

## STRONG GROWTH RESULTS SALES AND EBITDA AT PRE-PANDEMIC LEVELS RECORD YEAR FOR CASH GENERATION

Significant **growth in market share**, now **9.3%** compared to 8.4% in 2020.

**Net sales** of **€1,359m**, +33.4% compared to 2020 and substantially in line with 2019 figures. Growth was strong across all brands and in terms of both offline and online channels.

**EBITDA** adjusted to **€147.2m**, up by more than €74m compared to 2020. EBITDA margin reached 10.8% (compared to 7.2% in 2020), due to the significant improvement in sales, the reduction of mark-downs and cost-related initiatives.

Adjusted **net profit** of **€44.8m**. Proposal of **dividend** distribution of **€0.04** per share.

**Operating cash flow** of €129.8m, in addition to €81m deriving from the capital increase finalised in July 2021. **Net financial position** adjusted to **€190.3m**, more than halved from €401.1m at 31 January 2021 and around €120m better than its pre-pandemic level (€309.9m at 31 January 2020).

**ESG:** we received several rewards for our focus on **sustainability**. The 2021 Fashion Transparency Index, a ranking drawn up by “Fashion Revolution”, named OVS the **company most attentive to transparency in the world**. We issued a Sustainability-linked Bond in 2021 and signed two new Sustainability-linked credit lines in April 2022 to replace existing ones, thus strengthening the company’s commitment to achieving its sustainability objectives.



## Key Consolidated Economic and Financial Results

The table shows the results 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 IFRS16.

€ mln	31 Jan 2022 Reported	31 Jan 2022 Adjusted	31 Jan 2021 Reported	31 Jan 2021 Adjusted	Change (Adjusted)	Change % (Adjusted)
<b>Net Sales</b>	<b>1,358.9</b>	<b>1,358.9</b>	<b>1,017.8</b>	<b>1,018.5</b>	<b>340.4</b>	<b>33.4%</b>
<b>Gross Margin</b>	<b>768.5</b>	<b>771.0</b>	<b>563.4</b>	<b>565.3</b>	<b>205.7</b>	<b>36.4%</b>
GM%	56.6%	56.7%	55.4%	55.5%		+123ppt
<b>EBITDA</b>	<b>334.7</b>	<b>147.2</b>	<b>205.1</b>	<b>72.9</b>	<b>74.2</b>	<b>101.8%</b>
EBITDA%	24.6%	10.8%	20.1%	7.2%		+367ppt
<b>EBIT</b>	<b>120.8</b>	<b>89.1</b>	<b>(1.7)</b>	<b>14.0</b>	<b>75.1</b>	<b>n.a.</b>
EBIT%	8.9%	6.6%	(0.2%)	1.4%		
<b>PBT</b>	<b>73.1</b>	<b>66.3</b>	<b>(78.7)</b>	<b>(8.0)</b>	<b>74.3</b>	<b>n.a.</b>
<b>Net Income</b>	<b>48.6</b>	<b>44.8</b>	<b>35.1</b>	<b>(4.8)</b>	<b>49.6</b>	<b>n.a.</b>
<b>Net Financial Position</b>	<b>1,139.0</b>	<b>190.3</b>	<b>1,315.5</b>	<b>401.1</b>	<b>(210.8)</b>	<b>(52.6%)</b>
<b>Market Share</b>	<b>9.3%</b>		<b>8.4%</b>		<b>+85ppt</b>	

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





## Statement from the Chief Executive Officer, Stefano Beraldo

The results achieved in 2021 were excellent.

The growth in sales of 33.4% over 2020, obtained with a substantial like-for-like sales area, is well above the 18.7% recorded by the clothing market, and this confirms, once again, that the OVS Group has grown more than any other physical and/or digital player in its sector operating in Italy.

