INTERIM DIRECTORS' REPORT AS AT 30 NOVEMBER 2021

1. Introduction

The Unieuro Group (hereinafter also the "Group" or "Unieuro Group") is formed by the companies Unieuro S.p.A. and Monclick S.r.l., consolidated since 1 June 2017.

The company Unieuro S.p.A. (hereinafter also the "Company" or "Unieuro" or "UE") is a company incorporated under Italian law based in Forlì at Via Piero Maroncelli 10, founded in the late 1930s by Vittorio Silvestrini. Unieuro is now the leading company in the distribution of consumer electronics and appliances in Italy and it operates as an integrated omnichannel distributor in four major product segments: Grey (telephone systems, computers and photos), White (large and small appliances), Brown (consumer electronics and media storage), Other Products (consoles, video games, bicycles) and offering parallel ancillary services such as delivery and installation, extended warranties and consumer financing.

The company Monclick S.r.l. (hereinafter also known as “Monclick” or “MK”) wholly-owned by Unieuro, is a company under Italian law with its registered office in Milano at Via Marghera 28, which sells online I.T., electronic, telephone products and appliances in Italy through its website www.monclick.it, offering a catalogue with over 70,000 items and guaranteeing a comprehensive purchasing experience completed through the home delivery and installation of the chosen product. It also operates in the segment known as B2B2C, where the customers are operators which need to purchase electronic products to distribute to their regular customers or employees to accumulate points or participate in competitions or incentive plans.

The Group's mission is to accompany customers in all phases of their shopping experience, placing them at the centre of an integrated ecosystem of products and services with a strategic approach focusing on accessibility, a local presence and nearness.

Since April 2017, Unieuro shares have been listed on the STAR segment of the Milan stock exchange and the Company is in all respects a public company. In April 2021, the telecommunications operator Iliad S.A. announced the purchase of a stake equal to approximately 12% of the share capital of Unieuro. Based on the information available[1], the other major shareholders of Unieuro are the asset management company Amundi Asset Management (6.4% of the capital), Mediolanum Gestione Fondi Sgr (4.3%), Mr Giuseppe Silvestrini (4.2%) and J.P. Morgan Asset Management (3.5%).

[1] Sources: minutes of the Ordinary Shareholders’ Meeting dated 15 June 2021.

2. Procedural note

The Interim Report on Operations herein contains information relating to consolidated revenues, consolidated profitability, cash flows and the statement on the economic and financial position of the Unieuro Group as at 30 November 2021, compared with the figures as at 30 November 2020, for the economic results and the cash flows and with the figures of the latest financial statements approved as at 28 February 2021 for the economic and financial statement.

On 20 December 2021, the Unieuro Board of Directors approved an amendment to the communication policy for periodic financial information on a quarterly basis. In this regard, as of the same date, the impact of direct taxes for the period was excluded from the calculation of the economic and financial figures presented in interim reports on operations, relating to the first quarter and the first nine months of the financial year. The decision was made in the light of the need to fully consider any effects of the Budget Laws on the Company's accounts, considering the timing of their approval with respect to the approval date of Unieuro's nine-month results (January of each year).

Unless otherwise indicated, all amounts are stated in millions of Euro. Amounts and percentages were calculated on amounts in thousands of Euro and, thus, any differences found in certain tables are due to rounding.

This Interim Report on Operations was prepared in accordance with Article 82-ter of the Issuers' Regulation adopted through resolution 11971 of 14 May 1999, introduced based on the provisions of Article 154-ter, paragraphs 5 and 6 of the Consolidated Finance Act ("TUF"). Therefore, the provisions of the international accounting standard relating to interim financial reporting (IAS 34 "Interim Financial Reporting") were not adopted.

The publication of the Interim Directors' Report as at 30 November 2021 is regulated by the provisions of the Stock Exchange Regulations, specifically Article 2.2.3, paragraph 3 of the Stock Exchange Regulations.

The accounting standards used by the Group are the International Financial Reporting Standards ("IFRS") adopted by the European Union and in accordance with Legislative Decree 38/2005, as well as other CONSOB provisions concerning financial statements. The accounting criteria and the consolidation principles adopted are consistent with those used in the Group's Consolidated Financial Statements as at 28 February 2021, to which reference is made.

On 28 May 2020, the IASB issued amendments to IFRS 16 "*Leases – Covid-19-Related Rent Concessions*", introducing a practical expedient in the chapter "Changes to Leases" which allows lessees not to consider any concessions related to the effects of Covid-19 as concessions on lease payments received from 1 January 2020 that amend the original contract. On the basis of these changes, these concessions can be accounted for as positive variable rents without requiring a contractual change. On 31 March 2021, the IASB published the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, which extends by one year the period of application of the amendment to IFRS 16, issued in 2020 and relating to the accounting of the concessions granted by lessors due to Covid-19. The amendment was approved in August 2021 and published in the Official Journal of the European Union.

3. Key financial performance Indicators

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

The APIs reported (Consolidated Adjusted EBIT, Consolidated Adjusted EBIT Margin, Consolidated Adjusted Pre-tax Profit (Loss), Net Working Capital, Consolidated Adjusted Free Cash Flow and (Net financial debt) / Net cash - Pursuant to IAS 17) have not been identified as IFRS accounting measures and, thus, as noted above, they shall not be considered as alternative measures to those provided in the Group's Consolidated Financial Statement to assess their operating performance and related financial position.

Certain indicators are referred to as "Adjusted", to represent the Group's management and financial performance, net of non-recurring events, non-characteristic events and events related to extraordinary transactions, as identified by the Group. The Adjusted indicators shown consist of: Consolidated Adjusted EBIT, Consolidated Adjusted EBIT Margin, Consolidated Adjusted Pre-tax Profit (Loss) and Consolidated Adjusted Free Cash Flow and (Net financial debt) / Net cash – Pursuant to IAS 17. These indicators reflect the main operating and financial measures adjusted for non-recurring income and expenses that are not strictly related to the core business and operations and for the effect from the change in the business model for extended warranty services (as more fully described below in the API "Consolidated Adjusted EBIT") and, thus, they make it possible to analyse the Group's performance in a more standardized manner in the periods reported in the Interim Directors' Report.

Key financial performance indicators[2]

(in millions of Euro)	Period ended	
	30 November 2021	30 November 2020
Operating indicators		
Consolidated revenues	2,154.3	1,889.8
Consolidated Adjusted EBIT[3]	56.5	63.6
Consolidated Adjusted EBIT margin[4]	2.6%	3.4%
Consolidated Adjusted Pre-tax Profit (Loss)[5]	46.9	53.5
Pre-tax Profit (Loss)	35.8	43.4
Cash flows		
Consolidated Adjusted Free Cash Flow[6]	73.9	125.7
Investments for the period	(45.8)	(33.1)

(in millions of Euro)	Period ended	
	30 November 2021	28 February 2021
Indicators from statement of financial position		
Net working capital	(361.6)	(314.3)
(Net financial debt) / Net cash – Pursuant to IAS 17[7]	170.0	154.8
(Net financial debt) / Net cash	(272.1)	(297.0)

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

[3] Consolidated Adjusted EBIT is Consolidated EBIT adjusted for (i) non-recurring expenses/(income), (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, and (iii) non-recurring amortisation/depreciation. See section 4.2 for additional details.

[4] The Consolidated Adjusted EBIT Margin is the ratio of Consolidated Adjusted EBIT to revenues.

[5] The Consolidated Adjusted Pre-tax Profit (Loss) is calculated as the Consolidated Pre-tax Profit (Loss) adjusted by (i) the adjustments incorporated in the Consolidated Adjusted EBITDA; (ii) the adjustments of the non-recurring depreciation, amortisation and write-downs; and (iii) the adjustments of the non-recurring financial expenses/(income).

[6] Consolidated Adjusted Free Cash Flow is the consolidated cash flow generated/absorbed by operating and investing activities, including financial expenses, prior to the adoption of IFRS 16. The Consolidated 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 effects. See section 4.5 for additional details.

[7] The (Net financial debt) / Net cash - Pursuant to IAS 17, indicates the consolidated (Net financial debt) / Net cash without incorporating the effects related to the application of IFRS 16. See section 6 for additional details.

