OVS

Annual Report

2024

OVS LOVE PEOPLE. NOT LABELS. OVS kids PIOMBO upim BluKids CROFF LES COPAINS STEFANEL

OVS

Contents

Letter to Shareholders

Dear Shareholders,

2024 was another very positive year, characterised by further growth in sales and profitability.

Both the group's main brands, OVS and Upim, achieved excellent results: the first, with a 6% increase in sales, mainly obtained on a like-for-like basis, and the second, with growth of over 8%, thanks to new store openings. Stefanel contributed positively, with a strong acceleration in the second half of the year. The year therefore closed with overall growth of 6.2%.

Once again, the main development driver for clothing was the womenswear, with excellent results especially for the B.Angel brand. Sales and margins also increased for men's and children's clothing. For the second year in a row, the beauty segment maintained a double-digit growth trend and remains an important cross-selling lever able to capture the interest of female consumers.

The combination of higher sales and an improved margin led to a substantial increase in EBITDA, achieved despite inflationary pressures on indirect costs.

The year saw significant investments. In particular, the garment reuse plant has been launched in Puglia as part of the circular economy, and the installation of new smart checkouts has been completed, enabling full integration between physical stores and digital systems, a personalised shopping experience and more streamlined and interconnected store operations. Cash generation is up 7% compared to 2023.

Looking ahead to the coming years, we plan to further expand our product range aimed at women, a key segment representing over half of the market where OVS still has significant growth potential. This includes the recent launch of the Les Copains collection and the strengthening of the beauty segment. The expansion of the OVS and Upim networks and international expansion will continue.

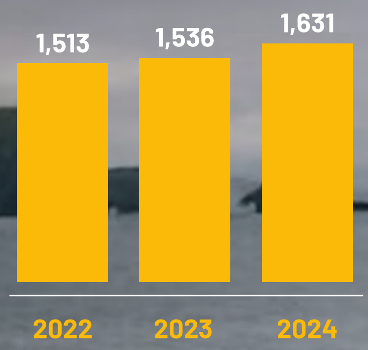
Furthermore, in the current macroeconomic context, characterised by uncertainty and rising costs for households that could result in a slowdown in consumption, we believe we can continue to leverage our ability to attract consumers from higher price segments.

Sincere thanks to all our stakeholders: to our shareholders for the trust they continue to place in us, to all our employees for their tireless contribution and commitment and to our partners for their valuable collaboration.

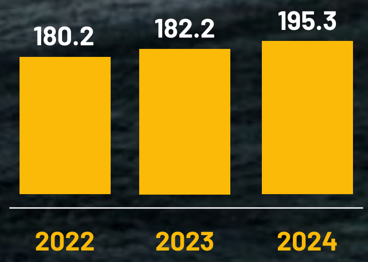
Stefano Beraldo
Chief Executive Officer

Highlights

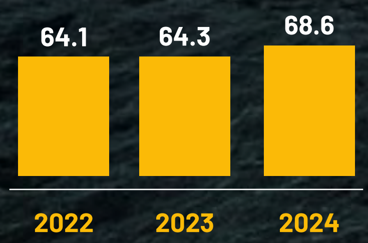
1,631M
Net sales



195.3M
EBITDA



68.6M
Operating cash flow



148.3M
Net financial position

(in milions of euro)

Corporate officers

BOARD OF DIRECTORS[1]

FRANCO MOSCETTI[2]	Chairman
GIOVANNI TAMBURI[3]	Vice-Chairman
STEFANO BERALDO	Chief Executive Officer and General Manager
CARLO ACHERMANN[3 4]	Director
ROBERTO CAPPELLI	Director
ELENA ANGELA LUIGIA GARAVAGLIA[4]	Director
ALESSANDRA GRITTI	Director
CHIARA MIO[2 3 4]	Director
FLAVIA SAMPIETRO[2]	Director

BOARD OF STATUTORY AUDITORS[1]

STEFANO POGGI LONGOSTREVI	Chairman
FEDERICA MENICHETTI	Standing Auditor
MASSIMILIANO NOVA	Standing Auditor
MARZIA NICELLI	Alternate Auditor
DONATA PAOLA PATRINI	Alternate Auditor

INDEPENDENT AUDITOR

KPMG S.P.A.[5]

FINANCIAL REPORTING OFFICER

NICOLA PERIN[6]

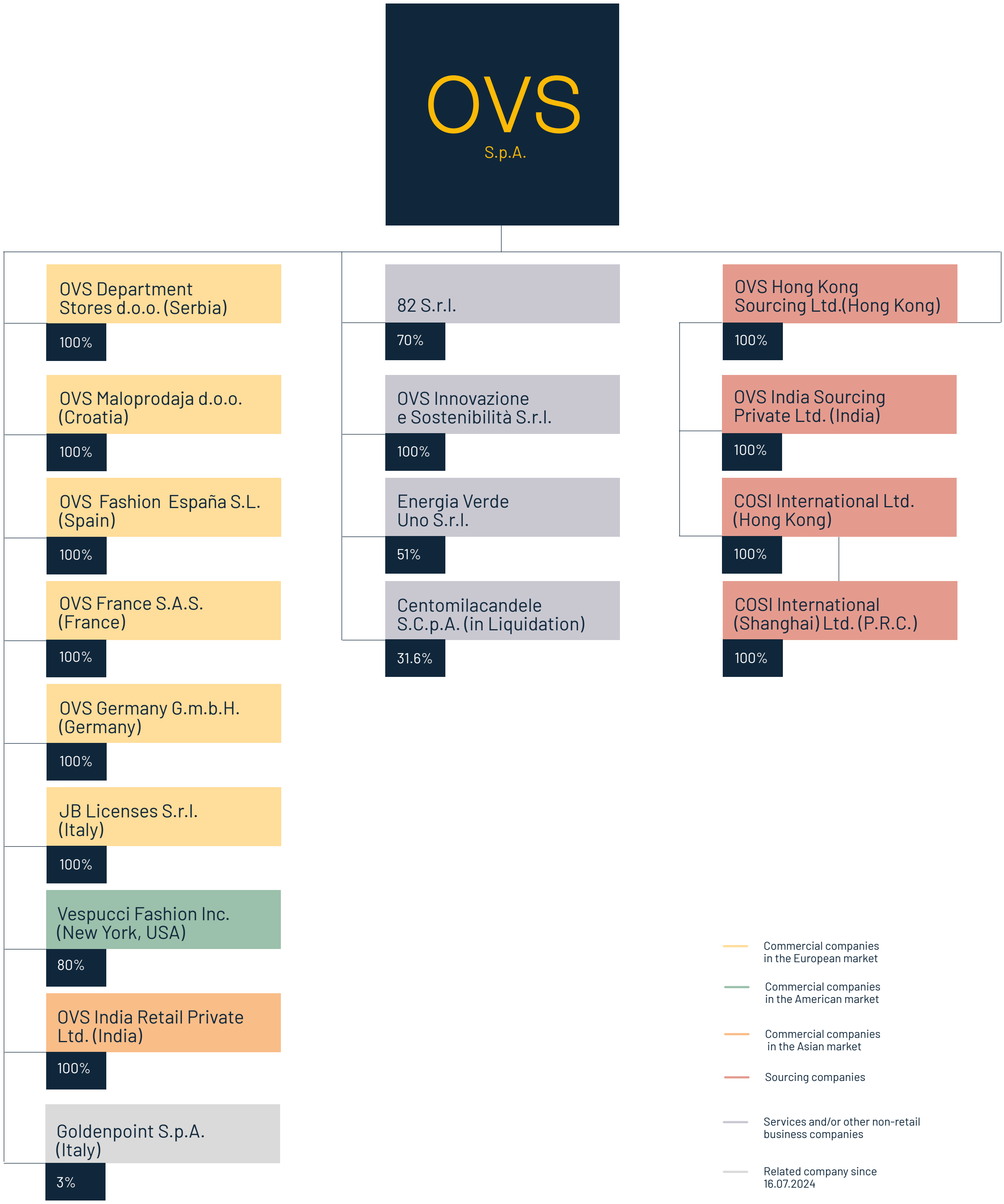
1. In office from 31 May 2023 until the Shareholders' Meeting called to approve the financial statements as at 31 January 2026
2. Member of the Control, Risks and Sustainability Committee
3. Member of the Appointments and Remuneration Committee
4. Member of the Related Party Transactions Committee
5. 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


OVS
OVS

Group structure

at 31 January 2025

The following chart shows how the OVS Group is organised, indicating the relative equity investments as percentages at the reporting date:



Brand

Italy's leading brand of clothing.

OVS is about contemporary, essential Italian style at excellent value for money and with a good deal of attention to sustainability in the choice of materials and production processes.

OVS is increasingly evolving from a vertical model to a marketplace model, physical and virtual, with the introduction of iconic brands and innovative proposals that are able to satisfy different lifestyles.

With over 1,300 stores, OVS is present throughout Italy and abroad in the main city centers, shopping malls and residential areas.

OVS is the leading company on the Italian market for kids' clothes, with a double-digit market share.

Its target consists of kids from 0 -15 years old, offering competitively priced clothing of the highest quality made with carefully selected raw materials, and developed to combine style and practical wear.

It is present in Italy and internationally with direct stores as well as through franchising.

PIOMBO

Contemporary fashion brand for men, women and kids, designed by Massimo Piombo. The collections express the famous Italian designer's taste and talent in textile research, attention to detail, and flair in combining shapes and colours.

Piombo is in Italy with shop-in-shops that can be found in over 500 OVS stores, and with brand stores in Cortina d'Ampezzo and Forte dei Marmi.

LES COPAINS

Iconic Italian brand acquired by OVS S.p.A. in 2022. Les Copains stands out for its elegant, versatile style, dedicated to the contemporary woman who chooses to express herself with elegance at different moments in the day.

The brand can be found on corners inside OVS stores.

Upim is an Italian family store and a benchmark for value for money, convenient and affordable shopping dedicated to the daily needs of families. It offers a local-based service, with a wide variety of ranges, including clothing for the whole family, beauty care, and homeware.

Upim counts over 300 stores in Italy and abroad, mostly directly owned, located through the city centers, in shopping malls and in residential areas.

Blukids is the UPIM clothing brand dedicated to children from 0 to 15 years. It offers safe garments because they are certified and quality guaranteed, always at a competitive price.

Blukids currently features 350 shops in Italy and abroad and over 300 corners in the OVS stores.

CROFF

CROFF is a historic brand in home decoration, dedicated to those who love easy, informal contemporary design to experience every day.
Its collections, with a unique style and an excellent value for money, are made by carefully selected European and international manufacturers.

CROFF is present in Italy with standalone formats, shop-in-shops inside Upim stores, in city centres, shopping malls and residential areas.

STEFANEL

STEFANEL is the contemporary Italian clothing brand dedicated to women and famous for the design and quality of its knitwear.
Established in 1959, it has been part of the OVS Group since 2021.

It has over 100 stores in Italy and abroad, with direct stand-alone formats and franchises, as well as corners inside department stores.

Report on Operations

at 31 January 2025

Foreword on methodology

The Annual Report at 31 January 2025 has been prepared in accordance with the IAS and IFRS international reporting standards issued by the International Accounting Standards Board, and includes the following:

- Separate and consolidated statement of financial position
- Separate and consolidated income statement
- Separate and consolidated statement of comprehensive income
- Separate and consolidated statement of cash flows
- Statement of changes in shareholders' equity of the Parent Company and the Group
- Notes to the separated and consolidated financial statements at 31 January 2025.

In this Report on Operations at 31 January 2025, in addition to the indicators provided for in the financial statements and in compliance with the IFRSs, 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 2024" below.

Group operating performance

FY 2024 saw further accelerated growth in terms of sales and profitability.
After very unfavourable conditions in the first half of the year, which nevertheless saw an increase in sales, the second half of the financial year saw growth of almost 9%. The year therefore ended with sales up 6.2%.

Both OVS and Upim, the group's main brands, achieved excellent results: the first, with a 6% increase in sales, mainly obtained on a like-for-like basis, and the second, with growth of over 8%, also benefiting from new store openings.

Stefanel contributed positively with strong growth in terms of sales in the second half of the year.
International activities also resulted in increased sales and margins.
E-commerce growth is strong in terms of top line and profitability, partly thanks to the new technological infrastructures becoming operational.
In the world of clothing, and particularly in Italy, the main driver of growth is once again the product range aimed at women, with particular emphasis on collections aimed at young women, as demonstrated by the excellent results of the B-Angel brand. Sales and margins also increased for men's and children's clothing. For the second year in a row, the beauty segment maintained a double-digit growth trend and remains an important cross-selling lever due to the interest it generates within the female audience.

The sales margin rose to 58.2% in 2024, up 90 basis points, mainly due to the improved purchase cost of spring-summer 2024 compared to 2023.
The combination of higher sales and better margins led to an EBITDA increase for the year of 13 million euro, despite inflationary pressures on indirect costs, in particular the increase in personnel costs due to the renewal of the national collective labour agreement.
In addition, EBITDA was impacted by more than 4 million euro relating to the write-down of receivables due from customers in financial difficulty and the reversals of previous R&D tax benefits affecting most fashion companies. The magnitude of these events, for which provisions had already been made during the year, has only recently shown itself to be greater than reasonably anticipated.

The year saw investments of 86 million euro, including approximately 15 million euro for the completion of significant technological innovation projects. In particular, in February 2025 the garment reuse plant was completed and launched in Puglia as part of the circular economy, and the installation of new smart checkouts has been completed, enabling full integration between physical stores and digital systems, a personalised shopping experience and more streamlined and interconnected store operations. Cash generation is up 7% compared to 2023.

Key information on operating results at 31 January 2025

In FY 2024, the OVS Group continued its upward trend, with all key financial KPIs improving compared to the previous year. In particular, further growth was recorded in both sales and EBITDA.

The financial year ended 31 January 2025 closed with **net sales of €1,631 million**, up 6.2% compared with the previous year.

The main brands, OVS and Upim, performed extremely well. Stefanel also showed strong growth, with the second half of the year seeing acceleration thanks to the new stylistic direction. Excellent results in both clothing, especially womenswear, and beauty, which maintains double-digit growth.

The increase in sales and the improvement in **commercial margin of 58.2%** (up 90 bps compared with 2023) generated **adjusted EBITDA** for the year of **195.3 million euro**, up 13.0 million euro. **Adjusted net profit** amounted to **€77.9 million**.

Cash generation for the year was **68.6 million euro**, up again. Leverage remained at 0.8x EBITDA at 31 January 2025, even though dividends of 25.3 million euro were distributed during the year and treasury shares were purchased for 46.1 million euro.
During the **2022-2024 three-year period, the Group generated cash of almost 200 million euro**, despite substantial investments in technological innovation projects to improve operations.
The **new spring-summer 2025 collections were well received** by customers and first quarter sales were in line with the excellent performance of 2024.
As outlined below, a dividend of €0.11 per share will be proposed to the Shareholders' Meeting, up 57% compared to the dividend on 2023 results.
An extension of the current buyback plan for an additional €10 million will also be proposed.
The table below summarises the Group's key performance indicators.

Key performance indicators

€m	31 January '25 Reported	31 January '25 Adjusted	31 January '24 Reported	31 January '24 Adjusted	Chg. (Adjusted)	% chg (Adjusted)
Net sales	**1,632.0**	**1,631.4**	**1,535.2**	**1,535.6**	**95.8**	**6.2%**
Gross Margin	**942.8**	**949.2**	**869.4**	**879.4**	**69.8**	**7.9%**
% on net sales	*57.8%*	*58.2%*	*56.6%*	*57.3%*		
Gross operating margin – EBITDA	**377.0**	**195.3**	**359.5**	**182.2**	**13.0**	**7.2%**
% on net sales	*23.1%*	*12.0%*	*23.4%*	*11.9%*		
EBIT	**147.9**	**129.0**	**126.9**	**119.1**	**9.9**	**8.3%**
% on net sales	*9.1%*	*7.9%*	*8.3%*	*7.8%*		
Earnings before tax - EBT	**77.9**	**109.5**	**72.3**	**101.3**	**8.2**	**8.0%**
% on net sales	*4.8%*	*6.7%*	*4.7%*	*6.6%*		
Net result for the year	**52.1**	**77.9**	**52.4**	**75.9**	**2.0**	**2.6%**
% on net sales	*3.2%*	*4.8%*	*3.4%*	*4.9%*		
Net financial position	**1,179.4**	**148.3**	**1,141.9**	**145.5**	**2.9**	**2.0%**

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 2024, the results were adjusted mainly to strip out the impacts of IFRS 16. In particular, with regard to the effects of IFRS 16, the following should be noted: (i) €197.8 million on EBITDA to reflect rent, (ii) €45.1 million in higher net costs on EBIT due to the reversal of depreciation and amortisation of €152.8 million, and (iii) €16.1 million in lower net costs on the reported result for the year due to the reversal of €63.9 million relating to net financial expenses and €2.7 million in higher taxes. Lastly, (iv) the net financial position was adjusted for a €1.045.9 million decrease in liabilities.

EBITDA for the 2024 financial year was also adjusted as follows: (i) €6.3 million in net foreign exchange gains on forward hedging of purchases of goods in foreign currency, reclassified from "Net financial expenses (income)" to "Purchases of raw materials, consumables and goods"; (ii) €3.1 million in costs relating to stock option and stock grant plans (non-cash costs); and (iii) other net one-off costs of €6.6 million, mainly related to some foreign businesses being divested.

Other adjustments that impacted EBIT and EBT related to: (i) costs of €9.3 million related to the amortisation of intangible assets due to the purchase price allocation (PPA) related to business combinations (including the recent PPA of JB Licenses S.r.l.); and (ii) adjusted financial income of €13.4 million, mainly relating to foreign exchange gains arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realised foreign exchange gains (the latter reclassified to "Purchases of raw materials, consumables and goods").
Lastly, the adjusted net result for the period reflects taxes recalculated following the aforementioned adjustments, entailing an increase in expenses of €3.1 million.

In 2023, the results had been adjusted mainly to strip out the impacts of IFRS 16. In particular, with regard to the effects of IFRS 16, the following should be noted: (i) €191.7 million on EBITDA to reflect rent, (ii) €33.5 million in higher net costs on EBIT due to the reversal of depreciation and amortisation of €158.2 million, and (iii) €7.1 million in lower net costs on the reported result for the year due to the reversal of €40.9 million relating to net financial expenses and €0.3 million in higher taxes. Lastly, (iv) the net financial position was adjusted for a €996.7 million decrease in liabilities.

EBITDA for the 2023 financial year was also adjusted as follows: (i) €9.3 million in net foreign exchange gains on forward hedging of purchases of goods in foreign currency, reclassified from "Net financial expenses (income)" to "Purchases of raw materials, consumables and goods"; (ii) €0.7 million in extraordinary bonuses to Middle Eastern customers; (iii) €1.5 million in costs relating to stock option and stock grant plans (non-cash costs); and (iv) other net one-off costs of €2.9 million, mainly related to the start-up phase of some foreign businesses.

Other adjustments that affected EBIT and EBT related to: (i) costs of €8.6 million related to the amortisation of intangible assets due to the purchase price allocation (PPA) of past business combinations, and other extraordinary depreciation, amortisation and write-downs of assets of €2.6 million related to some partially discontinued Italian and foreign businesses; and (ii) adjusted financial income of €4.1 million, mainly relating to foreign exchange gains arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realised foreign exchange gains (the latter reclassified to "Purchases of raw materials, consumables and goods").

Lastly, the adjusted net result for the period reflected taxes recalculated following the aforementioned adjustments, entailing an increase in expenses of €5.2 million.

Adjusted consolidated result

The following table shows the adjusted consolidated results for 2024, classified by nature, compared with the previous year (in millions of euro).

€mln	31 January '25 Reported	31 January '25 Adjusted	31 January '24 Reported	31 January '24 Adjusted	Chg. (Adjusted)	% chg (Adjusted)
Net sales	**1,632.0**	**1,631.4**	**1,535.2**	**1,535.6**	**95.8**	**6.2%**
Purchases of raw materials, consumables and goods	689.1	682.2	665.7	656.1	26.1	4.0%
Gross Margin	**942.8**	**949.2**	**869.4**	**879.4**	**69.8**	**7.9%**
GM %	*57.8%*	*58.2%*	*56.6%*	*57.3%*		
Personnel costs	337.9	333.9	312.2	309.8	24.0	7.8%
Service costs	247.5	246.9	233.7	233.3	13.5	5.8%
Costs for the use of third-party assets	41.9	221.3	38.5	214.5	6.8	3.2%
Provisions	9.5	7.5	2.8	2.8	4.7	166.8%
Other operating income and revenues*	(92.0)	(74.4)	(95.6)	(80.7)	6.3	(7.8)%
Other operating charges	21.0	18.8	18.4	17.5	1.4	7.9%
Total net operating costs	**565.8**	**754.0**	**510.0**	**697.2**	**56.7**	**8.1%**
Operating costs on net sales as a %	*34.7%*	*46.2%*	*33.2%*	*45.4%*		
EBITDA	**377.0**	**195.3**	**359.5**	**182.2**	**13.0**	**7.2%**
EBITDA %	*23.1%*	*12.0%*	*23.4%*	*11.9%*		
Depreciation, amortisation and write-downs	229.1	66.2	232.5	63.1	3.2	5.0%
EBIT	**147.9**	**129.0**	**126.9**	**119.1**	**9.9**	**8.3%**
EBIT %	*9.1%*	*7.9%*	*8.3%*	*7.8%*		
Net financial expenses (income)	70.1	19.5	54.6	17.8	1.7	9.8%
EBT	**77.9**	**109.5**	**72.3**	**101.3**	**8.2**	**8.0%**
Taxes	25.8	31.6	19.9	25.5	6.1	24.1%
Net result for the year	**52.1**	**77.9**	**52.4**	**75.9**	**2.0**	**2.6%**

(*) Other operating income and revenues have been reclassified to total net operating costs to provide a correct representation of the gross margin.

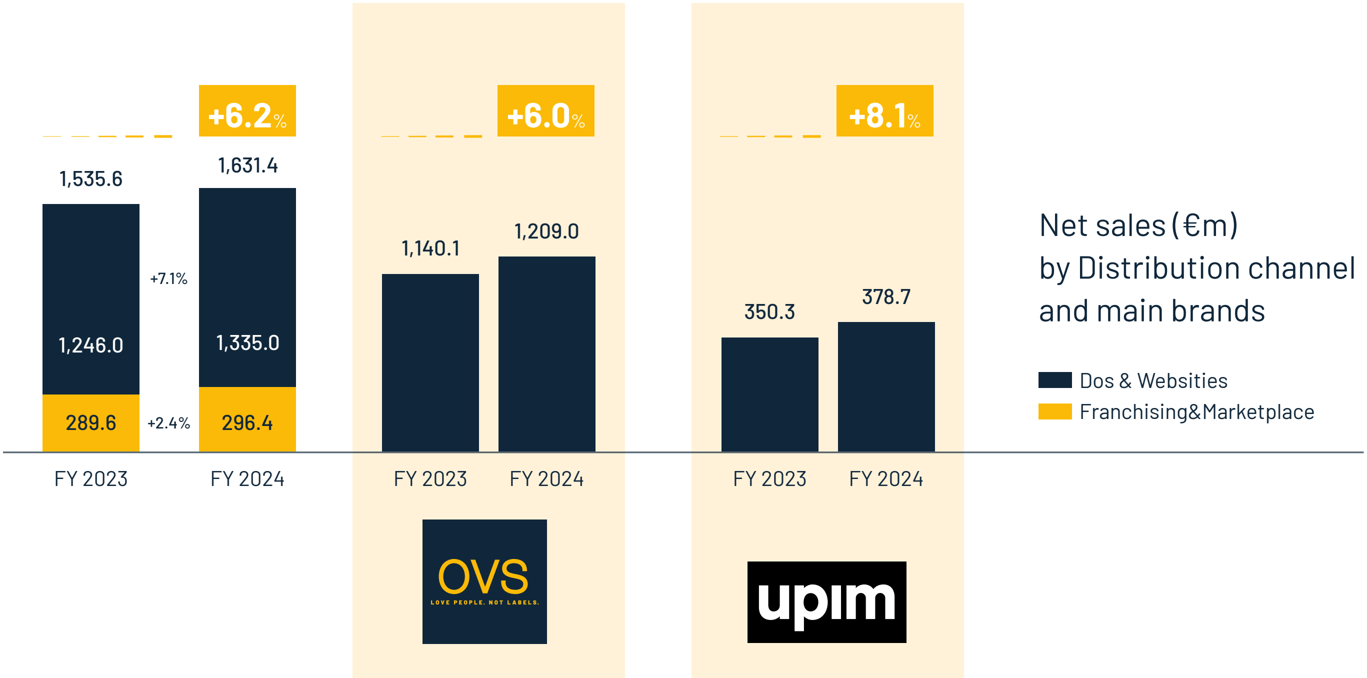
The following table shows the consolidated results by business segment for 2024 compared with the same period of the previous year (in millions of euro).

€m	31 January '25 Adjusted	31 January '24 Adjusted	24 vs 23 %
Net sales			
OVS	1,209.0	1,140.1	6.0%
UPIM	378.7	350.3	8.1%
Other businesses	43.7	45.2	(3.2)%
Total net sales	**1,631.4**	**1,535.6**	**6.2%**
EBITDA			
OVS	162.8	152.6	6.7%
EBITDA margin	*13.5%*	*13.4%*	
UPIM	40.1	34.6	15.8%
EBITDA margin	*10.6%*	*9.9%*	
Other businesses	(7.6)	(5.0)	52.3%
Total EBITDA	**195.3**	**182.2**	**7.2%**
EBITDA margin	***12.0%***	***11.9%***	
Depreciation and amortisation	(66.2)	(63.1)	5.0%
Operating result	**129.0**	**119.1**	**8.3%**
Net financial (expenses)/income	(19.5)	(17.8)	9.8%
Earnings before tax	**109.5**	**101.3**	**8.0%**
Taxes	31.6	25.5	24.1%
Net result for the year	**77.9**	**75.9**	**2.6%**

Comments on the main items in the adjusted consolidated income statement

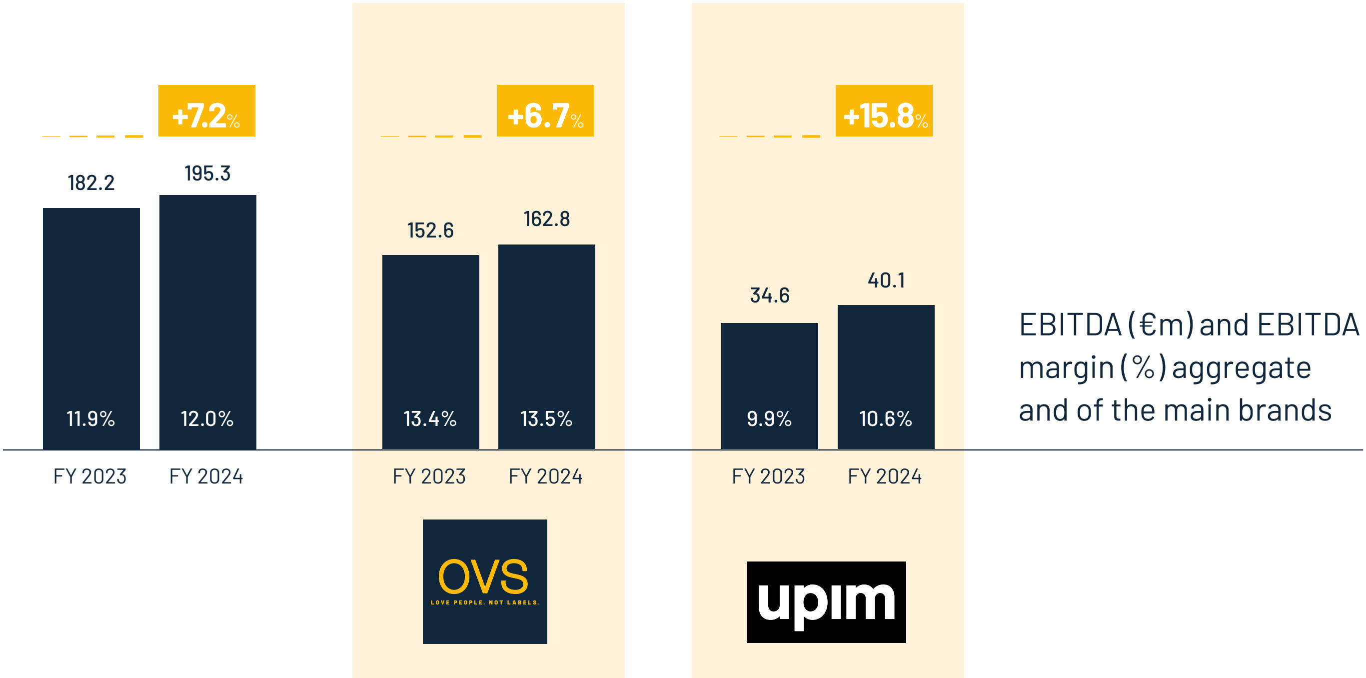
Net sales

(amounts in millions of euro)



Adjusted net sales for the year reached €1,631.4 million, up 6.2% compared with the previous year. This robust growth was generated by 7.1% growth in DOS and a 2.4% increase in the franchise channel.

EBITDA
(amounts in millions of euro)



EBITDA (€m) and EBITDA margin (%) aggregate and of the main brands

In the 2024 financial year, the Group generated an adjusted EBITDA of €195.3 million, up €13.0 million compared to €182.2 million in 2023, representing 12.0% of sales.

The OVS EBITDA stood at €162.8 million, up €10.2 million compared with 2023, while the Upim EBITDA stood at €40.1 million, up €5.5 million.

This result was impacted by one-off write-downs of more than €4 million.

EBIT

EBIT, adjusted to better reflect the Group's operating performance, amounted to 129.0 million euros, significantly improved compared with 119.1 million euros in 2023. The decrease during the year was essentially due to the robust increase in EBITDA, only marginally offset by the increase in depreciation and amortisation, which rose as a result of the substantial special investments made in the last three years.

Net result for the year

Adjusted net profit for the year was €77.9 million. Compared with €75.9 million in the previous year, the result reflects an improvement due to higher EBITDA, but was nevertheless impacted by a higher tax rate due to regulatory changes at both international and national level. The reported net profit and net profit of OVS S.p.A. closed at €52.1 million and €51.6 million respectively.

Non-recurring income and expenses

The adjusted consolidated results of the OVS Group included, at 31 January 2025, non-recurring and non-operating income and expenses totalling €7.4 million before tax (compared with €6.3 million at 31 January 2024). These relate to net one-off costs of €3.9 million, some partially discontinued foreign businesses of €2.7 million and extraordinary amortisation and write-downs of related assets for €0.8 million.

Net Financial Position

€m	31 January 2025	31 January 2024
Reported net debt	1,179.4	1,141.9
Adjusted net debt for MtM hedging instruments and IFRS 16	**148.3**	**145.5**
Leverage on EBITDA Adjusted Net Debt / Adjusted EBITDA	**0.76x**	**0.80x**
Leverage last 12 months on EBITDA Last 12 months average Adjusted Net Debt / Adjusted EBITDA	**1.32x**	**1.39x**

As of 31 January 2025, the Group's net financial position, adjusted for the mark-to-market impact of hedging instruments and the adoption of IFRS 16, stood at €148.3 million, essentially unchanged compared with 31 January 2024. The ratio of adjusted net financial position to adjusted EBITDA is 0.76x, a slight recent improvement compared to 0.80x as of 31 January 2024. The net financial position includes the purchase of 46.1 million euros in treasury shares (19,749,000 shares purchased at an average price of €2.5357, net of 2,578,740 shares sold for an average price of €1.5273 as part of stock option plans) and the distribution of dividends for €25.3 million.
Please see the following paragraphs for a breakdown of the net financial position of the Parent Company, OVS S.p.A..

Summary statement of financial position

The table below shows the consolidated statement of financial position for 2024 compared with the end of the previous year (in millions of euro). 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 (€28.9 million at 31 January 2025) among the components of operating working capital (compared with the presentation in the financial statements under Other current payables).

€m	31 January '25 Reported	31 January '24 Reported	Chg.
Trade Receivables	107.0	105.2	1.8
Inventory	486.7	461.0	25.7
Trade payables	(435.0)	(400.6)	(34.3)
Operating working capital	**158.8**	**165.5**	**(6.8)**
Other short-term non-financial receivables/(payables)	(150.3)	(149.6)	(0.8)
Net Working Capital	**8.4**	**16.0**	**(7.5)**
Net fixed assets	2,146.9	2,100.3	46.6
Net deferred taxes	(28.9)	(27.8)	(1.1)
Other long-term receivables/(payables)	(19.2)	(11.3)	(8.0)
Employee benefits and other provisions	(34.5)	(34.4)	(0.1)
Net capital employed	**2,072.7**	**2,042.8**	**29.9**
Shareholders' Equity	893.2	900.9	(7.6)
Net Debt	1,179.4	1,141.9	37.5
Total sources of financing	**2,072.7**	**2,042.8**	**29.9**

€m	31 January '25 Adjusted	31 January '24 Adjusted	Chg.
Trade Receivables	78.2	80.1	(1.9)
Inventory	486.7	461.0	25.7
Trade payables	(441.6)	(405.4)	(36.2)
Operating working capital	**123.3**	**135.7**	**(12.4)**
Other short-term non-financial receivables/(payables)	(117.2)	(117.2)	(0.1)
Net Working Capital	**6.1**	**18.5**	**(12.4)**
Net fixed assets	1,202.5	1,184.2	18.3
Net deferred taxes	(35.9)	(34.8)	(1.1)
Other long-term receivables/(payables)	(30.9)	(23.0)	(8.0)
Employee benefits and other provisions	(34.5)	(34.4)	(0.1)
Net capital employed	**1,107.3**	**1,110.5**	**(3.2)**
Shareholders' Equity	973.8	965.3	8.5
Net Debt	133.5	145.2	(11.7)
Total sources of financing	**1,107.3**	**1,110.5**	**(3.2)**

The reported net invested capital of the Group at 31 January 2025, which therefore also includes the impact of IFRS 16, amounted to €2,072.7 million, up by €29.9 million compared with 31 January 2024, due to the combined effect of a further improvement in operating working capital that decreased during the year by €7.5 million, more than offset by a significant increase in net fixed assets of approximately €46.6 million and mainly attributable to the increase in Right-of-use assets, partly due to contractual changes, and the further strong push of investments in 2024.

Shareholders' equity

Consolidated shareholders' equity amounted to €893.2 million at 31 January 2025, down from €900.9 million in the previous year. The main changes during the year, as well as the result, include (i) changes in the treasury share reserve of -€44.5 million due to share purchases in the 12 months, already net of shares sold in the same period under stock option plans and (ii) the distribution of dividends of €17.5 million (it should be noted that dividends of €7.8 million paid out in February 2024 had already been approved in December 2023 and were therefore included in the changes in shareholders' equity in 2023).

The reconciliation table for the shareholders' equity and the net result for the year of the Parent Company with the consolidated shareholders' equity and the consolidated net result for the year is shown below in the notes to the consolidated financial statements.

Adjusted summary consolidated statement of cash flows

The following table shows the 2024 statement of cash flows, compared with the statement of cash flows for the previous year, both restated according to management criteria and adjusted to exclude the effects of IFRS 16 as it does not have an impact on Group cash flows.

€m	31 January '25 excluding IFRS 16	31 January '24 excluding IFRS 16	Chg.
EBITDA - Adjusted	**195.3**	**182.2**	**13.0**
Adjustments	(6.6)	(3.6)	(3.0)
Change in operating working capital	12.4	15.5	(3.1)
Other changes in working capital	(2.3)	(1.2)	(1.2)
Net investments	(85.7)	(94.4)	8.7
Operating cash flow	**112.9**	**98.5**	**14.4**
Financial expenses	(17.7)	(16.2)	(1.5)
Severance indemnity payments	(1.6)	(2.3)	0.7
Taxes and other	(25.0)	(15.7)	(9.3)
Net cash flow (excluding shareholder equity transactions, MtM derivatives and IFRS 16)	**68.6**	**64.3**	**4.3**
Dividends	(25.3)	(16.4)	(8.9)
Cash out due to buybacks	(46.1)	(31.4)	(14.8)
Net cash flow (excluding MtM derivatives and IFRS 16)	**(2.9)**	**16.5**	**(19.4)**
Change in MtM derivatives	14.6	9.5	5.1
Net cash flow (excluding IFRS 16)	**11.7**	**25.9**	**(14.2)**

Operating cash flow

The table above shows the adjusted cash flows to represent the Group's operating performance at the net of non-recurring events which are unrelated to ordinary operations and adjusted for the adoption of IFRS 16.
Cash flow for the financial year benefited from higher EBITDA and investments lower compared with 2023, however still significant for the completion of projects to improve operations. These benefits were partially offset by a higher cash absorption for taxes compared to 2023 as a result of the absence of residual excess payments on account.

Dividends

Thanks to excellent cash generation also in the FY 2024, the Board of Directors has resolved to propose to the Shareholders' Meeting a dividend payment of €0.11 per share. The date of payment of the dividend, coupon no. 8, will be 25 June 2025 (ex-dividend date 23 June 2025 and record date 24 June 2025).

Reconciliation of consolidated results for 2024

The following table shows the Group's consolidated results for 2024, presenting separately the effect of the application of IFRS 16, net non-recurring expenses before IFRS 16, stock option expenses, amortisation of intangible assets deriving from the purchase price allocation related to 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 contractualised forward derivatives.

(millions of euro)	31 January 2025 Reported	Reclassification of rental income	of which IFRS 16	of which non-recurring	of which Stock Options; Derivatives; PPA, Foreign Exchange Gains/Losses		31 January 2025 Adjusted
Net Sales	**1,632.0**			**0.6**	**0**		**1,631.4**
Purchases of raw materials, consumables and goods	689.1			0.7	6.3	(a)	682.2
Personnel costs	337.9			0.9	3.1	(b)	333.9
Service costs	247.5		(1.0)	1.7			246.9
Costs for the use of third-party assets	41.9	(15.8)	(196.1)	0.8			221.3
Provisions	9.5			2.0			7.5
Other operating income and revenues (*)	(92.0)	15.8	(1.7)				(74.4)
Other operating charges	21.0		1.0	1.2			18.8
Gross operating margin – EBITDA	**377.0**		**197.8**	**(6.6)**	**(9.4)**		**195.3**
Depreciation, amortisation and write-downs of assets	229.1		152.8	0.8	9.3	(c)	66.2
Operating result - EBIT	**147.9**		**45.1**	**(7.4)**	**(18.7)**		**129.0**
Net financial income (expenses)	(70.1)		(63.9)		13.4	(d)	(19.5)
Earnings before tax	**77.9**		**(18.8)**	**(7.4)**	**(5.4)**		**109.5**
Taxes	(25.8)		2.7	1.8	1.3		(31.6)
Net result for the year	**52.1**		**(16.1)**	**(5.6)**	**(4.1)**		**77.9**

(*) Other operating income and revenues have been reclassified to total net operating costs to provide a correct representation of the gross margin.

(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 and stock grant 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").

The following is the reconciliation table for the financial year 2023:

(millions of euro)	31 January 2024 Reported	Reclassification of rental income	of which IFRS 16	of which non-recurring	of which Stock Options; Derivatives; PPA, Foreign Exchange Gains/ Losses		31 January 2024 Adjusted
Net Sales	**1,535.2**			**(0.4)**			**1,535.6**
Purchases of raw materials, consumables and goods	665.7			0.3	9.3	(a)	656.1
Personnel costs	312.2		(0.0)	0.8	1.5	(b)	309.8
Service costs	233.7		(0.9)	1.2			233.3
Costs for the use of third-party assets	38.5	(16.3)	(193.1)	0.8			214.5
Provisions	2.8						2.8
Other operating income and revenues (*)	(95.6)	16.3	1.4				(80.7)
Other operating charges	18.4		0.8	0.1			17.5
Gross operating margin – EBITDA	**359.5**		**191.7**	**(3.6)**	**(10.8)**		**182.2**
Depreciation, amortisation and write-downs of assets	232.5		158.2	2.6	8.6	(c)	63.1
Operating result - EBIT	**126.9**		**33.5**	**(6.3)**	**(19.4)**		**119.1**
Net financial income (expenses)	(54.6)		(40.9)		4.1	(d)	(17.8)
Earnings before tax	**72.3**		**(7.4)**	**(6.3)**	**(15.4)**		**101.3**
Taxes	(19.9)		0.3	1.5	3.7		(25.5)
Net result for the year	**52.4**		**(7.1)**	**(4.8)**	**(11.7)**		**75.9**

(*) Other operating income and revenues have been reclassified to total net operating costs to provide a correct representation of the gross margin.

(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 and stock grant 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 January 2025, it should be noted that:

- Revenues and income, which came in at €1,631.4 million, mainly include the retail sales generated by the OVS, Upim and Stefanel 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 related to 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 €195.3 million, equal to 12.0% of sales.
- The reported and adjusted profit before tax came in at €77.9 million and €109.5 million, respectively (the latter net of the effects of IFRS 16, non-recurring costs and other costs shown in the fifth column of the table).
- Net taxes amounted to €25.8 million, reflecting an increase in the tax rate from 27.6% to 33.1% during the year as a result of regulatory changes at both international and national level.
- The reported and adjusted net profit for the year were €52.1 million and €77.9 million, respectively, net of the above expenses.

Impacts of IFRS 16 and alternative performance indicators

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

€m	31 January '25 Reported	IFRS 16 effects	31 January '25 excluding IFRS 16
Revenues	1,632.0		1,632.0
Other operating income and revenues	92.0	(1.7)	90.3
Total revenues	**1,723.9**	**(1.7)**	**1,722.2**
Purchases of raw materials, consumables and goods	689.1		689.1
Personnel costs	337.9		337.9
Depreciation, amortisation and write-downs of assets	229.1	(152.8)	76.3
Other operating expenses			
Service costs	247.5	1.0	248.6
Costs for the use of third-party assets	41.9	196.1	237.9
Write-downs and provisions	9.5		9.5
Other operating charges	21.0	(1.0)	20.1
Earnings before net financial expenses and taxes	**147.9**	**(45.1)**	**102.9**
Financial income	1.3	(0.0)	1.3
Financial expenses	84.7	(63.9)	20.8
Foreign exchange gains and losses	13.4		13.4
Gains (losses) from equity investments	(0.0)		(0.0)
Net result for the year before tax	**77.9**	**18.8**	**96.7**
Taxes	25.8	2.7	28.5
Net result for the year	**52.1**	**16.1**	**68.2**

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

€m	31 January '25 Reported	IFRS 16 effects	31 January '25 excluding IFRS 16
Net Sales	**1,632.0**		**1,632.0**
Gross Margin	**942.8**		**942.8**
% on net sales	*57.8%*		*57.8%*
Gross operating margin – EBITDA	**377.0**	**(197.8)**	**179.2**
% on net sales	*23.1%*		*11.0%*
Operating income – EBIT	**147.9**	**(45.1)**	**102.9**
% on net sales	*9.1%*		*6.3%*
Earnings before tax	**77.9**	**18.8**	**96.7**
% on net sales	*4.8%*		*5.9%*
Net result for the year	**52.1**	**16.1**	**68.2**
% on net sales	*3.2%*		*4.2%*

As already indicated in the introduction, with the adoption of the IFRS 16 accounting standard as of 2019, the main economic and financial indicators have been significantly affected and are not comparable with data from periods prior to 2019. With regard to the income statement figures presented above, the recognition of €152.8 million of depreciation of right-of-use assets under tangible assets, together with €63.9 million of net interest expenses on net lease liabilities, replacing €197.8 million of net rental costs (for leases and sub-leases under the standard), resulted in an increase in the operating result and EBITDA.
The following table shows the reclassified consolidated statement of financial position at 31 January 2025, including and excluding the effects of IFRS 16.

€m	31 January '25 Reported	IFRS 16 effects	31 January '25 excluding IFRS 16
Trade Receivables	107.0	0	107.0
Inventory	486.7	0	486.7
Trade payables	(435.0)	(6.6)	(441.6)
Operating working capital	**158.8**	**(6.6)**	**152.2**
Other short-term non-financial receivables/(payables)	(150.3)	4.3	(146.1)
Net Working Capital	**8.4**	**(2.3)**	**6.1**
Net fixed assets	2,146.9	(944.4)	1,202.5
Net deferred taxes	(28.9)	(7.0)	(35.9)
Other long-term receivables/(payables)	(19.2)	(11.7)	(30.9)
Employee benefits and other provisions	(34.5)	0	(34.5)
Net capital employed	**2,072.7**	**(965.4)**	**1,107.3**
Shareholders' Equity	893.2	80.5	973.8
Net Debt	1,179.4	(1,045.9)	133.5
Total sources of financing	**2,072.7**	**(965.4)**	**1,107.3**

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 and are calculated in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob with Communication no. 92543 of 3 December 2015. They refer only to the performance for the accounting year covered by this Annual Report and the comparison years, and not to the Group's expected performance, and should not be regarded as a substitute for the indicators envisaged by the reference accounting standards (IFRSs).
The alternative performance indicators used in the Annual 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 profit before taxes (PBT)** and the **adjusted net result for the year**, please see the section entitled "Reconciliation of consolidated results for 2024" above.
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.
This is sometimes calculated as the arithmetic mean of the monthly net financial debt (e.g. as the arithmetic average of the last 12 months).

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.

Operating performance of Parent Company OVS S.p.A.

The following table shows the consolidated results for 2024 of the Parent Company, OVS S.p.A., presenting separately the effects of the application of IFRS 16, net non-recurring expenses before IFRS 16, stock option and performance share expenses, amortisation of intangible assets deriving from the purchase price allocation (PPA) related to 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 contractualised forward derivatives.

(millions of euro)	31 January 2025 Reported	Reclassification of rental income	of which IFRS 16	of which non-recurring	of which stock options; derivatives; PPA; foreign exchange gains/ losses	31 January 2025 Adjusted
Net sales	**1,597.6**					**1,597.6**
Purchases of raw materials, consumables and goods	713.9				6.3	707.6
Personnel costs	325.7			0.4	3.1	322.2
Service costs	239.2		(1.0)	1.3		238.9
Costs for the use of third-party assets	39.9	(15.8)	(193.1)			217.2
Provisions	8.6			1.2		7.4
Other operating income and revenues (*)	(97.2)	15.8	(1.3)			(80.1)
Other operating charges	18.6		1.0	0.2		17.4
Gross operating margin – EBITDA	**348.9**		**194.4**	**(3.1)**	**(9.4)**	**167.0**
Depreciation, amortisation and write-downs of assets	222.1		150.2		8.6	63.3
Operating result - EBIT	**126.8**		**44.2**	**(3.1)**	**(18.0)**	**103.7**
Gains (losses) from equity investments	16.3				0	16.3
Net financial gains (losses) and foreign exchange differences	(66.8)		(62.8)		14.3	(18.3)
Earnings before tax	**76.3**		**(18.6)**	**(3.1)**	**(3.7)**	**101.7**
Taxes	(24.7)		2.7	0.7	0.9	(29.0)
Net result for the year	**51.6**		**(15.9)**	**(2.4)**	**(2.8)**	**72.7**

(*) Other operating income and revenues have been reclassified to total net operating costs to provide a correct representation of the gross margin.

The following is the reconciliation table for the financial year 2023:

(millions of euro)	31 January 2024 Reported	Reclassification of rental income	of which IFRS 16	of which non-recurring	of which stock options; derivatives; PPA; foreign exchange gains/losses	31 January 2024 Adjusted
Net sales	**1,526.3**			**(0.7)**		**1,527.0**
Purchases of raw materials, consumables and goods	699.9				9.3	690.6
Personnel costs	299.7			0.5	1.5	297.7
Service costs	229.8		(0.8)	0.8		229.8
Costs for the use of third-party assets	36.3	(16.3)	(190.1)			210.1
Provisions	2.7					2.7
Other operating income and revenues (*)	(93.8)	16.3	1.4			(78.9)
Other operating charges	17.0		0.8			16.2
Gross operating margin – EBITDA	**334.7**		**188.7**	**(2.0)**	**(10.8)**	**158.8**
Depreciation, amortisation and write-downs of assets	227.7		155.7	2.1	8.6	61.3
Operating result - EBIT	**107.0**		**33.0**	**(4.1)**	**(19.4)**	**97.5**
Gains (losses) from equity investments	23.0					23.0
Net financial gains (losses) and foreign exchange differences	(52.5)		(40.2)		5.0	(17.3)
Earnings before tax	**77.5**		**(7.2)**	**(4.1)**	**(14.4)**	**103.2**
Taxes	(18.6)		0.3	1.0	3.5	(23.4)
Net result for the year	**58.9**		**(6.9)**	**(3.1)**	**(10.9)**	**79.8**

(*) Other operating income and revenues have been reclassified to total net operating costs to provide a correct representation of the gross margin.

With regard to the results at 31 January 2025, it should be noted that:

- Net Sales, which came in at €1,597.6 million, mainly include the retail sales generated by the OVS, Upim and Stefanel brands.
- Depreciation and amortisation of €222.1 million refers to right-of-use assets for €150.2 million, while the remainder essentially relates to store improvements and refits.
- Other operating expenses, net of other income and revenues, amounted to €209.1 million; these would have amounted to €400.8 million gross of the effects of IFRS 16, amounting to €194.4 million, and non-recurring expenses of €2.7 million, and are broken down as follows: costs for the use of third-party assets (€217.2 million), costs for services (€238.9 million), miscellaneous operating expenses (€17.4 million), write-downs and provisions (€7.4 million), net of other income and revenues (€80.1 million).
- Gains/(losses) on equity investments include income for dividends received from subsidiary OVS Hong Kong Sourcing Ltd of €23.5 million and from subsidiary 82 S.r.l. of €1.4 million, and expenses arising from the write-down of the Italian and foreign investee companies totalling €8.5 million.
- Net financial expenses of €66.8 million, gross of the effects of IFRS 16 of €62.8 million, would have amounted to €18.3 million, deriving from financial expenses of €20.6 million and foreign exchange losses and the positive fair value of forward derivatives in the income statement of €14.3 million.
- Taxes were negative for €24.7 million; without the adjustments in the columns on the table, they would have been negative for €29.0 million.
- The reported and adjusted net result for the year was, respectively, a profit of €51.6 million and a profit of €72.7 million.

Financial performance

The financial performance is shown below, and is described in more detail in the notes to the separate financial statements.

(millions of euro)	31 January 2025	31 January 2024
Operating capital (A)	(91.2)	(69.6)
Net capital employed (B)	2,118.9	2,081.5
Net debt	1,154.2	1,130.2
Shareholders' equity	873.5	881.7

(A) The item includes: Trade receivables and payables, current and deferred tax assets, other receivables, inventories, current and deferred tax liabilities, other payables, employee benefits and provisions for risks and charges.
(B) The item includes: Property, plant and equipment, right-of-use assets, intangible assets, goodwill and equity investments.

Financial management

Net debt stood at €1,154.2 million at 31 January 2025, compared with €1,130.2 million at 31 January 2024.
The breakdown is as follows (in millions of euro):

(millions of euro)	31 January 2025	31 January 2024
Cash and cash equivalents and net financial assets	80.5	93.1
Receivables/(payables) for derivatives	14.8	0.3
Financial receivables/(payables) with respect to third parties	5.9	6.6
Financial receivables/(payables) with respect to subsidiaries	20.6	12.3
Financial receivables/(payables) with respect to banks	(241.2)	(256.1)
Financial receivables/(payables) with respect to other lenders	0	0
Finance lease receivables/(payables)	(1,034.8)	(986.4)
Net financial position	**(1,154.2)**	**(1,130.2)**

Excluding the payables recognised under IFRS 16 but keeping only the lease liabilities under IAS 17, the net financial position of OVS S.p.A. decreased from €145.6 million at 31 January 2024 to €120.1 million at 31 January 2025, reflecting the excellent cash performance for the year, in terms of both operations and working capital management and, also, the positive mark to market value at the end of the year of forward currency exchange contracts.
Payables to banks are described later in this report.

Main subsidiaries

OVS Hong Kong Sourcing Ltd

OVS Hong Kong Sourcing Ltd, which has its registered office in Hong Kong, operates in the Far East (mainly China, Bangladesh and India, and, more generally, in areas outside Europe), aiming to select suppliers, win orders, and manage the entire product development and quality control phase up to delivery. OVS Hong Kong Sourcing Ltd, which has facilities in various countries, is able to support production activities and monitor that the costs and quality of products are in line with Group standards. Specifically, the company focuses on strengthening existing supplier relationships in the Asia region, further boosting its presence in Bangladesh and China by increasing purchasing volumes. At the same time, purchasing has also increased in the India and Pakistan region, and the search has continued for more sources of supply in countries in that area that can meet the quality standards required by the Group in a context of lower costs (e.g. Cambodia and Vietnam).
The company recorded net profit of €22.9 million in 2024 (compared with €23.3 million in 2023).

