HALF-YEARLY FINANCIAL REPORT AS AT 31 AUGUST 2021

REPORT ON OPERATIONS

1. Introduction

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

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

The company Monclick S.r.l. (hereinafter also known as “Monclick” or “MK”) wholly-owned by Unieuro, is a company under Italian law with its registered office in Vimercate at Via Energy Park 22, which sells online I.T., electronic, telephone products and appliances in Italy through its website www.monclick.it, offering a catalogue with over 70,000 items and guaranteeing a comprehensive purchasing experience completed through the home delivery and installation of the chosen product. It also operates in the segment known as B2B2C, where the customers are operators which need to purchase electronic products to distribute to their regular customers or employees to accumulate points or participate in competitions or incentive plans.

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

Since April 2017, Unieuro shares have been listed on the STAR segment of the Milan Stock Exchange and, since June 2021, they have been included in the FTSE Italia Mid Cap index. The Company is, to all effects, a public company. In April 2021, the telecommunications operator Iliad S.A. announced the purchase of a stake equal to approximately 12% of the share capital of Unieuro, of which 1.9% through an equity swap contract expiring on 17 September 2021. Based on the information available[1], the other major shareholders of Unieuro are the asset management company Amundi Asset Management (6.84% of the capital), some members of the Silvestrini family that overall own 7.3%, Mediolanum Gestione Fondi Sgr (4.93%), Mr Giuseppe Silvestrini (4.2%) and J.P. Morgan Asset Management (3.35%).

[1] Sources: minutes of the Ordinary Shareholders’ Meeting dated 15 June 2021 and Consob communications.

2. Procedural note

This Report on Operations contains information relating to consolidated revenues, consolidated profits, cash flows and the statement of financial position of the Unieuro Group as at 31 August 2021 compared with the figures as at 31 August 2020 for the economic results and the cash flows and with the figures of the latest financial statements approved as at 28 February 2021 for the statement of financial position.

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

On 28 May 2020, the IASB issued amendments to IFRS 16 "*Leases Covid-19-Related Rent Concessions*" introducing a practical expedient in the chapter “Changes to Leases" which allows lessees not to consider any concessions related to the effects of Covid-19 as concessions on lease payments received from 1 January 2020 that amend the original contract. On the basis of these changes, these concessions can be accounted for as positive variable rents without requiring a contractual change. On 31 March 2021, the IASB published the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, which extends by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of the concessions granted by lessors due to Covid-19. The amendment was approved in August 2021 and published in the Official Journal of the European Union.

3. Accounting policies

This Report on Operations as at 31 August 2021 was prepared in compliance with the provisions of Article 154-*ter*, paragraph 5 of Legislative Decree 58/98 of the Italian Consolidated Law on Finance (T.U.F.) as subsequently amended and supplemented in compliance with Article 2.2.3 of the Stock Exchange Regulations and in the application of IAS 34. It does not include all the information required by the IFRS for the preparation of the annual financial statements and must therefore be read in conjunction with the Unieuro Financial Statements as at 28 February 2021. The Report on Operations was prepared in compliance with international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and to the relevant interpretations (SIC/ IFRIC) adopted by the European Union.

The accounting criteria and the consolidation principles adopted are consistent with those used in the Group's Consolidated Financial Statements as at 28 February 2021, to which reference is made. It should be noted that on 31 March 2021, the IASB published the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, which has extended by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of the concessions granted by lessors due to Covid-19. The amendment was approved in August 2021 and published in the Official Journal of the European Union.

To facilitate the understanding of the Group's economic and financial progress, some Alternative Performance Indicators ("APIs") are indicated. For a correct interpretation of the APIs, note the following: (i) these indicators are constructed exclusively from the Group's historical data and are not indicative of future trends, (ii) the APIs are not provided for by the IFRS and, despite being derived from the Consolidated Financial Statements, are not subject to audit, (iii) the APIs should not be regarded as substitutes for the indicators provided for in the relevant International Financial Reporting Standards (IFRS), (iv) these APIs should be read in conjunction with the Group's financial information taken from the Consolidated Financial Statements; (v) the definitions and criteria adopted for the determination of the indicators used by the Group, since they do not derive from the reference accounting standards, may differ from those adopted by other companies or groups and, therefore, may not be comparable with any definitions and criteria presented by such entities, and (vi) the APIs used by the Group are prepared with continuity and homogeneity of definition and representation for all the financial periods for which information is included in the Condensed Half-Year Consolidated Financial Statements.

The APIs reported (consolidated adjusted EBIT, consolidated adjusted EBIT margin, adjusted consolidated profit (loss) for the period, net working capital, consolidated adjusted free cash flow and (net financial debt)/net cash - pursuant to IAS 17) have not been identified as IFRS accounting measures and, therefore, as noted above, should not be considered as alternative measures to those provided in the Group's Condensed Half-Year Consolidated Financial Statements to assess their operating performance and financial position.

Certain indicators are referred to as "Adjusted", to represent the Group's management and financial performance, net of non-recurring events, non-characteristic events and events related to extraordinary transactions, as identified by the Group. The Adjusted indicators shown consist of: Consolidated adjusted EBIT, consolidated adjusted EBIT margin, consolidated adjusted profit (loss) for the period and consolidated adjusted free cash flow and (net financial debt)/net cash – pursuant to IAS 17. These indicators reflect the main operating and financial measures adjusted for non-recurring income and expenses that are not strictly related to the core business and operations, and for the effect from the change in the business model for extended warranty services (as more fully described below in the API "*Consolidated Adjusted EBIT*"), and thus, they make it possible to analyse the Group's performance in a more standardised manner in the periods reported in the Report on Operations.

Key financial performance indicators[2]

(in millions of Euro)	Period ended	
	31 August 2021	31 August 2020
Operating indicators		
Consolidated revenues	1,268.2	1,079.0
Consolidated Adjusted EBIT[3]	27.1	22.5
Consolidated Adjusted EBIT margin[4]	2.1%	2.1%
Adjusted Profit/Loss for the Consolidated Period[5]	22.4	14.5
Profit/Loss for the Consolidated Period	18.0	7.5
Cash flows		
Consolidated Adjusted Free Cash Flow[6]	(12.4)	28.5
Investments for the period	(26.4)	(21.2)

(in millions of Euro)	Period ended	
	31 August 2021	28 February 2021
Indicators from statement of financial position		
Net working capital	(305.6)	(315.4)
(Net financial debt) / Net cash – Pursuant to IAS 17[7]	91.2	154.8
(Net financial debt) / Net cash	(346.5)	(288.8)

[2] Adjusted indicators are not identified as accounting measures in the IFRS and, thus, should not be considered as alternative measures for assessing the Group's results. Since the composition of these indicators is not governed by established accounting standards, the calculation criterion applied by the Group might not be the same as that used by other companies or with any criterion the Group might use or create in the future, which therefore will not be comparable.

[3] Consolidated Adjusted EBIT is Consolidated EBIT adjusted for (i) non-recurring expenses/(income), (ii) the impact from the adjustment of revenues for extended warranty services net of related estimated future costs to provide the assistance service, as a result of the change in the business model for directly managed assistance services, and (iii) non-recurring amortisation/depreciation. See section 5.2 for additional details.

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

[5] The Adjusted Consolidated Result for the period is calculated as the Consolidated Profit (Loss) for the period adjusted by (i) the adjustments incorporated in the Consolidated Adjusted EBITDA, (ii) the adjustments of the non-recurring depreciation, amortisation and write downs, (iii) the adjustments of the non-recurring financial expenses/(income) and (iv) the theoretical tax impact of these adjustments.

[6] Consolidated Adjusted Free Cash Flow is the consolidated cash flow generated/absorbed by operating and investing activities, including financial expenses, prior to the adoption of IFRS 16. The Consolidated Adjusted Free Cash Flow is adjusted for non-recurring operating and investment cash flows, and includes adjustments for non-recurring charges (income), their non-monetary component and the related tax effects. See section 5.5 for additional details.

[7] The (Net financial debt) / Net cash - Pursuant to IAS 17, indicates the consolidated (Net financial debt) / Net cash without incorporating the effects related to the application of IFRS 16. See section 5.6 for additional details.

(in millions of Euro)	Period ended	
	31 August 2021	**28 February 2021**
Operating indicators for the year		
Like-for-like growth[8]	14.1%	8.7%
Direct points of sale (number)	276	273
of which *Pick Up Points*[9]	267	264
Affiliated points of sale (number)	258	254
of which Pick Up Points	142	123
Total area of direct points of sale (in square metres)	approximately 391,000	approximately 388,000
Sales density[10] (Euro per square metre)	5,381	4,861
Full-time-equivalent employees[11] (number)	4,778	4,679
Net Promoter Score[12]	49.7	46.3

8 Like-for-like revenue growth: the methods for comparing sales for the six-month period ended 31 August 2021 with those for the six-month period ended 31 August 2020, based on a standard scope of operations, for retail and travel stores operating for at least an entire financial year from the closing date of the reference period, excluding sales outlets affected by significant business operation discontinuity (e.g. temporary closures and major refurbishments), as well as the entire online channel.

9 Physical pick-up points for customer orders using the online channel.

10 This indicator is obtained from the ratio of annual sales generated by direct points of sale to the total area devoted to sales in all direct points of sale.

11 Average annual number of full-time-equivalent employees.

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. Market performance[13]

Last year's market trends were strongly influenced by the radical change in the lifestyles and consumption habits of the Italian population. The first half of FY22 made it clear that these changes are here to stay, generating new balances and opening up new scenarios.

The digital education gained with the outbreak of the health emergency by many consumers has resulted in a more casual and structural approach to online shopping. The eCommerce related to the purchase of products continues to grow, although at a slower pace than last year (+18% in the first in 2021 vs +45% in 2020)[14]. In the first months of 2021, Italian web shoppers are 27.7 million and are growing by +3% compared to 2020[15] , however the trend registers a deceleration compared to the previous year (+13%), when many new consumers had approached online due to needs resulting from lockdown limitations. In fact, in FY22, eCommerce is confirmed as a fundamental part of the purchasing process but not as an alternative to access to physical stores, demonstrating the essential need to design a journey based on integration and cooperation between the physical and digital channels. In fact, in spite of the "extraordinary" evolutionary leap of retail in favor of digital, which occurred after the pandemic crisis, the increase in total value of consumption is supported by the important recovery of the physical channel.

This increase in general consumption is confirmed by the increase in the climate of confidence registered during the six-month period, reaching in September the highest value since the beginning of the historical series[16].

In particular, the consumer electronics market[17] closed the fiscal semester recording a double-digit growth (+16.3%) thanks to an extraordinary recovery of the traditional channel (+20.7%). The combined effect of the recovery in consumption at physical points of sale and the more limited growth in purchases in the digital world led to a drop in online penetration (-3pp) to around 23%.

All market operators recorded an overall increase in sales. Electrical Retail - small electronics chains in which Unieuro is present with the Wholesale Channel - in line with the positive trends at the end of FY21, continue to exploit their capillarity throughout the territory and their proximity DNA, showing a strong growth trend (+23.4%). The Technical Super Stores - characterized by a larger size - thanks to the recovery of sales in physical stores and the strengthening of the online channel, close the semester in positive territory with a growth trend in line with that of the market (+17%).

Specialists recorded an exceptional increase (+21.9%) to be interpreted in the light of the limited contraction recorded last year: in fact, it is undoubtedly the channel - as it is mainly composed of physical stores - that suffered most from the impact of the health crisis and the closures imposed during FY21.

Finally, the Mass Merchandiser segment - the area of reference for online Pure Players - closed the semester in positive territory, registering, however, lower growth than the rest of the distribution channels (+7.8%) in line with the slowdown in the growth of digital sales.

[13] Market data have been processed by the Group's management on the basis of data available as of October 2021

[14] Politecnico di Milano - "B2C Observatory: The future of retail starts here" - October 2021

[15] Politecnico di Milano - "B2C Observatory: The future of retail starts here" - October 2021

[16] Source: ISTAT - Consumer and business confidence - September 2021

[17] Data relating to the Consumer market only, excluding B2B activities, services (extended warranties, financing, etc.), Entertainment and products not included in the Consumer Electronics perimeter (e.g. household goods).

As regards trends relating to individual product categories:

- Growth in all segments of the White segment. In particular, thanks to the activation of the eco bonus, significant growth was recorded in the home comfort sector driven by air treatment products (+21%).

- Double-digit growth in the Grey segment (+11.9%) is driven by the strong increase in the Telecom sector (+19.5%). The shortage of production components - which has effectively reduced the availability of certain types of product - is the cause of the slight downturn in the IT sector (-0.3%).

- Brown shows an extraordinary double-digit increase (+44.6%): it is the significant growth of TV sets that determined the performance of the sector following the announcement of the introduction of the "TV bonus" and the imminent "switch off".

The Unieuro Group consolidated its leadership position in the retail market thanks to the actions implemented in this period. In fact, the group recorded an overall over-performance compared to the market (consolidated total for the Unieuro Group +17.8% vs. market +16.3%).

The over-performance was driven by the Grey (Unieuro Group +12.4% vs. Market +11.9%) and Brown (Unieuro Group +46.8% vs. Market +44.6%) product segments.

5. Group operating and financial results

5.1 Consolidated revenues

In the first half of financial year 2021/22, Unieuro achieved revenue growth, not only compared with the same period last year (+€189.2 million), affected by the Covid-19 emergency but also compared with the first half of financial year 2019/20, which was the last before the epidemic changed the market scenario (+€209.7 million).

More specifically, the double-digit growth was recorded during the half-year in the Retail channel, the largest in terms of revenues and margins, partly driven by the effectiveness of Unieuro's omnichannel strategy and consumption trends triggered by the pandemic. The Online channel slowed compared with the corresponding period, as business returned to normal. Lastly, the Indirect channel posted a positive six-month balance, due to the successful competitive and geographical positioning of the affiliate network, which benefited from current market conditions.

In the six months ended 31 August 2021, the development of like-for-like revenues[18] — or the comparison of sales with those of the previous year based on a standard scope of operations — amounted to +14.1%. Excluding the pre-existing outlets adjacent to the new stores from the scope of analysis, like-for-like sales recorded growth of 14.2%.

5.1.1 Consolidated revenues by channel

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2021	**%**	**31 August 2020**	**%**	**Δ**	**%**
Retail	877.6	69.2%	675.8	62.6%	201.8	29.9%
Online	187.8	14.8%	215.4	20.0%	(27.6)	(12.8%)
Indirect	141.3	11.1%	128.1	11.9%	13.2	10.3%
B2B	49.1	3.9%	50.7	4.7%	(1.6)	(3.2%)
Travel	12.5	1.0%	9.0	0.8%	3.5	38.6%
Total consolidated revenues by channel	**1,268.2**	**100.0%**	**1,079.0**	**100.0%**	**189.2**	**17.5%**

The Retail channel (69.2% of total revenues) – which as at 31 August 2021 included 265 direct points of sale – recorded sales of €877.6 million, up 29.9% on the €675.8 million recorded in the corresponding period of 2020/21. The trend in revenues was positively influenced by the gradual relaxation of restrictions on direct network access by customers, compared with the first half of the year ended 31 August 2020, which was heavily impacted by the pandemic. Another factor was the transition to direct operation of 18 Unieuro by Iper shop-in-shops, previously under the affiliation regime and internalised from the second half of the previous year, as well as the new openings and the work carried out on the direct network during the period. These effects resulted in a positive channel performance also compared with the first half of the last pre-Covid year (+16.1%).

The Online channel (14.8% of total revenues) recorded a decrease of 12.8% to €187.8 million, compared with the €215.4

[18] Like-for-like revenue growth: the methods for comparing sales for the six-month period ended 31 August 2021 with those for the six-month period ended 31 August 2020, based on a standard scope of operations, for retail and travel stores operating for at least an entire financial year from the closing date of the reference period, excluding sales outlets affected by significant business operation discontinuity (e.g. temporary closures and major refurbishments), as well as the entire online channel.

million recorded in the same period of the previous year. Compared with the pre-Covid half-year ended 31 August 2019, channel revenues increased by 67.3%, totalling €112.2 million as at 31 August 2019, due to both mainstream and digital marketing activities on the Online channel and new consumption habits triggered by the pandemic. The performance of the half-year ended 31 August 2020 resulted from the emergency situation caused by the pandemic, which led customers to favour e-commerce over physical stores.

The Indirect channel (11.1% of total revenues) – which includes turnover generated by the network of affiliated stores, which totalled 258 as at 31 August 2021 – recorded revenues of €141.3 million, up 10.3% compared with €128.1 million in the same period a year earlier. The gradual easing of restrictions and the distinctive features of the affiliated stores – small to medium in size and focused on proximity service – contributed to this success. The positive contribution of new openings during the period, partially offsetting the transition to the Retail channel of previously affiliated Unieuro by Iper shop-in-shops from the second half of the previous year, was also a contributing factor. These phenomena also resulted in growth by comparison with the first half of the last pre-Covid year (+18.7%).

The B2B channel (3.9% of total revenues) – which targets professional domestic and foreign customers operating in industries other than those of Unieuro, such as hotel chains and banks, as well as operators that need to purchase electronic products to be distributed to their regular customers or to employees for accumulated points, competitions for prizes or incentive plans (the B2B2C segment) – recorded sales of €49.1 million, down 3.2% from €50.7 million in the previous year. The uncertain nature of revenues in this channel is confirmed, featuring an opportunistic approach influenced by multiple exogenous factors.

Lastly, the Travel channel (1.0% of total revenues) – composed of 11 direct points of sale located at some of the main public transport hubs such as airports, railway stations and underground stations – recorded an increase of 38.6% and sales of €12.5 million. The channel's performance is benefiting from the gradual pick-up in traffic at stations and airports that were fully or partially closed during the pandemic. Performance during the return to normal conditions was down compared with the first half of the last pre-Covid year (-32.6%).

5.1.2 Consolidated revenues by category

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2021	**%**	**31 August 2020**	**%**	**Δ**	**%**
Grey	598.0	47.2%	532.9	49.4%	65.1	12.2%
White	346.0	27.3%	307.3	28.5%	38.6	12.6%
Brown	202.8	16.0%	141.9	13.1%	60.9	42.9%
Other products	60.5	4.8%	49.7	4.6%	10.9	21.9%
Services	60.9	4.8%	47.3	4.4%	13.6	28.9%
Total consolidated revenues by category	**1,268.2**	**100.0%**	**1,079.0**	**100.0%**	**189.2**	**17.5%**

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

The Grey category (47.2% of total revenues) – i.e. telephony, tablets, information technology, telephony accessories, cameras and all wearable technological products – generated turnover of €598.0 million, up 12.2% compared with €532.9 million in the same period a year earlier. Sales in the half-year were driven mainly by telephony, wearables and media tablets, which benefited from the gradual easing of restrictions. These phenomena also resulted in growth compared with the first half of the last pre-Covid year (+19.0%).

The White category (27.3% of total revenues) – which is composed of major domestic appliances (MDA) such as washing machines, tumble dryers, refrigerators, freezers and hobs, small domestic appliances (SDA), such as vacuum cleaners, food processors and coffee machines, and the climate control segment – recorded sales of €346.0 million, up by 12.6% compared with €307.3 million in the same period a year earlier. The category grew during the period thanks to the positive results of home care products, particularly large household appliances, with the success of the Passione Casa flyer with the tumble dryer combination in May and Summer Black Friday in June/July. The small household appliance sector is also positive, with double-digit growth, particularly in the coffee, vacuum, personal care and air-cooled machines sector.

The Brown category (16.0% of revenues) – including televisions and accessories, audio devices, devices for smart TVs, car accessories and memory systems – recorded total revenues of €202.8 million, up 42.9% compared with €141.9 million in the same period a year previously. The strong performance half-year performance is related to televisions, which are benefiting from the major Switch-Off event scheduled for October 2021, highlighting how end-consumers are preparing for the change in technology, and the return of sporting events which were stopped by the pandemic.

The Other Products category (4.8% of total revenues) – which includes both the sales of the Entertainment sector and other products not included in the consumer electronics market such as hoverboards or bicycles – recorded consolidated revenues of €60.5 million, up 21.9%. The category has mainly been driven by growth in the entertainment segment, which includes consoles and video games, and the increase in turnover generated by electric mobility products. The figures for the latter, in particular, are in contrast with last year, when sales of these products were severely limited by the restrictions imposed due to the health emergency – and the knock-on effect of social distancing rules which resulted in the use of environmentally sustainable forms of travel to avoid crowds on public transport.

The Services category (4.8% of total revenues) grew by 28.9% to €60.9 million. This positive performance benefited from Unieuro's continued focus on providing services to its customers, particularly the extended warranty and delivery and transport services.

5.2 Consolidated operating profit

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

(in millions and as a percentage of revenues)	Year ended						Changes	
	31 August 2021			31 August 2020				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Revenue	1,268.2			1,079.0			189.2	17.5%

Sales revenues	**1,268.2**			**1,079.0**			**189.2**	**17.5%**
Purchase of goods and Change in inventories	(991.5)	(78.2%)	0.0	(848.5)	(78.6%)	0.0	(143.1)	16.9%
Marketing costs	(23.4)	(1.8%)	0.2	(19.1)	(1.8%)	0.2	(4.3)	22.4%
Logistics costs	(37.2)	(2.9%)	0.2	(37.7)	(3.5%)	0.1	0.5	(1.4%)
Other costs	(45.9)	(3.6%)	0.7	(28.1)	(2.6%)	5.5	(17.8)	63.5%
Personnel costs	(97.3)	(7.7%)	0.5	(75.3)	(7.0%)	0.2	(22.0)	29.2%
Other operating income and costs	(2.2)	(0.2%)	0.0	(3.5)	(0.3%)	0.0	1.3	(36.0%)
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	3.0	0.2%	3.0	1.7	0.2%	1.7	1.3	79.3%
Consolidated Adjusted EBITDA	**73.6**	**5.8%**	**4.5**	**68.5**	**6.3%**	**7.7**	**5.1**	**7.5%**
Amortisation, depreciation and write-downs of fixed assets	(46.6)	(3.7%)	0.2	(46.0)	(4.3%)	-	(0.6)	1.2%
Consolidated Adjusted EBIT	**27.1**	**2.1%**	**4.7**	**22.5**	**2.1%**	**7.7**	**4.6**	**20.3%**

Consolidated adjusted EBIT for the first half-year increased by €4.6 million to €27.1 million (€22.5 million in the same period a year earlier). The Adjusted EBIT margin was 2.1%.