(in millions of Euro)	Period ended	
	30 November 2021	28 February 2021
Operating indicators for the year		
Like-for-like growth[8]	12.0%	8.7%
Direct points of sale (number)	282	273
of which *Pick Up Points*[9]	273	264
Affiliated points of sale (number)	257	254
of which Pick Up Points	203	123
Total area of direct points of sale (in square metres)	approximately 403,000	approximately 388,000
Sales density[10] (Euro per square metre)	5,570	4,861
Full-time-equivalent employees[11] (number)	5,014	4,679
Net Promoter Score[12]	48.8	46.3

8 Like-for-like revenue growth: the methods for comparing sales for the three-month period ended 30 November 2021 with those for the three-month period ended 30 November 2020, based on a standard scope of operations, for retail and travel stores operating for at least an entire financial year from the closing date of the reference period, excluding sales outlets affected by significant business operation discontinuity (e.g. temporary closures and major refurbishments), as well as the entire online channel.

9 Physical pick-up points for customer orders using the online channel.

10 This indicator is obtained from the ratio of annual sales generated by direct points of sale to the total area devoted to sales in all direct points of sale.

11 Average annual number of full-time-equivalent employees.

12 The Net Promoter Score (NPS) measures customer experience and predicts business growth. It can range from -100 (if each customer is a Detractor) to 100 (if each customer is a Promoter).

4. Group operating and financial results

4.1 Consolidated revenues

In the nine months ending 30 November 2021, Unieuro achieved revenue growth of 14% compared with the same period last year, amounting to €2,154.3 million (+€264.4 million).

Performance was extremely positive given that it was achieved in a context of a gradual return to normal post-Covid, and in the absence of significant changes to the corporate scope, to the extent that the development of like-for-like revenues[13] – or the comparison of sales with those of the previous year based on a standard scope of operations –stood at +12.0%.

In particular, revenues in the all-important month of November were driven by the success of the promotional campaign, renamed this year as "Manà Manà Black Friday", which ran from 1 November to 2 December. This was substantially in line with the length of time of the "Change Black Friday" campaign in 2020 (3 November to 3 December). Despite the fact that turnover in 2020 benefited from the favourable consumption trends triggered by the pandemic, Unieuro managed to record November figures showing even higher growth thanks to its business competitiveness and the effectiveness of the omnichannel marketing that characterises it.

Compared with the actual figures as at 30 November 2019, which were the last before the epidemic would change the market scenario, the increase in revenues is even more significant, and comes to 22.4% (+€394.8 million).

4.1.1 Consolidated revenues by channel

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2021	%	30 November 2020	%	Δ	%
Retail	1,464.8	68.0%	1,194.7	63.2%	270.1	22.6%
Online	364.7	16.9%	367.4	19.4%	(2.7)	(0.7%)
Indirect	225.9	10.5%	220.2	11.7%	5.7	2.6%
B2B	76.9	3.6%	91.1	4.8%	(14.2)	(15.6%)
Travel	22.0	1.0%	16.4	0.9%	5.6	34.2%
Total consolidated revenues by channel	2,154.3	100.0%	1,889.8	100.0%	264.4	14.0%

The Retail channel (68.0% of total revenues) – which as at 30 November 2021 included 271 direct points of sale – recorded sales of €1,464.8 million, up +22.6% on the €1,194.7 million recorded in the corresponding period of 2020/21. This double-digit performance characterised the Direct channel, the most significant in terms of revenues and margins, and was confirmed throughout the nine months of 2021, facilitated by the effectiveness of Unieuro's omnichannel marketing strategy and business competitiveness. From September to November 2021, sales were up compared to the

13 Like-for-like revenue growth: the method for comparing sales for the nine-month period ending 30 November 2021 with those for the nine-month period ended 30 November 2020, based on a standard scope of operations, for retail and travel stores operating for at least an entire financial year from the closing date of the reference period, excluding sales outlets affected by significant business operation discontinuity (e.g. temporary closures and major refurbishments), as well as the entire online channel.

same period of 2020 (+13.2%), also thanks to the success of the "Manà Manà Black Friday" promotional campaign. The campaign proposed a series of baskets of products to customers that were heavily discounted, which evolved and expanded gradually up to the Grand Finale. Promotional advertisements were added that did not necessarily tie in with the business occasions now typical of November – Singles' Day, Black Friday and Cyber Monday –, which have also been among the busiest days for the physical network. Another factor was the transition to direct operation by Iper of 18 Unieuro shop-in-shops, previously under the affiliation regime and internalised from the second half of the previous year, as well as the new openings and the work carried out on the direct network during the period. These effects resulted in a positive channel performance also compared with the figures recorded as at 30 November 2019, the last pre-Covid year (+19.0%).

The Online channel (16.9% of total revenues) ended the first nine months of 2021 with a slight drop of 0.7% to €364.7 million, compared with €367.4 million recorded in the same period of the previous year, a weaker performance compared to the corresponding period in the wake of business normalisation. Compared with the figures from the pre-Covid nine months of 2019, channel revenues increased by 83.8%, totalling €198.4 million as at 30 November 2019, due to both mainstream and digital marketing activities on the Online channel and new consumption habits triggered by the pandemic. The extraordinary performance of the nine months ending 30 November 2020 was the result of the emergency situation caused by the pandemic, which led customers to favour e-commerce over physical stores. It should be noted that during the Black Friday campaign, the Online channel recorded revenues that were up on those of November 2020, thanks to the performance of the revamped platform unieuro.it and other digital platforms owned by Unieuro.

The Indirect channel (10.5% of total revenues) – which includes turnover generated by the network of affiliated stores for a total of 257 points of sale as at 30 November 2021 – recorded revenues of €225.9 million, up 2.6% compared to €220.2 million in the same period a year earlier. The gradual relaxation of restrictions and the distinctive features of the affiliated stores – small to medium in size and focused on a local service – contributed to the success recorded in the nine months ending 30 November 2021. The positive contribution of new openings during the period, partially offsetting the transition to the Retail channel of previously affiliated Unieuro by Iper shop-in-shops from the second half of the previous year, was also a contributing factor. These phenomena also resulted in growth compared with the figures recorded as at 30 November 2019, a pre-Covid period (+12.8%). During the Black Friday campaign, the Indirect channel recorded a drop in revenues compared to November 2020, when the network of affiliate stores had benefited exceptionally from the closure of shopping centres on public holidays and pre-holidays.

The B2B channel (3.6% of total revenues) – which targets professional domestic and foreign customers operating in industries other than those of Unieuro, such as hotel chains and banks, as well as operators that need to purchase electronic products to be distributed to their regular customers or to employees for accumulated points, competitions for prizes or incentive plans (the B2B2C segment) – recorded sales of €76.9 million, down 15.6% from €91.1 million in the previous year. The reduction, even more evident when compared to the corresponding period of 2019/20 (-23.3%), is the result of a careful managerial choice linked to lower product availability with which to feed the channel.

Lastly, the Travel channel (1.0% of total revenues) – composed of 11 direct points of sale located at some of the main public transport hubs such as airports, railway and underground stations –

recorded an increase of 34.2% and sales equal to €22.0 million. The channel's performance is benefiting from the gradual pick-up in traffic at stations and airports that were fully or partially closed during the pandemic. Performance, although positive and in the process of returning to normal, is still down from the nine-month figures reported in the last pre-Covid year (-24.8%).

4.1.2 Consolidated revenues by category

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2021	%	30 November 2020	%	Δ	%
Grey	973.7	45.2%	925.9	49.0%	47.8	5.2%
White	563.8	26.2%	515.1	27.3%	48.7	9.5%
Brown	420.9	19.5%	279.9	14.8%	141.0	50.4%
Other products	95.6	4.4%	91.1	4.8%	4.5	4.9%
Services	100.3	4.7%	77.8	4.1%	22.5	28.9%
Total consolidated revenues by category	2,154.3	100.0%	1,889.8	100.0%	264.4	14.0%

Through its distribution channels the Group offers customers a wide range of products - specifically electric appliances and consumer electronics, as well as ancillary services. The segmentation of sales by product category takes place on the basis of the classification of products adopted by the main sector experts. Note therefore that the classification of revenues by category is periodically revised in order to guarantee the comparability of Group data with market data.

