



PRESS RELEASE

UNIEURO S.P.A.: ONCE AGAIN RECORD RESULTS IN 2019/20 FINANCIAL YEAR PROFIT ALLOCATED TO RESERVE TO BETTER COPE WITH THE COVID-19 EMERGENCY

- **Industry leadership in Italy consolidated thanks to revenues rising to 2.44 billion Euro, +16.2% compared to the previous year**
- **EBITDA Adjusted¹ at €82.1 million, up 11.6% on the €73.6 million of the previous year**
- **EBIT Adjusted² at €53.1 million (+14.5%). 58.7 million³ after application of IFRS 16 accounting principle**
- **Adjusted Net Profit⁴ of €45.7 million, up €3 million. 42.2 million³ after application of IFRS 16**
- **Net cash on the rise to €29.6 million (+€9.1 million compared to 28 February 2019) after spending on investments, dividends and acquisitions**
- **Covid-19 emergency: 98% of direct stores⁵ reopened to date. Online business improved triple-digit (p. 15)**
- **Access to the measures provided for in the "Decreto Liquidità" (Liquidity Decree) currently under evaluation**
- **Proposed enhancement of capital strength by allocating the profit for the year to the extraordinary reserve (page 17)**
- **Shareholders' Meeting convened for 12 June 2020**

Forlì, 6 May 2020 – The Board of Directors of Unieuro S.p.A. (MTA: UNIR), the Italian leader in the retail market of consumer electronics and household appliances, met today chaired by Stefano Meloni to examine and approve the consolidated financial statements and the draft statutory financial statements as at 29 February 2020, prepared in accordance with IFRS international accounting standards.

In fiscal year 2019/20, Unieuro once again booked an excellent performance, with an unprecedented level of turnover and profits. With revenues of €2.44 billion - up 16.2% thanks to accelerating organic growth (+6.5% like-for-like revenues⁶) -, acquisitions and partnerships signed, the Company further outpaced its direct competitors, thus strengthening its leadership in the Italian market.

Tutti i dati contenuti nel presente comunicato sono consolidati. Il perimetro di consolidamento include la Capogruppo Unieuro S.p.A., la controllata al 100% Monclick S.r.l. (a partire dal 1° giugno 2017) e la controllata al 100% Carini Retail S.r.l. (a partire dal 1° marzo 2019).

I dati economico-finanziari recepiscono l'adozione del principio contabile IFRS 16, entrato in vigore a partire dal 1° gennaio 2019. Per permetterne la piena comparabilità con il FY 2018/19, la Società presenta e commenta i dati gestionali, in continuità con il precedente principio contabile IAS 17 e le relative interpretazioni, salvo ove diversamente indicato. Per informazioni di dettaglio riguardanti gli impatti dell'IFRS16 sul conto economico e sullo stato patrimoniale si rimanda al paragrafo "Cambiamenti dei principi contabili" del presente comunicato e alla Relazione Finanziaria Annuale al 29 febbraio 2020.



EBITDA Adjusted¹ and EBIT Adjusted² post-IFRS - the latter bound to become the most representative indicator of operating profitability in the future - rose to €82.1 million (+11.6%) and €58.7 million³ respectively, while Adjusted Net Profit⁴ reached a new record of €45.7 million.

Cash generation⁷ amounted to €56.5 million, thus resulting in Unieuro recording a positive net financial position of €29.6 million, a further improvement on the €20.5 million of 28 February 2019.

These results were achieved while maintaining the quality of customer service as a priority, as confirmed by the Net Promoter Score⁸ that improved significantly once again, reaching a remarkable score of 46.3.

The current emergency linked to the Covid-19 epidemic has only slightly touched on the 2019/20 financial year, as its full impact only became visible starting from March. Nevertheless, the economic situation has forced the Board of Directors to propose to the Shareholders' Meeting to allocate the entire statutory net profit to the extraordinary reserve, in spite of its record levels. This decision was taken in order to boost Unieuro's capital strength, potentially allowing the company to file for the measures provided for in the "Liquidity Decree".

The current situation, whilst still critical due to the legislative measures still in place to contain the epidemic, has meanwhile reported a slow but steady improvement in revenues arising from the careful reopening of direct stores, which now account for 98% of the network⁵, and the staggering expansion of online sales, which have been soaring triple digits since the beginning of March.

“Unieuro's 2019/20 financial year ended with hefty growth and still record results, on the back of a proven winning strategy and the extraordinary commitment of all our people; the same people who have built and strengthened our market leadership and who today - working relentlessly in stores, logistics centres and headquarters - support us in tackling a momentous crisis with determination.

The health emergency requires considerable commitment and responsibility. All our stakeholders are called upon to contribute to Unieuro's strengthening in order to face the current and future challenges with greater robustness. These include our Shareholders, whom we ask to allocate to reserve the entire profit for the year, while waiting for the environment to improve and to gradually shift towards a new normal.

I consider this a far-sighted and responsible decision, in the knowledge that the downturn will change the patterns we are familiar with: new needs, behaviour

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and consumer trends will emerge and only those who, like Unieuro, have managed to equip themselves in time, taking up the challenge of digitisation, will stay competitive and capable to offer value.

We will start again and we are confident that we will do so with a headstart, thanks to the strength of a business model and a strategic omnichannel approach that will make us stand out even more tomorrow”.

Giancarlo Nicosanti Monterastelli, CEO of Unieuro.

Revenues as of 29 February 2020

In fiscal year 2019/20, Unieuro reported revenues of €2,444.9 million, up 16.2% compared to €2,104.5 million in the previous fiscal year, thus recording a significant increase of €340.4 million.

The excellent revenue dynamics involved all sales channels and all categories, benefiting from external and internal growth measures, as well as the success of the "Addams' Black Friday" promotional campaign and the staggering commercial results of the holiday season, which remarkably boosted the 18.7% growth rate reported by fourth quarter revenues.

