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FY 2023 Financial results

17 April 2024

A **conference call with analysts and investors will take place on the 18th April 2024**, at 3:00 pm local time, during which the main results for the financial year ended 31 January 2024 will be presented.

The conference call may be joined by dialing +39 02 8020911 from Italy, +44 1 212818004 from the UK and +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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Outlook and current trading

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FY 2023 Financial results

Sales and EBITDA increase, solid cash flow. Dividend proposal of €0.07 per share. Current trading up by 5%.

Net sales
€1,536m
+1.5% vs. 2022

Adjusted EBITDA
€182.2m
+€2.0m vs. 2022

Net cash flow
€64.3m

Adjusted Net debt
€145.5m
vs. €162.0m as of 31 Jan 23

Proposed dividend
€0.07
per share

- **Net Sales €1,536m**, +1.5% compared to 2022, despite exceptionally unfavorable weather that penalized the apparel market in the initial periods of both seasons;
- **Best Q4 ever**, with net sales of €433.1m and adjusted EBITDA of €60.7m;
- **Adjusted EBITDA €182.2m**, 11.9% on net sales. Revenue growth and a gross margin of 57.3% on sales more than offset inflationary pressures on SG&A costs;
- **Reported net income €52.4m**, up significantly from last year; **Adjusted net income €75.9m**;
- **Net cash flow €64.3m**, after significant investments in special projects;
- **Adjusted Net debt and leverage ratio continue to improve**, reaching **€145.5m** and **0.80x**, respectively;
- Proposal of a **dividend distribution** of **€0.07** per share. Considered together with the Feb 2024 dividends distribution, the dividend yield calculated on current share price is 4.6%.
- **Positive current trading**, with year-to-date sales growing around 5% compared to the already strong performance recorded in the same period of 2023.
- **Buyback plan extension for an additional €20m**.

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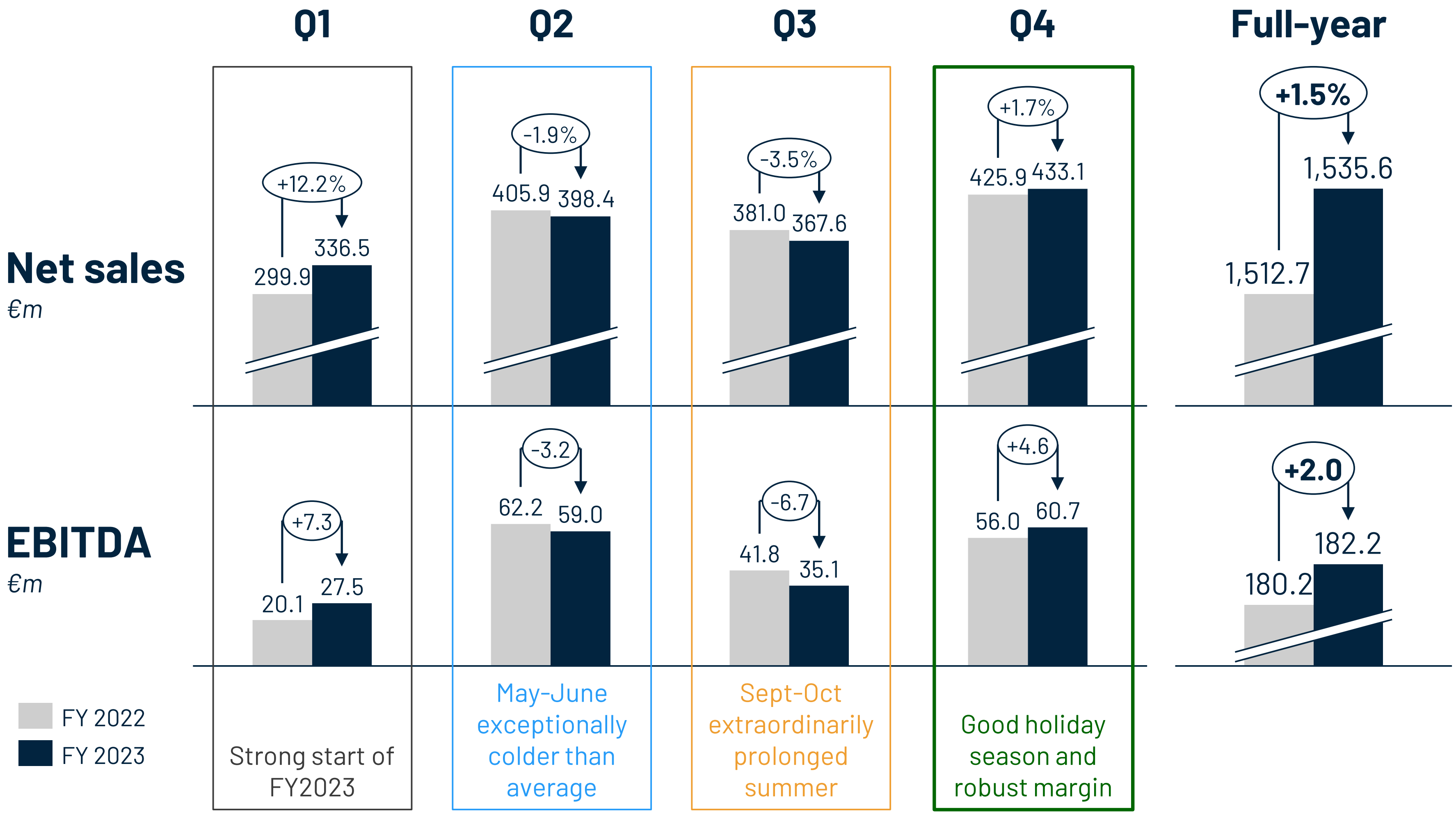
FY 2023 Net sales and EBITDA seasonality