OVS Maloprodaja d.o.o.

The company operates in the Croatian market and now directly operates 4 OVS stores.
There were no changes in the scope of the directly managed stores in 2024.
The company is not material for the purposes of the consolidated financial statements.

OVS Department Stores d.o.o.

The company operates in the Serbian market, directly operating 11 OVS stores.
During 2024, no store closures or new store openings were recorded.
The company is not material for the purposes of the consolidated financial statements.

OVS Fashion España S.L.

OVS Fashion España S.L., which was acquired in 2016 in order to achieve more direct operation of the major Spanish retail market, operates the sales network in Spain, with 111 stores in franchising and 1 directly operated Kids store. There were 18 new openings and 3 closures of stores in franchising in 2024.
Since 2023, the company has had a PIOMBO-branded direct store in Madrid.
The company is not material for the purposes of the consolidated financial statements.

OVS France S.A.S.

OVS France S.A.S., formed in 2018, initially operated through the direct management of stores in France, initially in full-format, before focusing on the "Kids" format from 2022. Given the unsatisfactory results in 2024, these businesses were discontinued and, to date, only the Piombo direct store on Rue St. Honoré in Paris is still operating. The company is not material for the purposes of the consolidated financial statements.

OVS Germany G.m.b.H.

OVS Germany G.m.b.H. was incorporated on 28 September 2022, with its registered office in Leipzig. As at the date of these consolidated financial statements, the company is 100% owned by OVS S.p.A. The company had already in 2023 definitively closed its only DOS operating under the STEFANEL brand, which had been opened in Düsseldorf in 2022. The company is therefore not currently material for the purposes of the consolidated financial statements.

Vespucci Fashion, Inc.

Vespucci Fashion, Inc. was incorporated on 3 May 2022, with its registered office in New York (USA). As at the date of these consolidated financial statements, the company is 80% controlled by OVS S.p.A.
During FY 2024, the company continued to operate its only PIOMBO-branded store, located on a major shopping street in Soho, New York, until its permanent closure in January 2025. The company is not currently material for the purposes of the consolidated financial statements.

82 S.r.l.

82 S.r.l. was incorporated in 2017 and is a subsidiary of OVS S.p.A., which owns 70% of the company. Partner Massimo Piombo is a minority shareholder, holding the remaining 30%. The company was initially established to undertake the development through several PIOMBO-branded stores, dedicated to upper casual men's wear. In 2018, 82 S.r.l., the licensee of the PIOMBO brand, granted OVS S.p.A. the sub-licence of the brand after structured negotiations, for organisational reasons, and simultaneously revised its strategy of opening DOS and focusing its business on the operational management of the brand. As part of this strategy, on 9 March 2021 an agreement was signed for the sale of the PIOMBO brand with Ciro Paone S.p.A., as a result of which the company became the owner of the brand.
The company recorded net profit of €2.2 million in 2024 (compared with €2.0 million in 2023).

OVS Innovazione e Sostenibilità S.r.l.

OVS Innovazione e Sostenibilità S.r.l. was incorporated on 21 June 2022, with its registered office in Venice-Mestre. As at the date of these consolidated financial statements, the company is 100% owned by OVS S.p.A..
The three-year investment programme continued in FY 2024, both in Industrial Research and Experimental Development and in logistics. The final Programme Agreement between OVS Innovazione e Sostenibilità S.r.l. and the Department of Economic Development of the Puglia Regional Authority was signed on 29 November 2023. It should be noted that the investment programmes of OVS Innovazione e Sostenibilità S.r.l. were approved by the Authority for inclusion in the subsidised programme, totalling €36,152,507, of which €20.7 million in industrial research and experimental development and €15.5 million in tangible assets.
The company recorded a net loss of €1.2 million in 2024 (compared with €0.2 million in 2023).

JB Licenses S.r.l.

The company was incorporated on 27 March 2024, by means of a partial demerger from J. Brand International S.r.l. in relation to the licence business. On 10 April 2024, OVS S.p.A. completed the acquisition of 100% of the shares and therefore now holds control.
The company manages a broad portfolio of licences and markets clothing and accessories under these brands or private labels through various wholesale, FOB and retail channels to customers including the parent company, Prenatal, Capri, Eurospin and NKD. In FY 2024, the main licences sold were Slazenger, Sonic, Peanuts, Russell Athletic and Pokémon.
The first financial year of JB Licenses S.r.l. closed with a net profit of €1.5 million.

Energia Verde Uno S.r.l.

Energia Verde Uno S.r.l. was incorporated on 26 July 2022, with its registered office in Venice-Mestre, with the aim of launching a joint venture to develop, implement and manage a number of solar power projects in Italy. As at the date of these consolidated financial statements, the company, which is 51% owned by OVS S.p.A., continues to be still inactive and is therefore not material for the purposes of the consolidated financial statements.

Main risks and uncertainties

The Group operates in the commercial sphere, both retail and wholesale, with exposure to market risks relating to changes in interest rates, exchange rates and merchandise prices. The risk of changes in prices and cash flows is connected to the very nature of the business and can be only partially mitigated by the use of appropriate risk management policies.

Credit risk

Credit risk represents the Group's exposure to the risk of potential losses arising from default by a counterparty. The current macroeconomic context has made continual monitoring of credit increasingly important, so that situations in which there is a risk of insolvency and delayed payment deadlines can be anticipated.
There were no significant concentrations of credit risk in the year under review.
To reduce this risk generally, the Group also obtains guarantees in the form of sureties in respect of loans granted for the supply of goods.
Financial assets are recognised in the financial statements 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 taking historical data into account.
For information on the Group's assessment of credit risks associated with the macroeconomic situation, please see the sections headed "Significant events during the reporting period" and "Significant events after the reporting period" below.

Liquidity risk

Liquidity risk is the risk that financial resources may be difficult to access.
As of the reporting date, the Group believes that it can access, through available sources of financing and lines of credit, amply sufficient funds to meet its foreseeable financial requirements.
With regard to the Group's assessments of liquidity risks, please also see the sections entitled "Significant events after the reporting period" and "Business outlook" below.

Market risk

Market risk includes the effects that changes in the market might have on the Group's commercial activity that is sensitive to consumer spending choices.
Positive results can be influenced, inter alia, by the business environment, interest rates, taxation, local economic conditions, uncertainty over the economic outlook and shifts to other goods and services in consumer spending choices. Consumer preferences and economic circumstances may change from time to time in every market in which the Group operates.
For this reason, the ability to combat the deflationary price pressure associated with increased competition and changes in consumer choices, which could have adverse effects on the financial situation and results, has become strategically important.
For information on the Group's assessment of market risks associated with the ongoing conflict between Russia and Ukraine and the recent conflict in the Middle East, with the obvious repercussions on international shipping routes, please see the sections headed "Significant events during the reporting period" and "Significant events after the reporting period" below.

Management of financial risks

Financial risk management is carried out according to guidelines defined by the Board of Directors. The aim is to ensure a liability structure that is consistent with the composition of the assets and the Group's requirements in order to maintain adequate solvency of the assets. The Group is exposed to various degrees to financial risks associated with its core business.

Risk of change in prices and cash flows

The Group's margins are influenced by changes in the prices of the goods it deals in.
Any reduction in the price of items sold, if not accompanied by a corresponding reduction in purchase cost, generally entails a decrease in operating results.
In fact, the economic environment in the year just ended was still characterised by inflationary pressures. Only the careful management of this risk by the OVS Group, which caused it to secure several contracts in the previous year at prices that then proved to be very advantageous, particularly in the spring-summer collection (compared to that of 2023), together with calibrated action on the sale lists and promotional activities, resulted in a Gross Margin of 58.2% in 2024, a further improvement on 2023.
The Group's cash flows are also exposed to the risk of changes in market exchange rates and interest rates. Specifically, exposure to exchange rates arises because the Group operates in currencies other than the euro, in which it purchases a substantial part of the products marketed, listed or pegged to the US dollar.
Lastly, interest rate fluctuations affect the market value of the Group's financial liabilities and its net financial expenses.

OBJECTIVES AND POLICIES FOR MANAGING THE RISK OF CASH FLOW CHANGES

The Group has guidelines in place for financial operations that involve the use of forward derivatives to reduce foreign exchange risk against the US dollar (forward currency purchase contracts) and the risk of interest rate fluctuations.

DERIVATIVES

Nominal value of derivative contracts

The nominal value of a derivative contract is the amount of each contract in monetary terms. Monetary amounts in foreign currency are converted into euro at the spot exchange rate on the reporting date.

Interest rate risk

Given the projections for the 6-month Euribor rate until the expiry of the loan agreements and the structure of the Group's debt, it was decided not to take action to hedge the risk of interest rate fluctuations.

Foreign exchange 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.
The derivatives described are recognised at 31 January 2025 at fair value, according to the methods of recognition and measurement established in the reference accounting standards (IFRS 9). Under this accounting standard (as was already the case under IAS 39), the entity may, under certain conditions, 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, resulting in a certain level of volatility in the Group's results. This is appropriately taken into account in the presentation of adjusted figures in this document.
For an in-depth analysis and representation of financial risk management, as well as for the other information required under IFRS 7, please refer to the details provided in the notes to these financial statements.

Environmental risks and impacts of climate change on the consolidated financial statements

Environmental issues are a strategic priority for the OVS Group, and the relevant risks are defined, assessed and consequently managed as part of a mitigation and adaptation plan in order to achieve certain objectives and, ultimately, to preserve the continuity of the business and the Group.
Within the periodic risk identification and assessment process, OVS also considers risks related to environmental and social aspects both from an inside-out perspective (impacts generated) and from an outside-in perspective (impacts suffered).
Climate change is identified as an area of significant risk, due to the actual impact generated by OVS in terms of CO_2 emissions and also the consequences that climate change may have on the business of the company and the Group.
Some time ago, OVS launched a decarbonisation plan with objectives approved by the Science Based Targets Initiative, to keep global warming below 1.5°C, and the annual performance was in line with projections.
Please refer to the section of this Report on Operations relating to the Consolidated Sustainability Report.

Investment and development

Gross investments of €87.6 million were made in 2024 (including cash-outs for business combinations or minority interests). During the year, major investments were made to strengthen the sales network and major projects were completed to upgrade the logistics and IT systems. In this regard, it is worth mentioning the opening in early 2025 of the logistics hub in Bari dedicated to garment reconditioning and second-hand management. In detail, investments in 2024 related to: (i) the restructuring of 50 stores in the existing network, extraordinary maintenance and other commercial activities relating to the existing network, amounting to around €40 million, (ii) new store openings for around €16 million, (iii) the upgrading of IT facilities, including through the subsidiary OVS Innovazione e Sostenibilità S.r.l. (approximately €17 million), (iv) management of the distribution network and the upgrading of the logistics unit (around €11 million) in order to improve distribution efficiency, and (v) maintenance and redevelopment of the head office in Mestre, Venice.
Investments made in FY 2023 amounted to €94.4 million, of which approximately €38 million were for restructuring and extraordinary maintenance, €13 million for opening new stores, €18 million for upgrading the IT facilities and €20 million for increased automation of the distribution network.

At Group level, the sales network comprised a total of 2,243 stores at 31 January 2025 (including the small-format stores) including 868 DOS (18 abroad), 1,272 affiliated stores (390 abroad) and 103 administered stores (76 abroad).
In FY 2024 (1 February 2024 – 31 January 2025), the network continued to expand with the opening (net of closures) of 15 units, including 6 DOS and 9 affiliated stores, while the number of administered stores decreased by 16.
In 2023 (1 February 2023 – 31 January 2024), the Group had increased the sales network (net of closures) by 77 units, including 13 DOS and 63 affiliated stores, with 1 store in administration.

Research and development

In FY 2024, the Group carried out important and significant industrial research and experimental development activities, primarily through its subsidiary OVS Innovazione e Sostenibilità S.r.l., in partnership with the Politecnico di Bari. In particular, the Company is continuing its three-year investment plan under the Planning Agreement with the Region of Puglia, aimed at using and creating further complex solutions with a strong focus on technological innovation in processes and products and supportive of the digital transformation of business processes and the activities of the sole shareholder OVS S.p.A..
It should also be noted that a number of people are continuously employed in creating and developing collections, to ensure an exclusive offering that is consistent with the positioning of the Group's various brands. The activities carried out by dedicated teams are also covered by EU Directive 2006/c 323/01, which defines "industrial research" as "industrial research means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services [...].".

Related party transactions

In accordance with the applicable laws and regulations, the Parent Company's Board of Directors approved the "Procedure governing related party transactions", first by resolution of 23 July 2014, effective from 2 March 2015, recently updated by resolution of the Board of Directors of 17 June 2021, with effect from the same date.
The Procedure was adopted by the Company in implementation of Article 2391-bis of the Italian Civil Code and the regulation containing provisions on transactions with related-parties adopted by CONSOB with resolution no. 17221 of 12 March 2010 as subsequently amended and supplemented, also taking into account the guidelines and clarifications provided by CONSOB in communication no. DEM/10078683 of 24 September 2010.
The Procedure identifies the rules governing the approval and execution of transactions with related parties entered into by OVS, directly or through subsidiaries, in order to define the relevant competencies and responsibilities and ensure the transparency and substantive and procedural correctness of such transactions.
Information on, and details of, relations with related entities are provided in the notes to the consolidated financial statements and the separate financial statements, pursuant to IAS 24.

Significant events during the reporting period

Impacts of global conflicts and inflation on the Group's performance

As in the last two previous years, 2024 was also characterised by continuing macroeconomic phenomena following the outbreak of the Russian-Ukrainian conflict, which began more than 3 years ago, and the Middle East conflict that began in October 2023. As already explained, the financial year ended 31 January 2025 closed with a performance significantly superior to that of 2023 and also better than the budget forecasts, mainly thanks to cost containment measures. EBITDA for the year was €195.3 million and cash generation exceeded €68 million (up 7% on 2023). However, 2025 is still set against a backdrop of adverse external factors: the disruption to the Suez Canal continues, resulting in longer shipping routes around Africa; inflation is also rising again, particularly in relation to energy costs. All this in a climate where the clothing market is expected to contract again in 2025 (-2% vs. 2019 in nominal terms, -20% in real terms).

All these factors have also been duly considered in the business plans underlying certain financial statement estimates. For more information, please see the "Business outlook" section and the notes to the financial statements.

Other significant events during the reporting period

Among key events that characterised the FY 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. As already mentioned, the acquisition concerned 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 euros.

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. Provided that OVS S.p.A. acquires 51% of the share capital of Goldenpoint S.p.A., OVS will acquire call options, and the seller will acquire put options, for the remaining 49% of the share capital, exercisable in a 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. A floor is also currently being renegotiated.

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.

Finally, the plan to purchase treasury shares continued throughout 2024: from 1 February 2024 to 31 January 2025, the Parent Company purchased 19,749,000 treasury shares, for a total amount of €50,078,000 and, at the same time, it sold on the market 2,578,740 treasury shares at a total price of €3,938,000 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 euros 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 euros. 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 to 51%. As already noted, if OVS S.p.A. acquires 51% of the share capital of Goldenpoint S.p.A., OVS will be granted call options, and the seller put options, for the remaining 49% of the share capital, exercisable in a window of 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.

At 31 January 2025, the fair value of the bond, along with the fair value of the conversion and scalability options to 51% of the Goldenpoint share capital, was recognised under non-current financial assets (see note 6.4 of the notes to the consolidated and separate financial statements).

On 16 December 2024, the Board of Directors of OVS S.p.A., having met to approve the consolidated results for the period 1 February - 31 October 2024, also resolved to convene an extraordinary shareholders' meeting on 19 February 2025 to approve:

I. to cancel a number of treasury shares equal to 10% of the share capital, and
II. to grant a mandate to the Board of Directors to further cancel a number of treasury shares equal to at most 5.50% of the share capital.

Pursuant to the resolution of the Extraordinary Shareholders' Meeting of 19 February 2025, a total of 35,891,347 treasury shares were cancelled, of which 29,092,347 were cancelled at the Shareholders' Meeting and 6,799,000 by the Board of Directors on 1 April 2025, in implementation of the mandate granted.

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 (15 April 2025), the Company holds 8,412,114 treasury shares (equal to 3.298% of the share capital, broken down into 255,032,123 shares), while its subsidiaries do not hold any OVS shares.

There were no other significant events in the 2024 financial year.

Other information

Notes on share performance

OVS S.p.A. stock has been listed since 2 March 2015 on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A..
In 2024, the OVS stock performed extremely well, with the closing price at 31 January 2025 increasing to €3.46, compared with 2.21 at 31 January 2024, an increase of 56.7%.

The FY 2024 was marked by complex and contrasting global market dynamics. Geopolitical tensions, with the conflict in Ukraine and instability in the Middle East, fuelled a climate of uncertainty, resulting in considerable market volatility. At the same time, the monetary policies of central banks, particularly expectations of interest rate cuts, also significantly affected stock market prices.
In the first part of the financial year, the excellent results of 2023 and the first quarter of 2024 supported the stock's performance, which reached 2.86 euro on 3 June 2024. Subsequently, the financial markets uncertainties caused by speculation about future central bank decisions on interest rates and adverse weather in the second quarter encouraged profit taking, resulting in the share price falling to 2.38 euro on 8 August 2024. From the end of August, cautious optimism in the financial markets, buoyed by encouraging signs that inflation was under control, came together with robust results for the third quarter of 2024 and an Extraordinary Shareholders' meeting was convened to cancel some of the shares in the portfolio. The stock reached 3.60 euro on 18 December 2024. At 31 January 2025, the year closed with a share price of 3.46 euro.
As at 31 January 2025, it should be noted that all seven brokers actively covering OVS S.p.A. shares had a "Buy" recommendation.
In FY 2024, engagement activities with shareholders, investors and analysts were undertaken at the time of the publication of the Company's results, with participation in major conferences (the main European Mid Cap CEO Conference organised by JP Morgan in London, the Italian Investment Conference organised by Unicredit in Milan, the Italian Excellences Mid Corporate Conference organised by Banca IMI in Paris and the Italian Mid Cap Conference organised by Mediobanca in Milan) and with roadshows specially organised with the support of the Company's main brokers.
For more information and updates on share performance, and for the latest press releases, please visit the "Investor Relations" section of the website at www.ovscorporate.it.

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 1 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 euros, 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 January 2025, 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 euros, 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.

As of 31 January 2025, 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 1 ordinary share of the Company for each option granted.

The exercise price of the shares is currently set at 1.52 euros.

At 31 January 2025, 2,103,293 option rights relating to the "Stock Option Plan 2019-2022" had not yet been exercised, due to the partial exercise of 2,582,886 rights (of which 2,578,740 exercised in FY 2024) and 113,821 cancelled during FY 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 are also further adjusted to neutralise the effects of the distribution of dividends in 2022, 2023 and 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 January 2025, the Parent Company, OVS S.p.A., held a total of 46,208,461 treasury shares, representing 15.883% of the share capital.
The first treasury shares were purchased in 2018, during which the Parent Company acquired 809,226 treasury shares, equal to 0.356% of the share capital, for a total amount of €1,496,000.
During the FY 2022, 13,538,308 treasury shares were acquired at an average purchase price of €1.812 per share for a total amount of €24,522,000, while no treasury shares were sold.
During the FY 2023, 14,694,813 treasury shares were acquired at an average purchase price of 2.136 euros per share for a total amount of 31,374,000 euros, while there were disposals of 4,146 shares for an amount of approximately 7,000 euros.
During the FY 2024, 19,749,000 treasury shares were acquired at an average purchase price of 2.5357 euros per share for a total amount of 50,078,000 euros, while there were disposals of 2,578,740 shares for an amount of approximately 3,938,000 euros.

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 January 2025 and their respective revenues amount to less than 5% of the Group's consolidated revenues at 31 January 2025.

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

At 31 January 2019, OVS S.p.A. was a 17.835%-owned investee company of Gruppo Coin S.p.A..
On 11 March 2019, Gruppo Coin S.p.A., the vendor, and Tamburi Investment Partners S.p.A., as the buyer, reached an agreement concerning the sale of the equity investment (17.835%) held by Gruppo Coin S.p.A. in OVS S.p.A.. Due to this purchase, Tamburi Investment Partners S.p.A., which was already a shareholder of OVS with an equity investment of approximately 4.912%, obtained a total stake of around 22.747% in OVS's capital.
Lastly, as a result of the paid capital increase completed in July 2021 and subsequent purchases on the market, at 31 January 2025 shareholder Tamburi Investment Partners S.p.A. holds a total stake of approximately 28.44% in OVS's capital.
Despite the equity investment held by Tamburi Investment Partners, 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 15 April 2025, the Company's Board of Directors approved its report on corporate governance and ownership structure for the year ended 31 January 2025, 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 2024, 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 adopted in application of the principles enunciated in the Corporate Governance Code, see the document entitled "Corporate Governance Report", which is available in the Governance/Shareholders' Meeting 2025 section of the Company website.

Significant events after the reporting period

As already mentioned, on 16 December 2024, the Board of Directors of OVS S.p.A., having met to approve the consolidated results for the period 1 February - 31 October 2024, resolved to convene an extraordinary shareholders' meeting on 19 February 2025 to approve:

I. cancelling a number of treasury shares equal to 10% of the share capital, and
II. to grant a mandate to the Board of Directors to further cancel a number of treasury shares equal to at most 5.50% of the share capital.

Pursuant to the resolution of the Extraordinary Shareholders' Meeting of 19 February 2025, a total of 35,891,347 treasury shares were cancelled, of which 29,092,347 were cancelled at the Shareholders' Meeting and 6,799,000 by the Board of Directors on 1 April 2025, in implementation of the mandate granted.

It should also 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), from 1 February 2025 to date, the Parent Company has not purchased any further treasury shares, while it has sold 1,905,000 treasury shares following the exercise of options by certain Beneficiaries of the 2019-2022 Stock Option Plan.

At 15 April 2025, the Company therefore holds 8,412,114 treasury shares (equal to 3.298% of the share capital, broken down into 255,032,123 shares), while its subsidiaries do not hold any OVS shares.

Finally, it should be recalled that on 28 March 2025, the OVS Group publicly opened the new technological innovation hub and multi-function centre which were part of the investment project launched in 2023 through the Planning Agreement for Large Companies in the Puglia Region. The project is now well under way, enabling the group to address significant challenges in the areas of digital transformation, artificial intelligence, cyber security and the circular economy.

The technology hub is developing projects with high digital content, with a particular focus on the use of innovative solutions for retail, while the multi-function centre has been operational since February and has already started recovering unsold garments. This centre is located in a leased property of approximately 15,000 sq.m. in the industrial area of Bari, and includes an innovative plant with a reconditioning capacity of 70,000 items of clothing per day, with the aim of reaching a total of 15 million reconditioned pieces in 2026. The entire process has been designed to optimise internal flows within the centre including through the use of models based on smart automation technologies.

The implementation of this project is an important objective in the Group's development plan for digital innovation and sustainability. The creation of this technology hub will enable the Group to welcome new resources to join those already contributing to its digital transformation and innovation; at the same time, the multi-function centre for garment recovery is proving its potential in the circular economy.

The Puglia region continues to offer a dynamic industrial ecosystem with close ties to leading academic institutions such as the Politecnico di Bari, with which the OVS Group has an active partnership. This favourable context is contributing significantly to the success of the initiative by strengthening the entire Group's capacity for innovation.

There were no other significant events after 31 January 2025.

Business outlook

With regard to the results for these first months of 2025, it should be noted that for the clothing sector, the months from February to April traditionally represent the period with the lowest sales volume, as it is mainly characterised by the last winter sales and weather that only leads to spring purchases in April.
The new spring-summer 2025 collections were well received by customers and the sales for the first few months were in line with the excellent performance of 2024, which recorded strong growth in the same period compared with 2023, supported by a particularly favourable start to April.
Looking more generally at the year as a whole, the current macroeconomic environment, characterised by uncertainties and increases in household costs, could lead to a slowdown in consumption.
The OVS Group is, however, correctly positioned and objectively able to attract consumers from higher price segments.
With regard to tariffs on exports to the US, the absence of sales in the US market renders OVS unexposed. In parallel, tariffs imposed on Asian countries are leading to increased supplier availability to European customers, creating more favourable sourcing opportunities. The strengthening of the euro against the dollar is another positive factor for the Group.
In 2025, the OVS Group will also continue to expand its product range aimed at women, a key segment representing over half of the market and where OVS still has significant growth potential. Part of this strategy is the recent launch of the Les Copains collection, which has got off to an excellent start and is well-received for its contemporary feel and emphasis on femininity, as well as the strengthening of the beauty segment, which is set to expand with the launch of a programme to open dedicated stores, the first of which has been performing extremely well for many months. The numerical and qualitative strengthening of the OVS and Upim networks will continue.
New business relationships with international partners are very promising.
The expected increase in sales, as a result of product and network development projects, reinforced by the expectation of a return to normal weather conditions compared to the anomaly of May-June last year, is the main driver of the EBITDA growth forecast in 2025, despite the impact of increases in personnel costs linked to the renewal of the national contract, which will also affect the current year.
2025 cash flow will benefit from the reduction in investments in one-off items. No improvement has yet been expected in relation to the blockage of the Suez Canal.

Proposal for approval of the financial statements and appropriation of earnings for the 2024 financial year of OVS S.p.A.

Dear Shareholders,
We submit the following resolution for your approval:

"The Shareholders' Meeting of OVS S.p.A., in ordinary session,

- having approved the statements of the Board of Directors;
- having examined the draft financial statements of OVS S.p.A. at 31 January 2025, reporting a profit for the year of €51,556,634 and the Report on Operations of the Board of Directors;
- having acknowledged the reports of the Board of Statutory Auditors and the independent auditor;
- having examined the consolidated financial statements as at 31 January 2025 and the consolidated sustainability report;

resolves

1. to approve the financial statements of OVS S.p.A. at 31 January 2025, which show a net profit for the year of €51,556,634;
2. to approve the formal coverage of the loss carried forward in 2019, amounting to €139,443,479, with retained earnings in subsequent years amounting to €213,149,569, thus bringing the retained earnings reserve to €73,706,090;
3. to allocate €39,815,864 of retained earnings to the legal reserve, thus bringing the latter to a value equal to 20% of the share capital;
4. to approve the consolidated financial statements as at 31 January 2025 and the consolidated sustainability report;
5. to allocate the net profit for the financial year 2024 of OVS S.p.A., amounting to €51,556,634, as follows:
    i. to the shareholders, an ordinary gross dividend of €0.11 for each outstanding ordinary shares, net of the treasury shares held by the Company (payment on 25 June 2025, with a detachment date for coupon no. 8 of 23 June 2025 and a record date - the accounting day at the end of which the accounts are valid for the purposes of entitlement to the dividend payment - of 24 June 2025);
    ii. the remainder to the retained earnings reserve."

Mestre, Venice, 15 April 2025

for the Board of Directors
The Chief Executive Officer
Stefano Beraldo

Consolidated Sustainability Report 2024

1. General information

1.1 Criteria for preparation

BP-1 GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS AND BP-2 DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

This Consolidated Sustainability Report (hereinafter also "SR" or "Sustainability Report") of the OVS Group (hereinafter also only "OVS" or "Group") is prepared in accordance with the provisions of Legislative Decree 125 of 6 September 2024, which incorporates the requirements of the Corporate Sustainability Reporting Directive (hereinafter "CSRD") and the European Sustainability Reporting Standards (hereinafter "ESRS").

This document is published annually. (*) The data relate to the period between 1 February 2024 to 31 January 2025. The scope of the general, environmental, social and governance information is the same as that of the OVS Consolidated Financial Statements as at 31 January 2025.

This document does not contain any omissions due to confidentiality requirements under applicable law. If it was not possible to find the quantitative data using the tools available to the Group, the use of estimates was duly reported. When the metric has been estimated, the calculation approach has been described in the paragraph on the metric itself (ref. E1, E3, E5).

The estimates used are representative of performance and data and are reported together with their degree of uncertainty. No estimates with a high level of uncertainty have been identified.

For this first year of reporting pursuant to Legislative Decree 125, OVS has decided to use the transitional provisions listed in Appendix C of ESRS 1 applicable to the Group. Moreover, as the first year of application of the ESRS, there are no comparative data with the previous year (ref. ESRS1-136). These data will be included as of next year to enable analysis of the development of OVS's sustainability performance.

The information on each of the environmental objectives set out in the Taxonomy Regulation is set out in the paragraph European Taxonomy. With reference to the reporting year 2024, there are no changes or errors in the preparation and presentation of such information. For objectives that are not linked to ESRS-defined metrics, entity-specific metrics have been implemented and their calculation methodologies are specified in the relevant sections (Ref. E1- Metrics - Entity specific, Ref. S2 - Metrics - Entity specific), in line with MDR-M. Where more technical terminology was required than that used in the ESRS, this has been highlighted (ref. E5-4 Resource inflows).

In order to standardise the reporting of information and facilitate its correlation with the content indicated by Legislative Decree no. 125, for each sustainability aspect, evidence is provided of its relevance, impact and financial position, with respect to the activities of OVS and the value chain. Information on the value chain has been included, in accordance with regulatory requirements, with a focus on the most important actors for OVS: in the upstream, the analysis considers suppliers of products and raw materials, due to their strategic importance and impact; in the downstream franchisees were included, key players in the distribution of OVS products throughout the territory, and consumers. In fact, their behaviour and the way in which products are used influence and are strongly influenced by OVS's strategy.

The inclusion of information on upstream and downstream actors focused exclusively on the areas in which these materially relevant, so that the information provided complies with the principle of double materiality and meets the quality requirements set out in the reporting standards.

The method of managing the impacts, risks and opportunities (hereinafter also "IRO") identified along the value chain is described through specific policies, actions and objectives, together with the results obtained and monitored during the year.

The topic S3 - Affected Communities is excluded from the reporting scope because it is not considered material after the double materiality assessment.

Reporting is based on the time horizons currently provided for in the company Enterprise Risk Management (ERM) model[7]. Within 1 year (short term), between 1 and 3 years (medium term) and beyond 3 years (long term). This approach ensures alignment with the Group's business and sustainability plans, ensuring consistency in assessing impacts, risks and opportunities over time.

The data and information contained in this SR relate to events that took place during the reference year indicated above, deriving from the company's business activities, identified as significant based on the relevance analysis carried out in accordance with the Decree. As part of the data collection process, the specific functions responsible for the areas covered by the reports provided the data for which they are responsible, using extractions from corporate information systems, billing and internal and external reporting, under the coordination of the Corporate

7 This time horizon is different from that suggested by the ESRS, where the medium-term horizon is 1-5 years.

Sustainability function. None of the metrics calculation methodologies have been validated by an external body. OVS has defined an Internal Procedure for preparing Sustainability Reports in order to set out the process of collecting and approving the information to be reported. The persons covered by the procedure are the individuals in the company bodies/departments identified for the collection, control and certification of sustainability data and information, as well as the persons/bodies responsible for its preparation, approval and verification.
This document been assessed for limited assurance by an auditing company. The assessment was carried out according to the procedures indicated in the "Independent Auditor's Report", provided at the end of the document.

1.2 Governance

GOV-1 ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Board of Directors (hereinafter also "BoD") it is the most senior body in the Group's governance structure. The Board is vested with all powers of ordinary and extraordinary management, except for those that the law expressly assigns to the Shareholders' Meeting.
the Board of Statutory Auditors: oversees compliance with the law, the Articles of Association and the principles of correct management of the company.
The Director Responsible pursuant to Article 154-bis of the TUF shall be responsible for drawing up the corporate accounting documents, including the Consolidated Sustainability Report.
The Board of Directors of OVS also operates through the Chief Executive Officer and the Directors with powers of representation and is assisted by Committees, set up within the Board, which make recommendations and give advice:

- The Control, Risks and Sustainability Committee (hereinafter also "CRSC") supports the assessments and decisions of the Board of Directors relating to the internal control and risk management system and the monitoring of impacts, risks and opportunities identified in relation to ESRS issues. The CRSC is vested with these responsibilities in application of the Corporate Governance Code for companies listed on the Italian Stock Exchange;
- the Appointments and Remuneration Committee assists the Board of Directors in making assessments and decisions regarding the composition of the Board of Directors and the remuneration of directors and managers with strategic responsibilities.

On 31 May 2023, the Shareholders' Meeting appointed the current Board of Directors, which will naturally expire with the approval of the financial statements for the year ended 31 January 2026.
The Board of Directors currently has 9 members, of whom 44% are women and 56% are men (the average gender ratio is 0.8), and most of whom (89%) are aged over 50. 8 members have a non-executive role, of whom 62.5% are independent, while only one is an executive.

COMPOSITION OF THE BOARD OF DIRECTORS

Full name	Gender	Age bracket	Role	Independence	Mandate start date	Nationality	Qualifications
Franco Moscetti	M	50+	Non-executive	Yes	31/5/2019	ITALIAN	Industrial Sciences degree, specialising in Business Economics
Stefano Beraldo	M	50+	Executive	No	14/5/2014	ITALIAN	Degree in Economics and Business
Giovanni Tamburi	M	50+	Non-executive	No	13/3/2019	ITALIAN	Degree in Economics and Business
Alessandra Gritti	F	50+	Non-executive	No	13/3/2019	ITALIAN	Degree in Business Economics
Carlo Achermann	M	50+	Non-executive	Yes	7/9/2020	ITALIAN	Degree in Economics and Business
Chiara Mio	F	50+	Non-executive	Yes	31/5/2017	ITALIAN	Degree in Business Economics
Elena Garavaglia	F	41-50	Non-executive	Yes	20/6/2020	ITALIAN	Degree in Law
Flavia Sampietro	F	50+	Non-executive	Yes	31/5/2023	ITALIAN	School of Management
Roberto Cappelli	M	50+	Non-executive	No	31/5/2023	ITALIAN	Degree in Law

There are no directors appointed by the Company's employees on the Board of Directors.
The Board of Directors' sustainability expertise is maintained through periodic updating and induction sessions, which have also been extended to the Board of Statutory Auditors. The last induction session was conducted on 12 November 2024 by the Head of Corporate Sustainability.
In addition, the Board of Directors can benefit from the expertise in the field of Prof. Chiara Mio, a professor in strategic planning and sustainability management and Corporate Sustainability Reporting, in the Management department of Ca' Foscari University of Venice. Prof. Mio also serves as Chairman of the CRSC.
For more details about the methodology and process of involving decision-making bodies in monitoring impacts, risks and opportunities - the BoD, CRSC, CEO, top management and the Corporate Sustainability function - see paragraph IRO-1.
Please refer to the "Report on Corporate Governance and Ownership Structure" and the "Report on Remuneration Policy and Remuneration Paid" for further information on the composition (e.g. mandate, other positions and commitments, skills relevant to the impact of the organisation, etc.), appointment and selection, conflicts of interest and assessment of the performance of the Board of Directors. The members of the administrative, management and control bodies have many years of experience in the sector, products, business conduct and geographical areas of the Group. For more information, see the corporate website at www.ovscorporate.it, and the Governance section in particular.
The Board of Statutory Auditors consists of 3 standing auditors and 2 alternate auditors. On 31 May 2023, the Shareholders' Meeting appointed the Board of Statutory Auditors, on the natural expiry of its term of office with the approval of the financial statements for the year ended 31 January 2026.
At 31 January 2024, the Board of Statutory Auditors was

composed of 5 members, of whom 60% were female and 40% were male (the average gender ratio was 1.5), 60% were aged over 50 and 40% were aged 41-50.

COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

Full name	Gender	Age bracket	Role	Independence	Mandate start date	Nationality	Qualifications
Stefano Poggi Longostrevi	M	50+	Chairman of the Board of Statutory Auditors	Yes	25/7/2018	Italian	Degree in Economics and Business
Federica Menichetti	F	41-50	Standing auditor	Yes	31/5/2022	Italian	Degree in Law
Massimiliano Nova	M	50+	Standing auditor	Yes	31/5/2023	Italian	Degree in Economics and Business
Nicelli Marzia	F	41-50	Alternate auditor	Yes	31/5/2023	Italian	Degree in Economics and Business
Donata Paola Patrini	F	50+	Alternate auditor	Yes	31/5/2023	Italian	Degree in Economics and Business

Please refer to the "Report on Corporate Governance and Ownership Structure" for further information on the composition (e.g. mandate, other positions and commitments, skills relevant to the impact of the organisation, etc.), appointment and selection, conflicts of interest and assessment of the performance of the Board of Directors.

The CEO, supported by the Corporate Sustainability function, defines the strategic sustainability guidelines - taking into account the impacts, risks and opportunities identified - assessed by the CRSC and approved by the Board of Directors. The Corporate Sustainability function is responsible for the process of internal planning and coordination of initiatives at a corporate level, involving specific work groups drawn from across the company. The function also manages the development of special projects, with particular focus, among other matters, on initiatives to improve the product portfolio and the supply chain, and on the decarbonization programme.

GOV-2 INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

In the context of sustainability governance, a key role is also given to the Control, Risks and Sustainability Committee (CRSC), entrusted by the Board of Directors with overseeing sustainability issues related to the performance of the company's activities and the assessment of the SR. This Committee was established on 23 July 2014. On 31 May 2023, the Board of Directors appointed the current CRSC, which consists of 3 Directors, all non-executive and all meeting the independence requirements established by the TUF and the Code of Corporate Governance:

- Chiara Mio (Chairman)
- Flavia Sampietro
- Franco Moscetti

The CRSC is responsible for assessing sustainability policies and plans designed to ensure value creation over time for shareholders and all other stakeholders, on a medium- to long-term basis, in compliance with the definition of sustainable success. The CRSC is involved on an annual basis in assessing the adequacy of sustainability policies and plans, as well as evaluating the results achieved.

The Corporate Sustainability function, together with

the CRSC, also has the task of understanding the skills necessary to manage the impacts, risks and opportunities, deeming them currently adequate. The CRSC also reviewed the double materiality assessment process conducted by OVS for the first time and the related results. Finally, the CRSC expresses its opinion on the adequacy of the Consolidated Sustainability Report submitted annually to the Board of Directors.
The 2024-2026 Sustainability Plan was assessed by the CRSC in December 2023 and formally approved by the Board of Directors in January 2024. Meetings organised by the CRSC involve the participation of the Chief Executive Officer and the Board of Statutory Auditors. From an internal organisational perspective, all Sustainability issues are managed by the Corporate Sustainability function, which reports periodically to the Chief Executive Officer, the CRSC and the Board of Directors.
During 2024, the CRSC and the Board of Directors were involved in monitoring the process of adaptation to the ESRS standard, periodically reviewing the progress and the overall areas of impacts, risks and opportunities set out in this Report.

GOV-3 INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

The remuneration of the Chief Executive Officer is composed not only of a fixed part, but also of a variable part based on both short-term (STI or Short-Term Incentive) and long-term (LTI or Long Term Incentive) targets.
In particular, the TSI part includes quantitative economic/financial targets representing 70% and qualitative objectives linked to new value creation projects in line with ESG principles representing 30%. 30% of the LTI is paid based on the achievement of two indicators: a 19.3% reduction in Scope 3 emissions intensity on consolidated revenues by 2026, compared to 2023, and an increase in materials related to "preferred"[8] clothing products up to 65% by 2026.
Similar targets are also included in incentive mechanisms for Managers with Strategic Responsibilities and other managers selected based on their possible contribution to such targets.
The Remuneration Committee supports the Board of Directors in approving the terms of the incentive systems.
Please refer to the Remuneration Report for other details on the Chief Executive Officer pay mix and detailed gross compensation based on the offices of other Board members.

GOV-4 STATEMENT ON DUE DILIGENCE

OVS has for some time adopted a due diligence process that aims to identify, prevent and mitigate actual and potential negative impacts on the environment and people.
Consistent with the double materiality assessment, these impacts are mainly identifiable in the supply chain and, to a lesser extent, in direct operations.

8 "Preferred" materials are those sourced from supply chains with certified custody chains.

DUE DILIGENCE INFORMATION MAPPING

Key elements of due diligence	SR paragraphs/pages
a) Integrating due diligence into governance, strate-gy and business model	**G1-1** Policies in the field of enterprise culture and business conduct **GOV-2** Information provided to and sustainability matters addressed by the underta-king's administrative, management and supervisory bodies **GOV-3** Integration of sustainability-related performance in incentive schemes **SBM-3** Material impacts, risks and opportunities and their interaction with business strategy
b) Involving stakeholders at all key stages of due dili-gence	**IRO-1** Description of the processes to identify and assess the relevant impacts, risks and opportunities **SBM-2** Interests and views of stakeholders **SBM - 2 S1** Own workforce
c) Identifying and assessing negative impacts	**SBM-3** Impacts Risks and Opportunities **IRO-1** Description of the processes to identify and assess the relevant impacts, risks and opportunities
d) Taking action to address negative impacts	**Due Diligence Policy in Environmental policies** **E1-3 - E1-4** Actions, resources and targets in relation to climate change policies **E2-2** and **E2-3** Actions, resources and targets related to pollution **E3-2** and **E3-3** Actions, resources and targets related to water and marine resources **E4-3** and **E4-4** Actions, resources and targets related to biodiversity and ecosystems **E5-2** and **E5-3** Actions, resources and targets related to resource use and circular economy
e) Monitoring effectiveness of interventions and communication	**Metrics within paragraphs E1, E3, E5, S1, S2, G1**

GOV-5 RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

OVS has adopted a risk management system in line with the "Enterprise Risk Management - Integrated with Strategy and Performance" and "Internal Control - Integrated Framework" international frameworks. Since 2015, it has also worked in accordance with the "Guidelines for the internal control and risk management system", a document prepared by the Board of Directors to identify, monitor and manage areas of risk, ensuring the achievement of strategic and operational targets, the reliability of financial reporting, compliance with laws and regulations and the safeguarding of corporate assets.
OVS has defined an Internal Procedure for preparing the Consolidated Sustainability Report in order to integrate risk management into the data collection and information approval phases. This process helps ensure the accuracy and reliability of the published data. The persons covered by the procedure are the individuals in the company bodies/departments identified for the collection, control and certification of non-financial data and information, as well as the persons/bodies responsible for its preparation, approval and verification.
OVS considers the risks associated with incomplete or inconsistent sustainability reporting, including the

risks associated with the completeness and integrity of data, the accuracy of any estimates, the availability of value chain data and the timescales in which such information is made available. Based on the results of the risk assessment, the Manager responsible has defined specific control procedures, proper separation of functions and the allocation of roles and responsibilities through the involvement of key functions, and the provision of training sessions to the data owners (persons approving the data) and to the data providers (persons preparing the data).
The Manager responsible informs the Board of Directors of the adequacy and effective application of these control procedures, at the same time as the approval of the financial statements.
The scope of the controls covers all relevant processes and systems, from data collection to reporting, with standardised procedures for gathering, verifying and consolidating information.

1.3 Strategy

SBM-1 STRATEGY, BUSINESS MODEL AND VALUE CHAIN

BUSINESS MODEL AND VALUE CHAIN

OVS is one of the main retailers for women's, men's and children's clothing in Italy. The group operates based on a business model typical of vertically integrated retailers, offering products created in-house, and as a phygital marketplace through the introduction of iconic brands and innovative proposals. Product development is entrusted to a team of product managers, designers and merchandisers that leverages an organisational structure highly specialised in sourcing with a strong presence in the key geographical areas to design, develop and implement the merchandise mix with external suppliers, under the artistic guidance of the creative director and the organisational guidance of the category managers.
OVS operates through a multi-channel approach with a network of DOS and franchises in Italy and abroad, integrated with e-commerce. The Group consists of OVS S.p.A. and its subsidiaries in Serbia, Croatia, Spain and France, which manage the network of stores abroad (mainly in franchising), and OVS Hong Kong Sourcing Ltd, which also operates through a subsidiary in India and representative offices in Bangladesh, Pakistan and Turkey, responsible for supplier research and accreditation processes, product industrialisation at manufacturing sources, production and shipping monitoring and quality control.

The directly managed product areas are:

- clothing: the creation and marketing of products for men, women and children, designed for different occasions;
- footwear and accessories: development of collections of footwear, handbags and other non-textile accessories to complement the clothing offering;
- home furnishings: selection of textile products for the home, housewares and furnishings;
- fragrances and cosmetics.

In addition, part of the business is developed through commercial partnerships with third-party brands, where OVS acts as a distributor through its network of stores and online marketplaces.
Lastly, OVS Innovazione e Sostenibilità S.r.l. was incorporated in 2022, dedicated to projects focusing on digital research and innovation and the circular economy.

VALUE CHAIN

Through interviews with functions within the Company, data was collected to build a description of the OVS value chain, which features:

- upstream operations that include the supply of raw materials (extraction, cultivation and development of semi-finished products), the processing of raw materials, the production and packaging of finished products.
- direct operations such as the administration and management of the business carried out at headquarters, the sale of products through the network of stores of the various brands
- downstream operations through franchising stores and those related to the use and disposal of products sold by end customers.
- logistics operations that span the value chain and are contracted out to external suppliers.

THE OVS PEOPLE

The OVS Group's success depends on the work of around 8,000 people worldwide, distributed as described in the table below.

NUMBER OF EMPLOYEES BY COUNTRY

	2024
Employees	**Total**
Bangladesh	98
China	103
Croatia	29
France	5
India	47
Italy	8,104
Pakistan	12
Serbia	67
Spain	60
Turkey	7
Total	**8,532**

SUSTAINABILITY STRATEGY

The OVS sustainability strategy is an integral part of the Company's business model and is based on the commitment of each corporate function to considering the environmental and social impacts that are inevitably generated by the Group's actions and operations. For OVS, sustainability is a characteristic feature of every business action, without limiting itself to intervening in ad-hoc projects.

The Sustainability Plan defined for the period 2024-2026 has been updated to map initiatives in line with European Sustainability Reporting Standards, maintaining a systemic approach. There are four areas of action identified in the Plan, each having specific short, medium and long-term commitments and actions:

Design for circularity. This action area covers all environmental issues: Climate Change (E1), Pollution (E2), Water (E3), Biodiversity (E4) and Resource Use and Circular Economy (E5). It includes the decarbonisation plan, the strategy to increase materials with reduced impact (recycled, certified or of organic origin) and actions to promote the extension of the life of the clothing and to implement circular economy systems.

Being fair and transparent. With the actions provided for in this pillar, both the issue of Workers in the value chain (E2) and Climate change (E1) are covered. As part of the activities to involve suppliers and support them in improving their environmental and social performance, measures have been put in place to decarbonise the supply chain and specific targets have been set to improve worker representation systems within the factories, thereby also encouraging the widest possible adoption of a living wage throughout the supply chain.

Design a better work. At OVS, we encourage practices and spaces for everyone, creating favourable conditions for the development of a fair, flexible and inclusive culture; the targets set in this area, which address issues related to our own workforce (S1), are aimed at improving the well-being of people in the workplace for both the sales network and head office.

Making fashion a better choice. Through reliable, clear and transparent communication, OVS raises customer awareness of issues such as conscious consumption, informed choices and garment care. The store network becomes a tool to make customers aware of responsible choices, including through projects with work inclusion programmes. With the targets and actions in this pillar, OVS addresses issues of interest to consumers and end-users (S4).

For a description of the specific actions, please refer to the MDR-A sections at the beginning of the relevant chapters.

SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS

OVS stakeholders are at the heart of the Company's sustainability strategy, so they are periodically involved with different activities in line with their category and their interests. With these initiatives, OVS has a dual objective:

- gathering information on the needs of the various categories of stakeholders and their view on the Company's activities, in order to better direct the Sustainability Plan and ensure its consistency with the expectations of its stakeholders;
- informing the people inside and outside of the Company in order to raise awareness on sustainability issues, with an approach aimed at promoting transparency.

The table below shows the map of key stakeholders, their priorities and the main methods of involvement by OVS, with the relevant frequency.

Feedback collected from all stakeholders is analysed and reported periodically to the Board of Directors by the Corporate Sustainability function.

MAP OF STAKEHOLDERS

Stakeholders	Stakeholder's interest	OVS's interest in the stakeholder	Method of involvement	Frequency
CUSTOMERS	Satisfy the need to purchase	Satisfy the customer	Customer satisfaction surveys and service quality surveys	Annual
	Ability to buy affordable and safe clothes for their family	Increase the propensity to purchase and the value of the OVS brand	Training programmes	Ongoing
	Express their personality with brands that visibly align themselves with their values	Educate and raise awareness about more responsible purchases	Survey to identify material impacts	Periodic/as needed
	Look fashionable			
OFFICE STAFF	Professional fulfilment	Increase employee productivity	Initiatives for training and development of human capital	Ongoing
	Increase the meaning and purpose of their role	Increase sense of company belonging	MAAM (Maternity As A Master) project	Periodic/as needed
	Increase their skills	Reduce turnover rate	Code of Ethics and safety training	Periodic/as needed
	Increase well-being during the working day (concentration, nutrition)	Make the employee an ambassador of OVS's values	Survey to identify material impacts	Periodic/as needed

Stakeholders	Stakeholder's interest	OVS's interest in the stakeholder	Method of involvement	Frequency
COMPETITORS	Gain market share through distinctive levers	Maintain leadership in the Italian clothing market	Work groups	Periodic/as needed
	Common interest in enhancing the reputation of the clothing market	Use distinctive levers to increase brand reputation	Participation in industry conferences and events	Periodic/as needed
SUPPLIERS	Consolidate the relationship with OVS over time and increase the value of the relationship Improve their practices	Systematically improve the supplier's environmental and social practice Promote economic development	Meetings with key suppliers to share good practices for the improvement of environmental and social performance	Periodic/as needed
			Audit programmes	Periodic/as needed
			Industry collaboration initiatives	Annual
			Survey to identify material impacts	Periodic/as needed
LOCAL COMMUNITIES PRODUCTION COUNTRIES[9]	Operational support in developing countries Promoting work and rights	Build profitable relationships to generate shared value Increase the level of acceptance of the company	Meeting on specific fo-cus points	Periodic/as needed
			Partnerships	Ongoing
			Local social and cultural promotion projects (e.g. Save the Children women empowerment project, collaborations with WWF, etc.)	Periodic/as needed
LOCAL COMMUNITIES STORES (ITALY)	Support from the company on a par with institutions for a common benefit	Build profitable relationships to generate shared value Increase the level of acceptance of the company	Activities as part of FederDistribuzione	Ongoing
			Meetings with members of the fashion and arts world to conduct in-vestment initiatives for social and cultural pro-motion activities in the community (e.g. the Peggy Guggenheim Col-lection, Save The Chil-dren, Fare x Bene Onlus, WWF, etc.).	Periodic/as needed

9 There was no such involvement in 2024.

Stakeholders	Stakeholder's interest	OVS's interest in the stakeholder	Method of involvement	Frequency
PRESSURE GROUPS	Ensuring that OVS is part of the solution in solving global environmental problems by reducing the impact of the fashion industry Increasing transparency and consumer information to guide more informed choices Making Green Washer Brands stand out	Be recognised as a serious brand with a clear strategy in terms of environmental and social sustainability	Participation in industry conferences and events	Periodic/as needed
			Participation in transparency initiatives in the fashion sector (e.g., Fashion Transparency Index)	Periodic/as needed
INSTITUTIONS	Enforce the rules Incentivise the company if it is virtu-ous in improving access to and availa-bility of resources for citizens	Leverage institutions to create a positive impact	Work groups	Periodic/as needed
			Participation in industry conferences and events	Periodic/as needed
OPINION LEADERS	Create new trends	To be perceived as a modern brand, aimed at families and their needs, innovative in terms of digitalisation and customer services	Work groups	Periodic/as needed
			Participation in industry conferences and events	Periodic/as needed
STAFF IN STORES	Promote well-being in store (temperature, cleanliness, etc.) Facilitate interaction with the client with distinctive arguments	Increase employee productivity Facilitate interaction with the client with distinctive arguments Reduce turnover rate	Community Wins Together	Ongoing
			Initiatives for training and development of human capital	Ongoing
INVESTORS	Increase return on investment Reduce investment risk Define specific targets on environmental, social and governance due diligence	Communicate sustainability as a strategy to minimise risk and create long-term value In general, create value	Investor relations activities	Ongoing
			Publication of reports (financial and non-financial)	Annual
			Participation in sustainability surveys (ESG rating)	Annual
FRANCHISEES	Improve their performance Increase brand attractiveness	Establish long-term partnerships in line with OVS's values	Meeting	Periodic/as needed
			Survey to identify material impacts	Periodic/as needed
INDUSTRY COALITIONS	Acquire new affiliates Ensure that the affiliate plays an active role in improving working conditions and reduce the use and impact of harmful substances in the clothing industry's supply chain	Join coalitions strategically in order to increase the visibility of OVS and maximise the positive impact, leveraging economies of scale generated by industry collaboration	Membership of interna-tional initiatives to im-prove sustainability across the fashion indus-try (Sustainable Apparel Coalition (SAC), Better Cotton Initiative, Better Factories Cambodia, Accord, FederDis-tribuzione)	Ongoing

Stakeholders	Stakeholder's interest	OVS's interest in the stakeholder	Method of involvement	Frequency
NEW GENERATIONS (25+)	Respond to new market needs and requirements Include long-term impacts when defining business strategies Act with authenticity and transparency	Anticipate the evolution of market needs Prepare for the new challenges of the sector Be perceived as a modern brand, geared towards young people and families	Social media presence	Ongoing
			Survey to identify material impacts	Periodic/as needed
			Collaborations with universities (e.g. Contamination Lab)	Ongoing
			Lectures at universities	Ongoing

SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The double materiality assessment provided an overview of the impact of the organisation on the environment and society, along the entire value chain and the risks and opportunities for OVS's business. Details of the impacts, risks and opportunities (IROs) identified for each material topic are reported in the relevant sections, with reference to their location in the value chain. Integrating double materiality assessment into the Enterprise Risk Management process, OVS carried out a resilience analysis of the business model as described in detail in paragraph SBM-3 E1.

