unieuro

Interim Directors' Report

as at 30 November 2022

1. Introduction

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

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

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

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

Since April 2017, Unieuro shares have been listed on the EURONEX STAR segment of the Milan stock exchange and the Company is in all respects a public company. At the date of this Report, the Unieuro free float amounted to roughly 80% of the Company's share capital. Below shows the percentage of Unieuro's ordinary shares held at the date of this Report, either directly or indirectly by shareholders or by those at the top of the ownership chain who have declared that the holding threshold of 5% of Unieuro's subscribed capital has been reached or exceeded in accordance with Article 120 of the Consolidated Finance Act and Consob Issuers' Regulation. This percentage is updated on the basis of the information available to the Company:

DECLARANT	DIRECT SHAREHOLDER	NUMBER OF SHARES	% OF NUMBER OF SHARES REPRESENTING THE SHARE CAPITAL
XAVIER NIEL	• ILIAD HOLDING S.P.A. • ILIAD SA	2,520,374	**12.177%**
AMUNDI ASSET MANAGEMENT	• AMUNDI SGR S.P.A. • AMUNDI ASSET MANAGEMENT	1,396,730	**6.748%**
GIUSEPPE SILVESTRINI	• VICTOR S.R.L. • MONTE PASCHI FIDUCIARIA S.P.A. • GIUSEPPE SILVESTRINI	1,290,620	**6.235%**

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 2022, compared with the figures as at 30 November 2021, for the economic results and the cash flows and with the figures of the latest financial statements approved as at 28 February 2022 for the economic and financial statement.

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

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

This Interim Report on Operations was drawn up in accordance with Art. 82-ter of the Issuers' Regulation, pursuant to Art. 154-ter, paragraphs 5 and 6 of Italian Legislative Decree no. 58/1998. Therefore, the provisions of international accounting standard (IAS) 34 - Interim Financial Reporting were not adopted.

The publication of the Interim Report on Operations as at 30 November 2022 is regulated by the provisions of the Stock Exchange Regulations, specifically Article 2.2.3, paragraph 3 of the Stock Exchange Regulations.

The accounting standards used by the Group are the International Financial Reporting Standards ("IFRS") adopted by the European Union and in accordance with Legislative Decree 38/2005, as well as other CONSOB provisions concerning financial statements. The accounting criteria and the consolidation principles adopted are consistent with those used in the Group's Consolidated Financial Statements as at 28 February 2022, to which reference is made.

3. Key financial performance indicators

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

The APIs reported (Consolidated Adjusted EBIT, Consolidated Adjusted EBIT margin, Adjusted Consolidated Profit (loss) for the period, Net Working Capital, Consolidated Adjusted levered Free Cash Flow and [Net debt]/ Net cash - under IAS 17) are not identified as accounting measures in IFRS, therefore - as noted above - they shall not be considered as alternative measures to those provided in the Group's Consolidated Financial Statement to assess their operating performance and related financial position.

Certain indicators are referred to as "Adjusted", to represent the Group's management and financial performance, net of non-recurring events, non-characteristic events and events related to extraordinary transactions, as identified by the Group. The Adjusted indicators shown consist of: Consolidated Adjusted EBIT, Consolidated Adjusted EBIT Margin, Consolidated Adjusted Profit Before Tax and Consolidated Adjusted Free Cash Flow and (Net debt) / Net cash – under 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"). They make it possible to analyse the Group's performance in a more standardised manner in the periods reported in the Interim Report on Operations.

Key financial performance indicators[1]

(in millions of Euro)	Period ended	
	30 November 2022	30 November 2021
Operating indicators		
Consolidated revenues	2,102.6	2,154.3
Consolidated Adjusted EBIT[2]	19.9	56.5
Consolidated Adjusted EBIT margin[3]	0.9%	2.6%
Consolidated Adjusted Profit Before Tax[4]	10.2	46.9
Period's Profit of Before Tax (PBT)	(1.6)	35.8
Cash flows		
Consolidated Adjusted Free Cash Flow[5]	29.6	73.9
Investments paid in the period	(34.0)	(45.8)

(in millions of Euro)	Period ended	
	30 November 2022	28 February 2022
Indicators from statement of financial position		
Net working capital	(351.7)	(332.6)
(Net debt) / Net cash – Under IAS 17[6]	133.1	135.7
(Net debt) / Net cash	(318.9)	(314.5)

1 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.

2 Consolidated Adjusted EBIT is Consolidated EBIT adjusted for (i) non-recurring expenses/(income), (ii) the impact from the adjustment of revenues for extended warranty services net of related estimated future costs to provide the assistance service, as a result of the change in the business model for directly managed assistance services, and (iii) non-recurring amortisation/depreciation. See section 4.2 for additional details.

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

4 The Consolidated Adjusted Profit Before Tax is calculated as the consolidated profit before tax adjusted for (i) the adjustments incorporated in the Consolidated Adjusted EBITDA, (ii) the adjustments of non-recurring depreciation, amortisation and write-downs, (iii) the adjustments of non-recurring financial expenses/(income).

5 Consolidated Adjusted Free Cash Flow is the consolidated cash flow generated/absorbed by operating and investing activities, including financial expenses, prior to the adoption of IFRS 16. The Consolidated Adjusted Free Cash Flow is adjusted for non-recurring operating and investment cash flows, and includes adjustments for non-recurring charges (income), their non-monetary component and the related tax effects. See section 4.5 for additional details.

6 The (Net debt) / Net cash - Under IAS 17, indicates the consolidated (Net 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 2022	**28 February 2022**
Operating indicators for the year		
Like-for-like growth[7]	(3.2%)	8.8%
Direct points of sale (number)	279	282
of which *Pick Up Points*[8]	274	273
Affiliated points of sale (number)	258	259
of which Pick Up Points	210	206
Total area of direct points of sale (in square metres)	approximately 403,000	approximately 403,000
Sales density[9] (Euro per square metre)	5,409	5,641
Full-time-equivalent employees[10] (number)	4,890	4,952
Net Promoter Score[11]	52.9	48.5
Active loyalty cards (thousands)[12]	1,977	1,983

[7] Like-for-like revenue growth: the methods for comparing sales for the nine-month period ended 30 November 2022 with those for the nine-month period ended 30 November 2021, 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.

