



*Unieuro S.p.A. registered office in forlì, giovanni schiaparelli, no. 31  
share capital euro 4,000,000 fully paid  
tax identification number and number of  
registration in the business register of forlì-cesena 00876320409.*

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS  
ON THE PROPOSAL WHICH IS THE SOLE ITEM ON THE  
AGENDA OF THE EXTRAORDINARY SHAREHOLDERS'  
MEETING OF UNIEURO S.P.A., CONVENED ON 17  
DECEMBER 2020 IN SINGLE CALL**

1. **Proposal that the Board of Directors be authorised pursuant to art. 2443 Italian Civil Code and for a period of five years to run from the date of the relative resolution, to make one or more share capital increases on a gratuitous basis, pursuant to art. 2349 Italian Civil Code, up to a maximum of Euro 180,000 to be allocated in full to capital, such capital increase through issuance of a maximum of 900,000 ordinary shares having no express indication of par value and earmarked for the beneficiaries of the plan entitled the "2020-2025 Performance Shares Plan" giving rise to the grant of rights to receive Unieuro S.p.A. ordinary shares on a gratuitous basis; consequent amendment to Article 6 of the current Articles of Association**

Dear Shareholders,

This Report has been drawn up pursuant to art. 125-ter paragraph 1 of Legislative Decree 24 February 1998 No. 58 ("TUF") and art. 72 and 84-ter of the Regulations adopted by means of Consob resolution No. 11971 of 14 May 1999 ("Issuers' Regulations").

This Report was approved by the Board of Directors of Unieuro S.p.A. ("Unieuro" or "Company" or "Issuer") at its meeting of 27 October 2020 and shall be made available to the public in accordance with the applicable law and regulations, at the Company's registered office, on the Company's website in the section "*Unieurospa.com / Corporate Governance / Shareholders' Meetings / Shareholders' Meeting December 2020*", as well as in any manner and within the timelines provided for by current legislation.

The Board of Directors resolved at their meeting held on 27 October 2020, *inter alia* to submit the incentive plan entitled *2020-2025 Performance Share Plan* ("Plan") for Shareholders' consideration and approval as second item on the agenda of the Unieuro Shareholders' ordinary meeting. Such Plan is for the benefit of employees and/or managers entrusted with specific roles within the Company and/or other companies belonging to the group of which Company is parent ("Subsidiaries") (Company and Subsidiaries are jointly the "Group"). Said Plan is described in detail in the apposite information document and explanatory report prepared pursuant to art. 84-bis Issuers' Regulations, which shall be made available to shareholders so that they may examine said second agenda item within the timelines and in the manner prescribed by the applicable legal and regulatory provisions. Said documents shall be available for consultation on, *inter alia* the Company's website in the section "*Unieurospa.com / Corporate Governance / Shareholders' Meetings / Shareholders' Meeting December 2020*", and the authorized storage facility "EMARKET STORAGE" (<https://www.emarketstorage.com/home/homepage.en.htm>).

This explanatory report and the information document, to which you are referred for further information about the Plan, lay down the criteria for identifying the class of beneficiary, the characteristics of the Plan and the detailed reasons underlying its

adoption. More specifically, the Plan provides for the allocation of ordinary Company shares to the beneficiaries on a gratuitous basis.

The Shares to service the Plan will be obtained from: (i) an appropriate capital increase on a gratuitous basis, which may be carried out in one or more *tranches* pursuant to Article 2349 Italian Civil Code up to a maximum nominal value of Euro 180,000 to be imputed entirely to capital, through issuance of a maximum of 900,000 Shares. Specific powers shall be granted to the Board of Directors pursuant to art. 2443 Italian Civil Code to enable them to implement this capital increase (“**Capital Increase**”) and if necessary (ii) treasury shares taken from shares acquired pursuant to art. 2357 and 2357-*ter* Italian Civil Code, in the case that Shares to implement the Plan are allocated to any non-employee beneficiary of the Company.

Achievement of the Plan's performance objectives shall be ascertained at the end of each three-year period of accrual, based on the outcomes of a careful check by the Board of Directors having received the opinion of the Remuneration and Appointments Committee of the results effectively achieved.