The Grey category (45.2% of total revenues) – i.e. telephony, tablets, information technology, telephony accessories, cameras and all wearable technological products – generated turnover of €973.7 million, up 5.2% compared with €925.9 million in the same period a year earlier. Sales reported as at 30 November 2021 were mainly driven by telephony, wearable products and media tablets, which benefited from the relaxation of Covid restrictions. These phenomena also resulted in growth compared with the nine-month period ending 30 November 2019 pre-Covid (+17.1%). However, in the third quarter, the tablets, laptops and desktops segment registered a decrease compared to the third quarter of 2020, when these products showed extraordinary results driven by the purchase trend linked to the emerging context of smart working, e-learning and e-communication experienced during the period. This was also found during the Black Friday campaign, when the Gray category was affected by the lower demand for computer products compared to the high levels of 2020, unlike the other product categories.

The White category (26.2% of total revenues) – which is composed of major domestic appliances (MDA) such as washing machines, tumble dryers, refrigerators, freezers and hobs; small domestic appliances (SDA), such as vacuum cleaners, food processors and coffee machines; and the climate control segment – recorded sales of €563.8 million, up by 9.5% compared with €515.1 million in the same period a year earlier. This category increased in the period thanks to the strong results of household care products, particularly large domestic appliances following the success of the "Passione Casa" flyer in May, which combined a free tumble dryer with your appliance purchase, Summer Black Friday in June/July and the Black Friday campaign in November, which recorded double-digit growth in the MDA sector mainly from dryers and refrigerators. The small domestic appliance sector was also positive, which in addition to the success recorded in the first and second quarters showed double-digit growth during the November campaign, particularly in the coffee, vacuum, personal care and air fryer machines sector.

The Brown category (19.5% of revenues) – including televisions and related accessories, audio devices, devices for smart TVs, car accessories and memory systems – recorded total revenues of €420.9 million, up +50.4% compared with €279.9 million in the same period a year previously. With a third quarter that saw this category grow by 58.0% compared to the same quarter of 2020, the strong performance of the nine months ending 30 November 2021 was linked to televisions and decoders that benefited from the "Switch-off" key event launched in October 2021, which is still ongoing. The initiative highlighted how the end consumer is getting ready for the change in technology, taking advantage of the opportunities of the "TV scrapping bonus" and TV decoder bonus offered by the State.

The Other Products category (4.4% of total revenues) – which includes both the sales of the Entertainment sector and other products not included in the consumer electronics market such as hoverboards or bicycles – recorded consolidated revenues of €95.6 million, up 4.9%. Performance, although better when compared to the first nine months of 2019/20 (+24.2%), did however suffer a drop in sales in the third quarter of the current financial year. It fell by 15.2% in the light of the extraordinarily strong third quarter of 2020/21, which had benefited from the launch of the PlayStation 5 and the boom in electric mobility brought about by the distribution of the mobility bonus.

The Services category (4.7% of total revenues) grew by 28.9% to €100.3 million. This positive performance benefited from Unieuro's continued focus on providing services to its customers, particularly the extended warranty and delivery and transport services.

4.2 Consolidated operating profit

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

(in millions and as a percentage of revenues)	Period ended						Changes	
	30 November 2021			30 November 2020				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Revenue	2,154.3			1,889.8			264.4	14.0%
Sales revenues	2,154.3			1,889.8			264.4	14.0%
Purchase of goods and Change in inventories	(1,699.1)	(78.9%)	(1.6)	(1,482.4)	(78.4%)	0.0	(216.7)	14.6%
Marketing costs	(43.2)	(2.0%)	1.1	(37.5)	(2.0%)	0.3	(5.7)	15.3%
Logistics costs	(62.2)	(2.9%)	0.5	(62.8)	(3.3%)	0.2	0.6	(0.9%)
Other costs	(74.8)	(3.5%)	5.7	(50.3)	(2.7%)	5.7	(24.6)	48.9%
Personnel costs	(149.7)	(6.9%)	0.9	(123.4)	(6.5%)	0.3	(26.3)	21.3%
Other operating income and costs	(3.5)	(0.2%)	(0.7)	(4.9)	(0.3%)	0.0	1.4	(28.0%)
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	4.9	0.2%	4.9	3.5	0.2%	3.5	1.4	39.2%
Consolidated Adjusted EBITDA[14]	126.6	5.9%	10.8	132.1	7.0%	10.1	(5.5)	(4.2%)
Amortisation, depreciation and write-downs of fixed assets	(70.1)	(3.3%)	0.2	(68.6)	(3.6%)	-	(1.5)	2.2%
Consolidated Adjusted EBIT	56.5	2.6%	11.0	63.6	3.4%	10.1	(7.1)	(11.1%)

Consolidated Adjusted EBIT amounted to €56.5 million (€63.6 million in the same period of the previous year). With a profit of 2.6%, Adjusted EBIT Margin was down 0.8 points from the previous year, mainly due to the failure of the cost-reduction measures implemented in the past year as a result of the pandemic.

The growth in sales volumes led to an increase of €57.5 million in gross profit, with a margin on revenues which was down by 21.4% compared with 21.7% in the first nine months of the previous financial year. Despite the greater weight of the Retail channel (the most important in terms of revenues and margins, which were penalised in the last financial year by consumer trends enforced by the pandemic), the gross margin actually suffered from more promotions and the diverse product and brand mix within the Grey category, induced by the lack of certain products on the market.

Marketing costs increased by 15.3% compared with 30 November 2020. The increase is mainly attributable to the costs associated with the promotional campaigns that were suspended in the

[14] Consolidated Adjusted EBITDA is Consolidated 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.

first few months of 2020 due to the pandemic, and investments in digital, radio and TV activities also increased following the company's decision to focus more on digital consumption. The impact on consolidated revenues was unchanged at 2%.

Logistics costs decreased as a proportion of consolidated revenues, to 2.9% in the first nine months of 2021 (3.3% in the corresponding period of the previous year), due to the lower weight of sales with home delivery on total revenues for the period, partly offset by the higher transport and handling costs deriving from higher turnover volumes.

The item Other costs increased by €24.6 million compared with the corresponding period of the previous year, with an incidence on consolidated revenues of 3.5% (2.7% in the first nine months of 2020). The trend is mainly attributable to fewer concessions received from lessors on the payment of rents due to the relaxation of restrictions, higher variable rents due to the increase in turnover recorded in the period and the increase in the weight of the contracts that provide for a variable component of the rent. The following also increased in the period: (i) operating costs relating to utilities and maintenance fees, which was the result of the increased operation of stores and the increase in the cost of raw materials; (ii) costs of card fees on the physical network due to higher registered volumes; and (iii) consultation services mainly related to the strengthening of technological infrastructures and the development of new projects.

Personnel costs recorded an increase of €26.3 million. The item, in that last period, was influenced by the effect of the actions taken by management to mitigate the impact of the pandemic, mainly relating to the use of the Cassa Integrazione Guadagni in Deroga (Wages Guarantee Fund), compensation for holidays and leaves of absence, non-renewal of expired fixed-term contracts and the spontaneous reduction in management remuneration, and by the effect of the rules in place relating to restrictions on people's movement which forced the closure of shopping centres at weekends. Costs also increased as a result of the transition to direct operation of the Unieuro by Iper shop-in-shops and the new openings in the period. The impact on consolidated revenues was 6.9% as at 30 November 2021 (6.5% in the same period a year earlier).

Other operating income and costs fell by €1.4 million. The impact on consolidated revenues was 0.2% as at 30 November 2021 (0.3% in the same period a year earlier). The item mainly includes costs for expenses related to business operations such as waste disposal tax.

Amortisation, depreciation and write-downs of fixed assets amounted to €70.1 million (€68.6 million in the period ended 30 November 2021). Investments as at 30 November 2021 stood at €37.5 million (€18.4 million as at 30 November 2020) and are attributable to capitalized costs incurred for interventions for the development of the network of direct stores, investments in information technology, including the adoption of electronic labels in a significant and growing number of direct stores, the implementation of the new SAP S/4HANA management system and the launch of the new e-commerce website resulting from the "Revolution" project.

The reconciliation between the Consolidated Adjusted EBIT and the consolidated Net Operating Profit reported in the consolidated financial statements is provided below.