[8] Physical pick-up points for customer orders using the online channel.

[9] 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.

[10] Average annual number of full-time-equivalent employees.

[11] 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).

[12] Active loyalty cards identified as customers who have made at least one transaction in the last 12 months.

4. Group operating and financial results

4.1 Consolidated revenues

In the first 9 months of the 2022/23 financial year, Unieuro recorded revenues of €2,102.6 million, down 2.4% compared to the comparable period of the previous financial year, in view of the decrease in the Brown category, which was only partially offset by the growth in the Grey, White and Services product categories.

After experiencing extraordinary growth in 2020 and 2021, the consumer electronics market has started to record negative trends in recent months. The figures for recent months are particularly penalised when compared with those of the previous financial year, owing to the record level of Brown sales from people upgrading their TVs due to the switch off of harmful TV frequencies and the move to digital TV, and to the government introducing the TV bonus scheme. Performance is also affected by the difficulties arising from the economic climate related to inflation, rising energy costs and the resulting reduction in consumers' purchasing power.

The "Temptation Black Friday" promotional campaign, which ran for a whole month (from 28 October 2022 to 28 November 2022), as is standard practice in the industry, offered customers a series of heavily discounted product selections. Unieuro's sales steadily improved over the course of these weeks and were driven by the phone, tablet and home comfort sectors.

The development of Like-for-Like Revenues, i.e., the comparison of sales with those of the first quarter of the previous year based on a standard scope of operations, is positive, at -3.2%. Excluding the pre-existing outlets adjacent to the new stores from the scope of analysis, like-for-like sales would have been down by 2.7%.

4.1.1 Consolidated revenues by channel

(in million Euro and as percentage of revenues)	Period ended				Changes	
	30 November 2022	%	30 November 2021	%	Δ	%
Retail[13]	1,436.2	68.3%	1,486.8	69.0%	(50.6)	(3.4%)
Online	401.3	19.1%	364.7	16.9%	36.6	10.0%
Indirect	175.7	8.4%	225.9	10.5%	(50.2)	(22.2%)
B2B	89.4	4.3%	76.9	3.6%	12.5	16.3%
Total consolidated revenues by channel	**2,102.6**	**100.0%**	**2,154.3**	**100.0%**	**(51.6)**	**(2.4%)**

The Retail channel (68.3% of total revenue), which as at 30 November 2022 consisted of 279 directly owned sales outlets, including the Unieuro by Iper shop-in-shops and directly owned sales outlets located at major public transport hubs, such as airports, train stations and underground stations (the former Travel channel), has recorded revenues of €1436.2 million, down 3.4% from the same period of the previous financial year (€1486.8 million as at 30 November 2021). After observing 1.1% growth in the first half as a result of the incremental contribution from the new openings, sales in the third quarter of the 2022/23 financial year fell, compared with the extraordinary revenues achieved in the previous financial year as a result of the technological transition of the TV sector.

The Online channel (19.1% of total revenue), which includes the revamped unieuro.it platform and the digital pure

[13] As of the first quarter ended 31 May 2022, sales from directly owned outlets located at major public transport hubs, such as airports, train stations and underground stations—the former Travel channel—have been reclassified and included in the Retail channel.

player Monclick, generated revenues of €401.3 million, up 10% from the same period of the previous financial year (€364.7 million as at 30 November 2021). This positive performance, benefitting from the platform's innovation process, confirms the effectiveness of achieving synergy between channels, with pick-up points at physical sales outlets for online customers, while it is impacted by the comparison with the previously mentioned non-recurring Brown sales.

The Indirectly Owned channel (8.4% of total revenue), which includes the turnover from the network of affiliated outlets amounting to a total of 258 sales outlets as at 30 November 2022, reported revenues of €175.7 million. This was down 22.2% from the first 9 months of the previous financial year (€225.9 million), during which the sector benefitted from shopping centres being closed on weekends due to pandemic restrictions in the first months of the comparison period and from increased Brown sales in the second half of the same period.

The B2B channel (4.3% of total revenues), which targets professional domestic and foreign customers operating in industries other than those of Unieuro, such as hotel chains and banks, as well as operators that need to purchase electronic products to be distributed to their regular customers or to employees for accumulated points, competitions for prizes or incentive plans (the B2B2C segment), recorded sales of €89.4 million — up 16.3% compared to the comparable period of the previous financial year, due to the product's increased availability.

4.1.2 Consolidated revenues by product category

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2022	%	30 November 2021	%	Δ	%
Grey	996.9	47.4%	973.7	45.2%	23.2	2.4%
White	582.5	27.7%	563.8	26.2%	18.6	3.3%
Brown	320.8	15.3%	420.9	19.5%	(100.1)	(23.8%)
Other products	90.5	4.3%	95.6	4.4%	(5.1)	(5.3%)
Services	112.0	5.3%	100.3	4.7%	11.7	11.7%
Total consolidated revenues by category	**2,102.6**	**100.0%**	**2,154.3**	**100.0%**	**(51.6)**	**(2.4%)**

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

The Grey category (47.4% of total revenue) – i.e. telephony, tablets, information technology, telephony accessories, cameras and all wearable technological products – generated a turnover of Euro 996.9 million, up by 2.4% compared to the same period of the previous financial period.
This positive performance follows the trend in the first half of the year and has been driven by the phone sector—as consumers were looking to upgrade their devices—and by the tablet sector, offsetting the period of adjustment for the IT sector, which had benefitted from the trends of smart working and e-learning purchases in the previous financial year.

