



OVS

H1 2024 Financial results

19 September 2024

A **conference call with analysts and investors will take place on the 20th September 2024 at 15:00 local time**, during which the main results for the period ended 31 July 2024 will be presented.

The conference call may be joined by dialing +39 02 8020911 from Italy, +44 1 212 818004 from the UK and +1 718 7058796 from the USA.

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The manager in charge of preparing the corporate accounting documents, Nicola Perin, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the accounting figures, books and records.

This investor presentation contains measures that were not prepared in accordance with IAS/IFRS.

The information presented in this document has not been audited.

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Current trading e Outlook

Appendix

H1 2024 Financial results

Excellent growth in sales and margins

Net sales

€761.7m

+3.6% vs. H1 2023

Gross margin

59.6%

vs. 57.7% of H1 2023

EBITDA

€89.0m

+€2.6m vs. H1 2023

Net Debt

€263.0m

vs. 242.1m as of 31 Jul 2023

- **Net Sales €761.7m**, +3.6% vs. H1 2023. The excellent Q1 2024 was followed by a Q2 2024 with sales increasing +2.8% vs. Q2 2023, despite even more unfavorable weather;
- **Gross margin at 59.6% on sales**, up nearly 200 basis points from H1 2023;
- **EBITDA €89.0m**, +3.0% vs. H1 2023; The gross margin increase, combined with higher sales, has more than offset higher operating costs;
- **Net result €34.6m**, +2.8% vs. H1 2023;
- **Net debt** at €263.0m. Over the last 12 months, the Company generated approx. €60m of cash and **purchased treasury shares and distributed dividends for a total of €80m**;
- The sales trend in August remained very positive. September sales are showing a significant increase, also thanks to the finally favorable weather. **H2 2024 is starting in the best possible way, strengthening the already good same perimeter sales growth**;
- **Buyback plan extension for additional €10m.**

H1 2024 Key income statement items

Increase in EBITDA generated by the operating leverage of higher sales with a solid gross margin

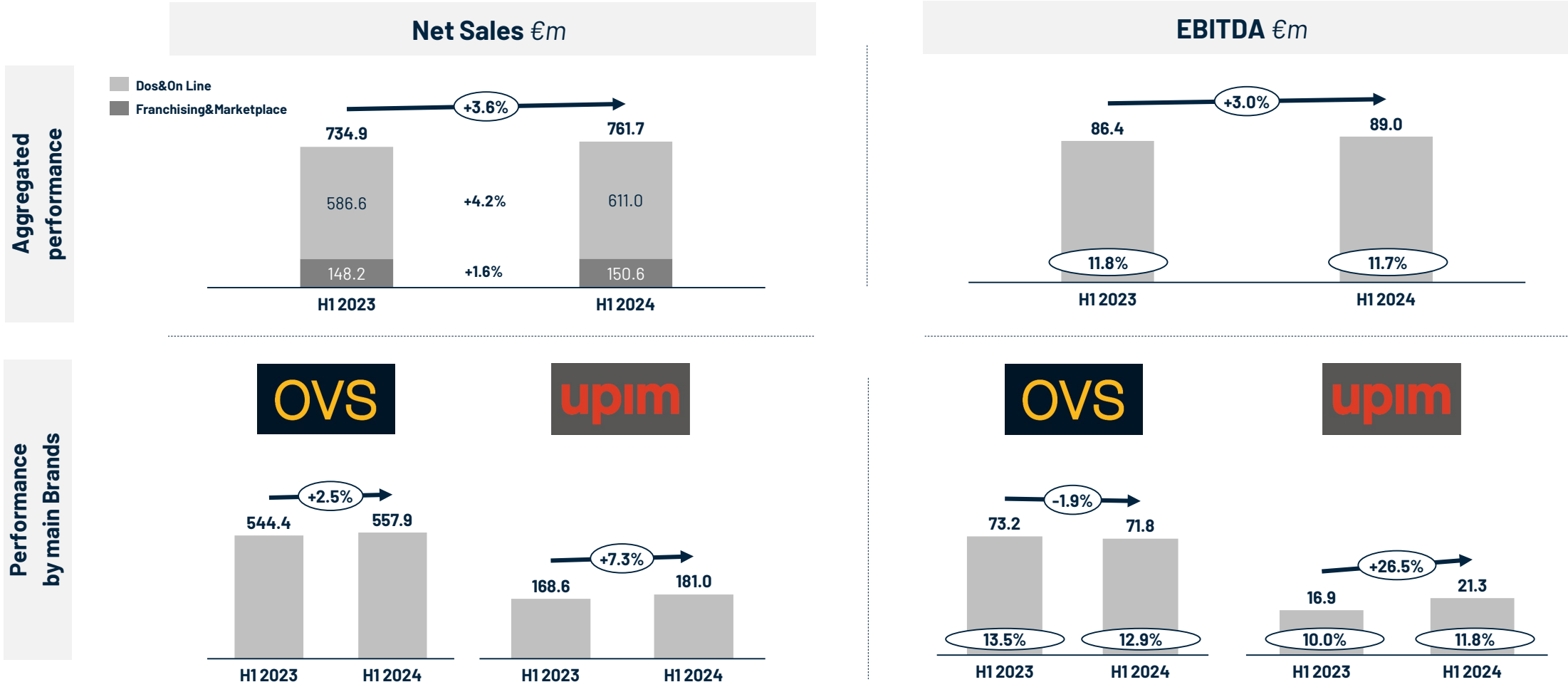
€m	H1 2024 Adjusted	H1 2023 Adjusted	Change Adjusted	Change % Adjusted
Net Sales	761.7	734.9	26.8	3.6%
Gross Margin	454.2	424.1	30.1	7.1%
GM%	59.6%	57.7%		+192ppt
EBITDA	89.0	86.4	2.6	3.0%
EBITDA%	11.7%	11.8%		(7ppt)
EBIT	57.3	54.6	2.6	4.8%
EBIT%	7.5%	7.4%		+9ppt
PBT	48.2	45.9	2.2	4.9%
Net Income	34.6	33.7	0.9	2.8%

