



*CHANGING SCENARIO AMID
GDP SLOWDOWN AND
INFLATION*

Q1 2022/23 Results

14 July 2022

Disclaimer

IFRS-16

One year after the first adoption of IFRS 16, the transitional phase during which Unieuro's financial reporting was based on adjusted data and in continuity with the previous accounting standard IAS 17 and the interpretations thereof has ended.

Therefore, in line with practices that were gradually established among retailers listed on international markets, from 1st March 2020 the Company has been commenting only on the economic figures after the application of the above accounting standard, focusing on Adjusted EBIT and Adjusted Net Profit.

On the other hand, net debt and cash flow do not include the notional component linked to the application of IFRS 16.

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Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

EBIT Adj. at breakeven due to increasing competitive pressure and inflation impact on costs

- Q1 2021/22 +6.5€m
- Q1 2019/20 -2.5€m

Sales up 5.2% to 611.9 €m

- Strong Online performance: +24.9%
- Indirect channel slowing down: -16.2%
- Grey -3.4%: IT Sales down after 2 years of sustained growth driven by smart working and e-learning trends
- Brown: +33.9%. Switch-off started in August 21

- **Net Cash at 24.7 €m** (vs 135.7€m on 28 Feb. 22)
- Ordinary Capex in line with Q1 2021/22

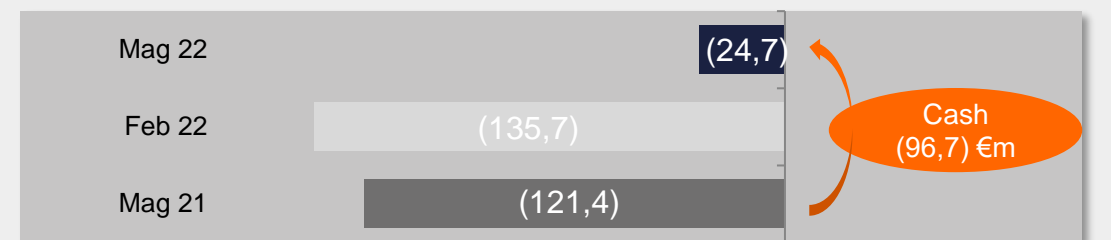
Q1 2022/23 Key Financials

Sales (€m)

like-for-like growth

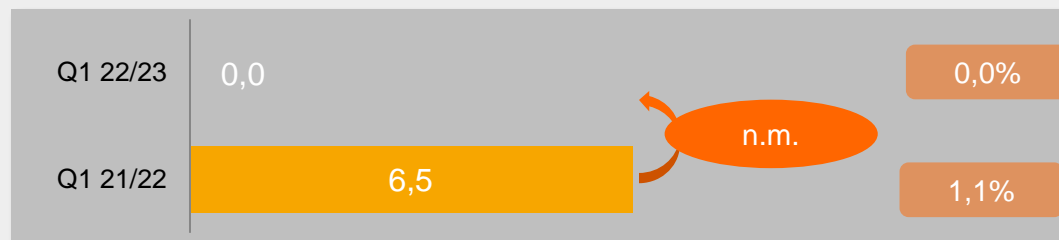


Net Financial Debt/(Cash) (€m)

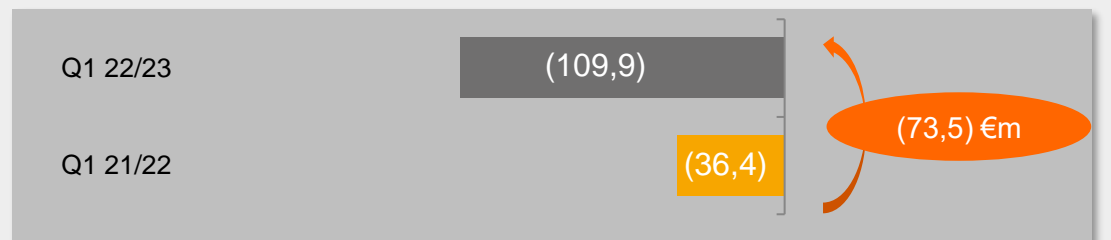


EBIT Adj. (€m)

