



Annual Financial Report

as at 29 February 2020





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THE VALUE OF A PUBLIC COMPANY

More than eighty years ago we started out as a small family business and in the last fifteen years we have been controlled by an international private equity firm.

The beginning of 2020 marked a new, **momentous turning point** for us at Unieuro: we have become a company with a **widespread shareholding**, one of the few Italian public companies, with over 85% of the capital scattered on the financial market and in the hands of small and large investors, both Italian and foreign.

A gradual evolution, which started with our listing on the Stock Exchange in 2017 and progressed with the adoption of a **modern and effective system of governance**, which protects shareholders and ensures the effectiveness of managerial action.

This historic shift took place just a few months before yet another major challenge, the current international health emergency. We are tackling it with **our full decision-making independence and the involvement of those who believe in us**.

The following pages are meant to walk you through what it signifies for us at Unieuro to enter the era of the public company, as well as **the great value** that such a change brings with it.

We will do this through five big words, five values that will accompany us into our future.



LETTER OF THE CHAIRMAN TO SHAREHOLDERS

Dear Shareholders,

Following the significant changes in Unieuro's shareholding structure and after having already served as its director between 2016 and 2019, in February 2020 the Board of Directors entrusted me once again with the honour and - particularly at this time - the burden of chairing it: I have consciously and enthusiastically accepted the post.

The exit of the former majority shareholder, completed in January 2020, was indeed a momentous step: established as a family business more than eighty years ago and controlled by a private equity fund for fifteen years, today Unieuro is a truly public company whose corporate governance cannot do without the financial market as its key reference point.

Being one of the rare Italian public companies does not only mean having a high free float on the stock market - more than 85% in our case - but it also translates into greater responsibilities, as we are fully aware that it is precisely the market and its expectations that we must be accountable to.

By embracing this change as an opportunity, Unieuro has therefore embarked on a path aimed at strengthening its governance, inspired by the highest standards. Today our Board is made up of high-standing independent professionals, equally distributed by gender and with valuable managerial, financial, legal and digital transformation skills; they serve both in the Board's internal committees as well as in the management committees they have made themselves available for.

Unity of purpose and cohesion between the Board and the management are more important than ever in light of the current health emergency and the subsequent economic crisis, which call for strong and timely action. The Board was extremely proud to see how Unieuro's management reacted responsibly and decisively at an early stage of the epidemic to protect the health of customers and employees alike, while at the same time taking measures to preserve corporate sustainability in a spirit of great solidarity.

Pending the improvement of the scenario and the return to a new normality, we also seek your contribution, dear shareholders, in strengthening the company's equity and financial position by allocating to reserves the entire profit for the year just ended, namely the result of the company's excellent performance in 2019, with a turnover and profitability that turned out to be unprecedented in its history.

Thanks to your and our contribution, as well as the support of our employees and our partners, Unieuro will stand out once again by strengthening its competitive advantage and leadership in a market that, even more than yesterday, will reward prowess and determination: your company does not lack any of the above and will use it to once again fill you with satisfaction.

6 May 2020

Stefano Meloni
Chairman of the Board of Directors




LETTER OF THE CHIEF EXECUTIVE OFFICER TO SHAREHOLDERS

Dear Shareholders,

Unieuro is the leading distributor of consumer electronics and household appliances in Italy as well as the only consolidator in the market; it boasts a centralized and efficient business model and an omnichannel offer that effectively integrates the country's most widespread network of stores with a cutting-edge digital platform.

Along the staggering growth path that Unieuro has covered over the past fifteen years, we have made several brave choices, from the acquisition of former UniEuro to our listing on the Stock Exchange: these decisions were sometimes difficult to meet and never a foregone conclusion, but they always proved to be successful. In doing so, we have placed customers and their needs at the centre of our strategy, adopting an approach that is mindful of our people and responsible towards the community, the aim being the value increase for you as shareholders.

At this unprecedentedly dramatic time, we feel an even more compelling responsibility towards all of our stakeholders and we are determined to take every possible measure to ensure corporate sustainability and to come back as winners when the health emergency is behind us.