Strong Q1 and best Q4 ever resulted in a FY 2023 EBITDA growing vs. last year, despite the exceptionally unfavorable weather in Q2 and Q3



- **4Q 2023 Net sales €433.1m**, +1.7% compared to the already strong performance in 4Q 2022, thanks to sales growth during the Christmas season;
- **4Q 2023 EBITDA €60.7m**, +€4.6m compared to 4Q 2022, thanks to the operational leverage in a context of improved sales at increasing gross margin.

FY 2023 Key income statement items

Revenue growth and a gross margin of 57.3% on sales more than offset inflationary pressures on SG&A costs

€m	FY 2023 Adjusted	FY 2022 Adjusted	*Change Adjusted*	*Change % Adjusted*
Net Sales	**1,535.6**	**1,512.7**	***22.8***	***1.5%***
Gross Margin	**879.4**	**863.9**	***15.5***	***1.8%***
GM%	*57.3%*	*57.1%*		*+16ppt*
EBITDA	**182.2**	**180.2**	***2.0***	***1.1%***
EBITDA%	*11.9%*	*11.9%*		*(4ppt)*
EBIT	**119.1**	**120.1**	***(1.0)***	***(0.8%)***
EBIT%	*7.8%*	*7.9%*		*(18ppt)*
PBT	**101.3**	**106.1**	***(4.8)***	***(4.5%)***
Net Income	**75.9**	**78.4**	***(2.5)***	***(3.2%)***

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

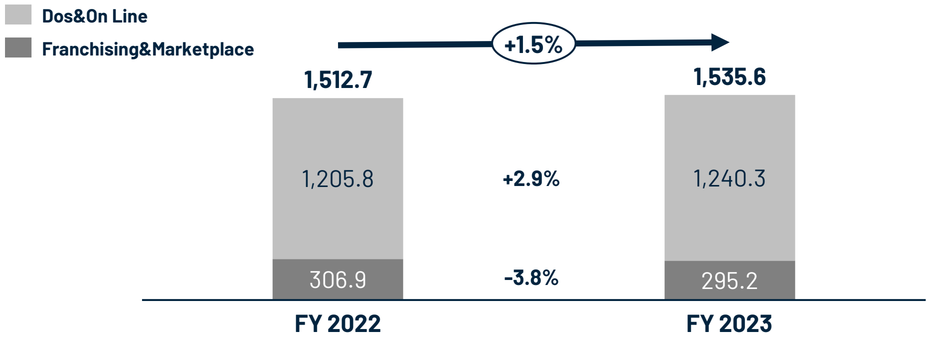
- **Net Sales €1,536m**, +1.5% compared to 2022, mainly thanks to the like-for-like performances of direct stores, despite exceptionally unfavorable weather;
- **Strong growth of women's segment**, in particular thanks to the collections dedicated to young women, as B-Angel brand and beauty products. Piombo brand continues to perform very well.
- **Gross margin at 57.3%** on net sales vs 57.1% of 2022, thanks to the normalization of the product costs started from the second half of the 2023;
- **EBITDA €182.2m**, 11.9% on net sales. Revenue growth and an improved gross margin more than offset inflationary pressures on SG&A costs;
- **Net income €75.9m**. Higher EBITDA and a better tax rate were counterbalanced by growing depreciation and increasing financial charges.

