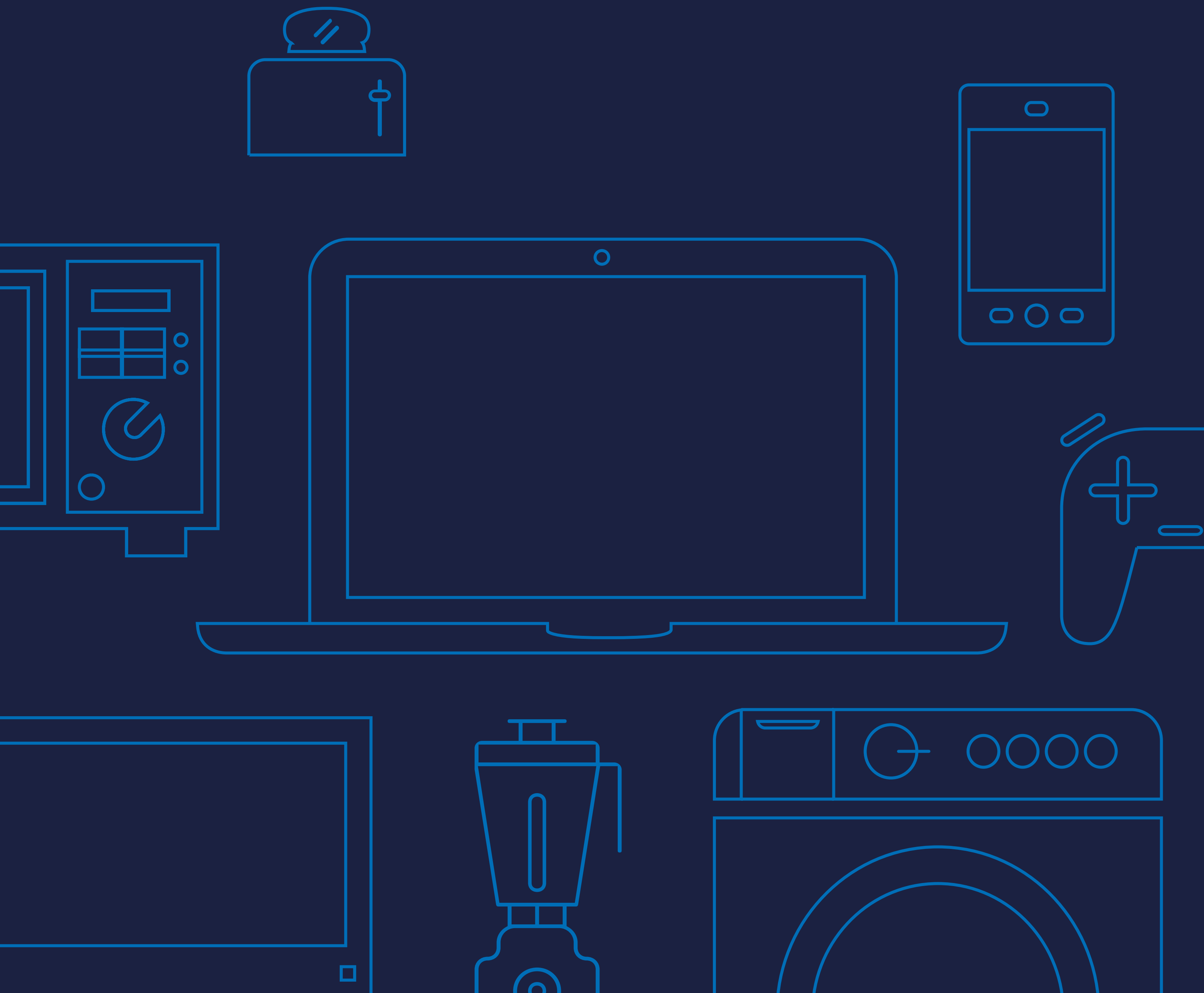
Interim Financial Report

as at 30 november 2017



UNIEURO GROUP

INTERIM DIRECTORS' REPORT AS AT 30 NOVEMBER 2017

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1. Corporate Bodies

BOARD OF DIRECTORS

- Chairman of the Board of Directors	Bernd Erich Beetz
- Chief Executive Officer	Giancarlo Nicosanti Monterastrelli
- Non-Executive Director	Robert Frank Agostinelli
- Non-Executive Director	Gianpiero Lenza
- Non-Executive Director	Uwe-Ernst Bufe
- Independent Director	Stefano Meloni
- Independent Director	Marino Marin

CONTROL AND RISK COMMITTEE

- Non-Executive Director	Gianpiero Lenza
- Director possessing the requirements of independence indicated by the TUF and the Corporate Governance Code	Marino Marin
- Chairman of the Committee and Director possessing the requirements of independence indicated by the TUF ("Consolidated Finance Law") and the Corporate Governance Code	Stefano Meloni

NOMINATIONS AND REMUNERATION COMMITTEE

- Non-Executive Director	Gianpiero Lenza
- Director possessing the requirements of independence indicated by the TUF and the Corporate Governance Code	Marino Marin
- Chairman of the Committee and Director possessing the requirements of independence indicated by the TUF ("Consolidated Finance Law") and the Corporate Governance Code	Stefano Meloni

RELATED PARTY TRANSACTIONS COMMITTEE

- Independent Director	Marino Marin
- Independent Director	Stefano Meloni

BOARD OF STATUTORY AUDITORS

- Chairman	Maurizio Voza
- Statutory Auditor	Giorgio Gavelli
- Statutory Auditor	Luigi Capitani
- Alternate Auditor	Sauro Garavini
- Alternate Auditor	Giancarlo De Marchi

SUPERVISORY BODY

- Chairman	Giorgio Rusticali
- Members:	Chiara Tebano
	Raffaella Folli

INDEPENDENT AUDITORS

INDEPENDENT AUDITORS	KPMG S.p.A.

2. Introduction

The company Unieuro S.p.A. (hereinafter referred to as "Unieuro") is a company under Italian law with registered office in Forlì in Via V.G. Schiaparelli 31, operating in the retail and *online* distribution of electric appliances and consumer electronics.

On 4 April 2017, Italian Electronics Holdings S.r.l. (hereinafter referred to as "Italian Electronics Holdings") placed on the MTA (telematic stock market) – STAR Segment of Borsa Italiana S.p.A. 31.8% of the share capital of Unieuro S.p.A., equal to 6,363,637 ordinary shares at a price of EUR 11 per share.

On 3 May 2017, the *greenshoe* option was partially exercised, granted by Italian Electronics Holdings, for 537,936 shares compared with the 636,363 shares that had been the subject of *over-allotment*. The purchase price of the shares that were the subject of the *greenshoe* option was EUR 11.00 per share, which corresponds to the offer price that was set for the placement, totalling EUR 5.9 million. The share settlement relative to the *greenshoe* option took place on 8 May 2017.

Therefore, the placement covered a total of 6,901,573 ordinary shares of Unieuro S.p.A., equal to 34.51% of the share capital, for a total value of approximately EUR 75.9 million.

On 6 September 2017, Italian Electronics Holdings placed, under the *accelerated bookbuilding* procedure, 3,500 thousand ordinary shares, corresponding to 17.5% of the share capital of Unieuro, at the price of EUR 16 per share. The settlement of the transaction took place on 8 September 2017. The total amount was EUR 56.0 million.

On 17 October 2017, the partial demerger became effective of Italian Electronics Holdings which, following this transaction, is now a 100% indirect investee of the Rhône Capital *private equity* fund. Eight new companies were established as a result of the demerger.
At the date of the Interim Directors' Report, Italian Electronics Holdings held a shareholding in Unieuro equal to 33.82% maintaining, in the light of the shareholders' composition, the *de facto* control of Unieuro.

On 23 February 2017, Unieuro, as the buyer, signed an agreement with Project Shop Land S.p.A., as the vendor, for the purchase of 100% of the share capital of Monclick S.r.l. ("Monclick"). The price agreed amounted to EUR 10.0 million and the acquisition of the shares by Unieuro was subject to several conditions precedent. The completion of the purchase contract took place on 9 June 2017.
Following the acquisition transaction, Unieuro is required to prepare consolidated financial statements. The financial statements of the subsidiary Monclick were included in the consolidated financial statements as at 1 June 2017, the directors assessed that there were no significant changes in the *fair value* of the assets acquired between the date on which Unieuro took control (9 June 2017) and the date of first consolidation (1 June 2017).

