unieuro

# Interim Directors' Report

as at 30 November 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. in liquidation.

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 domestic 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, while also operating in the B2B2C segment. On October 16, 2023, the Board of Directors of the Company approved the launch of the procedure for the liquidation of Monclick as part of a corporate restructuring. On November 3, 2023, the liquidation was filed to the Companies Register.

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 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 November 30, 2023, compared with the interim period to November 30, 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.

As a result of the liquidation of the subsidiary Monclick S.r.l. in liquidation, which was approved by the subsidiary's Shareholders' Meeting on October 24, 2023, the operating, financial and cash flow indicators at November 30, 2023 do not include the contribution of Monclick S.r.l. in liquidation, in accordance with IFRS 5. Where applicable, the comparative figures for the previous period have been restated.

The liquidation was approved within the scope of a corporate restructuring. In particular, Monclick S.r.l. has suffered a worsening of its operating, equity and financial situation in recent years as a result of the performance of its target markets, exacerbated by its digital pure player business model.

Therefore, in accordance with IFRS 5, the asset and liability items of the subsidiary Monclick S.r.l. in liquidation have been reclassified to "Assets/Liabilities from discontinued operations" and the income statement items to the “Result from discontinued operations”.

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 and Article 154-*ter*, paragraphs 5 and 6 of Legislative Decree No. 58/1998. 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 November 30, 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 and are presented as per IFRS 5. 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.

As indicated in the Methodological note, following the liquidation of the subsidiary Monclick S.r.l. in liquidation, which was approved by the company's Shareholders' Meeting on October 24, 2023, the adjusted figures for the period to November 30, 2023 and November 30, 2022 do not include the contribution of Monclick S.r.l. in liquidation, reclassified to the "Result from discontinued operations" as per IFRS 5. The capital contribution to November 30, 2023 has been reclassified to "Net Invested Capital of Discontinued Operations" and "(Net Debt)/Net Cash of Discontinued Operations".

## Key financial performance indicators[1]

| *(in millions of Euro)* | Period ended | |
|---|---|---|
| | November 30, 2023 | November 30, 2022[2] |
| **Operating indicators** | | |
| Consolidated revenues | 1,926.5 | 2,048.6 |
| *Consolidated Adjusted EBIT*[3] | 15.5 | 21.2 |
| Consolidated Adjusted EBIT margin[4] | 0.8% | 1.0% |
| Consolidated adjusted result before taxes[5] | 7.5 | 11.6 |
| Result before taxes for the period | (21.4) | (1.6) |
| **Cash flows** | | |
| Consolidated Adjusted Free Cash Flow[6] | 3.6 | 29.6 |
| Investments for the period | (33.8) | (34.0) |

| *(in millions of Euro)* | Period ended | |
|---|---|---|
| | November 30, 2023 | February 28, 2023 |
| **Indicators from statement of financial position** | | |
| Net working capital | (342.0) | (339.9) |
| (Net financial debt) / Net cash - Pursuant to IAS 17[7] | 104.0 | 124.4 |
| (Net financial debt) / Net cash | (315.4) | (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] The operating indicators for the period to November 30, 2022 have been restated, in application of IFRS 5, for comparative purposes only, by reclassifying the contribution of the subsidiary Monclick S.r.l. in liquidation to the "Result from discontinued operations."

[3] 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.

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

[5] The Adjusted result from continuing operations 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), without considering the contribution of the subsidiary Monclick S.r.l. in liquidation, reclassified as per IFRS 5.

[6] 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.

[7] 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 | |
|---|---|---|
| | November 30, 2023 | February 28, 2023 |
| **Operating indicators for the period** | | |
| Like-for-like growth[8] | (7.0%) | (3.2%) |
| Direct points of sale (number) | 272 | 278 |
| of which Pick-Up Points[9] | 271 | 274 |
| Affiliated points of sale (number) | 254 | 255 |
| *of which Pick-Up Points* | 212 | 210 |
| Total area of direct outlets (in square metres) | approximately 398,000 | approximately 404,000 |
| Sales density[10] (Euro per square metre) | 5,056 | 5,335 |
| Full-time-equivalent employees[11] (number) | 4,767 | 4,921 |
| Net Promoter Score[12] | 54.5 | 51.9 |

[8] Like-for-like revenue growth: the method for comparing sales for the nine months ended November 30, 2023 with the nine months ended November 30, 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.

[9] Physical pick-up points for customer orders from the online channel.

[10] 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.

[11] Average number of full-time-equivalent employees over the last twelve months.

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

# 4. Group operating and financial results

## 4.1 Consolidated revenues

In the first nine months of fiscal year 2023/24, Unieuro reported revenues of Euro 1,926.5 million, contracting 6.0% on the comparable period of the previous fiscal year (Euro 2,048.6 million).

Looking to the individual product categories, the reduction in revenues was substantially due to the Brown segment, which was impacted by the reduction of demand following the significant growth over the preceding years due to the tax incentives and the television frequencies switch off.

In the third quarter of fiscal year 2023/24 the consumer electronics market contracted further, impacted by the macroeconomic environment - featuring a higher cost of living - and the demand reduction of certain product categories following the record growth over recent years. In particular, on Black Friday week (from November 20 to 26, 2023), the value of the market[13] declined 11% compared to the same period of the previous fiscal year. The preceding weeks similarly saw a contraction, resulting in a month of November - traditionally very important for the sector - that did not provide a lift to the trend in the consumer technology market during the year.

Compared to the previous fiscal year, Unieuro reviewed the length of the promotional campaign and maintained a focus on strategic categories and on higher margin sales channels. The "Black Friday Bello Bello" promotional campaign offered customers a series of baskets of discounted products, with sales driven in the final week by the entertainment segment.

Private label revenues for the period to November 30, 2023, across various product categories, amounted to Euro 84.0 million, up 10.1% on the same period of fiscal year 2022/23.