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2021	%	30 November 2020	%	Δ	%
Consolidated Adjusted EBIT[15]	56.5	2.6%	63.6	3.4%	(7.1)	(11.1%)
Non-recurring expenses /(income)	(5.9)	(0.3%)	(6.5)	(0.3%)	0.7	(10.1%)
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[16]	(4.9)	(0.2%)	(3.5)	(0.2%)	(1.4)	39.2%
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.2)	0.0%	0.0	0.0%	(0.2)	(100.0%)
Net Operating Result	45.5	2.1%	53.5	2.8%	(8.0)	(14.9%)

Non-recurring expenses/(income) of the Consolidated Adjusted EBITDA decreased by €0.7 million compared with the previous period ending 30 November 2020 and are explained in detail in the subsequent section 4.3.

15 See note in the section "Main financial and operating indicators".

16 The adjustment was for the deferral of extended warranty service revenues already collected, net of the related estimated future costs to provide the assistance service. From the year ended 29 February 2012, for White products sold by Unieuro, from the year ended 28 February 2015 for all extended warranty services sold by Unieuro S.r.l. (hereinafter the "Former Unieuro") (excluding telephone systems and peripherals), from the year of acquisition for all extended warranty services sold by the sales outlets acquired by the business units the former Andreoli S.p.A., the former Cerioni S.p.A., the former DPS S.r.l., the former Galimberti S.p.A. and the former Pistone S.p.A. (excluding telephone systems and peripherals), Unieuro modified the business model for the management of extended warranty services by in-sourcing the management of services sold by the Former Unieuro and by Unieuro that were previously outsourced and by extending this model to the sales outlets acquired by the business units the former Andreoli S.p.A., the former Cerioni S.p.A., the former DPS S.r.l., the former Galimberti S.p.A. and the former Pistone S.p.A. (the "Change in Business Model"). As a result of the Change in Business Model, at the time of sale of extended warranty services, Unieuro suspends the revenue in order to recognise the revenue over the life of the contractual obligation, which starts on the expiration of the two-year legally required warranty. Thus, Unieuro begins to gradually record revenues from sales of extended warranty services two years (term of the legally required product warranty) after the execution of the related agreements and after the collection of compensation, which is generally concurrent. Thus, the revenue is recorded on a pro rata basis over the life of the contractual obligation (historically, depending on the product concerned, for a period of one to four years). As a result of this Change in Business Model, the income statements do not fully reflect the revenues and profit of the business described in this note. In fact, the income statements for the periods ended 30 November 2021 and 30 November 2020 only partially report revenues from sales generated starting with the Change in Business Model because Unieuro will gradually record sales revenues from extended warranty services (already collected by it) starting at the end of the legally required two-year warranty period. Thus, the adjustment is aimed at reflecting, for each period concerned, the estimated profit from the sale of extended warranty services already sold (and collected) starting with the Change in Business Model as if Unieuro had always operated using the current business model. Specifically, the estimate of the profit was reflected in revenues, which were held in suspense in deferred income, to be deferred until those years in which the conditions for their recognition are met, net of future costs for performing the extended warranty service, which were projected by Unieuro on the basis of historical information on the nature, frequency and cost of assistance work. The adjustment will progressively decrease to nil in future income statements when the new business model is fully reflected in our financial statements, i.e., for each product category, when the period has lapsed that starts on the first day of the legally required two-year warranty and ends on the last expiry date of warranty extensions.

The adjustment due to the change in the business model for directly managed services was up by €1.4 million compared with the previous period ended 30 November 2020, due to the larger volume of contracts signed in the period.

4.3 Non-recurring income and expenses

The non-recurring charges/(income) of the Consolidated Adjusted EBITDA are shown below:

(in millions of Euro)	Period ended		Changes	
	30 November 2021	30 November 2020	Δ	%
Costs for pre-opening, relocating and closing sales outlets[17]	2.3	1.1	1.2	116.0%
Mergers & Acquisitions	1.1	0.1	1.0	1,909.4%
Other non-recurring expenses	2.5	5.4	(2.9)	(53.5%)
Total	5.9	6.5	(0.7)	(10.5%)

Non-recurring expenses and income decreased by €0.7 million compared with the same period a year earlier ended 30 November 2020.

Costs for the pre-opening, repositioning and closure of points of sale stand at €2.3 million for the period ending 30 November 2021 (€1.1 million in the same period a year earlier). This item includes costs and expenses for rent, staff, security, business travel, maintenance and marketing incurred in the context of: i) store openings (in the months immediately before and after the openings) and (ii) store closures.

The item relating to Mergers and acquisitions costs totalled €1.1 million at 30 November 2021 (€0.1 million in the period ending 30 November 2020), mainly due to the acquisition of the former business units of Galimberti S.p.A. in Limbiate and Expert in Turin. These costs mainly relate to rental costs and personnel costs of stores incurred as of the date of completion of the acquisition to the date of opening to the public, greater costs for the education and training of store staff and, lastly, consulting costs and other minor costs incurred for the completion of the acquisition transactions.

Other non-recurring income and expenses amounted to €2.5 million in the period ending 30 November 2021 (€5.4 million in the same period a year earlier). The item mainly includes the costs relating to the AGCM - Autorità Garante della Concorrenza e del Mercato proceedings in particular, on December 23, 2021, the Authority concluded the proceedings initiated against, Unieuro and the subsidiary Monclick, sanctioning them for € 4 and € 0.3 million respectively in light of alleged unfair commercial practices implemented especially during the health emergency period.

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

4.4 Consolidated pre-tax profit (loss)

Below is a restated income statement including items from the Consolidated Adjusted EBIT up to the Consolidated Adjusted Pre-tax Profit (Loss).

(in millions and as a percentage of revenues)	Period ended						Changes	
	30 November 2021			30 November 2020				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Consolidated Adjusted EBIT	56.5	2.6%	11.0	63.6	3.4%	10.1	(7.1)	(11.1%)
Financial income and expenses	(9.6)	(0.4%)	0.1	(10.1)	(0.5%)	-	0.5	(4.9%)
Consolidated Adjusted Pre-tax Profit (Loss)	46.9	2.2%	11.1	53.5	2.8%	10.1	(6.6)	(12.3%)

In November 2021 the Financing Agreement signed on 9 January 2018 expired, and at the same time four new credit lines were launched to finance working capital and reinforce financial strength.

Net financial expenses in the period ending 30 November 2021 amounted to €9.6 million (€10.1 million in the same period a year earlier ending 30 November 2020). The change in the period is tied to a saving on IFRS 16 expenses of approximately €0.5 million. The saving arising from the lower average debt over the period, due to both the repayment of capital shares and the lower use of short-term credit lines, was fully offset by the reversal to the income statement of the portion of upfront costs relating to the Financing Agreement signed on 9 January 2018, which have not yet been amortised.

Consolidated Adjusted Pre-tax Profit (Loss) amounted to €46.9 million (€53.5 million in the period ending 30 November 2020), due to the trend recorded in Adjusted EBIT partially offset by net financial expenses.

With regard to the tax impacts, not included in the Interim Report on Operations as of November 30, 2021[18], it should be noted that the tax benefits deriving from the realignment of goodwill previously accounted for in the Half-Yearly Financial Report closed as at 31 August 2021, to which reference should be made, will be eliminated upon preparation of the 2021/22 Annual Financial Report following the revocation option exercised by Unieuro pursuant to the 2022 Budget Law.

The reconciliation between Consolidated Adjusted Pre-tax Profit (Loss) and Consolidated Pre-tax Profit (Loss) is shown below.

18 On December 20, 2021, Unieuro's Board of Directors approved an amendment to the Policy for the disclosure of periodic financial information on a quarterly basis whereby, as of the same date, the impact of direct taxes was excluded from the calculation of the economic and financial figures in the interim management reports relating to the first quarter and the first nine months of the financial year. This decision was taken in light of the need to fully reflect the possible effects of laws on the Company's accounts, taking into account the timing of their approval with respect to the date of approval of Unieuro's interim results (January of each year).