The comparative data presented relate to the individual data of the Company Unieuro S.p.A.

3. Main indicators during the period

To facilitate the understanding of the Group's economic and financial progress, some Alternative Performance Indicators ("APIs") are indicated. For a correct interpretation of the APIs, note the following: (i) these indicators are constructed exclusively from the Group's historical data and are not indicative of future trends, (ii) the APIs are not provided for by the IFRS and, despite being derived from the Interim Directors' Report as at 30 November 2017, are not subject to audit, (iii) the APIs should not be regarded as substitutes for the indicators provided for in the International Financial Reporting Standards (IFRS), (iv) the interpretation of these APIs should be carried out together with that of the Group's financial information drawn from the Interim Directors' Report as at 30 November 2017, (v) the definitions and criteria adopted for the determination of the indicators used by the Group, since they do not derive from the reference accounting standards, may not be homogeneous with those adopted by other companies or groups and, therefore, may not be comparable with those potentially presented by such entities, and (vi) the APIs used by the Group are prepared with continuity and homogeneity of definition and representation for all the interim periods for which financial information is included in the Interim Directors' Report as at 30 November 2017.

The APIs reported (*Adjusted EBITDA*, *Adjusted EBITDA Margin*, *adjusted* profit (loss) for the period, net working capital, *Adjusted Levered Free Cash Flow*, net financial debt and net financial debt/*Adjusted EBITDA*) have not been identified as IFRS accounting measures, and thus, as noted above, they must not be considered as alternative measures to those provided in the Group's Interim Directors' Report as at 30 November 2017 to assess their operating performance and related financial position.

Certain indicators are referred to as *"Adjusted"*, to represent the Group's management and financial performance, net of non-recurring events, non-characteristic events and events related to extraordinary transactions, as identified by the Group. The *Adjusted* indicators indicated consist of: *Adjusted EBITDA*, *Adjusted EBITDA Margin*, *Adjusted* profit (loss) for the period, *Adjusted Levered Free Cash Flow and* Net financial debt/*Adjusted EBITDA*. These indicators reflect the main operating and financial measures adjusted for non-recurring income and expenses that are not strictly related to the core business and operations, and for the effect from the change in the business model for extended warranty services (as more fully described below in the API "*Adjusted EBITDA*"), and thus, they make it possible to analyse the Group's *performance* in a more standardised manner in the interim periods reported in the Interim Directors' Report.

Main financial and operating indicators[1]

(Amounts in euro million)	Period ended	
	30 November 2017	**30 November 2016**
Economic indicators for the period		
Revenue	1,328.4	1,198.2
Adjusted EBITDA[2]	39.7	38.1
Adjusted EBITDA margin[3]	3.0%	3.2%
Profit (loss) for the period	(1.5)	0.9
Adjusted[4] profit (loss) for the period	19.2	18.4
Cash flows		
Adjusted levered free cash flow[5]	37.3	12.7
Investments during the period	(34.7)	(20.1)

(Amounts in euro million)	Period ended	
	30 November 2017	**28 February 2017**
Indicators from statement of financial position		
Net working capital	(194.2)	(149.7)
Net financial debt	(29.6)	(2.0)
Net financial debt/*Adjusted EBITDA LTM*[6]	0.44	0.03

(Amounts in euro million)	Period ended	
	30 November 2017	**28 February 2017**
Operating indicators		
Like-for-like growth (as a %)[7]	(1.5%)	n.c.
Direct points of sale	219	180
Of which Pick Up Points[8]	207	169
Affiliated points of sale (number)	271	280
of which Pick Up Points	203	212

[1] *Adjusted* indicators are not identified as accounting measures in the IFRS, and thus should not be considered as alternative measures for assessing the Group's results. Since the composition of these indicators is not governed by established accounting standards, the calculation criterion applied by the Group might not be the same as that used by other companies or groups or with any criterion the Group might use or create in the future, which therefore will not be comparable.

[2] *Adjusted* EBITDA is EBITDA adjusted (i) for non-recurring expenses/(income) and (ii) the impact from the adjustment of revenues for extended warranty services net of related estimated future costs to provide the assistance service, as a result of the change in the business model for directly managed assistance services. See paragraph 3.2.2 for additional details.

[3] The *adjusted EBITDA margin* is the ratio of *adjusted* EBITDA to revenues.

[4] The *adjusted* profit (loss) for the period is calculated as the profit (loss) for the period adjusted (i) for adjustments incorporated in *adjusted* EBITDA covered in Note 2 above and (ii) for the theoretical tax impact of those *adjustments*.

[5] *Adjusted levered free cash flow* is defined as cash flow generated/absorbed by operating activities net of investment activities adjusted for non-recurring investments, and including adjustments for non-recurring expenses (income), and net of their non-cash component and the related tax impact. See paragraph 3.3.1 for additional details.

[6] In order to guarantee the comparability of the Net financial debt/*Adjusted EBITDA LTM indicator* the *Adjusted EBITDA* was considered in relation to the last twelve months

[7] *Like-for-like growth*: method for comparing sales of direct points of sale including *click-and-collect* sales for the current year, with sales for the previous period for the same number of points of sale, and thus, in accordance with the criterion of being operational for at least 26 months.

[8] Physical pick-up points for customer orders using the *online channel.*

Total area of direct points of sale (in square metres)	about 320,000	about 276,000
Sales density[9] (Euros per square metre)	4,659	4,630
Full-time-equivalent employees[10] *(number)*	4,043	3,395

[9] This indicator is obtained from the ratio of sales for the period generated by direct points of sale to the total area devoted to sales in all direct points of sale.
[10] Average number of full time equivalent employees during the period.

3. Directors' observations on operating performance and significant events

3.1 Basis of Preparation of the Interim Directors' Report

This Interim Directors' Report was prepared in accordance with what is set forth in Article 82-*ter* of the Issuers' Regulations adopted by resolution No. 11971 of 14 May 1999, introduced on the basis of what is set forth in Article 154-*ter*, paragraphs 5 and 6 of the Consolidated Finance Law ("TUF"). Therefore, the provisions of the international accounting standard relating to interim financial reporting (IAS 34 "Interim financial reporting") have not been adopted.

The publication of the Interim Directors' Report as at 30 November 2017 is governed by the provisions of the Stock Exchange Regulations and, in particular, Article 2.2.3, paragraph 3 of the Stock Exchange Regulations.

The accounting standards used by the Group are the *International Financial Reporting Standards* adopted by the European Union ("*IFRS*") and in accordance with Legislative Decree 38/2005, as well as other CONSOB provisions concerning financial statements.

The Interim Directors' Report as at 30 November 2017 was approved by the Board of Directors on 10 January 2018.

The figures set forth in this document are expressed in millions of Euro, when not specified otherwise. Amounts and percentages were calculated on amounts in thousands of Euros, and thus, any differences found in certain tables are due to rounding.

3.2 Main economic results

3.2.1 Revenue

Revenues for the nine months ended as at 30 November 2017 were EUR 1,328.4 million, an increase of 10.9% compared with the previous nine-month period closed as at 30 November 2016, with an increase of EUR 130.2 million. In addition to acquisitions and new openings, the performance of revenues was positively influenced by the *Black Friday* promotion which, compared with the previous nine-month period, recorded an increase in sales at bricks-and-mortar points of sale as well as online.

3.2.1.1. Revenues by channel

(In millions of Euro and as a percentage of revenues)	**Period ended**				**Changes**	
	30 November 2017	**%**	**30 November 2016**	**%**	**2017 vs. 2016**	**%**
Retail	930.8	70.1%	863.2	72.0%	67.6	7.8%
Wholesale	161.3	12.1%	170.2	14.2%	(8.9)	(5.2%)
Online	128.7	9.7%	78.7	6.6%	50.0	63.5%
B2B	90.0	6.8%	76.8	6.4%	13.2	17.2%
Travel[11]	17.6	1.3%	9.3	0.8%	8.3	89.2%

[11] The Travel sales channel sells products through major public transportation hubs through direct points of sale.

