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Diffusione presunta

Oggetto : Unieuro S.p.A.: Double-digit growth in revenues and profits in the first half of FY 2021/22. Post-Covid normalization in progress

Testo del comunicato

Vedi allegato.

UNIEURO S.P.A.: DOUBLE-DIGIT GROWTH IN REVENUES AND PROFITS IN THE FIRST HALF OF 2021/22. POST-COVID NORMALIZATION IN PROGRESS

- **Half-year revenues up 17.5% to Euro 1,268.2 million compared to the corresponding 2020/21 period, +19.7% compared to the pre-Covid year**
- **Business back to normal after the emergency with +29.9% for the direct network, +10.3% for affiliates, and -12.8% for e-commerce. TV sales boom due to summer sports events, waiting for frequency migration**
- **Profitability further improving despite the challenging comparison with the first half of 2020/21, benefiting from the actions undertaken to contain the impact of the epidemic¹:**
 - **Adjusted EBIT² +20.3% to Euro 27.1 million compared to Euro 22.5 million in the same period of last fiscal year and Euro 6.3 million in the pre-Covid period**
 - **Adjusted net result³ +54% to Euro 22.4 million compared to Euro 14.5 million in the same period of the past fiscal year and to the substantial pre-Covid balance (Euro -1 million)**
- **Net cash⁴ at Euro 91.2 million compared to Euro 154.8 million at the beginning of the fiscal year, after the payment of Euro 53.8 million in dividends**
- **Guidance on the current fiscal year confirmed in the light of the good performance of the first eight months of the year, despite increasing supply risks**

Forlì, 11 November 2021 – The Board of Directors of Unieuro S.p.A. (Euronext STAR Milan: UNIR), the Italian leader in the retail market of consumer electronics and household appliances, met today chaired by Stefano Meloni to examine and approve the Interim Financial Report at 31 August 2021.

In the first half of the financial year 2021/22, Unieuro reported a double-digit growth in revenues and profitability, despite comparison with the corresponding period 2020/21 being particularly challenging. In fact, in response to the uncertainty and volatility of revenues caused by the outbreak of the pandemic, last year the Management had adopted unique actions with beneficial effects on both profitability and cash generation.

Revenues, which totalled Euro 1,268.2 million, achieved a new record in a seasonally weak six-month period for sales of electronics and household appliances. The 17.5% growth over the first half of 2020/21 was driven by the physical network (+29.9% direct stores, +10.3% affiliates), which had been affected by the first lockdown between March and May 2020. Online sales declined by 12.8%. At category level, the boom in television sales triggered by the imminent frequency switch-off and the introduction of the TV Bonus by the Government led to a 42.9% increase in revenues for the Brown product category.

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Compared to the first half of 2019/20, the last pre-Covid period, there was an even greater increase in revenues: +19.7%, with strongly positive performances in the three main channels – Retail, Indirect and Online, the latter up by 67.3% – and in all product categories.

Thanks to high sales volumes and to a rebalancing of the channel and category mix, profitability also improved significantly in the six-month period considered, despite the absence of the unique cost savings reported in the corresponding period of 2020/21, which had particularly benefited labour costs and leases. Therefore, the Adjusted EBIT² rose by 20.3% to Euro 27.1 million, while the Adjusted Net Profit³ reached Euro 22.4 million (+54%) also favoured by a major tax benefit.

Cash flow trends, affected by normal seasonal factors and measured by the Adjusted Free Cash Flow⁵, show the absorption of Euro 12.4 million in the semester considered, to be summed up with the distribution of Euro 53.8 million of dividends in June. Therefore, Net cash⁴ amounted to Euro 91.2 million at August 31st.

In the light of the strong half-year results and the good performance of September and October, the Management confirmed the guidance on the current fiscal year disclosed last June 10th, despite the uncertainties linked to the growing risks concerning the availability of goods.

