FY19 FINANCIAL RESULTS

May 26, 2020

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The manager in charge of preparing the corporate accounting documents, Nicola Perin, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the accounting figures, books and records.

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

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FY19 Highlights

The Group continued to consolidate its presence in Italy. Material increase in profitability

Total Net Sales amounted to €1,370.1m decreasing by -1.5% compared to last year. The slight decline is mostly attributable to the strategy in place of decreasing purchases (less merchandise in store) and lower promotional activities, to the benefit of cash generation and profitability. Full year like-for-like was slightly below -2%, recovering over the last two quarters.

Overall, the Group once again outperformed the reference market in Italy, down by 3.9% in the same period.

Adjusted EBITDA was equal to €156.3m, increasing by €12.1m compared to the previous year. Significant growth in the second half (+€31m or +49%). Adjusted net income at €57.7m, increasing by +€2.6m vs. last year.

Adjusted Net Debt was €309.9m, and cash generated in the year amounted to €65.9m. Net Debt on EBITDA ratio went below 2x.

The process aiming to obtain new finance in order to overcome the tough period following the spread of the COVID-19 is almost concluded.

To be highlighted that the reported P&L figures have been mainly impacted by the impairment test carried out on the accounting balances at 31 January 2020 which led to write-downs of €161m at EBIT level: considering (i) the spread of Covid-19, and (ii) following the latest indications provided by the most authoritative sources of interpretation and by the supervisory authority, the BoD decided to take a prudent approach, reflecting in the aforementioned test, the financial impacts related to the spread of the virus based on a "sensitivity" scenario.

€156.3m

Adjusted EBITDA(*)
(+ 8.4% vs. 31Jan19)

€309.9m

Adjusted net debt(*)
(-€65.9m vs. 31Jan19)

(*)Other main differences between reported and adjusted figures are mainly due to the application of IFRS16, which led to an increase in EBITDA of €170.5m due to lower rents and at the same time an increase in net debt of €889m.

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Key Income Statement Items

High cash generation over the entire FY19 and high profitability in the second half

- **Net Sales** decreased by -1.5% in FY19. The performance reflects the previously announced strategy of:

(i) lower volumes of goods purchased to the benefit of cash generation and,

(ii) the increase of full price sales to the benefit of EBITDA generation (e.g. higher gross margin).

Furthermore, spring 2019 was characterized by very low temperatures which led to a reduction in traffic in the whole sector. This is also visible from the top line recovery that characterized the second half of the year (in the first half sales were down by -2.4%, while over the last twelve months by -1.5%).

- **Adjusted EBITDA** was €156.3m (11.4% on net sales), growing by +€12.1m vs. last year. The EBITDA in the second half of FY19 recovered strongly, boosted by a material increase in profitability: 2H19 EBITDA margin was 13% vs. 8.7% in 2H18 (+430Bps). Both brands, OVS and Upim, contributed to such increase.

- **Adjusted Net Debt** closed at €309.9m, underlying a cash generation of €65.9m in the year. As expected the performance was strong especially over the last nine months of the year: during that period, cash generation amounted to €135m.

€ mln	31.01.2020 Reported	31.01.2020 Adjusted	31.01.2019 Reported	31.01.2019 Adjusted	*Chg. (Adjusted)*	*Chg. % (Adjusted)*
Net Sales	1,374.8	1,370.1	1,457.2	1,457.2	*(87.1)*	*(6.0%)*
Net Sales*	**1,374.8**	**1,370.1**	**1,391.6**	**1,391.6**	**(21.6)**	**(1.5%)**
EBITDA	**293.0**	**156.3**	**74.4**	**144.2**	**12.1**	**8.4%**
EBITDA%	*21.3%*	*11.4%*	*5.3%*	*10.4%*		+104ppt
EBIT	**(84.0)**	**97.4**	**7.2**	**85.6**	**11.7**	**13.7%**
EBIT%	*(6.1%)*	*7.1%*	*0.5%*	*6.2%*		+95ppt
PBT	**(134.4)**	**77.9**	**32.8**	**67.9**	**9.9**	**14.6%**
Net Income	**(140.4)**	**57.7**	**25.3**	**55.2**	**2.6**	**4.7%**
Net Financial Position	**1,191.4**	**309.9**	**364.9**	**375.8**	**(65.9)**	**(17.5%)**
Market Share	**8.1%**		**8.0%**			+12ppt

(*) To provide a representation of the organic business and make it comparable with the previous year, the net sales figures used to calculate financial KPIs in 2018 excluded sales deriving from the service agreement with the former Swiss group Sempione Fashion AG, and in 2019 sales by Serenissima Retail GmbH.