Adj. EBIT Margin

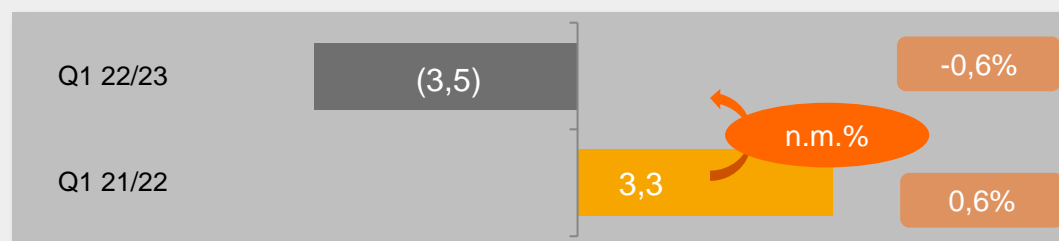


Free Cash Flow Adj. (€m)

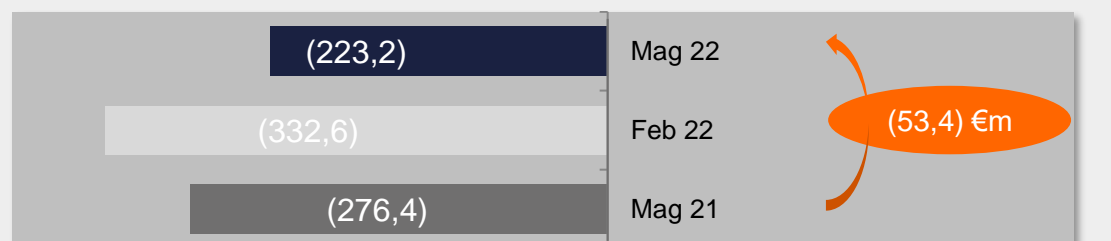


Profit Before Taxes Adj.⁽¹⁾ (€m)

Adj. PBT Margin



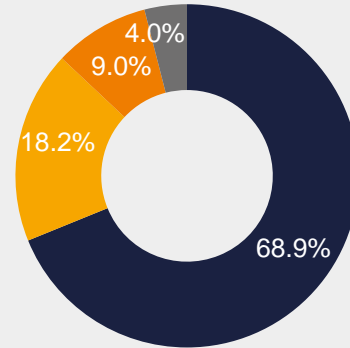
Net Working Capital (€m)



Sales Breakdown

Sales by Channel – Q1 22/23

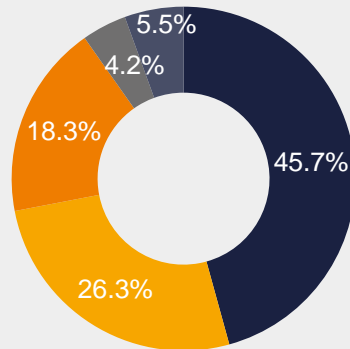
Channel	Q1 22/23 (€m)	vs Q1 21/22 (%)
Retail (1)	421.3	+5.3%
Online	111.1	+24.9%
Indirect	55.1	-16.2%
B2B	24.4	-9.1%



- **Good Retail (1) performance:** Q1 2021/22 still impacted by weekend and travel stores closures
- **Online remarkable growth** both on home delivery and click & collect channel
- **Indirect channel** slowing down. Customers back to shopping malls compared to proximity stores
- **B2B** penalised by limited product availability