“We are proud to present positive half-yearly results to the market from every point of view, with marked improvements in revenues and profits, also compared to a year, 2020, that had benefited from special actions on costs that cannot be repeated because they were associated with measure undertaken to face the Covid emergency.

The consumer electronics and household appliances market remains strong and has not so far been significantly affected by the manufacturing challenges that impacted so many global industries.

Although the supply chain visibility is today much lower than in the past, we remain optimistic on the second half-year that, once again, sees us resolute in leveraging our strategic, scale and leadership advantages, on which the success of Unieuro is based.”

Giancarlo Nicosanti Monterastelli, CEO of Unieuro.

Revenues of the first half of 2021/22

In the half-year ended 31 August 2021, Unieuro achieved new turnover records, with revenues of Euro 1,268.2 million, up by Euro 189.2 million (+17.5%) compared to Euro 1,079 million in the same period of the previous fiscal year.

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The performance has been largely positive, as achieved in a context of gradual post-Covid normalization and in the absence of significant changes in the company's perimeter. So much so that **like-for-like revenue trends**⁶ – that is the comparison of sales with those of the previous year based on a homogeneous perimeter of activity – rose by 14.1%.

This is further confirmed by the comparison with revenues in the first half of the business year 2019/20, the last pre-Covid period, which shows an even more positive change of +19.7%.

Revenues by sales channel

<i>(in millions of Euro and as a percentage of revenues)</i>	Period ended				Changes	
	31 August 2021	%	31 August 2020	%	Δ	%
Retail	877.6	69.2%	675.8	62.6%	201.8	29.9%
Online	187.8	14.8%	215.4	20.0%	(27.6)	(12.8%)
Indirect	141.3	11.1%	128.1	11.9%	13.2	10.3%
B2B	49.1	3.9%	50.7	4.7%	(1.6)	(3.2%)
Travel	12.5	1.0%	9.0	0.8%	3.5	38.5%
Total revenues	1,268.2	100.0%	1,079.0	100.0%	189.2	17.5%

The **Retail channel** (69.2% of total revenues) – which as at 31 August 2021 consisted of 265 direct stores, including the Unieuro by Iper shops-in-shop – reported 877.6 million Euros of sales, which is a robust growth (+29.9%) compared to the 675.8 million Euros of the same period in 2020/21. Revenue trends have been positively affected by the gradual easing of restrictions on the accessibility of the direct network by customers, whereas the first half of 2020/21 had been heavily impacted by the pandemic. In addition to that, the passage to the direct management of 18 Unieuro by Iper shop-in-shops, previous affiliates that were internalized starting from the second half of the previous year, as well as the new openings and refurbishments carried out on the direct network over the period should be considered. Thanks to these effects, the channel performance was also positive compared to the first half of the last pre-Covid year (+16.1%).

The **Online channel** (14.8% of total revenues) reported a 12.8% decline in revenues, with Euro 187.8 million compared to Euro 215.4 million reported in the same period of the previous year, during which the pandemic had led customers to favour e-commerce at the expense of physical shops. Compared to the first half of the last pre-Covid financial year, the revenues of this channel increased by 67.3% thanks to both mainstream and digital marketing activities conducted on the Online channel, as well as to the new consumption habits triggered by the pandemic, which became a structural feature.

The **indirect channel** (11.1% of total revenues) – which includes the turnover from the network of affiliate stores, totalling 258 stores as at 31 August 2021 – reported 141.3 million

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Euros of sales, which is 10.3% higher than the 128.1 million Euros of the same period of the previous fiscal year. The performance was supported by the gradual easing of restrictions, the distinctive features of the affiliated stores – medium to small in size and focused on proximity services –, as well as on the positive contribution of the new openings of the period, which partially offset the transition to the Retail channel of previously affiliated Unieuro by Iper shop-in-shops, which took place in the second half of 2020/21. The same phenomena also allowed to grow compared to the first half of the last pre-Covid year (+18.7%).