The contribution of the acquisitions performed in the fiscal year concerned and in the previous one amounted to €187.5 million, thanks to the different scope of business following the opening of 14 former-DPS and former-Galimberti stores in the second half of 2018/19 and 12 former-Pistone stores in March 2019.

The strong leap in the online business, which reached almost 300 million euros in turnover, and the partnership entered into with Finiper last year, which marked Unieuro's arrival in the large-scale retail sector, further strengthened the positive trend in revenues.

The evolution of **like-for-like revenues**⁶ - i.e. the comparison of sales with those in the same period last year based on the same scope of operations - was extremely positive and amounted to **+6.5%**. Excluding from the scope of analysis the stores adjacent to newly opened stores, and therefore not included in the like-for-like computation, like-for-like sales recorded an even stronger growth of 7.6%.

Revenues by sales channel

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(in millions of Euro and as a percentage of revenues)

	Period ended				Change	
	29 February 2020	%	28 February 2019	%	Δ	%
Retail	1,708.6	69.9%	1,477.8	70.2%	230.8	15.6%
Online ⁹	297.1	12.2%	240.5	11.4%	56.6	23.6%
Indirect	263.2	10.8%	231.0	11.0%	32.1	13.9%
B2B ⁹	136.5	5.6%	121.6	5.8%	14.8	12.2%
Travel	39.6	1.6%	33.6	1.6%	6.0	17.9%
Totale revenues by channel	2,444.9	100.0%	2,104.5	100.0%	340.4	16.2%

The **Retail channel** (69,9% of total revenues) – composed as of 29 February 2020 by 237 directly operated stores located in areas deemed commercially strategic and characterized by different sizes in terms of surface area - pulled off a growth of 15.6%, standing at €1,708.6 million, compared to €1,477.8 million in the same period of the previous year, mainly thanks to the consolidation of the former Pistone stores, the incremental contribution of acquisitions and the new openings brought to completion in the past twelve months, as well as the positive performance of stores at constant perimeter.

The **Online channel⁹** (12.2% of total revenues) confirmed itself once again as the channel with the highest growth rate thanks to the strong acceleration recorded in the fourth quarter (+40% increase compared to the same period of the previous year), which boosted revenues to €297.1 million, +23.5% increase compared to €240.5 million reached in 2018/19 financial year. Once again, Unieuro outperformed its reference industry, where the web channel¹⁰ grew by a more modest 16.1% during the time concerned, bringing the incidence of e-commerce to 17% of the total market compared to the previous 15%. This performance benefited particularly from the success of commercial initiatives in the second semester, among which the Black Friday campaign stands out, and the e-commerce acceleration recorded near the end of financial year in reaction to the Covid-19 emergency.

The **Indirect channel** (10.8% of total revenues) - which includes sales to the network of affiliated stores and revenues generated in the segment of Mass Merchandisers through partnerships with leading industry operators, for a total of 261 stores - reported revenues of €263.2 million, up 13.9% compared to €231 million in the previous financial year. Growth was driven by the segment of large-scale retailers, with the opening of “Unieuro by Iper” shop-in-shops within the hypermarkets “Iper, La grande i”, which vastly offset the affiliates network rationalisation, which have occurred over the past twelve months.



The **B2B channel**⁹ (5.6% of total revenues) - which caters to business customers, including foreign customers, operating in sectors other than that of Unieuro, such as hotels and banks, as well as operators purchasing electronic products to be distributed to their regular customers or to employees for loyalty points, prize contests, or incentive plans (referred to as B2B2C segment) – reported revenues of €136.5 million, up 12.2% compared to €121.7 million in the previous financial year, showing a strong recovery in the second semester after reporting a sensitive decrease in the first. Therefore, the tough predictability of revenues related to this channel, characterized by the customer’s opportunistic approach and influenced by multiple external factors, was confirmed.

Lastly, the **Travel channel** (1.6% of total revenues) - made up of 12 directly operated stores located at main public transport hubs such as airports and railway or metro stations - reported a growth of 17.9% standing at €39.6 million. This performance, although in the process of standardization due to the disappearance of the scope effect, benefited from the incremental contribution of the Milan San Babila store, opened in October 2018, as well as the good performance of the Turin store inside the Porta Nuova station.

Revenues by product category¹¹

	Period ended				Change	
	29 February 2020	%	28 February 2019	%	Δ	%
Grey	1,160.2	47.5%	992.9	47.2%	167.3	16.9%
White	684.0	28.0%	548.5	26.1%	135.4	24.7%
Brown	384.5	15.7%	367.9	17.5%	16.6	4.5%
Other products	113.9	4.7%	110.6	5.3%	3.3	2.9%
Services	102.3	4.2%	84.5	4.0%	17.8	21.1%
Total revenues by category	2,444.9	100.0%	2,104.5	100.0%	340.4	16.2%

The **category of Grey Goods** (47.5% of total revenues) - i.e. phones, tablets, information technology, accessories for phones, cameras and all wearable technology products – reported revenues of €1,160.2 million, an increase of 16.9% compared to €992.9 million in the same period of the previous financial year thanks to the positive performance of the Telephony segment, supported in particular by new models of smartphones, and of laptop PCs as a result of an upward shift of the product range. The positive performance of these two clusters more than offset the decline in tablet sales.

The **category of White Goods** (28% of total revenues) - comprising major domestic

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appliances (MDA), such as washing machines, dryers, refrigerators or freezers, and stoves, small domestic appliances (SDA), such as vacuum cleaners, food mixers, coffee machines, as well as the air conditioning segment - generated revenues of €684 million, up 24.7% compared to €548.5 million in the previous financial year, with an incidence that significantly increased to 28% of revenues (up 1.9 percentage points). In addition to the consolidation of the former Pistone stores, traditionally strong in the sale of household appliances, this excellent performance is attributable to the success of the vacuum cleaner sector and the increase in sales of air conditioners, facilitated by a favourable summer season.

