OVS

HALF-YEAR FINANCIAL REPORT
AT 31 JULY 2024

Company information

Registered office of the Parent Company

OVS S.p.A.
Via Terraglio 17 – 30174
Venice - Mestre

Legal details of the Parent Company

Authorised share capital €321,042,500.00
Subscribed and paid-up share capital €290,923,470.00

Venice Companies Register No. 04240010274
Tax and VAT code 04240010274
Corporate website: www.ovscorporate.it

Activities of the Parent Company

OVS S.p.A. is the main Italian group in the sale of men's, women's and children's clothing. The group operates through the OVS, OVS Kids, Upim, BluKids, Stefanel, CROFF and Les Copains brands, and has a network of more than 2,200 stores in Italy and abroad. Listed at Euronext Milan since 2015, in 2023 it recorded sales of €1.536 billion and an EBITDA of €182.2 million.

Contents

Composition of the corporate officers

Board of Directors [1]

Chairman	*Franco Moscetti* [2]
Vice-Chairman	*Giovanni Tamburi* [3]
Chief Executive Officer and General Manager	*Stefano Beraldo*
Directors	*Carlo Achermann* [3 4]
	Roberto Cappelli
	Elena Angela Luigia Garavaglia [4]
	Alessandra Gritti
	Chiara Mio [2 3 4]
	Flavia Sampietro [2]

Board of Statutory Auditors [1]

Chairman	*Stefano Poggi Longostrevi*
Standing Auditors	*Federica Menichetti*
	Massimiliano Nova
Alternate Auditors	*Marzia Nicelli*
	Donata Paola Patrini

Independent auditor

KPMG S.p.A. [5]

Financial Reporting Officer

Nicola Perin [6]

[1] In office from 31 May 2023 until the Shareholders' Meeting called to approve the financial statements as at 31 January 2026

[2] Member of the Control, Risks and Sustainability Committee

[3] Member of the Appointments and Remuneration Committee

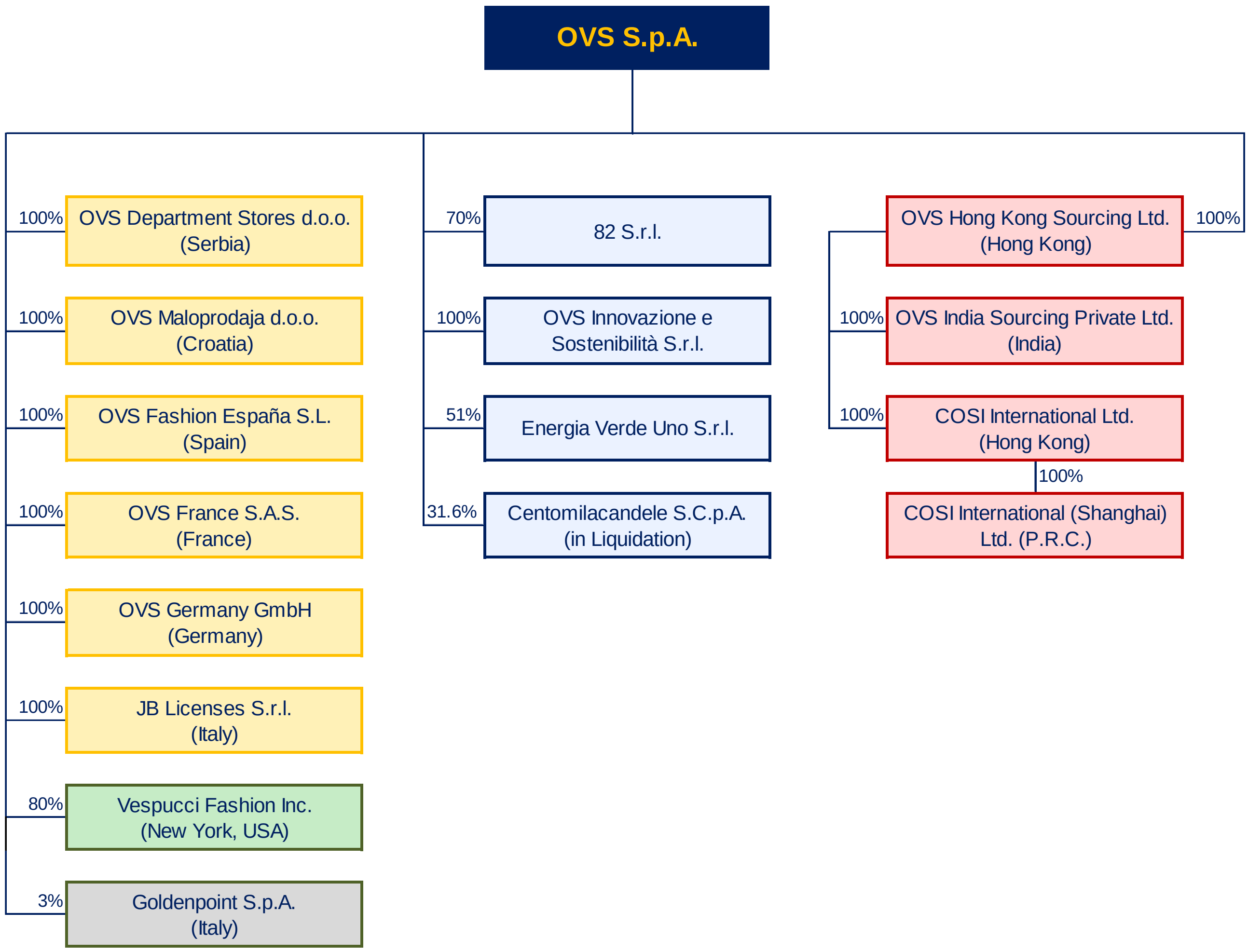
[4] Member of the Related Party Transactions Committee

[5] Appointed by the Shareholders' Meeting of 31 May 2022 for financial years 2023-2031

[6] In office until the end of the term of office of the incumbent Board of Directors, i.e. until the Shareholders' Meeting called to approve the financial statements at 31 January 2026

Group structure at 31 July 2024

The following chart shows how the OVS Group is organised at 31 July 2024, with an indication of the relative equity investments as percentages at the reporting date:



Legend

Commercial companies in the European market

Commercial companies in the American market

Operational sourcing companies

Services companies and/or other non-retail businesses

Related company since 16 July 2024

Interim report on operations at 31 July 2024

Foreword on methodology

The Half-year Financial Report at 31 July 2024 has been prepared in accordance with the IAS and IFRS international reporting standards issued by the International Accounting Standards Board, and includes the following:

- Consolidated statement of financial position
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of cash flows
- Statement of changes in shareholders' equity
- Notes to the consolidated financial statements at 31 July 2024.

It should be noted that in this Interim Report on Operations at 31 July 2024, in addition to the indicators provided for in the financial statements and in compliance with the International Financial Reporting Standards (IFRS), some alternative performance indicators used by management to monitor and assess the Group's performance are also presented. In particular, with the introduction of the IFRS 16 international accounting standard, relating to the accounting treatment of leases, with effect from financial year 2019, in order to make the Group's data comparable with the years prior to 2019 and for a better understanding of performance in relation to other comparables in the sector, some adjustments have been introduced with regard to: EBITDA, operating result, profit before tax, net result for the year, net invested capital, net financial position and cash flow generated by operating activities, as detailed below. For this reason, the results are also commented on excluding IFRS 16 in order to maintain a consistent basis of comparison. As in previous years, the impacts of the application of IFRS 16 have been reported separately, and the reconciliation with the financial statements is further detailed in the section entitled "Reconciliation of the consolidated results for the first half of 2024" below.

Performance

After a first quarter of promising results, the second quarter of 2024 began with temperatures in May below the seasonal average and continued with an extremely rainy June that was worse than in 2023. Performance recovered strongly in July when temperatures normalised, resulting in the quarter closing with a growth of 2.8%.

The Group once again far outperformed the market, which came in slightly negative over the six-month period. Both of the major brands were positive: Upim registered a particularly positive performance, with sales up 7.3%. With its more weather-sensitive mix, OVS registered a sales growth of 2.5%.

In addition to the consolidation of the Piombo brand, with the launch of the Piombo Contemporary line, aimed at an audience seeking an elegant and sober style, it is worth highlighting the excellent result of the collections dedicated to a younger audience; in particular, our B.Angel brand has seen a very strong growth, with a doubling of sales in two years, which has given it considerable significance. The strong performance in the beauty category continues, driven by the growing impact of spontaneous activations on social media and characterised by excellent margins.

The better purchase cost of the spring-summer 2024 collection compared to the 2023 collection and careful management of mark-downs are behind the significant improvement of the gross margin of 59.6% of sales. This improvement effectively offset the predicted increase in personnel costs, the impact of which on turnover will be reduced in the second half of the year, and enabled EBITDA to close with an improvement of €2.6 million.

The adjusted net financial position at 31 July 2024 is €20.9 million higher than the previous year. This is the result of a significant dividend distribution and substantial purchases of treasury shares over the past twelve months, totalling €80 million. In addition, the phasing of the planned investments was more concentrated in the first half of the year than in the previous year: overall, the absorption of working capital in the first half of the year, typical of our sector, was €56.1 million, which is slightly higher than in the previous year.

The ratio of adjusted net financial position to adjusted EBITDA for the last 12 months is 1.38x. Excluding the €54.5 million of treasury shares purchased in the last 12 months, the ratio would have been 1.09x.

Key information on operating results at 31 July 2024

The results for the first half of 2024 of the OVS Group were up for all the main economic KPIs compared with the same period of the previous year.

Net sales reached €762 million, an increase of 3.6% over the first half of 2023. The excellent first quarter was followed by a second quarter in which sales grew by 2.8% compared to the same period in 2023, despite even more unfavourable weather;
The **adjusted gross margin** grew significantly to 59.6 % of sales, up around 200 basis points from the 57.7 % recorded in the first half of 2023;
Adjusted EBITDA stood at €89.0 million, up by more than €2.6 million compared with the first half of 2023;
Adjusted net profit for the year was €34.6 million, up €0.9 million compared with the first half of 2023;
The **adjusted net financial position** at 31 July 2024 was -€263.0 million. Over the past 12 months, the company generated approximately €60 million in cash, purchased treasury shares, and distributed €80 million in dividends.
The sales performance was also very positive in August. The new collections are proving to be a great success, and sales for the month of September are up sharply, partly due to the finally favourable weather. The second half of the year has got off to a good start, consolidating already strong like-for-like growth.
The Board of Directors resolved to extend the current buyback plan by an additional €10 million to support the stock's liquidity.
The table below summarises the Group's key performance indicators.

Key performance indicators

€m	31 July '24 Reported	31 July '24 Adjusted	31 July '23 Reported	31 July '23 Adjusted	Chg. (adjusted)	% chge (adjusted)
Net sales	**762.1**	**761.7**	**734.9**	**734.9**	**26.8**	**3.6%**
Gross Margin	**448.4**	**454.2**	**422.2**	**424.1**	**30.1**	**7.1%**
% on net sales	*58.8%*	*59.6%*	*57.4%*	*57.7%*		
EBITDA	**180.7**	**89.0**	**177.6**	**86.4**	**2.6**	**3.0%**
% on net sales	*23.7%*	*11.7%*	*24.2%*	*11.8%*		
EBIT	**69.6**	**57.3**	**61.3**	**54.6**	**2.6**	**4.8%**
% on net sales	*9.1%*	*7.5%*	*8.3%*	*7.4%*		
Earnings before tax - EBT	**32.5**	**48.2**	**31.9**	**45.9**	**2.2**	**4.9%**
% on net sales	*4.3%*	*6.3%*	*4.3%*	*6.2%*		
Net result for the period	**21.7**	**34.6**	**22.4**	**33.7**	**0.9**	**2.8%**
% on net sales	*2.8%*	*4.5%*	*3.0%*	*4.6%*		
Net financial position	**1,280.2**	**263.0**	**1,221.9**	**242.1**	**20.9**	**8.6%**

The table shows the result adjusted to represent 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.

In the first half of 2024, the results were adjusted mainly to strip out the impact of IFRS 16, in particular: (i) €100.0 million on EBITDA mainly to reflect rental costs, (ii) €25.0 million on EBIT due to the reversal of depreciation and amortisation of €75.0 million, and (iii) €5.5 million on PBT due to the reversal of €30.5 million related to net financial expenses.
EBITDA for the first half of 2024 is adjusted mainly by: (i) €6.0 million in positive net foreign exchange differences for the forward hedging of goods in foreign currency sold during the period; (ii) €1.0 million in costs related to stock option plans (non-cash costs); and (iii) €1.3 million related to several foreign initiatives undergoing partial disposal.
Other adjustment items that impacted EBIT and EBT relate to (i) costs of €4.3 million related to the amortisation of intangible assets linked to past Purchase Price Allocations, (ii) €2.4 million in adjusted net financial income, mainly related to foreign exchange differences arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and foreign exchange differences.
The Adjusted Result for the period was affected by €2.7 million in recalculated taxes following the above adjustments.
The reported net financial debt as of 31 July 2024 stood at €1.2802 billion, of which €1.0179 billion 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 €1.0179 billion does not represent a real financial liability, as the Company holds early withdrawal rights.

In the first half of 2023, the result has 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 EBT due to the reversal of €20.3 million related to net financial expenses.
EBITDA for first half of 2023 is adjusted mainly for: (i) €1.9 million in net foreign exchange differences for the forward hedging of goods in foreign currency sold in the period; (ii) €1.0 million in costs related to stock option plans (non-cash costs); (iii) €1.2 million relating to the start-up phase of certain businesses, residual non-recurring expenses directly related to the COVID-19 pandemic and other minor one-off charges.
Other adjustment items that impacted EBIT and EBT relate to (i) costs of €4.3 million related to the amortisation of intangible assets linked to past Purchase Price Allocations, and (ii) adjusted 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 accrued foreign exchange differences.
Lastly, the adjusted net result for the period was affected (for €2.8 million) by the taxes recalculated following the above adjustments.
The reported net financial debt at 31 July 2023 stood at €1.2219 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.

Adjusted consolidated result

The following table shows the adjusted consolidated result, classified by nature, for the first six months of 2024, compared with that for the same period of the previous year (in millions of euros).

€m	31 July '24 Reported	31 July '24 Adjusted	31 July '23 Reported	31 July '23 Adjusted	Chg. (adjusted)	% chge (adjusted)
Net sales	**762.1**	**761.7**	**734.9**	**734.9**	**26.8**	**3.6%**
Purchases of raw materials, consumables and goods	313.7	307.5	312.7	310.7	(3.3)	(1.1)%
Gross Margin	**448.4**	**454.2**	**422.2**	**424.1**	**30.1**	**7.1%**
GM%	*58.8%*	*59.6%*	*57.4%*	*57.7%*		
Personnel costs	162.6	161.2	147.1	146.2	15.0	10.3%
Service costs	115.8	115.8	110.7	110.0	5.8	5.2%
Costs for the use of third-party assets, net of other operating income	(23.3)	75.8	(24.2)	70.7	5.1	7.2%
Provisions	2.8	2.8	1.1	1.1	1.7	152.9%
Other operating expenses	9.7	9.6	9.9	9.7	(0.2)	(1.6)%
Total net operating costs	**267.6**	**365.2**	**244.6**	**337.7**	**27.5**	**8.1%**
Operating costs on net sales as a %	*35.1%*	*47.9%*	*33.3%*	*46.0%*		
EBITDA	**180.7**	**89.0**	**177.6**	**86.4**	**2.6**	**3.0%**
EBITDA %	*23.7%*	*11.7%*	*24.2%*	*11.8%*		
Depreciation, amortisation and write-downs	111.1	31.7	116.2	31.8	(0.0)	(0.1)%
EBIT	**69.6**	**57.3**	**61.3**	**54.6**	**2.6**	**4.8%**
EBIT %	*9.1%*	*7.5%*	*8.3%*	*7.4%*		
Net financial expenses (income)	37.2	9.1	29.4	8.7	0.4	4.6%
EBT	**32.5**	**48.2**	**31.9**	**45.9**	**2.2**	**4.9%**
Taxes	10.8	13.6	9.5	12.3	1.3	10.6%
Net result for the period	**21.7**	**34.6**	**22.4**	**33.7**	**0.9**	**2.8%**

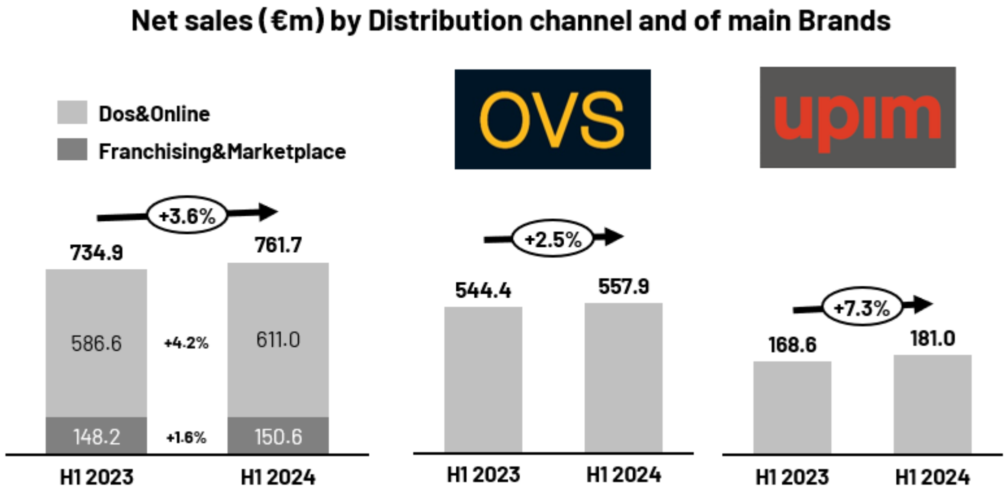
The following table shows the consolidated result by business segment for the first six months of 2024, compared with those for the same period of the previous year (in millions of euros).

€m	31 July '24 Adjusted	31 July '23 Adjusted	24 vs 23 %
Net sales			
OVS	557.9	544.4	2.5%
UPIM	181.0	168.6	7.3%
Other businesses	22.8	21.9	4.2%
Total net sales	**761.7**	**734.9**	**3.6%**
EBITDA			
OVS	71.8	73.2	(1.9)%
EBITDA margin	*12.9%*	*13.4%*	
UPIM	21.3	16.9	26.5%
EBITDA margin	*11.8%*	*10.0%*	
Other businesses	(4.1)	(3.7)	12.1%
Total EBITDA	**89.0**	**86.4**	**3.0%**
EBITDA margin	***11.7%***	***11.8%***	
Depreciation and amortisation	(31.7)	(31.8)	(0.1)%
Operating income	**57.3**	**54.6**	**4.8%**
Net financial (expenses)/income	(9.1)	(8.7)	4.6%
Earnings before tax	**48.2**	**45.9**	**4.9%**
Taxes	13.6	12.3	10.6%
Net result for the period	**34.6**	**33.7**	**2.8%**

Comments on the main items in the adjusted consolidated income statement

Net sales

(amounts in millions of euro)

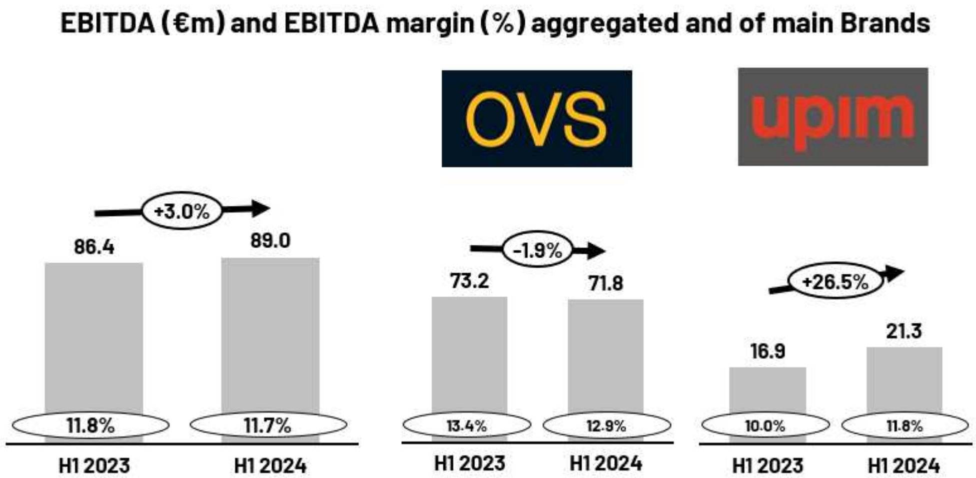


Net sales for the half year amounted to €761.7 million, up 3.6% compared with the same period of 2023. Directly operated stores drove this growth, with sales up 4.2%. The franchising channel is also growing, with sales increasing by 1.6%.

The OVS brand achieved sales growth mainly on a like-for-like basis. The Upim brand was supported by the like-for-like sales performance and the expansion of the sales network.

EBITDA

(amounts in millions of euro)



Adjusted EBITDA in the half year came in at €89.0 million, up by €2.6 million compared with the €86.4 million recorded in the first half of 2023. The EBITDA margin remains broadly in line with the figure for H1 2023.
OVS generated EBITDA of €71.8 million, despite being affected by the adverse weather in May and June, and intensive marketing investments in B.Angel. In September, with the arrival of autumn at the same time as back-to-school, sales are growing strongly, contributing to the rapid recovery of profitability.
Upim's EBITDA growth is the result of the operating leverage generated by an excellent sales performance.

EBIT

EBIT, adjusted to better reflect the Group's operating performance, amounted to €57.3 million, up compared with €54.6 million in the first half of 2023. EBIT growth is closely linked to the EBITDA growth described above.

Net income

Adjusted net income rose to €34.6 million, an improvement mainly due to higher EBITDA, net of an increased tax rate that due to certain expected regulatory impacts whose effects will be determined precisely at year-end.

Non-recurring income and expenses

The adjusted consolidated result of the OVS Group included, at 31 July 2024, non-recurring and non-operating income and expenses totalling €1.3 million before tax (compared with €1.2 million at 31 July 2023). These relate to net one-off costs of €0.5 million, mainly related to the start-up of certain businesses and penalties for extraordinary events, and €0.8 million related to several foreign initiatives undergoing partial disposal.

Net Financial Position

€m	31 July '24	31 July '23
Reported net debt	1,280.2	1,221.9
Adjusted net debt	**263.0**	**242.1**
Adjusted LTM EBITDA	**184.8**	**184.3**
Leverage on adjusted LTM EBITDA	**1.42x**	**1.31x**
Adjusted LTM leverage on adjusted LTM EBITDA	**1.38x**	**1.30x**

At 31 July 2024, 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 -€263.0 million.