The **B2B channel** (3.9% of total revenues) – which caters to business customers, including foreign customers, operating in sectors other than that of Unieuro, such as hotels and banks, as well as operators purchasing electronic products to be distributed to their regular customers or to employees for loyalty points, prize contests, or incentive plans (referred to as B2B2C segment) – reported a turnover of 49.1 million Euros, which is 3.2% less than the 50.7 million Euros of the same period in the previous financial year. The unpredictability of revenues from this channel is confirmed, as it is characterized by an opportunistic approach and affected by multiple exogenous factors, which also make the comparison with the first half of the last pre-Covid period (-8.9%) not very significant.

Lastly, the **Travel** channel (1% of total revenues) – consisting of 11 direct stores located in some of the busiest hubs such as airports, train stations and underground stations – reported a 38.5% recovery compared to the same period of the previous fiscal year and 12.5 million Euros of sales. This performance is benefiting from the gradual resumption of traffic in train stations and airports, which had been totally or partially closed during the pandemic peak. While being gradually normalized, the performance remains down by 32.6% compared to the first half of the last pre-Covid year.

Revenues by product category⁷

<i>(in millions of Euro and as a percentage of revenues)</i>	Period ended				Changes	
	31 August 2021	%	31 August 2020	%	Δ	%
Grey	598.0	47.2%	532.9	49.4%	65.1	12.2%
White	346.0	27.3%	307.3	28.5%	38.6	12.6%
Brown	202.8	16.0%	141.9	13.1%	60.9	42.9%
Other products	60.5	4.8%	49.7	4.6%	10.9	22.0%
Services	60.9	4.8%	47.3	4.4%	13.6	28.9%
Total revenues	1,268.2	100.0%	1,079.0	100.0%	189.2	17.5%

The **Grey** category (47.2% of total revenues) – i.e. telephones, tablets, information technology, telephone accessories, cameras, as well as any wearable technology – generated a turnover of 598 million Euros, which is 12.2% higher than the 532.9 million Euros of the same period in the previous fiscal year. Sales in the semester were driven primarily by telephony, wearables and tablets, product segments that continue to enjoy

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positive purchasing trends linked to smart working, e-learning, and communication. Conversely, laptops remained weak. These phenomena also allowed growth compared to the first half of the last pre-Covid year (+19%).

The **White** category (27.3% of total revenues) – i.e. major domestic appliances (MDA), such as washing machines, refrigerators or freezers and cookers, small domestic appliances (SDA), such as vacuum cleaners, automatic multi-cookers, coffee machines as well as air conditioning units – generated a turnover of 346 million Euros, growing 12.6% from the 307.3 million Euros of the same period of the previous fiscal year. This category grew during the period thanks to the positive results of home care products, specifically in the major domestic appliance segment, which benefited from the success of the promotion “Passione Casa” that had not been proposed in the same period of 2020. The vacuum cleaner and coffee machine segments also gave good results.

The **Brown** category (16% of total revenues) – consisting of TVs and TV accessories, audio and sound equipment, Smart TV devices, car accessories and storage systems – reported a strong growth in revenues (+42.9% to 202.8 million Euros, compared to the 141.9 million Euros of the same period of the previous fiscal year). This excellent performance is due to the sales of TV sets, which benefited initially from the restart of sporting events, previously blocked due to the outbreak, and from the end of August from the introduction of the *TV Bonus* offered by the Government to help consumers in view of the television frequencies switch-off. The switch-off latter, officially started on October 15, will continue to support Brown revenues until 2022.

The **Other Products** category (4.8% of total revenues) – which includes both entertainment products and other products that fall outside of consumer electrics, such as hoverboards and bicycles – reported revenues of 60.5 million Euros, up 22% from the same period in the previous fiscal year and 36.8% from the first semester of the pre-Covid fiscal year. The increased turnover, driven by electrical mobility products, negatively impacted in 2020 by the restrictions imposed for the health emergency, are also linked to social distancing rules, which favour the use of eco-friendly transportation options. The entertainment segment, which includes consoles and video games, is also growing.

