unieuro

Interim Director's Report

as at 30 November 2020

1. Introduction

The Unieuro Group (hereinafter also the “Group” or “Unieuro Group”) came into existence following the acquisition by Unieuro S.p.A. of the entire share capital of Monclick S.r.l., consolidated from 1 June 2017 and the share capital of Carini Retail S.r.l., consolidated from 1 March 2019 and subsequently merged into Unieuro S.p.A. with statutory effect beginning from 1 September 2020.

The company Unieuro S.p.A. (hereinafter referred to as the "Company" or “Unieuro” or "UE") is a company under Italian law with registered office in Forlì in Via V.G. Schiaparelli 31, founded at the end of the 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 Services 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 Vimercate at Via Energy Park 22, 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.

In execution of the resolutions passed on 18 March 2020, on 5 August 2020, the Board of Directors of Unieuro and the Extraordinary Shareholders' Meeting of Carini Retail Unieuro and Carini Retail S.r.l. with sole shareholder (hereinafter also referred to as "Carini" or "Carini Retail") each signed the deed for the merger by incorporation of the subsidiary Carini Retail into the parent company Unieuro (the "Merger"). The statutory effects of the Merger will take effect from 1 September 2020, while the accounting and tax effects will begin from the first day of the financial year during which the Merger was completed pursuant to Article 2504-bis, paragraph 2, of the Italian Civil Code. (1 March 2020). The Merger did not involve any increase in the share capital of the merging company Unieuro, as the latter holds the entire share capital of the merged company Carini Retail.

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. Based on the information available to date, the major shareholders of Unieuro are Alfa S.r.l. (Dixons Carphone plc) with 7.2%, the asset management companies Amundi Asset Management and Mediolanum Gestione Fondi, with 6.8% and 5.2% respectively, several shareholders from the Silvestrini Family who, in total, own 6.4% and, lastly, several Unieuro top managers who own 2.5%[1].

[1] Sources: Consob; minutes of the Shareholders' Meeting of 17 December 2020.

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 2020, compared with the figures at 30 November 2019, for the economic results and the cash flows and with the figures of the latest financial statements approved as at 29 February 2020 for the economic and financial statement.

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.

It should be noted that, one year after the first adoption of IFRS 16, the transitory phase has ended during which the financial communication of Unieuro was based on adjusted data and in continuity with the previous accounting standard IAS 17 and the related interpretations. From 1 March 2020, in line with practices that have gradually been adopted by retailers listed on international markets, the Company will therefore comment on the post-application economic quantities of the aforementioned accounting standard, focusing on Adjusted EBIT and Adjusted Net Result. The reported "(Net financial debt) / Net cash – pursuant to IAS 17" and the "Consolidated Adjusted Free Cash Flow" will instead continue to not incorporate the component related to the application of IFRS 16. Please refer to section "9. Impact of IFRS 16" for a summary of the effects of applying IFRS 16 at 30 November 2020.

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 2020 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 at 29 February 2020, to which reference is made, except for any amendments introduced to IFRS 16.

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. The adoption process in the European Union was concluded on 12 October 2020 and was 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 as at 30 November 2020.

The APIs reported (Consolidated Adjusted EBITDA, Consolidated Adjusted EBIT, Consolidated Adjusted EBIT margin, Adjusted Consolidated Profit (loss) for the period, Net Working Capital, Consolidated Adjusted levered 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 EBITDA, Consolidated Adjusted EBIT, Consolidated Adjusted EBIT Margin*, Consolidated *Adjusted* and *Consolidated Adjusted Free Cash Flow* for the period 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.

Main financial and operating indicators[2]-[3]

(in millions of Euro)	Period ended	
	30 November 2020	30 November 2019
Operating indicators		
Consolidated revenues	1,889.8	1,759.5
Consolidated Adjusted EBIT[4]	63.6	32.2
Consolidated Adjusted EBIT margin[5]	3.4%	1.8%
Adjusted Consolidated Profit/Loss for the Period[6]	49.6	19.3
Consolidated Profit/Loss for the Period	40.4	8.7
Cash flows		
Consolidated Adjusted Free Cash Flow[7]	125.6	57.3
Investments for the period	(33.1)	(30.4)

(in millions of Euro)	Period ended	
	30 November 2020	29 February 2020
Indicators from statement of financial position		
Net working capital	(330.9)	(258.7)
(Net financial debt) / Net cash - Pursuant to IAS 17[8]	152.4	29.6
(Net financial debt) / Net cash	(303.2)	(448.0)

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 One year after the first adoption of IFRS 16, the transitory phase has ended during which the financial communication of Unieuro was based on adjusted data and in continuity with the previous accounting standard IAS 17 and the related interpretations. From 1 March 2020, Unieuro will therefore comment only on the economic figures after application of the above-referenced accounting standard, restating the comparative figures and focusing on Adjusted EBIT and Adjusted Net Profit. The reported "(Net financial debt) / Net cash – pursuant to IAS 17" and the "Consolidated Adjusted Free Cash Flow" will instead continue to not incorporate the component related to the application of IFRS 16.

4 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 5.2 for additional details.

5 The Consolidated Adjusted EBIT Margin is the ratio of Consolidated Adjusted EBIT to revenues.

6 The Adjusted Consolidated Result for the period is calculated as the Consolidated Profit (Loss) for the period adjusted by (i) the adjustments incorporated in the Consolidated Adjusted EBITDA, (ii) the adjustments of the non-recurring depreciation, amortisation and write downs, (iii) the adjustments of the non-recurring financial expenses/(income) and (iv) the theoretical tax impact of these adjustments.

7 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 5.5 for additional details.

8 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 2020	29 February 2020
Operating indicators for the year		
Like-for-like growth[9]	7.9%	6.5%
Direct sales outlets (number)	273	249
of which *Pick Up Points*[10]	261	236
Affiliated sales outlets (number)	250	261
of which Pick Up Points	116	174
Total area of direct sales outlets (in square metres)	about 388,000	about 369,000
Sales density[11] (Euro per square metre)	4,811	5,031
Full-time-equivalent employees[12] (number)	4,718	4,414
Net Promoter Score[13]	46.3	46.3

9 Like-for-like revenue growth: the methods for comparing sales for the nine-month period ended 30 November 2020 with those for the nine-month period ended 30 November 2019, 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.

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

11 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.

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

13 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[14]

5.1 Consolidated revenues

In the nine months ended 30 November 2020, Unieuro Group achieved Revenues of €1,889.8 million, up 7.4% compared to the €1,759.5 million reported as of 30 November 2019, despite the pervasive impact of the Covid-19 pandemic on the Italian economy and the Company's business.