The net financial position includes the purchase of €36.0 million in treasury shares during the half-year (14,809,188 shares purchased at an average price of €2.4328 per share) and the distribution of dividends for €25.2 million.

The ratio of adjusted net financial position for the last 12 months to adjusted EBITDA for the last 12 months is 1.38x. Excluding the €54.5 million in treasury shares purchased in the last 12 months, the ratio would have been 1.09x.

Summary statement of financial position

The following table shows the consolidated statement of financial position at 31 July 2024, compared with the end of the previous year and the same period of the previous year (in millions of euros). It is also shown adjusted to provide a representation of the Group's financial position net of application of IFRS 16 and reclassifying liabilities for returns recognised under IFRS 15 (€23.3 million at 31 July 2024) among the components of operating working capital (compared with the presentation in the financial statements under Other current payables).

€m	31 July '24 Reported	31 January '24 Reported	31 July '23 Reported	Chge. Jul. '24 vs. Jan. '24
Trade Receivables	119.2	105.2	112.1	14.0
Inventory	495.8	461.0	484.2	34.8
Trade payables	(400.3)	(400.6)	(370.5)	0.3
Operating working capital	**214.7**	**165.5**	**225.8**	**49.1**
Other short-term non-financial receivables/(payables)	(125.3)	(149.6)	(110.4)	24.2
Net Working Capital	**89.3**	**16.0**	**115.5**	**73.4**
Net fixed assets	2,136.8	2,100.3	2,071.5	36.4
Net deferred taxes	(28.5)	(27.8)	(29.9)	(0.7)
Other long-term receivables/(payables)	(13.3)	(11.3)	(3.8)	(2.1)
Employee benefits and other provisions	(33.0)	(34.4)	(33.6)	1.3
Net capital employed	**2,151.2**	**2,042.8**	**2,119.6**	**108.4**
Shareholders' equity	871.0	900.9	897.7	(29.9)
Net debt	1,280.2	1,141.9	1,221.9	138.3
Total sources of financing	**2,151.2**	**2,042.8**	**2,119.6**	**108.4**

€m	31 July '24 Adjusted	31 January '24 Adjusted	31 July '23 Adjusted	Chge. Jul. '24 vs. Jan. '24
Trade Receivables	95.9	80.1	88.6	15.9
Inventory	495.8	461.0	484.2	34.8
Trade payables	(400.3)	(405.4)	(370.5)	5.0
Operating working capital	**191.4**	**135.7**	**202.4**	**55.7**
Other short-term non-financial receivables/(payables)	(95.1)	(117.2)	(75.3)	22.1
Net Working Capital	**96.3**	**18.5**	**127.1**	**77.8**
Net fixed assets	1,200.2	1,184.2	1,166.0	16.0
Net deferred taxes	(35.5)	(34.8)	(36.7)	(0.7)
Other long-term receivables/(payables)	(25.0)	(23.0)	(15.5)	(2.1)
Employee benefits and other provisions	(33.0)	(34.4)	(33.6)	1.3
Net capital employed	**1,203.0**	**1,110.5**	**1,207.2**	**92.4**
Shareholders' equity	940.6	965.3	959.6	(24.7)
Net debt	262.4	145.2	247.5	117.1
Total sources of financing	**1,203.0**	**1,110.5**	**1,207.2**	**92.4**

The Group's reported net invested capital at 31 July 2024, which therefore also includes the impacts arising from IFRS 16, was €2.1512 billion, up €108.4 million compared with 31 January 2024, due to an increase in net fixed assets of around €36 million (mainly attributable to an increase in rights of use of leased assets), and an increase in operating working capital of around €49 million, mainly due to the higher stock in transit and therefore to the higher inventories of new collections, managed in advance to minimise the delays due to the Suez crisis.

Shareholders' equity

Consolidated shareholders' equity amounted to €871.0 million at 31 July 2024, down from €900.9 million at the beginning of the year. The change in the period reflects the purchase of €36.0 million of treasury shares during the half-year and the distribution of dividends for €17.5 million approved during the half-year when the 2023 results were approved.

Adjusted summary consolidated statement of cash flows

The following table shows the statement of cash flows for the first half of 2024 compared with the statement of cash flows for the same period of the previous year, both restated according to management criteria and adjusted (i) to exclude the effects of IFRS 16, as it does not entail any impact on Group cash flows and (ii) to represent the effects of IFRS 15 according to the operating nature of the Other current payables relating to expected returns.

€m	31 July '24	31 July '23	Chge.
EBITDA - Adjusted	**89.0**	**86.4**	**2.6**
Adjustments	(1.3)	(2.2)	0.9
Change in operating working capital	(55.7)	(51.2)	(4.5)
Other changes in working capital	(17.7)	(29.5)	11.8
Net investments	(46.2)	(37.9)	(8.2)
Operating cash flow	**(31.8)**	**(34.4)**	**2.7**
Financial expenses	(8.5)	(6.6)	(2.0)
Severance indemnity payments	(1.0)	(0.8)	(0.2)
Taxes and other	(14.8)	(9.1)	(5.6)
Net cash flow (excluding shareholder equity transactions, MtM derivatives and IFRS 16)	**(56.1)**	**(50.9)**	**(5.1)**
Cash out for dividends	(25.2)	(16.2)	(9.0)
Cash out due to buybacks	(36.0)	(12.9)	(23.1)
Net cash flow (excluding MtM derivatives and IFRS 16)	**(117.4)**	**(80.1)**	**(37.3)**
Change in MtM derivatives	0.3	3.8	(3.5)
Net cash flow (excluding IFRS 16)	**(117.0)**	**(76.3)**	**(40.7)**

Operating cash flow

The table shows the adjusted cash flows to state the Group's operating performance net of non-recurring events which are unrelated to ordinary operations, adjusted for the application of IFRS 16 and reclassifying liabilities for returns pursuant to IFRS 15 among the components of operating working capital.
As was already mentioned, operating cash absorption in the first half year, which is typical for our industry, amounted to €56.1 million, slightly higher than last year due to the more concentrated phasing of investments in the first half year.

Dividends

Because of the excellent cash generation in 2023 and the further improvement in the Group's net financial position, the Board of Directors resolved at its meeting on 17 April 2024 to propose to the Shareholders' Meeting a dividend payment of €0.07 per share. The dividend, approved by the Shareholders' Meeting on 30 May 2024, was paid out on 26 June 2024 for a total of €17.5 million. For the sake of completeness, it should also be recalled that the extraordinary dividend of €0.03 per share approved in January 2024 was also distributed for a total of €7.7 million.

Reconciliation of the Consolidated Financial Result for the first half of 2024

The following table shows the Group's consolidated result for 2024, presenting separately the effect of the application of IFRS 16, net non-recurring expenses before IFRS 16, stock option plan expenses, amortisation of intangible assets deriving from the purchase price allocation of previous business combinations, and income and expenses relating to foreign exchange gains or losses, both realised and from the valuation of items in foreign currencies (mainly USD) at the reporting date, including with respect to contracted forward derivatives.

€m	31 July '24 Reported	of which IFRS 16	of which non-recurring	of which stock options; derivatives; PPA, foreign exchange gains/losses		31 July '24 Adjusted
Net sales	**762.1**		0.4			**761.7**
Purchases of raw materials, consumables and goods	313.7		0.2	6.0	(a)	307.5
Gross Margin (A)	**448.4**	**0.0**	**0.2**	**(6.0)**		**454.2**
GM%	*58.8%*					*59.6%*
Personnel costs	162.6		0.4	1.0	(b)	161.2
Service costs	115.8	(0.5)	0.6			115.8
Costs for the use of third-party assets, net of other operating income	(23.3)	(99.5)	0.4			75.8
Provisions	2.8					2.8
Other operating charges	9.7	0.0	0.1			9.6
Total operating costs (B)	**267.6**	**(100.0)**	**1.4**	**1.0**		**365.2**
EBITDA (A - B)	**180.7**	**100.0**	**(1.3)**	**(7.1)**		**89.0**
EBITDA%	*23.7%*					*11.7%*
Depreciation, amortisation and write-downs	111.1	75.0	0.1	4.3	(c)	31.7
EBIT	**69.6**	**25.0**	**(1.3)**	**(11.4)**		**57.3**
EBIT %	*9.1%*					*7.5%*
Net financial expenses (income)	37.2	30.5	0.0	(2.4)	(d)	9.1
EBT	**32.5**	**(5.5)**	**(1.3)**	**(8.9)**		**48.2**
Taxes	10.8	(0.3)	(0.3)	(2.1)		13.6
Net result for the period	**21.7**	**(5.2)**	**(1.0)**	**(6.8)**		**34.6**

(a) These relate to foreign exchange differences for forward hedging on purchases of goods in foreign currency, reclassified from "Net financial income (expenses) to "Purchases of raw materials, consumables and goods".

(b) These relate to costs recognised in the period relating to stock option plans.

(c) These relate to the amortisation of intangible assets deriving from PPA.

(d) These mainly relate to foreign exchange gains or losses arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realised foreign exchange gains or losses (the latter reclassified to "Purchases of raw materials, consumables and goods").

Below is the reconciliation table for the first half of 2023:

€m	31 July '23 Reported	of which IFRS 16	of which non-recurring	of which stock options; derivatives; PPA, foreign exchange gains/losses	31 July '23 Adjusted
Net sales	**734.9**				**734.9**
Purchases of raw materials, consumables and goods	312.7			1.9 (a)	310.7
Gross Margin (A)	**422.2**				**424.1**
GM%	*57.4%*				*57.7%*
Personnel costs	147.1	(0.0)		1.0 (b)	146.2
Service costs	110.7	(0.4)	1.1		110.0
Costs for the use of third-party assets, net of other operating income	(24.2)	(94.9)			70.7
Provisions	1.1				1.1
Other operating charges	9.9	0.0	0.1		9.7
Total operating costs (B)	**244.6**	**(95.3)**	**1.2**	**1.0**	**337.7**
EBITDA (A - B)	**177.6**	**95.3**	**(1.2)**	**(2.9)**	**86.4**
EBITDA%	*24.2%*				*11.8%*
Depreciation, amortisation and write-downs	116.2	80.2		4.3 (c)	31.8
EBIT	**61.3**	**15.1**	**(1.2)**	**(7.2)**	**54.6**
EBIT %	*8.3%*				*7.4%*
Net financial expenses (income)	29.4	20.3		0.4 (d)	8.7
EBT	**31.9**	**(5.2)**	**(1.2)**	**(7.6)**	**45.9**
Taxes	9.5	(0.6)	(0.3)	(1.8)	12.3
Net result for the period	**22.4**	**(4.6)**	**(0.9)**	**(5.8)**	**33.7**

(a) These relate to foreign exchange differences for forward hedging on purchases of goods in foreign currency, reclassified from "Net financial income (expenses) to "Purchases of raw materials, consumables and goods".
(b) These relate to costs recognised in the period relating to stock option plans.
(c) These relate to the amortisation of intangible assets deriving from PPA.
(d) These mainly relate to foreign exchange gains or losses arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realised foreign exchange gains or losses (the latter reclassified to "Purchases of raw materials, consumables and goods").

With regard to the results at 31 July 2024, it should be noted that:

- Revenues and income, which amounted to €761.7 million, mainly include the retail sales generated by the OVS, Upim, Stefanel and GAP brands.
- The gross operating margin or adjusted EBITDA, as the difference between revenues and operating costs, net of the effects of IFRS 16, excluding depreciation and amortisation (including amortisation of intangible assets deriving from the purchase price allocation of previous business combinations), non-recurring expenses and stock option plans, and adjusted to take account of foreign exchange gains or losses realised on forward instruments entered into by the Group and underlying goods already purchased and sold, amounted to €89.0 million, equal to 11.7% of sales.
- The reported and adjusted earnings before tax (EBT) came in at €32.5 million and €48.2 million, respectively (the latter net of the effects of IFRS 16, non-recurring costs and other costs shown in the fourth column of the table).
- Net taxes for the period amounted to €10.8 million.
- The reported and adjusted net profit for the period were €21.7 million and €34.6 million, respectively, net of the above expenses.

Impacts of IFRS 16 and alternative performance indicators

The consolidated income statement for the first half of 2024 is shown below, including and excluding the effects of the IFRS 16 accounting standard.

€m	31 July '24 Reported	*Effects IFRS 16*	31 July '24 excluding IFRS 16
Revenues	762.1		762.1
Other operating income and revenues	43.4	*(1.6)*	41.8
Total revenues	**805.5**	***(1.6)***	**803.9**
Purchases of raw materials, consumables and goods	313.7		313.7
Personnel costs	162.6		162.6
Depreciation, amortisation and write-downs of assets	111.1	*(75.0)*	36.1
Other operating expenses			
Service costs	115.8	*0.5*	116.3
Costs for the use of third-party assets	20.1	*97.9*	118.0
Write-downs and provisions	2.8		2.8
Other operating expenses	9.7	*(0.0)*	9.7
Earnings before net financial expenses and taxes	**69.6**	***(25.0)***	**44.6**
Financial income	0.7	*(0.0)*	0.7
Financial expenses	40.3	*(30.5)*	9.8
Foreign exchange gains and losses	2.4		2.4
Gains (losses) from equity investments	(0.0)		(0.0)
Earnings before tax	**32.5**	***5.5***	**37.9**
Taxes	10.8	*0.3*	11.1
Net result for the period	**21.7**	***5.2***	**26.8**

The following is an overview of these effects on the KPIs:

€m	31 July '24 Reported	*Effects IFRS 16*	31 July '24 excluding IFRS 16
Net sales	**762.1**		**762.1**
Gross Margin	**448.4**		**448.4**
% on net sales	*58.8%*		*58.8%*
Gross operating margin – EBITDA	**180.7**	***(100.0)***	**80.7**
% on net sales	*23.7%*		*10.6%*
Operating result – EBIT	**69.6**	***(25.0)***	**44.6**
% on net sales	*9.1%*		*5.9%*
Earnings before tax	**32.5**	***5.5***	**37.9**
% on net sales	*4.3%*		*5,0%*
Net result for the period	**21.7**	***5.2***	**26.8**
% on net sales	*2.8%*		*3.5%*

The following table shows the reclassified consolidated statement of financial position at 31 July 2024, including and excluding the effects of IFRS 16:

€m	31 July '24 Reported	*Effects IFRS 16*	31 July '24 excluding IFRS 16
Trade Receivables	119.2	*0*	119.2
Inventory	495.8	*0*	495.8
Trade payables	(400.3)	*0*	(400.3)
Operating working capital	**214.7**	***0***	**214.7**
Other short-term non-financial receivables/(payables)	(125.3)	*7.0*	(118.3)
Net Working Capital	**89.3**	***7.0***	**96.3**
Net fixed assets	2,136.8	*(936.6)*	1,200.2
Net deferred taxes	(28.5)	*(7.0)*	(35.5)
Other long-term receivables/(payables)	(13.3)	*(11.7)*	(25.0)
Employee benefits and other provisions	(33.0)	*0*	(33.0)
Net capital employed	**2,151.2**	***(948.3)***	**1,203.0**
Shareholders' equity	871.0	*69.6*	940.6
Net debt	1,280.2	*(1,017.9)*	262.4
Total sources of financing	**2,151.2**	***(948.3)***	**1,203.0**

Alternative performance indicators

The OVS Group uses certain alternative performance indicators, which are not identified as accounting measures under IFRSs, to enable a better assessment of Group performance.

The calculation criterion applied by the Group may therefore not be consistent with those used by other groups and the balance obtained may not be comparable with theirs.

These alternative performance indicators are constructed solely on the basis of Group historical data.

They are calculated in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by CONSOB with Notice No. 92543 of 3 December 2015. They refer only to the performance for the accounting period covered by this half-year financial report and the comparison years, and not to the Group's expected performance, nor should they be regarded as a substitute for the indicators envisaged by the reference accounting standards (IFRS).

The alternative performance indicators used in this half-year financial report are defined below:

Adjusted net sales: consists of total revenues, net of non-recurring revenues.

Adjusted purchases of raw materials, consumables and goods: consists of purchases of raw materials, consumables and goods, net of non-recurring components but including foreign exchange gains and losses for forward hedging on purchases of goods in foreign currencies, reclassified from "Net financial income (expenses)".

Reported gross margin: the gross margin on sales, calculated as the difference between net sales and purchases of raw materials, consumables and goods.

Adjusted gross margin: calculated as the difference between adjusted net sales and adjusted purchases of raw materials, consumables and goods.

With regard to **reported EBITDA, adjusted EBITDA, the reported operating result, adjusted EBIT, adjusted earnings before taxes (EBT)** and the **adjusted net result for the year**, please see the section entitled "Reconciliation of consolidated results for the first half of 2024" above.

Adjusted LTM EBITDA is represented by adjusted EBITDA for the last 12 months from the reporting date (and therefore at 31 July it represents the sum of adjusted EBITDA for the first half of the year "n" and adjusted EBITDA for the second half of the year "n-1").

Net invested capital: consists of the total of non-current assets and current assets, excluding financial assets (current and non-current financial assets, current and non-current financial assets for leases, and cash and banks) net of non-current liabilities and current liabilities, excluding financial liabilities (current and non-current financial liabilities and current and non-current financial liabilities for leases).

Adjusted net invested capital: consists of net invested capital excluding the impacts of the adoption of the IFRS 16 accounting standard.

Net financial position or **net (financial) debt**: calculated as the sum of current and non-current financial liabilities and current and non-current financial liabilities for leases, net of the cash and banks balance, current and non-current financial assets including the positive fair value of derivative instruments, and current and non-current financial assets for leases.

Adjusted net financial position or **adjusted net (financial) debt**: represented by net (financial) debt excluding the impacts on current and non-current lease liabilities of IFRS 16 and the impacts of mark-to-market.

Adjusted summary consolidated statement of cash flows: consists of the net cash flow generated (absorbed) by operating, investment and financing activity, excluding the effects of the IFRS 16 accounting standard, and reclassified according to management criteria, i.e. based on the operating flow of adjusted EBITDA.

Management of financial risks

The management of financial risks is described in detail in note 5. Information on the financial risks of the notes to the condensed consolidated half-year financial statements at 31 July 2024.

Investment and development

Gross investments of €44.8 million were made in the first half of 2024. The efficiency policy for the existing network continued in 2024, with significant investments in store restructuring, the implementation of new cashier systems, and the optimisation of logistics flows. In particular, in these first six months of the year, the investments were used for: (i) the restructuring of 27 stores in the existing network, extraordinary maintenance activities and other commercial activities relating to the existing network for approximately €22.3 million; (ii) the development of the Group network for €7.4 million, (iii) the development of new IT and digital transformation systems (approximately €7.8 million), (iv) increasing the efficiency of the distribution network and the implementation of a new reconditioning system for goods that the Group is building in Puglia (approximately €5.6 million) and (v) the maintenance of the Venice-Mestre headquarters (approximately €1.7 million).

Investments made in the same period of 2023 amounted to €38.3 million, of which approximately €15.8 million were for restructuring and extraordinary maintenance, €6.5 million for the development of the sales network, and around €16 million for the modernisation of distribution processes, the implementation of IT systems and head office maintenance.

At the Group level, the sales network comprised a total of 2,257 stores at 31 July 2024 (including the small-format stores) including 872 DOS (21 of which are abroad), 1,269 affiliated stores (377 of which are abroad) and 116 administered stores (86 of which are abroad).

Related party transactions

Quantitative information and detailed disclosure of relations with related parties in the first half of 2024 are provided in the notes to the condensed consolidated half-year financial statements at 31 July 2024.

Pursuant to CONSOB Resolution no. 17221 of 12 March 2010, it is noted that during the first half of 2024, the Group did not enter into any major transactions with related parties or that had a material impact on the Group's financial position or result for the period.

Significant events during the first half of 2024

Impact of global tensions on Group performance

The first six months of 2024 were also characterised by macroeconomic phenomena, in particular those that followed the conflict in the Middle East that began in October 2023: the threat of war in the Red Sea and the consequent lengthening of the marine routes for the circumnavigation of Africa had already been duly considered also in the business plans that underlie several estimates of the financial statements at 31 January 2024, especially due to their inevitable effect on the cost of transport. They were joined by the political crisis in Bangladesh, with large-scale demonstrations in July and August. On the other hand, these first six months of the year saw the first tangible signs that the ECB is aiming at the progressive reduction of interest rates and therefore a gradual adjustment of inflation rates in all of Europe’s economies (including Italy). In this extremely difficult economic environment, the OVS Group’s results in terms of sales and EBITDA were particularly satisfactory for the first half of 2024.

Significant events during the first half of 2024

Despite the persistence of various uncertainties on both the geopolitical and economic fronts, characterised by a still high inflation rate and tensions over consumer purchasing power, the economic and financial results for the first half of the year were very satisfactory.

Among the other key events that characterised the first half of 2024, it should be noted that on 5 February 2024, the Italian Antitrust Authority (AGCM) did not object to the transaction concerning OVS S.p.A.’s acquisition of the J. Brand International S.r.l. business unit. The acquisition concerns a newly formed company (JB Licenses S.r.l.) to which, at the end of March 2024 as a result of a demerger, J. Brand International S.r.l. transferred the business unit relating to the activity of production of casual clothing under licence, through foreign contractors, and sale to other companies, which then resell the products thus purchased.

On 6 February 2024, the Company signed a letter of intent with the shareholders of Goldenpoint S.p.A., with the aim of developing a possible industrial partnership. Goldenpoint has a sales network of around 380 stores in prestigious locations in major Italian historical centres and shopping centres and generates turnover of nearly €100 million.

The rationale for the deal is to expedite growth in a segment in which OVS already has significant competencies and considerable market share due to sales in its own stores.

The goal of the partnership is to improve Goldenpoint’s performance by reinforcing its current product range and achieving synergies by sharing the OVS Group’s supply chain as well as developing new stores.

On 21 February 2024, the extraordinary dividend approved by the Company’s ordinary shareholders’ meeting on 24 January 2024 was paid out of the "Retained earnings reserve" at €0.03 per share, for a total of €7.828

million.

On 2 April 2024, further to the above letter of intent, OVS S.p.A. signed a binding investment agreement with the aim of achieving control, and thus 100% of Goldenpoint S.p.A., in several phases.