The **category of Brown goods** (15.7% of total revenues) - which include television sets and related accessories, audio devices, smart TV devices and car accessories, as well as storage devices - recorded total revenues of €384.5 million, up 4.5% compared to €367.9 million in the previous year. The lower impact on total revenues, which decreased compared to 17.5% in the previous financial year, is mainly attributable to sales of television sets, which were impacted by the general decrease in average market prices and by the difficult comparison with the year 2018, which had benefited from the driving factor represented by the FIFA World Cup. Fourth quarter in improvement compared to the first nine months of the financial year (+8.3%).

The **category of Other products** (4.7% of total revenues) - which include sales in the entertainment sector and sales of other products not included in the consumer electronics market, such as hover boards and bicycles - reported consolidated revenues of €113.9 million (up 2.9%), driven by cooking accessories and tablewear and by the growing success of the luggage segment.

Lastly, a growth of 21.1% at €102.3 million was noted in the **category of Services** (4.2% of total revenues), thanks to the expansion of the sales network and to Unieuro's continuous focus on the provision of services to its customers, in particular the warranty extension service and commissions for the customers' signature of new consumer credit agreements.

Operating profit

<i>(in millions and as a percentage of revenues)</i>	Period ended						Change	
	29 febbraio 2020			28 febbraio 2019			Δ	%
	Adjusted amounts	%	Adjustments	Adjusted amounts	%	Adjustments		
Revenue	2.444,9			2.104,5			340,4	16,2%
Sales revenues	2.444,9			2.104,5			340,4	16,2%
Purchase of goods and Change in inventories	(1.924,6)	(78,7%)	3,2	(1.635,7)	(77,7%)	0,0	(288,9)	17,7%
Lease and rental expense	(77,4)	(3,2%)	0,2	(71,0)	(3,4%)	0,5	(6,4)	9,0%
Marketing costs	(50,6)	(2,1%)	2,4	(48,8)	(2,3%)	1,2	(1,8)	3,6%
Logistics costs	(68,1)	(2,8%)	1,0	(52,5)	(2,5%)	1,5	(15,6)	29,7%
Other costs	(64,3)	(2,6%)	3,2	(60,3)	(2,9%)	3,8	(4,0)	6,6%
Personnel costs	(184,1)	(7,5%)	1,3	(166,7)	(7,9%)	3,2	(17,4)	10,4%
Other operating income and costs	(2,5)	(0,1%)	(2,0)	(3,7)	(0,2%)	(1,6)	1,2	(33,5%)
Revenues from the sale of warranty extensions netted of future estimated service cost – business model's change related to direct assistance services	8,8	0,4%	8,8	7,9	0,4%	7,9	0,9	11,4%
Adjusted EBITDA¹	82,1	3,4%	18,1	73,6	3,5%	16,4	8,6	11,6%
Amortisation, depreciation and write-downs of non-current assets	(29,1)	(1,2%)	0,0	(27,2)	(1,3%)	0,3	(1,8)	6,7%
EBIT adjusted²	53,1	2,2%	18,1	46,3	2,2%	16,7	6,7	14,5%

In the fiscal year 2019/20, revenue growth combined with increased operating leverage gave Unieuro's **EBITDA Adjusted¹** a 11.6% boost to €82.1 million (3.4% of revenues), compared to €73.6 million in the previous year.

Specifically, the lower incidence on revenues of personnel, rental and marketing costs, as well as other costs (utilities, maintenance, general sales costs), offset the trend in gross margin and the rise in logistics costs. The latter reported a structural increase linked to the improvement in volumes sold - especially large household appliances - and the growing weight of home deliveries, in addition to the temporary effects arising from the start-up of the new secondary logistics platform in Carini.

EBIT Adjusted² came to €53.1 million, up 14.5% over the €46.3 million of 2018/19, since depreciation, amortisation and write-downs grew less than proportionally to revenues. The margin on sales remained unchanged at 2.2%.



EBIT Adjusted² post-IFRS 16, the indicator that is bound to become the most representative measure of Unieuro's operating profitability in the future, amounted to 58.7 million Euros³.

Adjusted Net Income⁴

<i>(in millions and as a percentage of revenues)</i>	Period ended						Change	
	29 February 2020			28 February 2019			Δ	%
	Adjusted amounts	%	Adjustments	Adjusted amounts	%	Adjustments		
EBIT adjusted²	53.1	2.2%	18.1	46.3	2.2%	16.7	6.7	14.5%
Financial income and expenses	(3.8)	(0.2%)	0.0	(4.2)	(0.2%)	(1.5)	0.4	(8.4%)
Income taxes	(3.6)	(0.1%)	(1.6)	0.5	0.0%	(1.4)	(4.1)	(755.0%)
Adjusted Profit/Loss for the Period⁴	45.7	1.9%	16.6	42.7	2.0%	13.8	3.0	7.0%

In fiscal year 2019/20, Unieuro's **Adjusted Net Income⁴** amounted to €45.7 million (representing 1.9% of revenues), compared to €42.7 million achieved in fiscal year 2018/19.

The increase was the result of the positive contribution from financial management, which in turn arose from the optimisation of treasury management, and the income tax burden that amounted to €3.6 million (compared with a positive €0.5 million in 2018/19).

Net profit adjusted⁴ post-IFRS 16, soon to replace the former IAS 17 indicator, came to €42.2 million³, 1.7% of revenues.

Investments

Investments in the fiscal year 2019/20 amounted to €48.4 million, including capex and acquisitions.

