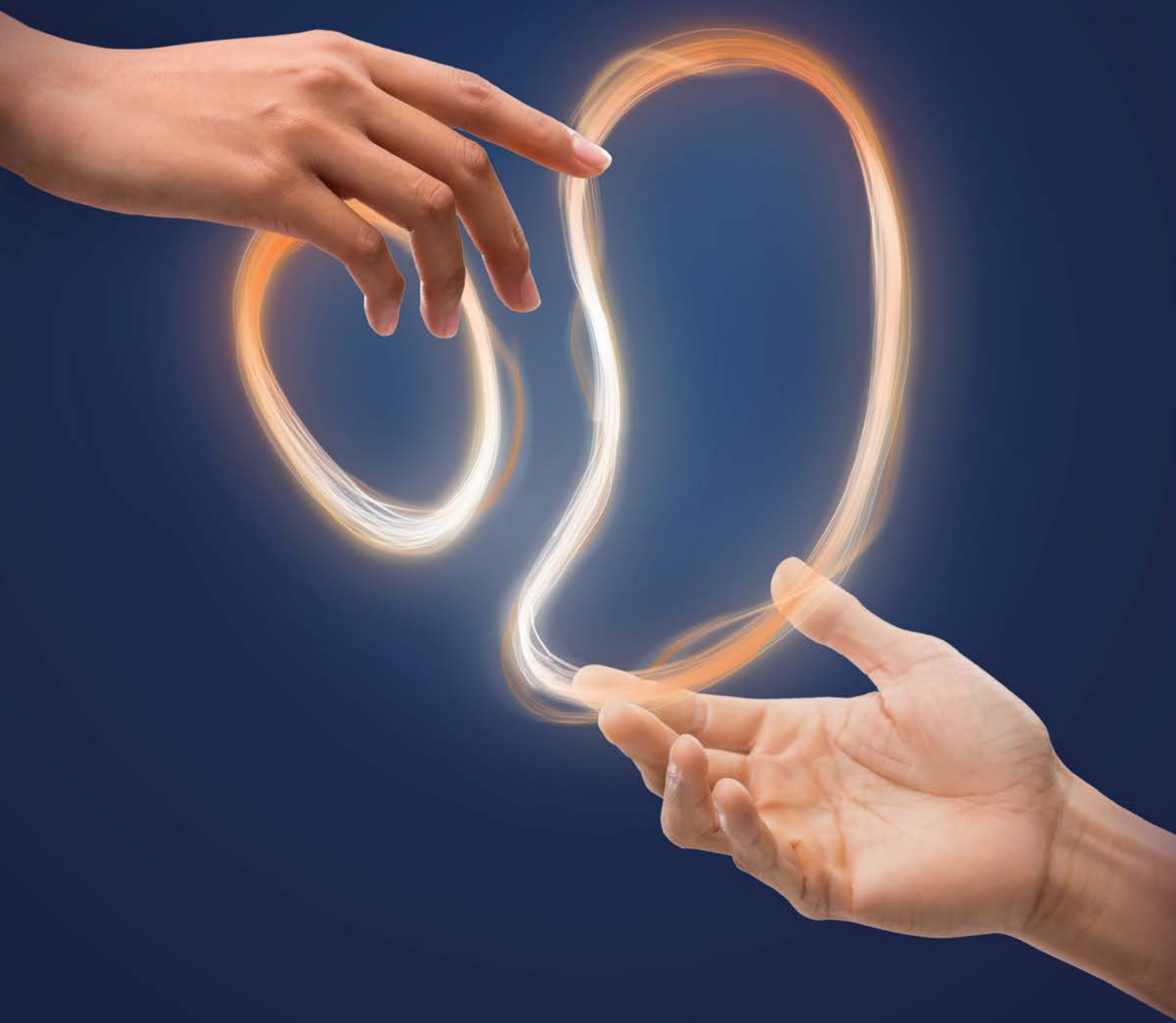
# Interim Directors' Report

At May 31, 2023



# 1. Introduction

The Unieuro Group (hereinafter also the "Group" or "Unieuro Group") consists of the companies Unieuro S.p.A. and Monclick S.r.l..

Unieuro S.p.A. (hereinafter also referred to as the "Company" or "Unieuro" or “UE") is a company under Italian law based in Forlì, Italy at 10 Via Piero Maroncelli, founded in the late 1930s by Vittorio Silvestrini. Unieuro is now the leading distributor of consumer electronics and home appliances in Italy and operates as an integrated omnichannel distributor in four main product segments: Grey (telephony, computer and photo), White (large and small appliances), Brown (consumer electronics and media storage), Other products (consoles, video games, bicycles), offering in parallel a wide range of services such as delivery and installation, extended warranty and consumer financing.

Monclick S.r.l. (hereinafter also referred to as "Monclick" or "MK"), a wholly-owned subsidiary of Unieuro, is a company under Italian law based in Milan at Via Marghera 28, sells IT, electronics, telephony and home appliance products online in Italy through the website www.monclick.it, guaranteeing a complete shopping experience, which is perfected with home delivery and installation of the chosen product. Unieuro also operates in the B2B2C segment, which caters to operators who need to purchase and distribute electronic products to regular customers or employees as part of points schemes, competitions, and incentive plans.

The Group's mission is to accompany customers at all stages of their purchasing journey, placing them at the centre of an integrated ecosystem of product and service offerings that sees accessibility, proximity and closeness as the pillars of its strategic approach.

Unieuro’s shares have been listed on the EURONEXT STAR MILAN since April 2017.  The Company is features an extensive and fragmented shareholder base, and thus is structured like a public company.

# 2. Methodological note

The following Interim Directors' Report provides information on consolidated revenues, consolidated profitability, cash flow and the financial position of the Unieuro Group at May 31, 2023, compared with the interim period to May 31, 2022 in terms of the operating results and cash flow, and with the latest approved financial statements for the fiscal year ended February 28, 2023 for the balance sheet.

On December 20, 2021, the Board of Directors of Unieuro approved the amendment to the Quarterly periodic financial disclosure communication policy, on whose basis, from the same date, the impact of direct taxes accruing in the period has been excluded from the calculation of the operating and financial results in the interim directors' report for the first quarter and for the first nine months of the year. This decision was taken in view of the need to fully reflect any impacts on the company's financial statements from the Budget Laws, taking into account the timing of their approval with respect to the approval date of Unieuro's first nine-month results (January of each year).

Unless otherwise indicated, all values are in millions of Euros. Amounts and percentages have been calculated on values in thousands of Euro, and therefore any differences found in some tables are due to rounding.

This Interim Directors' Report was drawn up according to Article 82-*ter* of the Issuers' Regulation, adopted with motion No. 11971 of May 14, 1999, introduced on the basis of Article 154-*ter*, paragraphs 5 and 6 of the Consolidated Finance Act ("CFA"). Therefore, the provisions of the international accounting standard covering interim reporting (IAS 34 "Interim Financial Reporting") were not adopted.

The publication of the Interim Directors' Report at May 31, 2023 is governed by the Stock Exchange Regulation and, in particular, Article 2.2.3, paragraph 3.

