



OVS

Q1 2023 Financial results

14 June 2023

On 15 June 2023, at 15:00 local time (CEST), a conference call will take place during which the main results for the period ended 30 April 2023 will be presented.

The conference call may be joined by dialing +39 02 8020911 from Italy, +44 1 212818004 from the UK, +1 718 7058796 from the USA (and +39 02 8020927 for journalists).

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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.

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Q1 2023 Financial results

Outlook

Appendix

Q1 2023 Financial results

OVS maintains a **strong momentum** thanks to excellent quarterly results

Net sales

€336.5m

+12.2% vs. Q1 2022

EBITDA

€27.5m

+36.3% vs. Q1 2022

EBIT

€11.7m

+107.1% vs. Q1 2022

Net Debt

€250.9m

vs. 265.1m as of 30 Apr 2022

- **Net Sales €336.5m**, +12.2% compared to Q1 2022, mainly due to the excellent like-for-like performance in a context of growth in stores' traffic. All brands reported a positive trend;
- **Market share** increases at **9.5%**;
- Adjusted **EBITDA €27.5m**, +36.3% compared to Q1 2022, 8.2% on Net sales increasing from 6.7% of Q1 2022, due to a leverage effect generated by higher sales and a solid gross margin;
- Adjusted **EBITDA LTM** May 22 – Apr 23 **€187.5m**, +€7.3m compared to FY2022;
- Adjusted **EBIT €11.7m**, +107.1% compared to Q1 2022;
- Adjusted **Net debt €250.9m** and **Leverage ratio** of the last twelve months down to 1.23x compared to 1.70x of 30 April 2022;
- **Year-to-date sales are increasing** despite the month of May characterized by unfavourable weather conditions.

Q1 2023 Key income statement items

Strong increase in EBITDA generated by the operating leverage: higher sales at a solid gross margin

€m	Q1 2023 Adjusted	Q1 2022 Adjusted	Change Adjusted	Change % Adjusted
Net Sales	336.5	299.9	36.6	12.2%
EBITDA	27.5	20.1	7.3	36.3%
EBITDA%	8.2%	6.7%		+144ppt
EBIT	11.7	5.7	6.1	107.1%
EBIT%	3.5%	1.9%		+160ppt
PBT	7.7	0.7	7.0	975.6%

Adjusted results do not reflect the application of IFRS16 and non recurring items.

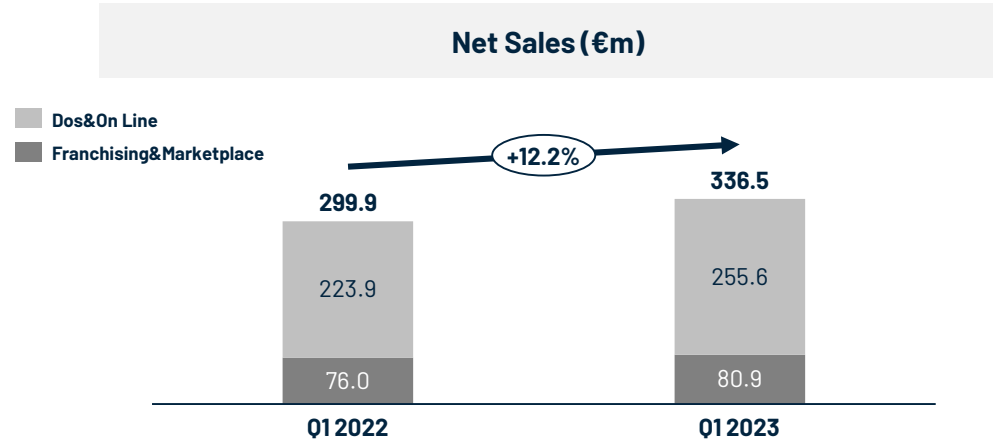
- **Net sales €336.5m**, +12.2% compared to Q1 2022, mainly thanks to the increase in the like-for-like perimeter and a context of growth in stores' traffic;
- **EBITDA €27.5m**, +€7.3m compared to Q1 2022, thanks to the operational leverage of higher sales at solid gross margin; **EBITDA margin increases by 144 ppt** to 8.2%, reducing the seasonal gap of Q1 vs. year average;
- **EBIT €11.7m**, +107.1% compared to Q1 2022, benefitted from higher EBITDA;
- Further **reduction in interest expense** thanks to deleverage drives PBT at €7.7m, from pure breakeven in Q1 2022.
- **LTM EBITDA April 2023 reaches €187.5m**, with a margin above the 12%, confirming the **growth trend** on both absolute value and profitability ratio.