FY 2023 Sales and EBITDA performance

All brands reported growing results. Slight decline in franchising sales due to some delivery delays in Jan 2024

Net Sales €m

Aggregated performance



Performance by main Brands

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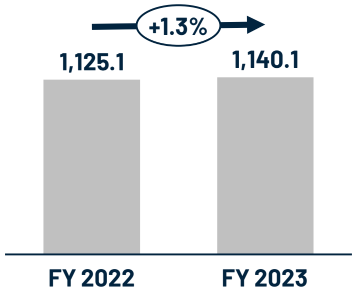

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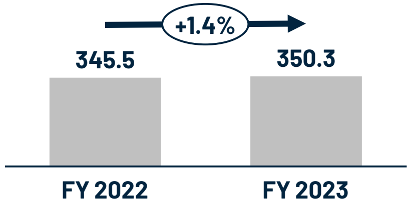
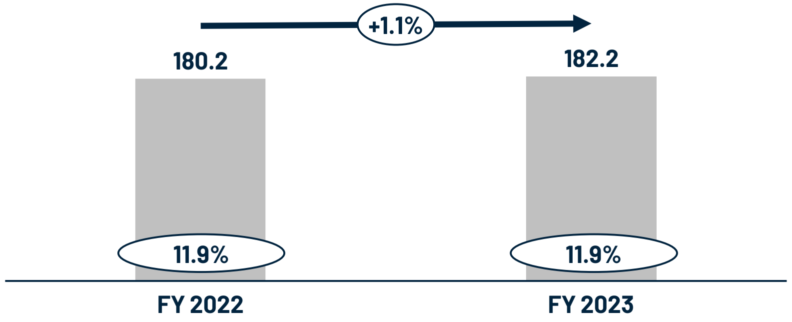


EBITDA €m



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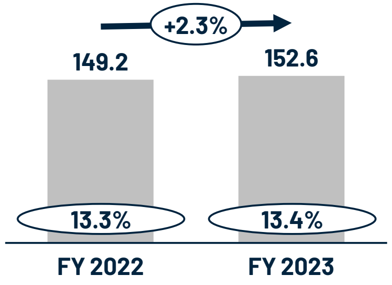

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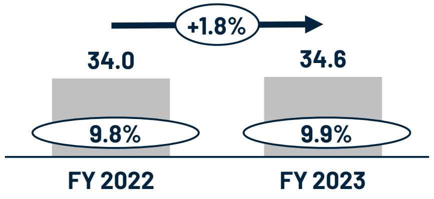

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31 January 2024 Trade working capital

Significant improvement in trade working capital

€m	31 January 2024	31 January 2023	Change
Trade Receivables	80.1	87.5	(7.4)
Inventory	461.0	477.6	(16.7)
Trade Payables	(405.4)	(414.0)	8.6
Trade Working Capital	**135.7**	**151.1**	**(15.5)**

Trade Working Capital does not reflect the application of IFRS 16 and Trade receivables are net of IFRS 15 provision.

Net Working Capital at 31 January 2024 improved by €15.5m versus last year:

- **Net trade receivables**: fully absorbed the payment extension granted to our franchisee partners in October following the difficult Q3;
- **Inventory** reduction is mainly due to good sales in Q4 and to the above-mentioned delays in deliveries;
- Reduction in **Trade Payables** as the combination of lower debt on goods and increase in payables for services.