Total revenues by channel	**1,328.4**	**100.0%**	**1,198.2**	**100.0%**	**130.2**	**10.9%**

During the period ended as at 30 November 2017, the Group continued the strategy of developing existing channels, strengthening and improving its portfolio of direct stores through new openings and acquisitions, and streamlining its affiliate network. This was in addition to significant growth in the *online* channel thanks to the success of the new site implemented around the *"mobile first"* concept, and the continual expansion of *pick-up points*, which favoured the increase in *click-and-collect* sales in both direct and indirect stores.

The *Retail* channel recorded growth in sales of 7.8% primarily as a result of: (i) reopening of 21 points of sale acquired by Andreoli S.p.A., operating since 1 July 2017, (ii) reopening of 11 of 19 points of sale acquired by Cerioni S.p.A., operating since 16 November 2017 and (iii) new openings during the period of a total of 7 points of sale, with special reference to the points of sale in Novara and Rome.

Growth of the distribution network on a like-for-like basis, or the performance of the stores open for at least 26 months on the reporting date, and including both retail and Click-&-Collect sales, fell by 1.5%, also due to the predicted impact of new stores (not included in the like-for-like scope) on the pre-existing network. On the other hand, excluding the retail outlets concerned by this effect, given that they neighbour the stores acquired or stores subject to exceptional relaunch procedures (specifically Rome Muratella, renovated in May 2016), like-for-like sales were up by 0.7%.

The *Wholesale* channel recorded a decline in sales (roughly EUR 8.9 million, equal to 5.2%). This performance was influenced by the strategy of continuously streamlining the *network* of affiliates and inventory optimisation carried out by the affiliates in agreement with the Group.

Online channel revenues amounted to EUR 128.7 million, up by 63.5% compared to EUR 78.7 million in the same period of the previous year. This performance was even more significant considering the slowdown in the growth of the online consumer electronics and electric appliances. The unieuro.it digital platform relaunched in October 2016 contributed to this growth, generating EUR 28 million in higher revenues, equal to +35.6% compared to the first nine months of the previous period, thanks to: (i) the success of commercial initiatives linked to Black Friday, which spurred November revenues, (ii) the further expansion of the pick-up point network, also as a result of Unieuro's acquisitions of points of sale and their relaunch from the omnichannel perspective, (iii) the success of the growth strategy on high-margin product categories, particularly White, (iv) the continuous release of new platform functions and improvements, to enhance the customer shopping experience. Added to this was the constant release of new functions and improvements to the platform, partly aimed at increasing the presence in the significant mobile segment, which is essential for raising customer loyalty and, at the same time, attracting new customers. The remaining EUR 22 million increase was related to the acquisition of Monclick, one of the leading online operators in Italy, consolidated as of 1 June 2017.

The *B2B* channel saw an increase in sales of EUR 13.2 million, equal to 17.2%, positively influenced by the sales of the subsidiary Monclick S.r.l., consolidated from 1 June 2017.

Finally, the *Travel* channel recorded 89.2% growth for a value of about EUR 8.3 million, benefiting on the one hand from new openings at the Capodichino airport (store opened on 6 November 2017) and Orio al Serio airport, and also due to the point of sale located in the Turin Porta Nuova train station, opened in the last months of the previous financial period ending 28 February 2017.

3.2.1.2. Revenues by category

(In millions of Euro and as a percentage of revenues)	**Period ended**				**% Change**	
	30 November 2017	**%**	**30 November 2016**	**%**	**2017 vs. 2016**	**%**
Grey	615.0	46.3%	579.1	48.3%	35.9	6.2%
White	363.5	27.4%	311.0	26.0%	52.5	16.9%
Brown	238.5	18.0%	213.6	17.8%	24.9	11.7%
Other products	64.0	4.8%	52.8	4.4%	11.2	21.2%
Services	47.4	3.5%	41.6	3.5%	5.8	13.9%
Total revenues by category	**1,328.4**	**100.0%**	**1,198.2**	**100.0%**	**130.2**	**10.9%**

The period ended as at 30 November 2017 recorded an increase in sales for each product category.

The *Grey* category posted an increase of 6.2% in revenues, resulting from the good performance of consumer revenue, despite the weakness of the market in the IT segment and the expected reduction in sales of the Unieuro B2B segment.

The *White* category recorded a 16.9% increase in revenues thanks to the strategy of expanding the category's product offering and the good *performance* of dryers.

The *Brown* category recorded an increase in revenues of 11.7%, in the absence of technological innovations in the reference market, and benefited from the positive contribution of Monclick's *B2B* sales segment.

In the Other products category, there was an increase in revenues of 21.2%; this group includes both sales in the *entertainment* sector and other products not included in the consumer electronics market, such as electric mobility, a segment that experienced significant growth during the period thanks to personal mobility and gaming product innovations.

The Services category posted revenue growth of 13.9% as a result of the Group's continuous *focus* on the provision of customer services, particularly extended warranty services.

3.2.2 Operating profit

The income statement tables presented below in this Interim Directors' Report were reclassified using presentation methods that *management* deemed useful for reporting operating profit performance during the period. To more fully report the cost and revenue items indicated, the following were reclassified in this income statement by their nature: (i) non-recurring expenses/(income) and (ii) the impact from the adjustment of revenues for extended warranty services net of related estimated costs to provide the assistance service, because of the change in the *business* model for directly managed assistance services.

	Period ended						**Changes**	
	30 November 2017			**30 November 2016**				
(In millions and as a percentage of revenues)	***Adjusted* amounts**	%	***Adjustments*[12]**	***Adjusted* amounts**	%	***Adjustments***	**2017 vs. 2016**	**%**
Revenue	1,328.4			1,198.2			130.2	10.9%
Sales revenues	**1,328.4**			**1,198.2**			**130.2**	**10.9%**
Purchase of goods and Change in inventories	(1,032.2)	(77.7%)	*2.7*	(928.7)	(77.5%)	*0.8*	(103.4)	11.1%
Operating lease and building management	(46.1)	(3.5%)	*0.7*	(43.4)	(3.6%)	*0.4*	(2.8)	6.4%
Marketing costs	(38.4)	(2.9%)	*1.9*	(38.9)	(3.2%)	*1.9*	0.6	(1.4%)
Logistics costs	(30.8)	(2.3%)	*1.1*	(24.2)	(2.0%)	*0.1*	(6.7)	27.5%
Other costs	(36.3)	(2.7%)	*6.8*	(33.6)	(2.8%)	*4.6*	(2.7)	8.0%
Personnel expenses	(107.9)	(8.1%)	*4.7*	(97.3)	(8.1%)	*3.8*	(10.6)	10.9%
Other operating income and costs	(1.9)	(0.1%)	*(0.0)*	(1.4)	(0.1%)	*(0.0)*	(0.5)	37.8%
Revenues from the sale of warranty extension netted of future estimated service cost - business model's change related to direct assistance services	4.9	0.4%	*4.9*	7.4	0.6%	*7.4*	(2.6)	(34.5%)
***Adjusted* EBITDA**	**39.7**	**3.0%**	***22.6***	**38.1**	**3.2%**	***19.0***	**1.6**	**4.1%**

Adjusted EBITDA during the nine-month period ended 30 November 2017 increased by 4.1%, equal to EUR 1.6 million, at EUR 39.7 million. The *Adjusted EBITDA Margin* is equal to 3.0%.

Profitability is influenced by the seasonal phenomena typical of the consumer electronics market, which records higher revenues and costs of purchasing goods during the final part of each financial year. On the other hand, operating costs show a more linear trend due to the presence of fixed cost components (staff, rentals and overheads) that have a uniform distribution throughout the year.

During the period, the costs for the Purchase of goods and Change in inventories increased by EUR 103.4 million. The effect on revenues amounted to 77.7% (77.5% in the period ended 30 November 2016), influenced by the stronger promotional pressure connected to the 39 new openings.