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

- **Net sales at €761.7m**, +3.6% vs. H1 2023, despite unfavorable weather conditions in May and June and thanks to the strong recovery during July;
- Excellent results in the young segment, with the B.Angel more than doubling sales in two years. The beauty offering, characterized by excellent profitability, continues to grow strongly;
- **Gross margin increase** thanks to the normalization of purchasing conditions vs. H1 2023 coupled with careful mark-down management;
- **EBITDA at €89.0m**, +3.0% vs. H1 2023. Growth at gross margin level was partially absorbed by higher costs due to network expansion, the expected increase in personnel cost (for the new national agreement and for the conclusion of government subsidies available until FY2023) and higher investments on advertising;
- **Net Income at €34.6m**, +2.8% vs. H1 2023.

H1 2024 Sales and EBITDA performance

OVS achieved an EBITDA of €71.8m despite adverse weather conditions and significant marketing investments in B.Angel. In September, with the arrival of autumn in the back-to-school period, sales have grown significantly, contributing to a rapid recovery in profitability. Very positive performance of Upim.



31 July 2024 Trade working capital

Trade working capital at 31 July 2024 is improving vs. 31 July 2023

€m	31 July 2024	31 July 2023	Change
Trade Receivables	95.9	88.6	7.3
Inventory	495.8	484.2	11.6
Trade Payables	(400.3)	(370.5)	(29.9)
Trade Working Capital	191.4	202.4	(11.0)