The growth in sales volumes, together with the positive channel and category mix, resulted in a 0.4 percentage point improvement in margins, which stood at 22.0% compared with 21.6% as at 31 August 2020. More specifically, the contribution of the Retail channel grew in the period. It was the largest in terms of revenues and margins compared with the same period a year previously, which had been affected by the consumption trends caused by the pandemic.

Marketing costs increased by 22.4% compared with 31 August 2020. The increase is mainly attributable to the costs associated with the promotional campaigns that were suspended in the first few months of 2020 due to the pandemic, and investments in digital, radio and TV activities also increased following the company's decision to focus more on digital consumption, by progressively cutting paper and the distribution of flyers. Marketing costs represented 1.8% of consolidated revenues (1.8% in the same period of the previous year).

Logistics costs decreased as a proportion of consolidated revenues, to 2.9% in the first six months of 2021 (3.5% in the corresponding period of the previous year), due to the lower weight of sales with home delivery on total revenues for the period, partly offset by the higher transport and handling costs deriving from higher turnover volumes.

The item Other costs increased by €17.8 million compared with the same period a year earlier, with an incidence on consolidated revenues of 3.6% (2.6% in the first six months of 2020). The trend is mainly attributable to fewer concessions received from lessors on the payment of rents due to the relaxation of restrictions, higher variable rents due to the increase in turnover recorded in the period and the increase in the weight of the contracts that provide for a variable component of the rent. There was also an increase during the period in costs related to fees for cards on the physical network due to the increase in volumes recorded, operating costs related to maintenance fees, users resulting from the increased operation of the shops and costs related to fees and consultancy mainly relating to the strengthening of technological infrastructures and the development of new projects.

Personnel costs increased by €22.0 million. The item, in that last period, was influenced by the effect of the actions taken by management to mitigate the impact of the pandemic, mainly relating to the use of the Cassa Integrazione Guadagni in Deroga (Wages Redundancy Fund), compensation for holidays and leaves of absence, non-renewal of expired fixed-term contracts and the spontaneous reduction in management remuneration. Costs also increased as a result of the transition to direct operation of the Unieuro by Iper shop-in-shops and the new openings in the period. The impact on consolidated revenues was 7.7% as at 31 August 2021 (7.0% in the same period a year earlier).

Other operating income and costs decreased by €1.3 million. The impact on consolidated revenues was 0.2% as at 31 August 2021 (0.3% in the same period a year earlier). The item mainly includes costs for expenses related to business operations such as waste disposal tax.

Amortisation, depreciation and write-downs of non-current assets amounted to €46.6 million (€46.0 million in the period ended 31 August 2020). Gross investments in the period amounted to €23.6 million (€6.5 million as at 31 August 2020). In the last half-year, investments had slowed significantly due to the pandemic.

The reconciliation between the Consolidated Adjusted EBIT and the consolidated Net Operating Profit reported in the Consolidated Financial Statements is given below.

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2021	**%**	**31 August 2020**	**%**	**Δ**	**%**
Consolidated Adjusted EBIT[19]	27.1	2.1%	22.5	2.1%	4.6	20.3%
Non-recurring expenses /(income)	(1.5)	(0.1%)	(6.0)	(0.6%)	4.5	(74.9%)
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[20]	(3.0)	(0.2%)	(1.7)	(0.2%)	(1.3)	79.3%
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.2)	0.0%	0.0	0.0%	(0.2)	100.0%
Net Operating Result	**22.4**	**1.8%**	**14.8**	**1.4%**	**7.5**	**50.9%**

Non-recurring expense/(income) decreased by €4.5 million compared with the previous half-year ended 31 August 2020 and is explained in detail in paragraph 6.3 below.

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

[20] The adjustment was for the deferral of extended warranty service revenues already collected, net of the related estimated future costs to provide the assistance service. From the year ended 29 February 2012, for White products sold by Unieuro, from the year ended 28 February 2015 for all extended warranty services sold by Unieuro S.r.l. (hereinafter the “Former Unieuro”) (excluding telephone systems and peripherals), from the year of acquisition for all extended warranty services sold by the sales outlets acquired by the business units the former Andreoli S.p.A., the former Cerioni S.p.A., the former DPS S.r.l., the former Galimberti S.p.A. and the former Pistone S.p.A. (excluding telephone systems and peripherals), Unieuro modified the business model for the management of extended warranty services by in-sourcing the management of services sold by the Former Unieuro and by Unieuro that were previously outsourced and by extending this model to the sales outlets acquired by the business units the former Andreoli S.p.A., the former Cerioni S.p.A., the former DPS S.r.l., the former Galimberti S.p.A. and the former Pistone S.p.A. (the "Change in Business Model"). As a result of the Change in Business Model, at the time of sale of extended warranty services, Unieuro suspends the revenue in order to recognise the revenue over the life of the contractual obligation, which starts on the expiration of the two-year legally required warranty. Thus, Unieuro begins to gradually record revenues from sales of extended warranty services two years (term of the legally required product warranty) after the execution of the related agreements and after the collection of compensation, which is generally concurrent. Thus, the revenue is recorded on a pro rata basis over the life of the contractual obligation (historically, depending on the product concerned, for a period of one to four years). As a result of this Change in Business Model, the income statements do not fully reflect the revenues and profit of the business described in this note. In fact, the income statements for the periods ended 31 August 2021 and 31 August 2020 only partially report revenues from sales generated starting with the Change in Business Model because Unieuro will gradually record sales revenues from extended warranty services (already collected by it) starting at the end of the legally required two-year warranty period. Thus, the adjustment is aimed at reflecting, for each period concerned, the estimated profit from the sale of extended warranty services already sold (and collected) starting with the Change in Business Model as if Unieuro had always operated using the current business model. Specifically, the estimate of the profit was reflected in revenues, which were held in suspense in deferred income, to be deferred until those years in which the conditions for their recognition are met, net of future costs for performing the extended warranty service, which were projected by Unieuro on the basis of historical information on the nature, frequency and cost of assistance work. The adjustment will progressively decrease to nil in future income statements when the new business model is fully reflected in our financial statements, i.e., for each product category, when the period has lapsed that starts on the first day of the legally required two-year warranty and ends on the last expiry date of warranty extensions.

The adjustment due to the change in the business model for directly operated assistance services was up by €1.3 million compared with the previous year ended 31 August 2020.

5.3 Non-recurring income and expenses

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

(in millions of Euro)	Period ended		Changes	
	31 August 2021	31 August 2020	Δ	%
Mergers & Acquisitions	0.8	0.1	0.8	1,125.9%
Costs for pre-opening, relocating and closing sales outlets[21]	0.5	0.6	(0.1)	(22.4%)
Other non-recurring expenses	0.2	5.3	(5.1)	(95.9%)
Total	**1.5**	**6.0**	**(4.5)**	**(74.8%)**

Non-recurring income and charges decreased by €4.5 million compared with the same period a year earlier ended 31 August 2020.

The item relating to mergers & acquisitions costs totalled €1.0 million at 31 August 2021 (€0.1 million in the period ended 31 August 2020), mainly due to the acquisition of former business units of Galimberti S.p.A. in Limbiate and former business units of Expert in Turin. These costs mainly relate to rental costs and personnel costs of stores incurred as of the date of completion of the acquisition to the date of opening to the public, greater costs for the education and training of store staff and, lastly, consulting costs and other minor costs incurred for the completion of the acquisition transactions.

Costs for the pre-opening, repositioning and closure of sales outlets stand at €0.3 million for the period ended 31 August 2021 (€0.6 million in the same period a year earlier). This item includes costs and expenses for rent, staff, security, business travel, maintenance and marketing incurred in the context of: i) store openings (in the months immediately before and after the openings) and (ii) store closures.

Non-recurring income and expenses amounted to €0.2 million in the period ended 31 August 2021 (€5.3 million in the same period a year earlier).

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

5.4 Net result

Below is a restated income statement including items from the consolidated adjusted EBIT to the consolidated adjusted profit (loss) for the period.

(in millions and as a percentage of revenues)	Period ended						Changes	
	31 August 2021			31 August 2020				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Consolidated Adjusted EBIT	**27.1**	**2.1%**	**4.7**	**22.5**	**2.1%**	**7.7**	**4.6**	**20.3%**
Financial income and expenses	(6.0)	(0.5%)	0.1	(6.8)	(0.6%)	-	0.8	(11.3%)
Income taxes[22]	1.3	0.1%	(0.4)	(1.2)	(0.1%)	(0.7)	2.5	(213.9%)
Consolidated adjusted profit (loss) for the period	**22.4**	**1.8%**	**4.4**	**14.5**	**1.3%**	**7.0**	**7.8**	**54.0%**

Net financial expenses in the period ended on 31 August 2021 amounted to €6.0 million (€6.8 million in the same period a year earlier ended on 31 August 2020). The change in the period is linked to the reduction in the use of credit lines and interest income resulting from the discounting of payables maturing after 12 months.

Income taxes excluding the theoretical tax impact from taxes on non-recurring expenses/(income) and the Change of Business Model in the period ended on 31 August 2021, were positive by €1.3 million (negative by €1.2 million in the same period a year earlier ended on 31 August 2020). The item includes €11.4 million for the tax effect of the realignment between the statutory and fiscal values of goodwill resulting from the application of Article 110, paragraph 8 and 8-bis, of Decree Law No. 104/2020, resulting from the recognition of deferred tax assets and the release of deferred tax liabilities totalling €12.6 million, against the substitute tax of €1.2 million. Note that IRES tax losses, which were still available resulting from the tax estimate made during the closure of the financial statements as at 28 February 2021, totalled Euro 298 million in relation to Unieuro and Euro 6.2 million in relation to Monclick. These tax losses guarantee a substantial benefit in the payment of taxes in future years.

The adjusted consolidated profit (loss) for the period amounted to €22.4 million (€14.5 million in the period ended 31 August 2020); the positive performance was due to an increase in adjusted EBIT and a decrease in taxes and net financial charges. Below is a reconciliation between the adjusted consolidated net profit (loss) for the period and the consolidated net profit (loss) for the period.

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2021	%	31 August 2020	%	Δ	%
Adjusted Net Profit/Loss for the Consolidated Period	**22.4**	**1.8%**	**14.5**	**1.3%**	**7.8**	**54.0%**
Non-recurring expenses/income	(1.5)	(0.1%)	(6.0)	(0.6%)	4.5	(74.9%)

[22] The tax impacts of the adjustments were calculated using the theoretical rate deemed appropriate of 8.7% as at 31 August 2021 and 31 August 2020, which incorporates IRES at 4.8% (obtained by reducing taxable IRES income by 80% due to the ability to use past tax losses) and IRAP at 3.9%.

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	(3.0)	(0.2%)	(1.7)	(0.2%)	(1.3)	79.3%
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.2)	0.0%	-	0.0%	(0.2)	100.0%
Non-recurring financial expenses/(income)	(0.1)	0.0%	-	0.0%	(0.1)	100.0%
Theoretical tax impact from taxes on non-recurring expenses/(income), non-recurring financial expenses/(income), non-recurring depreciation, amortisation and write-downs of fixed assets and the change in business model.	0.4	0.0%	0.7	0.1%	(0.3)	(38.2%)
Net Profit/Loss for the Consolidated Period	**18.0**	**1.4%**	**7.5**	**0.7%**	**10.5**	**139.6%**

5.5 Cash flows

5.5.1 Consolidated Adjusted Levered Free Cash Flow [23]

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

(in millions of Euro)	Period ended		Changes	
	31 August 2021	31 August 2020	Δ	%
Consolidated EBITDA	69.1	60.8	8.3	13.7%
Cash flow generated/(absorbed) by operating activities[24]	(24.7)	13.7	(38.5)	(280.1%)
Taxes paid	(5.5)	(0.9)	(4.6)	485.9%
Interest paid	(5.7)	(6.1)	0.4	(6.9%)
Other changes	0.9	0.2	0.7	337.8%
Consolidated net cash flow generated/(absorbed) by operating activities[25]	**34.0**	**67.7**	**(33.7)**	**(49.8%)**
Investments[26]	(18.0)	(12.9)	(5.1)	39.6%
Investments for business combinations and business units	(8.3)	(8.3)	0.0	(0.1%)
Adjustment for non-recurring investments	9.5	8.3	1.2	14.2%
Non-recurring expenses /(income)	1.7	6.0	(4.3)	(71.7%)
Adjustment for non-monetary components of non-recurring (expenses)/income	0.0	(5.7)	5.7	(100.0%)
Other non-recurring cash flows	(2.6)	1.1	(3.7)	(342.1%)
Theoretical tax impact of the above entries[27]	(0.1)	(0.0)	(0.1)	389.0%

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

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

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

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

[27] The theoretical rate deemed appropriate by management is 8.7% both at 31 August 2021 and 31 August 2020, and incorporates IRES at 4.8% (obtained by reducing taxable IRES income by 80% due to the ability to use past tax losses) and an IRAP rate at 3.9%.

IFRS 16 Leases[28]	(28.5)	(27.7)	(0.8)	2.9%
Consolidated Adjusted free cash flow	**(12.4)**	**28.5**	**(40.9)**	**(143.7%)**

The Consolidated net cash flow generated/(used) by operating activities was positive in the amount of €34.0 million (positive in the amount of €67.7 million in the same period a year earlier ended 31 August 2020). Cash absorption is linked to the good operating profit performance, partly offset by the trend in operating working capital.

The investments made and paid amounted to €18.0 million in the year ended 31 August 2021 (€12.9 million in the same period of the previous year ended 31 August 2020), and are mainly attributable to: (i) measures to develop the external and internal lines of the network of direct points of sale and refurbish the existing store network and (ii) costs incurred to purchase new hardware, software, licences and application developments with a view to improving the infrastructure, store digitalisation and launch of advanced features for the online platform, with the aim of making each customer's omnichannel experience increasingly smooth and enjoyable.

Investments for business combinations and business units of €8.3 million in the period ended on 31 August 2021 (€8.3 million in the same period a year earlier ended 31 August 2020) refer to the portion paid of the purchase price in the context of the acquisition of former Pistone S.p.A., former Cerioni, Convertino and Limbiate. These investments are classified as non-recurring and therefore adjusted by determining the Consolidated Adjusted Free Cash Flow indicator. The adjustment for non-recurring investments also includes any investments that took place during the period for the fitting-out of the sales outlets.

Non-recurring income and expenses amounted to €1.7 million in the period ended 31 August 2021 (€6.0 million in the same period a year earlier).

The other non-recurring operating cash flows, equal to €2.6 million, relate to the insurance reimbursement obtained in relation to the theft at Piacenza in 2017.

Below are listed the main changes recorded in the Group’s net financial indebtedness during the period ended 31 August 2021 and in the period ended 31 August 2020:

(in millions of Euro)	Period ended		Changes	
	31 August 2021	31 August 2020	Δ	%
Consolidated EBITDA	69.1	60.8	8.3	13.7%
Cash flow generated/(absorbed) by operating activities	(24.8)	13.7	(38.5)	(280.3%)
Taxes paid	(5.5)	(0.9)	(4.6)	(100.0%)
Interest paid	(5.7)	(6.1)	0.4	(6.9%)
Other changes	0.9	0.2	0.7	337.8%
Net cash flow generated/(absorbed) by operating activities	**34.0**	**67.7**	**(33.7)**	**(49.8%)**
Investments	(18.0)	(12.9)	(5.1)	39.6%
Investments for business combinations and business units	(8.3)	(8.3)	0.0	(0.1%)
Exercise - Long Term Incentive Plan	3.8	0.0	3.8	100.0%
Distribution of dividends	(53.8)	0.0	(53.8)	(100.0%)

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

Payables from the acquisition of business units	7.6	8.3	(0.7)	(8.4%)
IFRS 16 Leases	(28.5)	(27.7)	(0.8)	2.9%
Other changes	(0.4)	(0.5)	0.2	(32.2%)
Change in net financial debt - Pursuant to IAS 17	**(63.6)**	**26.5**	**(90.1)**	**(339.9%)**

5.6 Statement of financial position

Below is a detailed breakdown of the Group's net working capital and net invested capital as at 31 August 2021 and as at 28 February 2021:

(in millions of Euro)	Period ended	
	31 August 2021	**28 February 2021**
Trade receivables	84.1	65.3
Inventories	435.6	372.1
Trade payables	(587.7)	(505.1)
Net operating working capital	**(67.9)**	**(67.7)**
Other working capital items	(237.7)	(247.7)
Net working capital	**(305.6)**	**(315.4)**
Assets for rights of use	441.4	451.6
Assets/(Non-current liabilities)	332.7	306.0
Net invested capital	**468.5**	**442.1**
(Net financial debt) / Net cash – Pursuant to IAS 17	**91.2**	**154.8**
IFRS 16 Leases	(437.8)	(443.7)
(Net financial debt) / Net cash	**(346.5)**	**(288.8)**
Shareholders' equity	(122.0)	(153.3)
Total shareholders' equity and financial liabilities	**(468.5)**	**(442.1)**

The Group's net working capital as at 31 August 2021 was negative for €67.9 million (negative for €67.7 million as at 28 February 2021). The trend in the period was influenced by the increase in volumes, which led to an increase in the level of stocks and trade payables. The change in the period relates to the increase in managed volumes and to purchases of stocks in anticipation of the Switch-Off event scheduled for October 2021 and Black Friday.

The Group's net invested capital amounted to €468.5 million as at 31 August 2021, up €26.3 million compared with 28 February 2021. The change is mainly due to: (i) the increase in the Group's net working capital of €9.8 million and (ii) the increase in net non-current assets of €16.6 million. Investments as at 31 August 2021 stood at €23.6 million (€6.5 million as at 31 August 2020) and are attributable to capitalised costs incurred for the development of the direct POS network and for the purchase of new hardware, software, licenses and application developments with a view to improving the technological infrastructure.

Shareholders' equity was €122.0 million as at 31 August 2021 (€153.3 million as at 28 February 2021), decreasing mainly due to the dividend distribution resolved upon by the shareholders' meeting in June 2021, partly offset by the positive result for the period and recognition of the Long-Term Incentive Plan reserved for some managers and employees. For further details, refer to section 15.1 "Stock option plans".

Below is a breakdown of the composition of net financial debt as at 31 August 2021 and 28 February 2021, as set out in Consob Communication No. DEM/6064293 of 28 July 2006, supplemented by Consob's Notice No. 5/21:

(in millions of Euro)	Period ended		Changes	
	31 August 2021	**28 February 2021**	**Δ**	**%**
(A) Cash	138.6	219.4	(80.8)	(36.8%)
(B) Other cash and cash equivalents	0.0	0.0	0.0	*0.0%*
(C) Securities held for trading	0.0	0.0	0.0	*0.0%*
(D) Liquidity (A)+(B)+(C)	138.6	219.4	(80.8)	(36.8%)
(E) Current bank payables	-	(0.1)	0.1	(100.0%)
(F) Current portion of non-current debt	(87.4)	(76.8)	(10.6)	150.8%
(G) Current financial debt (E)+(F)	**(87.4)**	**(76.9)**	**(10.5)**	**13.7%**
(H) Net current financial debt (G)+(D)	**51.2**	**142.6**	**(91.4)**	**(64.1%)**
(I) Non-current bank payables	(397.7)	(431.4)	33.7	(7.8%)
(J) Debt instruments	0.0	0.0	0.0	*0.0%*
(K) Trade payables and other non-current payables	0.0	0.0	0.0	*0.0%*
(L) Non-current financial debt (I)+(J)+(K)	**(397.7)**	**(431.4)**	**33.7**	**(7.8%)**
(M) (Net financial debt)/Net cash (H)+(L)	***(346.5)***	***(288.8)***	***(57.7)***	***20.0%***

A breakdown of the composition of the net financial debt pursuant to IAS 17 as at 31 August 2021 and as at 28 February 2021 is shown below.

(in millions of Euro)	Year ended		Changes	
	31 August 2021	**28 February 2021**	**Δ**	**%**
(Net financial debt) / Net cash	***(346.5)***	***(288.8)***	***(57.7)***	***20.0%***
Current financial receivables - IFRS 16	*(1.4)*	*(1.0)*	*(0.4)*	*36.1%*
Non-current financial receivables - IFRS 16	*(6.1)*	*(7.2)*	*1.0*	*(14.4%)*
Other current financial payables - IFRS 16	*59.3*	*58.0*	*1.2*	*2.1%*
Other non-current financial payables - IFRS 16	*386.0*	*393.8*	*(7.8)*	*(2.0%)*
(Net financial debt) / Net cash – Pursuant to IAS 17	***91.2***	***154.8***	***(63.6)***	***(41.1%)***

Net cash – IAS 17 decreased by €63.6 million compared with 28 February 2021, with a balance of €91.2 million as at 31 August 2021.

The cash flow dynamics are essentially driven by the combined effect of: (i) the distribution of dividends of €53.8 million, (ii) cash generation from operating activities including flows for IFRS 16 Leases of €5.5 million and (ii) investments of €26.3 million, mainly due to costs incurred to develop the direct POS network and refurbish the existing store network and costs incurred to purchase new hardware, software, licences and application developments with a view to improving the technological infrastructure.

6. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main economic and financial indicators at 31 August 2021 is shown below[29]:

		31 August 2021 (Ex - IAS 17)	IFRS 16 Impacts	31 August 2021 (IFRS 16)
EBITDA ADJ	• reduction in operating costs (rents paid on shops, offices, warehouses and cars), net of income from subleases of shops	**39.9**	**+33.7**	**73.6**
EBIT ADJ	• increase in depreciation on right-of-use assets	**24.1**	**+2.9**	**27.1**
PROFIT BEFORE TAXES ADJ	• increase in financial expenses for interest related to rights-of-use liabilities	**22.6**	**(1.6)**	21.0
NET FINANCIAL INDEBTEDNESS	• recognition of rights-of-use liabilities (other current and non-current financial payables), net of non-current financial receivables relating to subleases	**91.2**	**(437.8)**	**(346.5)**

[29] The values reported in the column "31 August 2021 (IFRS 16)" derive from the indicators included in section "5. Group operating and financial results". The values reported in the column “IFRS 16 impact” are taken from accounting records and calculation tables summarising the effects of the application of IFRS 16 Leases. The values reported in the column “31 August 2021 (pursuant to IAS 17)” are pre-IFRS 16 and can be calculated as the difference between the column “31 August 2021 (IFRS 16)” and the column “IFRS 16 impact”. All values are in millions of euro.