This analysis identified the most important sustainability issues for OVS: Resource use and circular economy (E5) is the highest priority, followed by Climate Change (E1) and Workers in the Value Chain (S2). These are the main issues in which OVS has been involved since 2016 with mitigation strategies and investments in research and development. In addition to the environmental picture, Pollution (E2), Water (E3) and Biodiversity (E4) were also important topics, in particular for potential negative impacts along the value chain. From a social point of view, Own Workforce (S1), Consumers (S4) and Business Conduct (G1) were considered material for the potential risks and opportunities they represent for the company. The only issue that is not material for the Company is Affected Communities (S3).

The following table provides details of the impacts, risks and opportunities (IRO) that are material to OVS.

IRO - IMPACTS RISKS AND OPPORTUNITIES

ESRS topic	ESRS sub-topic	IRO	DESCRIPTION	IRO CODE	CURRENT/ POTENTIAL	VALUE CHAIN UP[10]	VALUE CHAIN DC[11]	VALUE CHAIN DW[12]	TIME HORIZON
Climate change	Climate change mitigation/ Energy	Negative impact	The entire life cycle of products, from the cultivation of raw materials (aggravated by the impact of fertilisers) to the production, distribution and transport of goods, generates high greenhouse gas emissions.	E1-IN01	Current	x	x	x	Short
Climate change	Adaptation to climate change	Negative impact	The choice of raw materials grown in areas increasingly affected by extreme heat and the use of cotton and monoculture viscose make crops more vulnerable to droughts and floods.	E1-IN02	Current	x			Short
Climate change	Climate change mitigation	Opportunity	Proper planning of decarbonisation processes can help avoid the costs typically associated with a reactive approach and provide a competitive edge in the market.	E1-OP01		x	x	x	Medium
Climate change	Climate change mitigation/ Energy	Risk	Transition risk: The adaptation of infrastructure and energy sources to decarbonisation targets may lead to higher operating expenses and higher capital expenditure.	E1-RS01		x	x	x	Medium
Climate change	Adaptation to climate change	Risk	Physical risk: Climate change can lead to unpredictable business conditions, negatively impacting revenues and margins as well as expenses needed to recover from extreme weather events.	E1-RS02			x		Long
Pollution	Microplastics	Negative impact	The release of non-biodegradable synthetic fibres from the production, use or end-of-life of the product contributes to the increase in microplastic concentrations in the environment by altering aquatic and terrestrial ecosystems.	E2-IN01	Current	x		x	Short

10 Upstream
11 Direct
12 Downstream

ESRS topic	ESRS sub-topic	IRO	DESCRIPTION	IRO CODE	CURRENT/ POTENTIAL	VALUE CHAIN			TIME HORIZON
						UP[10]	DC[11]	DW[12]	
Pollution	Water pollution	Negative impact	Chemicals used in the production of agricultural raw materials are released into the environment infiltrating aquifers and industrial waters used in clothing production processes may be released without adequate treatment.	E2-IN01	Current	x			Short
Pollution	Microplastics	Risk	The need to adapt to new regulations related to microplastic pollution and eco-design could put pressure on the margins of collections, especially for the lowest price ranges.	E2-RS01		x			Medium
Water and marine resources	Water	Risk	Inadequate wastewater management can result in reputational damage and clean-up costs.	E2-RS03		x	x	x	Short
Water and marine resources	Water	Negative impact	The cultivation of cotton and the production processes of garments cause over-exploitation of water basins in areas already subject to high water stress.	E3-IN01	Current	x			Short
Water and marine resources	Water	Opportunity	Diversifying cotton sources with a view to greater sustainability contributes to building a more resilient supply chain and reducing supply costs for materials with low water consumption.	E3-OP01		x			Medium
Water and marine resources	Water	Risk	Water scarcity due to climate change and extreme weather events may negatively affect the production of strategic agricultural raw materials for OVS, such as cotton, reducing availability and increasing costs.	E3-RS02		x			Long
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss/ Impact on extent of ecosystems	Negative impact	Greenhouse gas emissions generated along the value chain and conventional agricultural practices for producing cotton or other plant/animal materials contribute to the degradation of ecosystems, reducing biodiversity.	E4-IN01	Current	x		x	Short
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Risk	The depletion of biodiversity can lead to an increase in raw material costs due to reduced availability or the need for more expensive agricultural/production practices	E4-RS01		x			Long

ESRS topic	ESRS sub-topic	IRO	DESCRIPTION	IRO CODE	CURRENT/ POTENTIAL	VALUE CHAIN			TIME HORIZON
						UP[10]	DC[11]	DW[12]	
Resource use and circular economy	Resource inflows, including resource use	Negative impact	The limited use of circular economy systems in the selection and supply of raw materials for products results in high consumption of natural resources and chemicals.	E5-IN01	Current	x			Short
Resource use and circular economy	Resource inflows, including resource use	Opportu-nity	Transitioning to circular business models that im-plement eco-design criteria in the product design phase and offer circular services to extend garment life (repair, collection of used garments, textile recycling) can represent a significant business opportunity: lower raw material procurement costs, expansion of in-store offer and development of new business lines.	E5-OP01			x	x	Long
Resource use and circular economy	Outflows of resources related to products and services/Waste	Negative impact	The disposal and incineration of end-of-life products, as well as manufacturing waste, even if not hazardous, pollutes the soil and air.	E5-IN02	Current			x	Short
Resource use and circular economy	Outflows of resources related to products and services/ Waste	Risk	New regulations on the use of recycled resources and waste disposal may lead to an increase in operating expenses.	E5-RS02			x		Short
Resource use and circular economy	Outflows of resources related to products and services	Risk	Extending garment life cycles to adapt to consumer choice or new regulations may result in lower revenues.	E5-RS01			x		Long
Own workforce	Own working conditions/ Equal treatment and opportunities for all	Positive impact	Providing stable, fair (with low levels of gender pay gap) and diverse job opportunities with a breadth of roles and tasks covered by the various business functions.	S1-IP01	Current		x		Short
Own workforce	Own working conditions	Risk	Jobs that are not always compatible with a good work-life balance can lead to increased turnover and the loss of key skills	S1-RS02			x		Short
Own workforce	Equal treatment and opportunities for all	Risk	Discrimination or failings in health and safety management at work can lead to penalties and reputational harm, as well as contributing to negative turnover	S1-RS01			x		Short

ESRS topic	ESRS sub-topic	IRO	DESCRIPTION	IRO CODE	CURRENT/ POTENTIAL	VALUE CHAIN			TIME HORIZON
						UP[10]	DC[11]	DW[12]	
Own workforce	Own workforce working conditions/ Equal treatment and opportunities for all	Opportu-nity	Attracting and retaining talent through the provision of an inclusive and fair working environment that ensures opportunity and growth for all.	S1-OP01			x		Medium
Workers in the value chain	Value Chain Working Conditions	Negative impact	The seasonal nature of the business leads to production peaks during the year that can increase the use of overtime that could potentially be unregulated, violating international conventions on the matter.	S2-IN01	Current	x			Short
Workers in the value chain	Value chain working conditions/ Equal treatment and opportunities for all	Negative impact	Some production areas are located in countries where full freedom of association is not guaranteed and effective collective bargaining and, consequently, fair remuneration for the workforce (both in terms of alignment with the living wage and in terms of gender or other discrimination)	S2-IN02	Current	x			Short
Workers in the value chain	Value Chain Working Conditions	Negative impact	Business dynamism can generate turnover in the supplier base, potentially creating instability for workers in the value chain and a reduced ability to protect under-represented categories	S2-IN03	Current	x			Short
Workers in the value chain	Value chain working conditions/ Equal treatment and opportunities for all	Positive impact	Through stable and long-term relationships and open dialogue with the social partners, OVS contributes to building more favourable working conditions for workers, also representing a lever for change in raising awareness on the issues of violence and harassment at work, as well as on workers' rights such as freedom of association in factories.	S2-IP01	Current	x			Short
Workers in the value chain	Value Chain Working Conditions	Positive impact	By participating in multi-stakeholder initiatives, OVS contributes to improved health and safety in the workplace.	S2-IP02	Potential	x			Long
Workers in the value chain	Value Chain Working Conditions	Opportu-nity	Supporting projects to improve working conditions by verifying compliance with the Code of Conduct can contribute to more stable employment in the supply chain, resulting in a more specialised workforce and returns in terms of quality and efficiency.	S2-OP01		x			Medium

ESRS topic	ESRS sub-topic	IRO	DESCRIPTION	IRO CODE	CURRENT/ POTENTIAL	VALUE CHAIN			TIME HORIZON
						UP[10]	DC[11]	DW[12]	
Workers in the value chain	Value Chain Working Conditions	Risk	A wage adjustment due to inflation or living wage alignment that is not supported by better productivity generates higher production costs, resulting in lower margins.	S2-RS01		x	x		Medium
Workers in the value chain	Value Chain Working Conditions	Risk	Failure to offer tools to improve work-life balance, and to adequately train workers of suppliers and franchise stores, could increase turnover and affect product quality and sales service.	S2-RS02		x	x		Medium
Workers in the value chain	Value Chain Working Conditions	Risk	Accidents at work, tensions with suppliers and potential strikes due to poorly managed social dialogue can impact the continuity of production operations.	S2-RS03		x	x		Short
Workers in the value chain	Value chain equal treatment and opportunities for all	Risk	Inadequate attention to workers' rights may lead to an increase in workforce turnover, with a consequent impact on the quality of the product/service and possible reputational damage.	S2-RS04		x	x		Short
Consumers and end-users	Social inclusion of consumers and/or end-users	Positive impact	OVS is an accessible brand and its customer communications convey the values of inclusivity and democracy, allowing everyone to express themselves through their choice of brand (e.g. models for advertising campaigns or corporate communications).	S4-IP01	Current			x	Short
Consumers and end-users	Information-related impacts for consumers and/or end-users	Opportu-nity	Thanks to transparent communication and a wide product range, OVS builds consumer trust and loyalty, while also attracting segments interested in specific product categories	S4-OP1				x	Medium
Consumers and end-users	Information-related impacts for consumers and/or end-users	Risk	The use of sustainability-related topics without a solid foundation may result in penalties and legal dispute.	S4-RS01			x	x	Medium

ESRS topic	ESRS sub-topic	IRO	DESCRIPTION	IRO CODE	CURRENT/ POTENTIAL	VALUE CHAIN			TIME HORIZON
						UP[10]	DC[11]	DW[12]	
Consumers and end-users	Social inclusion/ Information-related impacts for consumers and/or end-users	Risk	Possible shortcomings in the design of sales channels (stores and websites) could result in costs for compliance with accessibility rules	S4-RS02			x	x	Medium
Business conduct	Political engagement and lobbying activities	Opportunity	Helping to build a more business-friendly regulatory framework can reduce compliance costs and attract new talent through authoritative positioning	G1-OP01			x		Long
Business conduct	Management of relationships with suppliers including payment practices	Risk	The deterioration in relationships with suppliers due to irresponsible behaviour in relation to contracts may have an impact on product/service quality or on the loss of important production sources	G1-RS01		x	x		Medium

OVS does not identify any significant current financial effects for the above risks and opportunities, as they mainly relate to a medium/long term horizon. The risks associated with a short-term time horizon have no material impact on the company. OVS reserves the right to build a methodology to quantify the financial effects for risks and opportunities.

1.4 Double materiality assessment

IRO-1 DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS THE RELEVANT IMPACTS, RISKS AND OPPORTUNITIES

This double materiality assessment has enabled sustainability issues to be assessed and prioritised from both an inside-out (or impact) and outside-in (or economic-financial) perspective and their reporting to be aligned with ESRS standards.

METHODOLOGICAL APPROACH AND ASSUMPTIONS

The analysis was carried out in accordance with ESRS reporting standards, IG 1 Materiality Assessment guidelines published by EFRAG and using qualitative and quantitative data to ensure a robust assessment.
The process involved the ongoing participation of various categories of stakeholders, both external and internal, whose contributions were based on their knowledge of the company and sustainability issues.
The scope of the analysis covered the entire OVS value chain, particularly in relation to housebrand clothing products, which represent more than 85% of the Group's turnover. With regard to the supply chain, the 'Made in' countries with the highest percentage of expenditure were considered – Bangladesh, China, India, Italy, Myanmar and Pakistan – which together account for 92% of orders. The analysis considered the DOS and franchise stores as sales channels, as they are currently the Group's main sales channels.

ANALYSIS PROCESS

1. Value chain and context analysis

All phases of the Group's value chain have been mapped, identifying operations carried out directly (Direct) and operations carried out by upstream or downstream entities.
Starting with mapping the value chain and integrating an in-depth analysis of the fashion sector – through benchmarks, industry standards, academic studies and research – OVS's dependencies were identified, as well as the main challenges and scenarios for the sector in which it operates.

2. Identification and assessment of IROs

To identify the IROs, the starting point was Application Requirement 16 (AR 16), which provides an overview of the sub-topics and sub-sub-topics covered by the topical ESRS. Considering this list to be purely supplementary, each sub-sub-topic has been put into context with regard to the OVS group and its value chain in order to identify the specific impacts, risks and opportunities for the company and provide a more accurate and relevant assessment.
During this phase, the dependencies of OVS's business model and the impacts that these have on resources and business relationships were considered. In particular, it was assessed whether a specific impact is closely related to natural resources (e.g. water, soil) or to relationships with relevant actors (e.g. suppliers, employees, customers). This analysis was the starting point for identifying the connections between negative and positive impacts and risks and opportunities.
Different input parameters were used in the identification, assessment and management phases of material IROs. The Group's corporate strategy, core operations, market trends and various clothing collections were taken into consideration when identifying IROs. The analysis was based on the previous non-financial statements, OVS sustainability policies and the previous materiality assessment carried out. European regulations in force and those to be introduced in the coming years have also been taken into consideration, particularly in the context of the EU Strategy for Sustainable and Circular Textiles.
External analysis was carried out across numerous areas to identify different perspectives: an analysis of the financial and sustainability reports of OVS's peers and leading companies in the sector in terms of sustainability; the SASB framework and reports from leading institutions in the sector, such as the Global Fashion Monitor, Textile Exchange Material Market Report and the Fashion Transparency Index.

Inside-out. The impacts identified - negative and positive, actual and potential - were assessed individually through an assessment model based on a scale of 0 to 4, where 0 indicates negligible impacts and higher values represent increasing levels of impact. The assessment considered the following criteria: magnitude, irremediability (negative impacts only), probability (potential impacts only) and their future development (increasing, stable or decreasing). This assessment was entrusted to the Corporate Sustainability function, which, thanks to its experience and multidisciplinary approach, was able to assign the various scores, providing concrete examples and accurate data.
To ensure a broader view and to integrate external perspectives, some categories of key stakeholders were involved through a survey: customers, employees, suppliers, investors and franchisees. For this first analysis exercise, the consultations were not extended to the affected communities. The survey allowed stakeholders to assess the impact of the OVS value chain on all sustainability issues listed in the RA16 table. Their input added to the assessment process

and influenced priority setting, helping to refine the materiality level assigned to each impact.

STAKEHOLDER ENGAGEMENT METHODS

Stakeholders	Mode of engagement	Detail of people/organisations involved
Customers	Survey	1500+ customers of OVS, Upim, Stefanel and GAP
Staff in offices	Survey	170 employees at head office
Top Management	Workshop	3 Strategic Managers, Head of Internal Audit and Risk
Suppliers	Survey	32 suppliers involved
Staff in stores	Survey	114 employees of the stores of the various brands
Investors	Survey	22 Italian and international institutional investors
Franchisees	Survey	4 franchisees involved
Competitors	Industry benchmarks	10 companies in the fashion industry
Industry coalitions	Industry desk research	4 position papers
New generations (25+)	Survey	9 clients in the 18-25 years range
Institutions	Industry desk research	Italian and European regulatory framework

Sector research has shown that the Resource use and circular economy (E5) and the Own workforce (S1), followed by Climate Change (E1), Workers in the Value Chain (S2) and Business Conduct (G1) are the most relevant and policy-driven topics.
The survey results helped complete the picture, unanimously indicating the importance of impacts related to Water (E3) and Pollution (E2), as well as those related to Workers in the value chain (S2) and Resource use and circular economy (E5).
In addition, customers and employees rate Own workforce as very important for OVS (S1), while investors and suppliers prioritise the interests of Consumers and end-users (S4).

Outside-in. Managers with Strategic Responsibilities (MRS) participated in a dedicated workshop to identify and analyse risks and opportunities, with the aim of having a complete and shared overview of the company's priorities and main challenges. Again using ESRS topics as a starting point, the MRS prioritised risks and opportunities, considering both the potential financial implications and the impact on the business model.
The quantitative assessment of individual risks and opportunities was based on the business Enterprise Risk Management (ERM) model and structured according to predefined thresholds of economic-financial significance and probability of occurrence.
This approach enabled sustainability-related risk assessment to be integrated into the existing corporate framework, ensuring consistency with overall risk management.
Opportunities identified as priorities are or will be integrated into the business strategy as levers for innovation and competitive differentiation for the company.
In addition to the process described here, the identification of IROs related to environmental and governance issues was supported by specific complementary analyses described in the relevant sections (ref. ESRS 2 IRO-1-E1, ESRS 2 IRO-1-E2, ESRS 2 IRO-1-E3, ESRS 2 IRO-1-E4, ESRS 2 IRO-1-E5, ESRS IRO-1-G1).
Once the IRO assessment was complete, materiality thresholds were established, identified for impacts at the midpoint (5) of the assessment scale (1-10) and for financial risks and opportunities at the median of the assessments (0.6).
In accordance with ESRS guidelines, the materiality assessment of IROs on social issues considered a materiality threshold 10% lower than that used for other issues, in order to give greater priority to human rights issues.

3. IRO Validation

Once the IRO assessment was complete, the Corporate Sustainability function conducted a comprehensive review of the analysis to identify any issues or points requiring attention. This phase ensured the consistency and sound methodology of the results.

The assessment then underwent a structured decision-making process involving several levels of validation:

- Review by the CEO, who assessed results during FY 24 in light of the company's strategic priorities;
- Review and approval by the CRSC (Control, Risks and Sustainability Committee), which, during FY24, examined critical aspects of the assessment and verified its alignment with the company's governance, risk management and Sustainability Plan;
- Final approval by the Board of Directors (BoD), on 1 April 2025, to integrate the analysis into business processes and the Consolidated Sustainability Report.

This process ensures that the double materiality assessment is subject to rigorous internal control and that it is considered in the strategic decisions of the company.

This year's analysis represents a significant evolution compared to previous years, as the financial dimension has been integrated with the impact dimension, in accordance with the ESRS. Until 2023, the analysis had followed the recommendations of the GRI standards, focusing exclusively on impact materiality.

The company plans to update its materiality assessment every two years, unless there are any significant changes in the business model or regulatory or market environments, which may require an earlier review, or methodological improvements.

IRO-2 DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE CONSOLIDATED SUSTAINABILITY REPORT

Reporting obligation	EU legislative references	SR Paragraph
ESRS 2 General information		
ESRS 2 BP-1		BP-1 General basis for preparation of sustainability statements and BP-2 Disclosures in relation to specific circumstances
ESRS 2 BP-2		
ESRS 2 GOV-1		
ESRS 2 GOV-1 Gender diversity in the board of directors, paragraph 21(d)	SFDR reference: Annex I, table 1, indicator no. 13 Commission Delegated Regulation (EU) 2020/1816(5), Annex II	GOV-1 Role of administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21(e)	Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 GOV-2		GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
ESRS 2 GOV-3		GOV-3 Integration of sustainability-related performance in incentive schemes
ESRS 2 GOV-4		GOV-4 Statement on due diligence
ESRS 2 GOV-4 Statement on due diligence, paragraph 30		
ESRS 2 GOV-5		GOV-5 Risk management and internal controls over sustainability reporting

Reporting obligation	EU legislative references	SR Paragraph
ESRS 2 General information		
ESRS 2 SBM-1		SBM-1 Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i)	SFDR reference: Annex I, table 1, indicator no. 4 Article 449 bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii)	SFDR reference: Annex I, table 2, indicator no. 9 Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii)	SFDR reference: Annex I, table 1, indicator no. 14 Article 12(1) of Delegated Regulation (EU) 2020/1818(7) and Annex II to Delegated Regulation (EU) 2020/1816	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv)	Article 12(1) of Delegated Regulation (EU) 2020/1818 and Annex II to Delegated Regulation (EU) 2020/1816	
ESRS 2 SBM-2		SBM-2 Interests and views of stakeholders
ESRS 2 SBM-3		SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1		IRO-1 Description of the processes to identify and assess the relevant impacts, risks and opportunities
ESRS 2 IRO-2		IRO-2 Disclosure requirements in ESRS covered by the Consolidated Sustainability Report

Reporting obligation	EU legislative references	SR Paragraph
Environmental information		
ESRS E1 Climate change		
ESRS 2 GOV- 3		GOV-3 Integration of sustainability-related performance in incentive schemes
ESRS E1-1		E1-1 Transition plan for climate change mitigation
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	Article 2(1) of Regulation (EU) 2021/1119	
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Article 449 bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity Article 12(1)(d) to (g) and (2) of Delegated Regulation (EU) 2020/1818	
ESRS 2 IRO 1		ESRS 2 IRO-1-E1 Description of the pro-cess to identify and assess material im-pacts, risks and opportunities
ESRS E1-2		E1-2 Policies related to climate change miti-gation and adaptation
ESRS E1-3		E1-3 - E1 4 Actions, resources and targets in relation to climate change policies
ESRS E1-4		
ESRS E1-4 GHG emission reduction targets, paragraph 34	SFDR reference:Annex I, table 2, indicator no. 4 Article 449 bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking book – Climate change transition risk: alignment metrics Article 6 of Delegated Regulation (EU) 2020/1818	
ESRS E1-5		E1-5 Energy consumption and mix
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	SFDR reference: Annex I, table 1, indica-tor no. 5 and Annex I, Table 2, indicator no. 5	
ESRE E1-5 Energy consumption and mix, paragraph 37	SFDR reference: Annex I, table 1, indicator no. 5	
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	SFDR reference: Annex I, table 1, indicator no. 6	

Reporting obligation	EU legislative references	SR Paragraph
Environmental information		
ESRS E1 Climate change		
ESRS E1-6		E1-6 Gross Scope 1, 2, 3 GHG emissions and Total GHG emissions
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	SFDR reference: Annex I, table 1, indicators no. 1 and 2 Article 449 bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity Article 5(1), Article 6 and Article 8(1) of Delegated Regulation (EU) 2020/1818	
ESRS E1-6 Gross GHG emissions intensity paragraphs, 53 to 55	SFDR reference: Annex I, table 1, indicator no. 3 Article 449 bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking book – Climate change transi-tion risk: alignment metrics Article 8(1) of Delegated Regulation (EU) 2020/1818	
ESRS E1-7		E1-7 GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-7 GHG removals and carbon credits paragraph 56	Article 2(1) of Regulation (EU) 2021/1119	
ESRS E1-8		E1-8 Internal carbon pricing
ESRS E1-9		the group has decided to use the transi-tional provision (phase in) for ESRS 1 137
ESRS E2 Pollution		
ESRS 2 IRO 1		ESRS 2 IRO-1-E2 Description of the processes to identify and assess pollution-related material impacts, risks and opportunities
ESRS E2-1		E2-1 Pollution policies
ESRS E2-2		E2-2 and E2-3 Actions, resources and targets related to pollution
ESRS E2-3		
ESRS E2-4		
ESRS E2-4 Quantity of each pollutant listed in Annex II to Regulation E-PRTR (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Annex I, table 1, indicator no. 8; Annex I, table 2, indicator no. 2; Annex I, table 2, indicator no. 1; Annex I, table 2, indicator no. 3	E2-4 Pollution of air, water and soil

Reporting obligation	EU legislative references	SR Paragraph
Environmental information		
ESRS E2 Pollution		
ESRS E2-5		Not reported because not relevant in double materiality assessment
ESRS E2-6		The group has decided to use the transitional provision (phase in) for ESRS 1 137
ESRS E3 - Water and marine resources		
ESRS 2 IRO -1		ESRS 2 IRO-1- E3 Description of the processes to identify and assess material impacts, risks and opportunities related to water and marine resources
ESRS E3 - 1		E3-1 Policies related to water and marine resources
ESRS E3-1 Water and marine resources, paragraph 9	SFDR reference: Annex I, table 2, indicator no. 7	
ESRS E3-1 Dedicated policy, paragraph 13	SFDR reference: Annex I, table 2, indicator no. 8	
ESRS E3-1 Sustainable oceans and seas paragraph 14	SFDR reference: Annex I, table 2, indicator no. 12	
ESRS E3-2		E3-2 and E3-3 Actions, resources and targets related to water and marine resources
ESRS E3-3		
ESRS E3-4		E3-4 Water consumption
ESRS E3-4 Total water consumption in m3 per net revenue on own operations, paragraph 29	SFDR reference: Annex I, table 2, indicator no. 6.1	
ESRS E3-5		The group has decided to use the transitional provision (phase in) for ESRS 1 137
ESRS E4 - Biodiversity and ecosystems		
ESRS E4-1		E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model
ESRS 2 IRO -1		ESRS 2 IRO-1 - E4 Description of the processes to identify and assess relevant impacts, risks, dependencies and opportunities related to biodiversity and ecosystems
ESRS 2 IRO-1 – E4 paragraph 16(a)(i)	SFDR reference: Annex I, table 1, indicator no. 7	
ESRS 2 IRO-1 – E4 paragraph 16(b)	SFDR reference: Annex I, table 2, indicator no. 10	
ESRS 2 IRO-1 – E4 paragraph 16(c)	SFDR reference: Annex I, table 2, indicator no. 14	
ESRS 2 SBM-3		ESRS 2 SBM-3 - E4 Material impacts, risks and opportunities and their interaction with strategy and business model

Reporting obligation	EU legislative references	SR Paragraph
Environmental information		
ESRS E4 - Biodiversity and ecosystems		
ESRS E4-2		
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	SFDR reference: Annex I, table 2, indicator no. 11	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	SFDR reference: Annex I, table 2, indicator no. 12	
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	SFDR reference: Annex I, table 2, indicator no. 15	
ESRS E4-3		E4-3 and E4-4 Actions, resources and targets related to biodiversity
ESRS E4-4		
ESRS E4-5		E4-5 Impact metrics related to biodiversity and ecosystems change
ESRS E4-6		The group has decided to use the transitional provision (phase in) for ESRS 1 137
ESRS E5 - Resource use and circular economy		
ESRS 2 IRO -1		ESRS 2 IRO-1- E5 Description of the processes to identify and assess material impacts, risks and opportunities related to resource use and the circular economy
ESRS E5-1		E5-1 Policies related to resource use and circular economy
ESRS E5-2		E5-2 and E5-3 Actions, objectives and targets related to resource use and circular economy
ESRS E5-3		
ESRS E5-4		E5-4 Resource inflows
ESRS E5-5		E5-5 Resource outflows
ESRS E5-5 Non-recycled waste, paragraph 37(d)	SFDR reference: Annex I, table 2, indicator no. 13	
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	SFDR reference: Annex I, table 1, indicator no. 9	
ESRS E5-6		the group has decided to use the transitional provision (phase in) for ESRS 1 137

Reporting obligation	EU legislative references	SR Paragraph
Social information		
ESRS S1 - Own Workforce		
ESRS 2 SBM-2		SBM-2 S1 Interests and views of stakeholders
ESRS 2 SBM-3		SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour, paragraph 14 (f)	SFDR reference: Annex I, table 3, indicator no. 13	
ESRS 2 – SBM3 – S1 Risk of incidents of child labour, paragraph 14 (g)	SFDR reference: Annex I, table 3, indicator no. 12	
ESRS S1-1		S1-1 Policies related to own workforce
ESRS S1-1 Human rights policy commitments, paragraph 20	SFDR reference: Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21	Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	SFDR reference: Annex I, table 3, indicator no. 11	
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	SFDR reference: Annex I, table 3, indicator no. 1	
ESRS S1-2		S1-2 Processes for engaging with own workforce and workers' representatives about impacts (Direct operations)
ESRS S1-3		S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns (Direct operations)
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 (c)	SFDR reference: Annex I, table 3, indicator no. 5	
ESRS S1-4		S1-4 and S1-5 Action and targets related to own workforce
ESRS S1-5		
ESRS S1-6		S1-6 Characteristics of the undertaking's employees
ESRS S1-7		S1- 7 Characteristics of non-employees in the undertaking's own workforce
ESRS S1-8		S1-8 Collective bargaining coverage and social dialogue

Reporting obligation	EU legislative references	SR Paragraph
Social information		
ESRS S1 - Own Workforce		
ESRS S1-9		S1-9 Diversity metrics
ESRS S1-10		S1-10 Adequate wages
ESRS S1-11		S1-11 Social protection
ESRS S1-12		S1-12 Persons with disabilities
ESRS S1-13		S1-13 Training and skills development metrics
ESRS S1-14		S1-14 Health and safety metrics
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	SFDR reference: Annex I, table 3, indicator no. 2 Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	SFDR reference: Annex I, table 3, indicator no. 3	
ESRS S1-15		S1-15 Work life balance metrics
ESRS S1-16		S1-16 Remuneration metrics
ESRS S1-16 Unadjusted gender pay gap, paragraph 97 (a)	SFDR reference: Annex I, table 1, indicator no. 12 Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	SFDR reference: Annex I, table 3, indicator no. 8	
ESRS S1-17		S1-17 Incidents, complaints and severe human rights impacts
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	SFDR reference: Annex I, table 3, indicator no. 7	
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines, paragraph 104 (a)	SFDR reference: Annex I, table 1, indicator no. 10 and Annex I, Table 3, indicator no. 14 Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegat-ed Regulation (EU) 2020/1818	

Reporting obligation	EU legislative references	SR Paragraph
Social information		
ESRS S2 - Workers in the value chain		
ESRS 2 SBM-2		SBM-2 S2 Interests and views of stakeholders
ESRS 2 SBM-3		SBM-3 S2 Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 SBM-3 – S2 Significant risk of child labour or forced labour in the value chain, paragraph 11 (b)	SFDR reference: Annex I, Table 3, indicators no. 12 and 13	
ESRS S2-1		S2-1 Policies related to value chain workers
ESRS S2-1 Human rights policy commitments, paragraph 17	SFDR reference: Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11	
ESRS S2-1 Policies related to value chain workers paragraph 18	SFDR reference: Annex I, Table 3, indicators no. 11 and 4	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	SFDR reference: Annex I, table 1, indicator no. 10 Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegat-ed Regulation (EU) 2020/1818	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19	Commission Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S2-2		S2-2 Processes for engaging with value chain workers about impacts
ESRS S2-3		S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns
ESRS S2-4		S2-4 and S2-5 Actions and objectives re-lating to workers in the value chain
ESRS S2-4 Human rights issues and incidents in its upstream and downstream value chain, paragraph 36	SFDR reference: Annex I, table 3, indicator no. 14	
ESRS S2-5		

Reporting obligation	EU legislative references	SR Paragraph
Social information		
ESRS S3 - Affected Communities		
ESRS 2 SBM-2		Not reported because not material
ESRS 2 SBM-3		
ESRS S3-1		
ESRS S3-2		
ESRS S3-3		
ESRS S3-4		
ESRS S3-5		
ESRS S4 - Consumers and end-users		
ESRS 2 SBM-2		SBM-2 S4 Interests and views of stakeholders
ESRS 2 SBM-3		SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S4-1		S4-1 Policies related to consumers and end-users
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	SFDR reference: Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	Annex I, table 1, indicator no. 10 Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	
ESRS S4-2		S4-2 Processes for engaging with consumers and end-users about impacts
ESRS S4-3		S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
ESRS S4-4		S4-4 S4-5 Actions and objectives relating to consumers and end-users
ESRS S4-4 Human rights issues and incidents, paragraph 35	SFDR reference: Annex I, table 3, indicator no. 14	
ESRS S4-5		
Information on Business Conduct		
ESRS 2 GOV-1		GOV-1 Role of administrative, management and supervisory bodies
ESRS 2 IRO-1		ESRS 2 IRO-1-G1 Description of processes to identify and assess material impacts, risks and opportunities related to business conduct

Reporting obligation	EU legislative references	SR Paragraph
Social information		
Information on Business Conduct		
ESRS G1 - 1		G1-1 Business conduct policies and corporate culture
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	SFDR reference: Annex I, table 3, indicator no. 15	G1-1 Business conduct policies and corporate culture
ESRS G1-1 Protection of whistleblowers, paragraph 10 (d)	SFDR reference: Annex I, table 3, indicator no. 6	G1-1 Business conduct policies and corporate culture
ESRS G1 - 2		G1- 2 Management of relationships with suppliers
ESRS G1 - 3		Not reported because not material
ESRS G1 - 4		Not reported because not material
ESRS G1 - 5		G1-5 Political influence and lobbying activities
ESRS G1 - 6		G1-6 Payment practices
Entity Specific Disclosure		
		E1 - Entity Specific Metrics S2 - Entity Specific Metrics

ESRS 2 IRO-1-E1 DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS CLIMATE-RELATED MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

OVS identifies its climate-related impacts by adopting an analysis approach aligned with the "ISO14064 Carbon Footprint of the Organisation" standard. This approach was certified for the year 2018 by an independent third party and the same methodology was maintained and improved, although without certification, in the following years.

When identifying risks, the time horizons taken into account are short (1 year), medium (1-3 years), and long (3-5+ years), in line with the double materiality assessment and the strategic planning horizon of the business.

For physical risks, the climate risks identified in Annex A of Commission Delegated Regulation (EU) 2021/2139 were considered and projected into the Shared Socio-economic Pathway (SSP) 5-8.5 reference scenario (Very High Emission) at a national level for Italy, India, China, Bangladesh, Myanmar and Turkey, in order to analyse the exposure levels of OVS operations and fixed assets to the aforementioned risks.

The analysis carried out considered the countries in which OVS's supply chain is located and the geographical areas in which the stores and logistics centres are concentrated.

The data used is derived from context analysis and various digital tools, specifically:

- Copernicus Interactive Climate Atlas;
- Climate Analytics Climate Impact Explorer in collaboration with the Network for Greening the Financial System, the Potsdam Institute for Climate Impact Research and ETH Zürich;
- WWF Water Risk Filter;
- WWF Biodiversity Risk Filter.

The analysis identified the following physical risks as significant:

- Acute physical risks resulting from climate change related to increased heat waves, floods and droughts in supply areas, as:
  - they can damage cotton crops and other natural fibres, reducing the availability of resources and increasing the prices of raw materials;
  - they can damage logistics infrastructure causing disruptions and delays in the supply chain;
- Chronic physical risks associated with temperature change, water stress and soil degradation. Their effects may adversely affect the upstream supply chain, particularly the cultivation of raw materials. These risks will also be addressed in the chapters on Biodiversity and Water.

These risks are summarised by IRO [E1-RS02].

For transition risks and opportunities, the events envisaged in the transition scenarios consistent with limiting global warming to 1.5°C (SSP1-2.6) were evaluated and the consequences for the company's operations and fixed assets were analysed. In particular, the risks and opportunities linked to the expected changes in four areas have been considered:

- Policies and regulations: upcoming developments in the European and international regulatory framework on sustainability for the fashion and textile sector (EPR, CSDDD).
- Technology: the costs of implementing low-emission technology solutions.
- Market: Changing consumer habits due to growing awareness of climate change and higher raw material costs.
- Reputation: reputational damage, in the event of penalties or failure to achieve decarbonisation targets.

Considering all of the above, market risks related to higher operating expenses and increased capital expenditure to adapt infrastructure and energy sources to decarbonisation targets were assessed as being significant [IRO E1-RS01]. The market and reputation opportunity revealed by the analysis lies in the proper planning of decarbonisation processes, avoiding the costs associated with a reactive approach to incoming regulations and ensuring a point of differentiation in the market. [IRO E1-OP01].

ESRS 2 IRO-1-E2 DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS POLLUTION-RELATED MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

In assessing the impacts, risks and opportunities associated with air, water, and soil pollution, microplastics and substances of concern, OVS considered both its direct operations and the upstream and downstream activities in its value chain, as described in section ESRS 2 **IRO-1**. The analysis examined dependencies on ecosystem services, which help to mitigate pollution impacts.

The pollution resulting from its own direct operations and from downstream value chain operations is not significant, as it is a Retail operating model. On the contrary, pollution caused by operations upstream of the value chain was considered material for the purposes of double materiality assessment.

More specifically, as regards impacts related to the production of raw materials, these occur in the geographical areas of Tier 4 suppliers (suppliers of raw materials for textile production), i.e. China, India and Pakistan. The negative impacts linked to manufacturing occur instead in the areas where Tier 1 and 2 suppliers are located (suppliers of finished and semi-finished products), i.e. Bangladesh, China, India, Myanmar, Turkey, Vietnam, Pakistan, Italy, etc.

It is not possible to pinpoint exactly where the impacts of microplastics released from end-of-life garments occur.
The results of the assessment of impacts, risks and opportunities referred to in paragraph **SBM-3** are summarised below.

Summary of negative impacts

- The release of non-biodegradable synthetic fibres from the production, use or end-of-life of the product contributes to the increase in the concentration of microplastics in the environment by altering aquatic and terrestrial ecosystems.
- Chemicals used in the production of agricultural raw materials are released into the environment infiltrating aquifers and industrial waters used in clothing production processes may be released without adequate treatment.

Summary of risks

- The need to adapt to new regulations related to microplastic pollution and eco-design could put pressure on the margins of collections, especially for the lowest price ranges.

ESRS 2 IRO-1 - E3 DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WATER AND MARINE RESOURCES

In the assessment of water-related impacts, risks and opportunities, as described in ESRS 2 **IRO-1**, OVS considered water consumption during the following activities:

- growing and sourcing cotton;
- garment dyeing and finishing processes;
- management of stores and offices;
- washing garments during their use.

Water consumption hotspots were identified in upstream operations, which were then the focus of the analysis carried out using the WWF Water Risk Filter. Using this tool, which maps suppliers who were active in the 2024 financial year, it was possible to quantify water-related risks according to optimistic (SSP1-RCP2.6 /RCP4.5), current (SSP2-RCP4.5 /RCP6.0) and pessimistic (SSP3-RCP6.0/RCP8.5) scenarios. The results show that high physical risks to water basins affect 100 of the 235 sites mapped, with an upward trend expected in the medium to long term, particularly with regard to risks related to water scarcity, flooding and the quality of available water.
The value chain analysis identified cotton cultivation and garment production processes as the main drivers of water basin exploitation, given the highly water-intensive nature of the cultivation, dyeing and washing stages.
Dyeing in particular could cause reputational damage and remediation costs if wastewater management is inadequate. There is also a correlation between water scarcity related to climate change, extreme weather events and a reduction in the production capacity of textile crops, leading to increases in their cost.
On the other hand, greater diversification towards sustainable cotton sources represents an opportunity due to their greater resilience.
The results of the assessment of impacts, risks and opportunities referred to in paragraph **SBM-3** are summarised below.

Summary of negative impacts

- The cultivation of cotton and the production processes of garments cause over-exploitation of water basins in areas already subject to high water stress.

Summary of risks

- Inadequate wastewater management can result in reputational damage and clean-up costs.
- Water scarcity due to climate change and extreme weather events may negatively affect the production of strategic agricultural raw materials for OVS, such as cotton, reducing availability and increasing costs.

Opportunity Summary

- Diversifying cotton sources with a view to greater sustainability contributes to building a more resilient supply chain and reducing supply costs for materials with low water consumption.

ESRS 2 IRO-1 - E4 DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS RELEVANT IMPACTS, RISKS, DEPENDENCIES AND OPPORTUNITIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

To assess the impacts, risks and opportunities related to biodiversity, in addition to following the process described in ESRS 2 **IRO-1**, OVS used the WWF Biodiversity Risk Filter, which assesses physical risks in terms of procurement and regulation services (enabling and mitigating). All aspects listed in RA 4 were taken into account in the assessment process and only those relating to climate change were considered material.

The geographical mapping of Tier 1 suppliers on this tool led to an initial analysis of the risks associated with dependencies on biodiversity and upstream value chain ecosystems. The analysis revealed risks related to supply and regulation ecosystem services, as well as pollution-related pressure on biodiversity. Biodiversity loss could lead to an increase in the costs of raw materials, in the event of a reduction in production or the implementation of more expensive production practices than those currently in use.

A more detailed analysis aimed at setting targets in line with the SBTN (Action E-A13) will make it possible to verify in detail the impacts on biodiversity and ecosystems throughout the value chain, with the aim of identifying mitigating actions to be implemented.

It is important to note that the OVS Group does not own or operate any factories or operational sites located near protected areas or that include protected areas or areas with high biodiversity outside protected areas.

The results of the assessment of impacts, risks and opportunities referred to in paragraph **SBM-3** are summarised below.

Summary of negative impacts

- Greenhouse gas emissions generated along the value chain and conventional agricultural practices for producing cotton or other plant/animal materials contribute to the degradation of ecosystems, reducing biodiversity.

Summary of risks

- The depletion of biodiversity can lead to an increase in raw material costs due to reduced availability or the need for more expensive agricultural/production practices.

ESRS 2 IRO-1 E5 DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO RESOURCE USE AND THE CIRCULAR ECONOMY

With regard to the materiality assessment related to resource use and the circular economy, OVS followed the process described in section ESRS 2 **IRO-1** considering in particular:

- Product design
- Selection and supply of raw materials
- Extending garment life
- Management and disposal of production waste and end-of-life products

Developments in the regulatory framework governing the use of recycled resources and waste disposal, as set out in the European Strategy for Sustainable and Circular Textiles, were considered when assessing the risks and opportunities of transitioning to a circular economy model. Implementation of these new regulations could have financial effects on the company, leading to an increase in the supply costs of second-life or organic raw materials and managing end-of-life products. Another consequence could be a reduction in product demand, due to extended garment life cycles and changes in customer purchasing habits. However, OVS intends to tap into the vast opportunities offered by integrating circular practices into its business, a strategic pillar for the company since 2016. The main levers for the creating value for customers, reducing the extraction of virgin resources and waste production lie in eco-design during the garment design phase, working hand in hand with circular services, such as repair, collection of used garments and textile recycling. This could also increase the availability of second-life raw materials and attract new customers who are mindful of resource use.

The results of the assessment of impacts, risks and opportunities referred to in paragraph **SBM-3** are summarised below.

Summary of negative impacts

- The limited use of circular economy systems in the selection and supply of raw materials for products results in high consumption of natural resources and chemicals.
- The disposal and incineration of end-of-life products, as well as manufacturing waste, even if not hazardous, pollutes the soil and air.

Opportunity Summary

- Transitioning to circular business models that implement eco-design criteria in the product design phase and offer circular services to extend garment life (repair, collection of used garments, textile recycling) can represent a significant business opportunity: lower raw material procurement costs, expansion of in-store offer and development of new business lines.

Summary of risks

- Extending garment life cycles to adapt to consumer choice or new regulations may result in lower revenues.
- New regulations on the use of recycled resources and waste disposal may lead to an increase in operating expenses.

ESRS 2 IRO-1–G1 DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO BUSINESS CONDUCT

The double materiality assessment, carried out as described in section ESRS 2 IRO-1, enabled OVS to identify and evaluate various financial impacts and risks associated with the Group's global operations. Opportunities relating to political engagement and risks associated with supplier management were deemed material, as they are crucial to ensuring business continuity.

During the assessment, OVS also identified and evaluated the risks of corruption related to abuse of influence, misappropriation of assets and fraudulent financial reporting, as well as the risks of corruption and extortion related to suppliers and other business partners.

2. Environmental information

From the perspective of OVS and the fashion industry in general, environmental impacts, risks and opportunities are deeply interconnected. From the perspective of OVS and the fashion industry in general, environmental impacts, risks and opportunities are deeply interconnected. For this reason, many of the actions and targets outlined in our Sustainability Plan apply across multiple areas and contribute to mitigating multiple impacts or risks. This integrated vision guides our strategy and approach, ensuring that each initiative is recognised for its overall impact.

Environmental policies

The policies adopted by OVS that cover environmental issues are:

- [E-P01] Climate and Energy Policy
- [E-P02] Environment and Territory Policy
- [CoC] Code of Conduct[13]
- [DD] Due Diligence Policy

The impacts, risks and opportunities referred to in the above policies are the result of double materiality assessment, carried out taking into account the interests of OVS stakeholders, as described above (Ref. IRO-1).

The policies are updated periodically by the responsible departments and shared on the company intranet for the benefit of all employees. Policies relevant to external stakeholders are also available on the group's corporate website. All Company Departments are periodically informed about policy updates.

[E-P01] CLIMATE AND ENERGY POLICY

Reference IRO	Scope	Function responsible for imple-mentation
E1-IN01 E1-IN02 E1-OP01 E1-RS01 E1-RS02 E5-IN01 E5-OP01 (Ref. SBM-3)	Upstream/Direct/Downstream (Ref. SBM-1)	Corporate Sustainability Function

13 The Group specifies that although the Code of Conduct is a code and not strictly a policy, it is included in this section because it performs a similar function.

The general objectives of this policy are to define the Group's commitment to addressing current and future environmental challenges and to actively contribute to achieving European and global decarbonisation targets[14].

[E-PO2] ENVIRONMENT AND TERRITORY POLICY

Reference IRO	Scope	Function responsible for implementation
E2-IN01, E2-RS01, E2-IN02, E2-RS03, E3-IN01, E3-OP01, E3-RS02, E4-IN01, E4-RS01, E5-IN01, E5-OP01, E5-IN02, E5-RS02, E5-RS01 (Ref.SBM-3)	Upstream/Direct/Downstream (Ref. SBM-1)	Corporate Sustainability Function

The Environment and Territory policy defines the Group's commitment to addressing current and future environmental challenges and to actively contribute to protecting the environment and the territory[15].

[COC] CODE OF CONDUCT

Reference IRO	Scope	Function responsible for implementation
E2-IN02, E2-RS03, E3-IN01 S2-IN02, S2-IP01, S2-IP02, S2-OP01, S2-RS01, S2-RS03, S2-RS04 (Ref. SBM-3)	Upstream/Direct/Downstream (Ref. SBM-1)	Management Operations, Sourcing, Buying and Merchandising

The aim of the Code of Conduct adopted by OVS is to set out certain binding requirements for suppliers, with a view to continuously improve their practices in terms of transparency and environmental and social sustainability[16].
Every supplier who has a business relationship with OVS must operate in full compliance with the Code of Conduct.

14 The framework for defining policy principles is the Paris Agreement, together with the United Nations Sustainable Development Goals (in particular Goal 13: Climate Action). The decarbonisation targets associated with the Policy were approved by the Science Based Targets Initiative in April 2022.

15 The policy is aligned with the targets outlined in the United Nations Sustainable Development Goals and takes into account the latest versions of the following private sector standards and voluntary initiatives: The 10 principles of the UN Global Compact; The Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; The Kyoto Protocol; The United Nations Framework Convention on Climate Change (UNFCCC); The indications of The Science Based Targets Initiative and The 4 Sustainability Principles of The Natural Step.

16 The provisions of the Code of Conduct are inspired by international standards, various national legislations, the United Nations Convention on the Rights of the Child, the Universal Declaration of Human Rights, the ILO Conventions and industry best practices.

[DD] DUE DILIGENCE POLICY

Reference IRO	Scope	Function responsible for implementation
E2- R01, S2-IP02, S2-OP01, S2-RS04, G1 - RS01 (Ref. SBM-3)	Upstream/Direct/Downstream (Ref. SBM-1)	Management Operations, Sourcing, Buying and Merchandising

The purpose of the Due Diligence Policy is to define the framework for identifying, assessing and managing risks related to business operations and the complex supply chain in relation to human rights and the environment[17]. The policy also sets out risk prevention actions, such as capacity building programmes, participation in multi-stakeholder initiatives, clauses to ensure compliance with the Code of Conduct and corrective action plans for negative impacts.

ESRS E1 CLIMATE CHANGE

E1-1 TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

OVS is currently drawing up a transition plan to mitigate climate change, which will be based on the group's decarbonisation plan[18] (Ref. E-P01, E1-3, E1-4). This plan will be made available in the next Report.

ESRS 2 SBM-3 - E1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The double materiality assessment, integrated with the more general corporate ERM process, was used to support the resilience analysis of the business strategy and model, with particular reference to the clothing business line, as described in section SBM-1.
The climate scenario analysis described in ESRS 2 IRO-1-E1 provided scientific data and an objective long-term view as input for the assessment.
The resilience analysis results showed that, for transition to a climate-neutral economy, the business activities that require significant effort are mainly related to:

- Product: as highlighted by the Textile Exchange "Vision Climate+", the industry's decarbonization process cannot be achieved solely by replacing existing materials, but also by identifying innovative new business models and slowing growth in order to decouple economic development from resource consumption.
- Supply Chain: OVS works with supply chain actors in countries where renewable energy is not yet widely available and there is a risk that it may not develop in time to meet climate neutrality targets.

The results of the assessment of impacts, risks and opportunities referred to in paragraph SBM-3 are summarised below.

Summary of negative impacts

- The entire life cycle of products, from the cultivation of raw materials (aggravated by the impact of fertilisers) to the production, distribution and transport of goods, generates high greenhouse gas emissions.

- OVS uses raw materials grown in areas increasingly affected by extreme heat and the use of cotton and monoculture viscose that make crops more vulnerable to droughts and floods.

Summary of risks

- Transition risk: The adaptation of infrastructure and energy sources to decarbonisation targets may lead to higher operating expenses and higher capital expenditure.

- Physical risk: Climate change can lead to unpredictable business conditions, negatively impacting revenues and margins as well as expenses needed to recover from extreme weather events

17 The regulatory framework of the policy is the EU Directive 2024/1760 (CSDDD), the OECD Guidelines for Responsible Supply Chains in the Apparel & Footwear Industry, and the UN Guiding Principles on Business and Human Rights.

18 The plan focuses on reducing carbon emissions and does not cover other areas that would be required by a climate transition plan.

Opportunity Summary

- Proper planning of decarbonisation processes can avoid the costs typically associated with a reactive approach to incoming regulations and provide a competitive edge in the market.

E1-2 POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

In addition to the above policies[19], it should be noted with regard to climate change that the Climate and Energy Policy [E1-P01] sets out the decarbonisation plan and areas of intervention to achieve the Scope 1, 2 and 3 emission reduction targets set out in the plan, addressing climate change mitigation, climate change adaptation, energy efficiency and the growth of renewable energy. With regard to climate change adaptation, the policy is based on three principles: climate risk assessment, resilient design and support for the supply chain.

E1-3 - E1 4 ACTIONS, RESOURCES AND TARGETS IN RELATION TO CLIMATE CHANGE POLICIES

In its 2024-2026 Strategic Sustainability Plan, OVS defined objectives to mitigate the negative climate impacts generated by direct operations and the value chain, with particular reference to product-related impacts and impacts related to the product and supply chain.

19 See Environmental policies.

IRO	Decarbonisation leverage	Target	Target Description	Baseline[20]	2024 Results [21]	Scope
E1-IN01 E1-OP01	Supply chain decarbonisation Energy efficiency	E-T01	Overall 46.2% reduction in CO_2 emissions by 2030 (Scope 1, 2 market-based and 3)[22]	2019	E1-6	Upstream/Direct/Downstream
E1-IN01 E1-IN02 E1-OP01	Supply chain decarbonisation Energy efficiency	E-T02	19.2% reduction in Scope 3 carbon intensity relative to consolidated revenues by 2026 (Scope 3)	2023	E1-6	Upstream/Downstream
E1-IN01 E1-IN02 E1-RS02	Supply chain decarbonisation	E-T03	65% of materials with reduced impact and traceable by 2026 (Scope 3)	2024	E5-4	Upstream
E1- IN01 E1-OP01 E1 - RS02	Supply chain decarbonisation	E-T04	80% of the production volume covered by suppliers with a decarbonisation programme by 2026 (Scope 3)	2024	22[23]%	Upstream
E1-IN01 E1-OP01	Electrification	E-T05	100% renewable electricity by 2030 (Scope 2)	2019	E1-5	Direct
E1-IN01	Energy efficiency	E-T06	Adoption of a Goods Transport Policy to limit air travel by 2026 (Scope 3)	N/A	To be launched	Upstream
E1-OP01 E1-RS01	Electrification	E-T07	40% of electricity requirements covered by photovoltaic systems by 2028 (Scope 2)	2024	E1-5	Direct
E1-RS02	Supply chain decarbonisation	E-T08	Launch of the supplier reward process with improved environmental performance by 2026 (Scope 3)	2024	Study started for supplier scorecard	Upstream

20 Where the baseline year is 2024, the value is that of the 2024 result. In other cases, the value is indicated in the comments for the relevant metric.