€m	FY2022	LTM April 23
Net sales	1,512.7	1,549.3
EBITDA	180.2	187.5
EBITDA%	11.9%	12.1%

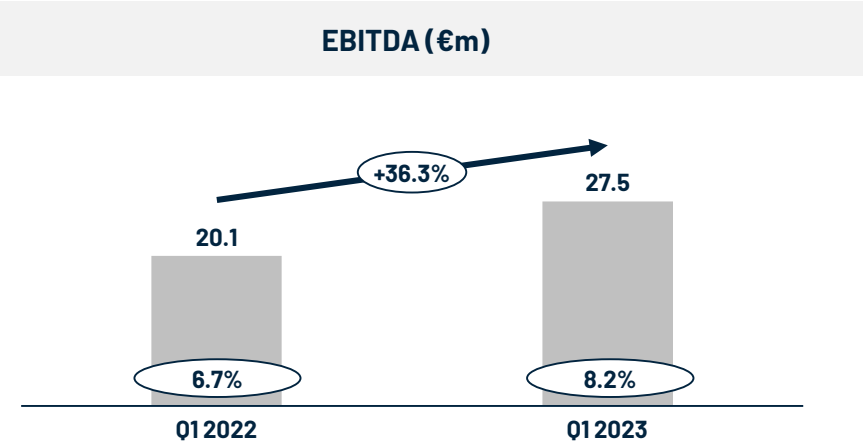
Q1 2023 Sales and EBITDA performance

All brands and channels are growing; excellent results in OVS brand thanks to operating leverage

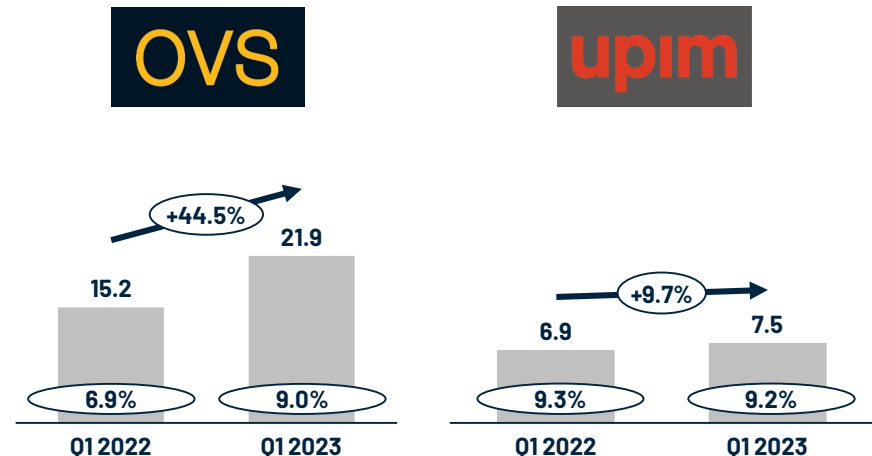
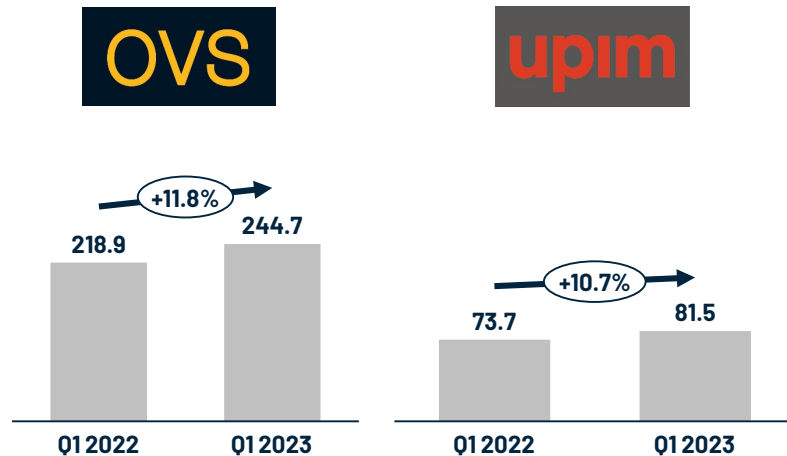
Aggregated performance



