# OVS

**HALF-YEAR FINANCIAL REPORT**
**AT 31 July 2023**

# Company information

## Registered office of the Parent Company

OVS S.p.A.
Via Terraglio 17 – 30174
Venice - Mestre

## Legal details of the Parent Company

Authorised share capital €321,042,500.00
Subscribed and paid-up share capital €290,923,470.00

Venice Companies Register no. 04240010274
Tax and VAT code 04240010274
Corporate website: www.ovscorporate.it

## Activities of the Parent Company

OVS S.p.A. is the leading player in the Italian women's, men's and children's clothing market, with a market share of 9.5%. It has over 2,200 stores in Italy and abroad, operating under the OVS, UPIM, PIOMBO and STEFANEL brands and trademarks. The Company has been listed on Borsa Italiana since March 2015.

## Contents

## Corporate officers

### *Board of Directors [1]*

| | |
|---|---|
| *Chairman* | *Franco Moscetti [2]* |
| *Vice-Chairman* | *Giovanni Tamburi [3]* |
| *Chief Executive Officer and General Manager* | *Stefano Beraldo* |
| *Directors* | *Carlo Achermann [3] [4]* |
| | *Roberto Cappelli* |
| | *Elena Garavaglia [4]* |
| | *Alessandra Gritti* |
| | *Chiara Mio [2] [3] [4]* |
| | *Flavia Sampietro [2]* |

### *Board of Statutory Auditors [1]*

| | |
|---|---|
| *Chairman* | *Stefano Poggi Longostrevi* |
| *Statutory Auditors* | *Federica Menichetti* |
| | *Massimiliano Nova* |
| *Alternate Auditors* | *Marzia Nicelli* |
| | *Donata Paola Patrini* |

### *Independent auditor*

*KPMG S.p.A.[5]*

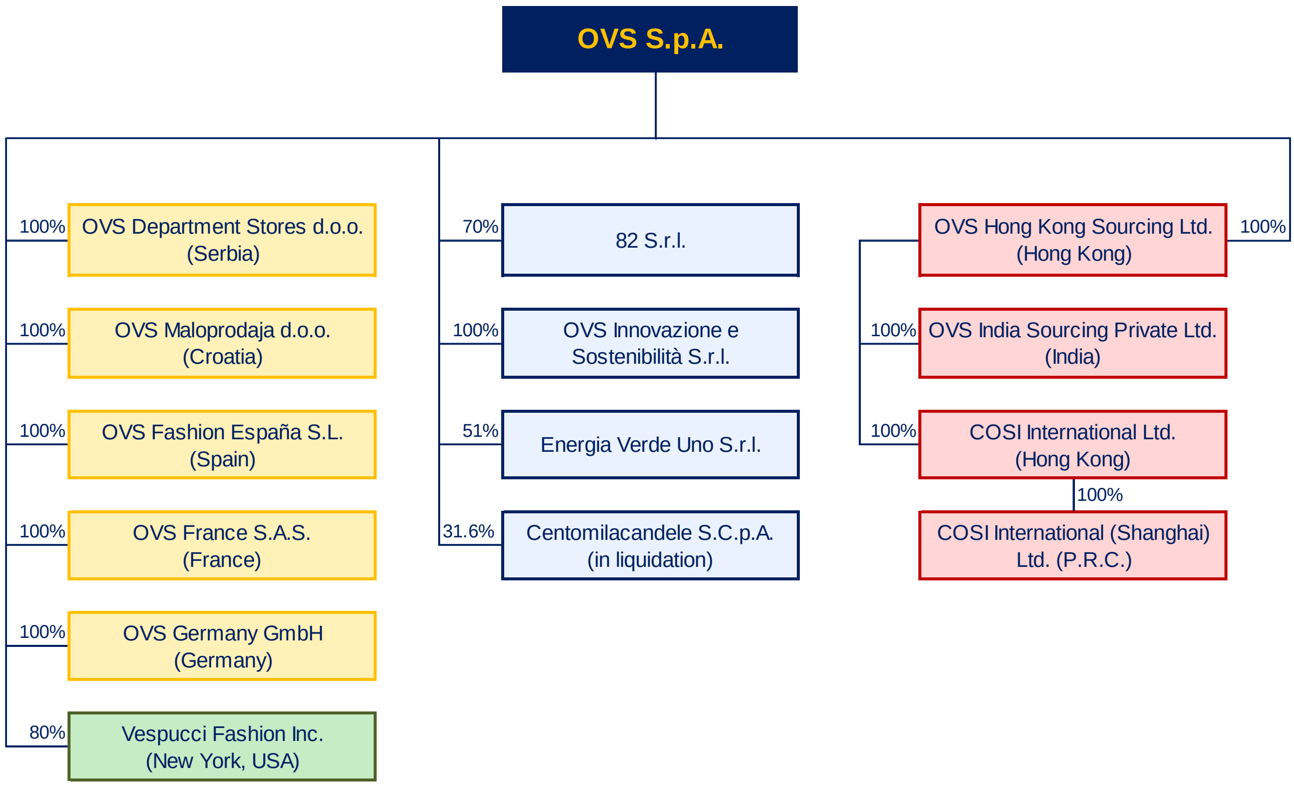
### *Financial Reporting Officer*

*Nicola Perin [6]*

[1] In office from 31 May 2023 until the Shareholders' Meeting called to approve the financial statements at 31 January 2026
[2] Member of the Control, Risks and Sustainability Committee
[3] Member of the Appointments and Remuneration Committee
[4] Member of the Related Party Transactions Committee
[5] Appointed by the Shareholders' Meeting of 31 May 2022 for the years 2023-2031
[6] In office until the end of the term of office of the Board of Directors in office, i.e. until the Shareholders' Meeting called to approve the financial statements at 31 January 2026

## Group structure at 31 July 2023

The following chart shows how the OVS Group is organised, indicating the relative equity investments as percentages:




**Legend**

Commercial companies in the European market

Commercial companies in the American market

Sourcing companies

Services and/or other non-retail business companies

# Interim Report on Operations

## Foreword on methodology

The Half-year Financial Report at 31 July 2023 has been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board, and includes the following:

- Consolidated statement of financial position
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of cash flows
- Statement of changes in Group shareholders' equity
- Notes to the consolidated financial statements at 31 July 2023.

In this Interim Report on Operations at 31 July 2023, in addition to the indicators provided for in the financial statements and in compliance with the International Financial Reporting Standards (IFRSs), some alternative performance indicators used by management to monitor and assess the Group's performance are also presented. In particular, with the introduction of the IFRS 16 international accounting standard, relating to the accounting treatment of leases, with effect from financial year 2019, in order to make the Group's data comparable with the years prior to 2019 and for a better understanding of performance in relation to other comparables in the sector, some adjustments have been introduced with regard to: EBITDA, operating result, profit before tax, net result for the period, net invested capital, net financial position and cash flow generated by operating activities, as detailed below. For this reason, the results are also commented on excluding IFRS 16 in order to maintain a consistent basis of comparison. As in previous years, the impacts of the application of IFRS 16 have been reported separately, and the reconciliation with the financial statements is further detailed in the section entitled "Reconciliation of the consolidated results for the first half of 2023" below.

## Performance

The results for the first half of 2023 were particularly satisfying in terms of sales and EBITDA, despite two adverse factors that arose in this first part of the financial year. With regard to the top line, the month of May, normally the most important month of the half-year, was one of the coldest and rainiest in recent decades, which had a negative impact on sales.

On the cost side, as we knew, the period saw the tail end of raw material price increases, which we decided not to pass on to sales prices.

Sales over the six months were nevertheless up by more than 4%, mainly on a like-for-like basis. Market share increased further.

The women's clothing segment continues to be the best performer, and the very strong trend in beauty products continued (sales up by 40%), on the one hand driven by an ever-expanding market and on the other supported by a revamped corner design and a broader product mix featuring innovative, sustainable and natural products that are capable of drawing in new customers.

The higher purchase cost of the spring summer 2023 collection, which was ordered during 2022 when raw material prices, transport costs and the EUR/USD exchange rate were unfavourable, was more than offset by better sales and careful mark-down management. Overall gross margin and EBITDA were up.

## Key information on operating results at 31 July 2023

In the first half of 2023, the OVS Group generated **net sales** of €734.9 million, up 4.1% compared with the first half of 2022, mainly due to like-for-like sales performance, despite atypical and unfavourable weather in the second quarter.

**Adjusted EBITDA** for the half-year was €86.4 million (11.8% of sales), an increase of €4.1 million compared with the same period in 2022 (€82.3 million, i.e. 11.7% of sales).

Adjusted **net profit** in the period stood at €33.7 million, up 5.5% compared with €31.9 million in the first half of 2022.

The **adjusted net financial position** at 31 July 2023 was €242.1 million and the average leverage ratio for the last 12 months was 1.30x, an improvement on the 1.36x recorded at 31 July 2022. In the last 12 months, the Parent Company paid out dividends and purchased treasury shares for a total of €41.8 million.

The table below summarises the Group's key performance indicators.

## Key performance indicators

| €m | 31 July '23 Reported | 31 July '23 Adjusted | 31 July '22 Reported | 31 July '22 Adjusted | Chg. (Adjusted) | % chge (Adjusted) |
|---|---|---|---|---|---|---|
| **Net sales** | **734.9** | **734.9** | **705.8** | **705.8** | **29.1** | **4.1%** |
| **Gross margin** | **422.2** | **424.1** | **399.3** | **412.7** | **11.5** | **2.8%** |
| *% on net sales* | *57.4%* | *57.7%* | *56.6%* | *58.5%* | | |
| **EBITDA** | **177.6** | **86.4** | **154.7** | **82.3** | **4.1** | **5.0%** |
| *% on net sales* | *24.2%* | *11.8%* | *21.9%* | *11.7%* | | |
| **EBIT** | **61.3** | **54.6** | **42.2** | **52.4** | **2.2** | **4.2%** |
| *% on net sales* | *8.3%* | *7.4%* | *6.0%* | *7.4%* | | |
| **Profit before taxes - PBT** | **31.9** | **45.9** | **35.8** | **45.2** | **0.8** | **1.7%** |
| *% on net sales* | *4.3%* | *6.2%* | *5.1%* | *6.4%* | | |
| **Net result for the period** | **22.4** | **33.7** | **23.9** | **31.9** | **1.8** | **5.5%** |
| *% on net sales* | *3.0%* | *4.6%* | *3.4%* | *4.5%* | | |
| **Net financial position** | **1,221.9** | **242.1** | **1,186.5** | **228.7** | **13.3** | **5.8%** |
| **Market share (%)** | | **9.5** | | **9.3** | **0.2** | |

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 IFRS 16.

In the first half of 2023 the results have been adjusted mainly to strip out the impacts related to IFRS 16, and specifically: (i) €95.3 million on EBITDA to reflect mainly rental costs, (ii) €15.1 million on EBIT due to the reversal of depreciation and amortisation of €80.2 million, and (iii) €5.2 million on PBT due to the reversal of €20.3 million related to net financial expenses.
EBITDA in the first half of 2023 was also adjusted mainly as follows: (i) by €1.9 million in net foreign exchange differences for forward hedging of goods in foreign currency sold in the period; (ii) €1.0 million in costs related to stock option plans (non-cash costs); (iii) €1.2 relating to the start-up phase of certain businesses, residual non-recurring expenses directly related to the COVID-19 emergency and other minor one-off charges.
Other adjustments that impacted EBIT and the result before tax concerned: (i) costs of €4.3 million related to the amortisation of intangible assets linked to past purchase price allocation, and (ii) net financial expenses of €0.4 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.
The adjusted result for the period was affected by €2.8 million in recalculated taxes following the above adjustments.
The reported net financial debt as of 31 July 2023 stood at €1,221.9 million, of which €974.4 million is the result of the application of IFRS 16 and represents the present value of future lease payments. Approximately €600 million of the €1,221.9 million does not represent a real financial liability, as the Group holds early withdrawal rights.

In the first half of 2022 the results had been 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 depreciation and amortisation of €78.3 million, and (iii) €7.2 million on PBT due to the reversal of €18.9 million related to net financial expenses.
EBITDA in the first half of 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 relating to 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 less significant net costs.
Other adjustments that impacted EBIT and profit before tax concerned: (i) costs of €4.3 million related to the amortisation of intangible assets due to the purchase price allocation of previous business combinations; and (ii) adjusted net income of €19.8 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.
The adjusted net profit for the period was affected (for €1.3 million) by the 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) solely as a result of IFRS 16, which does not take into account, for almost all contracts, the right of withdrawal that can be exercised by the Group on a discretionary basis, 6-12 months in advance.

## Adjusted consolidated results

The following table shows the adjusted consolidated results, classified by nature, for the first six months of 2023, compared with the same period a year earlier (in millions of euro).

| €m | 31 July '23 Reported | 31 July '23 Adjusted | 31 July '22 Reported | 31 July '22 Adjusted | Chg. (Adjusted) | % chge (Adjusted) |
|---|---|---|---|---|---|---|
| **Net sales** | **734.9** | **734.9** | **705.8** | **705.8** | **29.1** | **4.1%** |
| Purchases of raw materials, consumables and goods | 312.7 | 310.7 | 306.5 | 293.2 | 17.6 | 6.0% |
| **Gross margin** | **422.2** | **424.1** | **399.3** | **412.7** | **11.5** | **2.8%** |
| *GM %* | *57.4%* | *57.7%* | *56.6%* | *58.5%* | | |
| Staff costs | 147.1 | 146.2 | 148.0 | 146.7 | (0.5) | (0.4%) |
| Service costs | 110.7 | 110.0 | 104.3 | 102.8 | 7.2 | 7.0% |
| Costs for the use of third-party assets, net of other operating income | (24.2) | 70.7 | (20.2) | 68.4 | 2.3 | 3.4% |
| Provisions | 1.1 | 1.1 | 1.5 | 1.5 | (0.4) | (25.0%) |
| Other operating charges | 9.9 | 9.7 | 11.0 | 10.9 | (1.2) | (11.1%) |
| **Total net operating costs** | **244.6** | **337.7** | **244.6** | **330.3** | **7.4** | **2.2%** |
| *Operating costs on net sales in %* | *33.3%* | *46.0%* | *34.7%* | *46.8%* | | |
| **EBITDA** | **177.6** | **86.4** | **154.7** | **82.3** | **4.1** | **5.0%** |
| *EBITDA %* | *24.2%* | *11.8%* | *21.9%* | *11.7%* | | |
| Depreciation, amortisation and write-downs | 116.2 | 31.8 | 112.5 | 29.9 | 1.9 | 6.3% |
| **EBIT** | **61.3** | **54.6** | **42.2** | **52.4** | **2.2** | **4.2%** |
| *EBIT %* | *8.3%* | *7.4%* | *6.0%* | *7.4%* | | |
| Net financial expenses (income) | 29.4 | 8.7 | 6.3 | 7.3 | 1.5 | 20.2% |
| **PBT** | **31.9** | **45.9** | **35.8** | **45.2** | **0.8** | **1.7%** |
| Taxes | 9.5 | 12.3 | 12.0 | 13.3 | (1.0) | (7.6%) |
| **Net result for the period** | **22.4** | **33.7** | **23.9** | **31.9** | **1.8** | **5.5%** |

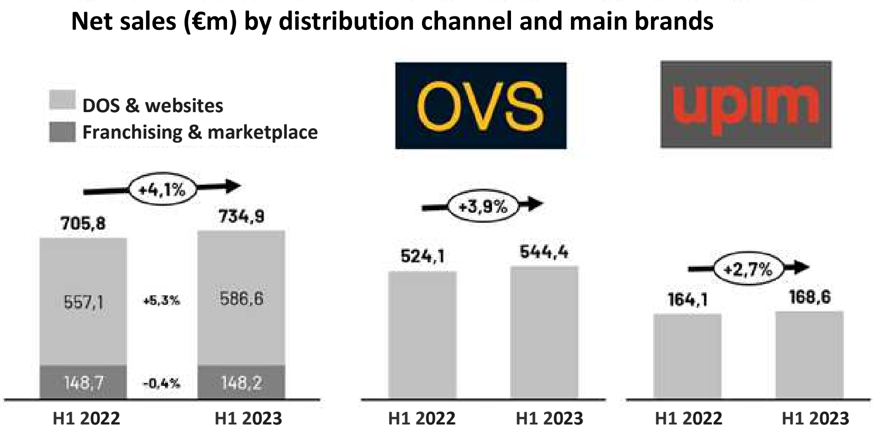
The following table shows the consolidated results by business segment for the first six months of 2023, compared with those for the same period of the previous year (in millions of euro).

| €m | 31 July '23 Adjusted | 31 July '22 Adjusted | 23 vs 22 % |
|---|---|---|---|
| **Net sales** | | | |
| OVS | 544.4 | 524.1 | 3.9% |
| UPIM | 168.6 | 164.1 | 2.7% |
| Other businesses | 21.9 | 17.6 | 24.4% |
| **Total net sales** | **734.9** | **705.8** | **4.1%** |
| **EBITDA** | | | |
| OVS | 73.2 | 67.0 | 9.2% |
| *EBITDA margin* | *13.4%* | *12.8%* | |
| UPIM | 16.9 | 17.4 | (3.3%) |
| *EBITDA margin* | *10.0%* | *10.6%* | |
| Other businesses | (3.7) | (2.2) | 70.7% |
| **Total EBITDA** | **86.4** | **82.3** | **5.0%** |
| ***EBITDA margin*** | ***11.8%*** | ***11.7%*** | |
| Depreciation and amortisation | (31.8) | (29.9) | 6.3% |
| **Operating result** | **54.6** | **52.4** | **4.2%** |
| Net financial (expenses)/income | (8.7) | (7.3) | 20.2% |
| **Profit before taxes** | **45.9** | **45.2** | **1.6%** |
| Taxes | 12.3 | 13.3 | (7.6%) |
| **Net result for the period** | **33.6** | **31.9** | **5.5%** |

## Comments on the main items in the adjusted consolidated income statement

### *Net sales*

(amounts in millions of euro)



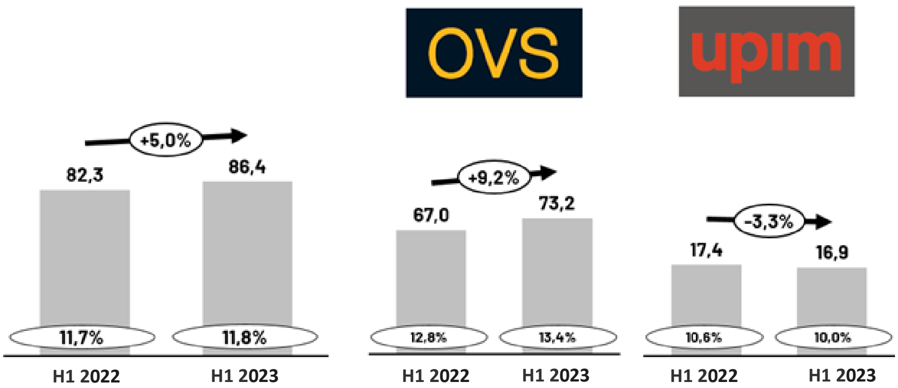

Net sales for the half amounted to €734.9 million, up 4.1% compared with same period of 2022.

Sales at direct stores drove this growth, which was mainly on a like-for-like basis. Franchising performance, which grew at the sell-out level, remained stable at the sell-in level due to a different invoicing timescale. All new businesses grew strongly.

### *EBITDA*

(amounts in millions of euro)

**EBITDA (€m) and EBITDA margin (%), aggregate and for the main brands**




Adjusted EBITDA for the half-year amounted to €86.4 million, an increase of €4.1 million compared with the same period in 2022, with an EBITDA margin of 11.8% compared with 11.7% in the first half of 2022. The OVS brand has performed very strongly due to the operating leverage effect resulting from the higher sales in directly operated shops on a like-for-like basis. In fact, EBITDA rose from €67.0 million in the first half of 2022 (12.8% of sales) to €73.2 million in the first half of 2023 (13.4% of sales).

The results for the Upim brand in the half-year were slightly down on those for the first half of 2022, due to increased product costs that caused a temporary erosion of the margin of the franchise business that was more severe than at OVS, and by a rent increase at a flagship store, resulting in a decision to close it.

### *EBIT*

EBIT, adjusted to better reflect the Group's operating performance, amounted to €54.6 million, up €2.2 million compared with €52.4 million in the first half of 2022. The increase is the same as that reported in adjusted EBITDA, with a balance of depreciation and amortisation for the period essentially in line with the first half of 2022.

*Net result for the period*

Adjusted net profit for the period was €33.7 million, up 5.5% compared with €31.9 million in the same period of 2022. This performance reflects the growth in EBITDA and a better tax rate. Despite the sharp rise in interest rates, the increase in financial expenses was very limited due to a mix of sources and a prevalence of fixed-rate sustainability-linked bonds.

## Net financial position

| €m | 31 July '23 Excluding IFRS 16 | 31 January '23 Excluding IFRS 16 | 31 July '22 Excluding IFRS 16 |
|---|---|---|---|
| Net Debt | 247.5 | 171.3 | 202.3 |
| **Net debt excluding MtM derivatives** | **242.1** | **162.0** | **228.7** |
| **Adjusted LTM EBITDA** | **184.3** | **180.2** | **169.4** |
| **Leverage on EBITDA** | **1.31x** | **0.90x** | **1.35x** |
| **Leverage last 12 months on EBITDA** | **1.30x** | **1.36x** | **1.36x** |

At 31 July 2023, 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, stood at €242.1 million. The ratio of the average adjusted net financial position for the last 12 months to adjusted EBITDA for the past 12 months was 1.30x, an improvement on 1.36x at 31 July 2022.

The net financial position was affected by the purchase of €12.9 million of treasury shares in the first half of the year (5,080,731 shares purchased at an average carrying price of €2.541) and the distribution of the 2022 dividend of €16.2 million. Excluding these items, the net financial position would have been €212.9 million.