We opened small stores, mainly in franchising (over 70%), in a context that, partly due to lower consumer mobility, rewards **local stores**. We also **intervened in many existing stores**, with a thorough restyling to give them a new, warm and welcoming image, using wooden furnishings, sofas, real plants, and eco-friendly materials also to attract those customers who pay the greatest amount of attention to the quality of the environment. The initiative was appreciated by our customers and led to a trend in renovated stores that was well above the network average.

We have introduced significant new products to the range with the addition of new brands from Piombo Donna that are greatly appreciated. OVS is increasingly a **marketplace**, where the house brand remains central but is at the same time surrounded by new brands. This attracts new visitors and helps us stay closer to our customers' different lifestyles.

Investments continued to be made to improve our online shop, and we now offer services that increasingly seek to customise the shopping experience. We are equipping our franchise stores with portable devices that allow them to access the entire range with one click, and thus help the customer find the right product in the desired size and colour immediately.

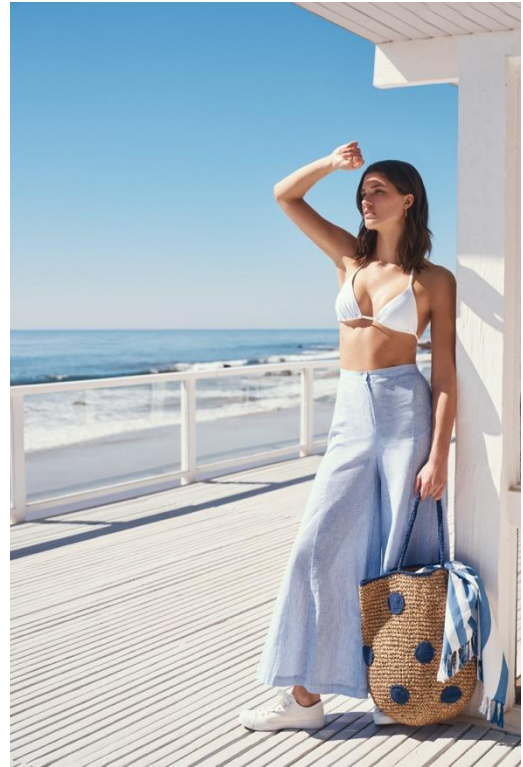
During the third quarter of 2021, the Group launched the newly acquired brand **Stefanel**, with encouraging results.

The OVS business model, characterised by a commercial offering that provides clothing that lasts over time and is less dependent on a "fast fashion" logic, allowed us in 2021 to sell at full price most of the products that had remained unsold during the previous year due to the lockdown. The actions taken, the excellent operating result and more generally the constantly careful management of working capital helped generate an operating cash flow of €129.8m; also considering the capital increase of €81m, the result achieved in terms of deleverage is extremely satisfying (net financial position at €190.3m, leverage of 1.29x, a sharp improvement over the €401.1m and 5.50x at 31 January 2021).



After the important awards received for sustainability and transparency, we now have to maintain a position at that level, and, above all, to ensure that customers increasingly perceive us as a company that is highly sensitive to sustainability issues and to associate this with our brands.

Despite a still unfavourable external environment, in the light of current results and further ongoing actions, we believe that we can look forward to 2022 with cautious optimism and can foresee the possibility of further growth in economic results, with adequate cash generation.



## Net sales

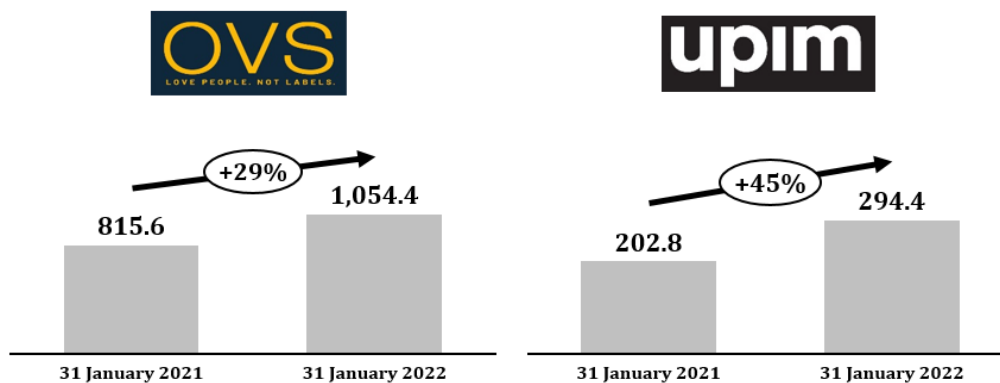
Net sales for the year were €1,359m, up 33.4% from 2020 and almost in line with the pre-pandemic performance in 2019. This performance characterised the OVS and Upim brands and all of the Group's distribution channels, including e-commerce.

