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9M 2023 Financial results

13 December 2023

On 14 December 2023 at 15:00 local time, a conference call will take place with analysts and investors during which the key results for the nine months ended 31 October 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.

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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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Further sales growth despite strong weather anomalies. Market share continues to grow, now at 9.6%.

Net sales
€1,102.4m
+1.4% vs. 9M 2022

Market share
9.6%

EBITDA
€121.5m
-€2.6m vs. 9M 2022

Net debt
€275.4m
vs. €222.9m as of 31 Oct 2022

- **Net Sales €1,102.4m**, +1.4% compared to 9M 2022. The trend was significantly better than the one of the Italian clothing market which, due to the adverse weather conditions, contracted by 2.8%; **OVS market share at 9.6%**;
- Adjusted **EBITDA €121.5m** (11.0% on Net sales), almost in line with 9M 2022 EBITDA (€124.1 million, 11.4% of sales);
- Adjusted **Net debt €275.4m** included the overall disbursements of €47.7 million for the purchase of treasury shares, of which €26.2m purchased in the last twelve months, and €16.4m of dividends distributed in June 2023;
- **Current trading:** the positive sales trend that began in mid-October with the normalisation of the climate continues;
- **Shareholders' meeting called** for **buyback program extension** and **extraordinary dividend** of **€0.03 per share**.

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9M 2023 Key income statement items

Despite strong weather anomalies the 9M 2023 EBITDA is almost in line with 9M 2022

€m	9M 2023 Adjusted	9M 2022 Adjusted	*Change Adjusted*	*Change % Adjusted*
Net Sales	**1,102.4**	**1,086.8**	***15.6***	***1.4%***
EBITDA	**121.5**	**124.1**	***(2.6)***	***(2.1%)***
EBITDA%	*11.0%*	*11.4%*		*(40ppt)*
EBIT	**73.3**	**79.1**	***(5.8)***	***(7.4%)***
EBIT%	*6.6%*	*7.3%*		*(63ppt)*
PBT	**60.0**	**68.8**	***(8.8)***	***(12.8%)***

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

- **Q3 2023 Net sales €367.6m**, -3.5% vs Q3 2022. The trend is the consequence of the 4 weeks from mid-Sept to mid-Oct with **temperatures more than 15% higher** vs. previous year which caused a sharp reduction in that period;
- **9M 2023 Net sales €1,102.4m**, +1.4% vs. 9M 2022. The good performances of the sales when not affected by adverse weather drove the nine months growth, +4.2% compared to the reference market (-2.8%);
- **9M 2023 EBITDA €121.5m**, -€2.6m vs. 9M 2022. Lower sales, especially in the months of full price sales, were however compensated by the overall improving margin and by the continuous discipline on the management of the mark downs and costs;
- **9M 2023 Profit before tax €60.0m**, -€8.8m vs. 9M 2022, as the consequence of higher D&A for €3.2m and the increase in interest rates, mitigated by the prevalence of fixed-rate sustainability-linked bond.