Reported numbers mostly reflect two main impacts:

(i) the first adoption of the IFRS16 accounting principle, mainly impacting with -€170,5m of lower costs at EBITDA level and with €889m of higher financial liabilities at Net Debt level;

(ii) The results of the impairment test performed on the 31st January 2020, impacting with -€161,4m at EBIT level and reflecting a prudent projection of the expected results, following the spread of the COVID-19.

See overleaf for further details.

(*) Excluding the sell-in to the former Sempione Fashion Group.

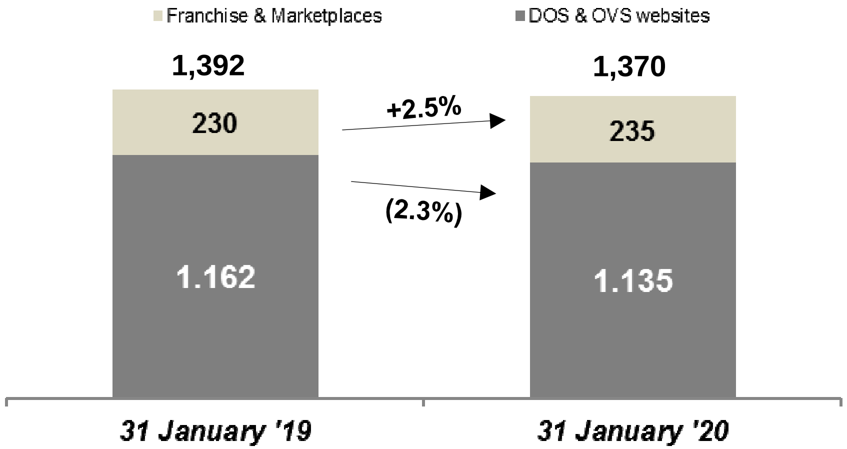
Aggregate Sales and EBITDA Performance in FY19

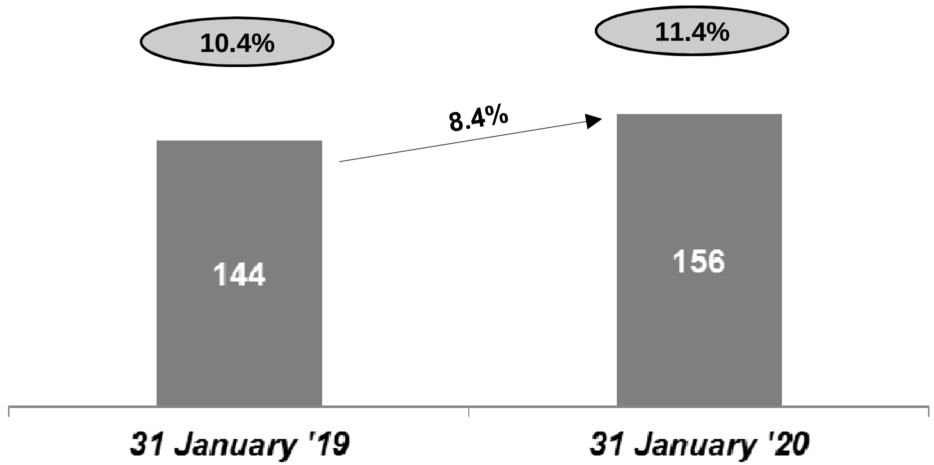
Both brands' profitability improved significantly

Net Sales (€mln)

