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Strong growth in Sales, EBITDA and cash generation

- ✓ Strong growth in **market share** continued, now **9.3%** (+106Bps in the last twelve months and +25Bps in the third quarter of the year).

- ✓ **Net sales** for the first nine months of **€978m**, **+32.8%** compared with the same period of 2020 and in line with those of 2019 (€991m), thus recouping the sales lost in the first quarter due to store closures for Covid-19. Growth was strong across all brands and in terms of both offline and online channels. The ovs.it website registered 20.3 million visits and sales in the first nine months of the year up 33% compared with the same period of 2020, when online sales grew strongly partly due to store closures.

- ✓ **EBITDA** stood at **€104.5m**, up **€64.4m** compared with 2020 and €3.4m compared with 2019, despite an unproductive first quarter of the year due to the closure of the store network. The continual reduction in promotional activities, together with cost flexibility, are contributing to a gradual increase in the Group's profitability, with EBITDA on net sales reaching 10.7%, up from 5.4% in 2020 and 10.2% in 2019.

- ✓ 31 October 2021 **net financial position** was **€254.8m**, thanks to a material cash generation, which in the first nine months of the year amounted to **€65.3m** (+€112.3m compared with the first nine months of 2020), plus €81 million from the capital increase. In November, more than one year in advance, the Company repaid the €250m bullet credit line, using proceeds from the issue of the Sustainability-Linked Bond in the amount of €160m and using €90m of the Group's available cash. All this will allow a significant saving in financial expenses in the coming years.

- ✓ The excellent performance in the third quarter has led to an **upward revision of the closing estimates** for year-end provided when the half-yearly results were published, to which reference is made on page 6 of this press release.

- ✓ Thanks to the issue of the Sustainability-Linked Bond, some of the commitments made by the Group in the area of sustainability have been made public. With these targets, OVS is committed to **reducing CO2 emissions**, setting a **reduction target that contributes in a tangible way to keeping the increase of the Earth's temperature below 1.5°C.,** in line with the Paris Agreement and the recent objectives of the European Union regarding decarbonisation.

CONSOLIDATED RESULTS

€ mln	31.10.2021 (A)	31.10.2020 (A)	*Chg.*	*Chg. %*
Net Sales	978.0	736.7	241.3	32.8%
EBITDA	104.5	40.1	64.4	160.6%
EBITDA%	*10.7%*	*5.4%*		*+524ppt*
EBIT	60.7	(3.1)	63.8	n.s.
EBIT%	*6.2%*	*(0.4%)*		
PBT	43.2	(19.5)	62.7	n.s
Net Financial Position	254.8	356.9	102.0	
Market Share	9.3%	8.2%		*+106ppt*

(A) Only the adjusted results (so-called managerial results) have been reported, as they are deemed to represent the actual performance of the business: in particular they do not reflect (i) the adoption of IFRS16 and (ii) mark-to-market accounting at the net financial position level (+€7.2m).

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Statement from Chief Executive Officer Stefano Beraldo

The results for the third quarter of the year were again very satisfactory in terms of sales, profitability, and cash generation.

Sales in the first nine months of the year increased by 33% compared to 2020, almost fully returning to 2019 values after having lost 28% in the first quarter due to the lock-down. This excellent performance is even more remarkable when compared with that of the clothing market, which recorded, over the same period, a more modest +20.3%, thirteen percentage points below the Group's performance. This resulted in a further increase in market share, which has now reached 9.3%, once again making OVS the Group that has grown more than any other physical and/or digital player in the Italian clothing market.

The excellent sales performance, accompanied by a solid first margin and effective cost structure management, resulted in an higher EBITDA in the first nine months of the year also compared with the 2019 pre-pandemic figure.

As anticipated, the first nine months were also marked by substantial cash generation: excluding the proceeds from the capital increase, the positive flow was up by €112.3 million compared with last year, despite €25 million of extraordinary payments referred to 2020 rents took place in the current year once negotiations were signed. The net financial position stood at €254.8 million, above expectations, given that this level was expected at the end of the year. A strong recovery in EBITDA on the one hand and strong cash generation on the other, have further reduced leverage, now below 2x. Thanks to the issue of the Sustainability-Linked Bond and the significant liquidity of the Group, the most onerous credit line maturing in March 2023 and amounting to €250 million was repaid early, allowing the Company to cancel onerous debt structures related to past leveraged buyout transactions.