EBITDA (€m)



Performance by main Brands



30 April 2023 Net working capital

Net working capital slightly increases as the consequence of anticipated shipments, to be recovered in the second half

€m	30 April 2023	30 April 2022	Change
Trade Receivables	109.0	102.1	6.8
Inventory	465.6	440.6	25.0
Trade Payables	(361.4)	(365.0)	3.7
Trade Working Capital	213.2	177.8	35.5
Other assets/(liabilities)	(72.4)	(61.4)	(11.0)
Net Working Capital	140.8	116.3	24.4
Net working capital on LTM Net sales	9.1%	8.1%	1.0%

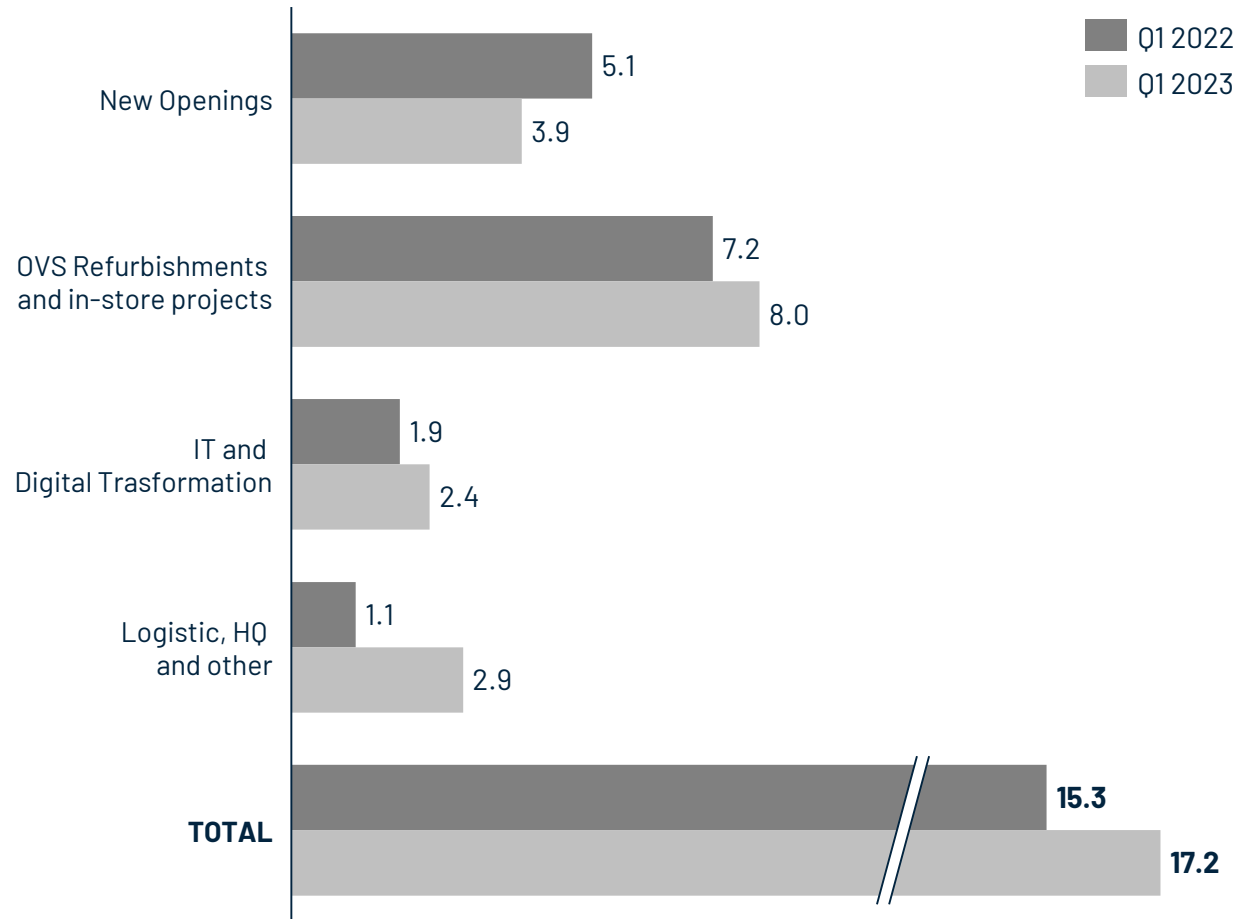
Net Working Capital does not reflect the application of IFRS 16.