The White category (27.7% of total revenue) - which includes major domestic appliances (MDA) such as washing machines, tumble dryers, refrigerators or freezers and cooktops, small domestic appliances (SDA), such as vacuum

cleaners, food processors, coffee machines, as well as the climate control segment - recorded sales of Euro 582.5 thousand, up by 3.3% compared to the previous comparative period.
Sales in the first nine months of the financial year were driven by the success of the home comfort sector, as a result of the Ecobonus tax incentive being introduced and consumers researching energy-efficient household appliances.

The Brown category (15.3% of revenue), which included TV sets and their accessories, audio devices, smart TV devices, car accessories and memory systems, recorded revenues of Euro 320.8 million, down by 23.8% compared to the corresponding period of the previous year, which had benefited from the extraordinary sales generated by the television frequency switch-off and the introduction of the TV Bonus. There was also a shift in demand toward entry-level products, over the period considered, as well as an increase in promotional activities focused on premium products.

The category "Other Products" (4.3% of total revenue) - which includes both the sales of the Entertainment sector and other products not included in the consumer electronics market, such as hoverboards or bicycles - generated revenues of Euro 90.5 million, down by 5.3% compared to the same period of the previous year.
The entertainment segment, including consoles and video games, was affected in the first half of the financial year by limited product availability on the market. The segment recovered in the third quarter of the financial year, reaching turnover levels in line with those of the comparative quarter.

The Services category (5.3% of total revenue) closed the period with revenues of Euro 112.0 million, up by 11.7% compared to the previous financial year mainly by virtue of increased sales of air conditioning and consumer credit services.

4.2 Consolidated operating profit

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

(in millions and as a percentage of revenues)	Period ended						Changes	
	30 November 2022			30 November 2021				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Revenue	2,102.6			2,154.3			(51.6)	(2.4%)
Sales revenues	**2,102.6**			**2,154.3**			**(51.6)**	**(2.4%)**
Purchase of goods and Change in inventories	(1,657.6)	(78.8%)	-	(1,699.1)	(78.9%)	(1.6)	41.5	(2.4%)
Marketing costs	(37.2)	(1.8%)	0.2	(43.2)	(2.0%)	1.1	6.0	(13.9%)
Logistics costs	(65.5)	(3.1%)	0.1	(62.2)	(2.9%)	0.5	(3.3)	5.3%
Other costs	(90.9)	(4.3%)	5.3	(74.8)	(3.5%)	5.7	(16.0)	21.4%
Personnel costs	(152.4)	(7.2%)	0.5	(149.7)	(6.9%)	0.9	(2.6)	1.8%
Other operating income and costs	(5.1)	(0.2%)	0.6	(3.5)	(0.2%)	(0.7)	(1.6)	44.6%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	4.4	0.2%	4.4	4.9	0.2%	4.9	(0.5)	(9.8%)
Consolidated Adjusted EBITDA[14]	**98.4**	**4.7%**	**11.1**	**126.6**	**5.9%**	**10.8**	**(28.1)**	**(22.2%)**
Amortisation, depreciation and write-downs of fixed assets	(78.6)	(3.7%)	0.6	(70.1)	(3.3%)	0.2	(8.5)	12.1%
Consolidated Adjusted EBIT	**19.9**	**0.9%**	**11.7**	**56.5**	**2.6%**	**11.0**	**(36.6)**	**(64.8%)**

The first nine months of the 2022/23 financial period show a Consolidated Adjusted EBIT of Euro 19.9 million against Euro 56.5 million in the corresponding period of the previous year.

Gross profit recorded a negative change of €10.6 million compared to the period ended 30 November 2021 due to lower sales volumes, mainly in the Brown category. The impact of gross profit on revenues was 21.4%, unchanged from the comparable period.

Operational profitability was negatively affected by the impacts of the geopolitical crisis, which has led to higher inflation, meaning more expenses, including higher energy prices and logistics costs, in addition to higher rent and condominium fees for the outlets. This had the biggest impact in the first half of the 2022/23 financial year, with a clear

[14] Consolidated Adjusted EBITDA is Consolidated EBITDA adjusted for (i) non-recurring expenses/(income) and (ii) the impact from the adjustment of revenues for extended warranty services net of related estimated future costs to provide the assistance service, as a result of the change in the business model for directly managed assistance services.

impact on costs, which increased by €17.6 million over this period.

Marketing costs decreased by €6.0 million compared to the corresponding period of the previous financial year, with a reduced impact on consolidated revenues of 1.8% (2.0% in the first 9 months of the 2021/22 financial year), mainly as a result of having more initiatives co-funded by suppliers.

Logistics costs increased by Euro 3.3 million compared to the corresponding period of the previous year, with an incidence on consolidated revenues of 3.1% as at 30 November 2022 (2.9% as at 30 November 2021). The change seen over the period is attributable to the change in fuel prices and the increase in the costs of transport and handling services, as well as the more significant contribution of online turnover to the total revenues for the period.

The item Other costs increased by €16.0 million compared with the corresponding period of the previous financial year, with an impact on consolidated revenues of 4.3% (3.5% in the first 9 months of the 2021/22 financial year). This development is mainly due to the increase in energy costs, amounting to around €7.9 million, and the increase in the costs of installing air-conditioning equipment sold to customers, as well as the fact that there were discounts on the rent in the comparable period, due to the pandemic, that were not replicated in the current period.

Personnel costs increased by Euro 2.6 million, The impact on consolidated revenues was 7.2% in the period ended 30 November 2022 (6.9% in the same period of the previous financial year). This increase is attributable to new openings and acquisitions over the last 12 months and to the costs resulting from the allocation of rights from the second and third cycle of the Long-Term Incentive Plan 2020–2025 in July 2021 and April 2022, respectively.

The item Other Sundry Operating Income and Expenses increased by Euro 1.6 million. The impact on consolidated revenues was 0.2% as at 30 November 2022, in line with the corresponding period in the previous financial year. This item mainly includes costs for charges connected with corporate operations, such as the waste disposal tax, the annual amount of which increased over the period, as well as the registration tax and the advertising tax.