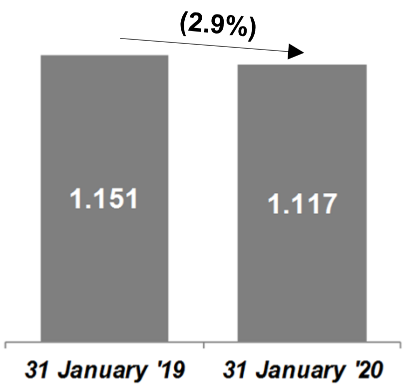
EBITDA (€mln)

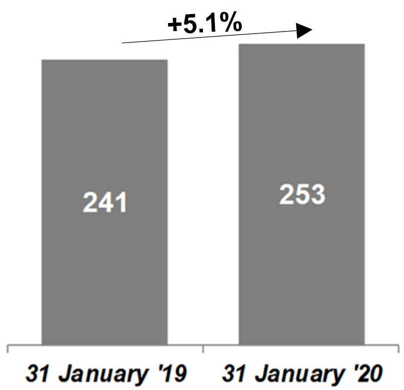
Aggregate Performance

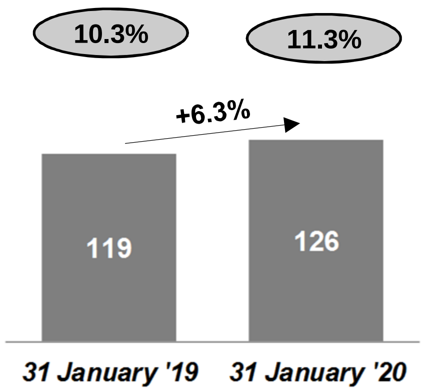


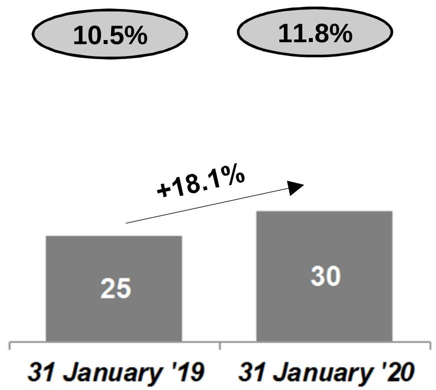


Performance By Brand







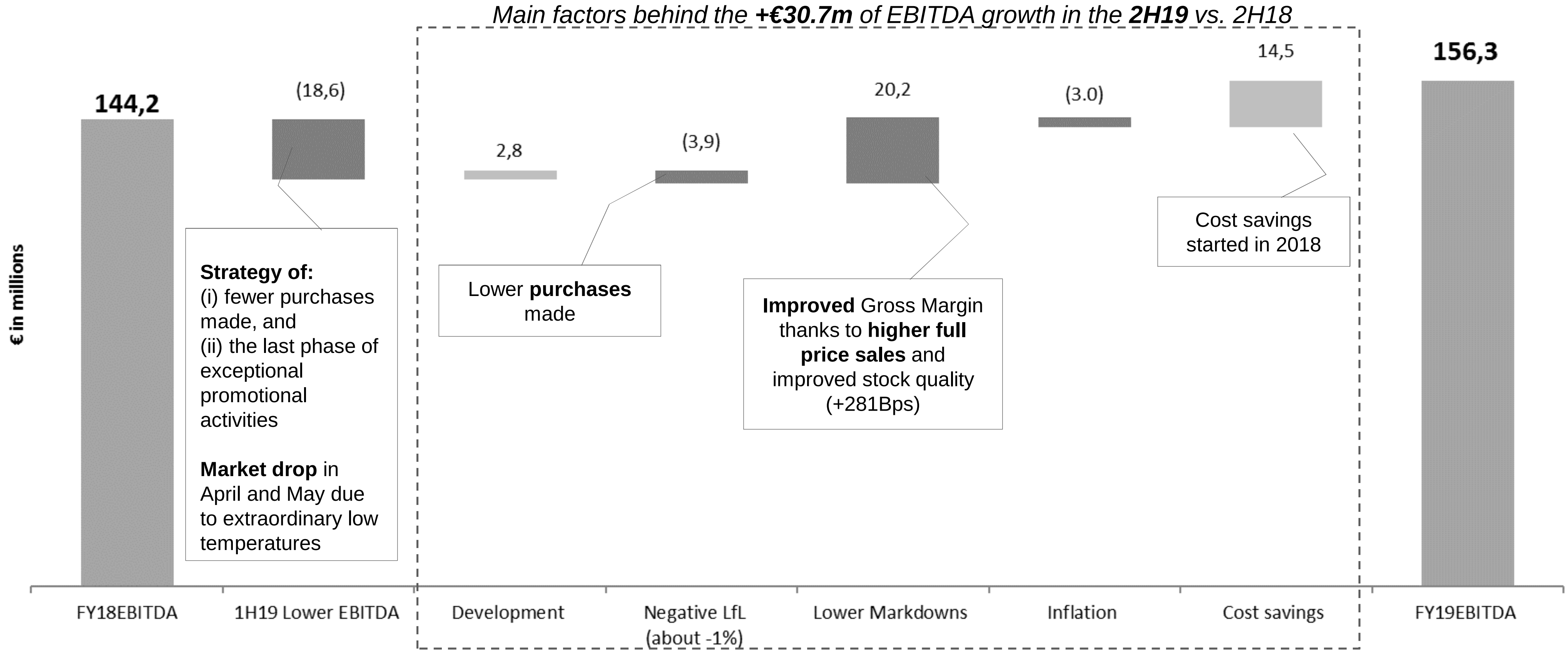


(*) EBITDA margin calculated excluding the sell-in to the former Sempione Fashion Group and sales to Serenissima Retail GmbH.

Margin % (*)

FY19-20 EBITDA Bridge

Expected increase in profitability in the second half of 2019



Adjusted **FY19EBITDA** of **€156.3m** was up by **€12.1m** compared to the previous year. As per last year, the FY19 EBITDA generation can be divided into two main phases: **(i)** the **first half** characterized by an EBITDA still reflecting on the one hand the continuation of the exceptional promotional activities started last year, while on the other, fewer purchases of merchandise made since the beginning of FY19 (thus impacting the top line). Moreover the first half was also impacted by extreme adverse weather conditions; **(ii)** conversely, the **second half** more than offset the performance recorded over the first part of the year thanks to a gross margin more aligned to the Group's historical KPI's and the impact of the cost savings initiatives put in place as from 2018, permanently reducing the Company's break-even point.

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31Jan20 Consolidated Trade Working Capital

Lower than last year mainly due to inventory improvement

€mln	31Jan20	31Jan19	*Change Jan20-Jan19*
Trade Receivables	86.0	98.4	(12.4)
Inventory	393.1	411.0	(17.9)
Trade Payables	(330.7)	(351.0)	20.3
Trade Working Capital	**148.4**	**158.4**	**(10.0)**

- **Trade working capital** was **€10m** lower compared to the one at 31Jan19.

- The cash generation at working capital level was mainly driven by a significant decline in **inventory** (-4.3%), in particular:

- **Trade receivables** decreased by **-€12.4m**, despite an increase in franchising sales (+2.5% in the year), as a consequence of **improved DSO**.
- **Inventory** decreased by **-€17.9m**, reflecting (i) the promotional activities put in place over the Jul18-Jul19 period, (ii) the improved flexibility in sourcing, as well as (iii) fewer purchases made. As a result, the sell-through kpi (volumes sold on volumes purchased ratio) in 2019 was much better than last year, when at that time, inventory increased by +€23m.
- **Trade payables** decreased by **-€20.3m**, partially offsetting the cash generated from working capital as a portion of the merchandise in excess bought in 2018 was paid in 2019.

