



# Q1 2022 Financial Results

14 June 2022

OVS



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*The manager in charge of 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.*

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## Strong performance of revenues and EBITDA in Q1 2022 followed by excellent sales in May



- **Net Sales €299.9m, +30.6%** compared to Q1 2021. **Strong performance** characterized all brands and channels. **Market share** at 9.3% (+56bps vs. Q1 2021).
- **Adjusted EBITDA €20.1m, €14.5m higher** compared to Q1 2021. **EBITDA margin 6.7%**, it was 2.5% in Q1 2021, thanks to higher sales and tight management of mark-down (full price sales above 70%).
- **Adjusted EBITDA LTM May21-April22 €161.7m**, €5.4m higher compared to €156.3m of FY2019.
- **Adjusted Net Debt** stood at €265.1m, underlining a Q1 cash flow in line with company normal seasonality.
- **Excellent sales performance in May**, with first four months of FY2022 higher compared to pre-pandemic level of FY2019.

Net sales

**€299.9m**

(+30.6% vs. Q1 2021)

Adjusted EBITDA

**€20.1m**

(+€14.5m vs. Q1 2021)

Adjusted EBITDA LTM  
May 2021 - April 2022

**€161.7m**

(+€5.4m vs. FY2019)

Adjusted Net Debt

**€265.1m**

(€474.9m at 30 April 2021)

### Higher sales and tight management of mark-down drove EBITDA increase

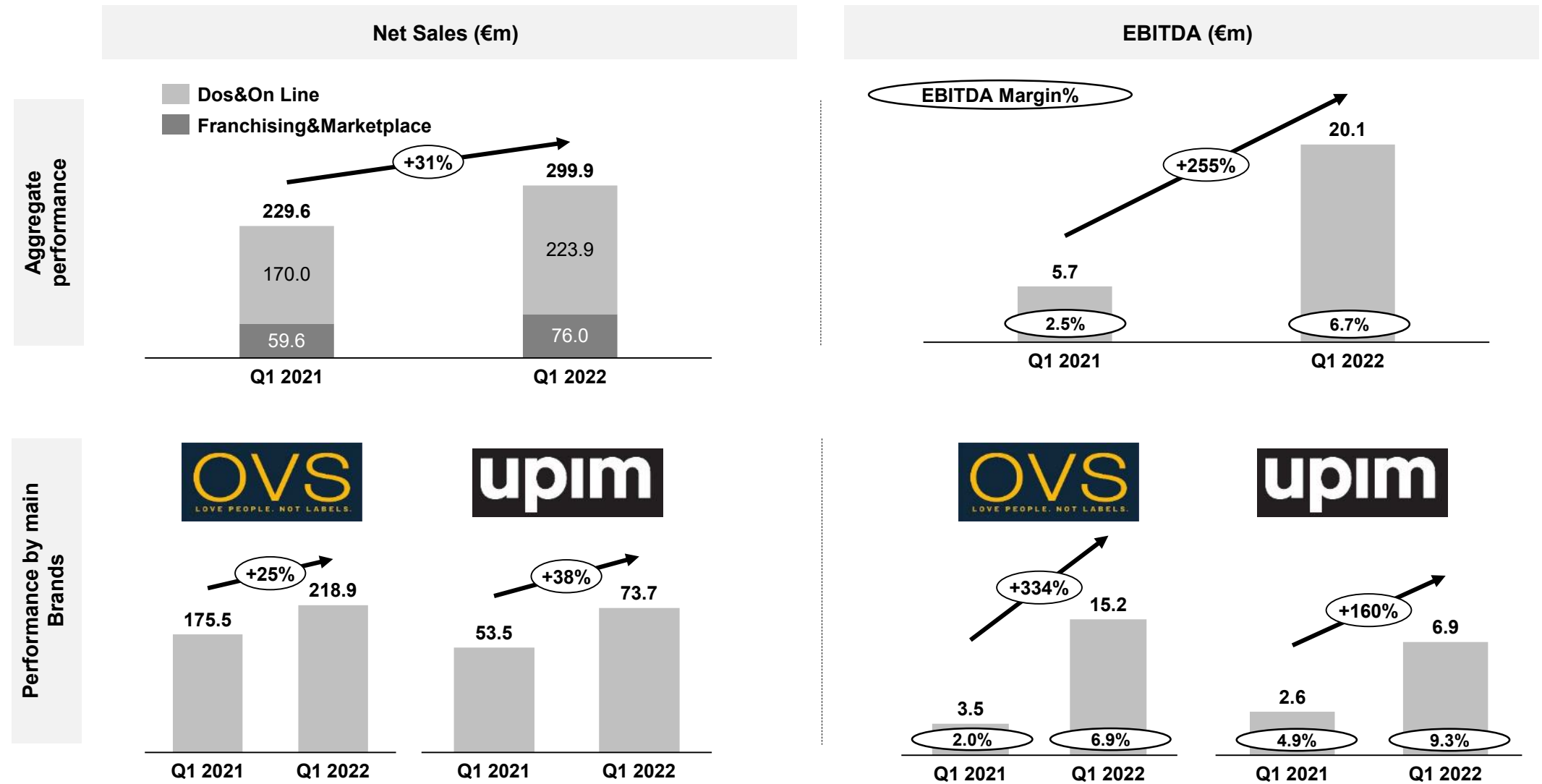
€m	30 April 2022 Adjusted	30 April 2021 Adjusted	Variation	Variation %
<b>Net Sales</b>	<b>299.9</b>	<b>229.6</b>	<b>70.3</b>	<b>30.6%</b>
<b>EBITDA</b>	<b>20.1</b>	<b>5.7</b>	<b>14.5</b>	<b>254.6%</b>
EBITDA%	6.7%	2.5%		+424ppt
<b>EBIT</b>	<b>5.7</b>	<b>(8.2)</b>	<b>13.9</b>	<b>n.a.</b>
EBIT%	1.9%	(3.6%)		
<b>PBT</b>	<b>0.7</b>	<b>(13.5)</b>	<b>14.2</b>	<b>n.a.</b>
<b>Net Financial Position</b>	<b>265.1</b>	<b>474.9</b>	<b>(209.8)</b>	<b>(44.2%)</b>
<b>Market Share</b>	<b>9.3%</b>	<b>8.7%</b>		<b>+56ppt</b>

