UNIEURO S.P.A.: STRONG RESULTS OF THE FIRST HALF 2020/21 CONFIRMED

OMNICHANNEL APPROACH AND RAPID RESPONSE TO COPE WITH THE SECOND WAVE OF COVID-19

- **Record half-yearly revenues of 1,079 million Euro (+1.8% compared to the first half of 2019/20), thanks to e-commerce (+91.9%) and Indirect channel (+7.6%)**
- **Economic and financial results steadily growing, including the non-repeatable effects of the actions taken to contain the impact of the epidemic[1]:**
  - **EBIT Adjusted[2] more than tripled to €22.5 million (€6.3 million in the first half of 2019/20)**
  - **Adjusted Net Result[3] of €14.5 million (negative for €1 million in the same period of the previous year)**
  - **Cash flow reversed despite the seasonality: positive net cash flow[4] of 28.5 million Euros compared to the absorption of 22.7 million recorded in the first half of 2019/20**
  - **Net cash[5] of 56.1 million Euros (29.6 million as at 29 February 2020) confirming the company's strengthened soundness**
- **Good performance of revenues in September and October. Limited impact so far from new restrictive measures currently in place that involve the closure on public holidays and pre-holidays of about 50% of direct stores up to December 3**
- **Sustainability Committee established**

Forlì, 12 November 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 Interim Financial Report of the Group at 31 August 2020[6].

Following a first quarter significantly impacted by the spread of the Covid-19 epidemic, the combined effect of the e-commerce boom, the gradual but marked recovery of the other channels in the June-August period, as well as the actions taken by the management[1], enabled Unieuro to close the half-year with a new revenue record, strong growth in profitability and a sounder financial structure than ever before.

In particular, the Company booked revenues up by 1.8% to €1,079 million, Adjusted EBIT[2] more than tripled to €22.5 million and Adjusted Net Result[3] up sharply to €14.5 million,

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compared to a negative €1 million in the first half of last year. While income results were, as always, influenced by the seasonal nature of the business, they also benefited from the non-repeatable actions taken to tackle the epidemic[1].

Similarly, non-repeatable benefits contributed to the positive cash flow[4] dynamics, which reported an true turnaround: although the seasonal nature of the business normally involves the absorption of liquidity in the first half of the year, on 31 August 2020 Unieuro reported a Net Cash position[5] of 56.1 million Euros (from a Net Financial Debt of 49.5 million Euros a year earlier), well above the 29.6 million Euros recorded on 29 February 2020.

> *"The largely positive six-month results approved today capture a profitable and sound Unieuro, a company that is also strategically well-positioned to face the peak season in an emergency context and offer first-class service to a clientele increasingly in need of household appliances and devices for education, business and home entertainment".*
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> *"After the good performance reported in September and October, the second wave of Covid-19 did not catch us unprepared: despite the current forced closure of about 50% of direct stores on public holidays and pre-holidays as well as the possible tightening of restrictions at any time, we are ready to face any scenario by leveraging on our rapid response ability – which has been widely demonstrated – and on our omnichannel strategy, the real response to retail challenges – today more than ever ".*
>
> **Giancarlo Nicosanti Monterastelli**, CEO of Unieuro.

Revenues at 31 August 2020

In the half year in question, Unieuro earned Revenues of €1,079 million, an increase of 1.8% compared to €1,059.5 million in the same period of the previous year.

Thanks to an extremely positive second quarter, in the first six months of the financial year 2020/21 Unieuro reported an unprecedented revenue record: an even more significant performance in light of the impact on the first quarter of Covid-19, which had led to a marked decrease in terms of turnover.

In particular, the June-August quarter featured the double-digit performance of the Retail channel, the most important in terms of revenues and margins, thus recouping more than a third of the channel revenue shortfall in the first quarter. Online growth was once again buoyant, albeit decelerating compared to the first quarter in the wake of business normalization. Finally, the Indirect channel has reached a positive six-month balance compared to the corresponding period 2019/20, thanks to the fortunate competitive and geographical positioning of the affiliate network, which has benefited from the peculiar market conditions.

