



9M 2022 Financial Results

15 December 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.

This investor presentation contains measures that were not prepared in accordance with IAS/IFRS.

The information presented in this document has not been audited.

Another good quarter despite very hot month of October Nine months of strong growth and excellent start of the fourth quarter



- **9M Net Sales** at **€1,086.8m**, +11.1% compared to 9M 2021 and +9.7% compared to 9M 2019, pre-covid period; **Third quarter with good performances** despite a challenging hot weather in **October**;
- **Strong recovery in sales** with the normalization of weather conditions **from the beginning of November**;
- **9M Adjusted EBITDA** at **€124.1m**, +€19.6m compared to 9M 2021 and +€23.0m compared to 9M 2019; **EBITDA margin 11.4%**, vs. 10.7% in 9M 2021 and 10.2% in 9M 2019;
- **9M Profit before tax €68.8m**, +59.2% compared to €43.2m of 9M 2021, thanks to higher EBITDA and considerably decreasing financial charges for improved financial structure;
- **31 October 22 Adjusted Net Debt** at **€222.9m**, after cash out for dividends (€11.2m) and buyback of own shares (€20.0m), underlining a nine months **operating cash flow better** than pre-covid period;
- Further strengthening of **market share**, now at **9.4%**.

Net sales
€1,086.8m
(+11.1% vs. 9M 2021
+9.7% vs 9M 2019)

Adjusted EBITDA
€124.1m
(+€19.6m vs. 9M 2021
+€23.0m vs. 9M 2019)

Profit before tax
€68.8m
(+59.2% vs. 9M 2021
+58.9% vs 9M 2019)

Adjusted Net Debt
€222.9m
(vs. €254.8m at 31 Oct 2021
vs. €395.2m at 31 Oct 2019)

Italian market share
9.4%
(vs. 9.3% of FY 2021)

Good performances considering challenging weather conditions and tough comparable period

€m	Q3 2022 Adjusted	Q3 2021 Adjusted	Variation	Variation %
Net Sales	381.0	378.8	2.2	0.6%
EBITDA	41.8	44.4	(2.6)	(5.9%)
EBITDA%	11.0%	11.7%		(75ppt)
EBIT	26.7	29.0	(2.3)	(8.1%)
EBIT%	7.0%	7.7%		(66ppt)
PBT	23.6	23.3	0.4	1.6%

Adjusted results do not reflect the application of IFRS16 and non recurring items.

- **Q3 Net sales €381.0m**, in line with Q3 2021, despite strong performance of last year and the challenging month of **October** characterized by very **hot temperatures**;
- **Q3 Gross margin in line with previous year**, thanks to proper management of markdown strategy;
- **Q3 Adjusted EBITDA at €41.8m** and **EBITDA margin at 11.0%**, lower than in Q3 2021, due to higher SG&A costs impacted by perimeter growth and inflation, especially on energy bills;
- **Strong reduction in financial charges**, thanks to the improved financial structure, delivers a **growth in adjusted result before taxes** now at **€23.6m** compared to €23.3m of Q3 2021.



Higher sales and stable gross margin drove the EBITDA increase Profit before tax +59% thanks to decreasing financial charges

em	31 October 2022 Adjusted	31 October 2021 Adjusted	Variation	Variation %
Net Sales	1,086.8	978.0	108.8	11.1%
EBITDA	124.1	104.5	19.6	18.7%
EBITDA%	11.4%	10.7%		+73ppt
EBIT	79.1	60.7	18.4	30.4%
EBIT%	7.3%	6.2%		+107ppt
PBT	68.8	43.2	25.6	59.2%

