SOLID FIRST SEMESTER
GROWTH IN SALES AND EBITDA

The Board of Directors of OVS SpA approved the results for the first half-year period: 1 February–31 July 2023:

- **Net sales** in the period amounted to **€734.9 million**, up 4.1% compared to the first half of 2022, mainly due to like-for-like sales performance, despite an atypical and unfavourable weather conditions of the second quarter;
- Adjusted **EBITDA** for the half-year was **€86.4 million** (11.8% of sales), an increase of €4.1 million compared to the same period in 2022 (€82.3 million, 11.7% of sales);
- Adjusted **net profit** in the period stood at **€33.7 million**, up 5.5% compared to €31.9 million in the first half of 2022;
- The adjusted **net financial position** at 31 July 2023 was **€242.1 million** and the leverage ratio over the last twelve months was 1.30x, an improvement on the 1.36x at 31 July 2022. During the last twelve months, the Company paid dividends and purchased treasury shares totalling €41.8 million;
- **Current trading in the period 1 August – 19 September is positive**, with increased like-for-like sales for all brands compared to the same period in 2022;
- **Buyback plan extended** by an additional **€20 million**.

Statement by the Chief Executive Officer, Stefano Beraldo, on the results for the period and the business outlook

The first-half results are excellent in terms of sales and EBITDA, and particularly satisfying notwithstanding two adverse factors that arose this part of the financial year. With regard to the top line, the month of May, normally the most important month of the semester, 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 still up by more than 4%, mainly on a like-for-like basis; further increase in market share. The women 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 higher sales and careful mark-down management. Overall, gross margin and EBITDA were up.

The good sales trend is expected to continue also in the second half of the year, also thanks 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 the reduction in raw material costs.

The growing results of the first semester, the positive current trading performance and the reduction on costs that is already taking place, have strengthened the expectations for a 2023 financial year with improved performances over the previous year.

Key Economic and Financial Results

The table shows the main adjusted economic and financial results for the first half-year and the second quarter, showing 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.

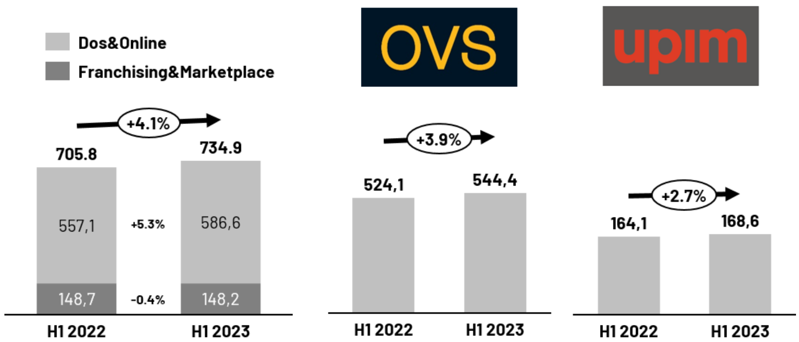
€m	31 Jul 2023 Adjusted	31 Jul 2022 Adjusted	*Change Adjusted*	*Change % Adjusted*	Q2 2023 Adjusted	Q2 2022 Adjusted	*Change Adjusted*	*Change % Adjusted*
Net Sales	**734.9**	**705.8**	***29.1***	***4.1%***	**398.4**	**405.9**	***(7.6)***	***(1.9%)***
Gross Margin	**424.1**	**412.7**	***11.5***	***2.8%***	**233.8**	**236.0**	***(2.2)***	***(0.9%)***
GM%	*57.7%*	*58.5%*		*(75ppt)*	*58.7%*	*58.1%*		*+55ppt*
EBITDA	**86.4**	**82.3**	***4.1***	***5.0%***	**59.0**	**62.2**	***(3.2)***	***(5.2%)***
EBITDA%	*11.8%*	*11.7%*		*+10ppt*	*14.8%*	*15.3%*		*(52ppt)*
EBIT	**54.6**	**52.4**	***2.2***	***4.2%***	**42.9**	**46.8**	***(3.9)***	***(8.3%)***
EBIT%	*7.4%*	*7.4%*		*+1ppt*	*10.8%*	*11.5%*		*(75ppt)*
PBT	**45.9**	**45.2**	***0.8***	***1.7%***	**38.2**	**44.5**	***(6.2)***	***(14.0%)***
Net Income	**33.7**	**31.9**	***1.8***	***5.5%***				
Net Financial Position	**242.1**	**228.7**	***13.3***	***5.8%***				
Market Share	**9.5%**	**9.3%**	***0.2%***					

See the Appendix section of the document for details on the reconciliation items between reported and adjusted results