Capex amounted to €31 million, significantly down compared with €38.2 million in the last fiscal year. The €27.2 million ordinary investments are mainly attributable to actions on the network of direct stores and investments in information technology, including the launch of the project aimed at adopting a new ERP in order to adjust the IT infrastructure to the new company size and the technological challenges of the omni-channel business. €3.8 million were non-recurrent and concerned the integration of the Sicilian stores.



External growth through **acquisitions** had an impact of €17.4 million¹² at Balance Sheet level and materialized in the acquisition of the entire share capital of Carini Retail S.r.l., the owner of the above-mentioned 12 Sicilian stores formerly owned by Pistone S.p.A..

Net financial position

At the end of 2019/20, Unieuro recorded a positive **Net Financial Position** of €29.6 million, a further improvement on the surplus of €20.5 million reported on 28 February 2019.

The performance - achieved despite the slight cash absorption occurred in the fourth quarter, which was in any case lower than expected - was once again excellent in light of the investments paid out during the year (€39.8 million, including acquisitions) and the dividends distributed (€21.4 million).

Adjusted Levered Free Cash Flow⁷, the most appropriate indicator to measure cash flow generation according to the Company, amounted to €56.5 million, down from the record €68.7 million recorded in the previous year, due to the change in trade working capital and higher investments paid during the year.

Changes in Accounting Principles

As of 1 January 2019, the new accounting standard IFRS 16 has been in force. It has introduced a single method for the accounting of leases in the lessee's statements, according to which the lessee should recognize an asset that represents the right to use the underlying property and a liability that reflects the obligation to pay the lease fee.

For Unieuro, which adopted the principle as of 1 March 2019, the contracts that fall within the scope thereof mainly concern the rental of shops, head offices, warehouses and cars.

The main effects of the adoption of IFRS 16 on Unieuro's results in fiscal year 2019/20 were as follows:

- Ebitda: increase of €65.4 million due to the different accounting treatment of the rental payments;
- Ebit: increase of €5.7 million, as a result of the combined effect of the different accounting treatment of rentals and of the increase in amortisation connected to newly registered non-current assets (rights of use);

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- Net income: decrease of €3.5 million, as a result of Ebit variation, the increase of financial expenses calculated on higher financial liabilities (leasing liabilities), as well as the related tax impact;
- Net financial debt: increase of €477.6 million, mainly due to the recognition of leasing liabilities for rights of use.

The new accounting standard had no impact on the closing balance of the Company's cash flow.

Employees

On 29 February 2020, Unieuro had 5,034 employees on its payroll, compared to 4,708 on 28 February 2019 (+6.9%). The increase, amounting to 326 headcount, is mainly ascribable to the expansion in Sicily, namely the acquisition of Carini Retail S.r.l..

Significant events during the period

The completion of the Pistone transaction

On 1 March 2019 Unieuro completed the acquisition of the entire share capital of Carini Retail S.r.l., a company already owned by Pistone S.p.A. which owns a business unit comprising 12 sales outlets in Sicily. The integration started immediately and involved the gradual adoption of the Unieuro brand by the new sales outlets with the conclusion celebrated by a striking local communication campaign

The opening of an additional 5 Unieuro by Iper stores

On 14 March 2019 5 new shops-in-shops were opened in 5 Iper, la Grande hypermarkets with the opening of the Rozzano sales outlet on 11 April 2019.

Renewed focus on services

On 4 April 2019 the "Casa Sicura Multiplan" service was launched. An innovative additional assistance service offered exclusively by Unieuro. By activating cards purchases in-store, customers can protect and safeguard large domestic appliances for more than 24 months, when they are no longer covered by the statutory and manufacturer's warranty, wherever they were purchased.

At the beginning of July, Unieuro also launched "Digital assistance", the service which includes the installation and configuration of technological devices in the home, with special reference to home automation and the Internet of things. Thanks to the success it



met with, from 11 October the service - rechristened "Helpy" - was upgraded and extended to all the main Italian urban areas.

The new Unieuro App “augmented reality” function

With the objective of developing an increasingly personalised customer journey, at the end of April Unieuro announced a new and innovative App functionality: augmented reality, which makes it possible to simulate the presence of large appliances and TVs in a specific environment, so that one can easily choose the best solutions to suit such environment.

The agreement with Enel X on Demand Response services

Unieuro signed a partnership agreement with Enel X for the provision of Demand Response services at nine sales outlets. The service guarantees greater flexibility and stability of the power grid, as well as a more efficient use of the energy infrastructure, enabling Unieuro to cut energy costs and focus on more sustainable consumption.

The 2019 Shareholders’ Meeting

On 18 June 2019, the Unieuro shareholders' meeting, which was convened in a single call in Forlì in ordinary session, approved the Financial Statements at 28 February 2019; it resolved the destination of the operating profit, including the distribution of a dividend of Euro 1.07 per share totalling Euro 21.4 million; it voted in favor of the first section of the Remuneration Report; lastly, it appointed the Board of Directors and the Board of Statutory Auditors.

Confirmation of the CEO

The new Board of Directors of Unieuro, which met on 26 June 2019, appointed Giancarlo Nicosanti Monterastelli as the CEO of the Company, consistent with the previous office and it appointed the members of the Control and Risks Committee, the Remuneration and Appointments Committee and the Related-Party Transactions Committee.

New openings

On 28 June, three new direct sales outlets were opened in Portogruaro (Venice), Gela (Caltanissetta) and Misterbianco (Catania), the latter under the scope of the brand development project in Sicily, promoted after the acquisition of the former Pistone stores.

The liquidity agreement

On 29 October 2019, Unieuro appointed Intermonte SIM, one of the leading research and stock brokerage companies in Italy, the liquidity provider for its ordinary shares. The agreement, for one year and with immediate effect, requires Intermonte to promote the liquidity of Unieuro's stock, buying and selling it, through the methods and limits currently laid down by the applicable regulations, in their own right and taking the risks associated with trading activities.