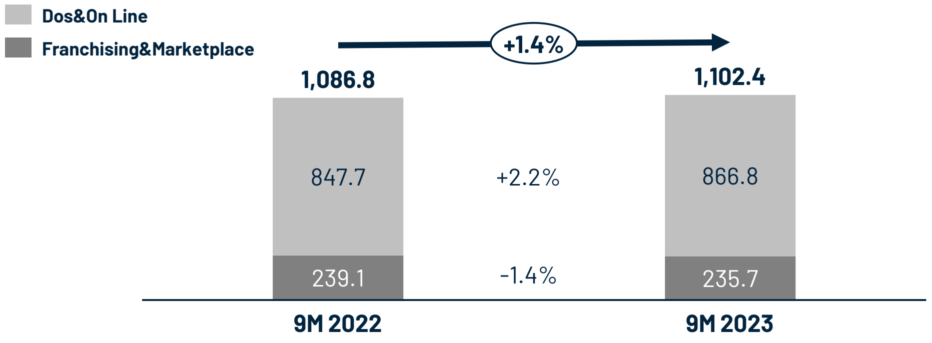
9M 2023 Sales and EBITDA performance

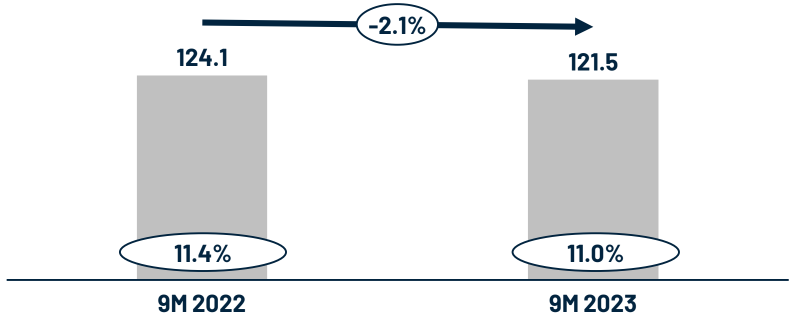
Net sales reached €1,102.4m, +1.4% vs 9M 2022, and Adjusted EBITDA amounted to €121.5m, 11.0% on Net sales

Net Sales (€m)

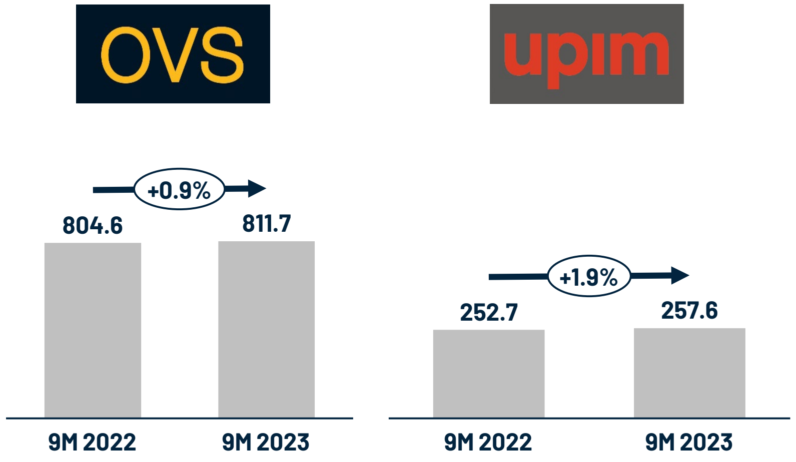
EBITDA (€m)

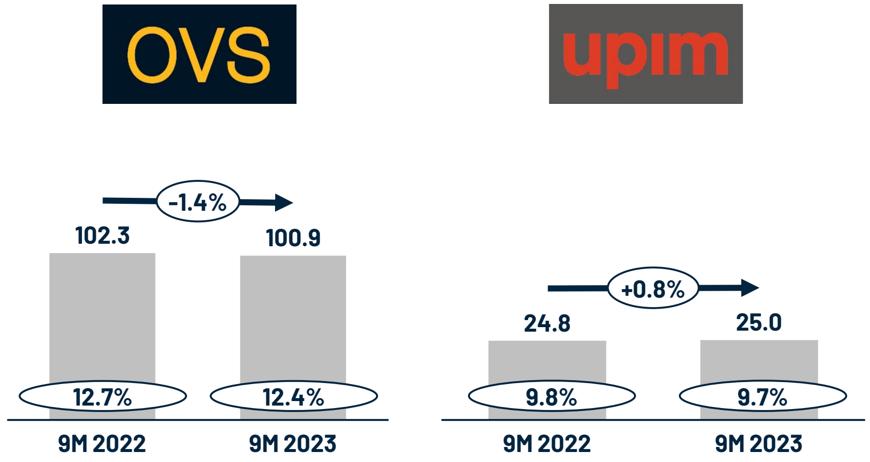
Aggregated performance





Performance by main Brands





31 October 2023 Trade working capital

Back to normal flow of incoming goods. Payables in line with historical values. The good quality of the unsold stock of SS and FW collections will revert in positive cash flow in 2024