The agreement provides for an initial investment of €3 million to subscribe to a convertible bond loan and the acquisition of 3% of Goldenpoint's share capital. By 31 July 2025, OVS S.p.A. will have the option to increase its holding to 51% by converting the loan and exercising a share purchase option against payment of a predetermined price, also payable in treasury shares.

The remaining 49% of the share capital may be acquired by OVS through the exercise of put-and-call options in the time window between 1 August 2026 and 31 July 2029. The relevant valuation will be based on an EBITDA multiple that is in line with OVS's current multipliers, from which the net financial position will be subtracted. There is also a floor.

Thanks to the support of OVS and its incorporation within the Group, Goldenpoint's business plan envisages a significant increase in sales through the enhancement of its commercial offer, particularly in the underwear and accessory categories, and the expansion of the network with larger stores. Once the plan is implemented, partly as a result of improved sourcing and the virtuous effect of operating leverage, strong EBITDA growth and a good contribution to the consolidated results of OVS can be expected.

The acquisition is in any case such that it does not result in significant cash absorption and will be financed entirely using the flows generated by OVS.

On 10 April 2024, a share purchase agreement was signed by OVS S.p.A. and J. Brand International S.r.l. under which the Company acquired full control of JB Licenses S.r.l. with effect from 1 April 2024. The price paid during the period for the acquisition of this company was €1.500 million. The contract also provides that further amounts may be recognised to the seller in the years 2025, 2026 and 2027 upon the fulfilment of certain conditions.

Finally, the plan to purchase treasury shares continued: from 1 February 2024 to 31 July 2024, the Parent Company purchased 14,809,188 treasury shares, equal to 5.0904% of the share capital for a total amount of €36.027 million and, at the same time, it sold on the market 387,250 treasury shares following the exercise of options by certain Beneficiaries of the 2019-2022 Stock Option Plan, which became exercisable on 1 July 2023.

On 30 May 2024, the Ordinary Shareholders' Meeting of the Parent Company, OVS S.p.A (the "Company") approved the financial statements at 31 January 2024, also resolving to distribute an ordinary dividend of €0.07 per share for the financial year ended 31 January 2024. The detachment date for coupon no. 7 was 24 June 2024 and the payment date was 26 June 2024 (with a record date of 25 June 2024). Please see the consolidated statement of changes in shareholders' equity for further details.

The Ordinary Shareholders' Meeting approved a new compensation plan based on financial instruments called the "2024-2026 Performance Share Plan", reserved for executive directors, managers with strategic responsibilities of OVS and other employees or contractors – including consultants and/or intellectual service providers – of the Company and/or the OVS Group who perform roles with a significant impact on the sustainable success of the Company and the Group, and concerning a maximum of 6,600,000 rights. See the documents available on the Company website at www.ovscorporate.it for more details on this Plan.

On 12 June 2024, the Board of Directors of OVS S.p.A., after receiving a favourable opinion from the Appointment and Remuneration Committee, identified 19 beneficiaries, in addition to the Chief Executive Officer. The beneficiaries include managers with strategic responsibilities, employees and contractors. The Board of Directors also resolved to grant beneficiaries rights to receive Company shares for the maximum number of 2,956,008 for the Chief Executive Officer, 1,644,280 for Managers with Strategic Responsibilities and a total for the other beneficiaries of 1,688,618 rights.

Having verified normal regulatory approvals and other typical conditions for similar transactions, on 16 July 2024 the Parent Company OVS S.p.A. finalised the investment agreement in Goldenpoint S.p.A., subscribing to a convertible bond and acquiring 3% of the share capital, for a total amount of €3 million. The agreement also provides that, through the conversion and exercise of the subsequent call option, by 31 July 2025, OVS will increase its holdings in Goldenpoint S.p.A. to 51%. The remaining 49% of the share capital may be acquired by OVS through the exercise of put-and-call options in the time window between 1 August 2026 and 31 July 2029. The agreement consolidates the industrial pathway to integrate Goldenpoint into OVS described above, intended to strengthen the leading role that the OVS Group plays in underwear and swim apparel by enhancing and developing a commercial network with a dedicated brand.

Finally, it should be noted that, as part of the authorisation to purchase treasury shares approved by the Shareholders' Meeting on 24 January 2024, in implementation of the purchase programme launched on 5 February 2024 (already subject to disclosure also pursuant to Article 144-bis of CONSOB Regulation 11971/99 and Article 132 of Legislative Decree no. 58/98), as of the date hereof (19 September 2024), the Company holds 44,982,688 treasury shares (equal to 15.462% of the share capital), while its subsidiaries do not hold any OVS shares.

There were no other significant events in the first half of 2024.

Other information

Incentive plans

It should be recalled that on 26 May 2015, the Shareholders' Meeting approved a stock option plan for the period 2015-2020, to be implemented through the granting of free stock options for ordinary newly issued shares of OVS S.p.A.. The Plan was reserved for directors who are also employees, executives with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries. The Plan was intended to create value for shareholders by improving long-term corporate performance and attracting and retaining staff who play a key role in the Group's development.

The Plan provided for the issue of up to 5,107,500 options, which will be granted free of charge to the Beneficiaries if certain performance targets are met, and confers on each of them the right to subscribe for one ordinary share of the Company for each option granted.
The above Shareholders' Meeting was also convened in an extraordinary session to resolve upon the proposal to give the Board of Directors, for a period of five years from the resolution date, the power to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, in tranches, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, for a maximum nominal amount of €35,000,000, through the issue, in one or more tranches, of a maximum of 5,107,500 ordinary shares with no par value, to be reserved to the beneficiaries of the "2015-2020 Stock Option Plan", with the consequent amendment of Article 5 of the Articles of Association.
As of 31 July 2024, 2,724,963 options had been granted under the "Stock Option Plan 2015-2020".
It should also be noted that the Shareholders' Meeting of 31 May 2017 approved a further stock option plan, called the "Stock Option Plan 2017-2022", reserved for directors who are also employees, managers with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries, which may be implemented using (i) treasury shares purchased under the authorisation referred to in Article 2357 of the Italian Civil Code granted at any given time by the Shareholders' Meeting; (ii) or shares resulting from a capital increase resolved by the Board of Directors, after granting the Board a mandate to increase the share capital pursuant to Article 2443 of the Italian Civil Code, in tranches, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, for a maximum nominal amount of €4,080,000, through the issue of a maximum of 4,080,000 newly issued ordinary shares of OVS, in one or more tranches, reserved to beneficiaries of the Stock Option Plan 2017-2022.
This Plan was also intended to create value for shareholders by improving long-term corporate performance and attracting staff who play a key role in the Group's development.
The Plan provided for the free allocation to each beneficiary of up to a total of 4,080,000 options, which give the right to subscribe or purchase ordinary shares of OVS in the ratio of 1 ordinary share for every 1 option exercised. The options matured when certain performance targets were met.
At 31 July 2024, 1,222,000 options had been granted under the "Stock Option Plan 2017-2022".
The Ordinary Shareholders' Meeting held on 31 May 2019 also approved, pursuant to Article 114-bis of the Consolidated Law on Finance, the adoption of an incentive plan called the "Stock Option Plan 2019-2022", to be implemented through the granting of free stock options for newly issued ordinary shares of OVS S.p.A..
The Plan was reserved for directors who are also employees, executives with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries pursuant to Article 93 of Legislative Decree no. 58 of 24 February 1998, which were identified by the Board of Directors, following consultation with the Appointments and Remuneration Committee, from among those who played a key role in achieving the Company's strategic objectives (hereinafter, the "Beneficiaries").
The Plan was intended to create value for shareholders by improving long-term corporate performance and by attracting and retaining personnel that play a key role in the Group's development, in order to align the

interests of the Beneficiaries with those of the Group's shareholders.
Up to 5,000,000 options may be issued under the Plan, granted free of charge to the Beneficiaries. Each Beneficiary may exercise the options actually accrued on fulfilment of a condition of access to the Plan (gate) and a performance condition linked to a predefined value of three-year cumulative EBITDA. Each option confers on each Beneficiary the right to subscribe for one ordinary share of the Company for each option granted.
The exercise price of the shares is currently set at €1.52.
At 31 July 2024, 4,408,604 option rights relating to the "Stock Option Plan 2019-2022" had not yet been exercised, due to the partial exercise of 387,250 rights in the first half of 2024.
With regard to the three plans in place, it should be recalled that, in 2021, the dilutive effect of the capital increase in July 2021 had to be neutralised by adjusting the strike price and any access condition price (present only in the 2019-2022 Plan). The new values, calculated according to the formulas commonly used in similar situations, are therefore recalculated as follows:

Stock Option Plan *(amounts in euro)*	**Exercise price**	**New exercise price**
2015-2020 Plan	4.88	4.08
2017-2022 Plan	6.39	5.26
2019-2022 Plan	1.85	1.72

The new strike prices indicated above must be further adjusted to neutralise the effects of the distribution of dividends in 2022, 2023 and the first half of 2024 (totalling €0.20 per ordinary share).
On 31 May 2022, the Ordinary Shareholders' Meeting approved, pursuant to Article 114-bis of the Consolidated Law on Finance, the adoption of a stock grant plan named the "2022 Performance Shares Plan" reserved for the Chief Executive Officer, Executives with Strategic Responsibilities, employees, contractors and consultants of OVS and its subsidiaries.
Finally, on 30 May 2024, the Ordinary Shareholders' Meeting approved, pursuant to Article 114-bis of the Consolidated Law on Finance, the adoption of a further stock grant plan called the "2024-2026 Performance Shares Plan" reserved for the Chief Executive Officer, Executives with Strategic Responsibilities, employees, contractors and consultants of OVS and its subsidiaries.
For more information on the aforementioned incentive plan, see note 7.27 in the notes to this document and the specific documentation relating to the respective Shareholders' Meetings, which is available on the corporate website.

For the characteristics of all the plans, see the reports of the Board of Directors and the information documents, pursuant to Article 84-bis of CONSOB Regulation no. 11971/1999, which are available in the Governance/Shareholders' Meeting section of the Company website at www.ovscorporate.it.

Shares held by directors, statutory auditors and executives with strategic responsibilities

For information on the Shares held by Directors, Statutory Auditors and Managers with strategic responsibilities, please refer to the Remuneration Report, prepared in accordance with Article 123-ter of the Consolidated Law on Finance, pursuant to Article 84-quater and Annex 3A, Schedule 7-bis of CONSOB Regulation no. 11971/1999 as subsequently amended (the “Issuers’ Regulation”) and Article 6 of the Corporate Governance Code, which can be viewed in the Governance/Shareholders’ Meeting section of the Company website at www.ovscorporate.it.

Treasury shares

At 31 July 2024, the Parent Company, OVS S.p.A., held a total of 43,460,139 treasury shares, representing 14.9387% of the share capital.
In the first half of 2024, 14,809,188 treasury shares were acquired at an average purchase price of €2.433 per share for a total amount of €36.027 million, while disposals were recorded for 387,250 shares for an amount of approximately €607 thousand.

Article 15 of the Markets Regulation (adopted by CONSOB with Resolution no. 20249 of 28 December 2017)

Investee companies with registered offices in non-EU countries, of which the biggest is OVS Hong Kong Sourcing Ltd, are not significant under Article 151 of the Issuers’ Regulation as their respective assets amount to less than 2% of the assets in the Group’s consolidated financial statements at 31 July 2024 and their respective revenues amount to less than 5% of the Group’s consolidated revenues at 31 July 2024.

Article 16, paragraph 4 of the Markets Regulation (adopted by CONSOB by Resolution No. 20249 of 28 December 2017)

Due to transactions carried out in previous years, the shareholder Tamburi Investment Partners S.p.A. now holds a total stake of approximately 28.44% in OVS's share capital.
Despite the equity investment held by Tamburi Investment Partners S.p.A., OVS S.p.A. does not consider itself to be subject to management and coordination by the latter, as:

- it operates completely independently;
- there is no cash pooling function for the Group;
- key decisions relating to management of the Parent Company and its subsidiaries are taken by the Parent Company's own management bodies;
- the Parent Company's Board of Directors is responsible, inter alia, for reviewing and approving the strategic, business and financial plans and budgets of the Company and the OVS Group, reviewing and approving the organisational structure of the OVS Group, and assessing the adequacy of the organisational, management and accounting structure of the Company and the OVS Group.

Information pursuant to articles 70 and 71 of CONSOB Regulation 11971/1999

It should be noted that OVS S.p.A. has opted to adopt the system in derogation of Articles 70, paragraph 6 and 71, paragraph 1 of CONSOB Regulation No. 11971/1999 (the Issuers' Regulation) in the event of significant mergers, demergers and capital increases through the contribution of assets in kind, acquisitions and disposals, having notified CONSOB, Borsa Italiana and the public thereof at the time of submission of the application for the listing of shares on the MTA market, pursuant to Articles 70, paragraph 8 and 71, paragraph 1-*bis* of the Issuers' Regulation.

Information on Corporate Governance and Ownership Structure (disclosure pursuant to Article 123-bis of Legislative Decree 58/1998)

On 17 April 2024, the Company's Board of Directors approved its report on corporate governance and ownership structure for the year ended 31 January 2024, drafted pursuant to Article 123-*bis* of the Consolidated Law on Finance (the "Corporate Governance Report").
The Corporate Governance Report contains a description of the corporate governance system adopted by the Company in the financial year 2023, information on its ownership structure and adherence to the Corporate Governance Code as of the date of the Corporate Governance Report, information on the Company's main governance practices and the characteristics of its risk management and internal control system for the financial reporting process.

For further information on the Company's corporate governance structure, which was also adopted in application of the principles set forth in the Corporate Governance Code, see the document entitled "Corporate Governance Report", which is available in the Governance/2024 Shareholders' Meeting section of the Company website.

Significant events after the reporting date

The plan to purchase treasury shares continued: from 1 August 2024 to date, the Parent Company has purchased 1,522,549 treasury shares, equal to 0.52335% of the share capital for a total amount of €3.851 million, while there were no disposals.
There were no other significant events after 31 July 2024.

Business outlook

All brands began the second half of the year with very positive sales results. Sales in August grew by 7 per cent, due in part to the continuing summer weather. September, which is the turning point into the autumn collection, is achieving excellent results, with sales showing double-digit growth to date, benefiting margins and cash generation.
The autumn collections, which feature a range of new ideas, have been well received and, given what has been achieved to date, they lead us to be optimistic about the result for the current quarter and the year as a whole.

Condensed consolidated half-year financial statements at 31 July 2024

Consolidated statement of financial position (thousands of euro)

ASSETS	Note	31.07.2024	of which related parties	31.01.2024	of which related parties
Current assets					
Cash and banks	*6.1*	91,549		105,790	
Trade receivables	*6.2*	119,221	12	105,202	0
Inventory	*6.3*	495,800		460,972	
Financial assets	*6.4*	2.306		5,445	
Financial assets for leases	*6.5*	325	0	817	0
Current tax assets	*6.6*	5,897		7,271	
Other receivables	*6.7*	20,612		24,117	
Total current assets		**735.710**		**709,614**	
Non-current assets					
Property, plant and equipment	*6.8*	307,585		293,681	
Right of use assets	*6.9*	939,221		919,112	
Intangible assets	*6.10*	584,830		589,847	
Goodwill	*6.11*	304,986		297,686	
Equity investments	*6.13*	150		0	
Financial assets	*6.4*	6,745	2,853	3,773	
Financial assets for leases	*6.5*	563	0	1,476	0
Other receivables	*6.7*	7,990		7,898	
Total non-current assets		**2,152,070**		**2,113,473**	
TOTAL ASSETS		**2,887,780**		**2,823,087**	

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.07.2024	of which related parties	31.01.2024	of which related parties
Current liabilities					
Financial liabilities	*6.14*	130,164		19,512	
Financial liabilities for leases	*6.15*	139,313		141,321	
Trade payables	*6.16*	400,346	(47)	400,632	(47)
Current tax liabilities	*6.17*	3,073		7,289	
Other payables	*6.18*	148,785	1,293	173,674	2,417
Total current liabilities		**821,681**		**742,428**	
Non-current liabilities					
Financial liabilities	*6.14*	231,610		238,944	
Financial liabilities for leases	*6.15*	880,631		859,464	
Employee benefits	*6.19*	26,197		28,039	
Provisions for risks and charges	*6.20*	6,842		6,324	
Deferred tax liabilities	*6.21*	28,485		27,833	
Other payables	*6.18*	21,323		19,178	
Total non-current liabilities		**1,195,088**		**1,179,782**	
TOTAL LIABILITIES		**2,016,769**		**1,922,210**	
SHAREHOLDERS' EQUITY					
Share capital	*6.22*	290,923		290,923	
Treasury shares	*6.22*	(92,563)		(57,384)	
Other reserves	*6.22*	651,511		614,948	
Net result for the period		21,462		52,303	
GROUP SHAREHOLDERS' EQUITY		**871,333**		**900,790**	
NON-CONTROLLING INTERESTS	*6.22*	(322)		87	
TOTAL SHAREHOLDERS' EQUITY		**871,011**		**900,877**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,887,780**		**2,823,087**	

Consolidated income statement

(thousands of euro)

	Note	31.07.2024	of which related parties	31.07.2023	of which related parties
Revenues	*7.23*	762,056		734,864	
Other operating income and revenues	*7.24*	43,434	10	43,655	
Total revenues		**805,490**		**778,519**	
Purchases of raw materials, consumables and goods	*7.25*	313,706		312,691	
Personnel costs	*7.26*	162,568	3,396	147,141	3,855
Depreciation, amortisation and write-downs of assets	*7.28*	111,081		116,249	
Other operating expenses					
Service costs	*7.29*	115,843		110,702	
Costs for the use of third-party assets	*7.29*	20,134		19,417	
Write-downs and provisions	*7.29*	2,845		1,125	
Other operating expenses	*7.29*	9,691		9,885	
Earnings before net financial expenses and taxes		**69,622**		**61,309**	
Financial income	*7.30*	719	3	382	
Financial expenses	*7.30*	(40,315)		(29,443)	
Foreign exchange gains and losses	*7.30*	2,437		(354)	
Gains (losses) from equity investments	*7.30*	0		0	
Earnings before tax for the period		**32,463**		**31,894**	
Taxes	*7.31*	(10,813)		(9,511)	
Net result for the period		**21,650**		**22,383**	
Net result for the period attributable to the Group		**21,462**		**22,255**	
Net result for the period attributable to minority shareholders		**188**		**128**	
Earnings per share (in euro)	*7.32*				
- basic		0.084		0.081	
- diluted		0.082		0.081	

Consolidated statement of comprehensive income

(thousands of euro)

	Note	31.07.2024	31.07.2023
Net result for the period (A)		**21,650**	**22,383**
Other gains (losses) that will not be subsequently reclassified in the income statement:			
- Change in consolidation reserve	*6.22*	0	0
- Actuarial gains (losses) for employee benefits	*6.19-6.22*	1,293	(13)
- Tax on items recognised in the reserve for actuarial gains (losses)	*6.21-6.22*	(310)	3
Total other comprehensive gains (losses) that will not be subsequently reclassified in the income statement		**983**	**(10)**
Other gains (losses) that will be subsequently reclassified in the income statement:			
- Change in translation reserve	*6.22*	(34)	818
Total other comprehensive gains (losses) that will be subsequently reclassified in the income statement		**(34)**	**818**
Total other items of comprehensive income (B)		**949**	**808**
Total comprehensive income for the period (A) + (B)		**22,599**	**23,191**
Total comprehensive income attributable to the Group		22,411	23,063
Total comprehensive income attributable to minority shareholders		188	128

Consolidated statement of cash flows

(thousands of euro)

	Note	31.07.2024	31.07.2023
Operations			
Net result for the period		21,650	22,383
Provision for taxes	*7.32*	10,813	9,511
Adjusted for:			
Net depreciation, amortisation and write-downs of fixed assets, including for leases	*7.28*	111,081	116,249
Net capital (gains) losses on fixed assets, including for leases		(2,056)	(82)
Net financial expenses (income) including for leases	*7.30*	39,596	29,061
Expenses (income) from foreign exchange differences and currency derivatives	*7.30*	(2,094)	4,171
Loss (gain) on derivatives due to change in fair value	*7.30*	(343)	(3,817)
Allocations to provisions	*6.19-6.20*	377	375
Utilisation of provisions	*6.19-6.20*	(991)	(1,643)
Cash flows from operating activities before changes in working capital		**178,033**	**176,208**
Cash flow generated/(absorbed) by change in working capital	*6.2-3-6-7-16-17-18-21*	(66,993)	(61,061)
Taxes paid		(12,901)	(4,156)
Net interest received (paid) including for leases		(41,010)	(30,943)
Realised foreign exchange differences and cash flows from currency derivatives		1,849	(5,997)
Other changes		191	1,814
Cash flow generated (absorbed) by operating activities		**59,169**	**75,865**
Investments			
(Investments in) fixed assets	*6.8-6.10-6.11*	(44,630)	(38,301)
Disposals of fixed assets	*6.8-6.10-6.11*	75	320
(Increase) decrease in equity investments	*6.13*	(150)	0
Cash in (out) after business combinations during the year		(1,500)	0
Cash flow generated (absorbed) by investments		**(46,205)**	**(37,981)**
Financing			
Net change in financial assets and liabilities	*6.4-6.14*	104,790	56,519
(Repayment) of lease liabilities/collection of lease assets	*6.5-6.15*	(71,570)	(88,982)
(Buy-back) of treasury shares	*6.22*	(35,179)	(12,904)
Distribution of dividends		(25,246)	(16,701)
Cash flow generated (absorbed) by financing activities		**(27,205)**	**(62,068)**
Increase (decrease) in cash and cash equivalents		**(14,241)**	**(24,184)**
Cash and cash equivalents at start of period		**105,790**	**106,019**
Cash and cash equivalents at end of period		**91,549**	**81,835**

The cash effects of relations with related parties are described in the section “Relations with related parties” in the notes to these condensed consolidated half-year financial statements.