The accounting standards used by the Group are the International Financial Reporting Standards, endorsed by the European Union ("IFRS") and in application of Legislative Decree No. 38/2005 and the other CONSOB financial statements provisions. The accounting policies and consolidation principles adopted are the same as those utilised for the Group Consolidated Financial Statements at February 28, 2023, to which reference should be made.

# 3. Key financial performance indicators

In order to facilitate understanding of the Group's operating and financial performance, a number of Alternative Performance Indicators ("API's") have been identified. For a correct interpretation of these API's, the following should be noted: (i) these indicators are constructed exclusively from the Group's historical data and are not indicative of future performance, (ii) the API's are not required by IFRS and, although derived from the Consolidated Financial Statements, they are not audited, (iii) the API's should not be considered as substitutes for the indicators provided by the applicable accounting standards (IFRS), (iv) these API's should be read in conjunction with the Group's financial disclosure in the Interim Directors' Report; (v) the definitions and criteria adopted for the determination of the indicators used by the Group, insofar as they are not derived from the applicable accounting standards, may not be homogeneous with those adopted by other companies or groups and, therefore, may not be comparable with those that may be presented by such entities; and (vi) the API's used by the Group are prepared in continuity and homogeneity of definition and representation for all periods for which financial information is included in the Interim Report.

The API's presented (Consolidated Adjusted EBIT, Consolidated Adjusted EBIT Margin, Consolidated Adjusted Result before taxes, Net Working Capital, Consolidated Adjusted Free Cash Flow and (Net Financial Debt) / Net Cash - Former IAS 17) are not identified as accounting measures under IFRS and, therefore, as stated above, should not be considered as alternative measures to those provided by the Group's consolidated financial statements for assessing their operating performance and relative financial position.

Certain indicators defined as "Adjusted" are presented in order to represent the Group's operating and financial performance, net of non-recurring events, non-core operations events, and events related to corporate transactions, as identified by the Group. The Adjusted indicators reported concern: Consolidated Adjusted EBIT, Consolidated Adjusted EBIT margin, Consolidated Adjusted Result before taxes and Consolidated Adjusted Free Cash Flow and (Net Financial Debt) / Net cash - Pursuant to IAS 17. These indicators reflect the main operating and financial aggregates adjusted for non-recurring income and expenses not closely related to the core business and operations and the effect resulting from the change in the business model for extended warranty services (as better described below in the "Consolidated Adjusted EBIT" API) and thus allow for a more homogeneous analysis of the Group's performance over the periods presented in the Interim Directors' Report.

## Key financial performance indicators[1]

| *(in millions of Euro)* | Period ended | |
|---|---|---|
| | May 31, 2023 | May 31, 2022 |
| **Operating indicators** | | |
| Consolidated revenues | 589.3 | 611.9 |
| *Consolidated Adjusted EBIT[2]* | (9.4) | 0.0 |
| *Consolidated Adjusted EBIT margin[3]* | (1.6%) | 0.0% |
| Consolidated adjusted result before taxes[4] | (11.9) | (3.5) |
| Result before tax for the period | (15.6) | (5.6) |
| **Cash flows** | | |
| *Consolidated Adjusted Free Cash Flow[5]* | (41.3) | (109.9) |
| Investments for the period | (5.7) | (13.4) |

| *(in millions of Euro)* | Period ended | |
|---|---|---|
| | May 31, 2023 | February 28, 2023 |
| **Indicators from statement of financial position** | | |
| Net working capital | (305.7) | (339.9) |
| (Net financial debt) / Net cash - Pursuant to IAS 17[6] | 79.7 | 124.4 |
| (Net financial debt) / Net cash | (355.7) | (323.1) |

[1] Adjusted indicators are not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure for assessing Group performance. Since the composition of these indicators is not regulated by the applicable accounting standards, the Group's applied determination criterion may not be homogeneous both with that adopted by other companies and with that which may be adopted in the future by the Group, or realised by it, and therefore not comparable.

[2] Consolidated Adjusted EBIT is Consolidated EBIT adjusted for (i) non-recurring expenses/(income), (ii) the effects of adjusting extended warranty service revenues net of the related estimated future service costs as a result of the change in the business model for directly operated service support services, and (iii) non-recurring amortisation and depreciation. Please refer to Section 4.2 for further details.

[3] Consolidated Adjusted EBIT Margin is the ratio of Consolidated Adjusted EBIT to Consolidated Revenues.

[4] The Consolidated Adjusted Result before taxes is calculated as the Consolidated Result before taxes adjusted for (i) the adjustments incorporated in Consolidated Adjusted EBITDA, (ii) adjustments of non-recurring amortisation and depreciation and write-downs and (iii) adjustments of non-recurring financial expenses/(income).

[5] The Consolidated Adjusted Free Cash Flow is the consolidated cash flow generated/absorbed by operating activities and investing activities, including financial expenses, pre-IFRS 16 adoption. Consolidated Adjusted Free Cash Flow is adjusted for non-recurring operating and investment cash flows, and includes adjustments for non-recurring expenses (income), their non-cash component, and the related tax effects. Please refer to Section 4.5 for further details.

[6] The (Net financial debt) / Net cash - Pursuant to IAS 17 is the consolidated (Net financial debt) / Net cash without incorporating the effects related to the application of IFRS 16. Please refer to Section 6 for additional details.

| *(in millions of Euro)* | Period ended | |
|---|---|---|
| | May 31, 2023 | February 28, 2023 |
| **Operating indicators for the period** | | |
| Like-for-like growth[7] | (4.0%) | (3.2%) |
| Direct points of sale (number) | 276 | 278 |
| of which Pick-Up Points[8] | 273 | 274 |
| Affiliated points of sale (number) | 257 | 255 |
| *of which Pick-Up Points* | 212 | 210 |
| Total area of direct outlets (in square metres) | approximately 401,000 | approximately 404,000 |
| Sales density[9] (Euro per square metre) | 5,261 | 5,335 |
| Full-time-equivalent employees[10] (number) | 4,893 | 4,921 |
| Net Promoter Score[11] | 58.2 | 51.9 |

7 Like-for-like revenue growth: the method for comparing sales for the three months ended May 31, 2023 with the three months ended May 31, 2022, based on a homogeneous business scope, by retail and travel stores that have been in operation for at least one full fiscal year as of the reporting date, net of stores affected by significant operational discontinuity (e.g., temporary closures and major refurbishments), as well as the entire online channel.

8 Physical pick-up points for customer orders from the online channel.

9 This indicator is obtained from the ratio of annual sales generated by direct points of sale to the total surface area of 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).

# 4. Group operating and financial results

## 4.1 Consolidated revenues

In the first quarter of fiscal year 2023/24, a traditionally not representative period for the business, Unieuro reports revenues of Euro 589.3 million, down 3.7% on the same period of the previous year, in a market that contracted 4.6%.

The decrease is due the comparison with extraordinary Brown segment sales, which benefited in the comparative period from non-recurring revenues related to t4he TV frequencies switch-off. The decline in Brown category sales in the first quarter 2023/24 was partially offset by growth across all other product categories, and specifically the White (+7.1%), Other Products (+27.1%) and Services (+7.5%) categories.