The excellent results achieved once again confirm the effectiveness of the strategic medium-term actions implemented. The multichannel focus allows our Group to be present wherever the customer seeks us. Local shops represent the right-priced buying option that best interprets the real needs of consumers. The ongoing revamping of image that has affected some of the largest city-centre stores or shopping centres of major commercial importance is generating very positive results in terms of increased visitors and sales. The concrete commitment to sustainability issues is increasingly recognized by our customers. The new brands introduced - both third-party and proprietary - allow us to experiment, attract new customers, increase profitability per square metre and continually renew and increase the commercial offer. OVS is increasingly a marketplace where the housebrand is central and largely preponderant: an example is Piombo, which constitutes an increasingly successful proposal, not only in the men's segment but, starting from this quarter, also in the women's segment.

Statement from Chief Executive Officer Stefano Beraldo

The quarter saw the start of the new course of Stefanel, the brand recently acquired. Some new stores, mostly in franchising, have been added to the existing network and for the first time a collection entirely designed by us has been introduced. The results are very encouraging also considering that the start of the season could not benefit from the lighter weight autumn collection, which we have chosen to develop only partially since it could not be delivered in time.

The Group is implementing various measures aimed at containing the tension on costs currently in place, which is also expected for at least part of next year. We are favouring naval transport and limiting air transport to the maximum, as this is much more expensive. Commercial negotiations are taking place in relation to both transports, through long terms contracts, and merchandise, in order to share the impact of the expected increase in raw materials. We believe that thanks to our nature of being vertically integrated retailers, to the significant volumes of goods in purchases compared with other industry competitors, and to the consolidated relationships with our suppliers, the increase in prices to end consumers will be more moderate than for other market players. This should represent an advantage for our Group in the coming months. The flexibility on the side of the Group's structural costs, already evident during the lock-down periods, will also allow the inflationary impact of other costs to be mitigated.

The good trend is continuing also in the fourth and last quarter. This leads to an upward revision of the closing estimates for year-end previously provided to the market.

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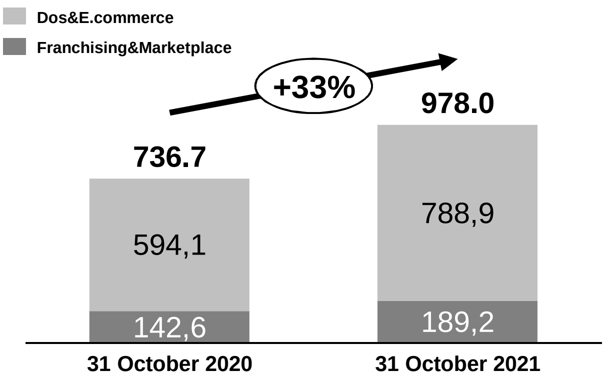
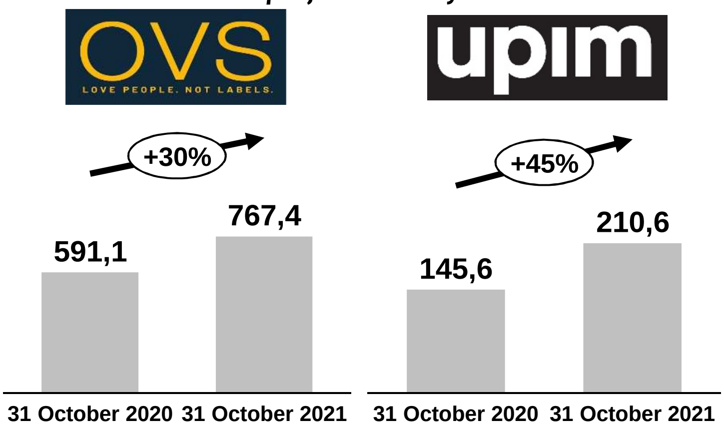
NET SALES

Total sales in the first nine months of 2021 amounted to €978m, up +33% compared with the same period in 2020. When compared to 2019 performance, the value was in line (-1.3%), marking a sharp recovery in performance in the second and third quarters compared with the first quarter of the year affected by the lock-downs (-27.7%), thanks to very positive like-for-like sales and the excellent performance of digital channels. This performance characterised both brands and all the Group's distribution channels.

