

STRONG PERFORMANCE FOR THE FIRST HALF OF 2022 ROBUST GROWTH IN SALES AND MARGINS ADDITIONAL €20 MILLION IN BUYBACKS APPROVED

The Board of Directors of OVS S.p.A. approved the results for the first half-year period of February – July 2022:

- **Net sales** for the half-year of **€705.8 million** (+17.8% compared to H1 2021 and +8.5% compared to H1 2019); net sales for the second quarter of €405.9 million (+9.8% compared to Q2 2021 and +21.9% compared to Q2 2019);
- **Adjusted EBITDA** for the half-year was **€82.3 million**, up €22.2 million compared with H1 2021 and €19.8 million compared with H1 2019; the EBITDA margin was 11.7%, compared to 10.0% in H1 2021 and 9.6% in H1 2019;
- **Adjusted net profit** for the half-year was **€31.9 million**, compared to €13.0 million in H1 2021 and €16.8 million in H1 2019;
- **Adjusted net financial position** at 31 July 2022 was **€228.7 million**, compared to €318.2 million at 31 July 2021 and €413.6 million at 31 July 2019. During the half-year, the Company paid dividends and purchased treasury shares for a total of €23.2 million;
- **ESG** For the second year running, OVS ranks first on the “Fashion Transparency Index 2022” as the company most attentive to transparency in the world among apparel industry.



Statement from the Chief Executive Officer, Stefano Beraldo

The performance for the first half was excellent, thanks to a growth in sales and margins that has brought the half-year to the highest levels ever recorded.

Sales increased by 17.8% compared to the same period in 2021 and, more significantly, by 8.5% compared to the first half of 2019, a pre-pandemic period. This growth was across all our brands and was driven by higher like-for-like sales, +11% over 2021 and +4% over 2019, as well as by the expansion of the network, with the opening of various direct and franchising stores, especially under the Upim brand.

The semester also saw the opening of a large flagship store in Naples, on via Scarlatti. This is the consummate expression of the OVS concept as a platform open to new collaborations, including the first ever hard corner set up by ClioMakeUp, an influencer with over 3.3 million followers who is launching her first offline initiative with us.

In the first half-year period, OVS was ranked first, for the second year running, among the 250 main apparel brands reviewed by the “Fashion Transparency Index 2022”. Numerous ESG projects were launched, including an initiative for the self-generation of energy from renewable sources and the production of long-fibre and very high quality cotton in Sicily, with a less water-intensive process.

The percentage of gross margin is in line with the first half of 2021. Our commercial offering, which consists of durable and sustainable easy-to-wear clothing, and which includes, alongside our own brands, international icons and sought-after brands suited to different lifestyles, has enabled us to maintain an excellent value for money and to limit any increases in prices as much as possible. The careful management of mark-downs during the first part of the period continued during the sales period.

The increase in sales, and as a result in the gross margin, overcompensated higher store and transport costs, which were strongly affected by energy cost trends, thus enabling a strong growth in EBITDA.

Cash flows reflect the seasonality of our business and are better than during the pre-Covid period. The net financial position is now €228.7 million, compared with €318.2 million at 31 July 2021 when it already benefited from the capital increase of €81 million, with an average leverage of 1.36x.

For the 2nd semester, still in presence of exogenous factors negatively affecting consumers' purchasing power, we believe that, as already happened in the first semester, our brand positioning will attract new customers looking for more affordable prices, with positive effect on our sales. The good start of the fall season is confirming this trend.

Thanks to our robust supply-chain, fall-winter '22 and spring-summer '23 orders were closed at an euro-dollar forex better compare to the actual one, half of sea-shipping is pre-booked with 3-years contracts at tariffs far below the actual spot rates and energy price was fixed in advance for approximately 50% of the needs. These hedging and mitigation actions will absorb a significant part of the inertial cost increases.