Amortisation, depreciation and write-downs totalled Euro 78.6 million (Euro 70.1 million in the period ended 30 November 2021). The increase in amortisations, equal to €8.5 million, is partly attributable to the right-of-use assets linked to the leases (€4.3 million), while the rest of the increase is due to more investments being made in the previous financial years.

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 2022	%	30 November 2021	%	Δ	%
Consolidated Adjusted EBIT[15]	**19.9**	**0.9%**	**56.5**	**2.6%**	**(36.6)**	**(64.8%)**
Non-recurring expenses /(income)	(6.7)	(0.3%)	(5.9)	(0.3%)	(0.8)	13.6%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services[16]	(4.4)	(0.2%)	(4.9)	(0.2%)	0.5	(9.8%)
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.6)	0.0%	(0.2)	(0.0%)	(0.4)	236.9%
Net Operating Result	**8.1**	**0.4%**	**45.5**	**2.1%**	**(37.3)**	**(82.1%)**

Non-recurring expenses/(income) of the Consolidated Adjusted EBITDA increased by €0.8 million compared with the previous period ended 30 November 2021 and are explained, in detail, in the subsequent section 4.3.

The adjustment linked to the Business Model Change for directly managed support services decreased by Euro 0.5 million compared with the previous year ended 30 November 2021.

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

[16] The adjustment was for the deferral of extended warranty service revenues already collected, net of the related estimated future costs to provide the assistance service. From the year ended 29 February 2012, for White products sold by Unieuro, from the year ended 28 February 2015 for all extended warranty services sold by Unieuro S.r.l. (hereinafter the "Former Unieuro") (excluding telephone systems and peripherals) and from the financial year of acquisition for all extension of warranty services sold by points of sale that were part of the acquisition (excluding telephone systems and peripherals), Unieuro changed its business model relating to the management of extended warranty services, insourcing the management of the services sold by the Former Unieuro and by Unieuro, which were previously outsourced to third parties, and extended the said internalised model to the outlets acquired from the company divisions (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 2022 and 30 November 2021 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.

4.3 Non-recurring income and expenses

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

(in millions of Euro)	Period ended		Changes	
	30 November 2022	30 November 2021	Δ	%
Point-of-sale and logistic hub pre-opening, relocation and closing costs [17]	0.7	2.3	(1.6)	(67.7%)
Mergers & Acquisitions	1.3	1.1	0.2	19.5%
Other non-recurring expenses	4.7	2.5	2.2	86.4%
Total	**6.7**	**5.9**	**0.8**	**13.6%**

Non-recurring income and expenses increased by €0.8 million compared with the same period of the previous financial year ended 30 November 2021.

Costs for the pre-opening, repositioning and closure of sales outlets and logistics hubs amounted to €0.7 million for the period ended 30 November 2022 (€2.3 million in the same period of the previous financial year). 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 also includes costs related to the expansion of the logistic site in Piacenza, which was opened in September 2022.

The item relating to Merger&Acquisition (M&A) costs totalled Euro 1.3 million as at 30 November 2022 (Euro 1.1 million in the period ended 30 November 2021). M&A costs refer to the acquisition of the Etnapolis-Ex-Expert store and to the higher taxes related to acquisitions performed in previous years. These expenses mainly consist in rents, store personnel costs incurred from the acquisition completion date to the date of opening to the public, greater costs for the education and training of the store personnel, and lastly consulting costs and other minor costs incurred for the completion of the acquisition. Last year this item referred to costs related to the acquisition of the Limbiate Ex-Galimberti S.p.A. and Torino Ex-Expert company branches.

Non-recurring income and expenses amounted to €4.7 million in the period ended 30 November 2022 (€2.5 million in the same period for the previous financial year). The item includes €4.2 million for the sanctions outlined on 28 December 2022 by the Italian Competition Authority following the conclusion of the IP359 non-compliance proceedings started on 21 June 2022. Unieuro S.p.A. and Monclick S.r.l. acknowledge that all the initiatives put in place have been recognised as suitable by AGCM to counter the objections contained therein. In any case, the Companies consider the sanction to be unfounded and will therefore proceed to appeal against it in the relevant courts.

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

4.4 Consolidated profit before taxes[18]

Below is the reclassified Income Statement from the Consolidated Adjusted EBIT to the Consolidated Adjusted Profit Before Tax.

(in millions and as a percentage of revenues)	Period ended						Changes	
	30 November 2022			30 November 2021				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Consolidated Adjusted EBIT	**19.9**	**0.9%**	**11.7**	**56.5**	**2.6%**	**11.0**	**(36.6)**	**(64.8%)**
Financial income and expenses	(9.6)	(0.5%)	0.1	(9.6)	(0.4%)	0.1	(0.0)	0.5%
Consolidated Adjusted Profit Before Tax	**10.2**	**0.5%**	**11.8**	**46.9**	**2.2%**	**11.1**	**(36.6)**	**(78.1%)**

Net financial expenses totalled Euro 9.6 million in the period ended on 30 November 2022, in line with the financial expenses determined at the end of the comparative period.

The Consolidated Adjusted Profit Before Tax is Euro 10.2 million (Euro 46.9 million in the period ended 30 November 2021), the change being due to adjusted EBIT trends.

Below is a reconciliation between the Consolidated Adjusted PBT and the Consolidated PBT:

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	30 November 2022	%	30 November 2021	%	Δ	%
Consolidated Adjusted Profit Before Tax	**10.2**	**0.5%**	**46.9**	**2.2%**	**(36.6)**	**(78.1%)**
Non-recurring expenses/income	(6.7)	(0.3%)	(5.9)	(0.3%)	(0.8)	13.6%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	(4.4)	(0.2%)	(4.9)	(0.2%)	0.5	(9.8%)
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.6)	0.0%	(0.2)	(0.0%)	(0.4)	100.0%
Non-recurring financial expenses/(income)	(0.1)	0.0%	(0.1)	0.0%	0.0	(8.8%)
Consolidated Profit Before Tax	**(1.6)**	**(0.1%)**	**35.8**	**1.7%**	**(37.4)**	**(104.4%)**

[18] On 20 December 2021, the Unieuro Board of Directors approved an amendment to the communication policy for periodic financial information on a quarterly basis. As a result of this change, starting from the same date, the impact of direct taxes was excluded from the calculation of the economic and financial items in interim reports regarding the first quarter and the first nine months of the business year.