Net sales

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

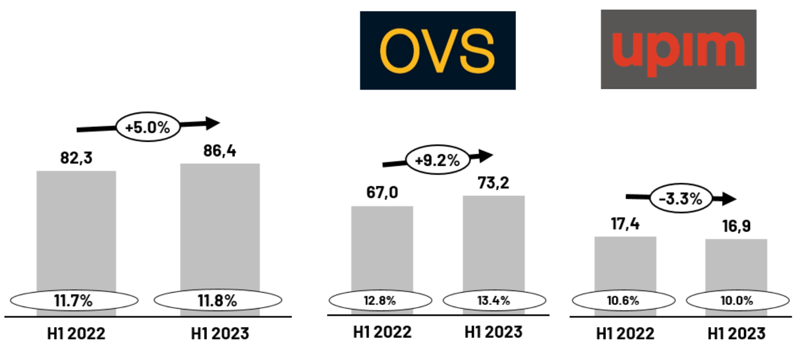
Net sales (€m) by Distribution channel and of main Brands



EBITDA

Adjusted EBITDA for the half-year amounted to €86.4 million, an increase of €4.1 million compared to the same period in 2022, with an EBITDA margin of 11.8% compared to 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 franchising business that was more severe than at OVS, and by a rent increase at a flagship store, resulting in a decision to close it.

EBITDA (€m) and EBITDA margin (%) aggregated and of main Brands



Net result

Adjusted net profit in the period stood at €33.7 million, up 5.5% compared to €31.9 million in the first 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 the fixed-rate sustainability-linked bond.

Summary statement of cash flows

The table shows the adjusted cash flows to indicate the Group's operating performance net of non-recurring events which are unrelated to ordinary operations, net of the application of IFRS 16 and reclassifying liabilities for returns pursuant to IFRS 15 among the components of operating working capital.

Cash absorption for the half-year, excluding buyback and dividends, amounted to €50.9 million. This performance is the result of a peculiar seasonality of the first half of 2023 characterised by sales of the month of May below our expectations. The lower payables to suppliers, mainly due to minor purchases at better conditions, will result in lower outflows in the second half of the year, leading to a cash flow for the financial year in line with expectations.

€m	H1 2023	H1 2022
EBITDA Adjusted	**86.4**	**82.3**
Non recurring items	(2.2)	(3.2)
Change in Trade Working Capital	(51.2)	(19.6)
Other changes in Working Capital	(29.5)	(22.1)
Capex	(37.9)	(33.9)
Operating Cash Flow	**(34.4)**	**3.4**
Financial charges	(6.6)	(5.0)
Taxes & others	(9.9)	(13.5)
Net Cash Flow **excluding MtM hedging instruments and amortized cost, buyback and dividends**	**(50.9)**	**(15.1)**
Buyback	(12.9)	(12.0)
Dividends	(16.2)	(11.2)
Net Cash Flow **excluding MtM hedging instruments and amortized cost**	**(80.1)**	**(38.3)**
Change in MtM hedging instruments, amortized cost and FX differences	3.8	11.2
Net cash flow	**(76.3)**	**(27.1)**

The summary cash flow statement, drawn up using the indirect method, reflects a recognition of assets made prior to the introduction of IFRS 16

Net financial position

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 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.

€m	31 July 2023	31 July 2022
Net Debt reported	1,221.9	1,186.5
Net Debt adjusted for MtM hedging instruments and IFRS16	**242.1**	**228.7**
Leverage on EBITDA Net Debt adjusted / EBITDA Adjusted last 12 months	**1.31x**	**1.35x**
Leverage last 12 months on EBITDA Average Net Debt adjusted of last 12 months / EBITDA Adjusted last 12 months	**1.30x**	**1.36x**

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 shows the reported and adjusted 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 2023 Reported	of which IFRS 16 impact	of which IFRS 15 reclass	31 July 2023 Adjusted	31 July 2022 Reported	of which IFRS 16 impact	of which IFRS 15 reclass	31 July 2022 Adjusted	31 Jany 2023 Adjusted	Change Adjusted
Trade Receivables	112.1	(0.0)	23.5	88.6	118.9	0.0	22.2	96.7	87.5	1.1
Inventory	484.2	0.0	0.0	484.2	486.3	0.0	0.0	486.3	477.6	6.6
Trade Payables	(370.5)	(0.0)	0.0	(370.5)	(420.6)	(0.2)	0.0	(420.4)	(414.0)	43.5
Trade Working Capital	**225.8**	**(0.0)**	**23.5**	**202.4**	**184.6**	**(0.2)**	**22.2**	**162.6**	**151.1**	**51.2**
Other assets/(liabilities)	(110.4)	(11.6)	(23.5)	(75.3)	(115.9)	(17.9)	(22.2)	(75.8)	(96.1)	20.8
Net Working Capital	**115.5**	**(11.6)**	**0.0**	**127.1**	**68.7**	**(18.1)**	**0.0**	**86.8**	**55.0**	**72.1**
Tangible and Intangible Assets	2,071.5	905.6	0.0	1,166.0	2,083.7	932.1	0.0	1,151.6	1,164.1	1.9
Net deferred taxes	(29.9)	6.8	0.0	(36.7)	(24.6)	6.9	0.0	(31.6)	(37.1)	0.4
Other long term assets/(liabilities)	(3.8)	11.7	0.0	(15.5)	(3.0)	11.7	0.0	(14.6)	(15.9)	0.4
Pension funds and other provisions	(33.6)	0.0	0.0	(33.6)	(38.6)	0.0	0.0	(38.6)	(34.4)	0.8
Net Capital Employed	**2,119.6**	**912.5**	**0.0**	**1,207.2**	**2,086.2**	**932.6**	**0.0**	**1,153.6**	**1,131.7**	**75.5**
Net Equity	897.7	(61.9)	0.0	959.6	899.8	(51.5)	0.0	951.3	960.4	(0.8)
Net Financial Debt	1,221.9	974.4	0.0	247.5	1,186.5	984.2	0.0	202.3	171.3	76.3
Total source of financing	**2,119.6**	**912.5**	**0.0**	**1,207.2**	**2,086.2**	**932.6**	**0.0**	**1,153.6**	**1,131.7**	**75.5**