In light of these considerations and of the performance achieved so far, we expect full-year results to significantly improve over the previous year.

Considering, on the one hand, current share price levels and the performance of financial markets, and the growth of the company results on the other, we believe it is appropriate to continue the share buy-back programme for a further €20 million.

Key Economic and Financial Results

The table shows the main adjusted operating and financial results for the first half-year period and the second quarter to represent the Group's operating performance.

€m	31 Jul 2022 Adjusted	31 Jul 2021 Adjusted	Change	Change %	Q2 2022 Adjusted	Q2 2021 Adjusted	Change	Change %
Net Sales	705.8	599.2	106.6	17.8%	405.9	369.7	36.3	9.8%
Gross Margin	412.7	350.2	62.4	17.8%	236.0	217.8	18.1	8.3%
GM%	58.5%	58.4%		+2ppt	58.1%	58.9%		(80ppt)
EBITDA	82.3	60.1	22.2	36.9%	62.2	54.5	7.7	14.2%
EBITDA%	11.7%	10.0%		+163ppt	15.3%	14.7%		+58ppt
EBIT	52.4	31.7	20.8	n.a.	46.8	39.9	6.9	n.a.
EBIT%	7.4%	5.3%		+214ppt	11.5%	10.8%		+73ppt
PBT	45.2	20.0	25.2	n.a.	44.5	33.5	11.0	n.a.
Net Income	31.9	13.0	18.9	n.a.				
Net Financial Position	228.7	318.2	(89.4)	(28.1%)				
Market Share	9.3%	9.0%		+29ppt				

The adjusted results do not reflect the application of IFRS 16, Non-recurring events that do not concern ordinary operations, and the mark-to-market accounting of derivatives at the net financial position level.

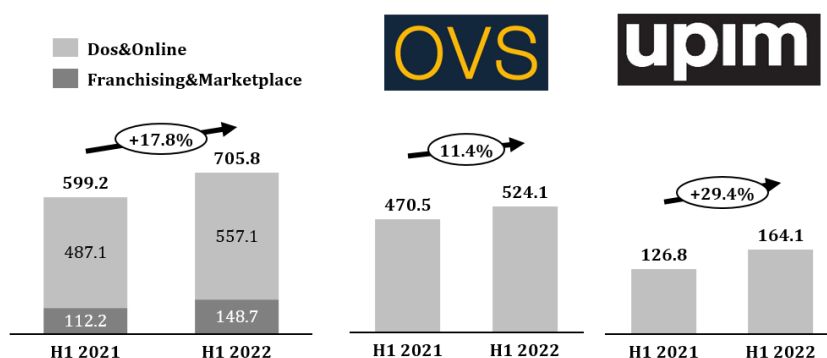


Net sales

Net sales for the half-year were €705.8 million, up 17.8% compared to H1 2021 and 8.5% compared to H1 2019.

This trend characterised all the Group's brands and distribution channels to varying degrees. Specifically, for OVS, the increase of 11.4% was mainly driven by higher like-for-like sales, while Upim's 29.4% was mainly driven by the expansion of its network with the opening of both directly operated and franchising stores.

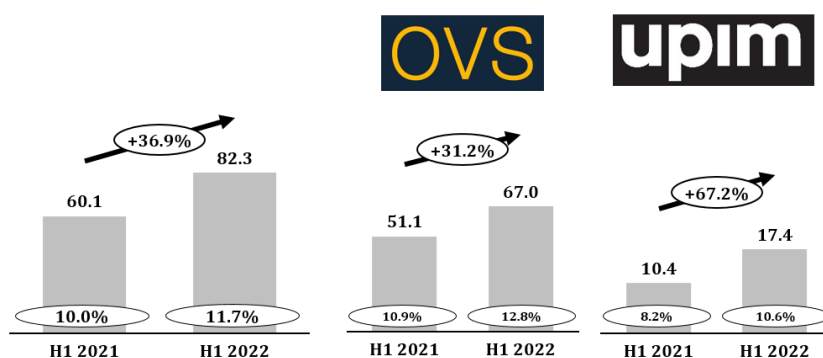
Net sales (€m) by Distribution channel and of main Brands



EBITDA

Adjusted EBITDA amounted to €82.3 million, up €22.2 million compared to H1 2021 and €19.8 million compared to H1 2019. The EBITDA margin was 11.7%, compared to 10.0% in H1 2021 and 9.6% in H1 2019. The result is very positive for both of the main brands.