7. Coronavirus epidemic

The first epicentre of the Coronavirus (or "Covid-19") epidemic was in Wuhan, China. It was initially reported by Chinese national authorities to the World Health Organization ("WHO") on 30 December 2019. On 30 January 2020, the WHO declared the Covid-19 outbreak a global health emergency and many national governments implemented measures following this announcement.

In the second half of February 2020, the first sporadic cases of Covid-19 in Italy started a second phase of the epidemic, with a rapid escalation of the spread of the disease throughout Europe.

On 11 March 2020, the WHO declared that the Coronavirus-related health emergency had become a pandemic with the increasing spread of the virus in Europe, the rapid rise in the United States and the first outbreaks in Latin America and Africa.

To contain the effects of the contagion, the Italian authorities have adopted increasingly stringent containment measures, first locally and then nationally. For the Group, the succession of regional ordinances and national decrees has resulted in the need to adapt to the measures gradually prescribed since the beginning of the emergency.

As of the end of February 2020, the Company has provided head office personnel with IT tools suitable for remote work and subsequently recommended that all head office personnel adopt this work method.

On 14 March 2020, Unieuro, in compliance with the need to protect the health of customers and its collaborators, announced the closure of the entire network of direct stores.

Starting from 30 March 2020, the Company began the gradual reopening of direct stores in order to guarantee customers the most urgent or necessity purchases as required by the Prime Ministerial Decree of 11 March 2020 and subsequent amendments.

Unieuro has adopted a series of measures to protect its customers and employees as well as the company stability and profitability, mostly in the following areas:

Revenue

The interventions mainly concerned the strengthening of the Online channel pending the return to full operation of the physical channels. In-store traffic has indeed dropped drastically due to restrictions on the movement of people and social-distancing regulations, which have mainly affected shops located outside city centres, in large shopping centres and business parks.

Unieuro's strategy has always been oriented towards customer proximity rather than on specific store formats, which has enabled it to limit the impact of these macrotrends and has contributed to the slow but steady improvement in revenues in the Retail Channel. On the other hand, e-commerce has benefited greatly from the situation, allowing operators who had positioned themselves early within the digital channel to at least partially offset the drop in turnover in physical stores.

Cost structure

Immediately, actions were initiated aimed at containing personnel costs through the use of previous holidays and leave. After the measures were implement by the Government, the Exceptional Redundancy Payments Fund (Cassa Integrazione Guadagni in Deroga) was launched. The entire corporate Management has also waived a part of its remuneration as a gesture of solidarity towards the corporate population.

Thanks to the successful dialogue with the owners of the properties that host the direct stores, the economic and financial impact of the leases was also mitigated to compensate for the lower revenues achieved during the lockdown period.

Purchases of goods and services that are not considered strictly necessary were lastly reduced to a minimum, both at the point of sale and corporate level.

Investments and acquisitions

Deferrable investment activities, with particular reference to those relating to the network of stores, have been temporarily suspended and rescheduled.

Financial situation

Measures have been implemented to preserve and strengthen the company's soundness, including negotiations with major trading partners to optimise cash flows from the Group's operating working capital and the non-payment of the dividend in derogation of the dividend policy currently in place.

Starting from May 2020, with the end of the lockdown and the consolidation of favourable consumption trends for the product categories managed by Unieuro, the Group experienced a recovery in revenues and profitability. Month after month, traffic in direct stores (excluding the Travel channel) increased until it returned to the levels of the same period in 2019, while the growth trend of the Online channel - although declining - continued to be influenced by the boom of the previous months.

Against this backdrop, Unieuro managed to fully recover the lower revenues recorded during the most difficult months of the epidemic at the close of the first half of the year on 31 August 2020. Margins and cash generation were strong, also as a result of the managerial actions taken in the meantime and certain non-recurring effects.

Since October 2020, after a summer of relative tranquillity, the epidemiological situation in Italy has rapidly worsened. The sudden increase in infections has mainly involved certain regions, including Lombardy and Piedmont, pushed to adopt restrictive measures including the closure of shopping centres at weekends. The further deterioration of the situation prompted the government, on 4 November 2020, to issue a decree that imposed new restrictions on commercial activities and the free movement of persons, effective from 6 November to 3 December 2020. These measures, which were initially valid from 6 November to 3 December 2020, were then extended on several occasions.

In relation to the retail distribution of consumer electronics and home appliances, considered an essential activity, the decree provides for the closure of all points of sale within shopping centres throughout the national territory, but limited to public holidays and pre-holidays.

Also during the peak season and in the following months of January and February 2021, Unieuro's business has also been able to take advantage of (i) the continuous interest on the part of consumers for the products sold by the Group, that enable remote work and study, communication between people, as well as home well-being; (ii) the multiplicity of sales channels through which the Group operates, which works to compensate for the impact of the lockdown on some of the channels, and (iii) the omnichannel services launched by Unieuro in the course of summer 2021, with the aim of making the in-store purchasing process safer and faster during this complex historical moment.

On 24 May 2021, following the positive progress recorded by the vaccination campaign and the consequent improvement of epidemiological data, a new government decree came into force which sanctioned the reopening of shopping centres on holidays and pre-holidays, thus removing the last substantial limitation to the Unieuro's sales activity.

As at the date of this Report, except for the ongoing difficulties of the Travel channel due to the decrease in airport traffic, the situation of the sales channels can therefore be considered to have returned to pre-Covid normality.

On the basis of the forecasts for financial year 2021/2022, taking into account the results as at 31 August 2021 and expectations of future trends, which are better than the assumptions that were made to verify the recoverability of its assets, including goodwill, when preparing the Consolidated Financial Statements of the Unieuro Group as at 28 February 2021, no indicators of possible impairment have been identified and it was therefore not necessary to update the impairment test carried out at 28 February 2021.

8. Corporate governance and ownership structures

Unieuro S.p.A. adheres to the Self-Governance Code of listed Italian companies (the "Code") and has adapted it to suit its characteristics.

In order to meet the transparency obligations required by regulations in the sector, the "Report on Corporate Governance and Ownership Structure" was prepared as required by Article 123-bis of the Consolidated Finance Act which provides a general description of the governance system adopted by Unieuro S.p.A. and information on ownership structures, the organisational model adopted pursuant to Legislative Decree 231 of 2001 and the level of compliance with the Self-Governance Code, including the main governance practices applied and characteristics of the risk management and internal control system in relation to the financial reporting process.

This document is available at the Company's website at (http://www.unieurospa.it/).

Based on the information available to date, the major shareholders of Unieuro are those listed in paragraph “1 - Introduction” of the Report on Operations.

9. Information on related-party transactions and non-recurring, atypical or unusual transactions.

The tables below summarise the Group's credit and debt relations with related parties as at 31 August 2021 and 28 February 2021:

(In thousands of Euro)	Credit and debt relations with related parties (as at 31 August 2021)			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 31 August 2021	-			
Other current liabilities	(44)	(222)	(164)	**(430)**
Other non-current liabilities	-	-	(169)	**(169)**
Total	**(44)**	**(222)**	**(333)**	**(599)**

(In thousands of Euro)	Credit and debt relations with related parties (as at 28 February 2021)				
Type	**Pallacanestro Forlì 2.015, s.a r.l.**	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 28 February 2021					
Other current liabilities	(70)	(61)	(148)	(3,125)	**(3,404)**
Total	**(70)**	**(61)**	**(148)**	**(3,125)**	**(3,404)**

The following table summarises the economic relations of the Group with related parties as at 31 August 2021 and as at 31 August 2020:

(In thousands of Euro)	Credit and debt relations with related parties (as at 31 August 2021)			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 31 August 2021	-			
Purchases of materials and external services	(56)	(323)		**(379)**
Personnel costs	-	-	(1,367)	**(1,367)**
Total	**(56)**	**(323)**	**(1,367)**	**(1,746)**

(In thousands of Euro)	Economic relations with related parties (as at 31 August 2020)				
Type	**Pallacanestro Forlì 2.015 s.a r.l.**	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 31 August 2020					
Purchases of materials and external services	(81)	(47)	(271)	-	**(399)**
Personnel costs	-	-	-	(2,791)	**(2,791)**
Total	**(81)**	**(47)**	**(271)**	**(2,791)**	**(3,190)**

With reference to the periods considered, the credit/debit and economic relations with related parties mainly refer to relations with Directors and Principal Executives, summarised in the following table:

Main managers	
Period ended 31 August 2021	**Period ended 31 August 2020**
Chief Executive Officer - Giancarlo Nicosanti Monterastelli	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer – Marco Pacini	*Chief Financial Officer - Italo Valenti*
General Manager - Bruna Olivieri	*Chief Corporate Development Officer - Andrea Scozzoli*
	Chief Omnichannel Officer - Bruna Olivieri
	Chief Commercial Officer - Gabriele Gennai
	Chief Operations Officer - Luigi Fusco

The gross pay of the main managers includes all remuneration components (benefits, bonuses and gross remuneration).

Related-party transactions as at 31 August 2021 do not include the company "Pallacanestro Forlì 2.015, s.a r.l." which left the consolidation scope following the entry into force from 1 July 2021 of the update of Consob Regulation No.17221 on related-party transactions.

The table below summarises the Group's cash flows with related parties as at 31 August 2021 and at 31 August 2020:

(In thousands of Euro)	Related parties				
Type	**Pallacanestro Forlì 2.015 s.a r.l.**	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
Period from 1 March 2020 to 31 August 2020					
Net cash flow generated/(absorbed) by operating activities	(145)	(65)	(194)	(2,787)	**(3,127)**
Total	**(145)**	**(65)**	**(194)**	**(2,787)**	**(3,127)**
Period from 1 March 2021 to 31 August 2021					
Net cash flow generated/(absorbed) by operating activities	-	(73)	(249)	(4,159)	**(4,481)**
Total	-	**(73)**	**(249)**	**(4,159)**	**(4,481)**

10. Stock option plans

Long-Term Incentive Plan

On 6 February 2017, the Extraordinary Shareholders' Meeting of Unieuro approved the adoption of a stock option plan (the "Plan" or "Long-Term Incentive Plan" or "LTIP") reserved for Executive Directors, associates and employees (managers and others) of Unieuro. The Plan calls for assigning ordinary shares derived from a capital increase with no option rights pursuant to Art. 2441, paragraphs 5 and 8 of the Italian Civil Code approved by Unieuro's Shareholders' Meeting on the same date.

The Plan specifies the following objectives: (i) to get beneficiaries to focus on factors of strategic interest to Unieuro, (ii) to obtain the loyalty of plan beneficiaries and give them an incentive to remain with Unieuro, (iii) to increase the Company's competitiveness by identifying medium-term goals and fostering the creation of value for both Unieuro as well as its shareholders, and (iv) to ensure that the overall remuneration of Plan beneficiaries is competitive in the market.

The implementation and definition of the specific characteristics of the Plan were delegated by the Shareholders' Meeting itself to the Unieuro Board of Directors for its specific definition. On 29 June 2017, the Board of Directors approved the plan regulations ("Regulations") whereby the terms and conditions of implementation of the Plan were determined.

The Recipients subscribed to the Plan in October 2017. The parties expressly agreed that the effects of granting rights should be retroactive to 29 June 2017, the date the regulations were approved by the Board of Directors.

The Regulations also provide for the terms and conditions described below:

- *Condition:* the Plan and the grant of the options associated with it will be subject to the conclusion of the listing of Unieuro by 31 July 2017 (the "IPO");

- *Recipients*: the Plan is addressed to Directors with executive type positions, associates and employees (managers and others) of Unieuro ("Recipients") that were identified by the Board of Directors within those who have an ongoing employment relationship with Unieuro and/or other companies of the Group. Identification of the Recipients was made on the basis of a discretionary judgement of the Board of Directors that, given the purpose of Long Term Incentive Plan, the strategies of Unieuro and the Group and the objectives to be achieved, took into account, among other things, the strategic importance of the role and impact of the role on the pursuit of the objective;

- *Object:* the object of the Plan is to grant the Recipients option rights that are not transferable by act inter vivos for the purchase or subscription against payment of ordinary shares in Unieuro for a maximum of 860,215 options, each of which entitling the bearer to subscribe one newly issued ordinary share ("Options"). If the target is exceeded with a performance of 120%, the number of Options will be increased up to 1,032,258. A share capital increase was approved for this purpose for a nominal maximum of Euro 206,452, in addition to the share premium, for a total value (capital plus premium) equal to the price at which Unieuro's shares will be placed on the MTA through the issuing of a maximum of 1,032,258 ordinary shares;

- *Granting*: the options will be granted in one or more tranches and the number of Options in each tranche will be decided by the Board of Directors following consultation with the Remuneration Committee;

- *Exercise of rights*: the subscription of the shares can only be carried out after 31 July 2020 and within the final deadline of 31 July 2025;

- *Vesting*: the extent and existence of the right of every person to exercise options will happen on 31 July 2020 provided that: (i) the working relationship with the Recipient persists until that date, and (ii) the objectives are complied with, in terms of distributable profits, as indicated in the business plan on the basis of the following criteria:

    - in the event of failure to achieve at least 85% of the expected results, no options will be eligible for exercise;

    - if 85% of the expected results are achieved, only half the options will be eligible for exercise;

    - if between 85% and 100% of the expected results are achieved, the number of options eligible for exercise will increase on a straight line between 50% and 100%;

    - if between 100% and 120% of the expected results are achieved, the number of options eligible for exercise will increase proportionally on a straight line between 100% and 120% – the maximum limit.

- *Exercise price*: the exercise price of the Options will be equal to the issue price on the day of the IPO amounting to Euro 11 per share;

- *Monetary bonus*: the recipient who wholly or partly exercises their subscription rights shall be entitled to receive an extraordinary bonus in cash of an amount equal to the dividends that would have been received at the date of approval of this Long Term Incentive Plan until completion of the vesting period (31 August 2020) with the exercise of company rights pertaining to the Shares obtained during that year with the exercise of Subscription Rights;

- *Duration*: the Plan covers a time horizon of five years, from 31 July 2020 to 31 July 2025.

The vesting period of the rights provided for in the Plan ended on 29 February 2020; on 18 June 2020, the Board of Directors verified that 101.11% of the quantitative and therefore objectively verifiable objectives had been achieved and approved the allocation of a total of 849,455 options, in accordance with the Plan Regulations. From 31 July 2020 to 31 July 2025, each beneficiary will be entitled to exercise their subscription rights in whole or in part, including in several tranches; at the end of each financial year in which the beneficiary will have exercised all or part of its subscription rights, as provided for by the Plan, that beneficiary will be entitled to receive an extraordinary cash bonus, already recognised in the financial statements, equal to the dividends that would have been forthcoming from the date of approval of the Plan until the end of the vesting period, pursuant to the exercise of the corporate rights attached to the shares obtained in the relevant year.

The number of outstanding options as at 31 August 2021 is as follows:

	Number of options 31 August 2021
No. of options in circulation assigned	849,455
No. of options granted during the period	-
No. of options not granted	-
No. of options exercised	689,871
No. of options expired	-

Performance shares 2020-2025

On 27 October 2020, after receiving the favourable opinion of the Nominations and Remuneration Committee, the Board of Directors of Unieuro S.p.A. approved the Information Document relating to the Performance Shares 2020-2025 Plan (the "Performance Shares" or "PS") drawn up pursuant to Article 114-bis of the Consolidated Finance Act (TUF), which was submitted to the Shareholders' Meeting in December 2020 for approval.

Description of the Plan's recipients

The implementation and definition of the specific characteristics of the Plan were delegated by the Shareholders' Meeting itself to the Unieuro Board of Directors for its specific definition.

The granting of rights to each of the Beneficiaries for the three-year period FY2021-FY2023 (1st cycle), and for the three-year periods FY2022-FY2024 and FY2023-FY2025 (2nd cycle and 3rd cycle) will be determined in each case by the Board of Directors.

On 13 January 2021 and 14 July 2021, the Board of Directors granted the rights and approved the 1st and 2nd cycle regulations respectively, in which it determined the terms and conditions for the implementation of the Plan. The Plan was signed by the Recipients of the 1st cycle in January 2021 and the 2nd cycle in July 2021.

The Plan is intended for executive directors and/or managers with strategic responsibilities and/or employees of the Company or Group companies, understood as personnel who have an employment relationship with the Company and/or the Group and fall into one of the following categories: (i) executive/senior level at the Company and/or Group companies; (ii) middle management (or higher) level employees at the Company and/or Group companies.

Essential elements relating to the characteristics of the financial instruments on which it is based

The Plan provides for the free granting of rights to receive ordinary shares of Unieuro (the "Shares") to each of the beneficiaries. This granting will be based, inter alia, on the achievement of certain performance objectives and specific vesting conditions, which reflect the most important variables related to the creation of value for the Group.

The free allocations of these Shares will be made in 2023 (1st cycle), 2024 (2nd cycle) and 2025 (3rd cycle).

As resulting from the relevant resolution of the Board of Directors, the actual allocation of the Shares, for each of the three cycles indicated, will be made on the basis of the degree to which the performance objectives were achieved and, in general, the continuation of the vesting conditions.

It is also provided that the aforesaid rights confer to each beneficiary the right to receive a cash bonus based on any cash dividends distributed and paid by the Company up to the allocation date. This bonus shall be payable jointly with, and subject to, the delivery of the shares relating to each cycle of the Plan, provided that the specific vesting conditions are met.

Plan rationale

The Plan is one of the instruments used by the Company and the Group to supplement the remuneration package of key personnel through variable components linked to the achievement of certain performance objectives, in accordance with best market practices.

In particular, the Company believes that a share-based incentive plan, with a five-year duration and specific performance targets, is the most effective incentive instrument and best suited to the interests of the Company and the Group. Therefore, the Plan has the following objectives: (i) to focus the attention of the beneficiaries on factors of strategic interest to the Company and to direct key resources towards strategies aimed at pursuing medium/long-term results; (ii) to build the loyalty of the beneficiaries and encourage them to remain with the Company by developing retention policies aimed at increasing the loyalty of key resources; (iii) to align the interests of the beneficiaries with those of the shareholders, with a view to developing confidence in the growth of the Company's value; and (iv) to ensure that the overall remuneration of the recipients of the Plan remains competitive while concurrently developing policies that will attract talented managerial and professional staff.

In the financial statements, the assumptions underlying the calculation were: (i) the exercise term, equal to the period between the grant date and the vesting date of the rights, (ii) the share price at the time of valuation and (iii) the amount of expected dividends. Lastly, consistent with the requirements of IFRS 2, (iv) the probability of Recipients leaving and (v) the probability of achieving performance targets of 100%.

The number of outstanding rights is as follows:

	Number of rights 31 August 2021
In place at the beginning of period	**200,000**
Assigned during the period	8,750
Granted during the period	200,000
Contribution from merger	-
Withdrawn during the period	7,250
Outstanding at end of period	**384,000**
Not allocated at the beginning of period	-
Exercisable at end of period	-
Not allocated at the end of the period	**-**

11. Unieuro treasury shares

During the year, Unieuro S.p.A. did not purchase or sell any treasury shares directly or through an intermediary.

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

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

13. Management and coordination activities

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

14. The main risks and uncertainties to which the Group is exposed

The information on the main risks and uncertainties is presented in Note 3 of the Condensed Half-Yearly Consolidated Financial Statements, to which reference is made.

15. Significant events during and after the period

Significant events during the period

The adoption of the SAP management system

The transition to the new SAP S/4HANA management software began on 1 March 2021. The adoption of the new ERP (Enterprise Resource Planning) has been planned for some time and implemented with the support of the consulting companies, leaders in the sector, with the aim of radically evolving company information systems, making them technologically advanced and functional to the omnichannel growth strategy of Unieuro.

The acquisition of the Limbiate store

Following the participation in the competitive procedure announced by the Court, Unieuro was awarded the contract and on 1 March 2021 acquired a business unit of Galimberti S.p.A., which is subject to an arrangement with creditors, consisting of a store in Limbiate (Monza Brianza).

The expansion in the metropolitan area of Turin

On 31 March 2021, Unieuro announced a significant strengthening of the network in the Piedmont capital thanks to the acquisition of a business unit consisting of two 2C Srl stores and the signing of an affiliation contract for the third store managed by the same company. The three stores, previously members of the Expert purchasing group, reopened under the Unieuro sign in April.

Transfer of the registered office

As of 1 April 2021, Unieuro officially moved its registered office from via Schiaparelli 31 to Palazzo Hercolani, in via Maroncelli 10, also in Forlì. The new headquarters was officially inaugurated on 8 May 2021 in the presence of the city authorities.

The entry of Iliad in the capital

On 6 April 2021, Unieuro acknowledged the purchase of an interest of approximately 12% of the share capital by Iliad S.A., with which a successful commercial relationship was already in place and which declared its intention to support the Company's long-term growth.

The consensual termination of the employment relationship with the CFO

On 9 April 2021, Unieuro and Italo Valenti signed an agreement for the consensual termination of the employment relationship, with effect from 31 May 2021, as a result of which Italo Valenti left his role as Chief Financial Officer and the positions of manager in charge of preparing the corporate and accounting documents and investor relator of Unieuro to pursue other professional opportunities.

Territorial expansion

On 26 April 2021, Unieuro announced that it had consolidated its presence from Northern to Southern Italy through the opening of four stores: a new direct store in Messina and three affiliated stores in Brescia, Fiumicino and Mazzarone (Catania).

2020/21 dividend proposal and 2019/20 coupon recovery

On 7 May 2021, at the time of the approval of the financial results as at 28 February 2021 and by virtue of the exceptional profitability and cash generation, the Board of Directors of Unieuro resolved to propose to the Shareholders' Meeting the distribution in ordinary dividend of €2.60 per share, which also compensates shareholders for the dividend not paid in 2020 due to the uncertainty caused by the pandemic.

