million, up €58.1 million compared with 2020, and substantially in line with the pre-pandemic figure for 2019 (€62.5 million). Both brands contributed to this result, with OVS increasing by €50.1 million and Upim by €8 million in the first six months of the year compared with 2020.

EBITDA: performance by brand

	2Q20		2Q21		31 July'20		31 July '21			
€mln	EBITDA Adjusted	EBITDA%	EBITDA Adjusted	EBITDA%	EBITDA Adjusted	EBITDA%	EBITDA Adjusted	EBITDA%	Chg.2Q	Chg. 1H
OVS	28.8	13.2%	46.7	15.8%	(0.4)	-0.1%	49.7	10.5%	17.9	50.1
upim	7.3	13.4%	7.8	10.6%	2.5	3.3%	10.4	8.2%	0.5	7.9
Total	**36.1**	**13.2%**	**54.5**	**14.7%**	**2.1**	**0.5%**	**60.1**	**10.0%**	**18.4**	**58.1**

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RESULT BEFORE TAX AND FOR THE PERIOD

The adjusted result before tax returned to a positive €20 million.

The adjusted result for the period also recovered strongly, coming in at €13 million. Meanwhile, the reported result for the period was €17 million.

CONSOLIDATED CASH FLOW

Despite the lockdown that hit the first quarter of 2021, cash flow in the first six months of the year was positive at €82.9 million. Two factors were key in achieving this: (i) cash generated by the business in the second quarter of €75.7 million and (ii) cash deriving from the capital increase, which added €81 million to available cash.

Thanks to the EBITDA generated and an improvement in net working capital management of €85.6 million compared with the previous year, operating cash flow increased by €123.8 million, despite an increase in capex of €22.5 million.

€mln	**1H21**	**1H20**
EBITDA Adjusted	**60.1**	**2.1**
Adjustments	(4.0)	(6.6)
Change in Trade Working Capital	(10.3)	(83.5)
Other changes in Working Capital	13.6	1.2
Capex	(34.3)	(11.8)
Operating Cash Flow	**25.2**	**(98.6)**
Financial charges	(11.8)	(10.4)
Proceeds from Capital Increase	81.0	
Taxes & others	(11.5)	8.3
Net Cash Flow excl derivatives MtM and IFRS 16	**82.9**	**(100.7)**

NB:

1 For further details, please see the appendix;

The changes in financial position underlying the calculation of cash flow by the indirect method do not reflect the accounting effects of IFRS 16.

NET FINANCIAL POSITION

€ mln	31 July 2021	31 July 2020
Net Debt excluding MtM & IFRS16	318.2	410.6
Leverage on EBITDA (*) *Adjusted Net Debt/EBITDA Adjusted LTM*	2.4x	4.3x
Leverage on EBITDA (**) **Adj. Average last 12 months Net Debt/EBITDA Adjusted LTM**	3.11x	4.06x

(*) Net debt does not include the accounting effects of mark-to-market valuation and the effect of the adoption of IFRS 16 (see below for further information). The adjusted EBITDA taken into account is the cumulative EBITDA over the last 12 months
(**) The net debt used to calculate the leverage on EBITDA is calculated using average net debt over the last 12 months and cumulative adjusted EBITDA over the last 12 months.

At 31 July 2021, the Group's adjusted net financial position was €318.2 million net of the mark-to-market effect (positive for €1.9 million) and the adoption of IFRS 16 (increase in net liabilities of €889.6 million related to future rents independently from the presence of break-options). Thanks to the cash generation shown above, total debt was down markedly compared with 31 July 2020 (-€92.5 million), but also lower than the pre-pandemic level, which at 31 July 2019 was €413.6 million (-€95.4 million).

This decrease is greater than the additional liquidity resulting from the capital increase: despite the loss of turnover of approximately €440 million recorded in 2020 and in the first few months of 2021, due exclusively to the numerous lockdowns, the Group fully recovered its pre-pandemic net financial position levels, even excluding the proceeds of the capital increase. Leverage (net financial position over EBITDA) was down sharply at 2.4x (down by 1.9x compared with the close of a year ago and by 3.1x compared with 31 January 2021). The average interest rate for the period was 3.49% + Euribor 3m.