Capex

FY19 capex reduced significantly (-€37.6m vs. last year)

2019 Capex breakdown (*€ mln)*

Refurbishment (€2.9m), maintenance (€4.2m) and other commercial projects (€10.8m)

(c. 41.4% of total)

New openings

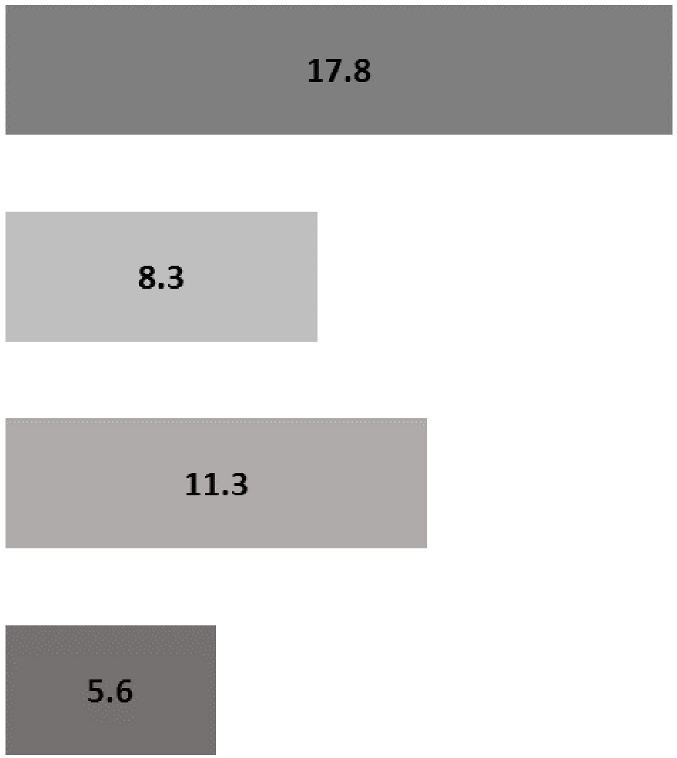
(c. 19.3% of total)

IT and special projects

(c. 26.2% of total)

Logistics and others

(c. 13.0% of total)



Total €43.1m

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Net Debt and Leverage

Sharp decline in Net debt and leverage

€ mln	31st January 2020	31st January 2019
Net Debt	1,191.4	364.9
Net Debt ***MtM of Derivatives Excluded***	309.9	375.8
EBITDA LTM	156.3	144.2
Leverage on EBITDA (*) **Adjusted Net Debt/EBITDA Adjusted LTM**	1.98x	2.61x
Leverage on EBITDA (**) **Adj. Average last 12 months Net Debt/EBITDA Adjusted LTM**	2.60x	2.97x

Notes:

(*) calculated on Net Debt at 31th January excluding the MtM and the IFRS16

(**) calculated on the average last 12 months Net Debt excluding the MtM and the IFRS16

- As of 31st January 2020 net debt excluding the mark-to-market impact and the first adoption of the IFRS16, was equal to **€309.9m**, improving significantly compared to one year ago (see next page). Reported Net Debt amounted to €1.191,4m, impacted by €889,1m of higher liabilities arising from the IFRS16 accounting principle and €7,6m of positive mark-to-market .
- The ratio of the average net financial position to EBITDA at year-end, excluding the mark-to-market effect, went down to **1.98x** (from the previous 2.61x), as a consequence of the material FY19 cash generation and the higher EBITDA reported at year end.
- Given the leverage at 31st Jan20, the interest rate on debt for the actual financial package will be about 3.65% + Euribor 3m.

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Consolidated Cash Flow Statement

Improved performances on almost all components

€mln	31 January '20	31 January '19
EBITDA Adjusted	**156.3**	**144.2**
Adjustments[1]	(11.6)	(69.8)
Change in Trade Working Capital	10.0	(60.9)
Other changes in Working Capital	(2.1)	21.6
Capex	(43.1)	(60.9)
Operating Cash Flow	**109.5**	**(25.8)**
Financial charges	(20.1)	(14.9)
Taxes & others	(23.6)	(17.1)
Net Cash Flow excl derivatives MtM and IFRS 16	**65.9**	**(57.8)**

- **Operating cash flow** increased by **€135.3m** vs. last year, mainly thanks to (i) the higher EBITDA (+€12.1m), (ii) fewer one-off cash item adjustments at EBITDA level (last year reflecting the write-offs of assets linked to the past commercial relations with the former Swiss client), (iii) an improved working capital, mainly thanks to the decrease in inventory (see slide on page 8), and (iv) lower capex mainly due to a lower number of DOS new openings vs. last year.