2021 was also characterised by periods in which the Covid-19 pandemic manifested itself with varying intensity and consequences in terms of sales performance. The first quarter was still characterised by periods of store closures and sales declined by 27.7% compared with 2019; in the second and third quarters, sales were 11% higher, while the fourth quarter, despite the arrival of the Omicron variant and some supply-chain difficulties in the retail sector, recorded sales in line with 2019.



Direct store sales increased by 34.2%, franchising network sales by 28.3% and e-commerce and marketplace sales by 44.0%. Our franchising partners were also very satisfied with the saleability levels of our products. During the year, the OVS brand generated revenues of €1,054.4m, up €238.8m (+29.3%). Upim registered revenues of €294.4m, up €91.6m (+45.1%).

Net sales (€m) of main Brands

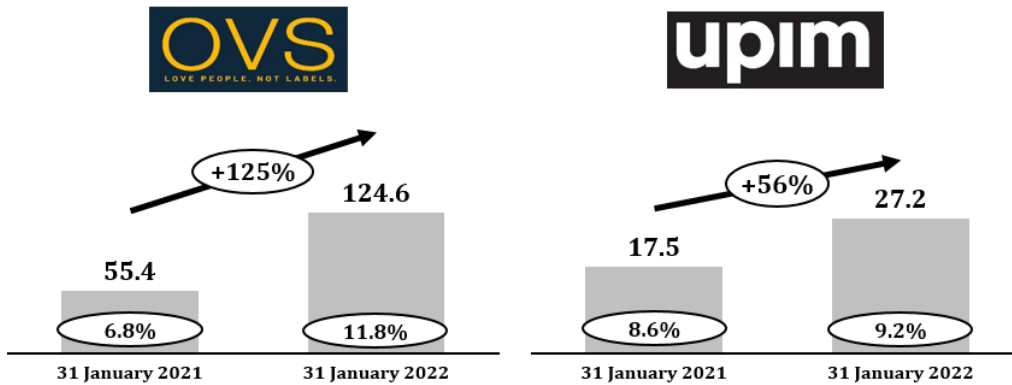




## EBITDA

Adjusted EBITDA amounted to €147.2m, up more than €74.2m (+101.8%) compared to 2020. Excellent performance characterised both brands, with OVS's EBITDA increasing by €69.2m (from 6.8% to 11.8% of sales) and Upim's by €9.7m (from 8.6% to 9.2% of sales).

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



## Net result

Adjusted net profit was €44.8m, whereas it was negative by €4.8m at 31 January 2021.



## Cash flow summary

The table shows the adjusted cash flows to represent the Group's operating performance net of non-recurring events which are unrelated to ordinary operations and adjusted for the adoption of IFRS16.

Operating cash-flow in 2021 was €163.2m, compared with a cash absorption of €65.9m in 2020. This result was achieved due to the economic results for the year and the sale of goods related to the previous season that had remained unsold in 2020 due to the lockdown. The net investments of €79.8m represented a return to normal pre-pandemic levels. The net cash-flow of €210.8m includes the capital increase of €81m carried out in the year.