The GoInStore project with HP

In November, Unieuro and HP launched the GoInStore project, the only one of its kind in Italy, in the light of their joint focus on the omnichannel approach and the central role of customer service. The service allows anyone searching on the unieuro.it website for an HP product to ask for live support from a consultant, who will respond in a video call directly from a Unieuro store.

The accelerated bookbuilding operation by Italian Electronics Holdings S.à r.l.

On 13 November, the majority Unieuro shareholder, Italian Electronics Holdings S.à r.l. ("IEH"), completed an accelerated bookbuilding operation with 3.25 million company ordinary shares, corresponding to 16.25% of the share capital. The operation involved the placement of the shares at institutional investors at a price Euro 12.95 per share, worth a total of around Euro 42 million.

Promotional campaign for Black Friday

During the important Black Friday promotional campaign, which was launched on 11 November with "Singles' Day" and ended on 2 December, Unieuro recorded commercial results beyond expectations in all sales channels and for all product categories. Specifically, the direct sales outlets recorded revenues that increased by 15% with 6.7 million cumulative entries in the period, the sell-out of affiliated stores increased by 18% and orders on the Unieuro.it digital platform broke new records (+77%), accompanied by the success of the Monclick Fra-i-Dei campaign.

"Insegna dell'Anno 2019-2020" Award

On 28 November, Unieuro received the prestigious "Insegna dell'Anno 2019-2020" award in the Household appliances & Electronics category, "top of mind" in its reference sector, ahead of its main competitors.

Deposit of Carini Retail and Monclick merger projects

On 10 January 2020, Unieuro deposited the merger by incorporation into Unieuro S.p.A. of Carini Retail S.r.l. with a sole shareholder and Monclick S.r.l. with a sole shareholder projects, entirely owned. On 18 March, the Board of Directors of Unieuro and the Shareholders' Meetings of Carini Retail S.r.l. and Monclick S.r.l. approved the merger transactions.

Omnichannel media management task

On 13 January, Unieuro announced it had appointed the Publicis Groupe as a strategic partner for omnichannel media planning, social media management and the development of online and social channels creativity. Specifically, the company appointed Zenith, the media centre of the Publicis Groupe, to handle the media strategy and planning for Unieuro and Monclick, and Bcube, the Group's agency for online and social creativity.



Appointment of the new Chief Commercial Officer

On 15 January, Unieuro announced it had strengthened the top management by appointing Gabriele Gennai as the company's new Chief Commercial Officer. Officially, from 1 March 2020, Gennai has reported directly to the CEO Giancarlo Nicosanti Monterastelli and is presently responsible for the management of relations with suppliers, the category management process and the commercial policy of Unieuro, in line with the strategy and positioning of the company.

The transformation to public company

On 22 January, IEH successfully concluded the accelerated bookbuilding operation, selling institutional investors around 3.5 million ordinary shares held in Unieuro, corresponding to around 17.6% of the share capital, at a price of Euro 13.25 per share. The transaction, which involved the entire remaining investment held by IEH in Unieuro, marked an historical shift, transforming the company, to all intents and purposes, into a public company with a free-float of more than 85%.

New composition of the Board of Directors and appointment of the new Chairman

Following the sale of the entire remaining share of Unieuro's share capital by IEH, on 23 January directors Bernd Erich Beetz, Robert Frank Agostinelli and Gianpiero Lenza resigned from the Company's Board of Directors.

The Board met on 6 February 2020 and approved to integrate the composition of the Appointments and Remuneration Committee with Pietro Caliceti, while on 20 February it co-opted Michele Bugliesi, Paola Galbiati and Stefano Meloni as new non-executive members of the administrative body, further strengthening the governance of Unieuro thanks to the inclusion of high-profile professionals.

On 24 February, the new director Stefano Meloni was appointed the new Chairman of the Board of Directors.

Lastly, on 4 March the Board approved the integration of the composition of the Control and Risk Committee by appointing Paola Galbiati.

The #Cuoriconnessi book

On 6 February, duration the national day against bullying and cyberbullying, Unieuro, together with the State Police, presented the book “#Cuoriconnessi. Online stories of life and cyberbullying”. The book - distributed free of charge at all brand sales outlets, at over 7,500 schools and available in a digital version at the website www.cuoriconnessi.it - includes the stories collected during meetings with secondary school students since the start of the #Cuoriconnessi project, the Unieuro and State Police awareness-raising initiative against cyberbullying launched four years ago.

The agreement with CIA-Conad

On 27 February, Unieuro announced a collaborative agreement with CIA-Conad for the opening of five new Unieuro direct sales outlets in 5 former Auchan hypermarkets, in the



process of becoming “Spazio Conad” sales outlets. The agreement specifically involves the opening of four stores in Lombardy and one in Veneto and enables Unieuro to strengthen the large-scale retailing penetration project.

The Covid-19 health emergency

From 21 February 2020, the outbreak of the Covid-19 pandemic prompted the authorities to adopt increasingly more stringent containment measures. For Unieuro, the succession of regional ordinances and national decrees required it to adapt to the progressive measures recommended to protect the safety of all co-workers and customers and mitigate the negative effects on the business.

Significant events following the closure of the period

Actions to contain the emergency

On 13 March, following the exacerbation of the health situation and the extension of restrictive measures throughout Italy, Unieuro announced the closure of its direct stores with effect from 14 March. A decision taken to protect the health of customers and co-workers despite the company being included under commercial activities exempt from having to suspend operations, as it offers essential goods.

On 20 March Unieuro took out insurance cover against contagion by Coronavirus for all 5,000 group employees.