The appointment of the new CFO

On 1 June 2021, Marco Pacini was appointed as the Company's new Chief Financial Officer. A manager with many years of experience in administration, finance and control, in the new role, Pacini reports directly to CEO Giancarlo Nicosanti Monterastelli, assuming responsibility and coordination of the entire Finance area of Unieuro, including Administration & Control, Finance, Legal, Corporate Development and Investor Relations.

Approval of the Strategic Plan to 2026

On 10 June 2021, the Board of Directors approved Unieuro's five-year Strategic Plan, which envisages heavy investments - on average over Euro 50 million a year - dedicated to completing the company's digital transformation, with the aim of become the industry's omnichannel market setter. The Plan also provides for a strong generation of cash over the five-year period, which will be put at the service of external growth, in Italy and abroad, and the remuneration of shareholders. The Plan projects revenues of up to €3.3 billion and an adjusted EBIT of between €85 and €95 million in the year 2025/26.

The Shareholders' Meeting

On 15 June 2021, the Unieuro Shareholders' Meeting, which met in ordinary and extraordinary session, in single call, approved the financial statements as at 28 February 2021; approved the allocation of the profit for the year, including the distribution of a dividend of Euro 2.60 per share for a maximum total of 54.2 million; approved the first and expressed a favourable vote on the second section of the Report on the remuneration policy and remuneration paid; approved the proposal to increase the remuneration of the Board of Directors and the members of the Board of Statutory Auditors. The Shareholders' Meeting also changed the number of members of the Board of Directors from nine to eleven and approved the appointment of Benedetto Levi and Giuseppe Nisticò as new Directors of the Company. Lastly, the Shareholders' Meeting amended Articles 13.1, 13.9 and 14 of the Articles of Association and decided not to amend Article 17.1.

Inclusion in the FTSE Italia Mid Cap index

As from 21 June 2021, Unieuro's ordinary shares have been included in the FTSE Italia Mid Cap index, unless removed from 20 September, when the composition of the index is reviewed.

New executive offices in Milan

On 30 June 2021, Unieuro announced the next opening of new executive office spaces and a store in the centre of Milan, inside the former Mondadori Multicenter in Via Marghera. Built over 3700 square metres divided over four floors, the upper floors of the building will be for offices and will house, among other things, the legal and operational headquarters of the subsidiary Monclick.

Netcomm Award

On 1 July 2021, Unieuro announced that it had won the award for the best omnichannel project at the Netcomm Awards, organised by the Netcomm Italia Consortium with the support of Oney and Publitalia '80, dedicated to the recognition of Italian excellence in electronic commerce.

Renovation of the store network

On 23 July 2021, Unieuro re-opened the six direct points of sale of Olbia, Cagliari Quartucciu, Cremona, Pavia, Vigevano and Viterbo and many affiliated stores, following important renovation works aimed at making them more innovative and welcoming than ever.

Agreement with Margherita Distribuzione

On 30 July 2021, Unieuro and Margherita Distribuzione S.p.A. (Conad) signed a framework agreement to open four new Unieuro direct points of sale inside the same number of former Auchan hypermarkets. The stores are located in the shopping centres and business parks of Porta di Roma, Grande Sud (Giugliano, Naples), Porte di Catania and Belvedere (Melilli, Syracuse), three of which are on the list of the top 20 Italian shopping locations in terms of walkability, and should generate approximately €40 million of additional annual revenues.

Significant events following the closure of the period

The new e-commerce site

On 20 September 2021, five years after the launch of the first e-commerce platform, Unieuro presented the results of the "Revolution" project: the new and more distinctive than ever site and app, designed with "desktop last" in mind and heavily inspired by the navigation and enjoyment style typical of social networks.

Opening of six new stores

On 24 September 2021, after extensive renovation work, the former flagship store of Galimberti S.p.A. in the Municipality of Limbiate (Monza Brianza), awarded to Unieuro in March as part of the previous owner's bankruptcy proceedings, was reopened to the public.

A few days later, on 1 October, Unieuro opened another store previously managed by the former partner of a purchasing group in Palermo: the Papino Elettrodomestici/Ex-Trony store in the Conca D'Oro shopping centre, a location of great commercial value that completes the coverage of the Sicilian capital by the Unieuro brand.

Finally, between 28 and 30 October, the four new stores in Rome, Giugliano (Naples), Catania and Melilli (Syracuse) were opened.

16. Foreseeable operating evolution

In addition to the easing of Covid-19 restrictions from May, the retail sector is benefiting from the roll-out of the vaccination campaign, which as of October had reached 75% of the entire Italian population.

For consumer electronics and household appliances, the return to normal will continue to be accompanied by a rebalancing of revenues by channel and product category, respectively to the benefit of the physical channel and Brown products, the latter being strongly driven by the progressive migration to the DVB-T2 HEVC television standard and by the related government "TV scrapping bonus".

The emergence of supply risks deriving from shortages of components and raw materials, which are causing disruption to global production chains, has diminished visibility over the rest of the year, but is offset by the positive trend in revenues in September and October and favourable expectations for the imminent start of the peak season.

In light of this, Unieuro's Management is confirming the growth expectations presented to the financial markets at the Investor Day of 10 June 2021, pointing to financial results at the upper end of the range announced, equal to:

- Revenue of between €2.8 and €2.9 billion;
- Adjusted EBIT1 of between €65 and €75 million;
- Adjusted Free Cash Flow4 of between €40 and €50 million;

All of this against the backdrop of an ever more substantial increase in investments, aimed at accelerating Unieuro's digital transformation and its natural evolution as a market setter in the consumer electronics and household appliances retail market in Italy.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 AUGUST 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euro)		Period ended	
	Notes	31 August 2021	28 February 2021
Plant, machinery, equipment and other assets	5.1	78,489	71,526
Goodwill	5.2	196,072	195,238
Intangible assets with definite useful life	5.3	35,642	32,927
Assets for rights of use	5.4	441,424	451,622
Deferred tax assets	5.5	51,349	40,766
Other non-current assets	5.6	9,050	10,082
Total non-current assets		**812,026**	**802,161**
Inventories	5.7	435,648	372,053
Trade receivables	5.8	84,112	65,314
Current tax assets	5.9	-	-
Other current assets	5.6	16,037	19,069
Cash and cash equivalents	5.10	138,598	219,366
Total current assets		**674,395**	**675,802**
Total assets		**1,486,421**	**1,477,963**
Share capital	5.11	4,138	4,053
Reserves	5.11	77,977	75,588
Profit/(loss) carried forward	5.11	39,865	73,654
Profit/(Loss) of third parties	5.11	-	-
Total shareholders' equity		**121,980**	**153,295**
Financial liabilities	5.12	13,283	39,068
Employee benefits	5.13	13,280	12,979
Other financial liabilities	5.14	390,594	399,562
Provisions	5.15	15,225	20,752
Deferred tax liabilities	5.5	2,317	3,637
Other non-current liabilities	5.16	900	26
Total non-current liabilities		**435,599**	**476,024**
Financial liabilities	5.12	24,722	9,659
Other financial liabilities	5.14	64,032	68,202
Trade payables	5.17	587,670	505,066
Current tax liabilities	5.9	7,102	3,789
Provisions	5.15	3,658	754
Other current liabilities	5.16	241,658	261,174
Total current liabilities		**928,842**	**848,644**
Total liabilities and shareholders' equity		**1,486,421**	**1,477,963**

The notes are an integral part of these Condensed Half-Year Consolidated Financial Statements.

CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)		Period ended	
	Notes	31 August 2021	31 August 2020
Revenue	5.18	1,268,233	1,079,018
Other income	5.19	380	381
TOTAL REVENUE AND INCOME		**1,268,613**	**1,079,399**
Purchases of materials and external services	5.20	(1,162,616)	(901,569)
Personnel costs	5.21	(97,870)	(75,509)
Changes in inventory	5.7	63,595	(37,635)
Other operating costs and expenses	5.22	(2,620)	(3,889)
GROSS OPERATING RESULT		**69,102**	**60,797**
Amortisation, depreciation and write-downs	5.23	(46,738)	(45,979)
NET OPERATING RESULT		**22,364**	**14,818**
Financial income	5.24	13	37
Financial expenses	5.24	(6,104)	(6,826)
PROFIT BEFORE TAX		**16,273**	**8,029**
Income taxes	5.25	1,749	(507)
PROFIT/(LOSS) FOR THE PERIOD		**18,022**	**7,522**
Profit/(loss) for the period of the Group	5.11	**18,022**	**7,522**
Profit/(loss) for the period of third parties	5.11	-	-
Basic earnings per share (in Euro)	5.26	0.88	0.38
Diluted earnings per share (in Euro)	5.26	0.88	0.38

The notes are an integral part of these Condensed Half-Year Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euro)		Period ended	
	Notes	31 August 2021	31 August 2020
PROFIT/(LOSS) FOR THE CONSOLIDATED PERIOD		**18,022**	**7,522**
Other items of comprehensive income that will or may be reclassified to profit/(loss) for the consolidated period:			
Gain/(losses) on cash flow hedges	5.14	39	144
Income taxes		(10)	(34)
Total other comprehensive income items that are or could be reclassified to consolidated profit/(loss) for the period	5.11	**29**	**110**
Other comprehensive income items that will not be subsequently reclassified to consolidated profit/(loss) for the period:			
Actuarial gains (losses) on defined benefit plans	5.13	(325)	226
Income taxes		91	(60)
Total other components of comprehensive income that will not be reclassified to profit/(loss) for the consolidated period	5.11	**(234)**	**166**
Total comprehensive income for the consolidated period		**17,817**	**7,798**

The notes are an integral part of these Condensed Half-Year Consolidated Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)	Notes	Period ended 31 August 2021	31 August 2020
Cash flow from operations			
CONSOLIDATED PROFIT/(LOSS) FOR THE CONSOLIDATED PERIOD	5.11	**18,022**	**7,522**
Adjustments for:			
Income taxes	5.25	(1,749)	507
Net financial expenses (income)	5.24	6,091	6,789
Depreciation, amortisation and write-downs of fixed assets	5.23	46,738	45,979
Other changes		858	196
		69,960	60,993
Changes in:			
- Inventories	5.7	(63,595)	37,634
- Trade receivables	5.8	(18,798)	(26,335)
- Trade payables	5.17	77,017	(6,378)
- Other changes in operating assets and liabilities	5.6-5.15-5.16	(19,369)	8,817
Cash flow generated/(absorbed) by operating activities		(24,745)	13,738
Taxes paid	5.25	(5,537)	(945)
Interest paid	5.24	(5,685)	(6,104)
Net cash flow generated/(absorbed) by operating activities	**5.27**	**33,993**	**67,682**
Cash flow from investment activities			
Purchases of plant, machinery, equipment and other assets	5.1	(10,673)	(6,405)
Purchases of intangible assets	5.3	(7,372)	(6,522)
Investments for business combinations and business units	5.14	(8,308)	(8,318)
Cash flow generated/(absorbed) by investment activities	**5.27**	**(26,353)**	**(21,245)**
Cash flow from investment activities			
Increase/(Decrease) in financial liabilities	5.12	(11,128)	21,788
Increase/(Decrease) in other financial liabilities	5.14	1,217	2,969
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	5.14	(28,507)	(27,694)
Exercise - Term Incentive Plan	5.13	3,803	-
Distribution of dividends	5.11	(53,793)	-
Cash flow generated/(absorbed) by financing activities	**5.27**	**(88,408)**	**(2,937)**
Net increase/(decrease) in cash and cash equivalents		**(80,768)**	**43,500**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**219,366**	**96,712**
Net increase/(decrease) in cash and cash equivalents		**(80,768)**	**43,500**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**138,598**	**140,212**

The notes are an integral part of these Condensed Half-Year Consolidated Financial Statements.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of Euro)	Notes	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Reserve for actuarial profits/ (losses) on defined benefits plans	Reserve for share-based payments	Other reserves	Profits/ (losses) carried forward	Total shareholders' equity	Minority interests	Total shareholders' equity
Balance as at 28 February 2021	**5.11**	**4,053**	**800**	**42,519**	**(133)**	**(1,862)**	**4,069**	**30,195**	**73,654**	**153,295**	**-**	**153,295**
Profit/(loss) for the consolidated period		-	-	-	-	-	-	-	18,022	18,022	-	18,022
Other components of comprehensive income		-	-	-	29	(234)	-			(205)	-	(205)
Total statement of comprehensive income for the consolidated year		**-**	**-**	**-**	**29**	**(234)**	**-**	**-**	**18,022**	**17,817**	**-**	**17,817**
Allocation of prior year result		-	11	627	-	-	-	(327)	(311)	-	-	-
Distribution of dividends		-	-	-	-	-	-	-	(53,793)	(53,793)	-	(53,793)
Share-based payment settled with equity instruments		85	-	-	-	-	(1,917)	4,200	2,293	4,661	-	4,661
Total transactions with shareholders		**85**	**11**	**627**	**-**	**-**	**(1,917)**	**3,873**	**(51,811)**	**(49,132)**	**-**	**(49,132)**
Balance as at 31 August 2021	**5.11**	**4,138**	**811**	**43,146**	**(104)**	**(2,096)**	**2,152**	**34,068**	**39,865**	**121,980**	**0**	**121,980**

The notes are an integral part of these Condensed Half-Year Consolidated Financial Statements.

(In thousands of Euro)	Notes	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Reserve for actuarial gains/(losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profit/(loss) carried forward	Total shareholders' equity	Minority interests	Total shareholders' equity
Balance as at 29 February 2020	**5.11**	**4,000**	**800**	**6,769**	**(353)**	**(1,571)**	**5,727**	**26,944**	**53,842**	**96,158**	**0**	**96,158**
Profit/(loss) for the consolidated period		-	-	-	-	-	-	-	7,522	7,522	-	7,522
Other components of comprehensive income		-	-	-	110	166	-			276	-	276
Total comprehensive income for the consolidated period		**-**	**-**	**-**	**110**	**166**	**-**	**-**	**7,522**	**7,798**	**-**	**7,798**
Allocation of prior year result		-	-	35,750	-	-	-	-	(35,750)	-	-	-
Distribution of dividends		-	-	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments		-	-	-	-	-	325	-	(129)	196	-	196
Total transactions with shareholders		**-**	**-**	**35,750**	**-**	**-**	**325**	**-**	**(35,879)**	**196**	**-**	**196**
Balance as at 31 August 2020	**5.11**	**4,000**	**800**	**42,519**	**(243)**	**(1,405)**	**6,052**	**26,944**	**25,485**	**104,152**	**0**	**104,152**

NOTES

1. INTRODUCTION

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

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

The company Monclick S.r.l. (hereinafter also known as "Monclick" or "MK") wholly-owned by Unieuro, is a company under Italian law with its registered office in Vimercate at Via Energy Park 22, which sells online I.T., electronic, telephone products and appliances in Italy through its website www.monclick.it, offering a catalogue with over 70,000 items and guaranteeing a comprehensive purchasing experience completed through the home delivery and installation of the chosen product. It also operates in the segment known as B2B2C, where the customers are operators which need to purchase electronic products to distribute to their regular customers or employees to accumulate points or participate in competitions or incentive plans.

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

Since April 2017, Unieuro shares have been listed on the STAR segment of the Milan Stock Exchange and, since June 2021, they have been included in the FTSE Italia Mid Cap index. The Company is, to all effects, a public company. In April 2021, the telecommunications operator Iliad S.A. announced the purchase of a stake equal to approximately 12% of the share capital of Unieuro, of which 1.9% through an equity swap contract expiring on 17 September 2021. Based on the information available[30], the other major shareholders of Unieuro are the asset management company Amundi Asset Management (6.84% of the capital), some members of the Silvestrini family that overall own 7.3%, Mediolanum Gestione Fondi Sgr (4.93%), Mr Giuseppe Silvestrini (4.2%) and J.P. Morgan Asset Management (3.35%).

[30] Sources: minutes of the Ordinary Shareholders' Meeting dated 15 June 2021 and Consob communications.

2. CRITERIA ADOPTED FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF THE ACCOUNTING PRINCIPLES

The preparation criteria, main accounting standards and valuation criteria adopted for the drafting of the Condensed Half-Year Consolidated Financial Statements are reported below. These standards and criteria were applied consistently to all the periods presented within this document. It should be noted that on 31 March 2021, the IASB published the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, which has extended by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of the concessions granted by lessors due to Covid-19. The amendment was approved in August 2021 and published in the Official Journal of the European Union.

2.1 Basis of preparation of the Condensed Half-Year Consolidated Financial Statements

The Condensed Half-Year Consolidated Financial Statements were prepared in accordance with the provisions of Article 154-ter of Legislative Decree No. 58 of 24 February 1998 (Consolidated Finance Act - TUF) and subsequent amendments and supplements and in the application of IAS 34. It does not include all the information required by the IFRS for the preparation of the annual financial statements and should therefore be read in conjunction with the Unieuro Consolidated Financial Statements dated 28 February 2021. The Condensed Half-Year Consolidated Financial Statements were prepared in compliance with the International Accounting standards (IAS/IFRS) which are issued by the International Accounting Standards Board (IASB) and their relative interpretations (SIC/IFRIC), adopted by the European Union.

The Condensed Half-Year Consolidated Financial Statements are composed of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in shareholders' equity for the interim period of six months ended 31 August 2021 and the relevant explanatory notes. The presentation of these statements provides the comparative data envisaged by IAS 34 (28 February 2021 for the statement of financial position and the statement of changes in shareholders' equity and 31 August 2020, for the income statement, statement of comprehensive income and statement of cash flows).

2.2 Preparation criteria for the Condensed Half-Year Consolidated Financial Statements

The Condensed Half-Year Consolidated Financial Statements of the Unieuro Group were drafted on a going-concern basis, since the directors verified that there were no indicators of a financial, operating or other nature of any critical areas regarding the Group's ability to honour its obligations in the foreseeable future and over the next 12 months; for further details on the impact of the COVID-19 pandemic, please see section 7. "Coronavirus Epidemic" in the Report on Operations.

The Condensed Half-Year Consolidated Financial Statements were prepared on the basis of the historical cost criterion, except for derivative financial instruments, which were measured at fair value.

Please see the Report on Operations for information regarding the nature of the undertaking's operations and significant events after the balance sheet date.

As at 31 August 2021, the Group is composed as follows:

(In thousands of Euro)	**Share Capital**	**% of ownership**	**Parent company**
Unieuro S.p.A.	4,138		
Monclick S.r.l.	100	100.00%	Unieuro S.p.A.

The major shareholders of Unieuro as at 31 August 2021 are listed in the Introduction.

The Condensed Half-Year Consolidated Financial Statements are presented in Euros, the functional currency of the Group. The amounts are expressed in thousands of Euro, except as specifically indicated. The rounding is done at the individual account level and then totalled. It is hereby specified that any differences found in any tables are due to rounding of amounts which are expressed in thousands of Euro.

The Condensed Half-Year Consolidated Financial Statements as at 31 August 2021 were approved by the Company's Board of Directors on 11 November 2021 and subjected to a limited audit.

2.3 Condensed Half-Year Consolidated Financial Statements

In addition to these notes, the Condensed Half-Year Consolidated Financial Statements consist of the following schedules:

A) **Consolidated statement of financial position:** current and non-current assets and current and non-current liabilities are presented separately in the consolidated statement of financial position. A description is included in the notes for each asset and liability item of the amounts that are expected to be recovered or settled within or later than 12 months from the reference date of the Consolidated Financial Statements.

B) **Consolidated income statement:** the classification of the costs in the income statement is based on their nature, showing the interim results relative to the gross operating result, the net operating result and the result before taxes.

C) **Consolidated statement of comprehensive income**: this item includes the profit/(loss) for the year as well as the income and expenses recognised directly in equity for transactions other than those with shareholders.

D) **Statement of consolidated cash flows:** the statement of consolidated cash flows contains the cash flows from operations, investments and financing. The cash flows from operations are shown using the indirect method through which the result for the year is adjusted for the effects of non-monetary transactions, any deferral or allocation of previous or future collections or payments related to operations and revenue elements connected to cash flows arising from investment or financing activities.

E) **Consolidated statement of changes in shareholders' equity**: this schedule includes, in addition to the results of the comprehensive income statement, also the transactions that were carried out directly with shareholders that acted in their capacity as such and the breakdown of each individual component. Where applicable, the statement also includes the effects arising from changes in the accounting standards in terms of each equity item.

The Condensed Half-Year Consolidated Financial Statements are presented in comparative form.

2.4 Consolidation policies and scope of consolidation

The Consolidated Financial Statements as at 31 August 2021 include the financial statements of the parent company, Unieuro S.p.A., and its subsidiary Monclick S.r.l.

The group company statements used for full consolidated have been duly amended and reclassified, in order to align them with the aforementioned international accounting standards.

2.5 Use of estimates and valuations in the preparation of the Condensed Half-Year Consolidated Financial Statements

Preparation of the Condensed Half-Year Consolidated Financial Statements under IFRS requires management to make estimates and assumptions that affect the values of assets and liabilities in the Consolidated Financial Statements and information on contingent assets and liabilities at the reporting date. These estimates and assumptions are based on information available at the preparation date of the Condensed Half-Year Consolidated Financial Statements, management's experience and other relevant information. The actual figures may differ from the estimates. Management uses estimates to make provisions for credit risks and legal disputes, warehouse obsolescence, assets for which costs are capitalised in order to secure a contract, contract liability on the sale of warranty extension services, liabilities for leasing and right-of-use assets, performing asset valuations, testing goodwill for impairment, determining employee benefits and the share-based payments plan on an actuarial basis, as well as estimating the fair value of derivatives and calculating the recoverability of deferred tax assets.

The estimates and assumptions are reviewed periodically and the effects of each change are reflected in profit and loss.

In the context of the preparation of the Condensed Half-Year Consolidated Financial Statements, the relevant subjective assessments by management in its application of accounting standards and the key sources of estimation uncertainty were the same as those applied in preparing the Consolidated Financial Statements for the year ended 28 February 2021 of the Unieuro Group to which reference is made.

2.6 Significant accounting standards

The accounting criteria and the consolidation principles adopted are consistent with those used in the Group's Consolidated Financial Statements as at 28 February 2021, to which reference is made. It should be noted that on 31 March 2021, the IASB published the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, which has extended by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of the concessions granted by lessors due to Covid-19. The amendment was approved in August 2021 and published in the Official Journal of the European Union.