€mln	FY2021	FY2020
<b>EBITDA Adjusted</b>	<b>147.2</b>	<b>72.9</b>
Non recurring items	(9.2)	(14.3)
Change in Trade Working Capital	66.0	(79.4)
Other changes in Working Capital	39.0	(12.9)
Capex	(79.8)	(32.3)
<b>Operating Cash Flow</b>	<b>163.2</b>	<b>(65.9)</b>
Financial charges	(21.7)	(22.0)
Taxes & others	(11.7)	(3.3)
<b>Net Cash Flow excl Inc.Cap. derivatives MtM and IFRS 16</b>	<b>129.8</b>	<b>(91.2)</b>
Proceeds from capital increase	81.0	-
<b>Net Cash Flow excl derivatives MtM and IFRS 16</b>	<b>210.8</b>	<b>(91.2)</b>
MtM derivatives, amortized cost and exchange differences	24.3	(16.8)
<b>Net cash flow</b>	<b>235.1</b>	<b>(108.0)</b>

*The cash flow summary is constructed using the indirect method and adjusted for the adoption of IFRS16*



## Net Financial Position

The Net Financial Position adjusted by the impact of the mark-to-market of derivatives and the application of IFRS16 is €190.3m, down from €401.1m at 31 January 2021. The ratio of adjusted Net Financial Position to adjusted EBITDA was 1.29x, down sharply from both 5.50x at 31 January 2021 and 1.98x at 31 January 2020.

€mln	31 January 2022	31 January 2021
Net Debt reported	1,139.0	1,315.5
Net Debt adjusted for MTM of Derivatives & IFRS16	190.3	401.1
EBITDA Adjusted	147.2	72.9
<b>Leverage on EBITDA</b>		
<b>Net Debt adjusted / EBITDA Adjusted</b>	<b>1.29x</b>	<b>5.50x</b>

*Net financial debt does not consider the impact of the mark-to-market of derivatives and the application of IFRS16*



Thanks to the partial use of the cash generated and the issuance of the Sustainability-linked Bond for €160m, the Company repaid in advance an expensive bullet line of €250m in November 2021. The improvement in the financial structure continued in April 2022 with the repayment of the remaining lines of €233m in favour of a new Sustainability-linked facility of €230m, with significant economic and duration benefits. Now **all major financial lines of the Company are linked to sustainability performance.**

## Balance sheet summary

€mln	31 January 2022 Reported	31 January 2022 Adjusted	31 January 2021 Reported	31 January 2021 Adjusted	Change Adjusted
Trade Receivables	89.3	89.3	102.1	102.1	(12.8)
Inventory	389.8	389.8	420.1	420.1	(30.3)
Trade Payables	(317.9)	(317.4)	(264.0)	(294.5)	(23.0)
<b>Trade Working Capital</b>	<b>161.2</b>	<b>161.7</b>	<b>258.2</b>	<b>227.7</b>	<b>(66.0)</b>
Other assets/(liabilities)	(128.2)	(111.8)	(88.9)	(72.5)	(39.3)
<b>Net Working Capital</b>	<b>33.0</b>	<b>49.9</b>	<b>169.3</b>	<b>155.2</b>	<b>(105.3)</b>
Tangible and Intangible Assets	2,069.9	1,151.9	1,960.7	1,138.7	13.2
Net deferred taxes	(20.1)	(27.0)	(2.5)	(10.6)	(16.4)
Other long term assets/(liabilities)	(7.2)	(18.8)	(7.6)	(19.3)	0.5
Pension funds and other provisions	(39.8)	(39.8)	(40.1)	(40.1)	0.3
<b>Net Capital Employed</b>	<b>2,035.9</b>	<b>1,116.2</b>	<b>2,079.8</b>	<b>1,224.1</b>	<b>(107.8)</b>
Net Equity	896.8	941.1	764.3	813.8	127.3
Net Financial Debt	1,139.0	175.1	1,315.5	410.2	(235.1)
<b>Total source of financing</b>	<b>2,035.9</b>	<b>1,116.2</b>	<b>2,079.8</b>	<b>1,224.1</b>	<b>(107.8)</b>

*Balance sheet adjusted for derivatives mark-to-market and IFRS16 application*



## **Proposed allocation of net result for the year**

Due to greater than expected cash generation and a significant improvement in sources of financing, the Board of Directors has resolved to propose to the Shareholders' Meeting a dividend payment of €0.04 per share. The dividend will be paid out on 22 June 2022 (ex-coupon date 20 June 2022 and record date 21 June 2022). Coupon no. 4.