Therefore, in order to ensure a sufficient package of shares for allocation to those employees of the Company and/or the Subsidiaries who are beneficiaries of the Plan (conditional on the performance objectives and further conditions laid down in the Plan being achieved), the Board of Directors is desirous to submit its proposal, in compliance with the law requiring Shareholders' approval, that the Board of Directors be granted powers pursuant to art. 2443 Italian Civil Code, to increase the share capital on a gratuitous basis, for a period of five years from the date of the relative resolution. Such capital increase may be carried out in one or more *tranches* pursuant to art. 2349 Italian Civil Code up to a maximum amount of Euro 180,000.00, to be imputed in full to capital, by means of a new share issuance up to a maximum of 900,000 ordinary Unieuro Shares with no express indication of their par value.

Such powers may be exercised on one or more occasions within the five years' subsequent to the date the proposed resolution is passed, in compliance with the operating conditions laid down in the Plan and within the final deadline of 17 December 2025 by means of a new share issuance of up to a maximum of 900,000 ordinary Unieuro shares without express indication of their par value. Such new shares shall be earmarked for those employees of the Company or of the Subsidiaries who are within the class of Plan beneficiaries considered to hold key roles in the Group. For the sake of completeness, we remind you that should all the ordinary shares envisaged for the Plan not be allocated and consequently all the shares are not issued, there shall be a further capital increase, again on a gratuitous basis, through the imputing of profits and/profit reserves in an amount commensurate to that of the ordinary shares actually allocated and thus issued.

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## 1. Reasons for and recipients of the capital increase

The Plan is added to the set of tools used by the Company and the Group to integrate the fixed component of the remuneration package provided to key office holders, with certain variable components which are linked to office holder's achievement of certain performance objectives - an approach in line with best market practices.

With that in mind, the Company opines that the Plan promotes the following objectives:

- (i) to focus the attention of Plan Beneficiaries on factors of strategic interest of the Company and direct key resources towards the pursuing of medium-long term results;
- (ii) build loyalty among the Plan Beneficiaries and incentivize their continuance with the Company by developing retention policies;
- (iii) align the interests of the Beneficiaries with those of the shareholders, with a view to developing the growth of the Company's value; and
- (iv) ensure that the overall remuneration of recipients of the Plan remains competitive whilst at the same time developing policies to attract new talent to managerial and professional roles.

The proposal submitted for your approval - that the Board of Directors be entrusted with powers to increase the share capital - is to enable a package of shares to be created. Such shares would be earmarked to service the Plan for those employees of the Group who are classified as beneficiaries of the Plan.

## 2. Characteristics of the share capital increase reserved for beneficiaries of the Plan

It is submitted that employees of the Company and/or its Subsidiaries can be beneficiaries of the Plan - considering that art. 6 of the Unieuro Articles of Association envisages "*the assignment of profits and/or profit reserves to employees of the Company or its subsidiaries, through the issuance of shares pursuant to the first paragraph of Article 2349 of the Civil Code*". Therefore, we propose a capital increase on a gratuitous basis pursuant to art. 2349, paragraph 1, Italian Civil Code, using for such purpose profits and/profit reserves reported in the last approved financial statements, from time to time earmarked for the share issuance.

To carry out the capital increase required to service the Plan, we propose that the Board of Directors be granted powers pursuant to art. 2443 Italian Civil Code to increase the share capital on a gratuitous basis. Such capital increase may take place in one or more *tranches* pursuant to art. 2349 Italian Civil Code, up to a maximum amount of Euro 180,000.00, to be imputed in full to capital, by means of a new share issuance of a maximum 900,000 ordinary Unieuro Shares with no express indication of their par value. Such new shares shall have the same characteristics as the Unieuro ordinary shares already in circulation, carry regular dividend rights and be allocated free of charge to those employees of the Company or of the Subsidiaries who are beneficiaries of the Plan.