Having focused on our strategic pillars with determination and an omnichannel approach - customer proximity, shopping experience and retail mix - we are now equipped with a solid competitive advantage that will prove even more key in the near future. This crisis will permanently change customer behaviour, new consumer trends will emerge and only those who, like Unieuro, have been so capable as to take up the challenge of digitalisation in good time will stay competitive. We will start again and we will do so from a privileged position, exploiting the strength of a business model and an omnichannel approach that will make us stand out even more.

Therefore, it is with determination and optimism towards the future that I am once again presenting you with record numbers for the fiscal year just ended: sales increased by 16.2% to Euro 2.45 billion, with adjusted Ebitda and adjusted net profit up to Euro 81.1 million and Euro 46.1 million respectively, and a net cash position of Euro 29.7 million at the end of the year.

These results testify to the great work carried out with dedication and self-sacrifice by all our people - mainly the over 4500 store employees and logistics staff based in Piacenza and Carini - in compliance with the strategy set out by the Management and aimed at a strong and healthy expansion of the business.

These results deserve the unwavering trust that you, dear Shareholders, have placed in our work and for which I thank you from the bottom of my heart.

6 May 2020

Giancarlo Nicosanti Monterastelli
Chief Executive Officer



INDEPENDENCE

There are no controlling shareholders, no one exercises a dominant influence over the Company, which is currently headed by an independent, high-profile Board of Directors.



7 INDEPENDENT DIRECTORS

out of 9 members of Unieuro's Board of Directors



CORPORATE BODIES

BOARD OF DIRECTORS

- Chairman of the Board of Directors
- Chief Executive Officer
- Independent Director
- Non-Executive Director

Stefano Meloni
Giancarlo Nicosanti Monterastelli
Michele Bugliesi
Pietro Caliceti
Catia Cesari
Paola Elisabetta Galbiati
Marino Marin
Monica Luisa Micaela Montironi
Alessandra Stabilini

CONTROL AND RISK COMMITTEE

- Chairman of the Committee
- Independent Director
- Independent Director

Marino Marin
Paola Elisabetta Galbiati
Monica Luisa Micaela Montironi

NOMINATIONS AND REMUNERATION COMMITTEE

- Chairman of the Committee
- Independent Director
- Independent Director

Marino Marin
Pietro Caliceti
Catia Cesari

RELATED PARTY TRANSACTIONS COMMITTEE

- Chairman of the Committee
- Independent Director
- Independent Director

Marino Marin
Pietro Caliceti
Monica Luisa Micaela Montironi

BOARD OF STATUTORY AUDITORS

- Chairman
- Statutory Auditor
- Statutory Auditor
- Alternate Auditor
- Alternate Auditor

Giuseppina Manzo
Federica Mantini
Maurizio Voza
Davide Barbieri
Valeria Francavilla

SUPERVISORY BODY

- Chairman
- Members:

Giorgio Rusticali
Chiara Tebano
Raffaella Folli

AUDIT COMPANY

KPMG S.p.A.



RESPONSIBILITY





The Shareholders' Meeting supervises the work of the Board of Directors, which in turn guides, stimulates and monitors the Management action. Corporate governance and remuneration mechanisms ensure the utmost unity of purpose.



29.5% OF THE SHARE CAPITAL

attending the first Shareholders' Meeting
as a public company

HIGHLIGHTS



510

TOTAL DIRECT STORES

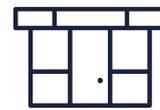
Direct stores



249

Retail 237
Travel 12

Affiliated stores



261

2

ONLINE STORE



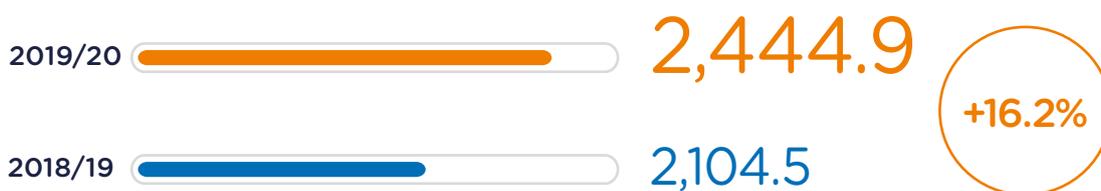
integrated digital platform to serve our omnichannel purpose