## **Non-financial declaration pursuant to Legislative Decree no. 254 of 30 December 2016.**

The Board has reviewed the non-financial declaration pursuant to Legislative Decree 254 of 30 December 2016. The Declaration, which was drawn up pursuant to GRI (Global Reporting Initiative) standards, describes the main social, environmental and economic activities carried out during 2021, and publicly discloses the medium/long-term objectives of the Sustainability Plan, demonstrating the Company's aim of growing and pursuing the Company's sustainable success, reflecting the creation of long-term value for shareholders, and taking the interests of other Company stakeholders into account. The declaration will be made public according to the procedures and deadlines required by law.

## **Authorisation to acquire and dispose of treasury shares**

Given that the current authorisation for the acquisition and sale of treasury shares expires in November 2022, in order to enable the Company to propose a buy-back plan after that date, the Board has resolved to call on the Ordinary Shareholders' Meeting to authorise the purchase and sale of the Company's treasury shares.

The Shareholders' Meeting will also be asked to authorise the acquisition, in one or more tranches and for a period of eighteen months, of ordinary shares, up to a maximum number of shares in the Company that, taking into account the ordinary OVS shares held at any given time by the Company and its subsidiaries, will not exceed 10% of the Company's share capital, and therefore within the limits established by law.

The authorisation requested from the Shareholders' Meeting will also cover the disposal, in whole or in part, of treasury shares in its portfolio.

This resolution will replace the authorization issued to the Board of Directors by the Shareholders' Meeting of 28 May 2021.

As of 20 April 2022, the Company holds 3,355,351 treasury shares (equivalent to 1.1533% of the share capital), acquired in performance of the acquisition plans approved by the Shareholders' Meeting of 31 May 2018 and 28 May 2021.

## **Performance Shares Plan and Extraordinary Shareholders' Meeting**

The Board has approved a new medium/long-term equity-based incentive plan entitled "Performance Shares Plan 2022 - 2026" (the "Plan") to be submitted for the approval of the Shareholders' Meeting,

The Plan is designed to align the interests of the beneficiaries with the creation of value for shareholders and investors in OVS over the long term, and to encourage the beneficiaries' retention by providing them with an incentive to enhance the value of the Company, while at the same time creating a means of building their loyalty. The Plan is addressed to the top management of the Company and its Subsidiaries, and to other employees and third contractual parties (including consultants and/or providers of intellectual work) of OVS and/or its Subsidiaries who hold positions deemed strategically important for the Company's business, or in any case capable of making a significant contribution to the pursuit of the strategic objectives of OVS and its Subsidiaries.

The Plan establishes, upon the achievement of a performance target for each three-year performance measurement vesting period starting on 1 February and ending on 31 January of the third subsequent year (2022-2024/2023-2025/2024-2026), a right of each beneficiary to receive OVS shares free of charge, subject to the conditions established in the Plan itself (the existence of a relationship with the company and the absence of any disciplinary sanctions).

Under the terms and conditions of the Plan regulations, the shares actually assigned to each beneficiary in the event of reaching the target will be determined on a slightly different basis, depending on whether the reference price of the OVS share is below or equal to €3.00, or above that figure.

The Plan is divided into three "rolling" three-year performance cycles, respectively 2022-2024, 2023-2025, 2024-2026, and will expire on 31 January 2027.

The maximum total number of shares to be allocated to beneficiaries for the implementation of the Plan is set at 4,500,000.

For further details on the Plan, please see the information document that will be published within the deadlines and

according to the procedures established in applicable legislation and regulations.

The Board of Directors has assessed the independence of each non-executive director. A similar check was carried out by the Board of Statutory Auditors.