## Summary statement of financial position

The table below shows the consolidated statement of financial position at 31 July 2023 compared with the end of the previous year and the same period in the previous year (in millions of euro). It also shows the adjusted consolidated statement of financial position in order to provide a balance-sheet representation of the Group net of the application of IFRS 16 and reclassifying the liabilities for returns as per IFRS 15 among the components of operating working capital.

| €m | 31 July '23 Reported | 31 January '23 Reported | 31 July '22 Reported | Chge Jul. '23 vs Jan. '23 |
|---|---|---|---|---|
| Trade receivables | 112.1 | 115.2 | 118.9 | (3.1) |
| Inventories | 484.2 | 477.6 | 486.3 | 6.6 |
| Trade payables | (370.5) | (393.2) | (420.6) | 22.7 |
| **Operating working capital** | **225.8** | **199.6** | **184.6** | **26.2** |
| Other assets/(liabilities) | (110.4) | (139.0) | (115.9) | 28.6 |
| **Net working capital** | **115.5** | **60.7** | **68.7** | **54.8** |
| Net fixed assets | 2,071.5 | 2,117.9 | 2,083.7 | (46.3) |
| Net deferred taxes | (29.9) | (30.3) | (24.6) | 0.4 |
| Other long-term assets/(liabilities) | (3.8) | (4.2) | (3.0) | 0.4 |
| Pension funds and other provisions | (33.6) | (34.4) | (38.6) | 0.8 |
| **Net capital employed** | **2,119.6** | **2,109.6** | **2,086.2** | **10.0** |
| Net equity | 897.7 | 903.2 | 899.8 | (5.5) |
| Net debt | 1,221.9 | 1,206.5 | 1,186.5 | 15.5 |
| **Total source of financing** | **2,119.6** | **2,109.6** | **2,086.2** | **10.0** |

| €m | 31 July '23 Adjusted | 31 January '23 Adjusted | 31 July '22 Adjusted | Chge Jul. '23 vs Jan. '23 |
|---|---|---|---|---|
| Trade receivables | 88.6 | 87.5 | 96.7 | 1.1 |
| Inventories | 484.2 | 477.6 | 486.3 | 6.6 |
| Trade payables | (370.5) | (414.0) | (420.4) | 43.5 |
| **Operating working capital** | **202.4** | **151.2** | **162.6** | **51.2** |
| Other assets/(liabilities) | (75.3) | (96.1) | (75.8) | 20.8 |
| **Net working capital** | **127.1** | **55.0** | **86.8** | **72.1** |
| Net fixed assets | 1,166.0 | 1,164.1 | 1,151.6 | 1.9 |
| Net deferred taxes | (36.7) | (37.1) | (31.6) | 0.4 |
| Other long-term assets/(liabilities) | (15.5) | (15.9) | (14.6) | 0.4 |
| Pension funds and other provisions | (33.6) | (34.4) | (38.6) | 0.8 |
| **Net capital employed** | **1,207.2** | **1,131.7** | **1,153.6** | **75.5** |
| Net equity | 959.6 | 960.5 | 951.3 | (0.9) |
| Net debt | 247.5 | 171.2 | 202.3 | 76.3 |
| **Total source of financing** | **1,207.2** | **1,131.7** | **1,153.6** | **75.5** |

The reported net invested capital of the Group at 31 July 2023, which therefore also includes the impact of IFRS 16, was €2,119.6 million, up €10.0 million compared with 31 January 2023, due to both lower-than-expected sales in May and lower debt to suppliers, due above all to fewer purchases and better conditions: this affected net adjusted operating working capital, which increased by €51.2 million during the half-year.

## Adjusted summary consolidated statement of cash flows

The following table shows the statement of cash flows for the first half of 2023, compared with the statement of cash flows for the same period of the previous year, both restated according to management criteria and adjusted (i) to exclude the effects of IFRS 16, as it does not have an impact on Group cash flows and (ii) to represent the effects of IFRS 15 according to the operating nature of the Other current payables relating to expected returns.

| €m | 31 July '23 | 31 July '22 | Chge |
|---|---|---|---|
| **EBITDA - Adjusted** | **86.4** | **82.3** | **4.1** |
| Adjustments | (2.2) | (3.2) | 1.1 |
| **Gross operating margin - Reported** | **84.2** | **79.1** | **5.1** |
| Change in operating working capital | (51.2) | (19.6) | (31.6) |
| Other changes in working capital | (29.5) | (22.1) | (7.4) |
| Net investments | (37.9) | (33.9) | (4.0) |
| **Operating cash flow** | **(34.4)** | **3.4** | **(37.8)** |
| Financial expenses | (6.6) | (5.0) | (1.5) |
| Severance indemnity payments | (0.8) | (1.6) | 0.8 |
| Taxes and other | (9.1) | (11.9) | 2.8 |
| **Net cash flow (excluding equity movements, MtM derivatives and IFRS 16)** | **(50.9)** | **(15.1)** | **(35.8)** |
| Dividends | (16.2) | (11.2) | (5.0) |
| Cash out due to buy-back | (12.9) | (12.0) | (0.9) |
| **Net cash flow (excluding MtM derivatives and IFRS 16)** | **(80.1)** | **(38.3)** | **(41.8)** |
| Change in MtM derivatives | 3.8 | 11.2 | (7.4) |
| **Net cash flow (excluding IFRS 16)** | **(76.3)** | **(27.1)** | **(49.2)** |

### *Operating cash flow*

Cash absorption for the half-year, excluding capital transactions, amounted to €50.9 million. This performance is the result of a seasonality that was specific to the first half of 2023, which was characterised on the one hand by disappointing sales in May, and on the other by lower debt to suppliers, due above all to fewer purchases and better conditions, which will entail lower outflows in the second half-year, leading to the expectation that cash flows for the entire year will remain in line with expectations.

## Reconciliation of consolidated results for the first half of 2023

The following table shows the Group's consolidated results for the first half of 2023, presenting separately the effect of the application of IFRS 16, net non-recurring expenses before IFRS 16, stock option expenses, amortisation of intangible assets deriving from the purchase price allocation of previous business combinations, and income and expenses relating to foreign exchange gains or losses, both realised and from the valuation of items in foreign currencies (mainly USD) at the reporting date, including with respect to contractualised forward derivatives.

| €m | 31 July '23 reported | of which IFRS 16 | of which non-recurring | of which stock options; derivatives; PPA; foreign exchange gains/losses | 31 July '23 adjusted |
|---|---|---|---|---|---|
| **Net sales** | **734.9** | | | | **734.9** |
| Purchases of raw materials, consumables and goods | 312.7 | | | 1.9 (a) | 310.7 |
| **Gross margin (A)** | **422.2** | | | | **424.1** |
| *GM %* | *57.4%* | | | | *57.7%* |
| Staff costs | 147.1 | (0.0) | | 1.0 (b) | 146.2 |
| Service costs | 110.7 | (0.4) | 1.1 | | 110.0 |
| Costs for the use of third-party assets, net of other operating income | (24.2) | (94.9) | | | 70.7 |
| Provisions | 1.1 | | | | 1.1 |
| Other operating charges | 9.9 | 0.0 | 0.1 | | 9.7 |
| **Total operating costs (B)** | **244.6** | **(95.3)** | **1.2** | **1.0** | **337.7** |
| **EBITDA (A - B)** | **177.6** | **95.3** | **(1.2)** | **(2.9)** | **86.4** |
| *EBITDA %* | *24.2%* | | | | *11.8%* |
| Depreciation, amortisation and write-downs | 116.2 | 80.2 | | 4.3 (c) | 31.8 |
| **EBIT** | **61.3** | **15.1** | **(1.2)** | **(7.2)** | **54.6** |
| *EBIT %* | *8.3%* | | | | *7.4%* |
| Net financial expenses (income) | 29.4 | 20.3 | | 0.4 (d) | 8.7 |
| **PBT** | **31.9** | **(5.2)** | **(1.2)** | **(7.6)** | **45.9** |
| Taxes | 9.5 | (0.6) | (0.3) | (1.8) | 12.3 |
| **Net result for the period** | **22.4** | **(4.6)** | **(0.9)** | **(5.8)** | **33.7** |

(a) These relate to foreign exchange differences for forward hedging on purchases of goods in foreign currency, reclassified from "Net financial income (expenses)" to "Purchases of raw materials, consumables and goods".

(b) These relate to costs recognised in the half-year relating to stock option plans.

(c) These relate to the amortisation of intangible assets deriving from PPA.

(d) These mainly relate to foreign exchange gains or losses arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realised foreign exchange gains or losses (the latter reclassified to "Purchases of raw materials, consumables and goods").

The following is the reconciliation table for the first half of 2022:

| €m | 31 July '22 reported | of which IFRS 16 | of which non-recurring | of which stock options; derivatives PPA; foreign exchange gains/losses | 31 July '22 adjusted |
|---|---|---|---|---|---|
| **Net sales** | **705.8** | | | | **705.8** |
| Purchases of raw materials, consumables and goods | 306.5 | | | 13.4 (a) | 293.2 |
| **Gross margin (A)** | **399.3** | | | | **412.7** |
| *GM %* | *56.6%* | | | | *58.5%* |
| Staff costs | 148.0 | (0.0) | 0.3 | 1.0 (b) | 146.7 |
| Service costs | 104.3 | (0.4) | 1.9 | | 102.8 |
| Costs for the use of third-party assets, net of other operating income | (20.2) | (88.6) | | | 68.4 |
| Provisions | 1.5 | | | | 1.5 |
| Other operating charges | 11.0 | 0.0 | 0.1 | | 10.9 |
| **Total operating costs (B)** | **244.6** | **(89.0)** | **2.2** | **1.0** | **330.3** |
| **EBITDA (A - B)** | **154.7** | **89.0** | **(2.2)** | **(14.4)** | **82.3** |
| *EBITDA %* | *21.9%* | | | | *11.7%* |
| Depreciation, amortisation and write-downs | 112.5 | 78.3 | | 4.3 (c) | 29.9 |
| **EBIT** | **42.2** | **10.6** | **(2.2)** | **(18.7)** | **52.4** |
| *EBIT %* | *6.0%* | | | | *7.4%* |
| Net financial expenses (income) | 6.3 | 18.9 | | (19.9) (d) | 7.3 |
| **PBT** | **35.8** | **(8.3)** | **(2.2)** | **1.2** | **45.2** |
| Taxes | 12.0 | (1.0) | (0.5) | 0.3 | 13.3 |
| **Net result for the period** | **23.9** | **(7.2)** | **(1.7)** | **0.9** | **31.9** |

(a) These relate to foreign exchange differences for forward hedging on purchases of goods in foreign currency, reclassified from "Net financial income (expenses)" to "Purchases of raw materials, consumables and goods".
(b) These relate to costs recognised in the half-year relating to stock option plans.

(c) These relate to the amortisation of intangible assets deriving from PPA.

(d) These mainly relate to foreign exchange gains or losses arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realised foreign exchange gains or losses (the latter reclassified to "Purchases of raw materials, consumables and goods").

With regard to the results at 31 July 2023, it should be noted that:

- Revenues and income, which came in at €734.9 million, mainly include the retail sales generated under the OVS, Upim, STEFANEL and GAP brands.
- The gross operating margin or adjusted EBITDA, as the difference between revenues and operating costs, net of the effects of IFRS 16, excluding depreciation and amortisation (including amortisation of intangible assets deriving from the purchase price allocation of previous business combinations), non-recurring expenses and stock option plans, and adjusted to take account of foreign exchange gains or losses realised on forward instruments entered into by the Group and underlying goods

already purchased and sold, amounted to €86.4 million, equal to 11.8% of sales.

- The reported and adjusted profit before tax came in at €31.9 million and €45.9 million, respectively (the latter net of the effects of IFRS 16, non-recurring costs and other costs shown in the fourth column of the table).
- Net taxes amounted to €9.5 million and reflect the normalisation of the tax rate, which decreased from 33.4% to 29.8% during the half-year.
- The reported and adjusted net profit for the period were €22.4 million and €33.7 million, respectively, net of the above expenses.

### *Impacts of IFRS 16 and alternative performance indicators*

The consolidated income statement for the first half of 2023 is shown below, including and excluding the effects of IFRS 16.

| €m | 31 July '23 Reported | *Effects of IFRS 16* | 31 July '23 Excluding IFRS 16 |
|---|---|---|---|
| Revenues | 734.9 | - | 734.9 |
| Other operating income and revenues | 43.7 | *0.9* | 44.6 |
| **Total revenues** | **778.5** | ***0.9*** | **779.4** |
| Purchases of raw materials, consumables and goods | 312.7 | - | 312.7 |
| Staff costs | 147.1 | *0.0* | 147.2 |
| Depreciation, amortisation and write-downs of assets | 116.2 | *(80.2)* | 36.1 |
| Other operating expenses | | | - |
| Service costs | 110.7 | *0.4* | 111.1 |
| Costs for the use of third-party assets | 19.4 | *95.8* | 115.2 |
| Write-downs and provisions | 1.1 | - | 1.1 |
| Other operating charges | 9.9 | *(0.0)* | 9.8 |
| **Profit before net financial expenses and taxes** | **61.3** | ***(15.1)*** | **46.2** |
| Financial income | 0.4 | *(0.1)* | 0.3 |
| Financial expenses | 29.4 | *(20.4)* | 9.0 |
| Foreign exchange gains and losses | (0.4) | - | (0.4) |
| Gains (losses) from equity investments | (0.0) | - | (0.0) |
| **Net profit for the period before tax** | **31.9** | ***5.2*** | **37.1** |
| Taxes | 9.5 | *0.6* | 10.2 |
| **Net result for the period** | **22.4** | ***4.6*** | **27.0** |

The following is an overview of these effects on the profitability KPIs:

| €m | 31 July '23 Reported | *Effects of IFRS 16* | 31 July '23 Excluding IFRS 16 |
|---|---|---|---|
| **Net sales** | **734.9** | | **734.9** |
| **Gross margin**<br>*% on net sales* | **422.2**<br>*57.4%* | | **422.2**<br>*57.4%* |
| **EBITDA**<br>*% on net sales* | **177.6**<br>*24.2%* | ***(95.3)*** | **82.3**<br>*11.2%* |
| **EBIT**<br>*% on net sales* | **61.3**<br>*8.3%* | ***(15.1)*** | **46.2**<br>*6.3%* |
| **Profit before tax**<br>*% on net sales* | **31.9**<br>*4.3%* | ***5.2*** | **37.1**<br>*5.1%* |
| **Net result for the period**<br>*% on net sales* | **22.4**<br>*3.0%* | ***4.6*** | **27.0**<br>*3.7%* |

The following table shows the reclassified consolidated statement of financial position at 31 July 2023, including and excluding the effects of IFRS 16 and reclassifying the liability for returns entered pursuant to IFRS 15 among operating working capital items.

| €m | 31 July '23 Reported | *Effects of IFRS 16* | 31 July '23 excluding IFRS 16 | *Restatement for IFRS 15* | 31 July '23 adjusted |
|---|---|---|---|---|---|
| Trade receivables | 112.1 | *0.0* | 112.1 | *(23.5)* | 88.6 |
| Inventories | 484.2 | *(0.0)* | 484.2 | | 484.2 |
| Trade payables | (370.5) | *0.0* | (370.5) | | (370.5) |
| **Operating working capital** | **225.8** | ***0.0*** | **225.9** | ***(23.5)*** | **202.4** |
| Other assets/(liabilities) | (110.4) | *11.6* | (98.8) | *23.5* | (75.3) |
| **Net working capital** | **115.5** | ***11.6*** | **127.1** | **-** | **127.1** |
| Net fixed assets | 2,071.5 | *(905.6)* | 1,166.0 | | 1,166.0 |
| Net deferred taxes | (29.9) | *(6.8)* | (36.7) | | (36.7) |
| Other long-term assets/(liabilities) | (3.8) | *(11.7)* | (15.5) | | (15.5) |
| Pension funds and other provisions | (33.6) | *(0.0)* | (33.6) | | (33.6) |
| **Net capital employed** | **2,119.6** | ***(912.5)*** | **1,207.2** | **-** | **1,207.2** |
| Net equity | 897.7 | *61.9* | 959.6 | | 959.6 |
| Net debt | 1,221.9 | *(974.4)* | 247.5 | | 247.5 |
| **Total source of financing** | **2,119.6** | ***(912.5)*** | **1,207.2** | **-** | **1,207.2** |

### *Alternative performance indicators*

The OVS Group uses certain alternative performance indicators, which are not identified as accounting measures under IFRSs, to enable a better assessment of Group performance.

The calculation criterion applied by the Group may therefore not be consistent with those used by other groups and the balance obtained may not be comparable with theirs.

These alternative performance indicators are constructed solely on the basis of Group historical data.

They are calculated in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob with Communication no. 92543 of 3 December 2015. They refer only to the performance in the accounting period covered by this Half-year Financial Report and the comparison periods, and not to the Group’s expected performance, and should not be regarded as a substitute for the indicators envisaged by the reference accounting standards (IFRSs).

The alternative performance indicators used in the Half-year Financial Report are defined below:

**Adjusted net sales**: consists of total revenues, net of non-recurring revenues.

**Adjusted purchases of raw materials, consumables and goods**: consists of purchases of raw materials, consumables and goods, net of non-recurring components but including foreign exchange gains and losses for forward hedging on purchases of goods in foreign currencies, reclassified from “Net financial income (expenses)”.

**Reported gross margin**: the gross margin on sales, calculated as the difference between net sales and purchases of raw materials, consumables and goods.

**Adjusted gross margin**: calculated as the difference between adjusted net sales and adjusted purchases of raw materials, consumables and goods.

With regard to **reported EBITDA**, **adjusted EBITDA**, **reported EBIT**, **adjusted EBIT**, **adjusted profit before taxes (PBT)** and **adjusted net profit for the year**, please see the section above entitled “Reconciliation of consolidated results for the first half of 2023”.

**Net invested capital**: consists of the total of non-current assets and current assets, excluding financial assets (current and non-current financial assets, current and non-current financial assets for leases, and cash and banks) net of non-current liabilities and current liabilities, excluding financial liabilities (current and non-current financial liabilities and current and non-current financial liabilities for leases).

**Adjusted net invested capital**: consists of net invested capital excluding the impacts of the adoption of the IFRS 16 accounting standard.

**Net financial position** or **net (financial) debt**: calculated as the sum of current and non-current financial liabilities and current and non-current financial liabilities for leases, net of the cash and banks balance, current and non-current financial assets including the positive fair value of derivative instruments, and current and non-current financial assets for leases.

**Adjusted net financial position** or **adjusted net (financial) debt**: represented by net (financial) debt excluding the impacts on current and non-current lease liabilities of IFRS 16 and the impacts of mark-to-market.

**Adjusted summary consolidated statement of cash flows**: consists of the net cash flow generated (absorbed) by operating, investment and financing activity, excluding the effects of the IFRS 16 accounting standard, and reclassified according to management criteria, i.e. based on the operating flow of adjusted EBITDA.

## Management of financial risks

Management of financial risks is described in detail in the note entitled “Information on financial risks” in the notes to the condensed consolidated half-year financial statements at 31 July 2023.

## Investment and development

Gross investments of €38.3 million were made in the first half of 2023. The investments made in 2023 represent the third and last year of a three-year plan entailing more substantial investments than usual for the Group. In particular, in these first six months, they mainly concerned: (i) the renovation of 15 stores in the existing network, extraordinary maintenance and other commercial activities relating to the existing network, amounting to around €15.8 million, (ii) new store openings (around €6.5 million) under the Group’s brands, (iii) the development of new IT and digital transformation systems (around €5.8 million), (iv) the

upgrading of the logistics unit (around €6 million) in order to improve distribution efficiency, and (v) maintenance and renovation of the head office in Venice-Mestre (around €2.5 million).
The investments made in the same period of 2022 amounted to €33.9 million, of which around €13.3 million related to extraordinary renovation and maintenance, €5.3 million to developing IT systems and €6.0 million to modernising distribution processes and head office maintenance.

At Group level, the sales network comprised a total of 2,227 stores at 31 July 2023 (including the small-format stores) including 866 DOS (18 abroad), 1,239 affiliated stores (333 abroad) and 122 administered stores (88 abroad).

## Related party transactions

Detailed information is provided on relations with related parties in the notes to the condensed consolidated half-year financial statements at 31 July 2023.

## Significant events during the first half of 2023

### *Impacts of the conflict in Ukraine and inflation on the Group's performance*

The first half of 2023 was also particularly characterised by the macroeconomic phenomena that followed the outbreak of the Russian-Ukrainian conflict in February 2022: the general rise in commodity prices, high inflation rates in all economies of the old continent (and therefore also in Italy) and still rising interest rates, although the latest signs from the ECB suggest a gradual adjustment. In this extremely difficult economic environment, the OVS Group's results for the first half of the year, in terms of sales and EBITDA, were nevertheless particularly satisfactory. The high purchase cost of the spring summer 2023 collection, which was ordered during 2022 when (i) raw material prices, (ii) transport costs and (iii) the EUR/USD exchange rate were extremely unfavourable, was more than offset by better sales and careful mark-down management, resulting overall in another rise in the gross margin and EBITDA.

In the second half of the year, sales are expected to continue to perform well, not only due to product projects, but also to a reduction in costs, which we have already seen: this provides a solid basis for strengthening expectations for the year 2023, with an improvement in performance compared with the previous year.

For more information, please see the notes to the condensed consolidated half-year financial statements.

### *Other significant events during the first half of 2023*

Despite various persistent uncertainties on both geopolitical and economic fronts, marked by high inflation and tensions on consumer purchasing power, the economic and financial results for the first half of the year were very satisfactory.

Among the other salient events in the first half of 2023, it should be noted that on 31 March 2023, OVS obtained the single authorisation from the Government Commissioner of the Adriatica Special Economic Zone (SEZ) to begin work on the creation of the new technological hub serving the Group. With this authorisation, the OVS Group has launched an investment plan of around €33 million. In the region of the Bari Industrial Development Area, the following are to be built: a technological hub where the Group will focus on the development of projects with high digital content, utilising around €19 million in resources, and an innovative plant, which will support the Group's development on issues related to the reuse of clothing for the circular economy, for about another €14 million of investments, in the three-year period 2023-2025. The new establishment is expected to create 125 new jobs, including for graduates with digital skills in both artificial intelligence and cyber security, and specialist positions for reworking clothing and activities linked to the multi-function centre.