21 The results achieved during the reference period are reported with reference to the metric, if applicable, or through summary data.

22 While sharing the 46.2% reduction target, Scope 1 and 2 (market-based) targets and Scope 3 targets are reported separately.

23 Entity-specific metric - Calculation method: The figure is calculated as a percentage of the volume of production, as recorded on corporate systems, produced by Tier 1 suppliers active in FY 2024, who said they have a decarbonization plan by completing the Higg FEM module, verified by third parties.

IRO	Decarbonisation leverage	Target	Target Description	Baseline[20]	2024 Results [21]	Scope
E1-IN02	Supply chain decarbonisation	E-T09	Adoption of Better Products guidelines by 2026 (Scope 3)	2024	Definition of criteria and scores and initial collection mapping	Upstream
E1-IN02 E1-RS02	Supply chain decarbonisation	E-T11	Diversification (type and origin) of cotton supply by 2026 (Scope 3)	2024	E5-4	Upstream
E1-IN02 E1-RS02	Supply chain decarbonisation	E-T12	Review of Science Based Targets for Nature sourcing strategy by 2026 (Scope 3)	N/A	To be launched	Upstream

The targets were set to enable OVS to achieve its greenhouse gas emission reduction goals, in line with the Science Based Target initiative (SBTi) framework. All targets included in the decarbonisation plan are aligned with the 2024-2026 Strategic Sustainability Plan and, for Scope 1 and 2 market-based, in line with the plan to keep global warming below 1.5°C. This alignment was confirmed by the approval obtained from SBTi in April 2022.
The emissions analysis led to the identification of the main sources contributing to the overall carbon footprint and their relative weight, and consequently to the development of more detailed targets.
In order to achieve these objectives, the necessary actions have been identified. The timeframes for action implementation are in line with the targets set out in the table above, with the exception of ongoing actions, for which no completion date has been set.

IRO	Decarbonisation leverage	Action	Action Description	Status	Scope	Interested stakeholders
E1-IN01 E1-IN02 E1-RS02	Supply chain decarbonisation	E-A01	Selection and purchase of certified and low-impact materials and research and implementation of innovative fibres (Scope 3)	Ongoing	Upstream	Suppliers, Employees
E1-IN01 E1-OP01	Supply chain decarbonisation	E-A02	Support for suppliers in defining a decarbonisation programme (Scope 3)	Ongoing	Upstream	Suppliers, Employees
E1-IN01	Electrification	E-A03	Guarantees of Origin purchasing programme (Scope 2)	Ongoing	Direct	Suppliers, Employees
E1-IN01	Energy efficiency	E-A04	Transport of goods by ship and air transport only in exceptional cases (Scope 3)	Ongoing	Upstream	Suppliers, Employees
E1-OP01	Energy efficiency	E-A05	Replacement of diesel boilers with lower impact systems (Scope 1)	Ongoing	Direct	Suppliers, Employees
E1-OP01	Electrification	E-A06	Inclusion of electric or hybrid vehicles in the company car fleet and installation of charging systems and photovoltaic systems to support them (Scope 1)	Ongoing	Direct	Suppliers, Employees
E1-OP01 E1-RS01	Electrification	E-A07	Installation of solar panels to produce the energy needed for shops and head office (Scope 2)	Ongoing	Direct	Suppliers, Employees
E1-RS02	Supply chain decarbonisation	E-A08	Programme of monitoring and involvement of all the suppliers through the Higg platform and the completion of the FEM module (environmental) (Scope 3)	Ongoing	Upstream	Suppliers, Employees, Industry coalition
E1-RS02	Supply chain decarbonisation	E-A09	Establishing a rating system that rewards suppliers with improved environmental performance (Scope 3)	To be launched	Upstream	Suppliers, Employees

Of the actions listed above, a specific budget is allocated for the implementation of E-A01, E-A03, E-A05 and E-A07 under the responsibility of the relevant company departments. OVS did not consider the CapEx and OpEx incurred in 2024 in relation to the implementation of the above measures to be significant, except for those related to the installation of photovoltaic panels and heat pump systems, as discussed in the Taxonomy section.
The metrics used to measure progress and monitor targets are set out in this section and include those defined by ESRS.

E1-5 ENERGY CONSUMPTION AND MIX

The OVS Group's consolidated energy consumption, based on the consumption of electricity and fossil fuels, amounts to 162,802.93 Mwh[24]. 86% of consumption comes from certified electricity (98% of electricity consumed).
Renewable energy is currently only produced and/or purchased in Italy, but the Group is considering extending its purchase to offices and stores abroad.
The following tables show the consolidated electrical consumption.

ENERGY CONSUMPTION AND MIX

	2024
Fuel consumption from coal and coal products (MWh)	0
Fuel consumption from crude oil and petroleum products (MWh)	8,252
Fuel consumption from natural gas (MWh)	8,284
Fuel consumption from other non-renewable sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	5,985
Total energy consumption from fossil sources (MWh)	**22,522**
Share of fossil fuels in total energy consumption (%)	14 %
Consumption from nuclear sources (MWh)	**0**
Share of nuclear sources in total energy consumption (%)	0
Fuel consumption for renewable sources including biomass (MWh)	0
Consumption of self-generated renewable electricity (MWh)	1,977
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	138,305
Total energy consumption from renewable sources (MWh)	**140,281**
Share of renewable sources in total energy consumption (%)	86 %
Total energy consumption (MWh)	**162,803**

ENERGY INTENSITY

	2024
Energy/revenue (MWh/€ mln)[25]	0.10

24 The data is collected from the management systems at the points of sale and at headquarters, through entering data from bills or other consumption reports. In the few remaining cases where this data is not available, a proportionate estimate is made based on square metres. For renewable energy, the data comes from the Guarantees of Origin (GO) purchased and from direct readings of the energy produced by the photovoltaic panels.

25 The revenue figure, which also applies to the intensity KPI in paragraphs E1-6 and E3-4, is that provided in note 7.23 of the consolidated income statement in the Consolidated Financial Statements.

With regard to electricity consumption, it should be noted that most stores are equipped with automatic systems to monitor consumption relating to lighting and air conditioning systems. The constant monitoring of data relating to the individual stores means that consumption anomalies can be reported to the Technical Services Department, which can then take action accordingly.
In 2024, OVS produced 1,976.74 Mwh of electricity from photovoltaic panels (equal to 1.2% of total electricity requirements). Renewable energy production is expected to increase significantly in the coming years, given the installation programme for solar farms.
Since 2017, the electricity purchased directly by OVS in Italy has been sourced from certified green energy, in accordance with company policy, either from its own production systems or by purchasing Guarantees of Origin. The total amount of electricity from renewable sources is 140,281.37 Mwh, equal to 100% of consumption in Italy.

E1-6 GROSS SCOPE 1, 2, 3 GHG EMISSIONS AND TOTAL GHG EMISSIONS

Gross GHG emissions are lower in 2024 compared to the 2019 baseline.

EMISSIONS

	Retrospective		Goals and Goal years			
	Base Year 2019	2024	2025	2030	2050	annual target % / baseline year
Scope 1 GHG Emissions						
Total direct emissions - Scope 1	11,489	7,278	N/A	(46.20)%	N/A	(36.65) %
Percentage of GHG Scope 1 emissions covered by regulated emissions trading schemes (%)	— %	— %	N/A	N/A	N/A	— %
Scope 2 GHG Emissions						
Scope 2 emissions - Location Based	50,580	37,082	N/A	N/A	N/A	(26.69) %
Scope 2 emissions - Market-based	1,553	1,505	N/A	(46.20) %	N/A	(3.08) %
Scope 3 emissions						
Category						
1. Purchase of goods and services	372,697	327,674	N/A	(46.20) %[26]	N/A	(12.08) %
2. Capital goods	29,538	15,682	N/A	N/A	N/A	(46.91) %
3. Fuel and energy related activities	15,408	7,877	N/A	N/A	N/A	(48.88) %
4. Upstream transport and distribution	29,284	25,028	N/A	(46.20)%[27]	N/A	(14.53) %
5. Waste generated in operations	5,985	6,895	N/A	N/A	N/A	15.21 %
8. Upstream leas-ing/rental activities	6,689	5,959	N/A	N/A	N/A	(10.91) %
12. End-of-life disposal of products sold	19,679	16,906	N/A	N/A	N/A	(14.09) %
13. Downstream leasing/rental activities	2,788	2,580	N/A	N/A	N/A	(7.46) %
14. Franchising	10,200	16,263	N/A	N/A	N/A	59.44 %
Total Scope 3	**492,268**	**424,864**	**N/A**	**N/A**	**N/A**	**(13.69) %**
Total (Scope 1,2,3) location based	**554,337**	**469,224**	**N/A**	**N/A**	**N/A**	**(15.35) %**
Total (Scope 1,2,3) market based	**505,310**	**433,647**	**N/A**	**N/A**	**N/A**	**(14.18) %**

The following table shows the split of Scope 1 and Scope 2 emissions by emission type.

26 The reduction target for category 1 "Purchase of goods and services" and 4 "Upstream transport and distribution" refers to the categories shown in the table "Emissions covered by the Decarbonisation Plan" (to which reference is made) added together.

27 See previous note.

Scope 1 GHG Emissions		
	Base Year 2019	2024
Direct emissions from coolant gases	5,901	3,759
Direct emissions from mobile combustion (Petrol, Diesel)	1,008	1,130
Direct emissions from stationary combustion (LPG, Methane, Diesel, Petrol)	4,580	2,388
Total direct emissions - Scope 1	**11,489**	**7,278**
Scope 2 GHG Emissions		
Electricity consumption emissions (Location Based)	49,925	36,312
Emissions from district heating consumption - Non-renewable (Location Based)	655	770
Emissions from district heating consumption - Renewable (Location Based)	0	0
Scope 2 emissions - Location Based	**50,580**	**37,082**
Emissions from consumption of non-zero-emission renewable energy	2	0
Emissions from non-renewable/unknown electricity consumption (Market Based)	895	735
Emissions from district heating consumption - Non-renewable (Market Based)	655	770
Emissions from district heating consumption - Renewable (Market Based)	0	0
Scope 2 emissions - Market-based	**1,553**	**1,505**

Scope 1 and 2 emissions for the baseline year did not include foreign operations, as these accounted for less than 5% of total emissions. However, in this year's report, they have been estimated by taking the emissions intensity per square metre for the last available year and applying this indicator to the square metres for 2019, in order to have comparable figures.
OVS does not operate in a regulated emissions trading system so the Scope 1 emissions managed in this area is therefore equal to zero.
Scope 1 and 2 emissions relate to the scope of the consolidated accounting group and the companies over which OVS SpA exercises operational control.
These emissions were calculated by applying the emission factors made available by DEFRA[28] to the energy consumption identified by the Energy Management systems summarised in section E1-5.
Scope 3 emissions refer to the Company's core business and are estimated based on the activities carried out by the Parent Company, OVS, exclusively in the own-brand clothing segment[29].
The emissions for each category were calculated as follows:

- Cat. 1: covers emissions from the production of raw materials and subsequent processing to make the finished product, linking a specific emission factor to each material, process and country of manufacture. This category also includes emissions from the production of packaging and display and advertising materials for points of sale[30].
- Cat. 2: is calculated using a spend-based emission factor applied to the increase in consolidated tangible fixed assets (excluding increases under IFRS 16).
- Cat. 3: emissions related to the energy life cycle are calculated by applying an EcoInvent emission factor to recorded consumption.
- Cat. 4: transport is calculated by applying a specific emission factor (EcoInvent) for each means of transportation applied to the weight transported and the kilometres travelled. It covers both inbound and outbound transportation.
- Cat. 5: waste disposal emissions are calculated by applying EcoInvent emission factors to the amount of waste produced by type.
- Cat. 8: emissions from energy consumption in buildings where OVS does not hold the energy supply contract are calculated in the same way as for Scopes 1 and 2.
- Cat. 12: the end of life of the products sold generates emissions that are calculated based on the composition of products purchased during the

28 For electricity emissions not covered by Guarantees of Origin, the AIB Residual Mix factor was used and for the location based emissions the ISPRA emission factor.

29 It should be noted that for calculations relating to categories 1, 3, 4, 5 and 12, the Group was supported by the University of Padua, through specific analyses of the emission factors of the components of OVS products.

30 Emissions data for purchasing services was not available in the 2019 reports (baseline). It has therefore been added using an estimate calculated by multiplying the proportion of service expenditure in 2024 sales by the spend-based EcoInvent emission factor of 0,0001623 tCO_2e/EUR.

financial year and applying the relevant emission factors.
- Cat. 13: represents emissions arising from energy consumption at the logistics centre leased free of charge to an external company. They are valued in the same way as for Scope 1 and 2 emissions.
- Cat. 14: emissions from franchising are estimated by applying an average of Scope 1 and Scope 2 location based emissions per square metre calculated for directly managed stores and applied to the square metres of franchised stores.

Categories "6. Business travel" and "7. Employee commuting"[31] and "9. Downstream transport and distribution"[32] were excluded as not significant, representing less than 1% of total emissions. Category "10. Processing of products sold" is not applicable. Category "15. Investments" is excluded as there are no equity investments exceeding 5%, a threshold defined by OVS to identify equity investments to which the GHG inventory should be extended. Category "11. Use of the products sold" is excluded as ti is optional, according to GHG Corporate Standard Protocol for the clothing sector, as there are no direct emissions attributable to use of the product.

In 2021, OVS set its Scope 3 emissions reduction targets, relative to the 2019 baseline and in line with SBTi for category 1, limited to own-brand clothing products, and for category 4, both of which are particularly material and offer significant potential for reduction. Due to these limitations, the values shown in the tables below differ from those shown above.

Moreover, in order to better understand the impact of the exceptional events related to the reduction of shipping traffic in the Suez Canal 2023 and 2024, category 4 in the table below also includes the transport emissions for goods attributable to 2023, but shipped late due to the aforementioned exceptional events, while the corresponding category 1 emissions related to Raw Materials, Processing and Packaging are excluded from the 2024 scope.

The reduction targets for targets E-T01 and E-T02 refer to categories 1 and 4 above.

31 In 2019, the baseline year, emissions in category 7 accounted for less than 1% of total emissions and were therefore not included in the categories subject to reporting. This category currently accounts for 1% of total Scope 3 emissions.

32 Outbound transport-related emissions are included in category 4. Residual emissions relating to the management of returned products are not significant.

EMISSIONS COVERED BY THE DECARBONISATION PLAN[33]

Scope 3 emission categories covered by the decarbonisation plan	Base Year 2019	2024	% vs Baseline	Target 2030
1 Purchase of goods and services	291,538	223,942	(23) %	
1.1 Raw materials	101,807	86,787	(15) %	
1.2 Processing	149,390	123,268	(17) %	
1.3 Packaging	40,341	13,887	(66) %	
4. Upstream transport and distribution	29,284	25,028	(15) %	
Total scope of decarbonisation plan	**320,822**	**248,970**	**(22) %**	**(46.20) %**

The intensity of emissions is calculated by comparing the total Scope 1, 2 Market Based and 3 emissions with consolidated revenue from the total perimeter considered.

INTENSITY OF SCOPE 1,2,3 EMISSIONS

Scope Intensity 1,2,3	2024
Total Scope 1+2+3 emissions (location-based) compared to revenue	0.28
Total Scope 1+2+3 (market based) emissions compared to revenue	0.26

Furthermore, the intensity of emissions in relation to the scope of the decarbonisation plan is shown below.

INTENSITY OF EMISSIONS IN RELATION TO THE SCOPE OF THE DECARBONISATION PLAN

Scope Intensity 1,2,3	2024
Scope 1 emissions compared to revenue	0.0045
Scope 2 (market based) emissions compared to revenue	0.0009
Scope 3 emissions compared to revenue	0.1525
Total Scope 1+2+3 (market based) emissions compared to revenue	0.1579

33 Compared to the overall carbon footprint shown in the table.

E1-7 GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

In 2024, OVS S.p.A. neutralised 9,300 tonnes of CO_2e[34], through the purchase and collection of CO_2 credits under the VCS/VERRA (Verified Carbon Standard). The credits come from a renewable energy project located in Pakistan (ID 1346). 100% of the credits contribute to the reduction of emissions.

E1-8 INTERNAL CARBON PRICING

OVS does not adopt an internal carbon pricing system.

E1 - METRICS - ENTITY SPECIFIC PERCENTAGE OF THE PRODUCTION VOLUME COVERED BY SUPPLIERS WITH A DECARBONISATION PROGRAMME

26% of OVS's 2024 production volume is sourced from Tier 1 suppliers, who have formalised their decarbonisation programme.
The figure is calculated as a percentage of the volume of production, as recorded on corporate systems, produced by Tier 1 suppliers active in FY 2024, who confirmed they have a decarbonization plan by completing the approved Higg FEM module.

European Taxonomy

1. PURPOSE AND CONTENT OF EU REGULATION 852/2020

The European Taxonomy (hereinafter also referred to as the "Regulation" or "Taxonomy") is a standardised classification system of environmentally sustainable economic activities, introduced by the European Union with Regulation 2020/852, in effect since 12 July 2020. It aims to provide investors and the market with a common language based on sustainability metrics, to ensure comparability between operators, reduce the risk of greenwashing, and increase the quantity and quality of information on the environmental and social impacts of business, thereby promoting more responsible investment decisions. In addition to Regulation 2020/852, the European Commission has published Delegated Regulation 2139/2021 ("Climate Delegated Act"), Delegated Regulation 2486/2023 ("Environmental Delegated Act") and Delegated Regulation 2178/2021 which together provide a set of rules for the identification and reporting of environmentally sustainable economic activities.
The Taxonomy focuses on identifying economically sustainable activities, defined as those economic activities that:

- make a substantial contribution to at least one of the six environmental and climate objectives (Article 9 of EU Regulation 2020/852);
- do not cause significant harm to any of the other environmental objectives, in accordance with the "do no significant harm" principle (hereinafter DNSH); and
- comply with minimum safeguards.

The environmental objectives of the Taxonomy are:

1. climate change mitigation;
2. climate change adaptation;
3. sustainable use and protection of water, water and marine resources;
4. transition to a circular economy;
5. pollution prevention and control;
6. protection and restoration of biodiversity and ecosystems.

2. REPORTING OBLIGATIONS AND GENERAL PRINCIPLES FOR DEFINING KPIS

Article 8 of EU Regulation 2020/852 set out the reporting obligations under the Taxonomy and clarifies that these requirements apply to any company subject to the publication of a Sustainability Report pursuant to Article 19-bis or Article 29-bis of Directive 2013/34/EU. The taxonomy requires information to be provided on how and to what extent a company's activities are aligned with environmentally sustainable economic activities.
With regard to non-financial companies, the disclosure relates in particular to the following metrics ("key performance indicators" or "KPIs"):

- the proportion of turnover derived from products or services associated with environmentally sustainable economic activities;
- the proportion of capital expenditure (CapEx) and operating expenditure (OpEx) relating to assets or processes associated with environmentally sustainable economic activities.

In July 2021, EU Regulation 2021/2178 supplementing Article 8 of EU Regulation 2020/852 was published to further specify the content and presentation of these

34 As shown in the VCS/VERRA registry.

KPIs as well as the methodology to be followed for their measurement and the qualitative information that must accompany their reporting. In 2023, this Regulation was amended by Annex V to Regulation 2023/2486, with specific reference to KPI reporting models.
For the reporting of KPIs for the year 2024, the Group is required to report eligible and aligned economic activities for all six climate and environmental objectives.
Non-financial companies are required to determine KPIs ensuring consistency with financial reporting and using the same currency as the consolidated financial statements, with the additional requirement of including in their Sustainability Reporting the references to the related balance sheet items for the turnover and capital expenditure indicators.

3. IDENTIFICATION OF ACTIVITIES ELIGIBLE FOR THE TAXONOMY

The Group has identified the economic activities and main projects carried out within its business that are aligned with the guidelines of the aforementioned regulations.
The Group carried out an assessment involving various corporate functions and subsidiaries to classify activities in accordance with the aforementioned regulations. This process took into account the consolidated data of the three KPIs in order to avoid double counting.
To date, the Group has not formalised a data collection procedure for the purposes of the Taxonomy regulation. In future financial years, the Group will continue to develop, refine and structure the process of identifying and formalising its environmental sustainability activities.
The OVS S.p.A. Group has not issued any environmentally sustainable bonds or debt securities whose main purpose is financing activities aligned with the Taxonomy.
The Group has identified the following projects and activities:

Objective	Economic activities according to the taxonomy	Description of the Group's activities
Climate change mitigation	7.6 Installation, maintenance and repair of renewable energy technologies	Installation and maintenance of photovoltaic and heat pump systems
	The installation of photovoltaic panels (activity 7.6 a) and heat pumps (activity 7.6 c) were considered potentially aligned with the European Taxonomy's substantive contribution criteria.	

The Group has identified its economic activity as enabling.

4. TAXONOMY ALIGNMENT ANALYSIS

An economic activity is considered aligned with the European Taxonomy if:
- it contributes substantially to at least one of the six environmental objectives;
- it does not cause significant harm to any of the other five environmental objectives;
- it complies with the minimum safeguards.

Having identified the eligible economic activities, specific analyses were conducted of the technical criteria set out in the aforementioned Regulations to assess the alignment of the main projects relating to each of the activities identified.
The Group has identified aligned activities following the analysis process. The analysis and the relevant results are set out below.

5. ANALYSIS OF ACTIVITIES IDENTIFIED AS ALIGNED

ACTIVITY 7.6 IDENTIFIED AS ALIGNED

Installation, maintenance and repair of renewable energy technologies.

Substantial contribution to climate change mitigation
Requests relating to the criterion of substantial contribution to the objective of climate change mitigation for activity 7.6 must meet the following requirements:
"The activity consists of one of the following individual measures, if installed on-site as technical building systems:
a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment;
b) installation, maintenance and repair of solar panels

for hot water and ancillary technical equipment;
c) installation, maintenance, repair and upgrading of heat pumps that contribute to renewable energy objectives in the heating and cooling sector in accordance with Directive (EU) 2018/2001 and ancillary technical equipment;
d) installation, maintenance and repair of wind turbines and the ancillary technical equipment;
e) installation, maintenance and repair of transpired solar collectors and ancillary technical equipment;
f) installation, maintenance and repair of electrical or thermal energy storage units and ancillary technical equipment;
g) installation, maintenance and repair of highly efficient micro-cogeneration systems (heat and electricity);
h) installation, maintenance and repair of recovery systems/heat exchangers."

The substantial contribution criterion for activity 7.6 Installation, maintenance and repair of renewable energy technologies exceeds the technical screening criteria set out in the Regulation.
The relevant DNSH criteria require compliance with the following criteria.

DO NO SIGNIFICANT HARM ("DNSH")

Do no significant harm ("DNSH")	
Adaptation to climate change	The activity meets the criteria set out in Appendix A of this Annex.
Sustainable use and protection of water and marine resources	Not applicable
Transition to a circular economy	Not applicable
Prevention and reduction of pollution	Not applicable
Protection and restoration of biodiversity and ecosystems	Not applicable

In compliance with the requirements of Appendix A of Delegated Regulation (EU) 2021/2139, in order to ascertain compliance relating to the "Do Not Significant Harm" (DNSH) criterion for eligible assets, OVS carried out a scenario analysis to assess exposure and materiality to the physical risks identified by the regulation.
Activities related to the installation and maintenance of photovoltaic systems and heat pumps during FY 2024 were considered specifically. These activities fall into the category of specialised construction works, classified under NACE code F43.

The assessment of physical climate risks was carried out internally by the OVS Sustainability team, with the support of NATIVA and OVS technical services. Material risks identified as being vulnerable have been further assessed to identify adaptation solutions.
The analysis includes the location of photovoltaic systems and heat pumps, providing details on specific sites, regions and addresses.
Several material physical risks were considered, and their assessment was carried out as follows:

Change in Temperature and Temperature Variability: The analysis used SSP5 8.5 projections to assess the impact of high temperatures on the plants, identifying the Spoleto plant as the one potentially most exposed. However, the risk that emerged was negligible.

Change in wind patterns: A reduction in average wind speeds was linked to an increase in average temperatures. However, it was concluded that this change does not significantly affect plant operations, making vulnerability to this risk negligible for OVS.

Heavy precipitation (hail): Rising sea temperatures increase evaporation and atmospheric humidity, increasing the risk of hail. However the OVS photovoltaic systems are IEC 61215 certified, making them resilient to this type of event.

Cyclone, hurricane, typhoon: For Italy, these risks have been assessed with reference to 'Medicanes'. It was concluded that the area in question has a low level of vulnerability to these phenomena.

Tornado: The assessment of vulnerability to this risk was based on meteorological studies that map these events. Although the Italian peninsula is subject to tornadoes, their intensity is generally limited.

Flooding (coastal, river, rain, groundwater): A dedicated digital tool was used to assess exposure to the risk of flooding. Projections indicate an increase in the risk of flooding in Italy by 2050 in optimistic emission scenarios, but a reduction in current and pessimistic scenarios. Installations located in higher risk areas are installed on the roofs of buildings, making them inherently resilient.
The estimated useful life for photovoltaic systems is 25 years, in line with the product guarantees of the main suppliers, while for heat pumps it is about 20 years. The reference scenarios used for the analysis were selected from the IPCC Sixth Assessment Report, including scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5.
Activity 7.6 Installation, maintenance and repair of renewable energy technologies exceeds the DNSH provided for by the Regulation.

The Group has analysed the criteria and found the related investments to be compliant and, consequently, aligned with the Taxonomy.

6. MINIMUM SAFEGUARDS

Article 18.1 of the EU Taxonomy Regulation describes minimum safeguards, or "social minimum safeguards", as procedures implemented by a company to ensure that its economic activities are carried out in accordance with internationally recognised principles set out in the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGP). The guidelines identified by the Platform on Sustainable Finance in the "Final Report on Minimum Safeguards" published in October 2022 were also taken into consideration.
The minimum safeguards relate to issues regarding human rights, taxation, fair competition and the fight against corruption.
Following the analysis, the Group concluded that compliance with the minimum safeguards, guided by the OECD Guidelines and the United Nations Guiding Principles on Business and Human Rights (UNGP), has been adequately documented and exceeded for the Installation, maintenance and repair of renewable energy technologies (7.6). In particular, the Group has implemented a process aimed at identifying, assessing and mitigating risks related to human rights, taxation, fair competition and the fight against corruption, as provided for by Article 3(c) of Regulation 2020/852. The Group acknowledges its commitment and the actions undertaken, as documented in the details provide in section S2-1.
Internal controls and ethics policies, aimed at preventing and mitigating risks related to tax evasion, corruption and unfair competition through training on Model 231.
With regard to the issues mentioned above, the OVS Group has implemented programmes aimed at raising employees' awareness of the importance of compliance with laws and regulations relating to these issues
Looking at the analysis, the Group is not involved in any legal proceedings or convictions relating to human rights, tax evasion, unfair competition or corruption.

7. INFORMATION ON THE EU TAXONOMY AND KPI CALCULATION CRITERIA

Turnover, operating expenses and capital expenditure relating to eligible activities and activities aligned with the Taxonomy, used to calculate key performance indicators (KPIs) and percentages of balance sheet values, are reported in accordance with the models provided in Annex V of Delegated Regulation 2023/2486, amending Delegated Regulation 2021/2178.

8. TURNOVER INDICATORS

Proportion of turnover arising from products or services associated with economic activities aligned with the taxonomy – 2024

Financial Year 2024				Substantial contribution criteria						DNSH criteria ('do no significant harm')									
Economic activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of turnover, year 2024 (4)**	**Climate change mitigation (5)**	**Adaptation to climate change (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Adaptation to climate change (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of turnover aligned (A.1.) or eligible (A.2.) with the taxonomy in 2023 (18)**	**Qualifying activity category (19)**	**Transition activity category (20)**
Text		k€	%	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
1. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																			
A.1. Turnover of environmentally sustainable activities (aligned with the taxonomy)																			
Turnover of environmentally sustainable activities (aligned with the taxonomy)(A.1)		0	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	n/a	N/A	N/A	N/A	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	A	
Of which transitional		0	0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
Turnover of activities eligible for the taxonomy but not environmentally sustainable (activities not in line with the taxonomy)(A.2)		0	0%														0%		
Turnover of activities eligible for the taxonomy (A-1+A.2)		0	0%														0%		
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY																			
Turnover of activities not eligible for the taxonomy		1,723.90	100%																
TOTAL (A+B)		1,723.90	100%																

Proportion of Turnover / Total turnover		
	Aligned with the taxonomy by objective	**Eligible for the taxonomy by objective**
CCM	– %	– %
CCA	– %	– %
WTR	– %	– %
EC	– %	– %
PPC	– %	– %
BIO	– %	– %

The turnover KPIs were determined as follows:

- **denominator:** revenue from ordinary operations,
- **numerator:** revenue from eligible projects and/or aligned with the Taxonomy.

Compared with the previous year, the Group did not show any change in the methods of calculating turnover.
The KPI denominator consists of revenue for the year, as described in explanatory note no. 7.23 "Revenues from sales and services" and note 7.24 "Other operating income and revenues" in the financial statements.
During the year there were no significant changes in the KPI relative to turnover.

9. CAPITAL EXPENDITURE INDICATORS (CAPEX)

Proportion of capital expenditure (CapEx) arising from products or services associated with economic activities aligned with the taxonomy – 2024

	Proportion of Turnover / Total turnover	
	Aligned with the taxonomy by objective	Eligible for the taxonomy by objective
CCM	1.84 %	— %
CCA	— %	— %
WTR	— %	— %
CE	— %	— %
PPC	— %	— %
BIO	— %	— %

Financial Year 2024				Substantial contribution criteria						DNSH criteria ('do no significant harm')									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of CapEx aligned (A.1.) or eligible (A.2.) with the taxonomy in 2023 (18)	Qualifying activity category (19)	Transition activity category (20)
Text		k€	%	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	Yes/No	Yes/No	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	YES; No; N/AM	%	A	T
1. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																			
A.1. CapEx of environmentally sustainable activities (aligned with the taxonomy)																			
Installation, mainte-nance and repair of renewable energy te-chnologies (CapEx C)	CCM 7.6	4,098.97	1.84%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	4.34%		
CapEx of environmentally sustainable activities (aligned with the taxonomy) (A.1)		4,098.97	1.84%	1.84%	0%	0%	0%	0%	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	4.34%	A	
Of which enabling		4,098.97	1.84%	1.84%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	A	
Of which transitional		0	0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
CapEx of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
CapEx of activities eligible for the taxonomy (A-1+A.2)		4,098.97	1.84%	1.84%	0%	0%	0%	0%	0%								4.34%		
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY																			
CapEx of activities not eligible for the taxonomy		218,229.03	98.16%																
TOTAL (A+B)		222,32860	100%																

The KPIs for capital expenditure (CapEx) were determined as follows:

- **denominator:**increases during the year in tangible and intangible assets and right to use leased asset
- **numerator:** the part of the increases (covered in the denominator) relating to assets or processes associated with eligible projects and/or aligned with the Taxonomy, or CapEx initiatives in the technology plan related to the Taxonomy (CapEx Plan), or CapEx initiatives in the Net Zero plan or others meeting the definition of CapEx c) as per Delegated Regulation (EU) 2021/2178.

Compared with the previous year, the Company did not show any change in the methods of calculating capital expenditure.

The denominator of the KPI, as required by law, consists of the sum of the increases recorded in the 2024 financial year with reference to tangible and intangible fixed assets recorded in accordance with IAS 16 - Property, Plant and Equipment, IAS 38 - Intangible Assets, IAS 40 - Investment Property, IAS 41 - Agriculture, IAS 16 - Leasing, as per the annexes in note no. 12.

The part of aligned economic activities with regard to capital expenditure mainly relates to investments in the installation of 11 photovoltaic systems and 27 heat pump systems.

10. OPERATIONAL EXPENDITURE INDICATORS (OPEX)

Proportion of operating expenses (OpEx) arising from products or services associated with economic activities aligned with the taxonomy – 2024

	Proportion of OpEx / Total OpEx	
	Aligned with the taxonomy by objective	Eligible for the taxonomy by objective
CCM	0.51 %	— %
CCA	— %	— %
WTR	— %	— %
EC	— %	— %
PPC	— %	— %
BIO	— %	— %

Financial Year 2024				Substantial contribution criteria						DNSH criteria ('do no significant harm')									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of OpEx aligned (A.1.) or eligible (A.2.) with the taxonomy in 2023 (18)	Qualifying activity category (19)	Transition activity category (20)
Text		k€	%	Yes; No. N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/NO	Yes/No	%	A	T
1. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																			
A.1. OpEx of environmentally sustainable activities (aligned with the taxonomy)																			
Installation, mainte-nance and repair of renewable energy te-chnologies (OpEx C)	CCM 7.6	84.81	0.51%	Yes	No	N/AM	N/AM	N/AM	N/AM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.09%		
OpEx of environmentally sustainable activities (aligned with the taxonomy) (AI)		84.81	0.51%	0.51%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.09%	A	
Of which enabling		84.81	0.51%	0.51%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	A	
Of which transitional		0	0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
OpEx of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Activities eligible for the taxonomy (A-1+A.2)		84.81	0.51%	0.51%	0%	0%	0%	0%	0%								0,09%		
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY																			
OpEx of activities not eligible for the taxonomy		16,413	99.49%																
TOTAL (A+B)		**16,498**	**100%**																

KPIs for operating expenses (OpEx), which include direct non-capitalised expenses related to research and development, short-term leasing, maintenance and repair of assets, and any other direct expenses related to the daily maintenance of property, plant and equipment necessary to ensure the continuous and effective operation of such assets, have been determined as follows:

- **denominator:** direct non-capitalised expenses related to research and development, short-term leasing, maintenance and repair of assets,
- **numerator:** the share of the operating expenses (covered in the denominator) relating to assets or processes associated with eligible projects and/or aligned with the Taxonomy, or OpEx initiatives in the technology plan related to the Taxonomy (CapEx Plan), or OpEx initiatives in the Net Zero plan.

Compared with the previous year, the Group did not show any change in the methods of calculating operating expenses.

As required by law, the denominator of the KPI consists of direct non-capitalised expenses incurred in 2024.

The Group has implemented a process to identify these expenses in analytical and/or management accounting. The KPI numerator includes the "aligned" share of the expenses incurred by the Group for the Installation, maintenance and repair of renewable energy technologies (7.6).
During the year there were no significant changes in the KPI relative to operating expenses.

11. ACTIVITIES RELATED TO GAS AND NUCLEAR POWER

In accordance with Regulation 2021/2178 and in light of clarifications provided by the Commission, Template 1 of Annex XII to Delegated Regulation 2021/2178 is provided below in relation to the Group's activities.

	Activities related to nuclear energy	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Activities related to fossil gases	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

ESRS E2 POLLUTION

E2-1 POLLUTION POLICIES

In addition to the above policies[35] on pollution, it should be noted that:

- The Environment and Territory policy [E-P02] aims to reduce the risk of excessive and improper use of pollutant chemicals[36] that could negatively impact water, air, soil and the health of workers, Consumers and end-users by complying with the quantity of chemicals set out in the OVS MRSL.
- The Code of Conduct [COC] requires suppliers to check for the presence of chemicals in wastewater at least every six months through a testing programme conducted by an accredited laboratory in order to prevent accidents and emergencies and to monitor the impact on people and the environment.

35 See Environmental policies

36 For details see the Restricted Substance List on the group website.

E2-2 AND E2-3 ACTIONS, RESOURCES AND TARGETS RELATED TO POLLUTION

In the 2024-2026 Strategic Sustainability Plan, OVS identified targets[37] to reduce pollution generated by its upstream and downstream value chain, with particular reference to product-related impacts, and to mitigate the risks associated with microplastics. All pollution targets are voluntary.

IRO	Target	Target Description	Baseline[38]	2024 Results[39]	Scope
E2-IN01 E2-IN02	E-T03	65% of materials with reduced impact and traceable by 2026	2024	E5-4	Upstream
E2-RS03	E-T08	Launch of the supplier reward process with improved environmental performance by 2026	2024	Study started for supplier scorecard	Upstream
E2-IN01	E-T09	Adoption of Better Products guidelines by 2026	2024	Definition of criteria and scores and initial collection mapping	Upstream
E2-IN02 E2-RS03	E-T10	100% of waste water tested against the MRSL[40]	N/A	To be launched	Upstream
E2-RS01	E-T11	Diversification (type and origin) of cotton supply by 2026	2024	E5-4	Upstream
E2-IN01 E2-IN02	E-T12	Review of Science Based Targets for Nature sourcing strategy by 2026	N/A	To be launched	Upstream

37 The targets set out in the table do not relate to the prevention and control of:
a) air pollutants and respective specific loads;
b) emissions to water and respective specific loads;
c) pollution to soil and respective specific loads;

38 Where the target baseline year is 2024, the baseline value is that of the 2024 result. In other cases, the value is indicated in the comments for the relevant metric.

39 The results achieved during the reference period are reported with reference to the metric, if applicable, or through summary data.

40 The efficacy of the action in relation to the objective set will be monitored annually through reports on the number of tests carried out at Tier 1 suppliers, compiled by the managers of the offices acting on behalf of the subsidiaries OVS Hong Kong Sourcing Ltd and India Sourcing Private Ltd.

Similarly, relevant and priority actions[41] for OVS's business have been identified to achieve these targets, always prioritising the impacts generated in the supply chain. The timeframes for action implementation are in line with the targets set out in the table above, with the exception of ongoing actions, for which no completion date has been set.

IRO	Action	Action Description	Status	Scope	Interested stakeholders
E2-IN01 E2-IN02 E2-RS01	E-A01	Selection and purchase of certified and low-impact materials and research and implementation of innovative fibres	Ongoing	Upstream	Suppliers, Employees
E2-RS03	E-A08	Programme of monitoring and involvement of all the suppliers through the Higg platform and the completion of the FEM module (environmental)	Ongoing	Upstream	Suppliers, Employees, Industry coalition
E2-RS03	E-A09	Establishing a rating system that rewards suppliers with improved environmental performance	To be launched	Upstream	Suppliers, Employees
E2-IN01 E2-RS01	E-A10	Preference for biodegradable materials in collections through implementation of Better Products guidelines	To be launched	Upstream / Direct	Suppliers, Employees
E2-IN02 E2-RS03	E-A12	Support and involvement of product suppliers in the wastewater analysis process	To be launched	Upstream	Suppliers/Employees/ Local Communities (production countries)

41 As 2024 is the first year of reporting under ESRS standards, OVS has not provided qualitative or quantitative information on the progress of the action or share plans described.

Targets and actions were determined based on an assessment of the downstream impacts of the supply chain, taking into account the possible leverage that OVS can apply, given that it does not manufacture clothing directly. For this reason, targets and actions mainly relate to planning product collections and related activities for sourcing materials[42].

E2-4 POLLUTION OF AIR, WATER AND SOIL

The significant IROs identified with reference to the issue of sustainability "air, water and soil pollution" relate only to the upstream and/or downstream value chain, as OVS does not produce its products directly.
However, synthetic fibres are the second most used type of material, after cotton, in OVS clothing collections. Therefore, although it does not have a direct impact on the dispersion of microplastics, OVS considers its contribution to the increase in their concentration in the environment to be material. For this reason, OVS is committed to providing entity-specific metrics that can address this topic in the value chain. It currently adopts the transitional provision provided for in ESRS 1 no. 132 indicating that by adopting Better Products guidelines that favour the use of biodegradable materials (Action E-A10), OVS aims to reduce the impact of synthetic fibres on the environment.
OVS has not emitted any of the pollutants listed in Annex II to Regulation (EC) no. 166/2006 of the European Parliament and of the Council.

ESRS E3 WATER AND MARINE RESOURCES

E3-1 POLICIES RELATED TO WATER AND MARINE RESOURCES

In addition to the above policies[43] on pollution, it should be noted that:

- The Environment and Territory Policy [E-P02] addresses the issue of water resource management, in particular water use and supply, including building maintenance activities to reduce water consumption and initiatives to raise awareness about saving water among employees and those involved in company activities.
- The Code of Conduct [COC] addresses the issue of water resource management by requiring suppliers to take all necessary measures to reduce their use and to adopt methods aimed at reducing consumption during the production process.
- Both policies [E-P02] and [COC] look at designing products and services with a view to favouring production materials and treatment processes that use less water.
- The [E-P02] and [COC] policies apply to all suppliers regardless of the level of water risk present in the area where production takes place.
- It should be noted that OVS has not adopted any policies or practices related to the sustainability of the oceans and seas.

E3-2 AND E3-3 ACTIONS, RESOURCES AND TARGETS RELATED TO WATER AND MARINE RESOURCES

In its 2024-2026 Strategic Sustainability Plan, OVS defined objectives to reduce and mitigate the negative impacts and risks associated with water consumption in its supply chain, with particular reference to the cultivation of raw materials and production processes.
The targets set by OVS related to water include all OVS value chain operations, regardless of their level of water stress, and specifically refer to water consumption reduction, particularly with regard to operations upstream of the OVS value chain.
All targets set by OVS are optional and are not a legal requirement.

42 Plans for collections and sourcing materials are guided by the Scope 3 decarbonisation plan.
43 See Environmental policies

IRO	Target	Target Description	Baseline[44]	2024 Results[45]	Scope
E3-IN01	E-T03	65% of materials with reduced impact and traceable by 2026	2024	E5-4	Upstream
E3-IN01	E-T08	Launch of the supplier reward process with improved environmental performance by 2026	2024	Study started for supplier scorecard	Upstream
E3-IN01	E-T09	Adoption of Better Products guidelines by 2026	2024	Definition of criteria and scores and initial collection mapping	Upstream
E3-OP01 E3-RS02	E-T11	Diversification (type and origin) of cotton supply by 2026	2024	E5-4	Upstream
E3-OP01	E-T12	Review of Science Based Targets for Nature sourcing strategy by 2026	N/A	To be launched	Upstream

Similarly, relevant and priority actions for OVS's business have been identified to achieve these targets, always prioritising the impacts generated in the supply chain. The timeframes for action implementation are in line with the targets set out in the table above, with the exception of ongoing actions, for which no completion date has been set.

44 Where the target baseline year is 2024, the baseline value is that of the 2024 result. In other cases, the value is indicated in the comments for the relevant metric.

45 The results achieved during the reference period are reported with reference to the metric, if applicable, or through summary data.

IRO	Action	Action Description	Status	Scope	Interested stakeholders
E3-IN01 E3-OP01 E3-RS02	E-A01	Selection and purchase of certified and low-impact materials and research and implementation of innovative fibres	Ongoing	Upstream	Suppliers, Employees
E3-IN01	E-A08	Programme of monitoring and involvement of all the suppliers through the Higg platform and the completion of the FEM module (environmental)	Ongoing	Upstream	Suppliers, Employees, Industry coalition
E3-IN01	E-A09	Establishing a rating system that rewards suppliers with improved environmental performance	To be launched	Upstream	Suppliers, Employees

The metrics used to measure progress and monitor targets are set out in this section and include those defined by ESRS.
Targets and actions were determined based on an assessment of the downstream impacts of the supply chain, taking into account the possible leverage that OVS can apply, given that it does not manufacture clothing directly. For this reason, targets and actions mainly relate to planning product collections and related activities for sourcing materials[46].

E3-4 WATER CONSUMPTION

In 2024, the OVS Group's water consumption was 575,087.89 cubic meters. 99% of direct water consumption is concentrated in Italy, with consumption of 573,312.69 mc.

WATER CONSUMPTION

Water consumption	2024
Water consumption from areas not subject to water stress (m3)	148,342
Water consumption from areas subject to water stress (m3)	426,746
Total water consumption (m3)	**575,088**
Total water recycled and reused (m3)	0
Total water stored (m3)	0

46 Plans for collections and sourcing materials are guided by the Scope 3 decarbonisation plan.

The water data have been calculated based on the readings of the relative meters, where available. For the remainder, consumption was estimated using an average per square meter that, for Italy, excluded stores with special features (e.g. evaporation towers, condensation systems), for which the actual data were used instead.
The water used is mainly taken from municipal water networks. With regard to water consumption in Italy, it is necessary to point out that this figure recorded for the stores comprises the sum of the consumption directly attributable to OVS and other consumption, not directly attributable, which is not currently measurable. This is the case when OVS subleases part of the premises leased to it without having a meter installed to specifically measure the consumption of the third party. OVS charges back for this consumption using methods not necessarily related to actual consumption.
Water consumption from areas subject to water stress is 74% and was identified using the WWF "Water Risk Filter" tool. All locations where OVS has stores or offices that have a medium to high risk of water stress were considered as areas subject to water stress.

INTENSITY OF WATER CONSUMPTION

Intensity of water consumption	**2024**
Water consumption compared to revenue	0.35

ESRS E4 - BIODIVERSITY AND ECOSYSTEMS

E4-1 TRANSITION PLAN AND CONSIDERATION OF BIODIVERSITY AND ECOSYSTEMS IN STRATEGY AND BUSINESS MODEL

OVS will draw up a transition plan focusing on biodiversity and ecosystems following the identification and prioritisation of the impacts on biodiversity generated by the OVS cotton supply chain, in line with the Science Based Targets for Nature (Action E-A12).

ESRS 2 SBM-3 - E4 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

As OVS does not manufacture clothing but only sells and distributes it, it has not identified any activities within its direct operations which have a negative impact on areas that are sensitive in terms of biodiversity.
OVS did not identify any material negative impacts with regard to soil degradation, desertification or soil sealing.
OVS direct operations have no impact on endangered species.

E4-2 POLICIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

In addition to the above policies[47] on biodiversity, it should be noted that:

- The Environment and Territory policy [E-P02] does not cover the issues specified by ESRS E4 RA4;
- The Environment and Territory policy [E-P02] covers some issues relating to biodiversity, such as the Company's impacts biodiversity. OVS considers the impact in terms of natural resource use in all corporate activities, ensuring traceability of raw materials, favouring materials sourced from managed ecosystems to preserve nature's ability to regenerate, thus avoiding biodiversity loss. From a social point of view, preventing negative impacts on health and promoting the well-being of the communities in which it operates.
- The Environmental and Territory policy [E-P02] does not address dependencies, opportunities and physical and transition risks related to biodiversity.
- OVS does not adopt policies related to the protection of biodiversity and ecosystems with regard to its production sites, sustainable soil farming practices or policies, marine use practices or policies or policies to address deforestation.

47 See Environmental policies

E4-3 AND E4-4 ACTIONS, RESOURCES AND TARGETS RELATED TO BIODIVERSITY AND ECOSYSTEMS

In its 2024-2026 Strategic Sustainability Plan, OVS defined objectives to reduce the negative impacts on biodiversity through the cultivation of OVS's raw materials (plant and animal fibres) and to mitigate the risks associated with biodiversity loss.

OVS did not apply ecological thresholds or use biodiversity offsets to define its biodiversity-related objectives.

The objectives are not aligned with the post-2020 global biodiversity framework or other international biodiversity and ecosystem policies and standards.

All targets set by OVS are optional and are not a legal requirement.

IRO	Target	Target Description	Baseline[48]	2024 Results[49]	Scope
E4-IN01	E-T01	Overall 46.2% reduction in CO_2 emissions by 2030	2019	E1-6	Upstream/Direct/Downstream
E4-IN01	E-T02	19.2% reduction in scope 3 carbon intensity relative to consolidated revenues by 2026	2023	E1-6	Upstream/Downstream
E4-IN01	E-T03	65% of materials with reduced impact and traceable by 2026	2024	E5-4	Upstream
E4-IN01	E-T08	Launch of the supplier reward process with improved environmental performance by 2026	2024	Study started for supplier scorecard	Upstream
E4-IN01	E-T09	Adoption of Better Products guidelines by 2026	2024	Definition of criteria and scores and initial collection mapping	Upstream
E4-RS01	E-T11	Diversification (type and origin) of cotton supply by 2026	2024	E5-4	Upstream
E4-RS01	E-T12	Review of Science Based Targets for Nature sourcing strategy by 2026	N/A	To be launched	Upstream

48 Where the target baseline year is 2024, the baseline value is that of the 2024 result. In other cases, the value is indicated in the comments for the relevant metric.

49 The results achieved during the reference period are reported with reference to the metric, if applicable, or through summary data.

Similarly, relevant and priority actions for OVS's business have been identified to achieve these targets, always prioritising the impacts generated in the supply chain. The timeframes for action implementation are in line with the targets set out in the table above, with the exception of ongoing actions, for which no completion date has been set.
All objectives have been defined with a view to prevention.
OVS did not use biodiversity offsets in its action plans and did not incorporate local and indigenous knowledge.

IRO	Action	Action Description	Status	Scope	Interested stakeholders
E4-IN01	E-A01	Selection and purchase of certified and low-impact materials and research and implementation of innovative fibres	Ongoing	Upstream	Suppliers, Employees
E4-IN01	E-A08	Programme of monitoring and involvement of all the suppliers through the Higg platform and the completion of the FEM module (environmental)	Ongoing	Upstream	Suppliers, Employees, Industry coalition
E4-IN01	E-A09	Establishing a rating system that rewards suppliers with improved environmental performance	To be launched	Upstream	Suppliers, Employees
E4-RS01	E-A13	Identifying and prioritising the impacts on biodiversity generated by the cotton supply chain, in line with the Science Based Targets for Nature	To be launched	Upstream	Suppliers, Employees

Targets and actions were determined based on an assessment of the downstream impacts of the supply chain, taking into account the possible leverage that OVS can apply, given that it does not manufacture clothing directly. For this reason, targets and actions mainly relate to planning product collections and related activities for sourcing materials[50].

50 Plans for collections and sourcing materials are guided by the Scope 3 decarbonisation plan.

E4-5 IMPACT METRICS RELATED TO BIODIVERSITY AND ECOSYSTEMS CHANGE

OVS has not identified any sites within or near biodiversity-sensitive areas that are negatively affected by its operations. The company does not own or manage any sites located close to or within protected areas.
The contribution of OVS to changes in land use or to changes in freshwater use is not material through the double materiality assessment.
Following the results of the double materiality, it is noted that the relevant IROs related to biodiversity and ecosystems refer to the upstream value chain. Since there are no metrics within the ESRS relating to indirect impact analyses, and since the targets defined by OVS do not currently require entity-specific metrics, OVS does not provide metrics in this report, re-evaluating this assessment in subsequent financial years.

ESRS E5 - RESOURCE USE AND CIRCULAR ECONOMY

E5-1 POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In addition to the above policies[51] on resource use and circular economy, it should be noted that:

- The Environment and Territory [E-P02] and Climate and Energy [E-P01] policies address the issues of reducing the use of virgin resources and the sustainable supply and use of renewable resources, in line with decarbonisation objectives. The policies also regulate the design of clothing in accordance with Eco-Design principles and the adoption by companies of initiatives to manage end-of-life products and reduce waste.
- OVS is committed to drawing up a Circular Economy policy by 2026.

E5-2 AND E5-3 ACTIONS, RESOURCES AND TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In its 2024-2026 Strategic Sustainability Plan, OVS defined objectives to reduce the environmental impacts generated at the various stages of the product life cycle and by packaging, and to mitigate risks arising from market trends and industry regulations. Particular attention was paid to increasing the percentage of recycled materials, choosing raw materials with a reduced environmental impact and launching services to care for and extend the life of garments.

All targets set by OVS are optional and are not a legal requirement.

51 See Environmental policies

IRO	Target	Target Description	Baseline[52]	2024 Results[53]	Scope
E5-IN01 E5-IN02	E-T01	Overall 46.2% reduction in CO_2 emissions by 2030	2019	E1-6	Upstream/Direct/ Downstream
E5-IN01 E5-IN02	E-T02	19.2% reduction in scope 3 carbon intensity relative to consolidated revenues by 2026	2023	E1-6	Upstream/ Downstream
E5-IN01	E-T03	65% of materials with reduced impact and traceable by 2026	2024	E5-4	Upstream
E5-IN02	E-T08	Launch of the supplier reward process with improved environmental performance by 2026	2024	Study started for supplier scorecard	Upstream
E5-IN01	E-T09	Adoption of Better Products guidelines by 2026	2024	Definition of criteria and scores and initial collection mapping	Upstream
E5-IN01	E-T11	Diversification (type and origin) of cotton supply by 2026	2024	E5-4	Upstream
E5-OP01 E5-IN02 E5-RS02	E-T13	Extension of repair services to the network [54]	2024	Launch of the "Tailoring services" pilot project in a selection of points of sale	Direct/Downstream
E5-IN01 E5-RS01	E-T14	Achieving the following percentages of recycled materials: 1% recycled cotton, 50% recycled wool, 70% recycled polyester and polyamide by 2026	2024	E5-4	Upstream
E5-IN01 E5-RS01	E-T15	At least 50% of e-commerce packaging to be reusable by 2026	N/A	To be launched	Upstream/Direct

Similarly, relevant and priority actions for OVS's business have been identified to achieve these targets. The timeframes for action implementation are in line with the targets set out in the table above, with the exception of ongoing actions, for which no completion date has been set.