*Adjusted results do not reflect the application of IFRS16, non recurring items and the mark-to-market derivatives impact. Please refer to Appendix for further details.*

- **Net sales €299.9m**, up 30.6% from Q1 2021. **Strong performance** was reported by all brands and channels on a like-for-like basis.
- **Adjusted EBITDA €20.1m**, **€14.5m** higher compared to Q1 2021. **EBITDA margin 6.7%**, it was 2.5% in Q1 2021, thanks to higher sales and tight management of mark-down (full price sales above 70%).
- **Adjusted result before taxes** back to positive at **€0.7m**, from a loss of €13.5m in Q1 2021.

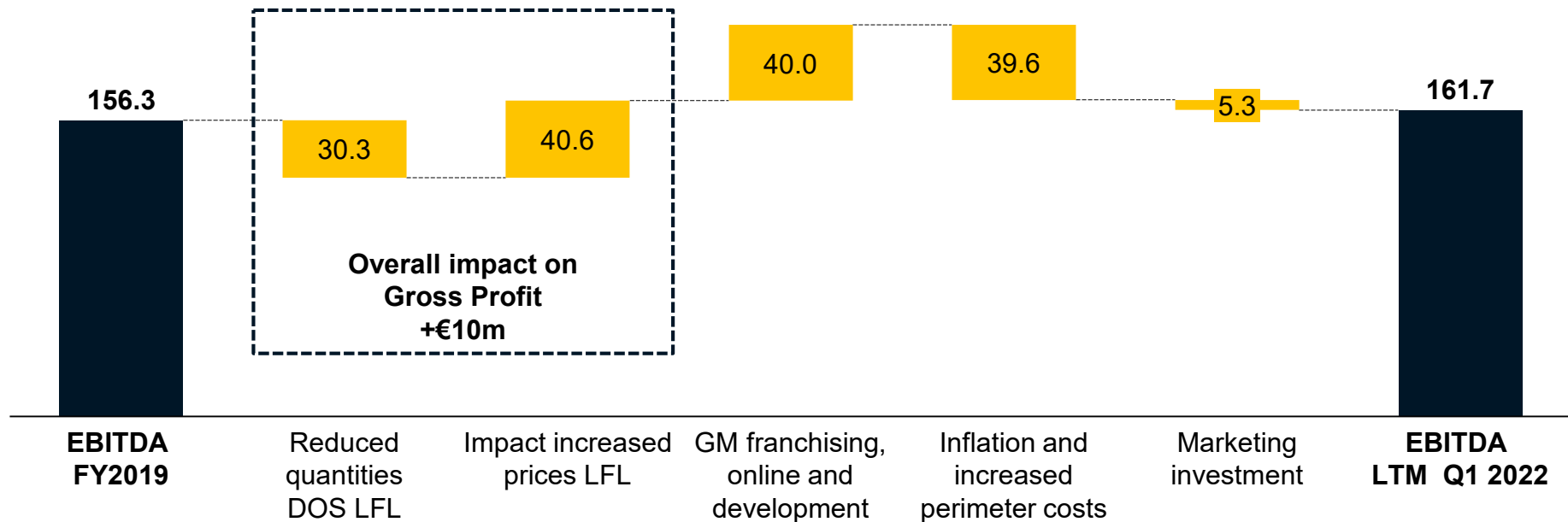


### All brands and distribution channels reported strong performances



### Last twelve months EBITDA €5.4m higher than FY2019

EBITDA bridge FY2019 – LTM May 2021-April2022



- LTM May 2021-April2022 are the first 12 months without major impacts from imposed store closures;
- On Like-For-Like DOS perimeter, **price increase more than offset the reduction in quantities**;
- Growth in franchising and development generated enough gross margin to fully cover all the SG&A increase for inflation and perimeter growth (including the Upim new openings in former Auchan hypermarkets, that will need a longer time to reach full potential);
- The Company increased by €5.3m the investment in marketing, expected to provide benefits also in future years;
- **Overall EBITDA increasing by €5.4m.**