The **Services** category (4.8% of total revenues) reported revenues of Euro 60.9 million, levels that are higher than both the corresponding period of the previous year (+28.9%) and the pre-Covid period (+26.3%). The positive trend benefited from Unieuro's continuous focus on the provision of services to its customers, particularly as regards extended warranty, delivery and transportation.

Operating profitability

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(in millions and as a percentage of revenues)	Period ended						Changes	
	31 August 2021			31 August 2020			Δ	%
	Adjusted amounts	%	Adj.	Adjusted amounts	%	Adj.		
Revenues	1,268.2			1,079.0			189.2	17.5%
Sales revenues	1,268.2			1,079.0			189.2	17.5%
Purchase of goods and Change in inventories	(991.5)	(78.2%)	0.0	(848.5)	(78.6%)	0.0	(143.1)	16.9%
Marketing costs	(23.4)	(1.8%)	0.2	(19.1)	(1.8%)	0.2	(4.3)	22.4%
Logistics costs	(37.2)	(2.9%)	0.2	(37.7)	(3.5%)	0.1	(0.5)	(1.4%)
Other operating income and costs	(45.9)	(3.6%)	0.7	(28.1)	(2.6%)	5.5	(17.8)	63.5%
Personnel costs	(97.4)	(7.7%)	0.5	(75.3)	(7.0%)	0.2	(22.0)	29.2%
Other operating income and costs	(2.2)	(0.2%)	0.0	(3.5)	(0.3%)	0.0	1.3	(36.0%)
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	3.0	0.2%	3.0	1.7	0.2%	1.7	1.3	79.3%
Adjusted EBITDA	73.6	5.8%	4.5	68.5	6.3%	7.7	5.1	7.5%
Amortisation, depreciation and write-downs of fixed assets	(46.6)	(3.7%)	0.2	(46.0)	(4.3%)	-	(0.6)	1.2%
Adjusted EBIT²	27.1	2.1%	4.7	22.5	2.1%	7.7	4.6	20.3%

In the seasonally weakest six months of the year, the **Adjusted EBIT²** of Unieuro totalled Euro 27.1 million.

The result, up by Euro 4.6 million compared to Euro 22.5 million in the same period last year (+20.3%), must be appreciated in the light of the extraordinary Adjusted EBIT² of 2020/21, which had benefited from the unique effects of the non-repeatable management actions undertaken in response to Covid, and which more than tripled compared to 2019/20 (Euro 6.3 million).

The improvement in operating profitability for the half-year considered is also shown by the impact of Adjusted EBIT² on revenues: 2.1% both in the period in question and in the previous period, compared with 0.6% of the pre-Covid period.

The growth in sales volumes, together with the positive channel and category mix, allowed for improved margins, with a **gross margin** of 22.1%, up by 0.5 percentage points compared to 21.5% in the first half of 2020/21. More specifically, the Retail channel, which is the most important channel in terms of revenues and margins, gained weight during the period after being negatively impacted, last year, by the reduced consumption trends imposed by the pandemic.

Personnel costs increased by Euro 22 million, whereas in the first half of last year they had benefited from the use of the redundancy fund known as *Cassa Integrazione Guadagni in*

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Deroga, from the giving out of all unused holiday entitlements, from the non-renewal of expired fixed-term contracts, and from the voluntary reduction of the Management's salaries. Costs were also impacted by the transition to direct management of Unieuro by Iper shop-in-shops and by the new openings of the period. This increased the incidence on consolidated revenues to 7.7% compared to 7% in the corresponding period of the previous year.

Logistics costs, which remained substantially stable (Euro +0.5 million), reported a reduced 2.9% impact on revenues, from 3.5% in the first half of last year, during which the emergency had led to a sharp jump in home deliveries associated with e-commerce.