In particular, after a first quarter in significant decline (revenues at -13.4%) due to the unexpected spread of the emergency and the first lockdown, the second quarter (+15.2%) and the third quarter (+15.8%) allowed a robust recovery, thanks to the favorable consumption trends triggered by the pandemic and the effectiveness of Unieuro's omnichannel strategy, which mitigated the impact on the direct store network of the new restrictive measures, which are still in place.

The good performance in November, which follows an equally positive performance in September and October, is linked to the success of the promotional campaign known as "*Change* Black Friday", the Black Friday of "life-changing" technology, which started on 3 November and ended on 3 December, marking another record duration in Unieuro's history.

The campaign was successful despite a context made complex once again by the Covid-19 outbreak, which impacted the customers accessibility to the physical shops network, particularly direct shops and stores. Affiliated shops, on the other hand, performed very well, favoured by their predominant location in city centres, and they were only marginally affected by the restrictions. As a result, the Online channel benefited, with the Unieuro.it platform, recording an increase in the number of orders and using omnichannel services such as AUTOCRAFT and CLICK&CRAFT to better manage the important operational peak.

Monclick, in turn, achieved new records in terms of orders and turnover thanks to the "*Mon Black Friday*" campaign, with its emotional lead theme of love for high-tech and technological products.

During the nine months ended 30 November 2020, the development of like-for-like revenues[15]- or the comparison of sales with those of the previous year based on a standard scope of operations - was positive standing at +7.9%. Excluding the pre-existing outlets adjacent to the new stores from the scope of analysis, like-for-like sales would have recorded an even stronger growth of 10.0%.

[14] One year after the first adoption of IFRS 16, the transitory phase has ended during which the financial communication of Unieuro was based on adjusted data and in continuity with the previous accounting standard IAS 17 and the related interpretations. From 1 March 2020, Unieuro will therefore comment only on the economic figures after application of the above-referenced accounting standard, restating the comparative figures and focusing on Adjusted EBIT and Adjusted Net Profit. The reported "(Net financial debt) / Net cash – pursuant to IAS 17" and the "Consolidated Adjusted Free Cash Flow" will instead continue to not incorporate the component related to the application of IFRS 16.

[15] Like-for-like revenue growth: the methods for comparing sales for the nine-month period ended 30 November 2020 with those for the nine-month period ended 30 November 2019, 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.

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5.1.1 Consolidated revenues by channel

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2020	%	30 November 2019	%	Δ	%
Retail	1,194.7	63.2%	1,231.2	70.0%	(36.6)	(3.0%)
Online	367.4	19.4%	198.4	11.3%	169.0	85.2%
Indirect	220.2	11.7%	200.3	11.4%	19.9	10.0%
B2B	91.1	4.8%	100.3	5.7%	(9.2)	(9.1%)
Travel	16.4	0.9%	29.2	1.7%	(12.9)	(44.0%)
Total consolidated revenues by channel	1,889.8	100.0%	1,759.5	100.0%	130.4	7.4%

The Retail channel (63.2% of total revenues) - at 30 November 2020 consisting of 262 direct points of sale located in areas deemed commercially strategic and characterised by different scopes in terms of area - recorded a drop of 3.0%, and sales equal to € 1,194.7 million, compared to € 1,231.2 million recorded at 30 November 2019. In the period of September-November 2020, sales were up significantly (+15.8%) compared to the same period in 2019 also thanks to the good performance of the "*Change Black Friday*" promotional campaign. The campaign offered customers a succession of heavily discounted baskets of products, which evolved and expanded in the run-up to the Grand Finale, and was conducted successfully in a context made complex once again by the Covid-19 outbreak, which impacted the accessibility of the physical shops network to customers, particularly direct shops and stores. The success of *Change Black Friday* together with the easing of restrictions in the May-August period, helped to partially compensate for the sharp decline during the first wave of the pandemic.

The Online channel (19.4% of total revenues) posted growth of 85.2%, which pushed revenues to Euro 367.4 million, compared to Euro 198.4 million in the corresponding period of the previous year. The performance, in all respects exceptional, is the result of the emergency situation that has arisen, which has led customers to favour e-commerce at the expense of physical stores, as well as the immediate reaction of Unieuro, which faced the lockdown by tactically refocusing marketing activities, both mainstream and digital, on the Online channel. The double presence on the web, guaranteed by two well-known and distinct brands such as Unieuro and Monclick, has further contributed to the success recorded.

The Indirect channel (11.7% of total revenues) - which includes sales made through the network of affiliated stores and revenues produced in large scale retailing through partnerships with the leading industry operators at a total of 250 sales outlets - recorded revenues of € 220.2 million, an increase of 10.0% compared with € 200.3 million of the corresponding period of the previous financial year. In general, the distinctive characteristics of the affiliated shops - small to medium size and focused on proximity service - allowed significant resilience of the business only marginally impacted by the restrictions and full recovery of lost revenues from the first wave of the pandemic already in the second quarter.

In addition, in November the partnership with the Partenope Group was launched, leading to the arrival of the Unieuro brand in the city of Naples and partially offsetting the transfer to the Retail Channel of the last 16 Unieuro by Iper shop-in-shops still managed under the affiliation system, completed in September.

The B2B channel (4.8% of total revenues) - which targets professional domestic and foreign customers that operate in industries other than those where Unieuro operates, 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 to accumulate points or participate in prize competitions or incentive plans (B2B2C segment) - recorded sales of € 91.1 million, down 9.1% from € 100.3 million of the corresponding period of the previous financial year. The uncertain nature of revenues in this channel is confirmed, featuring an opportunistic approach influenced by multiple exogenous factors.

Lastly, the Travel channel (0.9% of total revenues) - composed of 11 direct sales outlets located at some of the main public transport hubs such as airports, railway and underground stations - recorded a decrease of 44.0% and sales equal to € 16.4 million. The performance was inevitably affected by the collapse of air traffic generated by the pandemic and the total or partial closure of some airports.