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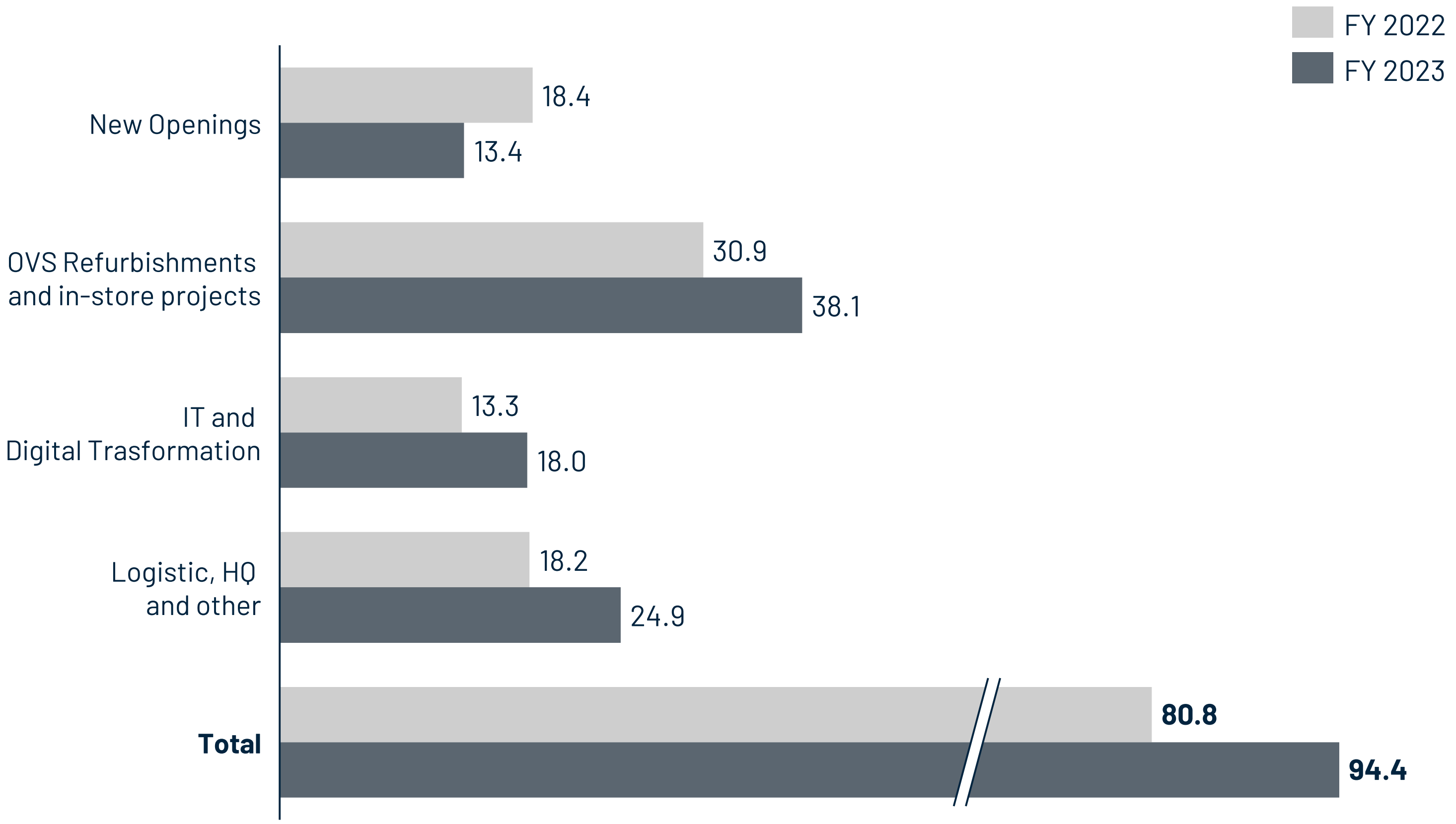
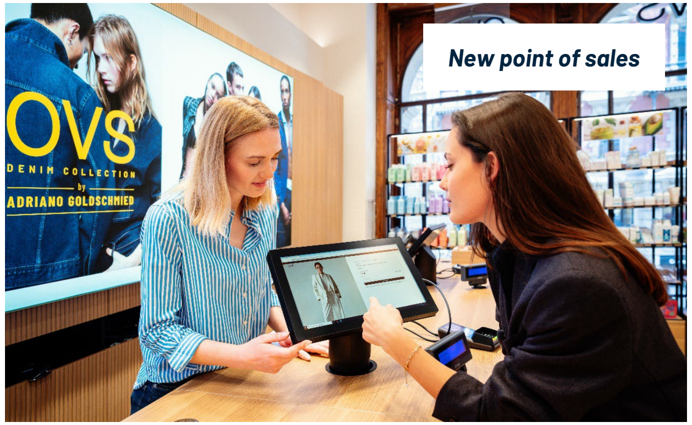
FY 2023 Capital expenditures

Increase in capex following the constant focus on refurbishing the existing network and investments in special projects that will be completed in 2024, as the new logistics automation systems, which enable optimized goods distribution to each store, and new smart point of sales, designed for a full integration between physical stores and digital systems

Capital expenditures FY 2022 – FY 2023, *€m*





FY 2023 Cash flow statement

For the third year in a row the company delivered a Net cash flow above €60m, demonstrating a solid cash generation even in sub-optimal conditions and extraordinary capex