The evolution of **like-for-like revenues**[7] - i.e. the comparison of sales with those in the same period last year based on the same scope of operations - is widely positive and amounts to +3.9%. Excluding from the scope of analysis sales outlets 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 +6.5%.

Revenues by sales channel

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2020	%	31 August 2019	%	Δ	%
Retail	675.8	62.6%	755.9	71.3%	(80.0)	(10.6%)
Online	215.4	20.0%	112.2	10.6%	103.2	91.9%
Indirect	128.1	11.9%	119.1	11.2%	9.0	7.6%
B2B	50.7	4.7%	53.9	5.1%	(3.2)	(5.9%)
Travel	9.0	0.8%	18.6	1.8%	(9.5)	(51.3%)
Total revenues	1,079.0	100.0%	1,059.5	100.0%	19.5	1.8%

The **Retail channel** (62.6% of total revenues) - consisting of 243 direct stores located in areas deemed commercially strategic and characterized by different sizes in terms of surface area - posted a decline of 10.6%, to € 675.8 million against € 755.9 million recorded on 31 August 2019. In the May-August 2020 period, sales grew significantly compared to the same period in 2019, thanks to both the easing of restrictions and the actions taken by Unieuro to support the customer experience in an omnichannel perspective. These phenomena partially offset the sharp drop recorded during the lockdown, due to the voluntary closure of the network from 14 to 29 March and the dramatic plummeting of traffic due to restrictions on the movement of people and social distancing regulations, which particularly penalised stores located outside city centres, in large shopping malls and in shopping parks.

The **Online channel** (20% of total revenues) posted a growth of 91.9%, pushing revenues to €215.4 million compared to €112.2 million in the same period of the previous year. This downright exceptional performance is the result of both the emergency situation that has arisen - which has led customers to favour e-commerce over physical stores - as well as of the prompt response by Unieuro, which tackled the lockdown by tactically refocusing its

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marketing activities, both mainstream and digital, on the Online channel. Its dual presence on the web, guaranteed by two well-known and distinct brands such as Unieuro and Monclick, has further contributed to the success achieved. Online growth in the second quarter was very sharp, but decelerating compared to the first quarter in the wake of business normalisation.

The **Indirect channel** (11.9% 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 255 stores - reported revenues of 128.1 million Euros, up 7.6% compared to 119.1 million in the same period of the previous year. Although the restrictive measures imposed by the authorities had a negative impact on the turnover and traffic of the affiliated stores too, the distinctive features of these stores - small to medium size and focused on proximity services - resulted in a significant resilience of the business, which has gradually normalized with the start of the so-called "Phase 2" enabling the complete recovery of the revenue shortfall in the first quarter.

The **Business-to-Business channel** (4.7% 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 sales of 50.7 million euros, down 5.9% compared to 53.9 million euros in the same period of the previous year, slightly downward compared to the dynamic of the first quarter. By its very nature, the channel was only marginally affected by the effects of the pandemic.

Lastly, the **Travel channel** (0.8% of total revenues) - made up of 11 directly operated stores located at main public transport hubs such as airports and railway or metro stations - recorded a decrease in revenues to Euro 9.0 million (-51.3%). The performance was inevitably affected by the collapse of air traffic brought about by the pandemic and the total or partial closure of some airports.

Revenues by product category[8]

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2020	%	31 August 2019	%	Δ	%
Grey	532.9	49.4%	502.4	47.4%	30.5	6.1%
White	307.3	28.5%	306.3	28.9%	1.1	0.4%
Brown	141.9	13.1%	158.4	14.9%	(16.5)	(10.4%)
Other products	49.7	4.6%	44.2	4.2%	5.4	12.2%
Services	47.3	4.4%	48.2	4.6%	(1.0)	(2.0%)
Total revenues	1,079.0	100.0%	1,059.5	100.0%	19.5	1.8%

The **category of Grey Goods** (49.4% of total revenues) **-** i.e. phones, tablets, information technology, accessories for phones, cameras and all wearable technology products – reported revenues of 532.9 million euros, up 6.1% compared to 502.4 million euros in the same period of the previous year thanks to the ongoing positive purchasing trends related to remote working, e-learning and communication, emphasized by the emergency context experienced during the period.