### Significant reduction driven by normalization of business



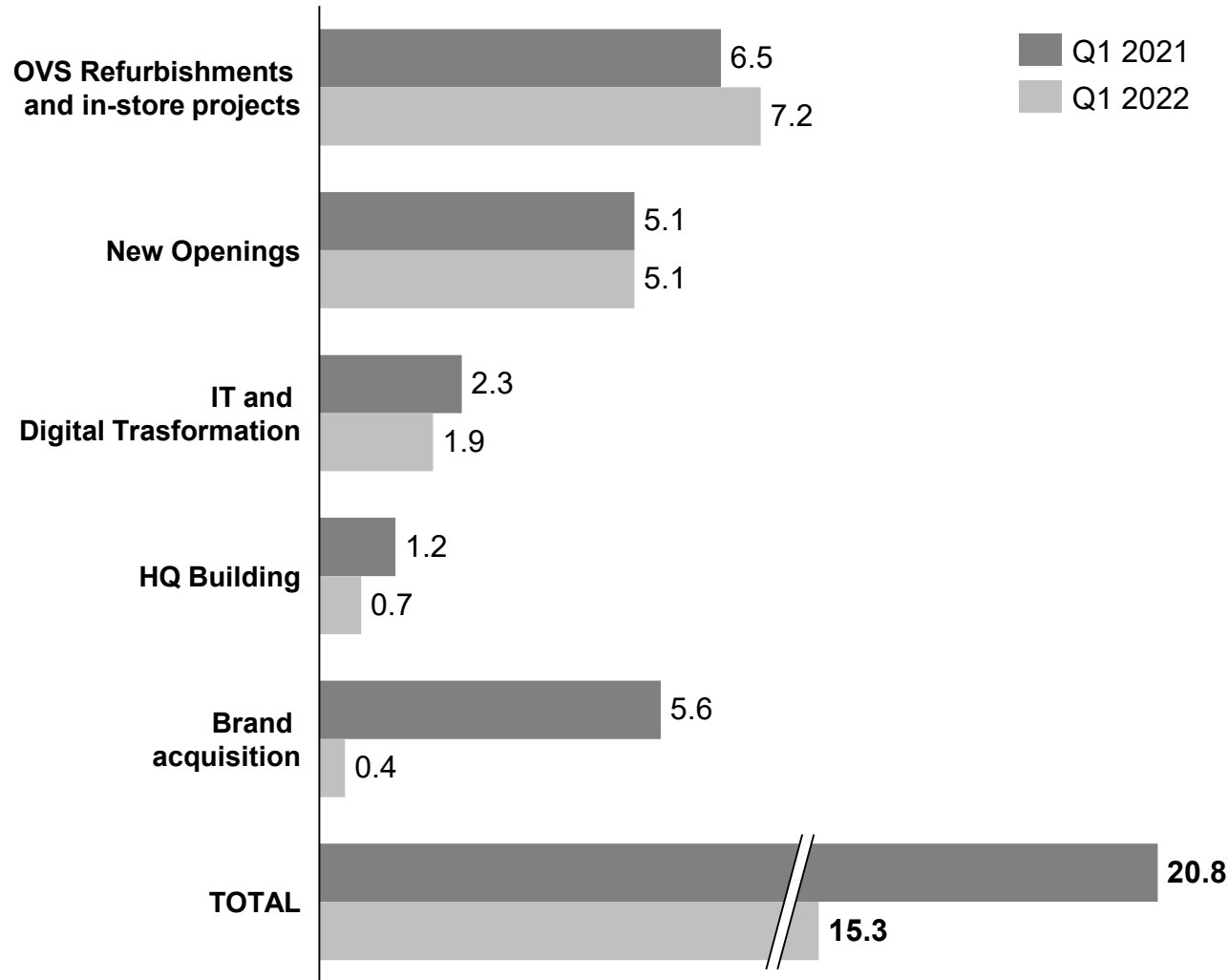
€m	30 April 2022	30 April 2021	Change
Trade Receivables	116.6	107.3	9.3
Inventory	440.6	438.5	2.1
Trade Payables	(365.0)	(294.7)	(70.3)
<b>Trade Working Capital</b>	<b>192.2</b>	<b>251.1</b>	<b>(58.9)</b>

*Trade Working Capital does not reflect the application of IFRS16*

**Trade Working Capital** at April 2022 was **significantly lower** vs. April 2021 (€59m) thanks to the **normalization of the business**:

- **Trade Receivables increased by €9.3m (+9%)** due to growth of Franchising business (+26% in Q1), in a scenario of DSO reduction;
- **Inventory in line** with April 2021 including growth, better stock quality and anticipation of some shipments to offset increase in delivery time;
- **Trade Payables increased by €70.3m** due to normalization of business (in Q1 2021 there was an extraordinary low level of purchases to facilitate the clearance of leftover stock originated by 2020 store closures).