€m	FY 2023	FY 2022
EBITDA Adjusted	**182.2**	**180.2**
Non recurring items	(3.6)	(8.1)
Change in Trade Working Capital	15.5	(8.2)
Other changes in Working Capital	(1.2)	2.1
Capex	(94.4)	(80.8)
Operating Cash Flow	**98.5**	**85.2**
Financial charges	(16.2)	(13.1)
Taxes & others	(18.0)	(8.0)
Net Cash Flow **excluding buyback and dividends**	**64.3**	**64.1**

The table shows the adjusted cash flows in order to represent the Group's operating performance net of non-recurring and non-operating events, net of the application of IFRS 16 and reclassifying the liabilities for returns under IFRS 15 among the components of Working Capital.

- Full year cash flow results allows for a better comparison vs. infra-annual closings, absorbing all seasonality-linked fluctuations;
- FY2023 cash generation benefits from the **increase in EBITDA** and from the reduction of extraordinary items as business returned to normal after the pandemic;
- **Very good management of working capital**, with €15.5m cash generation despite the bad weather in both season starts;
- Increase in capital expenditures for the peak of the investments in supply chain and digitalization;
- Slightly higher financial charges due to higher interest rates and increase in taxes cash-out (one year time lag after profitability normalization in 2022).

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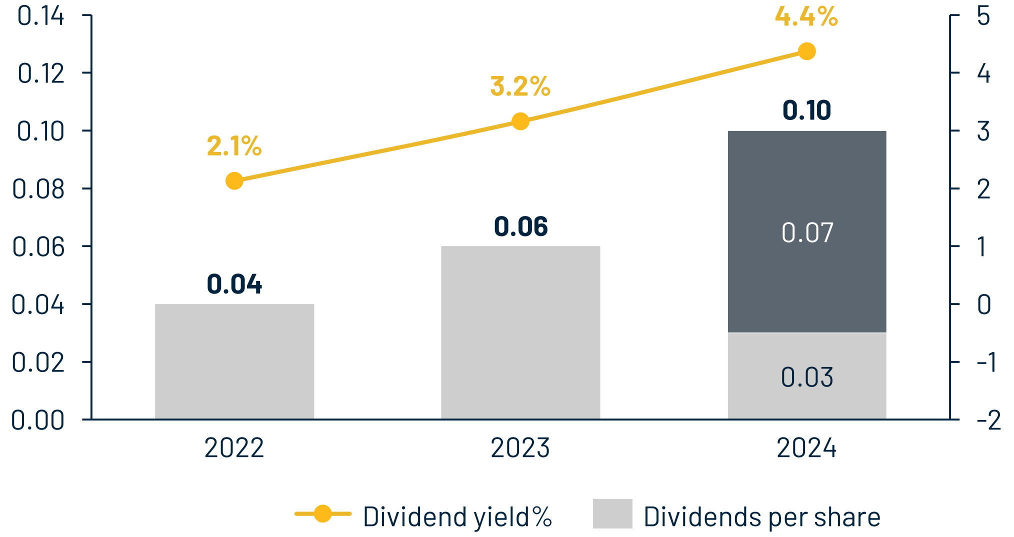
Shareholders remuneration

Increasing both direct remuneration with higher dividends and indirect reward through constant shares buyback

€m	FY 2023	FY 2022
Net Cash Flow **excluding buyback and dividends**	**64.3**	**64.1**
Dividends	(16.4)	(11.3)
Buyback	(31.4)	(24.5)
Change in Net financial position **excluding MtM hedging instruments and amoritzed cost**	**16.5**	**28.2**
Change in MtM hedging instruments, amortized cost and FX differences	9.5	(24.4)
Changing Net financial position **including MtM**	**25.9**	**3.8**

- Progressive increase in both dividends distribution and investments in shares buyback;
- Nonetheless, Net debt excluding IFRS 16 and MtM is progressively improving.
- Change in reported net debt impacted by fluctuations in market value of hedging instruments.

Dividends per share (€) and dividend yield



The graph shows the dividends per share paid in 2022, 2023, February 2024, and the dividends per share proposed to the AGM of 30 May 2024.
Dividend yield% calculated as dividend per share divided by average share price of the referred fiscal year.