2.7 New accounting standards

The accounting standards, amendments, IFRSs and IFRICs endorsed by the European Union

- On 31 March 2021, the IASB published the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, which extends by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of the concessions granted due to Covid-19 to lessees. The amendments apply from 1 April 2021.

- On 14 May 2020, the IASB published amendments to: (i) IFRS 3 Business Combinations; (ii) IAS 16 Property, Plant and Equipment; (iii) IAS 37 Provisions, Contingent Liabilities and Contingent Assets; (iv) Annual Improvements 2018-2020. The amendments will apply from 1 January 2022.

- On 27 August 2020, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark reform – Phase 2. The amendments apply from 1 January 2021.

- On 25 June 2020, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark reform – Phase 2. The amendments apply from 1 January 2021.

The accounting standards, amendments and IFRS interpretations which have not yet been endorsed by the European Union

- On 18 May 2017, the IASB issued *IFRS 17 Insurance Contracts*. The standard aims to improve understanding by investors, but not only them, of the risk exposure, the profitability and the financial position of the insurers. IFRS 17 replaces IFRS 4 issued in 2004 as interim Standard. The amendments go into effect on 1 January 2023.

- On 23 January 2020, the IASB published amendments to *IAS 1 - Business Combinations IAS 1 Presentation of Financial Statements.* The purpose of the amendment is to clarify how to classify payables and other liabilities as short or long term. The amendments will apply from 1 January 2023.

- On 12 February 2021, the IASB published the amendment to IAS 1 Presentation of Financial Statements and to IFRS Practice Statement 2: Disclosure of Accounting policies. The amendments will apply from 1 January 2023.

- On 12 February 2021, the IASB published the amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. The amendments will apply from 1 January 2023.

- On 7 May 2021, the IASB published the amendment to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments will apply from 1 January 2023.

Based on the circumstances and cases to which the new documents apply and taking into account the current accounting standards adopted by the Group, it is believed that there will be no significant impact from the first application of these documents. With reference to the amendment IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, the impacts are determined according to the agreements that are signed with the lessors, and amounted €2.3 million as at 31 August 2021.

2.8 Seasonality

The market in which the Group operates is characterised by the seasonality phenomena typical of the consumer electronics market. More specifically, sales are higher in the final part of each financial year, with a peak demand near and during the Christmas period; also, the cost of obtaining goods from suppliers is mainly concentrated in this period. Otherwise, operating costs have a more linear trend, given the component of fixed costs (staff, rent and overhead) that have a uniform distribution over the year. Consequently, operating margins are also affected by this seasonality. The trend in revenue and cost dynamics described above have an impact on the trend of net working capital and net financial debt, characterised structurally by cash generation at the end of the financial year. Therefore, the analysis of interim results and financial indicators cannot be considered fully representative. It would therefore be wrong to consider the period's indicators as proportionate to the entire financial year.

3. INFORMATION ON FINANCIAL RISKS

With respect to business risks, the main risks identified, monitored and, as specified below, actively managed by the Group are as follows:

- credit risk (both in relation to normal trading transactions with customers as well as financing activities);
- liquidity risk (with respect to the availability of financial resources and access to the credit market and financial instruments in general);
- market risk (including currency and interest rate risks).

The objective is to maintain over time balanced management of the financial exposure so as to ensure a liability structure that is coherent in terms of the composition of the asset structure and able to ensure the necessary operating flexibility through the usage of liquidity generated from current operations and usage of bank lending.

The main financing instruments used are:

- medium-long term loans, to cover investments in fixed assets;
- short-term loans, current account credit lines to finance working capital.

Furthermore, hedges have been established to cover the risk of interest rate fluctuation, that have influenced the cost of financial indebtedness in the medium - long-term and consequently also the economic results. The following section provides qualitative and quantitative information regarding the incidence of these risks.

For information regarding the risks from Covid-19, see section 7 Coronavirus Epidemic in the Report on Operations.

3.1 Credit risk

Credit risk is the possibility that an unexpected change in the credit rating of a counterparty will expose the Group to the risk of default, subjecting it to potential lawsuits. By way of introduction, we note that the credit risk which the Group is subject to is minimal since its sales are mainly to the end consumers who pay the consideration upon purchasing the product. Sales to affiliates (Indirect channel[31]) and wholesale customers (B2B channel), which represent a total of approximately 15.0% of the Group's revenues as at 31 August 2021, require the Group to use strategies and instruments to reduce this risk. The Group has credit control processes which include obtaining bank guarantees to cover a significant amount of the existing turnover with customers, customer reliability analysis, the allocation of credit, and the control of the exposure by reporting with the breakdown of the deadlines and average collection times. There are no significant concentrations of risk. The other receivables are mainly receivables from the tax authorities and public administrations and advances paid for services which therefore carry a limited credit risk.

The financial assets are recognised net of write-downs calculated based on counterparty default risk. This is determined according to procedures that can involve both write-downs of individual positions, if they are individually significant, and for which there is an objective condition of total or partial non-collectability, or on collective write-downs based on historical and statistical data. Furthermore, the book value of its financial assets represents the Group's maximum exposure to credit risk.

3.2 Liquidity risk

Liquidity risk is the risk of failure to fulfil contractual obligations. The contractual obligations consist of discharging financial liabilities within the deadlines that have been set. Liquidity risk management is the management of incoming funds, guaranteeing a balance between cash inflows and outflows and thereby minimizing the cost of financial management. This translates into procuring financial resources sufficient to maintain the company's financial structure streamlined, reducing that cost to the minimum level (in terms of financial expenses). Liquidity risk is limited by:

- cash flows from operations: optimal management of incoming cash flows from normal operations as compared to cash outflows;
- usage of short-term loans (*hot money*);
- usage of committed credit lines: these are credit lines that pools of banks commit to having available for the Group until maturity;
- usage of non-committed financial assets only for funding purposes;
- usage of medium/long-term loans able to maintain the Company's ordinary and other operations: the usage of this type of resource requires constant monitoring of expirations of financial debts as well as contingent market terms and conditions.

The liquidity risk consists of the possible difficulty of obtaining financial resources at an acceptable cost in order to conduct normal operating activities. The factors that influence liquidity risk refer both to resources that are generated or absorbed by current operations as well as to those that are generated or absorbed by investments and financing,

[31] The Indirect channel includes sales to the network of affiliated stores and revenues produced in large scale retailing through partnerships with leading industry operators.

the latter referring to repayment schedules or accessing short and long-term financial loans and the availability of funds in the financial market.

For details on the impact of Covid-19, see section 7 Coronavirus in the Report on Operations.

The financial structure in its entirety is constantly monitored by the Group to ensure coverage of its liquidity needs. Below is the Group's financial structure by due date for the period ended 31 August 2021 and for the year ended 28 February 2021:

(In thousands of Euro)	Balance as at 31 August 2021	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	38,005	24,722	13,283	-	38,005
Other financial liabilities	454,626	64,032	231,945	158,649	454,626
Total	**492,631**	**88,754**	**245,228**	**158,649**	**492,631**

(In thousands of Euro)	Balance as at 28 February 2021	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	48,727	9,659	39,068	-	48,727
Other financial liabilities	467,764	68,202	232,368	167,194	467,764
Total	**516,491**	**77,861**	**271,436**	**167,194**	**516,491**

The trend in the period is influenced by the seasonal nature of the business, for further details see Notes 5.12 Financial liabilities and 5.14 Other financial liabilities.

3.3 Market risk

3.3.1 Interest rate risk

The Group uses external financial resources in the form of debt and available liquidity from bank deposits. Changes in the market interest rate levels influence the cost and return of various forms of financing and usage, thereby affecting the level of the Group's financial income and expenses.

To address these risks, the Company has stipulated with a pool of banks derivative contracts consisting of Interest Rate Swaps (IRS) in order to mitigate the potential effect of changes in the interest rates on the economic result, with economically acceptable terms and conditions.

The interest rate swaps in existence as at 31 August 2021 were stipulated following the conclusion of a loan contract with a pool of banks, led by Banca IMI S.p.A. On 12 February 2018, following the closing which took place on 9 January 2018, the date on which the loan agreement known as the *Senior Facilities Agreement* (the "Loan Agreement") was entered into, new interest rate swaps associated with the term loan currently provided by the syndicate were signed.

(In thousands of Euro)			Nominal value as at		*Fair value* as at	
Derivative contracts	**Stipulated on**	**Expires on**	**31 August 2021**	**28 February 2021**	**31 August 2021**	**28 February 2021**
Interest Rate Swaps (IRS)	12/02/2018	09/01/2023	16,875	22,500	(133)	(173)

Interest Rate Swaps, which meet the requirements of IFRS 9 for cash flow hedge transactions, are accounted for using the hedge accounting method. The amount recognised in shareholders' equity in the cash flow hedge reserve, as an effective component of the hedging relationship, was €29 thousand (negative) after tax at 31 August 2021, compared with €110 thousand (negative) after tax at 31 August 2020.

3.3.2 Currency risk

The Group is exposed to exchange rate risk, i.e., the risk of fluctuations in future supplies denominated in foreign currencies due to the volatility of certain exchange rates, mainly as a result of commodity import transactions.

In view of the nature of the business and on a going concern basis, this risk is not considered relevant for the Group due to the reduced volume of transactions for the purchase of goods in currencies other than the Euro, and therefore the risk is not managed on a recurring basis from an operational point of view. If the need arises to manage the exchange rate risk, generated by changes in exchange rates with respect to the main short-term import transactions involving payments to suppliers in US Dollars, the Group manages its exposure to risk with forward purchase contracts (i.e., FX Forward) in US Dollars. This strategy aims to 'fix' the amount of currency in US Dollars for future purchases at a pre-defined exchange rate level, thereby rendering it immune to changes in market rates.

As at 31 August 2021 there were no forward currency sales contracts in place. If, at the reporting date, currency contracts are in place, the effects of these derivative financial instruments will be recognised in the statement of financial position with a direct contra entry in the income statement in accordance with the standard accounting treatment provided by IFRS 9. If the substantive and formal requirements were met, the Group would also reserve the right to assess whether to apply the cash flow hedge accounting treatment to these operating events.

3.4 Fair value estimates

The fair value of the financial instruments listed on an active market is based on market prices as at the balance sheet date. The fair value of the instruments which are not listed on an active market is determined by using valuation techniques which are based on a series of methods and assumptions which are connected to market conditions as at the balance sheet date.

The classification of the fair value of financial instruments based on the following hierarchical levels is set out below:

- Level 1: fair value determined based on listed prices (not adjusted) on active markets for identical financial instruments;
- Level 2: fair value determined using valuation techniques that refer to variables that are observable on active markets;
- Level 3: fair value determined using valuation techniques that refer to variables that are not observable on active markets.

Financial instruments measured at fair value are classified at level 2 and the general criterion used to calculate them is the current value of future cash flows provided for the instrument constituting the object of the measurement.

The liabilities relative to the bank indebtedness are measured using the amortised cost criterion. Trade payables and receivables are measured at their book value, net of any provision for bad debts, as this is considered to be close to the current value.

The table below separates financial assets and liabilities by category as at 31 August 2021 and 28 February 2021:

(In thousands of Euro)	Period ended 31 August 2021			
	Loans and receivables	Fair value of hedging instruments	Other liabilities	Total
Financial assets not designated at fair value				
Cash and cash equivalents	138,598	-	-	**138,598**
Trade receivables	84,112	-	-	**84,112**
Other assets	25,087	-	-	**25,087**
Financial assets designated at fair value				
Other assets		-		**-**
Financial liabilities not designated at fair value				
Financial liabilities	-	-	38,005	**38,005**
Trade payables	-	-	587,670	**587,670**
Other liabilities	-	-	242,558	**242,558**
Other financial liabilities	-	-	454,493	**454,493**
Financial liabilities designated at fair value				
Other financial liabilities	-	133	-	**133**

(In thousands of Euro)	Year ended 28 February 2021			
	Loans and receivables	Fair value of hedging instruments	Other liabilities	Total
Financial assets not designated at fair value				
Cash and cash equivalents	219,366	-	-	**219,366**
Trade receivables	65,314	-	-	**65,314**
Other assets	29,151	-	-	**29,151**
Financial assets designated at fair value				
Other assets		-	-	-
Financial liabilities not designated at fair value				
Financial liabilities	-	-	48,727	**48,727**
Trade payables	-	-	505,066	**505,066**
Other liabilities	-	-	261,200	**261,200**
Other financial liabilities	-	-	467,591	**467,591**
Financial liabilities designated at fair value				
Other financial liabilities	-	173	-	**173**

4. INFORMATION ON OPERATING SEGMENTS

The Group has identified just one operating segment, which is the entire company and covers all the services and products provided to customers. The Group's view of itself as a single omnichannel business means that the company has identified a single Strategic Business Unit ("SBU"). Furthermore, within the SBU, the management has identified three Cash Generating Units ("CGUs") to which the goodwill was allocated. This approach is supported by the operating control model by the corporate management which considers the entire activity uniformly, disregarding the product lines or geographic locations whose division is not considered significant for the purpose of taking corporate decisions.

The operating segment's results are measured by analysing trends of revenue and gross operating profit or loss.

(In thousands of Euro and as a percentage of revenues)	Year ended	
	31 August 2021	31 August 2020
Revenue	1,268,233	1,079,018
GROSS OPERATING RESULT	**69,102**	**60,797**
% of revenues	5.4%	5.6%
Amortisation, depreciation and write-downs	(46,738)	(45,979)
NET OPERATING RESULT	**22,364**	**14,818**
Financial income	13	37
Financial expenses	(6,104)	(6,826)
PROFIT BEFORE TAX	**16,273**	**8,029**
Income taxes	1,749	(507)
PROFIT/(LOSS) FOR THE YEAR	**18,022**	**7,522**

The incidence of gross operating profit on revenues was 5.4% as at 31 August 2021.

The table below contains a breakdown of the revenues per geographical area:

(In thousands of Euro)	Period ended	
	31 August 2021	31 August 2020
Abroad	797	5,125
Italy	1,267,438	1,073,893
Total	**1,268,235**	**1,079,018**

The revenues are attributed based on the invoicing in Italy/abroad.

The Group does not have non-current assets in countries where it does not have offices.

5. NOTES TO THE INDIVIDUAL CONSOLIDATED FINANCIAL STATEMENT ITEMS

5.1 Plant, machinery, equipment and other assets

Below is the balance of the item "Plant, machinery, equipment and other assets" by category as at 31 August 2021 and 28 February 2021:

(In thousands of Euro)	Amounts as at 31 August 2021			Amounts as at 28 February 2021		
	Historical cost	Accumulated Amortisation and Depreciation	Net book value	Historical cost	Accumulated Amortisation and Depreciation	Net book value
Plant and machinery	144,509	(116,864)	27,645	144,581	(115,360)	29,221
Equipment	22,023	(17,024)	4,999	22,512	(17,330)	5,182
Other assets	189,618	(158,348)	31,270	185,261	(157,271)	27,990
Assets under construction and payments on account	14,575	-	14,575	9,133	-	9,133
Total plant, machinery, equipment and other assets	**370,725**	**(292,236)**	**78,489**	**361,487**	**(289,961)**	**71,526**

The change in the item "Plant, machinery, equipment and other assets" for the period from 28 February 2021 to 31 August 2021 is shown below:

(In thousands of Euro)	Plant and machinery	Equipment	Other assets	Assets under construction and payments on account	Total
Balance as at 28 February 2021	**29,221**	**5,182**	**27,990**	**9,133**	**71,526**
Increases	2,924	226	8,202	17,385	**28,737**
Decreases	(2,996)	(715)	(3,845)	(11,943)	**(19,499)**
Amortisation, depreciation and write downs/(write backs)	(4,500)	(409)	(4,922)	-	**(9,831)**
Decreases in Amortisation, Depreciation Provision	2,996	715	3,845	-	**7,556**
Balance as at 31 August 2021	**27,645**	**4,999**	**31,270**	**14,575**	**78,489**

The change in the item "Plant, machinery, equipment and other assets" for the period from 29 February 2020 to 31 August 2020 is shown below:

(In thousands of Euro)	Plant and machinery	Equipment	Other assets	Assets under construction and payments on account	Total
Balance as at 29 February 2020	**36,807**	**8,160**	**34,760**	**4,969**	**84,696**
Increases	1,053	145	3,417	1,580	6,195
Decreases	-	-	-	(2,708)	(2,708)
Amortisation, depreciation and write downs/(write backs)	(4,944)	(577)	(5,901)	-	(11,422)
Decreases in Amortisation, Depreciation Provision	-	-	-	-	-
Balance as at 31 August 2020	**32,916**	**7,728**	**32,276**	**3,841**	**76,761**

In the year ended 31 August 2021, the Company made investments relating to the item plant and machinery, equipment and other assets excluding assets under construction, amounting to €11,352 thousand.

In particular, the net investments refer mainly to: (i) interventions related to the restructuring of selected sales outlets through the restyling of the layout and the reduction or expansion of the sales area and investments in the relocation of existing sales outlets in catchment areas deemed more strategic for €3223 thousand; (ii) investments relating to the opening of new stores in new catchment areas deemed strategic or in areas not sufficiently covered by the current portfolio of stores and the refurbishment of the stores acquired for €1064 thousand; (iii) minor extraordinary maintenance and renewal of plants in various sales outlets for €1110 thousand; (iv) investments related to the new Palazzo Hercolani headquarters and new projects within sales outlets for €5955 thousand.

Net non-current assets under construction of €14,575 thousand refer mainly to investments in existing sales outlets or investments for the opening of new sales outlets.

The item "Amortisation, depreciation and write-downs/(write backs)" of €9831 thousand includes €9465 thousand in depreciation and €366 thousand of write-downs and write backs.

In the year ended 31 August 2020, the Company made net investments totalling €3,487 thousand.

In particular, the net investments refer mainly to: (i) interventions related to the reduction of the surface area and investments involving the relocation of existing points of sale in areas considered more strategic in the amount of € 1902 thousand; (ii) investments related to the opening of new points of sale inside hypermarkets or in areas not sufficiently covered by the current portfolio of shops of €2430 thousand; (iii) minor extraordinary maintenance interventions in various points of sale of €199 thousand; (iv) investments related to the creation of electrified display tables dedicated to the display of specific supplier brands inside the points of sale and TV podiums totalling € 74 thousand; and (v) additional investments related to the logistics hub based in Piacenza of €10 thousand.

Net non-current assets under construction of €3,841 thousand refer mainly to (i) the opening of new sales outlets in the amount of €320 thousand; (ii) investments in restructuring/relocation of €150 thousand; (iii) minor extraordinary maintenance work in various sales outlets totalling €371 thousand; (iv) investments related to the creation of electrified display tables dedicated to the display of specific supplier brands inside the sales outlets of €225 thousand; and (v) additional investments related to the logistics hub based in Piacenza of €514 thousand.

The item "Amortisation, depreciation and write-downs/(write backs)", equal to €11,422 thousand, includes €10,431 thousand of depreciation and €991 thousand of write-downs related primarily to the depreciation of certain assets at Forlì, following the decision to transfer the registered office.

The item "Plant, machinery, equipment and other assets" includes assets held under financial leases consisting mainly of furnishings, energy saving lighting installations, air conditioning installations, servers, computers and printers. These assets are guaranteed by the lessor until the residual amount due is fully paid. For further details on the amount of the debts to the leasing company, see note 5.14 "Other financial liabilities."

5.2 Goodwill

The breakdown of the item "Goodwill" as at 31 August 2021 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2021	28 February 2021
Goodwill	196,072	195,238
Total Goodwill	**196,072**	**195,238**

The change in the "Goodwill" item for the period from 28 February 2020 to 31 August 2021 is shown below:

(In thousands of Euro)	Goodwill
Balance as at 29 February 2020	**195,238**
Acquisitions	-
Increases	-
Write-downs	-
Balance as at 28 February 2021	**195,238**
Acquisitions	834
Increases	-
Write-downs	-
Balance as at 31 August 2021	**196,072**

Goodwill as at 31 August 2021 and 28 February 2021 can be broken down as follows:

(In thousands of Euro)	**Goodwill at 31 August 2021**	**Goodwill at 28 February 2021**
Resulting from mergers:		
Marco Polo Holding S.r.l.	94,993	94,993
Formerly Unieuro	32,599	32,599
Rialto 1 S.r.l. and Rialto 2 S.r.l.	9,925	9,925
Marco Polo Retail S.r.l.	8,603	8,603
Other minor mergers	5,082	5,082
Resulting from acquisitions of equity investments:		
Monclick S.r.l.	7,199	7,199
Carini Retail S.r.l.	17,273	17,273
Resulting from the acquisition of business units:		
Limbiate Ex-Galimberti S.p.A.	525	
2C S.r.l.	309	
Andreoli S.p.A.	10,500	10,500
Cerioni S.p.A.	5,748	5,748
Galimberti S.p.A.	1,882	1,882
DPS Group S.r.l.	1,240	1,240
Dixons Travel	194	194
Total Goodwill	**196,072**	**195,238**

In August 2021, the Board of Directors decided to realign the reporting and tax values of the goodwill item, placing a tax suspension constraint on the reserves available and present in the financial statements at 28 February 2021 for an amount equal to €39,252 thousand corresponding to the higher values realigned, net of substitute tax. The decision was taken in application of the provisions of Article 110(8) and (8a) of Decree Law No. 104/2020, converted into Law No. 126/2020, which introduced, for IAS adopters, the possibility of realigning the reporting and tax values of assets (legally protected tangible and intangible assets) and equity investments, through the payment of a substitute tax of 3%, to be paid in three equal annual instalments from August 2021.

5.2.1 Impairment testing

The company management carried out specific analyses to verify its assets, from which no potential impairment indicators were identified. It was therefore not necessary to update the impairment test carried out on 28 February 2021 and approved by the Board of Directors of Unieuro on 6 May 2021. In particular, the following aspects were taken into consideration: (i) the business dynamics recorded during the period and the forecasts on future trends, which show an improvement compared with the assumptions made to verify of the recoverability of its assets, including goodwill, made when preparing the Unieuro Group’s Consolidated Financial Statements at 28 February 2021, and (ii) the market capitalisation of Unieuro as at 31 August 2021, which was greater than the Group’s shareholders’ equity.

