FURTHER SALES GROWTH OVER THE NINE MONTHS MARKET SHARE CONTINUES TO GROW, NOW AT 9.6% SHAREHOLDERS' MEETING CALLED FOR BUYBACK PROGRAM EXTENSION AND EXTRAORDINARY DIVIDEND

The Board of Directors of OVS S.p.A. approved the consolidated results for the period 1 February – 31 October 2023:

- **Net sales** increased by **1.4%** to **€1,102.4 million**. This trend was significantly better than the one of the Italian clothing market which, due to the adverse weather conditions, contracted by 2.8% in the same period; **OVS market share rose to 9.6%**;
- **Net sales** in the third quarter came in at **€367.6 million**, down 3.5% compared with the same quarter of 2022. In the four weeks from mid-September to mid-October, the fall-off was sharp, due to record temperatures that were more than 15% above last year's levels;
- Over the nine months, adjusted **EBITDA** amounted to **€121.5 million**, or 11.0% of net sales, while the adjusted **profit before tax** amounted to **€60.0 million**;
- At 31 October 2023, the adjusted **net financial position** stood at **€275.4 million** and took into account the overall disbursements of €47.7 million for the purchase of treasury shares, of which €26.2 million purchased in the last twelve months, as well as €16.4 million in dividends distributed in June 2023;
- **Current trading**: the positive sales trend that began in mid-October with the normalisation of the climate continues; we expect growing results for the fourth quarter, with EBITDA - for the full year - slightly improved compared to 2022. In November, the EBITDA of the 10 months was already in line with the one of 2022.

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

2023 was characterised by severe weather anomalies: after the cold and rainy months of May and June, commented on in the last quarterly report, the period from mid-September to mid-October saw temperatures over 15% higher than the previous year.

These anomalies were a significant drag on the entire clothing market, and naturally our sales were affected. However, thanks to the strong performance in the months that were not affected by the adverse weather, we closed the nine months with a growth of 1.4%, while the market declined by 2.8%. Even in the third quarter, which saw sales decline by 3.5%, the performance was significantly better than the market, which declined by 6.2% over the period.

We are particularly satisfied with the results of some new projects. On the one hand, there was the relaunch of our B-Angel brand, which resulted in sharply increasing sales and enabled us to attract younger segment of the female customer base. On the other hand, there was the excellent response to the new Altavia ski collection, an important first step in the world of sports and leisurewear.

The Company, which was aiming for a record year in terms of EBITDA and cash generation, was obliged by the weather to partially review its management strategy; it was decided not to increase the promotional pressure, optimising the gross margin, and to postpone part of the autumn products until next year.

However, the reduced contribution due to lower sales, particularly in the full-price months, was offset by an overall improvement in margins and ongoing cost discipline.

Cash flow for the nine months was affected from missed sales, but the unsold stock is of excellent quality and will result in fewer purchases in the coming year. Anyway, further investments were made in store refurbishment during the period, particularly in the Rome area, where OVS has a significant market share. The results achieved at the refurbished stores are very good.

Given the positive trend in current trading, we expect to end the year with a slightly improved EBITDA compared to 2022. We believe that this trend will also concern the net financial position, after outgoings of around €47 million incurred in share buybacks and dividends in 2023. We confirm the expectations of a leverage ratio lower than 0.90x at 31 January.

In light of the solid financial KPIs and the expectations that are bourne out by the current trading, 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 on the one hand, in line with what has been done in the recent past, and on the other hand to pay out an extraordinary dividend of €0.03 per share, amounting to €8.7 million. These proposals are designed to optimise 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.

Key Economic and Financial Results

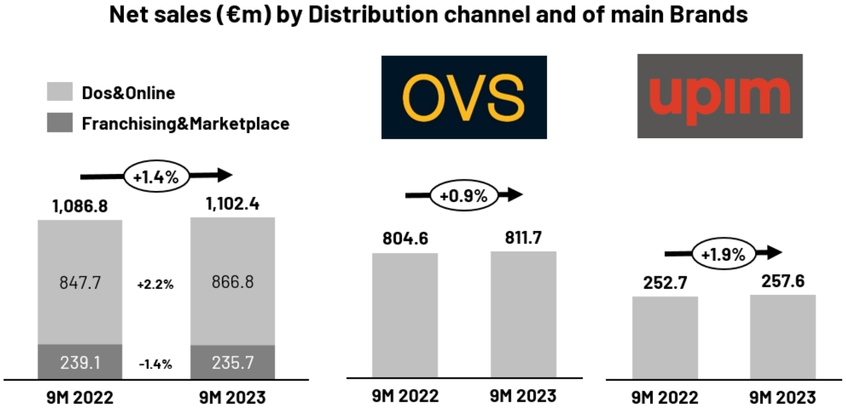
The table shows the main adjusted economic and financial results for the nine months from 1 February to 31 October 2023, indicating the Company's operating performance net of non-recurring events which are unrelated to ordinary operations and the effects of the adoption of IFRS 16.