5.1.2 Consolidated revenues by category

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2020	%	30 November 2019	%	Δ	%
Grey	925.9	49.0%	831.3	47.2%	94.6	11.4%
White	515.1	27.3%	500.9	28.5%	14.2	2.8%
Brown	279.9	14.8%	275.1	15.6%	4.7	1.7%
Other products	91.1	4.8%	77.0	4.4%	14.0	18.2%
Services	77.8	4.1%	75.2	4.3%	2.7	3.6%
Total consolidated revenues by category	**1,889.8**	**100.0%**	**1,759.5**	**100.0%**	**130.4**	**7.4%**

Through its distribution channels the Group offers its 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 (49.0% of total revenues) - i.e., telephony, tablets, information technology, telephone accessories, cameras, as well as all wearable technological products - generated a turnover of € 925.9 million, an increase of 11.4% compared to € 831.3 million in the same period of the previous financial year, thanks to the ongoing purchasing trends related to smart working, e-learning and communication, which were particularly emphasised during this period. In the third quarter Grey, therefore, emerged as one of the highest-growth categories, thanks to revenues up 19.5%, with IT and accessories driving sales.

The White category (27.3% of total revenues) - which is composed of large appliances (MDA) such as washing machines, tumble dryers, refrigerators or freezers and cooktops, small appliances (SDA), such as vacuum cleaners, food processors, coffee machines as well as the climate control segment - recorded sales of € 515.1 million, up by 2.8% compared with € 500.9 million of the corresponding period of the previous year. The category experienced growth in the second quarter thanks to the positive results of home care products, with particular reference to the aspiration and food preparation segments.

The Brown category (14.8% of revenues) - including televisions and accessories, audio devices, devices for smart TVs, car accessories ad memory systems - recorded total revenues of Euro 279.9 million, +1.7% compared with the figure of Euro 275.1 million of the corresponding period of the previous year. The strong performance in the third quarter (+ 18.2%), a further improvement on the second quarter, offset the weakness registered in the first half of the year, partly in light of the cancellation of sports events imposed by Covid-19. .

The Other products category (4.8% 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 Euro 91.1 million up 18.2%. 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 also strong, due to the incentives and social-distancing rules imposed.

The Services category (4.1% of total revenues) grew by 3.6% to € 77.8 million: the positive performance n the third quarter (+13.5%) offset the phenomena recorded in the first six months of the year, thanks to Unieuro's continued focus on providing services to its customers, particularly the extended warranty service.

5.2 Consolidated operating profit[16]

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.

[16] One year after the first adoption of IFRS 16, the transitory phase has ended during which the financial communication of Unieuro was based on adjusted data and in continuity with the previous accounting standard IAS 17 and the related interpretations. From 1 March 2020, Unieuro will therefore comment only on the economic figures after application of the above-referenced accounting standard, restating the comparative figures and focusing on Adjusted EBIT and Adjusted Net Profit. The reported "(Net financial debt) / Net cash – pursuant to IAS 17" and the "Consolidated Adjusted Free Cash Flow" will instead continue to not incorporate the component related to the application of IFRS 16.

(in millions and as a percentage of revenues)	Period ended						Changes	
	30 November 2020			30 November 2019				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Revenue	1,889.8			1,759.5			130.4	7.4%
Sales revenues	**1,889.8**			**1,759.5**			**130.4**	**7.4%**
Purchase of goods and Change in inventories	(1,482.4)	(78.4%)	0.0	(1,379.8)	(78.4%)	0.0	(102.6)	7.4%
Marketing costs	(37.5)	(2.0%)	0.3	(40.1)	(2.3%)	1.3	2.6	(6.5%)
Logistics costs	(62.8)	(3.3%)	0.2	(49.2)	(2.8%)	0.9	(13.6)	27.7%
Other costs	(50.3)	(2.7%)	5.7	(56.1)	(3.2%)	1.6	5.8	(10.4%)
Personnel costs	(123.4)	(6.5%)	0.3	(137.9)	(7.8%)	0.9	14.5	(10.5%)
Other operating income and costs	(4.9)	(0.3%)	0.0	(4.6)	(0.3%)	(0.1)	(0.3)	5.9%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	3.5	0.2%	3.5	6.7	0.4%	6.7	(3.2)	(47.3%)
Consolidated Adjusted EBITDA[17]	**132.1**	**7.0%**	**10.1**	**98.5**	**5.6%**	**11.4**	**33.6**	**34.1%**
Amortisation, depreciation and write-downs of fixed assets	(68.6)	(3.6%)	-	(66.4)	(3.8%)	0.3	(2.2)	3.3%
Consolidated Adjusted EBIT	**63.6**	**3.4%**	**10.1**	**32.2**	**1.8%**	**11.7**	**31.4**	**97.7%**

Consolidated Adjusted EBIT for the period increased by € 31.4 million, settling at € 63.6 million (€ 32.2 million in the corresponding period of the previous financial year). The Adjusted EBIT margin was 3.4%.

The growth in sales volumes, together with the actions taken by the management to deal with the Covid-19 emergency[18], enabled the company to close the third quarter with a new record in revenues, strongly growing profitability and a more solid financial structure than ever before, offsetting the effects of the pandemic recorded in the first quarter and, from 6 November, following the restrictive measures imposed, which resulted in restrictions on business activities and people freedom to move and travel.

In addition to the non-recurring actions on the cost base, which followed the evolution of turnover in the first quarter, the performance was aided by the dynamics of the gross margin: thanks to the improvement of 0.7 percentage points recorded in the third quarter, the gross margin in the nine months rose to 21.7% compared to 22% in the same period last year, thus recovering much of the

[17] 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.

[18] See Interim Operating Report at 31 May 2020 and Half-yearly Financial Report at 31 August 2020.

dilution suffered in the first part of the year due to the unfavourable channel and product mix induced by the pandemic.

Marketing costs decreased by 6.5% compared with 30 November 2019. The decrease is mainly attributable to the company's choice to focus more on digital consumption, making a progressive cut on paper-based use media and the distribution of flyers and partially reinvesting the savings gained to strengthen the visibility of its digital flyer. The impact on consolidated revenues decreased in the period and was 2.0% (2.3% in the period in the previous year).

Logistics costs increased by approximately € 13.6 million. The trend is mainly attributable to the boom in online sales and - in this context - to the increasing weight of home deliveries, also as a result of the increase in requests for non-standard delivery services (delivery by appointment, delivery to the floor, etc.) and promotional campaigns that provide free shipping. The impact on consolidated revenues increased and was 3.3% as at 30 November 2020 (2.8% in the period in the previous year).