- The FY19 **net cash flow** improved by **€123.6m**, reflecting the good performance at operating cash flow level, partially offset by higher financial costs and higher taxes paid in the year.

Notes:

1 For further details on the adjustments at EBITDA level, please see Appendix.

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Outlook & COVID-19 update *(1 of 2)*

- *After the Group re-stared progressively to go back to its historical profitability levels in 2019, with substantial cash generation particularly in the second half of the year, 2020 began with the COVID-19 tragedy. The emergency situation was addressed immediately, with the activation of exceptional measures to reduce the spread of the virus and ensure the safety of customers and employees. At the beginning of March, a dedicated team was set up to manage the emergency, putting in place all possible measures to prepare the Group to overcome the situation but also to implement important new strategies aiming to seize new opportunities from the first day but also once the emergency has come to an end.*

- *During the lockdown period, the Group worked hard, launching several new initiatives that will be kept going forward. New services implemented during that period have shown off once again how the omni-channel strategy is critical to succeeding in our sector. Stores' inventory was used to fulfill online orders and support warehouse activities. The Group has further enhanced the relationship with its customers, now even more direct, personal and fast, through new services already implemented such as:*
  (i) A new call center for our clients, assisting them with their purchases;
  (ii) The possibility for our customers to chat directly through WhatsApp, assisting them with purchases in store, home deliveries pickups;
  (iii) The "buy now, pay later" service;
  (iv) The new "click and collect today" service;
  (v) Personalized online recommendation/"digital wardrobe" (to be launched in September).

- *The continuous interactions between OVS and the Italian Government allowed to anticipate the re-opening of stores dedicated to kids (which took place starting from the 15 April). From 18 May the full network in Italy has been re-opened. Store traffic was down, but average ticket and conversion rate increased more than proportionally, resulting in higher sales vs. last year, over the same period. The performance confirmed once again the role of the Group in the Italian market, close to Italian families and a reference point for the kids segment.*

- *Considering the amount of sales lost due to the period of store closures, and also taking into account a prudent view on the following months in terms of top line evolution, given the prompt reaction of the whole Group also in relation to cost savings initiatives put in place, it is reasonable to assume that the Company will be able to close the tough 2020 at least at break-even (at net income level). This assumption also takes into consideration the fact that rent costs are expected to decrease materially: conditions for the entire real estate market are significantly under review as many players are exiting the market and the demand for new spaces is almost nil.*

Outlook & COVID-19 update *(2 of 2)*

- *From the financial standpoint, the company like all the other players in the market has been impacted from zero sales during the lock-down period. The Group's main characteristic of being exposed to kids (40% of the whole turnover) and to families, less subject to high fashion trends, (e.g. more "functional" compared to other competitors), will be a point of strength for OVS, allowing the postponement to 2021 of the 2020 S/S collection already purchased from vendors and which remained in the warehouse. As a result, 2021 is not expected to suffer in terms of gross margin, and cash absorbed in 2020 is expected to be recovered in 2021, when the cost of goods sold will have already been paid the year before.*

- *In order to overcome the increase of inventory following the period of stores closure, OVS is completing the process in order to obtain a new credit line for €100m (e.g. waiting for the Government approval). This line has a duration of 4 years and 3 months. Moreover, in relation to the existing credit lines and considering the actual situation, some amendments in our favor will be soon agreed, such as the suspensions of the covenant test for the next four testing dates and the repayment of the next two installments.*

- *Considering possible changes in consumption going forward, we believe our Group's positioning in the Italian market is well settled: the focus on "value for money", which is intrinsic to our offer, the continuous research on Italian style available for our customers at an affordable price, the focus on sustainability, on quality, as well as the lower exposure to high fashion trends, to the benefit of consumers' long term purchases, are all remarkable points of strength. This is visible also from sales realized since the first days of re-openings in small catchment areas: the benefits arising from synergies between physical stores and the online channel will continue to make our Group a reference point in the apparel sector for the whole country.*

- *The Italian apparel market has been suffering for many years, with many small retailers and larger mono brand retailers already facing financial difficulties before the current crisis. The tragedy that affected the whole country will push many players to face even greater difficulties.* ***The consolidation of the domestic market*** *will continue, and OVS has already shown its capacities in the past to re-launch old brands like Upim and many other small chains.*

Appendix

Consolidated Profit and Loss and related adjustments (1 of 2)

€ mln	31.01.2020 Reported	of which IFRS 16 Impact	o/w: non recurring	o/w: Impairment IAS36	o/w: non recurring; Stock Option; Derivatives; PPA; forex reclass	31.01.2020 Adjusted	31.01.2019 Reported	o/w: non recurring	o/w: non recurring; Stock Option; Derivatives; PPA; forex reclass	31.01.2019 Adjusted
Net Sales	1,374.8		4.7			1,370.1	1,457.2			1,457.2
Net Sales*	**1,374.8**					**1,370.1**	**1,391.6**			**1,391.6**
Purchases of consumables	616.7		2.7	0.0	22.2	591.9	667.5	11.5	(9.5)	665.5
Gross Margin	**758.0**	**0.0**	**2.0**	**0.0**	**(22.2)**	**778.2**	**789.7**	**(11.5)**	**9.5**	**791.6**
GM%	*55.1%*					*56.8%*	*56.7%*			*56.9%*
Personnel costs	290.5	(0.1)	3.6		0.1	286.8	292.6	2.7	0.3	289.6
Costs for services	179.1	(1.3)	2.3		0.0	178.1	197.9	3.2	0.0	194.8
Rent costs	(38.1)	(170.5)	1.8		0.0	130.6	132.7	(0.9)	0.0	133.6
Provisions	7.0	0.0	4.0		0.0	3.0	28.0	23.9	0.0	4.2
Other operating costs	26.5	1.4	1.7		0.0	23.5	63.9	38.7		25.3
Total operating costs	465.1	(170.5)	13.5	0.0	0.1	621.9	715.2	67.5	0.3	647.4
EBITDA	**293.0**	**170.5**	**(11.5)**	**0.0**	**(22.3)**	**156.3**	**74.4**	**(79.0)**	**9.2**	**144.2**
EBITDA%	*21.3%*					*11.4%*	*5.3%*			*10.4%*
Depreciation & Amortization	376.9	148.0	0.0	161.4	8.6	58.9	67.2		8.6	58.6
EBIT	**(84.0)**	**22.4**	**(11.5)**	**(161.4)**	**(30.9)**	**97.4**	**7.2**	**(79.0)**	**0.6**	**85.6**
EBIT%	*(6.1%)*					*7.1%*	*0.5%*			*6.2%*
Net financial (income)/charges	50.5	(50.8)	0.1	0.0	19.7	19.5	(25.6)	(0.1)	43.4	17.7
PBT	**(134.4)**	**(28.3)**	**(11.4)**	**(161.4)**	**(11.2)**	**77.9**	**32.8**	**(79.2)**	**44.1**	**67.9**
Taxes	5.9	(7.4)	(2.8)	(1.3)	(2.7)	20.1	7.5	(19.0)	13.7	12.8
Net Income	**(140.4)**	**(21.0)**	**(8.6)**	**(160.0)**	**(8.5)**	**57.7**	**25.3**	**(60.2)**	**30.4**	**55.2**

See next page for further details on the FY19 adjusted and normalized elements.

(*) Excluding the sell-in to the former Sempione Fashion Group and sales to Serenissima Retail GmbH.

Consolidated Profit and Loss and related adjustments (2 of 2)

The following adjustments regarded as one-offs were carried out in 2019, with no impact on cash and/or not representative of the normal course of business operations.