Sales by Category - Q1 22/23

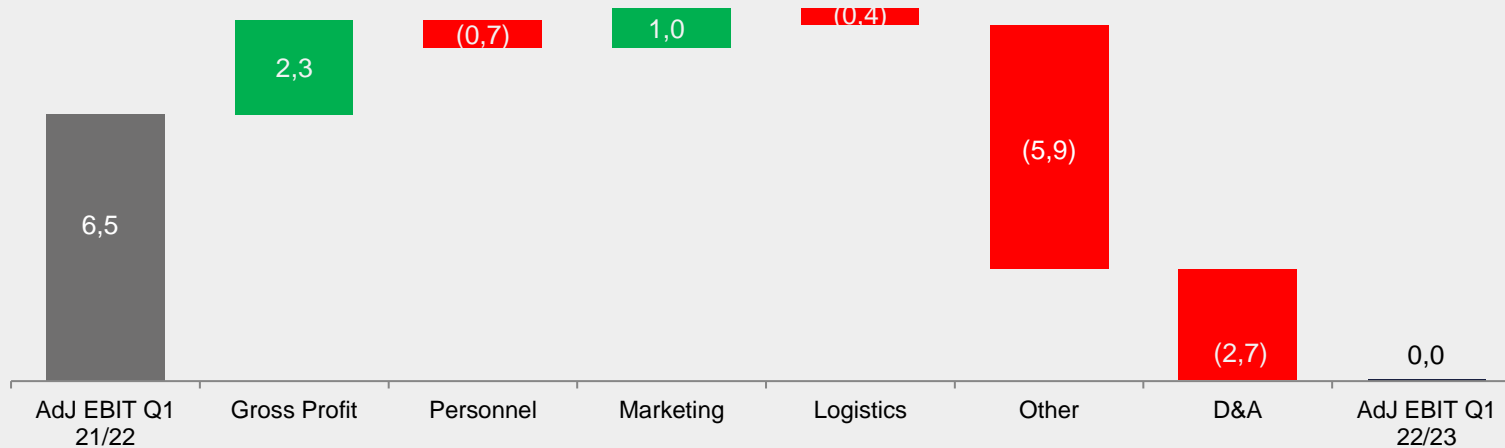
Category	Q1 22/23 (€m)	vs Q1 21/22 (%)
Grey	279.7	-3.4%
White	160.8	+3.0%
Brown	111.7	+33.9%
Other Products	25.8	+2.6%
Services	34.0	+22.6%



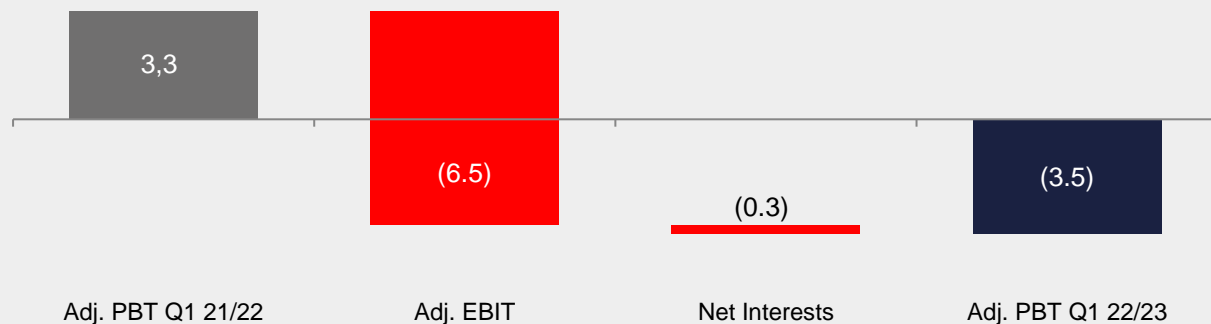
- **Grey slowing down**, mainly on the IT category, in comparison with a strong Q1 2021/22 driven by smart working and e-learning
- **White in moderate growth**, thanks to the positive contribution of the Home Comfort segment.
- **Brown in strong growth**, trained by TV. Switch-off effect to fade off starting from Q2.
- **Other products suffering from a strong Q1 2021/22**, driven by the positive effects of PS5 sales in Q1 after the launch in Q4 20/21.
- **Services: positive performance**, thanks to the continued focus on extended warranties and strong increase of air conditioning installations

Profitability

EBIT Adj.