The purchase of treasury shares also continued: between 1 February 2023 and 31 July 2023, the Parent

Company purchased 5,080,731 treasury shares, equal to 1.7464% of the share capital, for a total amount of €12,910,000, while no shares were disposed of.
On 26 May 2023, a convertible loan of €3.6 million was signed and simultaneously paid to NYKY S.r.l., operating in the retail and wholesale clothing sector with the brands Momonì, ATTIC AND BARN and OOF Wear, which are present in both the domestic and the international market, particularly in Europe and the United States.
On 31 May 2023, the Ordinary Shareholders' Meeting of Parent Company OVS S.p.A. (the "Company") approved the financial statements at 31 January 2023, also resolving to pay an ordinary dividend of €0.06 per share for the financial year ended 31 January 2023. The detachment date for coupon no. 5 was 19 June 2023 and the payment date was 21 June 2023 (record date 20 June 2023). For further details, please see the consolidated statement of changes in shareholders' equity.
The Ordinary Shareholders' Meeting also approved, by binding resolution, the first section of the report on the remuneration policy and compensation paid (remuneration policy) and, in an advisory capacity, voted in favour of the second section of that report (compensation paid).
On the same date, the Ordinary Shareholders' Meeting determined the number of members of the Board of Directors as 9 (nine) and appointed the new Board, which will remain in office until the approval of the financial statements for the year ended 31 January 2026, composed of Franco Moscetti, Stefano Beraldo, Giovanni Tamburi, Alessandra Gritti, Chiara Mio, Roberto Cappelli, Carlo Achermann, Flavia Sampietro and Elena Garavaglia.
On the basis of the two lists presented, the Shareholders' Meeting also appointed the new Board of Statutory Auditors, which will remain in office until the approval of the financial statements for the year ended 31 January 2026, composed of Stefano Poggi Longostrevi (Chairman of the Board of Statutory Auditors), Massimiliano Nova and Federica Menichetti (Marzia Nicelli and Donata Paola Patrini are alternate auditors).
The same Ordinary Shareholders' Meeting approved the authorisation of (i) the purchase, in one or more tranches and for a period of 18 months, up to a maximum number of shares in the Company that, taking into account the ordinary OVS shares held from time to time by the Company and its subsidiaries, shall not exceed 10% of the Company's share capital, and therefore within the limits of the law; and (ii) the disposal of all or part of the treasury shares held.
This resolution replaced the authorisation granted to the Board of Directors by the Shareholders' Meeting held on 31 May 2022. For further information on the other characteristics of the authorisation to purchase and dispose of treasury shares, please see (i) the press release dated 19 April 2023 and (ii) the explanatory report, which is available on the Company's website at www.ovscorporate.it. (Governance/Shareholders' Meeting/Shareholders' Meeting of 31 May 2023 section).
As of today (20 September 2023), the Company holds 20,559,233 treasury shares (equal to 7.067% of the share capital), while its subsidiaries do not hold any OVS shares.
The new Board of Directors, meeting for the first time on 31 May 2023 (immediately after appointment by the Shareholders' Meeting), appointed Director Stefano Beraldo as Chief Executive Officer, confirming the

management agreement already signed on 31 May 2022, and appointed Giovanni Tamburi as Vice-Chairman. The Board also verified that the members of the new Board of Directors and the new Board of Statutory Auditors met the requirements of integrity, professionalism and independence as established by the provisions for assuming office in the applicable legislation and the Corporate Governance Code, on the basis of information provided by the members and verified at the meeting to establish the Board, which was also held on 31 May 2023.

The Board also reappointed Nicola Perin, the company's Chief Financial Officer, as the Chief Reporting Officer, pursuant to Article 154-*bis* of the TUF, after receiving the favourable opinion of the Board of Statutory Auditors.

There were no other significant events in the first half of 2023.

## Other information

### *Incentive plans*

It should be recalled that on 26 May 2015, the Shareholders' Meeting approved a stock option plan for the period 2015-2020, to be implemented through the granting of free stock options for ordinary newly issued shares of OVS S.p.A. The Plan was reserved for directors who are also employees, executives with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries. The Plan was intended to create value for shareholders by improving long-term corporate performance and attracting and retaining staff who play a key role in the Group's development.

The Plan provided for the issue of up to 5,107,500 options, which will be granted free of charge to the Beneficiaries if certain performance targets are met, and confers on each of them the right to subscribe for one ordinary share of the Company for each option granted.

The same Shareholders' Meeting was also convened in extraordinary session to resolve upon the proposal to grant the Board of Directors, for a period of five years from the date of the resolution, the power to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, in tranches, excluding option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, for a total maximum nominal amount of €35,000,000, through the issue, in one or more tranches, of up to 5,107,500 ordinary shares with no par value, to be reserved for the beneficiaries of the 2015-2020 Stock Option Plan, with the consequent amendment of Article 5 of the Articles of Association.

As of 31 July 2023, 2,724,963 options had been granted under the "Stock Option Plan 2015-2020".

It should also be noted that the Shareholders' Meeting of 31 May 2017 had approved another stock option plan, called the "Stock Option Plan 2017-2022", reserved for directors who are also employees, executives with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries, which may be implemented using either (i) treasury shares bought back under the authorisation pursuant to Article 2357 of the Italian Civil Code granted by the Shareholders' Meeting from time to time; or (ii) shares deriving from a capital increase by the Board of Directors, after the granting of a mandate to the same to increase the share capital pursuant to Article 2443 of the Italian Civil Code, in tranches, excluding option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, for a total maximum nominal amount of €4,080,000, through the issue, in one or more tranches, of up to 4,080,000 new ordinary shares of OVS, to be reserved for the beneficiaries of the "2017-2022 Stock Option Plan".

This Plan is also intended to create value for shareholders by improving long-term corporate performance and attracting staff who play a key role in the Group's development.

The Plan provides for the free allocation to each beneficiary of up to 4,080,000 options, which give the right to subscribe or purchase ordinary shares of OVS in the ratio of one share for each option exercised. The options mature when determined performance targets are met.

As of 31 July 2023, 1,222,000 options had been granted under the "Stock Option Plan 2017-2022".

The Ordinary Shareholders' Meeting of 31 May 2019 had then approved, pursuant to Article 114-*bis* of the Consolidated Law on Finance, the adoption of an incentive plan named the "Stock Option Plan 2019-2022", to be implemented through the granting of free stock options for newly issued ordinary shares of OVS S.p.A. The Plan is reserved for directors who are also employees, executives with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries pursuant to Article 93 of Legislative Decree 58 of 24 February 1998, who have been identified by the Board of Directors, after consulting the Appointments and Remuneration Committee, from among those individuals who perform a key role in the achievement of the Company's strategic objectives (hereinafter, the "Beneficiaries").
The Plan is intended to create value for shareholders by improving long-term corporate performance and by attracting and retaining personnel that play a key role in the Group's development, in order to align the interests of the Beneficiaries with those of the Group's shareholders.
Up to 5,000,000 options could be issued under the Plan, granted free of charge to the Beneficiaries. Each Beneficiary may exercise the options actually accrued on fulfilment of a condition of access to the Plan (gate) and a performance condition linked to a predefined value of three-year cumulative EBITDA. Each option confers on each Beneficiary the right to subscribe for one ordinary share of the Company for each option granted.
The exercise price of the shares is currently set at €1.72.
As of 31 July 2023, 4,800,000 options had been granted under the "Stock Option Plan 2019-2022".
With regard to the three plans in place, it should be recalled that, in 2021, the dilutive effect of the capital increase in July 2021 had to be neutralised by adjusting the strike price and any access condition price (present only in the 2019-2022 Plan). The new values, calculated according to the formulas commonly used in similar situations, are shown below:

| **Stock Option Plan** *(amounts in euro)* | **Exercise price** | **New exercise price** | **Access condition** | **New access condition** |
|---|---|---|---|---|
| 2015-2020 Plan | 4.88 | 4.08 | n.a. | n.a. |
| 2017-2022 Plan | 6.39 | 5.26 | n.a. | n.a. |
| 2019-2022 Plan | 1.85 | 1.72 | 2.50 | 2.11 |

The strike prices indicated above are also adjusted to neutralise the effects of the distribution of dividends in the financial year 2022 and in the first half of 2023 (totalling €0.10 per ordinary share).
Lastly, on 31 May 2022, the Ordinary Shareholders' Meeting approved, pursuant to Article 114-*bis* of the Consolidated Law on Finance, the adoption of a stock grant plan named the "Performance Shares 2022 Plan" reserved for the Chief Executive Officer, executives with strategic responsibilities, employees, staff and advisors of OVS and its subsidiaries. For more information on the aforementioned incentive plan, see Note 7.27 in the notes to this document and the specific documentation for the Shareholders' Meeting, which is available on the Company's website.
For details of all the plans, see the reports of the Board of Directors and the information documents, pursuant

to Article 84-*bis* of Consob Regulation 11971/1999, which are available on the Company website at www.ovscorporate.it, in the Governance/Shareholders' Meeting section.

### ***Shares held by directors, statutory auditors and executives with strategic responsibilities***

For information on the shares held by directors, statutory auditors and executives with strategic responsibilities, please see the Report on Remuneration, prepared in accordance with Article 123-*ter* of the Consolidated Law on Finance, Article 84-*quater* and Appendix 3A, Schedule 7-*bis* of Consob Regulation no. 11971/1999 as amended (the "Regulation for Issuers") and Article 6 of the Code of Corporate Governance, available in the Governance/Shareholders' Meeting section of the corporate website at www.ovscorporate.it.

### ***Treasury shares***

At 31 July 2023, the Parent Company, OVS S.p.A., had a total of 19,428,265 treasury shares, i.e. 6.678% of the share capital.
During the first half of 2023, 5,080,731 treasury shares were purchased at an average carrying price of €2.541 for a total amount of €12,910,000, while no disposals were recorded.

### ***Article 15 of the Market Regulations (adopted by Consob by Resolution 20249 of 28 December 2017)***

Investee companies with registered offices in non-EU countries, of which the biggest is OVS Hong Kong Sourcing Ltd, are not significant within the meaning of Article 151 of the Regulation for Issuers, as their respective assets make up less than 2% of the assets in the Group's consolidated financial statements at 31 July 2023, and their respective revenues make up less than 5% of the Group's consolidated revenues at 31 July 2023.

### ***Article 16, paragraph 4, of the Market Regulations (adopted by Consob by Resolution 20249 of 28 December 2017)***

At 31 January 2019, OVS S.p.A. was a 17.835%-owned investee company of Gruppo Coin S.p.A.
On 11 March 2019, Gruppo Coin S.p.A., the vendor, and Tamburi Investment Partners S.p.A., as the buyer,

reached an agreement concerning the sale of the equity investment (17.835%) held by Gruppo Coin S.p.A. in OVS S.p.A. Due to this purchase, Tamburi Investment Partners S.p.A., which was already a shareholder of OVS with an equity investment of approximately 4.912%, obtained a total stake of around 22.747% in OVS's capital.

Lastly, as a result of the paid capital increase completed in July 2021 and subsequent purchases/sales on the market, shareholder Tamburi Investment Partners S.p.A. currently holds a total stake of approximately 28.44% in OVS's capital.

Despite the equity investment held by Tamburi Investment Partners S.p.A., OVS S.p.A. does not consider itself to be subject to management and coordination by the latter, as:

- it operates completely independently;
- there is no cash pooling function for the Group;
- key decisions relating to management of the Parent Company and its subsidiaries are taken by the Parent Company's own management bodies;
- the Parent Company's Board of Directors is responsible, *inter alia*, for reviewing and approving the strategic, business and financial plans and budgets of the Company and the OVS Group, reviewing and approving the organisational structure of the OVS Group, and assessing the adequacy of the organisational, management and accounting structure of the Company and the OVS Group.

### *Information pursuant to Articles 70 and 71 of Consob Regulation 11971/1999*

It should be noted that OVS S.p.A. has opted to adopt the regime, by derogation from Articles 70, paragraph 6 and 71, paragraph 1, of Consob Regulation 11971/1999 (the Regulation for Issuers) in the event of significant mergers, demergers and capital increases through the contribution of assets in kind, acquisition and disposal, having notified Consob, Borsa Italiana and the public thereof at the time of submission of the application for the admission of shares to the MTA, pursuant to Articles 70, paragraph 8 and 71, paragraph 1-*bis* of the Regulation for Issuers.

## Significant events after the reporting period

The purchase of treasury shares continued: since 1 August 2023 to date, the Parent Company has purchased 1,130,968 treasury shares, equal to 0.3888% of the share capital, for a total amount of €2,566,000, while no shares have been disposed of.

No other significant events took place after 31 July 2023.

## Business outlook

The expectation is that the good sales trend will continue in the second half of the year, partly due to the product projects that are coming on stream. These include the new B Angel (formerly Baby Angel) collection for young teenagers, which is receiving a positive response, and the "denim capsule" developed in collaboration with Adriano Goldshmied, internationally recognised as the "godfather" of denim. With respect to margins, we expect an improvement, due in particular to lower raw material costs.

Current trading in the period 1 August – 19 September 2023 was positive, with increased like-for-like sales of all brands compared with the same period in 2022.

The growth that has been evident the first half-year, the solid current trading performance and the cost-cutting that is bearing fruit have heightened expectations that performance in the 2023 financial year will outstrip that of the previous year.

# Condensed consolidated half-year financial statements at 31 July 2023

## Consolidated statement of financial position

(thousands of euro)

| ASSETS | Note | 31.07.2023 | of which related parties | 31.01.2023 | of which related parties |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash and banks | *6.1* | 81,835 | | 106,019 | |
| Trade receivables | *6.2* | 112,115 | 0 | 115,194 | 0 |
| Inventories | *6.3* | 484,247 | | 477,635 | |
| Financial assets | *6.4* | 5,042 | | 5,686 | |
| Financial assets for leases | *6.5* | 1,843 | 0 | 1,931 | 0 |
| Current tax assets | *6.6* | 8,234 | | 18,685 | |
| Other receivables | *6.7* | 26,017 | | 17,721 | |
| **Total current assets** | | **719,333** | | **742,871** | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | *6.8* | 274,571 | | 267,662 | |
| Right-of-use assets | *6.9* | 908,760 | | 957,334 | |
| Intangible assets | *6.10* | 590,495 | | 595,168 | |
| Goodwill | *6.11* | 297,686 | | 297,686 | |
| Equity investments | *6.13* | 0 | | 0 | |
| Financial assets | *6.4* | 3,646 | | 0 | |
| Financial assets for leases | *6.5* | 2,826 | 0 | 3,650 | 0 |
| Other receivables | *6.7* | 7,141 | | 6,639 | |
| **Total non-current assets** | | **2,085,125** | | **2,128,139** | |
| **TOTAL ASSETS** | | **2,804,458** | | **2,871,010** | |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Note | 31.07.2023 | of which related parties | 31.01.2023 | of which related parties |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Financial liabilities | *6.14* | 87,522 | | 26,487 | |
| Financial liabilities for leases | *6.15* | 148,430 | | 170,033 | |
| Trade payables | *6.16* | 370,513 | (47) | 393,198 | (47) |
| Current tax liabilities | *6.17* | 2,005 | | 4,436 | |
| Other payables | *6.18* | 142,615 | 873 | 170,923 | 8,630 |
| **Total current liabilities** | | **751,085** | | **765,077** | |
| **Non-current liabilities** | | | | | |
| Financial liabilities | *6.14* | 248,263 | | 253,560 | |
| Financial liabilities for leases | *6.15* | 832,914 | | 873,670 | |
| Employee benefits | *6.19* | 27,440 | | 27,844 | |
| Provisions for risks and charges | *6.20* | 6,193 | | 6,571 | |
| Deferred tax liabilities | *6.21* | 29,908 | | 30,308 | |
| Other payables | *6.18* | 10,957 | | 10,810 | |
| **Total non-current liabilities** | | **1,155,675** | | **1,202,763** | |
| **TOTAL LIABILITIES** | | **1,906,760** | | **1,967,840** | |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Share capital | *6.22* | 290,923 | | 290,923 | |
| Treasury shares | *6.22* | (38,922) | | (26,018) | |
| Other reserves | *6.22* | 623,256 | | 598,645 | |
| Net result for the period | | 22,255 | | 39,202 | |
| **GROUP SHAREHOLDERS' EQUITY** | | **897,512** | | **902,752** | |
| NON-CONTROLLING INTERESTS | *6.22* | 186 | | 418 | |
| **TOTAL SHAREHOLDERS' EQUITY** | | **897,698** | | **903,170** | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **2,804,458** | | **2,871,010** | |

## Consolidated income statement

(thousands of euro)

| | Note | 31.07.2023 | of which related parties | 31.07.2022 | of which related parties |
|---|---|---|---|---|---|
| Revenues | *7.23* | 734,864 | | 705,803 | |
| Other operating income and revenues | *7.24* | 43,655 | | 37,510 | |
| **Total revenues** | | **778,519** | | **743,313** | |
| Purchases of raw materials, consumables and goods | *7.25* | 312,691 | | 306,503 | |
| Staff costs | *7.26* | 147,141 | 3,855 | 147,971 | 2,987 |
| Depreciation, amortisation and write-downs of assets | *7.28* | 116,249 | | 112,529 | |
| Other operating expenses | | | | | |
| Service costs | *7.29* | 110,702 | | 104,337 | |
| Costs for the use of third-party assets | *7.29* | 19,417 | | 17,281 | |
| Write-downs and provisions | *7.29* | 1,125 | | 1,500 | |
| Other operating charges | *7.29* | 9,885 | | 11,038 | |
| **Profit before net financial expenses and taxes** | | **61,309** | | **42,154** | |
| Financial income | *7.30* | 382 | | 159 | |
| Financial expenses | *7.30* | (29,443) | | (26,314) | |
| Foreign exchange gains and losses | *7.30* | (354) | | 19,850 | |
| Gains (losses) from equity investments | *7.30* | 0 | | 0 | |
| **Net profit for the period before tax** | | **31,894** | | **35,849** | |
| Taxes | *7.31* | (9,511) | | (11,977) | |
| **Net result for the period** | | **22,383** | | **23,872** | |
| | | | | | |
| **Net result for the period attributable to the Group** | | **22,255** | | **23,655** | |
| **Net result for the period attributable to minority interests** | | **128** | | **217** | |
| | | | | | |
| **Earnings per share (in euro)** | *7.32* | | | | |
| - basic | | 0.081 | | 0.082 | |
| - diluted | | 0.081 | | 0.082 | |

## Consolidated statement of comprehensive income

(thousands of euro)

| | *Note* | 31.07.2023 | 31.07.2022 |
|---|---|---|---|
| **Net result for the period (A)** | | **22,383** | **23,872** |
| **Other gains (losses) that will not be subsequently reclassified in the income statement:** | | | |
| - Change in consolidation reserve | *6.22* | 0 | 0 |
| - Actuarial gains (losses) for employee benefits | *6.19-6.22* | (13) | 1,870 |
| - Tax on items recognised in the reserve for actuarial gains (losses) | *6.21-6.22* | 3 | (449) |
| **Total other comprehensive gains (losses) that will not be subsequently reclassified in the income statement** | | **(10)** | **1,421** |
| **Other gains (losses) that will be subsequently reclassified in the income statement:** | | | |
| - Change in translation reserve | *6.22* | 818 | 20 |
| **Total other comprehensive gains (losses) that will be subsequently reclassified in the income statement** | | **818** | **20** |
| **Total other items of comprehensive income (B)** | | **808** | **1,441** |
| **Total comprehensive income for the period (A) + (B)** | | **23,191** | **25,313** |
| Total comprehensive income attributable to the Group | | 23,063 | 25,096 |
| Total comprehensive income attributable to minority interests | | 128 | 217 |

## Consolidated statement of cash flows

(thousands of euro)

| | Note | 31.07.2023 | 31.07.2022 |
|---|---|---|---|
| **Operating activities** | | | |
| Net result for the period | | 22,383 | 23,872 |
| Provision for taxes | *7.32* | 9,511 | 11,977 |
| Adjusted for: | | | |
| Net depreciation, amortisation and write-downs of fixed assets, including for leases | *7.28* | 116,249 | 112,529 |
| Net capital gains (losses) on fixed assets, including for leases | | (82) | (712) |
| Net financial expenses (income) including for leases | *7.30* | 29,061 | 26,155 |
| Expenses (income) from foreign exchange differences and currency derivatives | *7.30* | 4,171 | (8,659) |
| Loss (gain) on derivatives due to change in fair value | *7.30* | (3,817) | (11,191) |
| Allocations to provisions | *6.19-6.20* | 375 | 750 |
| Utilisation of provisions | *6.19-6.20* | (1,643) | (1,868) |
| **Cash flows from operating activities before changes in working capital** | | **176,208** | **152,853** |
| Cash flow generated/(absorbed) by change in working capital | *6.2-3-6-7-16-17-18-21* | (61,061) | (39,342) |
| Taxes paid | | (4,156) | (6,732) |
| Net interest received (paid) including for leases | | (30,943) | (24,910) |
| Realised foreign exchange differences and cash flows from currency derivatives | | (5,997) | 7,414 |
| Other changes | | 1,814 | 1,072 |
| **Cash flow generated (absorbed) by operating activities** | | **75,865** | **90,355** |
| **Investment activities** | | | |
| (Investments in) fixed assets | *6.8-6.10-6.11* | (38,301) | (33,543) |
| Disposals of fixed assets | *6.8-6.10-6.11* | 320 | 0 |
| Cash in/(out) after business combinations during the period | | 0 | (167) |
| **Cash flow generated (absorbed) by investment activities** | | **(37,981)** | **(33,710)** |
| **Financing activities** | | | |
| Net change in financial assets and liabilities | *6.4-6.14* | 56,519 | (28,443) |
| (Repayment) of lease liabilities/collection of lease assets | *6.5-6.15* | (88,982) | (72,055) |
| (Buy-back) of treasury shares | *6.22* | (12,904) | (12,015) |
| Distribution of dividends | | (16,701) | (11,222) |
| **Cash flow generated (absorbed) by financing activities** | | **(62,068)** | **(123,735)** |
| **Increase (decrease) in cash and cash equivalents** | | **(24,184)** | **(67,090)** |
| **Cash and cash equivalents at start of period** | | **106,019** | **143,150** |
| **Cash and cash equivalents at end of period** | | **81,835** | **76,060** |

The cash effects of relations with related parties are described in the section “Relations with related parties” in the notes to these condensed consolidated half-year financial statements.