€m	31 October 2023	31 October 2022	31 October 2021	Change 31 Oct 23 vs 22
Trade Receivables	117.2	111.7	96.7	5.5
Inventory	471.3	505.1	408.6	(33.9)
Trade Payables	(367.0)	(454.0)	(317.1)	87.0
Trade Working Capital	**221.5**	**162.9**	**188.2**	**58.6**

Net Working Capital does not reflect IFRS 16 application and is reclassified including the ex IFRS 15 liabilities for returns from clients among Working Capital (Trade Receivables).

- **Trade Receivables:** some delays in cash collection as of 31 Oct 23 due to franchisees lower sales in bimester September-October; situation under normalization during month of November to the benefit of Q4 cash flow;
- **Inventory:** after the peak of 2022 due to anticipation of purchases, it was expected to land at about €440; Sales lower than expected caused an unsold stock that will be recovered with lower purchases in 2024;
- **Trade payables** reflect the ca. 13% growth in the business compared to 2021. 31 October 2022 value extraordinarily high, pairing with the level of stock.

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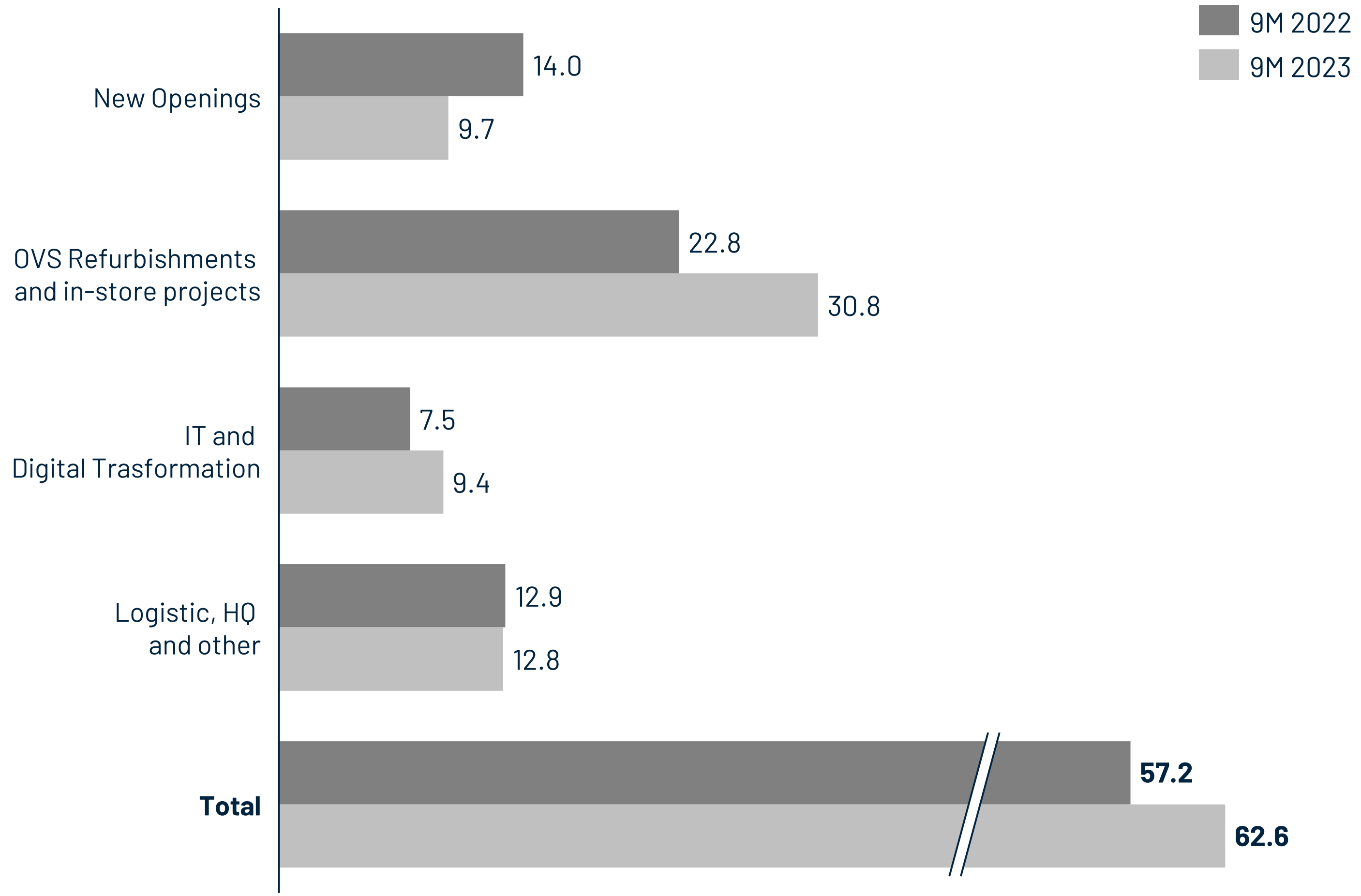
9M 2023 Capital expenditures