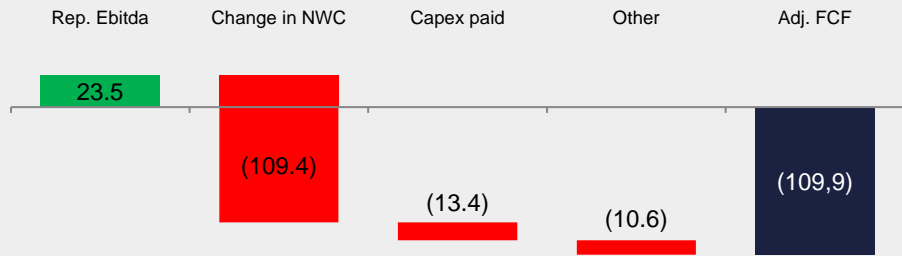
Profit Before Taxes⁽¹⁾ Adj.



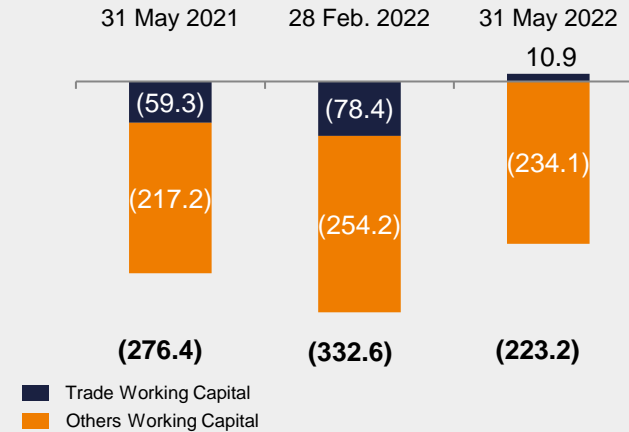
- **Gross Profit up by 2.3€m.** Positive volume and mix effect, partially offset by higher competitive pressure
- **Personnel Costs increased by 0.7€m,** incidence on sales down by 0.3%
- **Marketing costs reduced by +1.0 €m,** with incidence on sales down by 0.3%
- **Logistics costs slightly higher (+0.4 €m),** at 3.1% on sales (down from 3.2%) thanks to positive mix, partially offset by increased costs
- **Other Costs +5.9 €m, rising from 3.9% to 4.7%** mostly due to higher energy costs, inflationary impacts on rentals, increased store count
- **D&A rising (+2.7 €m)** following sustained Capex in the last 5 quarters. Incidence on sales rising from 3.9% to 4.2%

Financial Overview (€m)

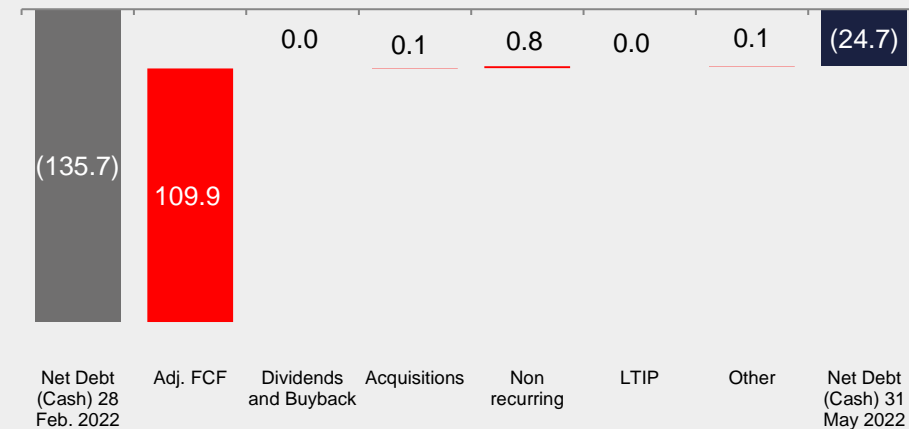
Free Cash Flow Adj.