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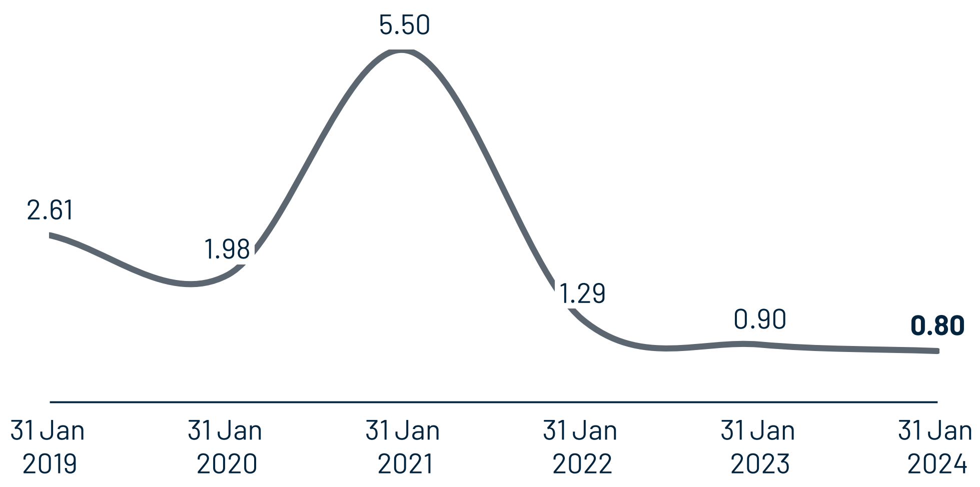
31 January 2024 Net debt and Leverage

Adjusted net financial position and leverage ratio continue to improve

€m	31 January 2024	31 January 2023
Net Debt reported	1,141.9	1,206.5
Net Debt adjusted for MtM hedging instruments and IFRS16	**145.5**	**162.0**
Leverage on EBITDA Net Debt adjusted / EBITDA Adjusted last 12 months	**0.80x**	**0.90x**

- **Net Debt adjusted €145.5m**, decreasing from €162.0m of January 2023 and below the amount raised with the sustainability-linked bond (€160m);
- **Leverage on EBITDA** is **0.80x**, further decreasing from 0.90x at January 2023, after the cash out for dividends and buyback.

Leverage on EBITDA 31 Jan 2019 – 31 Jan 2024



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Outlook and current trading

- In FY2024 the company expects **sales to grow** compared to FY2023 thanks to the ongoing **strengthening of its customer base**, increasingly appreciating the new product projects, and due to the effect of the expected **weather normalization**;
- **Year-to-date sales are up by 5%** compared with the already robust performance in the same period of 2023;
- The entire 2024 will benefit also from the **normalization of product costs** which soared in the post-Covid period and began to reduce only from the second half of 2023;
- **Higher sales, combined with an improved gross margin, are expected to offset the increase in labour cost**;
- The investments in special projects on operations will be completed within 2024, improving then the prospective cash generation in the following years.

- **Goldenpoint** project, the company for which we recently announced an investment agreement, is underway. We are confident that we can achieve sound results and create the basis for a significant future growth in this interesting market segment.

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Reconciliation between Adjusted and Reported Profit and Loss and Net financial position