[12] The item "Adjustments" includes both non-recurring income/(expenses) and the adjustment for the change in the business model for warranties, which was posted in the item "Change in business model for directly managed assistance services." Thus, the adjustment is aimed at reflecting, for each year concerned, the estimated profit from the sale of extended warranty services already sold (and collected) starting with the change in the business model, as if Unieuro had always operated using the current business model. Specifically, the estimate of the profit was reflected in revenues, which were held in suspense in deferred income, to be deferred until those years in which the conditions for their recognition are met, net of future costs for performing the extended warranty service, which were projected by the Group on the basis of historical information on the nature, frequency and cost of assistance work.

Operating lease and building management rose by EUR 2.8 million (roughly 6.4%) due to: (i) the takeover of the lease agreements of the 21 points of sale belonging to the Andreoli S.p.A. business unit starting from July 2017, (ii) the takeover of the lease agreements of the 11 points of sale belonging to the Cerioni S.p.A. business unit starting from November 2017 and (iii) new openings of points of sale during the period. *Like-for-like* operating lease and building management was down significantly compared with the previous period.

Marketing costs declined by 1.4% compared with 30 November 2016. *Marketing* and advertising communication activities are structured and planned so as to orient potential customers towards bricks-and-mortar points of sale as well as the *online* channel. In the period ended as at 30 November 2017, there was a drop in traditional *marketing* activities partially offset by growth in *digital marketing* activities.

Logistics costs increased by about EUR 6.7 million. This is mainly attributable to the increase in volumes sold and the increasing weight of home deliveries relating to online orders.

The other costs show an increase of EUR 2.7 million compared with the nine-month period ended 30 November 2016, mainly related to the increase in the support activities required for listed companies. The effect of that item on revenues is substantially unchanged, equal to 2.7% as at 30 November 2017 (2.8% as at 30 November 2016).

Personnel costs show an increase of EUR 10.6 million, mainly attributable to: (i) the acquisition of the company Monclick S.r.l. and the acquisition of the business unit from Andreoli S.p.A. and Cerioni S.p.A., (ii) the increase in the number of employees as a result of the opening of 7 new stores, (iii) adaptation of the central structure to stock market requirements and to the strengthening of certain strategic functions and (iv) adaptation of current employee contracts renewed on 30 March 2015 which, inter alia, called for a contractual increase valid as of 1 August 2017.

Other operating income and costs increased by EUR 0.5 million.

Below is a reconciliation between operating profit (loss) for the period reported in the Interim Directors' Report and *adjusted EBITDA.*

(In millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2017	**%**	**30 November 2016**	**%**	**2017 vs. 2016**	**%**
Net operating profit (loss)	2.5	0.2%	6.5	0.5%	(4.0)	(60.9%)
Amortisation, depreciation and impairment losses	14.6	1.1%	12.6	1.1%	2.0	15.5%
Non-recurring (income) /expenses	17.8	1.3%	11.6	1.0%	6.1	52.9%
Revenues from the sale of warranty extension services netted of future estimated costs for the provision of the assistance service - business model's change related to direct assistance services[13]	4.9	0.4%	7.4	0.6%	(2.6)	(34.5%)
***Adjusted* EBITDA**[14]	**39.7**	**3.0%**	**38.1**	**3.2%**	**1.6**	**4.1%**

Non-recurring (income)/expenses increased in the period ended as at 30 November 2017 by EUR 6.1 million. This is mainly because of the costs incurred in: (i) the acquisition of new outlets included in the Andreoli S.p.A. and Cerioni S.p.A. business units; (ii) the business combination of Monclick and (iii) charges for exceptional accidental events.

See the table in paragraph 3.2.3 for additional details.

Finally, the adjustment due to the change in *business* model for directly managed services was down by EUR 2.6 million.

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[13] The adjustment was for the deferral of extended warranty service revenues already collected, net of the related estimated future costs to provide the assistance service. From the year ended 29 February 2012 for White products sold by Unieuro S.p.A. (hereinafter the "Company"), and from the year ended 28 February 2015 for all extended warranty services sold by Unieuro S.r.l. (hereinafter, the "Former Unieuro") (excluding telephone systems and peripherals), the Company modified the business model for the management of extended warranty services by in-sourcing the management of services sold by the Former Unieuro and by the Company that were previously outsourced (the "Change in Business Model"). As a result of the Change in Business Model, at the time of sale of extended warranty services, the Company suspends the revenue by creating a deferred income item in order to recognise the revenue over the life of the contractual obligation, which starts on the expiration of the two-year legally required warranty. Thus, the Company begins to gradually record revenues from sales of extended warranty services two years (term of the legally required product warranty) after the execution of the related agreements, and after the collection of compensation, which is generally concurrent. Thus, the revenue is recorded on a pro rata basis over the life of the contractual obligation (historically, depending on the product concerned, for a period of one to four years).
The income statements for the interim periods ended 30 November 2017 and 30 November 2016 include only a small portion of the revenues from sales of extended warranty services prior to those periods (i.e., before the change in the business model), since most of such revenues were immediately recognised in the income statements prior to 28 February 2014, as the warranty assistance services were outsourced to third parties. As a result of this Change in Business Model, the income statements do not fully reflect the revenues and profit of the business described in this note. In fact, the income statements for these interim periods only partially report revenues from sales generated starting with the Change in Business Model because the Company will gradually record sales revenues from extended warranty services (already collected by the Company) starting at the end of the legally required two-year warranty period.
Thus, the adjustment is aimed at reflecting, for each interim period concerned, the estimated profit from the sale of extended warranty services already sold (and collected) starting with the Change in Business Model as if Unieuro had always operated using the current business model. Specifically, the estimate of the profit was reflected in revenues, which were held in suspense in deferred income, to be deferred until those years in which the conditions for their recognition are met, net of future costs for performing the extended warranty service, which were projected by the Company on the basis of historical information on the nature, frequency and cost of assistance work.
The adjustment will be gradually exhausted in the income statements of future years until being eliminated when the new business model is operational, i.e., for each product category, when the period has lapsed that starts on the first day of the legally required two-year warranty and ends on the last day of the extended warranty service.
[14] See note in the section "Main financial and operating indicators".

3.2.3 Non-recurring income and expenses

(Amounts in euro million)	Period ended		changes	
	30 November 2017	**30 November 2016**	**2017 vs. 2016**	**%**
Mergers & Acquisition	8.2	-	8.2	100.0%
Costs for pre-opening, relocating and closing points of sale[15]	3.1	2.8	0.4	13.3%
Accidents	2.7	-	2.7	100.0%
Costs incurred for the listing process	2.7	2.8	(0.1)	(2.4%)
Costs for the *Call Option Agreement*	0.7	2.9	(2.2)	(75.7%)
Other non-recurring expenses	0.2	3.2	(2.9)	(93.4%)
Total	**17.8**	**11.6**	**6.1**	**52.9%**

Non-recurring income and expenses rose by EUR 6.1 million during the period. This growth is associated mainly with *Mergers & Acquisition* activities and Accidents, the sum of which amounted to EUR 10.9 million. Net of these effects, non-recurring income and expenses declined by EUR 4.8 million during the period.

The main item of non-recurring expenses and income regards the costs incurred in the acquisition process of the Andreoli S.p.A. and Cerioni S.p.A. business units and of the company Monclick S.r.l. These costs, of EUR 8.2 million, are reclassified in the item *Mergers & Acquisition*s and mainly relate to rental costs and store employees incurred from the closing of the transaction to the date of opening to the public, plus costs for training and instructional activities for the employees of the points of sale acquired and, lastly, consultancy costs and other minor costs (e.g. registration tax costs) incurred to finalise the acquisition transactions.

Retail outlet pre-opening, repositioning and closure costs, amounting to EUR 3.1 million are mainly in line with the nine-month period ended 30 November 2016, amounting to EUR 2.8 million, despite the higher number of openings carried out. This item includes: costs related to rental, staff, security, travel and transfer costs, for maintenance and marketing operations incurred as part of: i) store openings (in the months immediately preceding and immediately following the opening of the same) and ii) store closures.

Costs for Exceptional Accidental Events, amounting to EUR 2.7 million, refer to the theft that occurred in August 2017 at the central warehouse of Unieuro S.p.A. located in Piacenza. It is noted that Unieuro has requested the insurance companies to reimburse the damage suffered, but nothing has yet been received as at the date of the Interim Directors' Report.