4.5 Cash flows

4.5.1 Consolidated Adjusted Free Cash Flow [19]

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

(in millions of Euro)	Period ended		Changes	
	30 November 2022	30 November 2021	Δ	%
Consolidated Gross Operating Result (EBITDA)	87.3	115.8	(28.5)	(24.6%)
Cash flow generated/(absorbed) by operating activities[20]	25.0	47.8	(22.8)	(47.7%)
Taxes paid	-	(5.5)	5.5	(100.0%)
Interest	(9.0)	(9.2)	0.2	(2.3%)
Other changes	1.9	1.6	0.3	21.5%
Consolidated net cash flow generated/(absorbed) by operating activities[21]	**105.3**	**150.4**	**(45.2)**	**(30.0%)**
Investments[22]	(33.9)	(37.3)	3.4	(9.1%)
Investments for business combinations and business units	(0.1)	(8.5)	8.6	(98.8%)
Adjustment for non-recurring investments	1.8	10.1	(8.3)	(82.0%)
Non-recurring expenses /(income)	7.3	6.1	1.2	19.7%
Adjustment for non-monetary components of non-recurring (expenses)/income	(4.8)	-	(4.8)	100.0%
Other non-recurring cash flows	-	(2.6)	2.6	(100.0%)
IFRS 16 Leases[23]	(46.0)	(44.3)	(1.7)	3.8%
Consolidated Adjusted free cash flow	**29.6**	**73.9**	**(44.3)**	**(60.0%)**

The consolidated net cash flow generated/(absorbed) by operations is positive for Euro 105.3 million (against a positive figure of Euro 150.4 million as at 30 November 2021). Cash performance compared to the previous period is impacted by cash absorption from operating activity, including flows for IFRS 16 leases amounting to €46.9 million. This is partially offset by less of an investment being made over the period, amounting to €3.4 million, and by investments in business combinations and company divisions, amounting to €8.6 million.
Adjustments related to non-recurring investments amounted to €1.8 million, down by €8.3 million compared to 30 November 2021. Other non-recurring items show a decrease of €1.0 million compared to 30 November 2021.

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

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

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

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

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

Below are listed the main changes recorded in the Group's net financial indebtedness during the period ended 30 November 2022 and in the period ended 30 November 2021:

(in millions of Euro)	Period ended		Changes	
	30 November 2022	30 November 2021	Δ	%
Operating profit	87.3	115.8	(28.4)	(24.6%)
Cash flow generated/(absorbed) by operating activities	25.0	47.8	(22.8)	(47.7%)
Taxes paid	-	(5.5)	5.5	(100.0%)
Interest paid	(9.0)	(9.2)	0.2	(2.5%)
Other changes	1.9	1.6	0.3	18.8%
Net cash flow generated/(absorbed) by operating activities	**105.3**	**150.4**	**(45.2)**	**(30.0%)**
Investments	(33.9)	(37.3)	3.4	(9.1%)
Investments for business combinations and business units	(0.1)	(8.5)	8.4	(98.8%)
Long-Term Incentive Plan	-	3.8	(3.8)	(100.0%)
Buyback	-	(2.5)	2.5	(100.0%)
Distribution of dividends	(27.1)	(53.8)	26.7	(49.6%)
Payables from the acquisition of business units	-	7.6	(7.6)	(100.0%)
Assets for rights of use	(46.0)	(44.3)	(1.7)	3.8%
Other changes	(0.7)	(0.3)	(0.4)	148.4%
Change in Net Debt	**(2.5)**	**15.2**	**(17.7)**	**(116.6%)**

5. Statement of financial position

Below is a detailed breakdown of the Group's net working capital and net invested capital as at 30 November 2022 and as at 28 February 2022:

(in millions of Euro)	Period ended	
	30 November 2022	**28 February 2022**
Trade receivables	72.6	43.0
Inventories	501.0	462.1
Trade payables	(653.3)	(583.5)
Net operating working capital	**(79.7)**	**(78.4)**
Other working capital items	(272.0)	(254.2)
Net working capital	**(351.7)**	**(332.6)**
Right-of-use assets	430.3	433.3
Non-current assets and (liabilities)	353.8	352.1
Net invested capital	**432.5**	**452.9**
(Net debt) / Net cash – Under IAS 17	133.1	135.7
IFRS 16 Leases	(452.1)	(450.2)
(Net debt) / Net cash[24]	**(318.9)**	**(314.5)**
Shareholders' equity[25]	(113.6)	(138.3)
Total shareholders' equity and financial liabilities	**(432.5)**	**(452.9)**

The Group's net working capital as at 30 November 2022 was negative by €351.7 million (negative by €332.6 million as at 28 February 2022). The change stems from the typical seasonal nature of the business, which results in a more negative working capital compared to the end of the previous year.
The net invested capital of the Group stood at €432.5 million as at 30 November 2022, down by €20.4 million compared to 28 February 2022. The change is mainly attributable to the €19.1 million decrease in the Group's net working capital.

Investments over the period ended 30 November 2022 amounted to €27.9 million (€37.5 million as at 30 November 2021). These investments were mainly in developing the directly owned store network and in IT, including the adoption of electronic shelf labels in an increasing number of directly owned stores. This decrease, compared to the comparable period of the previous financial year, is attributable to the postponement of some investments in relation to the market conditions at the time.

Shareholders' equity was €113.6 million as at 30 November 2022 (€138.3 million as at 28 February 2022), decreasing mainly due to the dividend distribution resolved upon by the shareholders' meeting in June 2022, amounting to €27.1 million, which was partly offset by the recognition of the Long-Term Incentive Plan reserved for some managers and employees.