## Consolidated statement of changes in shareholders’ equity (thousands of euro)

| | Share capital | Share premium reserve | Legal reserve | Reserve for treasury shares | Reserve for actuarial gains (losses) | Translation reserve | IFRS 2 reserve | Other reserves | Retained earnings | Net result for the period | Total shareholders’ equity attributable to the OVS Group | Non-controlling interests | Total shareholders’ equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 01 February 2022** | **290,923** | **528,678** | **11,679** | **(1,496)** | **(3,793)** | **1,085** | **8,988** | **4,701** | **7,635** | **48,500** | **896,900** | **(57)** | **896,843** |
| *- Appropriation of earnings for financial year 2021* | *0* | *0* | *2,496* | *0* | *0* | *0* | *0* | *0* | *34,582* | *(48,500)* | *(11,422)* | *0* | *(11,422)* |
| *- Buy-back of treasury shares* | ***0*** | ***0*** | ***0*** | *(12,015)* | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | *(12,015)* | *0* | *(12,015)* |
| *- Change in consolidation scope* | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | *0* | *5* | *5* |
| *- Management incentive plans* | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | *1,237* | ***0*** | *(199)* | ***0*** | *1,038* | *0* | *1,038* |
| **Transactions with shareholders** | 0 | 0 | 2,496 | (12,015) | 0 | 0 | 1,237 | 0 | 34,383 | (48,500) | (22,399) | **5** | (22,394) |
| *- Result for the period* | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | *0* | *23,655* | *23,655* | *217* | *23,872* |
| *- Other items of comprehensive income* | ***0*** | ***0*** | ***0*** | ***0*** | *1,421* | *20* | ***0*** | ***0*** | ***0*** | *0* | *1,441* | *0* | *1,441* |
| **Total comprehensive income for the period** | 0 | 0 | 0 | 0 | 1,421 | 20 | 0 | 0 | 0 | 23,655 | 25,096 | 217 | 25,313 |
| **Balance at 31 July 2022** | **290,923** | **528,678** | **14,175** | **(13,511)** | **(2,372)** | **1,105** | **10,225** | **4,701** | **42,018** | **23,655** | **899,597** | **165** | **899,762** |
| | | | | | | | | | | | | | |
| **Balance at 01 February 2023** | **290,923** | **528,678** | **14,175** | **(26,018)** | **(1,066)** | **(902)** | **11,041** | **4,701** | **42,018** | **39,202** | **902,752** | **418** | **903,170** |
| *- Appropriation of earnings for financial year* | *0* | *0* | *1,248* | *0* | *0* | *0* | *0* | *0* | *21,559* | *(39,202)* | *(16,395)* | *(360)* | *(16,755)* |
| *- Buy-back of treasury shares* | ***0*** | ***0*** | ***0*** | *(12,904)* | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | *(12,904)* | *0* | *(12,904)* |
| *- Change in consolidation scope* | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | *0* | *0* | *0* |
| *- Management incentive plans* | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | *996* | ***0*** | ***0*** | ***0*** | *996* | *0* | *996* |
| **Transactions with shareholders** | 0 | 0 | 1,248 | (12,904) | 0 | 0 | 996 | 0 | 21,559 | (39,202) | (28,303) | **(360)** | (28,663) |
| *- Result for the period* | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | *0* | *22,255* | *22,255* | *128* | *22,383* |
| *- Other items of comprehensive income* | ***0*** | ***0*** | ***0*** | ***0*** | *(10)* | *818* | ***0*** | ***0*** | ***0*** | *0* | *808* | *0* | *808* |
| **Total comprehensive income for the period** | 0 | 0 | 0 | 0 | (10) | 818 | 0 | 0 | 0 | 22,255 | 23,063 | 128 | 23,191 |
| **Balance at 31 July 2023** | **290,923** | **528,678** | **15,423** | **(38,922)** | **(1,076)** | **(84)** | **12,037** | **4,701** | **63,577** | **22,255** | **897,512** | **186** | **897,698** |

# Notes to the financial statements

## 1. General information

OVS S.p.A. (hereinafter also the “Company” or the “Parent Company”) is a company incorporated on 14 May 2014, domiciled in Italy and organised under the laws of the Italian Republic, with its registered office at Via Terraglio 17, Mestre, Venice, Italy.

Borsa Italiana, with Provision 8006 of 10 February 2015, approved the admission to trading of the shares of OVS S.p.A. to the Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana S.p.A. Trading on the Mercato Telematico Azionario (MTA), as ordered by Borsa Italiana, began on Monday, 2 March 2015.

These condensed consolidated half-year financial statements at 31 July 2023 have been prepared pursuant to Article 154-*ter* of Legislative Decree 58/1998 and the relevant Consob provisions and were approved by the Board of Directors on 20 September 2023.

The Group’s main activities are set out in the Interim Report on Operations.

## 2. Impacts of the conflict in Ukraine and inflation on the Group's performance

As described in more detail in the Interim Report on Operations, the first half of 2023 was also particularly characterised by the macroeconomic phenomena that followed the outbreak of the Russian-Ukrainian conflict: the general rise in commodity prices, high inflation rates in all economies of the old continent (and therefore also in Italy) and still rising interest rates, although the latest signs from the ECB suggest a gradual adjustment. In this extremely difficult economic environment, the OVS Group's results for the first half of the year, in terms of sales and EBITDA, were particularly satisfactory. The high purchase cost of the spring summer 2023 collection, which was ordered during 2022 when (i) raw material prices, (ii) transport costs and (iii) the EUR/USD exchange rate were extremely unfavourable, was more than offset by better sales and careful mark-down management, resulting overall in another rise in the gross margin and EBITDA.
In the second half of the year, sales are expected to continue to perform well, not only due to product projects, but also to a reduction in costs, which we have already seen: this provides a solid basis for strengthening expectations for the year 2023, with an improvement in performance compared with the previous year.

## 3. Criteria for preparation of the consolidated financial statements

The structure of the condensed consolidated half-year financial statements at 31 July 2023, the main accounting policies and the valuation criteria used by the Group are described below.

### 3.1 Structure and content of the financial statements

The condensed consolidated half-year financial statements at 31 July 2023 were prepared pursuant to IAS 34, which relates to interim financial reporting. IAS 34 allows for the preparation of financial statements in condensed form, i.e. based on a minimum level of disclosure that is significantly lower than that required by the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union (IFRS), when full financial statements prepared pursuant to IFRS have already been made publicly available. The condensed consolidated half-year financial statements were prepared in "summary" form and should therefore be read in conjunction with the consolidated financial statements of the OVS Group for the year ended 31 January 2023, prepared pursuant to IFRS.

The condensed consolidated half-year financial statements at 31 July 2023 of the OVS Group, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity and the notes to the financial statements, are presented in euro as the current currency of the economies in which the Group chiefly operates, unless otherwise indicated.

With regard to the presentation methods used for the consolidated accounting schedules, in the context of the options under IAS 1, the OVS Group has opted for the following types of accounting schedules:

- Statement of financial position: assets and liabilities are classified with current and non-current items shown separately;
- Income statement: prepared separately from the statement of comprehensive income with operating costs classified by nature;
- Statement of comprehensive income: includes, as well as the result for the period, changes in shareholders' equity related to items of an economic nature which, by express provision of the international accounting standards, are recognised as components of shareholders’ equity;
- Statement of cash flows: the statement shows the cash flows from operating, investment and financing activities. The indirect method was used to prepare this statement;
- Statement of changes in shareholders' equity: separately shows the result for the period and each item of income and expense not posted to the income statement but recognised directly in shareholders’ equity pursuant to specific IFRS.

The schedules used, as specified above, provide the best representation of the OVS Group's financial position and profit performance.
The notes to the financial statements analyse, expand upon and comment on the values shown in the OVS Group's consolidated financial statements. They are accompanied by additional information deemed necessary to give a true and fair view of the Group's financial position and results.
Changes in the items recognised under assets and liabilities and in the income statement are elaborated upon when they are significant.
These condensed consolidated half-year financial statements at 31 July 2023 were prepared in accordance with the general criterion for reliable and truthful presentation of the Group's financial position, earnings and cash flow, in accordance with the general principles of business continuity, accrual basis accounting, consistency of presentation, relevance and aggregation, prohibition of offsetting and comparability of information.
Please see the Interim Report on Operations for detailed information on the nature of the Group's activity.
KPMG S.p.A. has performed a limited audit on these condensed consolidated half-year financial statements at 31 July 2023.

## 3.2 Consolidation scope

The condensed consolidated half-year financial statements at 31 July 2023 include, as well as the Parent Company's financial statements, the financial statements of all the subsidiaries from the date at which control is assumed until the date at which this control ceases.
The following is a list of the companies included within the scope of consolidation on a line-by-line basis:

| Company | Registered office | Share capital | | % investment |
|---|---|---|---|---|
| **Italian companies** | | | | |
| OVS S.p.A. | Venice - Mestre | 290,923,470 | EUR | Parent company |
| 82 S.r.l. | Venice - Mestre | 10,000 | EUR | 70% |
| OVS Innovazione e sostenibilità S.r.l. | Venice - Mestre | 100,000 | EUR | 100% |
| Energia Verde Uno S.r.l. | Venice - Mestre | 10,000 | EUR | 51% |
| | | | | |
| **Foreign companies** | | | | |
| OVS Department Stores D.O.O. | Belgrade - Serbia | 1,398,704,518 | RSD | 100% |
| OVS Maloprodaja D.O.O. | Zagreb - Croatia | 2,654 | EUR | 100% |
| OVS Hong Kong Sourcing Limited | Hong Kong | 585,000 | HKD | 100% |
| OVS India Sourcing Private Ltd | Delhi - India | 15,000,000 | INR | 100% |
| COSI International Ltd | Hong Kong | 10,000 | HKD | 100% |
| COSI International (Shanghai) Ltd | Shanghai - China | 1,000,000 | RMB | 100% |
| OVS Fashion España S.L. | Madrid - Spain | 3,100 | EUR | 100% |
| OVS France Sas | Paris - France | 30,000 | EUR | 100% |
| OVS Germany GmbH | Leipzig - Germany | 100,000 | EUR | 100% |
| Vespucci Fashion Inc. | New York - USA | 500,000 | USD | 80% |

The list of equity investments measured using the equity method is as follows:

| | | | | |
|---|---|---|---|---|
| Centomilacandele S.c.p.A. in liquidation | Milan | 300,000 | EUR | 31.63% |

There were no changes to the scope of consolidation in the first half of 2023.

## 3.3 Business combinations

The Group recognises business combinations using the acquisition method pursuant to IFRS 3 - Business Combinations.

Under this method, the consideration transferred to a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities assumed at the acquisition date. The ancillary costs of the transaction are usually recognised in the income statement when they are incurred.

Goodwill is determined as the excess of the sum of the considerations transferred to the business combination, shareholders' equity attributable to third parties and the fair value of any equity investment previously held in the acquiree, over the fair value of the net assets acquired and liabilities assumed at the acquisition date.

If a business combination takes place in stages with successive purchases of shares, each phase is valued separately, using the cost and information on the fair value of the assets, liabilities and contingent liabilities at the date of each operation to determine the amount of any difference. When a subsequent purchase means that control of a company is obtained, the stake previously held is re-presented based on the fair value of the identifiable assets, liabilities and contingent liabilities determined at the date that control is acquired, and the difference is recognised in the income statement.

The Group did not enter into any business combinations in the first half of 2023.

### 3.4 Financial statements in foreign currencies

The translation into euro of the financial statements of foreign subsidiaries denominated in currencies other than the euro is carried out by applying the exchange rates in force at the end of the period to assets and liabilities and applying average exchange rates in the period to income statement items, while shareholders' equity is recognised at historical exchange rates, usually identified as the exchange rates at the end of the first year in which the investee company was included in the scope of consolidation.
Foreign exchange gains or losses arising from the translation of financial statements presented in foreign currencies using the above methods are cumulatively recognised under other comprehensive income in a specific equity reserve until the equity investments are disposed of.
The exchange rates used for translation are shown in the following table:

| | | Final exchange rate at | | Average exchange rate for the half-year ended | |
|---|---|---|---|---|---|
| **Currency** | **Code** | **31.07.2023** | **31.01.2023** | **31.07.2023** | **31.07.2022** |
| US dollar | USD | 1.10 | 1.08 | 1.09 | 1.07 |
| Hong Kong dollar | HKD | 8.60 | 8.49 | 8.51 | 8.42 |
| Chinese renminbi | RMB | 7.88 | 7.32 | 7.60 | 7.03 |
| Croatian kuna | HRK | 1.00 | 7.53 | 1.00 | 7.54 |
| Serbian dinar | RSD | 117.20 | 117.22 | 117.29 | 117.50 |
| Indian rupee | INR | 90.67 | 88.64 | 89.30 | 82.79 |

### 3.5 Accounting standards and consolidation criteria

The accounting policies and consolidation criteria used to prepare the condensed consolidated half-year financial statements at 31 July 2023 are consistent with those used to prepare the consolidated financial statements for the year ended 31 January 2023, to which reference is made for the purpose of completeness, except in the case of:

1. income taxes, which are also recognised on the basis of the best estimate of the expected weighted average rate for the full year;
2. the standards and amendments set out below, applied with effect from financial year 2023, as they

became mandatory after completion of the relevant approval procedures by the competent authorities, whose application, however, had no material effects on the Group's financial position and results. The Group did not adopt early any standard, interpretation or improvement issued but not yet in force. As well as the standards described below, which came into force on 1 January 2023, IFRS 17 Insurance Contracts and its amendments were also introduced, but do not apply to the OVS Group.

**IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** - On 12 February 2021, the IASB published "Definition of Accounting Estimates (Amendments to IAS 8)" in the context of which the definition of change in accounting estimates is replaced by a definition of accounting estimates. According to the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" and that a change in accounting estimates resulting from new information or new developments is not the correction of an error. These amendments have had no impact on the Group's condensed consolidated half-year financial statements.

**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (Making Materiality Judgements)** - The amendments published on 12 February 2021 aim to improve disclosure on accounting policies so as to provide more useful information to investors and other primary users of the financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policy. These amendments have had no impact on the Group's condensed consolidated half-year financial statements.

**IAS 12 Income Taxes** - On 7 May 2021, the IASB published "Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document aims to clarify the accounting of deferred taxes in particular operations such as leases and decommissioning obligations. These amendments have had no impact on the Group's condensed consolidated half-year financial statements.

## 4. Use of estimates

The preparation of the consolidated financial statements in accordance with the IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The final results may differ from these estimates. Estimates are used to recognise provisions for doubtful accounts, inventory obsolescence, lives, depreciation and amortisation, impairment of assets, employee benefits, restructuring provisions, deferred tax assets, other provisions for risk and valuations of derivatives. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately reflected in the income statement.

In addition to the above, and in accordance with the instructions in both Consob Communication No. 1/21 of 16/02/2021 (which in turn refers to the ESMA document of 28 October 2020) and the Warning Notice of 18 March 2022 (which in turn refers to the ESMA document of 14 March 2022 on the impacts of the Russian-Ukrainian crisis on the EU financial markets), as well as the ESMA document of 28 October 2022, it should be noted that during the first half of 2023, despite the residual effects of the pandemic and the conflict between Russia and Ukraine, which continues to influence the global economic scenario, the available forecasts for scenarios in the foreseeable future are consistent with the assumptions and hypotheses used when preparing the impairment test for the Group's consolidated financial statements at 31 January 2023. Accordingly, no indicators of possible impairment at 31 July 2023 (trigger events) were identified in addition to the impairment losses already recorded in previous years. There were no significant changes in the volatility of the estimates for other items regarded as material (inventories and trade receivables from customers). For further details, please see in any case Notes 6.2 and 6.3 below and the extensive comments in the Report on Operations.

The Group is also committed to preventing and mitigating environmental risks through a series of initiatives and projects. For further information, including a discussion of the rules, processes and control measures the Group has adopted to prevent and manage possible environmental risks, see the Non-Financial Statement for 2022.

### 4.1 Impairment of tangible and intangible assets

Goodwill and the brands are tested at least once a year, and in any case whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 – Impairment of Assets. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount (defined as the greater of its value in use and its fair value). Verification of the amount requires subjective judgements to be made, based on information available within the OVS Group and from the market, as well as past experience. In addition, where potential impairment is identified, it is determined using evaluation techniques regarded as appropriate. The same verifications of value and the same valuation techniques are applied to intangible and tangible assets with a definite useful life, including right-of-use assets, when there are indicators suggesting that recovery of the relative net carrying amount through use might be difficult. The correct identification of impairment triggers and estimates to determine this depend on factors that may vary over time, with an effect on the valuations and estimates made by the OVS Group.

### 4.2 Depreciation and amortisation

Depreciation and amortisation reflect the best estimate of the expected useful life of assets with a finite life. This estimate is based on the possibility of use of these assets and their capacity to contribute to the OVS Group's results in future years.

### 4.3 Inventory obsolescence and inventory differences

The OVS Group develops and sells items of clothing that change according to customer taste and trends in the world fashion. The provision for inventory write-downs therefore reflects estimated expected impairment of the collections in stock, taking account of the OVS Group's capacity to sell items of clothing through a range of distribution channels.
The provision for inventory differences reflects the estimate of inventory differences at the end of each of the periods under review, in view of the fact that the OVS Group carries out a physical inventory in February and/or June of each year.

### 4.4 Provisions for doubtful accounts

The provision for doubtful accounts reflects the best estimate of losses relating to the portfolio of trade receivables. This estimate is based on the losses expected by the OVS Group, determined on the basis of past experience with similar receivables, current and previous receivables falling due, the careful monitoring of credit quality and projections of economic and market conditions. See what is reported above regarding "Trade and other receivables".

### 4.5 Prepaid/deferred taxes

Deferred tax assets are booked based on expectations of taxable income in future years for the purpose of recovering them. The evaluation of expected taxable income for the accounting of deferred tax assets depends on factors that may vary over time and have significant effects on the recoverability of the deferred tax assets.

## 4.6 Pension funds and other employee benefits

The cost of the defined benefit pension plans is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return on investments, future salary increases, mortality rates and future pension increases. Because of the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are provided in Note 6.19.

The costs recognised in the income statement in relation to incentive plans for managers (please see the explanations in Note 7.26 "Staff costs") are mainly influenced by the estimated timing of the occurrence of the event that triggers vesting, as well as the actual possibility of the occurrence of the event and the presumed reference value of the plan. Therefore, this estimate depends on factors that may vary over time and variables that the directors might find it hard to predict and determine. Changes in these items may significantly influence the assessments made by the directors and therefore result in changes in the estimates.

## 4.7 Provisions for risks and charges

Provisions representing the risk of a negative outcome are recognised for legal and tax risks. The amount of provisions recorded in the financial statements in relation to these risks represents the best estimate to deal with potential risks. This estimate entails the use of assumptions that depend on factors that might change over time and that might therefore have significant effects compared with the current estimates used to prepare the financial statements.

## 4.8 Valuation of derivatives

The determination of the fair value of unlisted financial assets, such as derivatives, takes place using commonly used valuation techniques that require basic assumptions and estimates. These assumptions may not occur within the time frames and in the manner envisaged. Estimates of derivatives may therefore differ from the final figures.

## 4.9 Financial liabilities and assets for leases and right-of-use assets

The Group recognises the right-of-use asset and the lease liability. The right-of-use asset is initially measured at cost, and subsequently at cost, net of depreciation and cumulative impairment losses and adjusted to reflect the revaluations of the lease liability.

The Group values its lease liability at the present value of lease payments due and not paid at the commencement date, discounting them using the interest rate as defined above.

The lease liability is subsequently increased by interest accruing on that liability and decreased by the lease payments owed, and is revalued in the event of a change in future lease payments due as a result of a change in the index or rate, in the event of a change in the amount that the Group expects to have to pay as a residual

value guarantee or when the Group changes its assessment with regard to the exercise of a purchase, extension or termination option.
Leases in which the Group acts as lessee may provide for renewal options which therefore affect the term of the lease. Assessments of whether there is a relative certainty that this option is (or is not) exercised may significantly affect the amount of lease liabilities and right-of-use assets as well as the incremental borrowing rate applied when it is not possible to easily determine the interest rate implicit in the lease.

## 5. Information on financial risks

The main corporate risks identified, monitored and - as specified below - actively managed by the OVS Group are as follows:

- credit risk (relating both to normal commercial relationships with customers and to financing activity); and
- liquidity risk (relating to the availability of financial resources and access to the credit market, and to financial instruments in general); and
- market risk (defined as foreign exchange risk and interest rate risk).

The condensed consolidated half-year financial statements at 31 July 2023 do not include all the information relating to financial risks described in the consolidated financial statements for the year ended 31 January 2023: please see these financial statements for a more detailed analysis.
There were no changes in the types of risks to which the OVS Group is exposed and its risk management policy compared with the risks described in the consolidated financial statements for the year ended 31 January 2023.

The OVS Group aims to maintain balanced management of its financial exposure over time, to ensure that its liability structure is in balance with the composition of its balance-sheet assets and to provide the necessary operational flexibility through the use of cash generated by current operating assets and bank loans.
Management of the relative financial risks is centrally guided and monitored. Specifically, the central finance function is responsible for evaluating and approving projected financial requirements, monitoring progress and establishing appropriate corrective action if necessary.

The financial instruments most used by the OVS Group are as follows:

- medium/long-term financing, including by means of bond loans, to cover investments in non-current assets;
- short-term loans and use of lines of credit on current accounts to fund working capital.

The OVS Group enters into derivative contracts in order to reduce exchange rate risks relating to the US dollar, which is the main currency used to purchase goods from suppliers in East Asia.

### 5.1 Credit risk

Credit risk represents the OVS Group's exposure to the risk of potential losses arising from default by counterparties.
For the period under review, there are no significant concentrations of credit risk.
To reduce credit risk, the OVS Group generally obtains guarantees in the form of sureties in respect of loans, mainly granted for the supply of goods. At 31 July 2023, the total guarantee amount was €86.2 million, including €21.2 million in overdue receivables (€81.0 million at 31 January 2023, including €17.1 million in overdue receivables).
The Group also regularly undertakes revolving transfers of credit without recourse for a limited and select number of customers. At 31 July 2023, the value of the receivables assigned was €7.7 million.
Trade receivables are recognised net of write-downs calculated on the basis of the risk of counterparty default, determined by using available information on the solvency of the customer and also taking historical data and prospective losses into account to the extent reasonably expected. Positions that are particularly significant, and that are objectively partially or totally irrecoverable, are written down individually.
Trade receivables totalled €112.1 million at 31 July 2023 (€115.2 million at 31 January 2023).
Receivables written down (partially or fully) amounted to €12.7 million at 31 July 2023 (€12.0 million at 31 January 2023).
Overdue net receivables amounted to €42.0 million (€31.9 million at 31 January 2023).
Please see Note 6.2 ("Trade receivables") for further details of the provision for doubtful accounts.