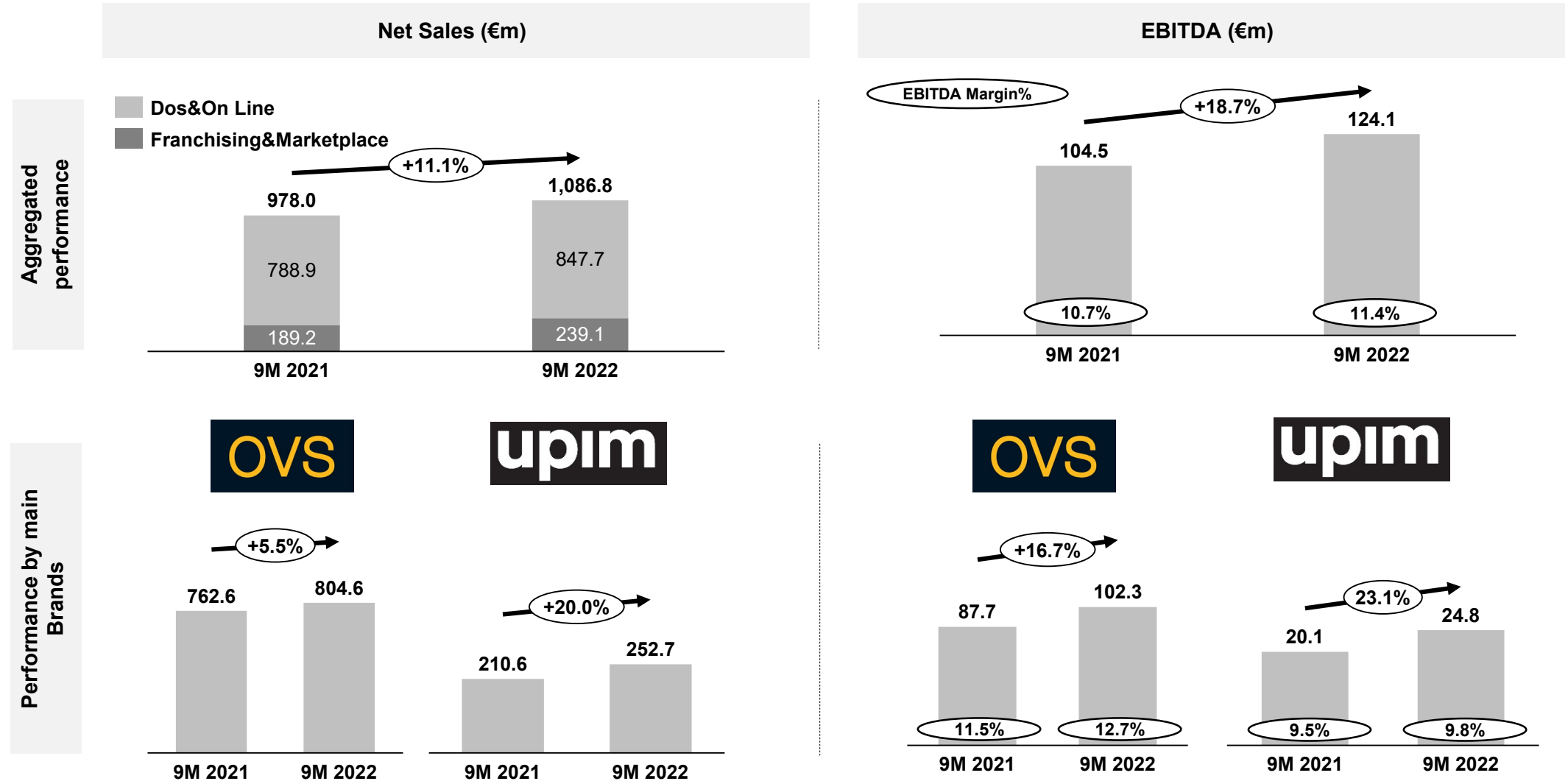
Adjusted results do not reflect the application of IFRS16 and non recurring items.

- **9M Net Sales €1,086.8m**, +11.1% compared to 9M 2021, is the result of higher like-for-like sales and network development;
- **9M Adjusted EBITDA €124.1m**, +€19.6m compared to 9M 2021; growth in sales and a stable gross margin percentage over-compensated higher costs for network growth (mostly Upim) and inflation. **EBITDA margin 11.4%**, vs. 10.7% in 9M 2021;
- **9M Profit before tax €68.8m**, +59.2% compared to €43.2m of 9M 2021, thanks to higher EBITDA and considerably decreasing financial charges for improved financial structure that moved from €17.5m of 9M 2021 to actual €10.3m.



OVS softshell technical jacket "Altavia" collection. Water resistant, excellent breathability and wind resistance. Available in OVS stores and on OVS.it at €129.0 .