24 Net financial debt determined on the basis of the provisions of European Securities and Markets Authority (ESMA) guideline 32-382-1138 of 4 March 2021.
25 On 20 December 2021, the Unieuro Board of Directors approved an amendment to the communication policy for periodic financial information on a quarterly basis. In this regard, as of the same date, the impact of direct taxes was excluded from the calculation of the economic and financial figures presented in interim reports on operations, relating to the first quarter and the first nine months of the financial year. The decision was made in the light of the need to fully consider any effects of the Budget Laws on the Company's accounts, considering the timing of their approval with respect to the approval date of Unieuro's nine-month results (January of each year).

Below is a detailed breakdown of the Group's net debt as at 30 November 2022 and 28 February 2022, according to the ESMA 32-382-1138 Guidelines of 4 March 2021:

(in millions of Euro)	Period ended		Changes	
	30 November 2022	28 February 2022	Δ	%
(A) Cash	96.2	141.5	(45.3)	(32.0%)
(B) Cash equivalents	-	-	-	-
(C) Other current financial assets	40.1	-	40.1	100.0%
(D) Liquidity (A)+(B)+(C)	**136.2**	**141.5**	**(5.3)**	**(3.7%)**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current debt)	-	-	-	-
(F) Current portion of non-current debt	(69.8)	(66.5)	(3.3)	5.0%
(G) Current financial debt (E)+(F)	**(69.8)**	**(66.5)**	**(3.3)**	**5.0%**
(H) Net current debt (G)+(D)	**66.4**	**75.0**	**(8.6)**	**(11.5%)**
(I) Non-current debt (excluding the current portion and debt instruments)	(385.3)	(389.5)	4.2	(1.1%)
(J) Debt instruments	-	-	-	-
(K) Trade payables and other non-current payables	-	-	-	-
(L) Non-current financial debt (I)+(J)+(K)	**(385.3)**	**(389.5)**	**4.2**	**(1.1%)**
(M) Total financial indebtedness (H)+(L)	**(318.9)**	**(314.5)**	**(4.4)**	**1.4%**

We point out that, in November 2021, the Financing Agreement signed on 9 January 2018 was extinguished and, at the same time, four new lines of credit were opened to finance the working capital and strengthen the company's financial solidity. The committed lines of credit, which were undrawn at 30 November 2022, include Euro 150.0 million of a revolving medium-term cash flow loan.

During the third quarter of the period, Unieuro purchased Treasury Bills ("BOT") with maturity in April 2023 for around Euro 30 million and Multi-Year Treasury Bills ("BTP") with maturity in August 2023 for around EUR 10 million. These securities were classified as other current financial assets and measured at fair value through OCI, consistently with the business model adopted.

A breakdown of the composition of the net debt under IAS 17 as at 30 November 2022 and as at 28 February 2022 is shown below.

(in millions of Euro)	Period ended		Period ended	
	30 November 2022	28 February 2022	Δ	%
(Net debt) / Net cash	**(318.9)**	**(314.5)**	**(4.4)**	**1.4%**
Other current financial payables - IFRS 16	67.5	62.8	4.7	7.5%
Other non-current financial payables - IFRS 16	384.5	387.3	(2.8)	(0.7%)
(Net debt) / Net cash – Under IAS 17	**133.1**	**135.7**	**(2.5)**	**(1.9%)**

Net cash – under IAS 17 decreased by Euro 2.5 million compared to 28 February 2022, with a balance of Euro 133.1 million as at 30 November 2022.

Interim cash trends are affected by the cash generation deriving from operations (Euro 27.1 million), including lease flows under IFRS 16 for Euro 59.3 million, partially offset by the payments made for investments in the period and for dividends paid in June 2022.

6. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main economic and financial indicators at 30 November 2022 is shown below[26]:

		30 November 2022 (Ex - IAS 17)	IFRS 16 Impacts	30 November 2022 (IFRS 16)
EBITDA ADJ	• reduction in operating costs (rents paid on shops, offices, warehouses and cars), net of income from subleases of shops	44.5	+53.9	98.4
EBIT ADJ	• increase in depreciation on right-of-use assets	16.6	+3.3	19.9
CONSOLIDATED ADJUSTED PROFIT BEFORE TAX	• increase in financial expenses for interest related to rights-of-use liabilities	13.5	(3.3)	10.2
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	133.1	(452.1)	(318.9)

[26] The values reported in the column "30 November 2022 (IFRS 16)" derive from the indicators included in section "4. Group operating and financial results". The values reported in the column "IFRS 16 impact" are taken from accounting records and calculation tables summarising the effects of the application of IFRS 16 Leases. The values reported in the column "30 November 2022 (under IAS 17)" are pre-IFRS 16 and can be calculated as the difference between the column "30 November 2022 (IFRS 16)" and the column "IFRS 16 impact". All values are in millions of euro.

7. War in Ukraine

The conflict between Russia and Ukraine that began on 24 February 2022 generated strong geopolitical and economic tensions worldwide, causing a heightened rise in energy and raw material prices. This had a clear impact on the production prices of goods and services and on the purchasing power of households, which are only partially preserved by political actions.

Unieuro has no stores in Russia and does not have direct economic and/or financial relations with Russian economic entities subject to current sanctions. However, the Group is still affected by the indirect effects of the war on the macroeconomic scenario, particularly as regards the potential reduction in consumers' purchasing power, as well as on the increase in inflation.

In order to deal with the increasing pressure from inflation, the Group has put in place and is taking measures to reduce operating costs so that the Group remains profitable, including fixing energy prices for the current financial year and beginning negotiations on lease payments for sales outlets.

8. Unieuro treasury shares

On 21 June 2022, the Shareholders' Meeting approved the launch of a programme to buy its own shares, in continuity with the previous purchase programme passed by the Shareholders' Meeting on 17 December 2020, partially implemented and expired on 17 June 2022.

The current authorisation for the purchase and disposal of treasury shares provides for a maximum of 2,000,000 Unieuro S.p.A. ordinary shares, on the understanding that the number of ordinary shares held in the portfolio from time to time by the Company and its subsidiaries may not in any case exceed 10% of the Company's share capital for the time being.