As part of the strategy to develop the exclusive brands, private label revenues in the period totalled Euro 21.6 million, up 10.3% on Q1 2022/23.
Online channel sales rose to account for 20.2% of total revenues, highlighting the strong synergies among the various channels.

Like-for-like revenues[12] – comparing sales with the corresponding period of the previous fiscal year on the basis of the same scope of activity - were down 4.0%. Excluding from the scope of analysis the sales following the flooding in Emilia-Romagna and the existing outlets close to the new stores, like-for-like Revenues decreased 5.1%.

### 4.1.1 Consolidated revenues by channel

| *(in millions of Euro and as a percentage of revenues)* | Period ended | | | | Changes | |
|---|---|---|---|---|---|---|
| | May 31, 2023 | % | May 31, 2022 | % | Δ | % |
| Retail | 392.4 | 66.6% | 421.3 | 68.9% | (28.9) | (6.9%) |
| Online | 118.9 | 20.2% | 111.1 | 18.2% | 7.8 | 7.1% |
| Indirect | 53.4 | 9.1% | 55.1 | 9.0% | (1.7) | (3.0%) |
| *B2B* | 24.6 | 4.2% | 24.4 | 4.0% | 0.2 | 0.6% |
| **Total consolidated revenues by channel** | **589.3** | **100.0%** | **611.9** | **100.0%** | **(22.6)** | **(3.7%)** |

The Retail channel (66.6% of total revenues) - which at May 31, 2023 comprised 276 direct sales points, including the "Unieuro by Iper" shop-in-shops and the direct sales points located at major public transport hubs such as airports, railway stations and metro stations - reported revenues of Euro 392.4 million, decreasing 6.9% on the same quarter of the previous year due to the previously indicated reduced television sales. Excluding this segment's revenues, Retail channel sales would have grown 2.9%.

The Online channel (20.2% of total revenues) - which includes the unieuro.it platform and the pure digital player Monclick - generated revenues of Euro 118.9 million, up 7.1% on Euro 111.1 million in the same period of the comparative year. The strong performance confirms the strength of Unieuro's strategy to provide customers with a fully integrated experience between offline and online.

The Indirect channel (9.1% of total revenues) - which includes sales made to the network of affiliated stores comprising

[12] Like-for-like revenue growth includes: (i) retail and travel stores operating for at least a full year at the reporting date, net of sales points experiencing significant disruption (e.g. temporary closures and major refurbishments) and (ii) the entire online channel.

a total of 257 sales points at May 31, 2023 - reports revenues of Euro 53.4 million, contracting 3.0% on the comparative quarter (revenues of Euro 55.1 million in Q1 2022/23). The channel's performance was impacted by the decline in Brown segment volumes indicated above, which was only partially offset by telephony and large household appliance segment sales.

The B2B channel (4.2% of total revenues) - which caters to professional customers (including overseas) operating in sectors other than Unieuro's, such as hotel chains and banks, in addition to those purchasing electronic products to distribute to regular customers or employees for point collections, prize contests or incentive plans (B2B2C segment) - reported revenues of Euro 24.6 million. Channel sales were in line with the comparative period.

### 4.1.2 Consolidated revenues by category

| *(in millions of Euro and as a percentage of revenues)* | Period ended | | | | Changes | |
|---|---|---|---|---|---|---|
| | May 31, 2023 | % | May 31, 2022 | % | Δ | % |
| Grey | 284.3 | 48.2% | 279.7 | 45.7% | 4.6 | 1.6% |
| White | 172.2 | 29.2% | 160.8 | 26.3% | 11.4 | 7.1% |
| Brown | 63.6 | 10.8% | 111.7 | 18.3% | (48.1) | (43.1%) |
| Other products | 32.7 | 5.6% | 25.8 | 4.2% | 7.0 | 27.1% |
| Services | 36.5 | 6.2% | 34.0 | 5.5% | 2.5 | 7.5% |
| **Total consolidated revenues by category** | **589.3** | **100.0%** | **611.9** | **100.0%** | **(22.6)** | **(3.7%)** |

The Group offers to customers through its distribution channels a broad range of products - in particular domestic appliances and consumer electronics, in addition to accessory services. Sales are broken down by category according to the product classifications adopted by the leading sector experts. The classification of revenues by category is therefore periodically reviewed to ensure the comparability of Group and market data.

The Grey category (48.2% of total revenues) - comprising phones, tablets, information technology, phone accessories, cameras, in addition to all wearable products - generated revenues of Euro 284.3 million, up 1.6% on Euro 279.7 million in the first quarter of the previous year. The performance was driven by the telephony segment, partially offset by lower information technology segment volumes, which have settled from the extraordinary level of sales during the pandemic, driven by smart working and e-learning.

The White category (29.2% of total revenues) - comprising major domestic appliances (MDA), such as washing machines, dryers, refrigerators or freezers and stoves, small home appliances (SDA), such as vacuum cleaners, food processors and coffee machines, in addition to the air conditioning segment - generated revenues of Euro 172.2 million, up 7.1% on Euro 160.8 million in the same period of the previous year. The increase stems from greater major domestic appliance sales, partially offset by the home comfort segment, which benefited in the comparative period from the government incentive to cut the energy consumption of existing buildings.

The Brown category (10.8% of revenues) - including televisions and related accessories, audio devices, smart TV devices, car accessories and data storage systems - reports revenues of Euro 63.6 million, compared to Euro 111.7 million in the first quarter of the previous year. The reduction in category revenues is due to the extraordinary TV segment performance in the comparative period, thanks to the television frequency switch-off and the Government TV bonus.

The Other Products category (5.6% of total revenues) - which includes sales of both the entertainment sector and other products not included in the consumer electronics market, such as hoverboards or bicycles - reported revenues of Euro 32.7 million, increasing 27.1% on the same period of the previous year thanks to the strong entertainment segment sales.

The Services category (6.2% of total revenues) reported revenues of Euro 36.5 million, up 7.5% on Euro 34.0 million in the same period of the previous year. The strong performance mainly concerns the warranty extension service, partially offset by the reduction of the installation services related to the lower home comfort segment sales.