The **category of White Goods** (28.5% of total revenues) - comprising major domestic 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 sales of 307.3 million Euros, up 0.4% compared to 306.3 million in the same period of the previous year. In the second quarter this category grew double-digit thanks to the positive results of home care products.

The **category of Brown goods** (13.1% 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 €141.9 million, down 10.4% compared to the €158.4 million of the same period of the previous year. The performance in the second quarter, although improving, did not fully offset the weakness reported in the first part of the year also due to the cancellation of sporting events as a result of Covid.

The category of **Other products** (4.6% 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 – recorded consolidated revenues up 12.2% to €49.7 million. The entertainment segment, including consoles and video games, drove sales in a phase characterised by the search for maximum home comfort. The turnover generated by electric mobility products was buoyant too, in light of the incentives and the enforcement of social distancing rules.

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The **Services** category (4.4% of total revenues) displayed a decrease of 2% to 47.3 million Euros: the positive trend of the second quarter did not fully offset the headwinds recorded in the first three months of the year.

Operating profitability

(in millions and as a percentage of recenues)	Period ended						Changes	
	31 August 2020			31 August 2019				
	Adjusted amounts	%	*Adj.*	Adjusted amounts	%	*Adj.*	Δ	%
Revenues	1,079.0			1,059.5			19.5	1.8%
Sales revenues	1,079.0			1,059.5			19.5	1.8%
Purchase of goods and Change in inventories	(848.5)	(78.6%)	0.0	(826.2)	(78.0 %)	0.0	(22. 3)	2.7%
Marketing costs	(19.1)	(1.8%)	0.2	(25.8)	(2.4%)	1.3	6.7	(25.9%)
Logistics costs	(37.7)	(3.5%)	0.1	(30.7)	(2.9%)	0.9	(7.0)	22.9%
Other costs	(28.1)	(2.6%)	3.0	(36.9)	(3.5%)	1.7	8.8	(23.8%)
Personnel costs	(75.3)	(7.0%)	0.2	(90.4)	(8.5%)	0.7	15.0	(16.6%)
Other operating income and costs	(3.5)	(0.3%)	0.0	(2.8)	(0.3%)	(0.1)	(0.7)	24.3%
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	1.7	0.2%	1.7	3.9	0.4%	3.9	(2.3)	(57.5%)
Adjusted EBITDA	68.5	6.3%	5.1	50.7	4.8%	8.6	17.7	34.9%
Amortisation, depreciation and write-downs of fixed assets	(46.0)	(4.3%)	-	(44.4)	(4.2%)	0.3	(1.6)	3.5%
Adjusted EBIT[2]	22.5	2.1%	5.1	6.3	0.6%	8.9	16.2	256.0%

In the seasonally weaker half of the year, which this year was further burdened by the impact of Covid-19, Unieuro's **Adjusted EBIT**[2] more than tripled to €22.5 million compared to €6.3 million in the same period of the previous year. The ratio to revenues reached 2.1%.

The actions taken by management, together with the growth in sales volumes, allowed for a sharp recovery in margins in the second quarter, which largely compensated the impact of the epidemic recorded in the first quarter.

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This sizeable improvement was also due to non-repeatable actions on the cost base that followed the evolution of revenues in the first quarter. These interventions largely offset the gross margin trend - which improved, however - and the increase in logistics costs (up €7 million), both influenced by a channel and product mix unfavourably impacted by the emergency context.

More specifically, **personnel costs** fell by €15 million, mainly due to the use of the furlough scheme (*Cassa Integrazione Guadagni in Deroga*), for a total of around €8 million, the obligation to use up all the allocated leave and holidays, the non-renewal of expired temporary contracts, and the voluntary reduction of management compensation. As a result, the ratio to revenues moved from 8.5% in the first half of 2019/20 to the current 7%.

Other costs dropped by €8.8 million compared to the same period of the previous year, benefiting from the renegotiation of rents (€8.6 million), and the reduction in operating costs arising from utilities and store maintenance. Despite the increase in payment fees linked to the e-commerce boom, the incidence of this item has dropped from 3.5% to 2.6%.

Marketing costs, which fell from 2.4% to 1.8% of revenues, benefited from the decision to temporarily focus communication efforts on the digital flyer, which is less expensive than the traditional paper flyer that involves production and distribution costs.