Like-for-like revenues – comparing sales with the corresponding period of the previous fiscal year on the basis of the same scope of activity - were down 7.0%.

### 4.1.1 Consolidated revenues by channel

| *(in Euro millions and and as a percentage of revenues)* | Period ended | | | | Changes | |
|---|---|---|---|---|---|---|
| | November 30, 2023 | % | November 30, 2022[14] | % | Δ | % |
| Retail | 1,343.1 | 69.7% | 1,436.2 | 70.1% | (93.1) | (6.5%) |
| Online | 318.0 | 16.5% | 352.5 | 17.2% | (34.5) | (9.8%) |
| Indirect | 179.4 | 9.3% | 175.7 | 8.6% | 3.6 | 2.1% |
| *B2B* | 86.0 | 4.5% | 84.3 | 4.1% | 1.7 | 2.1% |
| **Total consolidated revenues by channel** | **1,926.5** | **100.0%** | **2,048.6** | **100.0%** | **(122.2)** | **(6.0%)** |

The Retail channel (69.7% of total revenues) - which at November 30, 2023 comprised 272 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 1,343.1 million, contracting 6.5% on the same period of the previous fiscal year (Euro 1,436.2 million in the period ended November 30, 2022). The contraction in channel revenue reflects the consumer electronics market performance, impacted by the reduction of demand for Brown and Information Technology category products, partially offset by the strong entertainment, large domestic appliance and telecom segment performance.

[13] Data sources: GfK

[14] Consolidated revenues for the period to November 30, 2022 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations".

The Online channel (16.5% of total revenues) - which includes the sales through the unieuro.it platform - generated revenues of Euro 318.0 million, contracting 9.8% on the same period of the previous fiscal year (Euro 352.5 million in the period ended November 30, 2022). This decrease in online channel revenue on the comparative period is in line with the market and mainly owes to the Brown and Grey categories, offset by large domestic appliance and entertainment segment growth.

The Indirect channel (9.3% of total revenues) - which includes sales made to the network of affiliated stores comprising a total of 254 sales points at November 30, 2023 - reports revenues of Euro 179.4 million, up 2.1% on the first nine months of the previous fiscal year (Euro 175.7 million in the period ended November 30, 2022), mainly owing to the incremental benefit of the new openings and the renewals of the affiliate network. Specifically, the third quarter of the fiscal year saw revenue growth across all product categories, which more than offset the decline on the Consumer Electronics segment.

The B2B channel (4.5% 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 86.0 million, up 2.1% on the comparative period of the previous fiscal year, thanks to greater product availability.

### 4.1.2 Consolidated revenues by product category

| *(in Euro millions and and as a percentage of revenues)* | Period ended | | | | Changes | |
|---|---|---|---|---|---|---|
| | November 30, 2023 | % | November 30, 2022[15] | % | Δ | % |
| Grey | 938.6 | 48.7% | 973.4 | 47.5% | (34.9) | (3.6%) |
| White | 568.7 | 29.5% | 562.0 | 27.4% | 6.7 | 1.2% |
| Brown | 200.5 | 10.4% | 311.8 | 15.2% | (111.3) | (35.7%) |
| Other products | 104.1 | 5.4% | 89.9 | 4.4% | 14.3 | 15.9% |
| Services | 114.5 | 5.9% | 111.5 | 5.4% | 3.0 | 2.7% |
| **Total consolidated revenues by category** | **1,926.5** | **100.0%** | **2,048.6** | **100.0%** | **(122.2)** | **(6.0%)** |

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 (48.7% of total revenues) - comprising phones, tablets, information technology, phone accessories, cameras, in addition to all wearable products - reported revenues of Euro 938.6 million, decreasing 3.6% on the comparative period of the previous fiscal year (Euro 973.4 million in the period ended November 30, 2022). The category continues to be affected by the settling of consumption in the Information Technology segment, due to the decline of demand following the pandemic, in addition to - after years of growth - a slight decline in the telephony segment.

The White category (29.5% 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 568.7 million, up 1.2% on the comparative period (Euro 562.0 million in the period ended November 30, 2022).

[15] Consolidated revenues for the period to November 30, 2022 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the “Result from discontinued operations”.

The sales in the first nine months of the fiscal year were driven by the strong large domestic appliance performance, which offset the decline for small domestic appliances and of the home comfort segment.

The Brown category (10.4% of revenues) - including televisions and related accessories, audio devices, smart TV devices, car accessories and data storage systems - totalled Euro 200.5 million, a contraction of 35.7% against the same period of the previous fiscal year (Euro 311.8 million in the period ended November 30, 2022). The decrease in category revenues is due to the reduction of TV segment demand, which had benefited from the extraordinary sales related to the TV frequency switch-off in the previous two fiscal years.

The Other Products category (5.4% of total revenues), which includes sales of both the entertainment segment and other products not included in the consumer electronics market, such as hoverboards or bicycles, reported revenues of Euro 104.1 million, increasing 15.9% on the same period of the previous fiscal year (Euro 89.9 million in the period ended November 30, 2022). The entertainment segment, again in the third quarter of 2023/24, saw strong gaming console sales growth.

The Services category (5.9% of total revenues) reported revenues of Euro 114.5 million in the period to November 30, 2023, up 2.7% on the first nine months of the previous fiscal year, thanks to the strong consumer credit services sales which offset the drop in installation services.