### 5.2 Liquidity risk

Liquidity risk can arise through an inability to access, under economically viable conditions, the financial resources necessary for the OVS Group to operate. The two main factors influencing the OVS Group's liquidity levels are:

- the financial resources generated or absorbed by operating and investment activities;
- the expiry and renewal of financial debt.

The OVS Group's liquidity requirements are monitored by the treasury department to ensure effective access to financial resources and adequate liquidity investment/yield levels.
In light of the significant transactions to strengthen the Group's financial soundness carried out in 2021 and 2022, management believes that the funds and credit facilities currently available, in addition to those generated by operating and financing activities, will enable the OVS Group to meet its requirements in respect of future investment activities, management of working capital and the repayment of debt when it

is contractually due.

It should be noted that during the half-year, the net changes in financial assets and liabilities represented in the consolidated statement of cash flows (corresponding to net cash generation of €56.5 million) can be broken down as follows: partial repayment of -€7.5 million of the Amortising Loan, an incremental change of +€50.0 million in the Revolving Line and of +€15.0 million in the Hot Money line, an incremental change of +€2.2 million in interest expense payables and an incremental change of -€3.2 million in loans receivable from third parties.

For more information on the changes that took place in the OVS Group's capital and financial structure during the half-year, see also Note 6.14 below.

## 5.3 Market risk

*Interest rate risk*

The OVS Group uses external financial resources in the form of debt and employs liquidity available in bank deposits. Fluctuations in market interest rates may affect the cost and returns of various forms of financing and investment, thus affecting the OVS Group's level of financial expenses and income. The new loan agreement signed on 7 April 2022 and disbursed on 8 April 2022 (the "2022 Loan") bears interest at the 3-month Euribor variable rate for the Amortising Line and the 1-3-6-month Euribor for the Revolving Line, to which the contractual margin is added. There is no obligation to hedge interest rate risk for this 2022 Loan. With regard to the Bond Loan, it should be noted that this carries a fixed coupon of 2.25% until maturity (10 November 2027), except for a possible step-up of an additional 25 bps from 2024 if certain ESG parameters are not achieved. To manage interest rate risks, OVS used interest rate derivatives ("caps") in previous years with the aim of mitigating, under economically acceptable conditions, the potential impact of changes in interest rates on the income statement.
In view of the composition of the Group's debt, only partially exposed to changes in interest rates, specific hedges of the risk of interest rate fluctuations are currently not in place. However, transactions may be implemented based on the current high market volatility.

*Foreign exchange risk*

Exposure to the risk of exchange rate fluctuations derives from the OVS Group's commercial activities, which are also conducted in currencies other than the euro. Revenues and costs denominated in foreign currencies can be affected by exchange rate fluctuations, with an impact on sales margins (economic risk), and payables and receivables in foreign currencies may be affected by the conversion rates used, with an impact on the

income statement (transactional risk).
The main exchange rate to which the OVS Group is significantly exposed is the EUR/USD, in relation to purchases in dollars made in East Asia and on other markets in which the dollar is the trading currency.
The Group is also exposed to the EUR/HKD exchange rate in relation to the translation risk of investee company OVS Hong Kong Sourcing Limited. The conversion effects of the other foreign companies for which the euro is not the functional currency are marginal.
Exchange rate fluctuations may result in the realisation or reporting of foreign exchange gains or losses. The OVS Group also hedges orders, including those that are highly probable although not obtained, pursuing the management aim of minimising exposure to risk.
The OVS Group purchases most of its products for sale from foreign suppliers for which the reference currency is the US Dollar (USD). In order to ensure reliability in the planning of sales prices and the relative industrial margin (understood as the difference between sales prices in EUR and the purchase costs of products in USD), the OVS Group routinely enters into derivative contracts designed to stabilise the exchange rate of goods purchases. The nature of these instruments is quite simple, as they are purchases of forward USD currency (forward derivatives) implemented in relation to estimated inflows and with timelines associated with the foreseeable outflow of cash, usually with a time horizon of 12 to 24 months from the date of signing the associated contracts. The instruments in question are initially entered into, in particular, taking into account quantifications (based on estimates) determined on the basis of purchases of the previous collection and considering the business outlook. Such operational hedges of purchase flows take place, in fact, by collection and by month. The instruments are then constantly monitored and updated by the OVS Group in relation to potential changes in purchase and payment flows and therefore to the variable need for stabilisation of exchange rates during the operational development of commercial planning.

It should be noted that in exceptional cases the Group may liquidate hedging derivative contracts for the expected purchase of goods. No such operation was necessary during the first half of 2023.

The derivatives described are recognised at 31 July 2023 at fair value, according to the methods of recognition and measurement established in IFRS 9. Under this accounting standard, the entity is still permitted, under certain conditions, to book derivatives using hedge accounting. In view of the operational complexity in managing the correspondence between the theoretical underlyings (the flows subject to the management hedging described) and the derivatives, the OVS Group has decided not to adopt hedge accounting. Consequently, the fair value of existing financial instruments and subsequent changes in such instruments are directly charged to the income statement on each reporting date. The fair value of derivatives is quantified using common valuation techniques and is mainly determined by the difference between the notional amount in USD converted into euro at the forward exchange rate at the time of entering into the contract and the notional amount in USD converted into euro at the exchange rate at the end of the reference period. This difference may be positive or negative depending on changes in the EUR/USD exchange rate.

In the period under review, the nature and structure of exposure to foreign exchange risk and the hedging policies followed by the OVS Group did not change substantially compared with the consolidated financial statements for the year ended 31 January 2023.

### 5.4 Capital management risk

The Group manages and if necessary modifies the equity structure with the adjustments that it considers to be most consistent with changes that may occur from time to time in general economic conditions and strategic objectives. In relation to equity risk, the Group's primary objective is to ensure that the company continues as a going concern in order to ensure a fair economic return to shareholders and others while maintaining a good risk rating in the debt capital market.
In pursuit of this objective, the Group's capital management works, *inter alia*, to ensure that covenants linked to financial debts to banks and bondholders and that define capital structure requirements are honoured.
There are no noteworthy minority share purchase agreements.

### 5.5 Fair value estimates

The fair value of financial instruments traded in an active market is based on market prices at the reporting date. The fair value of instruments that are not traded in an active market is measured using valuation techniques based on a series of methods and assumptions linked to market conditions at the reporting date.
The fair value classification for financial instruments based on hierarchical levels is shown below:

- Level 1: fair value is measured with reference to quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair value is measured using valuation techniques with reference to variables observable on active markets;
- Level 3: fair value is measured using valuation techniques with reference to variables unobservable on active markets.

The financial instruments shown at fair value of the OVS Group are classified as Level 2, and the general criterion used to calculate it is the present value of future cash flows expected from the instrument being valued.
Moreover, it should be noted that in the first half of 2023 there were no transfers of financial assets and liabilities classified according to the various levels of the fair value hierarchy.
Liabilities relating to bank borrowings are measured using the "amortised cost" criterion.
Trade receivables and payables were measured at the price defined for the relevant transaction as this is deemed to be close to the present value.

## 6. Notes to the consolidated statement of financial position

Details of the content of and changes in the most significant items are provided below (unless otherwise specified, amounts are in thousands of euro).

### 6.1 Cash and banks

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Cash and banks** | **81,835** | 106,019 | (24,184) |

The balance represents cash and cash equivalents at 31 July 2023 and 31 January 2023 and breaks down as follows (in thousands of euro):

| | | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|---|
| 1) | Bank and post office deposits | 75,537 | 100,196 | (24,659) |
| 2) | Checks | 4 | 4 | 0 |
| 3) | Cash on hand | 6,294 | 5,819 | 475 |
| **Total** | | **81,835** | **106,019** | **(24,184)** |

Cash and cash equivalents consist of cash, bank and post office deposits, cheques and cash on hand at the head office and stores in the direct sales network.

For a detailed examination of the main changes in the Group's cash and cash equivalents during the half-year, see the consolidated statement of cash flows.

### 6.2 Trade receivables

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Trade receivables** | **112,115** | 115,194 | (3,078) |

The breakdown of trade receivables was as follows (amounts in thousands of euro):

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Trade receivables** | | | |
| Receivables for retail sales | 437 | 451 | (14) |
| Receivables for wholesale sales | 112,846 | 112,784 | 62 |
| Receivables for services provided | 3,508 | 6,273 | (2,765) |
| Disputed receivables | 8,069 | 7,722 | 347 |
| Trade receivables from related parties | 0 | 0 | 0 |
| **Subtotal** | **124,860** | **127,230** | **(2,370)** |
| (Provision for doubtful accounts) | (12,745) | (12,036) | (709) |
| **Total** | **112,115** | **115,194** | **(3,079)** |

Receivables for wholesale sales derive from sales to affiliates.

Receivables from services mainly include charges for department management and subletting to external managers.

Disputed receivables mainly consist of receivables for problem loans. Most of these receivables are written down by recognising a specific provision for doubtful accounts.

The write-downs relate to receivables from affiliates or business partners, collection of which is presumed to be difficult, for disputes, or, in the majority of cases, for pending legal proceedings against customers.

Changes in the provision for doubtful accounts are shown below:

| (thousands of euro) | |
|---|---|
| **Balance at 31 January 2023** | **12,036** |
| Allocations in the period | 750 |
| Utilisations in the period | (41) |
| **Balance at 31 July 2023** | **12,745** |

The accrual to the "Provision for doubtful accounts" expresses the presumed realisable amount of receivables that are still collectable at the closing date of each period and has been adjusted to the risk assessments related to the particular economic situation in Italy and Europe.

The drawings for the period relate to receivable positions for which elements of certainty and accuracy, or the presence of insolvency procedures, determine the total or partial derecognition of the position.

Given the types of products and services sold by the OVS Group, there is no significant concentration of revenues and trade receivables with individual customers.

## 6.3 Inventories

| | **31.07.2023** | **31.01.2023** | **change** |
|---|---|---|---|
| **Inventories** | **484,247** | 477,635 | 6,612 |

The breakdown of inventories is shown in the following table:

| (thousands of euro) | **31.07.2023** | **31.01.2023** |
|---|---|---|
| Goods | 539,351 | 535,761 |
| **Gross stock** | **539,351** | **535,761** |
| Provision for depreciation | (42,361) | (41,246) |
| Provision for inventory differences | (12,743) | (16,880) |
| **Total provision for stock write-downs** | **(55,104)** | **(58,126)** |
| **Total** | **484,247** | **477,635** |

This item includes stocks of goods at warehouses and stores at the reporting date.
The amount is largely in line with the amounts that would be obtained by valuing the inventories at current cost at the reporting date.

The provision for depreciation reflects management's best estimate based on the breakdown by type and season of inventories, considerations arising from past experience and the outlook for sales volumes, including in light of the macroeconomic situation. The provision for inventory differences includes the estimate of inventory differences at the end of each of the periods under review, in view of the fact that the OVS Group carries out a physical inventory in February or June of each year.
These provisions are based on the management best estimate and are therefore believed by management to be consistent with their respective purposes.
Changes in the provision for depreciation and the provision for inventory differences for the half-year ended 31 July 2023 are shown below:

| (thousands of euro) | Provision for depreciation | Provision for inventory differences | Total |
|---|---|---|---|
| **Balance at 31 January 2023** | **41,246** | **16,880** | **58,126** |
| Allocation | 14,352 | 7,375 | 21,727 |
| Utilisation | (13,237) | (11,512) | (24,749) |
| **Balance at 31 July 2023** | **42,361** | **12,743** | **55,104** |

## 6.4 Current and non-current financial assets

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Current financial assets** | **5,042** | 5,686 | (643) |
| **Non-current financial assets** | **3,646** | 0 | 3,646 |

The breakdown of the "Financial assets" item into current and non-current at 31 July 2023 and at 31 January 2023 is shown below:

| (thousands of euro) | 31.07.2023 | 31.01.2023 |
|---|---|---|
| Derivatives (current portion) | 306 | 537 |
| Other loans receivable from third parties | 4,736 | 5,149 |
| **Total current financial assets** | **5,042** | **5,686** |
| Derivatives (non-current portion) | 0 | 0 |
| Other loans receivable from third parties | 3,646 | 0 |
| **Total non-current financial assets** | **3,646** | **0** |
| **Total** | **8,688** | **5,686** |

Derivatives include the fair value of forward derivatives entered into with the managerial aim of hedging future purchases of goods in currencies other than the euro.
Other loans receivable from third parties include short-term and long-term loans granted by the Parent Company, OVS S.p.A., to third-party Italian entities remunerated at market interest rates.

## 6.5 Financial assets for current and non-current leases

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Financial assets for current leases** | **1,843** | 1,931 | (88) |
| **Financial assets for non-current leases** | **2,826** | 3,650 | (824) |

Financial assets for leases are recorded in accordance with IFRS 16 with effect from the 2019 financial year.

## 6.6 Current tax assets

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Current tax assets** | **8,234** | 18,685 | (10,450) |

The balance mainly consists of receivables for excess IRES payments on account (€2,136,000) paid by the Parent Company, OVS S.p.A. on a historical basis, already net of the payable for taxes accrued during the period. During 2021, OVS S.p.A. joined the national tax consolidation scheme provided for by Articles 117 *et seq*. of Presidential Decree No. 117 of 22 December 1986 ("TUIR") and the Ministerial Decree of 1 March 2018, with the subsidiary, 82 S.r.l. (the consolidated entity). The national tax consolidation will continue uninterrupted during the period 2021-2023. The agreement also provides for the automatic renewal of the option for a further three years pursuant to Article 14, paragraph 1, of the Ministerial Decree of 1 March 2018.
The remaining balance of the item consists of receivables for withholding tax on fees (€2,763,000), tax credits of €3,188,000 and taxes withheld at source.

## 6.7 Other current and non-current receivables

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Other current receivables** | **26,017** | 17,721 | 8,296 |
| **Other non-current receivables** | **7,141** | 6,639 | 502 |

**Other receivables** break down as follows:

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| Other receivables | 3,396 | 2,879 | 517 |
| Receivables from insurance companies for claims | 161 | 202 | (41) |
| Receivables from personnel | 2,157 | 916 | 1,241 |
| Accrued income and prepaid expenses - rents and service | 4,573 | 4,383 | 190 |
| Accrued income and prepaid expenses - insurance | 670 | 162 | 508 |
| Accrued income and prepaid expenses - interest on security | 24 | 24 | 0 |
| Accrued income and prepaid expenses - other | 15,036 | 9,155 | 5,881 |
| **Total current receivables** | **26,017** | **17,721** | **8,296** |
| Security deposits | 4,878 | 4,875 | 3 |
| Minor investments | 74 | 74 | 0 |
| Other receivables | 2,189 | 1,690 | 499 |
| **Total non-current receivables** | **7,141** | **6,639** | **502** |

The “Other receivables” item in current receivables relates to guarantee deposits made for new leases amounting to €311,000 and receivables for business unit disposals amounting to €1,437,000, while the remainder refers to social security receivables and advances to suppliers and shippers.

“Receivables from insurance companies” mainly comprise the scheduled reimbursement for damage to goods during transport (€148,000) and damage due to theft at the OVS store in Surano (€13,000).

The item “Accrued income and prepaid expenses - other” primarily includes prepayments for advertising and marketing services of €2,295,000 and the share of deferred financial fees (€202,000) incurred to obtain the revolving lines of credit described in more detail in Note 6.14 (“Financial liabilities”) below.

The remaining impact mainly refers to prepaid expenses on utilities costs, costs for services and reimbursement of training costs.

“Other non-current receivables” include security deposits that mainly relate to securities paid under leases, utilities and deposits with customs to guarantee goods imports.

The “Minor investments” item mainly includes equity investments in consortia recognised at cost.

The “Other non-current receivables” item refers to assets deferred beyond 12 months from the reporting date from third parties amounting to €75,000 and the medium/long-term portion of deferred financial fees of €542,000.

## 6.8 Property, plant and equipment

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Property, plant and equipment** | **274,571** | 267,662 | 6,909 |

Appendix 1 shows the historical cost for each item, the accumulated depreciation and amortisation, changes during the first half-year and the final balances.
Investments in the period mainly related to:

- expenses for modernising, renovating and upgrading stores in the sales network;
- purchases of furniture and fittings for the commercial network to furnish both newly opened and renovated stores.

Leasehold improvements, allocated to the items in question, mainly relate to renovations of stores not under direct ownership.

## 6.9 Right-of-use assets

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Right-of-use assets** | **908,760** | 957,334 | (48,574) |

Pursuant to the IFRS 16 international accounting standard, this item includes right-of-use assets relating mainly to store leases and deposits and to a minor extent to leases on offices, apartments for company use and motor vehicles/other equipment.
For a detailed analysis, see Appendix 2, concerning changes in the period.

## 6.10 Intangible assets

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Intangible assets** | **590,495** | 595,168 | (4,673) |

Appendix 3 to these notes shows the change for each item in the period.
Intangible assets at 31 July 2023 mainly included the amounts allocated to the OVS Group deriving from the previous acquisition of Gruppo Coin by Icon, which was then transferred to the current OVS S.p.A. in July 2014.

At 31 July 2023, these amounts included:

- €377.5 million for the OVS brand, with an indefinite life (included under “Concessions, licences and brands”);

- €13.3 million for the Upim, with an indefinite life (included under “Concessions, licences and brands”);
- €3.4 million for the STEFANEL brand, registered during 2021 due to the acquisition of the STEFANEL business unit in March 2021, with an indefinite life (included under “Concessions, licences and trademarks”);
- €43.7 million for the OVS franchising network, amortised over 20 years (included under “Other intangible assets”);
- €17.4 million for the Upim franchising network, amortised over 20 years (included under “Other intangible assets”);
- €76.1 million for licences relating to OVS stores, amortised over 40 years (included under “Concessions, licences and brands”);
- €20.6 million for licences relating to Upim stores, amortised over 40 years (included under “Concessions, licences and brands”);
- The Les Copains brand, acquired during 2022 for €1.3 million.

All the brands owned by the OVS Group are regarded as having an indefinite useful life.
To establish this, a management analysis was performed on all relevant factors (legal, judicial, contractual, competitive, economic and other) relating to the brands. The conclusion was reached that there is no foreseeable time limit for the generation of cash inflows for the OVS Group.

The useful life of the licences is 40 years.
This was estimated on the basis of historical analyses carried out within the OVS Group.
It should be noted, in this regard, that the time limit placed on the term of the leases is insignificant. In fact, there are protections provided to the tenant in market practice and under specific legal provisions; in addition, a strategy of gradual further expansion of the network is being implemented by the OVS Group, which usually renews leases before they expire naturally. All these factors have resulted over time in the almost completely successful implementation of the renovation policy. Also note that we have identified a component of residual value (non-amortised residual value at the end of the useful life) calculated over 18 monthly rental payments, representing the amount payable by the lessor if the lease is not renewed for a reason not attributable to the OVS Group.
The remainder of the item mainly consists of rights to industrial patents and intellectual property rights relating to investments in software programmes.

## 6.11 Goodwill

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Goodwill** | **297,686** | 297,686 | 0 |

The goodwill mainly relates to the acquisition of Gruppo Coin by Icon on 30 June 2011 (the carrying amount was originally €451,778,000, allocated to the OVS CGU, which was written down by €155,000,000 in 2019 following impairment testing).

## 6.12 Updates of impairment tests for goodwill and fixed assets with an indefinite life

Pursuant to IAS 36, the Group verifies the recoverability of intangible assets with an indefinite useful life (goodwill and brands) when indicators of impairment are identified, and in any event at the closing date of the year, while for tangible assets and other assets with a finite useful life this takes place when indicators of impairment are identified. The recoverable amount of the cash-generating units (CGUs) to which the individual assets are allocated is verified by calculating their value in use and/or fair value.

With regard to goodwill and the brands, when preparing this Half-year Financial Report at 31 July 2023, any impairment indicators that can be tracked through internal or external information sources were assessed. The analyses performed did not reveal any need to record impairment losses on these items in the financial statements.

In particular, with respect to the internal assumptions relating to the flows underlying the 2022 year-end impairment testing, no new triggers have been identified with respect to the 2022 year-end projections (to date no new plans or explicit revisions of the 2023 Budget and/or 2024-2025 Business Plan have been approved). For both the OVS CGU and the Upim CGU, the business dynamics recorded in the first half of 2023 are better than the assumptions used to verify the recoverability of the value of the respective capital invested at the time of preparation of the consolidated financial statements for the year ending 31 January 2023. Accordingly, no indicators of possible impairment were identified and no specific impairment tests were therefore carried out for the purposes of preparing the condensed consolidated half-year financial statements at 31 July 2023.

In addition, according to the simulations performed, the increase in interest rates seen in the last period and the consequent effect on WACC is not such as to jeopardise the performance of the tests which, at 31 January 2023, showed ample overall coverage.

It should be noted that, with regard to the Stefanel and GAP Italia CGUs, although the former includes the eponymous brand, amounting to €3.4 million, also with an indefinite useful life, like the Group’s other brands, given their recent acquisition (1 March 2021 for Stefanel and 1 February 2022 for GAP Italia) and in view of their small value in terms of invested capital (at 31 January 2023, the sum of both represented less than 3%

of consolidated invested capital), it was not deemed necessary to carry out specific impairment tests either at the end of 2022 or for the condensed consolidated half-year financial statements at 31 July 2023. The recoverability of the carrying amounts of both CGUs will nevertheless be verified by the end of the current financial year.

Finally, it should be noted that the Company's stock market capitalisation, based on the average OVS share price in the first half of 2023, still shows a negative differential compared with the , but this differential is still considered to be cyclical and closely connected to the market turbulence that intensified further with the outbreak of the Russian-Ukrainian conflict in February 2022, the subsequent surge in energy costs first, and then more generally of all consumer prices with very high inflation rates in all the old continent countries.

Evidence of this is that in both December 2021 and May 2023 the gap between the market capitalisation and the book value of shareholders' equity was almost completely eliminated.

For the purposes of preparing the Half-year Financial Report, it was therefore not necessary to prepare and approve a new impairment test for the Group's CGUs.

Impairment testing on licences and right-of-use assets relating to stores

With regard to licences and right-of-use assets in leases relating to OVS Group stores that indicate interim impairment, the Group calculated value in use for each store thus identified and/or the relevant fair value. On the basis of the analysis, for the half-year ended 31 July 2023, one licence for an OVS store was fully written off, for a total amount of around €0.3 million, and there were some partial write-downs of three OVS licences, for a total amount of around €0.4 million.