5.3 Intangible assets with definite useful life

The balance of the item “Intangible assets with a finite useful life” is given below, broken down by category as at 31 August 2021 and as at 28 February 2021:

(In thousands of Euro)	Amounts as at 31 August 2021			Amounts as at 28 February 2021		
	Historical cost	Accumulated Amortisation and Depreciation	Net book value	Historical cost	Accumulated Amortisation and Depreciation	Net book value
Software	84,389	(56,306)	28,083	76,911	(52,392)	24,519
Concessions, licences and brands	13,361	(9,691)	3,670	13,361	(9,472)	3,889
Key Money	1,572	(1,572)	-	1,572	(1,572)	-
Intangible fixed assets under construction	3,889	-	3,889	4,519	-	4,519
Total intangible assets with a finite useful life	**103,211**	**(67,569)**	**35,642**	**96,363**	**(63,436)**	**32,927**

The change in the item "Intangible assets with a finite useful life" for the period from 28 February 2021 to 31 August 2021 is given below:

(In thousands of Euro)	Software	Concessions, licences and brands	Key Money	Intangible fixed assets under construction	Total
Balance as at 28 February 2021	**24,519**	**3,889**	**-**	**4,519**	**32,927**
Increases	7,478	-	-	7,647	**15,125**
Decreases	-	-	-	(8,277)	**(8,277)**
Amortisation, depreciation and write downs/(write backs)	(3,914)	(219)		-	**(4,133)**
Decreases in Amortisation, Depreciation Provision	-	-	-	-	**-**
Balance as at 31 August 2021	**28,083**	**3,670**	**-**	**3,889**	**35,642**

The change in the item "Intangible assets with a finite useful life" for the period from 29 February 2020 to 31 August 2020 is given below:

(In thousands of Euro)	Software	Concessions, licences and brands	Intangible fixed assets under construction	Total
Balance as at 29 February 2020	**15,573**	**4,740**	**6,934**	**27,247**
Increases	1,418	-	2,224	**3,642**
Decreases	-	-	(661)	**(661)**
Amortisation, depreciation and write downs/(write backs)	(2,953)	(471)	-	**(3,424)**
Decreases in Amortisation, Depreciation Provision	-	-	-	**-**
Balance as at 31 August 2020	**14,038**	**4,269**	**8,497**	**26,804**

With regard to the financial year ended 31 August 2021, the increases net of decreases in the "Assets under construction" category totalled €7,478 thousand and are mainly attributable to the "Software" category.

The increases relating to the "Software" category of €7,478 thousand are mainly due to new software, ERP and licences and costs incurred for extraordinary interventions on the technological infrastructure.

Net non-current assets under construction of €3889 thousand refer mainly to investments aimed at strengthening the technological infrastructure.

With regard to the financial year ended 31 August 2020, the increases net of decreases in the "Assets under construction" category totalled € 2981 thousand and are mainly attributable to the "Software" category in the amount of € 1418 thousand.

In accordance with the IFRS 16 accounting standard, the Group has already reclassified Key Money in the previous year as a right-of-use asset because it represents the lessee's initial direct costs inherent in the lease contract.

The increases in the "Software" category of €1,418 thousand, are mainly due to: (i) new software and licenses, (ii) costs incurred in developing and updating the website www.unieuro.it e (iii) costs incurred for extraordinary operations on pre-existing management software.

The increases in assets under construction of €2,224 thousand are due to implementations of new software (ERP) and existing software.

5.4 Right-of-use assets

The balance of the item “Right-of-use assets” is given below, broken down by category as at 31 August 2021 and as at 31 August 2020:

(In thousands of Euro)	Amounts as at 31 August 2021			Amounts as at 28 February 2021		
	Historical cost	Accumulated Amortisation and Depreciation	Net book value	Historical cost	Accumulated Amortisation and Depreciation	Net book value
Buildings	584,182	(152,898)	431,284	562,240	(121,758)	440,482
Automobiles	3,411	(1,895)	1,516	2,777	(1,505)	1,272
Other assets	27,388	(18,764)	8,615	27,388	(17,520)	9,868
Total intangible assets with a finite useful life	**614,981**	**(173,557)**	**441,424**	**592,405**	**(140,783)**	**451,622**

The change in the item "Right-of-use assets" for the period from 28 February 2021 to 31 August 2021 is broken down below:

(In thousands of Euro)	Buildings	Automobiles	Other assets	Total
Balance as at 28 February 2021	**440,482**	**1,272**	**9,868**	**451,622**
Increases / (Decreases)	21,942	634	-	22,576
Amortisation, depreciation and write-downs/(write backs)	(31,140)	(390)	(1,244)	(32,774)
Balance as at 31 August 2021	**431,284**	**1,516**	**8,624**	**441,424**

The increases recorded in the year mainly refer to new leases relating to the opening or relocation of retail stores, the signing of the agreement for the opening of offices in Milan and the renewal of existing operating lease contracts.

5.5 Deferred tax assets and deferred tax liabilities

The change in the item "Deferred tax assets" and the item "Deferred tax liabilities" for the period from 28 February 2021 to 31 August 2021 and the period 29 February 2020 to 31 August 2020 is shown below.

Deferred tax assets

(In thousands of Euro)	Bad debt provision - amount due from suppliers	Obsolescence Provision	Fixed assets and rights for use	Intangible assets	Capital Reserves	Provision for risks and charges	Other current liabilities	Net deferred tax assets	Deferred tax assets relating to tax losses	Total net deferred tax assets
Balance as at 28 February 2021	**1,316**	**2,699**	**1,749**	**4,074**	**461**	**4,893**	**220**	**15,412**	**25,354**	**40,766**
Provision/Releases to the Income Statement	(475)	89	159	10,635	-	(406)		**10,002**	500	**10,502**
Provision/Releases to the Comprehensive Income Statement	-	-	-	-	81	-	**-**	**81**	-	**81**
Balance as at 31 August 2021	**841**	**2,788**	**1,908**	**14,709**	**542**	**4,487**	**220**	**25,495**	**25,854**	**51,349**

(In thousands of Euro)	Bad debt provision - amount due from suppliers	Obsolescence Provision	Fixed assets and rights for use	Intangible assets	Capital Reserves	Provision for risks and charges	Other current liabilities	Net deferred tax assets	Deferred tax assets relating to tax losses	Total net deferred tax assets
Balance as at 29 February 2020	**733**	**3,606**	**2,120**	**4,281**	**415**	**1,813**	**1,295**	**14,263**	**24,354**	**38,617**
Provision/Releases to the Income Statement	222	(200)	269	(104)	-	1,607	(45)	1,749	548	2,297
Provision/Releases to the Comprehensive Income Statement	-	-	-	-	(94)	-	-	(94)	-	(94)
Balance as at 31 August 2020	**955**	**3,406**	**2,389**	**4,177**	**321**	**3,420**	**1,250**	**15,918**	**24,902**	**40,820**

The balance as at 31 August 2021 was Euro 51,349 thousand and was mainly composed of: (i) temporary differences mainly attributable to intangible assets for €14,709 thousand and (ii) deferred tax assets recognised on tax losses for €25,854 thousand.

The item includes €11,290 thousand for the tax effect of the realignment between the statutory and fiscal values of a portion of goodwill equal to €40,465 thousand resulting from the application of Article 110, paragraph 8 and 8-bis, of Decree Law No. 104/2020.

The balance as at 31 August 2020 was € 40,820 thousand and was mainly composed of: (i) temporary differences mainly attributable to goodwill and the inventory write-down reserve totalling €7,583 thousand and (ii) deferred tax assets recognised on tax losses of €24,902 thousand.

Deferred tax liabilities

(In thousands of Euro)	Intangible assets	Other current assets	Total net deferred taxes
Balance as at 28 February 2021	**2,867**	**770**	**3,637**
Provision/Releases to the Income Statement	(1,294)	(26)	(1,320)
Provision/Releases to the Comprehensive Income Statement	-	-	-
Balance as at 31 August 2021	**1,573**	**744**	**2,317**

Deferred tax liabilities relating to Intangible Assets result mainly from goodwill with a different statutory value from the value for tax purposes.

It is estimated that the debt refers to differences which will be reabsorbed in the medium-/long-term.

5.6 Other current assets and other non-current assets

Below is a breakdown of the items “Other current assets” and “Other non-current assets” as at 31 August 2021 and 28 February 2021:

(In thousands of Euro)	Period ended	
	31 August 2021	28 February 2021
Contract assets	8,885	8,012
Tax credits	1,046	801
Financial receivables from leases - current portion	1,356	1,090
Other current assets	4,750	9,166
Other current assets	**16,037**	**19,069**
Financial receivables from leases - non-current portion	6,148	7,184
Deposit assets and Deposits to suppliers	2,894	2,890
Other non-current assets	8	8
Other non-current assets	**9,050**	**10,082**
Total Other current assets and Other non-current assets	**25,087**	**29,151**

The item "Contract assets" of €8,885 thousand includes the cost of obtaining contracts which qualify as contract costs, represented by the premiums paid to employees for each additional sale of extended warranty services.

Tax credits increased as at 31 August 2021 and mainly related to withholdings.

The item "Other current assets" is down mainly due to the change in prepaid expenses referring to insurance, building charges and the hire of road signs that took place prior to 31 August 2021 and accruals for subsequent periods partly offset by the change in tax credit for the "TV bonus", a facility provided by the Ministry of Economic Development with the decree of 18/10/2019 for the purchase of TVs and decoders supplied in the form of a discount on the price of the product purchased by the customer.

Current and non-current financial receivables from leases decreased as a result of the collection of instalments due.

The item "Other non-current assets" includes deposit assets and deposits to suppliers.

5.7 Inventories

Warehouse inventories break down as follows:

(In thousands of Euro)	Period ended	
	31 August 2021	**28 February 2021**
Merchandise	446,760	382,747
Consumables	711	731
Gross stock	**447,471**	**383,478**
Warehouse obsolescence provision	(11,823)	(11,425)
Total Inventories	**435,648**	**372,053**

The value of gross inventories increased from €383,478 thousand as at 28 February 2021 to €447,471 thousand as at 31 August 2021. The change in the period reflects the seasonal nature of the business, the increase in volumes managed and purchases of televisions and decoders for the Switch-Off event starting from October 2021.

The value of inventories reflects the loss of value of the goods in cases where their cost exceeds their presumed realisable value, allowing the value of the warehouse to be restored to its current market value, and is adjusted by the warehouse obsolescence provision which includes the write-down of the value of the goods with possible obsolescence indicators. The change in the inventory write-down reserve in the period from 28 February 2021 to 31 August 2021 and for the period from 29 February 2020 to 31 August 2020 is shown below:

(In thousands of Euro)	**Warehouse obsolescence provision**
Balance as at 28 February 2021	**(11,425)**
Direct write-down	-
Provisions	(398)
Reclassifications	-
Releases to the Income Statement	-
Utilisation	-
Balance as at 31 August 2021	**(11,823)**

(In thousands of Euro)	**Warehouse obsolescence provision**
Balance as at 29 February 2020	**(15,098)**
Direct write-down	-
Provisions	-
Reclassifications	-
Releases to the Income Statement	885
Utilisation	-
Balance as at 31 August 2020	**(14,213)**

5.8 Trade receivables

A breakdown of the item “Trade receivables” as at 31 August 2021 and as at 28 February 2021 is shown below:

(In thousands of Euro)	**Period ended**	
	31 August 2021	**28 February 2021**
Trade receivables from third-parties	87,530	68,354
Trade receivables from related-parties	-	-
Gross trade receivables	**87,530**	**68,354**
Bad debt provision	(3,418)	(3,040)
Total Trade receivables	**84,112**	**65,314**

The value of gross receivables, referring mainly to the Indirect and B2B channels, increased by €19,176 thousand compared to the same period of the previous year. The change in trade receivables is mainly attributable to an increase in volumes managed.

The change in the bad debt provision for the period from 28 February 2021 to 31 August 2021 and from 29 February 2020 to 31 August 2020 is shown below:

(In thousands of Euro)	**Bad debt provision**
Balance as at 28 February 2021	**(3,040)**
Provisions	(378)
Releases to the Income Statement	-
Utilisation	-
Balance as at 31 August 2021	**(3,418)**

(In thousands of Euro)	**Bad debt provision**
Balance as at 29 February 2020	**(3,138)**
Provisions	(361)
Releases to the Income Statement	-

Utilisation	58
Balance as at 31 August 2020	**(3,441)**

Bad debts refer mainly to disputed claims or customers subject to insolvency proceedings. Drawdowns follow credit situations for which the elements of certainty and accuracy, or the presence of existing insolvency proceedings, determine the deletion of the actual position.

Credit risk represents the exposure to risk of potential losses resulting from the failure of the counterparty to comply with the obligations undertaken. Note, however, that for the periods under consideration there are no significant concentrations of credit risk, especially taking into consideration the fact that the majority of sales are paid for immediately by credit or debit card in the Retail, Travel and Online channels, and in cash in the Retail and Travel channels. The Group has credit control processes which include obtaining bank guarantees and receivables insurance contracts to cover a significant amount of the existing turnover with customers, customer reliability analysis, the allocation of credit, and the control of the exposure by reporting with the breakdown of the deadlines and average collection times.

Past due credit positions are, in any event, monitored by the administrative department through periodic analysis of the main positions and for those for which there is an objective possibility of partial or total irrecoverability, they are written-down.

It is felt that the book value of trade receivables is close to the fair value.

5.9 Current tax assets and liabilities

Below is a breakdown of the item "Current tax liabilities" as at 31 August 2021 and as at 28 February 2021:

Current tax liabilities

(In thousands of Euro)	Period ended	
	31 August 2021	28 February 2021
Payables for IRAP (income tax)	3,708	1,703
Payables for IRES (income tax)	2,353	1,045
Taxes payable	1,041	1,041
Total Current tax liabilities	**7,102**	**3,789**

As at 31 August 2021, the liabilities recorded under "IRAP payables" and "IRES payables" totalled €3,708 thousand and €2,353 thousand respectively. These payables relate to the combined effect of the payment of the balance of the advances made during the period and the balance deriving from the estimated taxes. It should be noted that the income tax charge for the six-month period ended 31 August 2021 is recorded on the basis of Management’s best estimate of the weighted average annual tax rate projected for the entire year, which is applied to the pre-tax result of the individual entities for the period. ""Payables for tax liabilities" of €1,041 thousand refer to potential tax liabilities relating to direct taxes.

5.10 Cash and cash equivalents

A breakdown of the item “Cash and cash equivalents” as at 31 August 2021 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2021	28 February 2021
Bank accounts	123,197	206,065
Petty cash	15,401	13,301
Total cash and cash equivalents	**138,598**	**219,366**

Cash and cash equivalents stood at €138,598 thousand as at 31 August 2021 and €219,366 thousand as at 28 February 2021.

The item consists of cash on hand, deposits and securities on demand or at short notice at banks that are available and readily usable.

For further details regarding the dynamics that affected Cash and cash equivalents, please refer to the Cash Flow Statement. Instead, for more details of the net financial position, please refer to Note 5.12.

5.11 Shareholders' equity

Details of the changes in “Shareholders’ equity” and the breakdown of the reserves in the reference periods are given below:

(In thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Reserve for actuarial profits/ (losses) on defined benefits plans	Reserve for share-based payments	Other reserves	Profits/ (losses) carried forward	Total shareholders’ equity	Minority interests	Total shareholders’ equity
Balance as at 28 February 2021	**4,053**	**800**	**42,519**	**(133)**	**(1,862)**	**4,069**	**30,195**	**73,654**	**153,295**	**-**	**153,295**
Profit/(loss) for the consolidated period	-	-	-	-	-	-	-	18,022	18,022	-	18,022
Other components of comprehensive income	-	-	-	29	(234)	-			(205)	-	(205)
Total statement of comprehensive income for the consolidated year	**-**	**-**	**-**	**29**	**(234)**	**-**	**-**	**18,022**	**17,817**	**-**	**17,817**
Allocation of prior year result	-	11	627	-	-	-	(327)	(311)	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	(53,793)	(53,793)	-	(53,793)
Share-based payment settled with equity instruments	85	-	-	-	-	(1,917)	4,200	2,293	4,661	-	4,661
Total transactions with shareholders	**85**	**11**	**627**	**-**	**-**	**(1,917)**	**3,873**	**(51,811)**	**(49,132)**	**-**	**(49,132)**

Balance as at 31 August 2021	**4,138**	**811**	**43,146**	**(104)**	**(2,096)**	**2,152**	**34,068**	**39,865**	**121,980**	**0**	**121,980**

Shareholders' equity totalled €121,980 thousand as at 31 August 2021 (€153,295 thousand as at 28 February 2021), decreasing during the year mainly due to the effect of the dividend distribution of €53,793 thousand resolved upon in June 2021.

The Share capital as at 31 August 2021 stood at €4,138 thousand, broken down into 20,689,871 shares.

The Reserves are illustrated below:

- the legal reserve of €811 thousand as at 31 August 2021 (€800 thousand as at 28 February 2021) includes the allocation of profits of 5% for each year up to the limit referred to in Article 2430 of the Italian Civil Code; there were no increases in this reserve during the period.

- the extraordinary reserve of €43,146 thousand as at 31 August 2021 (€42,519 thousand as at 28 February 2021); this reserve was increased during the period due to the allocation of profit by the Shareholders' Meeting in June 2021;

- the cash flow hedge reserve was negative for €104 thousand as at 31 August 2021 (negative fir €133 thousand as at 28 February 2021); this reserve was recorded to offset the mark to market of the hedging interest rate swap agreements, taken out as required by the Loan Agreement entered into during the year (for more details, please refer to Note 5.14).

- the negative reserve for actuarial gains and losses on defined benefit plans of €2096 thousand as at 31 August 2021 (negative €1862 thousand as at 28 February 2021) changed by a further negative €234 thousand due to the actuarial valuation relating to severance pay;

- the reserve for share-based payments amounting to €2152 thousand as at 31 August 2021 (€4069 thousand as at 28 February 2021); the reserve has changed due to: (i) the recognition of the exercise of options for the 2018–2025 Long-Term Incentive Plan reserved for some managers and employees for €2761 thousand and (ii) the recognition of provisions of €844 thousand relating to the 2021–2025 Performance Share Plan. For more details, please see Note 5.28.

- the item "Other reserves", equal to €34,068 thousand at 31 August 2021 (€30,195 thousand at 28 February 2021); this changed following the formation of the share premium reserve for €4,200 thousand as a result of the exercise of the 2018-2025 Long Term Incentive Plan.

During the year ended 31 August 2021 there were no assets allocated to a specific business.

In August 2021, the Board of Directors decided to realign the reporting and tax values of the goodwill item, placing a tax suspension constraint on the reserves available and present in the financial statements at 28 February 2021 for an amount equal to €39,252 thousand corresponding to the higher values realigned, net of substitute tax. The realignment also involved the recognition of deferred tax assets of €11,290 thousand and a release of deferred tax liabilities of €1344 thousand against the substitute tax expense of €1214 thousand. The decision was taken in application of the provisions of Article 110(8) and (8a) of Decree Law No. 104/2020, converted into Law No. 126/2020, which introduced, for IAS adopters, the possibility of realigning the reporting and tax values of assets (legally protected tangible and intangible assets) and equity investments, through the payment of a substitute tax of 3%, to be paid in three equal annual instalments from August 2021.

Details of the changes in "Shareholders' equity" and the breakdown of the reserves in the reference periods are given below:

(In thousands of Euro)	Notes	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Reserve for actuarial gains/(losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profit/(loss) carried forward	Total shareholders' equity	Minority interests	Total shareholders' equity
Balance as at 29 February 2020	**5.11**	**4,000**	**800**	**6,769**	**(353)**	**(1,571)**	**5,727**	**26,944**	**53,842**	**96,158**	**-**	**96,158**
Profit/(loss) for the period		-	-	-	-	-	-	-	7,522	7,522	-	7,522
Other components of comprehensive income		-	-	-	110	166	-			276	-	276
Total comprehensive income for the period		**-**	**-**	**-**	**110**	**166**	**-**	**-**	**7,522**	**7,798**	**-**	**7,798**
Allocation of prior year result		-	-	35,750	-	-	-	-	(35,750)	-	-	-
Covering retained losses and negative reserves		-	-	-	-	-	-		-	-	-	-
Distribution of dividends		-	-	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments		-	-	-	-	-	325	-	(129)	196	-	196
Total transactions with shareholders		**-**	**-**	**35,750**	**-**	**-**	**325**	**-**	**(35,879)**	**196**	**-**	**196**
Balance as at 31 August 2020	**5.11**	**4,000**	**800**	**42,519**	**(243)**	**(1,405)**	**6,052**	**26,944**	**25,485**	**104,152**	**-**	**104,152**

Shareholders' Equity totalled €104,152 thousand at 31 August 2020 (€ 96,158 thousand at 29 February 2020). It increased during the year due to the combined effect of: (i) recognition of consolidated profit for the period of € 7,522 thousand and other negative components of the comprehensive income statement of €276 thousand and (ii) recognition of €196 thousand in the reserve for share-based payments under the Long-term Incentive Plan established for certain managers and employees.

The share capital as at 31 August 2020 stood at €4,000 thousand, divided into 20,000,000 shares.

The Reserves are illustrated below:

- the legal reserve of € 800 thousand as at 31 August 2020 (€ 800 thousand as at 29 February 2020), includes the financial provisions at a rate of 5% for each financial year; there were no increases during the period in this reserve which reached the limit pursuant to Article 2430 of the Italian Civil Code;

- the extraordinary reserve of €42,519 thousand as at 31 August 2020 (€6,769 thousand as at 29 February 2020); this reserve increased during the period as a result of the allocation of profit by the Shareholders' Meeting on 12 June 2020;

- the cash flow hedge reserve was negative by €243 thousand as at 31 August 2020 (€-353 thousand as at 29 February 2020); this reserve was recorded to offset the mark to market of the hedging Interest Rate Swap agreements, taken out as required by the Loan Agreement entered into during the year (for more details, please refer to Note 5.12).