digital pure player with focus on business users

Sales

Values in millions of Euros



Revenues by channel



Retail: 69.9%	1,708.6 €m
Online: 12.2%	297.1 €m
Indirect: 10.8%	263.2 €m
B2B: 5.6%	136.5 €m
Travel: 1.6%	39.6 €m

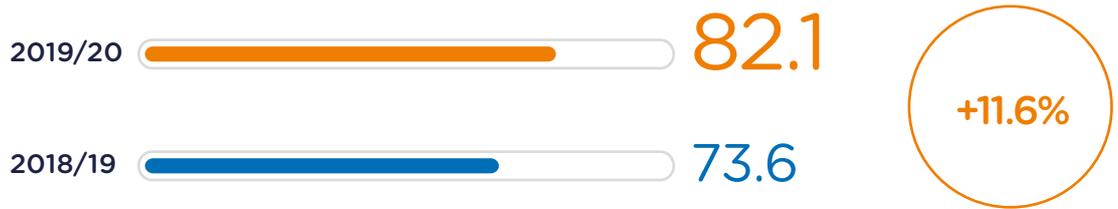
Revenues by category



Grey: 47.5%	1,160.2 €m
White: 28.0%	684.0 €m
Brown: 15.7%	384.5 €m
Other products: 4.7%	113.9 €m
Servizi: 4.2%	102.3 €m

Adjusted EBITDA

Values in millions of Euros



Adjusted EBIT

Values in millions of Euros



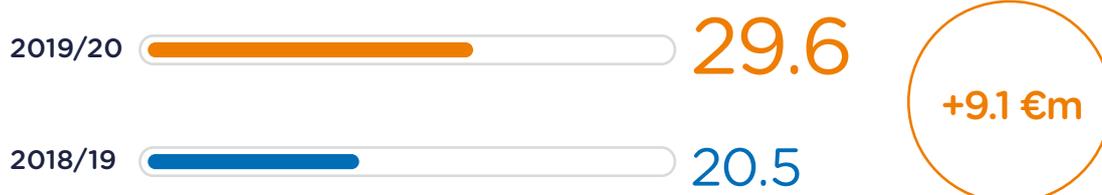
Adjusted net income

Values in millions of Euros



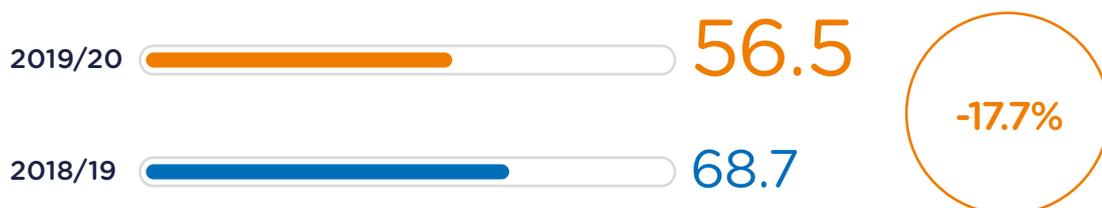
Net financial position

Values in millions of Euros



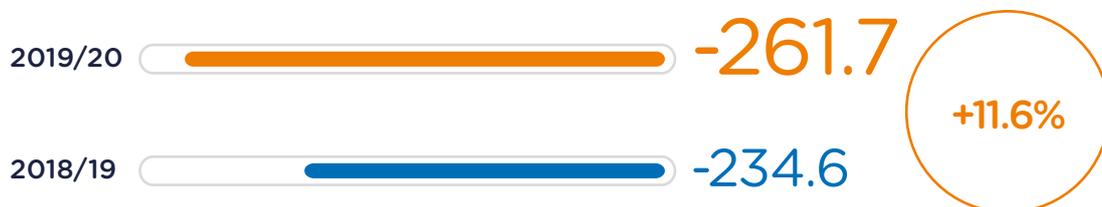
Adjusted Levered Free Cash Flow

Values in millions of Euros



Net working capital

Values in millions of Euros





TRANSPARENCY



184 PHYSICAL AND VIRTUAL MEETINGS
with institutional investors in 2019/20
financial year



Gaining and maintaining Shareholders' trust requires a constant, frank and structured dialogue with the financial market. Communication and investor relations become even more crucial than in the past.