We also draw your attention to the fact that, with regard to the total of 900,000 ordinary shares in Unieuro earmarked for allocation to beneficiaries who achieve the maximum performance objectives provided for in the Plan, the Board of Directors shall determine at the end of the first three-year vesting period, the actual number of ordinary shares to be allocated to Plan beneficiaries for the each Cycle and which shares shall be made available to each of them, within the term and in the manner established in the Plan. The Board of Directors may also identify in due course and from time to time the profits and/profit reserves to be used for this purpose and is also entrusted with the specific task of making the appropriate entries in the accounts to duly report the share issuance operations in compliance with the laws and accounting principles applicable from time to time.

### 3. Characteristics of the newly issued shares

The Company shall make the newly issued ordinary shares available to each beneficiary of the Plan free of charge and in accordance with the Plan.

The ordinary shares of the Company that are allocated to each beneficiary shall carry the same dividend rights as the ordinary shares of the Company on the date of issuance and will, therefore, bear the coupon bonds current on that date.

### 4. Amendment to art. 6 of the Unieuro Articles of Association

Your approval of the proposed resolution that we submit to you will render necessary an addition to the wording of art. 6 of the current Unieuro Articles of Association which envisages the shareholders' resolution granting powers to the Board of Directors, pursuant to art. 2443 Italian Civil Code, to increase the share capital free of charge pursuant to art. 2349 Italian Civil Code.

The left-hand column below sets forth current text of art. 6 of the Unieuro Articles of Association, whereas the right-hand column sets forth the amended text that the Board of Directors proposes be adopted.

Current Text	Proposed Text
<u>Art. 6 - Capital and shares</u>	<u>Art. 6 - Capital and shares</u>
<p>1) The share capital is set at €4,000,000 (four million euros), fully paid up, divided into 20,000,000 (twenty million) shares without par value.</p> <p>2) The shares are in dematerialised form and entered in the centralised securities management system governed by applicable legislation.</p> <p>3) The Company may issue, under the legislation in force from time to time, special classes of shares carrying different rights, including where the allocation of losses is concerned, determining the structure thereof as part of the share issuance resolution.</p>	<p>(no change)</p> <p>(no change)</p> <p><u><i>In order to service the incentive plan called the "2020 - 2025 Performance Share Plan", the Board of Directors may,</i></u></p>

<p>4) The allocation of profits and/or retained earnings to employees of the Company or of subsidiary companies is permitted, in the forms and manners required by law, by issuing shares pursuant to the first paragraph of Article 2349 Italian Civil Code.</p> <p>5) In the event of a capital increase, the new shares may also be paid for by contributions in kind or loans.</p> <p>6) As long as the company's shares are listed on regulated markets, the shareholders' meeting, or, if delegated pursuant to Article 2443 Italian Civil Code, the Board of Directors, may exclude up to 10% of the existing share capital from the option right afforded to shareholders on new shares and bonds convertible into shares, provided that the other conditions of Article 2441</p>	<p><u>within the period of five years from the date of the Shareholders' Meeting resolution, increase the share capital. Such capital increase may be effected in one or more tranches up to a maximum amount of Euro 180,000.00 to be imputed in full to capital by means of a new share issuance of a maximum of 900,000 ordinary Unieuro Shares with no express indication of their par value, to be allocated in conformance with the terms of the aforementioned plan and having the same characteristics as the Unieuro ordinary shares already in circulation and carrying regular dividend rights, for which a commensurate amount of the profits/profit reserves as reported in the last financial statement approved, from time-to-time earmarked for the share issuance, within the term, on the conditions and in the manner provided for in said plan in accordance with arts 2349 and 2443 Italian Civil Code.</u></p> <p>(no change)</p> <p>(no change)</p> <p>(no change)</p>
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<p>paragraph 4 second sentence Italian Civil Code are met.</p> <p>7) The extraordinary shareholders' meeting of 6 February 2017 authorised a share capital increase against payment, up to a maximum nominal amount of €206,451.60 (two hundred and six thousand four hundred and fifty-one euros and sixty cents), in addition to the share premium, the total value being equal to the placement price of the Company's shares on the MTA, by issuing up to 1,032,258 (one million thirty-two thousand two hundred and fifty-eight) ordinary shares reserved for the simultaneous implementation of the Plan, the general terms of which were approved, with a final subscription date of 31 July 2025.</p>	<p>(no change)</p>
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## 5. Right of withdrawal