## 6.13 Equity investments

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Equity investments** | **0** | 0 | 0 |

There were no changes in the first half of 2023.

## 6.14 Current and non-current financial liabilities

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Current financial liabilities** | **87,522** | 26,487 | 61,035 |
| **Non-current financial liabilities** | **248,263** | 253,560 | (5,297) |

The breakdown of the "Current financial liabilities" and "Non-current financial liabilities" items at 31 July 2023 and 31 January 2023 is shown below:

| (thousands of euro) | 31.07.2023 | 31.01.2023 |
|---|---|---|
| Current bank payables | 68,980 | 1,740 |
| Current portion of non-current debt | 14,859 | 15,010 |
| Other current financial payables | 3,683 | 9,737 |
| **Current financial liabilities** | **87,522** | **26,487** |
| Non-current bank payables | 246,257 | 253,560 |
| Other non-current financial payables | 2,006 | 0 |
| **Non-current financial liabilities** | **248,263** | **253,560** |

The OVS Group's current and non-current bank payables at 31 July 2023 are shown below:

| (thousands of euro) | Maturity date | Interest rate (*) | At 31 July 2023 | | |
|---|---|---|---|---|---|
| | | | Total | of which non-current portion | of which current portion |
| Revolving Line (2022 Loan) | 07/04/2027 | Euribor + 1.55% | 50,000 | 0 | 50,000 |
| Hot Money Bper Banca | 10/10/2023 | Euribor + 0.54% | 5,000 | 0 | 5,000 |
| Hot Money Banco di Sardegna | 13/10/2023 | Euribor + 0.89% | 5,000 | 0 | 5,000 |
| Hot Money Credito Emiliano | 11/10/2023 | Euribor + 0.75% | 5,000 | 0 | 5,000 |
| SG loan | 30/06/2024 | | 118 | 0 | 118 |
| Due for financial expenses | | | 3,862 | 0 | 3,862 |
| **Current bank payables** | | | **68,980** | **0** | **68,980** |
| Sustainability-linked Bond Loan | 10/11/2027 | 2.25% | 160,000 | 160,000 | 0 |
| Amortising Line (2022 Loan) | 07/04/2027 | Euribor + 2.05% | 102,500 | 87,500 | 15,000 |
| Finance costs | | | (1,385) | (1,243) | (141) |
| **Non-current bank payables** | | | **261,115** | **246,257** | **14,859** |

(*) The Margin reported is that existing at the reporting date of 31 July 2023. For the purposes of completeness, it should be noted that at 31 January 2023, the margins applicable to the Amortising Line and the Revolving Line were 2.25% and 1.75%, respectively.

The lines of credit available to the Group at 31 July 2023 mainly relate to the loan agreement signed on 7 April 2022 (the "2022 Loan Agreement") for a total principal amount of €230,000,000, disbursed on 8 April 2022 (the "2022 Loan"), which provides for the granting of:

- a sustainability-linked amortising line for a principal amount of €110,000,000 (the “Amortising Line”). This line provides for a grace period, followed by eight half-yearly instalments of €7,500,000 each, starting on 31 May 2023, and a final instalment of €50,000,000;
- a sustainability-linked revolving line of €120,000,000 (the “Revolving Line” or “RCF” and, together with the Amortising Line, the “Lines of Credit”),

and the sustainability-linked fixed-rate bond loan (the “Bond Loan”) issued on 10 November 2021 for a total nominal amount of €160,000,000.

Below is a summary description of the current conditions underlying the loans outstanding at 31 July 2023.

With regard to the 2022 Loan, the applicable interest rate for the Amortising Line at 31 July 2023 is equal to the sum of (i) the margin (the “Amortising Line Margin”) of 2.05% per annum and (ii) the 3-month Euribor. For the RCF, meanwhile, the interest rate applicable at 31 July 2023 is equal to the sum of (i) the margin (the “RCF Margin” and, together with the Amortising Line Margin, the “Margin”) of 1.55% per annum and (ii) the Euribor parameter. The Euribor parameter is set at zero if the parameter is negative. The interest rate is calculated on a quarterly basis for the Amortising Line, and on a monthly, quarterly or half-yearly basis, depending on what is indicated in the relevant request for use, for the Revolving Line.
As of the date of delivery of the compliance certificate (as described and regulated in the 2022 Loan Agreement) for the results for the 2022 financial year (i.e. at every 31 January), the Margin may be further reduced or increased according to the ratio of average total net debt (as defined in the 2022 Loan Agreement) to EBITDA (as defined in the 2022 Loan Agreement), calculated every half-year on the basis, as the case may be, of the consolidated financial statements at 31 January of each year and the half-year report (both subject to revision), prepared pursuant to IFRS. In particular, the 2022 Loan Agreement provides that the determination of the Margin – as of the financial year ending 31 January 2023 – shall be calculated as follows:

- if the ratio of average debt to EBITDA is greater than or equal to 3.50:1, the applicable Amortising Line Margin will be 2.60% per annum and the applicable RCF Margin will be 2.10% per annum;
- if the ratio of average debt to EBITDA is less than 3.50:1 but greater than or equal to 3.00:1, the applicable Amortising Line Margin will be 2.45% per annum and the applicable RCF Margin will be 1.95% per annum;
- if the ratio of average debt to EBITDA is less than 3.00:1 but greater than or equal to 2.50:1, the applicable Amortising Line Margin will be 2.35% and the applicable RCF Margin will be 1.85% per annum;
- if the ratio of average debt to EBITDA is less than 2.50:1 but greater than or equal to 2.00:1, the applicable Amortising Line Margin will be 2.25% per annum and the applicable RCF Margin will be 1.75% per annum;
- if the ratio of average debt to EBITDA is less than 2.00:1 but greater than or equal to 1.50:1, the applicable Amortising Line Margin will be 2.15% per annum and the applicable RCF Margin will be

1.65% per annum;

- if the ratio of average debt to EBITDA is less than 1.50:1 but greater than or equal to 1.00:1, the applicable Amortising Line Margin will be 2.05% per annum and the applicable RCF Margin will be 1.55% per annum; and
- if the ratio of average debt to EBITDA is less than 1.00:1, the applicable Amortising Line Margin will be 1.90% per annum and the applicable RCF Margin will be 1.40% per annum.

As of the financial year ending 31 January 2025, the applicable Margin pursuant to the 2022 Loan Agreement will also be linked to a selection of certain key performance indicators (KPIs) in line with the provisions of the Bond Loan, which will be discussed in more detail below. This mechanism for variability in the Margin according to the KPIs provides for a maximum step-up/step-down of 10 bps.

At 31 July 2023, the ratio of average debt to EBITDA was 1.30x.

The final due date of the 2022 Loan, which also coincides with the repayment date of the Lines of Credit, is fixed as 7 April 2027, without prejudice to the early repayment provisions in the 2022 Loan Agreement.
The 2022 Loan Agreement does not provide for any security package to guarantee the fulfilment of the related obligations.

Under the 2022 Loan Agreement, OVS S.p.A. has also undertaken, *inter alia*, to announce the occurrence of any significant adverse events or events of default that could restrict and/or impede the ability of the Parent Company, OVS S.p.A., or any guarantor to meet its contractual obligations under the 2022 Loan Agreement. In terms of financial obligations, the only parameter that the Parent Company, OVS S.p.A., has undertaken to comply with the leverage ratio (as defined in the 2022 Loan Agreement), i.e. the OVS Group's ratio of average net debt to EBITDA, on a consolidated basis. From 31 January 2022, this parameter must be equal to or less than 3.50:1 for each testing period (i.e. each 12-month period ending in a reporting date (i.e. 31 January and 31 July of each year)), according to a calculation based on the consolidated financial statements and consolidated interim reports of OVS Group. This parameter must be less than or equal to 3.00:1 as of the period ending on the reporting date of 31 January 2024.

The 2022 Loan Agreement is governed by Italian law and any disputes relating thereto are under the exclusive jurisdiction of the Court of Milan.
Any breach of the covenants provided for in the 2022 Loan Agreement constitutes a default event that may be remedied, *inter alia*, as follows:

- with respect to the non-payment of any amount due pursuant to a Finance Document (as defined in the 2022 Loan Agreement), provided that it is due to technical or administrative error or a Disruption Event (as defined in the 2022 Loan Agreement), within three working days of the relevant expiry; and

- with regard to default events other than non-payment and breach of the financial parameter, within 21 days of the date on which the Agent (i.e. MPS Capital Services Banca per le Imprese S.p.A.) sent a written communication to OVS or from the day on which OVS became aware of the non-compliance with this contractual covenant.

If the default is not rectified, Monte dei Paschi di Siena S.p.A., as the Agent, may (but is not obliged, unless requested to do so by the Majority Lenders (as defined pursuant to the 2022 Loan Agreement)), *inter alia*, request early payment of the 2022 Loan.

The main characteristics of the Bond Loan are set out below.

The Bond Loan is governed by UK law and any disputes relating thereto are under the exclusive jurisdiction of the UK courts.

The nominal value of the Bond Loan is €160,000,000 and it has a term of six years from the issue date, with a maturity date of 10 November 2027, subject to the early redemption provisions established in the Bond Loan Regulations.

As part of the Bond Loan offer, 160,000 bonds with a nominal value of €1,000 each were subscribed at an issue price equal to 100% of the nominal value.

The gross annual yield of the Bond Loan is 2.25% per annum.

Furthermore, as described in the Prospectus for the Bond Loan, in the KID (Key Information Document) for the bonds of the Bond Loan (the "Bonds") and the Sustainability-Linked Bond Framework relating to the sustainability objectives of OVS, all available to the public on the Parent Company's website (www.ovscorporate.it), it should be noted that, in view of the sustainability-linked nature of the Bonds, as of 2024 the interest rate on the Bonds may be increased, until the maturity date of the Bonds, by a margin of up to 0.25% per annum for each interest period starting on or after the interest payment date immediately following any failure by OVS to achieve the sustainability performance objectives in relation to certain key performance indicators (KPI) provided for in the Bond Loan Regulations by 2024, or in the event of any failure on the part of OVS to periodically report on these key performance indicators at the maturities established in the Bond Loan Regulations.

In order to ensure that investors have public updates on the progress of the achievement of each KPI, the relevant targets and any other significant event during the year of interest for investors for the monitoring of the KPIs, OVS will publish an annual Sustainability-Linked Bond Progress Report ("SLB Progress Report") by and no later than 120 days after the end of each financial year (ending on 31 January every year).

The ESG objectives underlying the Sustainability-Linked Bond Loan are aligned with the Group's sustainability path and reflect the main elements in the OVS strategic plan, including:

- guiding the Group's supply chain towards sustainable objectives with the aim of minimising social impacts throughout the chain, by means of careful monitoring of working conditions and respect for human rights, and ensuring complete product traceability;

- increasing the sustainability of the stores by designing and managing them in a way that is completely respectful of the environment and people, following green design and energy efficient approaches, while ensuring the well-being of customers;
- combating climate change through initiatives to reduce the carbon footprint and the overall environmental footprint by controlling the consumption of natural resources, including water, and waste production, including in relation to product packaging.

It should be recalled that as of 10 November 2021, the obligations underlying the Bonds are traded on the Regulated Market of the Official List of the Irish Stock Exchange - Euronext Dublin (Euronext Dublin) and on the Electronic Bond Market ("MOT") organised and managed by Borsa Italiana S.p.A..
On the basis of quotations as of 31 July 2023, the fair value of the Bond Loan at the end of the half-year was €145,360,000.

Both the 2022 Loan Agreement and the Bond Loan provide for a “change of control” clause, albeit with different consequences.
More specifically, pursuant to the 2022 Loan Agreement, the occurrence of a change of control results in the mandatory early repayment of any amount of the loan disbursed and not yet repaid.
In the case of the Bond Loan, however, if a change of control event occurs, the Company is required to offer bondholders early redemption of their bonds amounting to 101% of the nominal value of the outstanding bonds together with interest accruing up to the early redemption date. This redemption will only take place if the request is made by at least 20% of the nominal value of the bonds in issue and will affect only the bondholders that have requested it.

The average interest rate on the Group’s financial debt in the first half of 2023 was 3.583%.

The breakdown of the consolidated net debt of the OVS Group at 31 July 2023 and 31 January 2023, presented according to the outline in Consob Communication DEM/6064293 of 28 July 2006, supplemented by Consob's Warning Notice no. 5/21, also including the effects on debt of IFRS 16, is as follows:

| (thousands of euro) | 31.07.2023 | 31.07.2023 excluding IFRS 16 | 31.01.2023 | 31.01.2023 excluding IFRS 16 |
|---|---|---|---|---|
| A. Cash and cash equivalents | 81,835 | 81,835 | 106,019 | 106,019 |
| B. Cash equivalents | 0 | 0 | 0 | 0 |
| C. Other current financial assets | 6,885 | 5,042 | 7,617 | 5,686 |
| **D. Liquid assets (A)+(B)+(C)** | **88,720** | **86,877** | **113,636** | **111,705** |
| E. Current financial debt | (72,663) | (72,663) | (11,477) | (11,477) |
| F. Current portion of non-current financial debt | (163,289) | (16,034) | (185,043) | (16,159) |
| **G. Current debt (E)+(F)** | **(235,952)** | **(88,697)** | **(196,520)** | **(27,636)** |
| **H. Net current debt (G)+(D)** | **(147,232)** | **(1,820)** | **(82,884)** | **84,069** |
| I. Non-current financial debt | (919,171) | (87,358) | (967,230) | (95,255) |
| J. Debt instruments | (160,000) | (160,000) | (160,000) | (160,000) |
| K. Trade and other non-current payables | (2,006) | (2,006) | 0 | 0 |
| **L. Non-current debt (I)+(J)+(K)** | **(1,081,177)** | **(249,364)** | **(1,127,230)** | **(255,255)** |
| **M. Total debt (H)+(L)** | **(1,228,408)** | **(251,183)** | **(1,210,114)** | **(171,186)** |
| | | | | |
| **Non-current financial receivables** | **6,472** | **3,646** | **3,650** | **0** |
| **Net financial position** | **(1,221,936)** | **(247,537)** | **(1,206,464)** | **(171,186)** |

The following table shows the breakdown of current and non-current financial payables at 31 July 2023 and at 31 January 2023:

| (thousands of euro) | 31.07.2023 | 31.07.2023 excluding IFRS 16 | 31.01.2023 | 31.01.2023 excluding IFRS 16 |
|---|---|---|---|---|
| Current bank payables | 68,980 | 68,980 | 1,740 | 1,740 |
| Derivatives | 3,683 | 3,683 | 9,737 | 9,737 |
| Payables for finance leases | 148,430 | 1,175 | 170,033 | 1,149 |
| Current portion of non-current financial debt | 14,859 | 14,859 | 15,010 | 15,010 |
| **Current financial payables** | **235,952** | **88,697** | **196,520** | **27,636** |
| Non-current bank payables | 246,257 | 246,257 | 253,560 | 253,560 |
| Derivatives | 2,006 | 2,006 | 0 | 0 |
| Payables for finance leases | 832,914 | 1,101 | 873,670 | 1,695 |
| **Non-current financial payables** | **1,081,177** | **249,364** | **1,127,230** | **255,255** |

### 6.15 Financial liabilities for current and non-current leases

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Financial liabilities for current leases** | **148,430** | 170,033 | (21,603) |
| **Financial liabilities for non-current leases** | **832,914** | 873,670 | (40,756) |

Financial lease liabilities are recognised in accordance with the application of IFRS 16 with effect from 2019.

It should also be noted that current financial liabilities for leases of the previous year included a portion of rent and interest (€20,800,000) that, at the reporting date, had not been paid as it is subject to negotiation with the respective real estate owners.

The breakdown by maturity of minimum payments and principal amounts on finance leases recognised in accordance with IFRS 16 is shown below:

| | Minimum payments owed for finance leases | | Principal amount | |
|---|---|---|---|---|
| | **31.07.2023** | **31.01.2023** | **31.07.2023** | **31.01.2023** |
| Within 1 year | 190,248 | 188,738 | 148,430 | 149,233 |
| From 1 to 5 years | 598,878 | 609,033 | 495,070 | 509,301 |
| Beyond 5 years | 381,159 | 404,694 | 337,844 | 364,369 |
| **Total** | **1,170,285** | **1,202,465** | **981,344** | **1,022,903** |

The reconciliation between the minimum payments owed to the lessors and their present value (principal) is as follows:

| | 31.07.2023 | 31.01.2023 |
|---|---|---|
| Minimum payments owed for finance leases | 1,170,285 | 1,202,465 |
| (Future financial expenses) | (188,941) | (179,562) |
| Present value of payables for finance leases | 981,344 | 1,022,903 |

## 6.16 Trade payables

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Trade payables** | **370,513** | 393,198 | (22,685) |

This item includes payables relating to the OVS Group's normal course of commercial operations, in respect of the supply of goods, assets and services.

The balance includes trade payables to foreign suppliers (mainly in Asia) amounting to €194,294,000; it also includes exposure in foreign currency (mainly USD) amounting to USD190,483,000, already net of USD217,000 for advances.

As already highlighted in the Interim Report on Operations, the first half of 2023 was characterised, *inter alia*, by higher payments to suppliers, which will be offset by lower outflows in the second half.

## 6.17 Current tax liabilities

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Current tax liabilities** | **2,005** | 4,436 | (2,431) |

This item mainly includes tax payables for IRAP, net of payments on account, estimated by the Parent Company, OVS S.p.A., at €906,000 and tax payables due in the context of tax consolidation estimated at €547,000.

The remaining portion relates to the estimated current tax payables of subsidiary OVS Hong Kong Sourcing Ltd.

## 6.18 Other current and non-current payables

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Other current payables** | **142,615** | 170,923 | (28,308) |
| **Other non-current payables** | **10,957** | 10,810 | 147 |

The breakdown of the "Other payables" item into current and non-current at 31 July 2023 and at 31 January 2023 is shown below:

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| Payables to personnel for holidays not taken and related contributions | 7,857 | 8,051 | (194) |
| Payables to employees for deferred salaries, overtime , bonuses and related contributions | 19,913 | 33,516 | (13,603) |
| Payables to Directors and Statutory Auditors for compensation | 401 | 545 | (144) |
| Other payables | 41,897 | 46,202 | (4,305) |
| Payables to pension and social security institutions | 6,593 | 7,529 | (936) |
| VAT payables | 33,451 | 37,333 | (3,882) |
| Other tax payables | 1,182 | 4,491 | (3,309) |
| Other payables - to customers | 587 | 559 | 28 |
| Accrued expenses and deferred income - rents | 2,879 | 2,068 | 811 |
| Accrued expenses and deferred income - utilities | 6,239 | 5,876 | 363 |
| Accrued expenses and deferred income - insurance | 287 | 770 | (483) |
| Accrued expenses and deferred income - other | 21,329 | 23,983 | (2,654) |
| **Total current payables** | **142,615** | **170,923** | **(28,308)** |
| Tax payables | 0 | 0 | 0 |
| Accrued expenses and deferred income - other | 10,957 | 10,810 | 147 |
| **Total non-current payables** | **10,957** | **10,810** | **147** |

"Payables to employees" relate to benefits accrued and not paid out at 31 July 2023.

"Other payables" mainly relate to the recognition of €23,518,000 for the value of expected returns on sales made, pursuant to IFRS 15 (€27,722,000 at 31 January 2023).

The balance also includes advance payments by customers for pre-orders of goods and purchases of vouchers amounting to €8,698,000, and payables for deposits and securities received from customers to guarantee affiliation agreements of €8,342,000.

The increase in payables to pension and social security institutions reflects payables to the INPS.

At the end of the period, the Group had a VAT payable deriving from retail and wholesale sales and to a lesser extent from the sale of goods and services.

The "Other tax payables" item includes IRPEF (personal tax) on employees, payables to tax offices and payables for unpaid withholding tax.

The "Other accrued expenses/deferred income" item includes €14,938,000 of accrued expenses for local taxes, €1,422,000 of travel expenses, €101,000 of bank charges, €2,198,000 of deferred income for contributions payable by partners and lessors and €605,000 of deferred income for unredeemed reward points relating to customer loyalty programmes (down by around €4.2 million compared with 31 January 2023 due to the end of the period of validity of the OVS programme).

"Non-current payables" also include €9,221,000 as the non-current portion of deferred income for contributions recognised by lessors after store renovations and conversions. These contributions were discounted based on the term of the lease. The same item includes €1,736,000 relating to the deferral of the contribution deriving from investments in new capital goods; it should be noted that the investments have been booked including the contribution amount, which was spread throughout the period of depreciation of the goods concerned.

## 6.19 Employee benefits

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Employee benefits** | **27,440** | 27,844 | (404) |

The amount mainly includes the provisions made by the Parent Company, OVS S.p.A., for accrued employee severance benefits. Post-employment benefits are guaranteed by the Group as part of its defined benefit plans. The defined benefit plans include the provision for employee severance benefits accrued at 31 December 2006, since which date, due to the reform that has taken place, the provision has been identified as a defined contribution provision.

As already mentioned, from 1 January 2007, the 2007 Budget and the associated implementing decrees introduced significant amendments to the rules on employee severance benefits, including options for employees with regard to the allocation of their accruing severance benefits. Specifically, new flows of severance benefits may be directed by the employee to preselected or company pension schemes (in the latter case, the company will pay severance benefit contributions into a treasury account set up with the INPS (the Italian social security and welfare institution)).

The change in the “Employee benefits” item is shown below:

| (thousands of euro) | |
|---|---|
| **Balance at 31 January 2023** | **27,844** |
| Increase in period | 473 |
| Actuarial (gains)/losses | 13 |
| Benefits paid | (890) |
| **Balance at 31 July 2023** | **27,440** |

## 6.20 Provisions for risks and charges

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Provisions for risks and charges** | **6,193** | 6,571 | (378) |

Changes in the “Provision for risks and charges” item are shown below:

| (thousands of euro) | |
|---|---|
| **Balance at 31 January 2023** | **6,571** |
| Allocations in the period | 375 |
| Increase from business combinations | 0 |
| Utilised/released in the period | (753) |
| **Balance at 31 July 2023** | **6,193** |

The provision is made for the risk of disputes with suppliers in relation to product sales and marketing, public entities, former employees and third parties of various kinds.
The outcome of these risks cannot be defined with certainty, and the amount recorded therefore represents the best estimate of the presumed charge at the end of the period.
The provision for the half-year of €0.4 million relates to legal or contractual risks.
The decrease refers to drawings on previous provisions made for disputes with former employees and various legal cases.