On 30 March, Unieuro announced a new package of containment measures for the effects of the health emergency, which involved the reopening of a variable, but significant number of direct sales outlets in order to ensure that customers can make urgent or necessary purchases.

Still on 30 March, in the light of the limited corporate operation and in order to curb the economic and financial impact of the crisis, Unieuro announced the application of the Cassa Integrazione Guadagni in Deroga (CIGD) (layoff fund), under the terms indicated in the “Cura Italia” Decree, for almost all employees. Furthermore, as a gesture of solidarity with the corporate population, the Board of Directors (on 14 April) and the entire management of the company decided to reduce their salary.

The donation of smart phones to hospitals and nursing homes

On 2 April, Unieuro announced the donation of more than 2,000 smart phones to patients and people suffering from Covid-19, unable to keep in touch with their loved ones. The initiative is evidence of Unieuro's tangible commitment to support the community at a time of a serious national emergency.



Update on the Covid-19 emergency

Pending the loosening of the strict lockdown measures imposed by the Authorities and the start of the so-called "Phase 2", Unieuro is actively managing the current situation with the aim of containing the negative effects on revenues, margins and liquidity as much as possible.

As far as the **Retail Channel** is concerned, the gradual reopening of direct stores, which began on 29 March, immediately involved most of the network, and to date 233 stores, namely 98% of the total⁵, have reopened their doors.

While painstakingly complying with national and local regulations and the even stricter policies adopted by Unieuro itself, the points of sale have gradually extended their opening hours and, starting on 4 May, have returned almost everywhere to 11 hours of daily operation, in the 9 am - 8 pm time range. Generally speaking, the mandatory closure by law still applies to Sundays only.

In-store traffic has dropped dramatically due to restrictions on the movement of people and social distancing regulations, which are mostly penalising shops located outside city centres, in large shopping malls and parks.

Unieuro's strategy, which has always focused on customer proximity and not on specific store formats, has managed to contain the impact of these macrotrends and is contributing to the slow but steady improvement in revenues of the Retail Channel, which in week no. 18 (April 27 - May 3) shrunk by 46% against the same week in 2019.

On the other hand, e-commerce has benefited greatly from the current situation: players who had shifted to the digital channel in good time have managed to at least partially offset the drop in sales in brick-and-mortar stores.

Unieuro's **Online Channel** is therefore faring exceptionally well and once again outperforming the market, also thanks to the Group's dual web presence - with two well-known and distinct brands such as Unieuro and Monclick - and the refocusing of marketing activities, both mainstream and digital, on the Company's e-commerce activities. By way of example, in week no. 18 the **Online Channel** booked an increase in orders of 193% year on year.

Despite the gradual pickup in revenues compared to the acute stage of the emergency, it should be noted that the unfavourable channel mix, the temporary imbalance towards less profitable product categories such as IT to the detriment of large household appliances

Tutti i dati contenuti nel presente comunicato sono consolidati. Il perimetro di consolidamento include la Capogruppo Unieuro S.p.A., la controllata al 100% Monclick S.r.l. (a partire dal 1° giugno 2017) e la controllata al 100% Carini Retail S.r.l. (a partire dal 1° marzo 2019).

I dati economico-finanziari recepiscono l'adozione del principio contabile IFRS 16, entrato in vigore a partire dal 1° gennaio 2019. Per permetterne la piena comparabilità con il FY 2018/19, la Società presenta e commenta i dati gestionali, in continuità con il precedente principio contabile IAS 17 e le relative interpretazioni, salvo ove diversamente indicato. Per informazioni di dettaglio riguardanti gli impatti dell'IFRS16 sul conto economico e sullo stato patrimoniale si rimanda al paragrafo "Cambiamenti dei principi contabili" del presente comunicato e alla Relazione Finanziaria Annuale al 29 febbraio 2020.



and services, as well as the increase in logistics costs linked to the sharp boost in home deliveries, will inevitably jeopardise profitability in the current quarter.

In light of this, since the beginning of the emergency Unieuro has adopted measures to preserve and strengthen the company's **liquidity** situation, including the use of the social safety nets provided for by the "Cura Italia" decree, the temporary suspension of deferrable investments and, last but not least, the proposed allocation to reserves of the profit for the year. Negotiations are also underway with the main commercial partners and with the landlords to optimize cash flows from operating working capital.

To date, Unieuro can rely on committed credit lines to support operations, as well as on bilateral lines of credit with leading banks, for a total of over 125 million euros.

Although the liquidity is still available today, the current and prospective uncertainty linked to the evolution of the crisis and its possible developments make it appropriate to consider all available options. Access to the measures available under the "Liquidity Decree" - which provides, among other things, for access to bank loans backed by guarantees issued by SACE S.p.A. - is therefore being assessed, one of the conditions being, among other things, that the beneficiary company does not approve the distribution of dividends or the buyback of its own shares during 2020.

Foreseeable operating evolution

The financial year 2020/21 will inevitably be marked by the crisis related to the spread of Covid-19, which emerged close to the start of the financial year - and is still ongoing.

In the light of the great deal of uncertainty relating to the extent of the economic and social effects of Covid-19, it is not currently possible to predict the duration and extent of the current crisis with a sufficient degree of reliability and to be able to evaluate its future impacts on the performance and financial position of Unieuro.

It is, however, likely that the emergency will have a strong impact on Italian GDP and, although to a lesser extent in the lights of the lower volatility historically recorded, on the consumer electronics and appliances market.

The limited operation of physical stores, compulsory or voluntary, together with the social distancing measures adopted in response to the pandemic will have a significant adverse effect on network traffic and revenues, with special reference to the first months of the financial year. Alongside this, e-commerce will gain an advantage from the situation that has been created, accelerating the development of the channel mix already in progress.