Consolidated statement of changes in shareholders’ equity

(thousands of euro)

	Share capital	Share premium reserve	Legal reserve	Reserve for treasury shares	Reserve for actuarial gains (losses)	Translation reserve	IFRS 2 reserve	Other reserves	Retained earnings	Net result for the period	Total shareholders’ equity attributable to the OVS Group	Non-controlling interests	Total shareholders’ equity
Balances at 1 February 2023	**290,923**	**528,678**	**14,175**	**(26,018)**	**(1,066)**	**(902)**	**11,041**	**4,701**	**42,018**	**39,202**	**902,752**	**418**	**903,170**
- Appropriation of earnings for financial year 2022	*0*	*0*	*1,248*	*0*	*0*	*0*	*0*	*0*	*21,559*	*(39,202)*	*(16,395)*	*(360)*	*(16,755)*
- Buy-back of treasury shares	***0***	***0***	***0***	*(12,904)*	***0***	***0***	***0***	***0***	***0***	***0***	*(12,904)*	*0*	*(12,904)*
- Change in consolidation scope	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	*0*	*0*	*0*
- Management incentive plans	***0***	***0***	***0***	***0***	***0***	***0***	*996*	***0***	***0***	***0***	*996*	*0*	*996*
Transactions with shareholders	0	0	1,248	(12,904)	0	0	996	0	21,559	(39,202)	(28.303)	**(360)**	(28,663)
Net result for the period	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	*0*	*22,255*	*22,255*	*128*	*22,383*
- Other items of comprehensive income	***0***	***0***	***0***	***0***	*(10)*	*818*	***0***	***0***	***0***	*0*	*808*	*0*	*808*
Total comprehensive income for the period	0	0	0	0	(10)	818	0	0	0	22,255	23,063	128	23,191
Balances at 31 July 2023	**290,923**	**528,678**	**15,423**	**(38,922)**	**(1,076)**	**(84)**	**12,037**	**4,701**	**63,577**	**22,255**	897,512	186	**897,698**
Balances at 1 February 2024	**290,923**	**528,678**	**15,423**	**(57,384)**	**(2,213)**	**59**	**12,550**	**4,701**	**55,750**	**52,303**	**900,790**	**87**	**900,877**
- Appropriation of earnings for the financial year 2023	*0*	*0*	*2,946*	*0*	*0*	*0*	*0*	*0*	*31,846*	*(52,303)*	*(17,511)*	*(597)*	*(18,108)*
- Buy-back of treasury shares	***0***	***0***	***0***	*(35,179)*	***0***	***0***	***0***	***0***	***0***	***0***	*(35,179)*	*0*	*(35,179)*
- Change in consolidation scope	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	*0*	*0*	*0*
- Management incentive plans	***0***	***0***	***0***	***0***	***0***	***0***	*731*	***0***	*91*	***0***	*822*	*0*	*822*
Transactions with shareholders	0	0	2,946	(35,179)	0	0	731	0	31,937	(52,303)	(51,868)	**(597)**	(52,465)
Net result for the period	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	*0*	*21,462*	*21,462*	*188*	*21,650*
- Other items of comprehensive income	***0***	***0***	***0***	***0***	*983*	*(34)*	***0***	***0***	***0***	*0*	*949*	*0*	*949*
Total comprehensive income for the period	0	0	0	0	983	(34)	0	0	0	21,462	22,411	188	22,599
Balances at 31 July 2024	**290,923**	**528,678**	**18,369**	**(92,563)**	**(1,230)**	**25**	**13,281**	**4,701**	**87,687**	**21,462**	**871,333**	**(322)**	**871,011**

Notes to the financial statements

1. General information

OVS S.p.A. (hereinafter also the “Company” or the “Parent Company”) is a company incorporated on 14 May 2014, domiciled in Italy and organised under the laws of the Republic of Italy, having its registered office in Mestre, Venice, Italy, at Via Terraglio 17.

Borsa Italiana, with Order no. 8006 of 10 February 2015, approved the listing of the shares of OVS S.p.A. on the Mercato Telematico Azionario (MTA) stock market, organised and managed by Borsa Italiana S.p.A..
Trading on the Mercato Telematico Azionario (MTA), as ordered by Borsa Italiana, began on Monday, 2 March 2015.

These condensed consolidated half-year financial statements at 31 July 2024 were prepared pursuant to Article 154-ter of Legislative Decree no. 58/1998 as well as the relevant CONSOB provisions, and they were approved by the Board of Directors at its meeting on 19 September 2024.

2. Impact of global tensions on Group performance

The first six months of 2024 were also characterised by macroeconomic phenomena, in particular those that followed the conflict in the Middle East that began in October 2023: the threat of war in the Red Sea and the consequent lengthening of the marine routes for the circumnavigation of Africa had already been duly considered also in the business plans that underlie several estimates of the financial statements at 31 January 2024, especially due to their inevitable effect on the cost of transport. They were joined by the political crisis in Bangladesh, with large-scale demonstrations in July and August. On the other hand, these first six months of the year saw the first tangible signs that the ECB is aiming at the progressive reduction of interest rates and therefore a gradual adjustment of inflation rates in all of Europe’s economies (including Italy). In this extremely difficult economic environment, the OVS Group’s results in terms of sales and EBITDA were particularly satisfactory for the first half of 2024.

3. Criteria for preparation of the condensed consolidated half-year financial statements

The structure of the condensed consolidated half-year financial statements at 31 July 2024, the main accounting policies and the valuation criteria used by the Group are described below.

3.1 Structure and content of the financial statements

The condensed consolidated half-year financial statements at 31 July 2024 were prepared pursuant to IAS 34, which regards interim financial reporting. IAS 34 allows for the preparation of financial statements in condensed form, i.e. based on a minimum level of disclosure that is significantly lower than that required by the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union (IFRS), when full financial statements prepared pursuant to IFRS have already been made publicly available. The condensed consolidated half-year financial statements at 31 July 2024 have been prepared in "summary" form and should therefore be read in conjunction with the consolidated financial statements of the OVS Group for the year ended 31 January 2024, prepared pursuant to IFRS.

The condensed consolidated half-year financial statements at 31 July 2024 of the OVS Group, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in consolidated shareholders' equity and the notes to the financial statements, are presented in euros as the current currency of the economies in which the Group chiefly operates, unless otherwise indicated.

These consolidated financial statements have been prepared in accordance with the general criteria for the reliable and truthful presentation of the Group's financial position, results of operations and cash flows, in accordance with the general principles of business continuity, accrual, consistency of presentation, relevance and aggregation, prohibition of offsetting and comparability of information.
Please see the following sections of these notes and comments on the Report on Operations concerning the detailed examination of the various financial and non-financial instruments available to the Group that ensure the normal course of its business and the compliance with its current obligations, despite the macroeconomic context, which is still characterised by uncertainty, particularly due to the instability of the raw materials, transport and energy markets, due to the many conflicts in Eastern Europe and the Middle East.

With regard to the presentation methods used for the consolidated accounting schedules, in the context of the options under IAS 1, the OVS Group has opted for the following types of accounting schedules:

- Statement of financial position: assets and liabilities are classified with current and non-current items shown separately;
- Income statement: prepared separately from the statement of comprehensive income with operating costs classified by nature;
- Statement of comprehensive income: this includes, in addition to the result for the period, changes in shareholders' equity related to items of an economic nature which, by express provision of the international accounting standards, are recognised as components of shareholders' equity;

– Statement of cash flows: the statement shows the cash flows from operating, investment and financing activities. The indirect method was used to prepare this statement;
– Statement of changes in shareholders' equity: it is shown separately from the result for the period and each item of income and expense not posted to the income statement but recognised directly in shareholders' equity pursuant to specific IFRS.

The schedules used, as specified above, provide the best representation of the OVS Group's financial position and profit performance.
The notes to the financial statements analyse, expand upon and comment on the values shown in the OVS Group's consolidated financial statements. They are accompanied by additional information deemed necessary to give a true and fair view of the Group's financial position and results.
Changes in the items recognised under assets and liabilities and in the income statement are expanded upon when they are significant.

These condensed consolidated half-year financial statements at 31 July 2024 were prepared on the basis of the historical cost principle, except for derivatives, which are measured at fair value as required by IFRS 9 and on a going concern basis.

Please see the Report on Operations for detailed information on the nature of the Group's activity.

KPMG S.p.A. has performed a limited audit on the condensed consolidated half-year financial statements at 31 July 2024.

3.2 Scope of the consolidation

The condensed consolidated half-year financial statements at 31 July 2024 include, as well as the Parent Company's financial statements, the financial statements of all the subsidiaries from the date at which control is taken until the date at which this control ceases.
The following is a list of the companies included within the scope of consolidation on a line-by-line basis, indicating the information relating to the name, registered office and share capital held directly and indirectly by the OVS Group at 31 July 2024:

Company	Registered office	Share capital		% investment
Italian companies				
OVS S.p.A.	Venice - Mestre	290,923,470	EUR	Parent company
82 S.r.l.	Venice - Mestre	10,000	EUR	70%
OVS Innovazione e sostenibilità S.r.l.	Venice - Mestre	100,000	EUR	100%
Energia Verde Uno S.r.l.	Venice - Mestre	10,000	EUR	51%
JB Licenses S.r.l.	Venice - Mestre	600,919	EUR	100%
Foreign companies				
OVS Department Stores D.O.O.	Belgrade - Serbia	1,562,752,878	RSD	100%
OVS Maloprodaja D.O.O.	Zagreb - Croatia	2,654	EUR	100%
OVS Hong Kong Sourcing Limited	Hong Kong	585,000	HKD	100%
OVS India Sourcing Private Ltd	Delhi - India	15,000,000	INR	100%
COSI International Ltd	Hong Kong	10,000	HKD	100%
COSI International (Shanghai) Ltd	Shanghai - China	1,000,000	RMB	100%
OVS Fashion España S.L.	Madrid - Spain	3,100	EUR	100%
OVS France Sas	Paris - France	30,000	EUR	100%
OVS Germany Gmbh	Leipzig - Germany	100,000	EUR	100%
Vespucci Fashion Inc.	New York - USA	500,000	USD	80%

The list of equity investments measured using the equity method is as follows:

Centomilacandele S.c.p.A. in liquidation	Milan	300,000	EUR	31.63%

In the first half of 2024, the scope of consolidation saw the entry of JB Licenses S.r.l. following its acquisition in April 2024, as discussed in more detail in the following section.
There were no other changes in the scope of consolidation.

3.3 Business combinations

The Group recognises business combinations using the acquisition method pursuant to IFRS 3 - Business Combinations.

Under this method, the consideration transferred to a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities assumed at the acquisition date. The ancillary costs of the transaction are usually recognised in the income statement when they are incurred.

Goodwill is determined as the excess of the sum of the considerations transferred to the business combination, shareholders' equity attributable to third parties and the fair value of any equity investment previously held in the acquiree, over the fair value of the net assets acquired and liabilities assumed at the acquisition date.

If a business combination takes place in stages with successive purchases of shares, each phase is valued separately, using the cost and information on the fair value of the assets, liabilities and contingent liabilities at the date of each operation to determine the amount of any difference. When a subsequent purchase means that control of a company is obtained, the stake previously held is re-presented based on the fair value of the identifiable assets, liabilities and contingent liabilities determined at the date that control is acquired, and the difference is recognised in the income statement.

On 5 February 2024, the Italian Antitrust Authority (AGCM) did not impose any restrictions on the transaction involving OVS S.p.A.'s acquisition of the J. Brand International S.r.l. business unit. As already mentioned, the acquisition concerns a newly formed company (JB Licenses S.r.l.) to which, at the end of March 2024 as a result of a demerger, J. Brand International S.r.l. transferred the business unit relating to the activity of production of casual clothing under licence, through foreign contractors, and sale to other companies, which then resell the products thus purchased. On 10 April 2024, a share purchase agreement was signed by OVS S.p.A. and J. Brand International S.r.l. under which the Company acquired full control of JB Licenses S.r.l. with effect from 1 April 2024.

This transaction represents a business combination in accordance with IFRS 3. The total price paid to the seller (J. Brand International S.r.l.) for the acquisition was provisionally defined as €1.500 million, but will be supplemented in the following 3 years as a result of certain earn-outs to be paid to the seller on the basis of certain economic and financial parameters of the acquired target company. It should be noted that the acquired business continued to operate seamlessly from the first days of April 2024.

The fair value at the acquisition date of the components of the consideration transferred (thus including future earn-outs) was €7.400 million.

As this is a newly established company, the amounts relating to the shareholders' equity acquired relate exclusively to certain trademarks recognised in the company's financial statements as a result of the demerger described above, which amount to €100 thousand. At the time of preparing these condensed consolidated half-year financial statements, the provisional purchase price allocation process did not show any other assets or liabilities to be valued; therefore, the difference between the total consideration transferred and the adjusted (provisional) shareholders' equity showed a residual goodwill of €7.300 million. However, it should be noted that the final price allocation process will be completed by the end of the financial year, and therefore by the end of the financial statements that will close on 31 January 2025.

3.4 Financial statements in foreign currencies

The translation into euros of the financial statements of foreign subsidiaries denominated in currencies other than the euro is carried out by applying the exchange rates in force at the end of the year to assets and liabilities and applying average exchange rates in the period to income statement items, while shareholders' equity is recognised at historical exchange rates, usually identified as the exchange rates at the end of the first year in which the investee company was included within the scope of consolidation.

Foreign exchange gains or losses arising from the translation of financial statements presented in foreign currencies using the above methods are cumulatively recognised under other comprehensive income in a specific equity reserve until the equity investments are disposed of.

The exchange rates used for translation are shown in the following table:

		Final exchange rate at		Average exchange rate for the half-year ended	
Currency	**Code**	**31.07.2024**	**31.01.2024**	**31.07.2024**	**31.07.2023**
US dollar	USD	1.08	1.08	1.08	1.09
Hong Kong dollar	HKD	8.46	8.47	8.44	8.51
Chinese renminbi	RMB	7.82	7.78	7.81	7.60
Serbian dinar	RSD	117.15	117.20	117.13	117.29
Indian rupee	INR	90.63	90.00	90.00	89.30

3.5 Accounting policies and consolidation criteria

The accounting policies and consolidation criteria used to prepare the condensed consolidated half-year financial statements at 31 July 2024 are consistent with those used to prepare the consolidated financial statements for the year ended 31 January 2024, to which reference is made for the purpose of completeness, except in the case of:

1. income taxes, which are also recognised on the basis of the best estimate of the expected weighted average rate for the full year;
2. the standards and amendments set out below, applied with effect from the year 2024, as they became mandatory following completion of the relevant approval procedures by the competent authorities, the application of which, moreover, had no significant effects on the Group’s financial position and results. The Group has not adopted in advance any standard, interpretation or improvement issued but not yet in force.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) - By Regulation 2579/2023 of 20 November 2023, the European Commission adopted certain amendments to IFRS 16 - Leases that clarify the accounting aspects of sale and leaseback transactions.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) and Non-current Liabilities with Covenants (Amendments to IAS 1) - Regulation 2822/2023 of 19 December 2023, meanwhile, introduced some amendments to IAS 1 – Presentation of Financial Statements with the aim of improving disclosure if the right to defer the settlement of a liability for at least 12 months is subject to covenants.

International Tax Reform Pillar Two Model Rules (Amendments to IAS 12) - Pillar Two legislation has been substantially adopted in certain jurisdictions in which the Group operates. The legislation entered into force for the financial year starting on 1 January 2024 and the Group, falling within the scope of the Pillar Two rules, assessed the impact of the new legislation, taking into account the amendments introduced by IAS 12 “Income taxes”.

The assessment was based on the latest available information, including tax returns, country-by-country reporting, financial information for 2023, some preliminary information for the year 2024, and the tax legislation currently in force in the various countries where the Group operates.

On the basis of the assessments made with reference to the final values at 31 January 2024 for each jurisdiction and the best interpretation of the documents published by the OECD, all countries in which the Group operates exceed transitional safe harbours, with the exception of Hong Kong. Only in this country were the preliminary effects, based on the forecast data at 31 January 2025, with a total provision in the first half of 2024 of approximately €500 thousand for an increase in “Income taxes” in the income statement and “Tax payables” in liabilities. The effects for the entire year 2024 will be determined on the basis of the final data for the year when preparing the annual consolidated financial statements. Since this assessment is based on final values for 2023 and the relevant information available for the 2024 tax period (i.e., the amount of dividends paid in the 2024 tax period by OVS Hong Kong Sourcing Limited to OVS S.p.A., which has a considerable impact on the calculation of the Top-Up Tax), the actual impact that Pillar Two regulations will have on the Group’s exposure to Pillar Two taxes for the first year of entry into force (i.e. the year ending 31 January 2025) could be subject to change. The group continues to assess the impact of Pillar Two’s income tax legislation by monitoring future financial results.

International accounting standards and/or interpretations not yet applicable

Amendments to IAS 7 and IFRS 7 (Supplier Finance Agreements) - With Regulation 2024-1317 of 15.05.2024, the European Commission adopted several amendments to IAS 7 and IFRS 7 that establish disclosure requirements for financing agreements for the supplies of a company. This reporting obligation is not required for 2024 interim reports.

4. Use of estimates

These interim financial statements, prepared in accordance with IFRS, contain estimates and assumptions made by the Group that influence the values of the revenues, costs, assets and liabilities and an indication of contingent liabilities at the date of the interim financial statements. These estimates are based on past experience and assumptions considered reasonable based on the information available at the time of the estimate.

The assumptions deriving from these estimates are reviewed periodically and the relative effects are reflected in the income statement in the period in which they occur; therefore, the final results may differ from these estimates.

It should also be noted that certain more complex valuation processes are generally carried out in their fullest form only when the annual financial statements are prepared, when all the necessary information is available. For a more detailed description of the most relevant valuation processes for the Group, see the section “Use of estimates” contained in the Annual Financial Report at 31 January 2024.

5. Information on financial risks

The main corporate risks identified, monitored and - as specified below - actively managed by the OVS Group are as follows:

- credit risk (relating both to normal commercial relationships with customers and to financing activity);
- liquidity risk (relating to the availability of financial resources and access to the credit market, and to financial instruments in general); and
- market risk (defined as foreign exchange risk and interest rate risk).

The condensed consolidated half-year financial statements at 31 July 2024 do not include all the information relating to financial risks described in the consolidated financial statements for the year ended 31 January 2024: please see these financial statements for a more detailed analysis.

There were no changes in the types of risks to which the OVS Group is exposed and its risk management policy compared with the risks described in the consolidated financial statements for the year ended 31 January 2024.

The OVS Group aims to maintain balanced management of its financial exposure over time, to ensure that its liability structure is in balance with the composition of its balance-sheet assets and to provide the necessary operational flexibility through the use of cash generated by current operating assets and bank loans.

Management of the relative financial risks is centrally guided and monitored. Specifically, the central finance

function is responsible for evaluating and approving projected financial requirements, monitoring progress and establishing appropriate corrective action if necessary.
The financial instruments most used by the OVS Group are as follows:

- medium/long-term financing, including in the form of bond loans, to cover investments in non-current assets;
- short-term loans and use of lines of credit on current accounts to fund working capital.

The OVS Group enters into derivative contracts in order to reduce exchange rate risks relating to the US dollar, which is the main currency used to purchase goods from suppliers in the Far East.

5.1 Credit risk

Credit risk represents the OVS Group's exposure to the risk of potential losses arising from default by counterparties.
For the period under review, there are no significant concentrations of credit risk.
To reduce credit risk, the OVS Group generally obtains guarantees in the form of sureties for loans granted for the supply of goods. At 31 July 2024, the total guarantee amount was €82.6 million, including €22.8 million in overdue receivables (€85.9 million at 31 January 2024, including €21.7 million in overdue receivables).
The Group also regularly undertakes revolving assignments of receivables without recourse for a small number of select customers. At 31 July 2024, the value of the receivables assigned was €9.3 million.
Trade receivables are recognised net of write-downs calculated on the basis of the risk of counterparty default, determined by using available information on the solvency of the customer and also taking historical data and prospective losses into account to the extent reasonably expected. Positions that are particularly significant, and that are objectively partially or totally irrecoverable, are written down individually.
Trade receivables totalled €119.2 million at 31 July 2024 (€105.2 million at 31 January 2024).
Receivables written down (partially or fully) amounted to €14.1 million at 31 July 2024 (€13.2 million at 31 January 2024).
Overdue receivables amounted to €44.4 million (€39.1 million at 31 January 2024).
See note 6.2 "Trade receivables" for more details about the provision for doubtful accounts.

5.2 Liquidity risk

Liquidity risk can arise through an inability to access, under economically viable conditions, the financial resources necessary for the OVS Group to operate. The two main factors influencing the OVS Group's liquidity levels are:

- the financial resources generated or absorbed by operating and investment activities;
- the expiry and renewal of financial debt.

The OVS Group's liquidity requirements are monitored by the treasury department to ensure effective access to financial resources and adequate liquidity investment/yield levels.

For a detailed description of the financial resources currently used by the OVS Group, please see the notes below on “Shareholders’ equity” and “Bank debt”, respectively.
In light of the substantial operations to strengthen the Group’s financial soundness that were completed in 2021 and 2022, management believes that the funds and credit facilities currently available, in addition to those generated by operating and financing activities, will enable the OVS Group to meet its requirements in respect of future investment activities, management of working capital and the repayment of debt when it is contractually due.

See also note 6.14 below for more information about the changes that took place in the OVS Group’s capital and financial structure during the first half.

Lastly, it should be noted that during the half-year, the net changes in financial assets and liabilities presented in the consolidated statement of cash flows (corresponding to net cash generation of €104.8 million) can be broken down as follows: partial repayment of -€7.5 million of the “Amortising” loan, an incremental increase of +€90.0 million in the “Revolving” line and +€19.5 million for the “Hot Money” line, an increase in financial payables due to interest of +€1.9 million, and other minor changes of +€0.9 million.

5.3 Market risk

Interest rate risk

The OVS Group uses external financial resources in the form of debt and employs liquidity available in bank deposits. Fluctuations in market interest rates may affect the cost and returns of various forms of financing and investment, thus affecting the OVS Group’s level of financial expenses and income. In particular, the new loan agreement signed on 7 April 2022 and disbursed on 8 April 2022 (the “2022 Loan”) is remunerated at the 3-month Euribor variable rate for the Amortising Line and 1-3-6-month Euribor for the Revolving Line, to which the contractual margin is added. There is no obligation to hedge interest rate risk for this 2022 Loan. With regard to the Bond Loan, it should be noted that this carries a fixed coupon of 2.25% until maturity (10 November 2027), except for a possible step-up of an additional 25 bps from 2024 if certain ESG parameters are not achieved. To manage interest rate risks, the OVS Group used interest rate derivatives (“caps”) in previous years with the aim of mitigating, under economically acceptable conditions, the potential impact of changes in interest rates on the income statement.
In view of the composition of the Group’s debt, only partially exposed to changes in interest rates, specific hedges of the risk of interest rate fluctuations are currently not in place. However, transactions may be implemented based on market volatility.