€m	31 Jan 2024 Reported	of which IFRS 16 Impact	of which non recurring	of which Stock Option, Derivatives, PPA, Forex	31 Jan 2024 Adjusted	31 Jan 2023 Reported	of which IFRS 16 Impact	of which non recurring	of which Stock Option, Derivatives, PPA, Forex	31 Jan 2023 Adjusted	*Change Adjusted*	*Change % Adjusted*
Net Sales	**1,535.2**	**-**	**(0.4)**	**-**	**1,535.6**	**1,512.7**	**-**	**-**	**-**	**1,512.7**	***22.8***	***1.5%***
Purchases of consumables	665.7	-	0.3	9.3	656.1	684.3	-	-	35.5	648.8	*7.3*	*1.1%*
Gross Margin	**869.4**	**-**	**(0.7)**	**(9.3)**	**879.4**	**828.4**	**-**	**-**	**(35.5)**	**863.9**	***15.5***	***1.8%***
GM%	*56.6%*	*n.a.*	*n.a.*	*n.a.*	*57.3%*	*54.8%*	*n.a.*	*n.a.*	*n.a.*	*57.1%*		*+16ppt*
Personnel costs	312.2	(0.0)	0.8	1.5	309.8	307.1	(0.0)	0.3	1.9	304.9	*4.9*	*1.6%*
Costs for services	233.7	(0.9)	1.2	-	233.3	236.0	(0.8)	5.0	-	231.7	*1.6*	*0.7%*
Rent costs	(57.1)	(191.7)	0.8	-	133.8	(54.2)	(179.6)	(0.1)	-	125.5	*8.3*	*6.6%*
Provisions	2.8	-	-	-	2.8	0.4	-	-	-	0.4	*2.4*	*600.9%*
Other operating costs	18.4	0.8	0.1	-	17.5	22.5	0.3	1.0	-	21.3	*(3.8)*	*(17.9%)*
Total operating costs	510.0	(191.7)	2.9	1.5	697.2	511.8	(180.1)	6.3	1.9	683.8	*13.5*	*2.0%*
EBITDA	**359.5**	**191.7**	**(3.6)**	**(10.8)**	**182.2**	**316.6**	**180.1**	**(6.3)**	**(37.4)**	**180.2**	***2.0***	***1.1%***
EBITDA%	*23.4%*	*n.a.*	*n.a.*	*n.a.*	*11.9%*	*20.9%*	*n.a.*	*n.a.*	*n.a.*	*11.9%*		*(4ppt)*
Depreciation & Amortization	232.5	158.2	2.6	8.6	63.1	225.7	157.2	-	8.5	60.1	*3.0*	*5.0%*
EBIT	**126.9**	**33.5**	**(6.3)**	**(19.4)**	**119.1**	**90.9**	**22.9**	**(6.3)**	**(45.9)**	**120.1**	***(1.0)***	***(0.8%)***
EBIT%	*8.3%*	*n.a.*	*n.a.*	*n.a.*	*7.8%*	*6.0%*	*n.a.*	*n.a.*	*n.a.*	*7.9%*		*(18ppt)*
Net financial (income)/charges	54.6	40.9	-	(4.1)	17.8	34.7	39.1	-	(18.3)	14.0	*3.8*	*27.2%*
PBT	**72.3**	**(7.4)**	**(6.3)**	**(15.4)**	**101.3**	**56.1**	**(16.1)**	**(6.3)**	**(27.6)**	**106.1**	***(4.8)***	***(4.5%)***
Taxes	19.9	(0.3)	(1.5)	(3.7)	25.5	16.5	(3.1)	(1.5)	(6.6)	27.7	*(2.3)*	*(8.2%)*
Net Income	**52.4**	**(7.1)**	**(4.8)**	**(11.7)**	**75.9**	**39.6**	**(13.1)**	**(4.8)**	**(21.0)**	**78.4**	***(2.5)***	***(3.2%)***
Net Financial Position	**1,141.9**	**996.7**	**-**	**(0.3)**	**145.5**	**1,206.5**	**1,035.3**	**-**	**9.2**	**162.0**	***(16.5)***	***(10.2%)***

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Reconciliation between Adjusted and Reported Profit and Loss and Net financial position

The table in the previous slide 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 2023 results have been adjusted mainly to strip out the impacts related to IFRS 16, and specifically: (i) €191.7 million on EBITDA to reflect mainly rental costs, (ii) €33.5 million on EBIT due to the reversal of depreciation and amortisation of €158.2 million, and (iii) €7.4 million on PBT due to the reversal of €40.9 million related to net financial expenses.

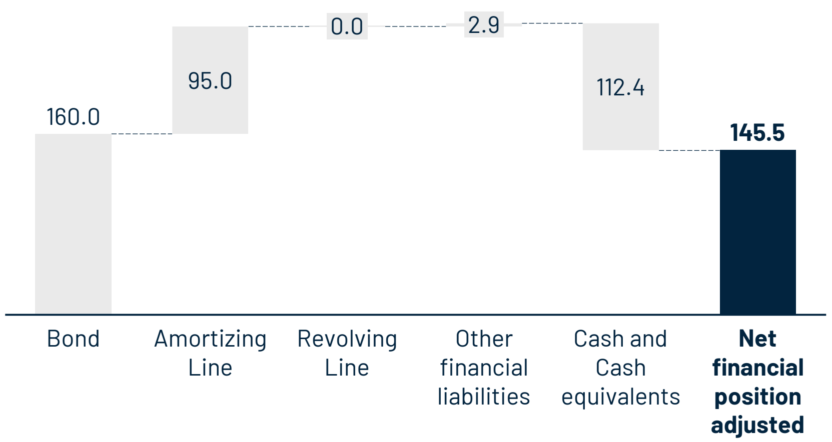
EBITDA for 2023 is also adjusted mainly for: (i) €9.3 million in positive net foreign exchange differences for forward hedging of goods in foreign currency sold in the year; (ii) €1.5 million in costs related to stock option plans (non-cash costs); (iii) €3.6 relating to the start-up phase of certain 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 €8.6 million relating to the amortisation of intangible assets linked to the purchase price allocation; (ii) €2.6 million of other amortisation and extraordinary impairment relating to certain partially discontinued Italian and foreign businesses; (iii) €4.1 million of net financial charges, 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.