Costs for the listing project on the Mercato Telematico Azionario [Italian Telematic Stock Exchange] – STAR segment of Borsa Italiana S.p.A. for the period ended 4 April 2017, amount to EUR 2.7 million.

Costs for the Call Option Agreement, amounting to EUR 0.7 million, consist of costs for the share-based payment plan reserved to some managers and employees that ended during the first quarter following the successful completion of the listing project.

The other non-recurring residual charges, amounting to EUR 0.2 million, are mainly related to provisions for potential future liabilities linked to Ex-UniEuro points of sale.

[15] The costs for "pre-opening, relocating and closing points of sale" include lease, security and travel expenses for maintenance and marketing work incurred as a part of i) remodelling work for downsizing and relocating points of sale of the Former Unieuro, ii) opening points of sale (during the months immediately preceding and following the opening) and iii) closing points of sale.

3.2.4 Net income

Below is a restated income statement including items from *adjusted EBITDA* to *adjusted* profit (loss) for the period.

(In millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2017	**%**	**30 November 2016**	**%**	**2017 vs. 2016**	**%**
***Adjusted* EBITDA**	**39.7**	**3.0%**	**38.1**	**3.2%**	**1.6**	**4.1%**
Amortisation, depreciation and impairment losses	(14.6)	(1.1%)	(12.6)	(1.1%)	(2.0)	15.5%
Financial income and expenses	(3.8)	(0.3%)	(4.8)	(0.4%)	1.0	(20.6%)
Income taxes	(0.2)	(0.0%)	(0.8)	(0.1%)	0.6	(73.2%)
Theoretical tax impact from taxes on non-recurring expenses/(income) and the change to the *business*[16] model for direct assistance service	(2.0)	(0.1%)	(1.6)	(0.1%)	(0.4)	26.1%
Adjusted profit (loss) for the period[17]	**19.2**	**1.4%**	**18.4**	**1.5%**	**0.8**	**4.3%**

Amortisation, depreciation and impairment losses of fixed assets as at 30 November 2017 amounted to EUR 14.6 million (EUR 12.6 million as at 30 November 2016). The increase is related to the progressive growth of investments of the latest financial years, also linked to the new acquisitions.

Net financial expenses as at 30 November 2017 totalled EUR 3.8 million (net financial expenses of EUR 4.8 million as at 30 November 2016). The decrease was caused by the improvement in the average net financial position for the period, which also made it possible to fully repay the loan to the parent company Italian Electronics Holdings.

Income taxes for the period ended as at 30 November 2017 were equal to EUR 0.2 million (EUR 0.8 million in the period ended as at 30 November 2016). These taxes were calculated by applying the *tax rate* for the financial year, which will close at 28 February 2018, to the profit before taxes for the period as at 30 November 2017.

The *Adjusted* profit (loss) for the period was up 4.3% to EUR 19.2 million (EUR 18.4 million in the period ended 30 November 2016) with an effect on revenues equal to 1.4% (1.5% as at 30 November 2016).

IRES tax losses, which were still available as at 30 November 2017, totalled EUR 407.5 million with reference to Unieuro (tax losses at 28 February 2017 totalled EUR 408.9 million) and EUR 2.4 million with reference to Monclick. These tax losses will guarantee a substantial benefit in the payment of taxes in future years.

[16] No taxes were paid in the period ended 30 November 2017 since they were offset by credits for advance payments made in previous years. The theoretical rate deemed appropriate by management is 8.7% as at 30 November 2017 and 9.4% as at 30 November 2016, which incorporates IRES at 4.8% and at 5.5%, respectively (obtained by reducing taxable IRES income by 80% due to the ability to use past tax losses), and IRAP at 3.9%.
[17] See note in the section "Main financial and operating indicators".

Below is a reconciliation between the *adjusted* net profit (loss) for the period and net profit (loss) for the period.

(In millions of Euro and as a percentage of revenues)	**Period ended**				**Changes**	
	30 November 2017	**%**	**30 November 2016**	**%**	**2017 vs. 2016**	**%**
Adjusted profit (loss) for the period	19.2	1.4%	18.4	1.5%	0.8	4.3%
Non-recurring expenses/(income)	(17.8)	(1.3%)	(11.6)	(1.0%)	(6.1)	52.9%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	(4.9)	(0.4%)	(7.4)	(0.6%)	2.6	(34.5%)
Theoretical tax impact from taxes on non-recurring expenses/(income) and the change to the business model[18]	2.0	0.1%	1.6	0.1%	0.4	26.1%
Profit (loss) for the period	**(1.5)**	(0.1%)	**0.9**	0.1%	**(2.4)**	(257.2%)

[18] No taxes were paid in the period ended 30 November 2017 since they were offset by credits for advance payments made in previous years. The theoretical rate deemed appropriate by management is 8.7% as at 30 November 2017 and 9.4% as at 30 November 2016, which incorporates IRES at 4.8% and at 5.5% (obtained by reducing taxable IRES income by 80% due to the ability to use past tax losses) and IRAP at 3.9%.

3.3. Main financial results

3.3.1 Adjusted levered free cash flow[19]

The Group considers *Adjusted Levered Free Cash Flow* to be the most appropriate indicator to measure cash generation during the period. The composition of the indicator is provided in the table below.

(Amounts in euro million)	**Period ended**		**Changes**	
	30 November 2017	**30 November 2016**	**2017 vs. 2016**	**%**
Gross operating profit	17.1	19.1	(2.0)	(10.5%)
Cash flow generated /(used in) operating activities[20]	38.8	7.4	31.5	428.0%
Taxes paid	0.0	0.0	0.0	0.0%
Interest paid	(5.3)	(4.1)	(1.2)	30.5%
Other changes	0.9	2.9	(2.0)	(69.7%)
Net cash flow generated /(used in) operating activities[21]	**51.5**	**25.3**	**26.2**	**103.8%**
Investments	(34.7)	(20.1)	(14.6)	72.7%
Investments for business combinations and business units	(14.5)	0.0	(14.5)	(100.0%)
Net cash inflow from acquisition	0.2	0.0	0.2	100.0%
Adjustment for non-recurring investments (M&A)	21.7	0.0	21.7	100.0%
Non-recurring expenses /(income)	17.8	11.6	6.1	52.9%
Adjustment for non-cash components of non-recurring expenses/(income)	(3.5)	(3.4)	(0.1)	2.6%
Theoretical tax impact of the above entries[22]	(1.2)	(0.7)	(0.6)	84.5%
Adjusted levered free cash flow	**37.3**	**12.7**	**24.6**	**193.6%**

Net cash flow from/(used in) operating activities was a positive figure of EUR 51.5 million (a positive figure of EUR 25.3 million in the period ended 30 November 2016). The improvement compared with the previous period is linked to the better management of Net Working Capital and is primarily attributable to the generation during the period of cash flows deriving from the change in trade payables of EUR 80.4 million and trade receivables of EUR 20.1 million, mitigated by the negative effect of the change in inventories of EUR 67.2 million, and other changes in operating assets and liabilities of EUR 1.8 million.

The positive performance of Net Working Capital is also linked to acquisition activities during the period; the increase in the number of points of sale relating to the acquisition during the period of the Andreoli S.p.A. and Cerioni S.p.A. business units and the company Monclick generated a positive impact on the evolution of trade payables, more than offsetting inventory growth. The change in trade receivables is primarily linked to the collection of receivables for the Monclick B2B segment, which offset the normal increase in trade receivables of Unieuro due to seasonal business phenomena.

The investment made in the period, amounting to EUR 34.7 million (EUR 20.1 million as at 30 November 2016) was particularly significant. The relaunch of the stores acquired during the period

[19] See note in the section “Main financial and operating indicators”.

[20] The item “Cash flow from/(used in) operating activities” refers to cash from/(used in) the change in working capital and other non-current balance sheet items such as other assets, other liabilities and risk provisions.

[21] The item “Net cash flow from/(used in) operating activities” refers to cash generated by operating activities in a broad sense net of outlays for interest and taxes and adjusted for non-cash effects of balance sheet changes included in the item “Cash flow from/(used in) operating activities.”