## 4.2 Consolidated operating profit

The income statement tables presented in this Interim Directors' Report have been reclassified according to the presentation methods considered by management to best represent the Unieuro Group's operating profitability in the period. For more representative cost and revenue accounts, the following were reclassified by type in the income statement: (i) non-recurring income and charges and (ii) the effects from the adjustment of revenues from extended warranty services, net of the related estimated future costs for the provision of the after-sales service, as a result of the altered business model for directly-managed after-sales services.

| *(in millions and as a percentage of revenues)* | Period ended | | | | | | Changes | |
|---|---|---|---|---|---|---|---|---|
| | May 31, 2023 | | | May 31, 2022 | | | | |
| | Adjusted amounts | % | *Adjustments* | Adjusted amounts | % | *Adjustments* | Δ | % |
| Revenues | 589.3 | | | 611.9 | | | (22.6) | (3.7%) |
| **Sales revenues** | **589.3** | | | **611.9** | | | **(22.6)** | **(3.7%)** |
| Purchase of goods and Change in inventories | (469.3) | (79.6%) | 2.9 | (480.5) | (78.5%) | - | 11.2 | (2.3%) |
| Marketing costs | (9.2) | (1.6%) | - | (9.3) | (1.5%) | - | 0.1 | (0.8%) |
| Logistics costs | (19.2) | (3.3%) | 0.1 | (19.2) | (3.1%) | - | - | 0.1% |
| Other costs | (23.2) | (3.9%) | 0.1 | (27.4) | (4.5%) | 0.2 | 4.2 | (15.2%) |
| Personnel costs | (51.1) | (8.7%) | 0.1 | (49.7) | (8.1%) | 0.1 | (1.4) | 2.8% |
| Other operating income and costs | (0.7) | (0.1%) | - | (1.5) | (0.2%) | 0.6 | 0.8 | (53.3%) |
| Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services | 0.4 | 0.1% | 0.4 | 1.3 | 0.2% | 1.3 | (0.8) | (65.4%) |
| **Consolidated Adjusted EBITDA**[13] | **17.0** | **2.9%** | **3.7** | **25.6** | **4.2%** | **2.1** | (8.6) | (33.7%) |
| Amortisation, depreciation and write-downs of fixed assets | (26.4) | (4.5%) | - | (25.6) | (4.2%) | - | (0.8) | 3.0% |
| **Consolidated Adjusted EBIT** | **(9.4)** | **(1.6%)** | **3.7** | **0.0** | **0.0%** | **2.1** | **(9.4)** | **(100.0%)** |

The first quarter of fiscal year 2023/24, not representative as affected by normal consumer electronic market seasonality, reported a Consolidated Adjusted EBIT loss of Euro 9.4 million (the same quarter of the comparative fiscal year reported breakeven).

Operating profitability was impacted mainly by the combined effect of lower Brown segment sales volumes, which had benefited from the switch off of frequencies and the related tax incentive, which more than offset the increase for the other categories, of the brand/product mix and of the greater proportion of online channel sales.

[13] Consolidated Adjusted EBITDA is Consolidated EBITDA adjusted for (i) non-recurring expenses/(income) and (ii) the effects of adjusting extended warranty service revenues net of the related estimated future service costs as a result of the change in the business model for directly operated service support services.

The gross profit[14] reduced Euro 12.2 million compared to the comparative period, with the margin reducing from 21.7% to 20.4%.

Marketing costs in Q1 2023/24 totalled Euro 9.2 million and were in line with the same period of the previous year, accounting for 1.6% of consolidated revenues (1.5% in Q1 2022/23).

Logistics costs did not change significantly compared to the first quarter of the previous year, accounting for 3.3% of consolidated revenues in Q1 2023/24 (3.1% in the same period of the previous year). The quarter saw an increase in transport service rates, offset by lower sales volumes.

Other costs decreased by Euro 4.2 million compared to the same period of the previous year, accounting for 3.9% of consolidated revenues (4.5% in the first three months of FY 2022/23). This movement was mainly due to (i) the reduction in electricity costs due to a drop in the average market price of energy and lower consumption thanks to the energy efficiency actions introduced in the previous year and (ii) lower installation costs related to the reduction in air conditioning sales volumes, which had been supported by government incentives.

Personnel costs rose Euro 1.4 million. They accounted for 8.7% of consolidated revenues in Q1 2023/24 (8.1% in the same period of the previous year). The increase in the proportion was mainly due to the greater reduction in FTE staff as against sales revenues.

Other income and operating charges decreased Euro 0.8 million. They accounted for 0.1% of consolidated revenues in Q1 2023/24 (0.2% in the same period of the previous year). The item mainly includes business-related charges such as the waste disposal fee.

Amortisation, depreciation and write-downs amounted to Euro 26.4 million (Euro 25.6 million in Q1 2022/23). The increase in the item of Euro 0.8 million concerns for approximately Euro 0.6 million amortisation and depreciation in view of the investments made in previous years, with the remainder concerning the depreciation of right-of-use assets.

[14] Gross profit is calculated as the sum of "Revenues from sales", "Revenues from extended warranty services net of the related estimated future service costs," and "Purchase of goods and Change in inventories".

A reconciliation between Consolidated Adjusted EBIT and the Consolidated Net Operating Profit is presented below.

| *(in millions of Euro and as a percentage of revenues)* | Period ended | | | | Changes | |
|---|---|---|---|---|---|---|
| | May 31, 2023 | % | May 31, 2022 | % | Δ | % |
| Consolidated Adjusted EBIT[15] | (9.4) | (1.6%) | 0.0 | 0.0% | (9.4) | (100.0%) |
| Non-recurring expenses/(income) | (3.3) | (0.6%) | (0.8) | (0.1%) | (2.5) | 292.4% |
| 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] | (0.4) | (0.1%) | (1.3) | (0.2%) | 0.8 | (65.4%) |
| Non-recurring depreciation, amortisation and write-downs of fixed assets | - | - | - | - | - | - |
| **Net Operating Result** | **(13.1)** | **(2.2%)** | **(2.1)** | **(0.3%)** | **(11.0)** | **518.5%** |

Non-recurring expense/(income) of Consolidated Adjusted EBITDA rose Euro 2.5 million compared to the period ending May 31, 2022 and are detailed in paragraph 4.3 below.

The adjustment linked to the change in the directly-managed after-sales services business model decreased by Euro 0.8 million compared to the period ending May 31, 2022.

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

16 The adjustment concerns the deferral of revenues for extended warranty services already collected, net of the related estimated future costs to provide assistance costs. From the year ended February 29, 2012 for White products sold by Unieuro, from the year ended February 28, 2015 for all extended warranty services sold by Unieuro S.r.l. (hereinafter "former Unieuro") (excluding telephony and peripherals), from the year of acquisition for all extended warranty services sold by sales points acquired by the formerAndreoli S.p.A., former Cerioni S.p.A., former DPS S.r.l., former Galimberti S.p.A. and former Pistone S.p.A. (excluding telephony and peripherals) business units, Unieuro has changed its business model for the management of extended warranty services, bringing in-house the management of services sold by the former Unieuro and Unieuro which were previously assigned to third parties and extending this model to the sales points acquired by the business units former Andreoli S.p.A., former Cerioni S.p.A., former DPS S.r.l., former Galimberti S.p.A. and former Pistone S.p.A. business units (the "Change in Business Model"). As a result of the Change in the Business Model, on the sale of the extended warranty services, Unieuro suspends the revenue, in order to recognise it over the duration of the contractual commitment, which begins with the conclusion of the two-year statutory warranty. Therefore, Unieuro gradually begins to recognise revenues from sales of extended warranty services after two years (end of the legal product warranty) from the conclusion of the relevant contracts and the collection of the fees, which is generally simultaneous. The revenue is then entered pro-rata over the duration of the contractual commitment (historically, depending on the product concerned, for a period of between one and four years). As a result of this change in the Business Model, the income statement does not fully reflect the revenues and margins of the business outlined in this note. In fact, in the income statements for the periods ended May 31, 2023 and May 31, 2022, only a portion of the revenues from sales since the Change in the Business Model are recognised, as Unieuro shall gradually recognise the revenues from the sale of extended warranty services (which have already been collected) from the end of the two-year legal warranty. The adjustment therefore represents for each period the estimated margin from the sale of extended warranty services already sold (and collected) since the Change in the Business Model as if Unieuro had always operated according to the current business model. In particular, the estimate of the margin is represented by the revenues, which had been suspended under deferred income in order to be deferred to the years in which the conditions for their recognition will be met, net of future costs for the provision of the extended warranty service, assumed by Unieuro on the basis of historical information on the nature, frequency and cost of the service. The adjustment shall gradually reduce to zero in future income statements once the new business model is fully operational, i.e. for each product category on conclusion of the two-year legal warranty and of the extended warranty service.