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

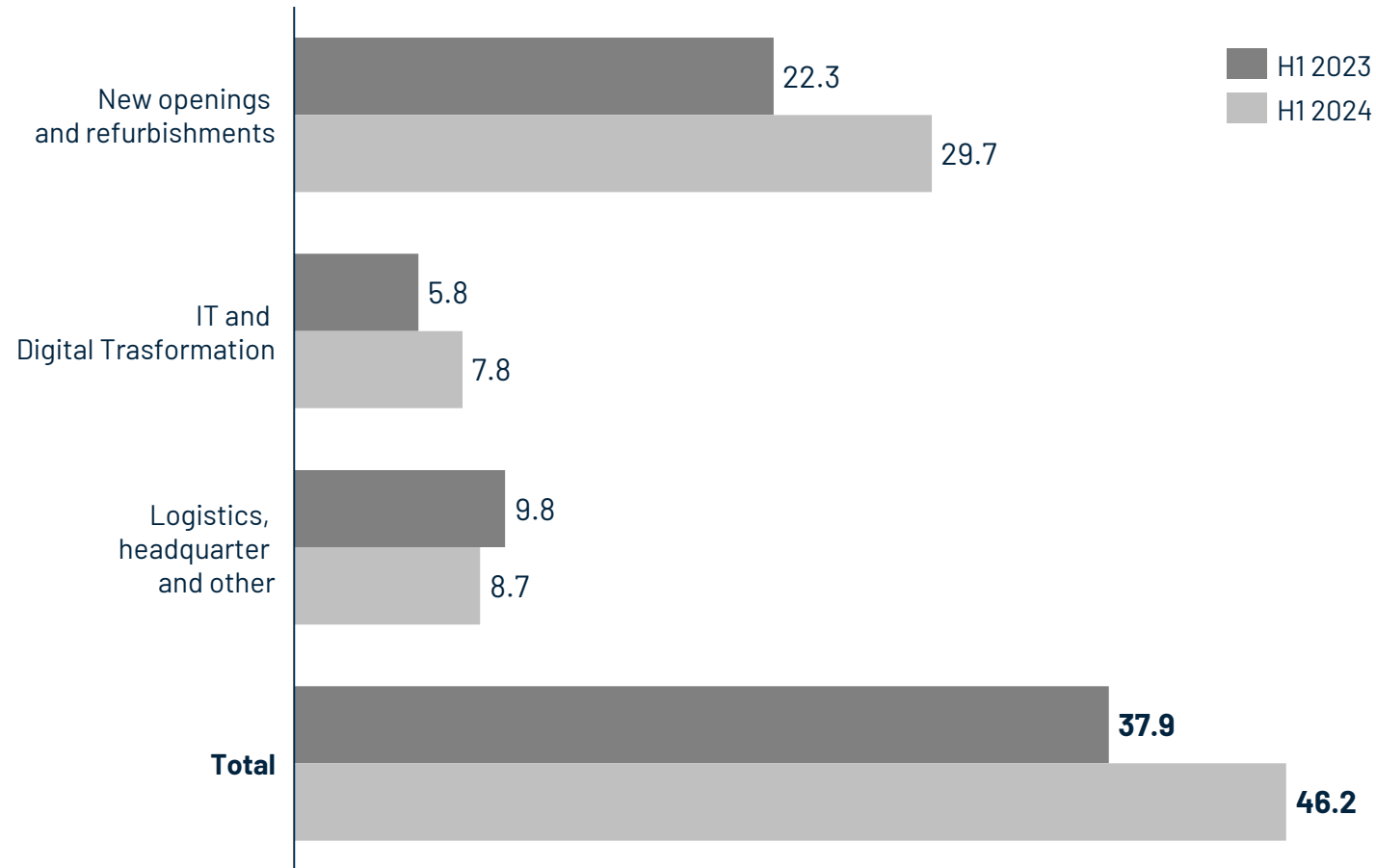
Trade Working Capital at 31 July 2024 is €11.0m lower vs. 31 July 2023 as the net result of:

- **Net trade Receivables** increased by €7.3m (+8% vs. 31 July 23) due to longer payment terms conceded to partners in light of the lower sales in May-June. Situation under normalization after the end of season sales;
- **Inventory** trend is related to higher €30m stock in transit due to longer ship-time in a context in which stock in hand is 8% lower compared to last year;
- **Trade payables** increasing vs. last year for anticipated purchases and general business growth.



H1 2024 Capital expenditures

Focus on refurbishing of current network and digital transformation



H1 2024 Cash flow

The H1 2024 cash absorption, typical of our sector, was slightly higher than last year due to the phasing of capex, which was more concentrated in the first half

€m	H1 2024	H1 2023
EBITDA Adjusted	89.0	86.4
Non recurring items	(1.3)	(1.2)
Change in Trade Working Capital	(55.7)	(51.2)
Other changes in Working Capital	(17.7)	(29.5)
Capex	(46.2)	(37.9)
Operating Cash Flow	(31.8)	(33.4)
Financial charges	(8.5)	(8.0)
Taxes & others	(15.8)	(9.5)
Net Cash Flow	(56.1)	(50.9)
excluding MtM hedging instruments and amortized cost, buyback and dividends	(56.1)	(50.9)
Dividends	(25.2)	(16.2)
Buyback	(36.0)	(12.9)
Change in Net financial position	(117.4)	(80.1)
excluding MtM hedging instruments and amortized cost	(117.4)	(80.1)

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

- H1 2024 cash generation benefits from the **increase in EBITDA** and from a better trend in other working capital (mostly driven to VAT seasonality);
- Increase in capital expenditures to boost refurbishment program and finalize logistic automation; investment level to normalize in H2;
- Normalization of tax payment following the termination in FY2023 of past year losses effect;
- **In H1 2024 the company purchased own shares for €36.0m and distributed dividends for €25.2m.**