Net Working Capital at 30 April 2023 is €24.4m higher versus last year, as the net result of:

- **Net trade Receivables** increased by €6.8m (+6.7% vs 30 April 22) due to growth of Franchising business;
- **Inventory** growth is mainly due to the anticipation of SS23 shipments in order to avoid late deliveries risks. Mix of new stock and old stock highly improving versus last year.

Q1 2023 Capital expenditures

Focus on refurbishing of current network and logistics automation



Q1 2023 Cash flow statement

Q1 2023 Cash flow is driven by business seasonality

€m	Q1 2023	Q1 2022
EBITDA Adjusted	27.5	20.1
Non recurring items	(1.2)	(1.7)
Change in Trade Working Capital	(62.1)	(30.5)
Other changes in Working Capital	(24.4)	(35.6)
Capex	(17.2)	(15.3)
Operating Cash Flow	(77.5)	(62.8)
Financial charges	(3.1)	(3.1)
Taxes & others	(3.2)	(3.5)
Net Cash Flow excluding MtM hedging instruments and amortized cost, buyback, dividends and capital increase	(83.7)	(69.4)
Buyback	(5.1)	(5.4)
Net Cash Flow excluding MtM hedging instruments and amortized cost	(88.8)	(74.8)
Change in MtM hedging instrumentis, amortized cost and FX differences	1.9	11.1
Net cash flow	(86.9)	(63.7)

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

- The context of a cash flow absorption driven by **normal business seasonality**, additional out-flows were mainly due to the **anticipation of SS23 shipments** in order to avoid late deliveries risks; this effect will be neutralized during the current financial year.

30 April 2023 Net debt and Leverage

Net debt at €251m and Leverage ratio of last twelve months at 1.23x

€m	30 April 2023	30 April 2022
Net Debt adjusted for MtM hedging instruments and IFRS16	250.9	265.1
Leverage on EBITDA Net Debt adjusted / EBITDA Adjusted last 12 months	1.34x	1.64x
Leverage last 12 months on EBITDA Average Net Debt adjusted of last 12 months / EBITDA Adjusted last 12 months	1.23x	1.70x

- **Net Debt adjusted €250.9m**, decreasing by €14.2m from 30 April 2022;
- **Leverage on EBITDA of last twelve months** down to **1.23x** compared to 1.70x of 30 April 2022.



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Outlook

- **Year-to-date sales are increasing** despite particularly adverse weather conditions in the month of May; good recover undergoing in the month of June;
- **Higher than expected drop in energy and sea-shipment costs** will more than compensate salary increase expected in the second half of the year;
- Undertaken negotiations with landlords will **mitigate inflation linked rent increase**;
- These results, combined with the undergoing projects, make the Company confident to deliver a **2023 with increasing economic and financial performance** compared to last year.



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Reconciliation between Adjusted and Reported Profit and Loss

€m	30 April 2023 Reported pre-IFRS16	of which adjustments, normalizations and reclass	30 April 2023 Adjusted	30 April 2022 Reported pre-IFRS16	of which adjustments, normalizations and reclass	30 April 2022 Adjusted
Net Sales	336.5	-	336.5	299.9	-	299.9
EBITDA	25.0	(2.5)	27.5	14.0	(6.2)	20.1
<i>EBITDA%</i>	<i>7.4%</i>	<i>n.a.</i>	<i>8.2%</i>	<i>4.7%</i>	<i>n.a.</i>	<i>6.7%</i>
EBIT	7.2	(4.6)	11.7	(2.6)	(8.3)	5.7
<i>EBIT%</i>	<i>2.1%</i>	<i>n.a.</i>	<i>3.5%</i>	<i>(0.9%)</i>	<i>n.a.</i>	<i>1.9%</i>
PBT	3.1	(4.6)	7.7	4.8	4.1	0.7

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.

EBITDA in Q1 2023 was adjusted mainly as follows: (i) by €1.2 million in net exchange rate differences for forward hedging of purchases of goods in foreign currency sold in the period; (ii) €0.5 million in costs related to stock option plans (non-cash costs); (iii) €0.7 million in 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 €2.1 million related to the amortisation of intangible assets linked to previous purchase price allocation, and (ii) adjusted net income of €0.1 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.