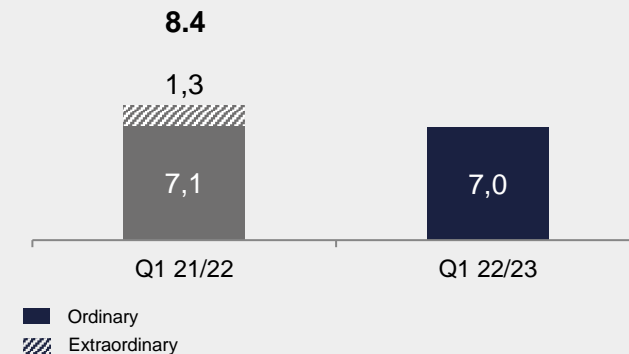
Net Working Capital



Net Financial Debt/ (Cash)



Capex



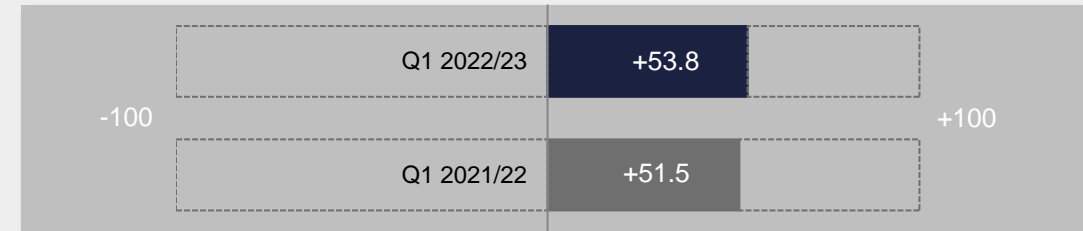
- **Net Cash as of 31 May 2022 equal to 24.7 €m**, mostly due to significantly higher NWC compared to Feb 2022
- Main FCF drivers:
 - Higher NWC on the back of seasonality and conjunctural impacts on the purchasing strategy carried out in the final months of the previous fiscal year
 - Capex on historically high levels

Q1 2022/23 Key Operational Data

Unieuro's Retail Network

	31 May 2022	Openings	Closures	28 Feb. 2022	Of which C&C
DOS:	279		-3	282	273
- Malls and free standing stores	245			245	
- Shop-in-shops	26			26	
- Travel stores	8		-3	11	
Affiliated stores:	260	+3	-2	259	210
- Traditional	260	+3	-2	259	
- Shop-in-shops	0			0	
TOTAL STORES:	539	+3	-5	541	483

Net Promoter Score⁽¹⁾ (direct channel only)



Active Loyalty Cards⁽²⁾ (thousands)



Total Retail Area (sqm, DOS only)

Sales Density
(€/mq, LTMi)



Workforce (FTEs)



ANNEX

Notes and Glossary



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

Economic and financial figures reflect the adoption of IFRS 16 accounting principle, unless otherwise indicated.

On 20 December 2021, the Board of Directors approved an amendment to the quarterly financial reporting policy, according with - starting from such a date - the impact of direct taxes will be excluded from the calculation of economic and financial figures in the interim management reports for the first quarter and the first nine months of the fiscal year. The decision aims to fully reflect any effects on the Company's accounts of the Budget Laws, in light of the timing of approval with respect to the date of approval of Unieuro's nine-month results (January of each year).

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

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

Profit Before Taxes Adjusted is calculated as Profit Before Taxes adjusted for (i) the adjustments incorporated in the Adjusted EBIT and (ii) the adjustments of the non-recurring financial expenses/(income)

Free Cash Flow Adjusted is defined as cash flow generated/absorbed by operating activities net of investment activities inclusive of financial expenses and lease flows and adjusted for non-recurring investments and other non-recurring operating flows and including adjustments for non-recurring expenses (income) and their non-cash component and the related tax impact.

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

Net Promoter Score (NPS) measures customer experience and predicts business growth. It can range from -100 (if every customer is a Detractor) to 100 (if every customer is a Promoter).