The item Other Costs decreased by €5.8 million compared to the same period of the previous year, with the ratio to consolidated revenues falling to 2.7% (3.2% in the first nine months of 2019).. The performance is mainly attributable to the application of the amendment to the accounting standard IFRS 16 issued by the IASB on 28 May 2020 and published in the Official Journal of the European Union on 12 October 2020. The practical expedient provided by *Covid-19-Related Rent Concessions* allows lessees not to consider as an amendment to the original contract any rent concessions provided from 1 January 2020 extended to offset the effects of Covid-19. The aforesaid concessions signed by the reference date of the Half-Yearly Financial Report, totalling € 9.8 million, have been recorded as positive variable lease payments with an impact on the income statement. Operating costs also fell during the period, essentially due to utilities and maintenance fees deriving from reduced store operations, offset by an increase in the cost of electronic payments (cards, Paypal, etc.) and in call center costs due to the growth in turnover in the online channel. There was also an increase in the cost of cleaning and sanitizing retail outlets in response to the pandemic.

Personnel costs decreased by € 14.5 million, due to the effect of the actions taken by management in the first part of the year to mitigate the impact of the pandemic, mainly relating to the use of the Cassa Integrazione Guadagni in Deroga (Wages Redundancy Fund), compensation for holidays and leaves of absence, non-renewal of expired fixed-term contracts and the spontaneous reduction in management remuneration. The impact on consolidated revenues decreased and was 6.5% as at 30 November 2020 (7.8% in the corresponding period of the previous year), despite the increase in the workforce brought about by the internalization of the Unieuro by Iper shop-in-shops.

Other operating income and costs increased by Euro 0.3 million. The impact on consolidated revenues stood at 0.3% is in line with the same corresponding period of the previous year. The item mainly includes costs for expenses related to business operations such as waste disposal tax, etc.

Amortisation, depreciation and write-downs of non-current assets amounted to € 68.6 million (€ 66.4 million in the period ended 30 November 2019). The impact on consolidated revenues decreased and was 3,6% as at 30 November 2020 (3.8% in the corresponding period of the previous year), despite the impairment of some tangible assets following the decision to relocate the headquarters the Forlì.

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 2020	%	30 November 2019	%	Δ	%
Consolidated Adjusted EBIT[19]	63.6	3.4%	32.2	1.8%	31.4	97.7%
Non-recurring expenses /(income)	(6.5)	(0.3%)	(4.7)	(0.3%)	(1.9)	39.9%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services[20]	(3.5)	(0.2%)	(6.7)	(0.4%)	3.2	(47.3%)
Non-recurring depreciation, amortisation and write-downs of fixed assets	0.0	0.0%	(0.3)	(0.0%)	0.3	(100.0%)
Net Operating Income	**53.5**	**2.8%**	**20.5**	**1.2%**	**33.0**	**161.0%**

Non-recurring expense/(income) of the Consolidated Adjusted EBITDA increased by €1.9 million compared with the previous period ended 30 November 2019 and are explained, in detail, in the subsequent section 5.3.

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

[20] 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 2020 and 30 November 2019 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 related to the change in the business model for direct management support services decreased by €3.2 million compared to the previous period ended 30 November 2019 due to the gradual entry of the business model on stores and the lower volume of contracts signed in the period.

5.3 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 2020	30 November 2019	Δ	%
Costs for pre-opening, relocating and closing sales outlets[21]	1.1	1.4	(0.3)	(22.6%)
Mergers & Acquisitions	0.1	2.9	(2.8)	(98.1%)
Other non-recurring expenses	5.4	0.4	5.0	1,115.2%
Total	**6.5**	**4.7**	**(1.9)**	**(39.9%)**

Non-recurring income and charges increased by € 1.9 million compared to the corresponding period ended 30 November 2019.

Costs for the pre-opening, repositioning and closure of points of sale stand at € 1.1 million (€ 1.4 million in the corresponding period ended on 30 November 2019). This item includes: rental, personnel, security, travel and transfer costs, for maintenance and marketing operations incurred as part of: i) store openings (in the months immediately preceding and following the opening of the same) and ii) store closures.

The item relating to Mergers & Acquisition costs totalled € 0.1 million (€ 2.9 million in the corresponding period ended on 30 November 2019). These costs mainly reflect payments to notaries and consultants and are related to the merger between Carini and Unieuro with statutory effects starting from 1 September 2020; last year the item mainly included the costs of acquiring the former Pistone S.p.A. stores.

Other non-recurring income and expenses were € 5.4 million (€ 0.4 million in the corresponding period ended on 30 November 2019). These costs relate mainly to provisions for suppliers and sub-suppliers of services for which requests in the area of labour law have been received from third parties who hold Unieuro jointly and severally liable.

[21] 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.

5.4 Net result[22]

Below is a restated income statement including items from the Consolidated Adjusted EBIT to the consolidated adjusted profit (loss) for the period.

(in millions and as a percentage of revenues)	Period ended						Changes	
	30 November 2020			30 November 2019				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Consolidated Adjusted EBIT	63.6	3.4%	10.1	32.2	1.8%	11.7	31.4	97.7%
Financial income and expenses	(10.1)	(0.5%)	-	(9.8)	(0.6%)	0.0	(0.2)	2.5%
Income taxes[23]	(3.8)	(0.2%)	(0.9)	(3.0)	(0.2%)	(1.0)	(0.9)	29.4%
Adjusted Consolidated Profit/Loss for the Period	49.6	2.6%	9.2	19.3	1.1%	10.7	30.3	156.6%

Net financial expenses in the period ended on 30 November 2020, amounted to € 10.1 million (€ 9.8 million in the previous period ended on 30 November 2019). The change in the period is attributable to financial expenses related to the IFRS 16 adjustment amounting to € 7.3 million (€ 7.1 million as at 30 November 2019).

Income taxes excluding the theoretical tax impact from taxes on non-recurring expenses/(income) and the change of business model in the period ended on 30 November 2020, were negative by € 3.8 million (negative by € 3.0 million in the corresponding period of the previous year ended on 30 November 2019). Note that IRES tax losses still available resulting from the tax estimate carried out when preparing the 2020 Unico model with reference to Unieuro amount to 353.6 million euros while with reference to Monclick they amount to 6.3 million euros. These tax losses will ensure a substantial benefit in the payment of taxes in future years.

The Consolidated Adjusted Profit for the Period amounted to € 49.6 million (it was € 19.3 million in the corresponding period of the previous year ended 30 November 2019): the positive performance is attributable to the increase in Adjusted EBIT, which was only partially offset by the increase in net financial expenses and income taxes.