## 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 | |
|---|---|---|---|---|---|---|---|---|
| | November 30, 2023 | | | November 30, 2022[16] | | | | |
| | Adjusted amounts | % | *Adjustments* | Adjusted amounts | % | *Adjustments* | Δ | % |
| Revenues | 1,926.5 | | | 2,048.6 | | | (122.2) | (6.0%) |
| **Sales revenues** | **1,926.5** | | | **2,048.6** | | | **(122.2)** | **(6.0%)** |
| Purchase of goods and Change in inventories | (1,518.7) | (78.8%) | 3.8 | (1,611.1) | (78.6%) | - | 92.4 | (5.7%) |
| Marketing costs | (28.8) | (1.5%) | - | (34.0) | (1.7%) | 0.2 | 5.2 | (15.2%) |
| Logistics costs | (60.1) | (3.1%) | 0.5 | (62.8) | (3.1%) | 0.1 | 2.7 | (4.3%) |
| Other costs | (71.8) | (3.7%) | 2.5 | (90.1) | (4.4%) | 4.1 | 18.3 | (20.3%) |
| Personnel costs | (149.7) | (7.8%) | 0.2 | (150.8) | (7.4%) | 0.5 | 1.1 | (0.7%) |
| Other operating income and costs | (3.8) | (0.2%) | - | (4.9) | (0.2%) | 0.6 | 1.1 | (22.7%) |
| 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 | 1.7 | 0.1% | 1.7 | 4.4 | 0.2% | 4.4 | (2.7) | (60.6%) |
| **Consolidated Adjusted EBITDA**[17] | **95.4** | **5.0%** | **8.7** | **99.4** | **4.9%** | **9.9** | **(4.0)** | **(4.0%)** |
| Amortisation, depreciation and write-downs of fixed assets | (80.0) | (4.2%) | - | (78.1) | (3.8%) | 0.6 | (1.8) | 2.3% |
| **Consolidated Adjusted EBIT** | **15.5** | **0.8%** | **8.7** | **21.2** | **1.0%** | **10.5** | **(5.7)** | **(26.9%)** |

In the first nine months of fiscal year 2023/24, Adjusted EBIT was Euro 15.5 million, compared to Euro 21.2 million in the same period of the previous year, decreasing Euro 5.7 million.

The company in the third quarter continued to roll out the major cost reduction initiatives and to closely focus on and margins. These actions allowed us to deliver 31.5% operating profitability growth compared to the same quarter of 2022/23, against a revenue reduction of 7.8% in the quarter.

The gross profit[18] margin improved 1.0% in the third quarter compared to the third quarter of the previous fiscal year, despite the reduction in volumes, thanks to the focus on strategic product categories and higher margin sales channels. Overall, in the first nine months of 2023/24 fiscal year, the gross profit decreased 32.4 million on the nine months to November 30, 2022, with a 21.3% margin (21.6% in the nine months to November 30, 2022), mainly owing to sales

[16] The operating results for the period to November 30, 2022 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations".

[17] 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.

[18] 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".

volume shortfall and a less favourable brand/product mix.

Marketing costs in the period ended November 30, 2023 totalled Euro 28.8 million, decreasing 15.2% on the comparative period (Euro 34.0 million) and accounting for 1.5% of consolidated revenues (1.7% in the nine months to November 30, 2022). This decrease is due to prudent cost management and a different mix of marketing initiatives.

Logistics costs in the first nine months of fiscal year 2023/24 totalled Euro 60.1 million, decreasing 4.3% on the period to November 30, 2022 (Euro 62.8 million), with the percentage of consolidated revenues remaining unchanged on the comparative period (3.1%). Transport costs reduced mainly due to the lower sales volumes.

Other costs totalled Euro 71.8 million in the first nine months of fiscal year 2023/24, decreasing 20.3% (Euro 18.3 million) on the comparative period, accounting for 3.7% of consolidated revenues (4.4% in the period to November 30, 2022). In continuity with the preceding quarters, electricity costs significantly reduced due to a drop in the average market price of energy, and to a lesser extent, lower consumption thanks to the energy efficiency actions introduced in the previous year and the lower installation costs related to the reduction in air conditioning sales volumes.

Personnel costs for the first nine months of fiscal year 2023/24 amounted to Euro 149.7 million, decreasing Euro 1.1 million on the comparative period (Euro 150.8 million). They accounted for 7.8% of consolidated revenues in the period to November 30, 2023 (7.4% in the comparative period). The decrease, although not proportional with sales revenue levels, was mainly due to the optimisation of sales network personnel costs.

Other income and operating charges amounted to Euro 3.8 million, decreasing Euro 1.1 million on the comparative period. They accounted for 0.2% of consolidated revenues in the first nine months of fiscal year 2023/24, unchanged on the comparative period. The item mainly includes business-related charges such as the waste disposal fee and advertising taxes.

Amortisation, depreciation and write-downs amounted to Euro 80.0 million (Euro 78.1 million in % in the nine months to November 30, 2022). The increase in the item of Euro 1.8 million concerns mainly amortisation, in view of the information technology investments made in previous years.

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 | |
|---|---|---|---|---|---|---|
| | November 30, 2023 | % | November 30, 2022[19] | % | Δ | % |
| **Consolidated Adjusted EBIT[20]** | **15.5** | **0.8%** | **21.2** | **1.0%** | **(5.7)** | **(26.9%)** |
| Non-recurring expenses/(income) | (7.0) | (0.4%) | (5.5) | (0.3%) | (1.5) | 27.3% |
| 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[21] | (1.7) | (0.1%) | (4.4) | (0.2%) | 2.7 | (60.6%) |
| Non-recurring depreciation, amortisation and write-downs of fixed assets | - | - | (0.6) | (0.0%) | 0.6 | (100.0%) |
| **Net Operating Result** | **6.8** | **0.4%** | **10.7** | **0.5%** | **(3.9)** | **(36.3%)** |

Non-recurring expense/(income) of Consolidated Adjusted EBITDA rose Euro 1.5 million compared to the period ending November 30, 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 2.7 million compared to the same period of the previous year to November 30, 2022.

[19] The operating results for the period to November 30, 2022 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the “Result from discontinued operations”.