VALUES

We really put people at the heart of things.

PASSION



In the desire to do, grow, anticipate

PROXIMITY



Both territorial and in understanding the needs of customers, always and exactly

EXPERIENCE

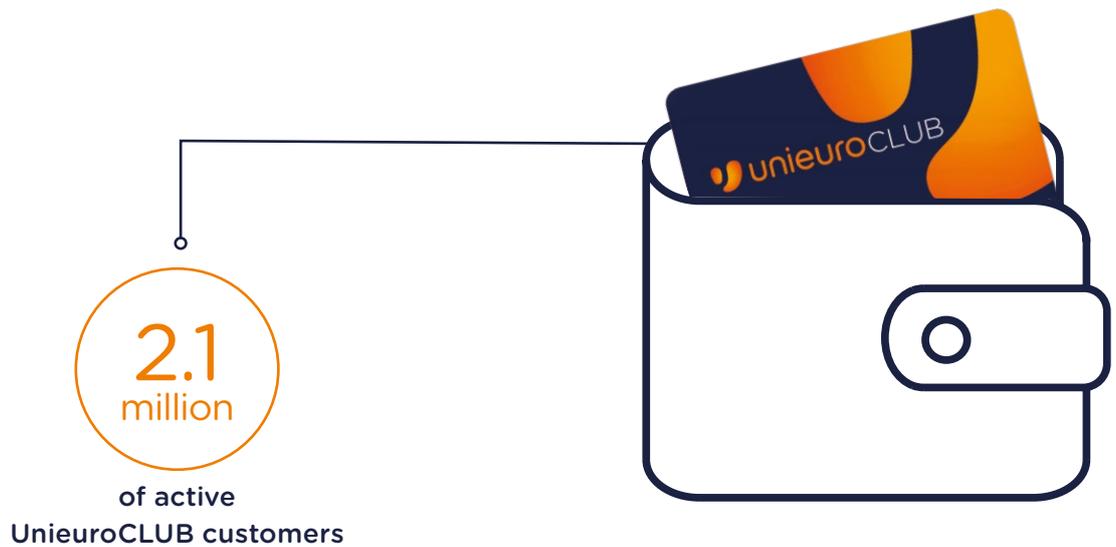


The fruit of eighty years of history and tradition

COMMITMENT



In activities, in actions and to the community



Brand Awareness

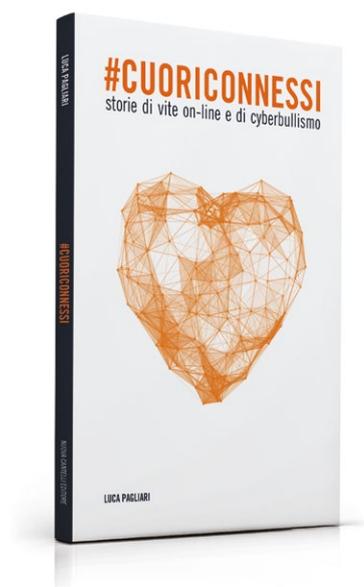


Employees

SOCIAL RESPONSIBILITY

Bringing technology close to everyone's life implies deep responsibility and consistent commitment, it is not just a simple mission. For this reason, in 2016 Unieuro devised the **#cuoriconnessi** project, a tour of theatres and schools in cooperation with the State Police. Since its introduction, this initiative has involved over 30 cities throughout Italy, informing and raising awareness among 40,000 young people about the responsible and considerate use of smartphones, tablets and PCs.