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

[22] One year after the first adoption of IFRS 16, the transitory phase has ended during which the financial communication of Unieuro was based on adjusted data and in continuity with the previous accounting standard IAS 17 and the related interpretations. From 1 March 2020, Unieuro will therefore comment only on the economic figures after application of the above-referenced accounting standard, restating the comparative figures and focusing on Adjusted EBIT and Adjusted Net Profit. The reported "(Net financial debt) / Net cash – pursuant to IAS 17" and the "Consolidated Adjusted Free Cash Flow" will instead continue to not incorporate the component related to the application of IFRS 16.

[23] The tax impacts of the adjustments were calculated using the theoretical rate deemed appropriate of 8.7% both for 30 November 2020 as well as 30 November 2019, which incorporates IRES at 4.8% (obtained by reducing taxable IRES income by 80% due to the ability to use past tax losses) and IRAP at 3.9%.

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2020	%	30 November 2019	%	Δ	%
Adjusted Consolidated Profit/Loss for the Period	49.6	2.6%	19.3	1.1%	30.3	156.6%
Non-recurring expenses/income	(6.5)	(0.3%)	(4.7)	(0.3%)	(1.9)	39.9%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	(3.5)	(0.2%)	(6.7)	(0.4%)	3.2	(47.3%)
Non-recurring depreciation, amortisation and write-downs of fixed assets	-	0.0%	(0.3)	0.0%	0.3	100.0%
Non-recurring financial expenses/(income)	-	0.0%	(0.0)	0.0%	0.0	(100.0%)
Theoretical tax impact from taxes on non-recurring expenses/(income), non-recurring financial expenses/(income), non-recurring depreciation, amortisation and write-downs of fixed assets and the change in business model.	0.9	0.0%	1.0	0.1%	(0.1)	(13.7%)
Consolidated Profit/Loss for the Period	40.4	2.1%	8.7	0.5%	31.8	366.8%

5.5 Cash flows

5.5.1 Consolidated Adjusted Free Cash Flow [24-25]

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 2020	30 November 2019	Δ	%
Consolidated EBITDA	122.0	87.1	34.9	40.0%
Cash flow generated/(absorbed) by operating activities[26]	78.0	37.6	40.4	107.6%
Taxes paid	(0.9)	(2.2)	1.3	(57.0%)
Interest	(9.1)	(9.1)	(0.0)	0.0%
Other changes	0.5	0.9	(0.4)	(43.6%)
Consolidated net cash flow generated/(absorbed) by operating activities[27]	**190.5**	**114.3**	**76.2**	**66.6%**
Investments[28]	(24.8)	(19.3)	(5.5)	28.4%
Investments for business combinations and business units	(8.3)	(11.0)	2.7	(24.7%)
Adjustment for non-recurring investments	8.3	14.5	(6.1)	(42.5%)
Non-recurring expenses /(income)	6.5	5.0	1.6	32.1%
Adjustment for non-monetary components of non-recurring (expenses)/income	(5.6)	(0.6)	(5.0)	774.4%
Other non-recurring cash flows	1.1	(2.5)	3.6	(142.6%)
Theoretical tax impact of the above entries[29]	(0.1)	(0.4)	0.3	(78.7%)
Leasing IFRS 16[30]	(41,9)	(42.5)	0.6	(1.4%)
Consolidated Adjusted free cash flow	**125.6**	**57.3**	**68.3**	**119.3%**

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

[25] One year after the first adoption of IFRS 16, the transitory phase has ended during which the financial communication of Unieuro was based on adjusted data and in continuity with the previous accounting standard IAS 17 and the related interpretations. From 1 March 2020, Unieuro will therefore comment only on the economic figures after application of the above-referenced accounting standard, restating the comparative figures and focusing on Adjusted EBIT and Adjusted Net Profit. The reported "(Net financial debt) / Net cash – pursuant to IAS 17" and the "Consolidated Adjusted Free Cash Flow" will instead continue to not incorporate the component related to the application of IFRS 16.

[26] 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.

[27] 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".

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

[29] The theoretical rate deemed appropriate by management is 8.7% both at 30 November 2020 and 30 November 2019, and incorporates IRES at 4.8% (obtained by reducing taxable IRES income by 80% due to the ability to use past tax losses) and an IRAP rate at 3.9%.

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

The Consolidated net cash flow generated/(absorbed) by operating activities was a positive figure of € 190.5 million (a positive figure of € 114.3 million in the year ended on 30 November 2019). Cash generation is linked to the good performance of the Group's operating profitability and the careful management of working capital, this also being due to the one-off actions taken by management to tackle the epidemic.

Investments totalled € 24.8 million (€ 19.3 million as at 30 November 2019). They mainly pertained to: (i) interventions for the development of the network of direct stores and the refurbishment of the existing store network and (ii) costs incurred for the adoption of a new ERP, more adequate to the company's size and functional to the future omnichannel development of the Group, (iii) the purchase of new hardware, software, licenses and developments on applications in order to improve the infrastructure, digitisation of the stores and launch of advanced functions for the online platform, with the aim of making each customer's omnichannel experience increasingly functional and enjoyable.

Investments for business combinations and business units of € 8.3 million in the period ended on 30 November 2020 (€ 11.0 million in the corresponding period of the previous year) refer to the portion paid of the purchase price in the context of the acquisition of former Pistone S.p.A., former Cerioni and Monclick. 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 charges amounted to € 6.5 million in the period ended on 30 November 2020 (€ 5.0 million in the same period of the previous year), of which € 5.6 million had not yet had a financial impact at the end of the half-year.

Other non-recurring operating cash flows of €1.1 million refer to adjustments for non-recurring items made in the previous year ended 29 February 2020 that produced financial effects in the period. As at 30 November 2019, the item included the insurance reimbursement for direct damages obtained in connection with the fire in the Oderzo shop, which occurred in February 2017.