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2021	%	30 November 2020	%	Δ	%
Consolidated Adjusted Pre-tax Profit (Loss)	46.9	2.2%	53.5	2.8%	(6.6)	(12.3%)
Non-recurring expenses/income	(5.9)	(0.3%)	(6.5)	(0.3%)	0.7	(10.1%)
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	(4.9)	(0.2%)	(3.5)	(0.2%)	(1.4)	39.2%
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.2)	0.0%	-	0.0%	(0.2)	100.0%
Non-recurring financial expenses/(income)	(0.1)	0.0%	-	0.0%	(0.1)	100.0%
Consolidated Pre-tax Profit (Loss)	35.8	1.7%	43.4	2.3%	(7.6)	(17.4%)

4.5 Cash flows

4.5.1 Consolidated Adjusted Free Cash Flow [19]

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

(in millions of Euro)	Period ended		Changes	
	30 November 2021	30 November 2020	Δ	%
Consolidated Gross Operating Result (EBITDA)	115.8	122.0	(6.3)	(5.1%)
Cash flow generated/(absorbed) by operating activities[20]	47.8	78.0	(30.2)	(38.7%)
Taxes paid	(5.5)	(0.9)	(4.6)	485.9%
Interest	(9.2)	(9.1)	(0.1)	1.6%
Other changes	1.6	0.5	1.1	231.2%
Consolidated net cash flow generated/(absorbed) by operating activities[21]	150.4	190.5	(40.0)	(21.0%)
Investments[22]	(37.3)	(24.8)	(12.5)	50.3%
Investments for business combinations and business units	(8.5)	(8.3)	(0.2)	2.0%
Adjustment for non-recurring investments	10.1	8.3	1.8	21.4%
Non-recurring expenses /(income)	6.1	6.5	(0.5)	(7.2%)
Adjustment for non-monetary components of non-recurring (expenses)/income	0.0	(5.6)	5.6	(100.0%)
Other non-recurring cash flows	(2.6)	1.1	(3.7)	(342.1%)
IFRS 16 Leases[23]	(44.3)	(41.9)	(2.3)	5.5%
Consolidated Adjusted free cash flow	73.9	125.7	(51.8)	(41.2%)

The Consolidated net cash flow generated/(absorbed) by operating activities was positive at €150.4 million (a positive figure of €190.5 million as at 30 November 2020). The cash trend compared to the previous period is tied to the trend of working capital, due to the different purchase schedule and the ramp-up of inventories that took in amounts in line with the third quarter pre-Covid. The Black Friday promotional campaign will have a significant impact on payments in the last quarter of the financial year.

The investments made and paid amounted to €37.3 million in the year ending 30 November 2021 (€24.8 million in the same period of the previous year ending 30 November 2020), and are mainly attributable to capitalized costs incurred for interventions for the development of the network of

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

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

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

[22] For better representation, the item includes the portion of net investments paid during the period.

[23] The item includes the cash flows relating to leases paid as well as leases expired during that period.

direct stores, investments in information technology, including the adoption of electronic labels in a significant and growing number of direct stores, the implementation of the new SAP S/4HANA management system and the launch of the new e-commerce website resulting from the "Revolution" project.

Investments for business combinations and business units of €8.5 million in the period ending 30 November 2021 (€8.3 million in the same period a year earlier ending 30 November 2020) refer to the portion paid of the purchase price in the context of the acquisition of Pistone S.p.A., Cerioni, Convertino and Limbiate. These investments are classified as non-recurring and therefore adjusted by determining the Consolidated Adjusted Free Cash Flow indicator. The adjustment for non-recurring investments also includes any investments that took place during the period for the fitting-out of the sales outlets.

Non-recurring income and expenses amounted to €6.1 million in the period ended 30 November 2021 (€6.5 million in the corresponding period of the previous year).

The other non-recurring operating cash flows, equal to €2.6 million, relate to the insurance reimbursement obtained in relation to the theft at Piacenza in 2017.

Below are listed the main changes recorded in the Group's net financial indebtedness during the period ended 30 November 2021 and in the period ended 30 November 2020:

(in millions of Euro)	Period ended		Changes	
	30 November 2021	30 November 2020	Δ	%
Operating profit	115.8	122.0	(6.3)	(5.1%)
Cash flow generated/(absorbed) by operating activities	47.8	78.0	(30.2)	(38.7%)
Taxes paid	(5.5)	(0.9)	(4.6)	(100.0%)
Interest paid	(9.2)	(9.1)	(0.1)	1.6%
Other changes	1.64	0.5	1.1	231.2%
Net cash flow generated/(absorbed) by operating activities	150.4	190.5	(40.0)	(21.0%)
Investments	(37.3)	(24.8)	(12.5)	50.3%
Investments for business combinations and business units	(8.5)	(8.3)	(0.2)	2.0%
Long Term Incentive Plan	3.8	0.0	3.8	100.0%
Buy-back	(2.5)	0.0	(2.5)	100.0%
Distribution of dividends	(53.8)	0.0	(53.8)	100.0%
Payables from the acquisition of business units	7.6	8.3	(0.7)	(8.4%)
IFRS 16 Leases	(44.3)	(41.9)	(2.3)	5.5%
Other changes	(0.3)	(0.8)	0.6	(68.7%)
Change in net financial debt	15.2	122.9	(107.7)	(87.6%)

5. Statement of financial position

Below is a detailed breakdown of the Group's net working capital and net invested capital as at 30 November 2021 and as at 28 February 2021:

(in millions of Euro)	Period ended	
	30 November 2021	28 February 2021
Trade receivables	115.9	65.3
Inventories	537.8	372.1
Trade payables	(760.1)	(505.1)
Net operating working capital	(106.3)	(67.7)
Other working capital items	(255.3)	(246.6)
Net working capital	(361.6)	(314.3)
Right-of-use assets	438.1	451.6
Non-current assets and (liabilities)	333.2	313.0
Net invested capital	409.7	450.3
(Net financial debt) / Net cash – Pursuant to IAS 17	170.0	154.8
IFRS 16 Leases	(442.1)	(451.9)
(Net financial debt) / Net cash[24]	(272.1)	(297.0)
Shareholders' equity[25]	(137.6)	(153.3)
Total shareholders' equity and financial liabilities	(409.7)	(450.3)

The Group's Net Working Capital as at 30 November 2021 was negative by €106.3 million (negative by €67.7 million as at 28 February 2021). Inventories and trade payables took on values in line with the third quarter pre-Covid; last year they had benefited from the non-repeatable actions initiated by management to tackle the pandemic. Receivables also increased due to the seasonal nature of the period.

The Net Invested Capital of the Group stood at €409.7 million as at 30 November 2021, up €40.7 million compared to 28 February 2021. The change is mainly due to: (i) the decrease in the Group's Net Working Capital by €47.3 million and (ii) the increase in net non-current assets by €6.6 million. Investments as at 30 November 2021 stood at €37.5 million (€18.4 million as at 30 November 2020) and are attributable to capitalized costs incurred for interventions for the development of the network of direct stores, investments in information technology, including the adoption of electronic labels in a significant and growing number of direct stores, the implementation of the new SAP S/4HANA management system and the launch of the new e-commerce website resulting from the "Revolution" project.

Shareholders' equity was €137.6 million as at 30 November 2021 (€153.3 million as at 28 February

24 Net financial debt determined on the basis of the provisions of ESMA guideline 32-382-1138 of 4 March 2021.
25 On December 20, 2021, Unieuro's Board of Directors approved an amendment to the Policy for the disclosure of periodic financial information on a quarterly basis whereby, as of the same date, the impact of direct taxes was excluded from the calculation of the economic and financial figures in the interim management reports relating to the first quarter and the first nine months of the financial year. This decision was taken in light of the need to fully reflect the possible effects of laws on the Company's accounts, taking into account the timing of their approval with respect to the date of approval of Unieuro's interim results (January of each year).

2021), decreasing mainly due to the dividend distribution resolved upon by the shareholders' meeting in June 2021, the buy-back operation partly offset by the positive result for the pre-tax period and recognition of the Long-Term Incentive Plan reserved for some managers and employees.