Other costs bumped up by Euro 17.8 million compared to the same period in 2020/21, with a 3.6% incidence on revenues compared to the previous 2.6%. The trend is mainly due to the loss of the concessions received from the landlords on the payment of leases, to the higher variable rents linked to turnover, and to the increase in the percentage weight of the contracts involving this variable component. Operating costs, essentially related to the maintenance of shops and utilities, also increased over the period, as well as payment fees and costs related to consulting services provided to strengthen the technological infrastructure.

The incidence of **Marketing costs** on revenues remained constant at 1.8%, with an increase of Euro 4.3 million (+22.4%) compared to the first half of 2020/21, mainly due to the costs associated with the promotional campaigns that had been suspended in the first months of 2020 due to the pandemic. Investments in digital, radio and TV assets also increased as a result of Unieuro's decision to place a greater focus on digital consumption, progressively reducing the use of paper and the distribution of leaflets.

Depreciation and amortisation totalled Euro 46.6 million, substantially in line with the previous year (Euro 46 million), thus recording a marked decrease in revenues to 3.7% (from 4.3%).

Net income Adjusted³

<i>(in millions and as a percentage of revenues)</i>	Period ended						Changes	
	31 August 2021			31 August 2020			Δ	%
	Adjusted Values	%	Adjustments	Adjusted Values	%	Adjustments		
Adjusted EBIT ²	27.1	2.1%	4.7	22.5	2.1%	7.7	4.6	20.3%
Financial income and expenses	(6.0)	(0.5%)	0.07	(6.8)	(0.6%)	-	0.8	(11.3%)
Income taxes	1.3	0.1%	(0.4)	(1.2)	(0.1%)	(0.7)	2.5	(213.9%)
Adjusted profit/Loss for the period ³	22.4	1.8%	4.4	14.5	1.3%	7.0	7.8	54.0%

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The **Adjusted Net Profit**³ for the period totalled Euro 22.4 million, corresponding to 1.8% of revenues, compared to Euro 14.5 million in the first half of 2020/21 (1.3% of revenues) and with the substantial balance (Euro -1 million) of the corresponding period of the pre-Covid year.

The excellent performance reflects the increase in the Adjusted EBIT² and the reduction in net financial expenses, as well as the important tax benefits resulting from the tax realignment of goodwill pursuant to Article 110, paragraph 8 of Law Decree no.104/2020 and Law no.178 of 30 December 2020.

Investments

Investments over the period amounted to Euro 23.6 million, a remarkable improvement compared with the Euro 6.5 million of the first half of 2020/21, which had been impacted by the general slowdown in investment activities, especially in the first quarter, decided to reduce disbursements during the health emergency period.

The capex sustained during the semester mainly arises from work done on the retail network, with 3 new openings, 2 relocations, and 5 refurbishments, as well as from major investments in information technology, which included the implementation of the new SAP S/4HANA ERP and the launch of the new e-commerce website after the completion of the Revolution project.

Investment activities are set to accelerate further in the second part of the year, in support of the ongoing digital transformation plan.

Net Financial Position⁴

As at 31 August 2021, Unieuro reported a Net Cash Position⁴ of Euro 91.3 million which shows a difference of only Euro 9.8 million compared to the cash position at the beginning of the year (Euro 154.8 million) net of the dividend paid in June (Euro 53.8 million).

The **Adjusted Free Cash Flow**⁵, which is the most appropriate indicator for the Company to measure cash generation because it does not take into account non-recurring cash collections and disbursements, is negative for Euro 12.4 million and compares with the extraordinary generation of Euro 28.5 million in the first half of 2020/21 (made possible by the initiatives to protect the Company's solidity adopted in the first part of last year¹) and with the absorption of Euro 22.7 million in the first half of the pre-Covid year.

The performance was affected by the normal seasonal nature of the business, which normally involves a significant cash absorption at working capital level during the first half of each fiscal year.

Significant events during the period

The adoption of the SAP management system

The transition to the new SAP S/4HANA 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 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 buying group, reopened under the Unieuro banner in April.