52 Where the target baseline year is 2024, the baseline value is that of the 2024 result. In other cases, the value is indicated in the comments for the relevant metric.

53 The results achieved during the reference period are reported with reference to the metric, if applicable, or through summary data.

54 The number of stores offering tailoring and repair services is updated every six months in consultation with the Sales Department, based on feedback from store managers and an assessment of demand for the service.

IRO	Action	Action Description	Status	Scope	Interested stakeholders
E5-IN01	E-A01	Selection and purchase of certified and low-impact materials and research and implementation of innovative fibres	Ongoing	Upstream	Suppliers, Employees
E5-IN01 E5-IN02	E-A08	Programme of monitoring and involvement of all the suppliers through the Higg platform and the completion of the FEM module (environmental)	Ongoing	Upstream	Suppliers, Employees, Industry coalition
E5-IN01	E-A09	Establishing a rating system that rewards suppliers with improved environmental performance	To be launched	Upstream	Suppliers, Employees
E5-IN02	E-A11	Membership and participation in collective systems of extended producer responsibility for textile waste management (EPR)	Ongoing	Direct / Downstream	Opinion leaders, Employees, Competitors, Local communities
E5-IN01	E-A14	Implementation of Better Products guidelines for collection design (with preferred use of single materials/single fibres and single components)	To be launched	Upstream/ Downstream	Suppliers / Employees
E5-IN02	E-A15	Launch of repair services (in-store or through agreements)	To be launched	Direct	Employees/ Customers
E5-IN02 E5-RS02	E-A16	Development of a programme dedicated to creating a durability indicator	To be launched	Direct	Employees, Customers, Institutions
E5-RS02	E-A17	Expanding and diversifying the OVS offer with ancillary and circular services (e.g. repair services)	Ongoing	Direct	Employees/ Customers
E5-RS01	E-A18	Increase in recycled materials, with priority given to synthetic fibres	Ongoing	Upstream/ Downstream	Suppliers / Employees
E5-RS01	E-A19	Use of reusable packaging for e-commerce	To be launched	Upstream/ Downstream	Suppliers/Employees/ Customers

The metrics used to measure progress and monitor targets are set out in this section and include those defined by ESRS.
Similarly, relevant and priority actions for OVS's business have been identified to achieve these targets. Targets and actions were determined based on an assessment of the downstream impacts of the supply chain, taking into account the possible leverage that OVS can apply, given that it does not manufacture clothing directly. For this reason, targets and actions mainly relate to planning product collections and related activities for sourcing materials[55]. Specifically, in relation to the circular economy, a number of specific actions are identified relating to product eco-design (E-A11, E-A16) and the implementation of circular services for customers (E-A17) to encourage the extended use of clothing.

E5-4 RESOURCE INFLOWS

The resources used by OVS along the upstream value chain mainly relate to raw materials used for the production of clothing and packaging for product transportation (hangers, polybags, boxes, etc.) and store fitting materials (window sheets, signage, etc.). This approach is consistent with the results of the double materiality assessment that have IRO relevance limited to housebrand clothing. Therefore data relating to materials used in cosmetics, home furnishings and third-party products representing less than 4% of total materials are excluded from this metric.
Please note that the following definitions have been used in relation to the data reported below:

- materials of natural origin[56]: raw materials of plant or animal origin that have not undergone industrial chemical processing (e.g. cotton, linen, wool, wood, etc.);
- materials of technical origin: raw materials of fossil origin (e.g. polyester, polyamide, etc.) or of natural origin that have undergone industrial chemical processing (e.g. viscose, paper and other materials of cellulose origin);
- materials of natural origin from a sustainable supply chain: raw materials of natural origin produced in accordance with higher sustainability standards (e.g. GOTS or OCS standards);
- recycled materials of natural or technical origin: raw materials certified as originating in whole or in part from recycling processes (e.g. in line with GRS or RCS standards);
- materials of technical origin with other certifications: raw materials of technical origin sourced from entities or suppliers that guarantee low impact transformation and processing processes (e.g. Viscosa from FSC certified cellulose, Tencel™, LivaEco™, etc.).

With regard to product-related materials, the indicator is calculated based on the average weight of each product, divided by the percentage of fibres indicated in the composition of each component of the garment and taking into account any certifications specified in the product data sheet[57].
With regard to packaging materials, the data was obtained by considering the weight of the various elements, which are mainly paper, cardboard and plastic. For POP materials, the weight of the materials was obtained from the suppliers.

55 Plans for collections and sourcing materials are guided by the Scope 3 decarbonisation plan.
56 Corresponding to "organic materials" defined in ESRS standard E5-4.
57 This calculation has an estimation error equivalent to the amount of waste along the supply chain, which will be included in the next report.

INFLOWS OF NATURAL AND TECHNICAL ORIGIN

	2024					
	Total	**% of total**	**Product related materials**	**% of total**	**Materials related to packaging or POP materials**	**% of total**
Materials of natural origin (tonnes)	26,258	57%	23,645	68 %	2,613	22%
Materials of technical origin (tonnes)	19,959	43 %	10,942	32%	9,017	78%
Total materials (tonnes)	**46,217**	**100%**	**34,587**	**100%**	**11,630**	**100%**
Natural materials from a sustainable supply chain (tonnes)	20,723	45%	20,723	60%	0	– %
Recycled materials of natural or technical origin (tonnes)	6,599	14%	3,143	9%	3,456	30%
Materials of technical origin with other certifications (tonnes)	1,114	2%	1,114	3%	0	– %
Total supply chain materials that are sustainable, recycled or otherwise certified	**28,436**	**62%**	**24,980**	**72%**	**3,456**	**30%**

For its textile production, OVS uses raw materials of natural origin, mainly cotton - which is the most used raw material - and of technical origin, such as polyester and polyamide.
Of the 23,019 tonnes of cotton used in the collection, 3% is recycled, 24% is organic certified (according to the GOTS or OCS standard) and 66% is sourced from farms that follow the Better Cotton standards. The remaining 7% is represented by other types of cotton that, although sourced from ethical supply chains, was excluded from the line "Materials of natural origin from a sustainable supply chain" category, as third-party certification has not been obtained (for example Italian cotton).
Polyester is the second most used raw material, representing 18% of total raw materials, and 36% of it is recycled (GRS or RCS certified).
Viscose and other materials of cellulose origin account for 5% of total raw materials, with 64% sourced from more sustainable sources[58] (FSC certified or from specific suppliers who certify their analysis of the material's life cycle).
Wool accounts for about 1% of total raw material supply and is 26% recycled (GRS or RCS certified).
Overall, therefore, 72% of the materials used in the Company's core business are sourced from a sustainable supply chain or recycled.
With regard to packaging, it should be noted that all polybags used for transport from the countries of production and plastic hangers are made with recycled materials. In addition, the Pontenure logistics centre runs a programme to recover boxes and pallets so that they can be reused.

E5-5 RESOURCE OUTFLOWS

Products and materials

The clothing sector currently makes little use of circular economy systems, although there is promising growth in technologies and initiatives. Textile products reach the end of their life for functional reasons (the product is damaged or worn out and is no longer fit for its intended use) or for emotional reasons (the

58 See definition of materials with other certifications.

garment is no longer liked or is no longer fashionable). OVS has worked over the years to improve the quality of its products and increase their functional durability, implementing physical and mechanical testing programmes to assess product resistance to washing, drying, abrasion, etc., which are shared with the suppliers involved in production. Furthermore, a process of stylistic simplification has been underway for some time, aiming to create timeless garments that, while incorporating contemporary design, are less sensitive to fashion trends and therefore have a longer life from an emotional point of view.

There is currently no specific indicator for product durability, but the development of a dedicated tool for this measurement is being assessed.

All OVS products can be repaired, depending on the nature of the damage and the consumer's willingness to deem the repair satisfactory for the continued use of the product. Replacement parts are supplied for many products (e.g. buttons or zip pulls).

The process of stylistic simplification has also made it possible to focus on materials with simpler compositions which are therefore easier to recycle at the end of their life.

77.5% of our items can be successfully sent for textile recycling at the end of their life cycle thanks to their single-material composition or compositions that are compatible with current recycling technologies.

21.3% of our items can be sent for recycling in other industrial sectors.

1% of our items can only be sent for energy recovery and 0.3% have no identifiable recovery channel.

This information is based on the Eco Valore[59] circularity index, which shows how recyclable a piece of clothing is on a scale from 1 to 10. During 2021, OVS worked with the University of Padua to refine its calculation methodology based on existing scientific standards and real-world considerations related to actual recoverability. The indicator considers the type of fibres used (i.e. cotton, polyester, wool), the number of different fibres in the composition and the number of components (i.e. front, back, padding).

The materials used for packaging are 100% recyclable.

Waste

The amount of waste produced in 2024, equal to 10,078.52 tonnes, was managed under an ISO 14001 certified system.

The information shown in the previous table was determined on the basis of final data of head office, part of the store network and on sites. Data on waste by category was extracted from forms provided by the private companies that manage waste collection and disposal, for stores that use municipal collection services, the waste quantities by category were estimated using an average per square metre.

NON-HAZARDOUS RESOURCE OUTFLOWS BY CATEGORY (TONNES)

	2024
Paper and cardboard	2,465.18
Mixed packaging	3,356.21
Plastic	2,057.46
Clothing	6.68
Wood	362.37
Toner	1.20
Metal - iron and steel	288.95
Non-hazardous batteries	0.39
Bulky waste	630.17
End-of-life equipment	23.71
Glass	10.56
Unsorted	247.49
Gas in pressurised containers	0.21
Other materials	45.28
Site waste	542.78
Total	**10,038.62**

59 Eco Valore is a set of indicators that describe the impact of products brought to market, using three values: CO_2 and water consumption during production and a circularity index that assesses the recyclability of the product at the end of its life.

HAZARDOUS RESOURCE OUTFLOWS BY CATEGORY (TONNES)

	2024
Hazardous batteries	0.30
Fluorescent tubes	2.88
Equipment containing CFCs	0.20
End-of-life equipment	5.16
Paints and varnishes containing organic solvents or other hazardous substances	0.01
Bio-waste containing hazardous substances	26.58
Absorbent filter materials	0.00
Packaging containing residues of hazardous substances	0.16
Other hazardous materials	2.15
Hazardous site waste	2.45
Total	**39.89**

METHODS OF DISPOSAL AND RECOVERY OF OUTGOING RESOURCES (TONNES)

	2024		
	Hazardous	**Non-hazardous**	**Total**
Recycling	35.37	8,894.65	8,930.02
Incineration (with energy recovery)	1.95	488.58	490.53
Incineration (without energy recovery)	2.35	590.28	592.63
Landfill	0.01	18.14	18.15
Total	**39.68**	**9,991.65**	**10,031.33**
Total waste not intended for disposal	**35.37**	**8,894.65**	**8,930.02**
Total waste intended for disposal	**4.31**	**1,097.00**	**1,101.31**
Total non-recycled waste	**4.31**	**1,097.00**	**1,101.31**
% non-recycled waste	11%	11%	11%

Waste data was obtained by reviewing disposal forms and, where unavailable, by using an estimate based on average waste production per square metre applied to the floor space of sites/sales outlets for which no direct data was available.

With regard to the methods used to dispose of the waste generated by the Group, 89% of the waste produced was sent for recycling, approximately 5% was sent for incineration with energy recovery. Approximately 6% is sent for thermal treatment and the remaining 0.18% goes to landfill. This information on disposal channels was obtained by reviewing a study conducted by a specialist company that analysed the distribution of waste across the various channels.

3. Social information

Social policies

The policies adopted by OVS that cover social issues are:

- [S-P01] Labour and Human Rights Policy
- [S-P02] Diversity, Equity and Inclusion Policy
- [S-P03] Hybrid Working and Smart Working Policy
- [S-P04] Performance Development and Evaluation Policy
- [PPP] Purchasing Practices Policy
- [CE] Code of Ethics [60]
- [CoC] Code of Conduct[61]

The impacts, risks and opportunities referred to in the above policies are the result of double materiality assessment, as described above (Ref. IRO-1).
The policies are updated periodically by the responsible departments and shared on the company intranet for the benefit of all employees. These are available on the group's corporate website. All Company Departments are periodically informed about policy updates.

[S-P01] LABOUR AND HUMAN RIGHTS POLICY

Reference IRO	Scope	Function responsible for implementation
S1-IP01, S1-RS02, S2-IN02, S2-IP01, S2-RS01, S2-RS02, S2-RS03, S2-RS04 (Ref. SBM-3)	Upstream/Direct (Ref. SBM-1)	Corporate Sustainability Function Human Resources and Organisation Department

The Policy sets out the basic principles of conduct that all group employees must follow[62], addressing human rights and labour rights, such as the right to health and safety, fair pay, reasonable working hours, protection from harassment, abuse and discrimination.

60 Although the Code of Ethics is a code and not strictly a policy, it is included in this section because it performs a similar function.
61 [COC] Code of Conduct in Environmental policies
62 In setting out these principles, a number of international frameworks were used as reference points, including the United Nations Universal Declaration of Human Rights, the conventions of the International Labour Organisation and the European Convention on Human Rights. This policy condemns child labour and forced labour.

[S- P02] DIVERSITY, EQUITY AND INCLUSION POLICY

Reference IRO	Scope	Function responsible for implementation
S1-IP01, S1-RS02, S1-RS01, S1-OP01, S4-IP01 (Ref. SBM-3)	Direct (ref. SBM-1)	Human Resources and Organisation Department

The policy sets out some general principles[63] that guide the company's activities and management with a view to protecting and promoting diversity. It also regulates the areas and methods of application in relation to remuneration policies, personnel selection, career development, training and welfare programmes, resource management and relationships with the affected communities.
The Diversity Equity and Inclusion policy is prepared with input from the Works Council for Diversity Equity and Inclusion.

[S-P03] HYBRID WORKING POLICY AND FLEXIBLE WORKING GUIDELINES

Reference IRO	Scope	Function responsible for implementation
S1-RS01 (Ref. SBM-3)	Direct (ref. SBM-1)	Human Resources and Organisation Department

This policy governs remote working. Smart working is a way of carrying out work that represents an opportunity for the company to improve the well-being of workers and increase their productivity. It also helps to reduce potential absences at work and, at the same time,the risk that inflexible working hours may lead to increased staff turnover.
The policy is written and updated by the Human Resources and Organisation Department and shared via the company intranet for the benefit of all employees.

[S-P04] PERFORMANCE DEVELOPMENT AND EVALUATION POLICY

Reference IRO	Scope	Function responsible for implementation
S1-RS01, S1-OP01 (Ref. SBM-3)	Direct (ref. SBM-1)	Human Resources and Organisation Department

63 In setting out these principles, the most recent versions of the following private sector standards and voluntary initiatives were used as reference points: United Nations Sustainable Development Goals; the 10 principles of the Global Compact; the Organisation for Economic Co-operation and Development (OECD) guidelines for multinational enterprises; the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; the DEI Observatory guidelines of the UN Global Compact Network Italy.

The policy sets out the rules by which individual objectives are agreed in the context of work activities and the assessment methods for quantifying results. The latter aims to enhance individual skills, improve the involvement of all employees in activities and raise awareness of company objectives.
The policy is written and updated by the Human Resources and Organisation Department and shared via the company intranet for the benefit of all employees.

[PPP] PURCHASING PRACTICES POLICY

Reference IRO	Scope	Function responsible
S2-IN01, S2-IN03, G1-RS01 (Ref. SBM-3)	Upstream (product suppliers) (Ref. SBM-1)	Management Operations, Sourcing, Buying and Merchandising

The Purchasing Practices Policy governs OVS's standards of conduct in building fair and just relationships with product suppliers[64]. Taking into account the dynamic nature of the business, which is subject to seasonal peaks, a number of rules have been established regarding order planning, supply costs and negotiation margins, payment terms and the system for collecting periodic feedback.
The Purchasing Practices Policy is updated by the Operations, Sourcing, Buying and Merchandising Department and shared via the company intranet for the benefit of all employees. This is available on the group's corporate website. All Company Departments are periodically informed about policy updates.

[CE] CODE OF ETHICS

Reference IRO	Scope	Function responsible for implementation
S2-IP02, S2-OP01, S2-RS03, S4-OP1, S4 - RS01, G1-OP01, G1-RS01 (Ref. SBM-3)	Upstream/Direct/Downstream	All corporate functions

64 The policies do not make explicit reference to international frameworks.

In its Code of Ethics, OVS identifies the ethical and behavioural principles that apply to all Group companies[65], highlighting the rights, duties and responsibilities of all those who, in any capacity, work for or collaborate with them (directors, statutory auditors, managers, employees, external contractors, commercial partners, suppliers and, more generally, any other person with whom there is contact). The Code of Ethics also reports OVS's commitment to preventing and combating active and passive corruption, sanctioning any corrupting behaviour (including, for example, the giving or promise of donations in money or other benefits, also in the form of gifts or benefits of any kind, hiring, etc.) in relationships with interlocutors or partners. In particular, any conduct involving the giving or promising of money or other benefits to any person belonging to other organisations is prohibited, even if such conduct could result in a direct or indirect advantage for the Company. In this regard, the company also condemns any corrupting behaviour aimed at obtaining from its interlocutors or partners any information relating to third parties or the disclosure of industrial and business secrets or in any case of confidential data or know-how. This commitment applies to both employees and third parties, through an appropriate disciplinary system and with the provision of specific "ethical" contractual clauses.
The Code of Ethics was adopted by resolution of the Board of Directors of the company on 27 October 2014 and subsequently updated by resolution of the Board of Directors, most recently on 20 September 2023.

ESRS S1 - OWN WORKFORCE

SBM-2 S1 INTERESTS AND VIEWS OF STAKEHOLDERS

OVS considers the needs of its employees when designing the corporate strategy and model by listening closely over time and through direct dialogue.
The relevance of issues related to its workforce is assessed annually through a dedicated survey sent to all employees.
The results of the survey are analysed by the Human Resources and Organisation Department to identify any priorities for intervention relating to positive or negative impacts, when planning activities and defining business strategies. Significant changes in risks or opportunities are shared with the Control, Risks and Sustainability Committee within the company's general Risk Assessment process.
Employee representatives have been informed of the IRO analysis (Ref. SBM-2 Interests and views of stakeholders).

SBM-3 S1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The OVS business model relies heavily on its workforce. More than 8,000 people, mainly employed at points of sale, work for the Group and represent the core of the business: for this reason all actions directed at the workforce are closely integrated into the corporate strategy.
The workforce mainly consists of personnel working at points of sale under permanent contracts, for whom the most significant impacts have been identified. Given its business model, OVS also uses fixed-term employment contracts to cover peak periods due to seasonality, and a significant number of workers who are not employees, hired through temporary employment agencies to cover extraordinary activities or temporary labour shortages.
The headquarters in Italy is home to Administration and Control, Human Resources and Organisation, Product Design, Marketing, Sourcing, Logistics, IT, Digital Business and other departments.
The workforce described above, including workers in foreign offices, represents all the workers for whom impacts, risks and opportunities have been assessed (ESRS 2 SBM-3). No negative impacts on the workforce resulting from climate transition plans were identified.
OVS does not carry out any direct operations that involve a risk of forced labour or child labour.
The results of the assessment of impacts, risks and opportunities referred to in paragraph SBM-3 are summarised below.

65 In setting out these principles, the Code of Ethics refers to private sector standards and international frameworks, including the United Nations Universal Declaration of Human Rights, the conventions of the International Labour Organisation and the European Convention on Human Rights. This policy condemns child labour and forced labour.

Summary of positive impacts

- Providing stable, fair (with low levels of gender pay gap) and diverse job opportunities with a breadth of roles and tasks covered by the various business functions.

Summary of risks

- Discrimination or failings in health and safety management at work can lead to penalties and reputational harm, as well as contributing to negative turnover
- Jobs that are not always compatible with a good work-life balance can lead to increased turnover and the loss of key skills

Opportunity Summary

- Attracting and retaining talent through the provision of an inclusive and fair working environment that ensures opportunity and growth for all.

S1-1 OWN WORKFORCE POLICIES

In relation to its own workforce, OVS adopts the policies described in the paragraph Social policies in line with the impacts, risks and opportunities considered material.
Specifically with regard to human rights, policies on Labour and Human Rights and on Diversity Equity and Inclusion adhere to the guiding principles of the United Nations. The Labour and Human Rights policy also refers to ILO and OSCE guidelines. OVS does not tolerate any form of forced labour or child labour.
OVS has adopted an occupational safety management system that includes a series of activities designed to monitor the safety of workers and reduce the risk, identified among those considered significant, of accidents involving non-compliance with safety regulations.
The group has adopted a Diversity, Equity and Inclusion policy aimed at reducing the risk of harassment and discrimination based on various forms of diversity, such as age, gender identity, sexual and emotional orientation, religious and political beliefs, ethnicity and cultural background, physical and intellectual disabilities, and psychological and social fragility. Any non-compliance with the policy can be reported to the email sustainability@ovs.it.
The company has not yet made any policy commitments on inclusion issues.

S1-2 PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

In the process of assessing and defining material, actual and potential impacts, employees were involved by being asked to complete a questionnaire, shared annually, in which they were asked to rate the importance of sustainability issues (corresponding to the ESRS principles) using a score from 1 (can wait) to 3 (act now).
The survey is sent directly to all employees by Human Resources. The company intranet has a section open to all employees where they can send suggestions, opinions and ideas on inclusion and sustainability issues.
Employee representatives were involved in the approval stage of assessing material, actual and potential impacts on the workforce.
Employees' needs are recorded and mapped during one-to-one performance reviews, which the department manager conducts annually with their team.

S1-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS

No significant negative impacts on consumers and end-users have been identified following the double materiality assessment. However, the company provides channels for raising concerns, which are also open to consumers and end-users[66].

S1-4 AND S1-5 ACTION AND TARGETS RELATED TO OWN WORKFORCE

In its 2024-2026 Strategic Sustainability Plan, OVS defined objectives to improve the working conditions of its employees and to promote their growth and satisfaction.

66 For more information see S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

IRO	Target	Target Description	Baseline[67]	2024 Results[68]	Scope
S1-IP01	S-T01	100% of people from level 3 to senior management to receive performance reviews by 2026	2024	S1-13 [69]	Direct
S1-IP01 S1-RS02 S1-OP01	S-T02	Obtain UNI PDR 125 certification by 2026	2024	Drafting the DEI Policy Establishment of DEI Committee	Direct
S1-RS02	S-T03	Define guidelines for managing vulnerable individuals and ensure reasonable accommodations are in place by 2026	N/A	To be launched	Direct
S1-RS02	S-T04	Implementation of a system to monitor the satisfaction and well-being of OVS employees by 2026	N/A	To be launched	Direct
S1-RS01	S-T05	Ensure all stores in the sales network can choose the organisational model (NOL or MOA) best suited to them by 2026	2023	Pilot phase completed, project roll out underway	Direct

Similarly, relevant and priority actions for OVS's business have been identified to achieve these targets. The timeframes for action implementation are in line with the targets set out in the table above, with the exception of ongoing actions, for which no completion date has been set. No significant resources have been allocated to impact management.

67 Where the target baseline year is 2024, the baseline value is that of the 2024 result. In other cases, the value is indicated in the comments for the relevant metric.

68 The results achieved during the reference period are reported with reference to the metric, if applicable, or through summary data.

69 For the current year, the data collected (S1-13) does not include a breakdown by contract level. Next year's report will provide further details on monitoring these objectives correctly.

IRO	Action	Action Description	Status	Scope	Interested stakeholders
S1-IP01	S-A01	Performance review programmes guaranteed for all roles from level 3 to senior management	Ongoing	Direct	Employees
S1-IP01	S-A02	Annual salary reviews with assessment of gender pay gaps within each function	Ongoing	Direct	Employees
S1-IP01	S-A03	Continued development programmes include refresher courses for all employees on digital skills, soft skills in leadership, teamwork and communication. Product training courses developed specifically for the sales network	Ongoing	Direct	Employees
S1-RS02 S1-OP01	S-A04	Development of a DEI Plan and definition of actions necessary to obtain certification	To be launched	Direct	Employees, local communities
S1-RS02	S-A05	Reasonable accommodation to identify the correct employment position based on health status	To be launched	Direct	Employees
S1-RS01	S-A06	Formalisation of Smart Working	Ongoing	Direct	Employees
S1-RS01	S-A07	Extension of the offer of a new organisational model for store employees (NOL - New Work Organisation) to be joined on a voluntary basis	Ongoing	Direct	Employees
S1-OP01	S-A08	Welcome project for the professional integration of refugees and beneficiaries of international protection residing in Italy	Ongoing	Direct	Employees, local communities

Action planning and target setting are based on assessments that take into account not only the double materiality assessment but also feedback gathered during annual performance reviews (with managers and HR) as part of the individual needs assessment process.
The metrics used to measure progress and monitor targets are set out in this section and include those defined by ESRS.

S1-6 CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

The OVS Group has 8,532 employees[70] worldwide, with a clear predominance of women, which is in line with the sector. The workforce is spread across ten countries: Italy, Croatia, Serbia, Spain, France, China, Bangladesh, India, Turkey and Pakistan. The workers at headquarters and those in the Italian sales network represent the majority of the workforce.

NUMBER OF EMPLOYEES BY GENDER (ITALY)

Gender	Number of employees (number of people)[71]
Women	6,419
Men	1,685
Total employees	8,104

Most of the workforce are workers on permanent contracts. The types of activities of OVS's network of stores require a flexible operating model with extensive use of part-time working. In 2024, as in previous years, the Group also employed 1,379 temporary workers.

NUMBER OF TEMPORARY/PERMANENT EMPLOYEES BY GENDER

	2024	
Women	Men	Total
Number of fixed-term employees		
1,136	243	1,379
Number of permanent employees		
5,527	1,626	7,153[72]
Number of full-time employees		
4,284	1,801	6,085
Number of part-time employees		
2,379	68	2,447
Number of employees with variable hours		
0	0	0

In 2024, the OVS Group's[73] employee turnover rate was 11%.

OVERALL EMPLOYEES TURNOVER

	2024	
Women	Men	Total
Number of employees leaving		
724	246	970
% employees leaving		
11 %	13 %	11 %

Looking only at permanent employees who left the company in the 2024 financial year, the employee turnover rate falls to 5%.

70 The figures below refer to the number of OVS Group employees at 31 January 2025, as recorded in the company's employee register.

71 The figures below refer to the number of people with an employment contract with OVS Italia at 31 January 2025, as recorded in the company's employee register.

72 Figure at 31 January 2025, as stated in the Consolidated Financial Report. The Consolidated Financial Report also includes the average number of permanent employees across the group, which is not relevant for this SR.

73 The turnover rate is calculated by comparing the number of employees who left the company voluntarily, due to dismissal, retirement or death in service, with the total number of permanent employees.

S1- 7 CHARACTERISTICS OF NON-EMPLOYEES IN THE UNDERTAKING'S OWN WORKFORCE

OVS employs agency staff on temporary contracts to cover sales roles in stores and, to a lesser extent, staff roles at its offices. In 2024, the total number of workers not employed by OVS was 1,083, of whom 935 were women and 148 were men[74].

S1-8 COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

99%[75] of the Group's employees are covered by collective agreements.

The working conditions of OVS Spa Italia employees are regulated by the National Collective Labour Agreement for Modern Organised Distribution (CCNL DMO), signed by Federdistribuzione with Filcams - CGIL, Fiscascat - CISL, UILTuCS-UIL and UGL. OVS also applies a second-level agreement (supplementary company contract) drawn up with the main national trade unions representing employees on a company level, strengthening the exercise of trade union freedoms for its employees.

The National Collective Agreement and the supplementary company contract signed by the parties regulate both the rights of all employees and the procedures for establishing their representation in the workplace (RSU/RSA/Company Delegates).

As a result of the agreements entered into, which led the parties to sign the supplementary company agreement, the right to workers representation has been extended to operating units with up to 15 employees, where the trade union representative may be appointed jointly by the trade unions that signed the agreement, a "National Coordination Committee" has been set up composed of trade union representatives from the various units, with the company covering the cost of a set number of hours of trade union leave per year, and joint committees have been set up to deal with specific issues.

The working conditions set out in the National Collective Labour Agreement also apply to workers who are not employees.

	Coverage of collective bargaining	Social dialogue
Coverage ratio	**Employees - EEA**	**Representation in the workplace (EEA only)**
0-19%		Italy - Headquarters
20-39%		Italy - Sales Network
40-59%		
60-79%		
80-100%	Italy	

S1-9 DIVERSITY METRICS

Gender distribution in senior management is skewed towards men. Top management is seen here as reporting directly to the Chief Executive Officer. For greater clarity in reading the indicator, the gender distribution for other management positions is also reported.

GENDER DISTRIBUTION OF SENIOR MANAGEMENT MEMBERS

2024	
Women	**Men**
Top Management	
2	7
% distribution by gender of top management	
22%	78%
Managers	
16	64
% distribution by gender of Management	
20%	80%

74 The figures shown refer to the number of people who worked for OVS under an agency contract between 1 February 2024 and 31 January 2025 within the OVS group, as recorded in the payroll.

75 The percentage is the average of the entire reporting scope. Data relating to OVS S.p.A. are entered into the data collection platform by the Human Resources Department. For subsidiaries in Hong Kong, India, Croatia, Serbia and Spain the data was provided by the HR managers of each office through the data collection platform who checked the existence of a national collective agreement. In the European Economic Area, all workers are covered by national contracts. Outside the EEA, OVS employees in Pakistan, India and China are not covered by collective agreements, in line with local legislation.

EMPLOYEES DISTRIBUTION BY AGE BRACKET

	2024	
Women	Men	Total
30 or less		
1,287	327	1,614
30-50		
3,878	1,094	4,972
> 50		
1,498	448	1,946

S1-10 ADEQUATE WAGES

All OVS Group employees receive adequate wages, which are determined, for OVS Italia employees, based on compliance with the provisions of the National Collective Labour Agreement for Modern Organised Distribution (CCNL DMO). All employees in foreign companies are guaranteed a salary in line with local market rates[76].

S1-11 SOCIAL PROTECTION

All employees of the OVS Group are covered by social protection (sickness, unemployment as soon as the employee starts working for the company, accidents at work and acquired disabilities, parental leave and retirement), in accordance with individual country regulations[77]. In Croatia, Serbia, Spain and Turkey the cover includes sickness, unemployment as soon as the employee starts working for the company, accidents at work and acquired disabilities, parental leave and retirement.
Parental leave is not recognised in Bangladesh. In India, there is no coverage for sickness, unemployment or paternity leave. China covers sickness, unemployment, accidents, parental leave and retirement. Under Hong Kong legislation, there is no cover for unemployment or retirement.

S1-12 PERSONS WITH DISABILITIES

Most of the OVS workforce consists of staff working in stores, carrying out tasks that are not always compatible with disabilities. The percentage of employees of the OVS Group with disabilities[78] is 3% (3% of women and 3% of men). The shortfall is covered by programme agreements entered into with individual municipalities and work orders pursuant to Article 14 of Legislative Decree no. 276/2003.

S1-13 TRAINING AND SKILLS DEVELOPMENT METRICS

To facilitate staff development, a structured performance management system has been implemented to periodically appraise work performance by means of formal meetings with managers to analyse to what extent employees have achieved the targets set and progressed on their career development path. Generally, OVS's performance management provides for periodic formal meetings with managers, individual or group appraisals and observations on the ground by line managers or HR personnel. In 2024, 21% of employees participated in performance reviews [79] (15% of women and 44% of men). All employees included in performance management participated in the appraisal process.
The average number of training hours[80] per employee is 25.03. In 2024 it was 23.04 for female employees in and 32.14 for men.

76 For all companies in the consolidated accounting group and companies over which operational control is exercised, the data were provided by the Human Resources managers of each office, who periodically analyse the pay conditions of OVS employees using an approach structured as follows: compliance with OVS Employment and Human Rights Policy, comparison of the company's wages with those of companies in the same sector operating in the same country, assessment against the Global Living Wage Coalition standards and collection of employee feedback.

77 In Italy, coverage is in line with the provisions of the National Collective Labour Agreement for Modern Organised Distribution (CCNL DMO) and covers all aspects required by the ESRS. For all companies in the consolidated accounting group and the companies over which operational control is exercised, the data were provided through communication from the Human Resources managers who verified that the contracts entered into with workers complied with the regulations of the relevant country.

78 The data comes from the disability report submitted annually by the Human Resources and Organisation Department to the Ministry of Labour in relation to OVS Spa and from reports provided by managers of foreign offices. Persons with disabilities are defined as persons with a physical, mental, intellectual or sensory impairment recognised by a special medical committee.

79 The data is obtained from reports managed by the Human Resources and Organisation Department.

80 The data is obtained from reports on training sessions managed by the Human Resources and Organisation Department.

S1-14 HEALTH AND SAFETY METRICS

100% of OVS workers[81] are covered by a health and safety management system in line with the regulations of each country in which the company operates[82].

NUMBER OF WORK-RELATED INJURIES

2024	
Type of incident	**No.**
Work-related injuries	82
Occupational diseases	1
Deaths due to injury and related diseases at work	0
Accident frequency index (no. of accidents X 1,000,000/no. of hours worked)	6.7
Type of days lost	
No. of days lost due to accidents	2,002
No. of days lost due to occupational diseases	0

In 2024, 2,002 days were lost for accidents and 0 for occupational diseases.

S1-15 WORK LIFE BALANCE METRICS

Parental leave is recognised for all employees of OVS Italia. The recognition of this right is regulated by the National Collective Labour Agreement for Modern Organised Distribution CCNL DMO. In other countries, this right is recognised for all employees, in accordance with country specific regulations[83].

EMPLOYEES WHO ARE ENTITLED TO AND HAVE TAKEN PARENTAL LEAVE BY GENDER

2024		
Women	**Men**	**Total**
% employees entitled to parental leave		
100%	93%	98%
% employees who took parental leave		
13%	2%	10%

The reporting standard requires the percentage of those who have taken leave to be indicated, calculated based on the total number of employees with the right to do so. It is important to note that the denominator includes all persons to whom the law or employment contract accords this right, regardless of whether they are actually in a position – such as pregnancy, disability or other situations provided for by law – that allows them to actually exercise this right.
Within the scope of OVS Spa, 211 employees exercised their right to claim parental leave, of whom 32 were men and 179 were women. Of these, 5 men (16%) and 134 women (75%) actually took such leave.

S1-16 REMUNERATION METRICS

The analysis of remuneration differences within the OVS Group must take into account the different workforce composition of the group companies that, in some cases, do not have a sufficient number of employees to make the data statistically significant.
We therefore carried out a more[84] detailed analysis of OVS SpA, which accounts for over 90% of the total workforce. We identified the pay differences in the company shown in the tables below, providing an overview of both head office and store roles.

81 Information is also be provided for workers operating on company sites, such as value chain workers if operating on company sites.
82 The data reported is extracted from the payroll and attendance records. This information is also sent monthly to the INAIL (National Institute for Insurance against Accidents at Work) for OVS S.p.A. workers.
83 In Bangladesh, the right to parental leave is not recognised by law and in India it is only recognised for women.
84 The analysis was carried out using the methodology specified by the ESRS.

OVS S.P.A. GENDER PAY GAP - OFFICE ROLES

Role	Gender pay gap
Top Management	2%
Managers	6%
Executives	1%
1st level employees	7%
2nd level employees	2%
3rd level employees	(2)%
4th level employees	0%
5th level employees	__ %

As can be seen from the table above, the gender pay gap for head office roles is very limited and below market parameters. The analysis would require further investigation to explore differences for the same actual roles, as there are a variety of different roles at the company's headquarters that are linked to the availability of resources on the market and also widely varying salaries. In the coming financial year, as the Company is preparing for UNI/PdR 125:2022 gender equality certification, the assessment methodology may be reviewed to provide further details.

OVS S.P.A. GENDER PAY GAP - STORE ROLES

Role	Gender pay gap
Store manager - Less than 5 years seniority	(1) %
Store manager - Between 5 to 10 years seniority	4 %
Store manager - Over 10 years seniority	15 %
Other store roles	3 %

In store roles, the highest gender pay gap was found in store manager roles for employees with more than 10 years' service. This circumstance is a consequence of the socio-cultural context in which the company operates, where this indicator has only recently started to be accorded the importance it deserves. The fact that the pay gap narrows and disappears among employees with a shorter length of service in the company is clear evidence of the implementation of pay policies and career paths that are proactively geared towards ensuring equal opportunities.

The gender pay gap within the OVS Group, calculated in accordance with the standard by comparing the average hourly pay of female employees with that of male employees, without any distinction based on role, country, length of service or other factors, is 19.4%[85]. However, this figure is not particularly representative as it is affected by currency and organisational differences between the various companies in the group and does not adequately reflect differences in terms of length of service in the role or specific nature of the roles.

The ratio between the total annual remuneration of the highest-paid employee and the median total annual remuneration of all employees is 172.86.

S1-17 INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

During the reporting period, there were 3 reports[86] of possible incidents of discrimination[87]. The cases were handled and considered closed. No complaints were recorded and the total amount of fines was 0. No serious human rights incidents were recorded during the year; therefore, the amount of fines, penalties and compensation for damages was 0.

85 The figure was calculated as follows: the ratio, expressed as a percentage, between the difference between the gross hourly wages of male employees and the gross hourly wages of female employees and the gross hourly wages of male employees. Gross hourly wages were weighted by the number of employees per country.

86 The cases of discrimination referred to in this paragraph were reported to the Legal Department via email.

87 Incidents of work-related discrimination were considered to be those based on gender, race or ethnic origin, nationality, religion or personal beliefs, disability, age, sexual orientation or other relevant forms of discrimination that affected the workforce during the reporting period.

ESRS S2 - WORKERS IN THE VALUE CHAIN

SBM-2 S2 INTERESTS AND VIEWS OF STAKEHOLDERS

OVS relies on a global network of product suppliers with whom it has built relationships over decades. Maintaining a stable supply chain and ensuring the quality of products placed on the market are key to business success. For this reason, OVS considers the needs of workers in the value chain through a continuous monitoring programme of all Tier one suppliers. Thanks to its participation in the multi-stakeholder Cascale initiative, OVS has access to tools such as the Higg FEM and Higg FSLM, used to track the environmental and social performance of suppliers. The list of product suppliers is assessed and reviewed seasonally and social performance indicators are included in the assessment.

SBM-3 S2 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The analysis conducted for the 2024 financial year identified negative and positive impacts affecting workers in the value chain. Actual and potential impacts and risks are directly linked to the structure of the value chain[88], starting from the production sources of the clothing, sold through the sales network, to the franchising stores, including logistics infrastructure, and involving various types of workers, who are not part of their own workforce:

- all workers in the upstream value chain, such as the supply of raw materials and the transformation into semi-finished products for textile production;
- workers at factories producing, assembling and packaging finished products;
- workers involved in downstream and upstream logistics;
- workers in the sales outlets of the franchising network.

The results of the assessment of impacts, risks and opportunities referred to in paragraph SBM-3 are summarised below. Significant negative impacts are directly influenced by the socio-economic context in which the company operates.

Identifying these IROs facilitates the adaptation of the strategy and business model to address them effectively.

Summary of negative impacts

- The seasonal nature of OVS business leads to production peaks during the year that can increase the use of overtime that could potentially be unregulated, violating international conventions on the matter.
- Some production areas are located in countries that do not guarantee full freedom of association and effective collective bargaining. Consequently, it is recognised that there is a potential negative impact on fair remuneration of the workforce due to the political and socio-economic contexts of the countries where production takes place, both in terms of alignment with the living wage and in terms of gender or other forms of discrimination.
- Business dynamism can generate turnover in the supplier base, potentially creating instability for workers in the value chain and a reduced ability to protect under-represented categories.

Summary of positive impacts

- Through stable and long-term relationships and open dialogue with the social partners, OVS contributes to building more favourable working conditions for workers, also representing a lever for change in raising awareness on the issues of violence and harassment at work, as well as on workers' rights such as freedom of association in factories.
- By participating in multi-stakeholder initiatives, OVS contributes to improved health and safety in the workplace.

Summary of risks

- A wage adjustment due to inflation or living wage alignment if not properly planned and that is not supported by better productivity generates higher production costs, resulting in lower margins.
- Failure to offer tools to improve work-life balance, and to adequately train workers of suppliers and franchise stores, could increase turnover and affect product quality and sales service.
- Accidents at work, tensions with suppliers and potential strikes due to poorly managed social dialogue can impact the continuity of production operations.
- Inadequate attention to workers' rights may lead to an increase in workforce turnover, with a consequent impact on the quality of the product/service and possible reputational damage.

88 For a more detailed description of the value chain, please refer to SBM-1 Business model and value chain.

Opportunity Summary
- Supporting projects to improve working conditions by verifying compliance with the Code of Conduct can contribute to more stable employment in the supply chain, resulting in a more specialised workforce and returns in terms of quality and efficiency.

S2-1 POLICIES RELATED TO VALUE CHAIN WORKERS

With regard to workers in the value chain, among the policies described above[89], OVS adopts the Labour and Human Rights Policy [S-PO1], the Purchasing Practices Policy [PPP], the Code of Ethics [CE] and the Code of Conduct [CoC].
Specifically with regard to human rights, policies on Labour and Human Rights adhere to the guiding principles of the United Nations. The Labour and Human Rights policy also refers to ILO and OSCE guidelines. OVS does not tolerate any form of forced labour or child labour.
OVS regularly conducts in-depth audit activities, however, these activities are mainly focused on OVS suppliers with whom it has continuous collaboration and who are related to its core business, where the most significant risks lie. Although marginal to OVS's core business, the company nevertheless uses the aforementioned tools in relation to economic activities assessed for the purposes of the Taxonomy. However, due diligence activities related to the protection of human rights and workers' rights by companies involved in the supply chain were conducted in a manner consistent with a low risk assessment. OVS has therefore requested and analysed a number of documents produced by suppliers and/or certified by third parties, which demonstrate the effective management of activities potentially exposed to the risk of violations of human and workers' rights, and has positively assessed the measures implemented by companies involved as suppliers.

S2-2 PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

The process of involving workers in the value chain is carried out through the managers of the garment manufacturing factories for workers in the supply chain, who annually complete the Higg FEM and Higg FSLM modules available on Worldly[90], after receiving training on how to use the tool, and through a questionnaire to determine the materiality of sustainability issues. Within the Social Module (FSLM), there are specific questions to gather information on the presence and working conditions of people belonging to the most vulnerable categories, with particular reference to female workers who make up the majority of the workforce in factories. The managers of the franchising stores are involved annually in completing the same questionnaire, with the aim of identifying the most material issues for preparing the Sustainability Report[91]. The Operations, Sourcing, Buying and Merchandising Department is responsible for ensuring that engagement activities take place periodically and for disseminating the results of the questionnaires.

Adherence to international initiatives

OVS is one of the signatories of the "Accord on Fire and Building Safety" programme, a legally binding agreement between the brands, manufacturers and the main trade unions operating in Bangladesh, promoted internationally by the OECD after the Rana Plaza tragedy. Accord was created with the aim of improving working conditions through the factory inspections and safety measures. Another important achievement was the extension of Accord's validity to Pakistan.
In 2023, OVS also joined the EIS pilot programme managed by the ILO (International Labour Organization) to establish a system for insurance against accidents at work.

89 See Social policies
90 Worldly is a platform that provides tools for environmental and social monitoring of suppliers, accessible to Cascale members. For further details on OVS involvement in Cascale, see G1-2 Management of relationships with suppliers.
91 For further details on the processes for involving workers in the supply chain in the impact identification process, please refer to [SBM-2] Interests and views of stakeholders and the assessment process and [IRO-1] Description of the process to identify and assess material impacts, risks and opportunities.

S2-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

OVS uses reporting tools implemented in Model 231, such as the whistleblowing system and a dedicated email address, providing individuals or legal entities affected by a negative impact (or who have reasonable grounds to believe they may be affected) and their legitimate representatives, trade unions, employee representatives and civil society organisations the opportunity to report any breaches safely and anonymously.

OVS provides two channels for reporting breaches and complaints:

- A dedicated email box (sustainability@ovs.it), provided in the Code of Conduct and accessible via posters displayed in suppliers' factories and on the OVS website in the main languages of the countries in which it operates;
- An online whistleblowing system, available on the OVS website, which sends reports directly to the Supervisory Board, ensuring confidentiality, anonymity and compliance.

OVS has corrective action plans in place for negative impacts generated by suppliers or sub-suppliers in which OVS is not directly involved, but of which it becomes aware.

Corrective action plans are agreed between OVS and suppliers, taking due account of the classification of the impacts identified. All corrective action plans include deadlines that are consistent with the severity of the impact and determined based on the practical feasibility of carrying out the measures within the timeframe agreed with the supplier. In addition, qualitative and quantitative indicators are defined to measure progress in remedying the negative impacts identified.

OVS corrective action plans are structured as follows:

- Identification of specific actions to address the causes;
- Identification of the personnel necessary to implement the corrective plan;
- Identification of specific KPIs to monitor the implementation of the corrective measures;
- Clear allocation of responsibilities and timing.

OVS ensures that all workers in the value chain are aware of the Code of Conduct signed by the factory manager and that it contains information on the channels available for reporting non-compliance with the code.

S2-4 AND S2-5 ACTIONS AND OBJECTIVES RELATING TO WORKERS IN THE VALUE CHAIN

In its 2024-2026 Strategic Sustainability Plan, OVS defined objectives to improve working conditions in the value chain, with a particular focus on suppliers in countries with the highest production volumes.

IRO	Target	Target Description	Baseline[92]	2024 Results[93]	Scope
S2-IN01 S2-IN02 S2-IP01 S2-IP02 S2-RS04	S-T07	Extend monitoring with FEM and FLSM modules to Tier 2 and Tier 3 by 2026	N/A	To be launched	Upstream
S2-IN01 S2-RS02	S-T08	Start supplier satisfaction monitoring by 2026	N/A	To be launched	Upstream
S2-IN02 S2-IP01 S2-RS01 S2-RS04	S-T09	80% of the production volume covered by suppliers that adopt systems of democratically elected worker representation in factories, thus laying the foundations for a collective bargaining system and progressive alignment with the living wage by 2025	2024	62 %[94]	Upstream
S2-IP02 S2-RS03	S-T10	Maintain active partnerships in production countries and continuously monitor the progress made by factories in the supply chain by 2025	N/A	To be launched	Upstream
S2-OP01	S-T11	Launch of the supplier reward process with improved social performance by 2026	2024	Study started for supplier scorecard	Upstream
S2-RS04	S-T12	Incorporate sustainability aspects into franchisee partnership assessments by 2026	N/A	To be launched	Direct/Downstream

92 Where the target baseline year is 2024, the baseline value is that of the 2024 result. In other cases, the value is indicated in the comments for the relevant metric.

93 The results achieved during the reference period are reported with reference to the metric, if applicable, or through summary data.

94 Entity-specific metric - Calculation method: The figure is calculated as a percentage of the volume of production, as recorded on corporate systems, produced by Tier 1 suppliers active in FY 2024, who confirmed they have a system of democratically elected worker representation, by completing the approved Higg FSLM module.

Similarly, relevant and priority actions for OVS's business have been identified to achieve these targets. The timeframes for action implementation are in line with the targets set out in the table above, with the exception of ongoing actions, for which no completion date has been set.

IRO	Action	Action Description	Status	Scope	Interested stakeholders
S2-IN01 S2-IN03	S-A10	Sharing accurate production forecasts with suppliers well in advance of formal order placement	Ongoing	Upstream	Suppliers, Employees
S2-IN01 S2-IN02 S2-IP01 S2-IP02 S2-RS02 S2-RS04	S-A11	Programme of monitoring and involvement of all the suppliers through the Higg platform and the completion of the FSLM module (social)	Ongoing	Upstream	Suppliers, Employees, Industry coalition
S2-IN02 S2-IP01	S-A12	Training, support and monitoring activities at the factories in the supply chain	To be launched	Upstream	Suppliers, Employees, Industry coalition, Local communities (production countries)
S2-IN03	S-A13	Share any cancellations or changes to purchase orders with suppliers with reasonable notice	Ongoing	Upstream	Suppliers/ Local communities (production countries)
S2-IP01	S-A14	Extension of reporting and complaint mechanisms for factory workers in a direct and anonymous manner	To be launched	Upstream	Suppliers/ Local communities (production countries)
S2-IP02 S2-RS03	S-A15	Participation in international programmes for the protection of workers' safety in factories and participation in multi-stakeholder round tables in the industry	Ongoing	Upstream	Suppliers/ Local communities (production countries)
S2-OP01	S-A16	Establishing a rating system that rewards suppliers with improved social performance	Ongoing	Upstream	Suppliers/Employees
S2-RS01	S-A17	Annual mapping of wages paid in the supply chain and comparison to country benchmarks	Ongoing	Upstream	Suppliers/ Local communities (production countries)
S2-RS04	S-A18	Identification of selection and evaluation criteria of downstream partners in the chain	To be launched	Downstream	Franchisees

The actions and objectives identified are the result of an evaluation process that combines the materiality of impacts with the system for monitoring environmental and social performance of suppliers using Higg FEM and FSLM modules. Once these objectives are achieved, OVS will undertake to involve factory workers more directly in order to assess the effectiveness of the initiatives. As OVS does not have any direct production sites, it can intervene by promoting change processes within the factories, starting with support activities to ensure worker representation systems in the workplace as levers for acquiring greater rights.
Actions planned to address the negative impacts on the value chain require the allocation of a budget for Cascale membership and the corresponding use of the platform for monitoring tools.
No serious human rights issues or incidents related to workers in the value chain were recorded during the reporting year.

S2 - ENTITY SPECIFIC METRICS - PERCENTAGE OF PRODUCTION VOLUME COVERED BY SUPPLIERS THAT ADOPT SYSTEMS OF DEMOCRATICALLY ELECTED WORKER REPRESENTATION IN FACTORIES

40% of OVS's production volume in 2024 is covered by Tier 1 suppliers that adopt a system of democratically elected worker representation at the garment production plants.
The figure is calculated as a percentage of the Tier 1 production volume of suppliers active in 2024, as recorded on corporate systems, who stated they have a third-party verified system of democratically elected worker representation, by completing the approved Higg FSLM module.

ESRS S4 - CONSUMERS AND END-USERS

SBM-2 S4 INTERESTS AND VIEWS OF STAKEHOLDERS

The OVS business model requires constant dialogue with consumers and end-users of the products placed on the market through its network of stores (directly owned and franchised) and e-commerce. These individuals are frequently consulted by the company, through periodic surveys and thematic focus groups, to shape business strategies in both the design of clothing collections and sales and marketing strategies. The company periodically includes specific questions on sustainability issues in customer surveys.

SBM-3 S4 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The end-users of OVS products are customers that purchase from the stores of the Group's brands, which together constitute a sales network throughout Italy, with a strong presence in some European countries, including Spain, Germany, Serbia and Croatia. Through the sales network and its brands, and with a wide range of affordable products, OVS reaches more than 13 million customers every year, of which the majority are families and children.
None of the products placed on the market by OVS are inherently harmful to people, based on the information provided on the label of each item, which specifies the composition and correct care instructions for the garment. Any negative impacts may be related to individual incidents, such as a defect in a product placed on the market.
In accordance with Article 13 of Regulation (EU) 2016/679, the policy on the management of customer personal data provides information on the personal data collected when using the website or visiting one of the stores to make purchases. It can be viewed on the websites of the brands and on the group website.
The results of the assessment of impacts, risks and opportunities referred to in paragraph SBM-3 are summarised below.

Summary of positive impacts

- OVS is an accessible brand and its customer communications conveys the values of inclusivity and democracy, allowing everyone to express themselves through their choice of brand (e.g. models for advertising campaigns or corporate communications).

Opportunity Summary

- Thanks to transparent communication and a wide product range, OVS builds consumer trust and loyalty, while also attracting segments interested in specific product categories

Summary of risks

- The use of sustainability-related topics without a solid foundation may result in penalties and legal disputes.
- Possible shortcomings in the design of sales channels (stores and websites) could result in costs for compliance with accessibility rules.

S4-1 POLICIES RELATED TO CONSUMERS AND END-USERS

The Code of Ethics[95] sets out all the principles aimed at protecting the consumer, specifically condemning all forms of human rights violations, committing to providing clear and transparent information, and offering safe and increasingly sustainable products, ensuring respect for our customers' privacy at all levels. The Diversity, Equity and Inclusion policy[96], while aimed at OVS's internal and external employees, also aims to strengthen OVS's actions toward the communities in which it operates. Its areas of application also include marketing campaigns or collaborative projects for the development of product collections, through which it promotes an inclusive culture that values diversity to consumers and end-users.