## Capex excluding brand acquisition are in line with previous period





### Seasonal cash absorption in line with previous year



€m	Q1 2022	Q1 2021
<b>EBITDA Adjusted</b>	<b>20.1</b>	<b>5.7</b>
Non recurring items	(1.7)	(2.0)
Change in Trade Working Capital	(30.5)	(23.4)
Other changes in Working Capital	(35.6)	(25.0)
Capex	(15.3)	(20.8)
<b>Operating Cash Flow</b>	<b>(62.8)</b>	<b>(65.5)</b>
Financial charges	(3.1)	(5.4)
Taxes & others	(3.5)	(3.1)
<b>Net Cash Flow excluding buyback</b>	<b>(69.4)</b>	<b>(73.9)</b>
Buyback	(5.4)	-
<b>Net Cash Flow</b>	<b>(74.8)</b>	<b>(73.9)</b>
MtM derivatives, amortized cost and exchange differences	11.1	3.7
<b>Cash flow</b>	<b>(63.7)</b>	<b>(70.3)</b>

*The summary statement of cash flows, constructed using the indirect method, reflects a recognition of assets made prior to the introduction of IFRS16*

- Q1 cash negative in line with ordinary seasonality;
- **Operating cash absorption is €62.8m, slightly better than the €65.5m of Q1 2021.**

### Net debt adjusted at €265.1m and Leverage of 1.70x

€m	30 April 2022	30 April 2021
<b>Net Debt adjusted</b> for MtM Derivatives and IFRS16	265.1	474.9
<b>Leverage on EBITDA</b> Net Debt adjusted / EBITDA Adjusted last 12 months	1.64x	4.22x
<b>Leverage last 12 months on EBITDA</b> Average Net Debt adjusted of last 12 months / EBITDA Adjusted last 12 months	1.70x	3.64x

- **Net Debt Adjusted €265.1m**, in sharp decrease from €474.9m of April 2021 and much lower even of pre-pandemic situation;
- At 30 April 2022 Net debt includes **€6.9m of treasury shares** (n. 3,485,351 shares purchased at the average price of € 1.979).
- **Leverage on EBITDA is 1.70x**, decreasing from 3.64x at April 2021.





- **Results achieved provide comfort on our customers reaction** on reduced available income, spending power and spring/summer price increases;
- When the summer weather started in early May and with the recovery of delays in the arrivals of goods, we experienced a significant increase in sales, **bringing year-to-date revenues above pre-pandemic level**;
- Despite geopolitical volatility and inflationary pressures, our results and actions to date provide indication that we can **look to the remaining part of the year with confidence**.







€m	30 April 2022 Reported pre-IFRS16	of which adjustments, normalizations and reclass	30 April 2022 Adjusted	30 April 2021 Reported pre-IFRS16	of which adjustments, normalizations and reclass	30 April 2021 Adjusted
<b>Net Sales</b>	<b>299.9</b>	<b>-</b>	<b>299.9</b>	<b>229.6</b>	<b>-</b>	<b>229.6</b>
<b>EBITDA</b>	<b>14.0</b>	<b>(6.2)</b>	<b>20.1</b>	<b>4.3</b>	<b>(1.4)</b>	<b>5.7</b>
EBITDA%	4.7%	n.a.	6.7%	1.9%	n.a.	2.5%
<b>EBIT</b>	<b>(2.6)</b>	<b>(8.3)</b>	<b>5.7</b>	<b>(11.7)</b>	<b>(3.5)</b>	<b>(8.2)</b>
EBIT%	(0.9%)	n.a.	1.9%	(5.1%)	n.a.	(3.6%)
<b>PBT</b>	<b>4.8</b>	<b>4.1</b>	<b>0.7</b>	<b>(16.6)</b>	<b>(3.1)</b>	<b>(13.5)</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 IFRS 16 and non-recurring events unrelated to the core business.

EBITDA in the first three months of 2022 was adjusted as follows: (i) €4.5 million in net foreign exchange gains for forward hedging on purchases of merchandise in foreign currency sold in the period, (ii) €1.2 million in one-off costs and (iii) €0.5 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 €2.1 million related to the amortisation of intangible assets linked to purchase price allocation and (ii) net income of €12.3 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.