Transfer of the registered office

As of 1 April 2021, Unieuro officially moved its registered office from via Schiapparelli 31 to Palazzo Hercolani, in via Maroncelli 10, also in Forlì. The new headquarters were 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 Italia, with which a successful commercial relationship is already in place and which declared its intention to accompany the Company in its long-term growth.

Territorial expansion from Piedmont to Sicily

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).

The appointment of the new CFO

Following the consensual resolution of the working relationship with Italo Valenti, signed on 9 April 2021, on 1 June 2021 Marco Pacini was appointed new Chief Financial Officer and manager responsible for preparing the company's accounting documents.

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 Euro 50 million a year – dedicated to completing the company's digital transformation, with the aim of becoming 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 Euro 3.3 billion and an adjusted EBIT of between Euro 85 and Euro 95 million in the fiscal 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 Euro 2.60 per share for a maximum total of 54.2 million; approved the first and expressed a favorable 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 redetermined the number of the Board of Directors from nine to eleven and approved the appointment 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

On 21 June 2021, Unieuro's ordinary shares were included in the FTSE Italia Mid Cap index, while being excluded on 20 September, on the occasion of the new revision of the composition of the index.

Agreement with Margherita Distribuzione

On 30 July 2021, Unieuro and Margherita Distribuzione S.p.A. (Conad) signed a framework agreement aimed at the opening of four new Unieuro direct stores within as many ex-Auchan hypermarkets, three of which belong to the list of the top 20 Italian commercial locations by traffic. When completed, the new stores will generate additional Euro 40 million in annual revenues.

Significant events subsequent to the end of the period

New e-commerce website

Five years after the launch of the first e-commerce platform, Unieuro presented the results of the Revolution project on 20 September 2021: the distinctive new website and new app, designed with a "desktop last" approach and strongly inspired by the navigation and fruition style typical of social networks.

Opening of 6 new stores

After extensive renovation works, the former flagship store of Galimberti S.p.A., located in the Municipality of Limbiate (Monza Brianza), awarded to Unieuro in March after the previous owner's bankruptcy procedure, was reopened to the public on 24 September 2021. A few days later, on October 1st, Unieuro inaugurated another store previously managed by Papino Elettrodomestici, a former member of Trony, in the Conca D'Oro shopping center in Palermo.

Finally, 4 new stores were opened in Rome, Giugliano (Naples), Catania and Melilli (Siracusa) between 28 and 30 October, as provided for in the framework agreement signed in July with Margherita Distribuzione S.p.A. (Conad).

Update on the Covid-19 emergency

A new decree was issued by the Italian Government on 24 May 2021, following the positive progress made by the vaccination campaign and the ensuing improvement in epidemiological data, whereby shopping malls could reopen on or before public holidays, thus lifting the last major restrictions on Unieuro's business.

As of today, leaving aside the persisting problems of the Travel channel, due to the significant shrinking of airport traffic, the situation of the sales channels can therefore be considered to be back to pre-Covid normality.

Outlook

In addition to the lifting of restrictions due to Covid-19 starting from May, the retail sector has been benefiting from the good performance of the vaccination campaign, which involved 75% of the entire Italian population as of October.

For consumer electronics and household appliances, the return to normal will continue to be accompanied by a rebalancing of revenues by channel and product category, to the benefit of the physical channel and Brown products, respectively - the latter being strongly driven by the progressive migration to the DVB-T2 HEVC television standard and by the related *TV bonus* offered by the Government.

The appearance of supply chain risks caused by the shortages of components and raw materials, which are causing disruptions to global production chains, reduced our capacity to predict future trends for the second part of the year, but is offset by the positive trend in revenues achieved in September and October, as well as by the favorable expectations for the imminent start of the peak season.

In the light of this, Unieuro's Management confirmed the expectations presented to the financial markets during the Investor Day on 10 June 2021, such as:

- Revenues between Euro 2.8 and 2.9 billion;
- Adjusted EBIT² ranging between Euro 65 million and 75 million;
- Adjusted Free Cash Flow⁵ ranging between Euro 40 and 50 million.