S4-2 PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

In the process of assessing and defining material, actual and potential impacts, consumers were involved by being asked to complete a questionnaire in which they were asked to rate the importance of sustainability issues (corresponding to the ESRS principles) using a score from 1 (can wait) to 3 (act now) [97].

The survey, prepared by the Corporate Sustainability department, is sent directly to a selected panel of consumers by the CRM - Customer Relationship Management department. This department is responsible for ensuring the effectiveness of the tool used and reporting the results to the Sales Departments and to the Operations, Sourcing, Buying and Merchandising Department to guide strategy.

S4-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

No significant negative impacts on consumers and end-users have been identified following the double materiality assessment. However, the company provides channels for raising concerns, which are also open to Consumers and end-users [98].

95 For further information, see the CE Code of Ethics referred to in the Social policies section.

96 See Social policies.

97 For further details on the processes for involving workers in the supply chain in the impact identification process, please refer to [SBM-2] Interests and views of stakeholders and the assessment process and [IRO-1] Description of the process to identify and assess material impacts, risks and opportunities.

98 For more information see S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

S4-4 S4-5 ACTIONS AND OBJECTIVES RELATING TO CONSUMERS AND END-USERS

In its 2024-2026 Strategic Sustainability Plan, OVS defined objectives to ensure transparent and fair communication with its customers and to respond to the needs and demands of the current and future market.

IRO	Target	Target Description	Baseline[99]	2024 Results[100]	Scope
S4-OP1 S4-RS01	S-T13	Digital passport for each product for sale with information on the value chain by 2026	N/A	To be launched	Downstream
S4-OP1 S4-RS01	S-T14	Increase in % of certified products by 2030	2024	E5-4	Direct/ Downstream
S4-RS02	S-T15	All stores to have an accessibility profile by 2026	N/A	To be launched	Direct

Similarly, relevant and priority actions for OVS's business have been identified to achieve these targets. The timeframes for action implementation are in line with the targets set out in the table above, with the exception of ongoing actions, for which no completion date has been set.

99 Where the target baseline year is 2024, the baseline value is that of the 2024 result. In other cases, the value is indicated in the comments for the relevant metric.

100 The results achieved during the reference period are reported with reference to the metric, if applicable, or through summary data.

IRO	Action	Action Description	Status	Scope	Interested stakeholders
S4-IP01	S-A19	Create campaigns that convey the brand's values of accessibility and democracy	Ongoing	Downstream	Customers/Local Community (Italy)
S4-OP1 S4-RS01	S-A20	Integration of Eco Valore index	Ongoing	Direct	Customers/Local Community (Italy)
S4-OP1 S4-RS01	S-A21	Digital Product Passport implementation plan	To be launched	Upstream/ Direct	Customers/Suppliers/ Employees
S4-OP1 S4-RS01	S-A22	Obtaining product certifications (GOTS, OCS, GRS and RCS)	Ongoing	Upstream/ Direct	Customers
S4-RS02	S-A23	Inclusion of accessibility information for intellectual and physical disabilities in the store details on the company website	To be launched	Direct	Customers/Local Community (Italy)

Action planning and target setting are based on assessments that take into account feedback collected from customers through periodic surveys to monitor satisfaction levels, industry benchmarks and market trend studies.

Actions planned to manage the impact on consumers require the allocation of a budget for marketing campaigns and customer care staff.
No serious human rights issues or incidents related to consumers and/or end-users were recorded during the reporting year.

4. Information on Business Conduct[101]

G1-1 Business conduct policies and corporate culture

The policies that OVS has adopted to properly manage Business conduct issues are:
- [CE] Code of Ethics [102]
- [DD] Due Diligence Policy[103]

OVS has implemented a whistleblowing system and related report management procedure, in line with legal requirements. This system aims to ensure compliance with OVS's ethical and regulatory principles and is accessible by all stakeholders through the company website. Reports are sent to the members of the OVS Supervisory Body. In handling reports, the recipient carries out the necessary investigations, maintaining an open dialogue with the whistleblower, protecting their identity, and providing feedback within 3 months of the date of receipt. At the end of the preliminary investigation, the Whistleblowing Report Recipient Body shall make its decisions, explaining the reasons for them, and, where appropriate, closing the report (if it is found to be not relevant) or requesting the Corporate department responsible to take any disciplinary or punitive measures following the findings.
The Company undertakes not to engage in any form of retaliation or discrimination against the whistleblower, undertaking to protect them and guaranteeing them the standards of confidentiality provided for in Directive (EU) 2019/1937.
The Company also actively promotes a culture of lawfulness by adopting the Code of Ethics that sets out OVS's commitment to preventing and combating active and passive corruption, sanctioning any corrupting behaviour (including, for example, the giving or promise of donations in money or other benefits, also in the form of gifts or benefits of any kind, hiring, etc.) in relationships with interlocutors or partners.
Every person joining the company must complete online training on the Code of Ethics and Model 231. Specific in-depth sessions are also organised periodically in relation to matters related to Legislative Decree 231/01, including corruption.

The departments at risk of active and passive corruption are Real Estate, Indirect Purchasing and Product Purchasing, and the foreign offices responsible for sourcing.

G1-2 Management of relationships with suppliers

In view of the retail business model, managing supplier relationships is one of the most important and strategic factors for business continuity and for achieving economic, environmental and social objectives. In maintaining its relationships with suppliers, OVS complies with the provisions of the Code of Ethics and the Purchasing Practices Policy[104]. The policy sets out the principles for order management and payment practices with supplier companies including a commitment to plan orders in good time, to update purchase costs periodically taking into account inflation or international market dynamics affecting trading, to comply with payment terms agreed with the supplier without extending payment times and monitoring them using in-house IT systems.
Since 2017, OVS has been a member of Cascale, a global multi-stakeholder alliance for the fashion industry, which provides a series of tools for monitoring the production chain. Using the modules provided by Worldly (Higg FEM and Higg FSLM), OVS is able to monitor the environmental and social performance of product suppliers.
One of the requirements to be accredited as an OVS supplier is to register on the Worldly platform and provide the information required by the social and environmental Higg modules.

101 For information on the Role of the administrative, management and control bodies, please see GOV-1 Role of administrative, management and supervisory bodies
102 See Social policies
103 See Environmental policies
104 See [PPP] Purchasing Practices Policy.

G1-5 Political influence and lobbying activities

OVS does not exercise any political influence, nor does it accept funding from political parties.
OVS is not registered in the EU Transparency Register.
The Company plays an active role in defining industry regulations, participating in initiatives such as Policy Hub and collaborating on strategic issues such as Extended Producer Responsibility. European lobbying enables OVS to identify business opportunities in upcoming sustainability regulations that, if not adequately addressed, could be a factor slowing down business innovation.
OVS also regularly participates at working tables organised by trade associations, such as Federdistribuzione and Confimprese.

G1-6 Payment practices

OVS has commercial relationships with suppliers located all over the world, divided mainly into two broad categories: suppliers of goods and suppliers of non-goods. Since the risk identified in the DMA phase relates to the clothing sector, the metric has been designed to analyse payments to suppliers of goods. The average payment time for invoices from suppliers of goods[105] is 127 days and all payments were made within the agreed time frame.
At the reporting date, there were no pending legal proceedings due to late payments.

105 For this Consolidated Sustainability Report, the analysis of payment practices covered all payments made to suppliers of goods in Italy, the EEC and outside the EEC in the period from 1 February 2024 to 31 January 2025.

Certification of the Sustainability Report pursuant to Art. 81-ter (1) of Consob Regulation 11971 of 14 May 1999 as subsequently amended and supplemented

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, pursuant to Article 154-bis, paragraphs 3 and 4, of Legislative Decree of 24 February 1998 No. 58 that the sustainability report included in the management report has been prepared:

- in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree 125 of 6 September 2024;
- with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Mestre, Venice, 15 April 2025

Stefano Beraldo
Chief Executive Officer

Nicola Perin
The Financial Reporting Officer

Independent auditor’s report

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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.)

Independent auditors’ limited assurance report on the consolidated sustainability statement pursuant to article 14-bis of Legislative decree no. 39 of 27 January 2010

To the shareholders of
OVS S.p.A.

Conclusion

Pursuant to articles 8 and 18.1 of Legislative decree no. 125 of 6 September 2024 (the “decree”), we have been engaged to perform a limited assurance engagement on the 2024 consolidated sustainability statement of the OVS Group (the “group”) prepared in accordance with article 4 of the decree, presented in the specific section of the directors’ report (the “consolidated sustainability statement”).

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the group’s 2024 consolidated sustainability statement has not been prepared, in all material respects, in accordance with the reporting standards endorsed by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, “ESRS”);
- the information presented in the “European Taxonomy” section of the consolidated sustainability statement has not been prepared, in all material respects, in accordance with article 8 of Regulation (EU) 852 of 18 June 2020 (the “taxonomy regulation”).

Basis for conclusion

We have performed the limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under that standard are further described in the “*Auditors’ responsibilities for the sustainability assurance engagement”* section of our report.

We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.

Our company applies International Standard on Quality Management 1 (ISQM Italia 1) and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have acquired is sufficient and appropriate to provide a basis for our conclusion.

Other matters

Paragraphs "9 Capital expenditure indicators (CapEx)" and "10 Operational expenditure indicators (OpEx) of the "European Taxonomy" section of the 2024 consolidated sustainability statement presents the 2023 comparative information required by article 8 of the taxonomy regulation, which has not been subject assurance procedures.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of OVS S.p.A (the "parent") for the consolidated sustainability statement

The directors are responsible for designing and implementing the procedures to identify the information included in the consolidated sustainability statement in accordance with the ESRS (the "materiality assessment process") and for the description of these procedures paragraph "1.4 Double materiality assessment - IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities" of the consolidated sustainability statement.

The directors are also responsible for the preparation of a consolidated sustainability statement in accordance with article 4 of the decree, which contains the information identified through the materiality assessment process, including:

- compliance with the ESRS;
- compliance of the information presented in the "European Taxonomy" section with article 8 of the taxonomy regulation.

Moreover, the directors are responsible, within the terms established by the Italian law, for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the decree that is free from material misstatement, whether due to fraud or error. They are also responsible for selecting and applying appropriate methods to produce disclosures and formulating assumptions and estimates about specific information on sustainability matters that are reasonable in the circumstances.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Inherent limitations in preparing the consolidated sustainability statement

For the purpose of disclosing forward-looking information in accordance with the ESRS, the directors are required to prepare such information based on assumptions, described in the consolidated sustainability statement, regarding future events and the group's actions that are not necessarily expected to occur. Actual results are likely to be different from the forecast sustainability information since anticipated events frequently do not occur as expected and the variation could be material.

OVS Group
Independent auditors' report
31 January 2025

The disclosures provided by the group about Scope 3 emissions are subject to more inherent limitations than those on Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative value chain Scope 3 emissions information.

Auditors' responsibilities for the sustainability assurance engagement

Our objectives are to plan and perform procedures in order to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of intended users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with SSAE (Italia), we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify disclosures where a material misstatement is likely to occur, whether due to fraud or error;
- designing and performing procedures to address disclosures where a material misstatement is likely to occur. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- directing, supervising and performing the sustainability limited assurance engagement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves carrying out procedures to obtain evidence as a basis for our conclusion.

The procedures performed are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the consolidated sustainability statement, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

We have performed the following main procedures:

- we gained an understanding of the group's business model, strategies and operating environment with regard to sustainability matters;
- we gained an understanding of the process adopted by the group to identify and assess material sustainability-related impacts, risks and opportunities (IROs), based on the double materiality principle. Moreover, on the basis of the information acquired, we evaluated any emerging inconsistencies that may indicate the presence of sustainability matters not addressed by the group in its materiality assessment process; Specifically, mostly through inquiries, observations and inspections, we gained an understanding of how the group:
  - considered the interests and opinions of the stakeholders involved;
  - identified its sustainability-related IROs, assessing their consistency with our knowledge of the group and its sector;

- defined and assessed material IROs by analysing the qualitative and quantitative materiality thresholds it determined;

- we gained an understanding of the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the consolidated sustainability statement, including of the reporting boundary, through interviews and discussions with the group's personnel and selected procedures on documentation;
- we identified the disclosures associated with a risk of material misstatement, whether due to fraud or error;
- we designed and performed procedures, based on our professional judgement, to respond to identified risks of material misstatement, including:
  - with reference to qualitative information and, in particular, the sustainability-related policies, actions and targets, we held inquiries and performed limited procedures on documentation;
  - with reference to quantitative information, we carried out analytical procedures, inspections, observations and recalculations on a sample basis;
- we gained an understanding of the process adopted by the group to determine taxonomy-eligible exposures and whether they were aligned under the taxonomy regulation and checked the related disclosures presented in the sustainability statement;
- we checked the consistency of the disclosures contained in the consolidated sustainability statement with those included in the group's consolidated financial statements pursuant to the applicable financial reporting framework, the underlying accounting records or management accounts;
- we checked the compliance of the structure and presentation of disclosures included in the consolidated sustainability statement with the ESRS;
- we obtained the representation letter.

Verona, 9 May 2025

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(thousands of euro)

ASSETS	Note	31.01.2025	of which related parties	31.01.2024	of which related parties
Current assets					
Cash and banks	6.1	87,729		105,790	
Trade receivables	6.2	107,033	449	105,202	0
Inventory	6.3	486,706		460,972	
Financial assets	6.4	14,840		5,445	
Financial assets for leases	6.5	269	0	817	0
Current tax assets	6.6	8,753		7,271	
Other receivables	6.7	23,059		24,117	
Total current assets		**728,389**		**709,614**	
Non-current assets					
Property, plant and equipment	6.8	311,347		293,681	
Right of use assets	6.9	946,726		919,112	
Intangible assets	6.10	587,549		589,847	
Goodwill	6.11	301,123		297,686	
Equity investments	6.13	150		0	
Financial assets	6.4	5,921	2,666	3,773	
Financial assets for leases	6.5	444	0	1,476	0
Other receivables	6.7	6,636		7,898	
Total non-current assets		**2,159,896**		**2,113,473**	
TOTAL ASSETS		**2,888,285**		**2,823,087**	

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.01.2025	of which related parties	31.01.2024	of which related parties
Current liabilities					
Financial liabilities	6.14	16,959		19,512	
Financial liabilities for leases	6.15	144,995	91	141,321	
Trade payables	6.16	434,965	(47)	400,632	(47)
Current tax liabilities	6.17	7,318		7,289	
Other payables	6.18	174,843	2,588	173,674	2,417
Total current liabilities		**779,080**		**742,428**	
Non-current liabilities					
Financial liabilities	6.14	224,250		238,944	
Financial liabilities for leases	6.15	902,448	2,511	859,464	
Employee benefits	6.19	26,535		28,039	
Provisions for risks and charges	6.20	7,959		6,324	
Deferred tax liabilities	6.21	28,908		27,833	
Other payables	6.18	25,869		19,178	
Total non-current liabilities		**1,215,969**		**1,179,782**	
TOTAL LIABILITIES		**1,995,049**		**1,922,210**	
SHAREHOLDERS' EQUITY					
Share capital	6.22	290,923		290,923	
Treasury shares	6.22	(101,845)		(57,384)	
Other reserves	6.22	652,602		614,948	
Net result for the year		51,957		52,303	
GROUP SHAREHOLDERS' EQUITY		**893,637**		**900,790**	
NON-CONTROLLING INTERESTS	6.22	(401)		87	
TOTAL SHAREHOLDERS' EQUITY		**893,236**		**900,877**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,888,285**		**2,823,087**	

CONSOLIDATED INCOME STATEMENT
(thousands of euro)

	Note	31.01.2025	of which related parties	31.01.2024	of which related parties
Revenues	7.23	1,631,958	1,388	1,535,166	0
Other operating income and revenues	7.24	91,983	143	95,614	0
Total revenues		**1,723,941**		**1,630,780**	
Purchases of raw materials, consumables and goods	7.25	689,146		665,748	
Personnel costs	7.26	337,860	7,836	312,173	7,556
Depreciation, amortisation and write-downs of assets	7.28	229,099		232,536	
Other operating expenses					
Service costs	7.29	247,511	0	233,671	128
Costs for the use of third-party assets	7.29	41,869		38,500	0
Write-downs and provisions	7.29	9,467		2,804	0
Other operating charges	7.29	21,042		18,434	
Earnings before net financial expenses and taxes		**147,947**		**126,914**	
Financial income	7.30	1,310		1,081	0
Financial expenses	7.30	(84,722)	(184)	(59,761)	
Foreign exchange gains and losses	7.30	13,356		4,062	
Gains (losses) from equity investments	7.30	0		0	0
Net result for the year before tax		**77,891**		**72,296**	
Taxes	7.31	(25,825)		(19,922)	
Net result for the year		**52,066**		**52,374**	
Net result for the year attributable to the Group		**51,957**		**52,303**	
Net result for the year attributable to minority interests		**109**		**71**	
Earnings per share (in euro)	7.32				
- basic		0.208		0.193	
- diluted		0.206		0.190	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(thousands of euro)

	Note	31.01.2025	31.01.2024
Net result for the year (A)		**52,066**	**52,374**
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	815	(1,509)
- Tax on items recognised in the reserve for actuarial gains (losses)	6.21-6.22	(195)	362
Total other comprehensive gains (losses) that will not be subsequently reclassified in the income statement		**620**	**(1,147)**
Other gains (losses) that will be subsequently reclassified in the income statement:			
- Change in translation reserve	6.22	716	961
Total other comprehensive gains (losses) that will be subsequently reclassified in the income statement		**716**	**961**
Total other items of comprehensive income (B)		**1,336**	**(186)**
Total comprehensive income for the period (A) + (B)		**53,402**	**52,188**
Total comprehensive income attributable to the Group		53,293	52,117
Total comprehensive income attributable to minority shareholders		109	71

CONSOLIDATED STATEMENT OF CASH FLOWS
(thousands of euro)

	Note	31.01.2025	31.01.2024
Operating activities			
Net result for the year		52,066	52,374
Provision for taxes	7.32	25,825	19,922
Adjusted for:			
Net depreciation, amortisation and write-downs of fixed assets, including for leases	7.28	229,099	232,536
Net capital gains (losses) on fixed assets, including for leases		(1,527)	(83)
Write-downs of equity investments	7.30	0	0
Losses (gains) from equity investments	7.30	0	0
Net financial expenses (income) including for leases	7.30	83,411	58,680
Expenses (income) from foreign exchange differences and currency derivatives	7.30	1,234	5,388
Loss (gain) on derivatives due to change in fair value	7.30	(14,590)	(9,450)
Allocations to provisions	6.19-6.20	2,075	1,045
Utilisation of provisions	6.19-6.20	(2,154)	(3,563)
Cash flows from operating activities before changes in working capital		**375,439**	**356,849**
Cash flow generated/(absorbed) by change in working capital	6.2-3-6-7-16-17-18-21	15,067	28,262
Taxes paid		(24,187)	(6,416)
Net interest received (paid) including for leases		(80,449)	(60,434)
Realised foreign exchange differences and cash flows from currency derivatives		1,502	(6,053)
Other changes		3,316	2,070
Cash flow generated (absorbed) by operating activities		**290,688**	**314,278**
Investments			
(Investments in) fixed assets	6.8-6.10-6.11	(85,899)	(95,480)
Disposals of fixed assets	6.8-6.10-6.11	412	1,470
(Increase) decrease in equity investments	6.13	(150)	0
Cash in/(out) after business combinations during the year		(1,500)	0
Change in consolidation scope		0	0
Cash flow generated (absorbed) by investments		**(87,137)**	**(94,010)**
Financing			
Net change in financial assets and liabilities	6.4-6.14	(17,875)	(15,178)
(Repayment) of lease liabilities/collection of lease assets	6.5-6.15	(132,265)	(157,466)
(Buy-back) of treasury shares	6.22	(46,133)	(31,366)
Increase in share capital and reserves	6.22	0	0
Distribution of dividends		(25,339)	(16,487)
Cash flow generated (absorbed) by financing activities		**(221,612)**	**(220,497)**
Increase (decrease) in cash and cash equivalents		**(18,061)**	**(229)**
Cash and cash equivalents at start of period		**105,790**	**106,019**
Cash and cash equivalents at end of period		**87,729**	**105,790**

The cash effects of relations with related parties are described in the section "Relations with related parties" in the notes to these consolidated 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
Balances at 1 February 2023	**290,923**	**528,678**	**14,175**	**(26,018)**	**(1,066)**	**(902)**
- Appropriation of earnings for financial year 2022	0	0	1,248	0	0	0
- Distribution of dividends	0	0	0	0	0	0
- Buy-back of treasury shares	0	0	0	(31,366)	0	0
- Change in consolidation scope	0	0	0	0	0	0
- Management incentive plans	0	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**1,248**	**(31,366)**	**0**	**0**
- Net result for the year	0	0	0	0	0	0
- Other items of comprehensive income	0	0	0	0	(1,147)	961
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**(1,147)**	**961**
Balances at 31 January 2024	**290,923**	**528,678**	**15,423**	**(57,384)**	**(2,213)**	**59**
Balances at 1 February 2024	**290,923**	**528,678**	**15,423**	**(57,384)**	**(2,213)**	**59**
- Allocation of earnings for the financial year 2023	0	0	2,946	0	0	0
- Distribution of dividends	0	0	0	0	0	0
- Buy-back of treasury shares	0	0	0	(44,461)	0	0
- Change in consolidation scope	0	0	0	0	0	0
- Management incentive plans	0	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**2,946**	**(44,461)**	**0**	**0**
- Net result for the year	0	0	0	0	0	0
- Other items of comprehensive income	0	0	0	0	620	716
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**620**	**716**
Balances at 31 January 2025	**290,923**	**528,678**	**18,369**	**(101,845)**	**(1,593)**	**775**

IFRS 2 reserve	Other reserves	Retained earnings	Net result for the year	Total shareholders' equity attributable to the OVS Group	Non-controlling interests	Total shareholders' equity
11,041	**4,701**	**42,018**	**39,202**	**902,752**	**418**	**903,170**
0	0	37,954	(39,202)	0	0	0
0	0	(24,224)	0	(24,224)	(402)	(24,626)
0	0	0	0	(31,366)	0	(31,366)
0	0	0	0	0	0	0
1,509	0	2	0	1,511	0	1,511
1,509	**0**	**13,732**	**(39,202)**	**(54,079)**	**(402)**	**(54,481)**
0	0	0	52,303	52,303	71	52,374
0	0	0	0	(186)	0	(186)
0	**0**	**0**	**52,303**	**52,117**	**71**	**52,188**
12,550	**4,701**	**55,750**	**52,303**	**900,790**	**87**	**900,877**
12,550	**4,701**	**55,750**	**52,303**	**900,790**	**87**	**900,877**
0	0	49,357	(52,303)	0	0	0
0	0	(17,511)	0	(17,511)	(597)	(18,108)
0	0	0	0	(44,461)	0	(44,461)
0	0	0	0	0	0	0
1,132	0	394	0	1,526	0	1,526
1,132	**0**	**32,240**	**(52,303)**	**(60,446)**	**(597)**	**(61,043)**
0	0	0	51,957	51,957	109	52,066
0	0	0	0	1,336	0	1,336
0	**0**	**0**	**51,957**	**53,293**	**109**	**53,402**
13,682	**4,701**	**87,990**	**51,957**	**893,637**	**(401)**	**893,236**

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.

2. Impacts of global conflicts and inflation on the Group's performance

As more fully detailed in the Report on Operations, as in the last two previous years, 2024 was also characterised by continuing macroeconomic phenomena following the outbreak of the Russian-Ukrainian conflict, which began more than 3 years ago, and the Middle East conflict that began in October 2023. As explained in detail, the financial year ended 31 January 2025 closed with even better performance than in 2023 and also better than the budget forecasts, mainly thanks to cost containment measures. EBITDA for the year was €195.3 million and cash generation exceeded €68 million (up 7% on 2023).
However, 2025 is still set against a backdrop of adverse external factors: the disruption to the Suez Canal continues, resulting in longer shipping routes around Africa; inflation is also rising again, particularly in relation to energy costs. All this in a climate where the clothing market is expected to contract again in 2025 (-2% vs. 2019 in nominal terms, -20% in real terms).
All these factors have also been duly considered in the business plans underlying certain financial statement estimates. For more information please also see the business outlook section in the Report on Operations at 31 January 2025.

3. Criteria for preparation of the consolidate financial statements

The structure of the consolidated financial statements, 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 consolidated financial statements of the OVS Group at 31 January 2025 were prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. "IFRS" is intended to mean all the revised International Accounting Standards (IAS), and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC). At the reporting date for the consolidated financial statements, these had been approved by the European Union under the procedure set forth in (EC) Regulation No 1606/2002 of the European Parliament and the European Council of 19 July 2002.

The consolidated financial statements 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 shareholders' equity and the notes to the financial statements, are presented in euro 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 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 Eastern region.

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: includes, as well as net profit, 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: shows the net profit or loss for the year and each item of income and expense not posted to the income statement but recognised directly in 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.

The consolidated financial statements were prepared on the basis of the historical cost criterion, except for some financial instruments including derivatives, which are measured at fair value as required by IFRS 9.

Please see the Report on Operations at 31 January 2025 for detailed information on the nature of the Group's activity.

These financial statements have been audited by KPMG S.p.A..

3.2 Scope of consolidation

The consolidated financial statements include, as well as the Parent Company's financial statements, the financial statements of all the subsidiaries as of the date at which control is assumed 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 January 2025:

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	1,714,808,678	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%
OVS India Retail Private Limited	Delhi - India	9,308,600	INR	100%

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

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

In the financial year, 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 section 3.4 Business Combinations.
The end of the financial year also saw the establishment of OVS India Retail Private Ltd, a company directly held by OVS S.p.A., with the aim of commencing commercial activities with the opening of stores in India during the 2025 financial year.
There were no other changes in the scope of consolidation.

3.3 Consolidation criteria

The consolidated financial statements include the financial statements of Parent Company OVS S.p.A. and the companies over which it has the right to exercise control pursuant to IFRS 10. This standard stipulates that an investor controls an entity in which it has invested when it enjoys rights that confer the possibility of directing the entity's significant activities, has an exposure or a right to receive variable returns from its involvement in the entity and has the real possibility of using its power to influence the amount of its returns from the investment.
Equity investments held in companies over which significant influence is exercised ("associates"), which is presumed to exist when the percentage of the equity investment is between 20% and 50%, are measured using the equity method.
Application of the equity method involves aligning the carrying amount of the equity investment with shareholders' equity, adjusted where necessary to reflect the application of the IFRS endorsed by the European Commission (and includes any goodwill identified at the time of acquisition).
The share of gains/losses realised by the associate after the acquisition is recognised in the income statement, while the share of movements in reserves after the acquisition is booked in equity reserves. When the Group's share of losses in an associate is equal to or more than its non-controlling interest in this associate, taking any unsecured credit into account, the value of the investment is reduced to zero and the Group recognises no further losses other than those pertaining to it, unless and to the extent that the Group is obliged to meet them. Unrealised gains and losses on transactions with associates are derecognised according to the value of the Group's equity investment in these associates.
"Joint arrangements" (agreements under which two or more parties hold common control, within the meaning of IFRS 11) are included, where they exist, according to the equity method, if they qualify as joint ventures, or by recognising their specific shares of assets, liabilities, costs and revenues, if they qualify as joint operations.
The financial statements of the subsidiaries are consolidated line by line in the consolidated financial statements from the date at which control is assumed until the date at which this control ceases.
Where necessary, the financial statements used to prepare the consolidated financial statements have been appropriately restated and adjusted to comply with the Group's accounting policies.

The following consolidation criteria are used:

- for equity investments consolidated line by line, the carrying amount of the individual consolidated equity investments is eliminated against the relative shareholders' equity, with the assumption of the assets, liabilities, costs and revenues of the subsidiaries, regardless of the size of the investment held. Any shares of shareholders' equity and net profit attributable to minorities are identified separately in shareholders' equity and in the income statement;
- all inter-company balances and transactions are derecognised, as are profits and losses (the latter only if they do not represent effective impairment of the asset transferred) arising from commercial transactions, including the sale of business units in the Parent Company's subsidiaries, or financial inter-company transactions not yet realised with third parties;
- all increases/decreases in the shareholders' equity of the consolidated companies arising from results generated after the date of acquisition of the equity investment are booked in a dedicated equity reserve named "Retained earnings (accumulated losses)" at the time of the elision;
- the dividends distributed to Group companies are derecognised in the income statement at the time of consolidation;
- changes in the percentage of ownership of subsidiaries that do not entail a loss of control, or that represent increases after control has been acquired, are recognised under changes in shareholders' equity.

3.4 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.

As already noted in the Report on Operations, 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. as a result of which the Company acquired full control of JB Licenses S.r.l. with effect from 1 April 2024.
This transaction represented 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 1,500,000 euros, and 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 7,437,000 euros.
As this is a newly incorporated company, the amounts relating to the acquired shareholders' equity relate exclusively to certain brands recorded in the Company's financial statements as a result of the demerger described above and amount to 100,000 euros.
On preparation of these consolidated financial statements, the final allocation of the consideration identified above (final purchase price allocation) resulted in the following assets and liabilities:

Amounts in thousands of euro	
Book shareholders' equity	**101**
Price allocation paid to:	
a) Customer relationships	1,355
b) Licensor relationships	4,053
c) Provision for deferred tax liabilities	(1,509)
Adjusted shareholders' equity	**4,000**

therefore, the residual goodwill of €3,437 thousands was obtained from the difference between the total consideration and the final adjusted shareholders' equity of €7,437,000.

No other acquisitions took place during the year.

3.5 Financial statements in foreign currencies

The translation into euro 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 in the consolidation scope.
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	
Currency	Code	31.01.2025	31.01.2024	FY 2024	FY 2023
US dollar	USD	1.04	1.08	1.08	1.08
Hong Kong dollar	HKD	8.10	8.47	8.41	8.47
Chinese renminbi	RMB	7.54	7.78	7.76	7.70
Serbian dinar	RSD	117.13	117.20	117.07	117.24
Indian rupee	INR	89.99	90.00	90.45	89.51

3.6 Goodwill

Goodwill is recognised at cost, less any accumulated impairment.
Goodwill acquired as part of a business combination is determined as the excess of the sum of the considerations transferred to the business combination, shareholders' equity attributable to non-controlling interests 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 the value of the net assets acquired and liabilities assumed exceeds the sum of the considerations transferred, the shareholders' equity attributable to non-controlling interests and the fair value of any equity investment previously held in the acquiree, the excess amount is immediately recognised in the income statement as income.
Goodwill is not amortised, but is tested annually, and whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 - Impairment of Assets.
If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount. If goodwill is allocated to a cash-generating unit that is partially transferred/disposed of, the goodwill associated with this unit is used to determine any gain/loss arising from the operation.

3.7 Brands

Brands deriving from business combinations are recognised at fair value at the date of the combination, according to the acquisition method. They are not amortised as they have an indefinite useful life, but are tested annually, and whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 - Impairment of Assets. After initial recognition, brands are valued at cost less any cumulative impairment.

3.8 Intangible assets

Intangible assets consist of non-monetary items, identifiable and without physical substance, which can be controlled by the Group, can generate future economic benefits and whose cost can be reliably determined. These items are recognised at cost, less amortisation, calculated using the straight-line method for a period corresponding to the useful life, and any impairment. Useful life is reviewed annually. Specifically:

Licences – Licences deriving from business combinations are recognised at fair value at the date of the combination, according to the acquisition method. After initial recognition, licences are valued at cost less amortisation and any cumulative impairment. Amortisation is calculated based on the difference between the cost and the residual value at the end of their useful life, on a straight line basis over their useful life (defined as 40 years).
Please see note 6.10 (Intangible assets) for a description of the criteria used to define useful life and residual value at the end of useful life.

Software – The costs of software licences, including ancillary costs, are capitalised and recognised in the financial statements net of amortisation and any cumulative impairment. The amortisation rate used is 20%.

Other intangible assets – These assets are measured at acquisition cost, less amortisation calculated on a straight-line basis throughout their useful life and cumulative impairment.
The value of the franchising network recognised post-business combination is amortised on the basis of a useful life of 20 years.
The values allocated to intangibles arising from the final purchase price allocation of JB Licenses S.r.l. are amortized over an estimated useful life of 6 years.

3.9 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost, including ancillary costs booked directly, less depreciation and cumulative impairment. Land is not depreciated even if acquired at the same time as buildings.

Depreciation is booked from the month in which the assets are available and ready for use.
Depreciation is charged on a monthly basis at constant rates that allow assets to be depreciated until their useful life is ended or, in the case of disposals, until the last month of use. Depreciation is calculated on a straight-line basis over the estimated useful lives of property, plant and machinery as shown in the following table:

Buildings	17-33 years
Light construction	10 years
Plant and equipment for lifting, loading, unloading, weighing, etc.	13 years
Miscellaneous machinery, appliances and equipment	9 years
Special facilities for communications and remote signalling	4 years
Furnishings	9 years
Alarm systems	9 years
Specific bar, restaurant and canteen facilities	12 years
Bar, restaurant and canteen furnishings	9 years
Office furniture and ordinary machinery	8 years
Electromechanical and electronic office equipment	5 years
Cash registers	5 years
Motor vehicles and internal transport	4-5 years
Leasehold improvements	Based on the remaining term of the lease of the asset

Ordinary maintenance costs are charged in full to the income statement in the period in which they are incurred.
Leasehold improvements are classified as tangible assets. The depreciation period is the lesser of the remaining useful life of the tangible asset and the remaining term of the lease.

3.10 Right-of-use assets

When signing a contract, the OVS Group assesses whether it is, or contains, a lease, i.e. whether the contract confers the right to direct the use of an identified asset for a period of time in exchange for a consideration.
The Group uses a single model of recognition and measurement for all leases, except for leases of low-value assets. The Group recognises liabilities relating to lease payments and the right of use asset, which represents the right to use the asset underlying the contract.
The Group recognises right of use assets at the lease commencement date (i.e. the date on which the underlying asset is available for use). Right of use assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. The cost

of the right of use includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made as of the commencement or before inception, net of any incentives received.
Right-of-use assets are depreciated on a straight-line basis from the commencement date of use of the underlying asset over the shorter of the end of the useful life of the asset and the end of the lease term.
Right of use assets are subject to impairment. Please see the information provided in the following section.

3.11 Impairment of tangible and intangible assets

IAS 36 stipulates that tangible and intangible assets must be tested for impairment if indicators suggest that such a problem might exist.
Impairment testing takes place at least once a year in the case of goodwill, other intangible assets with an indefinite useful life and assets not available for use.
In accordance with the Group's policies, the recoverability of the amounts recognised is assessed by comparing the carrying amount with the higher of the fair value (current realisable value) less the costs of disposal and the value in use of the asset. Value in use is defined by discounting the expected cash flows generated by the asset.
To determine value in use, expected future cash flows are discounted using a rate that reflects current market valuations of the time value of money, compared with the investment period and the specific risks associated with the activity.
For the purposes of assessing impairment, assets are analysed starting from the lowest level for which there are separately identifiable independent cash flows (cash generating units).
If the recoverable amount of an asset is lower than the carrying amount, the carrying amount is reduced to the recoverable amount. This reduction constitutes impairment and is charged to the income statement.
If there is an indicator of reversal of the impairment loss, the recoverable amount of the asset is recalculated and the carrying amount is increased to this new amount. The increase in the carrying amount may not, however, exceed the net carrying amount that the asset would have had if impairment had not occurred.
Goodwill write-downs cannot be reversed.
In order to provide complete information, it should be noted that in 2019, the Group approved another update of this policy (the "IAS 36 Policy on Impairment and Impairment Testing"), making several revisions, particularly in order to bring it into line with the amendments made to the accounting standards and, specifically, with the entry into force of the new IFRS 16 international accounting standard from 2019, which entailed the inclusion of a new "category" of tangible assets with a very significant overall value, relating to the rights to use the assets underlying the leases, consequently increasing both the carrying amount of the OVS Group's CGUs and their EBITDA accounting flows (due to the "removal" of the cost of lease payments). However, no significant changes were made to the methodology used and summarised above.
As was the case in previous years, when compiling the financial statements at 31 January 2025, the Group made use of an external expert to prepare the impairment testing. The methods applied, the parameters used and the results of the impairment tests are extensively commented on in the following sections of these notes.

3.12. Other equity investments

Other equity investments (i.e. other than in subsidiaries, associates and joint ventures), where these exist, are included among non-current assets, or among current assets if they will remain among the assets of the OVS Group for a period of, respectively, more than one year and no longer than one year.
Other equity investments constituting FVTPL (see next section) financial assets are measured at fair value, if this can be determined, and any gains or losses deriving from changes in the fair value are entered directly under other comprehensive gains/(losses), until they are transferred or undergo impairment, at which time the other comprehensive gains/(losses) previously recognised in equity are recognised in the income statement for the period.
Other equity investments for which the fair value is not available are recognised at cost, written down for any impairment.

3.13 Financial assets

Financial assets are recognised under current and non-current assets based on maturity and expectations of when they will be converted into monetary assets. Financial assets include equity investments in other companies (other than associates and joint ventures), derivatives, receivables, and cash and cash equivalents. The OVS Group's financial assets are classified according to the business model adopted for the management of these assets and the related cash flows. The categories identified are as follows:

FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets that meet the following requirements are categorised in this class: (i) the asset is owned within the framework of a business model whose objective is to own the asset in order to collect contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount to be repaid. In this specific case, these are mainly loans recognised as assets (if these exist), and trade and other receivables, as described in the section "Trade and other receivables" below. Receivables and loans recognised as assets are included in current assets, except for those with a contractual maturity of more than twelve months from the reporting date, which are classified as non-current assets. Receivables are classified in the statement of financial position as trade and other receivables. Loans recognised as assets are classified as financial assets (current and non-current). With the exception of trade receivables that do not contain a significant financial component, other receivables and loans recognised as assets are initially recognised in the financial statements at their fair value plus any ancillary costs directly attributable to the transactions that generated them. Upon subsequent measurement, assets in this category are measured at amortised cost using the effective interest rate. The effects of this measurement are recognised among the financial income components. Such assets are also subject to the impairment model described in the section "Trade and other receivables".
It should be noted that, pursuant to IFRS 16, the OVS Group, as an intermediate lessor in a sub-lease, classifies the sub-lease as a finance lease if it meets the conditions laid down by the standard. If the sub-lease is classed as a finance lease, the original lessee eliminates the right of use on the lease asset in the main lease agreement at the inception of the sub-lease and continues to account for the original lease liability in accordance with the lessee's accounting model, while simultaneously booking a financial asset for leases that represents the entire life of the sub-lease.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

Financial assets that meet the following requirements are categorised in this class: (i) the asset is owned within the framework of a business model whose objective is achieved either through the collection of contractual cash flows or through the sale of the asset; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount to be repaid. These assets are initially recognised in the financial statements at their fair value plus any ancillary costs directly attributable to the transactions that generated them. Upon subsequent measurement, the valuation carried out at the time of recognition is updated and any changes in fair value are recognised in the statement of comprehensive income. As with the preceding category, these assets are subject to the impairment model described in the section "Trade and other receivables" below.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

Financial assets that cannot be placed in any of the previous categories are classified under this category (a residual category). These are mainly derivatives and listed equity instruments that the Group has not irrevocably decided to classify as FVOCI at initial recognition or at the time of transition (see note 6.4 below in particular). Assets in this category are classified under current or non-current assets according to their maturity and recognised at fair value at the time of initial recognition. In particular, equity investments in non-consolidated companies over which the Group does not exercise significant influence are included in this category and recognised under "Equity investments". The ancillary costs incurred when recognising the asset are immediately charged to the consolidated income statement. Upon subsequent measurement, FVTPL financial assets are measured at fair value. Gains and losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recorded, under other net income/(expenses).
Purchases and disposals of financial assets are booked at the settlement date.
Financial assets are removed from the statement of financial position when the right to receive the cash flows from the instrument has been extinguished and the Group has substantially transferred all the risks and benefits relating to the instrument and its control.
The fair value of listed financial instruments is based on the current offering price. If the market for a financial asset is not active (or unlisted securities are involved), the Group defines fair value using valuation

techniques. These techniques include referring to advanced trading in progress, securities with the same characteristics, cash flow analyses, and price models based on the use of market indicators and aligned, as far as possible, with the assets to be valued.
In the process of formulating the valuation, the Group emphasises the use of market information over the use of internal information specific to the nature of the Group's business.

3.14 Inventory

Inventories are recognised at the lower of acquisition cost and net realisable value.
The acquisition cost is determined by configuring the weighted average cost for the reporting period. The cost also includes ancillary costs directly attributable to the purchase of goods.
Goods relating to the collections are written down according to the presumed possibility of future realisation, by recognising a specific adjustment provision.

3.15 Trade and other receivables

The assumption adopted by OVS with regard to trade and other receivables is that these do not contain a significant financial component maturing in less than one year: they are therefore recognised initially at the price defined for the relevant transaction (determined according to the provisions of IFRS 15 – Revenue from Contracts with Customers). Upon subsequent measurement, they are valued using the amortised cost method and the impairment model introduced by IFRS 9. According to this model, the Group assesses receivables on an expected loss basis, replacing the framework set out in IAS 39 above, which is typically based on incurred losses.
For trade receivables, the Group has adopted a simplified measurement approach, which does not require the recognition of periodic changes in credit risk, but rather the recognition of an expected credit loss ("ECL") calculated over the entire life of the receivable ("lifetime ECL"). Depending on the diversity of customers, it was decided to use different matrices for different groups of receivables, based on the characteristics of the credit risk. In particular, the expected solvency of counterparties is assessed according to different clusters and the stratification of the trade receivables in each cluster into different categories based on past due days. Write-down rates are applied to these categories that reflect the related expected losses (based on historical trade receivables payment profiles). Some trade receivables are assessed individually and, if necessary, fully written down, if there is no reasonable expectation of recovery, or if there are inactive commercial counterparties (situations of bankruptcy and/or initiation of legal actions, classified by OVS in the "Disputed receivables" category).

3.16 Cash and banks

The Cash and banks item includes available cash and credit balances of bank current accounts with no limits or restrictions, recognised at nominal value. These liquid assets are short-term, highly liquid investments that are readily convertible to cash, for which the risk of a change in value is insignificant. Investments are generally classified as cash and cash equivalents when their original maturity is three months or less.
Cash in foreign currency is valued according to period-end exchange rates.

3.17 Provisions for risks and charges

Provisions for risks and charges are allocated for current obligations, legal or constructive, arising from a past event in respect of third parties for which the utilisation of resources, the amount of which can be reliably estimated, is probable.
The amount recognised as a provision is the best estimate of the expenditure required to settle the current obligation fully. Risks for which the emergence of a liability is only possible are disclosed in the notes to the financial statements, and no provision is made.

3.18 Employee benefits

PENSION PLANS

Post-employment benefits are defined under either "defined contribution" plans or "defined benefit" plans.

Defined benefit plans, such as the provision for employee severance benefits accrued before the entry into force of the 2007 Budget, are plans with guaranteed benefits for employees that are paid out at the end of the employment relationship. The liability relating to defined benefit plans is determined on the basis of actuarial assumptions and booked on an accruals basis in line with the service required to obtain the benefits; the liability is measured annually with the help of independent actuaries.

Employee severance benefits and pension provisions, which are determined using an actuarial method, provide for the recognition in the income statement under employment cost of the rights accrued during the year, while the figurative cost is included among net financial income (expenses). Actuarial gains and losses that reflect the effects of changes in the actuarial assumptions used are instead fully recognised in a specific equity reserve in the year in which they arise, with immediate recognition in the statement of comprehensive income.

From 1 January 2007, the 2007 Budget and the associated implementing decrees introduced significant amendments to the rules on employee severance benefits, including options for employees, to be exercised by 30 June 2007, 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 pays severance benefit contributions into a treasury account set up with the INPS (the Italian social security and welfare institution).

As a result of these amendments, the provision for employee severance benefits accrued since the date of the employee option (defined benefit plan) has been recalculated by independent actuaries to exclude the component relating to future pay increases.

The portion of the employee severance benefits that has accrued since the option date (30 June 2007) is regarded as a defined benefit plan, and the accounting treatment is similar to that used for all other contribution payments.

Employee benefits also include pension provisions and similar obligations. This provision mainly includes liabilities and rights accrued by the employees of the former Standa, in relation to supplementary pension schemes pertaining to them; the liability associated with such defined-benefit programmes is determined on the basis of actuarial assumptions and the amount recognised in the financial statements represents the present value of the OVS Group's obligation.

COMPENSATION PLANS IN THE FORM OF STOCK OPTIONS

The Group provides additional benefits to certain employees and consultants through stock option plans offering equity-settled stock options. In accordance with IFRS 2 Share-based Payments, the current value of the stock options determined at the grant date using the "Black and Scholes" method is recognised in the income statement under staff costs on a straight-line basis over the period between the grant date of the stock options and the vesting date, with a direct balancing entry in shareholders' equity.

The present value is defined on the basis of market parameters and non-granting conditions and is not subject to subsequent amendments after the date of initial determination.

The effects of granting conditions not related to the market (performance and retention conditions) are not taken into account in the evaluation of the fair value of the options granted, but are relevant to the evaluation of the number of options expected to be exercised.

At the reporting date the Group reviews its estimates of the number of options that are expected to be exercised. The effect of the review of the original estimates is recognised in the income statement over the vesting period with a balancing entry in shareholders' equity.

When the stock options are exercised, the amounts received from the employee, net of costs directly attributable to the transaction, are credited to the share capital in an amount equal to the nominal value of the issued shares, with the remaining portion credited to the share premium reserve.

3.19 Financial liabilities and trade and other payables

Payables and other financial and/or trade liabilities are initially recognised at fair value, less any transaction costs incurred in relation to obtaining the obligation. They are subsequently carried at amortised cost; in the case of loans, any difference between the amount received (less transaction costs) and the total repayment amount is recognised in the income statement over the period of the loan, using the effective interest rate method (amortised cost).

Trade payables are classified as current liabilities if payment will take place within one year of the reporting date. Otherwise, such payables are classified as non-current liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for twelve months after the reporting date; in this case, only the portion falling due within twelve months of the reporting date is classified as a current liability. Payables to banks and other lenders are removed from the financial statements when they are settled, that is when all risks and charges relating to the instrument are transferred, cancelled or extinguished. The classification of financial liabilities has not changed since the introduction of IFRS 9.

3.20 Financial liabilities for leases

At the commencement date of a lease, the Group recognises financial liabilities for leases, measuring them at the present value of the lease payments due and not yet paid at that date. The payments due include fixed payments (including substantially fixed payments) net of lease incentives received, variable lease payments that are index or rate dependent, and amounts expected to be paid for residual value guarantees. Lease payments also include the exercise price of a call option if it is reasonably certain that this option will be exercised by the Group, and lease termination penalty payments if the lease term takes into account the Group's exercise of the lease termination option.
Variable lease payments that are not dependent on an index or rate are recognised as costs in the period in which the event or condition that generated the payment occurs.
In calculating the present value of the payments due, the Group uses the incremental borrowing rate at inception if the implicit interest rate cannot be easily determined. After the commencement date, the amount of the lease liability is increased to reflect interest on the lease liability and decreased to reflect payments made. In addition, the carrying value of lease payables is recalculated in the event of any amendments to the lease or the revision of the contractual terms to change the payments; it is also recalculated in the event of changes to the valuation of the option to purchase the underlying asset or for changes in future payments that result from a change in the index or rate used to determine such payments.
Rent concessions obtained from landlords as a consequence of the Covid-19 pandemic were recorded as negative variable rents and recognised in the income statement when they met the following conditions:

- they related to reductions in only payments due by 30 June 2022;
- the total of contractual payments after the rent concession was essentially equal to or less than the payments provided for in the original agreement;
- no other major contractual changes had been agreed with the lessor.

3.21 Derivatives

At the date of entering into the contract, derivatives are initially recognised at fair value as FVTPL financial assets when the fair value is positive or as FVTPL financial liabilities when the fair value is negative.
The Group normally uses derivatives to hedge foreign exchange risk or interest rate risk.
Pursuant to IFRS 9, derivatives may only be booked using hedge accounting methods when:

- at the beginning of the hedge there is formal designation and documentation of the hedging relationship;
- it is assumed that the hedge is highly effective;
- the effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

When derivatives meet the criteria for hedge accounting, the following accounting treatments apply:

- if the derivatives hedge the risk of changes in the fair value of the assets or liabilities being hedged (fair value hedge, e.g. hedging of fluctuations in the fair value of fixed-rate assets/liabilities), the derivatives are recognised at fair value through profit or loss; correspondingly, the assets or liabilities being hedged are adjusted to reflect changes in fair value associated with the hedged risk;
- if the derivatives hedge the risk of changes in the cash flows of the assets or liabilities being hedged (cash flow hedge, e.g. hedging of changes in the cash flows of assets/liabilities due to variations in interest rates), changes in the fair value of the derivatives are initially recognised in equity and subsequently in profit or loss in line with the economic effects of the hedged transaction.

If hedge accounting is not applied, gains or losses arising from the measurement of the derivative at fair value are immediately recognised in the income statement.

3.22 Segment information

The information relating to business segments was provided pursuant to IFRS 8 - Operating segments, which stipulates that information be presented in a way that is consistent with the procedures used by management to make operational decisions. The operating segments and the information presented are therefore identified according to the internal reports used by management to allocate resources to the various segments and to analyse their performance.
IFRS 8 defines an operating segment as a component of an entity that: i) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); ii) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and iii) for which discrete financial information is available.
The operating segments identified by management, which incorporate all of the services and products provided to customers, are represented by the OVS division, dedicated to the marketing of clothing products for the value fashion market segment, and the Upim division, which provides clothing for women, men and children for the value segment of the Italian market, as well as products in the homeware and fragrance segments.
The Italian business operated in franchising with the GAP brand (acquired in 2022) and the STEFANEL business (acquired in March 2021) are presented together as "Other businesses", given their irrelevance in terms of invested capital and turnover (less than 3% of the Group figure).
Lastly, it should be noted that JB Licenses S.r.l. represents a vertical integration with a supplier/ customer of the Group that was already operating under the OVS and Upim brands, therefore its acquisition did not represent the addition of a new operating segment.

3.23 Revenues and costs

On the basis of the five-step model introduced by IFRS 15, the Group recognises revenues after identifying contracts with its customers and the related services to be provided (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for providing each of these services, and assessing how these services are provided (at a point in time or over time).
Revenues from the sales of DOS are recognised when the customer makes the payment. More specifically, revenues from the sale of goods are recognised in the income statement when control of the product sold is transferred to the customer, usually coinciding with the delivery or shipment of the goods to the customer; revenues for services are recognised in the period in which the services are rendered, with reference to completion of the service provided and as a proportion of the total services still to be rendered.
Revenues are recognised at the fair value of the consideration received. Revenues are recognised net of value added tax, expected returns and any trade discounts, rebates and bonuses granted.
Sales in the franchising channel are recognised when the goods are shipped to the customer, as from that moment ownership, with the relevant risks and benefits, is transferred. The provision for returns and discounts, which is recorded as an adjustment to revenue, is estimated on the basis of future forecasts, taking account of historical trends, and is recognised as a variable component of the contractual fee, with the simultaneous presentation of a liability for returns in the statement of financial position.
Variable components of the fee (such as those linked to returns) are recognised in the financial statements only if it is highly probable that there will be no significant future adjustment to the amount of revenue recognised.
Payment times granted to Group customers do not exceed a 12-month period, so the Group does not make transaction price adjustments to take financial components into account.
Costs are recognised when they relate to goods and services acquired or used during the year, while in the case of multi-year use the costs are systematically spread. The acquisition of goods, mirroring revenue, is determined by the transfer of control over them.

3.24 Income from leases

Income from operating leases is recognised on a straight-line basis over the term of the leases to which it relates, unless it relates to sub-leases with characteristics to which the IFRS 16 accounting standard applies (in such cases, see the note on "Financial assets" above).

3.25 Income tax

Current income tax for the year is calculated by applying the current tax rates to reasonably estimated taxable income, determined in accordance with the tax regulations in force. The expected payable, net of payments on account and withholding taxes, is recognised in the statement of financial position under "Current tax liabilities" (or under "Current tax assets" if the payments on account made and the withholdings exceed the estimated payable).
Deferred tax assets and deferred tax liabilities are determined on the basis of taxable temporary differences between the carrying amount of assets and liabilities and their value for tax purposes, except for goodwill, which is not tax deductible, and are classified under non-current assets and liabilities.
Income tax is recognised in the income statement, except in relation to items directly credited to or debited from equity, in which case the tax effect is recognised directly in equity.
Deferred tax assets, including those relating to any previous tax losses, are recognised to the extent that it is probable that future taxable income will be available in respect of which they can be recovered.
The value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to use all or part of this receivable.
Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates in force and tax rates that have been enacted or substantively enacted at the reporting date.