[20] See the note in the “Key financial performance indicators” section.

[21] 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), and from the year of acquisition for all extended warranty services sold by sales points acquired (excluding telephony and peripherals), 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 (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 November 30, 2023 and November 30, 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 | |
|---|---|---|---|---|
| | November 30, 2023 | November 30, 2022[22] | Δ | % |
| *Mergers & Acquisitions* | 1.6 | 1.3 | 0.3 | 26.9% |
| Costs for pre-opening, relocating and closing sales outlets and logistic hubs[23] | 0.5 | 0.7 | (0.2) | (31.3%) |
| Other non-recurring expenses | 4.9 | 3.5 | 1.4 | 38.6% |
| **Total** | **7.0** | **5.5** | **1.5** | **27.3%** |

Non-recurring expenses and income amounted to Euro 7.0 million and increased Euro 1.5 million on the first nine months of the comparative fiscal year (Euro 5.5 million).

Merger&Acquisition costs amounted to Euro 1.6 million in the first nine months of fiscal year 2023/24 (Euro 1.3 million in the first nine months of fiscal year 2022/23). The item includes the costs incurred for the acquisition of Covercare S.p.A., approved by the Board of Directors on October 16, 2023 and finalised on December 4, 2023. In the previous year, the item included the costs for the acquisition of the Etnapolis-Ex Expert sales outlet (lease charges, personnel costs for the outlets incurred from the completion date of the acquisition until the date of opening to the public, the increased costs for the training of the staff at the acquired outlets, and finally consultancy costs and other minor costs for the completion of the acquisition transactions).

The Costs for pre-opening, relocating and closing sales outlets and logistics hubs totalled Euro 0.5 million in the period to November 30, 2023 (Euro 0.7 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. The item included in the comparative period, among others, the costs for the expansion of the logistics site in Piacenza, opened in September 2022.

Other non-recurring charges totalled Euro 4.9 million in the first nine months of fiscal year 2023/24 (Euro 3.5 million in the comparative period). The item includes the costs for the actions taken by Unieuro following the flooding that hit a number of areas in Emilia-Romagna in May 2023, in addition to the increased expenses incurred and donations. It in addition includes the costs for the new partnership with Kasanova, as part of the change in business model for homeware segment sales. In the comparative period, the item included for Euro 3.0 million the penalty notified to Unieuro on December 28, 2022 by the Antitrust Authority (AGCM) following the conclusion of the IP359 Non-Compliance Proceedings initiated on June 21, 2022.

[22] Non-recurring income and expenses for the period to November 30, 2022 have been restated, in application of IFRS 5, by reclassifying the contribution of the subsidiary Monclick S.r.l to the "Result from discontinued operations".

[23] The "Costs for pre-opening, relocating and closing sales outlets" include the cost for rental, security, travel and accommodation and for maintenance and marketing incurred within the scope of: i) restructuring and relocating of former Unieuro sales points, ii) opening of sales points (in the months immediately preceding and after opening) and (iii) sales point closures.

## 4.4 Consolidated Result before tax[24]

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 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | November 30, 2023 | | | November 30, 2022[25] | | | | |
| | Adjusted amounts | % | *Adjustments* | Adjusted amounts | % | *Adjustments* | Δ | % |
| **Consolidated Adjusted EBIT** | **15.5** | **0.8%** | **8.7** | **21.2** | **1.0%** | **10.5** | **(5.7)** | **(26.9%)** |
| Financial income and charges | (8.0) | (0.4%) | - | (9.6) | (0.5%) | 0.1 | 1.6 | (16.8%) |
| **Consolidated Adjusted result before tax** | **7.5** | **0.4%** | **8.7** | **11.6** | **0.6%** | **10.5** | **(4.1)** | **(35.1%)** |

Net financial expenses in the first nine months of fiscal year 2023/24 amounted to Euro 8.0 million, decreasing on the comparative period. The reduction is mainly due to the discounting of tax receivables related to the tax incentives, introduced by the Government in preceding years to support building improvements.

The Consolidated adjusted result before tax in the first nine months of fiscal year 2023/24 was a profit of Euro 7.5 million (Euro 11.6 million in the first nine months of fiscal year 2022/23), with the difference relating to Adjusted EBIT.

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 | |
|---|---|---|---|---|---|---|
| | November 30, 2023 | % | November 30, 2022 | % | Δ | % |
| **Consolidated Adjusted result before tax** | **7.5** | **0.4%** | **11.6** | **0.6%** | **(4.1)** | **(35.1%)** |
| Non-recurring expenses/income | (7.0) | (0.4%) | (5.5) | (0.3%) | (1.5) | 27.3% |
| 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 | (1.7) | (0.1%) | (4.4) | (0.2%) | 2.7 | (60.6%) |
| Non-recurring depreciation, amortisation and write-downs of fixed assets | - | - | (0.6) | (0.0%) | 0.6 | (100.0%) |
| Non-recurring financial expenses/(income) | - | - | (0.1) | (0.0%) | 0.1 | (100.0%) |
| Result from discontinued operations | (20.1) | (1.0%) | (2.6) | (0.1%) | (17.5) | 663.8% |
| **Consolidated Result before tax** | **(21.4)** | **(1.1%)** | **(1.6)** | **(0.1%)** | **(19.8)** | **1209.2%** |

The Result from discontinued operations for the first nine months of fiscal year 2023/24 was a loss of Euro 20.1 million and included the result for the period ended November 30, 2023 of the subsidiary Monclick S.r.l. in liquidation, the effects of the fair value measurement of assets, and the costs related to the procedure.

[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.
[25] The operating results for the period to November 30, 2022 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations".