Below are listed the main changes recorded in the Group's net financial indebtedness during the period ended 30 November 2020 and in the period ended 30 November 2019:

(in millions of Euro)	Period ended		Changes	
	30 November 2020	30 November 2019	Δ	%
Operating profit	122.0	87.1	34.9	40.0%
Cash flow generated/(absorbed) by operating activities	78.0	37.6	40.4	107.6%
Taxes paid	(0.9)	(2.2)	1.3	(100.0%)
Interest paid	(9.1)	(9.1)	(0.0)	0.0%
Other changes	0.5	0.9	(0.4)	(43.6%)
Net cash flow generated/(absorbed) by operating activities	**190.5**	**114.3**	**76.2**	**66.6%**
Investments	(24.8)	(19.3)	(5.5)	28.4%
Investments for business combinations and business units	(8.3)	(11.0)	2.7	(24.7%)
Distribution of dividends	-	(21.4)	21.4	(100.0)%
Payables from the acquisition of business units	8.3	(8.2)	16.5	(201.4%)
IFRS 16 Leases[31]	(41,9)	(42.5)	0.6	(1.4%)
Other changes	(0.8)	(0.9)	0.0	(0.1%)
Change in net financial debt	**122.9**	**11.0**	**111.9**	**1,020.6%**

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

5. Statement of financial position[32]

Below is a detailed breakdown of the Group's net working capital and net invested capital as at 30 November 2020 and as at 29 February 2020:

(in millions of Euro)	Period ended	
	30 November 2020	29 February 2020
Trade receivables	101.3	51.3
Inventories	424.9	369.8
Trade payables	(614.7)	(479.6)
Net operating working capital	**(88.4)**	**(58.5)**
Other working capital items	(242.5)	(200.2)
Net working capital	**(330.9)**	**(258.7)**
Right-of-use assets	454.9	478.3
Non-current assets and (liabilities)	316.5	324.6
Net invested capital	**440.6**	**544.2**
(Net financial debt) / Net cash – Pursuant to IAS 17	152.4	29.6
IFRS 16 Leases	(455.6)	(477.6)
(Net financial debt) / Net cash	**(303.2)**	**(448.0)**
Shareholders' equity	(137.4)	(96.2)
Total shareholders' equity and financial liabilities	**(440.6)**	**(544.2)**

The Group's Net Working Capital as at 30 November 2020 was negative by Euro 88.4 million (negative by Euro 58.5 million as at 29 February 2020). The trend is attributable to the success of Black Friday and the preparatory effects of the Christmas holiday season, which led to an increase in trade payables and inventories. The change in trade receivables is mainly attributable to an increase in receivables from the public administration due to higher volumes.

The Net Invested Capital of the Group stood at € 440.6 million as at 30 November 2020, down by € 103.6 million compared to 29 February 2020. The change is mainly due to: (i) the decrease in the Group's Net Working Capital by € 72.1 million and (ii) the decrease in net non-current assets by € 31.5 million. Investments at 30 November 2020 stood at € 18.4 million (€ 20.8 million as at 30 November 2019) and are attributable to capitalised costs incurred for network development interventions of direct shops and costs incurred for the purchase of new hardware, software, licenses and developments on applications with a view to improving the technological infrastructure, including costs relating to the project - still being implemented - aimed at adopting a new ERP..

[32] One year after the first adoption of IFRS 16, the transitory phase has ended during which the financial communication of Unieuro was based on adjusted data and in continuity with the previous accounting standard IAS 17 and the related interpretations. From 1 March 2020, Unieuro will therefore comment only on the economic figures after application of the above-referenced accounting standard, restating the comparative figures and focusing on Adjusted EBIT and Adjusted Net Profit. The reported "(Net financial debt) / Net cash – pursuant to IAS 17" and the "Consolidated Adjusted Free Cash Flow" will instead continue to not incorporate the component related to the application of IFRS 16.

Shareholders' equity stood at € 137.4 million at 30 November 2020 (€ 96.2 million at 29 February 2020), with an increase mainly caused by the recording of the positive result for the period and in small part due to the recognition of the reserve for share-based payments relating to the Long-Term Incentive Plan (2017-2020)[33] reserved for some managers and employees.

Below is a detailed breakdown of the Group's net financial debt as at 30 November 2020 and 29 February 2020 in accordance with Consob Communication 6064293 of 28 July 2006 and in compliance with ESMA Recommendations 2013/319:

(Amounts in millions of euros)	Period ended		Changes	
	30 November 2020	29 February 2020	Δ	%
(A) Cash	232.9	96.7	136.2	140.8%
(B) Other cash and cash equivalents	0.0	0.0	0.0	0.0%
(C) Securities held for trading	0.0	0.0	0.0	0.0%
(D) Liquidity (A)+(B)+(C)	**232.9**	**96.7**	**136.2**	**140.8%**
- of which is subject to a pledge	*0.0*	*0.0*	*0.0*	*0.0%*
(E) Current financial receivables	**0.0**	**0.0**	**0.0**	**0.0%**
(F) Current bank payables	(10.1)	(0.0)	(10.1)	193,861.5%
(G) Current part of non-current debt	(9.6)	(9.5)	(0.1)	0.8%
(H) Other current financial payables	(62.1)	(68.0)	5.9	(8.7%)
(I) Current financial debt (F)+(G)+(H)	**(81.8)**	**(77.5)**	**(4.3)**	**5.5%**
- of which is secured	*0.0*	*0.0*	*0.0*	*0.0%*
- of which is unsecured	*(81.8)*	*(77.5)*	*(4.3)*	*5.5%*
(J) Net current financial position (I)+(E)+(D)	**151.1**	**19.3**	**131.8**	**682.9%**
(K) Non-current bank payables	(43.9)	(31.6)	(12.3)	38.9%
(L) Bonds issued	0.0	0.0	0.0	0.0%
(M) Other non-current financial payables	(410.4)	(435.6)	25.2	(5.8%)
(N) Non-current financial debt (K)+(L)+(M)	**(454.3)**	**(467.2)**	**12.9**	**(2.8%)**
- of which is secured	*0.0*	*0.0*	*0.0*	*0.0%*
- of which is unsecured	*(454.3)*	*(467.2)*	*12.9*	*(2.8%)*
(O) (Net financial debt) / Net cash(J)+(N)	**(303.2)**	**(448.0)**	**144.9**	**(32.3%)**

A breakdown of the composition of the net financial debt pursuant to IAS 17 as at 30 November 2020 and as at 29 February 2020 is shown below.

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

(in millions of Euro)	Period ended		Changes	
	30 November 2020	29 February 2020	Δ	%
(Net financial debt) / Net cash	(303.2)	(448.0)	144.9	(32.3%)
Current financial receivables	(1.4)	(1.4)	(0.0)	1.1%
Non-current financial receivables - IFRS 16	(7.9)	(8.9)	1.1	(11.9%)
Other current financial payables - IFRS 16	59.1	57.1	2.0	3.5%
Other non-current financial payables - IFRS 16	405.9	430.9	(25.1)	(5.8%)
(Net financial debt) / Net cash – Pursuant to IAS 17	152.4	29.6	122.9	415.1%

Net cash - IAS 17 increased by € 122.9 million compared with 29 February 2020, creating a positive cash position of € 152.4 million as at 30 November 2020.