- the reserve for actuarial gains and losses on defined-benefit plans of €1405 thousand as at 31 August 2020 (€ 1571 thousand as at 29 February 2020); it changed by €166 thousand following the actuarial valuation relating to severance pay;

- the reserve for share-based payments totalled € 6,052 thousand at 31 August 2020 (€ 5,727 thousand at 29 February 2020); changes were due to the recognition of € 325 thousand as a contra-entry to the recognition of the cost of personnel for the share-based payment plan. For more details, please see Note 5.28.

The reconciliation between the shareholders' equity of the parent company and the consolidated shareholders' equity as at 31 August 2021 is illustrated below:

(In millions of Euro)	Shareholders' equity as at 31 August 2021	Net result as at 31 August 2021
Balances from the Parent Company's Annual Financial Statements	**122.6**	**19.3**
Difference between the carrying amount of equity investments and the profit/(loss)	(10.4)	(1.1)
Allocation of goodwill, brand, software and customer list, net of the tax effect	9.8	(0.2)
Consolidated Financial Statements of the Unieuro Group	**122.0**	**18.0**

The reconciliation between the shareholders' equity of the parent company and the consolidated shareholders' equity as at 31 August 2020 is illustrated below:

(In millions of Euro)	Shareholders' equity as at 31 August 2020	Net profit (loss) as at 31 August 2020
Balances for the period from the Parent Company's Annual Financial Statements	**110.4**	**6.7**
Difference between the carrying amount of equity investments and the profit/(loss) for the period	(16.7)	1.1
Allocation of goodwill, brand, software and customer list, net of the tax effect	10.5	(0.3)
Shareholders' equity and profit/(loss) for the period from the Consolidated Financial Statements	**104.2**	**7.5**

5.12 Financial liabilities

A breakdown of the item current and non-current "Financial liabilities" as at 31 August 2021 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Period ended

	31 August 2021	28 February 2021
Current financial liabilities	24,722	9,659
Non-current financial liabilities	13,283	39,068
Total financial liabilities	**38,005**	**48,727**

On 22 December 2017 a Loan Agreement was signed, "**Loan Agreement**", with Banca IMI S.p.A., as the agent bank, Banca Popolare di Milano S.p.A., Crédit Agricole Cariparma S.p.A. and Crédit Agricole Corporate and Investment Bank – Milan Branch. The Loan Agreement was finalised on 9 January 2018 following the conclusion of relations and the repayment of the previous lines of credit and the provision of the new funding.

The transaction consisted of taking out three different lines of credit aimed, among other things, at providing Unieuro with additional resources to support future growth, through acquisitions and opening new sales outlets. The existing borrowings relating to the *Euro Term and Revolving Facilities Agreement* were completely settled on 9 January 2018.

The credit lines include €190.0 million in term loan amortising, of which €50.0 million (the "Term Loan") was set up to replace the pre-existing lines of credit and €50.0 million (the "Capex Facility") is for acquisitions and restructuring investments on the store network, while there are €90.0 million in revolving facilities (the "Revolving Facility").

The interest on the loans agreed under the scope of the Loan Agreement is a floating rate, calculated taking into consideration the Euribor plus a contractually-agreed spread.

At the same time as the provision of the loans, Unieuro S.p.A. agreed contractual clauses (covenants) that give the lender the right to renegotiate or revoke the loan if the events in this clause are verified. These clauses require compliance by Unieuro S.p.A. with a consolidation ratio which will be summarised below:

- leverage ratio (defined as the ratio between the consolidated net financial debt and Consolidated Adjusted LTM EBITDA, as defined in the Loan Agreement).

At 31 August 2021 the covenant was calculated and complied with.

The Loan Agreement includes Unieuro's right of early repayment, in full or in part (in such a case of minimum amounts equal to Euro 1,000,000.00) and prior notification of the Agent Bank, of both the Term Loan and the Capex Facility. In addition, when certain circumstances and/or events are verified, Unieuro is obliged to repay the Loan early. As at 31 August 2021 and until the date these financial statements were prepared, no events occurred that could give rise to the early repayment of the loan.

Financial liabilities as at 31 August 2021 and at 28 February 2021 are illustrated below:

(In thousands of Euro)	Maturity	Original amount	Interest rate	At 31 August 2021		
				Total	of which current portion	of which non-current portion
Short-term lines of credit (1)	n.a.	74,500	0.35% - 6.5%	110	110	-
Revolving Credit Facility	jan-23	90,000	Euribor 1m+spread	-	-	-
Current bank payables				**110**	**110**	**-**
Term Loan	jan-23	50,000	Euribor 3m+spread	16,875	11,250	5,625

Capex Facility	jan-23	50,000	Euribor 3m+spread	21,600	13,500	8,100
Ancillary expenses on loans (2)				(580)	(138)	(442)
Non-current bank payables and current part of non-current debt				**37,895**	**24,612**	**13,283**
Total				**38,005**	**24,722**	**13,283**

(1) The short-term lines of credit include the subject to collection advances, the hot money, the current account overdrafts and the credit limit for the letters of credit.

(2) The financial liabilities are recorded at the amortised cost using the effective interest rate method. The ancillary expenses are therefore distributed over the term of the loan using the amortised cost criterion.

(In thousands of Euro)	Maturity	Original amount	Interest rate	At 28 February 2021		
				Total	of which current portion	of which non-current portion
Short-term lines of credit (1)	n.a.	74,500	0.35% - 6.5%	59	59	-
Revolving Credit Facility	jan-23	90,000	Euribor 1m+spread	-	-	-
Current bank payables				**59**	**59**	**-**
Term Loan	jan-23	50,000	Euribor 3m+spread	22,500	10,000	12,500
Capex Facility	jan-23	50,000	Euribor 3m+spread	27,000	-	27,000
Ancillary expenses on loans (2)				(832)	(400)	(432)
Non-current bank payables and current part of non-current debt				**48,668**	**9,600**	**39,068**
Total				**48,727**	**9,659**	**39,068**

(1) The short-term lines of credit include the subject to collection advances, the hot money, the current account overdrafts and the credit limit for the letters of credit.

(2) The financial liabilities are recorded at the amortised cost using the effective interest rate method. The ancillary expenses are therefore distributed over the term of the loan using the amortised cost criterion.

The financial liabilities at 31 August 2021 total €38,005 thousand with a decrease of €10,722 thousand compared with 28 February 2021. This change is mainly due to the repayment of the principal of the Loan and the Capex facility in the amount of €11,025 thousand.

The loans are valued using the amortised cost method based on the provisions of IFRS 9 and therefore their value is reduced by the ancillary expenses on the loans, equal to €580 thousand as at 31 August 2021.

The breakdown of the financial liabilities according to maturity is shown below:

(In thousands of Euro)	Year ended	
	31 August 2021	28 February 2021
Within 1 year	24,722	9,659
From 1 to 5 years	13,283	39,068
More than 5 years	-	-
Total	**38,005**	**48,727**

Below is a breakdown of the composition of net financial debt as at 31 August 2021 and 28 February 2021, as set out in Consob Communication No. DEM/6064293 of 28 July 2006, supplemented by Consob's Notice No. 5/21:

(in millions of Euro)	Period ended	Changes

	31 August 2021	28 February 2021	Δ	%
(A) Cash	138.6	219.4	(80.8)	(36.8%)
(B) Other cash and cash equivalents	0.0	0.0	0.0	*0.0%*
(C) Securities held for trading	0.0	0.0	0.0	*0.0%*
(D) Liquidity (A)+(B)+(C)	138.6	219.4	(80.8)	(36.8%)
(E) Current bank payables	-	(0.1)	0.1	(100.0%)
(F) Current portion of non-current debt	(87.4)	(76.8)	(10.6)	150.8%
(G) Current financial debt (E)+(F)	**(87.4)**	**(76.9)**	**(10.5)**	**13.7%**
(H) Net current financial debt (G)+(D)	**51.2**	**142.6**	**(91.4)**	**(64.1%)**
(I) Non-current bank payables	(397.7)	(431.4)	33.7	(7.8%)
(J) Debt instruments	0.0	0.0	0.0	*0.0%*
(K) Trade payables and other non-current payables	0.0	0.0	0.0	*0.0%*
(L) Non-current financial debt (I)+(J)+(K)	**(397.7)**	**(431.4)**	**33.7**	**(7.8%)**
(M) (Net financial debt)/Net cash (H)+(L)	***(346.5)***	***(288.8)***	***(57.7)***	***20.0%***

The cash flow dynamics are essentially driven by the combined effect of: (i) the distribution of dividends of €53,793 million, (ii) cash generation from operating activities including flows for IFRS 16 Leases of €5,486 million and (ii) investments of €26,353 million, mainly due to costs incurred to develop the direct POS network and refurbish the existing store network and costs incurred to purchase new hardware, software, licences and application developments with a view to improving the technological infrastructure.

The table below summarises the breakdown of the items “Other current financial payables” and “Other non-current financial payables” for the periods ending 31 August 2021 and 28 February 2021. See Note 5.14 “Other financial liabilities” for more details.

(In thousands of Euro)	Period ended	
	31 August 2021	28 February 2021
Other financial liabilities	64,032	68,202
Other current financial payables	**64,032**	**68,202**
Other financial liabilities	390,594	399,562
Other non-current loans	**390,594**	**399,562**
Total financial payables	**454,626**	**467,764**

5.13 Employee benefits

The changes in the item "Employee benefits" for the period from 28 February 2021 to 31 August 2021 and from 29 February 2020 to 31 August 2020 are shown below:

(In thousands of Euro)	
Balance as at 28 February 2021	**12,979**
Service cost	**31**
Interest cost	14
Transfers in/(out)	196
Settlements/advances	(265)
Actuarial (profits)/losses	**325**
Balance as at 31 August 2021	**13,280**

(In thousands of Euro)	
Balance as at 29 February 2020	**11,988**
Service cost	40
Interest cost	**27**
Transfers in/(out)	**65**
Settlements/advances	(124)
Actuarial (profits)/losses	**(226)**
Balance as at 31 August 2020	**11,770**

This item includes the TFR (severance pay) required by Law No. 297 of 25 May 1982 which guarantees statutory compensatory settlements to an employee when the employment relationship is ended. Severance pay, regulated by Article 2120 of the Italian Civil Code, is recalculated in accordance with the provisions of IAS 19, expressing the amount of the actual value of the final obligation as a liability, where the actual value of the obligation is calculated through the “projected unit credit” method.

Settlements recorded in the year ended 31 August 2021 relate to advances against severance indemnities paid to employees during the year and termination of employees with fixed-term contracts.

Below is a breakdown of the economic and demographic recruitment used for the purpose of the actuarial evaluations:

	Periods ended	
Economic recruitment	**31 August 2021**	**28 February 2021**
Inflation rate	0.80%	0.80%
Actualisation rate	0.10%	0.23%
Severance pay increase rate	2.10%	2.10%

	Period ended	
Demographic recruitment	**31 August 2021**	**28 February 2021**
Fatality rate	Demographic tables RG48	Demographic tables RG48
Disability probability	INPS tables differentiated by age and gender	INPS tables differentiated by age and gender
Retirement age	Reaching of minimum requirements under the compulsory general insurance	Reaching of minimum requirements under the compulsory general insurance
Probability of leaving	5%	5%
Probability of anticipation	3.50%	3.50%

With regard to the actualisation rate, the *iBoxx Eurozone Corporates AA* index with a duration of 10+ years at the evaluation date was taken as a reference for the evaluation of this parameter.

Below is the sensitivity analysis, as at 31 August 2021, relating to the main actuarial assumptions in the calculation model taking into consideration the above and increasing and decreasing the average annual turnover rate, the early request rate, the average inflation and actualisation rate, respectively by 1%, -1%, 0.25% and -0.25%. The results are summarised in the table below:

(In thousands of Euro)	Impact on DBO as at 31 August 2021	
Change to the parameter	**UNIEURO**	**MONCLICK**
1% increase in turnover rate	12,750	398
1% decrease in turnover rate	13,016	411
0.25% increase in inflation rate	13,054	412
0.25% decrease in inflation rate	12,700	396
0.25% increase in actualisation rate	12,594	394
0.25% decrease in actualisation rate	13,168	415

5.14 Other financial liabilities

A breakdown of the item current and non-current “Other financial liabilities” as at 31 August 2021 and 31 August 2020 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2021	**28 February 2021**
Payables to leasing companies	62,466	60,362
Payables for equity investments and business units	1,477	7,758
Fair value of derivative instruments	89	82
Other current financial liabilities	**64,032**	**68,202**
Payables to leasing companies	388,400	398,247
Payables for equity investments and business units	-	1,224
Fair value of derivative instruments	44	91

Other financial liabilities	2,150	-
Other non-current financial liabilities	**390,594**	**399,562**
Total financial liabilities	**454,626**	**467,764**

Payables for equity investments and business units

Payables for equity investments and investments in business units totalled €1,477 thousand as at 31 August 2021 (€8,982 thousand as at 28 February 2021). The decrease of €7,505 thousand is due to the share of the purchase price paid for the business units.

Payables to leasing companies

Lease liabilities totalled €450,866 thousand as at 31 August 2021 (€458,609 thousand as at 28 February 2021). The assets that are the subject of the finance lease agreement are buildings, automobiles, furnishings, LEDs, climate control systems, servers, computers and printers. The above payables to the leasing company are secured to the lessor via rights on the leased assets. This item includes the present value of lease liabilities relating to operating leases in regard to which the Group has recorded a liability reflecting the obligation to make lease payments and settle lease liabilities following the application of the accounting standard IFRS 16. There are no hedging instruments for the interest rates. It is here by noted that at 31 August 2021, the Group adopted the practical expedient relating to "Leases Covid-19-Related Rent Concessions" which allows the lessee not to consider any concessions on the payment of rents resulting from the effects of Covid-19 as an amendment to the original contract. On the basis of these changes, the above-mentioned concessions equal to €2.4 million were accounted for as positive variable rents without requiring a contractual amendment.

The following table shows the cash flows relating to lease liabilities.

(In thousands of Euro)	Balance as at 31 August 2021	Within 12M	Between 12M and 60M	Over 60M	Total
Payables to leasing companies	450,866	62,466	229,751	158,649	450,866
Total	**450,866**	**62,466**	**229,751**	**158,649**	**450,866**

Fair value of derivative instruments

Financial instruments for hedging, as at 31 August 2021, refer to contracts entered into with Intesa Sanpaolo S.p.A., Banca Popolare di Milano S.p.A. and Crédit Agricole Cariparma S.p.A., hedging the fluctuation of financial expenses related to the Loan Agreement. The financial liability amounted to €133 thousand as at 31 August 2021 (€173 thousand as at 28 February 2021). These derivative financial transactions on the interest rates are designated as hedge accounting in accordance with the requirements of IFRS 9 and are therefore dealt with under hedge accounting.

5.15 Provisions

The change in the item "Funds" for the period from 28 February 2021 to 31 August 2021 is broken down below:

(In thousands of Euro)	Tax dispute provision	Other disputes provision	Restructuring provision	Other risks provision	Total
Balance as at 28 February 2021	**1,914**	**13,069**	**380**	**6,144**	**21,507**
- of which current portion	-	346	380	28	754
- of which non-current portion	1,914	12,723	-	6,115	20,752
Provisions	202	373	-	272	847
Draw-downs/releases	(1,318)	(2,149)	-	(6)	(3,473)
Balance as at 31 August 2021	**798**	**11,293**	**380**	**6,411**	**18,883**
- of which current portion	-	2,927	380	351	3,658
- of which non-current portion	798	8,366	-	6,060	15,225

The "Tax dispute provision", equal to €798 thousand as at 31 August 2021 and €1,914 thousand as at 28 February 2021, was set aside mainly to hedge the liabilities that could arise due to tax disputes.

As regards the "Other disputes provision", equal to €11,293 thousand as at 31 August 2021 and equal to €13,069 thousand as at 28 February 2021, the decrease in the period mainly refers to positions that were closed or settled during the period.

The "Restructuring provision", equal to €380 thousand as at 31 August 2021, unchanged compared with 28 February 2021, refers mainly to the personnel restructuring process of the closing sales outlets.

"Other provisions for risks" totalled €6,411 thousand as at 31 August 2021 and €6,144 thousand as at 28 February 2021. The item mainly includes costs for risks with reference to logistic contracts, the costs for returning the shops to their original condition, allocated against the costs to be incurred for the restoration of the property when it is handed over to the lessor in cases where the lessee is contractually obliged to do so.

5.16 Other current liabilities and other non-current liabilities

A breakdown of the items "Other current liabilities" and "Other non-current liabilities" as at 31 August 2021 and 28 February 2021 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2021	28 February 2021
Contract liabilities	179,144	187,450
Payables to personnel	38,494	42,945
Payables for VAT	12,730	17,531
Payables to welfare institutions	4,297	4,103
Payables for IRPEF (income tax)	837	3,623
Deferred income and accrued liabilities	3,744	3,364

Long Term Incentive Plan monetary bonus	1,667	1,694
Other current liabilities	348	464
Tax payables	397	-
Total other current liabilities	**241,658**	**261,174**
Long Term Incentive Plan monetary bonus	483	-
Tax payables	391	-
Deposit liabilities	26	26
Total other non-current liabilities	**900**	**26**
Total other current and non-current liabilities	**242,558**	**261,200**

The item "Other current and non-current liabilities" decreased by €18,642 thousand in the period ended 31 August 2021 compared with the year ended 28 February 2021. The decrease in the item recorded during the period under review is mainly due to a different promotional calendar, which in February 2021 resulted in the inclusion of a liability for commitments entered into with customers, partly offset by higher contractual liabilities relating to the extended warranty service.

The balance of the item “Other current liabilities” is mainly composed of:

- contract liabilities of €179,144 thousand as at 31 August 2021 (€187,450 thousand as at 28 February 2021) mainly attributable to (i) deferred revenues for warranty extension services. Revenues from sales are recorded on the basis of the contractual duration, i.e., the period for which there is a performance obligation, thus deferring sales for future periods, (ii) advances received from customers, (iii) liabilities relating to purchase vouchers and (iv) liabilities relating to sales with right of return;

- payables to personnel of €38,494 thousand as at 31 August 2021 (€42,945 thousand as at 28 February 2021) composed of payables for salaries, holidays, leave and thirteenth and fourteenth month pay. These payables refer to items accrued but not yet settled;

- VAT payables of €12,730 thousand as at 31 August 2021 (€17,531 thousand as at 28 February 2021) composed of payables resulting from the VAT payment for August 2021;

- deferred income and accrued expenses of €3,744 thousand as at 31 August 2021 (€3,364 thousand as at 28 February 2021) mainly relating to the recognition of deferred income on revenues that were settled during the year but fall due later.

The balance of the item "Other non-current liabilities" consists of the payable relating to the monetary bonus provided for in the 2021-2025 stock grant plan for €483 thousand, the substitute tax payable of €391 thousand relating to the adjustment between the reporting and tax values and the deposit liabilities of €26 thousand.

5.17 Trade payables

A breakdown of the item “Trade payables” as at 31 August 2021 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2021	28 February 2021

Trade payables to third-parties	585,640	503,511
Trade payables to related-parties	0	0
Gross trade payables	**585,640**	**503,511**
Bad debt provision - amount due from suppliers	2,030	1,555
Total Trade payables	**587,670**	**505,066**

The balance includes payables relating to carrying out normal trade activities involving the supply of goods and services. This item takes into account the exposure to the risk of potential losses resulting from the failure of the counterparty to comply with the obligations undertaken. Gross trade payables increased by €82,129 thousand as at 31 August 2021 compared with 28 February 2021. The increase is related to the increase in volumes managed and to purchases in anticipation of the Switch-Off event launched as from October 2021.

The change in the "Bad debt provision – amount due from suppliers" for the period from 28 February 2021 to 31 August 2021 and for the period from 29 February 2020 to 31 August 2020 is shown below:

(In thousands of Euro)	**Bad debt provision - amount due from suppliers**
Balance as at 28 February 2021	**1,555**
Provisions	475
Releases to the Income Statement	-
Utilisation	-
Balance as at 31 August 2021	**2,030**

(In thousands of Euro)	**Bad debt provision - amount due from suppliers**
Balance as at 29 February 2020	**1,612**
Provisions	364
Releases to the Income Statement	-
Utilisation	-
Balance as at 31 August 2020	**1,976**

There are no payables for periods of more than 5 years or positions with a significant concentration of payables.

5.18 Revenue

In the tables below the revenues are broken down by channel, category and geographic market. The Group has identified just one operating segment, which is the entire company and covers all the services and products provided to customers. The Group's view of itself as a single omnichannel business means that the company has identified a single Strategic Business Unit ("SBU"). For further details, please refer to Note 4 Information on operating segments. The Group's revenues are affected by seasonal factors typical of the consumer electronics market, which records higher revenues in the final part of every financial year.

Below is a breakdown of revenues by channel:

(In thousands of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2021	%	31 August 2020	%	2022 vs. 2021	%
Retail	877,621	69.2%	675,820	62.6%	201,801	29.9%
Online	187,764	14.8%	215,407	20.0%	(27,643)	-12.8%
Indirect	141,286	11.1%	128,087	11.9%	13,199	10.3%
B2B	49,058	3.9%	50,677	4.7%	(1,619)	-3.2%
Travel	12,506	1.0%	9,027	0.8%	3,479	38.5%
Total revenues by channel	**1,268,235**	**100.0%**	**1,079,018**	**100.0%**	**189,217**	**17.5%**

The Retail channel (69.2% of total revenues) – which as at 31 August 2021 included 265 direct points of sale – recorded sales of €877,621 thousand, up 29.9% on the €675,820 thousand recorded in the corresponding period of 2020/21. The trend in revenues was positively influenced by the gradual relaxation of restrictions on direct network access by customers, compared with the first half of the year ended 31 August 2020, which was heavily impacted by the pandemic. Another factor was the transition to direct operation of 18 Unieuro by Iper shop-in-shops, previously under the affiliation regime and internalised from the second half of the previous year, as well as the new openings and the work carried out on the direct network during the period. These effects resulted in a positive channel performance also compared with the first half of the last pre-Covid year (+16.1%).

The Online channel (14.8% of total revenues) recorded a decrease of 12.8%, to €187,764 thousand, compared with the €215,407 thousand recorded in the same period of the previous year. The trend reflects the decline in growth rates in the reference market. Compared with the pre-Covid half-year ended 31 August 2019, channel revenues increased by 67.3%, totalling €112.2 million as at 31 August 2019, due to both mainstream and digital marketing activities on the Online channel and new consumption habits triggered by the pandemic. The performance of the half-year ended 31 August 2020 resulted from the emergency situation caused by the pandemic, which led customers to favour e-commerce over physical stores.