Depreciation, amortisation and impairment losses on fixed assets amounted to €46 million, substantially in line with the €44.4 million in the period ended 31 August 2019 despite the write-down of some tangible assets following the decision to relocate the Forlì headquarters.

Adjusted Net Income[3]

(In millions and as a percentage of revenues)	Period ended						Changes	
	31 August 2020			31 August 2019				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Adjusted EBIT[2]	22.5	2.1%	7.7	6.3	0.6%	8.9	16.2	256.0%
Financial income and expenses	(6.8)	(0.6%)	0.0	(6.6)	(0.6%)	0.0	(0.2)	3.6%
Income taxes	(1.2)	(0.1%)	(0.7)	(0.7)	(0.1%)	(0.8)	(0.4)	58.2%
Adjusted Profit/Loss for the period[3]	14.5	1.3%	7.0	(1.0)	(0.1%)	8.1	15.5	1585.4%

The half-year **Adjusted net result**[3] reported a sharp increase, rising to €14.5 million from the loss of €1 million in the same period of the previous year, brought about by ordinary seasonal factors.

The increase, which drove the incidence of adjusted Net Result[3] on revenues to 1.3%, was entirely ascribable to the trend of Adjusted EBIT[2], which was only partially affected by the increase in net financial expenses and income taxes.

Investments

Investments in the first half of the year amounted to €6.5 million, entirely related to ordinary capex, compared to 30.5 million in the same period of last year, which included the purchase for €17.4 million[9] of Carini Retail S.r.l. and the extraordinary capex required to integrate the 12 Sicilian store belonging to it into the Unieuro network (€3.8 million).

The capex dynamics were affected by the general slowdown in investments – especially in the first quarter – whose aim was to limit disbursements in the face of the ongoing emergency. The €6.5 million represent capitalized costs for the development of the direct store network (incurred starting from the second quarter), as well as costs to purchase new hardware, software, licenses and application developments with a view to improving the technological infrastructure.

Net financial position[5]

Although the seasonal nature of the business normally involves significant cash absorption during the first half of the year, Unieuro reported a positive **Net Cash**[5] **p**positionof €56.1 million as at 31 August 2020, a marked improvement from the €29.6 million as at 29 February 2020.

This figure is even more significant when compared to 31 August 2019, when the Company recorded a Net Financial Debt[5] of €49.5 million.

Most of the positive impact came from the **Adjusted Free Cash Flow**[4], the indicator that the Company considers most appropriate to measure cash flow generation, as it does not take into account non-recurring cash-ins and cash-outs. This indicator generated €28.5 million in the first half of the year compared to €22.7 million in the same period of 2019/20.

Despite the seasonality, the indicator's performance was helped by the good trend in operating profitability, as well as by the non-recurring actions taken by the management to deal with the epidemic, including lower outlays for rents and structural improvements in inventory management.

Finally, the Net Financial Position[5] benefited from the non-payment of the dividend as an exception to the dividend policy currently in force; this decision too was made to preserve and strengthen the company's soundness in the current difficult context.

Update on the Covid-19 emergency and foreseeable evolution of management

Following a relatively quiet summer, starting from October the epidemiological context in Italy has rapidly worsened. The sudden increase in Covid-19 cases has mainly affected some regions, including Lombardy and Piedmont, which have been forced to adopt restrictive measures including the closure of shopping malls at weekends. The further worsening of the situation led the Government, on 4 November, to issue a decree that imposed new restrictions on commercial activities and the free movement of people, in force from 6 November to 3 December 2020.

With regard to the retail distribution of consumer electronics and household appliances, which is considered an essential activity, the decree provides for the closure of all points of sale inside shopping malls throughout the country but limited to holidays and pre-holidays.

For Unieuro, the measures currently in place have led to the following situation:

- Retail channel: on weekdays, direct stores are fully operational and performing well. On weekends and public holidays and pre-holidays, around half of them will be closed until 3 December, in compliance with the government decree;
- Online Channel: the digital platform unieuro.it and the website monclick.it continue to report a high volume of orders, accelerating further following the introduction of the new restrictions;
- Indirect Channel: thanks to their favourable location in city centres, the affiliated stores are not particularly affected by the restrictions in force and the vast majority of them continue to operate regularly, outperforming the market;
- B2B Channel: the business continues on a regular basis, as it is not particularly affected by the healthcare dynamics in place;
- Travel Channel: the stores located inside airports are by far the most affected by the emergency, suffering from the collapse in air traffic that began with the spread of the virus and is still ongoing.

With the start of the peak season, represented first by Black Friday and then by the Christmas holidays, Unieuro's management maintains a very cautious approach, in light of the potential negative impact of the new lockdowns in the most commercially important period of the year.

However, it is believed that this impact could be at least partially offset by factors such as:

- continued consumer interest in the products marketed by Unieuro, which enable remote work and education, communication between people and home well-being;
- the manifold sales channels through which the Company operates, which makes it possible to offset the impact of lockdowns on some of them;
- the omnichannel services – such as CIAOfila, aTUperTU, AUTOritiro and CLICCA&ritira – launched by Unieuro during the summer with the aim of making the in-store purchasing process safer and faster at this challenging time.

Significant events during the period

Temporary closure of the sales network

On 14 March, following the worsening of the health situation and the extension of the restrictive measures to the entire national territory, Unieuro closed the entire network of direct stores to the public in order to protect the health of customers and collaborators, although not there were regulatory obligations in this regard. On 30 March, as part of a new package of measures to contain the effects of the health emergency, the Company started reopening a variable but significant number of direct sales points, in order to guarantee customers the most urgent or necessity purchases.

Insurance coverage

On 20 March, Unieuro took out insurance coverage in the event of contagion from Coronavirus for all 5,000 employees of the group, which provided for an indemnity in case of hospitalisation caused by Covid-19 infection, a convalescence indemnity and a package for post-hospitalisation assistance to manage health recovery.

The use of social safety nets

On 30 March, in light of the limited company operations and in order to contain the economic and financial impact of the crisis, Unieuro announced the application of the exceptional redundancy payments (CIGD), in the terms indicated by the Cura Italia Decree, to almost all employees. As a gesture of solidarity with the corporate population, the CEO has announced the full and voluntary renunciation of his salary for April and May. Similarly, the entire company management has decided to cut its salary.

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The donation of smartphones to hospitals and nursing homes
On 2 April, Unieuro announced its intention to donate over 2,000 smartphones for the benefit of the patients and people affected by the Covid-19 epidemic, unable to maintain contact with their loved ones. The initiative testified to the concrete commitment of Unieuro to supporting the community in a time of serious national emergency.

The Shareholders' Meeting
On 12 June, the Shareholders' Meeting of Unieuro, which met in ordinary and extraordinary session, in single call: approved the financial statements as at 29 February 2020; resolved to allocate the profit for the year to the extraordinary reserve, and therefore, not to distribute dividends for the 2019/20 financial year; approved the first section of the Remuneration Report and cast a favourable vote on the second; confirmed the three directors previously co-opted by the Board of Directors, including the Chairman Stefano Meloni; amended the Articles of Association in order to implement the new gender balance legislation in the composition of the administration and control bodies.

Relaunch of the network expansion
On 11 June, the inauguration of the new store in Milan Portello symbolically marked the restart of the expansion plan of the Unieuro network, after having passed the acute phase of the Covid emergency.

The new omnichannel services
In response to the new customer safety requirements dictated by the post-Covid context, on 19 June, Unieuro launched a vast and innovative omnichannel project aimed at rethinking the customer experience, with the aim of supporting drive-to-store exploiting the engagement opportunities generated by the e-commerce channel. The first phase of the project involved the release of two service formulas, "aTUperTU" and "CIAOfila", designed to rationalise customer flows in stores. The project was subsequently enhanced through the launch of "AUTOritiro", a new service designed to allow customers to pick up their online purchases at the point of sale, without getting out of their vehicle.

The incorporation of Carini Retail
On 5 August, the deed pursuant to which the subsidiary Carini Retail S.r.l. was merged into the parent company Unieuro S.p.A. was signed. The statutory effects of the merger take effect on 1 September 2020, while the accounting and tax effects take effect on the first day of the financial year.

Significant events following the closure of the period

The partnership with UniCredit

On 16 September, Unieuro and UniCredit announced the launch of a partnership aimed at strengthening the bank's corporate welfare programme, to the benefit of its more than 38,000 Italian employees. Unieuro is thus able to access a valuable clientele, generating traffic in stores and strengthening the important B2B2C channel, managed through Monclick.

The refund of the flu vaccine
On 21 September, Unieuro announced the decision to reimburse the cost of the flu vaccine to all employees who voluntarily decide to use it, this being a further concrete expression of the company's concern for the health of its employees while the Covid-19 pandemic is ongoing.

The internalisation of all "Unieuro by Iper" stores
On 2 October, Unieuro announced the changeover to direct management of 16 "Unieuro by Iper" shop-in-shops located in "Iper, La grande i" hypermarkets, previously managed by the Finiper Group under the affiliate regime. The transaction resulted in all 21 Unieuro by Iper points of sale becoming an integral part of Unieuro 's direct network, which has now exceeded 270 points of sale.

The new headquarters
On 14 October, Unieuro signed a convenient (both from an operating and economic point of view) multi-year lease agreement with UnipolSai Assicurazioni S.p.A. for Palazzo Hercolani, an important building located in the historic centre of Forlì, where the Group will move its headquarters during 2021.

The Unieuro brand lands in the city of Naples
On 19 October, Unieuro and the Partenope Group signed a multi-year partnership whereby the five Partenope Group stores, previously operating under the banner of a competing purchasing group, joined Unieuro's indirect network, adopting its brand and format in view of the start of the 2020 peak season. The agreement allowed the Unieuro brand to land with force in the city of Naples, where it was under-represented.

The proposed Performance Share Plan 2020-2025
The Unieuro Board of Directors, meeting on 27 October, examined and approved the guidelines and essential terms of the new incentive plan called “Performance Share Plan 2020-2025” to be submitted to the approval of the Shareholders' Meeting called for 17 December 2020. At the same meeting, the proposal for the power to increase the share capital to service the Plan and the proposal for authorisation to purchase and dispose of treasury shares, also at the service of the same Plan, will also be submitted.

The expiry of the Liquidity Provider contract

On 28 October, Unieuro announced the expiry and the decision not to renew the Liquidity Provider contract conferred on Intermonte SIM on 29 October 2019 in relation to its ordinary shares. The decision was taken in the light of the expansion of the free float and the consequent sharp increase in trading volumes on the stock.

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Other resolutions of the Board of Directors

Establishment of the Sustainability Committee

In light of the growing importance of social and environmental aspects in the corporate governance systems of listed companies, the Board of Directors approved the establishment within the Board of a Sustainability Committee, with proposing and consultative functions advice in favor of the Board of Directors on sustainability issues, assessing the processes, initiatives and activities aimed at overseeing Unieuro's commitment in creating long-term value for the benefit of all its stakeholders.

The Board of Directors also appointed the following directors – all independent pursuant to the Corporate Governance Code – as members of the Sustainability Committee: Catia Cesari (Presidente), Michele Bugliesi and Paola Elisabetta Galbiati.

Approved the Remuneration Policy proposal

Further to what already communicated on 27 October 2020, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, approved the proposals for integration and amendment to the Remuneration Policy referred to in the first section of the Report on the Remuneration Policy and the remuneration paid approved by the Shareholders' Meeting of the Company on 12 June 2020.

In particular, the proposals for integration and amendment to the Remuneration Policy are aimed at (i) including the incentive plan called "2020-2025 Performance Shares Plan" - on which the upcoming Shareholders' Meeting is also called to resolve upon - among the variable components of the remuneration of Executive Directors and Executives with Strategic Responsibilities of the Company; (ii) consequently redefining the pay-mix of the relevant remuneration package; and (iii) acknowledging the establishment of the Sustainability Committee and the remuneration of its members.

The Report on the Remuneration Policy and remuneration paid, inclusive of the integrated and amended Remuneration Policy as illustrated above, will be made available to the public, within the terms provided for by law, at the registered office of Unieuro S.p.A. in Via Giovanni

Schiaparelli 31, 47122 Forlì, on the Company's website at "Unieurospa.com / Corporate Governance / Shareholders' Meetings / Shareholders' Meeting December 2020" and at the storage mechanism "eMarket STORAGE", available at www.emarketstorage.com.

* * *

Conference call

Unieuro informs that at 06:00 pm (CET) today, 12 November 2020, a conference call will be held by the Management to present the Company's financial and economic results for the half year ended 31 August 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.
Corporate website: www.unieurospa.com
LinkedIn: www.linkedin.com/company/unieuro

Contacts:

Investor Relations

Andrea Moretti
Investor Relations & Corporate Communications Director

+39 335 5301205
amoretti@unieuro.com

investor.relations@unieuro.com

Corporate Media Relations

iCorporate
Arturo Salerni
+39 335 1222631

Sonia Hason
+39 331 8394343

unieuro@icorporate.it

All data contained in this press release are consolidated data. The scope of consolidation includes the Parent Company Unieuro S.p.A., the wholly-owned subsidiary Monclick S.r.l. (consolidated from 1 June 2017) and the wholly-owned subsidiary Carini Retail S.r.l. (consolidated from 1 March 2019 and finally merged into Unieuro S.p.A., effective as from 1 September 2020).

Economic and financial figures reflect the adoption of IFRS 16 accounting principle, which came into force on 1st January 2019. Unieuro presents and comments on such measures, unless otherwise indicated.

Summary tables:

Income statement

(in millions of Euro)

	H1 20/21				H1 19/20				% change
	Adjusted	%	Reported	%	Adjusted	%	Reported	%	(Adjusted)
Sales	**1.079,0**	**100,0%**	**1.079,0**	**100,0%**	**1.059,5**	**100,0%**	**1.059,5**	**100,0%**	**1,8%**
Purchase of goods - Change in Inventory	(846,8)	(78,5%)	(848,5)	(78,6%)	(822,2)	(77,6%)	(826,2)	(78,0%)	3,0%
Gross profit	**232,2**	**21,5%**	**230,6**	**21,4%**	**237,3**	**22,4%**	**233,4**	**22,0%**	**(2,1%)**
Personnel costs	(75,3)	(7,0%)	(75,5)	(7,0%)	(90,4)	(8,5%)	(91,1)	(8,6%)	(16,6%)
Logistic costs	(37,7)	(3,5%)	(37,8)	(3,5%)	(30,7)	(2,9%)	(31,6)	(3,0%)	22,9%
Marketing costs	(19,1)	(1,8%)	(19,3)	(1,8%)	(25,8)	(2,4%)	(27,1)	(2,6%)	(25,9%)
Other costs	(28,1)	(2,6%)	(33,6)	(3,1%)	(36,9)	(3,5%)	(38,6)	(3,6%)	(23,8%)
Other operating costs and income	(3,5)	(0,3%)	(3,5)	(0,3%)	(2,8)	(0,3%)	(2,8)	(0,3%)	24,3%
EBITDA	**68,5**	**6,3%**	**60,8**	**5,6%**	**50,7**	**4,8%**	**42,2**	**4,0%**	**34,9%**
D&A	(46,0)	(4,3%)	(46,0)	(4,3%)	(44,4)	(4,2%)	(44,7)	(4,2%)	3,5%
EBIT	**22,5**	**2,1%**	**14,8**	**1,4%**	**6,3**	**0,6%**	**(2,6)**	**(0,2%)**	**256,0%**
Financial Income - Expenses	(6,8)	(0,6%)	(6,8)	(0,6%)	(6,6)	(0,6%)	(6,6)	(0,6%)	3,6%
Adjusted Profit before Tax	**15,7**	**1,5%**	**8,0**	**0,7%**	**(0,2)**	**(0,0%)**	**(9,1)**	**(0,9%)**	**(6725,3%)**
Taxes	(1,2)	(0,1%)	(0,5)	(0,0%)	(0,7)	(0,1%)	0,0	0,0%	58,2%
Net Income	**14,5**	**1,3%**	**7,5**	**0,7%**	**(1,0)**	**(0,1%)**	**(9,1)**	**(0,9%)**	**(1585,4%)**

Balance sheet
(in millions of Euro)

	31 Aug. 2020	29 Feb. 2020
Trade Receivables	77,6	51,3
Inventory	332,2	369,8
Trade Payables	(466,8)	(479,6)
Trade Working Capital	**(57,0)**	**(58,5)**
Current Tax Assets	(1,7)	(1,4)
Current Assets	17,5	24,5
Current Liabilities	(222,8)	(222,0)
Short Term Provisions	(1,3)	(1,2)
Net Working Capital	**(265,4)**	**(258,7)**
Tangible and Intangible Assets	103,6	111,9
Right of Use	457,3	478,3
Net Deferred Tax Assets and Liabilities	37,2	35,2
Goodwill	195,2	195,2
Other Long Term Assets and Liabilities	(23,3)	(17,7)
TOTAL INVESTED CAPITAL	**504,6**	**544,2**
Net Financial Debt	56,1	29,6
Lease liabilities	(456,6)	(477,6)
Net Financial Debt (IFRS 16)	**(400,5)**	**(448,0)**
Equity	**(104,2)**	**(96,2)**
TOTAL SOURCES	**(504,6)**	**(544,2)**

Cashflow statement
(in millions of Euro):

	H1 20/21	H1 19/20	% change
Reported EBITDA	**60,8**	**42,2**	**44,2%**
Taxes Paid	(0,9)	-	na
Interests Paid	(6,1)	(6,3)	(2,8%)
Change in NWC	13,7	(23,1)	(159,3%)
Change in Other Assets and Liabilities	0,2	0,3	(31,7%)
Reported Operating Cash Flow	**67,7**	**13,0**	**420,0%**
Purchase of Tangible Assets	(3,5)	(9,7)	(64,1%)
Purchase of Intangible Assets	(3,0)	(3,3)	(10,9%)
Change in capex payables	(6,5)	(0,8)	710,5%
Acquisitions	(8,3)	(11,0)	(24,6%)
Free Cash Flow	46,4	(11,9)	(490,9%)
Cash effect of adjustments	0,3	4,1	(92,3%)
Non recurring investments	8,3	14,5	(42,4%)
Other non recurring cash flows	1,1	(1,5)	(170,6%)
Adjusted Free Cash Flow (IFRS 16)	**56,1**	**5,2**	**982,1%**
Lease Repayment	(27,7)	(27,9)	(0,6%)
Adjusted Free Cash Flow	**28,5**	**(22,7)**	**(225,5%)**
Cash effect of adjustments	(1,4)	(2,6)	(46,8%)
Acquisition Debt	-	(22,7)	(100,0%)
Dividends	-	(21,4)	(100,0%)
Other Changes	(0,5)	(0,6)	(9,8%)
Δ Net Financial Position	**26,5**	**(69,9)**	**(137,9%)**

[1] See Unieuro's press releases issued on 13th March, 18th March, 30th March, 14th April and 6th May 2020

[2] **Adjusted EBIT** is EBIT adjusted for: (i) non-recurring expenses/(income), (ii) depreciation, amortisation and non-recurring writedowns, 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] **Adjusted Net Income** is calculated as Net Income adjusted for (i) the adjustments incorporated in the Consolidated Adjusted EBIT, (ii) the adjustments of the non-recurring financial expenses/(income) and (iii) the theoretical tax impact of these adjustments.

[4] Cash flow is measured by the **Adjusted Free Cash Flow**, defined as the consolidated cash flow generated/absorbed by operating and investing activities including financial expenses, pre-adoption of IFRS 16. Adjusted Free Cash Flow is adjusted for non-recurring operating and investment cash flows, and includes adjustments for non-recurring charges (income), their non-monetary component and the related tax impact.

[5] **Net debt (cash)**, or **Net financial position**, is financial debt – not including Lease liabilities (IFRS 16) – net of cash and cash equivalents.

[6] As of 1 March 2020, in line with practices that were gradually established among retailers listed on international markets, the Company will comment only on the economic figures after the application of the IFRS 16 accounting standard, focusing on Adjusted EBIT and Adjusted Net Profit. On the other hand, net debt and cash flow will still not include the notional component linked to the application of IFRS 16.

[7] **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.

[8] 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.

[9] Net of Identified Liabilities amounting to 1.9 €m.