



Letter to Shareholders

Dear Shareholders,

The 2022 financial year saw the consolidation of the new OVS business model, which resulted in strong growth in terms of sales and profitability.

Going beyond the logic of a vertically integrated retailer, OVS is transforming itself into a platform that offers a wide range of mostly proprietary brands, ensuring a shopping experience that marries the brand's identity with the diverse tastes and lifestyles of our customers.

This strategy has enabled us to attract a more demanding customer base, supported by the excellent performance of our Piombo brand, which is increasingly popular. In fact, the current market scenario, characterised by marked inflationary tensions, has seen a significant number of consumers abandoning the premium price brands and finding in OVS the style and quality to which they were accustomed.

Revenues exceeded €1.5 billion, mainly as the result of strong growth in like-for-like sales, especially in the women's category, which is the largest in terms of market size, but also the sector in which the Company has historically encountered the stiffest competition from international players.

As a result of carefully measured action on list prices and a further reduction of promotional initiatives, the gross margin percentage came in at 57.1%, which is higher than both 2021 and 2019, the last year before the pandemic. On the cost side, a careful risk management has led to several contracts being hedged during 2021 at prices that turned out to be advantageous, thereby limiting the impact of inflation suffered by all retailers.

Overall, the increase in gross margin more than offset higher store costs, resulting in an **EBITDA of more than €180 million**, up €33 million compared to the previous year.

Operating cash flow stood at €64 million before distribution of dividends and share buybacks totalling €36 million. This strong result was achieved despite a substantial rebound in capital expenditures, including a comprehensive store renovation programme and various automation and digitalization initiatives. The year ended with a **debt to EBITDA ratio of 0.90x**.

OVS SpA

Registered office: Via Terraglio 17
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Venice Companies Register
Tax ID and VAT No. 04240010274

www.ovscorporate.it

Share capital €290,923,470.00 fully paid up





The results achieved to date, the company's growth-oriented axes, the favourable market trend combined with declining raw material costs, even in the actual context characterized by inflation and strains on consumer spending, make us confident to deliver a 2023 with positive economic and financial performance.

We wish to thank all the Group's stakeholders for their support during this year: our shareholders for placing their trust in the OVS strategy, our employees for their constant commitment, and our partners and suppliers for their active collaboration.

Stefano Beraldo

Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Stefano Beraldo', written over the printed name and title.

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