Further investments were made in store refurbishment, particularly in the Rome area, where OVS has a significant market share



OVS Rome
Refurbished store

Upim Pescara
New logo roll-out

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9M 2023 Cash flow statement

In spite of negative nine months cash flow, working capital evolution in the last quarter is expected to drive a full year positive cash flow not much lower than in 2022

€m	9M 2023	9M 2022
EBITDA Adjusted	**121.5**	**124.1**
Non recurring items	(3.4)	(4.5)
Change in Trade Working Capital	(70.4)	(19.9)
Other changes in Working Capital	(30.5)	(18.6)
Capex	(62.6)	(57.2)
Operating Cash Flow	**(45.3)**	**23.9**
Financial charges	(10.4)	(6.8)
Taxes & others	(19.6)	(18.4)
Net Cash Flow **excluding MtM hedging instruments and amortized cost, buyback and dividends**	**(75.3)**	**(1.3)**
Buyback	(21.7)	(20.0)
Dividends	(16.4)	(11.2)
Net Cash Flow **excluding MtM hedging instruments and amortized cost**	**(113.4)**	**(32.6)**
Change in MtM hedging instruments, amortized cost and FX differences	12.8	3.7
Net cash flow	**(100.6)**	**(28.9)**

The summary statement of cash flows, constructed using the indirect method, reflects a recognition of assets made prior to the introduction of IFRS16 and the reclassification of ex IFRS 15 liabilities for returns among Trade working capital.

- The peculiar cash flow of 9M 2023 is **driven by the Trade working capital trend**, characterized by lower than potential sales;
- Other changes in working capital worsen by €12m because of VAT seasonality and payment of previous years accruals;
- Further element of higher cash absorption is the higher level of investments compared to 9M 2022 and the increase in financial charges;
- **Q4 cash flow is expected to improve** vs. previous year for payables seasonality and receivables normalization.

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31 October 2023 Net debt and Leverage

Net debt at €275.4m and Leverage ratio of last twelve months at 1.41x

€m	31 October 2023	31 October 2022
Net Debt adjusted for MtM hedging instruments and IFRS16	**275.4**	**222.9**
Leverage on EBITDA Net Debt adjusted / EBITDA Adjusted last 12 months	**1.55x**	**1.34x**
Leverage last 12 months on EBITDA Average Net Debt adjusted of last 12 months / EBITDA Adjusted last 12 months	**1.41x**	**1.33x**

- **Net debt at €275.4m** is the result of the unfavourable trade working capital trend, the overall purchase of treasury shares for €47.7m (of which €26.2m purchased in the last twelve months) and €16.4m of dividends distributed in June 2023;
- **Treasury shares** in portfolio as of 12 December 2023 were 28,979,508, or 9.961% of the share capital.