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



Net result

Adjusted net profit was €31.9 million, compared to €13.0 million in the first half of 2021. In addition to the higher EBITDA, the net result was positively affected by lower financial expenses due to lower average net debt and the significant cost benefits obtained by signing the "sustainability-linked" facilities agreement in April 2022.

Summary cash flow statement

The table shows the adjusted cash flows to represent the Group's operating performance at the net of non-recurring events which are unrelated to ordinary operations and adjusted for the adoption of IFRS 16.

Operating cash flows for the half-year, which reflects the typical seasonality of our business, were €3.4 million, an improvement on the cash absorption of €19.6 million in H1 2019, a pre-Covid period, mainly due to an improved EBITDA. The comparison with cash generation in H1 2021 is not representative of normal business as it was affected by sales of inventory goods from the previous season that had remained unsold in 2020 due to the lockdown.

€m	H1 2022	H1 2021
EBITDA Adjusted	82.3	60.1
Non recurring items	(3.2)	(4.0)
Change in Trade Working Capital	(23.1)	(10.3)
Other changes in Working Capital	(18.7)	13.6
Capex	(33.9)	(34.3)
Operating Cash Flow	3.4	25.2
Financial charges	(5.0)	(11.8)
Taxes & others	(13.5)	(11.5)
Net Cash Flow excluding derivatives MtM and amortized cost, buyback, dividends and capital increase	(15.1)	1.9
Buyback	(12.0)	-
Dividends	(11.2)	-
Proceeds from capital increase	-	81.0
Net Cash Flow excluding derivatives MtM and amortized cost	(38.3)	82.9
Derivatives MtM, amortized cost and FX differences	11.2	11.1
Net cash flow	(27.1)	94.0

The summary cash flow statement, drawn up using the indirect method, reflects a recognition of assets made prior to the introduction of IFRS 16

Net Financial Debt

At 31 July 2022, the Group's net financial position, adjusted for the impact of the mark-to-market and of the adoption of IFRS 16, was €228.7 million. The ratio of the adjusted net financial position for the last 12 months to the adjusted EBITDA for the last 12 months is constantly decreasing and is now equal to 1.36x.

€m	31 July 2022	31 July 2021
Net Debt reported	1,186.5	1,205.9
Net Debt adjusted for MtM Derivatives and IFRS16	228.7	318.2
Leverage on EBITDA		
Net Debt adjusted / EBITDA Adjusted last 12 months	1.35x	2.43x
Leverage last 12 months on EBITDA		
Average Net Debt adjusted of last 12 months / EBITDA Adjusted last 12 months	1.36x	3.11x

At 31 July 2022, the net financial position includes the purchase during the half-year of €12.0 million in treasury shares (6,698,032 shares purchased at an average price of €1.795) and the distribution of dividends of €11.2 million; excluding these elements, the net financial position would have been €205.5 million.