## 4.3 Non-recurring expenses/(income)

Non-recurring expenses/(income) of the Consolidated Adjusted EBITDA are presented below:

| *(in millions of Euro)* | Period ended | | Changes | |
|---|---|---|---|---|
| | May 31, 2023 | May 31, 2022 | Δ | % |
| Costs for pre-opening, relocating and closing sales outlets | 0.1 | 0.3 | (0.2) | (75.3%) |
| *Mergers & Acquisitions* | - | 0.6 | (0.6) | (100.0%) |
| Other non-recurring expenses | 3.2 | - | 3.2 | 100.0% |
| **Total** | **3.3** | **0.8** | **2.5** | **292.4%** |

Non-recurring expenses and income increased Euro 2.5 million on the first quarter of the comparative fiscal year.

The Costs for pre-opening, relocating and closing sales outlets totalled Euro 0.1 million in the period to May 31, 2023 (Euro 0.3 million in the same period of the previous year). This account includes the cost for rental, personnel, security, travel and accommodation and for maintenance and marketing incurred within the scope of: i) sales points openings (in the months immediately preceding and following the opening of the stores) and ii) sales point closures.

Merger&Acquisition costs amounted to Euro 0 million in Q1 2023/24 (Euro 0.6 million in Q1 2022/23). In the previous year, the account included increased taxes regarding the acquisition transactions executed in prior years.

Other non-recurring charges totalled Euro 3.2 million in Q1 2023/24 (Euro 0 million in the comparative quarter). The item includes the costs for the actions taken by Unieuro to deal with the flooding that hit a number of areas in Emilia-Romagna in May 2023, in addition to the increased expenses incurred and donations. We report that the Company in May 2023 donated to the Civil Defence on behalf of the Corporate Boards the amount of Euro 33.4 thousand following the flood that hit Emilia-Romagna.

## 4.4 Consolidated Result before tax[17]

The restated income statement from Consolidated Adjusted EBIT up to the Consolidated Adjusted Result before tax is presented below.

| *(in millions and as a percentage of revenues)* | Period ended | | | | | | Changes | |
|---|---|---|---|---|---|---|---|---|
| | May 31, 2023 | | | May 31, 2022 | | | | |
| | Adjusted amounts | % | *Adjustments* | Adjusted amounts | % | *Adjustments* | Δ | % |
| **Consolidated Adjusted EBIT** | **(9.4)** | **(1.6%)** | **3.7** | **0.0** | **0.0%** | **2.1** | **(9.4)** | **(100.0%)** |
| Financial income and charges | (2.5) | (0.4%) | 0.0 | (3.5) | (0.6%) | 0.0 | 1.0 | (27.2%) |
| **Consolidated adjusted result before tax** | **(11.9)** | **(2.0%)** | **3.7** | **(3.5)** | **(0.6%)** | **2.2** | **(8.4)** | **241.7%** |

Net financial expenses were reported in the period to May 31, 2023 of Euro 2.5 million (net financial expenses of Euro 3.5 million in the same period of the previous year to May 31, 2022). The decrease in the item mainly concerns the recognition of financial income following the liquidation of the Government bond investments in Q1 for Euro 0.4 million. Charges from the discounting of ecobonus credits for Euro 0.5 million were in addition recognised in the comparative period.

The Consolidated adjusted net result was a loss of Euro 11.9 million (loss of Euro 3.5 million in Q1 2022/23), with the difference relating to Adjusted EBIT, offset by the reduction in net financial charges.

A reconciliation between the Consolidated adjusted result before tax and the Consolidated result before tax is presented below.

| *(in millions of Euro and as a percentage of revenues)* | Period ended | | | | Changes | |
|---|---|---|---|---|---|---|
| | May 31, 2023 | % | May 31, 2022 | % | Δ | % |
| **Consolidated adjusted result before tax** | **(11.9)** | **(2.0%)** | **(3.5)** | **(0.6%)** | **(8.4)** | **241.7%** |
| Non-recurring expenses/income | (3.3) | (0.6%) | (0.8) | (0.1%) | (2.5) | 292.4% |
| 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 | (0.4) | (0.1%) | (1.3) | (0.2%) | 0.8 | (65.4%) |
| Non-recurring depreciation, amortisation and write-downs of fixed assets | - | 0.0% | - | 0.0% | - | - |
| Non-recurring financial expenses/(income) | - | 0.0% | - | 0.0% | - | - |
| **Consolidated Result before tax** | **(15.6)** | **(2.7%)** | **(5.6)** | **(0.9%)** | **(10.0)** | **178.6%** |

[17] On December 20, 2021, the Board of Directors of Unieuro approved the amendment to the Quarterly periodic financial disclosure communication policy, on whose basis, from the same date, the impact of direct taxes has been excluded from the calculation of the operating and financial results in the interim directors' report for the first quarter and for the first nine months of the year.

# 4.5 Cash flows

## 4.5.1 Consolidated Adjusted Free Cash Flow[18]

The Consolidated Adjusted Free Cash Flow is considered by the Group to be the most appropriate indicator to measure cash generation in the period. The indicator is broken down in the table below.

| *(in millions of Euro)* | Period ended | | Changes | |
|---|---|---|---|---|
| | May 31, 2023 | May 31, 2022 | Δ | % |
| Consolidated Gross Operating Result (EBITDA) | 13.3 | 23.5 | (10.2) | (43.4%) |
| Cash flow generated/(absorbed) from operating activities[19] | (32.4) | (102.8) | 70.4 | (68.5%) |
| Taxes paid | - | - | - | - |
| Interest paid | (2.7) | (3.4) | 0.7 | (20.8%) |
| Other changes | 0.2 | 1.1 | (0.9) | (83.7%) |
| **Consolidated net cash flow generated/(absorbed) from operating activities[20]** | **(21.6)** | **(81.6)** | **60.0** | **(73.5%)** |
| Investments[21] | (5.7) | (13.4) | 7.7 | (57.7%) |
| Investments for business combinations and business units | - | (0.1) | 0.1 | (100.0%) |
| Adjustment for non-recurring investments | - | 0.1 | (0.1) | (100.0%) |
| Non-recurring expenses/(income) | 3.3 | 0.9 | 2.4 | 278.3% |
| *IFRS 16 Leases[22]* | (17.3) | (15.8) | (1.6) | 9.9% |
| ***Consolidated Adjusted Free Cash Flow*** | **(41.3)** | **(109.9)** | **68.6** | **(62.4%)** |

Consolidated net cash flow was absorbed by operating activities of Euro 21.6 million (absorption of Euro 81.6 million in the period to May 31, 2022). Cash flows in the first quarter of the year were affected by normal business seasonality, which in the initial part of the year sees a significant absorption of capital.  The generation of cash flow of Euro 60.0 million reflects the operating performance, which was more than offset by the generation of working capital due to its close management.