The P&L results have been mainly adjusted for two main impacts:

(i) the impairment test that caused the write-off mainly related to the Goodwill for €161,4m at EBIT level and -€160.0 million at net income level,

(ii) the impacts related to IFRS16 for €170.5m at EBITDA level due to lower rental costs under the accounting principle, €22.4m at EBIT level following higher depreciations and -€21m at net income level mainly due to higher financial costs booked over the year: the additional financial liability related to the IFRS16 first adoption amounted to €889,1m.

FY19 adjusted EBITDA has also been adjusted for: (i) €22.2m of net positive hedged exchange rate differences on purchases of goods in foreign currency that have been sold in the year, (which have been reclassified from financial costs); (ii) €4.1m relating to one-off costs (e.g. layoffs, store closures, etc.); (iii) €7.4m relating to the Austrian company, sold to a third party at the end of FY19 for which some assets (previously intercompany) have been written-off, as well as the sales realized through that company over the year (equal to €4,7m); (iv) €0.1m of costs related to stock option plans (non-cash costs).

Other adjustment elements that impacted EBIT and the pre-tax result are related to: (i) D&A of intangible assets as a result of the purchase price allocation ("PPA"), for €8.6m, and (ii) adjusted financial income of €19.7m mainly relating to exchange rate differences from the valuation items in foreign currency also with respect to forward derivative instruments and realized exchange differences.

Finally, the net income was affected by the taxes recalculated following the aforementioned adjustments, resulting in higher costs for €14.2m.

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Consolidated Balance Sheet Statement

€mln	31 January '20 - Reported	31 January '20 - Exc.IFRS 16	31 January '19	Chg. Vs exc.IFRS 16
Trade Receivables	86.0	86.0	98.4	(12.4)
Inventory	393.1	393.1	411.0	(17.9)
Trade Payables	(321.1)	(330.7)	(351.0)	20.3
Trade Working Capital	**158.0**	**148.4**	**158.4**	**(10.0)**
Other assets/(liabilities)	(99.5)	(85.7)	(86.3)	0.6
Net Working Capital	**58.5**	**62.7**	**72.1**	**(9.5)**
Tangible and Intangible Assets	2,037.1	1,173.8	1,359.5	(185.7)
Net deferred taxes	(127.8)	(127.6)	(124.4)	(3.1)
Other long term assets/(liabilities)	(5.8)	(17.5)	(31.4)	14.0
Pension funds and other provisions	(41.7)	(41.7)	(43.2)	1.5
Net Capital Employed	**1,920.3**	**1,049.7**	**1,232.6**	**(182.9)**
Net Equity	728.8	747.4	867.7	(120.3)
Net Financial Debt	1,191.4	302.3	364.9	(62.6)
Total source of financing	**1,920.2**	**1,049.7**	**1,232.6**	**(182.9)**

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Network Update as of 31Jan20

OVS SpA - Store Network Up to 31st January 2020

		Dos Stores	Franchising Stores	Total Stores
OVS Full Format	**As of 31st January 2019**	**553**	**223**	**776**
	Net Openings	*(3)*	*0*	*(3)*
	As of 31st January 2020	**550**	**223**	**773**
OVS KIDS	**As of 31st January 20119**	**54**	**404**	**458**
	Net Openings	*(1)*	*15*	*14*
	As of 31st January 2020	**53**	**419**	**472**
UPIM Full Format	**As of 31st January 2019**	**125**	**98**	**223**
	Net Openings	*2*	*31*	*33*
	As of 31st January 2020	**127**	**129**	**256**
BLUKIDS	**As of 31st January 2019**	**29**	**254**	**283**
	Net Openings	*15*	*(33)*	*(18)*
	As of 31st January 2020	**44**	**221**	**265**
OTHER FORMATS	**As of 31st January 2019**	**2**	**5**	**7**
	Net Openings	*(1)*	*(2)*	*(3)*
	As of 31st January 2020	**1**	**3**	**4**
TOTAL	**As of 31st January 2019**	**763**	**984**	**1747**
	Net Openings	**12**	**11**	**23**
	As of 31st January 2020	**775**	**995**	**1770**