31 July 2024 Net debt and Leverage

Net debt at €263.0m in a context in which over the last 12 months, the Company has generated approx. €60m in cash and repurchased shares and distributed dividends for a total of €80m

€m	31 July 2024	31 July 2023
Net Debt reported	1,280.2	1,221.9
Net Debt adjusted for MtM hedging instruments and IFRS16	263.0	242.1
Leverage on EBITDA Net Debt adjusted / EBITDA Adjusted last 12 months	1.42x	1.31x
Leverage last 12 months on EBITDA Average Net Debt adjusted of last 12 months / EBITDA Adjusted last 12 months	1.38x	1.30x

- **Net Debt adjusted** is **€263.0m** vs. €242.1m as of July 2023;
- Average **leverage on EBITDA** is **1.38x**. Excluding €54.5m spent in buy-back in the last 12 months, the leverage is **1.09x**;
- As at 31 July 2024, treasury shares in portfolio stood at 43.5m, 14.94% of share capital.



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Current trading and Outlook

All brands have started the second half of the year with very positive sales results:

- **August** ended with a **7% increase** in sales in directly operated stores, also supported by positive market trend in the second month of sales.
- **September**, which benefitted of a turning point of weather conditions towards autumn, is achieving excellent results with **month-to-date sales growing double-digit**, with positive impact on both margins and cash generation.

The new collections, enriched with many new proposals, are proving to be popular, and **given the results achieved so far, we are optimistic about the performance of the current quarter and of the full year.**



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

€m	31 Jul 2024				31 Jul 2024 Adjusted	31 Jul 2023				31 Jul 2023 Adjusted	Change Adjusted	Change % Adjusted
	Reported	of which IFRS 16 Impact	of which non recurring	of which Stock Option, Derivatives, PPA, Forex		Reported	of which IFRS 16 Impact	of which non recurring	of which Stock Option, Derivatives, PPA, Forex			
Net Sales	762.1	-	0.4	-	761.7	734.9	-	-	-	734.9	26.8	3.6%
Purchases of consumables	313.7	-	0.2	6.0	307.5	312.7	-	-	1.9	310.7	(3.3)	(1.1%)
Gross Margin	448.4	-	0.2	(6.0)	454.2	422.2	-	-	(1.9)	424.1	30.1	7.1%
GM%	58.8%	n.a.	n.a.	n.a.	59.6%	57.4%	n.a.	n.a.	n.a.	57.7%		+192ppt
Personnel costs	162.6	-	0.4	1.0	161.2	147.1	(0.0)	-	1.0	146.2	15.0	10.3%
Costs for services	115.8	(0.5)	0.6	-	115.8	110.7	(0.4)	1.1	-	110.0	5.8	5.2%
Rent costs	(23.3)	(99.5)	0.4	-	75.8	(24.2)	(94.9)	-	-	70.7	5.1	7.2%
Provisions	2.8	-	-	-	2.8	1.1	-	-	-	1.1	1.7	152.9%
Other operating costs	9.7	0.0	0.1	-	9.6	9.9	0.0	0.1	-	9.7	(0.2)	(1.6%)
Total operating costs	267.6	(100.0)	1.4	1.0	365.2	244.6	(95.3)	1.2	1.0	337.7	27.5	8.1%
EBITDA	180.7	100.0	(1.3)	(7.1)	89.0	177.6	95.3	(1.2)	(2.9)	86.4	2.6	3.0%
EBITDA%	23.7%	n.a.	n.a.	n.a.	11.7%	24.2%	n.a.	n.a.	n.a.	11.8%		(7ppt)
Depreciation & Amortization	111.1	75.0	0.1	4.3	31.7	116.2	80.2	-	4.3	31.8	(0.0)	(0.1%)
EBIT	69.6	25.0	(1.3)	(11.4)	57.3	61.3	15.1	(1.2)	(7.2)	54.6	2.6	4.8%
EBIT%	9.1%	n.a.	n.a.	n.a.	7.5%	8.3%	n.a.	n.a.	n.a.	7.4%		+9ppt
Net financial (income)/charges	37.2	30.5	-	(2.4)	9.1	29.4	20.3	-	0.4	8.7	0.4	4.6%
PBT	32.5	(5.5)	(1.3)	(8.9)	48.2	31.9	(5.2)	(1.2)	(7.6)	45.9	2.2	4.9%
Taxes	10.8	(0.3)	(0.3)	(2.1)	13.6	9.5	(0.6)	(0.3)	(1.8)	12.3	1.3	10.6%
Net Income	21.7	(5.2)	(1.0)	(6.8)	34.6	22.4	(4.6)	(0.9)	(5.8)	33.7	0.9	2.8%
Net Financial Position	1,280.2	1,017.9	-	(0.6)	263.0	1,221.9	974.4	-	5.4	242.2	20.8	8.6%

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

The table shows the results adjusted to represent the Group's operating performance net of the effects of the application of the IFRS 16 international accounting standard, as well as non-recurring events unrelated to the core business.