€m	31 October 2023 Adjusted	31 October 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%)***
Net Financial Position	**275.4**	**222.9**	***52.5***	***23.6%***
Market Share	**9.6%**	**9.4%**	***0.2%***	

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

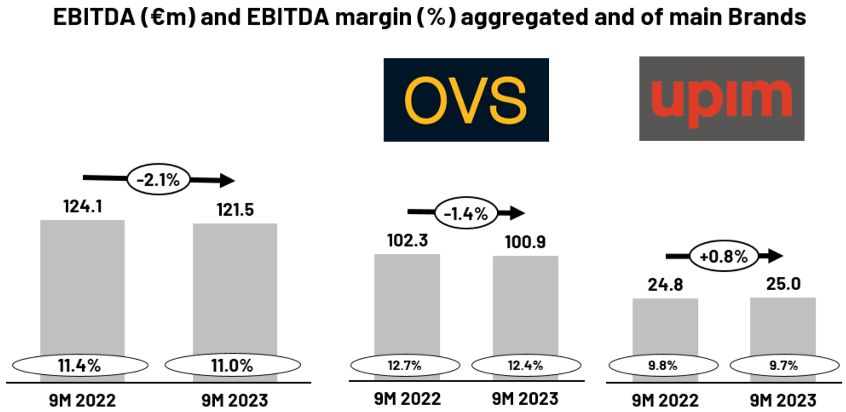
Net sales

Net sales for the nine months amounted to €1,102.4 million, up 1.4% compared with same period of 2022. Directly owned stores performed better than franchise stores, which were more affected by the adverse weather conditions as they are predominantly kids' ones.



EBITDA

Adjusted EBITDA for the nine months amounted to €121.5 million, down €2.6 million compared with the same period in 2022.



Profit before tax

The adjusted profit before tax for the nine months amounted to €60.0 million and was affected by higher depreciation and amortisation for around €3 million, and the increase in interest rates, mitigated by the prevalence of the sustainability-linked fixed-rate bond.

Net Financial Position and Cash Flow

At 31 October 2023, the Company's net financial position, adjusted for the mark-to-market impact of hedging instruments and the adoption of IFRS 16, stood at €275.4 million, compared to €222.9 million as of 31 October 2022. Working capital moved unfavourably due to the missing sales of the periods affected by the weather. However, the relative stock will be fully carried forward to the following year, with a positive impact on 2024 cash flow.

€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**

The net financial position at 31 October 2023 was affected by the overall purchase of €47.7 million in treasury shares (24,010,560 shares, 8.253% of the share capital, purchased at an average carrying price of €1,986), of which €21.7 million in treasury shares purchased in the last nine months (9,663,026 shares purchased at an average carrying price of €2.241), as well as the distribution of dividends for of €16.4 million in June 2023.

Treasury shares

Treasury shares in portfolio at 12 October 2023 stood at 28,979,508, amounting to 9.961% of the share capital.

Convening of the Shareholders' Meeting

In order to proceed – in light of the reasons specified in the paragraph "Statement by the Chief Executive Officer, Stefano Beraldo, on the results for the period and the business outlook" of the present press release – to distribute an **extraordinary dividend of €0.03 per share** and to request to the Shareholders' Meeting the authorization to **continue the current share buyback program up to 20% of the share capital**, the Board of Directors resolved today to call the Shareholders' Meeting in order to submit to the latter all the appropriate resolutions.

The Board of Directors has delegated the Chairman of the Board and the Chief Executive Officer the authority to set the date and time of the Shareholders' meeting, which is scheduled to take place tentatively in January 2024, and to carry out all necessary procedures.

The notice of convocation of the Shareholders' meeting will therefore be published within the deadline required by law on the Company's website at www.ovscorporate.it/it/governance/assemblea-degli-azionisti and in "1info", the centralised storage system for regulated information, where the illustrative reports of the Directors to the Shareholders' Meeting on the proposals concerning the items on the agenda, as well as the additional documentation required by the law, will also be made available.

Other information

Company information
OVS S.p.A. is an Italian registered company (VAT No. 04240010274), with registered office in Venice-Mestre, Italy. OVS 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.

Quarterly reporting
As announced in the corporate events calendar and pursuant to Article 82-*ter* of the Issuers' Regulation, OVS S.p.A. has decided to publish, on a voluntary basis, an update of the main economic and financial performance indicators on a quarterly basis, with the aim of maintaining a timely and transparent dialogue on the business dynamics of the Company with the financial community and the main stakeholders.

Attestation by the Director 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, Thursday, 14 December 2023 at 15:00 local time (CET), 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) (for journalists, +39 02 8020927).
A presentation will be available and can be downloaded from the "Investor Relations", " 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.

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. By their very nature, such forecasts include an element of risk and uncertainty, as they depend on the occurrence of future events and developments. Actual results may differ significantly from those announced due to a variety of factors.*

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Appendix

€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%)***

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.