



**Strong sales growth in the quarter. Excellent profitability and cash generation.
Proposed capital increase up to 80 million Euro to capture M&A opportunities
approved unanimously by the Shareholders' Meeting**

- ✓ **Net sales** in the third quarter of **€361 million**, up **6.1%** compared with the same period of 2019 and up 10% to the first day of the new restrictions implemented by the government to tackle the pandemic in the second half of October. In the nine months, sales decreased by 25.7%, less than proportionally compared to the days the network was closed due to the imposed lockdown.
- ✓ **E-commerce** sales grew by **50%** in the first nine months.
- ✓ The Group once again outperformed its core market, which contracted by 3.2% during the quarter. **Market share** grew to 8.2% (up 15 bps compared with the previous year).
- ✓ **EBITDA** came in at **€38.1 million** for the third quarter, in line with 2019 for the second consecutive quarter, despite the negative market environment.
- ✓ The **net financial position** was **€356.9 million**, improving compared with 31 October 2019.
- ✓ The Shareholders' Meeting held today **approved unanimously** the capital increase for payment and in a divisible way, to take place by 31 July 2021, for a maximum amount of €80 million.
- ✓ Press rumors concerning OVS' interest in the Stefanel brand confirmed.

THIRD-QUARTER CONSOLIDATED RESULTS

€ mln	3Q20 (A)	3Q19 (A)	Chg.	Chg. %
Net Sales	361.0	340.3	20.7	6.1%
EBITDA	38.1	38.6	(0.5)	(1.2%)
EBITDA%	10.5%	11.3%		
EBIT	23.4	23.2	0.2	0.9%
EBIT%	6.5%	6.8%		
PBT	17.5	18.1	(0.5)	(3.0%)
Net Financial Position	356.9	395.2	38.3	
Market Share	8.2%	8.1%		+15ppt



(A) Only the adjusted results (the so-called "managerial" results) have been reported as they are believed to show the actual performance of the business: in particular, they do not reflect (i) the application of IFRS 16 and (ii) mark-to-market accounting at the net financial position level (-€5.3 million).



Statement from the Chief Executive Officer, Stefano Beraldo

The performance in the third quarter of the year, when stores in many areas of the country were once again closed from late October, demonstrated OVS's resilience and its role in the Italian clothing market. Sales grew by 6.1% during the quarter and by approximately 10% before the mandatory closure of part of the network, resulting in EBITDA in line with the previous year and cash generation of almost €54 million, while in the third quarter of 2019 the cash flow was equal to €19 million.

Partly as a result of the pandemic, the dynamics of the industry in which we operate are changing dramatically and rapidly, and customers are driven by a growing awareness that is increasingly evident in their purchases.

As our sales performance shows, including after the first lockdown, the OVS Group has been able to position itself effectively in this environment, keeping pace with trends as well as consumer requests and needs. Providing novelty, offering quality at the right price, and meeting real product and distribution channel needs are fundamental to OVS's offering. The digital channels and services we offer fulfil the needs of even the most demanding customers.

Our online growth in the first nine months of the year shows that our brands are sought after in all available channels.

Our Group is steadily expanding its offering in both the digital and physical channels, including by adding new brands that create synergies with our offering, not only in the same segment, but also in complementary segments.

The introduction of Piombo in menswear has attracted new consumers, offering a high-quality product and extending the price range and therefore the margin in some product categories. We are very pleased with the results achieved so far. Another example is the introduction of the branded products of "The Body Shop", the international natural cosmetics brand.

In addition to new store openings, we are therefore increasingly investing in products and services, in the supply chain and in digital.

These strategic lines will leverage the versatility of our offering: OVS will increasingly be a repository of innovative, unique and inclusive commercial proposals; Upim, which has a more functional offering with non-seasonal segments, such as CROFF-branded homeware, will pursue the growth that has been a distinguishing feature in recent years.

Given the current regulatory environment governing store openings and the uncertainty about its possible developments, it is difficult to estimate whether the benefits achieved so far can be considered sufficient for the achievement of the economic objectives for the whole year; more confidence in the reachability of the target in terms of net financial position.

In the medium term, in a context where many players are leaving the Italian market, areas of growth and consolidation are now more attractive and also include offering segments with "bridge" price bands, allowing us to capitalise even more on our expertise by leveraging the quality of our products.

With reference to the press rumors that emerged regarding the possible interest of OVS in the tender procedure relating to the Extraordinary Administration of Stefanel SpA, it should be noted that a binding offer was presented aimed at the acquisition of some assets of the aforementioned Company, including in particular the historical brand of the company. In consideration of the size of this offer, related financial needs are already largely in the current availability of the Group.

We would like to thank our Shareholders, who have also shown, through the outcome of today's Shareholders' Meeting, their full support and their endorsement of our Group's growth strategies.



CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF THE YEAR

€ mln	31.10.2020 Adjusted	31.10.2019 Adjusted	Chg.	Chg. %
Net Sales	736.7	990.9	(254.2)	(25.7%)
EBITDA	40.1	101.1	(60.9)	(60.3%)
EBITDA%	5.4%	10.2%		
EBIT	(3.1)	57.4	(60.5)	n.s.
EBIT%	-0.4%	5.8%		
PBT	(19.5)	43.3	(62.8)	n.s.
Net Financial Position	356.9	395.2	38.3	
Market Share	8.2%	8.1%		+15ppt

NB: in order to give a clearer picture of the Group's performance, the figures in this document have been adjusted as they are believed to show the actual performance of the business. In particular, the adjusted income statement and statement of financial position values exclude the accounting effects of IFRS 16. See below for more details.



OVS

NET SALES

Total sales for the first nine months of the year, amounting to €736.7 million, still reflect the first-quarter lockdown, although they recovered strongly (the decrease in the first three months of the year was 67.7%, reduced to 25.7% in the first nine months).

All the brands recovered steadily, but Upim's sales network, more extensive in small catchment areas, performed better than that of OVS, which is more present in large city centres and which therefore experienced reduced flows due to office closures and the drop in tourism.

NET SALES: aggregate performance

€mln	9M20	9M19	Chg.	Chg. %
DOS & e-commerce	594.1	802.9	(208.8)	(26.0%)
Franchise & Marketplace	142.6	188.1	(45.5)	(24.2%)
Total	736.7	990.9	(254.2)	(25.7%)

NET SALES: brand performance

€mln	9M20	9M19	Chg.	Chg. %
	591.1	809.0	(217.9)	(26.9%)
	145.6	182.0	(36.4)	(20.0%)
Total	736.7	990.9	(254.2)	(25.7%)

EBITDA

The EBITDA recorded in the third quarter, which was in line with 2019 and amounted to €38.1 million, reflected significant sales growth in the quarter, although the margins contracted due to greater promotional pressure resulting from the greater weight of the spring/summer sales, which only began in August, and the strategy of extending promotions to the first half of September to take advantage of higher temperatures than last year. The decrease in EBITDA in the nine months compared with the previous year essentially reflects the temporary loss of EBITDA registered in the first quarter due to the prolonged store lockdown (in the first quarter of 2020, EBITDA decreased by €59.2 million).

Both the main brands performed in line with the previous year during the quarter, with the Upim brand benefiting more than OVS from the franchise channel, which is more profitable and more focused on the kid's segment.

EBITDA: brand performance

	9M20		9M19		
€mln	EBITDA (A)	EBITDA%	EBITDA (A)	EBITDA%	Var.
	29.8	5.0%	81.3	10.0%	(51.5)
	10.3	7.1%	19.8	10.9%	(9.5)
Total	40.1	5.4%	101.1	10.2%	(60.9)

OPERATING RESULT AND RESULT BEFORE TAX

Thanks to positive results in the second and third quarters, the adjusted operating result for the first nine months was close to break-even (-€3.1 million), while the adjusted result before tax was -€19.5 million. Both results also recovered strongly compared with the first six months of the year (when they amounted to -€26.5 million and -€37 million respectively).

NET FINANCIAL POSITION AND CASH FLOW

The third-quarter results strengthened the Group's financial and liquidity structure even further.

The adjusted net financial position at 31 October 2020 was €356.9 million, €38.3 million lower than at 31 October 2019.

The strong sales performance, decreased purchases of goods, effective actions on costs and the suspension of some investments contributed to €53.7 million of cash generation in the quarter, which improved by €35.3 million compared with the third quarter of 2019.

In the third quarter, the payment extensions granted by suppliers during lockdown were fully recouped, while the payment extensions relating to rent remained in place as some negotiations are still being finalized.

The ratio of adjusted net financial position to adjusted EBITDA for the last 12 months is 3.7x, down from the 4.3x recorded at 31 July 2020. The decrease compared with the previous year was entirely due to the contraction in EBITDA in the first quarter, when the stores were completely closed for almost two months of the three. It should be recalled that the Company obtained a waiver enabling suspension of the repayment instalments of the amortising line for August 2020 and February 2021 (totalling €33 million) and suspension of covenant testing up to and including January 2021. In addition, in the first nine months of 2020, an additional credit line of €100 million, guaranteed by SACE, was obtained.



€ mln	31 October 2020	31 October 2019
Net Debt excluding MtM & IFRS16	356.9	395.2
Leverage on EBITDA (*) <i>Adjusted Net Debt/EBITDA Adjusted LTM</i>	3.7x	2.8x
Leverage on EBITDA (**) <i>Adj. Average last 12 months Net Debt/EBITDA Adjusted LTM</i>	4.01x	2.98x

(*) Net debt does not include the accounting effects of mark-to-market valuation and the effect of application of IFRS 16. The adjusted EBITDA taken into account is the cumulative adjusted EBITDA of the last 12 months.

(**) The net debt used to calculate the leverage on EBITDA is calculated on average debt over the last 12 months and cumulative adjusted EBITDA over the last 12 months.