## 6.21 Deferred tax liabilities

| | 31.07.2023 | 31.01.2023 | change |
|---|---|---|---|
| **Deferred tax liabilities** | **29,908** | 30,308 | (400) |

Changes in the "Deferred tax liabilities" item in the half-year ended 31 July 2023 are shown below:

| (thousands of euro) | Balance at 31.01.2023 | Allocated/ released to income statement | Allocated/ released to statement of comprehensive income | Balance at 31.07.2023 |
|---|---|---|---|---|
| Provision for stock write-downs | 13,778 | (549) | | 13,229 |
| Appropriation for local taxes | 3,259 | 358 | | 3,617 |
| Provisions for risks and charges | 1,576 | (91) | | 1,485 |
| Doubtful accounts | 2,959 | 180 | | 3,139 |
| Tangible and intangible assets | (55,009) | 258 | | (54,751) |
| IFRS 15 Sales with a right of return | 3,007 | (433) | | 2,574 |
| IFRS 16 Leases | (306) | | | (306) |
| Employee severance benefits calculated according to IAS 19 | 337 | | 3 | 340 |
| Other minor | 91 | 674 | | 765 |
| **Total net prepaid (deferred)** | **(30,308)** | **397** | **3** | **(29,908)** |

Deferred tax liabilities related to the higher carrying amount, compared with the amount for tax purposes, of intangible assets in the financial statements were mainly due to their recognition at fair value according to the acquisition method at the time of business combinations in previous years.

## 6.22 Shareholders’ equity

Shareholders’ equity amounted to €897.7 million.
Further details of all the changes in the items included in shareholders’ equity are provided in the relative accounting schedule.

**Share capital**
At 31 July 2023, the share capital of OVS S.p.A. amounted to €290,923,470, comprising 290,923,470 ordinary shares with no par value.
OVS was incorporated on 14 May 2014 with share capital of €10,000.
The Transferral of the OVS-Upim Business Unit by the then sole shareholder Gruppo Coin, which took effect as of 31 July 2014, entailed a share capital increase from €10,000 to €140,000,000, with a premium of €249,885,000.
On 24 February 2015, the global offer for subscription and sale of ordinary shares of OVS S.p.A., with the aim of listing this company on the MTA, was successfully completed.
The subscription operation entailed a further capital increase of €87,000,000, increasing the share capital from €140,000,000 to €227,000,000, divided into 227,000,000 ordinary shares with no par value.
Lastly, the aforementioned paid capital increase, in tranches, completed in July 2021, entailed an increase in the share capital of €63,923,470, from €227,000,000 to €290,923,470, divided into 290,923,470 ordinary shares with no par value.

**Treasury shares**
At 31 July 2023, the Parent Company, OVS S.p.A., held a total of 19,428,265 treasury shares, equal to 6.678% of the share capital, for a total amount of €38,922,000, including 809,226 treasury shares equal to 0.356% of the share capital, for a total amount of €1,496,000, purchased in 2018, a further 13,538,308 treasury shares purchased in 2022 at an average carrying price of €1.812, for a total amount of €24,522,000, and, lastly, during the first half of 2023, 5,080,731 treasury shares purchased at an average carrying price of €2.541, for a total amount of €12,904,000. There were no disposals during the first half of 2023.
These transactions were carried out as part of the authorisations to purchase treasury shares approved by the Shareholders’ Meeting of the Parent Company on 31 May 2018, 28 May 2021, 31 May 2022 and, most recently, 31 May 2023.

**Other reserves**

The breakdown of other reserves is as follows:

The **share premium reserve**, amounting to €528.7 million, derives from the increases in the capital of OVS S.p.A., as previously mentioned, and is shown net of listing costs of €7,590,000 (gross costs of €10,469,000 and deferred tax of €2,879,000), and the capital increase of July 2021, amounting to €394,000 (gross costs of €518,000 and deferred costs of €124,000).
With regard to the accounting treatment applied to these costs, pursuant to IAS 32, following the positive outcome of the listing process, the ratio between the number of new shares/number of shares post-listing determined the percentage of charges registered as a direct reduction in shareholders' equity, while the remainder was recognised under costs in the income statement.
The **legal reserve** came to €15.4 million, and was created when earnings for previous years were appropriated.
There are also **other reserves**, with a positive net balance of €79.2 million, which mainly include retained earnings of €63.6 million, the effects of the direct recognition in shareholders' equity of actuarial gains/(losses) relating to employee severance benefits, the translation reserve and the effects of booking management incentive plans in equity reserves in accordance with the provisions of IFRS 2 (see also Note 7.26 ("Staff costs") and the impacts of the adoption of IFRS 9 and IFRS 16 on the date of the respective adoption.

Lastly, it should be noted that, due to the realignment of the tax value of the OVS and Upim brands to their statutory value, as required by Decree Law 104/2020 (the "August Decree"), Article 110, paragraph 8, a restriction was imposed on the untaxed share premium reserve of €360,238,047.

**Minority interest capital and reserves**
Minority interests mainly relate to 82 S.r.l., which is 70% owned by OVS S.p.A. and 30% owned by Massimo Piombo. The amount shown includes €3,000 for share capital and €320,000 for net results accrued as at 31 July 2023, net of the dividend for the 2022 financial year, paid out to minority shareholders, which amounted to €360,000.
They also include the minority interests of two subsidiaries established in 2022: Vespucci Fashion Inc. (-€129,000) and Energia Verde Uno S.r.l. (-€8,000).

**Dividends paid and proposed**

Following the shareholders’ resolution of 31 May 2023 on the allocation of earnings for 2022, in the first half of 2023 the Parent Company, OVS S.p.A., distributed an ordinary gross dividend of €0.06 to its shareholders for each ordinary share outstanding.

For further details on changes during the period, please see the consolidated statement of changes in shareholders' equity.

## 7. Notes to the consolidated income statement

The breakdown of some income statement items is provided below (values are expressed in thousands of euro).

### 7.23 Revenues

The breakdown of the "Revenues" item is as follows:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Revenues from retail sales | 715,231 | 679,928 |
| VAT on retail sales | (128,200) | (122,616) |
| **Net sales** | **587,031** | **557,312** |
| Revenues from sales to affiliates, administered and wholesale | 147,546 | 148,221 |
| **Subtotal net sales** | **734,577** | **705,533** |
| Revenues from services | 287 | 270 |
| **Total** | **734,864** | **705,803** |

### 7.24 Other operating income and revenues

The breakdown of the "Other operating income and revenues" item is provided below:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Revenues from services provided | 30,716 | 27,132 |
| Rental income and leases | 7,499 | 7,059 |
| Compensation for damage | 309 | 109 |
| Capital gains from asset disposals | 165 | 795 |
| Other revenues | 4,966 | 2,415 |
| **Total** | **43,655** | **37,510** |

Revenues from services provided mainly relate to fees earned from commercial partners in concessions at the OVS Group's stores, as well as professional services, the recovery of transport expenses, the recovery of advertising expenses, promotional contributions and charges for staff costs and other services provided.

The item "Rental income and leases" mainly includes rent from concession partners at OVS and Upim stores; it should be emphasised that this type of agreement is not based on IFRS 16, except to a marginal extent.

The "Other revenues" item mainly comprises contributions from suppliers and lessors, reimbursements of start-up costs and various contingent assets.

## 7.25 Purchases of raw materials, consumables and goods

Purchases of raw materials, supplies, consumables and goods mainly consist of purchases of products for sale and amount to €312,691,000.

The item breaks down as follows:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Purchases of raw materials, consumables and goods | 319,303 | 402,932 |
| Change in inventories | (6,612) | (96,429) |
| **Total** | **312,691** | **306,503** |

## 7.26 Staff costs

The breakdown of the “Staff costs” item is provided below:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Wages and salaries | 107,984 | 108,229 |
| Social security charges | 30,866 | 30,407 |
| Employee severance benefits | 5,950 | 6,825 |
| Other staff costs | 121 | 1,160 |
| Directors’ fees | 2,220 | 1,350 |
| **Total** | **147,141** | **147,971** |

The number of employees, expressed as the full-time equivalent headcount, was 6,146 at the end of the half-year, compared with 6,088 at 31 January 2023.

## 7.27 Share-based payments

Since June 2015, key employees of the Parent Company and its subsidiaries have been granted options to purchase OVS S.p.A. shares under the Company's stock option plans (hereinafter also the "Plans"). In order to create value for shareholders by improving long-term corporate performance and promoting the loyalty and retention of key personnel for the Group's development, the Company's Shareholders' Meeting approved, on 26 May 2015 and 31 May 2017 respectively, two capital increases for the issue of shares to be offered for subscription to the beneficiaries of two separate stock option plans. On the basis of these capital increases, the authorised capital stands at €39,080,000.00. Information on the modalities for exercising options is provided below.

Subsequently, the Ordinary Shareholders' Meeting of 31 May 2019 approved, pursuant to Article 114-*bis* of the Consolidated Law on Finance, the adoption of a new incentive plan named the "Stock Option Plan 2019-2022" (or "2019-2022 Plan"), to be implemented through the granting of free stock options for newly issued ordinary shares of OVS S.p.A. The Plan is reserved for directors who are also employees, executives with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries pursuant to Article 93 of Legislative Decree 58 of 24 February 1998, who have been identified by the Board of Directors, after consulting the Appointments and Remuneration Committee, from among those individuals who perform a key role in the achievement of the Company's strategic objectives (hereinafter, the "Beneficiaries"). The Shareholders' Meeting also approved a capital increase for the issue of shares to be offered for subscription to beneficiaries of the 2019-2022 Plan. Based on this capital increase, the authorised capital has a nominal value of €5,000,000, through the issue of a maximum of 5,000,000 newly issued ordinary shares of OVS.

Information on the modalities for exercising options is provided below.

The aforementioned shareholders' meetings delegated to the Board of Directors the widest powers to implement the capital increases in one or more tranches, granting employees options, as deemed appropriate by the Board, and thus, *inter alia*:

- to establish terms and conditions for the subscription of new shares;
- to demand payment in full of the price necessary to release the shares at the time of subscription;
- to draw up lists of the names of the beneficiary employees identified by means of the parameters which it considers most appropriate from time to time;
- to regulate the effects of termination of employment with the Company or its subsidiaries and the effects of death of the employee on the options offered through the provisions of the option agreement to be signed by each beneficiary employee.

In execution of the powers received from the Shareholders' Meeting, the Board of Directors granted a total of 13,836,375 options, none of which had been exercised by 31 July 2023.

In total, the Board of Directors, in execution of the powers granted to it, approved the following Plans:

| Plan | Grantable | Granted | Exercised |
|---|---|---|---|
| 2015-2020 | - | 5,101,375 | - |
| 2017-2022 | 145,000 | 3,935,000 | - |
| 2019-2022 | 200,000 | 4,800,000 | - |
| **Total** | **345,000** | **13,836,375** | **-** |

On 8 June 2015, pursuant to the mandate granted by the Extraordinary Shareholders' Meeting of 26 May 2015, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 8 June 2025, by issuing, in one or more tranches, up to 5,107,500 new ordinary shares of OVS, constituting 1.76% of the current share capital of OVS S.p.A., subscribed and paid up, with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the stock option plan called the "2015-2020 Plan".
On 21 September 2017, pursuant to the mandate granted by the Extraordinary Shareholders' Meeting of 31 May 2017, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 30 June 2027, by issuing, in one or more tranches, up to 3,935,000 new ordinary shares of OVS with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the aforementioned stock option plan called the "2017-2022 Plan".
Lastly, on 19 June 2019, pursuant to the mandate granted by the Extraordinary Shareholders' Meeting of 31 May 2019, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 30 June 2026, by issuing, in one or more tranches, up to 5,000,000 new ordinary shares of OVS with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the aforementioned stock option plan called the "2019-2022 Plan".

All three plans provide for the free allocation to each of the beneficiaries of options that confer the right to subscribe to or purchase the ordinary shares of OVS in the ratio of one ordinary share for each Option exercised at a price of €4.08 per share (for the 2015-2020 Plan), €5.26 per share (for the 2017-2022 Plan) and €1.72 per share (for the 2019-2022 Plan).
The ordinary shares of the Company allocated to beneficiaries after the exercise of the options will carry ordinary rights, the same as those of the ordinary shares of the Company outstanding on the allocation date, and will therefore carry the coupons in effect at that date.
All the Plans provided for a vesting period of at least three years for options granted to beneficiaries.

The Plans also authorised beneficiaries to exercise the options early if certain events occurred, including:

- a change of control within the meaning of Article 93 of the TUF, including if this does not entail a public tender offer obligation;
- a public tender offer for the Company's shares pursuant to Article 102 *et seq*. of the TUF; or
- resolutions on transactions that could result in the delisting of ordinary shares of OVS.

The Plans also required, as a condition for participation in the Plan itself, that the relationship of permanent employment or executive management with OVS or a subsidiary, depending on the type of beneficiary (the “Relationship”), be maintained.

For the 2015-2020 Plan and the 2017-2022 Plan, beneficiaries will be able to exercise the potentially exercisable options for which the performance objectives have been achieved, to the following extent and within the following periods:

- up to 1/3 of the Options granted, rounded down to the lowest whole unit, after 36 months from the Grant Date (First Vesting Period);
- up to 1/3 of the Options granted, rounded down to the lowest whole unit, after 48 months from the Grant Date (Second Vesting Period);
- the balance of the potentially exercisable options after 60 months from the Grant Date (Third Vesting Period).

The 2015-2020 Plan has been completed and all the 2,724,963 options accrued have been potentially exercisable since 2021.

The 2017-2022 Plan has also been completed and all the 1,222,000 options accrued have been potentially exercisable since 2022.

For the 2019-2022 Plan, it should also be noted that from 1 July 2023, beneficiaries can exercise the options accrued as the cumulative performance targets were achieved over the three-year period 2019, 2021 and 2022, and the condition of access to the plan has been fulfilled.

The Plan described above is defined as equity-settled pursuant to IFRS 2. In accordance with this accounting standard, the fair value of the Plans was estimated at the grant date, using the Black-Scholes method. The portion of the overall fair value of the individual Plans pertaining to the reporting period has therefore been recognised in the income statement. In particular, staff costs attributable to the granting of OVS shares, amounting to €12,663,000 (of which €12,199,000 was accounted for at 31 January 2023), were recognised with a balancing entry in shareholders’ equity. It should also be noted that during the first half of 2023 no Beneficiaries left the Group as “good leavers”: accordingly, there were no reversals of the IFRS 2 reserve relating to options accrued but subject to cancellation as they are not exercised by the deadline provided for in the event of termination of the employment relationship.

The movements recorded in the various Stock Option Plans in the first half of 2023 are as follows:

| Stock Option Plan | Exercise price | Currency | No. of options at 31/01/2023 | Options granted | Options cancelled | Options exercised | Options lapsed | No. of options at 31/07/2023 |
|---|---|---|---|---|---|---|---|---|
| 2015-2020 Plan | 4.08 | Euro | 2,724,963 | - | - | - | - | 2,724,963 |
| 2017-2022 Plan | 5.26 | Euro | 1,222,000 | - | - | - | - | 1,222,000 |
| 2019-2022 Plan | 1.72 | Euro | 4,800,000 | - | - | - | - | 4,800,000 |
| **Total** | | | **8,746,963** | **-** | **-** | **-** | **-** | **8,746,963** |

At 31 July 2023, 8,746,963 accrued options were exercisable.

No options were exercised in the first half of 2023.

For the purposes of completeness, it should also be noted that the strike prices of the three plans indicated above have to be adjusted to neutralise the effects of the distribution of dividends during the financial year 2022 and the first half of 2023 (€0.10 per ordinary share).

It should again be noted that, on 31 May 2022, the Ordinary Shareholders' Meeting approved a new medium/long-term equity-based incentive plan named the "Performance Share Plan 2022-2026" (the "Plan"), which aims to align the interests of the beneficiaries with the creation of value for OVS's shareholders and investors in the long term, and to promote the permanence of the beneficiaries by incentivising them to add value to the Company and simultaneously creating a loyalty-building tool. The Plan is intended for the top management of the Company and its subsidiaries and other employees and contractors (including consultants and/or providers of intellectual work) of OVS and/or subsidiaries with roles that are strategically important for the Company's business or that are otherwise able to make a significant contribution in light of the pursuit of the strategic objectives of OVS and its subsidiaries.

When a performance objective is achieved for each three-year vesting period for measurement of the results, starting on 1 February and ending on 31 January of the third subsequent year (2022-2024 / 2023-2025 / 2024-2026), the Plan entitles each beneficiary to receive OVS shares free of charge, subject to the circumstances set out in the Plan (existence of a relationship with the company and absence of disciplinary sanctions). The number of actual shares granted to each beneficiary in the event of achievement of the objective, under the terms and conditions of the Plan regulations, will be determined by applying different criteria, depending on whether the reference price of the OVS share is less than or equal to €3.00 or more than €3.00.

The Plan is divided into three three-year ("rolling") performance cycles (2022-2024, 2023-2025 and 2024-2026) and will expire on 31 January 2027. The maximum total number of shares to be granted to beneficiaries in order to execute the Plan is 4,500,000.

For further details of the Plan, see (i) the explanatory report on the 4th (fourth) item on the agenda of the Ordinary Shareholders' Meeting of OVS of 31 May 2022, and (ii) the information document prepared pursuant to Article 84-*bis* of the regulation approved by Consob Resolution 11971 of 14 May 1999, available on the Company's website at www.ovscorporate.it and on the "1Info" authorised data storage mechanism at www.1info.it .

The first three-year cycle was assigned by resolution of the Board of Directors on 14 June 2022.

The second three-year cycle was assigned by resolution of the Board of Directors on 21 March 2023.

Also on 31 May 2022, the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years from the date of the resolution, the authority to increase the share capital, free of charge and in one or more tranches, pursuant to Article 2349 of the Italian Civil Code, to be granted to the beneficiary employees of the Plan, through the issue of a maximum of 4,500,000 ordinary shares at an issue value equal to the accounting par value of the OVS shares at the execution date, to be fully allocated to capital. Article 5 of the current Articles of Association was amended accordingly.

Pursuant to IFRS 2, the 2022-2026 Performance Share Plan is also defined as equity-settled. Accordingly, the fair value of the Plan was estimated at the grant date, using the Black-Scholes method. The portion of the overall fair value of the individual Plans pertaining to the reporting period has therefore been recognised in the income statement. In particular, staff costs attributable to the granting of OVS shares, amounting to €818,000 (of which €286,000 was accounted for at 31 January 2023), were recognised with a balancing entry in shareholders' equity.

Lastly, on 20 December 2019, the Chief Executive Officer, the executives with strategic responsibilities and another three managers of the Parent Company, OVS S.p.A., signed agreements with the shareholder TIP in the form of a call option agreement on a portion of the OVS shares held by TIP. The purchase price of the options, considering the various parameters and valuation models normally used for this type of transaction, was equal to the fair market value; the options were exercised between 1 January 2023 and 30 June 2023.

## 7.28 Depreciation, amortisation and write-downs of assets

The breakdown of the "Depreciation, amortisation and write-downs of assets" item is provided below:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Amortisation of intangible assets | 9,566 | 9,669 |
| Depreciation of tangible assets | 23,399 | 22,500 |
| Depreciation of right-of-use assets | 80,539 | 78,702 |
| Write-downs of tangible and intangible assets | 2,745 | 1,658 |
| **Total** | **116,249** | **112,529** |

Due to adoption of the IFRS 16 accounting standard, this item includes depreciation of right-of-use assets relating mainly to store leases and deposits and to a minor extent to leases on offices, apartments for company use and motor vehicles/other equipment.

For a detailed analysis of changes in the period, see Appendix 2.

It should be noted that the amount relating to write-downs of tangible and intangible assets in the appendices in question has been included in the amounts shown in the "Disposals" and "Write-downs" columns.

Write-downs refer to assets written down due to store closures that have already taken place or are planned, and/or any results of impairment testing on stores.

## 7.29 Other operating expenses

**Service costs**

Service costs, which reflect the Group's use of external resources, can be broken down as follows:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Advertising | 15,815 | 13,170 |
| Utilities | 21,875 | 21,659 |
| Miscellaneous sales costs | 31,321 | 31,555 |
| Professional and advisory services | 13,851 | 13,002 |
| Travel and other staff expenses | 7,140 | 5,081 |
| Insurance | 1,833 | 1,739 |
| Maintenance, cleaning and security | 18,060 | 17,343 |
| Other services | 675 | 665 |
| Remuneration of the Board of Statutory Auditors/Supervisory Board | 132 | 123 |
| **Total** | **110,702** | **104,337** |

**Costs for the use of third-party assets**

Costs for the use of third-party assets break down as follows:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Rental costs and ancillary charges | 17,056 | 15,213 |
| Leasing of plant, equipment and vehicles | 2,361 | 2,068 |
| **Total** | **19,417** | **17,281** |

The item "Rental costs and ancillary charges" mainly includes rents deriving from leases accounted for outside the scope of IFRS 16, variable rent components within the scope of the standard and the service charges of the sales network. The leases were entered into under arm's length conditions.

**Write-downs and provisions**

The breakdown of the "Write-downs and provisions" item is provided below:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Doubtful accounts | 750 | 750 |
| Provisions for risk | 375 | 750 |
| **Total** | **1,125** | **1,500** |

For details of the amounts described above, see Note 6.2 "Trade receivables" and Note 6.20 "Provisions for risks and charges".

**Other operating charges**

Other operating charges break down as follows:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Materials and equipment for offices and points of sale | 2,989 | 3,106 |
| Taxes | 4,657 | 4,715 |
| Capital losses | 82 | 82 |
| Charitable donations | 301 | 191 |
| Corporate expenses | 409 | 357 |
| Other general and administrative costs | 388 | 392 |
| Other operating expenses | 1,058 | 2,196 |
| **Total** | **9,885** | **11,038** |

## 7.30 Financial income (expenses)

### Financial income

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Financial income on bank current accounts | 35 | 0 |
| Financial income from miscellaneous sources | 245 | 0 |
| Income from financial lease assets | 102 | 159 |
| **Total** | **382** | **159** |

### Financial expenses

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Financial expenses on bank current accounts | 10 | 0 |
| Financial expenses on loans | 6,258 | 4,315 |
| Expenses from finance lease liabilities | 20,500 | 19,143 |
| Interest cost on provision for employee severance benefits | 476 | 107 |
| Other financial expenses/fees | 2,199 | 2,748 |
| **Total** | **29,443** | **26,314** |

Other financial expenses on loans mainly include fees associated with existing loans.