Summary statement of financial position

€m	31 July 2022 Reported	31 July 2021 Reported	31 January 2022 Reported	Change Reported H1 22
Trade Receivables	118.9	95.5	89.3	29.6
Inventory	486.3	410.3	389.8	96.4
Trade Payables	(420.6)	(266.9)	(317.9)	(102.7)
Trade Working Capital	184.6	238.9	161.2	23.4
Other assets/(liabilities)	(115.9)	(105.3)	(128.2)	12.3
Net Working Capital	68.7	133.6	33.0	35.7
Tangible and Intangible Assets	2,083.7	1,988.2	2,069.9	13.9
Net deferred taxes	(24.6)	(9.0)	(20.1)	(4.6)
Other long term assets/(liabilities)	(3.0)	(4.2)	(7.2)	4.2
Pension funds and other provisions	(38.6)	(39.5)	(39.8)	1.2
Net Capital Employed	2,086.2	2,069.0	2,035.9	50.4
Net Equity	899.8	863.2	896.8	2.9
Net Financial Debt	1,186.5	1,205.9	1,139.0	47.5
Total source of financing	2,086.2	2,069.0	2,035.9	50.4

The adjusted statement of financial position excludes the mark-to-market impact of derivatives and the application of IFRS 16



Additional €20 million in buyback approved

The Board of Directors, in execution of the authorisation to purchase treasury shares granted by the Shareholders' Meeting on 31 May 2022, resolved to continue implementing the current programme to purchase treasury shares with a contribution of further €20 million.

In this regard, it should be recalled that for the implementation of this programme, the Company granted and, to the extent necessary, confirmed today to a top-tier intermediary the task of assuming and carrying out, with complete independence, decisions regarding the purchase of OVS shares, in accordance with the contractually pre-established parameters and criteria and with the provisions of the applicable regulations and the Shareholders' Meeting resolution providing the authorisation. It should be recalled that the programme is aimed to increase the portfolio of treasury shares (i) to carry out, directly or through intermediaries, any investment transactions, also to contain unusual movements in share prices, to stabilise trading and price performance, and to support the share's liquidity on the market, (ii) to retain them for subsequent uses (known as a "securities warehouse"), (iii) to service compensation and incentive plans based on financial instruments reserved for the directors and employees of OVS and/or of the companies directly or indirectly controlled by it. It should also be noted that the unit purchase price cannot be either more or less than 15% of the reference price recorded by OVS shares in the trading session preceding each individual transaction. For further information, please see the press release of 31 May 2022, available on the Company website at www.ovscorporate.it and the "1Info" authorised storage mechanism at www.1info.it. OVS will continue to provide the market, in accordance with the current provisions in force, with the details of any buy back transactions carried out.

As of today the Company holds 10,132,666 treasury shares (3.4829% of the share capital), while its subsidiaries do not hold any OVS share.



Other information

Company information

OVS S.p.A. is an Italian registered company (VAT No. 04240010274), with registered office in Venice-Mestre, Italy. OVS shares have been listed on the Milan Euronext (formerly the Milan Electronic Stock Exchange) since 2 March 2015. It is hereby noted that OVS has adopted the regime derogating from Article 70, paragraph 6 and Article 71, paragraph 1 of the Issuer's Regulation, as indicated in the informational prospectus.

Half year financial report as at 31 July 2022

OVS S.p.A. informs that, in accordance with article 154-ter, subsection 2, of Legislative Decree n. 58 of February 24, 1998, the First half year financial report as of 31 July 2022, including also the limited review report of the Auditing Company, will be made available to the Shareholders and to the public at the Company's registered office in Venezia-Mestre, at Via Terraglio 17, on the Company's website (www.ovscorporate.it, section "Investor Relations/Reports"), as well as at the mechanism for the central storage of regulated information "1Info" at www.1info.it within the terms of law.

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

The manager responsible for preparing the Company's accounting statements, Nicola Perin, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Act, or TUF, 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, 21 September 2022, at 15:00 local time (CET), there will be a conference call with analysts and investors, during which the main results for the semester ended at 31 July 2022 will be presented. The conference call may be joined by dialling +39 02 36213011 (from Italy), +44 121 281 8003 (from the UK), +1 718 7058794 (from the USA), (and for journalists +39 02 36213027). A presentation will be available and can be downloaded from the "Investor Relations", "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.