In light of the excellent changes in the Group's financial structure and the related outlook, the company is considering reviewing its current sources of financing, including through the issuance of capital market instruments linked to ESG parameters, allowing it to benefit from more advantageous terms than those currently in place.

CONSOLIDATED BALANCE SHEET

€mln	31 July '21 - Reported	31 July '20 - Reported	31 January '21 - Reported	Chg.
Trade Receivables	95.5	86.7	102.1	(6.6)
Inventory	410.3	448.7	420.1	(9.8)
Trade Payables	(266.9)	(303.5)	(264.0)	(2.9)
Trade Working Capital	**238.9**	**231.9**	**258.2**	**(19.3)**
Other assets/(liabilities)	(105.3)	(98.6)	(88.9)	(16.4)
Net Working Capital	**133.6**	**133.3**	**169.3**	**(35.7)**
Tangible and Intangible Assets	1,988.2	1,975.5	1,960.7	27.5
Net deferred taxes	(9.0)	(106.1)	(2.5)	(6.5)
Other long term assets/(liabilities)	(4.2)	(5.0)	(7.6)	3.5
Pension funds and other provisions	(39.5)	(40.7)	(40.1)	0.6
Net Capital Employed	**2,069.1**	**1,957.0**	**2,079.8**	**(10.7)**
Net Equity	863.2	653.7	764.3	98.9
Net Financial Debt	1,205.9	1,303.2	1,315.5	(109.7)
Total source of financing	**2,069.1**	**1,957.0**	**2,079.8**	**(10.7)**

Net capital employed decreased by €10.7 million to €2,069.1 million compared with January 2021, mainly due to the €35.7 million decrease in net working capital, offset by an increase of €27.5 million relating to net fixed assets. The €98.9 million increase in shareholders' equity mainly reflects the capital increase completed in July 2021, amounting to €81 million.

Lastly, the change in net deferred taxes compared with July 2020 is due to the realignment of the value of the trademarks at the end of 2020.

Further resolutions

The Board of Directors, with the approval of the Appointments and Remuneration Committee, in accordance with the provisions of the stock option plan regulations adopted by the Company, has made some adjustments to the said plans in order to keep the essential substantive and economic content of the plans as unchanged as possible, in accordance with their objectives and purposes and the economic and financial rights they recognise. With respect to all existing plans, in accordance with the provisions of regulations and established market practice, the exercise price of the options granted has been adjusted to take account of the paid share capital increase approved by the Extraordinary Shareholders' Meeting of 15 December 2020 and carried out on 30 July 2021. For the 2015-2019 Stock Option Plan: a strike price of €4.08 (previously €4.88); for the 2017-2022 Stock Option Plan, a strike price of €5.26 (previously €6.39); and for the 2019-2022 Stock Option Plan, an access condition of €2.11 and a strike price of €1.72 (previously €2.50 and €1.85, respectively). In the case of the 2019-2022 Stock Option Plan, in view of its structure, an amendment was also appropriate to take account of the effects of the COVID-19 pandemic, which were extraordinary and unforeseen when the plan was drafted and which had a significant impact on the 2020 results, while keeping the contents and mechanisms of the approved plan as unchanged as possible: Cumulative EBITDA of €400 million, taking into account the years 2019, 2021 and 2022 (compared with the 2019, 2020 and 2021 financial years previously taken into account), with a consequent change in the initial duration of the plan. All the other conditions of the above plans have remained unchanged. Please see the documents published on the website at www.ovscorporate.it. Pursuant to Article 84-*bis*, paragraph 5, of the Regulations for Issuers, the Company will make available to the public the updated information documents on the above plans by the date of publication of the next remuneration report.

OTHER INFORMATION

Company information

OVS S.p.A. is an Italian registered company, having 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.

Approval of the Half-year Financial Report

The Half-year Financial Report was approved by the Board of Directors of OVS SpA on 22 September 2021 and, on the same date, the same body authorised its publication.

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

The manager responsible for preparing the 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.