All this, in the face of an even more significant increase in investments, aimed at accelerating the digital transformation of Unieuro and its natural evolution as market setter in the consumer electronics and household appliance retail industry in Italy.

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Conference call

Unieuro informs that at 10:00 am (CET) tomorrow, 12 November 2021, a conference call will be held by the Management to present the Company's financial and economic results for the half year ended on 31 August 2021.

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

- Analysts and investors: Italy: +39 02 802 09 11
UK: +44 1 212818004
US: +1 718 7058796
- Media: +39 02 8020927

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

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

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

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

* * *

This press release may contain forecasts on Unieuro's future events and results that are based on current expectations, estimates and projections about the industry and on the reasonable judgement of the management. Evidently, these elements have a component of risk and uncertainty because they depend on the occurrence of future events. It should be noted that the actual results might deviate significantly from those announced.

* * *

Unieuro S.p.A.

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Unieuro S.p.A.

Unieuro is the Italian leader in the distribution of consumer electronics and household appliances, thanks to an omnichannel approach that integrates directly operated stores (about 280), affiliated stores (about 260) and the unieuro.it digital platform, as well as pure digital player Monclick. The company is based in Forlì, has a central logistics hub in Piacenza and has a staff of about 5,400 employees. Listed on the Euronext STAR Milan since 2017, Unieuro reported revenues of approximately Euro 2.7 billion in the fiscal year ended at 28 February 2021.

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Summary tables:

Income statement

(data in Euro millions)

	H1 21/22				H1 20/21				% change (Adjusted)
	Adjusted	%	Reported	%	Adjusted	%	Reported	%	
Sales	1.268,2	100,0%	1.268,2	100,0%	1.079,0	100,0%	1.079,0	100,0%	17,5%
Inventory	(988,5)	(77,9%)	(991,5)	(78,2%)	(846,8)	(78,5%)	(848,5)	(78,6%)	16,7%
Gross profit	279,7	22,1%	276,7	21,8%	232,2	21,5%	230,6	21,4%	20,4%
Personnel costs	(97,3)	(7,7%)	(97,9)	(7,7%)	(75,3)	(7,0%)	(75,5)	(7,0%)	29,2%
Logistic costs	(37,2)	(2,9%)	(37,4)	(2,9%)	(37,7)	(3,5%)	(37,8)	(3,5%)	(1,4%)
Marketing costs	(23,4)	(1,8%)	(23,6)	(1,9%)	(19,1)	(1,8%)	(19,3)	(1,8%)	22,4%
Other costs	(45,9)	(3,6%)	(46,6)	(3,7%)	(28,1)	(2,6%)	(33,6)	(3,1%)	63,5%
Other operating costs and income	(2,2)	(0,2%)	(2,2)	(0,2%)	(3,5)	(0,3%)	(3,5)	(0,3%)	(36,0%)
EBITDA	73,6	5,8%	69,1	5,4%	68,5	6,3%	60,8	5,6%	7,5%
D&A	(46,6)	(3,7%)	(46,7)	(3,7%)	(46,0)	(4,3%)	(46,0)	(4,3%)	1,2%
EBIT	27,1	2,1%	22,4	1,8%	22,5	2,1%	14,8	1,4%	20,3%
Financial Income - Expenses	(6,0)	(0,5%)	(6,1)	(0,5%)	(6,8)	(0,6%)	(6,8)	(0,6%)	(11,3%)
Adjusted Profit before Tax	21,0	1,7%	16,3	1,3%	15,7	1,5%	8,0	0,7%	34,0%
Taxes	1,3	0,1%	1,7	0,1%	(1,2)	(0,1%)	(0,5)	(0,0%)	(213,9%)
Net Income	22,4	1,8%	18,0	1,4%	14,5	1,3%	7,5	0,7%	54,0%

Balance Sheet

(data in Euro millions)