3.26 Foreign exchange gains and losses

Foreign exchange transactions are recognised at the current exchange rate at the date of completion of the transaction (or the relative down payment flow). Monetary assets and liabilities denominated in foreign currencies are translated into euro at the current exchange rate at the reporting date and recognised in the income statement under the "Foreign exchange gains and losses" item.

3.27 Earnings per share

EARNINGS PER SHARE - BASIC

Basic earnings per share is calculated by dividing the profit pertaining to the OVS Group by the weighted average of the ordinary shares outstanding during the year, excluding treasury shares.

EARNINGS PER SHARE - DILUTED

Diluted earnings per share is calculated by dividing the profit pertaining to the OVS Group by the weighted average of the ordinary shares outstanding during the year, excluding treasury shares. To calculate diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming the exercise by all those granted rights with a potentially dilutive effect, while the profit pertaining to the OVS Group is adjusted to take account of any effects, net of tax, arising from the exercise of these rights.

3.28 Dividends

Dividends are recognised at the date of approval by the Shareholders' Meeting.

3.29 Accounting standards, amendments and interpretations effective as of financial year 2024

In preparing these consolidated financial statements, the same accounting standards and drafting criteria were substantially applied as in the preparation of the financial statements for the year ended 31 January 2024, having regard to the updates to the reference framework that came into effect on 1 January 2024, described below, which in any case did not have a material impact on the Group.
The measures that entered into force on 1 January 2024 are set out below.

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. They have had no impact on the Group's consolidated financial statements.

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 twelve months is subject to covenants. This amendment has had no impact on the consolidated financial statements.

Supplier finance agreements (Amendments to IAS 7 and IFRS 7) - 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 disclosure requirement had no impact on the Group's consolidated financial statements.

International Tax Reform Pillar Two Model Rules (Amendments to IAS 12) - Pillar II 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 II 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 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 2025 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. The effects based on actual data as at 31 January 2025 have been recognised solely in relation to that country, with a total provision of €1.0 million in the FY 2024, increasing "Income taxes" in the income statement and "Tax payables" in the liabilities of the parent company OVS S.p.A.. The group continues to assess the impact of Pillar II's income tax legislation by monitoring future financial results.

3.30 New accounting standards and interpretations approved by the European Union and effective for financial years starting on or after 31 January 2025 and not yet adopted by the OVS Group

At the date of preparation of these annual financial statements, the competent bodies of the European Union have completed the endorsement process for the adoption of the following accounting standards and amendments. With regard to the applicable standards, the Group has decided not to exercise the early adoption option, where this exists.

Lack of exchangeability (Amendments to IAS 21) - In August 2023, the IASB issued an amendment to IAS 21 Effects of Changes in Foreign Exchange Rates clarifying when a currency is not exchangeable with other currencies and how a company should estimate spot exchange rates when a currency is not exchangeable.

The Group is currently evaluating whether the amendments will have an impact on the consolidated financial statements.

3.31 Accounting standards, amendments and interpretations not yet approved by the European Union and not adopted by the OVS Group

The international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB and not yet adopted by the OVS Group as they are not yet endorsed by the European Union, are shown below.

Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7) - With these amendments, the IASB also introduced additional disclosure requirements particularly with regard to Investments in equity instruments designated under FVOCI. The amendments will apply as from the financial statements of financial years starting on or after 1 January 2026. The Group is evaluating whether the amendments will have an impact on the consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 (Amendments to IAS 7 and IFRS 1, 7, 9 and 10) - On 18 July 2024, the IASB published a document

entitled "Annual Improvements Volume 11" that includes clarifications, simplifications, corrections and changes to improve the consistency of various IFRS Accounting Standards.
The revised standards are: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and related guidelines on the implementation of IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows.
The amendments will become effective from 1 January 2026, but early adoption is permitted. The Group is evaluating whether the amendments will have an impact on the consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements - In April 2024, the IASB issued IFRS 18, replacing IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the income statement, including specific totals and subtotals. Furthermore, entities will have to classify all costs and revenues in the income statement under four categories: operational, investment, financing, income taxes and discontinued business activities, where the first three categories are new. IFRS 18, and the amendments to the other standards, are effective for financial years beginning on or after 1 January 2027, but early adoption is permitted unless otherwise disclosed. IFRS 18 will be apply retrospectively. The Group is currently working to identify the impact that the amendments will have on its financial statements and notes to the financial statements.

IFRS 19 - Subsidiaries without public accountability additional disclosures - In May 2024, the IASB issued IFRS 19, which allows eligible entities that meet certain requirements to opt for a reduction in their disclosure requirements, while continuing to apply the recognition, measurement and presentation requirements of other IFRS accounting standards. IFRS 19 will become effective for financial years starting on or after 1 January 2027, with the option of early adoption. Given that the Parent Company's shares are publicly listed, the Group is not eligible to apply IFRS 19.

As already mentioned, no accounting standards and/or interpretations for which adoption is mandatory for periods beginning on or after 1 February 2025 have been adopted early.
Furthermore, the Group will adopt the new standards and amendments on the basis of the scheduled application date, and will assess their potential impacts on the consolidated financial statements when they are endorsed by the European Union.

4. Use of estimates

The preparation of the consolidated financial statements in accordance with the IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The final results may differ from these estimates. Estimates are used to recognise provisions for doubtful accounts, inventory obsolescence, useful life, depreciation and amortisation, impairment of assets, employee benefits, restructuring provisions, deferred tax assets, other provisions for risk and valuations of derivatives. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately reflected in the income statement.
In addition to the above, and in accordance with the instructions contained in the ESMA document of 25 October 2023 ("European common enforcement priorities for 2023 annual financial reports"), it should be noted that in 2024, although the Russian-Ukrainian conflict and the conflict in the Middle East continue to influence the global economic scenario (in particular the tensions affecting the navigation area of the Suez Canal, with serious repercussions in supply processes from the Far East), the available forecasts for the scenarios in the foreseeable future are consistent with the assumptions and hypotheses used in preparing the impairment testing of the Group's consolidated financial statements (the estimation process for these financial statements in 2024 is described in detail in Notes 6.11 and 6.12 below). Accordingly, no indicators of possible impairment at 31 January 2025 (trigger events) were identified in addition to the impairment losses already recorded in previous years. There were no significant changes in the volatility of the estimates for other items regarded as material (inventories and trade receivables from customers). For further details, please see in any case notes 6.2 and 6.3 below and the extensive comments in the Report on Operations.
Finally, with regard to the additional ESMA guidelines of 24 October 2024 ("European common enforcement priorities for 2024 annual financial reports"), there are no significant considerations for the Group except for those already reported in detail under "Accounting policies, judgements, significant estimates".

4.1 Impairment of tangible and intangible assets

Goodwill and the brands are tested at least once a year, and in any case whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 – Impairment of Assets. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount (defined as the greater of its value in use and its fair value). Verification of the amount requires subjective judgements to be made, based on information available within the OVS Group and from the market, as well as past experience. In addition, where potential impairment is identified, it is determined using evaluation techniques regarded as appropriate. The same verifications of value and the same valuation techniques are applied to intangible and tangible assets with a definite useful life, including right-of-use assets, when there are indicators suggesting that recovery of the relative net carrying amount through use might be difficult. The correct identification of impairment triggers and estimates to determine this depend on factors that may vary over time, with an effect on the valuations and estimates made by the OVS Group.

4.2 Depreciation and amortisation

Depreciation and amortisation reflect the best estimate of the expected useful life of assets with a finite life.
This estimate is based on the possibility of use of these assets and their capacity to contribute to the OVS Group's results in future years.

4.3 Inventory obsolescence and inventory differences

The OVS Group develops and sells items of clothing that change according to customer taste and trends in the world of fashion. The provision for inventory write-downs therefore reflects estimated expected impairment of the collections in stock, taking account of the OVS Group's capacity to sell items of clothing through a range of distribution channels.
The provision for inventory differences reflects 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 and/or June of each year.

4.4 Provisions for doubtful accounts

The provision for doubtful accounts reflects the best estimate of losses relating to the portfolio of trade receivables. This estimate is based on the losses expected by the OVS Group, determined on the basis of past experience with similar receivables, current and previous receivables falling due, the careful monitoring of credit quality and projections of economic and market conditions. See what is reported above regarding "Trade and other receivables".

4.5 Prepaid/deferred taxes

Deferred tax assets are booked based on expectations of taxable income in future years for the purpose of recovering them. The evaluation of expected taxable income for the accounting of deferred tax assets depends on factors that may vary over time and have significant effects on the recoverability of the deferred tax assets.

4.6 Pension funds and other employee benefits

The cost of the defined benefit pension plans is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return on investments, future salary increases, mortality rates and future pension increases. Because of the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are provided in note 6.19.
The costs recognised in the income statement in relation to incentive plans for managers (please see the explanations in note 7.26 "Staff costs") are mainly influenced by the estimated timing of the occurrence of the event that triggers vesting, as well as the actual possibility of the occurrence of the event and the presumed reference value of the plan. Therefore, this estimate depends on factors that may vary over time and variables that the directors might find it hard to predict and determine. Changes in these items may significantly influence the assessments made by the directors and therefore result in changes in the estimates.

4.7 Provisions for risks and charges

Provisions representing the risk of a negative outcome are recognised for legal and tax risks. The amount of provisions recorded in the financial statements in relation to these risks represents the best estimate to deal with potential risks. This estimate entails the use of assumptions that depend on factors that might change over time and that might therefore have significant effects compared with the current estimates used to prepare the financial statements.

4.8 Valuation of derivatives

The determination of the fair value of unlisted financial assets, such as derivatives, takes place using commonly used valuation techniques that require basic assumptions and estimates. These assumptions may not occur within the time frames and in the manner envisaged. Estimates of derivatives may therefore differ from the final figures.

4.9 Financial liabilities and assets for leases and Right of use assets

The Group recognises the right of use asset and the lease liability. The right of use asset is initially measured at cost, and subsequently at cost, net of depreciation and cumulative impairment losses and adjusted to reflect the revaluations of the lease liability.
The Group values its lease liability at the present value of lease payments due and not paid at the commencement date, discounting them using the interest rate as defined above.
The lease liability is subsequently increased by interest accruing on that liability and decreased by the lease payments owed, and is revalued in the event of a change in future lease payments due as a result of a change in the index or rate, in the event of a change in the amount that the Group expects to have to pay as a residual value guarantee or when the Group changes its assessment with regard to the exercise of a purchase, extension or termination option.
Leases in which the Group acts as lessee may provide for renewal options which therefore affect the term of the lease. Assessments of whether there is a relative certainty that this option is (or is not) exercised may significantly affect the amount of lease liabilities and right of use assets as well as the incremental borrowing rate applied when it is not possible to easily determine the interest rate implicit in the lease.

4.10 Impacts of climate change

With regard to environmental risks related to climate change, it should be noted that environmental issues are a strategic priority for the OVS Group: the relevant risks are defined, assessed and consequently managed as part of a mitigation and adaptation plan in order to achieve certain objectives and, ultimately, to preserve the continuity of the business and the Group.
Within the periodic risk identification and assessment process, OVS also considers risks related to environmental and social aspects both from an inside-out perspective (impacts generated) and from an outside-in perspective (impacts suffered).
Climate change is identified as an area of significant risk, due to the actual impact generated by OVS in terms of CO2 emissions and also the consequences that climate change may have on the business of the company and the Group.
Some time ago, OVS launched a decarbonisation plan with objectives approved by the Science Based Targets Initiative, to keep global warming below 1.5°C, and the annual performance was in line with projections.
More generally, fully aware of the risks associated with climate change, the Group has assessed climate risks in terms of physical risks and transition risks. The analyses showed that the risk of drastic environmental changes, with reference to the scope analysed, is more significant in the long term, beyond 2030. Given the average term of the Company's assets, the strategic planning horizon and the Group's capital allocation plans, which do not extend beyond the medium term, and the results of the assessment carried out to identify the potential financial costs associated with climate risks, the Directors did not believe that there would be any significant accounting impact in the consolidated financial statements as at 31 January 2025, particularly with regard to potential reductions for impairment of non-financial assets or the need to make provisions related to climate risks.
Finally, please see the relevant section of the Report on Operations relating to the Consolidated Sustainability Report for more information, including a review of the rules, processes and control activities adopted by the Group to prevent and manage any environmental risks.

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); and
- 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 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.
The following section provides qualitative and quantitative information on the impact of these risks on the OVS Group's business.

5.1 Credit risk

Credit risk represents the OVS Group's exposure to the risk of potential losses arising from default by counterparties.
There were no significant concentrations of credit risk at the end of the year under review.
To reduce credit risk, the OVS Group generally obtains guarantees in the form of sureties in respect of loans granted for the supply of goods. At 31 January 2025, the total guarantee amount was €89.1 million, including €22.4 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 January 2025, the value of the receivables assigned was €12.1 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 €107.0 million at 31 January 2025 (€105.2 million at 31 January 2024).
Receivables written down (partially or fully) amounted to €15.1 million at 31 January 2025 (€13.2 million at 31 January 2024).
Overdue receivables amounted to €35.3 million (39.1 million euros at 31 January 2024).
The following tables provide a breakdown of trade receivables at 31 January 2025 and at 31 January 2024, grouped according to maturity and net of the provision for doubtful accounts:

(millions of euro)	At 31 January 2025	Not yet matured	Matured within 90 days	Matured between 90 and 180 days	Matured beyond 180 days
Trade receivables	122.1	71.9	35.0	2.1	13.1
Provision for doubtful accounts	(15.1)	(0.2)	(0.7)	(1.1)	(13.1)
Net value	107.0	71.7	34.3	1.0	0

(millions of euro)	At 31 January 2024	Not yet matured	Matured within 90 days	Matured between 90 and 180 days	Matured beyond 180 days
Trade receivables	118.4	66.1	36.2	2.9	13.2
Provision for doubtful accounts	(13.2)	0	0	(0.1)	(13.1)
Net value	105.2	66.1	36.2	2.8	0.1

The following table analyses financial assets, including for leases, according to the contractual maturities on which collection will take place, at 31 January 2025 and 31 January 2024:

(millions of euro)	Balance at 31 January 2025	1 year	1-5 years	> 5 years	Total
Financial assets for leases	0.7	0.3	0.4	0	0.7
Other loans receivable from third parties	5.9	0	5.9	0	5.9

(millions of euro)	Balance at 31 January 2024	1 year	1-5 years	> 5 years	Total
Financial assets for leases	2.3	0.8	1.5	0	2.3
Other loans receivable from third parties	6.6	2.8	3.8	0	6.6

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 and the excellent economic and financial results recorded over the last three years, 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.
For more information about the changes that took place in the OVS Group's capital and financial structure during the financial year, see also note 6.14 below.
The following table breaks down financial liabilities (including trade and other payables): in particular, all the flows shown are nominal future undiscounted cash flows, calculated with reference to residual contractual maturities (for both the principal portion and the interest portion). Loans have been included based on the contractual maturity for repayment.

(millions of euro)	Balance at 31 January 2025	1 year	1-5 years	> 5 years	Total
Trade payables	435.0	435.0	0	0	435.0
Payables to banks (*)	82.1	17.1	65.0	0	82.1
Financial liabilities for leases	1,047.4	145.0	504.4	398.0	1,047.4
Bond loan	160.0	0	160.0	0	160.0
Financial expenses payable to banks (**)		8.9	10.0	0	18.9
Financial expenses for leases		61.6	162.8	76.0	300.4
Total	**1,724.5**	**667.6**	**902.2**	**474.0**	**2,043.8**

(*) The amount includes interest accrued but not yet paid at 31 January 2025.
(**) The amount was calculated by applying the forward curve recorded at 31 January 2025 to the loan repayment plan. For the Revolving Line, an average utilisation level of 50% was assumed.

The same breakdown for 31 January 2024 is as follows:

(millions of euro)	Balance at 31 January 2024	1 year	1-5 years	> 5 years	Total
Trade payables	400.6	400.6	0	0	400.6
Payables to banks (*)	97.3	17.3	80.0	0	97.3
Financial liabilities for leases	1,000.8	141.3	483.6	375.9	1,000.8
Bond loan	160.0	0	160.0	0	160.0
Financial expenses payable to banks (**)		11.0	18.8	0	29.8
Financial expenses for leases		53.5	140.5	57.0	251.0
Total	**1,658.7**	**623.7**	**882.9**	**432.9**	**1,939.5**

(*) The amount includes interest accrued but not yet paid at 31 January 2024.
(**) The amount was calculated by applying the forward curve recorded at 31 January 2024 to the loan repayment plan. For the Revolving Line, an average utilisation level of 50% was assumed.

The following table shows the breakdown of the derivatives entered into by the OVS Group and their fair value at year-end compared with the previous year:

	2024		2023	
(millions of euro)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Forward derivatives	14.8	0	2.6	(2.4)
Total	**14.8**	**0**	**2.6**	**(2.4)**
Current portion:				
Forward derivatives	14.8	0	2.6	(2.4)
Total current portion	**14.8**	**0**	**2.6**	**(2.4)**
Non-current portion:				
Forward derivatives	0	0	0	0
Total non-current portion	**0**	**0**	**0**	**0**

Lastly, it should be noted that during the year the net changes in financial assets and liabilities presented in the consolidated statement of cash flows (corresponding to net cash absorption of €17.9 million) can be broken down as follows: partial repayment of €15.0 million of the amortising loan, an incremental increase of €4.7 million in financial payables due to interest, an incremental decrease of €0.7 million in loans receivable from third parties and other minor changes of +€1.1 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 and lending to third parties where deemed to be of interest to the Group. 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 2025 if certain ESG parameters are not achieved (described in more detail in note 6.14 below). 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.

SENSITIVITY ANALYSIS

The OVS Group's exposure to interest rate risk was measured using a sensitivity analysis that shows the effects on the income statement and on shareholders' equity of a hypothetical change in market rates of 40 bps higher or lower than the hypothetical forward rate curve at 31 January 2025. This analysis is based on the assumption of a general and instantaneous change in benchmark interest rates.

Excluding the impact of amortised cost on the loans, the results of such a hypothetical, instantaneous and unfavourable (favourable) change in the short-term interest rates applicable to the OVS Group's financial liabilities at variable interest rates (therefore excluding bond loans and leases pursuant to IFRS 16) are shown in the following table:

Effect of change on financial expenses - income statement

(millions of euro)	- 40 bps	+ 40 bps
At 31 January 2025	(0.5)	0.5

The same figure at 31 January 2024 is shown below:

Effect of change on financial expenses - income statement

(millions of euro)	- 40 bps	+ 40 bps
At 31 January 2024	(0.6)	0.6

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 operation was necessary during 2024.

The derivatives described are recognised at 31 January 2025 at 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.

During the year 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.

At 31 January 2025, this measurement was positive for €14.8 million, relating to the fair value of the contracts in place at year-end, as the forward exchange rate for the portfolio at 31 January 2025 was 1.1093, while the average EUR/USD exchange rate at year-end was 1.0393. This figure is only slightly reduced by the release to the income statement of the positive fair value recognised at 31 January 2024 of €0.25 million, thus maintaining an overall positive effect in the income statement of €14.6 million, all recognised as foreign exchange differences in the financial area.

The following table summarises key information relating to currency forwards:

	Transaction date	Maturity date	Notional in USD/000	Strike price	Notional in €/000	Fair value in €/000
At 31 January 2025	from 12/04/2024 at 04/11/2024	from 03/02/2025 at 15/12/2025	275,000	from 1.0785 to 1.1360	247,914	14,840

In the year under review, the nature and structure of exposure to foreign exchange risk and the hedge management policies followed by the OVS Group did not change substantially.

SENSITIVITY ANALYSIS

To perform the exchange rate sensitivity analysis, items in the statement of financial position (commercial and financial assets and liabilities) denominated in currencies other than the function currencies of each company within the OVS Group were identified.
The effects of a 5% appreciation and depreciation in the US dollar against the euro are summarised below:

Effect of change on result and shareholders' equity

(millions of euro)	- 5%	+ 5%
At 31 January 2025	4.1	(3.7)

The same analysis at 31 January 2024 is as follows:

Effect of change on result and shareholders' equity

(millions of euro)	- 5%	+ 5%
At 31 January 2024	8.3	(7.5)

However, with regard to the appreciation/depreciation of 5% in the Hong Kong dollar against the euro, it should be noted that, at 31 January 2025, the translation reserve in equity reserves would have been subject to a positive/negative change of €1.1 million and €1.0 million, respectively.

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 and the cancellation of treasury shares, 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 2024 there were no transfers of financial assets and liabilities classed in 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.

In addition to the information on financial risk, the following is a reconciliation between classes of financial assets and liabilities as identified in the Group's statement of financial position, and the types of financial assets and liabilities identified pursuant to IFRS 7 at 31 January 2025:

	Financial assets at fair value through profit or loss	**Financial liabilities at fair value through profit or loss**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Derivatives**	**Total**
Cash and banks			87,729			87,729
Trade receivables			107,033			107,033
Current financial assets					14,840	14,840
Financial assets for current leases			269			269
Other current receivables			23,059			23,059
Equity investments	150					150
Non-current financial assets	5,921				0	5,921
Financial assets for non-current leases			444			444
Other non-current receivables	5,447		1,189			6,636
Current financial liabilities				16,959		16,959
Financial liabilities for current leases				144,995		144,995
Trade payables				434,965		434,965
Other current payables				174,843		174,843
Non-current financial liabilities				224,250		224,250
Financial liabilities for non-current leases				902,448		902,448
Other non-current payables				25,869		25,869

The same reconciliation for 31 January 2024 is provided below:

	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Derivatives	Total
Cash and banks			105,790			105,790
Trade receivables			105,202			105,202
Current financial assets			2,802		2,643	5,445
Financial assets for current leases			817			817
Other current receivables			24,117			24,117
Equity investments	0					0
Non-current financial assets	3,773				0	3,773
Financial assets for non-current leases			1,476			1,476
Other non-current receivables	5,434		2,464			7,898
Current financial liabilities				19,512		19,512
Financial liabilities for current leases				141,321		141,321
Trade payables				400,632		400,632
Other current payables				173,674		173,674
Non-current financial liabilities				238,944		238,944
Financial liabilities for non-current leases				859,464		859,464
Other non-current payables				19,178		19,178

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

	31.01.2025	31.01.2024	change
Cash and banks	87,729	105,790	(18,061)

The balance represents cash and cash equivalents at the reporting date and breaks down as follows (in thousands of euro):

	31.01.2025	31.01.2024	change
1) Bank and post office deposits	82,499	100,236	(17,737)
2) Checks	6	5	1
3) Cash on hand	5,224	5,549	(325)
Total	**87,729**	**105,790**	**(18,061)**

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.
For a detailed examination of the main changes in the Group’s cash and cash equivalents during the year, see the consolidated statement of cash flows.

6.2 Trade receivables

	31.01.2025	31.01.2024	change
Trade receivables	107,033	105,202	1,831

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

	31.01.2025	31.01.2024	change
Trade receivables			
Receivables for retail sales	509	515	(6)
Receivables for wholesale sales	108,956	101,800	7,156
Receivables for services provided	8,511	8,402	109
Disputed receivables	3,670	7,771	(4,101)
Trade receivables from related parties	449	0	449
Subtotal	**122,095**	**118,488**	**3,607**
(Provision for doubtful accounts)	(15,062)	(13,286)	(1,776)
Total	**107,033**	**105,202**	**1,831**

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.

The provision for doubtful accounts amounted to €15,062,000 at 31 January 2025. During the year, €5,616,000 was utilised and an allocation of €7,392,000 was made.
Changes in the provision for doubtful accounts are shown below:

(thousands of euro)	
Balance at 31 January 2024	**13,286**
Allocations during the year	7,392
Uses during the year	(5,616)
Balance at 31 January 2025	**15,062**

The change in the provision for doubtful accounts in the previous year was as follows:

(thousands of euro)	
Balance at 31 January 2023	**12,036**
Allocations during the year	1,759
Uses during the year	(509)
Balance at 31 January 2024	**13,286**

The accrual 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 drawings 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 Inventory

	31.01.2025	31.01.2024	change
Inventory	486,706	460,972	25,734

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

(thousands of euro)	**31.01.2025**	**31.01.2024**
Goods	547,759	517,731
Gross inventory	**547,759**	**517,731**
Provision for depreciation	(47,325)	(40,458)
Provision for inventory differences	(13,728)	(16,301)
Total provision for inventory write-downs	**(61,053)**	**(56,759)**
Total	**486,706**	**460,972**

This item includes stocks of merchandise 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 warehoused inventory is the result of both higher stock in transit relating to new collections, managed in advance to minimise delays caused by

the Suez crisis, and the expansion of the scope of consolidation following the acquisition of JB Licenses S.r.l. in April 2024.

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 year ended 31 January 2025 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	25,306	17,196	42,502
Drawdown	(18,439)	(19,769)	(38,208)
Balance at 31 January 2025	**47,325**	**13,728**	**61,053**

The change in the same provisions in the previous year was as follows:

(thousands of euro)	Provision for depreciation	Provision for inventory differences	Total
Balance at 31 January 2023	**41,246**	**16,880**	**58,126**
Allocation	24,117	16,089	40,206
Drawdown	(24,905)	(16,668)	(41,573)
Balance at 31 January 2024	**40,458**	**16,301**	**56,759**

6.4 Current and non-current financial assets

	31.01.2025	31.01.2024	change
Current financial assets	14,840	5,445	9,395
Non-current financial assets	5,921	3,773	2,148

The breakdown of the "Financial assets" item into current and non-current at 31 January 2025 and at 31 January 2024 is shown below:

(thousands of euro)	31.01.2025	31.01.2024
Derivatives (current portion)	14,840	2,643
Other loans receivable from third parties	0	2,802
Total current financial assets	**14,840**	**5,445**
Derivatives (non-current portion)	0	0
Other loans receivable from third parties	5,921	3,773
Total non-current financial assets	**5,921**	**3,773**
Total	**20,761**	**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 due from third parties include compound financial instruments consisting of bonds and a related package of options, including their conversion into equity instruments, granted by the Parent Company OVS S.p.A. to Italian third parties, remunerated at market interest rates and measured at fair value through profit or loss at 31 January 2025; in particular, the balance of €2,666 thousand is attributable to the related party Goldenpoint S.p.A..
As already extensively reported in the 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 euros.
At 31 January 2025, the fair value of the bond, along with the fair value of the conversion and scalability options to 51% of the Goldenpoint share capital, was recognised under non-current financial assets.
Other lending to third parties included under non-current financial assets includes medium-term investment mechanisms granted by the Parent Company OVS S.p.A. to Italian third parties remunerated at market interest rates and measured at fair value through profit or loss at 31 January 2025.

6.5 Financial assets for current and non-current leases

	31.01.2025	31.01.2024	change
Financial assets for current leases	269	817	(548)
Financial assets for non-current leases	444	1,476	(1,032)

Financial assets for leases are recorded in accordance with IFRS 16 with effect from the 2019 financial year. Please refer to note 3.13 above for information on the valuation criteria for these assets.

6.6 Current tax assets

	31.01.2025	31.01.2024	change
Current tax assets	8,753	7,271	1,482

The balance mainly consists of receivables for withholding tax on fees (2,193,000 euros), tax credits of 6,242,000 euros and taxes withheld at the source.
The receivables for IRES and IRAP tax downpayments have been fully offset by the tax payable in the current year.

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, without interruption, for the 2021-2023 three-year period, at the natural end of which a request for revocation was submitted, as the conditions for its implementation no longer existed.
However, in 2024, OVS S.p.A. signed a new national tax consolidation agreement with subsidiary OVS Innovazione e Sostenibilità S.r.l., valid for the 2024-2026 three-year period.

6.7 Other current and non-current receivables

	31.01.2025	31.01.2024	change
Other current receivables	23,059	24,117	(1,058)
Other non-current receivables	6,636	7,898	(1,262)

Other receivables are itemised as follows:

	31.01.2025	31.01.2024	change
Other receivables	6,598	4,753	1,845
Receivables from insurance companies for claims reimbursements	271	338	(67)
Receivables from personnel	408	363	45
Accrued income and prepaid expenses - rents and service charges	4,257	4,212	45
Accrued income and prepaid expenses - insurance	527	420	107
Accrued income and prepaid expenses - interest on security deposits	24	53	(29)
Accrued income and prepaid expenses - other	10,974	13,978	(3,004)
Total current receivables	**23,059**	**24,117**	**(1,058)**
Security deposits	5,447	5,434	13
Minor investments	74	74	0
Other receivables	1,115	2,390	(1,275)
Total non-current receivables	**6,636**	**7,898**	**(1,262)**

The "Other receivables" item in current receivables relates to guarantee deposits made for new leases amounting to 487,000 euros and receivables for business unit disposals amounting to 932,000 euros, while the remainder refers to social security receivables and advances to suppliers and shippers.
Receivables from insurance companies mainly comprise the reimbursement provided for damage to goods in transit (€253,000).
The item "Accrued income and prepaid expenses - other" primarily includes prepayments for advertising and marketing services of 2,644,000 euros and the share of deferred financial fees (202,000 euros) 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: more specifically, it includes receivables from third parties amounting to 148,000 euros and the

medium/long-term portion of deferred financial fees of 238,000 euros.

6.8 Property, plant and equipment

	31.01.2025	31.01.2024	change
Property, plant and equipment	311,347	293,681	17,666

Appendix No. 1 shows the historical cost for each item, the accumulated depreciation and amortisation, changes during the year and the final balances.
Investments during the year mainly related to:

- 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.

Pursuant to IAS 36, for businesses showing signs of impairment the Group assessed the recoverability of the relative assets using the discounted cash flow method.
The analysis carried out at the end of the year did not show any impairment.
For a detailed analysis, see Section 6.12 below on "Impairment testing".

6.9 Right-of-use assets

	31.01.2025	31.01.2024	change
Right-of-use assets	946,726	919,112	27,614

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 on changes during the year and the following section on "Impairment testing".

6.10 Intangible assets

	31.01.2025	31.01.2024	change
Intangible assets	587,549	589,847	(2,298)

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

Intangible assets at 31 January 2025 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 January 2025, these amounts included:

- 377.5 million euros for the OVS brand, with an indefinite life (included under "Concessions, licences and brands");
- 13.3 million euros for the Upim brand, with an indefinite life (included under "Concessions, licences and brands");
- 3.4 million euros 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");
- 35.4 million euros for the OVS franchising network, amortised over 20 years (included under "Other intangible assets");
- 14.1 million euros for the Upim franchising network, amortised over 20 years (included under "Other intangible assets");
- 73.3 million euros for licences relating to OVS stores, amortised over 40 years (included under "Concessions, licences and brands");
- 21.6 million euros 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 1.1 million euros;
- Third-party client relationships and relationships with licensors increased following the acquisition of JB Licenses S.r.l. during the FY 2024 (totalling €4.7 million 31 January 2025) amortised over 6 years.

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 recoverability of the value of the brands was measured using the discounted cash flow method for the CGUs to which these brands are allocated. Please see the section below on "Impairment testing" for the outcome of the analyses.

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

	31.01.2025	**31.01.2024**	**change**
Goodwill	301,123	297,686	3,437

Goodwill mainly relates to the acquisition of Gruppo Coin in 2011 (the carrying amount was originally €451,778,000, 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 €155,000,000 following impairment testing in 2019).
The increase in goodwill recorded in FY 2024, amounting to 3,437,000 euros, is entirely attributable to the goodwill accounted for as a result of the acquisition of control of JB Licenses S.r.l. (see section 3.3 Business combinations above).

For the results of the impairment testing carried out at 31 January 2025, please see the following section.

6.12 Impairment testing

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.
The cash generating units identified by management coincide with the OVS, Upim, STEFANEL (since 2021) and GAP Italia (since 2022) operating segments, which include all services and products provided to customers.

OVS CGU

Impairment testing, approved by the Board of Directors, entailed the comparison of the carrying amount of the cash generating unit (CGU) and its value in use (VIU). Note that the carrying amount of the OVS CGU includes almost all of the goodwill, entirely allocated to the CGU, of €297.7 million, and the OVS brand for €377.5 million, both with an indefinite useful life.
The estimated value in use of the OVS operating segment for the purposes of impairment testing is based on the discounting of provisional data for the OVS CGU, determined on the basis of the following assumptions:

- the expected cash flows of the OVS operating segment were extrapolated from the 2025 Budget and from the 2026-2027 forecasts (based on an inertial perspective and assuming an ordinary operating cash flow). Provisional cash flows for the OVS CGU were determined according to levels of turnover growth and EBITDA, based on both past operating and profit performance and on future projections, also taking the ongoing context of uncertainty into account;
- future cash flows, standardised to use for the terminal value, were constructed by consistently applying a growth rate "g" for EBITDA of 2.0% a year, applied to EBITDA in the final year of the Plan (in line with the most recent projections of the International Monetary Fund). Annual investments were estimated consistently on the basis of depreciation and amortisation in the last year of the Plan (€42.0 million): this amount is believed to be representative of the standardised investments needed to maintain existing fixed assets, while annual investments of €94.0 million were estimated to be required to maintain right-of-use assets;
- the discount rate (WACC) used to estimate the present value of cash flows was 8.83% and was determined based on the following assumptions: i) the risk-free rate used was 3.68%, corresponding to the return on ten-year Italian government bonds (average over the last 12 months); ii) the equity risk premium used was 5.5%, an average rate in line with both the results of the long-term analysis for

industrialised countries and professional practices; iii) the beta coefficient was estimated based on a panel of comparable listed companies operating in the retail clothing sector and was 0.94; iv) borrowing costs (6.58%) were estimated in line with the contractual conditions provided for (including lease liabilities pursuant to IFRS 16); and v) the debt/equity ratio used was calculated based on the average figure presented by a panel of comparable companies.

Based on the above considerations, the value in use of the OVS CGU at 31 January 2025 was €2,108.1 million. The comparison between the VIU (€2,108.1 million) and the carrying amount (net invested capital) of the OVS CGU shows a cover of over 20%, and therefore there is no impairment to be recognised.

In addition, the Group analysed the sustainability of the results of the impairment testing, based on changes in the following assumptions of the model:
- 25 bps increase in the discount rate;
- 25 bps decrease in the growth rate.

These sensitivity analyses performed separately for each of the above assumptions would not, however, result in write-downs to be recorded in 2024 in relation to the OVS CGU.

UPIM CGU

Although no substantial goodwill amount has been allocated for the Upim CGU, the Group has carried out impairment testing on it (also subject to approval by the Board of Directors), in view of the fact that it includes an amount allocated to the brand of €13.3 million, with an indefinite useful life.
The estimated value in use of the Upim operating segment for the purposes of impairment testing is based on the discounting of provisional data for the Upim CGU, determined on the basis of the following assumptions:
- the expected cash flows of the Upim operating segment were extrapolated from the 2025 Budget and from the 2026-2027 forecasts (based on an inertial perspective and assuming an ordinary operating cash flow). Provisional cash flows for the Upim CGU were determined according to levels of turnover growth and EBITDA, based on both past operating and profit performance and on future projections, also taking the ongoing context of uncertainty into account;
- expected future cash flows, standardised to use for the terminal value, were constructed by consistently applying a growth rate "g" for EBITDA of 2.0% a year (in line with the most recent projections of the International Monetary Fund) applied to EBITDA in the final year of the Plan. Annual investments were estimated consistently on the basis of depreciation and amortisation in the last year of the Plan (€14.0 million): this amount is believed to be representative of the standardised investments needed to maintain existing fixed assets, while annual investments of €31.6 million were estimated to be required to maintain right-of-use assets;
- the discount rate (WACC) used to estimate the present value of cash flows was 8.83% and was determined based on the following assumptions: i) the risk-free rate used was 3.68%, corresponding to the return on ten-year Italian government bonds (average over the last 12 months); ii) the equity risk premium used was 5.5%, an average rate in line with both the results of the long-term analysis for industrialised countries and professional practices; iii) the beta coefficient was estimated based on a panel of comparable listed companies operating in the retail clothing sector and was 0.94; iv) borrowing costs (6.58%) were estimated in line with the contractual conditions provided for (including lease liabilities pursuant to IFRS 16); and v) the debt/equity ratio used was calculated based on the average figure presented by a panel of comparable companies.

Based on the above considerations, the VIU of the Upim CGU at 31 January 2025 was €517.4 million. The comparison between the VIU (€517.4 million) and the carrying amount (net invested capital) of the Upim CGU shows a cover of almost 40%, and therefore there is no impairment to be recognised.

In addition, the Group analysed the sustainability of the results of the impairment testing, based on changes in the following assumptions of the model:
- 25 bps increase in the discount rate;
- 25 bps decrease in the growth rate.

These sensitivity analyses, performed separately for each of the above assumptions, would not, however, result in write-downs to be recorded in 2024 in relation to the Upim CGU.

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. The Stefanel division was acquired by the Group in 2021: therefore, the year just ended is only the third complete year of new management after a long period of decline. Positive flows were not yet being generated in 2024: therefore, although the capital invested in the CGU is relatively small (less than 2% of the total consolidated capital invested), it was nonetheless decided to conduct impairment testing based on the same external parameters applied for the OVS and Upim CGUs, taking into account the forecast

flows extrapolated from the documents approved by management, accompanied by a terminal value representative of a steady state situation of the CGU. The results showed no impairment compared with capital invested in the CGU of approximately €34.1 million.
With regard to the remaining goodwill recorded due to the JB Licenses S.r.l. business combination of €3.4 million, it should be noted that an impairment test was carried out at the end of the year, which did not show any impairment.
Finally, with regard to the GAP Italia CGU it should be noted that it does not have allocated intangible assets with an indefinite useful life. The operating cash flows for the year 2024 were essentially in break-even and therefore there were no triggers for the same requiring the test to be performed.

Impairment testing on licences and right-of-use assets relating to stores

Licences relating to some OVS and Upim stores and right-of-use assets of the various Group stores showing indicators of impairment were tested for impairment by calculating the value in use for each store thus identified.
The key assumptions used to determine the value in use of the CGUs concern the discounting rate and the growth rate. Specifically, the post-tax discount rate (WACC) was used and no growth rate was projected for the period following the 2025 Budget, except where reasonably predictable.
According to the analysis carried out, during the year ended 31 January 2025 there were no impairment losses to be recorded in the income statement in relation to the Group's administrative authorisations as a whole.

6.13 Equity investments

	31.01.2025	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 136,000 euros took place after the consortium company was placed in liquidation in 2020.
The change in the financial year relates entirely to the purchase of 3% of the share capital of Goldenpoint S.p.A..
See the Report on Operations and note 6.4 above on "Current and non-current financial assets" for further details.

6.14 Current and non-current financial liabilities

	31.01.2025	31.01.2024	change
Current financial liabilities	16,959	19,512	(2,553)
Non-current financial liabilities	224,250	238,944	(14,694)

The breakdown of the "Current financial liabilities" and "Non-current financial liabilities" items at 31 January 2025 and 31 January 2024 is shown below:

(thousands of euro)	31.01.2025	31.01.2024
Current financial payables	2,093	2,217
Current portion of non-current debt	14,866	14,902
Other current financial payables	0	2,393
Current financial liabilities	**16,959**	**19,512**
Non-current financial payables	224,250	238,944
Other non-current financial payables	0	0
Non-current financial liabilities	**224,250**	**238,944**

The OVS Group's current and non-current financial payables at 31 January 2025 are shown below:

			At 31 January 2025		
(thousands of euro)	Maturity date	Interest rate (*)	Total	of which non-current portion	of which current portion
Due for financial expenses			2,093	0	2,093
Current financial payables			**2,093**	**0**	**2,093**
Sustainability-linked bond loan	10.11.2027	2.25%	160,000	160,000	0
Amortising Line (2022 Loan)	07.04.2027	Euribor +2.05%	80,000	65,000	15,000
Finance costs			(884)	(750)	(134)
Non-current financial payables			**239,116**	**224,250**	**14,866**

(*) The reported margin is the margin that existed at the reporting date of 31 January 2025. For the sake of completeness, it should be noted that at 31 January 2024 the margins applicable to the Amortising Line and to the Revolving Line were 2.05% and 1.55%, respectively.

The lines of credit available to the Group at 31 January 2025 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 8 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 January 2025.

With regard to the 2022 Loan, the applicable interest rate for the Amortising Line at 31 January 2025 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 January 2025 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 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 varying the Margin based on KPIs provides for a maximum step up/step down of 10 bps, to be announced in May 2025 with the publication of the final Progress Report, which will measure the targets achieved in the 2022-2024 three-year period.

At 31 January 2025, the ratio of average debt to EBITDA over the last 12 months was 1.32x.

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 debt to EBITDA over the last 12 months, 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. From FY 2023 this parameter must be equal to or less than 3.00:1.
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 3 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 6 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 1,000 euros 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 publishes an annual Sustainability-Linked Bond Progress Report ("SLB Progress Report") by and no later than 120 days after the end of each financial year: the last Progress Report will be published in May 2025.

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 January 2025, the fair value of the bond at year-end was €154,928,000.

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 2024 was 3.89%.

Below is the itemisation of the consolidated net financial debt of the OVS Group at 31 January 2025 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 and the liabilities for earn-outs estimated as part of the acquisition price of JB Licenses S.r.l. under "other current liabilities" and "other non-current liabilities" (second column):

(thousands of euro)	31.01.2025 Reported	31.01.2025 Reported including earn-out liabilities	31.01.2025 Reported Excluding IFRS 16	31.01.2024 Reported	31.01.2024 Reported Excluding IFRS 16
A. Cash and cash equivalents	87,729	87,729	87,729	105,790	105,790
B. Cash equivalents	0	0	0	0	0
C. Other current financial assets	15,109	15,109	14,840	6,262	5,445
D. Liquid assets (A)+(B)+(C)	**102,838**	**102,838**	**102,569**	**112,052**	**111,235**
E. Current financial debt	(2,093)	(3,798)	(2,093)	(4,610)	(4,610)
F. Current portion of non-current financial debt	(159,861)	(159,861)	(15,353)	(156,223)	(15,967)
G. Current debt (E)+(F)	**(161,954)**	**(163,659)**	**(17,446)**	**(160,833)**	**(20,577)**
H. Net current financial debt (G)+(D)	**(59,116)**	**(60,821)**	**85,123**	**(48,781)**	**90,658**
I. Non-current financial debt	(966,698)	(966,698)	(64,570)	(938,408)	(79,668)
J. Debt instruments	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)
K. Trade and other non-current payables	0	(4,689)	0	0	0
L. Non-current debt (I)+(J)+(K)	**(1,126,698)**	**(1,131,387)**	**(224,570)**	**(1,098,408)**	**(239,668)**
M. Total debt (H)+(L)	**(1,185,814)**	**(1,192,208)**	**(139,447)**	**(1,147,189)**	**(149,010)**
Non-current financial receivables	**6,365**	**6,365**	**5,921**	**5,249**	**3,773**
Net financial position	**(1,179,449)**	**(1,185,843)**	**(133,526)**	**(1,141,940)**	**(145,237)**

The following table shows the breakdown of current and non-current financial payables at 31 January 2025 and at 31 January 2024:

(thousands of euro)	31.01.2025 Reported	31.01.2025 Reported including earn-out liabilities	31.01.2025 Reported Excluding IFRS 16	31.01.2024 Reported	31.01.2024 Reported Excluding IFRS 16
Current financial payables	2,093	2,093	2,093	2,217	2,217
Other current payables	0	1,705	0	0	0
Derivatives	0	0	0	2,393	2,393
Payables for finance leases	144,995	144,995	487	141,321	1,065
Current portion of non-current financial debt	14,866	14,866	14,866	14,902	14,902
Current financial payables	**161,954**	**163,659**	**17,446**	**160,833**	**20,577**
Non-current financial payables	224,250	224,250	224,250	238,944	238,944
Other non-current payables	0	4,689	0	0	0
Derivatives	0	0	0	0	0
Payables for finance leases	902,448	902,448	320	859,464	724
Non-current financial payables	**1,126,698**	**1,131,387**	**224,570**	**1,098,408**	**239,668**

6.15 Financial liabilities for current and non-current leases

	31.01.2025	31.01.2024	change
Financial liabilities for current leases	144,995	141,321	3,674
Financial liabilities for non-current leases	902,448	859,464	42,984

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

The changes in lease liabilities during 2024 are shown below:

(thousands of euro)	IFRS 16	Ex IAS 17	Financial liabilities for leases
Balance at 31 January 2024	**998,996**	**1,789**	**1,000,785**
Increases	181,004	100	181,104
Decreases	(197,273)	(1,145)	(198,418)
Financial expenses	63,908	64	63,972
Balance at 31 January 2025	**1,046,635**	**808**	**1,047,443**

It should also be noted that current financial liabilities for leases include a portion of rent and interest (€6,600,000) that, at the reporting date, had not been paid as it is subject to negotiation with the respective real estate 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	
	31.01.2025	31.01.2024	31.01.2025	31.01.2024
Within 1 year	200,038	190,061	138,395	136,534
From 1 to 5 years	667,215	624,050	504,398	483,604
Beyond 5 years	473,982	432,899	398,050	375,860
Total	**1,341,235**	**1,247,010**	**1,040,843**	**995,998**

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

	31.01.2025	31.01.2024
Minimum payments owed for finance leases	1,341,235	1,247,010
(Future financial expenses)	(300,392)	(251,012)
Present value of payables for finance leases	**1,040,843**	**995,998**

6.16 Trade payables

	31.01.2025	31.01.2024	change
Trade payables	434,965	400,632	34,333

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 €198,460,000; it also includes exposure in foreign currency (mainly USD) amounting to USD192,880,000.
The slight increase in trade payables mainly reflects a general improvement in operating working capital flows as well as the significant investments still in progress at the end of the year.

6.17 Current tax liabilities

	31.01.2025	31.01.2024	change
Current tax liabilities	7,318	7,289	29

This item mainly includes the IRAP tax payable, net of payments on account made, estimated by Parent Company OVS S.p.A. as €1,440,000, and the net tax payable due as part of the tax consolidation with OVS Innovazione e Sostenibilità S.r.l. as €4,155,000.
They also include a provision of €1,000,000 recognised by the Parent Company, OVS S.p.A. and arising from the application of Pillar II legislation in the tax jurisdictions where GloBe taxation is applicable (even if the jurisdiction has not adopted the application of QDMTT directly to local entities), determined as described in more detail in note 3.5 Accounting standards and consolidation criteria.
The remaining portion relates to the current tax payables net of payments on account of the subsidiaries 82 S.r.l., JB Licenses S.r.l. and OVS Hong Kong Sourcing Ltd.

6.18 Other current and non-current payables

	31.01.2025	31.01.2024	change
Other current payables	174,843	173,674	1,169
Other non-current payables	25,869	19,178	6,691

The breakdown of the "Other payables" item into current and non-current at 31 January 2025 and at 31 January 2024 is shown below:

	31.01.2025	31.01.2024	change
Payables to personnel for holidays not taken and related contributions	8,759	8,289	470
Payables to employees for deferred salaries, overtime, bonuses and related contributions	31,421	27,713	3,708
Payables to Directors and Statutory Auditors for compensation	2,085	1,992	93
Other payables	52,411	55,521	(3,110)
Payables to pension and social security institutions	7,256	6,050	1,206
VAT payables	42,413	46,065	(3,652)
Other tax payables	3,387	2,272	1,115
Other payables - to customers	692	774	(82)
Accrued expenses and deferred income - rents	2,260	1,854	406
Accrued expenses and deferred income - utilities	4,382	4,213	169
Accrued expenses and deferred income - insurance	683	684	(1)
Accrued expenses and deferred income - other	19,094	18,247	847
Total current payables	**174,843**	**173,674**	**1,169**
Other payables	4,689	0	4,689
Accrued expenses and deferred income - other	21,180	19,178	2,002
Total non-current payables	**25,869**	**19,178**	**6,691**

Payables to employees relate to benefits accrued and not paid out at 31 January 2025.
"Other payables" mainly relate to the recognition of 28,862,000 euros for the value of expected returns on sales made, pursuant to IFRS 15 (25,117,000 euros at 31 January 2024).
The balance also includes advance payments by customers for pre-orders of goods and purchases of vouchers amounting to 10,683,000 euros, and payables for deposits and securities received from customers to guarantee affiliation agreements of 9,665,000 euros.
The increase in payables to pension and social security institutions reflects payables to the INPS.
At the reporting date, 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 tax.
The "Other accrued expenses/deferred income" item includes 9,716,000 euros of accrued expenses for local taxes, 198,000 euros of travel expenses, 498,000 euros of bank charges, 2,519,000 euros of deferred income for contributions payable by partners and lessors and 1,700,000 euros of unredeemed reward points relating to customer loyalty programmes (700,000 euros at 31 January 2024).

"Non-current payables" also include 8,684,000 euros 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 5,490,000 euros 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 7,007,000 euros should be noted, relating to the contributions accrued under the Planning Agreement with 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 14,824,000 euros, the first tranche of 50% of which was already disbursed to the subsidiary at the end of the previous financial year. The amount of the contribution accrued based on work performed as at 31 January 2025 but not yet paid is recorded under current accruals, as there is reasonable certainty that a second instalment will be received by the end of the first half of 2025. 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 January 2025, 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 7,437,000 euros, of which 1,500,000 euros was paid at closing while the remaining (estimated) part will be paid over the next 3 years (of which 1,705,000 euros by 31 January 2026, classified under Other current payables, and 4,689,000 euros beyond 31 January 2026).

6.19 Employee benefits

	31.01.2025	31.01.2024	change
Employee benefits	26,535	28,039	(1,504)

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)	31.01.2025	31.01.2024
Balance at start of year	**28,039**	**27,844**
Increase during the year	877	956
Decrease during the year	0	0
Actuarial (gains) losses	(815)	1,510
Benefits paid	(1,566)	(2,271)
Balance at end of year	**26,535**	**28,039**

The economic and demographic assumptions used for actuarial evaluation are listed below:

Demographic assumptions:

- for the expectation of death, the IPS55 demographic, broken down by gender;
- for the expectation of disability, the assumptions used by the INPS model for projections to 2010. Expectations are constructed starting with the distribution by age and gender of pensions in force at 1 January 1987 starting in 1984, 1985 and 1986 relating to personnel in the credit unit;
- for the age of retirement of the general working population, achievement of the first retirement requirement applicable for Mandatory General Insurance was assumed;
- for the probability of leaving employment for reasons other than death, based on statistics provided by the Group, an annual frequency rate of 5.00% was assumed;
- for the probability of early retirement, a year-on-year figure of 3.00% was assumed.

Economic and financial assumptions:

Annual discount rate	3.05%
Annual inflation rate	2.00%
Annual increase in employee severance benefits	3.00%

The iBoxx Eurozone Corporates AA 7-10 index at the calculation date was used as the benchmark for the discount rate. This expiry relates to the average remaining period of service at the company of the employees of Group Companies, weighted with the expected payments.
For the choice of the annual inflation rate, reference was made to the DEF 2024 published on 9 April 2024, which shows the value of the consumption deflator for the years 2025, 2026 and 2027 amounting to 1.9%, 1.9% and 1.8% respectively. On the basis of the above and the current trend in inflation, it was deemed appropriate to use a constant rate of 2.0%.

SENSITIVITY ANALYSIS

As required by the revised version of IAS 19, a sensitivity analysis was carried out on changes in the key actuarial assumptions included in the calculation model.
The above scenario was used as the baseline scenario; from this, the most significant assumptions - i.e. the average annual discount rate, the average inflation rate and the turnover rate, were increased and decreased. The results obtained are summarised in the following table:

	Annual discount rate		Annual inflation rate		Annual turnover rate	
(millions of euro)	**+0.50%**	**-0.50%**	**+0.25%**	**-0.25%**	**+2.00%**	**-2.00%**
OVS	25.7	27.3	26.7	26.2	26.5	26.4

FUTURE CASH FLOWS

As required by IAS 19, the expected future payment flows for the next few years were calculated, as the following table shows (in millions of euro):

years	Cash flow
0 - 1	2.2
1 - 2	2.5
2 - 3	2.5
3 - 4	2.7
4 - 5	3.3
5 - beyond	18.8

The average number of personnel during the year just ended was 100 managers, 6,775 white-collar workers and 226 blue-collar workers.
At 31 January 2025, the Group had 103 managers, 6,821 white-collar workers and 229 blue-collar workers in its employ.

6.20 Provisions for risks and charges

	31.01.2025	31.01.2024	change
Provisions for risks and charges	7,959	6,324	1,635

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

(thousands of euro)	31.01.2025	31.01.2024
Balance at start of year	**6,324**	**6,571**
Allowances for the year	2,075	1,045
Used/released during the year	(440)	(1,292)
Balance at end of year	**7,959**	**6,324**

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 the amount recorded therefore represents the best estimate of the presumed charge at year-end.
The provision for the financial year of €2.1 million relates to risks of a labour, legal or contractual nature and to costs arising from the reversal of previous tax benefits for research and development that affected most companies in the fashion sector.
The decrease refers to drawings on previous provisions made for disputes with former employees and various legal cases.

6.21 Deferred tax liabilities

	31.01.2025	31.01.2024	change
Deferred tax liabilities	28,908	27,833	1,075

The changes in 2024 are shown below:

(thousands of euro)	Balances at 31.01.2024	Allocated/ released to income statement	Allocated/ released to statement of comprehensive income	Allocation for PPA	Balances at 31.01.2025
Provision for inventory write-downs	13,593	639			14,232
Appropriation for local taxes	2,932	(707)			2,225
Provisions for risks and charges	1,517	(95)			1,422
Doubtful accounts	3,210	322			3,532
Tangible and intangible assets	(53,993)	317			(53,676)
IFRS 15 Sales with a right of return	2,707	431			3,138
IFRS 16 Leases	(132)				(132)
Employee severance benefits calculated according to IAS 19	699		(195)		504
Other minor items	1,634	(278)		(1,509)	(153)
Total net prepaid (deferred)	**(27,833)**	**629**	**(195)**	**(1,509)**	**(28,908)**

The same details are shown for the previous year:

(thousands of euro)	Balances at 31.01.2023	Allocated/ released to income statement	Allocated/ released to statement of comprehensive income	Balances at 31.01.2024
Provision for stock write-downs	13,778	(185)		13,593
Appropriation for local taxes	3,259	(327)		2,932
Provisions for risks and charges	1,576	(59)		1,517
Doubtful accounts	2,959	251		3,210
Tangible and intangible assets	(55,009)	1,016		(53,993)
IFRS 15 Sales with a right of return	3,007	(300)		2,707
IFRS 16 Leases	(306)	174		(132)
Employee severance benefits calculated according to IAS 19	337	0	362	699
Other minor	91	1,543		1,634
Total net prepaid (deferred)	**(30,308)**	**2,113**	**362**	**(27,833)**

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 893.2 million euros. Further details of all the changes in the items included in shareholders' equity are provided in the relative accounting schedule.

SHARE CAPITAL

At 31 January 2025, the share capital of OVS S.p.A. amounted to 290,923,470 euros, 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 January 2025, the Parent Company, OVS S.p.A., held a total of 46,208,461 treasury shares, equal to 15.883% of the share capital, for a total amount of 101,845,000 euros, of which 809,226 treasury shares, equal to 0.356% of the share capital, for a total amount of 1,496,000 euros purchased during FY 2018 and a further 13,538,308 treasury shares purchased in the course of the year 2022 at an average purchase price of 1.812 euros for a total amount of 24,522,000 euros, plus 14,694,813 treasury shares purchased in 2023 at an average purchase price of 2.136 euros for a total amount of 31,374,000 euros; finally, in 2024, an additional 19,749,000 treasury shares at an average purchase price of 2.536 euros for a total amount of 50,078,000 euros, while a total of 4,146 treasury shares were sold in 2023 and 2,578,740 during the FY 2024, which entailed the unloading of the reserve for treasury shares for a total amount of 8,000 euros and 5,616,000 euros, 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.
For completeness, it should also be noted that subsequent to the financial year end, pursuant to the resolution of the Extraordinary Shareholders' Meeting of 19 February 2025, a total of 35,891,347 treasury shares were cancelled, of which 29,092,347 were cancelled at the Shareholders' Meeting and 6,799,000 by the Board of Directors on 1 April 2025, in implementation of the mandate granted.
Furthermore, 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), from 1 February 2025 to date, the Parent Company has not purchased any further treasury shares, while it has sold 1,905,000 treasury shares following the exercise of options by certain Beneficiaries of the 2019-2022 Stock Option Plan.

Therefore, at 15 April 2025 the Parent Company holds 8,412,114 treasury shares (equal to 3.298% of the share capital, broken down into 255,032,123 shares), while its subsidiaries do not hold any OVS shares.

OTHER RESERVES

The breakdown of other reserves is as follows:
The **share premium reserve**, 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 €7,590,000 (gross costs of €10,469,000 and deferred tax of €2,879,000), and the capital increase of July 2021, amounting to €394,000 (gross costs of €518,000 and deferred costs of €124,000).
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 euros, and was established with the allocation of earnings during previous financial years.
There are also **other reserves**, with a positive net balance of 105.6 million euros, which mainly include retained earnings of 88.0 million euros, 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.

Changes in the reserve for actuarial gains/(losses) were as follows:

(thousands of euro)	2024	2023
Value at start of year	**(2,213)**	**(1,066)**
Change in provision for employee severance benefits under IAS 19	815	(1,509)
Deferred tax effect	(195)	362
Total change	*620*	*(1,147)*
Value at end of year	**(1,593)**	**(2,213)**

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 euros.

MINORITY SHAREHOLDINGS OF CAPITAL AND RESERVES

Minority interests 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 €3,000 for share capital and €660,000 for net results accrued to 31 January 2025, already net of the 2023 dividend of €597,000 distributed to minority shareholders in 2024. They also include the minority shareholders of two subsidiaries established in 2022: Vespucci Fashion Inc. (-1,020,000 euros) and Energia Verde Uno S.r.l. (-44,000 euros).

DIVIDENDS PAID AND PROPOSED

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

An ordinary gross dividend of €0.11 per share is proposed for the appropriation of earnings for 2024.

For further details on changes during the year, see the consolidated statement of changes in shareholders' equity and the proposed allocation of earnings for financial year 2024.

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:

	31.01.2025	31.01.2024
Revenues from retail sales	1,616,705	1,514,265
VAT on retail sales	(291,356)	(272,277)
Net sales	**1,325,349**	**1,241,988**
Revenues from sales to affiliates, administered and wholesale	305,828	292,511
Subtotal net sales	**1,631,177**	**1,534,499**
Revenues from services	781	667
Total	**1,631,958**	**1,535,166**

In 2024, sales revenues recorded an overall increase of more than 6%, driven mainly by the direct retail channel, partly due to the acquisition of JB Licenses S.r.l. during the year. For further details, please see the section on the Group Operating Performance, in the Report on Operations.

7.24 Other operating income and revenues

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

	31.01.2025	31.01.2024
Revenues from services provided	60,460	65,743
Rental income and leases	15,310	13,669
Compensation for damages	414	408
Capital gains from asset disposals	2,610	1,627
Other revenues	13,189	14,167
Total	**91,983**	**95,614**

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 689,146,000 euros.
The item breaks down as follows:

	31.01.2025	31.01.2024
Purchases of raw materials, consumables and goods	714,880	649,085
Change in inventories	(25,734)	16,663
Total	**689,146**	**665,748**

The consideration in euro for purchases abroad, mainly in dollars, including ancillary costs, is €551,140,000.

7.26 Personnel costs

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

	31.01.2025	31.01.2024
Wages and salaries	242,742	225,784
Social security charges	73,596	67,576
Employee severance benefits	15,476	11,911
Other personnel costs	1,976	1,941
Directors' fees	4,070	4,961
Total	**337,860**	**312,173**

The number of employees, expressed as the "full-time equivalent" headcount, was 6,348 at the end of the 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 euros. 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 euros, 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 January 2025):

Plan	Grantable	Granted	Accrued	Exercised / Cancelled	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	(2,696,707)	2,103,293
Total	**345,000**	**13,836,375**	**8,746,963**	**(2,696,707)**	**6,050,256**

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 euros per share (for the 2015-2020 Plan), 5.26 euros per share (for the 2017-2022 Plan) and 1.72 euros 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 January 2025, only 2,582,886 options had been exercised, as a result of which the Parent Company sold an equal number of shares for a total amount received of €3,938,000 and a reversal of the IFRS 2 reserve of €1,930,000. During the year, 113,821 options also expired, with a consequent reversal of the IFRS 2 reserve of €85,000.

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 13,996,000 euros 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 2024 financial year, one Beneficiary left the Group as a "good leavers" with the consequent reversal of the IFRS 2 reserve for the options accrued but subject to cancellation as they are not 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 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 31.01.2025
2015-2020 Plan	4.08	euros	2,724,963	0	0	0	0	2,724,963
2017-2022 Plan	5.26	euros	1,222,000	0	0	0	0	1,222,000
2019-2022 Plan	1.72	euros	4,795,854	0	0	(2,578,740)	(113,821)	2,103,293
Total			**8,742,817**	**0**	**0**	**(2,578,740)**	**(113,821)**	**6,050,256**

At 31 January 2025, 6,050,256 options were potentially exercisable (accrued or accruable).
During 2024, 2,578,740 options were exercised under the 2019-2022 Plan.
For the purposes of completeness, it should also be noted that the strike prices of the 3 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 euros 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 third 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, staff costs at 31 January 2025 attributable to the granting of OVS shares, amounting to €1,482,000, were recognised under the above plan with a balancing entry in shareholders' equity.
On 30 May 2024, the ordinary Shareholders' Meeting

approved a new compensation plan based on mid-long term 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.
Under the Performance Share Plan, if Performance Targets are achieved during a Vesting Period starting on 1 February 2024 and ending on 31 January 2027 (consistent with the closing dates of the company's financial statements), each Beneficiary will be entitled to receive OVS shares (the 'Shares') free of charge, provided that, after the Vesting Period (and except as provided for below in the event of leavership), the relationship between OVS or the Subsidiary and the Beneficiary still exists (without prejudice to the Board of Directors' right to waive this last condition 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.
Under IFRS 2, the 2024-2026 Performance Share Plan is also defined as equity settled, therefore the fair value of this Plan was estimated at the assignment date using the Monte Carlo method. Therefore, the overall fair value pertaining to the reporting period has been recognised in the income statement. In particular, staff costs at 31 January 2025 attributable to the granting of OVS shares, amounting to €1,665,000, 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:

	31.01.2025	31.01.2024
Amortisation of intangible assets	20,987	19,735
Depreciation of tangible assets	51,523	48,542
Depreciation of right-of-use assets	153,484	158,959
Write-downs of tangible and intangible assets	3,105	5,300
Total	**229,099**	**232,536**

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 refer to assets written down due to store closures that have already taken place or are planned, including in relation to some foreign business being divested, and/or any results of impairment testing 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:

	31.01.2025	31.01.2024
Advertising	38,161	34,550
Utilities	39,749	43,689
Miscellaneous sales costs	75,523	68,415
Professional and advisory services	34,697	28,875
Travel and other staff expenses	13,803	14,545
Insurance	4,034	3,625
Maintenance, cleaning and security	39,626	38,006
Other services	1,630	1,694
Remuneration of the Board of Statutory Auditors/Supervisory Board	288	272
Total	**247,511**	**233,671**

COSTS FOR THE USE OF THIRD-PARTY ASSETS

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

	31.01.2025	31.01.2024
Rental costs and ancillary charges	34,816	33,383
Leasing of plant, equipment and vehicles	7,053	5,117
Total	**41,869**	**38,500**

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:

	31.01.2025	31.01.2024
Doubtful accounts	7,392	1,759
Provisions for risks	2,075	1,045
Total	**9,467**	**2,804**

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:

	31.01.2025	31.01.2024
Materials and equipment for offices and points of sale	6,002	5,429
Taxes	7,827	6,592
Capital losses	1,084	1,025
Charitable donations	458	637
Corporate expenses	588	733
Other general and administrative costs	891	799
Other operating expenses	4,192	3,219
Total	**21,042**	**18,434**

The "Other operating expenses" item mainly comprises €1,749,000 relating to rebates, fines and rounding liabilities and €191,000 for discounts on partner goods distributed to customers during special events; the same item also includes transactional agreements with lessors and suppliers for €415,000, and miscellaneous reimbursements for expenses.

7.30 Financial income (expenses)

FINANCIAL INCOME

	31.01.2025	31.01.2024
Financial income on bank current accounts	864	140
Financial income from miscellaneous sources	409	796
Income from financial lease assets	37	145
Total	**1,310**	**1,081**

FINANCIAL EXPENSES

	31.01.2025	31.01.2024
Financial expenses on bank current accounts	4	7
Financial expenses on loans	13,785	13,195
Expenses from finance lease liabilities	63,972	41,133
Interest cost on provision for employee severance benefits	855	929
Other financial expenses/fees	6,106	4,497
Total	**84,722**	**59,761**

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 2024 was 6.58%.

FOREIGN EXCHANGE GAINS AND LOSSES

	31.01.2025	31.01.2024
Foreign exchange gains	10,280	5,184
Foreign exchange losses	(11,514)	(10,572)
Gains (losses) on changes in fair value on forward derivatives	14,590	9,450
Total	**13,356**	**4,062**

GAINS (LOSSES) FROM EQUITY INVESTMENTS

	31.01.2025	31.01.2024
Gains (losses) from equity investments	0	0
Total	**0**	**0**

7.31 Taxes

The following is a breakdown of the charge to the income statement:

	31.01.2025	31.01.2024
Taxes on the income of Italian companies	19,133	15,630
IRAP Italian companies	7,756	6,820
Taxes of foreign companies	461	501
Deferred taxes (net change)	(1,525)	(3,029)
Total	**25,825**	**19,922**

The following table shows the reconciliation of the theoretical tax charge with the effective tax charge:

(thousands of euro)	31.01.2025	%	31.01.2024	%
Net result for the year before tax	77,891		72,296	
Theoretical income tax (IRES)	(18,694)	(24.0)%	(17,351)	(24.0)%
IRAP	(7,756)	(10.0)%	(6,820)	(9.4)%
Tax effect of permanent differences and other differences	625	0.8%	4,249	5.9%
Taxes	**(25,825)**		**(19,922)**	
Effective tax rate		**(33.2)%**		**(27.6)%**

Current taxes at 31 January 2025 mainly include the estimate of the Parent Company's IRES and IRAP charge for a total of 24.8 million euros; a provision for approximately 1.0 million euros for the preliminary effects deriving from the application of the Pillar II legislation, determined as described in more detail in Note no. 3.5 Accounting standards and consolidation criteria.
The effective tax charge for the FY 2024 was 33.2% (compared with 27.6% in FY 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 (46,208,461 shares, equal to 15.8834% of the share capital), weighted for the period of ownership.

	31.01.2025	31.01.2024
Net result for the year attributable to the Group (in euro/000)	51,957	52,303
Number of ordinary shares at end of year	290,923,470	290,923,470
Average weighted number of shares outstanding for the calculation of basic earnings per share	249,836,360	270,413,326
Basic earnings per share (in euro)	**0.208**	**0.193**
Diluted earnings per share (in euro)	**0.206**	**0.190**

Diluted earnings per share were essentially in line with basic earnings per share, since at 31 January 2025 the dilutive effects of the various stock option and stock grant 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 relations 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.

	Related parties						
(thousands of euro)	Goldenpoint S.p.A.	String S.r.l.	Centomilacan-dele 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 January 2025	449	0	0	0	449	107,033	0.4%
At 31 January 2024	0	0	0	0	0	105,202	0.0%
Non-current financial assets							
At 31 January 2025	2,666	0	0	0	2,666	5,921	45.0%
At 31 January 2024	0	0	0	0	0	3,773	0.0%
Financial liabilities for current leases							
At 31 January 2025	0	(91)	0	0	(91)	(144,995)	0.1%
At 31 January 2024	0	0	0	0	0	(141,321)	0.0%
Trade payables							
At 31 January 2025	0	0	47	0	47	(434,965)	(0.0)%
At 31 January 2024	0	0	47	0	47	(400,632)	(0.0)%
Other current payables							
At 31 January 2025	0	0	0	(2,588)	(2,588)	(174,843)	1.5%
At 31 January 2024	0	0	0	(2,417)	(2,417)	(173,674)	1.4%
Financial liabilities for non-current leases							
At 31 January 2025	0	(2,511)	0	0	(2,511)	(902,448)	0.3%
At 31 January 2024	0	0	0	0	0	(859,464)	0.0%

String S.r.l. is a company controlled by the Chief Executive Officer of the Parent Company OVS S.p.A., with which it signed a property lease agreement in January 2025 for a store which is accounted for, under IFRS 16, as a financial liability for leases totalling €2,602,000.

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 euro)	Goldenpoint S.p.A. (Related parties)	Centomilacandele S.c.p.a. in liquidation (Related parties)	Directors and executives with strategic responsibilities (Related parties)	Total	Total balance sheet item	Percentage of balance sheet item
Year ended 31 January 2025						
Revenues	1,388	0	0	1,388	1,631,958	0.1%
Other operating income and revenues	143	0	0	143	91,983	0.2%
Purchases of raw materials, consumables and goods	0	0	0	0	(689,146)	0.0%
Personnel costs	0	0	(7,836)	(7,836)	(337,860)	2.3%
Service costs	0	0	0	0	(247,511)	0.0%
Costs for the use of third-party assets	0	0	0	0	(41,869)	0.0%
Write-downs and provisions	0	0	0	0	(9,467)	0.0%
Other operating expenses	0	0	0	0	(21,042)	0.0%
Financial income	0	0	0	0	1,310	0.0%
Financial expenses	(184)	0	0	(184)	(84,722)	0.2%
Gains (losses) from equity investments	0	0	0	0	0	0.0%

At 31 January 2024, the OVS Group's economic relations with related parties were as follows:

(thousands of euro)	Centomilacandele S.c.p.a. in liquidation (Related parties)	Directors and executives with strategic responsibilities (Related parties)	Total	Total balance sheet item	Percentage of balance sheet item
Year ended 31 January 2024					
Revenues	0	0	0	1,535,166	0.0%
Other operating income and revenues	0	0	0	95,614	0.0%
Purchases of raw materials, consumables and goods	0	0	0	(665,748)	0.0%
Personnel costs	0	(7,556)	(7,556)	(312,173)	2.4%
Service costs	(128)	0	(128)	(233,671)	0.1%
Costs for the use of third-party assets	0	0	0	(38,500)	0.0%
Write-downs and provisions	0	0	0	(2,804)	0.0%
Other operating expenses	0	0	0	(18,434)	0.0%
Financial income	0	0	0	1,081	0.0%
Financial expenses	0	0	0	(59,761)	0.0%
Gains (losses) from equity investments	0	0	0	0	0.0%

The cash flows shown in the following table represent the actual payments and receipts registered with related parties in 2024 (or until the time when the related party qualification ended), rather than changes during the year in the item in the financial statements to which they relate:

	Related parties					
(thousands of euro)	Goldenpoint S.p.A.	Centomilacan-dele 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
Year ended 31 January 2025						
Cash flow generated (absorbed) by operating activities	1,709	0	(6,073)	(4,364)	290,688	(1,5)%
Cash flow generated (absorbed) by investment activities	0	0	0	0	(87,137)	0.0%
Cash flow generated (absorbed) by financing activities	(2,850)	0	0	(2,850)	(221,612)	1.3%
Year ended 31 January 2024						
Cash flow generated (absorbed) by operating activities	0	(128)	(13,432)	(13,560)	314,278	(4.3)%
Cash flow generated (absorbed) by investment activities	0	0	0	0	(94,010)	0.0%
Cash flow generated (absorbed) by financing activities	0	0	0	0	(220,497)	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.

	31 January 2025				31 January 2024			
(thousands of euro)	OVS	UPIM	Other businesses	Total	OVS	UPIM	Other businesses	Total
Revenues by segment	**1,208,994**	**378,693**	**43,737**	**1,631,424**	**1,140,088**	**350,303**	**45,167**	**1,535,558**
Adjusted EBITDA	**162,769**	**40,060**	**(7,574)**	**195,255**	**152,584**	**34,595**	**(4,975)**	**182,204**
% of revenues	**13.5%**	**10.6%**	**(17.3)%**	**12.0%**	**13.4%**	**9.9%**	**(11.0)%**	**11.9%**
Non-recurring expenses				(6,629)				(3,625)
Forex reclassification				(6,262)				(9,337)
Stock option plan				(3,147)				(1,512)
IFRS 16 effects				197,829				191,720
EBITDA				**377,046**				**359,450**
Depreciation, amortisation and write-downs of assets				(229,099)				(232,536)
Earnings before net financial expenses and taxes				**147,947**				**126,914**
Financial income				1,310				1,081
Financial expenses				(84,722)				(59,761)
Foreign exchange gains and losses				13,356				4,062
Gains (losses) from equity investments				0				0
Net result for the year before tax				**77,891**				**72,296**
Taxes				(25,825)				(19,922)
Net result for the year				**52,066**				**52,374**

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 102,641,000 euros (93,532,000 euros 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 euro)	Directors	Auditors
Year ended 31 January 2025	3,945	182
Year ended 31 January 2024	4,738	182

10.5 Reconciliation of shareholders' equity and net result for the year of the Parent Company with consolidated shareholders' equity and consolidated net result for the year

(thousands of euro)	Result for the year	Shareholders' equity
Financial statements of OVS S.p.A at 31.01.2025, prepared according to the international reporting standards (IFRSs)	**51,557**	**873,475**
Shareholders' equity and profit for the year of the fully consolidated subsidiaries, net of the carrying amount of the equity investments	17,516	435
Elimination of infra-group dividends	(24,646)	0
Elimination of unrealised infra-group results net of the relative tax effect	(472)	(1,117)
Exchange rate gains or losses from the translation of financial statements in foreign currencies	0	775
Elimination of inter-company write-downs	8,543	13,275
Change in consolidation scope	(541)	6,795
Non-controlling interests	109	(402)
Consolidated financial statements of OVS at 31.01.2025, prepared according to the international reporting standards (IFRS)	**52,066**	**893,236**

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 FY 2024 were influenced by non-recurring net expenses of 5,616,000 euros.

	31.01.2025	**31.01.2024**
Revenues	(553)	393
Other operating income and revenues	0	(87)
Purchases of raw materials, consumables and goods	685	286
Personnel costs	851	838
Depreciation, amortisation and write-downs of assets	761	2,638
Service costs	1,671	1,205
Costs for the use of third-party assets	767	852
Write-downs and provisions	1,985	0
Other operating expenses	1,223	138
Taxes	(1,774)	(1,503)
Total	**5,616**	**4,760**

Non-recurring charges refer to:

- revenues of 553,000 euros, purchases of goods of 685,000 euros and costs for the use of third-party assets of 767,000 euros relating to certain foreign initiatives being partially divested;
- personnel costs of 851,000 euros relating to transactions with employees for 377,000 euros and costs relating to certain foreign initiatives being partially divested for 474,000 euros;
- depreciation, amortisation and extraordinary write-downs of assets for 761,000 euros related to some partially discontinued foreign initiatives;
- service costs of 1,671,000 euros, mainly relating to one-off costs related to some foreign initiatives being discontinued for 326,000 euros and other net one-off costs of 1,345,000 euros;
- write-downs and provisions of €1,985,000 relating to tax matters for €1,033,000 and extraordinary write-downs of trade receivables for €952,000;
- other operating expenses of 1,223,000 euros relating mainly to certain foreign initiatives being partially divested;
- the tax effect on the above non-recurring items of 1,774,000 euros.

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

10.7 Public funds – Information pursuant to Law no. 124/2017

Pursuant to Article 1, paragraph 125, of Law no. 124/2017, regarding the obligation to indicate in the notes any sums of money received during the year by way of subsidies, grants, remunerated mandates and any economic benefits of any kind from public administrations and from the parties referred to in paragraph 125 of the same article, please see the guidelines in the National Register of State Aid pursuant to Article 52 of Law no. 235 of 24 December 2012.

10.8 Information pursuant to Article 149 – duodecies of the Consob Issuer Regulation

The following table, prepared pursuant to Article 149-duodecies of the Consob Issuer Regulation shows the fees for the financial years 2024 and 2023 for auditing services and other services provided by the independent auditor (KPMG S.p.A.), as well as services provided by companies within the same network:

(thousands of euro)	2024	2023
a) Independent auditor's fees for the provision of auditing services:		
- to Parent Company OVS S.p.A.	242	240
- to subsidiaries (services provided by companies in the KPMG network)	61	36
b) Independent auditor's fees for the provision of services other than auditing:		
- to Parent Company OVS S.p.A. for audit services for the issuance of certification	98 (1)	36 (1)
- to Parent Company OVS S.p.A. for audit services for the issuance of certification (services provided by companies in the KPMG network)	0	0
- to Parent Company OVS S.p.A. for other services	18 (2)	0
c) Fees for entities in the KPMG network for the provision of services:		
- to Parent Company OVS S.p.A.	0	0

(1) These fees relate to "audit related" services for the limited review of the Consolidated Sustainability Report and various tax certifications.
(2) These fees relate to gap assessment activities in the context of the CSRD.

11. Significant events after the reporting period

On 16 December 2024, the Board of Directors of OVS S.p.A., having met to approve the consolidated results for the period 1 February - 31 October 2024, resolved to convene an extraordinary shareholders' meeting on 19 February 2025 to approve:

I. cancelling a number of treasury shares equal to 10% of the share capital, and
II. to grant a mandate to the Board of Directors to further cancel a number of treasury shares equal to up to a maximum of 5.50% of the share capital.

Pursuant to the resolution of the Extraordinary Shareholders' Meeting of 19 February 2025, a total of 35,891,347 treasury shares were cancelled, of which 29,092,347 were cancelled at the Shareholders' Meeting and 6,799,000 by the Board of Directors on 1 April 2025, in implementation of the mandate granted.

It should also 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), from 1 February 2025 to date, the Parent Company has not purchased any further treasury shares, while it has sold 1,905,000 treasury shares following the exercise of options by certain Beneficiaries of the 2019-2022 Stock Option Plan.

At 15 April 2025, the Company therefore holds 8,412,114 treasury shares (equal to 3.298% of the share capital, broken down into 255,032,123 shares), while its subsidiaries do not hold any OVS shares.

Finally, it should be recalled that on 28 March 2025, the OVS Group publicly opened the new technological innovation hub and multi-function centre which were part of the investment project launched in 2023 through the Planning Agreement for Large Companies in the Puglia Region. The project is now well under way, enabling the group to address significant challenges in the areas of digital transformation, artificial intelligence, cyber security and the circular economy.

The technology hub is developing projects with high digital content, with a particular focus on the use of innovative solutions for retail, while the multi-function centre has been operational since February and has already started recovering unsold garments. This centre is located in a leased property of approximately 15,000 sq.m. in the industrial area of Bari, and includes an innovative plant with a reconditioning capacity of 70,000 items of clothing per day, with the aim of reaching a total of 15 million reconditioned pieces in 2026. The entire process has been designed to optimise internal flows within the centre including through the use of models based on smart automation technologies.

The implementation of this project is an important objective in the Group's development plan for digital innovation and sustainability. The creation of this technology hub will enable the Group to welcome new resources to join those already contributing to its digital transformation and innovation; at the same time, the multi-function centre for garment recovery is proving its potential in the circular economy.

The Puglia region continues to offer a dynamic industrial ecosystem with close ties to leading academic institutions such as the Politecnico di Bari, with which the OVS Group has an active partnership. This favourable context is contributing significantly to the success of the initiative by strengthening the entire Group's capacity for innovation.

There were no other significant events after 31 January 2025.

12. Appendices to the consolidated financial statements

The following documents contain additional information on the consolidated financial statements for the year ended 31 January 2025.

Appendices:

- no. 1 Property, plant and equipment at 31 January 2025;
- no. 2 Right-of-use assets at 31 January 2025;
- no. 3 Intangible assets at 31 January 2025.
- no. 4 Property, plant and equipment at 31 January 2024;
- no. 5 Right-of-use assets at 31 January 2024;
- no. 6 Intangible assets at 31 January 2024.

APPENDIX 1

PROPERTY, PLANT AND EQUIPMENT

The composition and changes during the period were as follows (thousands of euro):

	Situation at 31.01.2024	Movements during the year Acquisitions/ Increases	Sales/ disposals	Amortisation/ write-downs	Situation at 31.01.2025
Leasehold improvements					
initial cost	235,736	13,079	(2,832)	0	245,983
write-downs	0	0	0	0	0
amortisation	(178,655)	0	2,011	(8,790)	(185,434)
net	**57,081**	**13,079**	**(821)**	**(8,790)**	**60,549**
Land and buildings					
initial cost	6,823	0	0	0	6,823
write-downs	0	0	0	0	0
amortisation	(1,983)	0	0	(32)	(2,015)
net	**4,840**	**0**	**0**	**(32)**	**4,808**
Plant and machinery					
initial cost	361,153	18,746	(3,194)	0	376,705
write-downs	0	0	0	0	0
amortisation	(257,703)	0	2,202	(15,349)	(270,850)
net	**103,450**	**18,746**	**(992)**	**(15,349)**	**105,855**
Industrial and commercial equipment					
initial cost	394,244	27,287	(7,973)	0	413,558
write-downs	0	0	0	0	0
amortisation	(289,326)	0	6,392	(23,744)	(306,678)
net	**104,918**	**27,287**	**(1,581)**	**(23,744)**	**106,880**
Other assets					
initial cost	74,984	4,741	(728)	0	78,997
write-downs	0	0	0	0	0
amortisation	(64,178)	0	708	(3,608)	(67,078)
net	**10,806**	**4,741**	**(20)**	**(3,608)**	**11,919**
Assets under construction and payments on account					
initial cost	12,586	14,755	(6,005)	0	21,336
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**12,586**	**14,755**	**(6,005)** (1)	**0**	**21,336**
Total					
initial cost	1,085,526	78,608	(20,732)	0	1,143,402
write-downs	0	0	0	0	0
amortisation	(791,845)	0	11,313	(51,523)	(832,055)
net	**293,681**	**78,608**	**(9,419)** (2)	**(51,523)**	**311,347**

(1) Of this amount, €5,966,000 represents assets under construction at 31.01.2024, reclassified to the specific asset categories in 2024.
(2) Includes €3,016,000 relating to fixed assets disposed of and written down in the period due to the closure of stores.

APPENDIX 2

RIGHT-OF-USE ASSETS

The composition and changes during the period were as follows (thousands of euro):

	Situation at 31.01.2024	Movements during the year: Acquisitions/ Increases	Remeasure-ment	Decreases	Amortisation/ write-downs	Situation at 31.01.2025
Land and buildings						
initial cost	1,482,593	126,757	53,210	(36,582)	0	1,625,978
write-downs	0	0	0	0	0	0
amortisation	(568,489)	0	0	36,582	(151,864)	(683,771)
net	**914,104**	**126,757**	**53,210**	**0**	**(151,864)**	**942,207**
Plant and machinery						
initial cost	640	0	0	0	0	640
write-downs	0	0	0	0	0	0
amortisation	(308)	0	0	0	(71)	(379)
net	**332**	**0**	**0**	**0**	**(71)**	**261**
Industrial and commercial equipment						
initial cost	3,627	0	0	(5)	0	3,622
write-downs	0	0	0	0	0	0
amortisation	(1,439)	0	0	2	(363)	(1,800)
net	**2,188**	**0**	**0**	**(3)**	**(363)**	**1,822**
Other assets						
initial cost	7,389	1,222	(85)	(746)	0	7,780
write-downs	0	0	0	0	0	0
amortisation	(4,901)	0	0	743	(1,186)	(5,344)
net	**2,488**	**1,222**	**(85)**	**(3)**	**(1,186)**	**2,436**
Total						
initial cost	1,494,249	127,979	53,125	(37,333)	0	1,638,020
write-downs	0	0	0	0	0	0
amortisation	(575,137)	0	0	37,327	(153,484)	(691,294)
net	**919,112**	**127,979**	**53,125**	**(6)**	**(153,484)**	**946,726**

APPENDIX 3

INTANGIBLE ASSETS

The composition and changes during the period were as follows (thousands of euro):

		Movements during the year			
	Situation at 31.01.2024	**Acquisitions/ Increases**	**Sales/ disposals**	**Amortisation/ write-downs**	**Situation at 31.01.2025**
Rights to industrial patents and intellectual property rights					
initial cost	201,674	10,027	(7)	0	211,694
write-downs	0	0	0	0	0
amortisation	(172,726)	0	7	(10,569)	(183,288)
net	**28,948**	**10,027**	**0**	**(10,569)**	**28,406**
Concessions, licences and trademarks					
initial cost	516,611	113	(291)	0	516,433
write-downs	(4,775)	0	251	0	(4,524)
amortisation	(13,029)	0	40	(1,526)	(14,515)
net	**498,807**	**113**	**0**	**(1,526)**	**497,394**
Assets under construction and payments on account					
initial cost	2,945	4,506	(1,857)	0	5,594
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**2,945**	**4,506**	**(1,857)** (1)	**0**	**5,594**
Other intangible assets					
initial cost	167,303	5,989	(147)	0	173,145
write-downs	0	0	0	0	0
amortisation	(108,156)	0	58	(8,892)	(116,990)
net	**59,147**	**5,989** (3)	**(89)**	**(8,892)**	**56,155**
Total					
initial cost	888,533	20,635	(2,302)	0	906,866
write-downs	(4,775)	0	251	0	(4,524)
amortisation	(293,911)	0	105	(20,987)	(314,793)
net	**589,847**	**20,635**	**(1,946)** (2)	**(20,987)**	**587,549**
Goodwill					
initial cost	297,686	3,437	0	0	301,123
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**297,686**	**3,437** (3)	**0**	**0**	**301,123**

(1) Of this amount, €1,857,000 represents assets under construction at 31.01.2024, reclassified to the specific asset categories in 2024.
(2) Includes €89,000 relating to fixed assets disposed of and written down in the period due to the closure of stores.
(3) Includes €8,845,000 relating to the allocation of consideration arising from the acquisition of JB Licenses S.r.l..

APPENDIX 4

PROPERTY, PLANT AND EQUIPMENT

The composition and changes during the period were as follows (thousands of euro):

	Situation at 31.01.2023	Movements during the year			Situation at 31.01. 2024
		Acquisitions/ Increases	Sales/ disposals	Amortisation/ write-downs	
Leasehold improvements					
initial cost	228,370	11,478	(4,112)	0	235,736
write-downs	(88)	0	88	0	0
amortisation	(172,968)	0	2,785	(8,472)	(178,655)
net	**55,314**	**11,478**	**(1,239)**	**(8,472)**	**57,081**
Land and buildings					
initial cost	6,823	0	0	0	6,823
write-downs	0	0	0	0	0
amortisation	(1,951)	0	0	(32)	(1,983)
net	**4,872**	**0**	**0**	**(32)**	**4,840**
Plant and machinery					
initial cost	326,035	40,049	(4,931)	0	361,153
write-downs	(173)	0	173	0	0
amortisation	(247,620)	0	3,691	(13,774)	(257,703)
net	**78,242**	**40,049**	**(1,067)**	**(13,774)**	**103,450**
Industrial and commercial equipment					
initial cost	386,076	27,042	(18,874)	0	394,244
write-downs	(317)	0	317	0	0
amortisation	(283,129)	0	16,799	(22,996)	(289,326)
net	**102,630**	**27,042**	**(1,758)**	**(22,996)**	**104,918**
Other assets					
initial cost	69,835	5,356	(207)	0	74,984
write-downs	0	0	0	0	0
amortisation	(61,098)	0	188	(3,268)	(64,178)
net	**8,737**	**5,356**	**(19)**	**(3,268)**	**10,806**
Assets under construction and payments on account					
initial cost	17,867	8,817	(14,098)	0	12,586
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**17,867**	**8,817**	**(14,098)** (1)	**0**	**12,586**
Total					
initial cost	1,035,006	92,742	(42,222)	0	1,085,526
write-downs	(578)	0	578	0	0
amortisation	(766,766)	0	23,463	(48,542)	(791,845)
net	**267,662**	**92,742**	**(18,181)** (2)	**(48,542)**	**293,681**

(1) Of this amount, €13,710,000 represents assets under construction at 31.01.2023, reclassified to the specific asset categories in 2023.
(2) Includes €3,763,000 relating to fixed assets disposed of and written down in the period due to the closure of stores.

APPENDIX 5

RIGHT-OF-USE ASSETS

The composition and changes during the period were as follows (thousands of euro):

	Situation at 31.01.2023	Movements during the year Acquisitions/ Increases	Remeasure-ment	Decreases	Amortisation/ write-downs	Situation at 31.01. 2024
Land and buildings						
initial cost	1,456,141	116,471	2,322	(92,341)	0	1,482,593
write-downs	0	0	0	0	0	0
amortisation	(503,372)	0	0	92,341	(157,458)	(568,489)
net	**952,769**	**116,471**	**2,322**	**0**	**(157,458)**	**914,104**
Plant and machinery						
initial cost	640	0	0	0	0	640
write-downs	0	0	0	0	0	0
amortisation	(237)	0	0	0	(71)	(308)
net	**403**	**0**	**0**	**0**	**(71)**	**332**
Industrial and commercial equipment						
initial cost	3,641	0	0	(14)	0	3,627
write-downs	0	0	0	0	0	0
amortisation	(1,078)	0	0	3	(364)	(1,439)
net	**2,563**	**0**	**0**	**(11)**	**(364)**	**2,188**
Other assets						
initial cost	6,190	1,972	(17)	(756)	0	7,389
write-downs	0	0	0	0	0	0
amortisation	(4,591)	0	0	756	(1,066)	(4,901)
net	**1,599**	**1,972**	**(17)**	**0**	**(1,066)**	**2,488**
Total						
initial cost	1,466,612	118,443	2,305	(93,111)	0	1,494,249
write-downs	0	0	0	0	0	0
amortisation	(509,278)	0	0	93,100	(158,959)	(575,137)
net	**957,334**	**118,443**	**2,305**	**(11)**	**(158,959)**	**919,112**

APPENDIX 6

INTANGIBLE ASSETS

The composition and changes during the period were as follows (thousands of euro):

		Movements during the year			
	Situation at 31.01.2023	Acquisitions/ Increases	Sales/disposals	Amortisation/ write-downs	Situation at 31.01. 2024
Rights to industrial patents and intellectual property rights					
initial cost	189,715	11,959	0	0	201,674
write-downs	0	0	0	0	0
amortisation	(162,781)	0	0	(9,945)	(172,726)
net	**26,934**	**11,959**	**0**	**(9,945)**	**28,948**
Concessions, licences and trademarks					
initial cost	518,061	1,444	(2,894)	0	516,611
write-downs	(5,477)	0	1,452	(750)	(4,775)
amortisation	(11,683)	0	157	(1,503)	(13,029)
net	**500,901**	**1,444**	**(1,285)**	**(2,253)**	**498,807**
Assets under construction and payments on account					
initial cost	375	2,796	(226)	0	2,945
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**375**	**2,796**	**(226)** (1)	**0**	**2,945**
Other intangible assets					
initial cost	166,847	479	(23)	0	167,303
write-downs	0	0	0	0	0
amortisation	(99,889)	0	20	(8,287)	(108,156)
net	**66,958**	**479**	**(3)**	**(8,287)**	**59,147**
Total					
initial cost	874,998	16,678	(3,143)	0	888,533
write-downs	(5,477)	0	1,452	(750) (3)	(4,775)
amortisation	(274,353)	0	177	(19,735)	(293,911)
net	**595,168**	**16,678**	**(1,514)** (2)	**(20,485)**	**589,847**
Goodwill					
initial cost	297,686	0	0	0	297,686
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**297,686**	**0**	**0**	**0**	**297,686**

(1) Of this amount, €226,000 represents assets under construction at 31.01.2023, reclassified to the specific asset categories in 2023.
(2) Includes €787,000 relating to fixed assets disposed of and written down in the period due to the closure of stores.
(3) Includes €750,000 relating to assets written down after impairment testing of stores.

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 consolidated financial statements for the period from 1 February 2024 to 31 January 2025.

2. The evaluation of the adequacy of the administrative and accounting procedures used in the preparation of the consolidated financial statements at 31 January 2025 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 consolidated financial statements at 31 January 2025:
      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 Report on Operations includes a reliable analysis of the operating performance and results and the situation of the Issuer and all the companies included within the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

Mestre, Venice, 15 April 2025

Stefano Beraldo
Chief Executive Officer

Nicola Perin
Financial Reporting Officer

Independent auditor's report on the consolidated financial statements

KPMG S.p.A.
Revisione e organizzazione contabile
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37138 VERONA VR
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Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(The accompanying translated consolidated financial statements of the OVS Group constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
OVS S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the OVS Group (the "group"), which comprise the statement of financial position as at 31 January 2025, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the OVS Group as at 31 January 2025 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of OVS S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

OVS Group
Independent auditors' report
31 January 2025

Recoverability of the carrying amount of goodwill and intangible assets

Notes to the consolidated financial statements: paragraphs "6.10 Intangible assets", "6.11 Goodwill" and "6.12 Impairment testing"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 January 2025 include goodwill of €301.1 million and intangible assets of €587.5 million, €394.2 million of which with an indefinite useful life. Goodwill is allocated to the OVS and the JB Licenses cash-generating unit ("CGU") (€297.7 million and €3.4 million, respectively), while intangible assets with an indefinite useful life are allocated to the OVS, UPIM and Stefanel CGUs (€377.5 million, €13.3 million and €3.4 million, respectively). The parent's directors tested the carrying amounts of the OVS, UPIM, Stefanel and JB Licenses CGUs to which goodwill and the intangible assets are allocated for impairment in order to identify any impairment losses compared to the CGUs' recoverable amount. They calculated the recoverable amount by estimating its value in use using the discounted cash flow model. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective about: • the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for recent years and the projected growth rates; • the financial parameters used to calculate the discount rate. For the above reasons, we believe that the recoverability of the carrying amount of goodwill and intangible assets with an indefinite useful life is a key audit matter.	Our audit procedures included: • understanding the process adopted to prepare the impairment test of the carrying amount of the OVS, UPIM, Stefanel and JB Licenses CGUs to which goodwill and intangible assets are allocated; • understanding the process adopted for preparing the 2025 budget and the 2026-2027 projections used for impairment testing, as approved by the parent's board of directors on 15 April 2025; • analysing the reasonableness of the key assumptions used by the parent's directors to prepare the 2025 budget and the 2026-2027 projections used for impairment testing; • analysing the criteria used to identify the CGUs and tracing the amount of the CGUs' assets and liabilities to the relevant carrying amounts in the consolidated financial statements; • checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the measurement process adopted; • involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; • checking the sensitivity analysis presented in the notes in relation to the key assumptions used for impairment testing; • assessing the appropriateness of the disclosures provided in the notes about the impairment tests and their compliance with IAS 36.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

OVS Group
Independent auditors' report
31 January 2025

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

OVS Group
Independent auditors' report
31 January 2025

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 31 May 2022, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 January 2024 to 31 January 2032.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 January 2025 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

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OVS Group
Independent auditors' report
31 January 2025

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 January 2025 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements;
- express an opinion on the compliance of the directors' report, excluding the section that includes the consolidated sustainability statement, and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;
- issue a statement of any material misstatements in the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the group's consolidated financial statements at 31 January 2025.

Moreover, in our opinion, excluding the section which includes the consolidated sustainability statement, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Our opinion on compliance with the applicable law does not extend to the directors' report section which includes the consolidated sustainability statement. Our conclusion on the compliance of this section with the legislation governing its preparation and with the disclosure requirements of article 8 of Regulation (EU) 2020/852 is included in the assurance report prepared in accordance with article 14-bis of Legislative decree no. 39/10.

Verona, 9 May 2025

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit

Separate financial statements of OVS S.p.A.

at 31 January 2025


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STATEMENT OF FINANCIAL POSITION
(euro units)

ASSETS	Note	31.01.2025	of which related parties	31.01.2024	of which related parties
Current assets					
Cash and banks	6.1	80,461,100		93,141,912	
Trade receivables	6.2	115,901,087	14,074,463	116,345,133	13,445,014
Inventory	6.3	476,030,865		455,321,651	
Financial assets	6.4	14,839,736		5,444,890	
Financial assets for leases	6.5	268,771		816,942	
Current tax assets	6.6	8,719,221		7,189,858	
Other receivables	6.7	19,560,673		23,015,051	
Total current assets		**715,781,453**		**701,275,437**	
Non-current assets					
Property, plant and equipment	6.8	297,888,639		287,214,618	
Right-of-use assets	6.9	935,713,504		907,665,028	
Intangible assets	6.10	568,036,955		579,705,829	
Goodwill	6.11	297,686,092		297,686,092	
Equity investments	6.13	19,544,741		9,226,741	
Financial assets	6.4	26.570.840	20,649,840	16,052,260	12,279,520
Financial assets for leases	6.5	444,342		1,475,596	
Other receivables	6.7	6,099,968		6,884,521	
Total non-current assets		**2,151,985,081**		**2,105,910,685**	
TOTAL ASSETS		**2,867,766,534**		**2,807,186,122**	

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.01.2025	of which related parties	31.01.2024	of which related parties
Current liabilities					
Financial liabilities	6.14	16,959,180		19,512,141	
Financial liabilities for leases	6.15	142,937,675	91,157	139,204,640	
Trade payables	6.16	449,323,400	44,692,115	420,663,860	26,572,845
Current tax liabilities	6.17	6,594,655		7,255,420	
Other payables	6.18	170,666,380	2,588,350	169,300,451	2,417,366
Total current liabilities		**786,481,290**		**755,936,512**	
Non-current liabilities					
Financial liabilities	6.14	224,249,945		238,944,240	
Financial liabilities for leases	6.15	892,650,084	2,510,781	849,456,955	
Employee benefits	6.19	26,465,215		27,991,559	
Provisions for risks and charges	6.20	17,353,070		10,432,554	
Deferred tax liabilities	6.21	28,229,170		28,240,494	
Other payables	6.18	18,862,530		14,437,565	
Total non-current liabilities		**1,207,810,014**		**1,169,503,367**	
TOTAL LIABILITIES		**1,994,291,304**		**1,925,439,879**	
SHAREHOLDERS' EQUITY					
Share capital	6.22	290,923,470		290,923,470	
Treasury shares	6.22	(101,845,349)		(57,383,651)	
Other reserves	6.22	632,840,475		589,288,593	
Net result for the year		51,556,634		58,917,831	
TOTAL SHAREHOLDERS' EQUITY		**873,475,230**		**881,746,243**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,867,766,534**		**2,807,186,122**	

INCOME STATEMENT
(euro units)

	Note	31.01.2025	of which related parties	31.01.2024	of which related parties
Revenues	7.23	1,597,619,301	18,636,658	1,526,336,819	14,029,877
Other operating income and revenues	7.24	97,221,005	7,753,896	93,836,066	78,996
Total revenues		**1,694,840,306**		**1,620,172,885**	
Purchases of raw materials, consumables and goods	7.25	713,876,403	50,834,879	699,863,193	35,859,131
Personnel costs	7.26	325,713,818	7,628,336	299,727,122	7,351,978
Depreciation, amortisation and write-downs of assets	7.28	222,069,141		227,744,801	
Other operating expenses					
Service costs	7.29	239,214,290	1,391,259	229,793,469	1,023,339
Costs for the use of third-party assets	7.29	39,874,863		36,295,913	
Write-downs and provisions	7.29	8,633,616		2,745,000	
Other operating expenses	7.29	18,674,023	(206,154)	17,011,915	(304,299)
Profit before net financial expenses and taxes		**126,784,152**		**106,991,472**	
Financial income	7.30	2,311,234	1,007,854	1,577,856	500,739
Financial expenses	7.30	(83,454,323)	(184,000)	(59,028,095)	
Foreign exchange gains and losses	7.30	14,314,860		4,992,720	
Gains (losses) from equity investments	7.30	16,337,899	16,337,899	23,027,159	23,027,159
Net result for the year before tax		**76,293,822**		**77,561,112**	
Taxes	7.31	(24,737,188)		(18,643,281)	
Net result for the year		**51,556,634**		**58,917,831**	

STATEMENT OF COMPREHENSIVE INCOME
(thousands of euro)

	Note	31.01.2025	31.01.2024
Net result for the year (A)		**51,557**	**58,918**
Other gains (losses) that will not be subsequently reclassified in the income statement:			
- Actuarial gains (losses) for employee benefits	6.19-6.22	815	(1,510)
- Tax on items recognised in the reserve for actuarial gains (losses)	6.21-6.22	(195)	362
Total other comprehensive gains (losses) that will not be subsequently reclassified in the income statement		**620**	**(1,148)**
Total other items of comprehensive income (B)		**620**	**(1,148)**
Total comprehensive income for the period (A) + (B)		**52,177**	**57,770**

STATEMENT OF CASH FLOWS
(thousands of euro)

	Note	31.01.2025	31.01.2024
Operating activities			
Net result for the year		51,557	58,918
Provision for taxes	7.32	24,737	18,643
Adjusted for:			
Net depreciation, amortisation and write-downs of fixed assets, including for leases	7.28	222,069	227,745
Net capital gains (losses) on fixed assets, including for leases		(1,137)	(60)
Write-downs of equity investments	7.30	8,540	7,335
Losses (gains) from equity investments	7.30	(24,878)	(30,362)
Net financial expenses (income) including for leases	7.30	81,143	57,449
Expenses (income) from foreign exchange differences and currency derivatives	7.30	275	4,458
Loss (gain) on derivatives due to change in fair value	7.30	(14,590)	(9,450)
Allocations to provisions	6.19-6.20	2,060	1,045
Utilisation of provisions	6.19-6.20	(2,154)	(3,563)
Cash flows from operating activities before changes in working capital		**347,622**	**332,158**
Cash flow generated by change in working capital	6.2-3-6-7-16-17-18-21	16,480	14,227
Taxes paid		(23,350)	(6,271)
Net interest received (paid) including for leases		(78,180)	(59,551)
Realised foreign exchange differences and cash flows from currency derivatives		(1,814)	(4,566)
Other changes		3,196	1,511
Cash flow generated (absorbed) by operating activities		**263,954**	**277,508**
Investments			
(Investments in) fixed assets	6.8-6.10-6.11	(70,589)	(84,799)
Disposals of fixed assets	6.8-6.10-6.11	412	1,470
(Increase) decrease in equity investments	6.13	(6,121)	(5,065)
Dividends received		24,878	30,362
Cash in (out) after business combinations during the year		(1,500)	0
Cash flow generated (absorbed) by investments		**(52,920)**	**(58,032)**
Financing			
Net change in financial assets and liabilities	6.4-6.14	(21,994)	(25,632)
(Repayment) of lease liabilities/collection of lease assets	6.5-6.15	(130,249)	(155,153)
Increase in share capital and reserves	6.22	0	0
Buy-back of treasury shares	6.22	(46,133)	(31,366)
Distribution of dividends		(25,339)	(16,487)
Cash flow generated (absorbed) by financing activities		**(223,715)**	**(228,638)**
Increase (decrease) in cash and cash equivalents		**(12,681)**	**(9,162)**
Cash and cash equivalents at start of period		**93,142**	**102,304**
Cash and cash equivalents at end of period		**80,461**	**93,142**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(thousands of euro)

	Share capital	Share premium reserve	Legal reserve	Reserve for treasury shares
Balances at 1 February 2023	**290,923**	**528,678**	**14,175**	**(26,018)**
- Appropriation of earnings for financial year 2022	0	0	1,248	0
- Distribution of dividends	0	0	0	0
- Buy-back of treasury shares	0	0	0	(31,366)
- Management incentive plans	0	0	0	0
Transactions with shareholders	**0**	**0**	**1,248**	**(31,366)**
- Net result for the year	0	0	0	0
- Other items of comprehensive income	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**0**	**0**
Balances at 31 January 2024	**290,923**	**528,678**	**15,423**	**(57,384)**
Balances at 1 February 2024	**290,923**	**528,678**	**15,423**	**(57,384)**
- Allocation of earnings for the financial year 2023	0	0	2,946	0
- Distribution of dividends	0	0	0	0
- Buy-back of treasury shares	0	0	0	(44,461)
- Management incentive plans	0	0	0	0
Transactions with shareholders	**0**	**0**	**2,946**	**(44,461)**
- Net result for the year	0	0	0	0
- Other items of comprehensive income	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**0**	**0**
Balances at 31 January 2025	**290,923**	**528,678**	**18,369**	**(101,845)**

	Reserve for actuarial gains (losses)	IFRS 2 reserve	Retained earnings	Net result for the year	Total Shareholders' equity
	(1,066)	**11,041**	**35,366**	**24,956**	**878,055**
	0	0	23,708	(24,956)	0
	0	0	(24,224)	0	(24,224)
	0	0	0	0	(31,366)
	0	1,509	2	0	1,511
	0	**1,509**	**(514)**	**(24,956)**	**(54,079)**
	0	0	0	58,918	58,918
	(1,148)	0	0	0	(1,148)
	(1,148)	**0**	**0**	**58,918**	**57,770**
	(2,214)	**12,550**	**34,852**	**58,918**	**881,746**
	(2,214)	**12,550**	**34,852**	**58,918**	**881,746**
	0	0	55,972	(58,918)	0
	0	0	(17,511)	0	(17,511)
	0	0	0	0	(44,461)
	0	1,131	393	0	1,524
	0	**1,131**	**38,854**	**(58,918)**	**(60,448)**
	0	0	0	51,557	51,557
	620	0	0	0	620
	620	**0**	**0**	**51,557**	**52,177**
	(1,594)	**13,681**	**73,706**	**51,557**	**873,475**

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 euros
Subscribed and paid-up share capital 290,923,470.00 euros

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, Les Copains and Shaka brands, and has a network of more than 2,200 stores in Italy and abroad. The Company has been listed on Euronext Milan since 2015.

OVS

ovscorporate.it