[22] No taxes were paid in the period ended 30 November 2017 since they were offset by credits for advance payments made in previous years. The theoretical rate deemed appropriate by management is 8.7% as at 30 November 2017 and 9.4% as at 30 November 2016, which incorporates IRES at 4.8% and at 5.5% (obtained by reducing taxable IRES income by 80% due to the ability to use past tax losses) and IRAP at 3.9%.

amounted to EUR 11.6 million and refers to key money costs and costs for the refurbishment of stores. Other investments related to: (i) initiatives for the development of the direct store network and refurbishments in the network of existing stores and (ii) costs incurred for the acquisition of new software and licences and for developments on pre-existing applications.

Investments for business combinations and business units for EUR 14.5 million relate to the amount paid of the purchase price of the Monclick company (EUR 3.5 million), the Andreoli S.p.A. business unit (EUR 9.4 million) and the Cerioni S.p.A. business unit (EUR 1.6 million). The part not yet paid for the acquisitions amounts to EUR 11.7 million, of which EUR 6.5 million relates to Monclick and remainder to Ceroni and is guaranteed by the issuance of bank guarantees.

The net cash contribution from acquisition equal to EUR 0.2 million refers to the remnants in the current accounts of Monclick on the date of the first consolidation net of the financial liabilities acquired.

The non-recurring investment adjustment, equal to EUR 21.7 million, represents the outbound cash flow associated with: (i) the acquisition of the Company Monclick, (ii) the acquisition of the Andreoli S.p.A. and Cerioni S.p.A. business units for EUR 14.5 million and the cash flow linked to what has already been paid for investments in fixed assets and intangible assets incurred for the relaunch of the points of sale acquired (including the opening of Euroma2) for EUR 7.2 million.

The adjustment for non-monetary components of non-recurring costs/(income) of EUR 3.5 million consists primarily of EUR 2.6 million for costs that had not yet entailed a cash outlay at 30 November 2017 and of EUR 0.7 million relating to the cost of the *Call Option Agreement* reserved to several managers and employees.

Below is a list of the main changes recorded in the net financial indebtedness during the periods ended 30 November 2017 and 30 November 2016.

(Amounts in euro million)	**Period ended**		**Changes**	
	30 November 2017	**30 November 2016**	**2017 vs. 2016**	**%**
Gross operating profit	17.1	19.1	(2.0)	(10.5%)
Cash flow generated /(used in) operating activities	38.8	7.4	31.5	428.0%
Income taxes paid	0.0	0.0	0.0	
Interest paid	(5.3)	(4.1)	(1.2)	30.5%
Other changes	0.9	2.9	(2.0)	(69.7%)
Net cash flow generated/(used in) operations activities	**51.5**	**25.3**	**26.2**	**103.8%**
Investments	(34.7)	(20.1)	(14.6)	72.7%
Investments for business combinations and business units	(14.5)	0.0	(14.5)	100.0%
Cash contribution from acquisition	0.2	0.0	0.2	100.0%
Distribution of dividends	(20.0)	(3.9)	(16.1)	415.5%
Acquisition debts	(11.7)	0.0	(11.7)	100.0%
Other changes	1.5	(0.6)	2.1	(343.4%)
Change in net financial debt	**(27.6)**	**0.7**	**(28.3)**	**(4,263.0%)**

3.3.2 Statement of financial position

Below is a detailed breakdown of the net working capital and net invested capital at 30 November 2017 and at 28 February 2017:

(Amounts in euro million)	Period ended	
	30 November 2017	**28 February 2017**
Trade receivables	49.5	35.2
Inventories	429.9	269.6
Trade payables	(537.6)	(334.5)
Net operating working capital	**(58.2)**	**(29.8)**
Other working capital items	(135.9)	(119.9)
Net working capital	**(194.2)**	**(149.7)**
Non-current assets	132.0	104.2
Goodwill	177.0	151.4
Non-current liabilities	(20.7)	(19.0)
Net invested capital	**94.1**	**86.9**
Net financial debt	(29.6)	(2.0)
Shareholders' equity	(64.5)	(85.0)
Total shareholders' equity and financial liabilities	**(94.1)**	**(86.9)**

Net working capital at 30 November 2017 was negative in the amount of EUR 194.2 million (negative at EUR 149.7 million at 28 February 2017). The performance of Net Working Capital during the period is attributable to the increased volume of sales and to the increase in the number of stores as a result of the acquisition of the business units from Andreoli S.p.A. and Cerioni S.p.A. and of Monclick, which resulted in an increase in the value of trade payables greater than that of the inventories.

Net Invested Capital amounts to EUR 94.1 million, an increase of EUR 7.2 million compared with 28 February 2017. The increase is mainly attributable to: (i) a decrease in Net Working Capital for EUR 44.0 million, (ii) the recording of goodwill and *intangible* assets deriving from the business combination of Andreoli, Cerioni and Monclick for EUR 32.7 million, (iii) net investments for EUR 20.6 million incurred primarily for the development of the network of direct stores and some important maintenance on the network of existing stores and those that were recently acquired.

It should be noted that, at the time of acquisition, Unieuro availed itself of the right provided under (*revised*) IFRS 3 to carry out a provisional allocation of the cost of the business combination at the *fair value* of the assets, liabilities and contingent liabilities (of the acquired business). If new information obtained during one year from the acquisition date, relating to facts and circumstances existing at the acquisition date, leads to adjusting the amounts indicated or any other fund existing at the acquisition date, accounting for the acquisition will be revised. No significant changes are expected compared with what has already been accounted for.

Shareholders' equity decreased compared with 28 February 2017 by EUR 20.5 million. The reduction was mainly determined by: (i) the distribution of dividends for an amount equal to EUR 20.0 million, (ii) the recognition of the personnel costs for the share based payment plan named *Call*

Option Agreement for EUR 0.7 million and the *Long-Term Incentive Plan*[23] for EUR 0.2 million and (iii) the Group's loss for the period of EUR 1.5 million.

Below is a detailed breakdown of the net financial debt at 30 November 2017 and 28 February 2017 in accordance with Consob Communication No. 6064293 of 28 July 2006 and in compliance with ESMA Recommendations 2013/319:

(Amounts in euro million)	**Period ended**		**Changes**	
	30 November 2017	**28 February 2017**	**30 November 2017 vs 28 February 2017**	**%**
(A) Cash	52.0	36.7	15.3	41.7%
(B) Other cash equivalents	-	-	-	-
(C) Securities held for trading	-	-	-	-
(D) Liquidity (A)+(B)+(C)	**52.0**	**36.7**	**15.3**	**41.7%**
- of which pledged	*2.0*	*0.7*	*1.3*	188.3%
(E) Current financial receivables	-	-	-	-
(F) Current bank loans and borrowings	*(13.6)*	*0.0*	*(13.6)*	*100.0%*
(G) Current portion of non-current financial debt	(8.3)	(6.0)	(2.3)	38.3%
(H) Other current loans and borrowings	(3.3)	(2.4)	(0.9)	35.6%
(I) Current financial debt (F)+(G)+(H)	**(25.2)**	**(8.4)**	**(16.8)**	**199.6%**
- of which is secured	*(21.0)*	*(6.8)*	*(14.2)*	*208.8%*
- of which is unsecured	*(4.2)*	*(1.7)*	*(2.5)*	*145.2%*
(J) Net current financial position (I)+(E)+(D)	**26.8**	**28.3**	**(1.5)**	**(5.3%)**
(K) Non-current bank loans and borrowings	(40.3)	(25.8)	(14.5)	56.2%
(L) Issued bonds	-	-	-	-
(M) Other non-current loans and borrowings	(16.1)	(4.4)	(11.7)	264.3%
(N) Non-current financial debt (K)+(L)+(M)	**(56.4)**	**(30.2)**	**(26.2)**	**86.7%**
- of which is secured	*(42.3)*	*(26.8)*	*(15.5)*	*57.8%*
- of which is unsecured	*(14.1)*	*(3.4)*	*(10.7)*	*315.5%*
(O) Net financial debt (J)+(N)	**(29.6)**	**(2.0)**	**(27.6)**	**1,382.5%**

Net financial debt increased by EUR 27.6 million compared with 28 February 2017, mainly as a result of: (i) investments of EUR 34.7 million mainly incurred for the development of the direct stores network, acquisitions, some important maintenance on the network of existing stores and the acquisition of software and licences, (ii) the distribution of dividends for EUR 20.0 million, (iii) investments for business combinations and business units for EUR 14.5 million net of the cash acquired in business combinations and the relative payables to personnel and (iv) financial payables

[23] On 6 February 2017, the Extraordinary Shareholders' Meeting of Unieuro approved the adoption of a *stock option* plan ("*Long Term Incentive Plan*", "LTIP") reserved for Executive Directors, associates and employees (executives and others) of Unieuro (the "Recipients"). The *Long-Term Incentive Plan* calls for assigning ordinary shares derived from a capital increase with no option rights pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code approved by Unieuro's Shareholders' Meeting on the same date. On 29 June 2017, the Board of Directors approved the plan regulations ("Regulations") whereby the terms and conditions of implementation of the Long-Term Incentive Plan were determined. The Long-Term Incentive Plan was subscribed and as a result accepted by the Recipients in October 2017, effective as of 29 June 2017.

deriving from the acquisition of Monclick and Cerioni S.p.A. for EUR 11.7 million.