Treasury shares

Treasury shares in portfolio as of 31 July 2023 stood at 19,428,265, or 6.678% of the share capital.

Additional €20 million in buyback approved

The Board of Directors, in execution of the authorisation to purchase treasury shares granted by the Shareholders' Meeting on 31 May 2023, resolved to continue implementing the current programme to purchase treasury shares with a contribution of further €20 million.

In this regard, it should be recalled that for the implementation of this programme, the Company granted and, to the extent necessary, confirmed today to a top-tier intermediary the task of assuming and carrying out, with complete independence, decisions regarding the purchase of OVS shares, in accordance with the contractually pre-established parameters and criteria and with the provisions of the applicable regulations and the Shareholders' Meeting resolution providing the authorisation. It should be recalled that the programme is aimed to increase the portfolio of treasury shares (i) to carry out, directly or through intermediaries, any investment transactions, also to contain unusual movements in share prices, to stabilise trading and price performance, and to support the share's liquidity on the market, (ii) to retain them for subsequent uses (known as a "securities warehouse"), (iii) to service compensation and incentive plans based on financial instruments reserved for the directors and employees of OVS and/or of the companies directly or indirectly controlled by it. It should also be noted that the unit purchase price cannot be either more or less than 15% of the reference price recorded by OVS shares in the trading session preceding each individual transaction. For further information, please see the press release of 31 May 2023, available on the Company website at www.ovscorporate.it and the "1Info" authorised storage mechanism at www.1info.it . OVS will continue to provide the market, in accordance with the current provisions in force, with the details of any buy back transactions carried out.

As of today, 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.

Other information

Company information
OVS S.p.A. is an Italian registered company (VAT No. 04240010274), with its registered office in Venice-Mestre, Italy. OVS S.p.A. shares have been listed on the Milan Euronext (formerly the Milan Electronic Stock Exchange) since 2 March 2015.
It is hereby noted that OVS has adopted the regime derogating from Article 70, paragraph 6 and Article 71, paragraph 1 of the Issuer's Regulation, as indicated in the informational prospectus.

Half-year Financial Report at 31 July 2023
OVS S.p.A. announces that, in accordance with the provisions of Article 154-ter, paragraph 2, of Legislative Decree No. 58 of 24 February 1998, the Half-Year Financial Report as of 31 July 2023, accompanied by a report on the limited audit conducted by the auditing company, will be made available to shareholders and the public at the Company's registered office, on the Company website (in the "Investor Relations/Financial Statements and Reports" section at www.ovscorporate.it), and on the "1Info" authorised storage mechanism at the website www.1info.it, under the terms established by law.

Attestation by the manager responsible for preparing the Company's accounting statements
The manager responsible for preparing the Company's accounting statements, Nicola Perin, declares, pursuant to paragraph 2 of article 154-*bis* of the Consolidated Finance Act, or TUF, that the accounting information contained in this press release corresponds to the accounting figures, books, and records.

Conference call for the presentation of results
Tomorrow, 21 September 2023 at 15:00 local time (CET) a conference call will take place with analysts and investors during which the main results for the half year ended 31 July 2023 will be presented.
The conference call may be joined by dialling +39 02 8020911 (from Italy), +44 1 212818004 (from the UK), +1 718 7058796 (from the USA) (for journalists, +39 02 8020927).
A presentation will be available and can be downloaded from the "Investor Relations/Results and Presentations" section of the Company website at www.ovscorporate.it. A recording of the conference call will also be made available on the website the day after the call.