Foreign exchange risk

Exposure to the risk of exchange rate fluctuations derives from the OVS Group's commercial activities, which are also conducted in currencies other than the euro. Revenues and costs denominated in foreign currencies can be affected by exchange rate fluctuations, with an impact on sales margins (economic risk), and payables and receivables in foreign currencies may be affected by the conversion rates used, with an impact on the income statement (transactional risk).
The main exchange rate to which the OVS Group is significantly exposed is the EUR/USD, in relation to purchases in dollars made in the Far East and on other markets in which the dollar is the trading currency.
The Group is also exposed to the EUR/HKD exchange rate in relation to the translation risk of investee company OVS Hong Kong Sourcing Limited. The conversion effects of the other foreign companies for which the euro is not the functional currency are marginal.
Exchange rate fluctuations may result in the realisation or reporting of foreign exchange gains or losses. The OVS Group also hedges orders, including those that are highly probable although not obtained, pursuing the management aim of minimising exposure to risk.
The OVS Group purchases most of its products for sale from foreign suppliers for which the reference currency is the US Dollar (USD). In order to ensure reliability in the planning of sales prices and the relative industrial margin (understood as the difference between sales prices in EUR and the purchase costs of products in USD), the OVS Group routinely enters into derivative contracts designed to stabilise the exchange rate of goods purchases. The nature of these instruments is quite simple, as they are purchases of forward USD currency (forward derivatives) implemented in relation to estimated inflows and with timelines associated with the foreseeable outflow of cash, usually with a time horizon of 12 to 24 months from the date of signing the associated contracts. The instruments in question are initially entered into, in particular, taking into account quantifications (based on estimates) determined on the basis of purchases of the previous collection and considering the business outlook. Such operational hedges of purchase flows take place, in fact, by collection and by month. The instruments are then constantly monitored and updated by the OVS Group in relation to potential changes in purchase and payment flows and therefore to the variable need for stabilisation of exchange rates during the operational development of commercial planning.

It should be noted that in exceptional cases the Group may liquidate hedging derivative contracts for the expected purchase of goods. No such transaction was necessary in the first half of 2024.

The derivatives described are recognised at 31 July 2024 at their fair value, according to the methods of recognition and measurement established in IFRS 9. Under this accounting standard, the entity is still permitted, under certain conditions, to book derivatives using hedge accounting. In view of the operational complexity in managing the correspondence between the theoretical underlyings (the flows subject to the

management hedging described) and the derivatives, the OVS Group has decided not to adopt hedge accounting. Consequently, the fair value of existing financial instruments and subsequent changes in such instruments are directly charged to the income statement on each reporting date. The fair value of derivatives is quantified using common valuation techniques and is mainly determined by the difference between the notional amount in USD converted into euro at the forward exchange rate at the time of entering into the contract and the notional amount in USD converted into euro at the exchange rate at the end of the reference period. This difference may be positive or negative depending on changes in the EUR/USD exchange rate.
In the period under review, the nature and structure of exposure to foreign exchange risk and the hedging policies followed by the OVS Group did not change substantially compared with the consolidated financial statements for the year ended 31 January 2024.

5.4 Capital management risk

The Group manages and if necessary modifies the equity structure with the adjustments that it considers to be most consistent with changes that may occur from time to time in general economic conditions and strategic objectives. In relation to equity risk, the Group’s primary objective is to ensure that the company continues as a going concern in order to ensure a fair economic return to shareholders and others while maintaining a good risk rating in the debt capital market. This also includes the buyback plans, which will be discussed in more detail in note 6.22 Shareholders’ equity.
In pursuit of this objective, the Group’s capital management works, inter alia, to ensure that covenants linked to financial debts to banks and bondholders and that define capital structure requirements are honoured.
There are no noteworthy minority share purchase agreements.

5.5 Fair value estimates

The *fair value* of financial instruments traded in an active market is based on market prices at the reporting date. The *fair value* of instruments that are not traded in an active market is measured using valuation techniques based on a series of methods and assumptions linked to market conditions at the reporting date. The *fair value* classification for financial instruments based on hierarchical levels is shown below:

- Level 1: *fair value* is measured with reference to quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: *fair value* is measured using valuation techniques with reference to variables observable on active markets;
- Level 3: *fair value* is measured using valuation techniques with reference to variables unobservable on active markets.

The financial instruments shown at *fair value* of the OVS Group are classified as Level 2, and the general criterion used to calculate it is the present value of future cash flows expected from the instrument being valued.

Moreover, in the first half of 2024 there were no transfers of financial assets and liabilities classified at the various levels of the fair value hierarchy.

Liabilities relating to bank borrowings are measured using the "amortised cost" criterion.

Trade receivables and payables were measured at the price defined for the relevant transaction as this is deemed to be close to the present value.

6. Notes to the consolidated statement of financial position

Details of the content of and changes in the most significant items are provided below (unless otherwise specified, amounts are in thousands of euro).

6.1 Cash and banks

	31.07.2024	31.01.2024	change
Cash and banks	**91,549**	105,790	(14,241)

The balance represents cash and cash equivalents at 31 July 2024 and 31 January 2024 and breaks down as follows (in thousands of euros):

		31.07.2024	31.01.2024	change
1)	Bank and post office deposits	85,901	100,236	(14,335)
2	Checks	5	5	0
3)	Cash on hand	5,643	5,549	94
Total		**91,549**	**105,790**	**(14,241)**

Cash and cash equivalents consists of cash, bank and post office deposits, cheques and cash on hand at the head office and stores in the direct sales network.
See the consolidated statement of cash flows for a detailed examination of the main changes in the Group's cash and cash equivalents during the half-year.

6.2 Trade receivables

	31.07.2024	31.01.2024	change
Trade receivables	**119,221**	105,202	14,019

The breakdown of trade receivables was as follows (thousands of euros):

	31.07.2024	31.01.2024	change
Trade receivables			
Receivables for retail sales	463	515	(52)
Receivables for wholesale sales	120,438	101,800	18,638
Receivables for services provided	5,977	8,402	(2,425)
Disputed receivables	6,490	7,771	(1,281)
Trade receivables from related parties	12	0	12
Subtotal	**133,380**	**118,488**	**14,892**
(Provision for doubtful accounts)	(14,159)	(13,286)	(873)
Total	**119,221**	**105,202**	**14,019**

Receivables for wholesale sales derive from sales to affiliates.

Receivables from services mainly include charges for department management and subletting to external managers.

Disputed receivables mainly consist of receivables for problem loans. Most of these receivables are written down by recognising a specific provision for doubtful accounts.

The write-downs relate to receivables from affiliates or business partners, collection of which is presumed to be difficult, for disputes, or, in the majority of cases, for pending legal proceedings against customers.

Changes in the provision for doubtful accounts are shown below:

(thousands of euro)	
Balance at 31 January 2024	**13,286**
Provisions allocated during the period	2,565
Used/released in the period	(1,692)
Balance at 31 July 2024	**14,159**

The allocation to the "Provision for doubtful accounts" expresses the presumed realisable amount of receivables that are still collectable at the closing date of the financial year and has been adjusted to the risk assessments related to the particular economic situation in Italy and Europe.

The drawdowns for the period relate to receivable positions for which elements of certainty and accuracy, or the presence of insolvency procedures, determine the total or partial derecognition of the position.

Given the types of products and services sold by the OVS Group, there is no significant concentration of revenues and trade receivables with individual customers.

6.3 Inventories

	31.07.2024	**31.01.2024**	**change**
Inventory	**495,800**	460,972	34,828

The itemisation of the inventory is shown in the following table:

(thousands of euro)	31.07.2024	31.01.2024
Goods	550,894	517,731
Gross inventory	**550,894**	**517,731**
Provision for depreciation	(44,124)	(40,458)
Provision for inventory differences	(10,970)	(16,301)
Total provision for inventory write-downs	**(55,094)**	**(56,759)**
Total	**495,800**	**460,972**

This item includes the inventory of goods at warehouses and stores at the reporting date.
The amount is largely in line with the amounts that would be obtained by valuing the inventories at current cost at the reporting date.
The increase in inventory reflects both the seasonal nature of the half-year (inventory totalled €484.2 million at 31 July 2023) and the greater stock in transit relating to new collections, managed in advance to minimise delays due to the Suez crisis.

The provision for depreciation reflects management's best estimate based on the breakdown by type and season of inventories, considerations arising from past experience and the outlook for sales volumes, including in light of the macroeconomic situation. The provision for inventory differences includes the estimate of inventory differences at the end of each of the periods under review, in view of the fact that the OVS Group carries out a physical inventory in February or June of each year.
These provisions are based on the management best estimate and are therefore believed by management to be consistent with their respective purposes.
Changes in the provision for depreciation and the provision for inventory differences for the half-year ended 31 July 2024 are shown below:

(thousands of euro)	Provision for depreciation	Provision for inventory differences	Total
Balance at 31 January 2024	**40,458**	**16,301**	**56,759**
Allocation	12,760	7,577	20,337
Drawdown	(9,094)	(12,908)	(22,002)
Balance at 31 July 2024	**44,124**	**10,970**	**55,094**

6.4 Current and non-current financial assets

	31.07.2024	31.01.2024	change
Current financial assets	**2,306**	5,445	(3,139)
Non-current financial assets	**6,745**	3,773	2,972

The breakdown of the "Financial assets" item into current and non-current at 31 July 2024 and at 31 January 2024 is shown below:

(thousands of euro)	31.07.2024	31.01.2024
Derivatives (current portion)	2,306	2,643
Other loans receivable from third parties	0	2,802
Total current financial assets	**2,306**	**5,445**
Derivatives (non-current portion)	0	0
Other loans receivable from third parties	6,745	3,773
Total non-current financial assets	**6,745**	**3,773**
Total	**9,051**	**9,218**

Derivatives include the fair value of forward derivatives entered into with the objective of hedging future purchases of goods in currencies other than the euro.

Non-current financial assets with third parties include medium-term loans and convertible debt instruments, granted by the Parent Company OVS S.p.A. to Italian third parties, remunerated at market interest rates, including €2.853 million attributable to the related party Goldenpoint S.p.A.

As already extensively reported in the Interim Report on Operations, to which reference is hereby made, following some preliminary agreements and verification of normal regulatory approvals and other typical conditions for similar transactions, on 16 July 2024 the Parent Company OVS S.p.A. finalised the investment agreement with Goldenpoint S.p.A., signing a convertible bond and acquiring 3% of the share capital, for a total amount of €3 million.

6.5 Financial assets for current and non-current leases

	31.07.2024	31.01.2024	change
Financial assets for current leases	**325**	817	(492)
Financial assets for non-current leases	**563**	1,476	(913)

Financial assets for leases are recorded in accordance with IFRS 16 with effect from the 2019 financial year.

6.6 Current tax assets

	31.07.2024	31.01.2024	change
Current tax assets	**5,897**	7,271	(1,374)

The balance mainly consists of receivables for withholding tax on fees (€1,259 thousand), tax credits of €4,352 thousand and taxes withheld at the source.

The receivables for IRES and IRAP tax down payments have been fully offset by the tax payable in the current period.

During 2021, OVS S.p.A. joined the national tax consolidation scheme provided for by Articles 117 et seq. of Presidential Decree no. 117 of 22 December 1986 ("TUIR") and the Ministerial Decree of 1 March 2018, with the subsidiary 82 S.r.l. (a consolidated entity). The national tax consolidation continued uninterrupted during the three-year period 2021-2023. Since 2024, the companies have opted not to renew the agreement, and, therefore, the relative payments are paid independently and separately on the various legal deadlines.

6.7 Other current and non-current receivables

	31.07.2024	31.01.2024	change
Other current receivables	**20,612**	24,117	(3,505)
Other non-current receivables	**7,990**	7,898	92

Other receivables are itemised as follows:

	31.07.2024	31.01.2024	change
Other receivables	4,027	4,753	(726)
Receivables from insurance companies for claims reimbursements	54	338	(284)
Receivables from personnel	615	363	252
Accrued income and prepaid expenses - rents and service charges	4,490	4,212	278
Accrued income and prepaid expenses - insurance	943	420	523
Accrued income and prepaid expenses - interest on security deposits	53	53	0
Accrued income and prepaid expenses - other	10,430	13,978	(3,548)
Total current receivables	**20,612**	**24,117**	**(3,505)**
Security deposits	5,576	5,434	142
Minor investments	74	74	0
Other receivables	2,340	2,390	(50)
Total non-current receivables	**7,990**	**7,898**	**92**

The "Other receivables" item in current receivables relates to guarantee deposits made for new leases amounting to €217 thousand and receivables for business unit disposals amounting to €1,179 thousand, while the remainder refers to social security receivables and advances to suppliers and shippers.

Receivables from insurance companies mainly comprise the scheduled reimbursement for damage to goods during transport (€41 thousand) and damage due to theft at the OVS store in Surano (€13 thousand).
The item "Accrued income and prepaid expenses - other" primarily includes prepayments for advertising and marketing services of €2,359 thousand and the share of deferred financial fees (€202 thousand) incurred to obtain the revolving lines of credit described in more detail in note 6.14 ("Financial liabilities") below.
The remaining amount mainly refers to prepaid expenses on utilities costs, costs for services and reimbursement of training costs.
"Other non-current receivables" include security deposits that mainly relate to securities paid under leases, utilities and deposits with customs to guarantee goods imports.
The "Minor investments" item mainly includes equity investments in consortia recognised at cost.
The "Other non-current receivables" item refers to assets deferred beyond 12 months from the reporting date from third parties amounting to €220 thousand and the medium/long-term portion of deferred financial fees of €340 thousand.

6.8 Property, plant and equipment

	31.07.2024	31.01.2024	change
Property, plant and equipment	**307,585**	293,681	13,904

Appendix No. 1 shows the historical cost for each item, the accumulated depreciation and amortisation, changes during the first half-year and the final balances.
Investments in the period mainly regarded:

- expenses for modernising, renovating and upgrading stores in the sales network;
- purchases of furniture and fittings for the commercial network to furnish both newly opened and renovated stores.

Leasehold improvements, allocated to the items in question, mainly relate to renovations of stores not under direct ownership.

6.9 Right-of-use assets

	31.07.2024	31.01.2024	change
Right of use assets	**939,221**	919,112	20,109

Pursuant to the IFRS 16 international accounting standard, this item includes right-of-use assets relating mainly to store leases and deposits and to a minor extent to leases on offices, apartments for company use and motor vehicles/other equipment.
For a detailed analysis, see Appendix No. 2, relating to changes in the period.

6.10 Intangible assets

	31.07.2024	31.01.2024	change
Intangible assets	**584,830**	589,847	(5,017)

Appendix No. 3 to these notes shows the change for each item in the period.

Intangible assets at 31 July 2024 mainly included the amounts allocated to the OVS Group deriving from the previous acquisition of Gruppo Coin by Icon, which was then transferred to the current OVS S.p.A. in July 2014.
At 31 July 2024, these included:

- €377.5 million for the OVS brand, with an indefinite life (included under “Concessions, licences and brands”);
- €13.3 million for the Upim brand, with an indefinite life (included under “Concessions, licences and brands”);
- €3.4 million for the STEFANEL brand, registered during 2021 due to the acquisition of the STEFANEL business unit in March 2021, with an indefinite life (included under “Concessions, licences and trademarks”);
- €38.2 million for the OVS franchising network, amortised over 20 years (included under “Other intangible assets”);
- €15.2 million for the Upim franchising network, amortised over 20 years (included under “Other intangible assets”);
- €73.7 million for licences relating to OVS stores, amortised over 40 years (included under “Concessions, licences and brands”);
- €21.7 million for licences relating to Upim stores, amortised over 40 years (included under “Concessions, licences and brands”);
- The Les Copains brand, acquired during 2022, equal to €1.2 million.

All the brands owned by the OVS Group are regarded as having an indefinite useful life.

To establish this, a management analysis was performed on all relevant factors (legal, judicial, contractual, competitive, economic and other) relating to the brands. The conclusion was reached that there is no foreseeable time limit for the generation of cash inflows for the OVS Group.

The useful life of the licences is 40 years.
This was estimated on the basis of historical analyses carried out within the OVS Group.
It should be noted, in this regard, that the time limit placed on the term of the leases is insignificant. In fact, there are protections provided to the tenant in market practice and under specific legal provisions; in addition, a strategy of gradual further expansion of the network is being implemented by the OVS Group, which usually renews leases before they expire naturally. All these factors have resulted over time in the almost completely successful implementation of the renovation policy. Also note that we have identified a component of residual value (non-amortised residual value at the end of the useful life) calculated over 18 monthly rental payments, representing the amount payable by the lessor if the lease is not renewed for a reason not attributable to the OVS Group.
The remainder of the item mainly consists of rights to industrial patents and intellectual property rights relating to investments in software programmes.

6.11 Goodwill

	31.07.2024	31.01.2024	change
Goodwill	**304,986**	297,686	7,300

Goodwill mainly relates to the acquisition of Gruppo Coin in 2011 (the carrying amount was originally €451,778 thousand, allocated to the OVS CGU, transferred to OVS S.p.A. due to the transfer of the OVS-Upim business unit in July 2014, and partially written down by €155,000 thousand following impairment testing in 2019).

The increase in goodwill recorded in the first half of 2024, amounting to €7.300 million, is entirely attributable to the provisional goodwill accounted for as a result of the acquisition of control of JB Licenses S.r.l. (see section 3.3 Business combinations above). At the time of preparation of these condensed consolidated half-year financial statements, the provisional purchase price allocation process did not reveal any other assets or liabilities to be valued; therefore, the difference between the total consideration transferred and the adjusted (provisional) shareholders' equity showed a residual goodwill of €7.300 million. However, it should be noted that the final price allocation process will be completed by the end of the financial year, and therefore by the end of the financial statements that will close on 31 January 2025.

6.12 Updates on impairment tests on goodwill and fixed assets with an indefinite life

Pursuant to IAS 36, the Group verifies the recoverability of intangible assets with an indefinite useful life (goodwill and brands) when indicators of impairment are identified, and in any event at the closing date of the year, while for tangible assets and other assets with a finite useful life this takes place when indicators of impairment are identified. The recoverable amount of the cash-generating units (CGUs) to which the individual assets are allocated is verified by calculating their value in use and/or fair value.

With regard to goodwill and brands, when preparing this half-yearly financial report at 31 July 2024, any impairment indicators that may be traced through internal or external information sources were assessed. The analyses performed did not reveal the need to record impairment losses on these items in the financial statements.

In particular, with respect to the internal assumptions relating to the flows underlying the 2023 year-end impairment test, no new triggers have been identified with respect to the 2023 year-end projections (no new plans or explicit revisions to the 2024 Budget and/or 2025-2026 business plan have been approved to date). For both the OVS CGU and the Upim CGU, the business dynamics recorded in the first half of 2024 are better than the assumptions used to verify the recoverability of the value of the respective invested capital made when preparing the annual consolidated financial statements at 31 January 2024. Therefore, no indicators of possible impairment were identified and no specific impairment tests have been carried out for the purposes of preparing the condensed consolidated half-year financial statements at 31 July 2024.

Moreover, from simulations carried out on the rates underlying the models, it is useful to point out that the WACC had already significantly increased at the close of the financial statements at 31 January 2024 (when it was 9.22%), mainly due to the increase in the risk-free rate in relation to the macroeconomic context described earlier. By contrast, at 31 July 2024, there was a slow but progressive decrease in the average risk-free rate for Italy, further strengthened by the most recent decisions to revise the ECB’s interest rates, which leads us to believe that there are no external conditions that could result in an increase in the WACC used for the purposes of the impairment exercise prepared at 31 January 2024.

As regards the Stefanel CGU, it should be noted that it includes the eponymous brand, amounting to €3.4 million, which also has an indefinite useful life, like the Group’s other brands. To date, there are no significant deviations from the projected flows used in the impairment test at 31 January 2024 as well as for the GAP Italia CGU (which, however, has not allocated intangible assets with an indefinite useful life). Both CGUs will in any case be tested for the recoverability of their carrying amount by the end of the current year. For the purposes of preparing the Half-year Financial Report, it was therefore not necessary to prepare and approve a new impairment test for the Group’s CGUs.

<u>Impairment testing on licences and right-of-use assets relating to stores</u>

With regard to administrative authorisations and for right-of-use assets relating to OVS Group stores with impairment indicators of a loss of value on an infra-annual basis, the Group calculated value in use for each store thus identified and/or the relevant fair value. No further write-downs took place for the half-year ended

31 July 2024 compared with the financial statements for the year ended 31 January 2024. The write-downs referred to in note 7.28 below mainly refer to tangible fixed assets at sales outlets closed during the period or at the end of the second half of 2024.

6.13 Equity investments

	31.07.2024	31.01.2024	change
Equity investments	**150**	0	150

It should be noted that at 31 January 2021, the value of the equity investment in the consortium company, Centomilacandele S.C.p.A., of which OVS S.p.A. holds 31.63%, had already been fully written off. The write-off of €136 thousand took place after the consortium company was placed in liquidation in 2020.
The change in the half-year relates entirely to the purchase of 3% of the share capital of Goldenpoint S.p.A.. See note 6.4 above on current and non-current financial assets for further details.

6.14 Current and non-current financial liabilities

	31.07.2024	31.01.2024	change
Current financial liabilities	**130,164**	19,512	110,652
Non-current financial liabilities	**231,610**	238,944	(7,334)

The breakdown of the “Current financial liabilities” and “Non-current financial liabilities” items at 31 July 2024 and 31 January 2024 is shown below:

(thousands of euro)	31.07.2024	31.01.2024
Current financial payables	113,567	2,217
Current portion of non-current debt	14,884	14,902
Other current financial payables	1,713	2,393
Current financial liabilities	**130,164**	**19,512**
Non-current financial payables	231,610	238,944
Other non-current financial payables	0	0
Non-current financial liabilities	**231,610**	**238,944**

The OVS Group’s current and non-current financial payables at 31 July 2024 are shown below:

(thousands of euro)	Maturity date	Interest rate (*)	At 31 July 2024		
			Total	of which non-current portion	of which current portion
Revolving Line (2022 Loan)	07/04/2027	Euribor + 1.55%	90,000	-	90,000
Hot Money Bper Banca	13/08/2024	4.35%	9,500	-	9,500
Hot Money Banco di Sardegna	14/08/2024	4.50%	5,000	-	5,000
Hot Money Credito Emiliano	18/09/2024	Euribor + 0.58%	5,000	-	5,000
Due for financial expenses			4,067	-	4,067
Current bank payables			**113,567**	**-**	**113,567**
Sustainability-linked Bond Loan	10/11/2027	2.25%	160,000	160,000	-
Amortising Line (2022 Loan)	07/04/2027	Euribor + 2.05%	87,500	72,500	15,000
Finance costs			(1,006)	(890)	(116)
Non-current bank payables			**246,494**	**231,610**	**14,884**

(*) The reported margin is the margin that existed at the reporting date of 31 July 2024. For the sake of completeness, it should be noted that the margins applicable to the Amortising Line and the Revolving Line remained unchanged compared to 31 January 2024.