Forthcoming events in the financial calendar

15 December 2022 - Interim management report for the third quarter of the year as at 31 October 2022

For further information

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Disclaimer

- *The information presented in this document has not been audited.*
- *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.*

Appendix

€m	31 Jul 2022 Reported	of which IFRS 16 Impact	of which non recurring	of which: Stock Option, Derivatives, PPA, Forex	31 Jul 2022 Adjusted	31 Jul 2021 Reported	of which IFRS 16 Impact	of which non recurring	of which: Stock Option, Derivatives, PPA, Forex	31 Jul 2021 Adjusted	Change Adjusted	Change % Adjusted
Net Sales	705.8	-	-	-	705.8	599.2	-	-	-	599.2	106.6	17.8%
Gross Margin	399.3	-	-	(13.4)	412.7	351.1	-	-	0.9	350.2	62.4	17.8%
GM%	56.6%	n.a.	n.a.	n.a.	58.5%	58.6%	n.a.	n.a.	n.a.	58.4%		+2ppt
EBITDA	154.7	89.0	(2.2)	(14.4)	82.3	160.8	103.8	(3.6)	0.5	60.1	22.2	36.9%
EBITDA%	21.9%	n.a.	n.a.	n.a.	11.7%	26.8%	n.a.	n.a.	n.a.	10.0%		+163ppt
Depreciation & Amortization	112.5	78.3	-	4.3	29.9	103.9	71.1	-	4.3	28.5	1.4	5.0%
EBIT	42.2	10.6	(2.2)	(18.7)	52.4	56.9	32.7	(3.6)	(3.8)	31.7	20.8	n.a.
EBIT%	6.0%	n.a.	n.a.	n.a.	7.4%	9.5%	n.a.	n.a.	n.a.	5.3%		+214ppt
Net financial (income)/charges	6.3	18.9	-	(19.9)	7.3	29.8	22.2	-	(4.1)	11.7	(4.4)	(38.0%)
PBT	35.8	(8.3)	(2.2)	1.2	45.2	27.0	10.4	(3.6)	0.3	20.0	25.2	n.a.
Taxes	12.0	(1.0)	(0.5)	0.3	13.3	10.0	3.8	(0.9)	0.1	7.0	6.3	n.a.
Net Income	23.9	(7.2)	(1.7)	0.9	31.9	17.0	6.6	(2.8)	0.2	13.0	18.9	n.a.
Net Financial Position	1,186.5	984.2	-	(26.4)	228.7	1,205.9	889.6	-	(1.9)	318.2	(89.4)	(28.1%)

The table shows the adjusted results 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.

The first semester of 2022 the results were adjusted mainly to strip out the impacts related to IFRS 16, and specifically: (i) €89.0 million on EBITDA to reflect mainly rental costs; (ii) €10.6 million on EBIT due to the reversal of depreciations and amortisations of €78.3 million; (iii) €8.3 million on the PBT due to the reversal of €18.9 million relating to net financial expenses.

EBITDA of the first semester 2022 was also adjusted, mainly as follows: (i) by €13.4 million in net foreign exchange gains on the forward hedging of goods in foreign currency sold in the period; (ii) €2.2 million in non-recurring expenses directly attributable to the COVID-19 emergency; (iii) €1.1 million in costs relating to stock option plans (non-cash costs); and (iv) other minor one-off costs.

Other adjustments that impacted EBIT and the PBT regarded: (i) costs of €4.3 million related to the amortisation of intangible assets linked to purchase price allocation, and (ii) adjusted net income of €19.9 million, 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.

Lastly, the adjusted net income includes €1.3 million of taxes recalculated following the above adjustments.

Adjusted net financial debt at 31 July 2022 excludes €984.2 million relating to future lease payments (6 years on average) exclusively due to IFRS 16, which does not take into account that the Company has a right of withdrawal for almost all contracts that can be activated 6-12 months in advance.