One of the purposes of the authorisation is to build a treasury share portfolio to serve existing and future share incentive plans for directors and/or employees and/or associates of the Company or its subsidiaries and to set up a "securities store" to be used, where appropriate, as consideration for extraordinary transactions, including the exchange of holdings, with third parties in transactions that may be of interest to Unieuro.

It should be noted that the authorisation is not intended for any transaction that reduces share capital.

Following the completion of the Treasury Share Purchase Programme approved by the Board of Directors on 11 November 2021, at 30 November 2022, based on the authorisation approved by the Shareholders' Meeting on 17 December 2020, there are 600,000 treasury shares, equivalent to 2.8987% of the share capital.

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

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

10. Management and coordination activities

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

11. Significant events during and after the period-end

Significant events during the period

Acquisition of the Etnapolis store

Following the participation in the competitive procedure announced by the Court, Unieuro was awarded the contract and on 6 April 2022, acquired the business unit of Papino Elettrodomestici S.p.A., consisting of a store located in Valcorrente (Catania).

Prospective strengthening of logistics

On 14 April 2022, Unieuro signed an agreement with Vailog, the Italian leader in real estate development, to open a new logistics hub in Colleferro (Rome) serving central and southern Italy, to be operational by the end of 2023. Also in view of the impending upgrading of the central platform of Piacenza, the Company is thus taking an important new step in the evolution of its logistical layout, that will reach 200,000 square metres of cargo storage and handling capacity.

On 5 May 2022, Unieuro signed a partnership with SES-imagotag, the global leader in digital solutions for physical retail, with the intention of equipping Unieuro's entire direct sales network with smart e-tags and the VUSION Retail cloud IoT platform. Thanks to this initiative, which is one of the digital transformation projects included in the "Our Omni-Journey to 2026" strategic plan, Unieuro will be able, on the one hand, to improve the effectiveness of customer communication, which will be digitally managed remotely and, on the other hand, to enable shop staff to devote themselves even more profitably to sales activities.

On 11 May 2022, the Board of Directors approved Unieuro's first Sustainability Plan, through which the Company intends to respond to the growing environmental, social and governance expectations of its key stakeholders. Coinciding with the deadline of the "Our Omni-Journey to 2026" Strategic Plan from which it takes its four strategic pillars on ESG (Culture, Community, Sustainable Innovation and Talent), the four-year plan is implemented in 31 projects. This plan represents a fundamental step in Unieuro's strategic evolution towards a logic of integrated thinking, nurturing effective coordination between the various corporate functions and a wider circulation of the culture of sustainability within the entire organisation.

The Shareholders' Meeting

On 21 June 2022, the Unieuro Ordinary and Extraordinary Shareholders' Meeting, convened in a single call, approved the financial statements as at 28 February 2022; approved the profit allocation, including the distribution of a dividend of €1.35 per share; approved the first and voted in favour of the second section of the Remuneration report and remuneration paid out; approved the appointment of the Board of Directors and the Board of Statutory Auditors; approved the Share performance plan 2023–2028; approved the authorisation to purchase and dispose of treasury shares, including to service the plan; and approved the share capital increase to service the plan.

Appointment of the Chief Executive Officer

On 24 June 2022, the newly elected Board of Directors of Unieuro S.p.A. appointed Giancarlo Nicosanti Monterastelli as CEO of the Company, in keeping with his previous position. All remaining directors are non-executive, with the exception of Maria Bruna Olivieri due to her role as General Manager.

Appointment of Internal Board Committees

On 28 June 2022, in accordance with the Code of Corporate Governance and Consob Regulation 17221/2010 on related-party transactions, the newly elected Board of Directors of Unieuro S.p.A. formed the Internal Board Committees and appointed their members.

Resignation of the Manager responsible for preparing the financial reports

On 28 September 2022, Dr Marco Pacini, Chief Financial Officer and Manager responsible for preparing the financial reports pursuant to Article 154-bis of Legislative Decree no. 58 of 24 February 1998, resigned in order to start a new career. Dr Pacini will continue his functions and in his roles until 31 December 2022 so as to ensure the necessary business continuity and a smooth transition.

Opening of new outlets in Terni and Milan

On 14 October 2022 and 15 October 2022 the shops of Terni and Milan Viale Stelvio were inaugurated, respectively.

LC Sustainability Awards 2022

On 11 November 2022, Unieuro was recognised during the LC Sustainability Awards 2022, the event dedicated to sustainability in various fields: financial, economics, governance, innovation, gender balance in companies, environment, diversity, and the protection of rights.

Significant events following the closure of the period

Opening of the new Catania Etnapolis store

On 15 December 2022, a new store was opened in Valcorrente (Catania), which Unieuro had acquired on 6 April 2022.

Appointment of Directors

Unieuro's Board of Directors appointed two directors entrusted with the task of preparing the Company's accounting records, with the favourable opinion of the Board of Auditors, namely through Ms Gabriella Giocondo, the former Administration Director, and Mr Luca Mazzotti, the former Controller & Treasury Director. The appointments will be effective from 1 January 2023.

The Italian Competition Authority sanction

On 28 December 2022, the AGCM – Autorità Garante della Concorrenza e del Mercato (the Italian Antitrust Authority) – notified the conclusion of the IP359 Non-compliance Proceedings, filed on 21 June 2022. Unieuro S.p.A. acknowledges that all the initiatives put in place have been recognised as suitable by AGCM to counter the objections contained therein. In any case, the Company considers the sanction to be unfounded and will therefore proceed to appeal against it in the relevant courts.

12. Outlook

After the end of the quarter, the promotional drive of the reference sector and the current macroeconomic environment have affected the Christmas season to a greater extent than expected.

In a market that is expected to remain highly volatile and characterized by a considerable degree of uncertainty, based on the information available to date, Unieuro confirms that it will still close the 2022/23 financial year with revenues of approximately 2.9 billion euros, provided that there is no further worsening of macroeconomic, geopolitical and epidemiological conditions. At the end of the Christmas season, Adjusted EBIT is now expected in the low end of the previously communicated EUR 35-40 million range. The net cash forecast is confirmed in the range of 110-130 million euros at the end of the financial year.