The lines of credit available to the Group at 31 July 2024 mainly relate to a loan agreement signed on 7 April 2022 (the “2022 Loan Agreement”) for a total principal amount of €230,000,000, disbursed on 8 April 2022 (the “2022 Loan”), which provides for the granting of:

- a sustainability-linked amortising line for an original principal amount of €110,000,000 (the “Amortising Line”). This line provides for a grace period, followed by eight half-yearly instalments of €7,500,000 each, starting on 31 May 2023, and a final instalment of €50,000,000;

- a sustainability-linked revolving line of €120,000,000 (the “Revolving Line” or “RCF” and, together with the Amortising Line, the “Lines of Credit”),

and the sustainability-linked fixed-rate bond loan (the “Bond Loan”) issued on 10 November 2021 for a total nominal amount of €160,000,000.

Below is a summary description of the current conditions underlying the loans outstanding at 31 July 2024.

With regard to the 2022 Loan, the applicable interest rate for the Amortising Line at 31 July 2024 is equal to the sum of (i) the margin (the “Amortising Line Margin”) of 2.05% per annum and (ii) the 3-month Euribor. For the RCF, meanwhile, the interest rate applicable at 31 July 2024 is equal to the sum of (i) the margin (the “RCF Margin” and, together with the Amortising Line Margin, the “Margin”) of 1.55% per annum and (ii) the Euribor. The Euribor parameter is set at zero if the parameter is negative. The interest rate is calculated on a quarterly basis for the Amortising Line, and on a monthly, quarterly or half-yearly basis, depending on what is indicated in the relevant request for use, for the Revolving Line.

As of the date of delivery of the compliance certificate (as described and regulated in the 2022 Loan Agreement), the Margin may be further reduced or increased according to the ratio of average total net debt (as defined in the 2022 Loan Agreement) to EBITDA (as defined in the 2022 Loan Agreement), calculated every half-year on the basis, as the case may be, of the consolidated financial statements at 31 January of each year and the half-year report (both subject to revision), prepared pursuant to IFRS. In particular, the 2022 Loan Agreement provides that the determination of the Margin – as of the financial year ended 31 January 2023 – is calculated as follows:

- if the ratio of average debt to EBITDA is greater than or equal to 3.50:1, the applicable Amortising Line Margin will be 2.60% per annum and the applicable RCF Margin will be 2.10% per annum;
- if the ratio of average debt to EBITDA is less than 3.50:1 but greater than or equal to 3.00:1, the applicable Amortising Line Margin will be 2.45% per annum and the applicable RCF Margin will be 1.95% per annum;
- if the ratio of average debt to EBITDA is less than 3.00:1 but greater than or equal to 2.50:1, the applicable Amortising Line Margin will be 2.35% and the applicable RCF Margin will be 1.85% per annum;
- if the ratio of average debt to EBITDA is less than 2.50:1 but greater than or equal to 2.00:1, the applicable Amortising Line Margin will be 2.25% per annum and the applicable RCF Margin will be 1.75% per annum;
- if the ratio of average debt to EBITDA is less than 2.00:1 but greater than or equal to 1.50:1, the applicable Amortising Line Margin will be 2.15% per annum and the applicable RCF Margin will be 1.65% per annum;
- if the ratio of average debt to EBITDA is less than 1.50:1 but greater than or equal to 1.00:1, the applicable Amortising Line Margin will be 2.05% per annum and the applicable RCF Margin will be

1.55% per annum; and

- if the ratio of average debt to EBITDA is less than 1.00:1, the applicable Amortising Line Margin will be 1.90% per annum and the applicable RCF Margin will be 1.40% per annum.

As of the financial year ending 31 January 2025, the applicable Margin pursuant to the 2022 Loan Agreement will also be linked to a selection of certain sustainability key performance indicators (KPIs) in line with the provisions of the Bond Loan, which will be discussed in more detail below. This mechanism for variability in the Margin according to the KPIs from 2024 provides for a maximum step up/step down of 10 bps.

At 31 July 2024, the ratio of average adjusted financial debt for the last 12 months to adjusted LTM EBITDA was 1.38x.

The final due date of the 2022 Loan, which also coincides with the repayment date of the Lines of Credit, is fixed as 7 April 2027, without prejudice to the early repayment provisions in the 2022 Loan Agreement.

The 2022 Loan Agreement does not provide for any security package to guarantee the fulfilment of the related obligations.

Under the 2022 Loan Agreement, OVS S.p.A. has also undertaken, inter alia, to announce the occurrence of any significant adverse events or events of default that could restrict and/or impede the ability of the Parent Company, OVS S.p.A., or any guarantor to meet its contractual obligations under the 2022 Loan Agreement.
In terms of financial obligations, the only parameter that the Parent Company, OVS S.p.A., has undertaken to comply with the leverage ratio (as defined in the 2022 Loan Agreement), i.e. the OVS Group's ratio of average net debt to EBITDA, on a consolidated basis. From 31 January 2022, this parameter must be equal to or less than 3.50:1 for each testing period (i.e. each 12-month period ending in a reporting date (i.e. 31 January and 31 July of each year)), according to a calculation based on the consolidated financial statements and consolidated interim reports of OVS Group. This parameter must be less than or equal to 3.00:1 as of the period ending on the reporting date of 31 January 2024.
In the light of the above parameters, full compliance with all the contractual financial obligations is confirmed.

The 2022 Loan Agreement is governed by Italian law and any disputes relating thereto are under the exclusive jurisdiction of the Court of Milan.
Any breach of the covenants provided for in the 2022 Loan Agreement constitutes a default event that may be remedied, inter alia, as follows:

- with respect to the non-payment of any amount due pursuant to a Finance Document (as defined in the 2022 Loan Agreement), provided that it is due to technical or administrative error or a Disruption

Event (as defined in the 2022 Loan Agreement), within three working days of the relevant expiry; and

- with regard to default events other than non-payment and breach of the financial parameter, within 21 days of the date on which the Agent (i.e. MPS Capital Services Banca per le Imprese S.p.A.) sent a written communication to OVS or from the day on which OVS became aware of the non-compliance with this contractual covenant.

If the default is not rectified, Monte dei Paschi di Siena S.p.A. (previously MPS Capital Services Banca per le Imprese S.p.A.), as the Agent, may (but is not obliged, unless requested to do so by the Majority Lenders (as defined pursuant to the 2022 Loan Agreement)), inter alia, request early payment of the 2022 Loan.

The main characteristics of the Bond Loan are set out below.

The Bond Loan is governed by UK law and any disputes relating thereto are under the exclusive jurisdiction of the UK courts.

The nominal value of the bond loan is €160,000,000 and it has a term of six years from the issue date, with a maturity date of 10 November 2027, subject to the early redemption provisions established in the bond loan regulations.

As part of the bond offer, 160,000 bonds with a par value of €1 thousand each were subscribed at an issue price equal to 100% of the par value.

The gross annual yield of the bond loan is 2.25% per annum.

Furthermore, as described in the Bond Prospectus, in the KID (Key Information Document) for the bonds that make up the Bond (the “Bonds”) and the Sustainability-Linked Bond Framework relating to the sustainability objectives of OVS, all available to the public on the Parent Company’s website (www.ovscorporate.it), it should be noted that, in view of the “sustainability-linked” nature of the Bonds, as of November 2025 the interest rate on the Bonds may be increased, until the maturity date of the Bonds, by a margin of up to 0.25% per annum for each interest period starting on or after the interest payment date immediately following any failure by OVS to achieve the sustainability performance objectives in relation to certain key performance indicators (KPI) provided for in the Bond Regulations by 2024, or in the event of any failure on the part of OVS to periodically report on these key performance indicators at the maturities established in the Bond Regulations.

In order to ensure that investors have public updates on the progress of the achievement of each KPI, the relevant targets and any other significant event during the year of interest for investors for the monitoring of the KPIs, OVS will publish an annual Sustainability-Linked Bond Progress Report (“SLB Progress Report”) by and no later than 120 days after the end of each financial year (ending on 31 January every year).

The ESG objectives underlying the Sustainability-Linked Bond Loan are aligned with the Group’s sustainability path and reflect the main elements in the OVS strategic plan, including:

- guiding the Group’s supply chain towards sustainable objectives with the aim of minimising social impacts throughout the chain, by means of careful monitoring of working conditions and respect for human rights, and ensuring complete product traceability;

- increasing the sustainability of the stores by designing and managing them in a way that is completely respectful of the environment and people, following green design and energy efficient approaches, while ensuring the well-being of customers;
- combating climate change through initiatives to reduce the carbon footprint and the overall environmental footprint by controlling the consumption of natural resources, including water, and waste production, including in relation to product packaging.

It should be recalled that as of 10 November 2021, the obligations underlying the Bonds are traded on the Regulated Market of the Official List of the Irish Stock Exchange - Euronext Dublin (Euronext Dublin) and on the Electronic Bond Market ("MOT") organised and managed by Borsa Italiana S.p.A..
On the basis of quotations as of 31 July 2024, the fair value of the Bond at the end of the first half of 2024 was €151.568 million.

Both the 2022 Loan Agreement and the Bond Loan provide for a “change of control” clause, albeit with different consequences.
More specifically, pursuant to the 2022 Loan Agreement, the occurrence of a change of control results in the mandatory early repayment of any amount of the loan disbursed and not yet repaid.

In the case of the Bond Loan, however, if a change of control event occurs, the Parent Company is required to offer bondholders early redemption of their bonds amounting to 101% of the nominal value of the outstanding bonds together with interest accruing up to the early redemption date. This redemption will only take place if the request is made by at least 20% of the nominal value of the bonds in issue and will affect only the bondholders that have requested it.

The average interest rate on the Group’s financial debt in the first half of 2024 was 4.00% compared with 3.58% in the first half of 2023.

Below is the itemisation of the consolidated net financial debt of the OVS Group at 31 July 2024 and 31 January 2024, shown in the format of CONSOB Notice No. DEM/6064293 of 28 July 2006, supplemented by CONSOB Call for Attention No. 5/21, also including the effects on indebtedness of the accounting standard IFRS 16:

(thousands of euro)	31.07.2024	31.07.2024 Excluding IFRS 16	31.01.2024	31.01.2024 Excluding IFRS 16
A. Cash and cash equivalents	91,549	91,549	105,790	105,790
B. Cash equivalents	0	0	0	0
C. Other current financial assets	2,631	2,306	6,262	5,445
D. Liquid assets (A)+(B)+(C)	**94,180**	**93,855**	**112,052**	**111,235**
E. Current financial debt	(115,280)	(115,280)	(4,610)	(4,610)
F. Current portion of non-current financial debt	(154,197)	(15,656)	(156,223)	(15,967)
G. Current financial debt (E)+(F)	**(269,477)**	**(130,936)**	**(160,833)**	**(20,577)**
H. Net current financial debt (G)+(D)	**(175,297)**	**(37,081)**	**(48,781)**	**90,658**
I. Non-current financial debt	(952,241)	(72,025)	(938,408)	(79,668)
J. Debt instruments	(160,000)	(160,000)	(160,000)	(160,000)
K. Trade and other non-current payables	0	0	0	0
L. Non-current financial debt (I)+(J)+(K)	**(1,112,241)**	**(232,025)**	**(1,098,408)**	**(239,668)**
M. Total financial debt (H)+(L)	**(1,287,538)**	**(269,106)**	**(1,147,189)**	**(149,010)**
Non-current financial receivables	**7,308**	**6,745**	**5,249**	**3,773**
Net financial position	**(1,280,230)**	**(262,361)**	**(1,141,940)**	**(145,237)**

The following table shows the breakdown of current and non-current financial payables at 31 July 2024 and at 31 January 2024:

(thousands of euro)	31.07.2024	31.07.2024 Excluding IFRS 16	31.01.2024	31.01.2024 Excluding IFRS 16
Current financial payables	113,567	113,567	2,217	2,217
Derivatives	1,713	1,713	2,393	2,393
Payables for finance leases	139,313	772	141,321	1,065
Current portion of non-current financial debt	14,884	14,884	14,902	14,902
Current financial payables	**269,477**	**130,936**	**160,833**	**20,577**
Non-current financial payables	231,610	231,610	238,944	238,944
Derivatives	0	0	0	0
Payables for finance leases	880,631	415	859,464	724
Non-current financial payables	**1,112,241**	**232,025**	**1,098,408**	**239,668**

6.15 Financial liabilities for current and non-current leases

	31.07.2024	31.01.2024	change
Financial liabilities for current leases	**139,313**	141,321	(2,008)
Financial liabilities for non-current leases	**880,631**	859,464	21,167

Financial lease liabilities are recognised in accordance with the application of IFRS 16 with effect from 2019.

The changes in lease liabilities during the first half of 2024 are shown below:

	IFRS 16	Ex IAS 17	Financial liabilities for leases
Balance at 31 January 2024	**998,996**	**1,789**	**1,000,785**
Increases	93,986	0	93,986
Decreases	(104,713)	(638)	(105,351)
Financial expenses	30,488	36	30,524
Balance at 31 July 2024	**1,018,757**	**1,187**	**1,019,944**

It should also be noted that current financial liabilities for leases include a portion of rent and interest (€4,787 thousand) that, at the reporting date, had not been paid as it is subject to negotiation with the respective property owners.

The breakdown by maturity of minimum payments and principal amounts on finance leases recognised in accordance with IFRS 16 is shown below:

	Minimum payments owed for finance leases		Principal amount	
	31.07.2024	31.01.2024	31.07.2024	31.01.2024
Within 1 year	196,444	190,061	139,313	136,534
From 1 to 5 years	645,022	624,050	494,866	483,604
Beyond 5 years	448,230	432,899	385,765	375,860
Total	**1,289,696**	**1,247,010**	**1,019,944**	**995,998**

The reconciliation between the minimum payments owed to the lessors and their present value (principal) is as follows:

	31.07.2024	31.01.2024
Minimum payments owed for finance leases	1,289,696	1,247,010
(Future financial expenses)	(269,752)	(251,012)
Present value of payables for finance leases	1,019,944	995,998

6.16 Trade payables

	31.07.2024	31.01.2024	change
Trade payables	**400,346**	400,632	(286)

This item includes payables relating to the OVS Group's normal course of operations, in respect of the supply of goods, assets and services.

The balance includes trade payables to foreign suppliers (mainly in Asia) amounting to €198.713 million; it also includes exposure in foreign currency (mainly USD) amounting to 203.988 million US dollars, already net of 52,000 US dollars for advances.

6.17 Current tax liabilities

	31.07.2024	31.01.2024	change
Current tax liabilities	**3,073**	7,289	(4,216)

This item mainly includes tax payables, net of the advances paid, estimated by the Parent Company OVS S.p.A. for IRAP of €0.8 million and for IRES of €1.2 million.

They also include a provision of approximately €0.5 million for the preliminary effects deriving from the application of Pillar Two in the tax jurisdictions of Hong Kong, determined as described in more detail in note 3.5 Accounting standards and consolidation criteria.

The remaining portion relates to current tax payables net of payments on account of the subsidiaries 82 S.r.l. for €0.1 million, JB Licenses S.r.l. for €0.3 million and OVS Hong Kong Sourcing Ltd for €0.2 million.

6.18 Other current and non-current payables

	31.07.2024	31.01.2024	change
Other current payables	**148,785**	173,674	(24,889)
Other non-current payables	**21,323**	19,178	2,145

The breakdown of the "Other payables" item into current and non-current at 31 July 2024 and at 31 January 2024 is shown below:

	31.07.2024	31.01.2024	change
Payables to personnel for holidays not taken and related contributions	8,791	8,289	502
Payables to employees for deferred salaries, overtime, bonuses and related contributions	20,917	27,713	(6,796)
Payables to Directors and Statutory Auditors for compensation	1,478	1,992	(514)
Other payables	47,642	55,521	(7,879)
Payables to pension and social security institutions	8,017	6,050	1,967
VAT payables	32,172	46,065	(13,893)
Other tax payables	1,706	2,272	(566)
Other payables - to customers	694	774	(80)
Accrued expenses and deferred income - rents	1,943	1,854	89
Accrued expenses and deferred income - utilities	4,731	4,213	518
Accrued expenses and deferred income - insurance	690	684	6
Accrued expenses and deferred income - other	20,004	18,247	1,757
Total current payables	**148,785**	**173,674**	**(24,889)**
Tax payables	0	0	0
Accrued expenses and deferred income - other	21,323	19,178	2,145
Total non-current payables	**21,323**	**19,178**	**2,145**

"Payables to employees" relates to benefits accrued and not paid out at 31 July 2024.

"Other payables" mainly relate to the recognition of €23,286 thousand for the value of expected returns on sales made, pursuant to IFRS 15 (€25,117 thousand at 31 January 2024).

The balance also includes advance payments by customers for pre-orders of goods and purchases of vouchers amounting to €9,695 thousand, and payables for deposits and securities received from customers to guarantee affiliation agreements of €9,327 thousand.

The increase in payables to pension and social security institutions reflects payables to the INPS.

At the end of the period, the Group had a VAT payable deriving from retail and wholesale sales and to a lesser extent from the sale of goods and services.

The "Other tax payables" item includes IRPEF (personal tax) on employees, payables to tax offices and payables for unpaid withholding taxes.

The “Other accrued expenses/deferred income” item includes €11,770 thousand of accrued expenses for local taxes, €466 thousand of travel expenses, €137 thousand of bank charges, €2,315 thousand of deferred income for contributions payable by partners and lessors and €1,300 thousand of unredeemed reward points relating to customer loyalty programmes (€700 thousand at 31 January 2024).

“Non-current payables” also include €8,470 thousand as the non-current portion of deferred income for contributions recognised by lessors after store restructurings and conversions. These contributions were discounted based on the term of the lease. The same item includes €4,610 thousand relating to the deferral of the contribution deriving from investments in new capital goods (mainly Industria 4.0). It should be noted that the investments have been booked including the contribution amount, which was spread throughout the period of depreciation of the goods concerned. Lastly, a deferral of €4,392 thousand should be noted, relating to the first tranche of contributions disbursed during the year by the Puglia Regional Authority to support the investments in industrial research and experimental development, which are being implemented through the subsidiary OVS Innovazione e Sostenibilità S.r.l..

For the sake of completeness, it should be recalled that the maximum contribution approved by the Puglia Regional Authority amounts to a total of €14,824 thousand, the first tranche of 50% of which was disbursed to the subsidiary at the end of the previous financial year. The portion in excess of the subsidy paid on projects carried out at 31 July 2024 is recognised under other current payables, as it relates to projects being carried out but not yet completed by 31 July 2024. The final value of the subsidies will be determined on completion of the projects provided for in the Programme Agreement, the investment plan for which is expected to be completed by the end of November 2025.

Finally, it should be noted that at 31 July 2024, Other non-current payables include the deferred price beyond 12 months paid to the seller as part of the acquisition of the shares in JB Licenses S.r.l. (for further details, see paragraph 3.3 above, Business Combinations). In particular, the fair value at the acquisition date of the components of the consideration transferred (thus including future earn-outs) was equal to €7.400 million, of which €1.500 million was paid at closing while the remaining (estimated) part will be paid over the next 3 years (of which €2.049 million by 31 July 2025, classified under Other current payables, and €3.851 million beyond 31 July 2025).

6.19 Employee benefits

	31.07.2024	31.01.2024	change
Employee benefits	**26,197**	28,039	(1,842)

The amount mainly includes the provisions made by the Parent Company, OVS S.p.A., for accrued employee severance benefits. Post-employment benefits are guaranteed by the Group as part of its defined benefit plans. The defined benefit plans include the provision for employee severance benefits accrued at 31 December 2006, since which date, due to the reform that has taken place, the provision has been identified as a defined contribution provision.

As already mentioned, from 1 January 2007, the Financial Law and the associated implementing decrees introduced significant amendments to the rules on employee severance benefits, including options for employees with regard to the allocation of their accruing severance benefits. Specifically, new flows of severance benefits may be directed by the employee to preselected or company pension schemes (in the latter case, the company will pay severance benefit contributions into a treasury account set up with the INPS (the Italian social security and welfare institution)).

The change in the “Employee benefits” item is shown below:

(thousands of euro)	
Balance at 31 January 2024	**28,039**
Increase in the period	436
Decreases in the period	0
Actuarial gains (losses)	(1,294)
Benefits paid	(984)
Balance at 31 July 2024	**26,197**

6.20 Provisions for risks and charges

	31.07.2024	31.01.2024	change
Provisions for risks and charges	**6,842**	6,324	518

Changes in the “Provision for risks and charges” item are shown below:

(thousands of euro)	
Balance at 31 January 2024	**6,324**
Allocations in the period	377
Reclassification of assets	148
Used/released in the period	(7)
Balance at 31 July 2024	**6,842**

The provision is made for the risk of disputes with suppliers in relation to product sales and marketing, public

entities, former employees and third parties of various kinds.
The outcome of these risks cannot be defined with certainty, and, therefore, the amount recorded represents the best estimate of the presumed charge at the end of the period.
The provision for the half-year of €0.4 million is for risks relating to employment law and legal or contractual risks.
The decrease refers to drawings on previous provisions made for disputes with former employees and various legal cases.

6.21 Deferred tax liabilities

	31.07.2024	31.01.2024	change
Deferred tax liabilities	**28,485**	27,833	652

Changes in the "Deferred tax liabilities" item in the half-year ended 31 July 2024 are shown below:

(thousands of euro)	Balances at 31.01.2024	Allocated/ released to income statement	Allocated/ released to statement of comprehensive income	Balances at 31.07.2024
Provision for inventory write-downs	13,593	(665)		12,928
Appropriation for local taxes	2,932	(173)		2,759
Provisions for risks and charges	1,517	34		1,551
Doubtful accounts	3,210	252		3,462
Tangible and intangible assets	(53,993)	549		(53,444)
IFRS 15 Sales with a right of return	2,707	(178)		2,529
IFRS 16 Leases	(132)			(132)
Employee severance benefits calculated according to IAS 19	699	0	(310)	389
Other minor items	1,634	(161)		1,473
Total net prepaid (deferred)	**(27,833)**	**(342)**	**(310)**	**(28,485)**

Deferred tax liabilities related to the higher carrying amount, compared with the amount for tax purposes, of intangible assets in the financial statements were mainly due to their recognition at fair value according to the acquisition method at the time of business combinations in previous years.