Main brands and all distribution channels reported strong performances



Improved trade working capital versus last year



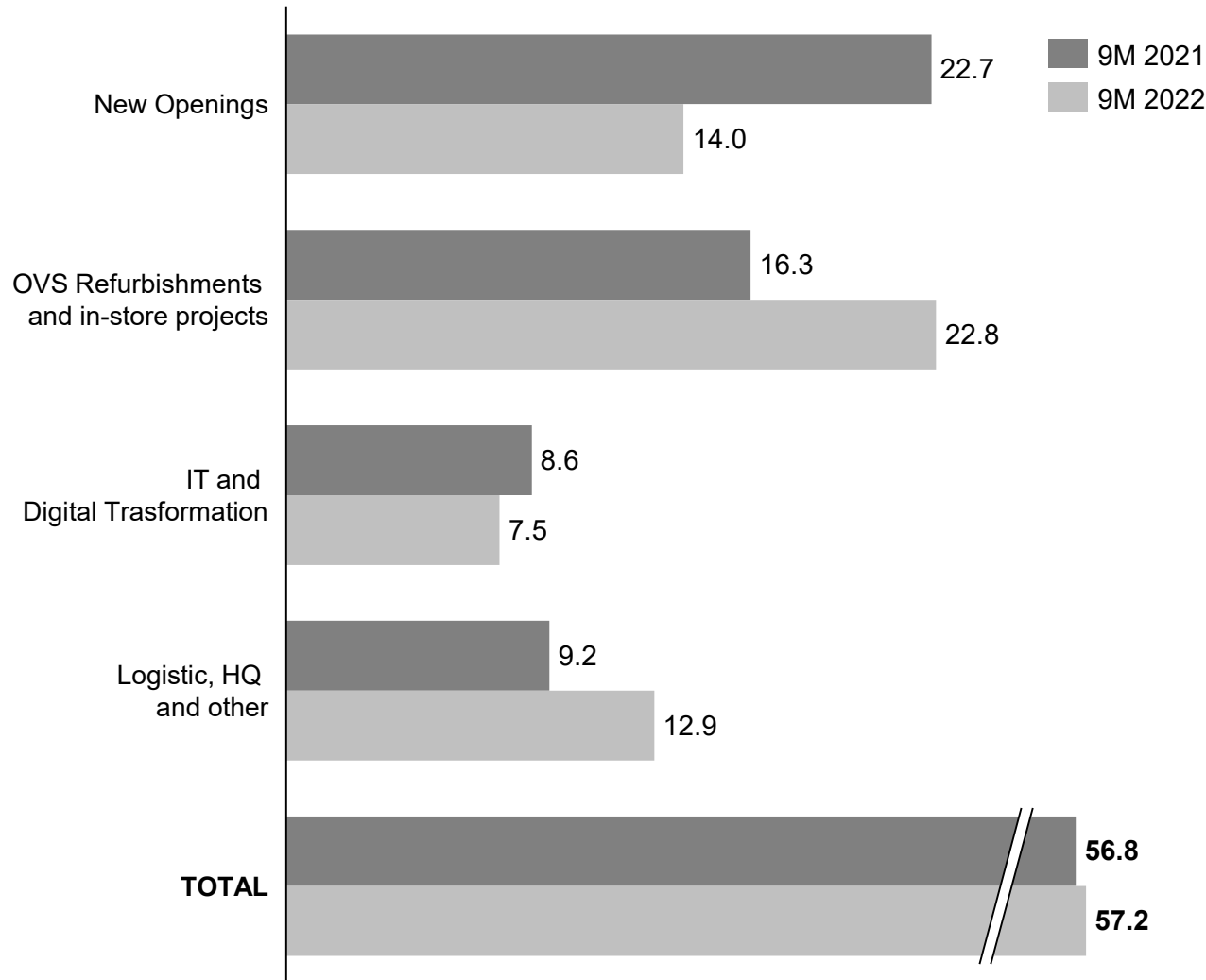
€m	31 October 2022	31 October 2021	Change
Trade Receivables	128.7	114.5	14.2
Inventory	505.1	408.6	96.6
Trade Payables	(454.0)	(317.1)	(136.8)
Trade Working Capital	179.9	205.9	(26.0)

Trade Working Capital does not reflect the application of IFRS16

Trade Working Capital at 31 October 2022 is improving by €26.0m versus last year as net result of:

- **Trade Receivables increased by €14.2m** (+12.4% vs Oct 21) due to growth of Franchising business (+26.4% 9M 2022 vs 9M 2021), in a scenario of DSO reduction;
- Growth in **Inventory** is due to the **anticipation of shipments**, in order to avoid any risk of delay on deliveries, in a context of **significant reduction in old stock**; furthermore **the increase is reducing at November end**, thanks to the rebound in sales after the weather normalization;
- Growth in new stock for anticipated shipments delivers a *pari-passu* **increase in Trade Payables**, that also benefit of business normalization.

Capex in line with last year: focus on refurbishing of current network and logistics automation



OVS store new opening in Vicenza Palladio

Operating cash flow better than pre-covid period



€m	9M 2022	9M 2021	9M 2019
EBITDA Adjusted	124.1	104.5	101.1
Non recurring items	(4.5)	(5.7)	(3.8)
Change in Trade Working Capital	(18.1)	21.8	(37.1)
Other changes in Working Capital	(20.4)	29.6	(17.8)
Capex	(57.2)	(56.8)	(31.0)
Operating Cash Flow	23.9	93.5	11.3
Financial charges	(6.8)	(17.2)	(14.8)
Taxes & others	(18.4)	(11.0)	(16.0)
Net Cash Flow excluding derivatives MtM and amortized cost, buyback, dividends and capital increase	(1.3)	65.2	(19.4)
Buyback	(20.0)	-	-
Dividends	(11.2)	-	-
Proceeds from capital increase	-	81.0	-
Net Cash Flow excluding derivatives MtM and amortized cost	(32.6)	146.2	(19.4)
Derivatives MtM, amortized cost and FX differences	3.7	16.3	(1.1)
Net cash flow	(28.9)	162.6	(20.5)

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

- **9M 2022 operating cash flow** is positive by **€23.9m** and **significantly better** compared to cash generation of €11.3m of 9M 2019, pre-covid period;
- **9M 2021 cash flow is not representative** of normal business due to sales of inventory destocking and other one-off effects (e.g. normalization of VAT within other changes of working capital).

Net debt adjusted at €222.9m and Leverage of 1.33x

€m	31 October 2022	31 October 2021
Net Debt adjusted for MtM Derivatives and IFRS16	222.9	254.8
Leverage on EBITDA Net Debt adjusted / EBITDA Adjusted last 12 months	1.34x	1.86x
Leverage last 12 months on EBITDA Average Net Debt adjusted of last 12 months / EBITDA Adjusted last 12 months	1.33x	2.79x

- **Net Debt adjusted €222.9m**, in sharp decrease from €254.8m of October 2021 when the net debt already reduced for the capital increase of €81.0m;
- **Leverage last 12 months on EBITDA is 1.33x**, decreasing from 2.79x at October 2021;
- Net debt at 31 October 2022 includes cash out for dividends for €11.2m and buyback of own shares for €20.0m; excluding these items, the net financial position would have been €191.6m with a leverage of 1.15x compared to the actual 1.34x;
- Considering the cash generative seasonality of the fourth quarter, the Company expects to achieve a Leverage on EBITDA of **less than 1.00x** at 31 January 2023.



- We approach the end of the year with **evidence** that **our brands are benefiting from a general trading down** in the market. We are attracting **new consumers** who were used to higher price ranges, thanks to **product innovations** (firstly with Piombo), the **renewal of our stores** and **investments in communication**.
- The first 45 days of the fourth quarter **confirm these positive evidences**, with **sales growing about 10%** versus last year.
This fact, coupled with actual nine months result, allow to **outline a picture of improvement of the full-year economic result**.



Piombo store new opening in Cortina d'Ampezzo



Piombo store new opening in Cortina d'Ampezzo



€m	31 October 2022 Reported pre IFRS16	of which adjustments, normalizations and reclass	31 October 2022 Adjusted	31 October 2021 Reported pre IFRS16	of which adjustments, normalizations and reclass	31 October 2021 Adjusted
Net Sales	1,086.8	-	1,086.8	978.0	-	978.0
EBITDA	93.7	(30.4)	124.1	97.9	(6.6)	104.5
EBITDA%	8.6%	n.a.	11.4%	10.0%	n.a.	10.7%
EBIT	42.3	(36.8)	79.1	47.7	(13.0)	60.7
EBIT%	3.9%	n.a.	7.3%	4.9%	n.a.	6.2%
PBT	57.0	(11.8)	68.8	39.8	(3.4)	43.2

The table shows the results adjusted to reflect the Group's operating performance net of the effects of the application 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 2022 was adjusted as follows: (i) by €25.9 million in net foreign exchange gains on the forward hedging of goods in foreign currency sold in the period; (ii) €2.8 million in non-recurring expenses directly attributable to the COVID-19 emergency; (iii) €1.5 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 €6.4 million related to the amortisation of intangible assets linked to purchase price allocation, and (ii) adjusted profit of €24.9 million, mainly relating to foreign exchange differences arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and earnings on forex differences.