Cash flows for investments paid in the period totalled Euro 5.7 million (Euro 13.4 million in the comparative period to May 31, 2022). The cash flow is in line with management forecasts, which expect the most significant portion of investment to be rolled out in the second half of fiscal year 2023/24.

Non-recurring charges and income amounted to Euro 3.3 million in the period to May 31, 2023 (Euro 0.9 million in the

[18] See the note in the "Key financial performance indicators" section.

[19] "Cash flow generated/(absorbed) from 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.

[20] "Consolidated net cash flow generated/(absorbed) from operating activities" refers to the liquidity generated by operating activities in the broad sense, net of interest and taxes and the non-cash effects of balance sheet changes considered in the "Cash flow generated/(absorbed) from operating activities" account.

[21] For better representation, this item includes the portion paid in the period of net investments.

[22] The item includes the cash flows relating to both leases paid and leases expiring during the period.

corresponding period of the previous year). Reference should be made to paragraph 4.3 for further details.

Cash flows relating to IFRS 16 leasing totalled Euro 17.3 million, compared to Euro 15.8 million in the comparative quarter. The increase is due to the higher lease charges based on the adjustment to the consumer price index, in addition to the opening of new sales points, and the extension of the Piacenza logistics hub in the second half of FY 2022/23.

The main changes in the Group's net financial debt in the period to May 31, 2023 and in the period to May 31, 2022 are presented below:

| *(in millions of Euro)* | Period ended | | Changes | |
|---|---|---|---|---|
| | May 31, 2023 | May 31, 2022 | Δ | % |
| Operating profit | 13.3 | 23.5 | (10.2) | (43.4%) |
| Cash flow generated/(absorbed) from operating activities | (32.4) | (102.8) | 70.4 | (68.5%) |
| Taxes paid | - | - | - | - |
| Interest paid | (2.7) | (3.4) | 0.7 | (20.8%) |
| Other changes | 0.2 | 1.1 | (0.9) | (83.7%) |
| **Net cash flow generated/(absorbed) by operating activities** | **(21.6)** | **(81.6)** | **60.0** | **(73.5%)** |
| Investments | (5.7) | (13.4) | 7.7 | (57.7%) |
| Investments for business combinations and business units | - | (0.1) | 0.1 | (100.0%) |
| IFRS 16 Leases | (17.3) | (15.8) | (1.6) | 9.9% |
| Other changes | (0.1) | (0.1) | - | - |
| **Change in the net financial debt** | **(44.7)** | **(111.0)** | **66.3** | **(59.8%)** |

# 5. Statement of financial position

The Group's Net Working Capital and Net Invested Capital at May 31, 2023 and February 28, 2023 is reported below:

| *(in millions of Euro)* | Period ended | |
|---|---|---|
| | May 31, 2023 | February 28, 2023 |
| Trade Receivables | 48.9 | 66.1 |
| Inventories | 498.3 | 446.0 |
| Trade Payables | (598.2) | (597.3) |
| **Net Operating Working Capital** | **(51.0)** | **(85.2)** |
| Other working capital items | (254.7) | (254.7) |
| **Net working capital** | **(305.7)** | **(339.9)** |
| Right-of-use assets | 409.5 | 422.7 |
| Non-current Assets and (Liabilities) | 360.9 | 364.9 |
| **Net invested capital** | **464.5** | **447.6** |
| (Net financial debt) / Net cash - Pursuant to IAS 17 | 79.7 | 124.4 |
| IFRS 16 Leases | (435.4) | (447.5) |
| **(Net financial debt) / Net cash**[23] | **(355.7)** | **(323.1)** |
| Shareholders' Equity[24] | (108.8) | (124.5) |
| **Total shareholders' equity and financial liabilities** | **(464.5)** | **(447.6)** |

The Group's Net Operating Working Capital at May 31, 2023 was a negative Euro 51.0 million (negative Euro 85.2 million at February 28, 2023) and stems from normal business seasonality, which results in a significant absorption of capital in the initial part of the year. The increase on February 28, 2023 mainly relates to the collection of trade receivables on the B2B channel and the relations with the business partners with which the Group works.

The Group's Net Invested Capital amounted to Euro 464.5 million at May 31, 2023, increasing Euro 16.9 million on February 28, 2023. The movement is mainly due to: (i) the increase in Group Net Working Capital for Euro 34.2 million and (ii) the decrease in right-of-use assets and of net non-current assets for Euro 17.2 million. Investments paid in the period to May 31, 2023 totalled Euro 5.7 million and mainly concerned the building of the technological infrastructure, the sales points energy efficiency actions and the information technology projects, including the adoption of electronic labels at a significant and growing number of direct stores.

Shareholders' Equity amounted to Euro 108.8 million at May 31, 2023 (Euro 124.5 million at February 28, 2023), with the decrease mainly relating to the recognition of the pre-tax loss.

Below is a breakdown of the composition of net financial debt at May 31, 2023 and February 28, 2023, in accordance with ESMA guideline 32-382-1138 dated 4/3/2021:

[23] Net financial debt determined on the basis of ESMA Guideline 32-382-1138 dated 04/03/2021.

[24] On December 20, 2021, the Board of Directors of Unieuro approved the amendment to the Quarterly periodic financial disclosure communication policy, on whose basis, from the same date, the impact of direct taxes has been excluded from the calculation of the operating and financial results in the interim directors' report for the first quarter and for the first nine months of the year. This decision was taken in view of the need to fully reflect any impacts on the company's financial statements from the Budget Laws, taking into account the timing of their approval with respect to the approval date of Unieuro's first nine-month results (January of each year).

| (in millions of Euro) | Period ended | | Changes | |
|---|---|---|---|---|
| | May 31, 2023 | February 28, 2023 | Δ | % |
| (A) Available liquidity | 72.2 | 51.7 | 20.5 | 39.8% |
| (B) Cash and cash equivalents | - | 15.0 | (15.0) | 100.0% |
| (C) Other current financial assets | 10.1 | 60.3 | (50.2) | (83.3%) |
| **(D) Liquidity (A)+(B)+(C)** | **82.3** | **126.9** | **(44.7)** | **(35.2%)** |
| (E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) | - | - | - | - |
| (F) Current portion of non-current financial debt | (70.6) | (70.5) | (0.1) | 0.2% |
| **(G) Current financial debt (E)+(F)** | **(70.6)** | **(70.5)** | **(0.1)** | **0.2%** |
| **(H) Net current financial debt (G)-(D)** | **11.6** | **56.4** | **(44.8)** | **(79.4%)** |
| (I) Non-current financial debt (excluding the current portion and debt instruments) | (367.4) | (379.5) | 12.2 | (3.2%) |
| (J) Debt instruments | - | - | - | - |
| (K) Trade payables and other non-current payables | - | - | - | - |
| **(L) Non-current financial debt (I)+(J)+(K)** | **(367.4)** | **(379.5)** | **12.2** | **(3.2%)** |
| **(M) Total financial debt (H)+(L)** | **(355.7)** | **(323.1)** | **(32.6)** | **10.1%** |

Unieuro has in place four Committed Credit Facilities, which at May 31, 2023 have not been utilised, and which include Euro 150.0 million of a medium-long term cash loan on a revolving basis.