NET SALES: aggregate performance



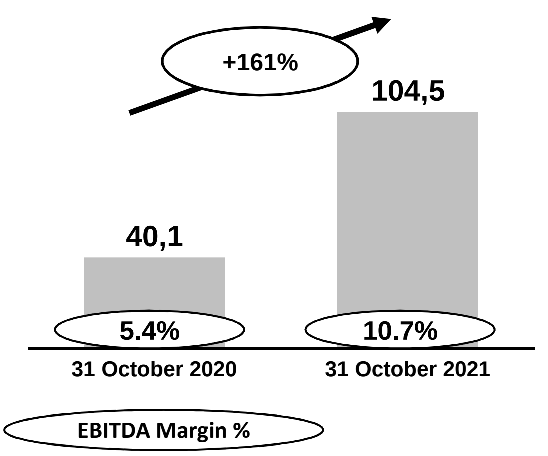
NET SALES: performance by brand



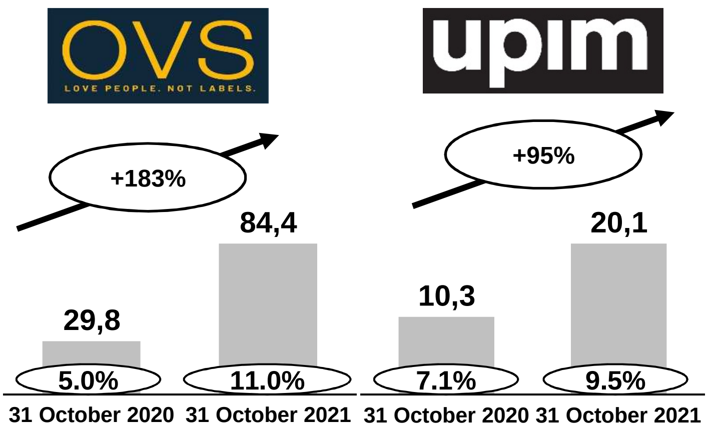
EBITDA:

Adjusted EBITDA was €104.5m, up €64.4m (+160.6%) compared with the first nine months of 2020, and up €3.4m (+3.4%) compared with the same period of 2019, thanks to steady growth in gross margin and increased cost flexibility. Both brands contributed to this result: EBITDA on OVS's net sales was 11% (+600Bps compared with 2020), while for Upim it was 9.5% (+240Bps compared with the previous year).

Adjusted EBITDA: aggregate performance



Adjusted EBITDA: performance by brand



PROFIT BEFORE TAX

Adjusted profit before tax was €43.2m, up €62.7m on last year, reflecting the recovery in profitability recorded at the EBITDA level.

NET FINANCIAL POSITION AND CASH FLOW

At 31 October 2021, the Group's net financial position adjusted for the impact of mark-to-market and for the impact of the application of IFRS 16 was €254.8m, down €102m compared with the previous year, while the ratio between the Adjusted Net Financial Position and adjusted EBITDA for the last 12 months was 1.86x. The substantial generation of EBITDA and cash, up €64.4 million and €112.3 million respectively compared with the first nine months of 2020, plus proceeds from the capital increase of €81m, resulted in a marked reduction in the leverage ratio compared with 31 January 2021 (-3.6x).

In spite of a first quarter still characterised by restrictions, cash flow for the first nine months benefited from solid EBITDA growth and cash generated through the sale of merchandise that remained unsold in prior periods due to lock-downs. The business model of OVS, based on a commercial strategy that offers long-lasting clothing, and less dependent on "fast fashion" logic, allowed goods designed and made for previous seasons to be sold at full price.