Q1 Profit & Loss (€m)

	Q1 22/23				Q1 21/22				% change (Adjusted)
	Adjusted	%	Reported	%	Adjusted	%	Reported	%	
Sales	611.9	100.0%	611.9	100.0%	581.8	100.0%	581.8	100.0%	5.2%
Purchase of goods - Change in Inventory	(479.2)	(78.3%)	(480.5)	(78.5%)	(451.5)	(77.6%)	(452.4)	(77.8%)	6.2%
Gross profit	132.7	21.7%	131.4	21.5%	130.4	22.4%	129.5	22.2%	1.8%
Personnel costs	(49.7)	(8.1%)	(49.8)	(8.1%)	(49.0)	(8.4%)	(49.2)	(8.5%)	1.4%
Logistic costs	(19.2)	(3.1%)	(19.2)	(3.1%)	(18.8)	(3.2%)	(18.9)	(3.3%)	2.1%
Marketing costs	(9.3)	(1.5%)	(9.3)	(1.5%)	(10.2)	(1.8%)	(10.4)	(1.8%)	(9.4%)
Other costs	(27.4)	(4.5%)	(27.6)	(4.5%)	(21.1)	(3.6%)	(21.3)	(3.7%)	30.0%
Other operating costs and income	(1.5)	(0.2%)	(2.0)	(0.3%)	(1.9)	(0.3%)	(1.9)	(0.3%)	(20.4%)
EBITDA	25.6	4.2%	23.5	3.8%	29.4	5.0%	27.8	4.8%	(12.8%)
D&A	(25.6)	(4.2%)	(25.6)	(4.2%)	(22.9)	(3.9%)	(23.0)	(4.0%)	11.8%
EBIT	0.0	0.0%	(2.1)	(0.3%)	6.5	1.1%	4.7	0.8%	(100.0%)
Financial Income - Expenses	(3.5)	(0.6%)	(3.5)	(0.6%)	(3.2)	(0.5%)	(3.2)	(0.5%)	8.6%
Adjusted Profit before Tax	(3.5)	(0.6%)	(5.6)	(0.9%)	3.3	0.6%	1.5	0.3%	(205.0%)

Q1 Adjustments to P&L (€m)

	Q1 22/23	Q1 21/22	% change
M&A Costs	0.6	0.5	17.4%
Stores opening, relocations and closing costs	0.3	0.3	0.5%
Other non recurring costs	(0.0)	0.0	na
Accidental events	0.0	0.0	na
Non-recurring items	0.9	0.8	8.0%
Change in business model (extended warranties adjustments)	1.3	0.9	33.7%
Total adjustments to EBIT	2.1	1.7	21.9%
Other adjustments	0.0	0.0	170.8%
Total adjustments to PBT	2.2	1.8	23.3%

Balance Sheet (€m)

	31 May 22	28 Feb. 2022
Trade Receivables	44,0	43,0
Inventory	491,0	462,1
Trade Payables	(524,2)	(583,5)
Trade Working Capital	10,9	(78,4)
Current Tax Assets and Liabilities	3,2	3,2
Current Assets ⁽¹⁾	39,6	27,6
Current Liabilities ⁽²⁾	(274,6)	(282,8)
Short Term Provisions	(2,3)	(2,2)
Net Working Capital	(223,2)	(332,6)
Tangible and Intangible Assets	124,0	124,9
Right of Use	430,9	433,3
Net Deferred Tax Assets and Liabilities	40,9	40,8
Goodwill	196,1	196,1
Other Long Term Assets and Liabilities ⁽³⁾	(10,4)	(9,8)
TOTAL INVESTED CAPITAL	558,3	452,9
Net financial Cash/ (Debt)	24,7	135,7
Lease liabilities	(449,2)	(450,2)
Net Financial Cash / (Debt) (IFRS 16)	(424,5)	(314,5)
Equity	(133,8)	(138,3)
TOTAL SOURCES	(558,3)	(452,9)

⁽¹⁾ **Current Assets:** Includes mainly Accrued Income related to rental costs, etc

⁽²⁾ **Current Liabilities**

	31 May 22	28 Feb 22
Accrued expenses (mainly Extended Warranties)	(191.6)	(202.7)
Personnel debt	(51.7)	(45.7)
VAT debt	(12.9)	(16.0)
Other	(17.9)	(17.9)
LTIP Personnel debt	(0.5)	(0.5)
Current Liabilities	(274.6)	(282.8)