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- We are particularly satisfied with the results if some new projects, as the **relaunch of B-Angel brand,** for younger customers, and the **Altavia ski collection**, an important first step in the world of sports and leisurewear;
- The **positive sales trend** that began in mid-October with the normalization of the weather **continues**;
- We expect **growing results for the fourth quarter**, with **EBITDA – for the full year - increased** compared to 2022; In November, the EBITDA of the 10 months 2023 was already in line with the one of 2022;
- Even considering approximately €47m employed in share repurchase and dividends distribution in 2023, the outlook for the **net financial position** at year end is to **slightly improve** compared to 2022. We confirm expectations for a leverage ration below 0.90x.

Disclaimer: The majority of OVS sales are related to apparel in Italy and, given its nature, are subject to climatic trends and therefore any weather anomaly could negatively affect the company's sales performance.

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Shareholders' meeting proposals

In light of the solid financial KPIs and the outlook on the full year results, and taking into account that the current financial markets context does not allow our group to be fully appreciated, we believe it is appropriate to propose to the Shareholders' Meeting:

- to **continue the share buyback program**, in line with what has been done in the recent past;
- **pay out an extraordinary dividend** of **€0.03 per share**, resulting in the distribution of €8.7m dividends.

These proposals are designed to optimize the invested capital for the benefit of Shareholders, also considering the fact that the cost of OVS's financial sources is particularly favourable, and they do not affect the possibility to continue to grow also through external lines.

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Reconciliation between Adjusted and Reported Profit and Loss

€m	31 October 2023 Reported pre-IFRS16	o/w adjustments, normalizations and reclass	31 October 2023 Adjusted	31 October 2022 Reported pre-IFRS16	o/w adjustments, normalizations and reclass	31 October 2022 Adjusted	*Change Adjusted*	*Change % Adjusted*
Net Sales	**1,102.7**	**0.3**	**1,102.4**	**1,086.8**	**-**	**1,086.8**	***15.6***	***1.4%***
EBITDA	**113.3**	**(8.2)**	**121.5**	**93.7**	**(30.4)**	**124.1**	***(2.6)***	***(2.1%)***
EBITDA%	*10.3%*	*n.a.*	*11.0%*	*8.6%*	*n.a.*	*11.4%*		*(40ppt)*
EBIT	**58.7**	**(14.6)**	**73.3**	**42.3**	**(36.8)**	**79.1**	***(5.8)***	***(7.4%)***
EBIT%	*5.3%*	*n.a.*	*6.6%*	*3.9%*	*n.a.*	*7.3%*		*(63ppt)*
PBT	**50.0**	**(10.0)**	**60.0**	**57.0**	**(11.8)**	**68.8**	***(8.8)***	***(12.8%)***
Net Financial Position	**271.8**	**(3.6)**	**275.4**	**204.0**	**(18.9)**	**222.9**	***52.5***	***23.6%***

The table shows the results adjusted to represent the Company'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 for the nine-month period in 2023 is adjusted mainly for: (i) €4.8 million in net foreign exchange differences for forward hedging of goods in foreign currency sold in the period; (ii) €1.3 million in costs related to stock option plans (non-cash costs); (iii) €2.1 million relating to some start-ups/discontinued businesses, residual non-recurring expenses directly related to the COVID-19 emergency and other minor one-off charges.

Other adjustment items that impacted EBIT and PBT relate to (i) costs of €6.4 million related to the amortisation of intangible assets linked to purchase price allocation, and (ii) adjusted financial charges of €4.6 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.

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