The cash flow dynamics are essentially driven by the combined effect of: (i) cash generation from operating activities including flows from IFRS 16 Leases of € 148.5 million and (ii) investments of € 24.8 million, mainly due to costs incurred for the development of the direct store network and the refurbishment of the existing store network and costs incurred for the purchase of new hardware, software, licences and application developments with a view to improving the technological infrastructure.

6. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main economic and financial indicators at 30 November 2020 is shown below[34]:

		30 November 2020 (Ex - IAS 17)		30 November 2020 (IFRS 16)
EBITDA ADJ	• reduction in operating costs (rents paid on shops, offices, warehouses and cars), net of income from subleases of shops	81.7	+50.4	132.1
EBIT ADJ	• increase in depreciation on right-of-use assets	59.0	+4.6	63.6
PROFIT BEFORE TAXES ADJ	• increase in financial expenses for interest related to rights-of-use liabilities	56.2	(2.7)	53.5
NET FINANCIAL INDEBTEDNESS	• recognition of rights-of-use liabilities (other current and non-current financial payables), net of non-current financial receivables relating to subleases	152.4	(455.6)	(303.2)

[34] In millions of Euro.

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 reopening a significant number 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

Personnel costs: action was immediately taken to use previous holidays and leaves. After the measures were implement by the Government, the Exceptional Redundancy Payments 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.

Lease payments: thanks to the fruitful dialogue with the store owners, the economic and financial impact of the leases has been cushioned to compensate for the lower revenues achieved during the lockdown period.

Operating costs: purchases of goods and services that are not considered strictly necessary have been reduced to a minimum, both at the point of sale and corporate level.

Investments and acquisitions

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

Financial situation

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, with the end of the lockdown and the consolidation of favourable consumption trends for the product categories managed by Unieuro, the Group experienced an unexpected 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 fully recovered the lower revenues recorded during the most difficult months of the epidemic at the closure of the first half of the year. 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, 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, to issue a decree that imposed new restrictions on commercial activities and the free movement of persons. These measures, initially valid from 6 November to 3 December 2020, were then extended on two subsequent occasions until 15 January 2021, thus ending up covering the entire peak season.

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

For Unieuro, this resulted in the closure of around 50% of its directly-owned shops at weekends and on public holidays and days before holidays, while the majority of its affiliated shops - favoured by their location in city centres - continued to operate regularly, outperforming the market. The Online Channel has once again become the natural outlet for customers, who are restricted in their movements and visits to the shop, and during the Change Black Friday campaign (3 November - 3 December) there was a 63% increase in the number of orders.

This impact is believed, at least in part, to be potentially offset (i) by 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) by 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) by the omnichannel services launched by Unieuro in the course of the summer, with the aim of making the in-store purchasing process is safer and faster during this complex historical moment.

As of the date of this Interim Report, the sales channel situation is unchanged from that disclosed in the Condensed Interim Report approved on November 12, 2020.

8. Unieuro treasury shares

During the year, Unieuro S.p.A. did not purchase or sell any treasury shares directly or through an intermediary.

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

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, for a maximum of nine weeks, even if not consecutive. 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, by 20% for Chiefs and 10% for the other executives and function directors.

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 first 1,000 smartphones were donated to hospitals in Emilia Romagna, while the rest were intended for hospitals and nursing homes for the elderly in Lombardy. 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 convened 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 2019/2020 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 upper management board.

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. As well as the three direct shop-in-shops in the Spazio Conad hypermarkets in Curno (Bergamo), Padua and Merate (Lecco), opened in the previous months, the new Milanese store underlines the intention of Unieuro to focus on large-scale retail distribution segment: the location, adjacent to the Hypermarket, The capital i in Piazza Portello, is in fact part of the partnership signed at the beginning of 2019 with Finiper.

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.

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 who can take advantage of large discounts on the technological products marketed by Unieuro, with a specific focus on smart working, home technology adaptation and sustainable mobility. Unieuro is thus able to access a valuable clientèle, 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 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 - which followed the internalisation of 4 other previously affiliated shop-in-shops and the opening of the Milan Portello direct store - 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. Through this transaction, Unieuro further strengthened its presence in the large-scale retail segment.

The new headquarters

On 14 October, Unieuro signed a multi-year lease agreement for Palazzo Hercolani, an old building located in the historic centre of Forlì, where the Group will move its headquarters during 2021. Upon completion of the adaptation and modernisation works, also in light of the major projects currently in the pipeline to place Unieuro at the forefront of smart working, the building will offer over 250 employees and guests a rewarding, innovative and comfortable work experience that will facilitate collaboration and the circulation of ideas and solutions to the benefit of the company and its people.

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 largely under-represented.

The resurgence of the Covid-19 epidemic

Since October, 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. As of 4 November, the further deterioration of the situation prompted the government to issue a decree that imposed new restrictions on commercial activities and people freedom to move about. For Unieuro, the new rules lead to the closure of about half of direct stores on public holidays and pre-holidays until the 6th of January 2021.

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, which transformed Unieuro into a real public company, and the consequent sharp increase in trading volumes on the stock.

Significant events following the closure of the period

The 2020-2021 "Sign of the Year award"

On 27 November, Unieuro was awarded the prestigious "Sign of the Year" award for the second consecutive year in the Household Appliances & Electronics category, once again confirming its position as the leading brand in the highly fragmented and competitive consumer electronics sector.

Success for the "Change Black Friday" campaign

Started on 3 November and ended on 3 December, the promotional campaign called "Change Black Friday", the Black Friday of "life-changing" technology, marked another record duration in Unieuro's history and recorded good sales results despite the restrictive measures in place that penalised the Retail Channel. As a result, the Online channel benefited, with the Unieuro.it platform recording a 63% increase in the number of orders and a double-digit percentage increase in the average value of those orders. Excellent performance also for affiliate shops, only marginally impacted by the restrictions, and for Monclick's Mon Black Friday (13-30 November).

The Key Award

On 10 December, the "Addams' Black Friday" campaign carried out in 2019 by Unieuro was awarded the prestigious "Key Award", set up by Media Key and dedicated to advertising in print, billboard, TV, cinema, radio, web and promotional events, for the best advertising campaign in the category 'Finance, Insurance, Commerce and Large Scale Retail.

The Shareholders' Meeting

On 17 December, Unieuro's Shareholders' Meeting, held in ordinary and extraordinary session, on a single call, approved the amendments and additions to the first section of the Report on remuneration policy and compensation paid approved by the Shareholders' Meeting on 12 June; approved the new incentive plan called "2020-2025 Performance Shares Plan"; approved the authorisation to purchase and dispose of treasury shares, also to service the Plan, up to a maximum of 2,000,000 ordinary Unieuro shares for a maximum period of 18 months; approved the authorization to increase the share capital to service the Plan, up to a maximum of 900,000.