⁽³⁾ **Other Long Term Assets and Liabilities**

	31 May 22	28 Feb 22
Lease assets	14.6	15.1
Financial assets (deposits, leases)	2.8	2.8
Deferred Benefit Obligation (TFR)	(13.2)	(13.1)
Long Term Provision for Risks	(10.9)	(10.9)
Other Provisions	(3.2)	(3.0)
LTIP Personnel debt	(0.5)	(0.5)
Other Long Term Assets and Liabilities	(10.4)	(9.8)

Cash Flow Statement (€m)

	Q1 22/23	Q1 21/22	% change
Reported EBITDA	23.5	27.8	(15.4%)
Taxes Paid	-	-	na
Interests Paid	(3.4)	(2.7)	24.8%
Change in NWC	(102.8)	(34.8)	195.2%
Change in Other Assets and Liabilities	1.1	0.4	190.6%
Reported Operating Cash Flow	(81.6)	(9.4)	768.4%
Purchase of Tangible Assets	(4.4)	(5.5)	(19.4%)
Purchase of Intangible Assets	(2.6)	(2.9)	(9.9%)
Change in capex payables	(6.4)	(4.9)	29.1%
Acquisitions	(0.1)	(7.1)	(98.6%)
Free Cash Flow	(95.1)	(29.8)	219.6%
Cash effect of adjustments	0.8	0.8	5.4%
Non recurring investments	0.1	8.3	(98.8%)
Other non recurring cash flows	-	(2.6)	(100.0%)
Adjusted Free Cash Flow (IFRS 16)	(94.2)	(23.2)	305.6%
Lease Repayment	(15.8)	(13.2)	19.5%
Adjusted Free Cash Flow	(109.9)	(36.4)	202.0%
Cash effect of adjustments	(0.8)	1.8	(146.7%)
Acquisition Debt	(0.1)	(2.0)	(94.9%)
Dividends and Buybacks	-	-	na
Log Term Incentive Plan	-	3.7	(100.0%)
Other Changes	(0.1)	(0.6)	(82.7%)
Δ Net Financial Position	(111.0)	(33.5)	231.8%

Net Financial Debt (€m)

	31 May 22	28 Feb. 2022
Short-Term Bank Debt	(26,3)	0,0
Long-Term Bank Debt	0,0	0,0
Bank Debt	(26,3)	0,0
Debt to Other Lenders	(3,9)	(4,6)
Acquisition Debt	(1,2)	(1,2)
Other Financial Debt	(5,2)	(5,9)
Cash and Cash Equivalents	56,1	141,5
Net Financial Cash / (Debt)	24,7	135,7
Lease liabilities	(449,2)	(450,2)
Net Financial Cash / (Debt) (IFRS 16)	(424,5)	(314,5)

IFRS 16 Impact (€m)

Main Effects on Unieuro's Q1 2022/23 Results (management data, non-audited)

		31 May 2022 (IAS 17)		31 May 2022 (IFRS 16)
<u>EBITDA ADJ.</u>	<ul style="list-style-type: none"> reduction in operating costs (rents paid on stores, headquarters, warehouses and vehicles), net of income from sub-leases of stores 	7.5	+18.1	25.6
<u>EBIT ADJ.</u>	<ul style="list-style-type: none"> increase in D&A on right-of-use assets 	(1.3)	+1.3	0.0
<u>PROFIT BEFORE TAXES ADJ.</u>	<ul style="list-style-type: none"> increase in Financial expenses for interests related to rights-of-use liabilities 	(2.2)	(1.3)	(3.5)
<u>NET FINANCIAL DEBT (CASH)</u>	<ul style="list-style-type: none"> recognition of rights-of-use liabilities (other current and non-current financial payables), net of non-current financial receivables relating to sub-lease agreements 	(24.7)	+449.2	424.5

NEXT CORPORATE AND IR EVENTS

H1 2022/23 RESULTS
10 November 2022

9M 2022/23 RESULTS
12 January 2023



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