## 4.5 Cash flows

### 4.5.1 Consolidated Adjusted Free Cash Flow[26]

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 | |
|---|---|---|---|---|
| | November 30, 2023 | November 30, 2022 | Δ | % |
| Consolidated Gross Operating Result (EBITDA) | 86.7 | 87.3 | (0.6) | (0.7%) |
| Cash flow generated/(absorbed) from operating activities[27] | (2.7) | 25.0 | (27.7) | (110.9%) |
| Taxes paid | - | - | - | - |
| Interest paid | (8.1) | (9.0) | 0.9 | (9.5%) |
| Other changes | 0.8 | 1.9 | (1.1) | (58.2%) |
| **Net cash flow generated/(absorbed) by operating activities[28]** | **76.7** | **105.3** | **(28.6)** | **(27.2%)** |
| Investments[29] | (29.3) | (33.9) | 4.6 | (13.7%) |
| Investments for business combinations and business units | (4.5) | (0.1) | (4.4) | 4,400.0% |
| Adjustment for non-recurring investments | 4.5 | 1.8 | 2.7 | 150.0% |
| Non-recurring expenses/(income) | 7.0 | 7.3 | (0.3) | (4.7%) |
| Adjustment for non-monetary components of non-recurring (expenses)/income | (0.8) | (4.8) | 4.0 | (82.5%) |
| *IFRS 16 Leases[30]* | (49.9) | (46.0) | (4.0) | 8.6% |
| ***Consolidated Adjusted Free Cash Flow*** | **3.6** | **29.6** | **(26.0)** | **(87.8%)** |

Consolidated net cash flow was generated by operating activities of Euro 76.7 million (generation of Euro 105.3 million in the period to November 30, 2022).

Cash flows compared to the previous year were impacted by the absorption of cash from operating activities including cash flows for IFRS 16 leasing for Euro 32.6 million, partially offset by investments paid in the period for Euro 4.6 million.

The item Investments for business combinations and business units includes the advance payment for the acquisition of 100% of the share capital of Covercare S.p.A., adjusted under "Adjustment for non-recurring investments".

Non-recurring expenses/(income) reported net income of Euro 7.0 million (Euro 7.3 million in the first nine months of fiscal year 2022/23). For further details, see paragraph 4.3.

Cash flows relating to IFRS 16 leasing totalled Euro 49.9 million, compared to Euro 46.0 million in the comparative period. The increase is mainly due to the higher lease charges based on the adjustment to the consumer price index.

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

[27] "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.

[28] "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.

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

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

The main movements in the Group's net financial debt in the period to November 30, 2023 and in the period to November 30, 2022 are presented below:

| *(in millions of Euro)* | Period ended | | Changes | |
|---|---|---|---|---|
| | November 30, 2023 | November 30, 2022 | Δ | % |
| Operating profit | 86.7 | 87.3 | (0.6) | (0.7%) |
| Cash flow generated/(absorbed) from operating activities | (2.7) | 25.0 | (27.7) | (110.9%) |
| Taxes paid | - | - | - | - |
| Interest paid | (8.1) | (9.0) | 0.9 | (9.5%) |
| Other changes | 0.8 | 1.9 | (1.1) | (58.2%) |
| **Net cash flow generated/(absorbed) by operating activities** | **76.7** | **105.3** | **(28.6)** | **(27.2%)** |
| Investments | (29.3) | (33.9) | 4.6 | (13.7%) |
| Investments for business combinations and business units | (4.5) | (0.1) | (4.4) | 4,400.0% |
| Distribution of dividends | (9.8) | (27.1) | 17.3 | (63.7%) |
| Right-of-use assets | (49.9) | (46.0) | (4.0) | 8.6% |
| Other changes | 0.1 | (0.7) | 0.8 | (114.3%) |
| Cash flow generated/(absorbed) from discontinued operations | (3.6) | - | (3.6) | (100.0%) |
| **Change in the net financial debt** | **(20.4)** | **(2.6)** | **(17.8)** | **692.6%** |
| **Change in the net financial debt of discontinued operations** | **0.3** | **-** | **0.3** | **100.0%** |

# 5. Statement of financial position

The Group's Net Working Capital and Net Invested Capital at November 30, 2023 and February 28, 2023 is reported below:

| *(in millions of Euro)* | Period ended | |
|---|---|---|
| | November 30, 2023 | February 28, 2023 |
| Trade Receivables | 76.2 | 66.1 |
| Inventories | 503.5 | 446.0 |
| Trade Payables | (636.9) | (597.3) |
| **Net Operating Working Capital** | **(57.3)** | **(85.2)** |
| Other working capital items | (284.7) | (254.7) |
| **Net working capital** | **(342.0)** | **(339.9)** |
| Right-of-use assets | 393.7 | 422.7 |
| Non-current Assets and (Liabilities) | 365.4 | 364.9 |
| **Net invested capital from Continuing Operations** | **417.1** | **447.6** |
| Net invested capital from Discontinued Operations | (6.3) | - |
| **Net invested capital** | **410.8** | **447.6** |
| (Net financial debt) / Net cash - Pursuant to IAS 17 | 104.0 | 124.4 |
| IFRS 16 Leases | (419.4) | (447.5) |
| **(Net financial debt) / Net cash[31] from continuing operations** | **(315.4)** | **(323.1)** |
| (Net financial debt) / Net cash from discontinued operations | 0.3 | - |
| Shareholders' Equity[32] | (95.7) | (124.5) |
| **Total shareholders' equity and financial liabilities** | **(410.8)** | **(447.6)** |

The Group's Net Working Capital at November 30, 2023 is a negative Euro 342.0 million (negative Euro 339.9 million at February 28, 2023). This movement reflects the typical seasonality of the business, resulting in higher working capital than the previous fiscal year-end. The Net Invested Capital of continuing operations amounted to Euro 417.1 million at November 30, 2023, decreasing Euro 30.5 million on February 28, 2023. The movement is mainly due to the decrease in right-of-use assets for Euro 29.0 million.