Unieuro remains committed to executing the growth lines of the Strategic Plan disclosed to the market in June 2021.

ACCOUNTING STATEMENTS[27]

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Period ended	
(In thousands of Euro)	**30 November 2022**	**28 February 2022**
Plant, machinery, equipment and other assets	77,891	79,281
Goodwill	196,149	196,072
Intangible assets with definite useful life	47,708	45,661
Assets for rights of use	430,346	433,339
Deferred tax assets[28]	44,606	44,606
Other non-current assets	16,930	17,830
Total non-current assets	**813,630**	**816,789**
Inventories	501,043	462,050
Trade receivables	72,597	42,988
Current tax assets[28]	4,618	4,206
Other current assets	75,245	27,593
Cash and cash equivalents	96,193	141,534
Total current assets	**749,696**	**678,371**
Total Assets	**1,563,326**	**1,495,160**
Share capital	4,140	4,140
Reserves	96,949	67,725
Profit/(loss) carried forwards[28]	12,468	66,484
Profit/(Loss) of third parties	-	-
Total shareholders' equity	**113,557**	**138,349**
Financial liabilities	-	-
Employee benefits	12,066	13,126
Other financial liabilities	385,317	389,501
Provisions	12,530	13,936
Deferred tax liabilities[28]	3,769	3,769
Other non-current liabilities	1,111	519
Total non-current liabilities	**414,793**	**420,851**
Financial liabilities	-	-
Other financial liabilities	69,842	66,539
Trade payables	653,310	583,456
Current tax liabilities[28]	1,041	1,041
Provisions	2,187	2,167
Other current liabilities	308,596	282,757
Total current liabilities	**1,034,976**	**935,960**
Total liabilities and shareholders' equity	**1,563,326**	**1,495,160**

27 Consolidated accounting statements as at 30 November 2022, which are not subject to audit.
28 On 20 December 2021, the Unieuro Board of Directors approved an amendment to the communication policy for periodic financial information on a quarterly basis. In this regard, as of the same date, the impact of direct taxes was excluded from the calculation of the economic and financial figures presented in interim reports on operations, relating to the first quarter and the first nine months of the financial year. The decision was made in the light of the need to fully consider any effects of the Budget Laws on the Company's accounts, considering the timing of their approval with respect to the approval date of Unieuro's nine-month results (January of each year).

CONSOLIDATED INCOME STATEMENT

	Period ended	
(In thousands of Euro)	**30 November 2022**	**30 November 2021**
Revenue	2,102,647	2,154,262
Other income	559	542
TOTAL REVENUE AND INCOME	**2,103,206**	**2,154,804**
Purchases of materials and external services	(1,895,786)	(2,050,869)
Personnel costs	(152,876)	(150,604)
Changes in inventory	38,993	165,784
Other operating costs and expenses	(6,217)	(3,359)
GROSS OPERATING RESULT	**87,320**	**115,756**
Depreciation, amortisation and write-downs of fixed assets	(79,181)	(70,273)
NET OPERATING RESULT	**8,139**	**45,483**
Financial income	44	25
Financial expenses	(9,747)	(9,688)
PROFIT BEFORE TAX	**(1,564)**	**35,820**

CONSOLIDATED CASH FLOW STATEMENT

	Period ended	
(In thousands of Euro)	**30 November 2022**	**30 November 2021**
Cash flow from operations		
Consolidated result for the period before taxes	(1,564)	35,820
Adjustments for:		
Net financial expenses (income)	9,703	9,663
Depreciation, amortisation and write-downs of fixed assets	79,181	70,273
Other changes	1,944	1,636
	89,264	**117,392**
Changes in:		
- Inventories	(38,993)	(165,784)
- Trade receivables	(29,609)	(50,620)
- Trade payables	75,840	254,914
- Other changes in operating assets and liabilities	17,743	9,279
Cash flow generated/(absorbed) by operating activities	**24,981**	**47,789**
Taxes paid	-	(5,537)
Interest paid	(8,987)	(9,215)
Net cash flow generated/(absorbed) by operating activities	**105,258**	**150,429**
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(15,295)	(20,544)
Purchases of intangible assets	(18,619)	(16,780)
Investment in current FVOCI securities	(40,000)	-
Investments for business combinations and business units	(100)	(8,482)
Cash flow generated/(absorbed) by investing activities	**(74,014)**	**(45,806)**
Cash flow from investment activities		
Increase/(Decrease) in financial liabilities	(716)	(49,175)
Increase/(Decrease) in other financial liabilities	(2,771)	(1,647)
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(45,963)	(44,267)
Purchase of treasury shares	-	(2,545)
Exercise - Long-Term Incentive Plan	-	3,808
Distribution of dividends	(27,134)	(53,793)
Net cash and cash equivalents generated by financing activities	**(76,585)**	**(147,619)**
Net increase/(decrease) in cash and cash equivalents	**(45,341)**	**(42,996)**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**141,534**	**219,366**
Net increase/(decrease) in cash and cash equivalents	**(45,341)**	**(42,996)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**96,193**	**176,370**

CERTIFICATION OF THE INTERIM REPORT ON OPERATIONS AT 30 November 2022

The undersigned, Mr Giancarlo Nicosanti Monterastelli as Chief Executive Officer, Ms Gabriella Giocondo and Mr Luca Mazzotti as accounting managers 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:

that

- the Interim Report on Operations as at 30 November 2022 corresponds to the Company's accounting books and records.

12 January 2023

Giancarlo Nicosanti Monterastelli	Gabriella Giocondo	Luca Mazzotti
Chief Executive Officer	Financial Reporting Officer	Financial Reporting Officer

E-MARKET
SDIR
CERTIFIED

Unieuro S.p.A.
Palazzo Hercolani
Via Piero Maroncelli, 10
47121 Forlì (FC)
unieurospa.com