



Shareholders,

In 2019 our Group delivered the anticipated profitability gains and generated considerable cash flow, despite a market scenario that remained adverse. The decision to significantly scale back product orders compared to the previous year and to favour an assortment based on a functional, always contemporary product, with an emphasis on quality and sustainability rather than on mere fashion content, proved to be correct. This allowed us, among other things, to increase our full-price sales percentage, with the resulting improvement in margins. Further process rationalisation, aided by progress in the area of digitalisation, also enabled us to increase our level of efficiency in managing costs.

Unfortunately, early 2020 was marked by the COVID-19 pandemic, which forced us to close all our stores in Italy for nearly two months. Our Group reacted swiftly, ensuring the safety of our employees and our customers above all else, and then turned its attention to protecting the business from a financial standpoint. In addition, a very large number of activities were launched for all our employees, through social-networking sessions, with a focus on increasing the competencies and stimulating the creativity of our personnel. Many of the ideas developed and shared have already been put into practice, further increasing team spirit at OVS.

In view of our position as market leader, we also devoted ourselves a great deal to working for the benefit of the entire sector, participating in, and in many cases setting up, think tanks with the Italian government to discuss and enable the implementation of precise initiatives and projects designed to ensure that the recovery is as swift as possible.

Our positioning with a focus on family, children and value for money showed that the efforts made in this direction in recent years remained effective even after stores were reopened: the range of products offered – less catered to impulse-buying, more functional and more focused on quality – benefited from a post-lockdown resumption of purchasing that leads us to look to the future with a certain degree of optimism.

We believe that in the post-epidemic period more evolved consumption models with a greater focus on selectivity in choice, quality, sustainability and price will become even more central. We are working to ensure that our products and brands increasingly meet the expectations of some of the most demanding segments of consumers. The progress made in CRM, an enriched digital experience, a cutting-edge multi-channel approach and increasingly welcoming stores are all factors that move in this direction. With regard to online sales, it should be noted that during the lockdown months such sales spiked sharply, showing triple-digit growth: this is a sign that our brand is sought-after by customers who, since they did not have access to it in stores, chose it via the digital channel.

Our commitment to sustainability issues is increasingly central to our business strategies and the direction in which the company is heading. The tangible results that we have achieved are considerable, and the challenges we have set for ourselves in the short, medium and long term are equally ambitious. On this subject, we invite you to review the sustainability report that has been published.

We are certain that, even in the current difficult context, the market consolidation process will continue, and we believe that our Group can remain a leader. The process of creating value for our shareholders will involve a combination of ongoing product improvement, efficiency, increased market share and a multi-channel approach. We and our main strategic investor, TIP, are convinced that our company remains on the right path, for the benefit of all the Group's stakeholders. In this regard, we would like to extend our thanks in particular to our suppliers, who during the lockdown understood the situation and all collaborated with us in identifying a shared approach to normalisation and in many cases also in reducing their demands in the spirit of solidarity. Thanks to the better-than-expected sales performance in the post-lockdown period, and to the additional financing obtained with a guarantee from SACE, we are gradually putting into place appropriate repayment plans.

Stefano Beraldo
Chief Executive Officer

OVS SpA

Sede legale: via Terraglio, 17
30174 Venezia Mestre, Italy
T +39 041 2397500 F +39 041 2397630

N. Iscrizione Reg. Imprese Venezia
C.F. e P.I. 04240010274

ovscorporate.it

Capitale sociale euro 227.000.000,00 i.v.