*Disclaimer*

- *The information presented in this document has not been audited.*
- *The document may contain forward-looking statements relating to future events and OVS' operating, economic and financial 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.*

## Other information

### Company information

OVS S.p.A. has its registered office in Venice-Mestre (Italy). The shares of OVS S.p.A. have been listed on the Milan Electronic Stock Exchange since 2 March 2015.

### Notice convening the Shareholders' Meeting in a single call for 31 May 2022

In the coming days, the notice convening the shareholders' meeting will be available on the Company's website at [www.ovscorporate.it/it/governance/assemblea-degli-azionisti](http://www.ovscorporate.it/it/governance/assemblea-degli-azionisti) and in "1info", the centralised storage system for regulated information, where the explanatory reports by the directors to the shareholders' meeting on the proposals regarding the items on the agenda will also be made available, as well as any other documentation required by law.

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

The manager in charge of preparing corporate accounting documents, Mr. 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 the presentation of results

Tomorrow, 22 April 2022 at 15:30 local time (CET), a conference call will take place with analysts and investors during which the main results for the financial year ended 31 January 2022 will be presented. The conference call may be joined by dialling +39 02 802 09 11 (in Italy), + 44 121 281 8004 (from the UK), +1 718 7058796 (from the USA), (and for journalists +39 02 802 09 27). 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](http://www.ovscorporate.it). A recording of the conference call will also be made available on the website on the day after the call.

### Forthcoming events in the financial calendar

14 June 2022 - Interim report on operations for the first quarter at 30 April 2022

20 September 2022 - Half-Year Financial Report at 31 July 2022

15 December 2022 - Interim report on operations for the third quarter of the year at 31 October 2022

### For further information

#### Federico Steiner

Barabino & Partners SpA

Email: [f.steiner@barabino.it](mailto:f.steiner@barabino.it)

Mob. +39 335 42 42 78

#### Investor Relations

[Investor.relations@ovs.it](mailto:Investor.relations@ovs.it)