Forthcoming events in the financial calendar
13 December 2023 - Additional periodic information for the third quarter of 2023

For further information

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Disclaimer

- *The information presented in this document has not been audited.*
- *The document may contain forward-looking statements relating to future events and OVS's operating, financial and income results. These forecasts, by their nature, involve risk and uncertainty, as they depend on future events and developments. The actual results may differ, sometimes substantially, from those announced, due to multiple factors.*

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Appendix

€m	31 Jul 2023 Reported	of which IFRS 16 Impact	of which non recurring	of which Stock Option, Derivatives, PPA, Forex	31 Jul 2023 Adjusted	31 Jul 2022 Reported	of which IFRS 16 Impact	of which non recurring	of which Stock Option, Derivatives, PPA, Forex	31 Jul 2022 Adjusted	*Change Adjusted*	*Change % Adjusted*
Net Sales	**734.9**	**-**	**-**	**-**	**734.9**	**705.8**	**-**	**-**	**-**	**705.8**	***29.1***	***4.1%***
Purchases of consumables	312.7	-	-	1.9	310.7	306.5	-	-	13.4	293.2	*17.6*	*6.0%*
Gross Margin	**422.2**	**-**	**-**	**(1.9)**	**424.1**	**399.3**	**-**	**-**	**(13.4)**	**412.7**	***11.5***	***2.8%***
GM%	*57.4%*	*n.a.*	*n.a.*	*n.a.*	*57.7%*	*56.6%*	*n.a.*	*n.a.*	*n.a.*	*58.5%*		*(75ppt)*
Personnel costs	147.1	(0.0)	-	1.0	146.2	148.0	(0.0)	0.3	1.0	146.7	*(0.5)*	*(0.4%)*
Costs for services	110.7	(0.4)	1.1	-	110.0	104.3	(0.4)	1.9	-	102.8	*7.2*	*7.0%*
Rent costs	(24.2)	(94.9)	-	-	70.7	(20.2)	(88.6)	-	-	68.4	*2.3*	*3.4%*
Provisions	1.1	-	-	-	1.1	1.5	-	-	-	1.5	*(0.4)*	*(25.0%)*
Other operating costs	9.9	0.0	0.1	-	9.7	11.0	0.0	0.1	-	10.9	*(1.2)*	*(11.1%)*
Total operating costs	244.6	(95.3)	1.2	1.0	337.7	244.6	(89.0)	2.2	1.0	330.3	*7.4*	*2.2%*
EBITDA	**177.6**	**95.3**	**(1.2)**	**(2.9)**	**86.4**	**154.7**	**89.0**	**(2.2)**	**(14.4)**	**82.3**	***4.1***	***5.0%***
EBITDA%	*24.2%*	*n.a.*	*n.a.*	*n.a.*	*11.8%*	*21.9%*	*n.a.*	*n.a.*	*n.a.*	*11.7%*		*+10ppt*
Depreciation & Amortization	116.2	80.2	-	4.3	31.8	112.5	78.3	-	4.3	29.9	*1.9*	*6.3%*
EBIT	**61.3**	**15.1**	**(1.2)**	**(7.2)**	**54.6**	**42.2**	**10.6**	**(2.2)**	**(18.7)**	**52.4**	***2.2***	***4.2%***
EBIT%	*8.3%*	*n.a.*	*n.a.*	*n.a.*	*7.4%*	*6.0%*	*n.a.*	*n.a.*	*n.a.*	*7.4%*		*+1ppt*
Net financial (income)/charges	29.4	20.3	-	0.4	8.7	6.3	18.9	-	(19.9)	7.3	*1.5*	*20.2%*
PBT	**31.9**	**(5.2)**	**(1.2)**	**(7.6)**	**45.9**	**35.8**	**(8.3)**	**(2.2)**	**1.2**	**45.2**	***0.7***	***1.7%***
Taxes	9.5	(0.6)	(0.3)	(1.8)	12.3	12.0	(1.0)	(0.5)	0.3	13.3	*(1.0)*	*(7.6%)*
Net Income	**22.4**	**(4.6)**	**(0.9)**	**(5.8)**	**33.7**	**23.9**	**(7.2)**	**(1.7)**	**0.9**	**31.9**	***1.8***	***5.5%***
Net Financial Position	**1,221.9**	**974.4**	-	**5.4**	**242.1**	**1,186.5**	**984.2**	-	**(26.4)**	**228.7**	***13.3***	***5.8%***

The table shows the results adjusted to represent the Group's operating performance net of the effects of the application of the IFRS 16 international accounting standard, as well as non-recurring events unrelated to the core business.
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 half year; (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) financial charges 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.
Finally, the adjusted result for the half-year 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 billion, of which €974.4 million is the result of the application of IFRS 16 and represents the present value of future lease payments. Management believes that approximately €600 million of the €1.2219 billion does not represent a real financial liability, as the Company holds early withdrawal rights.