The composition of the net financial debt[26] at 30 November 2021 and 28 February 2021, as provided for in ESMA guideline 32-382-1138 of 4 March 2021, is as follows:

(in millions of Euro)	Period ended		Changes	
	30 November 2021	28 February 2021	Δ	%
(A) Cash	176.4	219.4	(43.0)	(19.6%)
(B) Cash and cash equivalents	0.0	0.0	0.0	100.0%
(C) Other current financial assets	0.0	0.0	0.0	100.0%
(D) Liquidity (A)+(B)+(C)	**176.4**	**219.4**	**(43.0)**	**(19.6%)**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	0.0	(0.1)	0.1	(100.0%)
(F) Current portion of non-current debt	(48.5)	(77.8)	29.3	(37.7%)
(G) Current financial debt (E)+(F)	**(48.5)**	**(77.9)**	**29.4**	**(37.7%)**
(H) Net current financial debt (G)-(D)	**127.9**	**141.6**	**(13.7)**	**(9.7%)**
(I) Non-current financial debt (excluding the current part and debt instruments)	(400.0)	(438.6)	38.7	(8.8%)
(J) Debt instruments	0.0	0.0	0.0	100.0%
(K) Trade payables and other non-current payables	0.0	0.0	0.0	100.0%
(L) Non-current financial debt (I)+(J)+(K)	**(400.0)**	**(438.6)**	**38.7**	**(8.8%)**
(M) Total financial debt (H)+(L)	**(272.1)**	**(297.0)**	**25.0**	**(8.4%)**

A breakdown of the composition of the net financial debt pursuant to IAS 17 as at 30 November 2021 and as at 28 February 2021 is shown below.

(in millions of Euro)	Period ended		Period ended	
	30 November 2021	30 November 2021	Δ	%
(Net financial debt) / Net cash	(272.1)	(297.0)	25.0	(8.4%)
Other current financial payables - IFRS 16	45.1	58.0	(12.9)	(22.3%)
Other non-current financial payables - IFRS 16	397.0	393.8	3.2	0.8%
(Net financial debt) / Net cash – Pursuant to IAS 17	170.0	154.8	15.2	9.8%

Net cash – IAS 17 increased by €15.2 million compared with 28 February 2021, equal to €170.0 million, mainly due to the dynamics arising from operations.

26 In November 2021, the Financing Agreement signed on 9 January 2018 expired, and at the same time four new credit lines were launched to finance working capital and reinforce financial strength.

6. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main economic and financial indicators at 30 November 2021 is shown below[27]:

		30 November 2021 (Ex - IAS 17)	IFRS 16 impacts	30 November 2021 (IFRS 16)
EBITDA ADJ	• reduction in operating costs (rents paid on shops, offices, warehouses and cars), net of income from subleases of shops	**76.0**	**+50.6**	**126.6**
EBIT ADJ	• increase in depreciation on right-of-use assets	**52.1**	**+4.4**	**56.5**
CONSOLIDATED ADJ. PRE-TAX PROFIT (LOSS)	• increase in financial expenses for interest related to rights-of-use liabilities	**49.2**	**(2.3)**	**46.9**
NET FINANCIAL DEBT	• recognition of rights-of-use liabilities (other current and non-current financial payables), net of non-current financial receivables relating to subleases	**170.0**	**(442.1)**	**(272.1)**

[27] The values in the column "30 November 2021 (IFRS 16)" are derived from the indicators in the section "4. Group operating and financial results". The values in the column "IFRS 16 impacts" are derived from the accounting records and the statements summarising the effects of the application of international accounting standard IFRS 16 (leases). The column "30 November 2021 (Ex - IAS 17)" contains the values before IFRS 16 was adopted, which can be calculated as the difference between column "30 November 2021 (IFRS 16)" and the column "IFRS 16 impacts". All values are given in millions of euros.

7. Coronavirus epidemic

The first epicentre of the Coronavirus (or "Covid-19") epidemic was in Wuhan, China. It was initially reported by Chinese national authorities to the World Health Organization ("WHO") on 30 December 2019. On 30 January 2020, the WHO declared the Covid-19 outbreak a global health emergency and many national governments implemented measures following this announcement.

In the second half of February 2020, the first sporadic cases of Covid-19 in Italy started a second phase of the epidemic, with a rapid escalation of the spread of the disease throughout Europe.

On 11 March 2020, the WHO declared that the Coronavirus-related health emergency had become a pandemic with the increasing spread of the virus in Europe, the rapid rise in the United States and the first outbreaks in Latin America and Africa.

To contain the effects of the contagion, the Italian authorities have adopted increasingly stringent containment measures, first locally and then nationally. For the Group, the succession of regional ordinances and national decrees has resulted in the need to adapt to the measures gradually prescribed since the beginning of the emergency.

As of the end of February 2020, the Company has provided head office personnel with IT tools suitable for remote work and subsequently recommended that all head office personnel adopt this work method.

On 14 March 2020, Unieuro, in compliance with the need to protect the health of customers and its collaborators, announced the closure of the entire network of direct stores.

Starting from 30 March 2020, the Company began the gradual reopening of direct stores in order to guarantee customers the most urgent or necessity purchases as required by the Prime Ministerial Decree of 11 March 2020 and subsequent amendments.

Unieuro has adopted a series of measures to protect its customers and employees as well as the company stability and profitability, mostly in the following areas:

Revenue

The interventions mainly concerned the strengthening of the Online channel pending the return to full operation of the physical channels. In-store traffic has indeed dropped drastically due to restrictions on the movement of people and social-distancing regulations, which have mainly affected shops located outside city centres, in large shopping centres and business parks.

Unieuro's strategy has always been oriented towards customer proximity rather than on specific store formats, which has enabled it to limit the impact of these macrotrends and has contributed to the slow but steady improvement in revenues in the Retail Channel. On the other hand, e-commerce has benefited greatly from the situation, allowing operators who had positioned themselves early within the digital channel to at least partially offset the drop in turnover in physical stores.

Cost structure

Immediately, actions were initiated aimed at containing personnel costs through the use of previous holidays and leave. After the measures were implemented by the Government, the Wages Guarantee Fund

(Cassa Integrazione Guadagni in Deroga) was launched. The entire corporate Management has also waived a part of its remuneration as a gesture of solidarity towards the corporate population.

Thanks to the successful dialogue with the owners of the properties that host the direct stores, the economic and financial impact of the leases was also mitigated to compensate for the lower revenues achieved during the lockdown period.

Purchases of goods and services that are not considered strictly necessary were lastly reduced to a minimum, both at the point of sale and corporate level.

<u>Investments and acquisitions</u>

Deferrable investment activities, with particular reference to those relating to the network of stores, have been temporarily suspended and rescheduled.

<u>Financial situation</u>

Measures have been implemented to preserve and strengthen the company's soundness, including negotiations with major trading partners to optimise cash flows from the Group's operating working capital and the non-payment of the dividend in derogation of the dividend policy currently in place.

Starting from May 2020, with the end of the lockdown and the consolidation of favourable consumption trends for the product categories managed by Unieuro, the Group experienced a recovery in revenues and profitability. Month after month, traffic in direct stores (excluding the Travel channel) increased until it returned to the levels of the same period in 2019, while the growth trend of the Online channel - although declining - continued to be influenced by the boom of the previous months.

Against this backdrop, Unieuro managed to fully recover the lower revenues recorded during the most difficult months of the epidemic at the close of the first half of the year on 31 August 2020. Margins and cash generation were strong, also as a result of the managerial actions taken in the meantime and certain non-recurring effects.

Since October 2020, after a summer of relative tranquillity, the epidemiological situation in Italy has rapidly worsened. The sudden increase in infections has mainly involved certain regions, including Lombardy and Piedmont, pushed to adopt restrictive measures including the closure of shopping centres at weekends. The further deterioration of the situation prompted the government, on 4 November 2020, to issue a decree that imposed new restrictions on commercial activities and the free movement of persons, effective from 6 November to 3 December 2020. These measures, which were initially valid from 6 November to 3 December 2020, were then extended on several occasions.

In relation to the retail distribution of consumer electronics and domestic appliances, considered an essential activity, the decree provided for the closure of all points of sale within shopping centres throughout the national territory, but limited to public holidays and pre-holidays.

Also during the peak season and in the following months of January and February 2021, Unieuro's business has also been able to take advantage of (i) the continuous interest on the part of consumers for the products sold by the Group, that enable remote work and study, communication between people, as well as home well-being; (ii) the multiplicity of sales channels through which the Group operates, which works to compensate for the impact of the lockdown on some of the channels, and (iii) the omnichannel services launched by Unieuro in the course of summer 2021, with the aim of making the in-store purchasing process safer and faster during this complex historical moment.

On 24 May 2021, following the positive progress recorded by the vaccination campaign and the consequent improvement of epidemiological data, a new government decree came into force which sanctioned the reopening of shopping centres on public holidays and pre-holidays, thus removing the last substantial limitation to the Unieuro’s sales activity.

Subsequently, with the onset of first the autumn season and then winter, the epidemiological situation in Italy deteriorated further. The new measures adopted by the authorities have therefore not had any negative effect on the retail of consumer electronics and domestic appliances, nor on Unieuro's business.