€ mln	**31 October 2021**	**31 October 2020**
Net Debt excluding MtM & IFRS16	254.8	356.9
Leverage on EBITDA (*) ***Adjusted Net Debt/EBITDA Adjusted LTM***	1.9x	3.7x
Leverage on EBITDA (**) **Adj. Average last 12 months Net Debt/EBITDA Adjusted LTM**	2.8x	4.0x

(*) Net debt does not include the accounting effects of mark-to-market valuation and the effect of the adoption of IFRS 16. 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 debt over the last 12 months and cumulative adjusted EBITDA over the last 12 months.

GUIDANCE UPDATE FOR 2021

The Company reports that, in the context of publication of the results for the first nine months of 2021, the following guidelines on the results expected for the entire FY21 (closing on 31 January 2022) have been updated as follows:

(i) net sales in a range of €1.33/€1.35 billion, up from €1.30/€1.32 billion announced at the time of publication of the half-year results;

(ii) adjusted EBITDA in a range of €135/€145 million, up from the €120/€135 million previously communicated;

(iii) cash generation, excluding cash from the capital increase, in a range of €100/110 million, up from the €65/€80 million communicated with the results for the half-year, thanks to which the adjusted net financial position at 31 January 2022 is expected to be within a range of €220/€210 million.

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OTHER INFORMATION

Company information

OVS SpA. is an Italian registered company (VAT no. 04240010274), with its registered office in Venice-Mestre (Italy). The shares of OVS SpA. have been listed on the Milan Electronic Stock Market since 2 March 2015.
OVS has opted to adopt the regime derogating from Article 70, paragraph 6 and Article 71, paragraph 1 of the Regulation for Issuers, as set out in the prospectus.

Quarterly reporting

OVS S.p.A. advises that, as announced in the corporate events calendar and pursuant to Article 82-*ter* of the Regulation for Issuers, it has decided to publish, on a voluntary basis, an update of the main economic and financial performance indicators on a quarterly basis, with the aim of maintaining a timely and transparent dialogue with the financial community and the main stakeholders on the business dynamics of the Company.
Nicola Perin, the Financial Reporting Officer, hereby declares, pursuant to Article 154-*bis*, paragraph 2, of Legislative Decree 58 of 1998, that the information contained in this press release corresponds to the documentary results, books and accounting records

Conference call for presentation of results

Tomorrow, 15 December 2021, at 14:30 local time (CET), there will be a conference call with analysts and investors, during which the main results of the quarter ended 31 October 2021 will be presented. The conference call may be joined by dialling +39 02 802 09 11 (from Italy), + 44 121 281 8004 (from UK), +1 718 7058796 (from USA), (for journalists +39 02 8020927). 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 made available on the website on the day after the call.

For further information, please contact:

Federico Steiner

Barabino & Partners SpA

Email: f.steiner@barabino.it

Mob. +39-335-424278

Investor Relations

investor.relations@ovs.it

Via Terraglio 17, 30174

Venice - Mestre

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Appendix

€ mln	31.10.2021 Reported pre IFRS16	Adjustments, Normalizations & Reclass.	31.10.2021 Adjusted	31.10.2020 Reported pre IFRS16	Adjustments, Normalizations & Reclass.	31.10.2020 Adjusted
Net Sales	978.0		**978.0**	736.0	(0.7)	**736.7**
EBITDA	97.9	(6.6)	**104.5**	27.3	(12.8)	**40.1**
EBITDA%	10.0%		10.7%	3.7%		5.4%
EBIT	47.7	(13.0)	**60.7**	(22.3)	(19.2)	**(3.1)**
EBIT%	4.9%		6.2%	(3.0%)		(0.4%)
PBT	39.8	(3.4)	**43.2**	(40.2)	(20.8)	**(19.5)**
Net Financial Position	247.6	7.2	**254.8**	362.2	(5.3)	**356.9**

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

EBITDA in the first nine months of 2021 was adjusted as follows: (i) €0.9 million in net foreign exchange gains for forward hedging on purchases of merchandise in foreign currency sold in the period, (ii) €5 million in one-off costs, relating to non-recurring costs directly linked to the COVID-19 emergency of €4 million, and (iii) €0.7 million in costs relating to stock option plans (non-cash costs).

Other adjustments that impacted EBIT and the result before tax related to: (i) costs of €6.4 million related to the amortisation of intangible assets linked to purchase price allocation, and (ii) net income of €9.6 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.