Gross financial debt totalled EUR 81.6 million, of which EUR 56.4 million was medium and long term, and EUR 25.2 million was short term.

It is noted that on 16 June 2017, the "*First Amendment to Euro Term and Revolving Facilities Agreement"* of 29 November 2013 was signed, as was the "New Financing Agreement", which envisages obtaining a new line of credit, to be used for the acquisition/opening of new sales points, for EUR 50 million, called "Financing C". At 30 November 2017, the share of such financing provided by the banks amounts to EUR 20.0 million.

3.4.1. Significant events during the period

The stock market listing

On 4 April 2017, Unieuro shares - with the *ticker* UNIR - made their début on the STAR segment of the MTA organised and managed by Borsa Italiana S.p.A., following a placement aimed at Italian and international institutional investors. As part of the transaction and considering the *greenshoe* option, 6,901,573 shares were allocated for sale by Italian Electronics Holding S.r.l.

At the allocation price, equal to EUR 11.00 per share, the total proceeds from the transaction amounted to EUR 75.9 million, which corresponded to a market capitalisation of the company equal to EUR 220 million.

The acquisition of 21 stores in central Italy from Andreoli S.p.A. (Euronics)

On 18 April 2017, Unieuro announced the acquisition of a business unit from Andreoli S.p.A., in an agreement among creditors, consisting of 21 direct sales outlets in central Italy, mainly located in commercial centres and with sizes between 1,200 and 1,500 m2.

The chain acquired currently operates under the Euronics brand in southern Lazio, Abruzzo and Molise regions.

The acquisition, valued at EUR 12.2 million, was completed on 17 May 2017. Following the payment of the debts to the store personnel, the total financial outlay was approximately EUR 9.4 million.

Following a decisive relaunch plan which included the adoption of the brand, the redevelopment of spaces, the re-assortment of products and the adoption of new information systems, Unieuro reopened to the public the 21 outlets acquired on the next 1 July 2017.

Apple Pay

On 16 May 2017 - with the aim of introducing new solutions to guarantee its customers the best *shopping experience* - Unieuro was among the first Italian companies to make the *Apple Pay* service available, a simple, secure and personal payment system that has simplified the system of payments via *iPhone* mobile devices.

The closing of the Monclick acquisition

On 9 June 2017, Unieuro concluded the acquisition by Project Shop Land S.p.A. of 100% of Monclick S.r.l., one of the leading online operators in Italy, active in the consumer electronics market and in the *online* B2B2C market.

The acquisition, announced on 23 February 2017, has a strong strategic value for Unieuro as it allows it to significantly increase its turnover in the *online* segment, reinforcing its positioning in the domestic market and allowing entry into the promising B2B2C sector.

The value of the transaction is EUR 10 million, of which EUR 3.5 million was paid at the *closing* and the remainder deferred over 5 years.

The subscription of a new line of credit

On 16 June 2017, Unieuro signed a new credit line with a pool of banks for a maximum amount of EUR 50 million for a three-year period, aimed at equipping Unieuro with additional resources to finance growth through acquisitions and the openings of new sales outlets, confirming Unieuro's willingness to assert itself as a leader and consolidator in the Italian consumer electronics market.

The 2017 Shareholders' Meeting

On 20 June 2017, the Unieuro Shareholders' Meeting, which was convened in a single call, (i) approved the Financial Statements at 28 February 2017; (ii) resolved the destination of the operating profit and the distribution of the dividend of EUR 1 per share, totalling EUR 20 million, subsequently paid on 27 September 2017; and (iii) expressed a favourable vote on the first section of the Remuneration Report.

The new flagship store in Rome

In June 2017, Unieuro announced an agreement with the owner of the Euroma2 shopping centre for the management of a store of about 3,000 square metres. The megastore, which previously operated under the Trony brand, was inaugurated on 20 September 2017 and allowed the strengthening of the presence of Unieuro in the highly strategic Roman market.
When fully operational, annual revenues are estimated to be between EUR 20-25 million.

Theft of goods from the Piacenza warehouse

On 19 August 2017, Unieuro suffered the theft of a significant quantity of technological products stored at its warehouse in Piacenza. It is expected that the damage, quantifiable at more than EUR 2.7 million, will be covered by the insurance policies that the Company had stipulated at the time.

Transaction of accelerated bookbuilding by the majority shareholder Italian Electronics Holdings S.r.l.

On 5 September 2017, Italian Electronics Holdings initiated an *accelerated bookbuilding* transaction on 3.5 million of Unieuro ordinary shares corresponding to 17.5% of Unieuro's share capital. The transaction was concluded the following day with the placement of shares with Italian and international institutional investors at a price of EUR 16.00 per share, equal to a total consideration of approximately EUR 56 million.
Following the conclusion of the offer, Italian Electronics Holdings continued to hold a relative majority stake of Unieuro, corresponding to 47.99% of the existing share capital.

Resignation of a member of the Board of Directors and co-opting of a new member of the board

On 25 September 2017, Nancy Arlene Cooper, non-executive director of Unieuro, resigned from her position for personal reasons. On 12 October 2017, during the approval of the Half-Yearly Financial Report, the Board of Directors co-opted Uwe-Ernst Bufe as the new non-executive director.

Litigation

On 27 September 2017, Unieuro received notification of an act of attachment brought by third parties in respect of a dispute related to a business unit lease agreement signed on 20 October 2011. The Court of First Instance has expressed itself in favour of the counterparty and issued a writ attachment order of a sum equal to the amount owed including the capital, interest and expenses. On 20 November 2017, a settlement agreement was signed with the counterparty to end the dispute. To date, the banks have not yet released the attached sums in their entirety.

Acquisition of 19 sales outlets from Cerioni (Euronics)

On 4 October 2017, Unieuro acquired a business unit from Cerioni S.p.A. consisting of 19 direct stores operating under the Euronics brand in the Marche (12 stores) and in Emilia Romagna (7 stores).

The acquired sales outlets, sized between 500 and 4,000 m2 for a total sales area of over 25,000 m2, allowed Unieuro to increase the expansion of its direct network in central Italy.

This transaction took place without assuming any financial and/or trade payables, for a total of EUR 8 million, of which EUR 1.6 million at the *closing* and EUR 6.4 million to be paid in half-yearly instalments over the course of the next three years. The transaction was funded with recourse to the cash and cash equivalents and to the lines of credit made available by lending institutions. The completion of the acquisition of the first business unit, consisting of 11 stores, was finalised on 31 October 2017. After an incisive relaunch plan including the adoption of the brand, the 11 stores were reopened to the public on 16 November.

On 21 November, Unieuro completed the acquisition of a second business unit from Cerioni, consisting of a further 6 points of sale, which reopened to the public on 8 December.

Demerger of Italian Electronics Holdings S.r.l.

On 17 October 2017, the partial demerger became effective of Italian Electronics Holdings which, following this transaction, is now a 100% indirect investee of the Rhône Capital *private equity* fund. Eight new companies were established as a result of the demerger. At the date of the Interim Directors' Report, Italian Electronics Holdings held a shareholding in Unieuro equal to 33.82% maintaining, considering the shareholders' composition, the *de facto* control of Unieuro.