With regard to the financial income/expenses for leases due to adoption of IFRS 16, please see the extensive comments in the sections above.

The weighted average IBR applied in the first half of 2023 was 4.66%.

### Foreign exchange gains and losses

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Foreign exchange gains | 1,651 | 23,278 |
| Foreign exchange losses | (5,822) | (14,619) |
| Gains (losses) on changes in fair value on forward derivatives | 3,817 | 11,191 |
| **Total** | **(354)** | **19,850** |

### 7.31 Taxes

Details of the tax impact in the consolidated income statement are as follows:

| | 31.07.2023 | 31.07.2022 |
|---|---|---|
| Current taxes | 9,908 | 7,742 |
| Deferred/(prepaid) taxes | (397) | 4,235 |
| **Total** | **9,511** | **11,977** |

Current taxes at 31 July 2023 mainly include the estimate of the Parent Company's IRES and IRAP charge totalling €9,358,000.

The effective tax charge for the first half of 2023 is 29.8% (an improvement on 33.4% at 31 July 2022) and differs from the theoretical tax charge due to certain permanent items increasing the taxable profit for the period, as well as from a more than proportional impact on profit before tax of the IRAP charge.

### 7.32 Earnings per share

The share capital is divided into 290,923,470 shares with no par value.

The calculation of earnings per share shown in the following table is based on the ratio of earnings attributable to the Group to the weighted average number of shares of OVS S.p.A. outstanding in the period, net of treasury shares held (19,428,265 shares, equal to 6.678% of the share capital), weighted for the period of ownership.

| | Period ended 31.07.2023 | Period ended 31.07.2022 |
|---|---|---|
| Net profit for the period (in €/000) | 22,255 | 23,655 |
| Number of ordinary shares at end of period | 290,923,470 | 290,923,470 |
| Average weighted number of shares outstanding for the calculation of basic earnings per share | 274,352,881 | 287,272,026 |
| **Basic earnings per share (in euro)** | **0.081** | **0.082** |
| **Diluted earnings per share (in euro)** | **0.081** | **0.082** |

Diluted earnings per share were essentially in line with basic earnings per share, since at 31 July 2023 the dilutive effects of the various stock option plans (see Note 7.27 above for details) were not material.

## 8. Relations with related parties

The following table summarises the OVS Group's lending and borrowing relationships with related parties, as defined by IAS 24, at the reporting date.

| (thousands of euro) | Related parties | | | | |
|---|---|---|---|---|---|
| | Centomila-candele S.c.p.a. in liquidation | Directors and executives with strategic responsibilities | Total | Total balance sheet item | Percentage of balance sheet item |
| **Trade payables** | | | | | |
| At 31 July 2023 | 47 | 0 | 47 | (370,513) | (0.0)% |
| At 31 January 2023 | 47 | 0 | 47 | (393,198) | (0.0)% |
| **Other current payables** | | | | | |
| At 31 July 2023 | 0 | (873) | (873) | (142,615) | 0.6% |
| At 31 January 2023 | 0 | (8,630) | (8,630) | (170,923) | 5.0% |

Centomilacandele S.C.p.A. in liquidation is a non-profit consortium company that was engaged in the supply of electricity and natural gas under the best possible conditions to the consortium entities. It was placed in liquidation in August 2020. Business relations with the company had already ceased in 2020.

The following table summarises the economic relations of the OVS Group with related parties:

| (thousands of euro) | Related parties | | | |
|---|---|---|---|---|
| | Directors and executives with strategic responsibilities | Total | Total balance sheet item | Percentage of balance sheet item |
| **Half-year ended 31 July 2023** | | | | |
| Revenues | 0 | 0 | 734,864 | 0.0% |
| Other operating income and revenues | 0 | 0 | 43,655 | 0.0% |
| Purchases of raw materials, consumables and goods | 0 | 0 | (312,691) | 0.0% |
| Staff costs | (3,855) | (3,855) | (147,141) | 2.6% |
| Service costs | 0 | 0 | (110,702) | 0.0% |
| Costs for the use of third-party assets | 0 | 0 | (19,417) | 0.0% |
| Write-downs and provisions | 0 | 0 | (1,125) | 0.0% |
| Other operating charges | 0 | 0 | (9,885) | 0.0% |
| Financial income | 0 | 0 | 382 | 0.0% |
| Financial expenses | 0 | 0 | (29,443) | 0.0% |

At 31 July 2022, the OVS Group's economic relations with related parties were as follows:

| (thousands of euro) | Related parties | | | |
|---|---|---|---|---|
| | Directors and executives with strategic responsibilities | Total | Total balance sheet item | Percentage of balance sheet item |
| **Half-year ended 31 July 2022** | | | | |
| Revenues | 0 | 0 | 705,803 | 0.0% |
| Other operating income and revenues | 0 | 0 | 37,510 | 0.0% |
| Purchases of raw materials, consumables and goods | 0 | 0 | (306,503) | 0.0% |
| Staff costs | (2,987) | (2,987) | (147,971) | 2.0% |
| Service costs | 0 | 0 | (104,337) | 0.0% |
| Costs for the use of third-party assets | 0 | 0 | (17,281) | 0.0% |
| Write-downs and provisions | 0 | 0 | (1,500) | 0.0% |
| Other operating charges | 0 | 0 | (11,038) | 0.0% |
| Financial income | 0 | 0 | 159 | 0.0% |
| Financial expenses | 0 | 0 | (26,314) | 0.0% |

The cash flows shown in the following table represent the actual payments and receipts registered with related parties in the half-year (or until the time when the related party qualification ended), rather than changes during the period in the item in the financial statements to which they relate:

| (thousands of euro) | Related parties | | | |
|---|---|---|---|---|
| | **Directors and executives with strategic responsibilities** | **Total** | **Total cash flow from the cash flow statement** | **Percentage of balance sheet item** |
| **Half-year ended 31 July 2023** | | | | |
| Cash flow generated (absorbed) by operating activities | (11,016) | (11,016) | 75,865 | (14.5)% |
| Cash flow generated (absorbed) by investment activities | 0 | 0 | (37,981) | 0.0% |
| Cash flow generated (absorbed) by financing activities | 0 | 0 | (62,068) | 0.0% |
| **Half-year ended 31 July 2022** | | | | |
| Cash flow generated (absorbed) by operating activities | (6,292) | (6,292) | 90,355 | (7.0)% |
| Cash flow generated (absorbed) by investment activities | 0 | 0 | (33,710) | 0.0% |
| Cash flow generated (absorbed) by financing activities | 0 | 0 | (123,735) | 0.0% |

The transactions listed above took place under arm’s length conditions.

## 9. Information on operating segments

Pursuant to IFRS 8, management has identified the following operating segments:

- OVS, active in the value fashion market, offering stylish and high-quality clothing at competitive prices, with a focus on the latest trends and fashions;
- Upim, active in the value segment of the Italian market, offering women's, men's and children's clothing products, homeware and fragrance, with particularly competitive price positioning and a key focus on the family; and
- with the acquisition of STEFANEL in March 2021 and GAP Italia in February 2022, two new business units were identified within the Group. However, given the smaller size of these recent acquisitions compared with the consolidated accounting balances, they are included in the "Other businesses" category.

The results of the operating segments are measured by analysing revenues and adjusted EBITDA, with the latter defined as earnings for the period before depreciation and amortisation, asset write-downs, financial income and expenses and tax, net of non-recurring income and expenses and other non-monetary accounting effects, as well as the effect of application of IFRS 16.

Specifically, management believes that revenues and adjusted EBITDA provide a good performance indicator as they are not affected by tax legislation or depreciation/amortisation policy.

| | 31 July 2023 | | | | 31 July 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| (thousands of euro) | OVS | UPIM | Other businesses | Total | OVS | UPIM | Other businesses | Total |
| **Revenues by segment** | **544,359** | **168,609** | **21,891** | **734,859** | **524,087** | **164,125** | **17,591** | **705,803** |
| **Adjusted EBITDA** | **73,221** | **16,871** | **(3,682)** | **86,410** | **67,024** | **17,441** | **(2,154)** | **82,311** |
| **% of revenues** | 13.5% | 10.0% | (16.8)% | 11.8% | 12.8% | 10.6% | (12.2)% | 11.7% |
| Non-recurring expenses | | | | (1,192) | | | | (2,201) |
| Forex reclassification | | | | (1,943) | | | | (13,353) |
| Stock option plan | | | | (996) | | | | (1,038) |
| IFRS 16 effects | | | | 95,279 | | | | 88,964 |
| **EBITDA** | | | | **177,558** | | | | **154,683** |
| Depreciation, amortisation and write-downs of assets | | | | (116,249) | | | | (112,529) |
| **Profit before net financial expenses and taxes** | | | | **61,309** | | | | **42,154** |
| Financial income | | | | 382 | | | | 159 |
| Financial expenses | | | | (29,443) | | | | (26,314) |
| Foreign exchange gains and losses | | | | (354) | | | | 19,850 |
| Gains (losses) from equity investments | | | | 0 | | | | 0 |
| **Net profit for the period before tax** | | | | **31,894** | | | | **35,849** |
| Taxes | | | | (9,511) | | | | (11,977) |
| **Net result for the period** | | | | **22,383** | | | | **23,872** |

## 10. Other information

### 10.1 Contingent liabilities

It should be noted that, other than what is described in Note 6.20, “Provisions for risks and charges”, no other potential risks exist.

### 10.2 Sureties and guarantees relating to third parties

These amounted to €92,361,000 (€90,300,000 at 31 January 2023) and were granted on behalf of the Group by banks or insurance companies, mainly to guarantee Italian leases.

### 10.3 Other commitments

There are no commitments at the reporting date that are not already reflected in other items of the consolidated statement of financial position.

### 10.4 Directors’ and Statutory Auditors’ fees

The following table shows the fixed fees payable to Directors and Statutory Auditors for positions held at the Group:

| (thousands of euro) | **Directors** | **Auditors** |
|---|---:|---:|
| 31.07.2023 | 2,006 | 91 |
| 31.07.2022 | 1,213 | 91 |

### 10.5 Significant non-recurring events and operations

In accordance with Consob Communication DEM/6064293 of 28 July 2006, it should be noted that the Group's results for the first half of 2023 were influenced by non-recurring net expenses of €906,000.

| | **31.07.2023** | **31.07.2022** |
|---|---:|---:|
| Staff costs | 0 | 251 |
| Service costs | 1,080 | 1,883 |
| Other operating charges | 112 | 67 |
| Taxes | (286) | (528) |
| **Total** | **906** | **1,673** |

Non-recurring charges refer to:

- service costs of €1,080,000, mainly relating to expenses of €700,000 directly attributable to the Covid-19 emergency and start-up costs in new foreign markets of €380,000;
- other operating expenses of €112,000, mainly relating to one-off costs;
- the tax effect on the above non-recurring items of €286,000.

In accordance with the above Consob Communication, it should also be noted that in the first half of 2023, no atypical and/or unusual transactions were entered into as defined by the Communication.

## 11. Significant events after the reporting date

The purchase of treasury shares also continued after the closing date of the half-year: since 1 August 2023 to date, the Parent Company has purchased 1,130,968 treasury shares, equal to 0.3888% of the share capital, for a total amount of €2,566,000, while no shares have been disposed of.

No other significant events took place after 31 July 2023.

## 12. Appendices to the condensed consolidated half-year financial statements

The following documents contain additional information on the condensed consolidated half-year financial statements at 31 July 2023.

Appendices:

- 1 Property, plant and equipment at 31 July 2023;
- 2 Right-of-use assets at 31 July 2023;
- 3 Intangible assets at 31 July 2023.

**APPENDIX 1**

**Property, plant and equipment**

Composition and changes during the period were as follows (amounts in thousands of euro):

| | | Changes during the period | | | |
|---|---|---|---|---|---|
| | Situation at 31.01.2023 | Acquisitions/ Increases | Sales/disposals | Amortisation/ write-downs | Situation at 31.07.2023 |
| **Leasehold improvements** | | | | | |
| initial cost | 228,370 | 4,414 | (2,245) | 0 | 230,539 |
| write-downs | (88) | 0 | 88 | 0 | 0 |
| amortisation | (172,968) | 0 | 1,690 | (4,125) | (175,403) |
| **net** | **55,314** | **4,414** | **(467)** | **(4,125)** | **55,136** |
| **Land and buildings** | | | | | |
| initial cost | 6,823 | 0 | 0 | 0 | 6,823 |
| write-downs | 0 | 0 | 0 | 0 | 0 |
| amortisation | (1,951) | 0 | 0 | (16) | (1,967) |
| **net** | **4,872** | **0** | **0** | **(16)** | **4,856** |
| **Plant and machinery** | | | | | |
| initial cost | 326,035 | 11,044 | (2,403) | 0 | 334,676 |
| write-downs | (173) | 0 | 173 | 0 | 0 |
| amortisation | (247,620) | 0 | 1,699 | (6,582) | (252,503) |
| **net** | **78,242** | **11,044** | **(531)** | **(6,582)** | **82,173** |
| **Industrial and commercial equipment** | | | | | |
| initial cost | 386,076 | 10,903 | (3,424) | 0 | 393,555 |
| write-downs | (317) | 0 | 317 | 0 | 0 |
| amortisation | (283,129) | 0 | 2,743 | (11,190) | (291,576) |
| **net** | **102,630** | **10,903** | **(364)** | **(11,190)** | **101,979** |
| **Other assets** | | | | | |
| initial cost | 69,835 | 2,082 | (56) | 0 | 71,861 |
| write-downs | 0 | 0 | 0 | 0 | 0 |
| amortisation | (61,098) | 0 | 45 | (1,485) | (62,538) |
| **net** | **8,737** | **2,082** | **(11)** | **(1,485)** | **9,323** |
| **Assets under construction and payments on account** | | | | | |
| initial cost | 17,867 | 10,165 | (6,928) | 0 | 21,104 |
| write-downs | 0 | 0 | 0 | 0 | 0 |
| amortisation | 0 | 0 | 0 | 0 | 0 |
| **net** | **17,867** | **10,165** | **(6,928)** (1) | **0** | **21,104** |
| **Total** | | | | | |
| initial cost | 1,035,006 | 38,608 | (15,056) | 0 | 1,058,558 |
| write-downs | (578) | 0 | 578 | 0 | 0 |
| amortisation | (766,766) | 0 | 6,177 | (23,398) | (783,987) |
| **net** | **267,662** | **38,608** | **(8,301)** (2) | **(23,398)** | **274,571** |

(1) Of this amount, €6,540,000 represents assets under construction at 31/01/2023, reclassified to the specific asset categories in the first half of 2023.

(2) Includes €1,402,000 relating to fixed assets disposed of and written down in the period due to the closure of stores.

**APPENDIX 2**

**Right-of-use assets**

Composition and changes during the period were as follows (amounts in thousands of euro):

| | Situation at 31.01.2023 | Changes during the period | | | | Situation at 31.07.2023 |
|---|---|---|---|---|---|---|
| | | Acquisitions / Increases | Remeasure-ment | Decreases | Amortisation/ write-downs | |
| **Land and buildings** | | | | | | |
| initial cost | 1,456,141 | 29,393 | 1,587 | (24,842) | 0 | 1,462,279 |
| write-downs | 0 | 0 | 0 | 0 | 0 | 0 |
| amortisation | (503,372) | 0 | 0 | 24,842 | (79,811) | (558,341) |
| **net** | **952,769** | **29,393** | **1,587** | **0** | **(79,811)** | **903,938** |
| **Plant and machinery** | | | | | | |
| initial cost | 640 | 0 | 0 | 0 | 0 | 640 |
| write-downs | 0 | 0 | 0 | 0 | 0 | 0 |
| amortisation | (237) | 0 | 0 | 0 | (36) | (273) |
| **net** | **403** | **0** | **0** | **0** | **(36)** | **367** |
| **Industrial and commercial equipment** | | | | | | |
| initial cost | 3,641 | 0 | 0 | 0 | 0 | 3,641 |
| write-downs | 0 | 0 | 0 | 0 | 0 | 0 |
| amortisation | (1,078) | 0 | 0 | 0 | (182) | (1,260) |
| **net** | **2,563** | **0** | **0** | **0** | **(182)** | **2,381** |
| **Other assets** | | | | | | |
| initial cost | 6,190 | 1,025 | (40) | (381) | 0 | 6,794 |
| write-downs | 0 | 0 | 0 | 0 | 0 | 0 |
| amortisation | (4,591) | 0 | 0 | 381 | (510) | (4,720) |
| **net** | **1,599** | **1,025** | **(40)** | **0** | **(510)** | **2,074** |
| **Total** | | | | | | |
| initial cost | 1,466,612 | 30,418 | 1,547 | (25,223) | 0 | 1,473,354 |
| write-downs | 0 | 0 | 0 | 0 | 0 | 0 |
| amortisation | (509,278) | 0 | 0 | 25,223 | (80,539) | (564,594) |
| **net** | **957,334** | **30,418** | **1,547** | **0** | **(80,539)** | **908,760** |

**APPENDIX 3**

**Intangible assets**

Composition and changes during the period were as follows (amounts in thousands of euro):

| | Situation at 31.01.2023 | Changes during the period<br>Acquisitions/ Increases | Sales/disposals | Amortisation/ write-downs | Situation at 31.07.2023 |
|---|---|---|---|---|---|
| **Rights to industrial patents and intellectual property rights** | | | | | |
| initial cost | 189,715 | 3,800 | 0 | 0 | 193,515 |
| write-downs | 0 | 0 | 0 | 0 | 0 |
| amortisation | (162,781) | 0 | 0 | (4,687) | (167,468) |
| **net** | **26,934** | **3,800** | **0** | **(4,687)** | **26,047** |
| **Concessions, licences and trademarks** | | | | | |
| initial cost | 518,061 | 1,200 | (1,579) | 0 | 517,682 |
| write-downs | (5,477) | 0 | 829 | (750) | (5,398) |
| amortisation | (11,683) | 0 | 157 | (748) | (12,274) |
| **net** | **500,901** | **1,200** | **(593)** | **(1,498)** | **500,010** |
| **Assets under construction and payments on account** | | | | | |
| initial cost | 375 | 1,323 | (187) | 0 | 1,511 |
| write-downs | 0 | 0 | 0 | 0 | 0 |
| amortisation | 0 | 0 | 0 | 0 | 0 |
| **net** | **375** | **1,323** | **(187)** (1) | **0** | **1,511** |
| **Other intangible assets** | | | | | |
| initial cost | 166,847 | 100 | 0 | 0 | 166,947 |
| write-downs | 0 | 0 | 0 | 0 | 0 |
| amortisation | (99,889) | 0 | 0 | (4,131) | (104,020) |
| **net** | **66,958** | **100** | **0** | **(4,131)** | **62,927** |
| **Total** | | | | | |
| initial cost | 874,998 | 6,423 | (1,766) | 0 | 879,655 |
| write-downs | (5,477) | 0 | 829 | (750) (3) | (5,398) |
| amortisation | (274,353) | 0 | 157 | (9,566) | (283,762) |
| **net** | **595,168** | **6,423** | **(780)** (2) | **(10,316)** | **590,495** |
| **Goodwill** | | | | | |
| initial cost | 297,686 | 0 | 0 | 0 | 297,686 |
| write-downs | 0 | 0 | 0 | 0 | 0 |
| amortisation | 0 | 0 | 0 | 0 | 0 |
| **net** | **297,686** | **0** | **0** | **0** | **297,686** |

(1) Of this amount, €187,000 represents assets under construction at 31/01/2023, reclassified to the specific asset categories in the first half of 2023.

(2) Includes €593,000 relating to fixed assets disposed of and written down in the period due to the closure of stores.

(3) Includes €750,000 relating to assets written down after impairment testing of the stores.

## Certification of the condensed consolidated half-year financial statements pursuant to Article 81-*ter* of Consob Regulation no. 11971 of 14 May 1999, as amended and supplemented

1. We, the undersigned, Stefano Beraldo, the Chief Executive Officer, and Nicola Perin, the Director responsible for preparing the corporate accounting statements of OVS S.p.A., hereby declare, also taking account of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:
   - the adequacy with respect to the characteristics of the Company and
   - the effective application of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements in the period from 1 February 2023 to 31 July 2023.
2. The evaluation of the adequacy of the administrative and accounting procedures used in the preparation of the condensed consolidated half-year financial statements at 31 July 2023 was based on a process defined by OVS S.p.A. consistent with the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSo), which is a generally accepted international framework.
3. Moreover:

   3.1 the condensed consolidated half-year financial statements:

   a) have been prepared in compliance with the international accounting standards recognised by the European Union pursuant to (EC) Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002 as subsequently supplemented;

   b) correspond to the accounting books and records;

   c) are suitable to provide a true and fair representation of the financial position and results of the Issuer and all the companies included within the scope of consolidation.

   3.2 The Interim Report on Operations includes a reliable review of significant events occurring in the first six months of the year and their impact on the condensed consolidated half-year financial statements, as well as a description of the main risks and uncertainties with regard to the remaining six months of the year. The Interim Report on Operations also includes a reliable review of information on significant transactions with related parties.

Mestre, Venice, 20 September 2023

| | |
|---|---|
| **Stefano Beraldo** | **Nicola Perin** |
| Chief Executive Officer | The Financial Reporting Officer |

# Independent auditor’s report on the condensed consolidated half-year financial statements

KPMG S.p.A.
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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## Report on review of condensed interim consolidated financial statements

*To the shareholders of
OVS S.p.A.*

### *Introduction*

We have reviewed the accompanying condensed interim consolidated financial statements of the OVS Group, comprising the statement of financial position as at 31 July 2023, the income statement and the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### *Scope of the review*

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the OVS Group as at and for the six months ended 31 July 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

## *Other matters*

The annual consolidated financial statements at 31 January 2023 and the condensed interim consolidated financial statements at 31 July 2022 were respectively audited and reviewed by other auditors, who expressed an unmodified opinion and an unmodified conclusion thereon on 10 May 2023 and 23 September 2021, respectively.

Milan, 22 September 2023

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit