



FY2021 Financial Results

21 April 2022

OVS

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

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

The information presented in this document has not been audited.

Sales and EBITDA returned to pre-pandemic levels, record year for cash generation



Net Sales €1,359m, +33.4% compared to 2020, much better than market trend (+18.7%); **Market share** strongly increased to **9.3%** compared to 8.4% of 2020. **Excellent performances** characterized all brands, **both online** and **offline** channels.

Adjusted EBITDA €147.2m, €74m higher compared to 2020. **EBITDA margin 10.8%**, it was 7.2% in 2020, thanks to higher sales, declining mark-down and cost reduction efforts.

Cash generation continued to be **strong** in 4Q, surpassing **€60m** for the third consecutive quarter. Full year **net cash flow** amounted to **€129.8m**, in addition to €81m from capital increase of July 2021.

As a result, **Adjusted Net Debt** as of 31Jan22 was as low as **€190.3m**, more than **halved** versus €401.1m at 31Jan21 and much lower even compared to pre-pandemic situation (€309.9m at 31Jan20). **Leverage 1.29x**, compared to 5.50x and 1.98x respectively at 31Jan21 and 31Jan20.

OVS received several rewards for its **focus on sustainability**. The 2021 **Fashion Transparency Index**, issued by “Fashion Revolution”, named OVS as **the company most attentive to transparency in the world**. In 2021 OVS issued a Sustainability-linked Bond and in April 2022 signed two new Sustainability-linked credit lines, thus strengthening OVS’s commitment to sustainability targets.

Proposal of **dividend** distribution of **€0.04** per share.

Net sales

€1,359m

(+33.4% vs. FY20 and
-0.8% vs. FY19)

Adjusted EBITDA

€147.2m

(+€74.2m vs. FY20 and
-€9.1m vs. FY19)

Net cash flow

€129.8m

(+€220.9m vs. 31Jan21 and
+€63.9m vs. 31Jan20)

Adjusted Net Debt

€190.3m

(€210.8m vs. 31Jan21 and
-€119.6m vs. 31Jan20)

Dividend

€0.04

Per share

EBITDA at €147.2m, doubled compared to 2020

Market share 85 bps higher

- **Net sales €1,359m**, up 33.4% from 2020. **1Q21** still characterized by periods of store closures and minor sales vs 2019; in **2Q21** and **3Q21** sales were 11% higher, while **4Q21**, despite the arrival of the Omicron variant and some supply-chain difficulties in the retail sector, recorded sales in line with 2019.
- **Adjusted EBITDA €147.2m**, €74m higher compared to 2020, and only €9.1m lower compared to 2019, with 2Q-4Q €10m above 2019. **EBITDA margin 10.8%**, it was 7.2% in 2020, thanks to higher sales, declining mark-down and cost reduction efforts.
- **Net result improved by €49.6m**, from a loss of €4.8m in 2020 to a profit of €44.8 in 2021

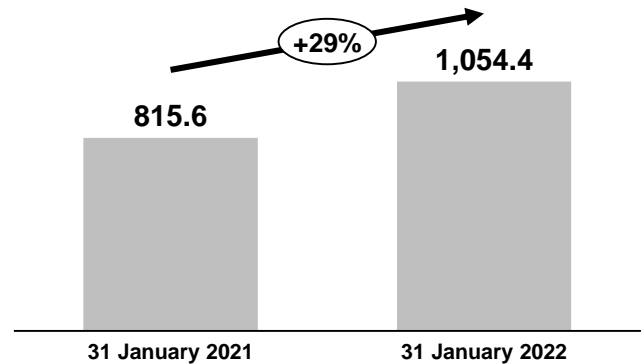
€ mln	31 Jan 2022 Reported	31 Jan 2022 Adjusted	31 Jan 2021 Reported	31 Jan 2021 Adjusted	Change (Adjusted)	Change % (Adjusted)
Net Sales	1,358.9	1,358.9	1,017.8	1,018.5	340.4	33.4%
Gross Margin	768.5	771.0	563.4	565.3	205.7	36.4%
GM%	56.6%	56.7%	55.4%	55.5%		+123ppt
EBITDA	334.7	147.2	205.1	72.9	74.2	101.8%
EBITDA%	24.6%	10.8%	20.1%	7.2%		+367ppt
EBIT	120.8	89.1	(1.7)	14.0	75.1	n.a.
EBIT%	8.9%	6.6%	(0.2%)	1.4%		
PBT	73.1	66.3	(78.7)	(8.0)	74.3	n.a.
Net Income	48.6	44.8	35.1	(4.8)	49.6	n.a.
Market Share	9.3%		8.4%		+85ppt	

Adjusted results do not reflect the application of IFRS16, non recurring items and the mark-to-market derivatives impact. Please refer to Appendix for further details.

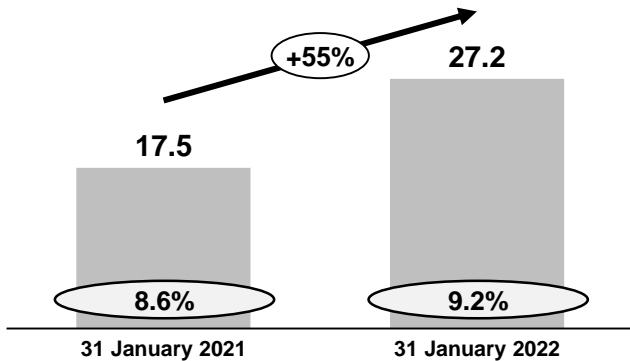
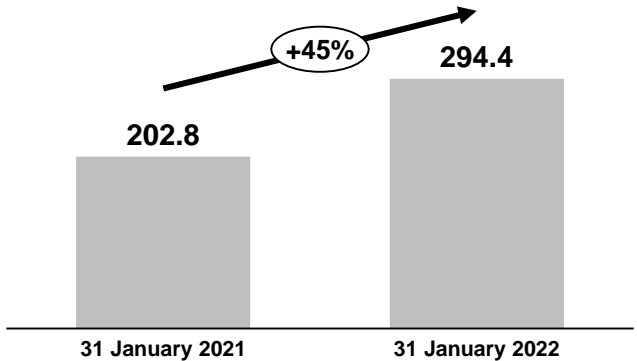
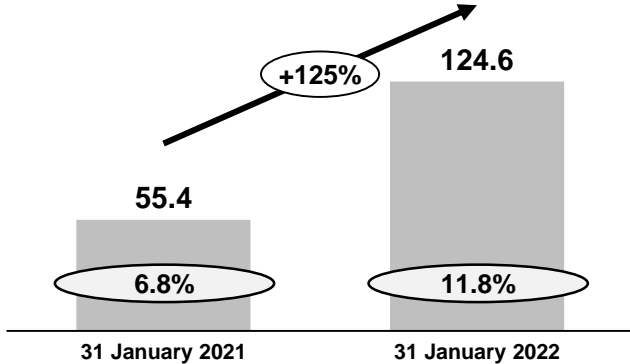
All brands and distribution channels reported exceptional performances



Net Sales (€m)



EBITDA (€m) EBITDA Margin%



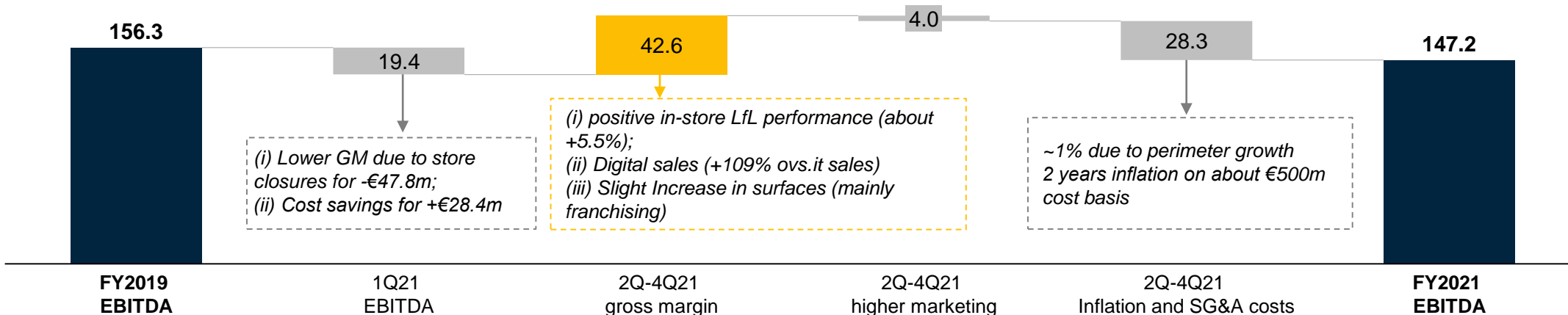
Both OVS and Upim realized a significant recovery versus 2020:

- Net sales were up by 29% in OVS, basically on a constant perimeter, while Upim grew by 45% also thanks to new openings;
- Higher operating leverage in OVS allowed for a sharper rebound in EBITDA (+125%), and also Upim managed to have an EBITDA increase 10% higher than sales trend.

Improved financial structure with economic performance impacted by cost inflation

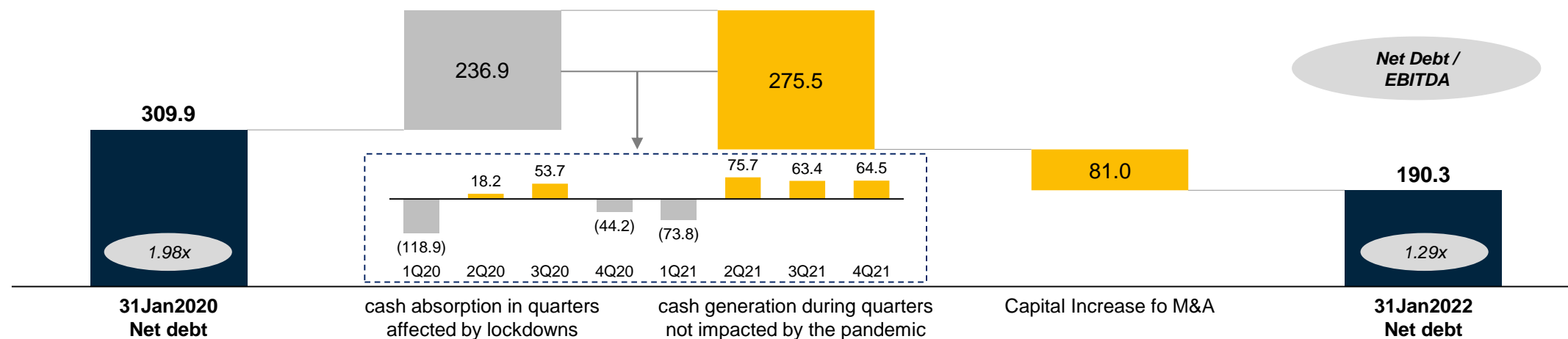
Profit and Loss

EBITDA was just €9.1m lower than 2019, despite 1Q21 still being affected by lockdowns. Flexibility on the cost structure, positive like-for-like performance and the strategy of lower promotions laid the groundwork to achieve that result.



Cash Flow

Net Debt was €120m lower than 31Jan20 pre-pandemic level, with leverage ratio at 1.29x, down by 0.69x. Cash generation when stores were open or less affected by lockdowns offset by +€40m the cash absorption recorded during periods characterized by COVID-19 restrictions.



Significant reduction on trade working capital versus one year ago

€mln	31 January 2022	31 January 2021	Change
Trade Receivables	89.3	102.1	(12.8)
Inventory	389.8	420.1	(30.3)
Trade Payables	(317.4)	(294.5)	(23.0)
Trade Working Capital	161.7	227.7	(66.0)

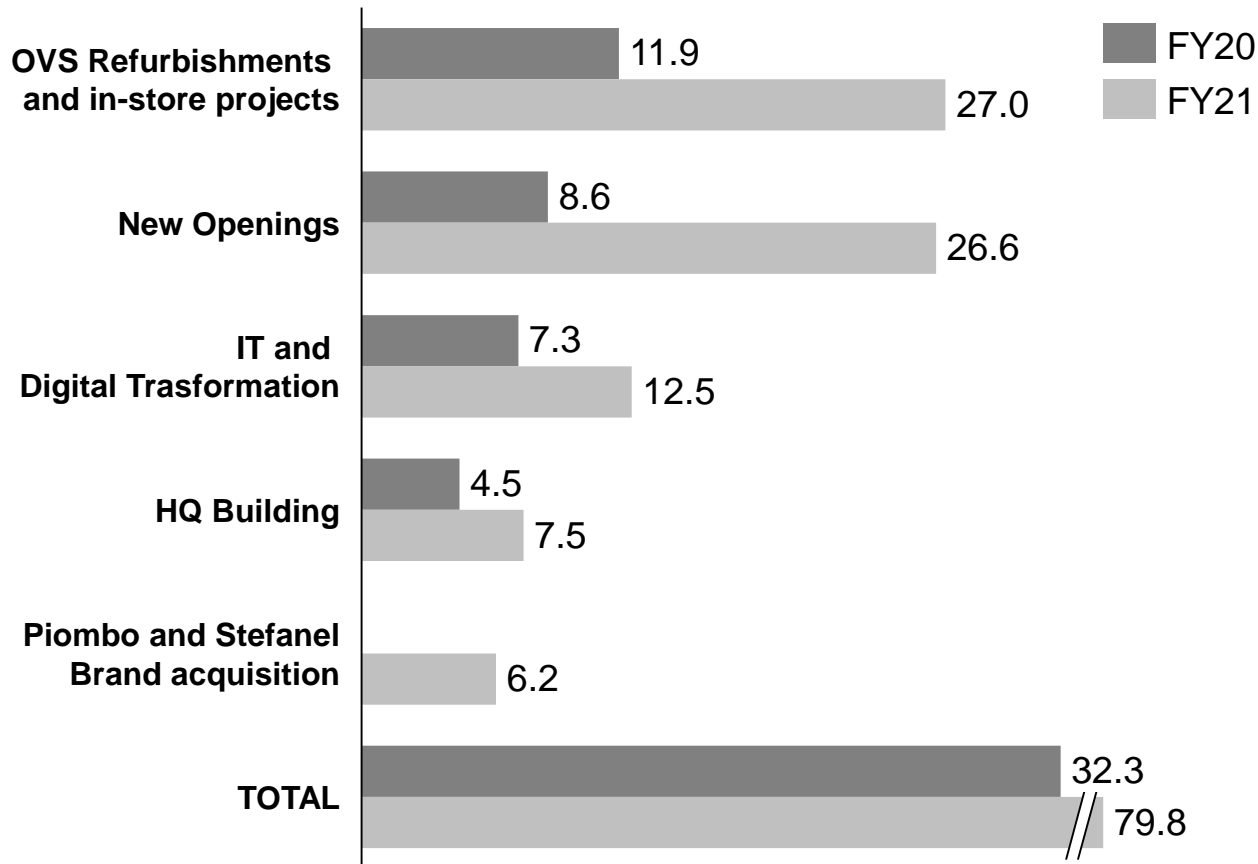
Trade Working Capital does not reflect the application of IFRS16



Trade Working Capital was significantly lower by **€66m** versus 31Jan21 and in line with 2019 thanks to the progressive normalization of the business (trade working capital on LTM net sales went down from 22.4% to 11.9% in the two periods considered):

- **Trade Receivables decreased by €12.8m** thanks to the end of extended payment terms to Franchisees. In addition, the development of the franchising network mainly through the consignment business model is structurally reducing DSO
- **Inventory was lower by €30.3m** and back to 2019 levels, as result of the sale of merchandise that remained unsold due to the multiple lockdowns over the last couple of years. The focus on more durable and cross-season products allowed the Group to decrease the level of inventory without significant recourse to heavy markdown, generating cash and maintaining a solid gross margin over time.
- **Trade Payables increased by €23.0m.** Also in terms of payables, the normalization of the business is bringing the value back to pre-pandemic levels; still in place some anticipation of payment terms in order to achieve better economic conditions going forward.

Capex increase reflects a rebound after a 2020 with extraordinary focus on liquidity management



Refurbishments proved to be a strong mean to increase like-for-like sales.

A portion of Direct stores new openings are due to relocations of pre-existing stores in better positions.



Excellent cash generation thanks to solid economic performance, net working capital improvement and capital increase



€mln	FY2021	FY2020
EBITDA Adjusted	147.2	72.9
Non recurring items	(9.2)	(14.3)
Change in Trade Working Capital	66.0	(79.4)
Other changes in Working Capital	39.0	(12.9)
Capex	(79.8)	(32.3)
Operating Cash Flow	163.2	(65.9)
Financial charges	(21.7)	(22.0)
Taxes & others	(11.7)	(3.3)
Net Cash Flow excl Inc.Cap. derivatives MtM and IFRS 16	129.8	(91.2)
Proceeds from capital increase	81.0	-
Net Cash Flow excl derivatives MtM and IFRS 16	210.8	(91.2)
MtM derivatives, amortized cost and exchange differences	24.3	(16.8)
Net cash flow	235.1	(108.0)

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

- **Operating cash-flow** is **€163.2m**, compared with a cash absorption of **€65.9m** in 2020. This result was achieved due to the **profitability of the year** and to working capital normalization.
- This cash generation from careful working capital management allowed to fully absorb the rebound in Capex and to generate a **record €129.8m Net cash flow**.

Solid cash flow allowed to reach Leverage on EBITDA of 1.29x

€mln	31 January 2022	31 January 2021
Net Debt reported	1,139.0	1,315.5
Net Debt adjusted for MtM of Derivatives & IFRS16	190.3	401.1
EBITDA Adjusted	147.2	72.9
Leverage on EBITDA Net Debt adjusted / EBITDA Adjusted	1.29x	5.50x

Net financial debt does not consider the impact of the mark-to-market of derivatives and the application of IFRS16

- **Adjusted Net Debt €190.3m**, more than halved versus €401.1m as of 31Jan21 and much lower even of pre-pandemic situation (€309.9m at 31Jan20)
- **Leverage on EBITDA is 1.29x**, decreasing from 5.50x at 31 January 2021. Without the boost of the Capital increase, Leverage ratio would have 1.84x, fully within investment grade and even below 1.98x at 31 January 2020.



Achieved a full sustainability-linked and cost efficient financial structure

€ mln	As it was	As it is	Maturity date
Bullet loan	250.0	-	
SACE - Amortizing line	100.0	-	
Amortizing line	100.0	110.0	April 2027
Revolving facility	100.0	120.0	April 2027
Sustainability-linked bond	-	160.0	November 2027
Total facilities	550.0	390.0	
Cost (bps)	350 - 450	175 - 225	

Sustainability linked

- In November 2021 OVS repaid the €250m bullet line, thanks to the issue of the **€160m sustainability-linked bond** and the resources generated by the ordinary business.
- In April 2022 the Company repaid and replaced remaining three facilities with a **€230m sustainability-linked facilities agreement**.
- The resulting financial structure provides **significant advantages** with regard to **cost, extension of maturity** and, more generally, **contractual terms coherent with the Group's situation**.
- **All OVS's main financial facilities are thus linked to sustainability performance.**



Fashion transparency index puts OVS at the top of its rankings for 2021 OVS has committed to a further 46% reduction of CO2 emissions within 2030



Fashion transparency index puts OVS at the top of its rankings for 2021:

- The index analyses and ranks 250 of the world's leading fashion brands and retailers assessing their degree of transparency in disclosing actions taken to respect human rights and environmental.
- Its 2021 annual report ranks **OVS at the top of the list**, having achieved **78% of the analyzed parameters**.

OVS is fully committed on progressively reduce CO2 emissions:

- Between 2017 and 2019 OVS reduced Scope 1 and 2 emissions by **85%**.
- In April 2022 OVS has committed to decreasing Scope 1, 2 and 3 emissions by a **further 46% within 2030**, target approved by SBTi Science Based Targets initiative.