	31 Aug 2021	28 Feb. 2021
Trade Receivables	84,1	65,3
Inventory	435,6	372,1
Trade Payables	(587,7)	(505,1)
Trade Working Capital	(67,9)	(67,7)
Current Tax Assets	(7,1)	(3,8)
Current Assets	14,7	18,0
Current Liabilities	(241,7)	(261,2)
Short Term Provisions	(3,7)	(0,8)
Net Working Capital	(305,6)	(315,4)
Tangible and Intangible Assets	114,1	104,5
Right of Use	441,4	451,6
Net Deferred Tax Assets and Liabilities	49,0	37,1
Goodwill	196,1	195,2
Other Long Term Assets and Liabilities	(26,5)	(30,9)
TOTAL INVESTED CAPITAL	468,5	442,1
Net Financial Debt	91,2	154,8
Lease liabilities	(437,8)	(443,7)
Net Financial Debt (IFRS 16)	(346,5)	(288,8)
Equity	(122,0)	(153,3)
TOTAL SOURCES	(468,5)	(442,1)

Cash Flow Statement

(data in Euro millions):

	H1 21/22	H1 20/21	% change
Reported EBITDA	69,1	60,8	13,7%
Taxes Paid	(5,5)	(0,9)	485,9%
Interests Paid	(5,7)	(6,1)	(6,9%)
Change in NWC	(24,7)	13,7	(280,1%)
Change in Other Assets and Liabilities	0,9	0,2	337,8%
Reported Operating Cash Flow	34,0	67,7	(49,8%)
Purchase of Tangible Assets	(16,8)	(3,5)	381,4%
Purchase of Intangible Assets	(6,8)	(3,0)	129,7%
Change in capex payables	5,6	(6,5)	(186,5%)
Acquisitions	(8,3)	(8,3)	(0,1%)
Free Cash Flow	7,6	46,4	(83,5%)
Cash effect of adjustments	1,5	0,3	389,0%
Non recurring investments	9,5	8,3	14,2%
Other non recurring cash flows	(2,6)	1,1	(342,1%)
Adjusted Free Cash Flow (IFRS 16)	16,1	56,1	(71,3%)
Lease Repayment	(28,5)	(27,7)	2,9%
Adjusted Free Cash Flow	(12,4)	28,5	(143,6%)
Cash effect of adjustments	1,1	(1,4)	(175,5%)
Acquisition Debt	(1,9)	-	(100,0%)
Dividends	(53,8)	-	(100,0%)
Log Term Incentive Plan	3,8	-	100,0%
Other Changes	(0,4)	(0,5)	(32,2%)
Δ Net Financial Position	(63,6)	26,5	(339,9%)

¹ See press release of 13 March 2020, 18 March 2020, 30 March 2020, 14 April 2020 and 6 May 2020.

² **Adjusted EBIT** is EBIT adjusted for: (i) non-recurring expenses/(income), (ii) depreciation, amortisation and non-recurring writedowns, and (iii) the impact from the adjustment of revenues for extended warranty services net of related estimated future costs to provide the assistance service, as a result of the change in the business model for directly managed assistance services.

³ **Adjusted Net Income** is calculated as Net Income adjusted for (i) the adjustments incorporated in the Consolidated Adjusted EBIT, (ii) the adjustments of the non-recurring financial expenses/(income) and (iii) the theoretical tax impact of these adjustments.

⁴ **Net debt (cash)**, or **Net financial position**, is financial debt – not including Lease liabilities (IFRS 16) – net of cash and cash equivalents.

⁵ Cash flow is measured by the **Adjusted Free Cash Flow**, defined as the consolidated cash flow generated/absorbed by operating and investing activities including financial expenses. Adjusted Free Cash Flow is adjusted for non-recurring operating and investment cash flows, and includes adjustments for non-recurring charges (income), their non-monetary component and the related tax impact.

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

⁷ The segmentation of sales by product category takes place on the basis of the classification adopted by the main sector experts. Note therefore that the classification of revenues by category is revised periodically in order to guarantee the comparability of Group data with market data.

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

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

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