The Net invested capital from discontinued operations includes the contribution of the net operating working capital and other working capital items of the subsidiary Monclick S.r.l. in liquidation.

Investments in the first nine months of fiscal year 2023/24 totalled Euro 29.3 million (Euro 33.9 million in the period to November 30, 2022) and mainly concerned information technology investments, including the introduction of electronic label, investments in the sales network, which include energy efficiency actions and the restyling for the new partnership with Kasanova.

Shareholders' equity amounted to Euro 95.7 million at November 30, 2023 (Euro 124.5 million at February 28, 2023), with the decrease mainly due to the distribution of the dividend resolved by the Shareholders' Meeting in June 2023, amounting to Euro 9.8 million, and the result for the period, which includes the Result from discontinued operations.

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

[32] 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).

Below is a breakdown of the composition of net financial debt at November 30, 2023 and February 28, 2023, in accordance with ESMA guideline 32-382-1138 dated 4/3/2021:

| (in millions of Euro) | Period ended | | Changes | |
|---|---|---|---|---|
| | November 30, 2023 | February 28, 2023 | Δ | % |
| (A) Available liquidity | 104.8 | 51.7 | 53.1 | 102.8% |
| (B) Cash and cash equivalents | - | 15.0 | (15.0) | (100.0%) |
| (C) Other current financial assets | - | 60.3 | (60.3) | (100.0%) |
| **(D) Liquidity (A)+(B)+(C)** | **104.8** | **126.9** | **(22.2)** | **(17.5%)** |
| (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 | (70.0) | (70.5) | 0.6 | (0.8%) |
| **(G) Current financial debt (E)+(F)** | **(70.0)** | **(70.5)** | 0.6 | (0.8%) |
| **(H) Net current financial debt (G)-(D)** | **34.8** | **56.4** | **(21.6)** | **(38.3%)** |
| (I) Non-current financial debt (excluding the current portion and debt instruments) | (350.2) | (379.5) | 29.3 | (7.7%) |
| (J) Debt instruments | - | - | - | - |
| (K) Trade payables and other non-current payables | - | - | - | - |
| **(L) Non-current financial debt (I)+(J)+(K)** | **(350.2)** | **(379.5)** | **29.3** | **(7.7%)** |
| **(M) Total financial debt (H)+(L)** | **(315.4)** | **(323.1)** | **7.7** | **(2.4%)** |
| | | | | |
| **Financial debt from discontinued operations** | **0.3** | **-** | **0.3** | **100.0%** |

The Parent Company has in place four Committed Credit Facilities which include Euro 150.0 million of medium to long-term cash loans on a revolving basis. At November 30, 2023, the Credit Facilities have not been utilised.

The item Other Current Financial Assets included the fair value of the Multi-year Treasury Bonds (BTPs), purchased in the previous year. Securities were classified as other current financial assets and measured at fair value to OCI consistent with the adopted business model. During the first half-year 2023/24, investments in Ordinary Treasury Bonds and Multi-year Treasury Bonds totalling Euro 60.3 million matured.

The item Financial debt from discontinued operations includes the contribution of the subsidiary Monclick S.r.l. in liquidation.

A breakdown of the net financial debt pursuant to IAS 17 at November 30, 2023 and February 28, 2023 is presented below:

| *(in millions of Euro)* | Period ended | | Period ended | |
|---|---|---|---|---|
| | November 30, 2023 | February 28, 2023 | Δ | % |
| **(Net financial debt) / Net cash** | **(315.4)** | **(323.1)** | **7.7** | **(2.4%)** |
| Other current financial payables - IFRS 16 | (69.4) | (68.5) | (0.9) | 1.3% |
| Other non-current financial payables - IFRS 16 | (350.0) | (379.0) | 29.0 | (7.7%) |
| **(Net financial debt) / Net cash - Pursuant to IAS 17 of continuing operations** | **104.0** | **124.4** | **(20.4)** | **(16.4%)** |

The Net cash - IAS 17 of continuing operations at November 30, 2023 was Euro 104.0 million, decreasing Euro 20.4 million compared to February 28, 2023. At November 30, 2022, the Net Cash - IAS 17 was Euro 133.1 million.

Cash flow movements in the period reflect the generation of cash from operating activities, including IFRS 16 leasing for Euro 26.7 million, offset by the absorption of cash from investments paid in the period of Euro 29.3 million, the issue of dividends (Euro 9.8 million) paid in June 2023 and the outlay of Euro 4.5 million for the signing of the contract to acquire Covercare.

# 6. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main operating and financial indicators for 9M 2023/24 is presented below[33]:

| | | November 30, 2023 (Former - IAS 17) | IFRS 16 Impacts | November 30, 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 | **38.0** | **+57.4** | **95.4** |
| **ADJ EBIT** | increase in depreciation on right-of-use assets | **10.0** | **+5.5** | **15.5** |
| **ADJ CONSOLIDATED RESULT BEFORE TAX** | increase in net financial expenses for interest related to right-of-use liabilities | **9.5** | **(2.0)** | **7.5** |
| **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. | **104.0** | **(419.4)** | **(315.4)** |

33 The amounts reported in the "9M 2023/24 (IFRS 16)" column derive from the indicators at section "4. Group operating and financial results". The amounts reported in the "IFRS 16 impacts" 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 "November 30, 2023 (IAS 17)" column are pre-adoption IFRS 16 and are calculated as the difference between the "November 30, 2023 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 launch of a programme 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.

In H1 2023/24, the company assigned and granted 231,224 shares to the recipients of the 2020-2025 performance shares plan, on the basis of the achievement of the first cycle targets.  At November 30, 2023, 368,776 treasury shares were held, accounting for 1.78% of the share capital.

# 8. Option to waive the requirement to publish a disclosure document in cases of insignificant 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 "Ecommerce & 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.