6.22 Shareholders’ equity

Shareholders’ equity amounted to €871.0 million.
Further details of all the changes in the items included in shareholders’ equity are provided in the relative accounting schedule.

Share capital
At 31 July 2024, the share capital of OVS S.p.A. amounted to €290,923,470, comprising 290,923,470 ordinary shares with no par value.
OVS was incorporated on 14 May 2014 with share capital of €10,000.
The transferral of the OVS-Upim business unit by the then sole shareholder Gruppo Coin, which took effect as of 31 July 2014, entailed a share capital increase from €10,000 to €140,000,000, with a premium of €249,885,000.
On 24 February 2015, the global offer for subscription and sale of ordinary shares of OVS S.p.A., with the aim of listing this company on the MTA, was successfully completed.
The subscription operation entailed a further capital increase of €87,000,000, increasing the share capital from €140,000,000 to €227,000,000, divided into 227,000,000 ordinary shares with no par value.
Lastly, the aforementioned paid capital increase, in tranches, completed in July 2021, entailed an increase in the share capital of €63,923,470, from €227,000,000 to €290,923,470, divided into 290,923,470 ordinary shares with no par value.

Treasury shares
At 31 July 2024, the Parent Company, OVS S.p.A., held a total of 43,460,139 treasury shares, equal to 14.9387% of the share capital, for a total amount of €92.563 million, of which 809,226 treasury shares, equal to 0.356% of the share capital, for a total amount of €1.496 million purchased in 2018, an additional 13,538,308 treasury shares purchased in the course of the year 2022 at an average purchase price of €1.812 for a total amount of €24.522 million, plus 14,694,813 treasury shares purchased in 2023 at an average purchase price of €2.136 for a total amount of €31.374 million; finally, in the first half of 2024, an additional 14,809,188 treasury shares at an average purchase price of €2.433 for a total amount of €36.027 million, while a total of 4,146 treasury shares were sold in 2023 and 387,250 during the first half of 2024, which entailed the unloading of the reserve for treasury shares for a total amount of €8 thousand and €848 thousand, respectively.
These transactions were carried out as part of the authorisations to purchase treasury shares approved by the Shareholders’ Meeting of the Parent Company on 31 May 2018, 28 May 2021, 31 May 2022, 31 May 2023 and most recently on 24 January 2024.

Other reserves

The breakdown of other reserves is as follows:

The **share premium reserv**e, amounting to €528.7 million, derives from the increases in the capital of OVS S.p.A., as previously mentioned, and is shown net of listing costs of €7,590 thousand (gross costs of €10,469 thousand and deferred tax of €2,879 thousand), and the capital increase of July 2021, amounting to €394 thousand (gross costs of €518 thousand and deferred costs of €124 thousand).
With regard to the accounting treatment applied to these costs, pursuant to IAS 32, following the positive outcome of the listing process, the ratio between the number of new shares/number of shares post-listing determined the percentage of charges registered as a direct reduction in shareholders' equity, while the remainder was recognised under costs in the income statement.
The **legal reserve** amounts to €18.4 million, and was established with the allocation of earnings during previous financial years.
There are also **other reserves**, with a positive net balance of €104.5 million, which mainly include retained earnings of €87.7 million, the effects of the direct recognition in shareholders' equity of actuarial gains/(losses) relating to employee severance benefits, the translation reserve and the effects of booking the management incentive plans in equity reserves in accordance with the provisions of IFRS 2 (see also note 7.26 "Personnel costs") and the impacts of the adoption of IFRS 9 and IFRS 16 on the date of the respective transition.

Lastly, it should be noted that, due to the realignment of the tax value of the OVS and Upim brands to their statutory value, as required by Decree Law 104/2020 (known as the "August Decree"), Art. 110, paragraph 8, a restriction was imposed on the untaxed share premium reserve of €360,238,047.

Minority shareholdings of capital and reserves

Minority shareholdings mainly relate to 82 S.r.l., which is 70% owned by OVS S.p.A. and 30% owned by Angelo Massimo Piombo. The amount shown includes €3 thousand for share capital and €333 thousand for net results accrued to 31 July 2024, already net of the 2023 dividend of €597 thousand distributed to the minority shareholders.
They also include the minority shareholders of two subsidiaries established in 2022: Vespucci Fashion Inc. (-€624 thousand) and Energia Verde Uno S.r.l. (-€34 thousand).

Dividends paid and proposed

In particular, following the shareholders’ resolution of 30 May 2024 on the allocation of the 2023 earnings, in the first half of 2024 the Parent Company, OVS S.p.A., distributed an ordinary gross dividend of €0.07 per share to its shareholders for each of the ordinary shares issued.

For further details on changes during the period, please see the consolidated statement of changes in shareholders’ equity.

7. Notes to the consolidated income statement

The breakdown of some income statement items (values are expressed in thousands of euro), and comments on the main changes compared with the previous year, are provided below.

7.23 Revenues

The breakdown of the "Revenues" item is as follows:

	31.07.2024	31.07.2023
Revenues from retail sales	748,754	715,231
VAT on retail sales	(134,988)	(128,200)
Net sales	**613,766**	**587,031**
Revenues from sales to affiliates, administered and wholesale	147,958	147,546
Subtotal net sales	**761,724**	**734,577**
Revenues from services	332	287
Total	**762,056**	**734,864**

7.24 Other operating income and revenues

The breakdown of the "Other operating income and revenues" item is provided below:

	31.07.2024	31.07.2023
Revenues from services provided	27,520	30,716
Rental income and leases	8,315	7,499
Compensation for damages	277	309
Capital gains from asset disposals	2,138	165
Other revenues	5,184	4,966
Total	**43,434**	**43,655**

Revenues from services provided mainly relate to fees earned from commercial partners in concessions at the OVS Group's stores, as well as professional services, the recovery of transport expenses, the recovery of advertising expenses, promotional contributions and charges for staff costs and other services provided.
The item "Rental income and leases" mainly includes rent from concession partners at OVS and Upim stores; it should be emphasised that this type of agreement is not based on IFRS 16, except to a marginal extent.
The "Other revenues" item mainly comprises contributions from suppliers and lessors, reimbursements of start-up costs and various contingent assets.

7.25 Purchases of raw materials, consumables and goods

Purchases of raw materials, supplies, consumables and goods mainly consist of purchases of products for sale and amount to €313,706 thousand.
The item breaks down as follows:

	31.07.2024	31.07.2023
Purchases of raw materials, consumables and goods	348,534	319,303
Change in inventories	(34,828)	(6,612)
Total	**313,706**	**312,691**

7.26 Personnel costs

The breakdown of the "Personnel costs" item is provided below:

	31.07.2024	31.07.2023
Wages and salaries	117,068	107,984
Social security charges	34,758	30,866
Employee severance benefits	8,205	5,950
Other personnel costs	316	121
Directors' fees	2,221	2,220
Total	**162,568**	**147,141**

The number of employees, expressed as the full-time equivalent headcount, was 6,285 at the end of the half-year, compared with 6,160 at 31 January 2024.

7.27 Share-based payments

Since June 2015, key employees of the Parent Company and its subsidiaries have been granted options to purchase OVS S.p.A. shares under the Company's stock option plans (hereinafter also the "Plans"). In order to create value for shareholders by improving long-term corporate performance and promoting the loyalty and retention of key personnel for the Group's development, the Company's Shareholders' Meeting approved, on 26 May 2015 and 31 May 2017 respectively, two capital increases for the issue of shares to be offered for subscription to the beneficiaries of two separate stock option plans. On the basis of these capital increases, the authorised capital stands at €39,080,000. Information on the modalities for exercising options is provided below.

Subsequently, the Ordinary Shareholders' Meeting held on 31 May 2019 approved, pursuant to Article 114-bis of the Consolidated Law on Finance, the adoption of a new incentive plan named the "Stock Option Plan 2019-2022" or "2019-2022 Plan", to be implemented through the allocation of free options for subscription to newly issued ordinary shares of OVS S.p.A.. The Plan is reserved to directors who are also employees, managers with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries pursuant to Art. 93 of Legislative Decree no. 58 of 24 February 1998, which were identified by the Board of Directors, after consulting the Appointments and Remuneration Committee, from among those individuals who perform a key role in the achievement of the Company's strategic objectives (hereinafter, the "Beneficiaries"). The Shareholders' Meeting also approved a capital increase for the issue of shares to be offered for subscription to beneficiaries of the 2019-2022 Plan. Based on this capital increase, the authorised capital has a par value of €5,000,000, through the issue of a maximum of 5,000,000 newly issued ordinary shares of OVS.

Information on the modalities for exercising options is provided below.

The aforementioned shareholders' meetings delegated to the Board of Directors the widest powers to implement the capital increases in one or more tranches, granting employees options, as deemed appropriate by the Board, and thus, inter alia:

- to establish terms and conditions for the subscription of new shares;
- to demand payment in full of the price necessary to release the shares at the time of subscription;
- to draw up lists of the names of the beneficiary employees identified by means of the parameters which it considers most appropriate from time to time;
- to regulate the effects of termination of employment with the Company or its subsidiaries and the effects of death of the employee on the options offered through the provisions of the option agreement to be signed by each beneficiary employee.

In execution of the powers received from the Shareholders' Meeting, the Board of Directors granted a total of 13,836,375 options. In total, the Board of Directors, in execution of the powers granted to it, launched the following Plans (figures updated as of 31 July 2024):

Plan	Grantable	Granted	Accrued	Exercised	Exercisable
2015-2020	0	5,101,375	2,724,963	0	2,724,963
2017-2022	145,000	3,935,000	1,222,000	0	1,222,000
2019-2022	200,000	4,800,000	4,800,000	(391,396)	4,408,604
Total	**345,000**	**13,836,375**	**8,746,963**	**(391,396)**	**8,355,567**

On 8 June 2015, pursuant to the mandate granted by the Extraordinary Shareholders' Meeting of 26 May 2015, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 8 June 2025, by issuing, in one or more tranches, up to 5,107,500 new ordinary shares of OVS, equal to 1.76% of the current share capital of OVS S.p.A., subscribed and paid up, with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the stock option plan called the "2015-2020 Plan".
On 21 September 2017, pursuant to the mandate granted by the Extraordinary Shareholders' Meeting of 31 May 2017, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 30 June 2027, by issuing, in one or more tranches, a maximum of 3,935,000 new ordinary shares of OVS with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the aforementioned stock option plan called the "2017-2022 Plan".
Lastly, on 19 June 2019, pursuant to the mandate granted by the Extraordinary Shareholders' Meeting of 31 May 2019, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 30 June 2026, by issuing, in one or more tranches, up to 5,000,000 new ordinary shares of OVS with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the aforementioned stock option plan called the "2019-2022 Plan".

All three plans provide for the free allocation to each of the beneficiaries of options that confer the right to subscribe to or purchase ordinary shares of OVS in the ratio of 1 ordinary share to every 1 option exercised at a price which, as a result of the 2021 capital increase, has been recalculated respectively as €4.08 per share (for the 2015-2020 Plan), €5.26 per share (for the 2017-2022 Plan) and €1.72 per share (for the 2019-2022 Plan), subject to further price adjustments following operations after 2021 on capital or for the distribution of dividends (as described in greater detail below).
The ordinary shares of the Company allocated to beneficiaries from time to time after the exercise of the options carry ordinary rights, the same as those of the ordinary shares of the Company outstanding on the allocation date, and therefore carry any coupons in effect at that date.
All the Plans provided for a vesting period of at least three years for options granted to beneficiaries. Each beneficiary may exercise the options allocated on condition that specific annual performance targets (or cumulative targets in the case of the 2019-2022 Plan) are met, relating to OVS's consolidated EBITDA.

The Stock Option Plan also authorised beneficiaries to exercise the options early if certain events occur, including:

- change of control pursuant to Article 93 of the Consolidated Law on Finance, even if this does not entail a public tender offer obligation;
- a public tender offer for the Company's shares pursuant to Articles 102 et seq. of the Consolidated Law on Finance; or
- resolutions on transactions that could result in the delisting of ordinary shares of OVS.

The Plan also required, as a condition for participation in the Plan itself, that the relationship of permanent employment or executive management with OVS or a subsidiary, depending on the type of beneficiary (the "Relationship"), be maintained.

For the 2015-2020 Plan and the 2017-2022 Plan, beneficiaries will be able to exercise the potentially exercisable options for which the performance objectives have been achieved, to the following extent and within the following periods:

- up to 1/3 of the Options granted, rounded down to the lowest whole unit, after 36 months from the Grant Date (First Vesting Period);
- up to 1/3 of the Options granted, rounded down to the lowest whole unit, after 48 months from the Grant Date (Second Vesting Period);
- the balance of the potentially exercisable options after 60 months from the Grant Date (Third Vesting Period).

The 2015-2020 Plan has been completed and all of the 2,724,963 options actually accrued are potentially exercisable from 2021 and until 8 June 2025.

The 2017-2022 Plan has also been completed and all of the 1,222,000 options actually accrued are potentially exercisable from 2022 and until 30 June 2027.

Also for the 2019-2022 Plan, it should be noted that as of 1 July 2023, beneficiaries may exercise the options accrued (4,800,000) as the cumulative performance targets were achieved over the three-year period 2019-2021 and 2022, and the condition of access to the plan has been fulfilled. At 31 July 2024, only 391,396 options (including 387,250 in the first half of 2024) were exercised, as a result of which the Parent Company sold an equal number of shares for total collection of €614 thousand (including €607 thousand in the first half of 2024) and a reversal of the IFRS 2 reserve in the half-year of €290 thousand.

The Plan described above is defined as equity-settled pursuant to IFRS 2. In accordance with this accounting standard, the fair value of the Plans was estimated at the grant date, using the Black-Scholes method. The portion of the overall fair value of the individual Plans pertaining to the reporting period has therefore been recognised in the income statement. In particular, staff costs attributable to the granting of OVS shares (amounting to €13,996 thousand which were fully accounted for at 31 January 2024), were recognised with a balancing entry in the shareholders' equity. It should also be noted that during the first half of 2024 no Beneficiaries left the Group as "good leavers"; accordingly, there were no reversals of the IFRS 2 reserve relating to options accrued but subject to cancellation as they have not been exercised by the deadline provided for in the event of termination of the employment relationship.

The movements recorded in the various Stock Option Plans in the first half of 2024 are as follows:

Stock Option Plan	Exercise Price	Currency	No. of options to 31.01.2024	Options granted	Options cancelled	Options exercised	Options lapsed	No. of options at 31.07.2024
2015-2020 Plan	4.08	Euro	2,724,963	0	0	0	0	2,724,963
2017-2022 Plan	5.26	Euro	1,222,000	0	0	0	0	1,222,000
2019-2022 Plan	1.72	Euro	4,795,854	0	0	(387,250)	0	4,408,604
Total			**8,742,817**	**0**	**0**	**(387,250)**	**0**	**8,355,567**

At 31 July 2024, 8,355,567 options were potentially exercisable (accrued or accruable).

In the first half of 2024, 387,250 options were exercised from the 2019-2022 Plan.

For the purposes of completeness, it should also be noted that the strike prices of the three Plans referred to above must be adjusted to neutralise the effects of the buyback plans and the distribution of dividends in the years following their respective maturity dates and possibility of exercise (a total of €0.20 per ordinary share until the current date for all three Plans).

It should again be noted that, on 31 May 2022, the Ordinary Shareholders' Meeting approved a new medium/long-term equity-based incentive plan named the "Performance Share Plan 2022-2026" (the "Plan"), which aims to align the interests of the beneficiaries with the creation of value for OVS's shareholders and investors in the long term, and to promote the permanence of the beneficiaries by incentivising them to add value to the Company and simultaneously creating a loyalty-building tool. The Plan is intended for the top management of the Company and its subsidiaries and other employees and contractors (including consultants and/or providers of intellectual work) of OVS and/or subsidiaries with roles that are strategically important for the Company's business or that are otherwise able to make a significant contribution in light of the pursuit of the strategic objectives of OVS and its subsidiaries.

When a performance objective is achieved for each three-year vesting period for measurement of the results, starting on 1 February and ending on 31 January of the third subsequent year (2022-2024/2023-2025/2024-2026), the Plan entitles each beneficiary to receive OVS shares free of charge, subject to the circumstances set out in the Plan (existence of a relationship with the company and absence of disciplinary sanctions). The number of actual shares granted to each beneficiary in the event of achievement of the objective, under the terms and conditions of the Plan regulations, will be determined by applying different criteria, depending on whether the reference price of the OVS share is less than or equal to €3.00 or more than €3.00.

The Plan is divided into three three-year ("rolling") performance cycles (2022-2024, 2023-2025 and 2024-2026) and will expire on 31 January 2027. The maximum total number of shares to be granted to beneficiaries in order to execute the Plan is 4,500,000.

For further details on the Plan, please see (i) the explanatory report on the 4th (fourth) item on the agenda of the Ordinary Shareholders' Meeting of OVS of 31 May 2022, and (ii) the information document prepared pursuant to Article 84-*bis* of the regulation approved by CONSOB resolution of 14 May 1999, No. 11971, available on the Company's website, www.ovscorporate.it, and on the authorised storage facility 1Info at www.1info.it.

The first three-year cycle was assigned by resolution of the Board of Directors on 14 June 2022.

The second three-year cycle was assigned by resolution of the Board of Directors on 21 March 2023.

The first three-year cycle was assigned by resolution of the Board of Directors on 17 April 2024.

Also on 31 May 2022, the Extraordinary Shareholders' Meeting resolved to grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years from the date of the resolution, the authority to increase the share capital, free of charge and in one or more tranches, pursuant to Article 2349 of the Italian Civil Code, to be allotted to the beneficiary employees of the Plan, through the issue of a maximum of 4,500,000 ordinary shares at an issue value equal to the accounting par value of the OVS shares at the execution date, to be fully allocated to capital. Article 5 of the current Articles of Association was amended accordingly.

Pursuant to IFRS 2, the 2022 Performance Share Plan is also defined as equity-settled. Accordingly, the fair value of the Plan was estimated at the grant date, using the Black-Scholes method. The overall fair value pertaining to the reporting period has therefore been recognised in the income statement. In particular, personnel costs at 31 July 2024 attributable to the granting of OVS shares, amounting to €683 thousand, were recognised under the above plan with a balancing entry in the shareholders' equity.

The ordinary Shareholders' Meeting of 30 May 2024 approved a new compensation plan based on financial instruments called the "2024-2026 Performance Share Plan" (the "2024-2026 Plan"), reserved to executive directors, managers with strategic responsibilities of OVS and other employees or contractors - including consultants and/or intellectual service providers - of the Company and/or the OVS Group who perform functions with a significant impact on the sustainable success of the Company and the Group, concerning a maximum of 6,600,000 rights.

According to the Performance Share Plan, when performance targets are reached (the "Performance Targets") that have been measured over a vesting period starting on 1 February 2024 and ending on 31 January 2027 (the "Vesting Period", consistent with the closing of the company's financial statements), each beneficiary is entitled to receive free shares of OVS (the "Shares"), subject to the circumstances that, after the Vesting Period (and without prejudice to the provisions below in the event of leavership), the relationship between OVS or the Subsidiary and the Beneficiary still exists (without prejudice to the right of the Board of Directors to derogate from this last point in favour of the Beneficiary). The maximum total number of shares to be granted to the Beneficiaries to execute the Plan is 6,600,000.

The number of Shares to be actually delivered to each Beneficiary by the deadlines indicated below is determined at the end of the Vesting Period, based on the degree of achievement of the Performance

Objectives, while their actual delivery to each Beneficiary will be divided into 2 (two) tranches subject to the conditions set out below, as follows:

- the first tranche, regarding the allocation of 60% of the Shares to which the rights are allotted, is awarded at the end of the Vesting Period, which will end with the approval of the consolidated financial statements for the year ended 31 January 2027 (during which the Performance Targets are measured);
- the second tranche (i.e. the allotment of the remaining 40% of the shares vested with the rights allotted) is assigned at the end of a further two-year deferral period that will end on 31 January 2029, without prejudice to the provisions in the event of a good leaver after the Vesting Period and during the two-year period following the Performance Period.

The rights attributed to the Beneficiaries accrue, thereby entitling the relevant Beneficiaries to receive Company Shares (in the ratio of 1 share for each accrued right), based on the level of achievement of the Performance Targets.

For further details on the Plan, please see (i) the explanatory report on the 4th (fourth) item on the agenda of the ordinary Shareholders' Meeting of OVS of 30 May 2024, and (ii) the information document prepared pursuant to Article 84-*bis* of the regulation approved by CONSOB Resolution of 14 May 1999, No. 11971, available on the Company's website, www.ovscorporate.it, and on the authorised storage facility 1Info at www.1info.it.

On 12 June 2024, the Board of Directors, following the favourable opinion of the Appointments and Remuneration Committee, identified 19 beneficiaries in addition to the Chief Executive Officer. The beneficiaries include managers with strategic responsibilities, employees and contractors.

For the purposes of implementing the Plan, the shares that can be assigned to the beneficiaries shall reflect, in whole or in part, (i) the amount of treasury shares that the Company may purchase and which it may dispose of in execution of appropriate shareholders' meeting authorisations, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, Article 132 of the Consolidated Law on Finance and Art. 144-bis of the Issuers' Regulation and in compliance with current EU legislation, including Regulation (EU) 596/2014 and Delegated Regulation (EU) 1052/2016, and/or, where necessary, (ii) any future capital increases in accordance with Article 2349 of the Italian Civil Code, to be submitted to the Shareholders' Meeting for approval.

Pursuant to IFRS 2, the 2024-2026 Performance Share Plan is also defined as equity-settled. Accordingly, the fair value of the Plan was estimated at the grant date, using the Montecarlo method. Therefore, the overall fair value pertaining to the reporting period has been recognised in the income statement. In particular, personnel costs at 31 July 2024 attributable to the granting of OVS shares, amounting to €337 thousand, were recognised under the above plan with a balancing entry in shareholders' equity.

7.28 Depreciation, amortisation and write-downs of assets

The breakdown of the “Depreciation, amortisation and write-downs of assets” item is provided below:

	31.07.2024	31.07.2023
Amortisation of intangible assets	9,786	9,566
Depreciation of tangible assets	25,007	23,399
Depreciation of right-of-use assets	75,330	80,539
Write-downs of tangible and intangible assets	958	2,745
Total	**111,081**	**116,249**

Due to adoption of the IFRS 16 accounting standard, this item includes depreciation of right of use assets relating mainly to store leases and deposits and to a minor extent to leases on offices, apartments for company use and motor vehicles/other equipment.