- In spite of still challenging external factors (Ukrainian war, Omicron variant, etc.) initial 2022 sales are **strongly recovering versus 2021** and, day after day, are getting closer to 2019 levels. Weather normalization and arrival of SS22 goods are pushing **April sales back to 2019 levels**.
- The Company approached 2022 with a material price increase in order to offset merchandise and operating **costs inflation**. It is still too early to draw conclusions, but early signals are positive (e.g. items per tickets still in line with historical average) and the unavoidable price increase seems to have limited impact on quantities, confirming our forecasts.
- The concept of OVS as **marketplace**, where the house brand remains central but at the same time it is surrounded by new brands, is attracting new visitors and helps us stay closer to our customers' different lifestyles.
- OVS will continue to improve its **online shop**, increasing the offer of services to customize the shopping experience.
- After the important awards received in 2021 for **sustainability** and **transparency**, we will maintain the high standards reached, and, above all, focus on communication to customers to increase the perception of OVS as a company highly sensitive to sustainability issues.
- Despite a still unfavorable external environment, in the light of current results and further ongoing actions, we believe that we can **look forward to 2022 with cautious optimism** and can foresee the possibility of **further growth in economic results**, with adequate cash generation.





€ mln	31 Jan 2022 Reported	of which IFRS 16 Impact	of which non recurring	of which: Stock Option, Derivatives, PPA, Forex	31 Jan 2022 Adjusted	31 Jan 2021 Reported	of which Relignment (Brands)	of which IFRS 16 Impact	of which non recurring	of which: Stock Option, Derivatives, PPA, Forex	31 Jan 2021 Adjusted	Change (Adjusted)	Change % (Adjusted)
Net Sales	1,358.9	-	-	-	1,358.9	1,017.8	-	-	(0.7)	-	1,018.5	340.4	33.4%
Purchases of consumables	590.4	-	-	2.5	587.9	454.4	-	-	-	1.2	453.2	134.7	29.7%
Gross Margin	768.5	-	-	(2.5)	771.0	563.4	-	-	(0.7)	(1.2)	565.3	205.7	36.4%
GM%	56.6%	n.a.	n.a.	n.a.	56.7%	55.4%	n.a.	n.a.	n.a.	n.a.	55.5%		+123ppt
Personnel costs	288.7	(0.0)	0.8	1.2	286.8	228.9	-	(0.1)	0.7	2.1	226.2	60.6	26.8%
Costs for services	196.0	(0.8)	6.1	-	190.7	159.8	-	(1.0)	9.0	-	151.8	38.9	25.6%
Rent costs	(77.5)	(199.7)	0.7	-	121.5	(55.2)	-	(147.0)	(0.5)	-	92.2	29.3	31.8%
Provisions	3.2	-	-	-	3.2	2.9	-	-	-	-	2.9	0.3	9.7%
Other operating costs	23.4	1.3	0.4	-	21.7	22.0	-	0.4	2.3	-	19.3	2.4	12.3%
Total operating costs	433.8	(199.3)	8.0	1.2	623.8	358.3	-	(147.6)	11.5	2.1	492.4	131.5	26.7%
EBITDA	334.7	199.3	(8.0)	(3.8)	147.2	205.1	-	147.6	(12.2)	(3.4)	72.9	74.2	101.8%
EBITDA%	24.6%	n.a.	n.a.	n.a.	10.8%	20.1%	n.a.	n.a.	n.a.	n.a.	7.2%		+367ppt
Depreciation & Amortization	213.9	147.3	-	8.5	58.0	206.7	-	139.3	-	8.5	58.9	(0.9)	(1.5%)
EBIT	120.8	51.9	(8.0)	(12.3)	89.1	(1.7)	-	8.4	(12.2)	(11.9)	14.0	75.1	n.a.
EBIT%	8.9%	n.a.	n.a.	n.a.	6.6%	(0.2%)	n.a.	n.a.	n.a.	n.a.	1.4%		
Net financial (income)/charges	47.7	43.4	-	(18.5)	22.8	77.1	-	46.8	-	8.3	22.0	0.8	3.8%
PBT	73.1	8.5	(8.0)	6.3	66.3	(78.7)	-	(38.4)	(12.2)	(20.2)	(8.0)	74.3	n.a.
Taxes	24.4	3.3	(1.9)	1.5	21.5	(113.8)	(95.1)	(7.8)	(2.9)	(4.8)	(3.1)	24.7	
Net Income	48.6	5.2	(6.1)	4.8	44.8	35.1	95.1	(30.7)	(9.2)	(15.3)	(4.8)	49.6	n.a.
Net Financial Position	1,139.0	963.9	-	(15.2)	190.3	1,315.5	-	905.3	-	9.1	401.1	(210.8)	(52.6%)