The amendments to the Articles of Association illustrated in this Report do not entail any right of withdrawal pursuant to Article 2437 of the Civil Code

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In consideration of all the foregoing, the Board of Directors respectfully submits the following proposed resolution for your approval:

*"The Shareholders of Unieuro S.p.A., at an extraordinary Shareholder's meeting, having examined the Explanatory Report of the Board of Directors and the proposal contained therein and having regard to the proposal for the adoption of the "2020-2025 Performance Share Plan"*

*resolve*

- 1. that the Board of Directors be granted powers pursuant to arts. 2443 and 2349 Italian Civil Code to increase the share capital on a gratuitous basis for a period of five years to run as of the date of this resolution, in order to implement the 2020-2025 Performance Share Plan. Such capital increase may take place in one or more tranches up to a maximum amount of Euro 180,000.00 to be imputed in full to capital, as a new share issuance of up to 900,000 ordinary Unieuro Shares with no express indication of their par value, having the same characteristics as the Unieuro ordinary shares already in circulation and carrying regular dividend rights. A commensurate maximum amount of the profits/profit reserves reported in the last financial statement approved from time-to-time shall be earmarked to that end, within the term, on the conditions and in the manner provided for in the 2020-2025 Performance Share Plan. The powers referred to herein shall allow the Board to: (i)*



determine of the number of ordinary shares to be issued and allocated free of charge to the beneficiaries of the 2020-2025 Performance Share Plan, in compliance with the term, conditions and in the manner set forth therein, taking into account any resolutions passed by the Board of Directors for the purchase of any treasury shares as may be destined to fulfil the obligations under the plan; (ii) identify, as may be required following the determination referred to under the preceding point (i), the profits and/or profit reserves reported in the last approved financial statements, from time to time earmarked for the share issuance; and (iii) carry out the above-mentioned powers, by way of example only, carrying out all those duties as are required to amend the articles of association as may be necessary or appropriate from time to time, to this end duly authorising the Chairman of the Board of Directors and the Chief Executive Officer pro tempore, acting individually, such officers having the faculty to sub-delegate the tasks to third parties who may be appointed under special powers granted for such purpose, also by appointing for this purpose the Chairman of the Board of and the Chief Executive Officer pro tempore, acting individually, with the power to sub-delegate to third parties and also by means of special proxies appointed for the purpose.

2. that article 6 (six) of the Unieuro Articles of Association be amended by the adding of a final paragraph to the third sub-paragraph of said article, which shall state:

*“In order to service the incentive plan entitled “2020 - 2025 Performance Share Plan”, Directors of the Board may, within the period of five years from the date of the Shareholders' Meeting resolution, increase the share capital. Such capital increase may be effected in one or more tranches up to a maximum amount of Euro 180,000.00, to be imputed in full to capital, by means of a new share issuance of a maximum of 900,000 ordinary Unieuro Shares with no express indication of their par value, such shares to be allocated in conformance with the terms of the aforementioned plan for which a commensurate amount of the profits/profit reserves reported in the last financial statement approved, from time-to-time earmarked for the share issuance, within the term, on the conditions and in the manner provided for in said plan in accordance with arts 2349 and 2443 Italian Civil Code.”*

3. that they duly confer upon the Board of Directors - by way of its Chairman and CEO pro tempore, acting individually, such officers having the faculty to sub-delegate the tasks to third parties who may also be appointed under special powers granted for such purpose - the broadest powers deemed necessary and/or appropriate and without limitation, powers to amend art. 6 (six) of the Articles of Association from time to time in line with the resolutions for execution of and completion of the share capital increase. To this end, the powers hereunder include authorization to undertake all formalities and make all notices provided for by law including all formalities required to register the duly passed resolutions with the Italian Register of Companies as well as all make all amendments, variations and additions to the resolutions that are necessary or as may be requested by the competent authorities, as well as all powers to carry out the legislative and regulatory obligations arising in relation to the adoption of the resolutions.”

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Forlì, 27th October 2020

*On behalf of the Board of Directors  
Stefano Meloni  
Chairman of the Board of Directors of Unieuro S.p.A.*