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.

Regional Administrative Court reduces the Competition Authority Sanctions

The Lazio Regional Administrative Court, also in view of the adequacy of the corrective measures adopted in the meantime by the Group, in its ruling 13368/2023 of August 18, 2023, partially upheld the appeal filed by Unieuro and Monclick against the two measures of the Competition Authority that had imposed fines totalling Euro 7 million for Unieuro and of Euro 1.5 million for Monclick.
The Lazio Regional Administrative Court redetermined the amount of the sanctions, reducing them to Euro 3.5 million for Unieuro and approximately Euro 0.3 million for Monclick. On October 30, 2023, the Competition Authority's clearance of the repayment of the portion of the penalties not due under the Regional Administrative Court order by the Ministry of Enterprise and Made in Italy was notified. The parties have the right to appeal the ruling to the Council of State.

Strategic partnership with Kasanova

Unieuro has signed a partnership with Kasanova, Italy's homeware and household goods leader, involving the creation of a network of Kasanova shop in shops inside Unieuro stores. The transaction, which will involve more than 50 stores by December 2023, while gradually extending over the next two years, strengthens and expands the commercial proposition in the homeware segment, adjacent to the core kitchen appliance sector.

Electricity price hedging

Unieuro has signed with Tozzi Green, one of the country's leading renewable energy sector groups, a three-year Contract For Differences (CFD) on the price of energy, commencing October 1, 2023, on an underlying quantity of at least 36 GWh annually. Unieuro, through the agreement, has fixed energy prices on around 60% of its annual energy needs, during a period of high tariff volatility and ongoing global geopolitical tensions.

Agreement with Google Italy

On October 4, 2023, Unieuro announced a collaboration agreement with Google Italy involving the sale of its new Pixel ecosystem devices from October 12, 2023 at Unieuro's outlets and on the www.unieuro.it, portal, supported by a major multichannel communication plan.

Acquisition of the Covercare Group

The Board of Directors of Unieuro approved on October 16, 2023 the signing of a contract to purchase the entire share capital of Covercare S.p.A.. The company in turn wholly-owns the companies Covercare Services S.r.l., Wifix S.r.l. and Comfort Home Solutions S.r.l..
The Covercare Group is a leading player in Italy in the repair of mobile phones, other portable devices, and household appliances. It also operates on the air conditioner and boiler installation and home assistance services markets. Covercare offers its services throughout the country to leaders in the Retail, Telco and Multi-Utility sectors.
The transaction is subject to the obtaining of the necessary authorisations pursuant to and in accordance with the applicable Antitrust regulation and shall take place by April 30, 2024. The transaction extends Unieuro's control over the market segments of the value chain which present higher profitability, growth and strong synergies with its core business, broadening the scope of services offered to end-consumers. At the same time, Unieuro can consolidate its sustainability profile, thanks to the extension of the product life cycle and the benefits of installing more energy-efficient devices.

Monclick S.r.l. liquidation.

On October 16, 2023, the Board of Directors of Unieuro S.p.A. approved the initiation of the procedure for the liquidation of its wholly-owned subsidiary Monclick S.r.l., and on October 24, 2023 the Shareholders' Meeting of Monclick S.r.l. approved the liquidation of the company and appointed the liquidator. Monclick S.r.l. is a smaller Group company (accounting for 2.6% of consolidated revenues), engaged in the sale of IT, electronics, telephony and home appliance products online in Italy through the website www.monclick.it.. This decision is part of the process of rationalising the corporate structure. In particular, Monclick S.r.l. has suffered a worsening of its operating, equity and financial situation in recent years as a result of the performance of its target markets, exacerbated by its digital pure player business model.

## Subsequent events

Completion of the acquisition of the Covercare Group

On December 4, 2023, the acquisition of Covercare was completed in execution of the agreement signed on October 16, 2023 and following the satisfaction of a number of contractual conditions, including the clearance of Italy's Competition Authority. The Covercare Group's results will be consolidated from December 4, 2023. Following the determination of the provisional net financial position, the price is Euro 72.5 million, including cash of Euro 12.5 million, which will be subject to adjustment based on the actual cash position. In addition, the payment of an amount of up to Euro 10 million as earn-out by June 30, 2026 is also stipulated.

# Outlook

The persistence of a challenging general economic environment and its impact on household spending power affected the Black Friday promotional campaign and the Christmas season. In view of this backdrop, revenues for this fiscal year are therefore now forecasted within a range of Euro 2.65-2.70 billion. Thanks to the initiatives to protect the Group margin, Adjusted EBIT of approximately Euro 35 million is confirmed, as well as Net cash in the Euro 20-40 million range at fiscal year-end.

The guidance includes the newly-acquired Covercare, consolidated from the closing date of December 4, 2023.

Unieuro remains fully focused on the execution of the "Beyond Omni-Journey" Strategic Plan to consolidate its leadership through the strengthening of its distinctive omnichannel positioning, the continuous enrichment of the customer experience and the development of the "Beyond Trade" channel, which is key to ensuring the growth of profitability and the creation of value for the benefit of all Stakeholders over time.