The table in the previous slide shows the results adjusted to reflect the Group's operating performance net of the effects of adoption of the international accounting standard IFRS16, the realignment of the brands, as well as non-recurring events unrelated to the core business.

In 2021 the results were adjusted mainly to exclude the impacts related to IFRS16, and specifically: (i) €199.3m on EBITDA to reflect mainly rental costs; (ii) €51.9m on EBIT due to the reversal of depreciations and amortisations of €147.3m; (iii) €5.2m on the reported result for the period due to the reversal of €43.4m relating to net financial expenses and €3.3m in higher taxes. Lastly, (iv) the net financial position was adjusted for a €963.9 million decrease in liabilities.

EBITDA in 2021 was also adjusted, mainly as follows: (i) by €2.5 million in net foreign exchange gains on the forward hedging of goods in foreign currency sold in the period; (ii) €5.5 million in non-recurring expenses directly attributable to the COVID-19 emergency; (iii) €1.2 million in costs relating to stock option plans (non-cash costs); and (iv) other less significant net one-off costs.

Other adjustments that impacted EBIT and the pre-tax result regarded: (i) costs of €8.5 million related to the amortisation of intangible assets linked to purchase price allocation, and (ii) adjusted net income of €18.5 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.

€ mln	31 January 2022 Reported	31 January 2022 Adjusted	31 January 2021 Reported	31 January 2021 Adjusted	Change Adjusted
Trade Receivables	89.3	89.3	102.1	102.1	(12.8)
Inventory	389.8	389.8	420.1	420.1	(30.3)
Trade Payables	(317.9)	(317.4)	(264.0)	(294.5)	(23.0)
Trade Working Capital	161.2	161.7	258.2	227.7	(66.0)
Other assets/(liabilities)	(128.2)	(111.8)	(88.9)	(72.5)	(39.3)
Net Working Capital	33.0	49.9	169.3	155.2	(105.3)
Tangible and Intangible Assets	2,069.9	1,151.9	1,960.7	1,138.7	13.2
Net deferred taxes	(20.1)	(27.0)	(2.5)	(10.6)	(16.4)
Other long term assets/(liabilities)	(7.2)	(18.8)	(7.6)	(19.3)	0.5
Pension funds and other provisions	(39.8)	(39.8)	(40.1)	(40.1)	0.3
Net Capital Employed	2,035.9	1,116.2	2,079.8	1,224.1	(107.8)
Net Equity	896.8	941.1	764.3	813.8	127.3
Net Financial Debt	1,139.0	175.1	1,315.5	410.2	(235.1)
Total source of financing	2,035.9	1,116.2	2,079.8	1,224.1	(107.8)

Balance sheet adjusted for derivatives mark-to-market and IFRS16 application

OVS SpA - Store Network Up to 31st January 2022

		Dos Stores	Franchising Stores	Total Stores
OVS Full Format	As of 31 st January 2021	536	232	768
	Net Openings	(9)	19	10
	As of 31 st January 2022	527	251	778
OVS KIDS	As of 31 st January 2021	47	448	495
	Net Openings	(4)	7	3
	As of 31 st January 2022	43	455	498
UPIM Full Format	As of 31 st January 2021	131	147	278
	Net Openings	35	37	72
	As of 31 st January 2022	166	184	350
BLUKIDS	As of 31 st January 2021	46	235	281
	Net Openings	16	50	66
	As of 31 st January 2022	62	285	347
STEFANEL	As of 31 st January 2021	0	0	0
	Net Openings	33	46	79
	As of 31 st January 2022	33	46	79
TOTAL	As of 31 st January 2021	760	1062	1822
	Net Openings	71	159	230
	As of 31 st January 2022	831	1221	2052