8. Unieuro treasury shares

On 11 November 2021, the Board of Directors of Unieuro S.p.A. approved the launch of a share buy-back programme, as part of the authorisation received by the Shareholders' Meeting of 17 December 2020.

In partially executing the above shareholders' resolution, the programme provides for the buy-back, within 18 months from the same, of a maximum of 600,000 Unieuro S.p.A. ordinary shares (2.9% of the share capital subscribed and paid up as of today), at a maximum unit price of €26.40.

The programme aims to establish a portfolio of treasury shares to serve both existing and future equity incentive plans, reserved for directors and/or employees and/or collaborators of the Company or other companies controlled by the Company (including the 2020–2025 Performance Shares Plan), as well as to establish a "securities depository" to be used, where appropriate, as consideration in extraordinary transactions, including the exchange of shareholdings, with third parties in transactions that may be of interest to Unieuro.

The programme is not preordained for any reduction of share capital.

The programme started on 15 November 2021 and provides for a duration in any case not exceeding 18 months from the date of the shareholders' resolution of 17 December 2020, unless it is closed in advance when the threshold of fixed shares or withdrawal has been reached.

Following the purchases made by the intermediary in charge of Mediobanca S.p.A., as at 30 November 2021 the treasury shares held came to 125,000, or 0.6039% of the share capital.

9. Right to waive the obligation to publish an information document in the event of insignificant transactions

Note that the Issuer has opted to adopt the waiver in Article 70, paragraph 6 and Article 71, paragraph 1 of the Issuers' Regulation, pursuant to Article 70, paragraph 8 and Article 71, paragraph 1 bis of the Issuers' Regulation.

10. Management and coordination activities

Unieuro S.p.A. is not subject to the management or coordination of companies or entities and it determines its general and operational strategies in full autonomy.

11. Significant events during and after the period-end

Significant events during the period

The adoption of the SAP management system

The transition to the new SAP S/4HANA management software began on 1 March 2021. The adoption of the new ERP (Enterprise Resource Planning) has been planned for some time and implemented with the support of the consulting companies, leaders in the sector, with the aim of radically evolving company information systems, making them technologically advanced and functional to the omnichannel growth strategy of Unieuro.

The acquisition of the Limbiate store

Following the participation in the competitive procedure announced by the Court, Unieuro was awarded the contract and on 1 March 2021 acquired a business unit of Galimberti S.p.A., which is subject to an arrangement with creditors, consisting of a store in Limbiate (Monza Brianza). After extensive renovation, the store was reopened to the public on 24 September.

The expansion in the metropolitan area of Turin

On 31 March 2021, Unieuro announced a significant strengthening of the network in the Piedmont capital thanks to the acquisition of a business unit consisting of two 2C Srl stores and the signing of an affiliation contract for the third store managed by the same company. The three stores, previously members of the Expert purchasing group, reopened under the Unieuro sign in April.

Transfer of the registered office

As of 1 April 2021, Unieuro officially moved its registered office from via Schiaparelli 31 to Palazzo Hercolani, in via Maroncelli 10, also in Forlì. The new headquarters was officially inaugurated on 8 May 2021 in the presence of the city authorities.

The entry of Iliad in the capital

On 6 April 2021, Unieuro acknowledged the purchase of an interest of approximately 12% of the share capital by Iliad S.A., with which a successful commercial relationship was already in place and which declared its intention to support the Company's long-term growth.

The consensual termination of the employment relationship with the CFO

On 9 April 2021, Unieuro and Italo Valenti signed an agreement for the consensual termination of the employment relationship, with effect from 31 May 2021, as a result of which Italo Valenti left his role as Chief Financial Officer and the positions of manager in charge of preparing the corporate and accounting documents and investor relator of Unieuro to pursue other professional opportunities.

Territorial expansion

On 26 April 2021, Unieuro announced that it had consolidated its presence from Northern to Southern Italy through the opening of four stores: a new direct store in Messina and three affiliated stores in Brescia, Fiumicino and Mazzarone (Catania).

2020/21 dividend proposal and 2019/20 coupon recovery

On 7 May 2021, at the time of the approval of the financial results as at 28 February 2021 and by virtue of the exceptional profitability and cash generation, the Board of Directors of Unieuro resolved to propose to the Shareholders' Meeting the distribution in ordinary dividend of €2.60 per share, which also compensates shareholders for the dividend not paid in 2020 due to the uncertainty caused by the pandemic.

The appointment of the new CFO

On 1 June 2021, Marco Pacini was appointed as the Company's new Chief Financial Officer. A manager with many years of experience in administration, finance and control, in the new role, Pacini reports directly to CEO Giancarlo Nicosanti Monterastelli, assuming responsibility and coordination of the entire Finance area of Unieuro, including Administration & Control, Finance, Legal, Corporate Development and Investor Relations.

Approval of the Strategic Plan to 2026

On 10 June 2021, the Board of Directors approved Unieuro's five-year Strategic Plan, which envisages heavy investments – on average over €50 million a year – dedicated to completing the company's digital transformation, with the aim of become the industry's omnichannel market setter. The Plan also provides for a strong generation of cash over the five-year period, which will be put at the service of external growth, in Italy and abroad, and the remuneration of shareholders. The Plan projects revenues of up to €3.3 billion and an adjusted EBIT of between €85 and €95 million in the year 2025/26.

The Shareholders' Meeting

On 15 June 2021, the Unieuro Shareholders' Meeting, which met in ordinary and extraordinary session, in single call, approved the financial statements as at 28 February 2021; approved the allocation of the profit for the year, including the distribution of a dividend of €2.60 per share for a maximum total of 54.2 million; approved the first and expressed a favourable vote on the second section of the Report on the remuneration policy and remuneration paid; approved the proposal to increase the remuneration of the Board of Directors and the members of the Board of Statutory Auditors. The Shareholders' Meeting also changed the number of members of the Board of Directors from nine to eleven and approved the appointments of Benedetto Levi and Giuseppe Nisticò as new Directors of the Company. Lastly, the Shareholders' Meeting amended Articles 13.1, 13.9 and 14 of the Articles of Association and decided not to amend Article 17.1.

Inclusion in the FTSE Italia Mid Cap index

As from 21 June 2021, Unieuro's ordinary shares have been included in the FTSE Italia Mid Cap index, unless removed from 20 September, when the composition of the index is reviewed.

Netcomm Award

On 1 July 2021, Unieuro announced that it had won the award for the best omnichannel project at the Netcomm Awards, organised by the Netcomm Italia Consortium with the support of Oney and Publitalia '80, dedicated to the recognition of Italian excellence in electronic commerce.

Renovation of the store network

On 23 July 2021, Unieuro re-opened the six direct points of sale of Olbia, Cagliari Quartucciu, Cremona, Pavia, Vigevano and Viterbo and many affiliated stores, following important renovation works aimed at making them more innovative and welcoming than ever.

Agreement with Margherita Distribuzione

On 30 July 2021, Unieuro and Margherita Distribuzione S.p.A. (Conad) signed a framework agreement to open four new Unieuro direct points of sale inside the same number of former Auchan hypermarkets. The stores are located in the shopping centres and business parks of Porta di Roma, Grande Sud (Giugliano, Naples), Porte di Catania and Belvedere (Melilli, Syracuse), three of which are on the list of the top 20 Italian shopping locations in terms of walkability, and should generate approximately €40 million of additional annual revenues. The four new stores were opened between 28 and 30 October.

The new e-commerce site

On 20 September 2021, five years after the launch of the first e-commerce platform, Unieuro presented the results of the "Revolution" project: the new and more distinctive than ever site and app, designed with "desktop last" in mind and heavily inspired by the navigation and enjoyment style typical of social networks.

Opening of the sixth direct store in Palermo

On 1 October 2021, Unieuro opened a new store in Palermo previously managed by the former partner of a purchasing group: the Papino Elettrodomestici/former Trony store in the Conca D'Oro shopping centre, a location of great commercial value that completes the coverage of the Sicilian capital by the Unieuro brand.

Launch of the buy-back programme

Simultaneous to the results of the first half of 2021/22 being approved, on 11 November 2021 the Board of Directors of Unieuro approved the launch of a share buy-back programme, as part of the authorisation received by the Shareholders' Meeting of 17 December 2020. The programme provides for the buy-back of a maximum of 600,000 Unieuro S.p.A. ordinary shares (2.9% of the share capital subscribed and paid up as of the date of the resolution), at a maximum price of €26.40 per share, and aims to serve both existing and future equity incentive plans as well as to establish a "securities depository" to be used, where appropriate, as consideration in extraordinary transactions.

New executive offices in Milan

On 18 November 2021, Unieuro unveiled its new office space in the city centre of Milan, inside the former Mondadori Multicenter at Via Marghera 28. Part of the space is set to hold the legal and administrative headquarters of the subsidiary Monclick. On 20 November, on the building's ground floor, the seventh Unieuro point of sale in Milan was opened to the public: 1,900 m^2 of commercial area to serve one of the most attractive business districts of the city.

Significant events following the closure of the period

Key Award

On 1 December 2021, Unieuro announced that it had again been awarded the prestigious "Key Award & Radio Key Award", established by the Media Key editorial group, with its "Video Hero" advertisement. This was created on occasion of the launch of the new e-commerce site and the new app as part of the digital and social campaign called "Un sito MARAviglioso".

The success of "Manà Manà Black Friday"

On 2 December 2021, Unieuro successfully completed the now-traditional November promotional campaign, this year renamed "Manà Manà Black Friday". Lasting roughly the same time as "Change Black Friday" in 2020, the campaign recorded further growth in revenues, thanks to the double-digit rise of the Direct channel (Retail and Online) and the performance of the revamped platform unieuro.it. Meanwhile the Indirect channel, which last year benefited exceptionally from the closure of shopping centres on public holidays and pre-holidays, was in decline.

AGCM sanction

On 23 December 2021, the Italian Competition Authority concluded proceedings against, inter alia, Unieuro and its subsidiary Monclick, which were sanctioned for €4 million and €0.3 million respectively in the light of alleged unfair business practices, especially during the health emergency.

12. Foreseeable operating evolution

In addition to the easing of Covid-19 restrictions from May, the retail sector is benefiting from the roll-out of the vaccination campaign, which as of December had reached 90% of the entire Italian population over 12 years old.

The emergence of supply risks arising from the shortage of components and raw materials, which are causing discomfort to global supply chains, has not significantly impacted the Christmas season for Unieuro, instead limiting itself to reducing exposure of the rest of the year.

In view of the robust performance of turnover, the diverse product and brand mix within the Grey category and the strong rise in energy costs, Unieuro Management has confirmed its guidance on the level of Adjusted EBIT and Adjusted Free Cash Flow presented to financial markets during the Investor Day of 10 June 2021, although in the context of higher expected levels of revenues.

The projections for the current financial year, which shall end in February 2021, therefore involve:

- Revenues in excess of €2.9 billion, compared to the range of €2.8 billion to €2.9 billion foreseen initially;
- Confirmed Adjusted EBIT between €65 and €75 million;
- Confirmed Adjusted Free Cash Flow between €40 and €50 million.

All of this against the backdrop of an ever more substantial increase in investments, aimed at accelerating Unieuro's digital transformation and its natural evolution as a market setter in the consumer electronics and household appliances retail market in Italy.

ACCOUNTING STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euro)	Period ended	
	30 November 2021	**28 February 2021**
Plant, machinery, equipment and other assets	78,275	71,526
Goodwill	196,072	195,238
Intangible assets with definite useful life	42,546	32,927
Assets for rights of use	438,113	451,622
Deferred tax assets[28]	40,766	40,766
Other non-current assets	8,378	10,082
Total non-current assets	**804,150**	**802,161**
Inventories	537,837	372,053
Trade receivables	115,934	65,314
Current tax assets[28]	2,762	-
Other current assets	15,909	19,069
Cash and cash equivalents	176,370	219,366
Total current assets	**848,812**	**675,802**
Total Assets	**1,652,962**	**1,477,963**
Share capital	4,140	4,053
Reserves	76,218	75,588
Profit/(loss) carried forward[28]	57,241	73,654
Profit/(Loss) of third parties	-	-
Total shareholders' equity	**137,599**	**153,295**
Financial liabilities	.	39,068
Employee benefits	13,574	12,979
Other financial liabilities	399,959	399,562
Provisions	15,157	20,752
Deferred tax liabilities[28]	3,637	3,637
Other non-current liabilities	514	26
Total non-current liabilities	**432,841**	**476,024**
Financial liabilities	-	9,659
Other financial liabilities	48,476	68,202
Trade payables	760,061	505,066
Current tax liabilities[28]	1,041	3,789
Provisions	2,730	754
Other current liabilities	270,214	261,174
Total current liabilities	**1,082,522**	**848,644**
Total liabilities and shareholders' equity	**1,652,962**	**1,477,963**

28 On December 20, 2021, Unieuro's Board of Directors approved an amendment to the Policy for the disclosure of periodic financial information on a quarterly basis whereby, as of the same date, the impact of direct taxes was excluded from the calculation of the economic and financial figures in the interim management reports relating to the first quarter and the first nine months of the financial year. This decision was taken in light of the need to fully reflect the possible effects of laws on the Company's accounts, taking into account the timing of their approval with respect to the date of approval of Unieuro's interim results (January of each year).

CONSOLIDATED INCOME STATEMENT

	Period ended	
(In thousands of Euro)	**30 November 2021**	**30 November 2020**
Revenue	2,154,262	1,889,836
Other income	542	632
TOTAL REVENUE AND INCOME	**2,154,804**	**1,890,468**
Purchases of materials and external services	(2,050,869)	(1,694,349)
Personnel costs	(150,604)	(123,700)
Change in inventories	165,784	55,152
Other operating costs and expenses	(3,359)	(5,542)
GROSS OPERATING RESULT	**115,756**	**122,029**
Depreciation, amortisation and write-downs of fixed assets	(70,273)	(68,557)
NET OPERATING RESULT	**45,483**	**53,472**
Financial income	25	44
Financial expenses	(9,688)	(10,138)
PROFIT BEFORE TAX	**35,820**	**43,378**

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)	Period ended 30 November 2021	 30 November 2020
Cash flow from operations		
Consolidated Pre-tax Profit (Loss) for the period	35,820	43,378
Adjustments for:		
Net financial expenses (income)	9,663	10,094
Depreciation, amortisation and write-downs of fixed assets	70,273	68,557
Other changes	1,636	494
	117,392	122,523
Changes in:		
- Inventories	(165,784)	(55,152)
- Trade receivables	(50,620)	(50,047)
- Trade payables	254,914	141,501
- Other changes in operating assets and liabilities	9,279	41,665
Cash flow generated/(absorbed) by operating activities	47,789	77,967
Taxes paid	(5,537)	(945)
Interest paid	(9,215)	(9,070)
Net cash flow generated/(absorbed) by operating activities	**150,429**	**190,475**
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(20,544)	(13,924)
Purchases of intangible assets	(16,780)	(10,902)
Investments for business combinations and business units	(8,482)	(8,318)
Cash flow generated/(absorbed) by investing activities	**(45,806)**	**(33,144)**
Cash flow from investment activities		
Increase/(Decrease) in financial liabilities	(49,175)	21,606
Increase/(Decrease) in other financial liabilities	(1,647)	(811)
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(44,267)	(41,948)
Buy-back	(2,545)	-
Financial year – Long-Term Incentive Plan	3,808	-
Distribution of dividends	(53,793)	-
Net cash and cash equivalents generated by financing activities	**(147,619)**	**(21,153)**
Net increase/(decrease) in cash and cash equivalents	**(42,996)**	**136,178**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**219,366**	**96,712**
Net increase/(decrease) in cash and cash equivalents	**(42,996)**	**136,178**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**176,370**	**232,890**

CERTIFICATION OF THE INTERIM REPORT ON OPERATIONS AS AT 30 November 2021

The undersigned, Giancarlo Nicosanti Monterastelli, as Chief Executive Officer, and Marco Pacini, as the manager in charge of preparing the Unieuro Group's corporate and accounting documents, hereby certify, also considering the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998:

They attest

That the Interim Directors' Report as at 30 November 2021, corresponds to the Company's documentary findings, books and accounting records.

13 January 2022

Giancarlo Nicosanti Monterastelli Chief Executive Officer

Marco Pacini
The Officer responsible for preparing the accounting and corporate documents