# FINANCIAL STATEMENTS[34]

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Period ended | |
|---|---|---|
| *(in thousands of Euro)* | **November 30, 2023** | **February 28, 2023** |
| Plant, machinery, equipment and other assets | 80,785 | 77,009 |
| Goodwill | 188,911 | 196,110 |
| Intangible assets with finite useful lives | 48,239 | 49,274 |
| Right-of-use assets | 393,684 | 422,729 |
| Deferred tax assets[28] | 45,112 | 45,113 |
| Other non-current assets | 27,871 | 24,906 |
| **Total non-current assets** | **784,602** | **815,141** |
| Inventories | 503,477 | 446,032 |
| Trade receivables | 76,177 | 66,081 |
| Current tax assets[28] | 5,723 | 5,199 |
| Other current assets | 18,849 | 82,740 |
| Cash and cash equivalents | 104,777 | 66,653 |
| **Total current assets** | **709,003** | **666,705** |
| **Total assets from discontinued operations** | 2,600 | - |
| **Total Assets** | **1,496,205** | **1,481,846** |
| Share capital | 4,140 | 4,140 |
| Reserves | 91,771 | 89,245 |
| Profits/(losses) carried forward[35] | (258) | 31,143 |
| Profit/(Loss) of third parties | - | - |
| **Total shareholders' equity** | **95,653** | **124,528** |
| Financial liabilities | - | - |
| Employee benefits | 10,462 | 11,255 |
| Other financial liabilities | 350,222 | 379,521 |
| Provisions | 10,492 | 11,318 |
| Deferred tax liabilities[28] | 3,923 | 3,946 |
| Other non-current liabilities | 652 | 993 |
| **Total non-current liabilities** | **375,751** | **407,033** |
| Financial liabilities | - | - |
| Other financial liabilities | 69,956 | 70,530 |
| Trade payables | 636,946 | 597,319 |
| Current tax liabilities[28] | 1,041 | 1,041 |
| Provisions | 1,954 | 1,069 |
| Other current liabilities | 306,305 | 280,326 |
| **Total current liabilities** | **1,016,202** | **950,285** |
| **Total liabilities from discontinued operations** | 8,599 | - |
| **Total shareholders' equity and liabilities** | **1,496,205** | **1,481,846** |

34 Consolidated Financial Statements at November 30, 2023 (Unaudited figures).

35 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)* | **November 30, 2023** | **November 30, 2022[36]** |
| Revenues | 1,926,451 | 2,048,616 |
| Other income | 434 | 628 |
| **TOTAL REVENUE AND INCOME** | **1,926,885** | **2,049,244** |
| Purchase of materials and external services | (1,743,961) | (1,840,821) |
| Personnel costs | (149,858) | (151,320) |
| Change in inventory | 57,841 | 38,499 |
| Other operating costs and expenses | (4,210) | (6,115) |
| GROSS OPERATING RESULT | 86,697 | 89,487 |
| Amortisation, depreciation and write-downs of fixed assets | (79,964) | (78,738) |
| **NET OPERATING RESULT** | **6,733** | **10,749** |
| Financial income | 962 | 44 |
| Financial expenses | (8,931) | (9,722) |
| **RESULT FROM CONTINUING OPERATIONS** | **(1,236)** | **1,071** |
| Result from discontinued operations | (20,126) | (2,635) |
| **RESULT BEFORE TAX** | **(21,362)** | **(1,564)** |

[36] The operating results for the period to November 30, 2022 have been restated, in application of IFRS 5, following the decision to place the subsidiary Monclick S.r.l. into liquidation.

## CONSOLIDATED CASH FLOW STATEMENT

| | Period ended | |
|---|---|---|
| *(in thousands of Euro)* | **November 30, 2023** | **November 30, 2022** |
| **Cash flow from operations** | | |
| Consolidated result before tax | (1,236) | (1,564) |
| *Adjustments for:* | | |
| Net financial expenses (income) | 7,969 | 9,703 |
| Amortisation, depreciation and write-downs of fixed assets | 79,964 | 79,181 |
| Other changes | 818 | 1,944 |
| | **87,515** | **89,264** |
| Changes in: | | |
| - Inventories | (57,445) | (38,993) |
| - Trade receivables | (10,096) | (29,609) |
| - Trade payables | 39,532 | 75,840 |
| - Other changes in operating assets and liabilities | 25,285 | 17,743 |
| **Cash flow generated/(absorbed) from operating activities** | **(2,724)** | **24,981** |
| Taxes paid | - | - |
| Interest paid | (8,132) | (8,987) |
| **Net cash flow generated/(absorbed) by operating activities** | **76,659** | **105,258** |
| Net cash flow generated/(absorbed) by operating activities of discontinued operations | (3,303) | - |
| **Cash flows from investing activities** | | |
| Purchases of plant, machinery, equipment and other assets | (18,559) | (15,295) |
| Purchase of intangible assets | (10,708) | (18,619) |
| Investments in current FVOCI securities | - | (40,000) |
| Divestment of current FVOCI securities | 60,540 | - |
| Investments in business combinations and business units | (4,500) | (100) |
| **Cash flow generated/(absorbed) by investment activities** | **26,773** | **(74,014)** |
| Cash flow generated/(absorbed) by investment activities of discontinued operations | (159) | - |
| **Cash flow from financing activities** | | |
| Increase/(Decrease) financial liabilities | - | (716) |
| Increase/(Decrease) in other financial liabilities | (1,920) | (2,771) |
| Increase/(Decrease) in financial liabilities - IFRS 16 Leases | (49,938) | (45,963) |
| Acquisition of treasury shares | - | - |
| Exercise - Long Term Incentive Plan | - | - |
| Distribution of dividends | (9,848) | (27,134) |
| **Net cash flow generated by financing activities** | **(61,706)** | **(76,585)** |
| Net cash flow generated by financing activities of discontinued operations | (140) | - |
| **Net increase/(decrease) in cash and cash equivalents** | **38,124** | **(45,341)** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** | **66,653** | **141,534** |
| **Net increase/(decrease) in cash and cash equivalents** | **38,124** | **(45,341)** |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | **104,777** | **96,193** |

# DECLARATION OF THE INTERIM DIRECTORS’ REPORT AT NOVEMBER 30, 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 November 30, 2023 reflects the company’s underlying accounting documents and records.

January 12, 2024

Giancarlo Nicosanti Monterastelli

Chief Executive Officer

Marco Deotto

Executive Officer for Financial Reporting