Transfer of the Registered Office

Unieuro's Board of Directors also resolved, pursuant to article 2365, second paragraph, of the Italian Civil Code, to transfer the company's registered office from via Schiaparelli 31 to Palazzo Hercolani, in via Maroncelli 10, also in Forlì, without the need to amend the Articles of Association.

The transfer will take effect on a date to be established.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euro)	Period ended	
	30 November 2020	29 February 2020
Plant, machinery, equipment and other assets	79,151	84,696
Goodwill	195,239	195,238
Intangible assets with definite useful life	29,450	27,247
Right-of-use assets	454,895	478,286
Deferred tax assets	40,579	38,617
Other non-current assets	10,830	11,931
Total non-current assets	**810,144**	**836,015**
Inventories	424,940	369,788
Trade receivables	101,335	51,288
Current tax assets	-	-
Other current assets	20,551	25,355
Cash and cash equivalents	232,890	96,712
Total current assets	**779,716**	**543,143**
Total assets	**1,589,860**	**1,379,158**
Share capital	4,000	4,000
Reserves	74,811	38,316
Profit/(loss) carried forward	58,569	53,842
Profit/(Loss) of third parties	-	-
Total shareholders' equity	**137,380**	**96,158**
Financial liabilities	43,941	31,643
Employee benefits	12,567	11,988
Other financial liabilities	418,245	444,532
Provisions	14,574	8,679
Deferred tax liabilities	3,662	3,463
Other non-current liabilities	26	26
Total non-current liabilities	**493,015**	**500,331**
Financial liabilities	19,675	9,520
Other financial liabilities	63,535	69,419
Trade payables	614,650	479,608
Current tax liabilities	3,950	1,449
Provisions	1,056	1,245
Other current liabilities	256,599	221,428
Total current liabilities	**959,465**	**782,669**
Total liabilities and shareholders' equity	**1,589,860**	**1,379,158**

CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)	Period ended	
	30 November 2020	30 November 2019
Revenue	1,889,836	1,759,459
Other income	632	1,150
TOTAL REVENUE AND INCOME	1,890,468	1,760,609
Purchases of materials and external services	(1,694,349)	(1,684,640)
Personnel costs	(123,700)	(138,828)
Changes in inventory	55,152	155,707
Other operating costs and expenses	(5,542)	(5,707)
GROSS OPERATING RESULT	122,029	87,141
Amortisation, depreciation and write-downs	(68,557)	(66,657)
NET OPERATING RESULT	53,472	20,484
Financial income	44	74
Financial expenses	(10,138)	(9,948)
PROFIT BEFORE TAX	43,378	10,610
Income taxes	(2,964)	(1,953)
PROFIT/(LOSS) FOR THE PERIOD	40,414	8,657
Profit/(loss) for the period of the Group	40,414	8,657
Profit/(loss) for the period of third parties	-	-
Basic earnings per share (in Euro)	2.02	0.43
Diluted earnings per share (in Euro)	2.02	0.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euro)	Period ended	
	30 November 2020	30 November 2019
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	40,414	8,657
Other items of comprehensive income that will or may be reclassified to profit/(loss) for the consolidated period:		
Gain/(losses) on cash flow hedges	175	(46)
Income taxes	(42)	11
Total other components of comprehensive income that will or may be reclassified to profit/(loss) for the consolidated period	133	(35)
Other items of comprehensive income that will not be subsequently reclassified to profit/(loss) for the consolidated period:		
Actuarial gains (losses) on defined benefit plans	246	(878)
Income taxes	(65)	247
Total other components of comprehensive income that will not be reclassified to profit/(loss) for the consolidated period	181	(631)
Total comprehensive income for the consolidated period	40,728	7,991

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CONSOLIDATED CASH FLOW STATEMENT[35]

(In thousands of Euro)	Period ended	
	30 November 2020	30 November 2019
Cash flow from operations		
CONSOLIDATED PROFIT/(LOSS) FOR THE CONSOLIDATED PERIOD	40,414	8,657
Adjustments for:		
Income taxes	2,964	1,953
Net financial expenses (income)	10,094	9,874
Depreciation, amortisation and write-downs of fixed assets	68,557	66,657
Other changes	494	876
	122,523	88,017
Changes in:		
- Inventories	(55,152)	(155,708)
- Trade receivables	(50,047)	(39,692)
- Trade payables	141,501	193,235
- Other changes in operating assets and liabilities	41,665	39,718
Cash flow generated/(absorbed) by operating activities	77,967	37,553
Taxes paid	(945)	(2.198)
Interest paid	(9,070)	(9,070)
Net cash flow generated/(absorbed) by operating activities	190,475	114,302
Cash flow from investment activities		
Purchases of plant, equipment and other assets	(13,924)	(12,118)
Purchases of intangible assets	(10,902)	(7,211)
Investments for business combinations and business units	(8,318)	(11,040)
Net cash inflow from acquisition	-	10
Cash flow generated (absorbed) by investment activities	(33,144)	(30,359)
Cash flow from investment activities		
Increase/(Decrease) in financial liabilities	21,606	1,607
Increase/(Decrease) in other financial liabilities	(811)	(1,271)
Increase/(Decrease) in other financial liabilities - IFRS 16 Leases	(41.948)	(42,540)
Distribution of dividends	-	(21,400)
Cash flow generated/(absorbed) by financing activities	(21,153)	(63,604)
Net increase/(decrease) in cash and cash equivalents	136,178	20,339
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	96,712	84,488
Net increase/(decrease) in cash and cash equivalents	136,178	20,339
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	232,890	104,827

[35] For the purpose of better representation, the cash flows relating to IFRS 16 Leases were reclassified from the item "Cash flow generated/(absorbed) by investment activities" to the item "Cash flow generated/(absorbed) by financing activities"

CERTIFICATION OF THE INTERIM PERFORMANCE REPORT AT 30 NOVEMBER 2020

The undersigned, Giancarlo Nicosanti Monterastelli, as Chief Executive Officer, and Italo Valenti, 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 at 30 November 2020, corresponds to the Company's documentary findings, books and accounting records.

13 January 2021

Giancarlo Nicosanti Monterastelli
Chief Executive Officer

Italo Valenti
The Officer responsible for preparing the accounting and corporate documents

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