In 2020 the project continued with the publication of the book “#Cuoriconnessi - Storie di Vite on-line e di Cyberbullismo”, handed out free of charge in all of Unieuro stores, in over 7,500 schools and available in digital version on the website www.cuoriconnessi.it.



UNIEURO DONATED 2,000 SMARTPHONES FOR THE COVID-19 EMERGENCY,
1,000 OF WHICH IN LOMBARDY AND 1,000 IN EMILIA ROMAGNA



TARGETABILITY



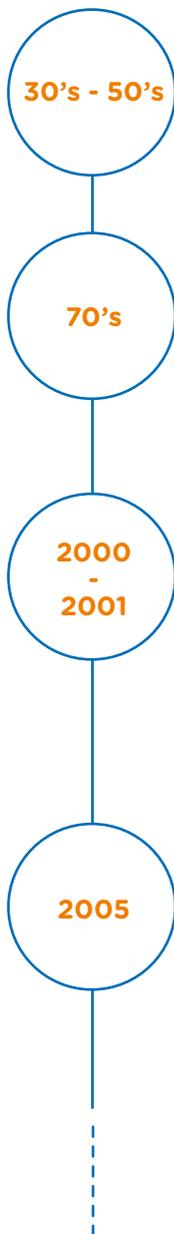
The possibility of a change of control, to be achieved through transparent and market-friendly operations, urges the Management to extract as much value as possible from its actions and at the same time represents a tangible value for Shareholders.



7.2%: THE SHARE OF THE CAPITAL
held by the single major shareholder

HISTORY

Unieuro's roots are based on the entrepreneurial history of the Silvestrini family, who, over the course of the decades, has successfully assured gradual business growth, through to the entrance of the private equity operator, Rhône Capital. Since then, the Company has launched a path of external and internal growth which led to it reaching a national leadership position and, lastly, evolving into a public company.



The foundation

Vittorio Silvestrini opened the first store in Brisighella (Ravenna) for the retail sales of gas ovens, wood-fired stoves, radios and sewing machines. In 1958, the first retail and wholesale point of sale was launched.

The generational change and the start of the path of growth

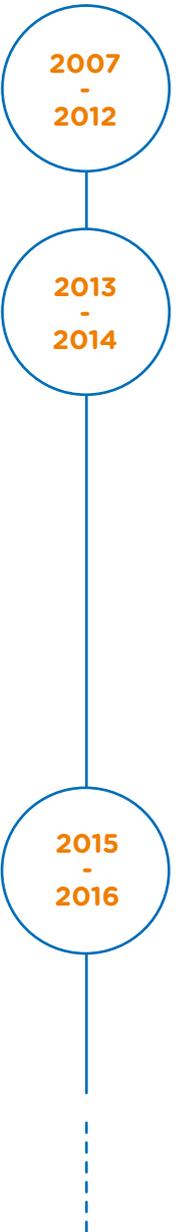
In 1973, Giuseppe and Maria Grazia Silvestrini took over the helm of the business from their father Vittorio. Between 1979 and 1980, they launched an initial growth path through the establishment of C.I.D.E.L. s.n.c. di Silvestrini Maria Grazia & C. which, in 1980, became S.G.M. Distribuzione S.r.l. (the current Unieuro S.p.A.).

Consolidation

S.G.M. Distribuzione S.r.l. joined Expert Italy S.p.A. Consortile, in a short time becoming one of the main members in terms of sale volumes. In 2001, the physical stores in the chain, flaunting the Marco Polo-Expert brand, were supported by e-commerce activity through the launch of marcopoloshop.it, the website in Italy that pioneered the omnichannel approach thanks to the in-store pick up service

The admission of Rhône Capital

The international investment fund Rhône Capital II L.P. acquired the entire share capital of S.G.M. Distribuzione S.r.l., with control later going to Venice Holdings S.r.l., invested in by the Silvestrini family and management through a minority shareholding.



2007
-
2012

External growth

S.G.M. Distribuzione signed a series of strategic acquisitions from several important players, which led to the chain quadrupling the number of points of sale managed directly, going from 21 in 2006 to 81 in 2013.