For a detailed analysis of changes during the year, see Appendix 2.

It should be noted that the amount relating to write-downs of tangible and intangible assets in the appendices in question has been included in the amounts shown in the “Disposals” and “Write-downs” columns.

Write-downs during the half-year refer to assets written down due to store closures that have already taken place or are planned, while there are no write-downs due to impairment tests on stores.

7.29 Other operating expenses

Service costs

Service costs, which reflect the Group’s use of external resources, can be broken down as follows:

	31.07.2024	31.07.2023
Advertising	19,122	15,815
Utilities	17,644	21,875
Miscellaneous sales costs	34,038	31,321
Professional and advisory services	15,787	13,851
Travel and other staff expenses	7,056	7,140
Insurance	1,919	1,833
Maintenance, cleaning and security	19,479	18,060
Other services	653	675
Remuneration of the Board of Statutory Auditors/Supervisory Board	145	132
Total	**115,843**	**110,702**

Costs for the use of third-party assets

Costs for the use of third-party assets are itemised as follows:

	31.07.2024	31.07.2023
Rental costs and ancillary charges	16,776	17,056
Leasing of plant, equipment and vehicles	3,358	2,361
Total	**20,134**	**19,417**

The item "Rental costs and ancillary charges" mainly includes rents deriving from leases accounted for outside the scope of IFRS 16, variable rent components within the scope of the standard and the service charges of the sales network. The leases were entered into under arm's length conditions.

Write-downs and provisions

The breakdown of the "Write-downs and provisions" item is provided below:

	31.07.2024	31.07.2023
Doubtful accounts	2,468	750
Provisions for risks and charges	377	375
Total	**2,845**	**1,125**

For details of the amounts described above, see note 6.2 "Trade receivables" and note 6.20 "Provisions for risks and charges".

Other operating expenses

Other operating charges break down as follows:

	31.07.2024	31.07.2023
Materials and equipment for offices and points of sale	2,700	2,989
Taxes	4,355	4,657
Capital losses	82	82
Charitable donations	139	301
Corporate expenses	427	409
Other general and administrative costs	408	388
Other operating expenses	1,580	1,058
Total	**9,691**	**9,885**

7.30 Financial income (expenses)

Financial income

	31.07.2024	31.07.2023
Financial income on bank current accounts	477	35
Financial income from miscellaneous sources	222	245
Income from financial lease assets	20	102
Total	**719**	**382**

Financial expenses

	31.07.2024	31.07.2023
Financial expenses on bank current accounts	0	10
Financial expenses on loans	6,979	6,258
Expenses from finance lease liabilities	30,523	20,500
Interest cost on provision for employee severance benefits	432	476
Other financial expenses/fees	2,381	2,199
Total	**40,315**	**29,443**

Other financial expenses on loans mainly include fees associated with existing loans.

With regard to the financial income/expenses for leases due to adoption of IFRS 16, please see the extensive comments in the sections above.

The weighted average IBR applied in the first half of 2024 was 6.25%.

Foreign exchange gains and losses

	31.07.2024	31.07.2023
Foreign exchange gains	3,613	1,651
Foreign exchange losses	(1,519)	(5,822)
Gains (losses) on changes in fair value on forward derivatives	343	3,817
Total	**2,437**	**(354)**

7.31 Taxes

The tax impact in the consolidated income statement is broken down as follows:

	31.07.2024	31.07.2023
Current taxes	10,471	9,908
Deferred/(prepaid) taxes	342	(397)
Total	**10,813**	**9,511**

Current taxes at 31 July 2024 mainly include the estimate of the Parent Company's IRES and IRAP charge for a total of €9.7 million; a provision for approximately €495 thousand for the preliminary effects deriving from the application of the Pillar Two legislation in the tax jurisdictions of Hong Kong, determined as described in more detail in Note no. 3.5 Accounting standards and consolidation criteria.
The effective tax charge for the first half of 2024 was 33.3% (compared with 29.8% at 31 July 2023) and differs from the theoretical tax charge due to the effect of the IRAP charge on earnings before tax and the effect of the new income tax of multinational groups in application of the aforementioned legislation.

7.32 Earnings per share

The share capital is divided into 290,923,470 shares with no par value.
The calculation of earnings per share shown in the following table is based on the ratio of earnings attributable to the Group to the weighted average number of shares of OVS S.p.A. outstanding in the year, net of treasury shares held (43,460,139 shares, equal to 14.9387% of the share capital), weighted for the period of ownership.

	Period ended 31.07.2024	Period ended 31.07.2023
Net result for the period (in Euro/000)	21,462	22,255
Number of ordinary shares at end of the period	290,923,470	290,923,470
Average weighted number of shares outstanding for the calculation of basic earnings per share	254,562,595	274,352,881
Basic earnings per share (in Euro)	**0.084**	**0.081**
Diluted earnings per share (in Euro)	**0.082**	**0.081**

Diluted earnings per share were essentially in line with basic earnings per share, since at 31 July 2024 the dilutive effects of the various stock option plans (see note 7.27 above for details) were not material.

8. Relations with related parties

The following table summarises the OVS Group's lending and borrowing relationships with related parties, as defined by IAS 24, at the reporting date.

In particular, it should be noted that, as of 16 July 2024, Goldenpoint S.p.A. is considered a related party of the OVS Group: due to the transactions described above, the Parent Company OVS S.p.A., in addition to holding 3% of the share capital of Goldenpoint, has assumed a role of influence on the Board of Directors, because of the appointment of 3 of the 7 directors.

(thousands of euros)	Related parties					
	Goldenpoint S.p.A.	Centomila-candele S.c.p.a. in liquidation	Directors and executives with strategic responsibilities	Total	Total balance sheet item	Percentage of balance sheet item
Trade receivables						
At 31 July 2024	12	0	0	12	119,221	0.0%
At 31 January 2024	0	0	0	0	105,202	0.0%
Non-current financial assets						
At 31 July 2024	2,853	0	0	2,853	6,745	42.3%
At 31 January 2024	0	0	0	0	3,773	0.0%
Trade payables						
At 31 July 2024	0	47	0	47	(400,346)	(0.0)%
At 31 January 2024	0	47	0	47	(400,632)	(0.0)%
Other current payables						
At 31 July 2024	0	0	(1,293)	(1,293)	(148,785)	0.9%
At 31 January 2024	0	0	(2,417)	(2,417)	(173,674)	1.4%

Centomilacandele S.C.p.A. in liquidation is a non-profit consortium company that was engaged in the supply of electricity and natural gas under the best possible conditions to the consortium entities. It was placed in liquidation in August 2020. Business relations with the company had already ceased in 2020.

The following table summarises the economic relations of the OVS Group with related parties:

(thousands of euros)	Related parties					
	Goldenpoint S.p.A.	Centomila-candele S.c.p.a. in liquidation	Directors and executives with strategic responsibilities	Total	Total balance sheet item	Percentage of balance sheet item
Half year ended 31 July 2024						
Revenues	0	0	0	0	762,056	0.0%
Other operating income and revenues	10	0	0	10	43,434	0.0%
Purchases of raw materials, consumables and goods	0	0	0	0	(313,706)	0.0%
Personnel costs	0	0	(3,396)	(3,396)	(162,568)	2.1%
Service costs	0	0	0	0	(115,843)	0.0%
Costs for the use of third-party assets	0	0	0	0	(20,134)	0.0%
Write-downs and provisions	0	0	0	0	(2,845)	0.0%
Other operating expenses	0	0	0	0	(9,691)	0.0%
Financial income	3	0	0	3	719	0.4%
Financial expenses	0	0	0	0	(40,315)	0.0%

At 31 July 2023, the OVS Group's economic relations with related parties were as follows:

(thousands of euros)	Related parties			
	Directors and executives with strategic responsibilities	Total	Total balance sheet item	Percentage of balance sheet item
Half year ended 31 July 2023				
Revenues	0	0	734,864	0.0%
Other operating income and revenues	0	0	43,655	0.0%
Purchases of raw materials, consumables and goods	0	0	(312,691)	0.0%
Personnel costs	(3,855)	(3,855)	(147,141)	2.6%
Service costs	0	0	(110,702)	0.0%
Costs for the use of third-party assets	0	0	(19,417)	0.0%
Write-downs and provisions	0	0	(1,125)	0.0%
Other operating expenses	0	0	(9,885)	0.0%
Financial income	0	0	382	0.0%
Financial expenses	0	0	(29,443)	0.0%

The cash flows shown in the following table represent the actual payments and receipts registered with related parties in the half-year (or until the time when the related party qualification ended), rather than changes during the period in the item in the financial statements to which they relate.

(thousands of euros)	Related parties					
	Goldenpoint S.p.A.	Centomila-candele S.c.p.a. in liquidation	Directors and executives with strategic responsibilities	Total	Total cash flow from the cash flow statement	Percentage of balance sheet item
Half year ended 31 July 2024						
Cash flow generated (absorbed) by operating activities	0	0	(3,997)	(3,997)	59,169	(6.8)%
Cash flow generated (absorbed) by investment activities	0	0	0	0	(46,205)	0.0%
Cash flow generated (absorbed) by financing activities	(2,850)	0	0	(2,850)	(27,205)	10.5%
Half year ended 31 July 2023						
Cash flow generated (absorbed) by operating activities	0	0	(11,016)	(11,016)	75,865	(14.5)%
Cash flow generated (absorbed) by investment activities	0	0	0	0	(37,981)	0.0%
Cash flow generated (absorbed) by financing activities	0	0	0	0	(62,068)	0.0%

The transactions listed above took place under arm's length conditions.

9. Information on operating segments

Pursuant to IFRS 8, management has identified the following operating segments:

- OVS, active in the value fashion market, offering stylish and high-quality clothing at competitive prices, with a focus on the latest trends and fashions;
- Upim, active in the value segment of the Italian market, offering women's, men's and children's clothing products, homeware and fragrance, with particularly competitive price positioning and a key focus on the family; and
- with the acquisition of STEFANEL in March 2021 and GAP Italia in February 2022, two new business units were identified within the Group. However, given the smaller size of these recent acquisitions compared with the consolidated accounting balances, they are included in the "Other businesses" category.

The results of the operating segments are measured by analysing revenues and Adjusted EBITDA, with the latter defined as earnings before depreciation and amortisation, asset write-downs, financial income and expenses and tax, net of non-recurring income and expenses and other non-monetary accounting effects, as well as the effect of application of IFRS 16.

Specifically, management believes that revenues and adjusted EBITDA provide a good performance indicator as they are not affected by tax legislation or depreciation/amortisation policy.

With regard to the Group's invested capital, however, it should be noted that this is managed synergistically between all the divisions at the central level: therefore, management does not consider a view of capital by brand to be representative.

(thousands of euros)	31 July 2024 OVS	UPIM	Other businesses	Total	31 July 2023 OVS	UPIM	Other businesses	Total
Revenues by segment	**557,879**	**180,960**	**22,815**	**761,654**	**544,359**	**168,609**	**21,891**	**734,859**
Adjusted EBITDA	**71,809**	**21,337**	**(4,120)**	**89,026**	**73,221**	**16,871**	**(3,682)**	**86,410**
% of revenues	12.9%	11.8%	(18.1)%	11.7%	13.5%	10.0%	(16.8)%	11.8%
Non-recurring expenses				(1,250)				(1,192)
Forex reclassification				(6,039)				(1,943)
Stock option plan				(1,021)				(996)
IFRS 16 effects				99,987				95,279
EBITDA				**180,703**				**177,558**
Depreciation, amortisation and write-downs of assets				(111,081)				(116,249)
Earnings before net financial expenses and taxes				**69,622**				**61,309**
Financial income				719				382
Financial expenses				(40,315)				(29,443)
Foreign exchange gains and losses				2,437				(354)
Gains (losses) from equity investments				0				0
Earnings before tax for the period				**32,463**				**31,894**
Taxes				(10,813)				(9,511)
Net result for the period				**21,650**				**22,383**

10. Other information

10.1 Contingent liabilities

It should be noted that, other than what is described in note 6.20, “Provisions for risks and charges”, no other potential risks have been identified as possible by management.

10.2 Sureties and guarantees relating to third parties

These amounted to €93,412 thousand (€93,532 thousand at 31 January 2024) and were granted on behalf of the Group by banks or insurance companies, mainly to guarantee Italian leases.

10.3 Other commitments

There are no commitments at the reporting date that are not already reflected in other items of the consolidated statement of financial position.

10.4 Directors' and Statutory Auditors' fees

The following table shows the fees payable to Directors and Statutory Auditors for positions held at the Group:

(thousands of euros)	Directors	Auditors
31.07.2024	2,172	91
31.07.2023	2,006	91

10.6 Significant non-recurring events and operations

In accordance with CONSOB Communication No. DEM/6064293 of 28 July 2006, note that the Group's results for the first half of 2024 were influenced by non-recurring net expenses of €992 thousand.

	31.07.2024	31.07.2023
Revenues	(402)	0
Purchases of raw materials, consumables and goods	206	0
Personnel costs	377	0
Depreciation, amortisation and write-downs of assets	55	0
Service costs	554	1,080
Costs for the use of third-party assets	404	0
Other operating expenses	111	112
Taxes	(313)	(286)
Total	**992**	**906**

Non-recurring expenses refer to:

– revenues of €402 thousand, purchases of goods of €206 thousand and costs for the use of third-party assets of €404 thousand relating to certain foreign initiatives being partially divested;

– personnel costs of €377 thousand relating to transactions with employees for €101 thousand and costs relating to certain foreign initiatives being partially divested for €276 thousand;

– depreciation, amortisation and extraordinary write-downs of assets for €55 thousand related to some partially discontinued foreign initiatives;

– service costs of €554 thousand, mainly relating to one-off costs related to some foreign initiatives being discontinued for €163 thousand and other net one-off costs of €391 thousand;

– other operating expenses of €111 thousand relating to certain foreign initiatives being partially divested;

– the tax effect on the above non-recurring items of €313 thousand.

In accordance with the above CONSOB Notice, it should also be noted that in the first half of 2024, no atypical and/or unusual transactions were entered into as defined by the Notice.

11. Significant events after the reporting date

The plan to purchase treasury shares continued: from 1 August 2024 to date, the Parent Company has purchased 1,522,549 treasury shares, equal to 0.52335% of the share capital for a total amount of €3.851 million, while there were no disposals.

There were no other significant events after 31 July 2024.

12. Appendices to the condensed consolidated half-year financial statements:

The following documents contain additional information on the condensed consolidated half-year financial statements at 31 July 2024.

Appendices:

- no. 1 Property, plant and equipment at 31 July 2024;
- no. 2 Right-of-use assets at 31 July 2024;
- no. 3 Intangible assets at 31 July 2024.

APPENDIX 1

Property, plant and equipment

Composition and changes during the period were as follows (amounts in thousands of euros):

	Situation at 31.01.2024	Changes during the period				Situation at 31.07.2024
		Acquisitions/ Increases	Sales/disposals		Amortisation/ write-downs	
Leasehold improvements						
initial cost	235,736	7,180	(1,799)		0	241,117
write-downs	0	0	0		0	0
amortisation	(178,655)	0	1,528		(4,272)	(181,399)
net	**57,081**	**7,180**	**(271)**		**(4,272)**	**59,718**
Land and buildings						
initial cost	6,823	0	0		0	6,823
write-downs	0	0	0		0	0
amortisation	(1,983)	0	0		(16)	(1,999)
net	**4,840**	**0**	**0**		**(16)**	**4,824**
Plant and machinery						
initial cost	361,153	8,296	(1,710)		0	367,739
write-downs	0	0	0		0	0
amortisation	(257,703)	0	1,525		(7,471)	(263,649)
net	**103,450**	**8,296**	**(185)**		**(7,471)**	**104,090**
Industrial and commercial equipment						
initial cost	394,244	14,632	(3,407)		0	405,469
write-downs	0	0	0		0	0
amortisation	(289,326)	0	2,818		(11,518)	(298,026)
net	**104,918**	**14,632**	**(589)**		**(11,518)**	**107,443**
Other assets						
initial cost	74,984	3,293	(286)		0	77,991
write-downs	0	0	0		0	0
amortisation	(64,178)	0	271		(1,730)	(65,637)
net	**10,806**	**3,293**	**(15)**		**(1,730)**	**12,354**
Assets under construction and payments on account						
initial cost	12,586	10,251	(3,681)		0	19,156
write-downs	0	0	0		0	0
amortisation	0	0	0		0	0
net	**12,586**	**10,251**	**(3,681)**	(1)	**0**	**19,156**
Total						
initial cost	1,085,526	43,652	(10,883)		0	1,118,295
write-downs	0	0	0		0	0
amortisation	(791,845)	0	6,142		(25,007)	(810,710)
net	**293,681**	**43,652**	**(4,741)**	(2)	**(25,007)**	**307,585**

(1) Of this amount, €3.681 million represents assets under construction at 31/01/2024, reclassified to the specific asset categories in the first half of 2024.

(2) Includes €958 thousand relating to fixed assets disposed of and written down in the period due to the closure of stores.

APPENDIX 2

Right-of-use assets

Composition and changes during the period were as follows (amounts in thousands of euros):

	Situation at 31.01.2024	Changes during the period: Acquisitions/ Increases	Remeasure-ment	Decreases	Amortisation/ write-downs	Situation at 31.07.2024
Land and buildings						
initial cost	1,482,593	92.368	2,621	(24,924)	0	1,552,658
write-downs	0	0	0	0	0	0
amortisation	(568,489)	0	0	24,924	(74,544)	(618,109)
net	**914,104**	**92,368**	**2,621**	**0**	**(74,544)**	**934,549**
Plant and machinery						
initial cost	640	0	0	0	0	640
write-downs	0	0	0	0	0	0
amortisation	(308)	0	0	0	(36)	(344)
net	**332**	**0**	**0**	**0**	**(36)**	**296**
Industrial and commercial equipment						
initial cost	3,627	0	0	(8)	0	3,619
write-downs	0	0	0	0	0	0
amortisation	(1,439)	0	0	2	(181)	(1,618)
net	**2,188**	**0**	**0**	**(6)**	**(181)**	**2,001**
Other assets						
initial cost	7,389	467	(12)	(239)	0	7,605
write-downs	0	0	0	0	0	0
amortisation	(4,901)	0	0	239	(568)	(5,230)
net	**2,488**	**467**	**(12)**	**0**	**(568)**	**2,375**
Total						
initial cost	1,494,249	92,835	2,609	(25,171)	0	1,564,522
write-downs	0	0	0	0	0	0
amortisation	(575,137)	0	0	25,165	(75,329)	(625,301)
net	**919,112**	**92,835**	**2,609**	**(6)**	**(75,329)**	**939,221**

APPENDIX 3

Intangible assets

Composition and changes during the period were as follows (amounts in thousands of euros):

	Situation at 31.01.2024	Changes during the period Acquisitions/ Increases	Sales/ disposals	Amortisation/ write-downs	Situation at 31.07.2024
Rights to industrial patents and intellectual property rights					
initial cost	201,674	4,015	(6)	0	205,683
write-downs	0	0	0	0	0
amortisation	(172,726)	0	6	(4,963)	(177,683)
net	**28,948**	**4,015**	**0**	**(4,963)**	**28,000**
Concessions, licences and trademarks					
initial cost	516,611	113	(269)	0	516,455
write-downs	(4,775)	0	231	0	(4,544)
amortisation	(13,029)	0	38	(763)	(13,754)
net	**498,807**	**113** (2)	**0**	**(763)**	**498,157**
Assets under construction and payments on account					
initial cost	2,945	1,702	(1,099)	0	3,548
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**2,945**	**1,702**	**(1,099)** (1)	**0**	**3,548**
Other intangible assets					
initial cost	167,303	38	(6)	0	167,335
write-downs	0	0	0	0	0
amortisation	(108,156)	0	6	(4,060)	(112,210)
net	**59,147**	**38**	**0**	**(4,060)**	**55,125**
Total					
initial cost	888,533	5,868	(1,380)	0	893,021
write-downs	(4,775)	0	231	0	(4,544)
amortisation	(293,911)	0	50	(9,786)	(303,647)
net	**589,847**	**5,868**	**(1,099)**	**(9,786)**	**584,830**
Goodwill					
initial cost	297,686	7,300	0	0	304,986
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**297,686**	**7,300** (2)	**0**	**0**	**304,986**

(1) Of this amount, €1.099 million represents assets under construction at 31/01/2024, reclassified to the specific asset categories in the first half of 2024.

(2) Acquisitions/increases during the period include the increase resulting from the interim allocation process of the price paid for the full acquisition of JB Licenses Srl finalised on 10 April 2024.

Certification in accordance with the provisions of Article 154-bis, paragraph 5 of Legislative Decree 58/1998 (Consolidated Act on Finance)

1. We, the undersigned, Stefano Beraldo, the Chief Executive Officer, and Nicola Perin, the Director responsible for preparing the corporate accounting statements of OVS S.p.A., hereby declare, also taking account of Article 154-bis, paragraphs 3 and 4, of Legislative Decree of 24 February 1998 No. 58:
   - the adequacy with respect to the characteristics of the Company and
   - the effective application of administrative and accounting procedures for the formation of condensed consolidated half-year financial statements in the period from 1 February 2024 to 31 July 2024.

2. The evaluation of the adequacy of the administrative and accounting procedures used in the preparation of the condensed consolidated half-year financial statements at 31 July 2024 was based on a process defined by OVS S.p.A. consistent with the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSo), which is a generally accepted international framework.

3. Moreover, we certify that:

   3.1 the condensed consolidated half-year financial statements:

      a) have been prepared in accordance with the international accounting standards recognised by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 as subsequently amended;

      b) correspond to the accounting books and records;

      c) are suitable to provide a true and fair representation of the financial position and results of the Issuer and all the companies included within the scope of consolidation.

   3.2 The Interim Report on Operations includes a reliable review of significant events occurring in the first six months of the year and their impact on the condensed consolidated half-year financial statements, as well as a description of the main risks and uncertainties with regard to the remaining six months of the year. The Interim Report on Operations also includes a reliable review of information on significant transactions with related parties.

Venice – Mestre, 19 September 2024

Stefano Beraldo	**Nicola Perin**
Chief Executive Officer	The Financial Reporting Officer

Report of the Independent Auditors on the condensed consolidated half-year financial statements

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
OVS S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the OVS Group, comprising the statement of financial position as at 31 July 2024, the income statement and the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the OVS Group as at and for the six months ended 31 July 2024 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 24 September 2024

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit