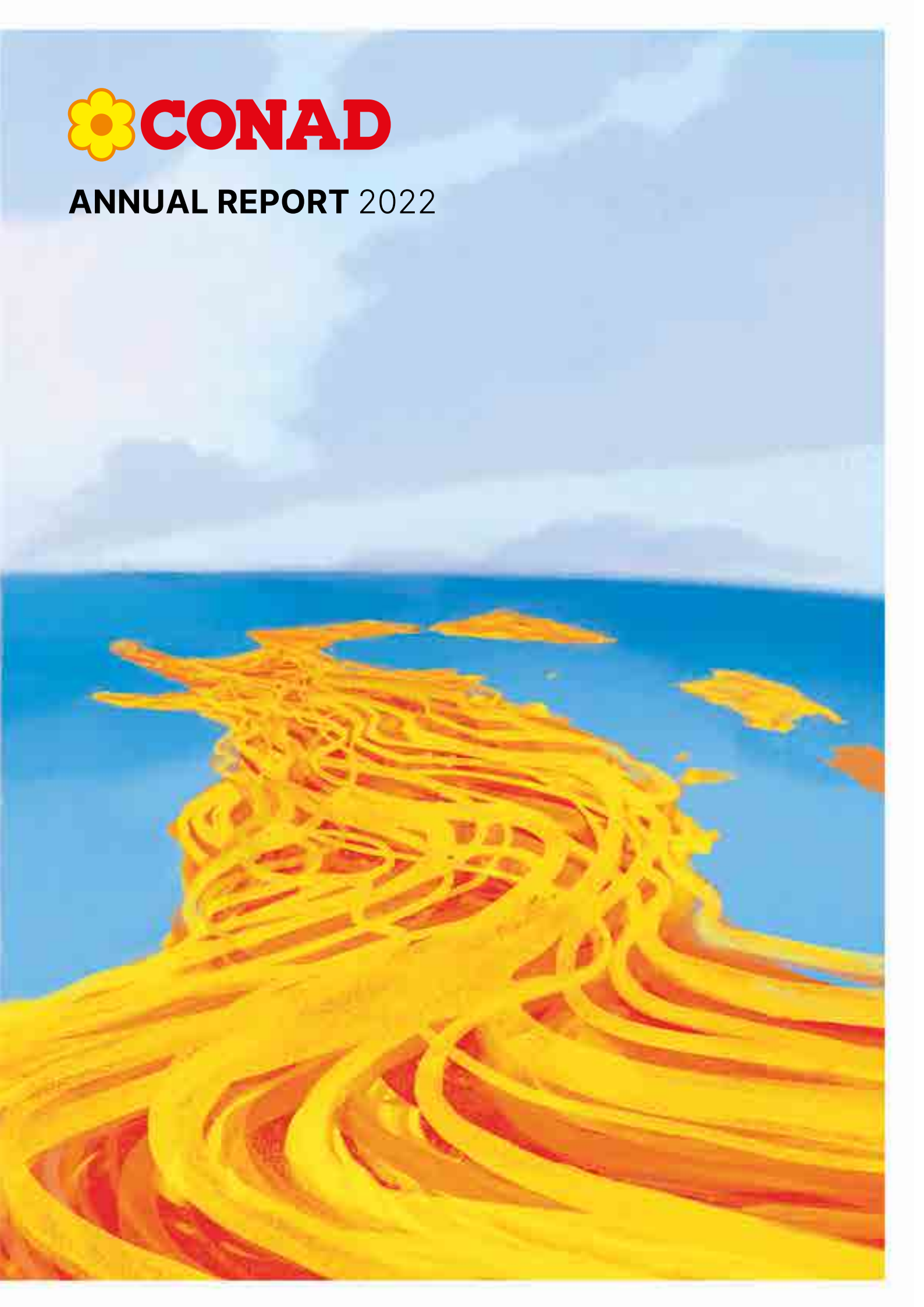




# ANNUAL REPORT 2022



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# Conad: the Movement

A little under a year ago, I had the honour of being appointed President of Conad. I had already had this privilege in the past, and so I would like to reiterate a concept that is absolutely not to be taken for granted: assuming such an important role means writing a new chapter each time, in continuity with what has made Conad a leader of large retail in Italy, without ever resting on its laurels.

In the end, it is like a relay-race, and whenever the baton is passed we have to do our best, manage the effort and fatigue for the greater good – that of the team. Thinking about what comes next is one of the fundamentals of the cooperative business. Sharing tools and results is not just about the income statement from one year to the next of all the companies that comprise the Conad System, but also – and above all – involves laying the foundations for ensuring future performance.

I became President of Conad at the end of the most acute phase of the pandemic. In 2021 we had already begun to see how this unforeseeable event would change things in the world. In 2022, for the first time in over 25 years, we thus saw a surge in inflation, with the outbreak of the war in Ukraine and the consequent scarcity of raw materials for energy and for many sectors of the economy. The world once again seemed to have been taken by surprise, and the many reactions to this new situation caused tensions across all markets, resulting in problems that in some cases exceeded the triggering factors themselves, forcing families to reckon with stagnant salaries and sharp rises in costs of essential goods and services.

Our strength, in the previous years, had been the union of all parts of the Conad System: Members, Cooperatives and Consortium. Together, we helped people get through the pandemic. Together, we provided families with goods and services capable of meeting their needs as before, even at a time of rising prices, giving all areas and populations a range tailored to their needs.

This Annual Report thus tells three stories. The first is that of Conad as a System, of its economic performance, which once again confirms its leadership in large retail in Italy. Then there is that of Conad as a Movement, of how the companies of our Members and cooperative companies interact with people and the communities to ensure that their growth reflects positively on the context in which they operate. Finally, it discusses Conad as a System and a Movement, common values and specific local aspects, through illustrations arising from the tour of our stores throughout Italy by artist Paolo D'Altan. So many places and people, but one single style, recognizable and with a strong identity.

I would like to conclude this letter by citing my predecessor, Valter Geri. It is something that we should all take to heart, because it encompasses our values and principles. It never gets old and always stays current: *"We are people who work together for the good of people. We are 'Persone oltre le cose'"*.



**Claudio Alibrandi**  
Conad President

# Conad: the System

The three-year term of the Board of Directors of Conad National Consortium elected in June 2020 has drawn to an end. It was at the height of the pandemic and we thought that getting through that terrible trial would have led to simpler years. This has not been the case, because the following years have proved extremely hard, forcing all of us to cope with difficult, unforeseeable and challenging events.

We at Conad have supported families throughout the emergencies, from Covid to the utility crisis, from the higher cost of living to the emergencies caused by global warming, showing reliability and proximity, efficiency and solidarity, while always keeping our people at the heart of our work – be they collaborators employed at all the companies in our System, our entrepreneurial Members, customers, suppliers or simple citizens in need of help.

In 2022 our System achieved excellent performances, consolidating our leadership on the market and providing a snapshot of a year of growth and consolidation of the main indicators: turnover, market share, number of stores, number of collaborators, market share of Conad brand products and aggregate net worth. There is a chart that we at Conad are particularly fond of and that tells the story well. This is our growth chart, which you will find on page 28 of this Annual Report. It combines three fundamental metrics – sales network turnover, distributor's market share and aggregate net worth. The first two metrics relate to milestones that we have reached, our ability to lead the market, to offer products and services increasingly tailored to our customers and their needs. The fact that in 2022 these figures were consolidated even in a context of severe inflation is proof that our System is in good health, strong and capable of dealing with all situations.

Aggregate net worth instead represents our commitment to the next generation of Conad members. Many parents set up funds or investment plans to give their children future economic means to use to build their adult lives. We do the same thing by continuing to save the economic resources needed to go on investing in our network – in the development of the products and services that allow Conad to keep growing.

Our leadership is not vanity; it might be if we had a single owner or were a joint-stock company. Conad means cooperative and thus to us this leadership means having achieved one of our greatest goals: serving communities under a single brand, representing a guarantee of a single commitment and promise, from North to South, from West to East – all throughout Italy.

In 2022 we also had some great moments: together in Bologna we celebrated the 60th anniversary of the Conad National Consortium, involving nearly 2,000 Members and collaborators. Together, the Consortium and Cooperatives set up Fondazione Conad ETS, which has already carried out initiatives with a significant impact on communities. Together, we completed our Cooperative Regulations, which lays down the rules that we have set for ourselves to continue to grow. Together, we embarked on a journey towards digitalisation with our new app, HeyConad.

All these results and this pragmatism are enlivened by the spirit of unity and sharing that are in our DNA as a cooperative System and Movement. Our mantra is working together, combining forces, sharing above all our challenges, and only afterwards congratulating ourselves on the results. Supporting each other and discussing how to build our future. Ours – that of the people who will play a key role in the world of Conad of tomorrow, and that of the Communities, which are always changing, but will always be there. And we stand united with them.



**Francesco Pugliese**  
Conad CEO



01.



## About us

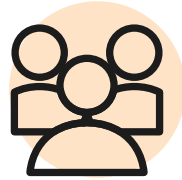
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Conad has been serving Italians for 60 years, providing quality, affordable products according to an original approach to doing business and grocery shopping that has won over individuals and families. This is among the reasons why since 2019 Conad has been Italy's number-one large retail brand, and the brand's value increased by 29% over the last year to reach over 4 billion in 2022 according to the report Brand Finance Italy 50, with the Conad brand remaining in the top ten in Italy as the only large retail company in the list. Its business model, is, however, original and innovative: not only does it give all its customers the best possible everyday shopping experience, it also seeks to get communities involved through its entrepreneurial members who are working everyday for the well-being of everyone in that area.

# The Conad Model



## PEOPLE FIRST



A responsible choice: Conad Members are entrepreneurs who have chosen to work together. Based on the principle of "one head, one vote", that is intrinsic to the economic and organisational model of cooperation, they are all free to express themselves individually and at the same time be part of a collective system that strongly values the smooth running and results of the Cooperative and Conad System as a whole. This principle is valued and made into a concrete part of company practice through various tools and actions, and it determines the central nature of the Member-entrepreneur and their capacity under the scope of the Conad System. This centrality is reflected in the relationship with the customer, whom Conad sees as a person before all else.

## MEMBERS

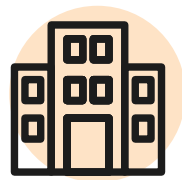


Members are owners of a store, commercial entrepreneurs who have chosen to join the Cooperative company as both users and "owners". Cooperatives are designed as a store of wealth for future generations, in which Conad Members have an institutional role in taking the decisions that affect their membership, which they arrive at collectively and democratically.

### How Members work

Conad Members are retailers who personally manage their stores, while always keeping a primary focus on relations with their customers. To do so as efficiently as possible, they take advantage of the services offered by their Cooperative of reference and benefit – along with all their peers – from the advantages arising from a System that, thanks to the strategy of focusing on people, has become a market leader.

## THE COOPERATIVE COMPANIES

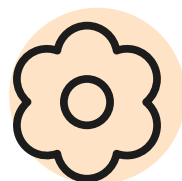


The associated entrepreneurs form the Cooperative companies that operate out of the various areas of the country, coordinating their business on a local level. In turn, the Cooperative companies are national Consortium members. The Conad Consortium includes five main Cooperative Companies: Conad Nord Ovest, Conad Centro Nord, Commercianti Indipendenti Associati, Conad Adriatico and PAC 2000A.

### How the Cooperative Companies work

Cooperative companies offer administrative, commercial, logistics and financial services, engaging with Members on the one hand, and the Consortium on the other. Their aim is to implement a local development plan.

## THE NATIONAL CONSORTIUM



The Cooperative Companies are associated through the national Consortium, which acts as a buying and service centre for the whole System. Cooperative companies and Consortium are instruments at the service of the strategy and of the entrepreneur Members.

### How the Consortium works

National and international negotiations with suppliers of goods and services, marketing and communication for the whole System, as well as the production, promotion and development of the Conad brand: this is what the Conad Consortium does. A key element of its success is centralised coordination, which makes it possible to avoid duplication in activities and best monitor their results.

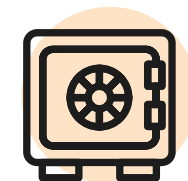
# The Conad Consortium



Turnover

**2.3**

Billion euros



Net worth

**149.37**

Millions of euros



Collaborators

**257**

Present at 31/12/2022

# The Conad System

Sales network turnover

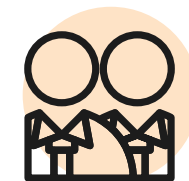
**18.49**

Billion euros

Aggregate net worth

**3.25**

Billion euros  
(+3.6% on 2021)



Members

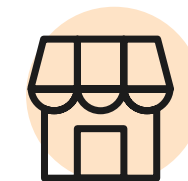
**2,176**



Collaborators overall

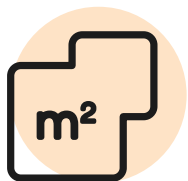
**74,432**

of whom **66,089**  
network collaborators



Stores

**3,328**



Sales area in m<sup>2</sup>

**2,483,871**



Logistics centres

**54**

922,437 m<sup>2</sup>



**14.96%\***

Overall share in Italy



**23.48%\***

Total supermarkets share



**32.2%\*\***

Own brand share on the supermarket channel

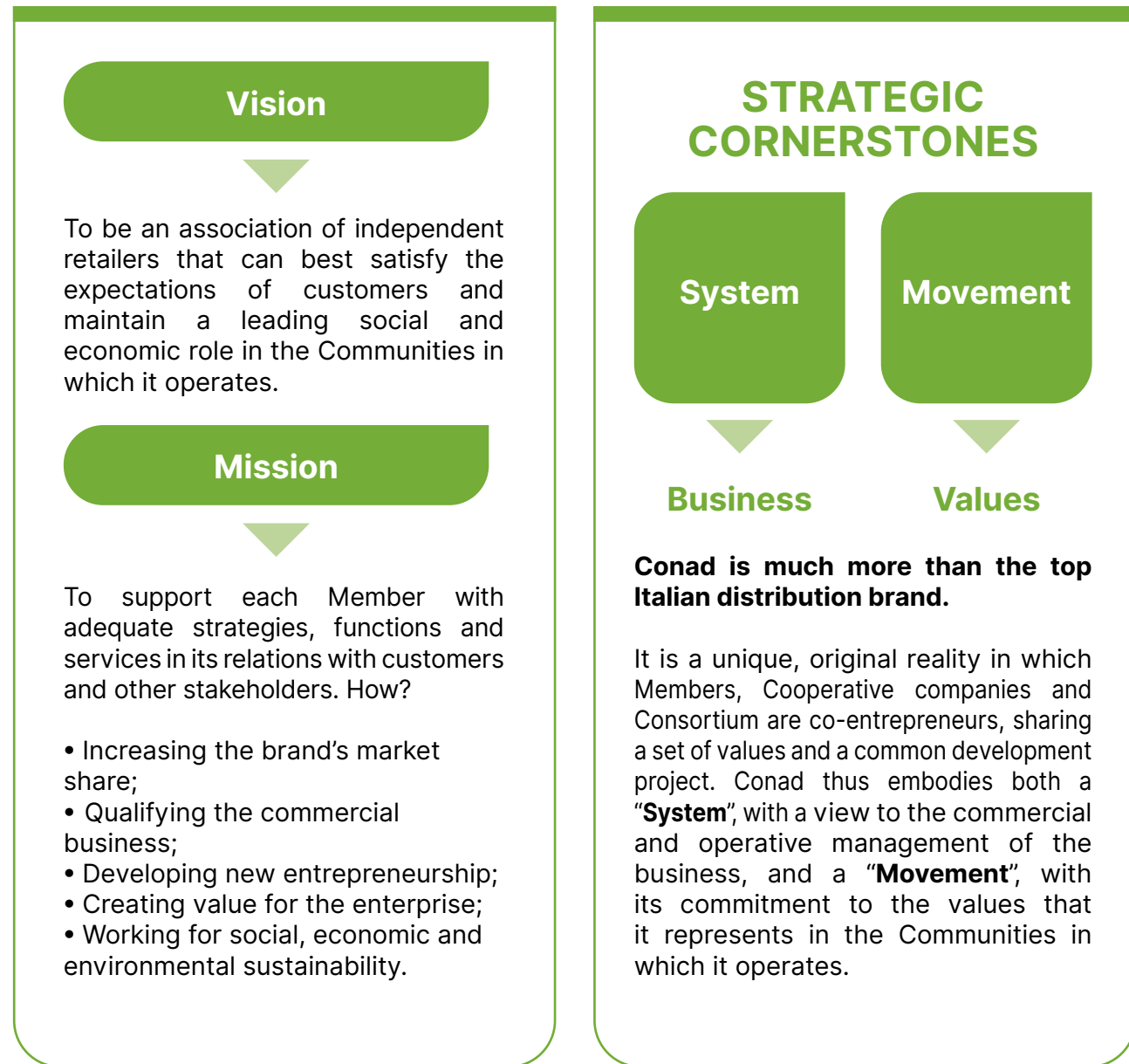
\*Source: Guida Nielsen Largo Consumo H2 2022  
\*\*Source: IRI year 2022



# The Charter of Principles and Values

The Charter of Principles and Values is the document that sets out the mission, values, strategic cornerstones, principles and values behind the entire Conad System's identity. **The principles are the strong, indispensable roots that support the System** and are expressed in the day-to-day reality of work and everyday relations. Values represent its extensions and describe the System's drive and commitment to adopt behaviours that strengthen the Cooperative's identity.

Vision, mission, principles and values are the very origins of Conad, guiding its objectives, commercial projects and future development.



## THE TREE OF PRINCIPLES AND VALUES



# Consortium governance

## THE BOARD OF DIRECTORS

The President, Vice President, CEO and ten directors representing the associated Cooperative companies make up the BoD. This board makes the strategic choices and stipulates the guidelines for activities, verifying operating performance and the application of governance rules. The current Board of Directors has been in office since 16 June 2020 with the modifications set out below. In 2021, Director Luca Signorini replaced Mr Ferrari, who stood down. In 2022, directors Roberto Toni and Adamo Ascari replaced the directors Valter Geri and Massimo Galvan, who stood down.

## THE PRESIDENT

Claudio Alibrandi, who is also President of Pac 2000A, has been President of the Consortium since 12 July 2022, in replacement of Valter Geri. He is responsible for convening the BoD, setting the agenda, coordinating and managing the meeting activities.

## THE CEO

The Chief Executive Officer identifies medium and long-term development policies and guaranteeing the correct conduct of the activities resolved by the Board of Directors. In 2014 the office was assigned to Francesco Pugliese who, before being appointed to head the Consortium, held leadership positions at major Italian food industry players.

## THE BRAND EXECUTIVE COMMITTEE

Established in 2012, the Brand Executive Committee is a corporate body made up of the 5 presidents of the partnering Cooperative companies. They are entrusted with granting and revoking use of the Conad brands and trademarks by Members: the Committee examines the requests for authorisation to stipulate user licences for Conad brands with the candidate stores and resolves authorisation when the requirements established by the BoD are met. The Brand Executive Committee currently in office was appointed by resolution passed by the Board of Directors on 16 June 2020. The President of the Brand Executive Committee is Claudio Alibrandi, who is also President of the Cooperative company PAC 2000A. In 2022, Roberto Toni replaced outgoing director Valter Geri.

## THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors was appointed by the Members' Meeting on 16 June 2020. It is made up of 3 standing auditors and 2 deputy members. The company's control body has the task of monitoring compliance with the Law and the Articles of Association, respect for the principles of correct administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the company and its concrete functioning.

## THE SUPERVISORY BOARD

Appointed by the BoD in 2008 in accordance with Art. 6 of Italian Legislative Decree no. 231/2001, the internal Supervisory Board has autonomous powers of initiative and control, to monitor the proper functioning and observance of the organisational model. In light of the size of its business, Conad has opted for a collegial body made up of three members who remain in office three years. The current membership was approved by the BoD on 03 November 2020.

## BOARD OF DIRECTORS

### President

Claudio Alibrandi

### Vice President

Nicola Fossemò

### CEO

Francesco Pugliese

### Directors

Salvatore Abbate

Adamo Ascari

Ugo Baldi

Antonio Di Ferdinando

Ivano Ferrarini

Luca Panzavolta

Maurizio Pelliconi

Luca Signorini

Roberto Toni

Daniilo Toppetti

## BOARD OF STATUTORY AUDITORS

### President of the Board of Statutory Auditors

Giorgio Rusticali

### Standing auditors

Anna Rosa Adiutori

Piero La Bella

### Deputy auditors

Stefano Favalletti

Vittorio Fulligni

## SUPERVISORY BOARD

### President

Eleonora Ciliberti

### Members

Federico Mazzacuva

Giuseppe De Lucia

## BRAND EXECUTIVE COMMITTEE

Claudio Alibrandi

Nicola Fossemò

Maurizio Pelliconi

Luca Signorini

Roberto Toni

## MANAGEMENT BOARD

### CEO

Francesco Pugliese

### Chief Operating Officer

Francesco Avanzini

### Administration, Finance and Control Manager

Matteo Capelli

### Staff and General Affairs Manager

Moreno Batani

### External and Institutional Relations Manager

Fabio Caporizzi

## OTHER DEPARTMENTS

### Supply Chain Manager

Andrea Mantelli

### International and Grocery Purchasing Manager

Riccardo Breveglieri

### Fresh Food Purchasing Manager

Daniele Furlani

### Non-Food Supply and Purchases Manager

Barbara Astolfi

### Products and Own Brand Marketing Manager

Alessandra Corsi

### Distribution Channel and CRM Marketing Manager

Silvia Bassignani

### Customer Marketing and Communication Manager

Giuseppe Zuliani

### Company Information Manager

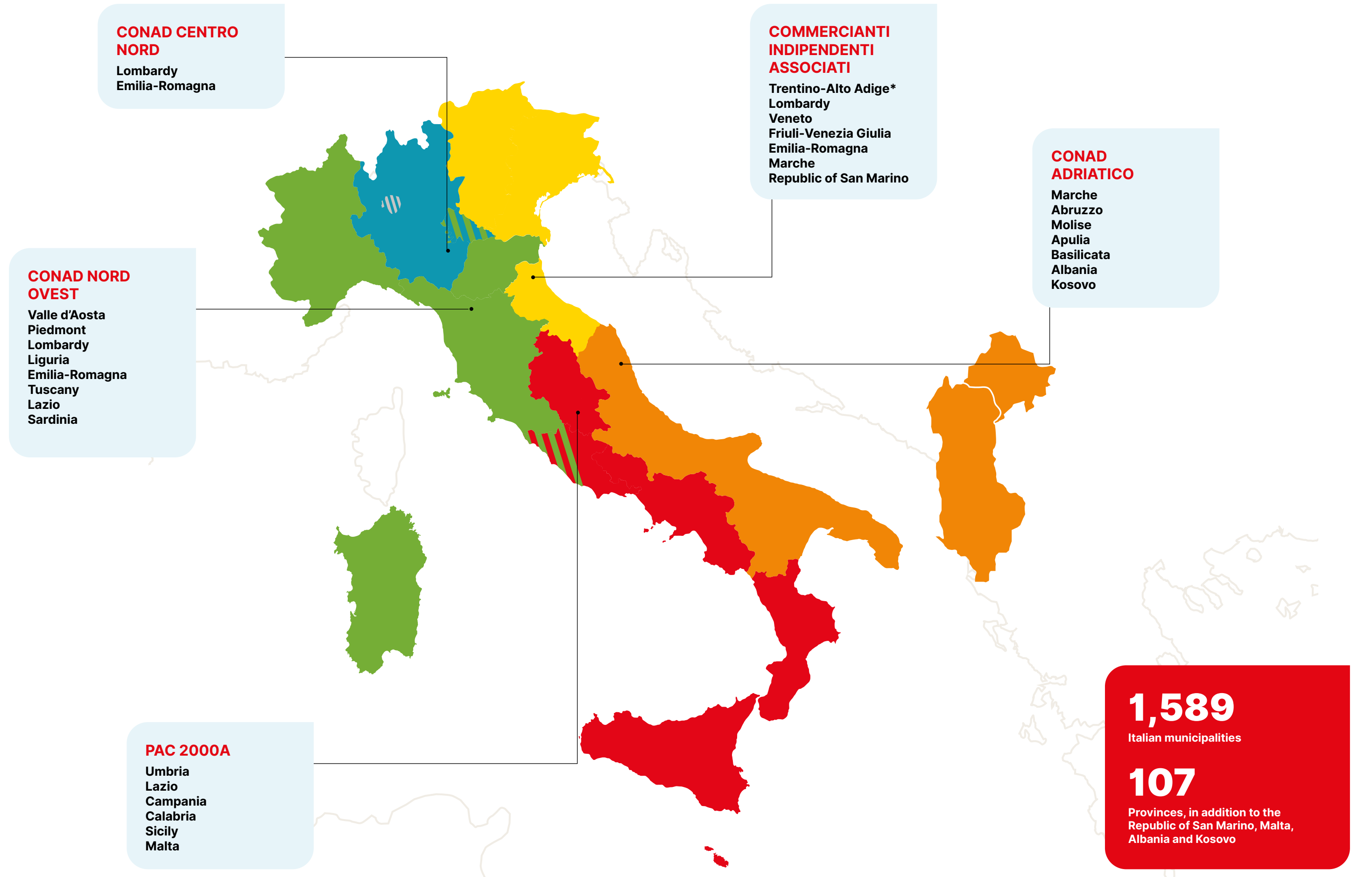
Gigliola Pirovano

### Quality and Development Manager

Andrea Artoni

### Conad Cards and Innovation Projects Department Manager

Davide Lonzardi



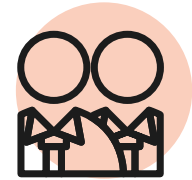
(\*) Region overseen by the associate DAO



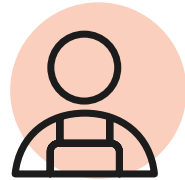
# Conad Nord Ovest

Share in the relevant market  
**10.28%**  
Source: GNLC, H2 2022

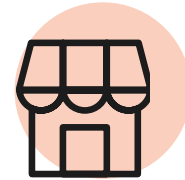
Sales network turnover	Consolidated net worth	Network investment
<b>4,755</b> Millions of euros	<b>684.2</b> Millions of euros	<b>143.0</b> Millions of euros



Members  
**376**



Collaborators overall  
Over **18,000**



Stores  
**589**  
**487,210 m<sup>2</sup>**  
of indoor surface area  
including concept stores



Logistics centres  
**16**  
**268,030 m<sup>2</sup>**  
indoor surface area



Local suppliers of food products  
**1,218**  
**354 million**  
Total turnover



Loyalty cards  
**2,627,767**



Parapharmacies  
**53**



Opticians  
**9**



ConCURA stores  
**5**



Petrol stations  
**26**

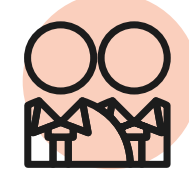


PetStores  
**48**

# Conad Centro Nord

Share in the relevant market  
**7.63%**  
Source: GNLC, H2 2022

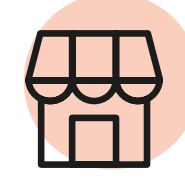
Sales network turnover	Consolidated net worth	Network investment
<b>1,969</b> Millions of euros	<b>355.0</b> Millions of euros	<b>55.0</b> Millions of euros



Members  
**170**



Collaborators overall  
**7,649**



Stores  
**279**  
**285,848 m<sup>2</sup>**  
indoor surface area



Logistics centres  
**3**  
**109,527 m<sup>2</sup>**  
indoor surface area



Local suppliers of food products  
**647**  
**272 million**  
Total turnover



Loyalty cards  
**1,020,340**



Parapharmacies  
**28**



Opticians  
**2**



Petrol stations  
**1**



PetStores  
**16**

# Commercianti Indipendenti Associati

Share in the  
relevant market

**10.03%**

(3.08% DAO share in its  
territory)

Source: GNLC, H2 2022

Sales network  
turnover

**3,190**

million euros,  
of which 383 million DAO

Consolidated  
net worth

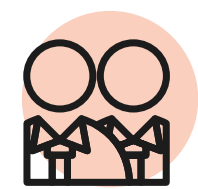
**787.3**

Millions of euros

Network  
investment

**148.5**

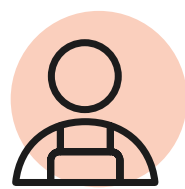
Millions of euros



Members

**279**

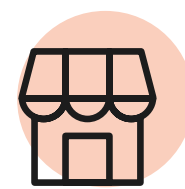
of which  
**126 DAO**



Collaborators overall

**13,215**

of which  
**1,969 DAO**



Stores

**511** of which **245 DAO**

**380,208 m<sup>2</sup>**  
indoor surface area  
of which **71,116 DAO**



Logistics centres

**8**

**139,833 m<sup>2</sup>**  
indoor surface area



Local food suppliers

**1,517**

**279 million euros**  
overall turnover of which  
**90 million DAO**



Loyalty cards

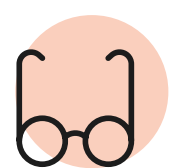
**500,403**

of which  
**163,098 DAO**



Parapharmacies

**24** of which  
**3 DAO**



Opticians

**8**



ConCURA stores

**6**



Petrol stations

**7**



PetStores

**21**

# Conad Adriatico

Share in the  
relevant market

**18.13%**

Source: GNLC, H2 2022

Sales network  
turnover

**2,001**

Millions of euros

Consolidated  
net worth

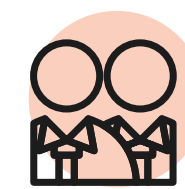
**278.4**

Millions of euros

Network  
investment

**83.4**

Millions of euros



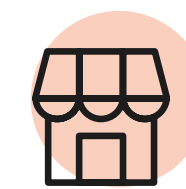
Members

**268**



Collaborators overall

**8,279**



Stores

**453**

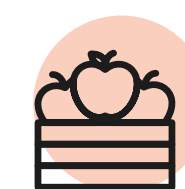
**379,286 m<sup>2</sup>**  
indoor surface area



Logistics hubs

**8**

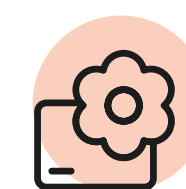
**103,600 m<sup>2</sup>**  
indoor surface area



Local food suppliers

**495**

**396 million**  
Total turnover



Loyalty cards

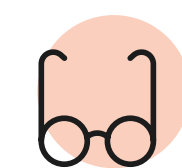
**1,076,744**



Parapharmacies

**27\***

\* of which 7 managed by Conad  
members not included in the overall  
count of concepts at the national  
level



Opticians

**12\***

\*stores managed by Conad  
partners not included in the overall  
count of concepts at the national  
level



Petrol stations

**4**



PetStores

**3**



# PAC 2000A CONAD

Share in the relevant market  
**20.29%**  
Source: GNLC, H2 2022

Sales network turnover

**6,573**

Millions of euros

Consolidated net worth

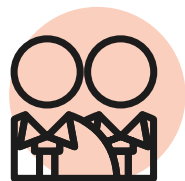
**996.0**

Millions of euros

Network investment

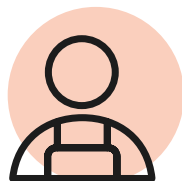
**84.1**

Millions of euros



Members

**1,083**



Collaborators overall

**27,007**



Stores

**1,496**

978,004 m<sup>2</sup>  
indoor surface area



Logistics centres

**19**

299,980 m<sup>2</sup>  
indoor surface area



Local food suppliers

**682**

427 million  
Total turnover



Loyalty cards

**3,160,590**



Parapharmacies

**48**



Opticians

**6**



Petrol stations

**10**



PetStores

**26**





02.

## Our role in the real economy

Conad defends the purchasing power of customers and families – the driving force of society and of local communities. They give us an extra reason to work every day with commitment and participation. This is why our brand is the large retail leader in Italy with an almost 15% market share and a turnover of 18.49 billion euros. The Members and Cooperatives of the Conad System feel and live this commitment with passion, because they are mainstays of the country's real economy, offering quality products and services at competitive prices, supporting the local economy and promoting employment and growth in small and medium-sized agribusiness enterprises. Against this sensitive economic and social background, Conad will invest more than 2 billion euros over the next three years in store makeovers, digitalisation, brand products and sustainability. These are the four strategic pillars with which Conad offers targeted, differentiated solutions to its customers' needs.



# A year of challenges overcome in a complex context

It was a year of great complexity in 2022, with a significant influence on the global and national economic situation. Initially, the post Covid-19 recovery environment seemed promising, with numerous economic indicators in positive territory, indicating significant growth. However, in a span of a few weeks, the global scenario was forced to reckon with tensions surrounding the war between Russia and Ukraine, further complicating forecasts. This event represented a significant factor of uncertainty for the markets, which reacted in an uncertain, volatile way.

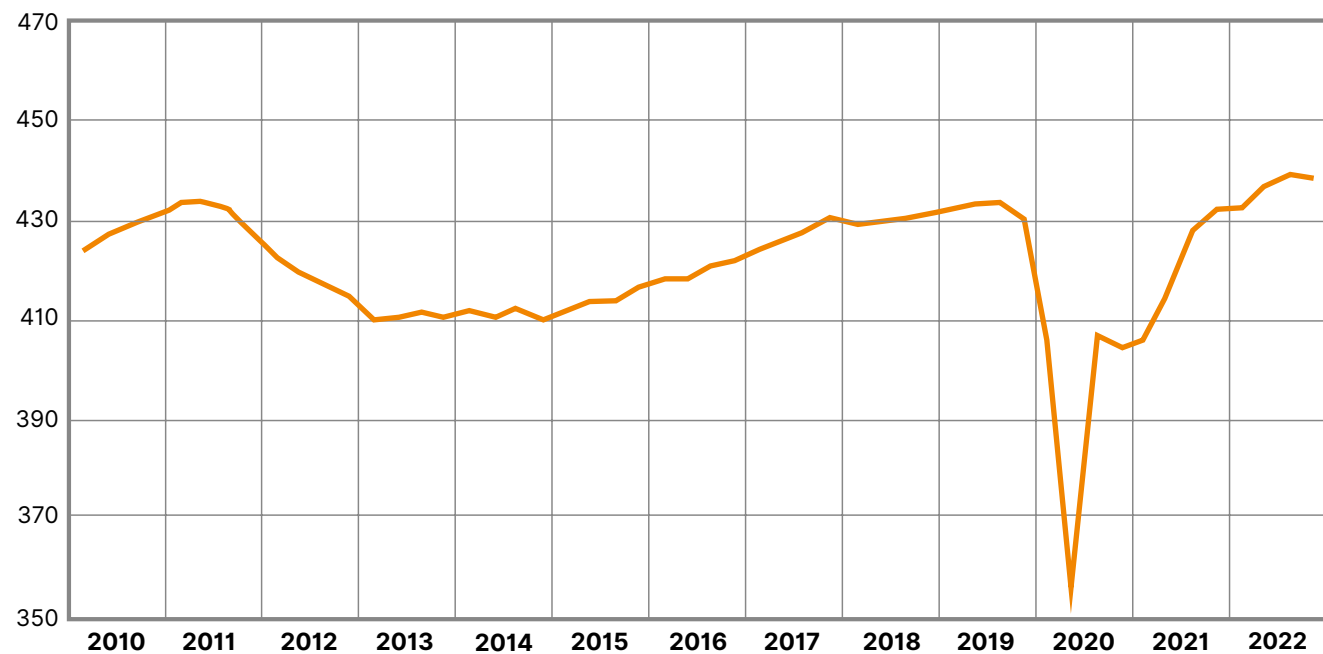
## BOTH GDP AND INFLATION ON THE RISE IN 2022

Global GDP increased by 3.4% in 2022, 2.8% less than in the previous year. Inflation was +9.4% in OECD countries in 2022, six times higher than the average for the 2013-2019 period, with negative effects on the economy such as higher production costs, lower real household income and restrictive monetary policies. In Italy, the economy continued to recover in 2022, while slowing due to the increase in inflation and restrictions in the supply of raw materials, and especially agricultural and foodstuff commodities. However, Italian GDP increased by 3.7%, supported by domestic demand, with increases in fixed investments and household consumption.



## GROSS DOMESTIC PRODUCT

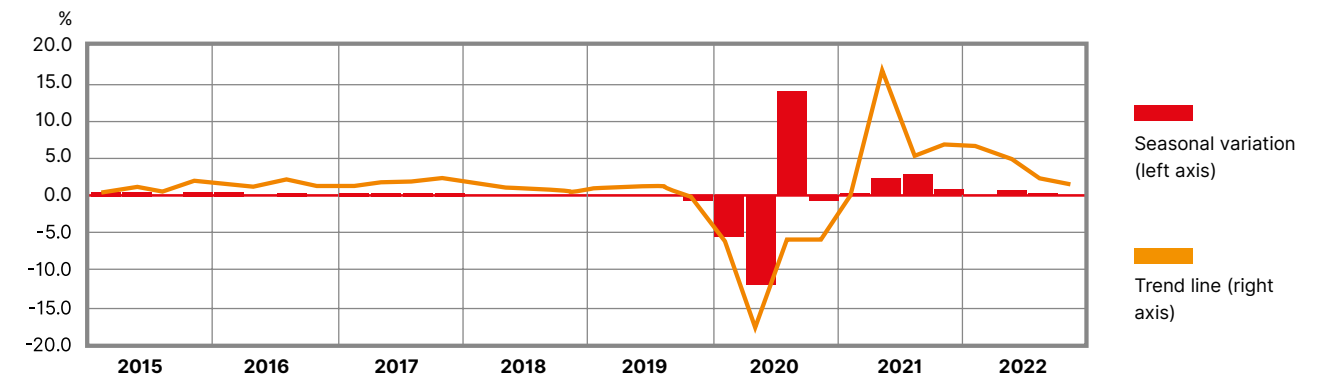
First quarter 2010 - Fourth quarter 2022, chain-linked, seasonally-adjusted and calendar adjusted data (reference year 2015), figures in billions of euros



Source: ISTAT

## GROSS DOMESTIC PRODUCT, YEAR-ON-YEAR PERCENT CHANGES

First quarter 2015 - Fourth quarter 2022, chain-linked, indices seasonally-adjusted and calendar adjusted data (reference year 2015)



Source: ISTAT

## EMPLOYMENT INCREASES BUT THE GENDER GAP REMAINS WIDE

In Italy there were 545,000 more job-holders in 2022 on average than in 2021. ISTAT underscores that the employment rate (15-64 years of age) rose to 60.1% (+1.9 percentage points in one year), whereas the unemployment rate declined by 1.4 percentage points to 8.1% and the inactivity rate (15-64 years of age) by 1.1 points. The average number of job-seekers fell by 339,000 to 2,027,000. Jobs thus increased, but without narrowing the gender gap: there were 296,000 recently hired men but just 38,000 women. In general, female job-holders in Italy came to 9,763,000, compared to 13,452,000 men according to ISTAT data.

Company labour input trends confirm this growth: there were increases in jobs (+4.7%) and total hours worked (12%) and a decrease in use of the Redundancy Fund (-85.3 hours per thousand worked). Finally, the increase in wages fell far short of that of prices in the fourth quarter of 2022, resulting in lower purchasing power for employee wages.







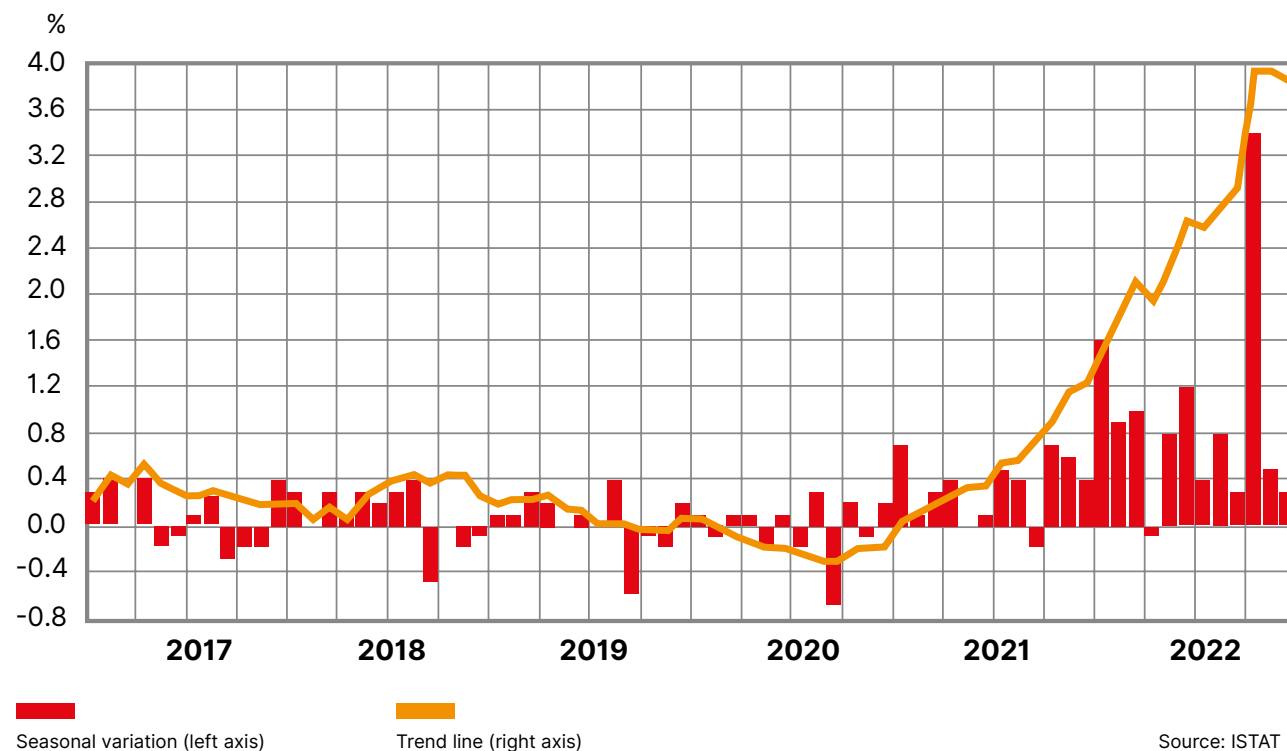
### ITALY'S SHOPPING HABITS: A RECORD YEAR WITH MORE TO IT THAN MEETS THE EYE

2022 ends with household grocery expenditure at an all-time high: up by 6.4% compared to 2021, second only to the figure recorded in the year of home confinement due to Covid-19 (2020). Geographically speaking, the hike in prices is a nationwide phenomenon, however it is circumscribed to quite a narrow range. In particular, *ISMEA* (Institute of Services for the Agricultural and Food Market) points out that, based on *ISMEA-NielsenIQ* Observatory on food consumption, it was primarily "young single" consumers (down by 6.4% compared to 2021) and "new families" (down by 3.6% compared to 2021)

who lost out. The product categories principally on the rise were pasta and cereal derivatives (+11.6%), oils (+16.7%), soft drinks (+12.4%), meat (+9.9%) and dairy products (+8.6%) and, in many cases, the quantities bought remained the same or even declined compared to 2021. Less marked increases were recorded for the fruit and vegetable aisle (+3%), while wines (-2%) and seafood (-3.4%) were the only items that were actually lighter on the wallet. For the most part, the spending increase is greater for pre-packaged goods than for loose products (+6.9% against +5.2% for loose goods).

### CONSUMER PRICE INDICES

January 2017 - December 2022, year-on-year and period-on-period changes (based 2015=100)



## 2022 according to the Osserva Italia Basket: Practicality, Health and Well-being are the consumer watchwords

A year that could be dubbed the "ready-to-eat" food year for an Italy emerging from the grips of the pandemic and limbering up for the new normal. The year 2021 will be remembered as the time we had to dust off our pots and pans and timidly started to go out again, while 2022 offers considerable food for thought as consumption goes. Some habits and conveniences took root amongst Italian families, along with a need for attention to health and wellbeing, without neglecting gratification. The consumer product baskets prepared by Nielsen to monitor the performance of the real economy in 2022 therefore paint quite a clear picture of the new day-to-day habits now that the many restrictions of previous years are a thing of the past.

In 2022, both ready pasta and rice and ready meat and fish dishes enjoyed constant growth over all twelve months of the year: approximately +10% from January to December. Compared to 2021, fresh and frozen food products were up +18% by value: +12% for the Rice and Pasta sub-basket and 6% for the Meat and Fish sub-basket. The Snacks/Treats sub-basket (ice cream, chocolate, snacks, etc.) was up 10%, recovering in May 2022 to then achieve constant growth in the following months.

The Well-being and Health basket also reported significant year-on-year growth of +16.9% – a sign that, after the pandemic period, attention is being paid to convenience, without losing sight of personal care. The Well-being sub-basket (supplements, tuna fish packed in water, wholemeal products, highly digestible milk) was up by 9.5% compared to 2021, whereas Health Foods (soy- and rice-based and gluten-free products) grew by 7.4%. The turning point in both cases came in April, which marked the beginning of sharp growth

that continued until December.

Compared to the decline in 2021, the Chef at Home basket (structured as Home-prepared) – which includes ingredients for making typical Italian dishes – returned to positive territory (+8.6%), as did the Basics basket, broken down into Pasta and Rice dishes (+11%) and Breakfast (+7.3%). In both cases, the turning point came in May, the start of constant growth that continued until December.

The resumption of consumption, with an eye to practicality, may also be seen from the Quick and Easy Food basket (rolls, sandwiches, piadinas, hamburgers and pizzas), which after closing flat in 2021 grew by +8.2% in terms of value in 2022. The return to (near) normality stabilised the Trendy Basket with the Happy Hour at Home sub-basket (+4.9% for prosecco, sparkling wines and savoury snacks), which came to twice the gain of the Gourmet sub-basket (+2.9% for porcini mushrooms, salmon, caviar, saffron and coffee in capsules). Yet another positive result in terms of value (+12%) for the Pet Care basket, which has been growing for an impressive 22 consecutive months, i.e. since February 2020.





# Italian large retail: inflation, growth and energy crunch trends

Italian large retail sales increased by +6.7% in 2022, although the EBIT margin decreased to 1.4% from 2.4% in the previous year. This is what emerges from the new edition of the Observatory on Italian and international food-focused large retail by the Mediobanca Research Department. The annual figure for 2022 was well into positive territory: +4.11% compared to the 12 previous months according to NielsenIQ. Progress in all of December was even more rapid: +8.15%. NielsenIQ also notes that at an annual level the decline in volume was almost imperceptible (-0.3%). However, on a monthly basis the picture is different: volumes fell into negative territory in October (-3.7%), slowing their fall in November (-1.2%) to then plummet in January (-6%). This is a sign that Italian families spent more in the first eight months of the year, without an effect on volumes.

After the end of the summer, energy prices rose and inflation climbed to nearly 10%, driving down volumes to offset the increase in costs. This phenomenon can be considered natural, since in addition to the decline in promotions, shopping carts were downgraded, meaning that the products purchased cost at least 30% less than the average for the category, in response to the higher prices. This was particularly evident in the discount channel and in lower-price products, which were

the most severely affected by inflation.

Discount stores are the retail channel that comes up most in discussions of the effects of inflation on consumers' wallets. According to a study by Gfk Consumer Panel Italia, discount stores increased their penetration from 81.6% in September 2020 to 85.9% in September 2022. In 2020 no brand had penetration of over 50%, but this threshold was exceeded in 2021. The growth of discount stores points to a general trading-down in shopping, driven by inflation, which also extends to the purchasing channel. Yet the litmus test for discount has to do with the number of loyal customers, with whom they establish a long-term relationship, and not just the total number of those who shop at these stores.



**Italian large retail sales increased by +6.7% in 2022.**



## BALANCE BETWEEN ONLINE AND OFFLINE

In 2022 product e-commerce continued to thrive, although at a slow pace (+8%) than in 2021 (+18 on 2020), reaching 33.2 billion euros according to the Observatories of the School of Management of the Polytechnic University of Milan. Geopolitical instability, the supply chain crisis and the resumption of full operation at physical stores after Covid-19 are influencing overall and online consumption dynamics in Italy. In

addition to these constant, yet slight, shifts in the balance between online and offline, the "physical-only" retail space continued its gradual decline, as did the "online-only" space, giving ground to models able to combine the strengths of the various alternatives. In the present highly volatile and challenging scenario, all the main operators are working on the entire value chain (marketing, customer care, payments, logistics and technology) to improve their revenues, but above all to contain costs according to short-, medium- and long-term objectives.





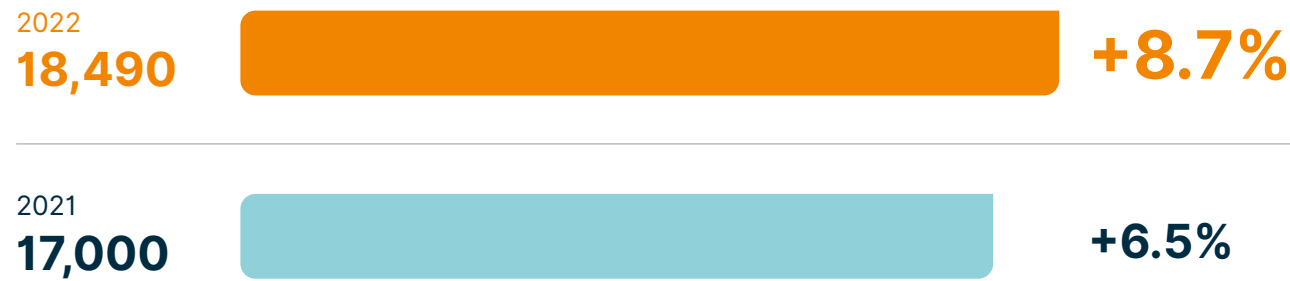
# Conad on the market: results in 2022

In such a complex economic and social scenario, Conad continued to grow, ending the year with turnover of 18.49 billion euros: an increase of 8.7% on 2021 and of 60% compared to the last ten years, doubling its size compared to the previous 15 years. The figures confirm its top position in large retail, with market share of around 15%. This result was made possible by the fundamental contribution from own label products, which won market share of 32.2% of total packaged consumer goods at the Italian level (supermarket channel), with turnover of 5.4 billion, up by +12.6% by value compared to 2021.

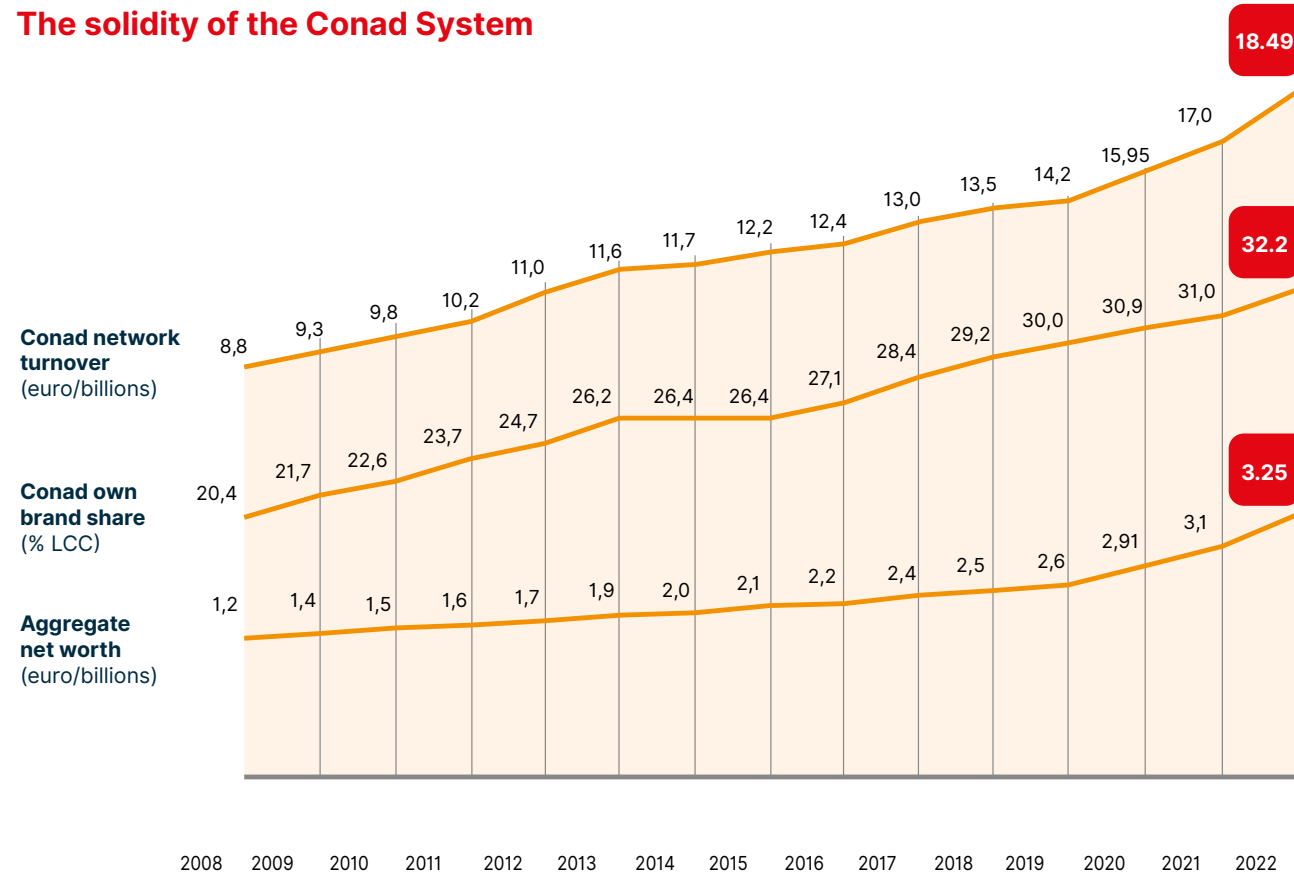


## Evolution of Conad sales network turnover

Millions of euros



## The solidity of the Conad System

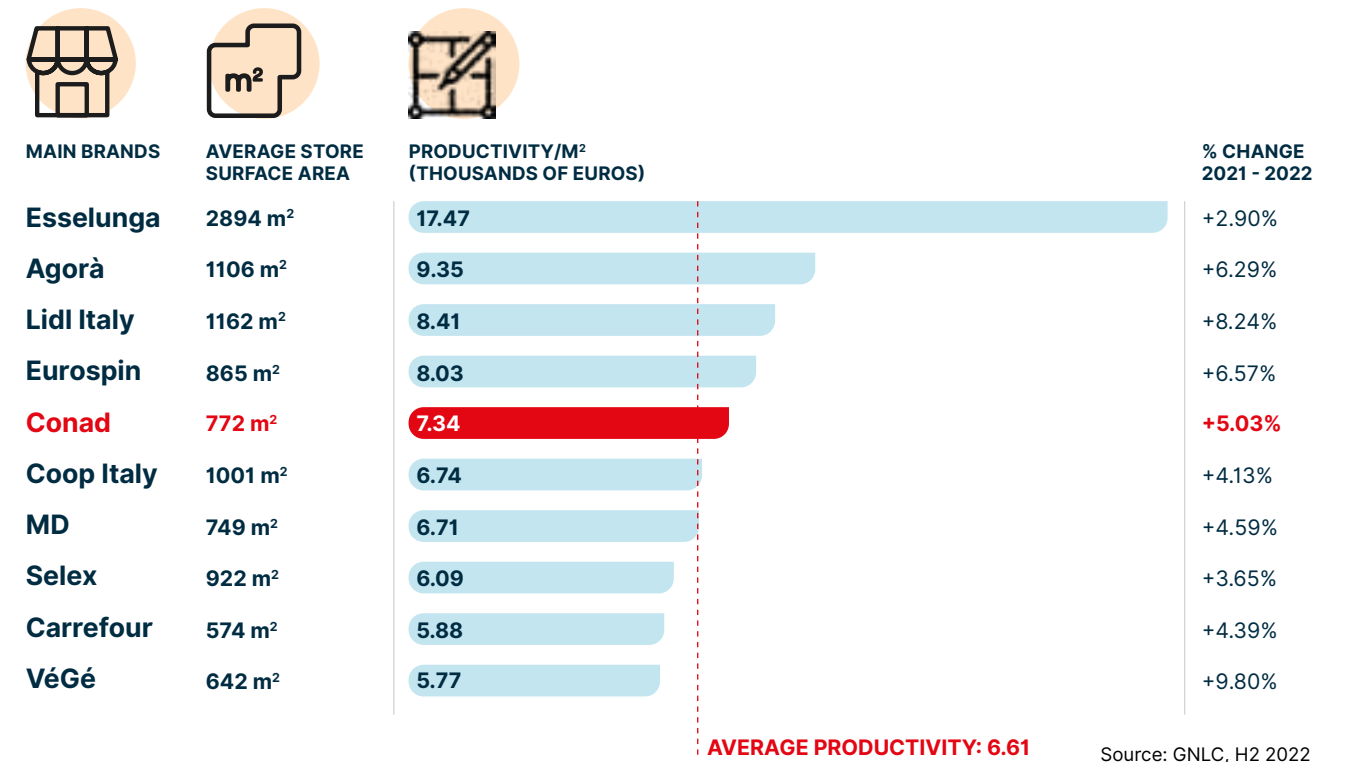


## STORE PRODUCTIVITY

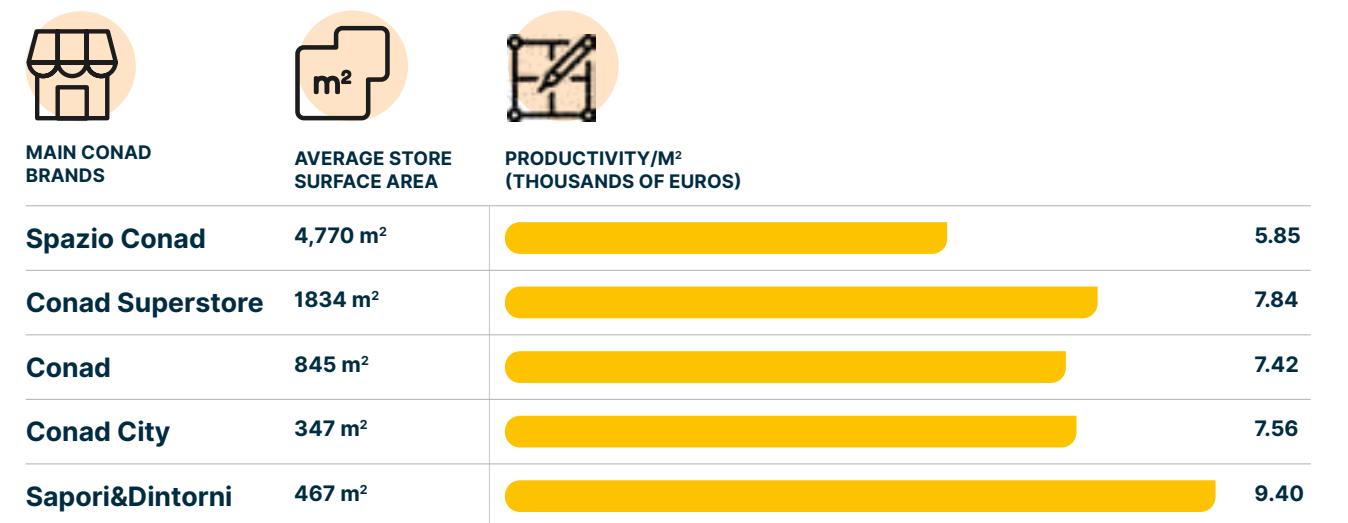
Conad once again remained above the market average in terms of store productivity. With 7,340 euro/m<sup>2</sup>, it was up +5.03% on 2022, ranking fifth among major Italian chains. As in previous years, performance by value was driven by the relationship with the local community, strengthened by a broad, grassroots presence, without excluding any regions, even in less densely populated areas, thanks to neighbourhood and small stores in smaller municipalities. In terms of the other players in large retail, growth continued to be reported by the discount stores Lidl (+8.24%), Eurospin (+6.57%) and MD SpA (+4.59%). Against the backdrop of a positive general trend, strong gains were posted by Végé (+9.80%), followed

by Carrefour (+4.39%), Coop (+4.13%), Selex (+3.65%) and Esselunga (+2.90%). Individual Conad brands reported the following values in 2022: Spazio Conad (5,850 euros/m<sup>2</sup>), Conad Superstore (7,840 euros/m<sup>2</sup>), Conad (7,420 euros/m<sup>2</sup>), Conad City (7,560 euros/m<sup>2</sup>) and Saporì&Dintorni (9,400 euros/m<sup>2</sup>).

## Productivity of the main brands



## Productivity of the main Conad brands



Source: Based on internal data

### MARKET SHARE

Conad maintained top spot among chains operating in Italy in 2022. During the reporting year, the System had market share of 14.96%, strengthening its position of leadership. Despite the difficulties relating to inflation and the global geopolitical scenario, the brand improved its leadership with share of 23.48% of total supermarkets in Italy. The multichannel strategy adopted by Conad maintained the presence of stores in the national network, of which 364 are concept stores (PetStores, parapharmacies, opticians, petrol stations and supplies). With its network, Conad is currently the leading brand in Umbria, Abruzzo, Lazio, Calabria, Valle d'Aosta, Emilia-Romagna and Sardinia. It ranks second in another four regions, and third in two further regions.

### CONAD'S POSITIONING IN THE REGIONS



	STORES	POSITION
<b>LEADER</b>		
Umbria	167	1/14
Abruzzo	140	1/16
Lazio	543	1/18
Emilia Romagna	318	1/24
Calabria	174	1/18
Valle d'Aosta	5	1/13
Sardinia	75	1/16
<b>FOLLOWERS</b>		
Marche	118	2/18
Molise	15	2/14
Sicily	332	2/17
Campania	292	2/19
<b>THIRD BRAND</b>		
Tuscany	190	3/19
Apulia	165	3/19
<b>OTHER</b>		
Liguria	56	4/18
Trentino Alto Adige	139	4/17
Friuli Venezia Giulia	27	5/17
Lombardy	236	5/24
Veneto	67	7/21
Piedmont	73	8/20
Basilicata	10	10/15

### MARKET SHARE BY BRAND

#### Total Italy

Conad	14.96%
Selex	14.42%
Coop Italy	11.73%
Esselunga	7.81%
VéGé	7.47%
Eurospin	6.96%
Lidl Italy	5.93%
Carrefour	4.91%
Agorà	3.94%
MD Spa	3.44%
Pam Group	2.85%
Finiper	2.29%
Aspiag	2.23%
Despar Servizi	1.86%
Crai	1.83%
C3	1.83%
D.IT.	1.53%
Rewe	1.31%

Source: Guida Nielsen Largo Consumo H2 2022

#### Total supermarkets

Conad	23.48%
Selex	22.72%
Coop Italy	13.38%
VéGé	8.59%
Agorà	6.22%
Carrefour	5.91%
Aspiag	3.23%
Esselunga	2.96%
Pam	2.59%
Finiper	2.28%
Crai	2.14%
D.IT.	2.13%
Despar Servizi	1.94%
C3	1.35%

Source: Guida Nielsen Largo Consumo H2 2022

#### Total mini-markets

Conad	16.65%
Carrefour	13.68%
VéGé	12.55%
Coop Italy	10.21%
Selex	9.60%
Crai	9.36%
D.IT.	6.19%
Despar Servizi	5.66%
Pam	3.33%
Apiag	3.14%
C3	2.99%
Independent stores	2.48%

Source: Guida Nielsen Largo Consumo H2 2022



# 03.

## Sosteniamo il futuro




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Sustainability is the big issue of the present and also of the future, because we know how our way of living and producing affects the environment and natural resources, today and tomorrow. For Conad, there is only one way to do business: do it sustainably through concrete actions based on participation and inclusion. Sustainability is not only about the environment, but also about society and the economy. The goal of the wider community, which the brand feels actively involved in, is to find a balance between these three pillars to ensure a sustainable future for the Planet's future inhabitants. Conad's constantly improving economic performance is inextricably linked to the need to strive for sustainability also in social and environmental terms.



# Sosteniamo il futuro

## Environment and resources

 <p><b>Logistics</b></p>	 <p><b>Stores</b></p>	 <p><b>Own brand products</b></p>
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Conad Logistics

Shopping bags and consumable materials

Sustainable packaging

Reduction of CO<sub>2</sub> emissions and offsetting measures

Efficient waste management

Supply chains focused on animal welfare



Optimisation of the transport of own-label products

Reduction and virtuous management of food waste

Health, safety and traceability of own brand products

Loyalty-building activities

## People and Community

 <p><b>People</b></p>	 <p><b>Community</b></p>
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Intergenerationality and support for young generations

Solidarity and community support initiatives

Engaging and caring for our people

Focus on the customer and transparent communication

Training and safety

Community services

## Enterprises and Territory



**Enterprises and Territory**

Highlighting local excellence

Roots in the community

Support to local suppliers

Quality control and supply chain sustainability



## Fondazione Conad ETS: a way of ensuring even more effective commitment in communities



Fondazione Conad ETS is a non-profit organisation founded in February 2022 by the five Conad Cooperatives and National Consortium. An expression of the mutual-aid values and principles on which the Conad System is founded, the Foundation was created as a further tool in service of Cooperatives and Members to systematise, develop and increase the efficacy of their commitment to communities. It is one year old, but it already has 60 years of history: its creation is just the latest step in a journey that Conad's Cooperatives and Members began at the outset, in 1962, when they decided to come together to achieve important economic and social objectives. In 60 years of unstoppable economic growth, which led Conad to become the number-one large retail brand in Italy, attention has never failed to be paid to ensuring the growth of the community in which the stores were located by providing significant economic support to social, environmental, cultural, educational and athletic projects. The creation of Fondazione Conad ETS thus marks the beginning of a new chapter in the history of the Conad System and further confirmation of the central role of the people, areas and communities in which it operates. The Foundation is further proof that the payoff of Conad #personeoltrele cose is not just a promise, but a concrete commitment.

In particular, the Foundation's charter identifies a philanthropic goal, i.e. promoting, fostering and coordinating initiatives and projects in seven areas of action: nutrition and a healthy diet for everyone; educating, training and informing younger

generations; supporting local communities; protecting the environment; promoting cultural and sports activities; promoting scientific research; and promoting entrepreneurial initiatives. The Foundation operates both at the local level, where together with individual Cooperatives it manages social, cultural and environmental products in their communities, and at the national level, where it promotes far-reaching initiatives with impacts throughout Italy and the involvement of all the Cooperatives.

The Foundation's mission and activities are thoroughly documented on the site: [www.fondazioneconadets.it](http://www.fondazioneconadets.it), where there is a **Sustainability Observatory**, thanks to collaboration with **Ipsos**.





04.



## From multichannel to omnichannel

Conad is committed to a strategic omnichannel-based approach, which aims towards circular integration between the physical store and digital points of contact. This is the evolution of the multichannel concept, which has brought appropriate, differentiated solutions to customer needs in every context. The integration of physical and digital channels offers a personalised and more complete shopping experience. In other words, there are no barriers or boundaries between the physical and digital worlds, so that consumers are free to choose where, when and how to interact with the brand. The aim is to provide targeted, diversified solutions all sharing the same quality of offer, value for money and a keen focus on own-brand and fresh products.



# Proximity and attraction

Conad stands out from other large retail chains in Italy for its ability to organise its range through a variety of distribution channels, both physical and digital, which are integrated with appropriate, diversified solutions to the needs of customers in all contexts. A circular vision that leads from multichannel to omnichannel thanks to digital, which transforms the relationship with customers from a unidirectional system to a relationship of exchange, driving interaction and engagement in the process of creating value. The brand is thus present throughout Italy, including in large cities, small centres (which account for 80% of the territory and population) and rural areas, through various types of offerings: with a network of

2,176 Members, 3,328 stores and 365 concept stores, Conad is increasingly a touchstone for over 11 million Italian families. The main goal is to offer personalised solutions and timely, diversified responses to meet customers' various needs, while always keeping product quality high and prices competitive, for both Conad-brand and fresh products. In addition, the Conad System has always paid close attention to small and medium local companies, which produce quality products, thus supporting and promoting the national economy.

## APPEAL

## PROXIMITY

Centre ▶



Mission ▶

Target stores for weekly shopping, with large trolleys. A comprehensive range of good-value products and services, always in line with the latest lifestyles and consumption trends, in a welcoming, contemporary, and functional setting.

Small and medium-sized neighbourhood stores. Everyday shopping with the best value for money, able to satisfy even the new food demands, in a place that preserves the warmth of the district supermarket.

Offer ▶

A large assortment that is complete and able to satisfy customers' needs across the board, providing solutions for shopping (products + services) and experiences that increase the time spent in the store.

Large assortment of food in line with everyday needs. Ultra-fresh and fresh products to gain loyalty.

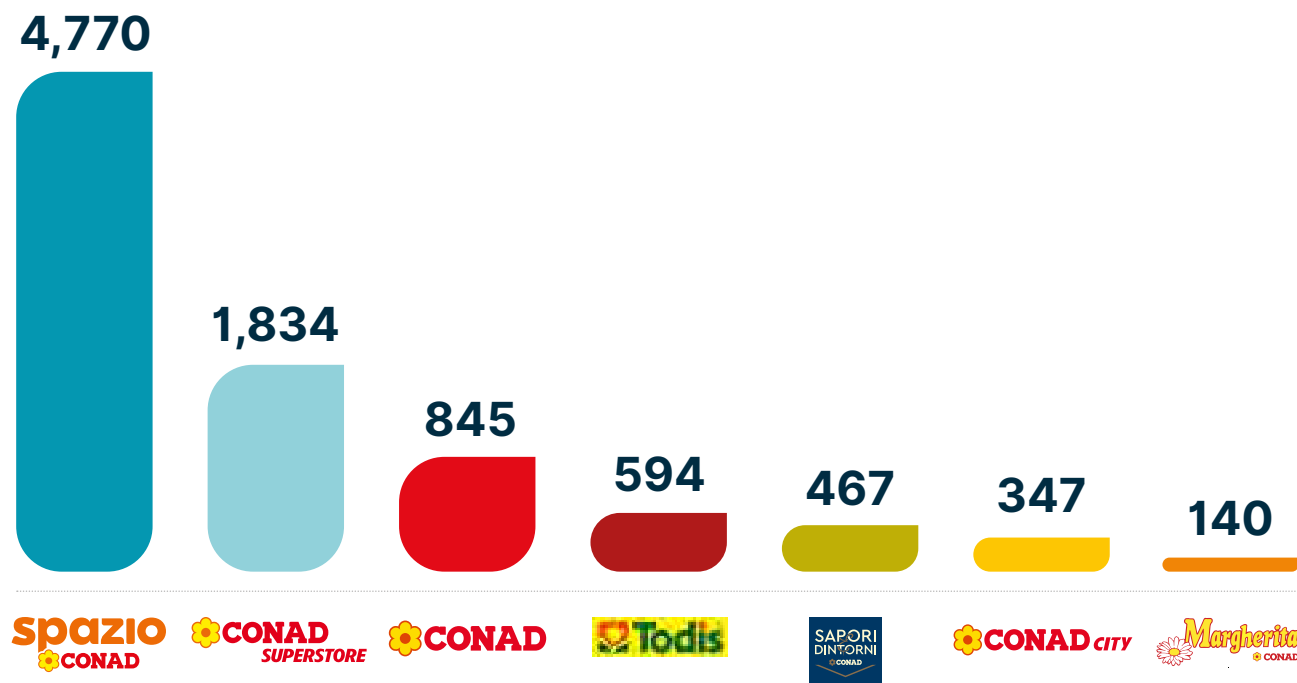


# The Conad network

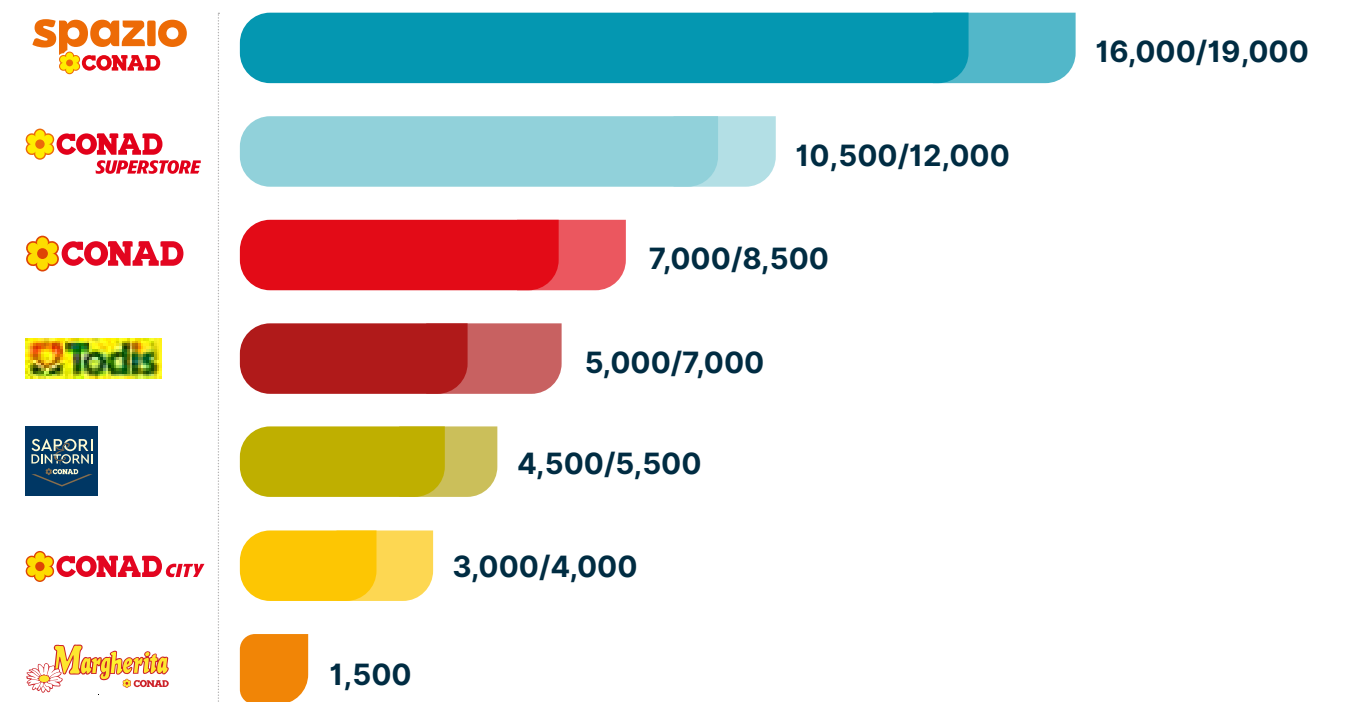
## Stores



## Average surface area (m<sup>2</sup>)



## Assortment (min./max. number of products)



## Concept



\* of which 11 ConCURA



# Our stores



## Spazio Conad



Turning shopping into an “experience” this is the goal of Spazio Conad, a brand created in 2020 that represents a new generation of hypermarkets with sales areas of over 3,500 square metres.



## Conad



This is the most widespread System brand in Italy, characterised by a perfect combination of quality, value for money, choice and service.



## Conad Superstore



With an average surface area of approximately 1,800 m<sup>2</sup>, what characterises Conad Superstores is a wide assortment of products and services, combined with the practicality and rapidity of shopping to meet customers’ needs.



## Conad City



Conad City is the flagship format, the neighbourhood store for quick, essential shopping, with limited store size and a careful selection of the products proposed.



# Concept stores



## ConCURA



Offering opportunities to purchase healthy products and raising awareness among customers of personal care and lifestyles: this is the impetus for creating the ConCURA concept stores, which at the end of 2022 had been implemented in eleven Spazio Conad channel stores, with a selection of products dedicated to health, well-being and personal care.

ConCURA concept stores are divided into two separate departments: ConCURA, il tuo Benessere a Tavola (Your Well-Being at the Table, healthy eating) and ConCURA, abbraccia il tuo Benessere (Embrace Your Well-Being, parapharmacy plus optician).



## Opticians



The 25 stores with the Conad Ottico brand (of which 11 ConCURA locations) are spaces dedicated to eye and vision care, where customers find professional opticians and functional instruments for specific measurements and advice. They are located mainly in the Spazio Conad channel and spread over ten regions. Each year they serve over 140,000 customers, who in stores find a wide range of frames of well-known brands, high-quality lenses, contact lenses and accessories at highly affordable prices. The brand's sales and promotion policy generates an annual average savings of over 2 million euros for Italian families, with discounts of up to 50%. The network has over 70 professional opticians working in the sales area and, in parallel, an intensive professional online and offline training plan, promoted by Conad and the Cooperatives. Increasing turnover and growth trends are proof of the utility and appreciation of the service offered: at the end of 2022, the network's total turnover amounted to 7.7 million euros, up from 6.9 million euros in 2021.



## Parapharmacies



The Conad parapharmacies network remains an important part of customers' lives, thanks to the specialisation of the format and commercial range, which helps protect families' purchasing power. These are duly marked spaces within the brand's supermarkets and hypermarkets, shopping centres of stores or elsewhere, such as stand-alone stores. They have a wide range of medicines for human use without prescriptions, veterinary medicines, medical devices and products for personal care at attractive prices. Since 2019, they have also sold the Parafarmacia Conad brand of supplements.

At the end of 2022, the brand had 177 parapharmacies (of which eleven in the ConCURA format), spread broadly throughout Italy, with the exception of Basilicata. They boast around six million customers and 580 degree-holding pharmacists working in the sales area and, in parallel, an intensive professional online and offline training plan, promoted by Conad and the Cooperatives. In comparison to traditional pharmacies, estimates indicate an average savings of 20% for Italian families. Turnover and growth trends indicate how useful and appreciated the service is: in 2022, the network's total turnover was 128 million – 13 million more than in 2021.



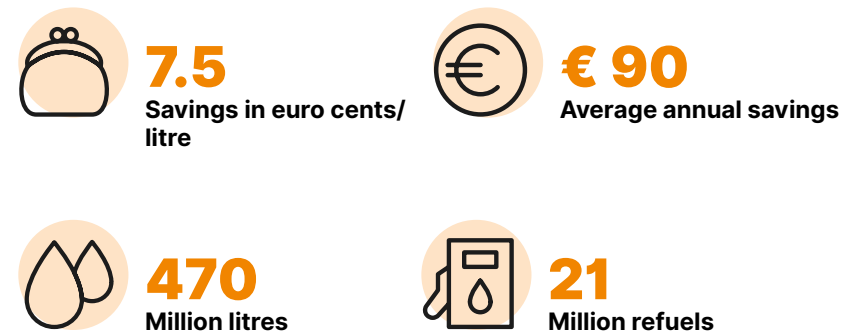


## Conad self 24h stations



At Conad Self 24h stations, the practicality of shopping and refuelling in the same place is combined with affordable prices in line with market averages. This is yet another way that Conad confirms its commitment to standing with its customers to best meet their needs. In 2022, over 21 million refuelling sessions were completed at Conad Self 24 stations (total receipts, including all types of fuel dispensed), with an increase of nearly 31% on 2021, when just over 16 million refuelling sessions were held. The benefits for customers in the previous year alone exceeded 36,800,000 euros.

They are present in a total of 15 regions and 38 Italian provinces, with 48 active facilities, including the newly opened location in the Municipality of Meldola, in the province of Forlì-Cesena, in 2022. In its 17 years of presence in the territory, Conad's supply chain has stayed very short, with constant monitoring of fuel quality in accordance with regulations and management of refuelling stations under the direction control of Members: they are responsible for acting personally to ensure the highest service at the lowest price.

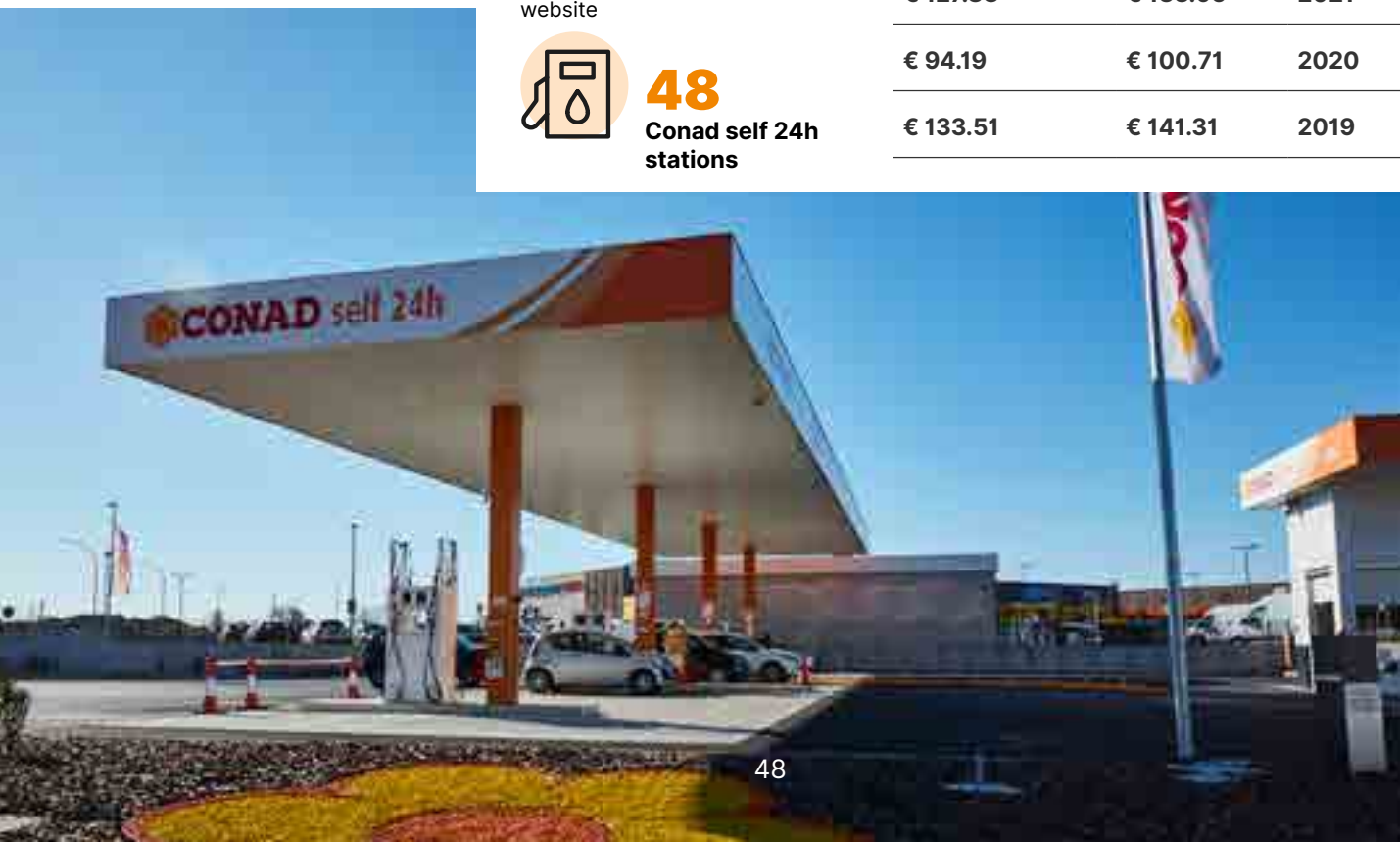


### Monthly spending on fuel:

Comparison drawn on the basis of the monthly average prices published on the Italian Ministry of Economic Development website



	Monthly average spend: users of Conad petrol stations	Monthly average user Italy	
	€ 163.57	€ 171.05	2022
	€ 127.88	€ 133.95	2021
	€ 94.19	€ 100.71	2020
	€ 133.51	€ 141.31	2019



## PetStores



In 2016 Conad launched the PetStore format, a new brand that soon spread throughout the country, becoming a touchstone for pet-lovers. The network continues to grow and currently numbers 114 PetStores, of which 29 opened in 2022, distributed throughout 16 regions, with a turnover of 90 million euros, showing strong growth on the 64 million of 2021 (+36 million euros). With an average surface area of 310 square metres and located near the Conad sales network, the PetStores are specialised stores "tailored to pets", designed to cover all the needs of various different animals. There are 400 specialised employees (+100 on 2021) and the offer includes 15,000 products (+4000 products on 2021), ranging from food to toiletries and well-being, accessories for the landscape, games and transport, rugs and everything needed for hygiene. The range also includes specific products available for the dietary needs of animals with specific pathologies and in some stores, services such as professional toiletry (available at 44 stores), a bath for self-service washing (available at 8 stores) and a self-service laundry (at 19 stores) within the Bubble Pet service centre.

The presence of qualified and trained staff guarantees customers the possibility of receiving assistance and consultancy on the most common needs or problems. In pursuit of convenience, but without neglecting pet health, every month revolving promotions are held on around 400 products, in addition to discount vouchers for shopping and other benefits for Conad card holders. In addition to the benefits for customers, Conad is also committed to supporting abandoned or needy dogs and cats: the "Cibo, calore e amore" initiative is a store food drive that in a few days gathered 267,000 meals for our furred friends in kennels.



# Conad's omnichannel e-commerce



In 2021 Conad stepped up its investments in digitalisation according to a three-year plan to implement a full-fledged omnichannel approach, i.e. **circular integration** of physical stores and digital points of contact, along with a more complex multichannel strategy.

It is thus clear that for Conad, digitalisation is not an end but rather a means by which to provide contact opportunities that go beyond shopping, to strengthen the general and emotional bond between the brand and the consumer. In fact, the commitment to a **circular relationship between physical and digital stores** made it possible to observe customers' consumption habits from various perspectives.

This underscored the need to also invest in **advanced models** for data interpretation, not only in collecting data, but also to be able to design a multichannel approach that embraces actual shopping trips. Integrating the traditional store: for Conad, the online store is not designed to render the traditional store obsolete. Rather, it combines two possibilities that amplify the relationship with the customer, regardless of the model chosen for purchases.

The Conad omnichannel process clearly involves e-commerce shopping but also plans to develop in a far more articulated manner through to mid-2023, when all personal and family services will be

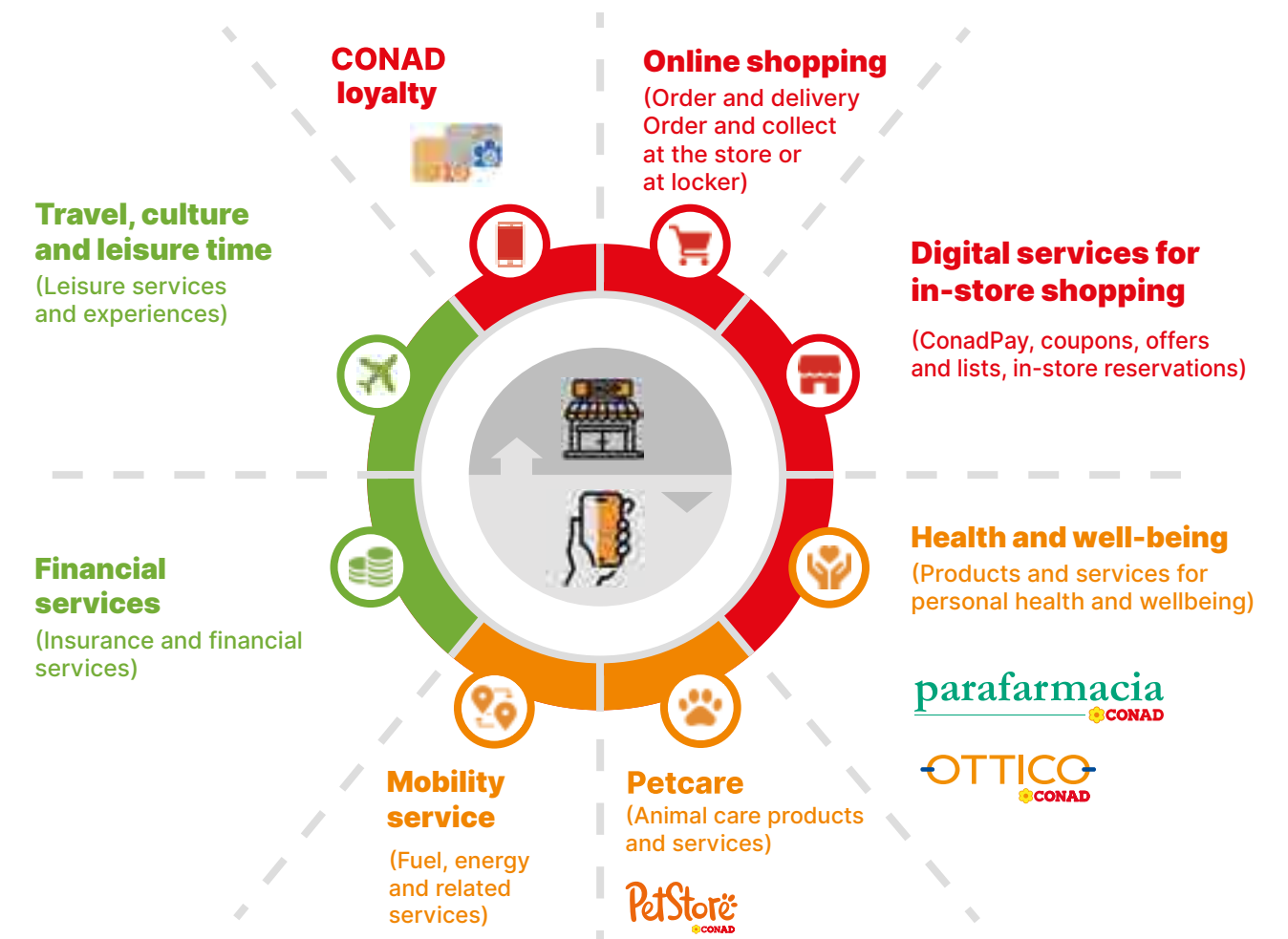
implemented. The new Conad digital platform will be an ecosystem of global digital products and services and will be above all a **channel for customer loyalty and relations**. In this context, the **app** is reserved an essential role, that of a real remote control of the store in the hands of the customer, in any place and at any time, with a great many services to make shopping at the physical store more convenient and simple too: paper with digital, mobile payment, booking a turn at the counter, etc. In 2022 a strategic three-year plan continued to **modernise the network with investments of 2.08 billion euros**. Of these, **5 million a year will be invested in digitising** customer relations and e-commerce.

## The new digital platform "Hey Conad"



To Conad, digital is a way of improving services and providing real benefits – material and otherwise – to customers. Accordingly, the slogan "Persone oltre le cose", adapted to the digital ecosystem, means creating a personalised relationship of value and not to be led merely by technology as an end unto itself. Conad does not aim to supersede the physical network through digital, but rather to supplement it with a view to strengthening it altogether, building new places for physical and digital customer relations. In 2022 digitalisation played a crucial role in investments with the début of the "Hey Conad" ecosystem: a digital environment designed as an integrated range of products and services (such as leisure, health and payments) for customers that will see, in addition to online shopping, the integration of new services starting in 2023 and fuller implementation in 2024. The customer can decide how and when to go shopping, whether to book a medical service, organise a holiday, take up suggestions combining tourism and food and wine routes inspired by Conad brand products and so on. The Conad digital platform will therefore be an ecosystem of global digital products and services, becoming not only a sales channel but above all a channel for customer loyalty.

### THE E-COMMERCE ECOSYSTEM: BEYOND SHOPPING AT HOME





05.

## The Conad product brands

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Conad works daily to stay close to people, meet their needs and build relationships based on trust. This way, the Conad System is able to support customers in their purchasing decisions and ensure their needs are met, in the best possible way. This ongoing commitment is built upon the care with which the Consortium selects suppliers and develops its offer of brand products, with the prime requirement that they meet precise quality standards all along the supply chain. Whichever MDD Conad product line the customer counts on, they can be sure they are making a safe choice with a guarantee of quality, innovation and value for money. The completeness and distinction of its product offering led to Conad's winning of the European Private Label Awards in 2022 for the fifth time. This scheme gives recognition to the most distinctive private label products in the European market. Because when you choose to offer Quality, results come in – and stay.



# Conad products: a touchstone for customers

With the conquest of 32.2% share of total packaged consumer goods at the Italian level (supermarket channel), the Conad distributor brand (own label) continued to grow in 2022, expanding its range, with extremely positive feedback from customers. Turnover of 5.4 billion euros (almost one-third of the Conad System's overall turnover) was up by 12.6% on that recorded in 2021.

The commitment to the own-label segment is tied to a strong drive to fight the decline in household purchasing power due to the economic and geopolitical situation. Conad's own label products thus enjoyed rapid growth, also due to coordinated segmentation of the portfolio and innovation based on customers' needs. Among the most brilliant results recorded in 2022 are those for consolidated products such as pasta and UHT milk, which saw own label benefit from a proper price point and weaker promotion by market brands. Also very positive were the performances of products tied to the summer, such as ice cream, soft drinks and sunscreen. Some segments, such as baby food and pet food, also achieved positive performances due to innovation.

The growth of Conad's own label products is based on solid strategic guidelines: affordability, sustainability, health and well-being, service and premiumness.

Bassi e Fissi is a guarantee of **value for money**. This basket of around a hundred Conad brand products fundamental to everyday life is available at prices below the market average, with new products periodically selected with care to offer maximum Conad quality at the lowest possible price and to thus ensure all families a complete, high-quality and affordable shopping experience.

Then there is of course the essential dimension of **sustainability** – in environmental, social and economic terms, which characterises all the new launches made by own-label products in the wake of consolidation and positive results. And sustainable commitment – along with solidity, reliability

and competitiveness – are the characteristics that must be ensured by the nearly 1,000 suppliers of brand products, with which long-term relationships are struck, harnessing Italy's cultural and economic strength. Italian suppliers provide 95% of brand products, and this makes it possible to ensure direct support to small and medium Italian companies, as part of a common process that drives a synergistic relationship. Conad thus provides the tools and knowledge to develop and ensure a responsible approach throughout the supply chain with the goal of developing innovative, distinctive products on the market.

A distinctiveness that is also achieved through a focus on personal **health and wellbeing** through a range of products that ensures a healthy, balanced diet, without sacrificing taste. This is the context for the development of the PiacerSi brand, through constant improvement of existing recipes and the launch of new products developed for those seeking the perfect combination of vitality, well-being and taste, and the relaunch of the Verso Natura brand, with a new brand positioning, improvement of the existing range and the launch of new products focused on natural wellbeing.

The strength of Conad brand products lies in their ability to meet a wide, diverse range of needs through broad variety of brands, including the **premium** segment, with an offering of traditional Italian products in the Sapori&Dintorni line that is integrated with the new Sapori&Idee line, characterised by modern, gourmet products that stimulate customers to try new flavour experiences.

Fundamental to the growth process of Conad's own label range is harnessing products with a strong **service** component, through important projects such as the expansion of the range of delicatessen products, both counter and take-away, the bakery project and the development of time-saving products.

## CONAD OWN-LABEL

Ranges, products, turnover and % of own-label turnover



Brand	Number of Products	Turnover (millions of euros)	Own-label turnover %
<b>Conad own-label total</b>	<b>5,218</b>	<b>5,356</b>	<b>100.0%</b>
<b>Conad</b>	3,816	4,158	77.6%
<b>Verso Natura total</b>	311	214	4.0%
<b>Sapori&amp;Dintorni total</b>	427	593	11.1%
<b>Sapori&amp;Idee total</b>	218	148	2.8%
<b>Other brands*</b>	446	243	4.5%

\*Logo Rosso sub-brand: PiacerSi, Alimentum, Essentiae, Conad Baby and Integratori Parafarmacia Conad. Wines; Beers





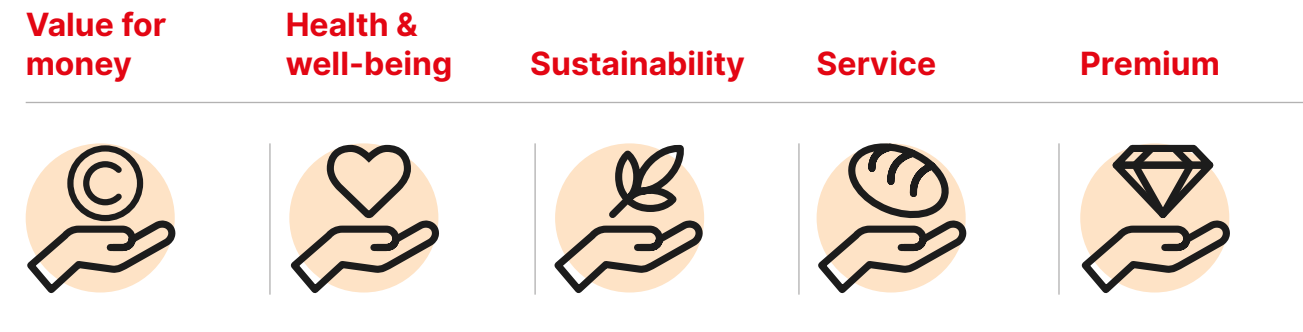
## All brands

Conad offers a vast range of own-label brands, with over 5,200 products capable of meeting and satisfying a wide range of tastes, preferences and needs. To be always in touch with people's needs.



## Own label development guidelines

Each year, the guidelines for the development of Conad's own-label products steer the development and implementation of specific projects that ensure that the brand can serve the priority areas of the strategy.



### Projects in 2022:

- **Bassi e fissi** continuous improvement (frequency, ultra-fresh)
- **Large formats** and multi-pack for appeal
- **Non-food** New branding offer on the core markets
- **FOOD:** focus development of food as **prevention**
- **NEAR FOOD:** focus on development of **well-being and care** as well as protection, disinfection and sanitisation
- **Maximisation of sustainable packaging** for own label (recyclable, recycled)
- Highlighting on pack
- Integrated communication (packaging, store, ATL, BTL)
- **Gastronomy** project Assisted Sale and Take-away **Ready meals**
- Bakery project and baked goods products
- **Time-saving** products Food and Near-Food
- Saporì&Dintorni and Saporì&Idee Conad branding and development of products along the two axes of **tradition/territory** and modernity/flavour in food
- **Personal care** development of range and brand extension

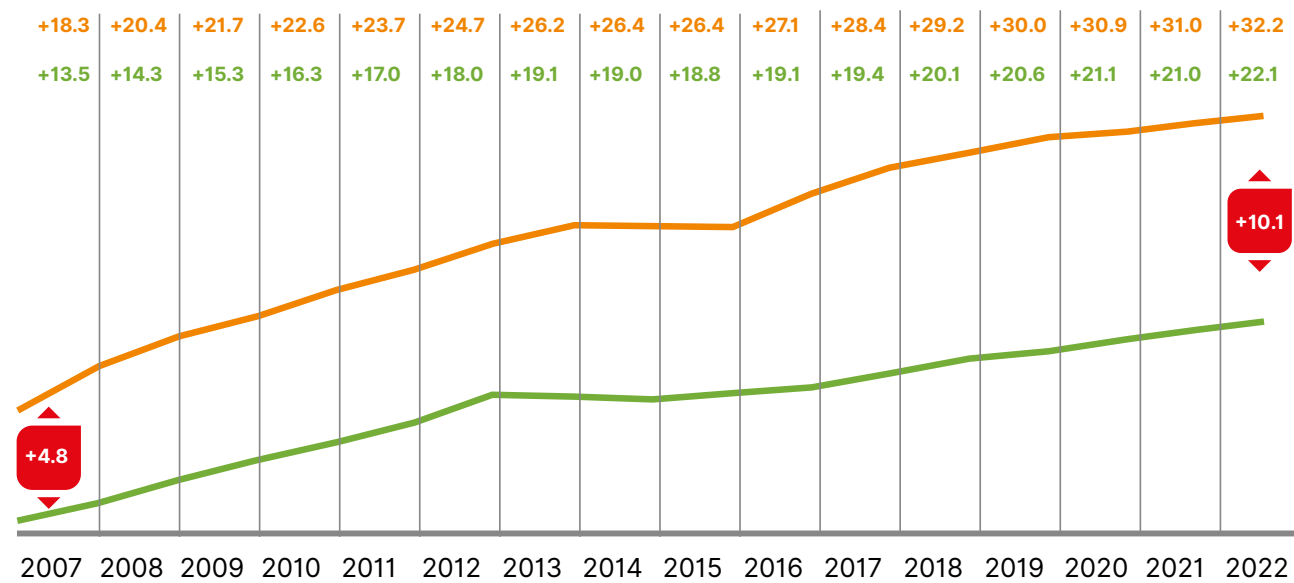


# Share of Conad's own label

In such a complex economic and social scenario, Conad continued to grow, ending the year with turnover of 18.49 billion euros: an increase of 8.7% on 2021 and of 60% compared to the last ten years. The figures confirm its top position in large retail, with market share of around 15%. This result was made possible by the fundamental contribution from own label products, which won market share of 32.2% of total packaged consumer goods at the Italian level (supermarket channel), with turnover of 5.4 billion, up by +12.6% by value compared to 2021.

## Share of Conad's own label

- Conad Super
- Supermarkets (Ecr)



Source: Bd IRI; Period: From 2007 to 2022; Geo: Conad Super and Tot. Ita Super Ecr; Scope: Tot. LCC

## Share of own label held by the Cooperative companies

Value referred to the relevant areas - Super channel

Conad Nord Ovest	<div style="width: 35.2%;"></div>	35.2
Commercianti Indipendenti Associati	<div style="width: 40.6%;"></div>	40.6
Conad Centro Nord	<div style="width: 32.1%;"></div>	32.1
Conad Adriatico	<div style="width: 30.9%;"></div>	30.9
PAC 2000A	<div style="width: 27.1%;"></div>	27.1
<b>TOTAL</b>	<div style="width: 32.2%;"></div>	<b>32.2</b>

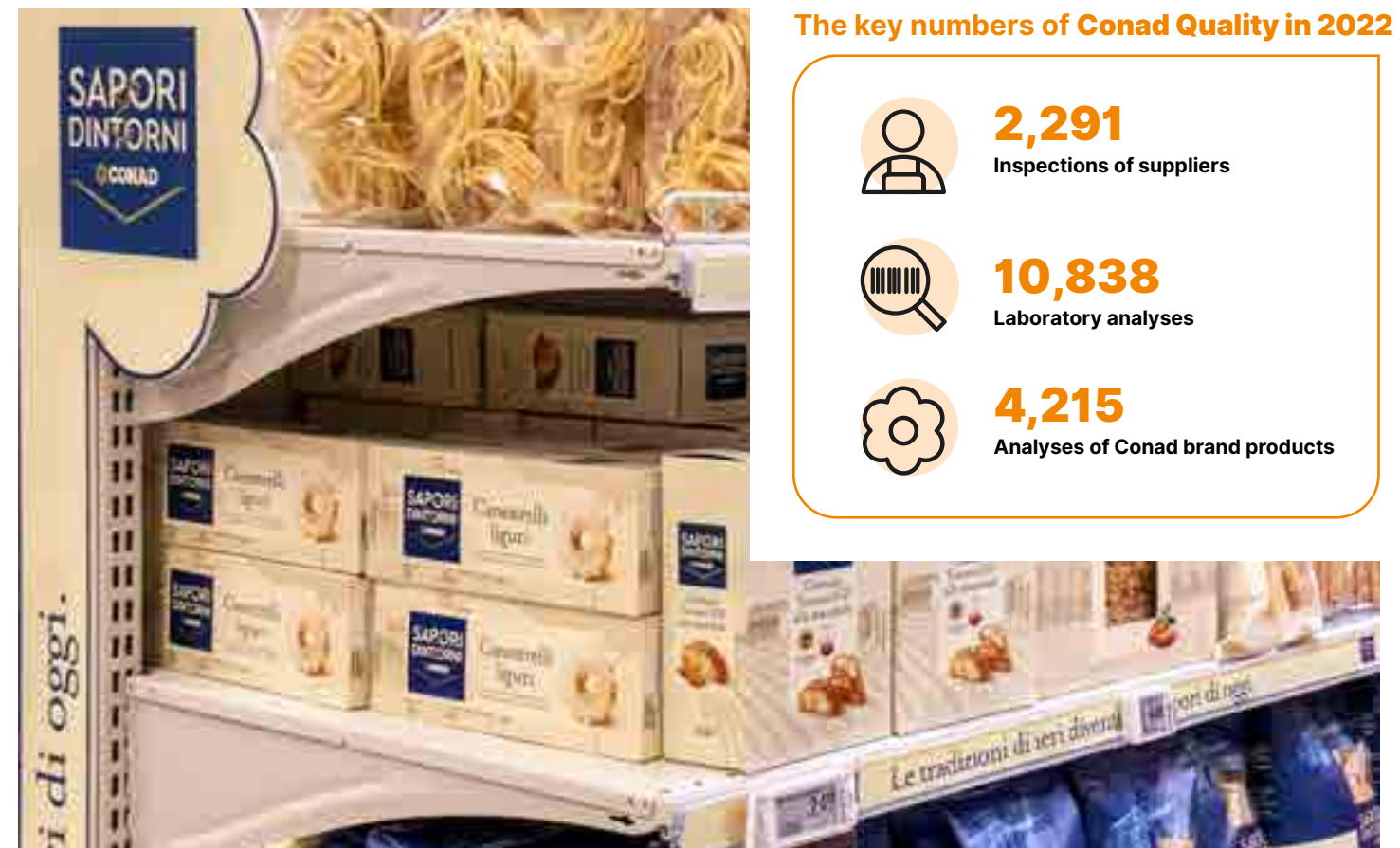
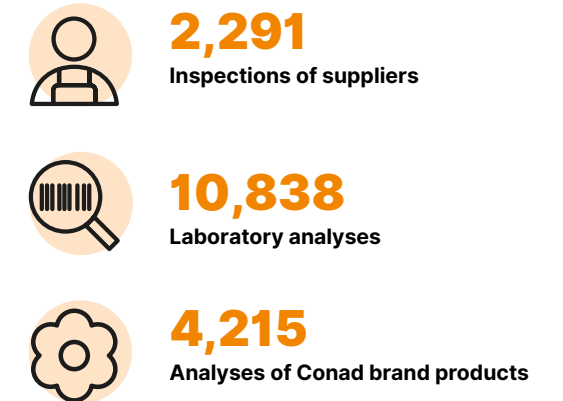
Source: Bd IRI; Period Year 2022; Geo: Conad and Coop.ve Super; Scope: Tot. LCC

# Quality above all else

Quality is one of the pillars of Conad's range, pursued over the years with constancy, dedication and economic commitment, reflected in results and customer satisfaction. In 2022 the Consortium spent a total of **over 5,200,000 euros on quality** – without counting investments in training – in order to maintain the required standards, which begin with supplier selection and include a well-defined series of controls throughout the production cycle: from processing to transformation, delivery and then storage in the store. It is this operational rigour that lends concreteness to the promise that Conad makes and keeps to its customers, through both its own-label products and those of the brand industry. In addition, independently of the brand, management of products such as meat, fish, eggs, fruit and vegetables is subject to a protocol of strict checks, involving controls that start at farms and fields and continue throughout the product life cycle, down to purchase. To become a Conad supplier, it is fundamental to comply with the **parameters** set by the Consortium. Structural requirements, quality system applied, ethical and social characteristics: all are defined to form a **set of rules integrated into the supply contract**, in order to comply both with the law and various fundamental principles adopted by the Consortium. The guidelines are also based on the International Featured Standard (IFS), a unified system of quality and safety controls that invests in all levels of the production and processing of food and is applied and used

in mass distribution in various European countries, such as Germany, France, Spain and, naturally, Italy. **Laboratory analyses** (10,838 in 2022 alone) then ensure that everything works at the various stages of the supply chain, with verification of the origin, treatment and storage of various foods: each of them can thus count on a verified quality standard. These controls are carried out, for the entire term of the contract, solely by specialised technicians: in 2022 there were 2,832 inspections overall, from suppliers to Cooperative logistics platforms (Ce.Di.) and stores. Of these controls, 2,291 were carried out on the premises of suppliers, i.e. production facilities and farms. Investing in controls also provides a guarantee for suppliers themselves, who are more motivated to become a part of the Conad circuit. In ten years the number of active facilities has nearly doubled to 1,428. When an element does not meet the established parameters, the solution can only be immediate withdrawal of the entire production batch from the entire sales network. Product complaints are managed by the Conad Customer Service, directly at stores or by Cooperatives, with the goal of identifying any defects and room for further improvement of the range.

## The key numbers of Conad Quality in 2022





06.

## With the community

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Cultivating a relationship takes commitment and passion. Even more so if the relationship you want to nurture is the one with your Community. For years, Conad has been investing time, energy and resources in the concept of "closeness", and has expressed it in practice by carefully investigating needs and requests and recounting the initiatives undertaken to satisfy them. And in a world where habits change quickly, Conad has decided to focus more and more on the digital domain in order to be even closer to people in their daily lives. This dedication is now recognised and certified, with Conad emerging in 2022 as the **industry's Top of Mind brand (20,9%)** and the company with the **best overall Brand Awareness (96,2%)**, according to GfK data.



# Community and proximity make Conad a landmark

To become a national market leader, Conad stayed true to the principles that it has followed since its foundation:

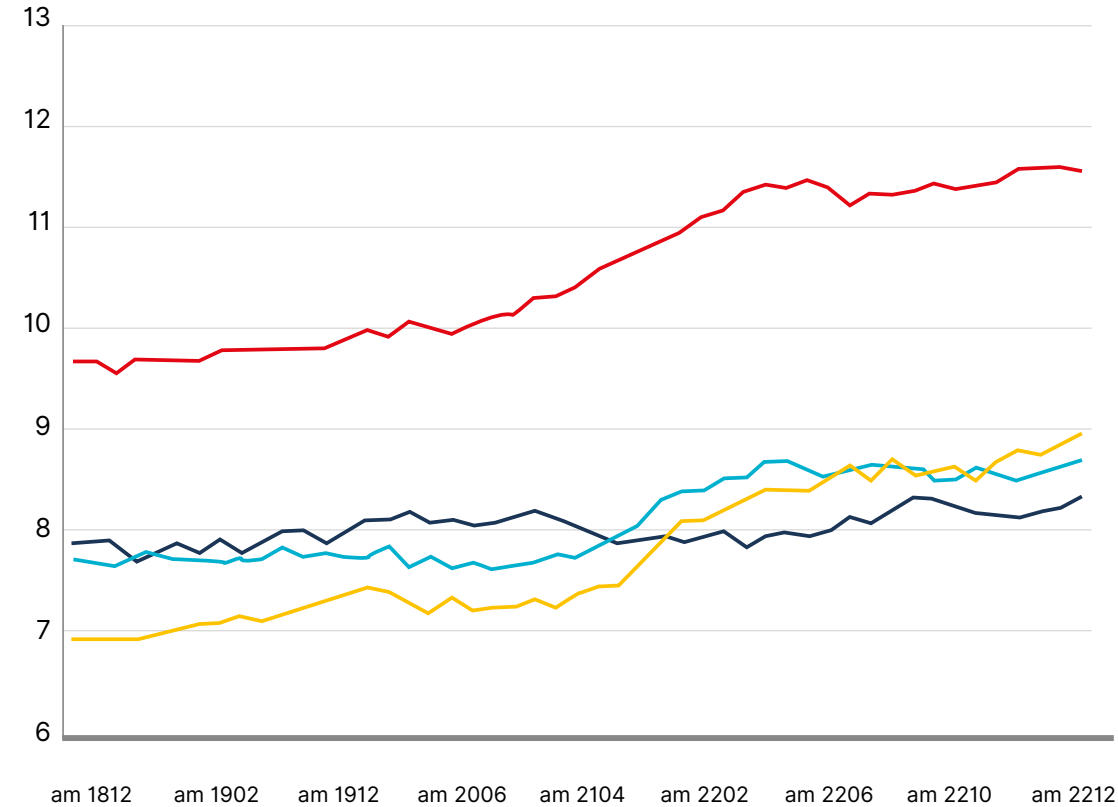
- commitment to the community and for the community;
- cultivation of relationships with local communities;
- utmost respect for individuals as the focus of its business.

These are the three clear, well-defined principles that constantly guide the growth of the brand and determine its social value in communities. One example is the role played in terms of employment: Conad has over 74,000 collaborators throughout Italy, an increase on the previous year. Since, like Members, collaborators mostly live in the communities where they work, the value they create is not just that closely tied to their activity, but also that which they convey in terms of their relations outside the walls of stores. Conad's desire to be an active part of the communities in which it operates can be seen, above all, from its relationship with its customers, who make up 45.2% of Italian families. In 2022 Conad was the store of reference for the weekly shopping of 11.6 million families – 200,000 more than the previous year (source: GfK), whereas its loyalty card (Carta Insieme and Carta Insieme Più Conad Card) exceeded 8.3 million units (+2.4% on 2021).

**45.2%**  
of Italian families

**11.6 M**  
families

Evolution of Conad customers: penetration of the world of Italian families



Number of Italian families:

- Conad **11.6 million**
- Lidl **9 million**
- Eurospin **8.7 million**
- Coop **8.3 million**





# The customer is always the focus

In 2022 the plan to reinforce Conad's digital channels gained new momentum, confirming the omnichannel direction pursued for some time, with significant investments and integrated offline and online solutions. On the one hand, the digital evolution is so swift and productive of changes as to require speed and precision in the decisions made regarding the tools to be used. On the other, Conad intends to aid individuals where they spend time and seek information and services, even if these are more traditional channels. The keyword remains "relationships", to be cultivated through listening, dialogue and appropriate solutions to the needs expressed, and the most complete approach for this is omnichannel.

In the reporting year, the portal **www.conad.it** recorded over 47.5 million visits (compared to 44 million in 2021), while one-time users were nearly 28.7 million, with over 111,200,000 views. It is on this site that customers continue to search for commercial information regarding the offer of consumer products and it is online that promotions are studied, initiatives are discovered and knowledge about brands and products is deepened.

The increase in traffic on the portal also had consequences for sustainability, because it encouraged the use of the **digital flyer**: in 2022 "paperless" reading made decisive progress, reaching around 52.9 sessions, of which nearly 29.6 through the site and 23.3 from digital readers.

Excellent results were also achieved for **www.chisiamo.conad.it**, the brand's corporate site, where customers and stakeholders can find information about the Conad System and its activities and more corporate information such as values and mission, corporate structure and press releases. The brand's corporate site recorded 920,889 visits and 2,403,780 page views, for a total of 786,255 one-time users.

In 2022 Conad also introduced an e-commerce system: through its **site Hey Conad**, customers can shop online with full convenience, including delivery to their homes or collection from a store or locker.

An extremely significant leap was made by the site **saporie.com**, which dispenses original content useful to people's daily lives, such as recipes and advice concerning food and wine tours: over the previous year, the site saw its one-time users rise from 1.5 to nearly 2.1 million and visits skyrocket from 1.6 to nearly 2.5 million, with 4.1 million total page views.

Also online are all Conad's social channels, with total impressions incredibly exceeding the already strong results of 2021, when among all Conad's profiles views had reached nearly 323 million. In 2022 the 40.7 million impressions recorded each month on the **Facebook** page were equivalent, by simple projection, to more than 488 million annual views. These were in addition to the 14.9 million impressions per month on **Instagram**, the 5.8 million impressions per month on **YouTube**; the 77,000 impressions per month on **LinkedIn** and the 471,000 impressions per month on **Twitter**.

Since the world increasingly operates on smartphones, the Conad app is also very important. This communications tool is increasingly used as a "pocket supermarket": in 2022 the application recorded 1,238,000 one-time users and nearly 21,900,000 sessions.

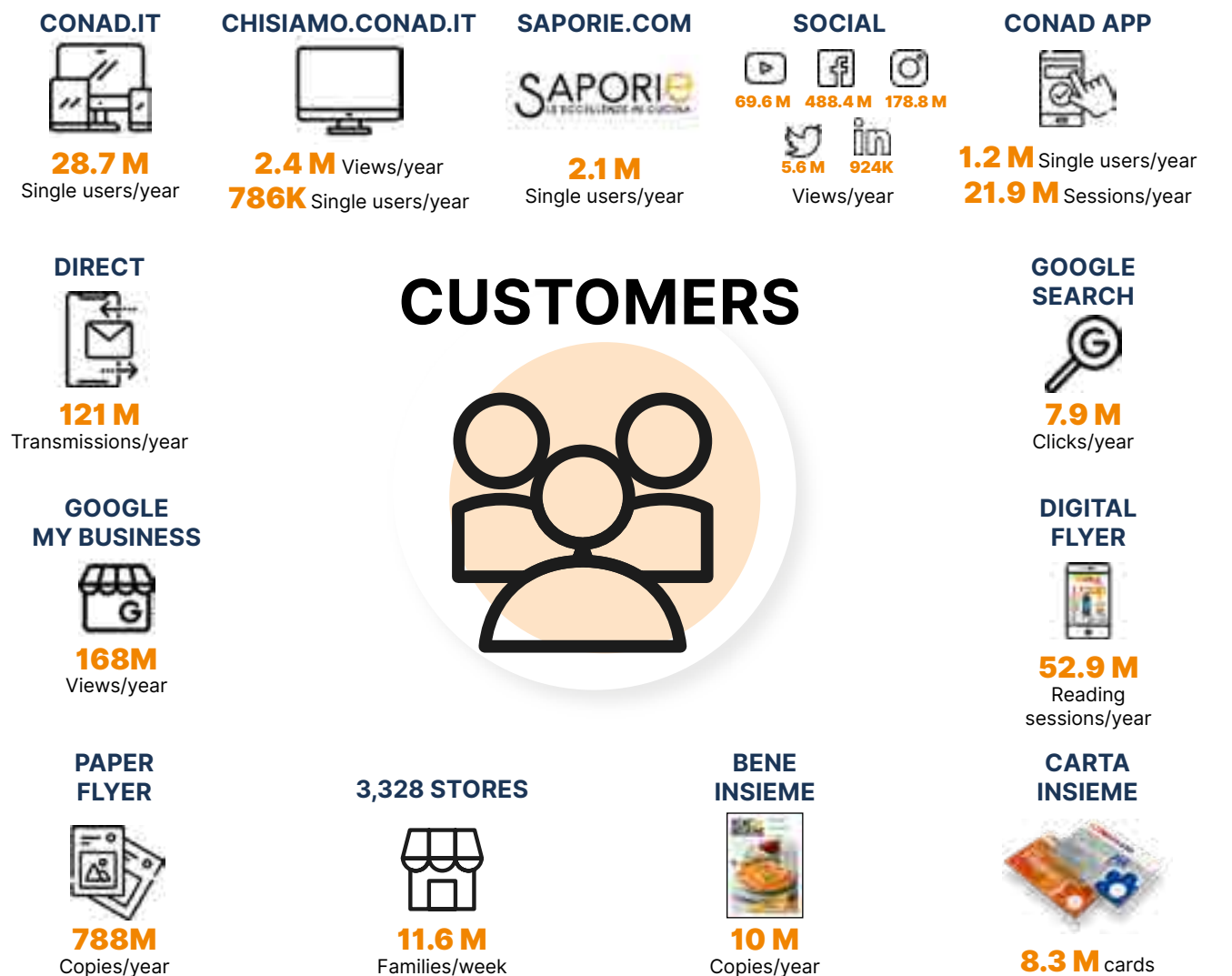
The digital tools through which Conad enters into relations with its customers also extend beyond the brand's sites and official profiles. They include, for example, search engines, among which **Google** clearly plays a dominant role, in view of all its possibilities to analyse data: **searches** averaged 659,000 a month, whereas **My Business** sheets (those with store databases, from telephone numbers to hours and map locations) generated 168 million views for Conad in a year.

Conad's digital world and virtual spaces exist in a synergistic, integrated relationship with the brand's **stores** and offline communications channels, which continue to play a fundamental role for many of the brand's customers. For example, the **monthly magazine Bene Insieme**, with its print run of 10 million copies a year, is particularly appreciated, along with the other communications channels such as catalogues, in-store videos and radio, classic flyers and loyalty cards.

This is an extensive, varied communications ecosystem with customers placed at the centre, so that they are heard and their needs met. All this is made possible above all by the front-line engagement of the 3,328 stores spread throughout Italy, with the daily work of 2,176 Members and 74,432 collaborators. Intense, constant activity that is also reflected in internal communication within the Conad world, which for years has been able to count on the house organ **Comma**, intended for Members and Cooperatives, in both its print and newsletter version.



## The Conad communication ecosystem



## Communication strategies

What the world offers us may change, but the heartfelt relationship between Conad and people remains solidly the same. A relationship that takes various forms, but that always uses a consistent, everyday and open communication language.

One concrete example of how this relationship has been presented and further strengthened is the 2022 campaign "Venga, l'accompagno" ("Come on in, I'll help you"), which sought to show Conad's natural inclination to listen to and support individuals and communities.

"**Accompagnare**" ("to accompany" or "go with") is the key concept around which the entire creative campaign was developed, starting with the claim, which was aired on television, social networks and the radio. The idea of "accompanying" represents a value naturally related to being "Persone oltre le cose", an expression of the central role of the human relationship in the idea of the brand's competitive positioning in the world of large retail.

Every day Conad listens to its customers, lending an ear to their needs, talking to them and accompanying them in their purchasing choices. This is what is done in synergy by the entire Conad system, from entrepreneur-Members to their collaborators, with the goal of building long-term relationships of trust with people and communities, and with all participants in the supply chain.

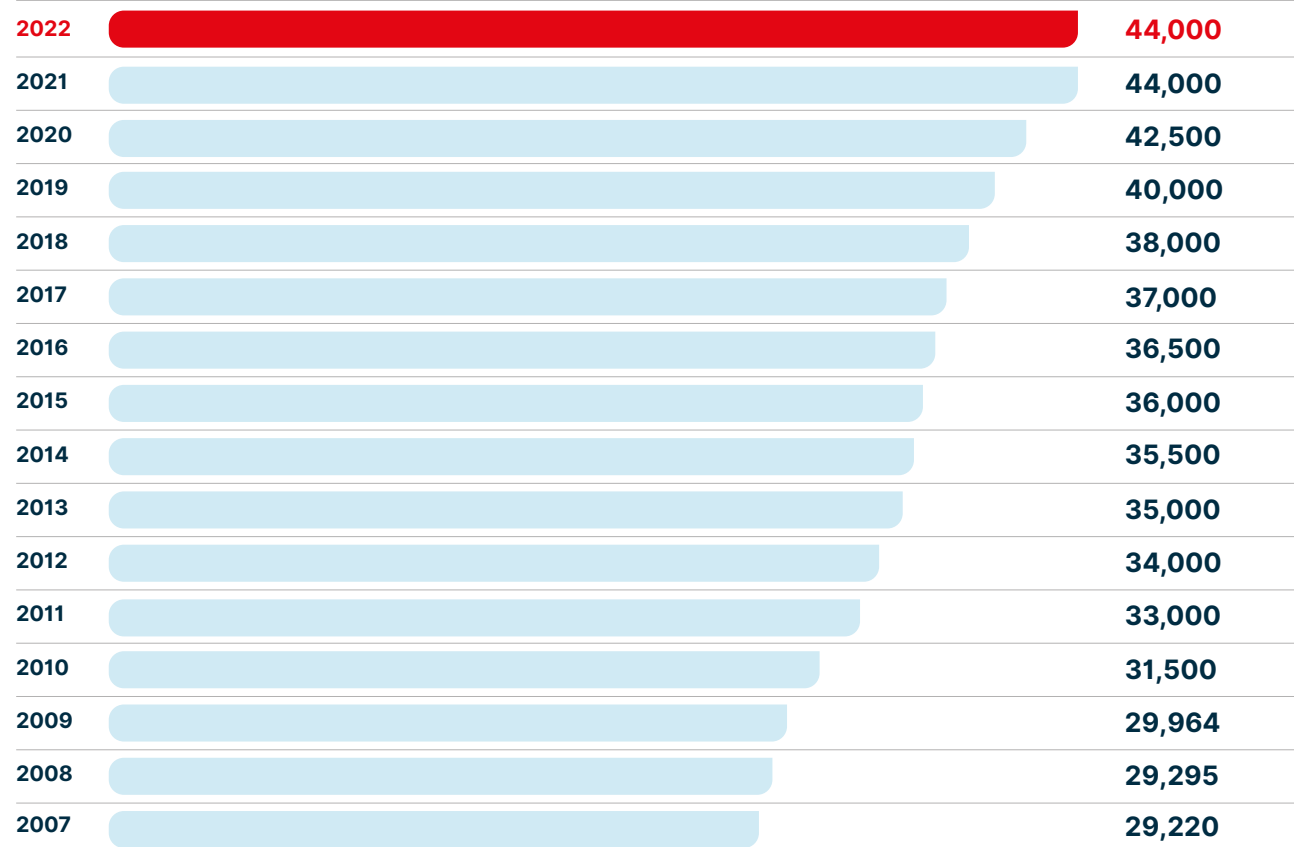
In fact, Conad also accompanies people outside the walls of its stores, becoming a part of the lives of all the communities in which it operates, such as those of its supply chains, producers, farmers, members, collaborators and customers. "Venga, l'accompagno" is thus a communications campaign that perfectly expresses Conad's vision of the world and business: being present and close to individuals, meeting their every need and thus forming a harmonious relationship with the lives of communities. It is only by working all together, day in and day out, for the well-being of communities, that we can accompany people on the journey towards the future.

## Investments and leadership

Conad has long been a leader in investments in communication: in 2022 the brand confirmed 44 million euros invested in communications media spaces. The media mix, which is adjusted from year to year, is 20% composed of online media and 80% of offline media.

### INVESTMENTS IN MEDIA COMMUNICATION SPACES (gross)

Thousands of euros



Source: processing of Nielsen data - value of advertising spaces purchased

## Brand awareness leadership



The resources and energy that Conad dedicates to communication have yielded clear results, also in terms of brand awareness.

A notoriety of which to be proud, because it springs from genuine knowledge and deep trust, on which communication worked with great immediacy. In 2022 Conad remained the notoriety-leading brand in terms of brand awareness, with a sector top of mind of 20.9% and a total notoriety of 96.2% (source: GfK).

These figures match up with those regarding the number of customers who visit Conad stores: on the whole, 11.6 million families visited the various Conad stores each week in 2022 - 200,000 more than the previous year (source: GfK).



### CONAD IS A BIG SPENDER IN GENERALIST TV

Share of voice in the year ending 2022



Source: GfK - Eurisko Tracking Stp



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