Unieuro's management immediately identified and adopted containment measures aimed at not only protecting the health of people, but also the economic, financial and asset balance of the Group, by acting on the revenues, costs and liquidity.

Unieuro also believes that its role as the leading company in the industry, the resilience of its multichannel nature, its efficient business model and the financial solidity, will allow the Company to react forcefully to the crisis, strengthening competitive advantage and leadership position.

* * *

Other resolutions of the Board of Directors

Proposal for allocation of profits

The Board of Directors has acknowledged the significant change in the economic scenario caused by the spread of the Covid-19 pandemic and the considerable uncertainty regarding its possible impact and duration.

Also considering the evolution of the regulatory context - with the issuing of the recent Legislative Decree no. 23 of 8 April 2020 (the "Liquidity Decree") whose art. 1 entitles companies to access bank financing backed by guarantees issued by SACE S.p.A. provided, however, that the beneficiary company, among other things, does not approve the distribution of dividends or the buyback of its own shares during 2020 - the Board considered it a priority to further strengthen the Company's financial structure on a prudential basis, whilst allowing itself to possibly access the measures provided for by the aforementioned decree.

Despite the positive results achieved by Unieuro in the 2019/20 financial year, the Board of Directors therefore decided to waive the dividend policy currently in force and to submit to the Shareholders' Meeting called for 12 June 2020 the allocation of the parent company Unieuro S.p.A.'s profit for the year, amounting to €35.7 million as shown in the financial statements for the year ended 29 February 2020, to the extraordinary reserve, available and distributable.



Postponement of the approval of the LTIP

Given the current emergency situation, the Board of Directors deemed it appropriate to postpone the definition of a long-term incentive plan (LTIP) based on financial instruments, in accordance with the principles of responsibility and sustainability that inspire Unieuro's choices.

The uncertainties linked to the evolution of the health emergency may hamper the identification of indicators that can actually and effectively measure and evaluate management performance.

In any case, the Board firmly intends to proceed with the definition of a medium-long term plan - and in particular a performance shares plan - and to submit it for approval to the Shareholders' Meeting by December 2020, in case the development of the current emergency scenario allows for it.

Convening of the Ordinary and Extraordinary Shareholders' Meeting

The Board of Directors has decided to convene the Ordinary and Extraordinary Shareholders' Meeting, in single call, on 12 June 2020 at 2 P.M. CET, in Forlì at Studio Notarile Maltoni Scozzoli, Via Mentana 7.

In addition to the above, the Shareholders' Meeting will be called in ordinary session to resolve on the financial statements for the year ending 29 February 2020 and the first and second sections of the remuneration report, as well as to appoint three Directors to supplement the Board of Directors and the Chairman of the Board.

In extraordinary session, the Shareholders' Meeting will be called to amend the Articles of Association in order to incorporate the new regulations on gender balance in the composition of the Board of Directors and the Board of Statutory Auditors.

It should be noted that, in order to minimize the risks associated with the health emergency in progress, the Company has decided to make use of the option provided for by art. 106, paragraph 4, of Decree Law no. 18 of 17 March 2020, pursuant to which the participation in the Shareholders' Meeting by those entitled to attend occurs exclusively through the designated representative of the Company.

* * *



Conference call

Unieuro informs that at 06:00 pm (CET) today, Wednesday, 6 May 2020, a conference call will be held by the Management to present the Company's results for fiscal year ended on 29 February 2020 and will give an update about the current situation and the impact of the ongoing health emergency.

To join the conference call, please dial one of the following numbers:

- Analysts and investors: Italy: +39 02 805 88 11
UK: + 44 121 281 8003
USA: +1 718 7058794
- Media: +39 02 8058827

A **slide presentation** will be available for download from Unieuro's corporate website www.unieurospa.com, section Investors Relations / Results and Presentations, shortly before the start of the conference call.

A **digital playback** of the conference call, both in Italian and in English, will be available for download at the same link, starting from the second day following the event.

* * *

Unieuro S.p.A. has chosen to use the "eMarket SDIR" and "eMarket STORAGE" platforms managed by Spafid Connect S.p.A., with offices at Foro Buonaparte 10, Milan, for the transmission, storage and filing of Regulatory Information made public.

* * *

Mr Italo Valenti, the manager responsible for preparing the company's accounting documents, hereby declares that, pursuant to and in accordance with Article 154-bis, paragraph 2, of Legislative Decree No. 58 of 1998, the information contained in this press release matches the Company's documentation, books and accounting records.

* * *

This press release may contain forecasts on Unieuro's future events and results that are based on current expectations, estimates and projections about the industry and on the reasonable judgement of the



management. Evidently, these elements have a component of risk and uncertainty because they depend on the occurrence of future events. It should be noted that the actual results might deviate significantly from those announced, owing to a range of factors including: global economic conditions, the impact of competition, political, economic and regulatory developments in Italy.

* * *

Unieuro S.p.A.

Unieuro is the Italian leader in the distribution of consumer electronics and household appliances, thanks to an omnichannel approach that integrates directly operated stores (about 250), affiliated stores (about 260) and the unieuro.it digital platform. The company is based in Forlì, has a central logistics hub in Piacenza and has a staff of about 5,000 employees. Listed on the STAR segment of the Italian Stock Exchange since 2017, Unieuro reported revenues of Euro 2.4 billion in the fiscal year ended at 29 February 2020.