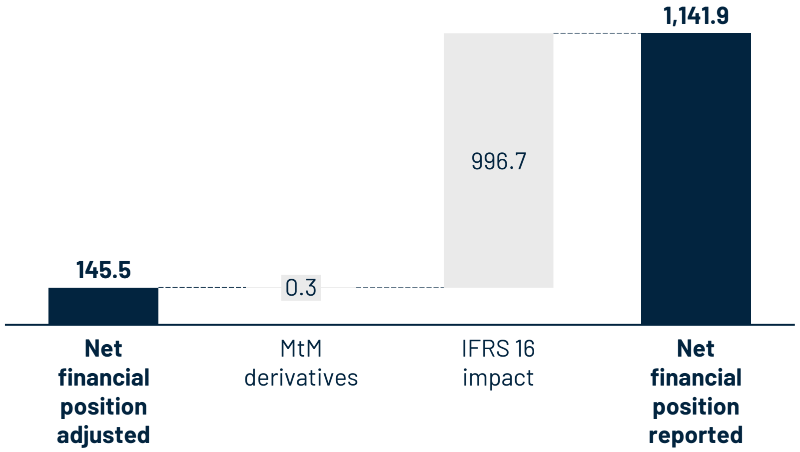
Finally, the adjusted result for the year was affected by €5.5 million in recalculated taxes following the above adjustments.

Reconciliation between Adjusted and Reported Net financial position

Net financial position adjusted composition



Net financial position reconciliation



The Group's adjusted net financial position, which does not reflect the mark-to-market impact of derivative financial instruments and the impact from the application of IFRS 16, was €145.5 million as at 31 January 2024, and mainly consists of the following items:

- €160 million for the "sustainability-linked bond" issued on 10 November 2021 and maturing on 10 November 2027;
- €110 million for the "Amortizing Sustainability-Linked line" maturing on 7 April 2027 (drawn for €95.0 million);
- €120 million for the "Revolving Sustainability-Linked line" maturing on 7 April 2027 (undrawn).

All the Group's main financial lines are linked to sustainability performance with targets in line with those defined at the time of the bond issue.

The Group's pre-IFRS 16 reported net financial position, which does not reflect the impact of the application of IFRS 16, as at 31 January 2024 was €145.2 million and includes €0.3 million resulting from the mark-to-market value of derivative instruments at that date.

The Net financial position at 31 January 2024 was €1,141.9 million and includes €996.7 million resulting from the application of IFRS 16 concerning the discounting of future lease payments; the Management believes that about €600 million, out of the €996.7 million, refer to future rent that do not represent a financial liability since the Group has an exit option.

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Stores network as at 31^{st} January 2024

		Dos Stores	Franchising Stores	Total Stores
OVS	**31^{st} January 2023**	**529**	**261**	**790**
	Net Openings	*2*	*43*	*45*
	31^{st} January 2024	**531**	**304**	**835**
OVS Kids	**31^{st} January 2023**	**43**	**478**	**521**
	Net Openings	*(1)*	*21*	*20*
	31^{st} January 2024	**42**	**499**	**541**
Upim	**31^{st} January 2023**	**173**	**191**	**364**
	Net Openings	*2*	*19*	*21*
	31^{st} January 2024	**175**	**210**	**385**
BluKids	**31^{st} January 2023**	**54**	**315**	**369**
	Net Openings	*8*	*-18*	*(10)*
	31^{st} January 2024	**62**	**297**	**359**
Stefanel	**31^{st} January 2023**	**36**	**66**	**102**
	Net Openings	*(2)*	*-1*	*(3)*
	31^{st} January 2024	**34**	**65**	**99**
GAP	**31^{st} January 2023**	**14**	**8**	**22**
	Net Openings	*4*	*0*	*4*
	31^{st} January 2024	**18**	**8**	**26**
Total	**31st January 2023**	**849**	**1319**	**2168**
	Net Openings	*13*	*64*	*77*
	31st January 2024	**862**	**1383**	**2245**

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