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.

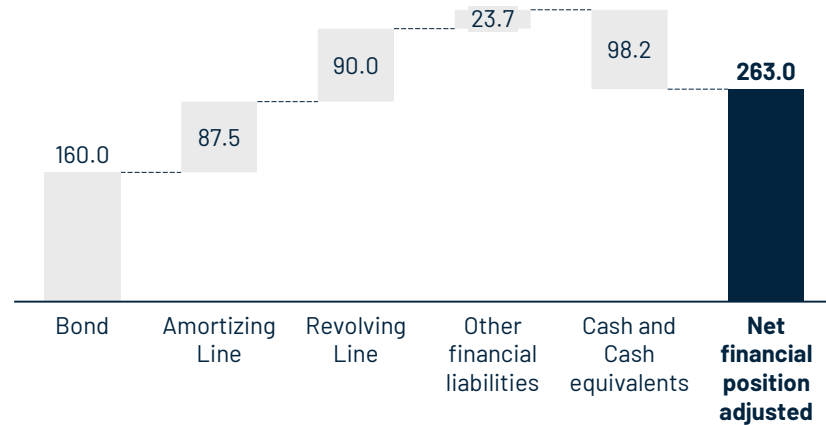
EBITDA for the first half of 2024 is adjusted mainly by: (i) €6.0 million in positive net foreign exchange differences for forward hedging of goods in foreign currency sold in the year; (ii) €1.0 million in costs related to stock option plans (non-cash costs); and (iii) €1.3 million relating to discontinued businesses and other minor one-off charges.

Other adjustment items that impacted EBIT and PBT relate to (i) €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.

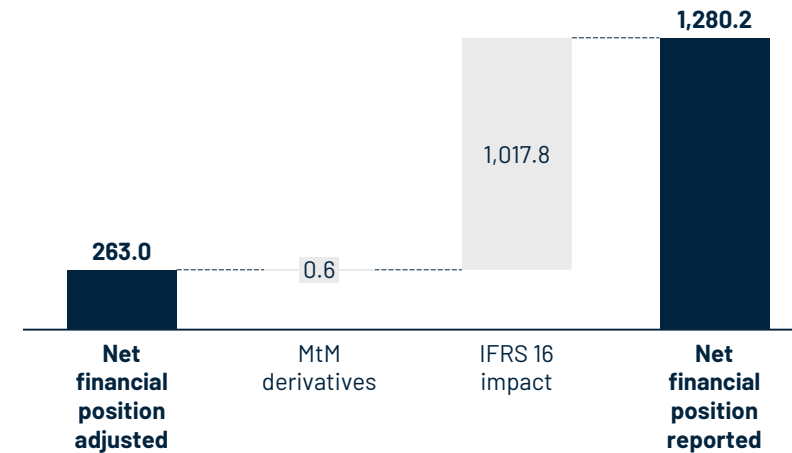
The Adjusted Result for the period was affected by €2.7 million in recalculated taxes following the above adjustments.

Reconciliation between Adjusted and Reported Net financial position

Net financial position adjusted composition



Net financial position reconciliation



The Group's adjusted net financial position, which does not reflect the mark-to-market impact of derivative financial instruments and the impact from the application of IFRS 16, was €263.0 million as at 31 July 2024, and mainly consists of the following items:

- €160 million for the "sustainability-linked bond" issued on 10 November 2021 and maturing on 10 November 2027;
- €87.5 million for the "Amortizing Sustainability-Linked line" maturing on 7 April 2027;
- €120 million for the "Revolving Sustainability-Linked line" maturing on 7 April 2027 (drawn for €90.0 million).

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

The Group's pre-IFRS 16 reported net financial position, which does not reflect the impact of the application of IFRS 16, as at 31 July 2024 was €262.4 million and includes €0.6 million resulting from the mark-to-market value of derivative instruments at that date.

The Net financial position at 31 July 2024 was €1,280.2 million and includes €1,017.8 million resulting from the application of IFRS 16 concerning the discounting of future lease payments; the Management believes that about €600 million out of the €1,017.8 million, refer to future rent that do not represent a financial liability since the Group has an exit option.