The table below shows the Unieuro shares held by IEH and the companies benefiting from the demerger after its completion:

Shareholder	Ordinary shares	% of voting rights of ordinary shares in circulation
IEH	6.763.088	33,82%
Alfa S.r.l.	1.436.028	7,18%
Alexander S.r.l.	379.729	1,90%
Victor S.r.l.	567.433	2,84%
GNM Investimenti S.r.l.	136.977	0,68%
Giufra S.r.l.	119.807	0,60%
Gami S.r.l.	79.083	0,40%
MT Invest S.r.l.	79.083	0,40%
Theta S.r.l.	37.197	0,19%

3.5. Significant events following the closure of the period

Completion of the acquisition of the last business unit from the Cerioni Group

On 21 December 2017, the last business unit was acquired from the Cerioni S.p.A. Group, consisting of two points of sale which will be reopened to the public in January 2018.

Rescheduling of lines of credit

On 22 December 2017, Unieuro took out new lines of credit for a total of EUR 190 million, with a pool of banks consisting of Intesa Sanpaolo S.p.A., Banco BPM S.p.A. and Crédit Agricole Group with Banca IMI S.p.A. acting as agent.

Corporate and Investment Bank - Milan Branch.

The transaction calls for taking out three separate lines of credit, meant inter alia to provide the Company with additional resources to support future growth, through acquisitions as well as the opening of new points of sale. The current lines of credit will on the other hand be fully paid off.

The new lines, including EUR 100 million in an *amortising term loan* and EUR 90 million in *revolving facilities*, have significantly better features than the existing lines, in particular:
- a reduced interest rate, which will basically halve interest expenses for Unieuro;
- a *duration* of five years, which extends the maturity of the debt to 2022 compared with current maturities (2019/2020);
- greater operational flexibility linked to the reduction in the number of financing institutions, *covenants* (from four to one) and contractual restrictions;
- the removal of collateral in favour of the lending banks.

Giancarlo Nicosanti Monterastelli
Chief Executive Officer

4. Financial Statements

4.1 Income Statement

(Amounts in thousands of Euros)	Period ended	
	30 November 2017	**30 November 2016**
Revenue	1,328,398	1,198,235
Other income	3,985	2,708
Total revenue	**1,332,383**	**1,200,943**
Purchases of materials and external services	(1,354,516)	(1,166,976)
Personnel expenses	(112,543)	(101,151)
Changes in inventories	157,581	90,352
Other operating costs and expenses	(5,802)	(4,066)
Gross operating profit	**17,103**	**19,102**
Amortization, depreciation and impairment losses	(14,564)	(12,613)
Operating profit	**2,539**	**6,489**
Financial income	261	135
Financial expenses	(4,049)	(4,907)
Pre-tax profit (loss)	**(1,249)**	**1,717**
Income taxes	(211)	(788)
profit/(loss) for the period	**(1,460)**	**929**
Profit/(loss) for the period of the Group	**(1,460)**	**929**
Profit/(loss) for the period of third parties	-	-
Basic earnings per share (in Euros)	(0.07)	0.05
Diluted earnings per share (in Euros)	(0.07)	0.05

4.2 Statement of Comprehensive Income

(Amounts in thousands of Euros)	Period ended	
	30 November 2017	**30 November 2016**
Profit/(loss) for the period	**(1,460)**	**929**
Other items of comprehensive income that will or may be reclassified to profit/loss for the period:		
Gain (losses) on cash flow hedges	0	53
Income taxes	0	(15)
Total other components of comprehensive income that are or could be reclassified to profit/(loss) for the period	**0**	**38**
Other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the period:		
Actuarial gains (losses) on defined benefit plans	114	(148)
Income taxes	(27)	41
Total other components of comprehensive income that will not be reclassified to profit/(loss) for the period	**87**	**(107)**
Total comprehensive income for the period	**(1,373)**	**860**

4.3 Statement of Financial Position

	Period ended	
(Amounts in thousands of Euros)	**30 November 2017**	**28 February 2017**
Plant, machinery, equipment and other assets	77,440	60,822
Goodwill	177,029	151,396
Intangible assets with a definite useful life	25,194	11,808
Deferred tax assets	26,823	29,438
Other non-current assets	2,506	2,156
Total non-current assets	**308,992**	**255,620**
Inventories	429,916	269,551
Trade receivables	49,505	35,203
Current tax assets	7,116	7,955
Other current assets	13,743	13,865
Cash and cash equivalents	51,954	36,666
Total current assets	**552,234**	**363,240**
Total Assets	**861,226**	**618,860**
Share capital	4,000	4,000
Reserves	107,084	120,101
Profit/(loss) carried forward	(46,606)	(39,122)
Profit/(Loss) of third parties	-	-
Total shareholders' equity	**64,478**	**84,979**
Financial liabilities	40,300	25,796
Employee benefits	11,066	9,783
Other financial liabilities	16,128	4,427
Provisions	5,847	8,833
Deferred tax liabilities	3,080	322
Other non-current liabilities	711	21
Total non-current liabilities	**77,132**	**49,182**
Financial liabilities	21,897	5,984
Other financial liabilities	3,278	2,418
Trade payables	537,646	334,546
Provisions	3,925	1,424
Other current liabilities	152,870	140,327
Total current liabilities	**719,616**	**484,699**
Total liabilities and shareholders' equity	**861,226**	**618,860**

4.4 Statement of Cash Flows

(Amounts in thousands of Euros)	Period ended	
	30 November 2017	**30 November 2016**
Cash flow from operations		
Profit/(loss) for the period	(1,460)	929
Adjustments for:		
Income taxes	211	788
Net financial expenses (income)	3,788	4,772
Depreciation, amortisation and impairment losses	14,564	12,613
(Profits)/losses from the sale of property, plant and machinery	-	(21)
Other changes	874	2,905
	17,977	21,986
Changes in:		
- Inventories	(157,581)	(90,353)
- Trade receivables	9,007	(11,117)
- Trade payables	173,372	93,005
- Other changes in operating assets and liabilities	14,050	15,823
Cash flow generated /(used in) operating activities	38,848	7,358
Taxes paid	-	-
Interest paid	(5,309)	(4,069)
Net cash flow from /(used in) operating activities	**51,516**	**25,275**
Cash flow from investment activities		
Purchases of plant, equipment and other assets	(25,962)	(17,301)
Purchases of intangible assets	(8,770)	(2,805)
Collections from the sale of plant, equipment and other assets	1	36
Investments for business combinations and business units	(14,481)	-
Net cash inflow from acquisition	233	-
Net cash flow from/(used in) investing activities	**(48,979)**	**(20,070)**
Cash flow from financing activities		
Increase/(Decrease) in financial liabilities	31,938	33,952
Increase/(Decrease) in other financial liabilities	813	1,061
Increase/(Decrease) in shareholder loans	-	(20,442)
Distribution of dividends	(20,000)	(3,880)
Net cash flow from/(used in) financing equivalents	**12,751**	**10,691**
Increase/(decrease) in cash and cash equivalents	**15,288**	**15,896**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**36,666**	**35,441**
Net increase/(decrease) in cash and cash equivalents	**15,288**	**15,896**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**51,954**	**51,337**

5. The right to an exemption from the duty to publish in a disclosure document in cases of non-significant transactions

Please note that the Issuer has opted for the regime in derogation of Article 70, paragraph 6 and Article 71, paragraph 1 of the Issuers' Regulations, pursuant to Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of the Issuers' Regulations.

6. Declaration of the director responsible for preparing the accounting and corporate documents

I, the undersigned, Italo Valenti, in my capacity as director responsible for preparing the accounting and corporate documents of Unieuro S.p.A., in compliance with what is set forth in Article 154-*bis* of the "Consolidated Law of provisions on financial brokerage",

HEREBY CERTIFY

That the Interim Directors' Report at 30 November 2017 corresponds to the results of the Company's accounting documents, books and records.

Forlì, 10 January 2018.

Italo Valenti
(The Director responsible for preparing the accounting and corporate documents)

Unieuro S.p.A.
Via Schiaparelli, 31
47122 Forlì - Italy
unieurocorporate.it