The item Other Financial Assets includes the fair value of the Multi-year Treasury Bonds (BTPs), purchased in the previous year, maturing in August 2023. Securities were classified as other current financial assets and measured at fair value to OCI consistent with the adopted business model. During Q1 2023/24, investments in Ordinary Treasury Bonds and Multi-year Treasury Bonds totalling Euro 50.2 million matured.

A breakdown of the net financial debt pursuant to IAS 17 at May 31, 2023 and February 28, 2023 is presented below:

| *(in millions of Euro)* | Period ended | | Period ended | |
|---|---|---|---|---|
| | May 31, 2023 | February 28, 2023 | Δ | % |
| **(Net financial debt) / Net cash** | **(355.7)** | **(323.1)** | **(32.6)** | **10.1%** |
| Other current financial payables - IFRS 16 | (68.6) | (68.5) | (0.1) | 0.2% |
| Other non-current financial payables - IFRS 16 | (366.8) | (379.0) | 12.2 | (3.2%) |
| **(Net financial debt) / Net cash - Pursuant to IAS 17** | **79.7** | **124.4** | **(44.7)** | **(35.9%)** |

# 6. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main economic and financial indicators for Q1 2023/24 is presented below[25]:

| | | May 31, 2023 (Pursuant to IAS 17) | IFRS 16 Impacts | May 31, 2023 (IFRS 16) |
|---|---|---|---|---|
| **ADJ EBITDA** | • reduction in operating costs (rents paid on stores, offices, warehouses, and motor vehicles), net of income from store sub-leases | (1.8) | +18.8 | 17.0 |
| **ADJ EBIT** | • increase in depreciation on right-of-use assets | (11.2) | +1.8 | (9.4) |
| **CONSOLIDATED ADJ RESULT BEFORE TAX** | • increase in net financial expenses for interest related to right-of-use liabilities | (11.3) | (0.6) | (11.9) |
| **NET FINANCIAL DEBT** | • recognition of right-of-use liabilities (other current and non-current financial payables), net of non-current financial receivables relating to sub-lease contracts. | 79.7 | (435.4) | (355.7) |

25 The amounts reported in the "Q1 2023/24 (IFRS 16)" column derive from the indicators at section "4. Group operating and financial results". The amounts reported in the "IFRS 16 impact" column are based on the accounting records and calculation statements summarising the effects of the application of IFRS 16 (leasing). The amounts reported in the "Q1 2023/24 (IAS 17)" column are pre-adoption IFRS 16 and are calculated as the difference between the "Q1 2023/24 IFRS 16" column and the "IFRS 16 impacts" column. All values are in millions of Euro.

# 7. Unieuro treasury shares

The Shareholders' Meeting approved on June 22, 2023 the authorisation to purchase and utilise treasury shares, following the revocation of the previous authorisation granted by the Shareholders' Meeting of June 21, 2022.

The authorisation to purchase treasury shares provides for a maximum of 2,000,000 ordinary shares of Unieuro S.p.A., it being understood that the number of ordinary shares from time to time held in portfolio by the Company and its subsidiaries may not exceed 10% of the Company's pro-tempore share capital.

The purpose of the authorisation is, among other matters, to set up a portfolio of treasury shares to be used to service existing and future share incentive plans reserved for Directors and/or employees and/or associates of the Company or other companies controlled by it, as well as to set up a "securities reserve" to be used, where appropriate, as consideration in corporate transactions, including equity swaps, with third parties as part of transactions that may be of interest to Unieuro.

It should be noted that the authorisation has not been pre-established for any transaction to reduce the share capital.

During Q1 2023/24, the Company did not engage in any transactions involving the purchase or disposition of treasury shares.

As of May 31, 2023, 600,000 treasury shares were held, accounting for 2.8987% of the share capital.

# 8. Option to waive the requirement to publish a disclosure document in cases of significant transactions

It should be noted that the Issuer has opted to adopt the exception to Article 70(6) and Article 71(1a) of the Issuers' Regulations, pursuant to Article 70(8) and Article 71(1a) of the Issuers' Regulations.

# 9. Management and coordination

Unieuro S.p.A. is not subject to the management and coordination of companies or entities and independently defines its general and operational strategic decision-making.

# 10. Significant events during the period and after the end of the period

## Significant events in the period

### LC Sustainability Awards 2023

On March 28, 2023, Unieuro S.p.A. was honoured at the LC Sustainability Awards 2023 in the "E-commerce & Retail" category.

### New Strategic Plan

On May 9, 2023, the Board of Directors approved the new "Beyond Omni-Journey" Strategic Plan to 2028 which seeks to consolidate Unieuro's leadership, positioning the company as the natural destination for the consumer for all technology needs. Two growth pillars are focused on developing the "Omnichannel Trade" offer and on expanding "Beyond Trade" through an ambitious transformation plan.

### Flood support measures

When the dramatic flood hit Romagna in May 2023, Unieuro wanted to show its solidarity and offer concrete support to the region's population. In the initial hours of the emergency, the Company donated 1,000 powerbanks and 30 flashlights to the Municipality of Forli. Over the following days, it allowed local consumers to purchase - at all outlets in the affected areas - appliances and other products irreparably damaged by the flood through an extraordinary promotion, which negatively impacted margins by approximately Euro 3 million. On behalf of the Corporate Boards, the Company donated more than Euro 33 thousand to the Civil Defence and offered support to employees through various initiatives, including the advance settlement of the fourteenth month's salary and the option for the early settlement of severance pay.

## Subsequent events

### Shareholders' Meeting

On June 22, 2023, the Ordinary Shareholders' Meeting of Unieuro, convened in single call, approved the financial statements for the year ended February 28, 2023 and approved the allocation of the profit for the year, including the distribution of a dividend of Euro 0.49 per share. The Shareholders' Meeting also approved the first section and voted in favour of the second section of the Remuneration Policy and Report, approved the amendment to the 2023-2028 Performance Shares Plan and the proposal to increase the Board of Directors' remuneration, in addition to the authorisation to purchase and dispose of treasury shares.

### Omnibus Directive

Legislative Decree No. 26 of March 7, 2023 entered into force from July 1, 2023, implementing Directive (EU) 2019/2161 ("Omnibus Directive") on price reduction announcements in online and offline channels. During the initial months of FY 2023/24, the Company has been acting on various fronts in preparation for compliance and will monitor the resulting effects on the consumer.

# 11. Outlook

Unieuro remains focused on executing the “Beyond Omni-Journey” Strategic Plan to strengthen its distinctive omnichannel positioning and based on the development pillars of the “Omnichannel Trade” offer and on expanding the “Beyond Trade” through an ambitious transformation plan.