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Summary tables:

Income statement (in millions of Euro)

	FY 19/20 no IFRS16	%	FY 18/19	%
Sales	2,444.9		2,104.5	
Sales	2,444.9	--	2,104.5	-
Purchase of goods - Change in Inventory	(1,927.8)	(78.8%)	(1,635.7)	(77.7%)
Rental Costs	(77.6)	(3.2%)	(71.5)	(3.4%)
Marketing costs	(53.0)	(2.2%)	(50.0)	(2.4%)
Logistic costs	(69.2)	(2.8%)	(54.0)	(2.6%)
Other costs	(67.5)	(2.8%)	(64.1)	(3.0%)
Personnel costs	(185.4)	(7.6%)	(169.9)	(8.1%)
Other operating costs and income	(0.5)	(0.0%)	(2.1)	(0.1%)
EBITDA Reported	64.0	2.6%	57.2	2.7%
Adjustments	9.3	0.4%	8.4	0.4%
Change in Business Model	8.8	0.4%	7.9	0.4%
Adjusted EBITDA	82.1	3.4%	73.6	3.5%
D&A	(29.1)	(1.2%)	(27.2)	(1.3%)
Adjusted EBIT	53.1	2.2%	46.3	2.2%
Financial Income - Expenses	(3.8)	(0.2%)	(4.2)	(0.2%)
Adjusted Profit before Tax	49.2	2.0%	42.2	2.0%
Taxes	(2.0)	(0.1%)	1.9	0.1%
Fiscal impact of non-recurring items	(1.6)	(0.1%)	(1.4)	(0.1%)
Adjusted Net Income	45.7	1.9%	42.7	2.0%
Adjustments	(9.3)	(0.4%)	(8.4)	(0.4%)
Non-recurring D&A	--	--	(0.3)	(0.0%)
Non-recurring financial (expenses)/income	0.0	--	1.5	0.1%
Change in Business Model	(8.8)	(0.4%)	(7.9)	(0.4%)
Fiscal impact of non-recurring items	1.6	0.1%	1.4	0.1%
Net Income Reported	29.1	1.2%	28.9	1.4%

Balance sheet
(in millions of Euro)

	29 Feb. 2020 no IFRS16	28 Feb. 2019
Trade Receivables	51.3	41.3
Inventory	369.8	362.3
Trade Payables	(479.6)	(468.5)
Trade Working Capital	(58.5)	(64.8)
Current Tax Assets and Liabilities	(1.4)	0.9
Current Assets	24.3	19.8
Current Liabilities	(224.8)	(189.1)
Short Term Provisions	(1.2)	(1.3)
Net Working Capital	(261.7)	(234.6)
Tangible and Intangible Assets	119.4	113.3
Net Deferred Tax Assets and Liabilities	33.9	31.5
Goodwill	195.2	178.0
Other Long Term Assets and Liabilities	(16.7)	(17.7)
Total Invested Capital	70.1	70.4
Net financial Debt	29.6	20.5
Equity	(99.7)	(90.9)
Total Sources	(70.1)	(70.4)

Cashflow statement

(in millions of Euro)

	FY 19/20 no IFRS16	FY 18/19
Reported EBITDA	64.0	57.2
Taxes Paid	(3.7)	(0.7)
Interests Paid	(3.1)	(3.2)
Change in NWC	19.7	27.8
Change in Other Assets and Liabilities	1.4	1.3
Reported Operating Cash Flow	78.3	82.3
Purchase of Tangible Assets	(18.8)	(30.2)
Purchase of Intangible Assets	(12.2)	(8.0)
Change in capex payables	3.2	6.0
Acquisitions	(12.0)	(5.6)
Levered Free Cash Flow	38.5	44.6
Cash effect of adjustments	4.0	8.0
Non recurring investments	15.5	17.0
Other non recurring cash flows	(1.5)	(0.8)
Adjusted Levered Free Cash Flow	56.5	68.7
Cash effect of adjustments	(2.5)	(7.2)
Non recurring investments	(15.5)	(17.0)
Dividend/Change in Shareholders Debt	(21.4)	(20.0)
Acquisition Debt	(7.2)	-
Other Changes	(0.7)	0.4
Δ Net Financial Position	9.1	25.0

¹ **Adjusted EBITDA** is EBITDA adjusted for: (i) 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.

² **Adjusted EBIT** is EBIT adjusted for: (i) non-recurring expenses/(income), (ii) depreciation, amortisation and non-recurring write-downs, and (iii) 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.

³ Calculated using pre-IFRS 16 non-recurring items.

⁴ **Adjusted Net Income** is calculated as Net Income adjusted for (i) any corrections incorporated in adjusted EBITDA, (ii) corrections to depreciation, amortisation and non-recurring write-downs, (iii) corrections to non-recurring financial charges/(income) and (iv) the theoretical tax impact of such adjustments.

⁵ Excluding the Travel channel.

⁶ **Growth of like-for-like Revenues** is calculated by including: (i) retail stores and travel agencies in operation for at least one full year at the end of the reference period, after taking into account stores affected by discontinued operations in a significant manner (e.g. temporary closures and major refurbishments) and (ii) the entire online channel.

⁷ **Adjusted Levered Free Cash Flow** is defined as consolidated cash flow generated / absorbed by operating activities net of investing activities adjusted for non-recurring investments and other non-recurring operating flows, including non-recurring corrections to charges/(income), their non-monetary component and related tax impact.

⁸ The **Net Promoter Score (NPS)** is an indicator of customer experience, based on customer surveys using a single question: "How likely would you recommend Unieuro to a friend or colleague?". The assumed value of the NPS ranges from -100 (in the case of all customers being brand detractors) to +100 (in the opposite case, all customers are brand promoters). In view of its nature, NPS also assumes a predictive value with reference to the future development of the business.

⁹ For a better representation, supplies of business-related goods were reclassified from the Online channel to the B2B channel.

¹⁰ Source: GfK.

¹¹ The segmentation of sales by product category takes place on the basis of the classification adopted by the main sector experts. Note therefore that the classification of revenues by category is revised periodically in order to guarantee the comparability of Group data with market data.

¹² Net of Identified Liabilities amounting to 1.9 €m.