2013
-
2014

The new Unieuro

In October 2013, S.G.M. Distribuzione bought from Dixons - an English group active in the consumer electronics sector - 100% of the then UniEuro, a chain of 94 points of sale located throughout Italy and founded in 1967 in Alba, Piedmont. The integration of UniEuro and S.G.M. Distribuzione, led to the new Unieuro, as it is currently known.

An intense path of rationalisation of the business was launched which led to the unification of the headquarters in the sole centre of Forlì and of the centralised logistics hub in Piacenza. In 2014, Unieuro abandoned the consortium Expert Italy S.p.A. Consortile to focus on its own brand, already strong and with a very good recognition at national level.

2015
-
2016

The expansion continues

In 2015, Unieuro entered into a new market segment, travel retail, buying eight stores located in Milan and Rome airports from Dixons Travel S.r.l. The new e-commerce platform was also launched with the complete restyling of the unieuro.it website and the launch of the new app.

2017

The acquisition of Monclick

In February, Unieuro signed an agreement for the acquisition of 100% of Monclick, one of the leading e-commerce operators in Italy active in the market of consumer electronics and B2B2C segment, thereby strengthening its online channel.

Admission to the stock exchange

On 4 April 2017 Unieuro shares made their début on the STAR segment of the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. through a placement aimed at Italian and international institutional investors.

The acquisition of 41 new stores

Through three separate deals, Unieuro pursued its external growth strategy, with the goal of increasing the coverage of the network and taking advantage of the synergies gained from the high degree of centralisation of the business model. The acquisitions regarded 21 Andreoli/Euronics stores in southern Lazio, Abruzzo and Molise, the flagship Edom/Trony store in the Roman shopping centre Euroma2 and 19 Cerioni/Euronics stores throughout Marche and Emilia Romagna.

Dimensional growth

In July, Unieuro announced the acquisition of a business unit from DPS Group S.r.l. in bankruptcy, composed of 8 former Trony stores located in the provinces of Milan, Imperia, Padua, Potenza and Taranto. These included the Milan-based flagship store at Milano San Babila. In October, new selective growth actions took place, including the acquisition of 5 stores from Galimberti/Euronics, thereby strengthening Unieuro in the north-east.

The new Piacenza logistics hub

October saw the opening of the new 104,000 sqm central distribution platform in Piacenza, efficient and automated. It provides a starting point for a comprehensive logistics strategy, intended to bring it even closer to end-users.

2018

2019

Entrance into Mass Merchandisers' segment

In January, Unieuro officially signed a partnership agreement with the Finiper Group, which led to the opening of 21 Unieuro by lper shops-in-shops within "lper, La grande i" hypermarkets. The Company thus extended its market consolidation to include the Mass Merchandisers' segment.

Landing in Sicily

The second largest acquisition in the history of Unieuro regarded 12 Sicilian stores belonging to Pistone S.p.A., one of the most important member of the Expert buying group operating in Italy. The transaction, which was announced in January and finalised in March, marked Unieuro's expansion into Sicily.

Market leadership

Already boasting the most extensive sales network, with the closure of FY 2018/2019 Unieuro also achieved a leadership position in terms of revenues, becoming to all intents and purposes the overall leader in the distribution of consumer electronics and household appliances in Italy.

The transformation to public company

Italian Electronics Holdings, owned by funds managed by the private equity firm Rhône Capital, sold the entire remaining stake of Unieuro's share capital, transforming it into a real public company, with a free-float of more than 85%.

2020

The agreement with CIA-Conad

Unieuro announced a collaborative agreement with CIA-Conad for the opening of five new Unieuro direct stores, throughout Lombardia and Veneto regions, inside 5 former Auchan hypermarkets, in the process of becoming "Spazio Conad" stores. The company thereby strengthened the Mass Merchandisers' segment penetration project.



LIQUIDITY





The high free float is key to the significant trading volumes of the stock on the Stock Exchange. High volumes make prices representative and minimise the risks associated with illiquid investments.



2.2 MILLION EURO

average trading volumes on the Unieuro stock since the exit of the former majority shareholder to 31 May 2020

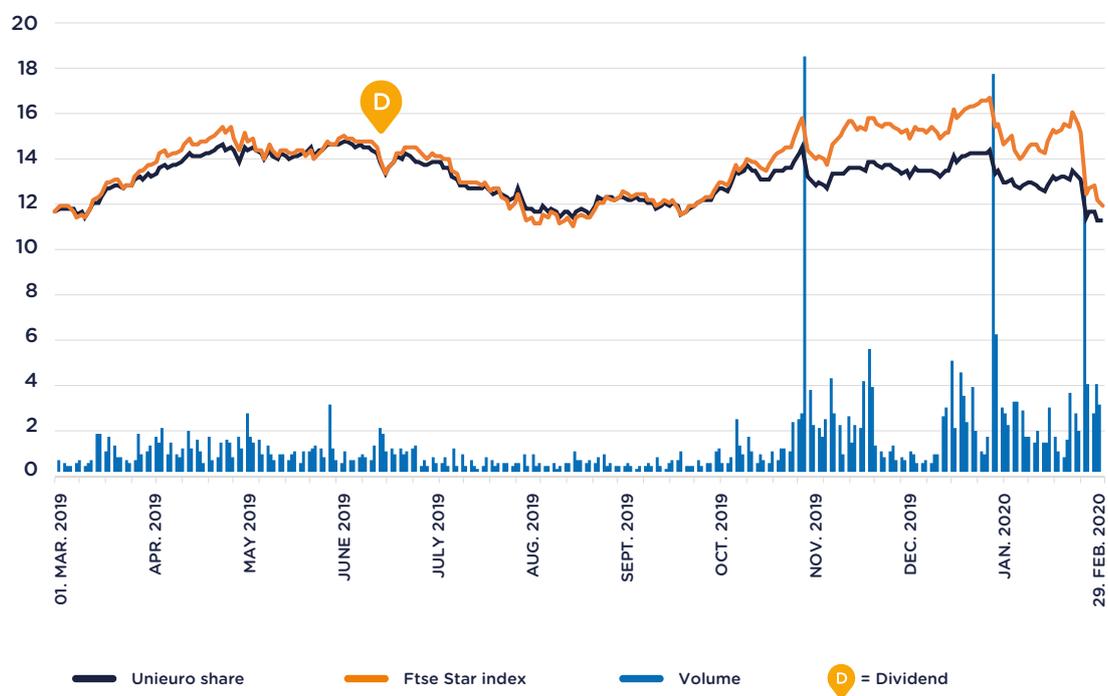
Investor Relations

Main data as at 29 February 2020

Listing:	Italian Stock Exchange, STAR Segment
Ticker:	Borsa Italiana UNIR ; Bloomberg UNIR:IM ; Reuters UNIR.MI
ISIN:	IT0005239881
Share Capital:	Euro 4,000,000
No. of Shares:	20,000,000
Performance since the IPO:	+1.4%
FY 2018/19 dividend:	Euro 1.07 per share
Absolute return since the IPO:	+29.4%
FY 2019/20 average price:	Euro 13.10
FY 2019/20 daily average volumes:	105,333 shares
FY 2019/20 daily average turnover:	Euro 1,393,777
Specialist:	Mediobanca S.p.A.



SHARE PERFORMANCE



OWNERSHIP STRUCTURE

Main shareholders as at 29 February 2020, according to available information, are:

Shareholder



Dixons Carphone plc. (through Alfa S.r.l.) ¹	7.2 %
Amundi Asset Management ¹	5.6 %
Some shareholders linked to Silvestrini family ²	5.6 %
Some top-managers of Unieuro ²	2 %
Free float	85.2 %

¹ Source: Consob

² According to the Shareholders' Register at 1st August 2019.

THE FUTURE OF A PUBLIC COMPANY

Independence,
responsibility,
transparency,
targetability
and liquidity

will increasingly characterize us
in this new and exciting stage
of our history.

Are you ready?