Via Terraglio n. 17 30174

Venice - Mestre



## Appendix

€ mln	31 Jan 2022 Reported	of which IFRS 16 Impact	of which non recurring	of which: Stock Option, Derivatives, PPA, Forex	31 Jan 2022 Adjusted	31 Jan 2021 Reported	of which Realignm (Brands)	of which IFRS 16 Impact	of which non recurring	of which: Stock Option, Derivatives, PPA, Forex	31 Jan 2021 Adjusted	Change (Adjusted)	Change % (Adjusted)
<b>Net Sales</b>	<b>1,358.9</b>	-	-	-	<b>1,358.9</b>	<b>1,017.8</b>	-	-	<b>(0.7)</b>	-	<b>1,018.5</b>	<b>340.4</b>	<b>33.4%</b>
Purchases of consumables	590.4	-	-	2.5	587.9	454.4	-	-	-	1.2	453.2	134.7	29.7%
<b>Gross Margin</b>	<b>768.5</b>	-	-	<b>(2.5)</b>	<b>771.0</b>	<b>563.4</b>	-	-	<b>(0.7)</b>	<b>(1.2)</b>	<b>565.3</b>	<b>205.7</b>	<b>36.4%</b>
GM%	56.6%	n.a.	n.a.	n.a.	56.7%	55.4%	n.a.	n.a.	n.a.	n.a.	55.5%		+123ppt
Personnel costs	288.7	(0.0)	0.8	1.2	286.8	228.9	-	(0.1)	0.7	2.1	226.2	60.6	26.8%
Costs for services	196.0	(0.8)	6.1	-	190.7	159.8	-	(1.0)	9.0	-	151.8	38.9	25.6%
Rent costs	(77.5)	(199.7)	0.7	-	121.5	(55.2)	-	(147.0)	(0.5)	-	92.2	29.3	31.8%
Provisions	3.2	-	-	-	3.2	2.9	-	-	-	-	2.9	0.3	9.7%
Other operating costs	23.4	1.3	0.4	-	21.7	22.0	-	0.4	2.3	-	19.3	2.4	12.3%
Total operating costs	433.8	(199.3)	8.0	1.2	623.8	358.3	-	(147.6)	11.5	2.1	492.4	131.5	26.7%
<b>EBITDA</b>	<b>334.7</b>	<b>199.3</b>	<b>(8.0)</b>	<b>(3.8)</b>	<b>147.2</b>	<b>205.1</b>	-	<b>147.6</b>	<b>(12.2)</b>	<b>(3.4)</b>	<b>72.9</b>	<b>74.2</b>	<b>101.8%</b>
EBITDA%	24.6%	n.a.	n.a.	n.a.	10.8%	20.1%	n.a.	n.a.	n.a.	n.a.	7.2%		+367ppt
Depreciation & Amortization	213.9	147.3	-	8.5	58.0	206.7	-	139.3	-	8.5	58.9	(0.9)	(1.5%)
<b>EBIT</b>	<b>120.8</b>	<b>51.9</b>	<b>(8.0)</b>	<b>(12.3)</b>	<b>89.1</b>	<b>(1.7)</b>	-	<b>8.4</b>	<b>(12.2)</b>	<b>(11.9)</b>	<b>14.0</b>	<b>75.1</b>	<b>n.a.</b>
EBIT%	8.9%	n.a.	n.a.	n.a.	6.6%	(0.2%)	n.a.	n.a.	n.a.	n.a.	1.4%		
Net financial (income)/charges	47.7	43.4	-	(18.5)	22.8	77.1	-	46.8	-	8.3	22.0	0.8	3.8%
<b>PBT</b>	<b>73.1</b>	<b>8.5</b>	<b>(8.0)</b>	<b>6.3</b>	<b>66.3</b>	<b>(78.7)</b>	-	<b>(38.4)</b>	<b>(12.2)</b>	<b>(20.2)</b>	<b>(8.0)</b>	<b>74.3</b>	<b>n.a.</b>
Taxes	24.4	3.3	(1.9)	1.5	21.5	(113.8)	(95.1)	(7.8)	(2.9)	(4.8)	(3.1)	24.7	
<b>Net Income</b>	<b>48.6</b>	<b>5.2</b>	<b>(6.1)</b>	<b>4.8</b>	<b>44.8</b>	<b>35.1</b>	<b>95.1</b>	<b>(30.7)</b>	<b>(9.2)</b>	<b>(15.3)</b>	<b>(4.8)</b>	<b>49.6</b>	<b>n.a.</b>
<b>Net Financial Position</b>	<b>1,139.0</b>	<b>963.9</b>	-	<b>(15.2)</b>	<b>190.3</b>	<b>1,315.5</b>	-	<b>905.3</b>	-	9.1	<b>401.1</b>	<b>(210.8)</b>	<b>(52.6%)</b>

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

In 2021 the results were adjusted mainly to strip out the impacts related to IFRS16, and specifically: (i) €199.3m on EBITDA to reflect mainly rental costs; (ii) €51.9m on EBIT due to the reversal of depreciations and amortisations of €147.3m; (iii) €5.2m on the reported result for the period due to the reversal of €43.4m relating to net financial expenses and €3.3m in higher taxes. Lastly, (iv) the net financial position was adjusted for a €963.9m decrease in liabilities.

EBITDA in 2021 was also adjusted, mainly as follows: (i) by €2.5m in net foreign exchange gains on the forward hedging of goods in foreign currency sold in the period; (ii) €5.5m in non-recurring expenses directly attributable to the COVID-19 emergency; (iii) €1.2m in costs relating to stock option plans (non-cash costs); and (iv) other less significant net one-off costs.

Other adjustments that impacted EBIT and the pre-tax result regarded: (i) costs of €8.5m related to the amortisation of intangible assets linked to purchase price allocation, and (ii) adjusted net income of €18.5m, mainly relating to foreign exchange differences arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and foreign exchange differences.