As of the effective date of July 1, 2023, the Group promptly complied with Legislative Decree No. 26 of March 7, 2023 implementing Directive (EU) 2019/2161 (so-called Omnibus Directive) on price reduction announcements in online and offline channels and will monitor the resulting effects on the consumer.

At present the Group confirms the guidance announced to the market, and in particular for FY 2023/24:

- Revenues of approximately Euro 2.9 billion
- Adjusted EBIT in a range of Euro 35-38 million
- Net Cash in a range of Euro 110-130 at February 28, 2024.

Unieuro remains committed to assessing external growth opportunities arising from possible acquisitions and partnerships.

# FINANCIAL STATEMENTS[26]

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Period ended | |
|---|---|---|
| *(In thousands of Euro)* | **May 31, 2023** | **February 28, 2023** |
| Plant, machinery, equipment and other assets | 73,141 | 77,009 |
| Goodwill | 196,110 | 196,110 |
| Intangible assets with finite useful lives | 48,563 | 49,274 |
| Right-of-use assets | 409,501 | 422,729 |
| Deferred tax assets[28] | 45,113 | 45,113 |
| Other non-current assets | 25,474 | 24,906 |
| **Total non-current assets** | **797,902** | **815,141** |
| Inventories | 498,344 | 446,032 |
| Trade receivables | 48,887 | 66,081 |
| Current tax assets[28] | 5,199 | 5,199 |
| Other current assets | 36,192 | 82,740 |
| Cash and cash equivalents | 72,198 | 66,653 |
| **Total current assets** | **660,820** | **666,705** |
| **Total Assets** | **1,458,722** | **1,481,846** |
| Share capital | 4,140 | 4,140 |
| Reserves | 89,175 | 89,245 |
| Profits/(losses) carried forward[27] | 15,507 | 31,143 |
| Profit/(Loss) of third parties | - | - |
| **Total shareholders' equity** | **108,822** | **124,528** |
| Financial liabilities | - | - |
| Employee benefits | 11,333 | 11,255 |
| Other financial liabilities | 367,352 | 379,521 |
| Provisions | 11,348 | 11,318 |
| Deferred tax liabilities[28] | 3,946 | 3,946 |
| Other non-current liabilities | 1,002 | 993 |
| **Total non-current liabilities** | **394,981** | **407,033** |
| Financial liabilities | - | - |
| Other financial liabilities | 70,638 | 70,530 |
| Trade payables | 598,227 | 597,319 |
| Current tax liabilities[28] | 1,041 | 1,041 |
| Provisions | 1,067 | 1,069 |
| Other current liabilities | 283,946 | 280,326 |
| **Total current liabilities** | **954,919** | **950,285** |
| **Total shareholders' equity and liabilities** | **1,458,722** | **1,481,846** |

[26] Consolidated Financial Statements at May 31, 2023 (Unaudited figures).

[27] On December 20, 2021, the Board of Directors of Unieuro approved the amendment to the Quarterly periodic financial disclosure communication policy, on whose basis, from the same date, the impact of direct taxes has been excluded from the calculation of the operating and financial results in the interim directors' report for the first quarter and for the first nine months of the year. This decision was taken in view of the need to fully reflect any impacts on the company's financial statements from the Budget Laws, taking into account the timing of their approval with respect to the approval date of Unieuro's first nine-month results (January of each year).

## CONSOLIDATED INCOME STATEMENT

| | Period ended | |
|---|---|---|
| *(In thousands of Euro)* | **May 31, 2023** | **May 31, 2022** |
| Revenues | 589,281 | 611,922 |
| Other income | 152 | 280 |
| **TOTAL REVENUE AND INCOME** | **589,433** | **612,202** |
| Purchase of materials and external services | (576,388) | (566,111) |
| Personnel costs | (51,215) | (49,817) |
| Change in inventory | 52,312 | 28,981 |
| Other operating costs and expenses | (842) | (1,759) |
| **GROSS OPERATING RESULT** | **13,300** | **23,496** |
| Amortisation, depreciation and write-downs | (26,391) | (25,615) |
| **NET OPERATING RESULT** | **(13,091)** | **(2,119)** |
| Financial income | 508 | 3 |
| Financial expenses | (3,051) | (3,497) |
| **RESULT BEFORE TAX** | **(15,634)** | **(5,613)** |

## CONSOLIDATED CASH FLOW STATEMENT

| | Period ended | |
|---|---|---|
| *(Euro thousands)* | **May 31, 2023** | **May 31, 2022** |
| **Cash flow from operations** | | |
| Consolidated result before tax | (15,634) | (5,613) |
| *Adjustments for:* | | |
| Net financial expenses (income) | 2,543 | 3,494 |
| Amortisation, depreciation and write-downs | 26,391 | 25,615 |
| Other changes | 176 | 1,081 |
| | 13,476 | 24,577 |
| Changes in: | | |
| - Inventories | (52,312) | (28,981) |
| - Trade receivables | 17,194 | (1,055) |
| - Trade payables | 2,599 | (52,880) |
| - Other changes in operating assets and liabilities | 123 | (19,907) |
| Cash flow generated/(absorbed) from operating activities | (32,396) | (102,823) |
| Taxes paid | - | - |
| Interest paid | (2,682) | (3,387) |
| **Net cash flow generated/(absorbed) by operating activities** | **(21,601)** | **(81,633)** |
| **Cash flows from investing activities** | | |
| Purchases of plant, machinery, equipment and other assets | (1,879) | (3,611) |
| Purchase of intangible assets | (3,781) | (9,782) |
| Investments in business combinations and business units | - | (100) |
| Disinvestment of current FVOCI securities | 50,385 | - |
| **Cash flow generated/(absorbed) by investment activities** | **44,725** | **(13,493)** |
| **Cash flow from financing activities** | | |
| Increase/(Decrease) financial liabilities | - | 26,154 |
| Increase/(Decrease) in other financial liabilities | (259) | (714) |
| Increase/(Decrease) in financial liabilities - IFRS 16 Leases | (17,320) | (15,760) |
| Exercise - Term Incentive Plan | - | - |
| **Net cash flow generated by financing activities** | **(17,579)** | **9,681** |
| **Net increase/(decrease) in cash and cash equivalents** | **5,545** | **(85,445)** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** | **66,653** | **141,534** |
| **Net increase/(decrease) in cash and cash equivalents** | **5,545** | **(85,445)** |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | **72,198** | **56,089** |

# DECLARATION OF THE INTERIM DIRECTORS' REPORT AT MAY 31, 2023

The undersigned Giancarlo Nicosanti Monterastelli, in his capacity as Chief Executive Officer, and Marco Deotto, in his capacity as Executive Officer for Financial Reporting of the Unieuro Group, taking into account also the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

Declare

That the Interim Directors' Report at May 31, 2023 reflects the company's underlying accounting documents and records.

July 12, 2023

Giancarlo Nicosanti Monterastelli
Chief Executive Officer

Marco Deotto
Executive Officer
for Financial Reporting

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