THE EXTRAORDINARY SHAREHOLDERS' MEETING OF OVS S.p.A. UNANIMOUSLY APPROVES CAPITAL INCREASE FOR UP TO €80 MILLION

The Extraordinary Shareholders' Meeting of OVS S.p.A., which took place today, resolved unanimously to increase the share capital for consideration and in divisible way, for a maximum total value of Euro 80,000,000.00, including any share premium, to be carried out by and no later than 31 July 2021, by issuing ordinary OVS S.p.A. shares, having the same characteristics as those already in circulation at the date of issue, without indication of the nominal value and with normal rights, to be offered as an option to shareholders pursuant to Article 2441, paragraphs 1, 2 and 3, of the Italian Code Civil. Article 5 of the Articles of Association was consequently amended.

The Board of Directors has been granted the power to define, as the launch of the offer of new ordinary shares of OVS S.p.A. approaches, the terms and conditions of the capital increase, including the subscription price of the new shares will be determined taking into account, inter alia, market conditions, the listing prices of the ordinary shares of OVS S.p.A. in the period prior to this determination, and the economic, profit, capital, financial and forward-looking performance of the Company and/or OVS Group, as well as the market practice for similar transactions.

For more information, please see the press release published on 13 November 2020 as well as documentation relating to the Shareholders' Meeting pursuant to Article 125-ter and Article 125-quater of the Italian Consolidated Law on Finance (TUF) and to the transaction that have been made available to the public on the Company's website at www.ovscorporate.it in the Corporate Governance/2020 Shareholders' Meeting and Investor Relator/Capital Increase, at the Company's registered office in Mestre, and at the "info" authorised storage mechanism at the website www.info.it.

Disclaimer

- i) The information presented in this document has not been audited.
- ii) The document may contain forward-looking statements relating to future events and OVS's operating, economic and financial results. By their very nature, such forecasts include an element of risk and uncertainty, as they depend on the occurrence of future events and developments. Actual results may differ significantly from those announced due to a variety of factors.



OTHER INFORMATION

Company information

OVS S.p.A. is an Italian registered company (VAT no. 04240010274) with its registered office in Mestre, Venice (Italy). Shares of OVS S.p.A. have been listed on the Mercato Telematico Azionario (screen-based stock exchange) in Milan since 2 March 2015.

It should be noted that OVS has opted to adopt the regime in derogation from Article 70, paragraph 6 and Article 71, paragraph 1 of the Regulations for Issuers, as shown in the prospectus.

Quarterly report

OVS S.p.A. advises that, as announced in the corporate events calendar and pursuant to Article 82-ter of the Regulations for Issuers, it has decided to publish, on a voluntary basis, a quarterly update on the main economic and financial performance indicators, in order to maintain a timely and transparent dialogue with the financial community and the main stakeholders on the Company's business dynamics.

Nicola Perin, the Financial Reporting Officer, hereby declares, as provided in Article 154-bis, paragraph 2 of Legislative Decree 58/1998, that the information contained in this press release corresponds to the corporate documents, books and accounting records.

Conference call for presentation of results

Tomorrow, 16 December 2020, at 15:00 local time (CET), a conference call will take place with analysts and investors during which the main results for the quarter ended 31 October 2020 will be presented. The conference call may be joined by dialling +39 02 805 88 11 (from Italy), + 44 121 281 8003 (from the UK) or +1 718 7058794 (from the US) (or +39 02 8058827 for journalists). A presentation will be available and can be downloaded from the Investor Relations/Results and Presentations section of the Company website at www.ovscorporate.it. A recording of the presentation will also be available on the same website from the day after the conference call.

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Appendix

€ mln	31.10.2020 Reported Pre IFRS16	of which Adjustments, Normalizations & Reclass.	31.10.2020 Adjusted	31.10.2019 Reported Pre IFRS16	of which Adjustments, Normalizations & Reclass.	31.10.2019 Adjusted	Chg.	Chg. %
Net Sales	736.0	(0.7)	736.7	990.9		990.9	(254.2)	(25.7%)
EBITDA	27.3	(12.8)	40.1	81.2	(19.8)	101.1	(60.9)	(60.3%)
EBITDA%	3.7%		5.4%	8.2%		10.2%		
EBIT	(22.3)	(19.2)	(3.1)	31.2	(26.2)	57.4	(60.5)	n.s.
EBIT%	(3.0%)		-0.4%	3.1%		5.8%		
PBT	(40.2)	(20.8)	(19.5)	32.0	(11.3)	43.3	(62.8)	n.s.
Net Financial Position	362.2	(5.3)	356.9	385.5	9.7	395.2	38.3	

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

The main adjustments to EBITDA in the first nine months of 2020 are as follows: (i) €0.7 million for an extraordinary one-off bonus awarded to a foreign partner; (ii) €3.7 million of net foreign exchange gains for forward hedging on purchases of goods in foreign currency sold in the period, (iii) €6.4 million of non-recurring expenses directly attributable to the COVID-19 crisis; (iv) €1.9 million of costs relating to stock option plans (non-cash costs) and (v) other less significant net one-off costs.

Other adjustments that impacted EBIT and the result before tax concerned: (i) costs of €6.4 million related to the amortisation of intangible assets relating to purchase price allocation, and (ii) net adjusted costs of €1.6 million, mainly relating to foreign exchange differences arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realised foreign exchange differences.



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