

ANOTHER GOOD QUARTER DESPITE A VERY HOT OCTOBER. NINE MONTHS OF STRONG GROWTH AND EXCELLENT START OF FOURTH QUARTER

The Board of Directors of OVS S.p.A. approved the results for the nine-month period of February – October 2022:

- **Net sales** for nine months of **€1,086.8 million** (+11.1% compared to 9M 2021 and +9.7% compared to 9M 2019);
- **Adjusted EBITDA** for the nine months of **€124.1 million**, up €19.6 million compared to 9M 2021 and €23.0 million compared to 9M 2019. The EBITDA margin was 11.4% (10.7% in 9M 2021 and 10.2% in 9M 2019);
- **Adjusted profit before tax** for the nine months of **€68.8 million** (+59.2% compared to €43.2 million in 9M 2021 and +58.9% compared to €43.3 million in 9M 2019);
- **Adjusted net financial position** at 31 October 2022 was **€222.9 million** (€254.8 million at 31 October 2021 and €395.2 million at 31 October 2019). During the nine months, the Company paid dividends and purchased treasury shares for €31.2 million;
- Further strengthening of **market share**, now at **9.4%**.



Statement from the Chief Executive Officer, Stefano Beraldo

Another good quarter (August – October) that allow us to maintain the trend of strong growth in sales (+11%) and EBITDA (+19%) compared to the first nine months of the previous year.

The result is even more satisfactory considering both that sales in the month of October penalised by the anomalous weather trends, and the general concern over consumer spending and the cost increases due to heightened inflationary pressures.

To protect our margins, we decided to keep the promotional pressure low, even during the weeks of reduced sales in the month of October, and we benefited from a fixed cost of sea shipping due to three-year contracts at much lower rates than spot prices. This helped us maintain a percentage gross margin over the nine months, and in the third quarter, that is in line with the same periods during the previous year.

The increase in absolute terms of sales and gross margin enabled us to absorb higher store costs, mainly energy costs, thus generating in the first nine months of the year a solid growth in EBITDA, both in absolute terms and as a percentage of sales.

With the normalization of weather conditions from the beginning of November, we benefited from a strong recovery in sales.

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.

Key Economic and Financial Results

The table shows the main adjusted operating and financial results for the nine-month period to represent the Group's operating performance.

€m	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%
Net Financial Position	222.9	254.8	(32.0)	(12.5%)
Market Share	9.4%	9.3%	0.1%	

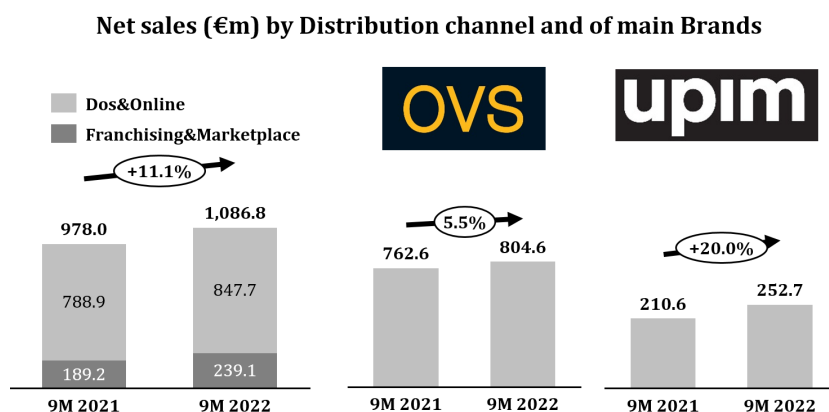
The adjusted results do not reflect the application of IFRS 16, non-recurring events that do not concern ordinary operations, and the mark-to-market accounting of derivatives at the net financial position level.



Net sales

Net sales for the nine months were €1,086.8 million, up 11.1% compared to 9M 2021 and 9.7% compared to 9M 2019.

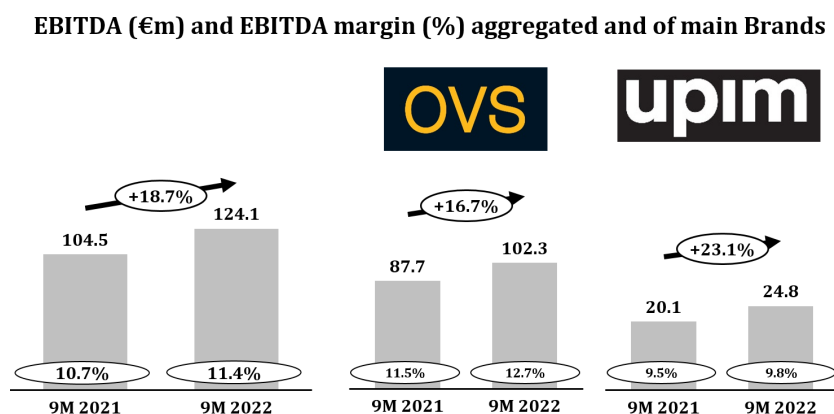
For OVS the increase of 5.5% was mainly driven by higher like-for-like sales. Upim's growth of 20.0% was the consequence also of the expansion of its network with the opening of various stores both directly managed and franchised.



EBITDA

Adjusted EBITDA amounted to €124.1 million, up €19.6 million compared to 9M 2021 and €23.0 million compared to 9M 2019. The EBITDA margin was 11.4%, compared to 10.7% in 9M 2021 and 10.2% in 9M 2019.

Both brands made a positive contribution to this result: OVS recorded EBITDA growth of €14.6 million (+16.7% compared to same period of last year), while Upim's EBITDA increased by €4.6 million (+23.1% compared to same period of last year).



Adjusted profit before tax

Adjusted profit before tax was €68.8 million, up 59.2% compared to €43.2 million in the first nine months of 2021. The higher pre-tax result reflects higher EBITDA as well as lower financial expenses which, due to the lower average net debt and the significant cost benefits obtained by signing the "sustainability-linked" facilities in April 2022, decreased from €17.5 million in the first nine months of 2021 to €10.3 million in the first nine months of 2022.

Net Financial Position and Cash Flow

At 31 October 2022, the Group's net financial position, adjusted for the impact of the mark-to-market of the hedging instruments and the adoption of IFRS 16, was €222.9 million. The ratio of the adjusted net financial position for the last 12 months to the adjusted EBITDA for the last 12 months is now equal to 1.33x, compared to 2.79x at the close of the previous period.

At 31 October 2022, the net financial position includes the purchase in the nine months of €20.0 million of treasury shares (no. 11,487,263 shares purchased at an average price of €1.740) and the distribution of dividends of €11.2 million. Excluding these items, the net financial position would have been €191.6 million.

€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

Based on current forecasts, the Company expects a Leverage on EBITDA of less than 1.00x at 31 January 2023.

Treasury shares

Treasury shares in portfolio as at 31 October 2022 were no. 12,296,489 equal to 4.227% of the share capital.



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.

Quarterly reporting

As announced in the corporate events calendar and pursuant to Article 82-ter of the Issuers' Regulation, OVS S.p.A. 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 on the business dynamics of the Company with the financial community and the main stakeholders.

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, 16 December 2022, at 15:00 local time (CET), there will be a conference call with analysts and investors, during which the main results for the nine-month period ended at 31 October 2022 will be presented. The conference call may be joined by dialling +39 02 802 09 11 (from 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", "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

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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 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.