Conference call for presentation of results

On 23 September 2021 at 3 PM local time (CET) a conference call will take place with analysts and investors during which the main results for the half year ended 31 July 2021 will be presented. The conference call may be joined by dialling +39 02 805 88 11 (from Italy), +44 121 281 8003 (from the UK) or +1 718 7058794 (from the US), (+39 02 8058827 for journalists). A presentation will be available and can be downloaded from the Investor Relations/Results and Presentations section of the Company website at www.ovscorporate.it. A recording of the conference call will also be available on the website from the day after the call.

Half-year Financial Report at 31 July 2021

The Half-year Financial Report at 31 July 2021, pursuant to Article 154-*ter* of the TUF - including the condensed half-year financial statements, the Interim Report on Operations and the declaration required under Article 154-*bis*, paragraph 5 of the TUF - will be made available to the public at the Company's registered office, via the "1info" centralised storage system at the website www.1info.it, and can be viewed on the Company website at www.ovscorporate.it, in the "Investor Relations/Results and Presentations" section. The external auditor's report will also be made available to the public in the same way as soon as it is available and pursuant to the law.

Upcoming events in the financial calendar

Interim Report on Operations for the third quarter of the year ending 31 October 2021	14 December 2021

For further information, contact:

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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 OVS's operating, financial and income results. These forecasts, by their nature, involve risk and uncertainty, as they depend on future events and developments. The actual results may differ, sometimes substantially, from those announced, due to multiple factors.

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Appendix

€ mln	31.07.2021 Reported	of which IFRS 16 Impact	of which Adjustments, Normalizations & Reclass.	31.07.2021 Adjusted	31.07.2020 Reported	of which IFRS 16 Impact	of which Adjustments, Normalizations & Reclass.	31.07.2020 Adjusted	*Chg. (Adjusted)*	*Chg. % (Adjusted)*
Net Sales	599.2		0.0	599.2	375.1		(0.7)	375.7	223.5	59.5%
Gross Margin	351.1		0.9	350.2	216.7		(6.1)	222.9	127.4	57.2%
GM%	58.6%			58.4%	57.8%			59.3%		(86ppt)
EBITDA	160.8	103.8	(3.1)	60.1	48.1	58.1	(12.1)	2.1	58.1	2,826.2%
EBITDA%	26.8%			10.0%	12.8%			0.5%		+949ppt
EBIT	56.9	32.7	(7.4)	31.7	(55.8)	(12.9)	(16.4)	(26.5)	58.1	219.6%
EBIT%	9.5%			5.3%	(14.9%)			(7.0%)		+1,233ppt
PBT	27.0	10.4	(3.4)	20.0	(97.6)	(37.3)	(23.4)	(37.0)	56.9	154.0%
Net Income	17.0	6.6	(2.5)	13.0	(75.9)	(28.4)	(17.8)	(29.7)	42.7	143.6%
Net Financial Position	1,205.9	889.6	(1.9)	318.2	1,303.2	878.6	14.0	410.6	92.4	22.5%

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 IFRS 16, as well as non-recurring items unrelated to the core business.

In particular, in the first half of 2021 the results were adjusted mainly to strip out the impacts related to IFRS 16, and specifically: (i) €103.8 million on EBITDA to reflect rent net of the impact relating to the renegotiations triggered following the pandemic, (ii) €32.7 million in higher net costs on EBIT due to the reversal of depreciation and amortisation of €71.1 million, and (iii) €6.6 million in higher net costs on the reported result for the period due to the reversal of €22.2 million relating to net financial expenses and €3.8 million in higher taxes. Lastly, (iv) the net financial position was adjusted for a €889.6 million decrease in liabilities.

EBITDA in the first half of 2021 was also adjusted mainly as follows: (i) €0.9 million in foreign exchange losses on forward hedges of purchases of goods in foreign currency sold in the period, (ii) €3.6 million in non-recurring expenses comprising €2.8 million directly attributable to the COVID-19 emergency, €0.5 million in lay-off costs and other minor one-off costs, and (iii) €0.4 million in costs relating to stock option plans (non-cash costs).

Other adjustments that impacted EBIT and the result before tax concerned: (i) costs of €4.3 million related to the amortisation of intangible assets relating to purchase price allocation and (ii) adjusted net costs of €4.1 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.

Lastly, the adjusted net result for the period was affected (in the amount of €0.8 million) by the taxes recalculated following the above adjustments.