The Indirect channel (11.1% of total revenues) – which includes the turnover generated by the network of affiliated stores, for a total of 258 points of sale as at 31 August 2021 – recorded revenues of €141,286 million, up 10.3% compared with the €128,087 million of the same period a year earlier. The gradual easing of restrictions and the distinctive features of the affiliated stores – small to medium in size and focused on proximity service – contributed to this success. The positive contribution of new openings during the period, partially offsetting the transition to the Retail channel of previously affiliated Unieuro by Iper shop-in-shops from the second half of the previous year, was also a contributing factor. These phenomena also resulted in growth by comparison with the first half of the last pre-Covid year (+18.7%).

The B2B channel (3.9% of total revenues) – which targets professional domestic and foreign customers that operate in industries other than those where Unieuro operates, such as hotel chains and banks, as well as operators that need to purchase electronic products to be distributed to their regular customers or to employees to accumulate points or participate in prize competitions or incentive plans (B2B2C segment) – recorded sales of €49,058 thousand, down 3.2% from €50,677 thousand in the corresponding period. The uncertain nature of revenues in this channel is confirmed, featuring an opportunistic approach influenced by multiple exogenous factors.

Lastly, the Travel channel (1.0% of total revenues) – composed of 11 directly operating stores located at some of the main public transport hubs such as airports, railway and underground stations – recorded an increase of 38.6% and sales equal to €12,506 thousand. The channel's performance is benefiting from the gradual pick-up in traffic at stations and airports that were fully or partially closed during the pandemic. Performance during the return to normal conditions was down compared with the first half of the last pre-Covid year (-32.6%).

Below is a breakdown of revenues by category:

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	31 August 2021	%	28 February 2020	%	2021 vs 2020	%
Grey	598,018	47.2%	532,897	49.4%	65,121	12.2%
White	345,967	27.3%	307,341	28.5%	38,626	12.6%
Brown	202,778	16.0%	141,854	13.1%	60,924	42.9%
Other products	60,539	4.8%	49,642	4.6%	10,897	22.0%
Services	60,933	4.8%	47,284	4.4%	13,649	28.9%
Total revenues by category	**1,268,235**	**100.0%**	**1,079,018**	**100.0%**	**189,217**	**17.5%**

The Grey category (47.2% of total revenues) – i.e. telephony, tablets, information technology, telephony accessories, cameras, as well as all wearable technological products – generated a turnover of €598,018 thousand, up 12.2% compared with €532,897 thousand in the same period a year earlier. Sales in the half-year were driven mainly by telephony, wearables and media tablets, which benefited from the gradual easing of restrictions. These phenomena also resulted in growth compared with the first half of the last pre-Covid year (+19.0%).

The White category (27.3% of total revenues) – which is composed of major domestic appliances (MDA) such as washing machines, tumble dryers, refrigerators or freezers and cooktops, small domestic appliances (SDA), such as vacuum cleaners, kitchen processors, coffee machines as well as the climate control segment – recorded sales of €345,967 thousand, up 12.6% compared with €307,341 thousand in the same period a year earlier. The category grew during the period thanks to the positive results of home care products, particularly large household appliances, with the success of the Passione Casa flyer with the tumble dryer combination in May and Summer Black Friday in June/July. The small household appliance sector is also positive, with double-digit growth, particularly in the coffee, vacuum, personal care and air-cooled machines sector.

The Brown category (16.0% of revenues) – including televisions and accessories, audio devices, devices for smart TVs, car accessories and memory systems – recorded total revenues of €202,778 thousand, up 42.9% compared with the figure of €141,854 thousand for the same period a year earlier. The strong half-year performance is related to televisions, which are benefiting from the major Switch-Off event starting from October 2021, highlighting how end-consumers are preparing for the change in technology, and the return of sporting events which were stopped by the pandemic.

The Other Products category (4.8% of total revenues) – which includes both the sales of the Entertainment sector and other products not included in the consumer electronics market such as hoverboards or bicycles – recorded consolidated revenues of €60,539 thousand, up 21.9%. The category has mainly been driven by growth in the entertainment segment, which includes consoles and video games, and the increase in turnover generated by electric mobility products. The figures for the latter, in particular, are in contrast with last year, when sales of these products were severely limited by the restrictions imposed due to the health emergency – and the knock-on effect of social distancing rules which resulted in the use of environmentally sustainable forms of travel to avoid crowds on public transport.

The Services category (4.8% of total revenues) grew by 28.9% to €60,933 thousand; the positive performance benefited from Unieuro's continued focus on providing services to its customers, particularly the extended warranty and delivery and transport services.

The table below contains a breakdown of the revenues per geographical area:

(In thousands of Euro)	Period ended	
	31 August 2021	**31 August 2020**
Abroad	797	5,125
Italy	1,267,438	1,073,893
Total	**1,268,235**	**1,079,018**

5.19 Other income

Below is a breakdown of the item "Other income" for the financial years ended 31 August 2021 and 31 August 2020:

(In thousands of Euro)	Year ended	
	31 August 2021	**31 August 2020**
Insurance reimbursements	117	15
Other income	263	366
Total Other Income	**380**	**381**

The item mainly includes income from the rental of computer equipment to affiliates and insurance reimbursements relating to theft or damage caused to stores.

5.20 Purchases of materials and external services

Below is a breakdown of the item "Purchases of materials and external services" for the financial years ended 31 August 2021 and 31 August 2020:

(In thousands of Euro)	Period ended	
	31 August 2021	**31 August 2020**
Purchase of goods	1,055,126	810,819
Transport	37,367	37,840
Marketing	23,550	19,340
Other costs	13,903	7,048
General sales expenses	7,212	6,531
Utilities	8,410	6,150
Maintenance and rental charges	7,911	5,678
Consulting	5,316	3,414
Purchase of consumables	3,087	4,154
Travel expenses	337	260
Payments to administrative and supervisory bodies	397	335
Total Purchases of materials and external services	**1,162,616**	**901,569**
Changes in inventory	**(63,595)**	**37,635**
Total, including the change in inventories	**1,099,021**	**939,204**

The item "Purchases of materials and external services", taking into account the item "Change in inventories", rose from €939,204 thousand in the period ended 31 August 2020 to €1,099,021 thousand in the year ended 31 August 2021, an increase of €159,817 thousand or 17.0%.

The main increase is attributable to the item "Purchase of goods" and "Change in inventories" for €143.077 thousand, the increase of which is due to the increase in volumes managed and the mix of products purchased.

The "Transport" item decreased from €37,840 thousand as at 31 August 2020 to €37,637 thousand as at 31 August 2021. Logistics costs decreased as a proportion of consolidated revenues, to 2.9% in the first six months of 2021 (3.5% in the corresponding period of the previous year), due to the lower weight of sales with home delivery on total revenues for the period, partly offset by the higher transport and handling costs deriving from higher turnover volumes.

The item "Marketing" increased from €19,340 thousand as at 31 August 2020 to €23,550 thousand as at 31 August 2021. The increase is mainly attributable to the costs associated with the promotional campaigns that were suspended in the first few months of 2020 due to the pandemic, and investments in digital, radio and TV activities also increased following the company's decision to focus more on digital consumption, by progressively cutting paper and the distribution of flyers.

The item "Utilities" and "Maintenance and rental charges" increased by €2,260 thousand and €2,233 thousand respectively compared with 31 August 2020; the increase is mainly due to the increased operation of the stores that in the previous half-year had suffered restrictions imposed by the pandemic.

The item "General sales expenses" increased from €6,531 thousand as at 31 August 2020 to €7,212 thousand as at 31 August 2021. The item mainly includes the costs for commissions on sales transactions; the increase is due to the increased use of electronic payment instruments (cards, PayPal, etc.) on the direct network and to the higher volumes recorded during the period.

The item “Other costs” mainly includes costs for variable rents, condominium expenses, vehicles, hiring, cleaning, insurance and security. The item rose by Euro 6,855 thousand compared with 31 August 2020. The trend is mainly attributable to fewer concessions received from lessors on the payment of rents due to the relaxation of restrictions, higher variable rents due to the increase in turnover recorded in the period and the increase in the weight of the contracts that provide for a variable component of the rent.

The item "Consultancy" went from €3,414 thousand as at 31 August 2020 to €5,316 thousand as at 31 August 2021, up compared with the corresponding period. The increase is due to the strengthening of technological infrastructures and the development of new projects.

5.21 Personnel costs

Below is a breakdown of the item "Personnel costs" for the financial years ended 31 August 2021 and 31 August 2020:

(In thousands of Euro)	Period ended	
	31 August 2021	**31 August 2020**
Salaries and wages	70,694	54,956
Welfare expenses	20,901	16,150
Severance pay	4,369	3,966
Other personnel costs	1,906	437
Total personnel costs	**97,870**	**75,509**

Personnel costs went from Euro 75,509 thousand in the year ended 31 August 2020 to Euro 97,870 thousand in the year ended 31 August 2021, an increase of Euro 22,361 thousand or 29.6%. The item, in that last period, was influenced by the effect of the actions taken by management to mitigate the impact of the pandemic, mainly relating to the use of the Cassa Integrazione Guadagni in Deroga (Wages Redundancy Fund), compensation for holidays and leaves of absence, non-renewal of expired fixed-term contracts and the spontaneous reduction in management remuneration. Costs also increased as a result of the transition to direct operation of the Unieuro by Iper shop-in-shops and the new openings in the period.

5.22 Other operating costs and expenses

Below is a breakdown of the item "Other operating costs and expenses" for the financial years ended 31 August 2021 and 31 August 2020:

(In thousands of Euro)	Period ended	
	31 August 2021	31 August 2020
Non-income based taxes	1,133	2,913
Provision/(releases) for supplier bad debts	475	364
Bad debt provision/(releases)	378	361
Other operating expenses	634	251
Total other operating costs and expenses	**2,620**	**3,889**

"Other costs and operating expenses" rose from €3,889 thousand in the period ended 31 August 2020 to €2,620 in the period ended 31 August 2021, a decrease of €1,269 thousand or 32.6%.

The item "non-income taxes" mainly includes costs associated with the running of the business such as waste disposal tax and taxes for advertising and promotional activities.

The item “Other operating costs” includes costs for charities, customs and capital losses.

5.23 Amortisation, depreciation and write-downs

Below is a breakdown of the item "Depreciation, amortisation and write-downs" for the financial years ended 31 August 2021 and 31 August 2020:

(In thousands of Euro)	Period ended	
	31 August 2021	31 August 2020
Amortisation/depreciation of Right-of-use assets	32,774	31,133
Amortisation of tangible fixed assets	9,465	10,431
Intangible Assets Amortisation	4,133	3,424
Write-downs/(write backs) of tangible and intangible fixed assets	366	991
Total depreciation, amortisation and write-downs	**46,738**	**45,979**

The item "Depreciation, amortisation and write-downs" increased from €45,979 thousand in the year ended 31 August 2020 to €46,738 thousand in the year ended 31 August 2020, or €759 thousand.

The item "Write-downs/(write backs) of tangible and intangible fixed assets" includes impairment of certain assets as a result of direct network operations.

5.24 Financial income and Financial expenses

Below is a breakdown of the item "Financial income" for the financial years ended 31 August 2021 and 31 August 2020:

(In thousands of Euro)	Period ended	
	31 August 2021	31 August 2020
Other financial income	12	36
Interest income	1	1
Total financial income	**13**	**37**

"Financial income" decreased from €37 thousand in the year ended 31 August 2020 to €13 thousand in the year ended 31 August 2021, or €24 thousand. This item mainly includes exchange gains realised during the period.

The breakdown of the item "Financial expenses" is given below:

(In thousands of Euro)	Period ended	
	31 August 2021	31 August 2020
Interest expense on bank loans	570	1,159
Other financial expense	5,534	5,667
Total Financial Expenses	**6,104**	**6,826**

The item "Interest expense on bank loans" changed from €1,159 thousand in the period ended 31 August 2020 to €570 thousand in the period ended 31 August 2021, a decrease of €589 thousand. The change in the period is linked to the reduction in the use of credit lines and interest income resulting from the discounting of payables maturing within 12 months.

The item "Other financial expenses" amounted to Euro 5,534 thousand as at 31 August 2021 (Euro 5,667 thousand as at 31 August 2020). The change refers primarily to financial expenses relating to financial liabilities for leases pursuant to IFRS 16.

5.25 Income taxes

Below is a breakdown of the item "Income taxes" for the financial years ended 31 August 2021 and 31 August 2020:

(In thousands of Euro)	Year ended	
	31 August 2021	31 August 2020
Current taxes	(10,073)	(2,590)

Deferred taxes	11,822	2,096
Allocation to tax provision and Taxes payable	0	(13)
Total	**1,749**	**(507)**

The table below contains the reconciliation of the theoretical tax burden with the actual one:

(In thousands of Euro and as a percentage of the profit before tax)	**Year ended**			
	31 August 2021	**%**	**31 August 2020**	**%**
Pre-tax result for the period	16,273		8,029	
Theoretical income tax (IRES)	(3,906)	24.0%	(1,927)	24.0%
IRAP	(5,455)	(33.5%)	(1,332)	(16.6%)
Tax effect of permanent differences and other differences	11,110	68.3%	2,765	34.4%
Taxes for the period	1,749		**(494)**	
(Allocation)/release to tax provision and Taxes payable	0		(13)	
Total taxes	1,749		**(507)**	
Actual tax rate		**10.7%**		**(6.3%)**

Income taxes in the period ended 31 August 2021 amounted to a positive €1,749 thousand (negative €507 thousand in the same period of the previous year ended 31 August 2020). This item includes the tax effect of the realignment between the statutory and fiscal values of a portion of goodwill that resulted in the recognition of deferred tax assets in the amount of €11,290 thousand, a release of deferred tax liabilities of €1,344 thousand and the inclusion of a substitute tax expense of €1,214 thousand.

It is hereby specified that beginning from 28 February 2019, Unieuro S.p.A. had exercised an option for the Domestic Tax Consolidation regime in its capacity as the "Consolidating Company" (pursuant to Article 117 of Presidential Decree No. 917 of 22/12/1986) together with the "Consolidated Company" Monclick S.r.l.. The option made it possible to determine the payable IRES (corporate income tax) due on a tax base which corresponds to the algebraic sum of the taxable revenue and tax losses of the individual companies that are included in the Consolidation.

5.26 Basic and diluted earnings per share

The basic earnings per share are calculated by dividing the result for the consolidated period by the average number of ordinary shares. The details of the calculation are given in the table below:

(In thousands of Euro)	**Period ended**	
	31 August 2021	**31 August 2020**
Profit (loss) for the year [A]	18,022	7,522
Number of shares (in thousands) taken into consideration for the purpose of calculating the basic earnings per share [B]	20,508	20,000
Earnings per share (*in Euro*) [A/B]	0.88	0.38

The details of the calculation of the diluted earnings per share are given in the table below:

(In thousands of Euro)	Period ended	
	31 August 2021	31 August 2020
Profit/(loss) for the year/year [A]	18,022	7,522
Average number of shares (in thousands) [B]	20,508	20,000
Effect of the options on shares upon issuance [C]	-	.
Diluted earnings per share (*in Euro*) [A/(B+C)]	**0.88**	**0.38**

5.27 Cash flow statement

The key factors that affected cash flows in the three years are summarised below.

Net cash flow generated/(absorbed) by operating activities

(In thousands of Euro)	Period ended	
	31 August 2021	31 August 2020
Cash flow from operations		
CONSOLIDATED PROFIT/(LOSS) FOR THE CONSOLIDATED PERIOD	18,022	7,522
Adjustments for:		
Income taxes	(1,749)	507
Net financial expenses (income)	6,091	6,789
Depreciation, amortisation and write-downs of fixed assets	46,738	45,979
Other changes	858	196
	69,960	60,993
Changes in:		
- Inventories	(63,595)	37,634
- Trade receivables	(18,798)	(26,335)
- Trade payables	77,017	(6,378)
- Other changes in operating assets and liabilities	(19,369)	8,817
Cash flow generated/(absorbed) by operating activities	(24,745)	13,738
Taxes paid	(5,537)	(945)

Interest paid	(5,685)	(6,104)
Net cash flow generated/(absorbed) by operating activities	**33,993**	**67,682**

The Consolidated net cash flow generated/(used) by operating activities was €33,993 thousand (€67,682 thousand in the previous year ended 31 August 2020). The change in the period relates to the Group's positive operating profit performance, partly offset by the trend in working capital.

Cash flow generated/(absorbed) by investment activities

(In thousands of Euro)	Period ended	
	31 August 2021	31 August 2020
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(10,673)	(6,405)
Purchases of intangible assets	(7,372)	(6,522)
Investments for business combinations and business units	(8,308)	(8,318)
Cash flow generated/(absorbed) by investment activities	**(26,353)**	**(21,245)**

Investment activities absorbed cash of €26,323 thousand and €21,245 thousand, respectively, in the periods ended 31 August 2021 and 31 August 2020.

With regard to the period ended 31 August 2021, the Company's main requirements involved:

- investments in companies and business units of €8,308 thousand. These investments refer to the portion of the purchase price in acquisition transactions.
- investments in plant, machinery and equipment of €19,673 thousand, mainly relating to measures for stores purchased, opened, relocated or renovated during the year;
- investments in intangible assets of €7,372 thousand relating to costs incurred for the purchase of new hardware, software, licences and application developments with a view to improving the technological infrastructure, and to carry out new projects.

Cash flow generated/(absorbed) by financing activities

(In thousands of Euro)	Year ended	
	31 August 2021	31 August 2020
Cash flow from investment activities[32]		

[32] For the purpose of better representation, the cash flows relating to IFRS 16 leases were reclassified from the item "Cash flow generated/(absorbed) by investment activities" to the item "Cash flow generated/(absorbed) by financing activities".

Increase/(Decrease) in financial liabilities	(11,128)	21,788
Increase/(Decrease) in other financial liabilities	1,217	2,969
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(28,507)	(27,694)
Exercise - Long Term Incentive Plan	3,803	-
Distribution of dividends	(53,793)	-
Cash flow generated/(absorbed) by financing activities	**(88,408)**	**(2,937)**

Financing activities absorbed cash of €88,408 thousand in the period ended 31 August 2021 and €2,937 thousand in the period ended 31 August 2020; this change was mainly due to the dividend distribution approved by the Shareholders' Meeting in June 2021.

5.28 Share-based payment agreements

Long-Term Incentive Plan

On 6 February 2017, the Extraordinary Shareholders' Meeting of Unieuro approved the adoption of a stock option plan (the "Plan" or "Long-Term Incentive Plan" or "LTIP") reserved for Executive Directors, associates and employees (managers and others) of Unieuro. The Plan calls for assigning ordinary shares derived from a capital increase with no option rights pursuant to Art. 2441, paragraphs 5 and 8 of the Italian Civil Code approved by Unieuro's Shareholders' Meeting on the same date.

The Plan specifies the following objectives: (i) to get beneficiaries to focus on factors of strategic interest to Unieuro, (ii) to obtain the loyalty of plan beneficiaries and give them an incentive to remain with Unieuro, (iii) to increase the Company's competitiveness by identifying medium-term goals and fostering the creation of value for both Unieuro as well as its shareholders, and (iv) to ensure that the overall remuneration of Plan beneficiaries is competitive in the market.

The implementation and definition of the specific characteristics of the Plan were delegated by the Shareholders' Meeting itself to the Unieuro Board of Directors for its specific definition. On 29 June 2017, the Board of Directors approved the plan regulations ("Regulations") whereby the terms and conditions of implementation of the Plan were determined.

The Recipients subscribed to the Plan in October 2017. The parties expressly agreed that the effects of granting rights should be retroactive to 29 June 2017, the date the regulations were approved by the Board of Directors.

The Regulations also provide for the terms and conditions described below:

- *Condition:* the Plan and the grant of the options associated with it will be subject to the conclusion of the listing of Unieuro by 31 July 2017 (the "IPO");

- *Recipients*: the Plan is addressed to Directors with executive type positions, associates and employees (managers and others) of Unieuro ("Recipients") that were identified by the Board of Directors within those who have an ongoing employment relationship with Unieuro and/or other companies of the Group. Identification of the Recipients was made on the basis of a discretionary judgement of the Board of Directors that, given the purpose of Long Term Incentive Plan, the strategies of Unieuro and the Group and the objectives to be achieved, took into account, among other things, the strategic importance of the role and impact of the role on the pursuit of the objective;

- *Object:* the object of the Plan is to grant the Recipients option rights that are not transferable by act inter vivos for the purchase or subscription against payment of ordinary shares in Unieuro for a maximum of 860,215 options, each of which entitling the bearer to subscribe one newly issued ordinary share ("Options"). If the target is exceeded with a performance of 120%, the number of Options will be increased up to 1,032,258. A share capital increase was approved for this purpose for a nominal maximum of Euro 206,452, in addition to the share premium, for a total value (capital plus premium) equal to the price at which Unieuro's shares will be placed on the MTA through the issuing of a maximum of 1,032,258 ordinary shares;

- *Granting*: the options will be granted in one or more tranches and the number of Options in each tranche will be decided by the Board of Directors following consultation with the Remuneration Committee;

- *Exercise of rights*: the subscription of the shares can only be carried out after 31 July 2020 and within the final deadline of 31 July 2025;

- *Vesting*: the extent and existence of the right of every person to exercise options will happen on 31 July 2020 provided that: (i) the working relationship with the Recipient persists until that date, and (ii) the objectives are complied with, in terms of distributable profits, as indicated in the business plan on the basis of the following criteria:

    - in the event of failure to achieve at least 85% of the expected results, no options will be eligible for exercise;

    - if 85% of the expected results are achieved, only half the options will be eligible for exercise;

    - if between 85% and 100% of the expected results are achieved, the number of options eligible for exercise will increase on a straight line between 50% and 100%;

    - if between 100% and 120% of the expected results are achieved, the number of options eligible for exercise will increase proportionally on a straight line between 100% and 120% – the maximum limit.

- *Exercise price*: the exercise price of the Options will be equal to the issue price on the day of the IPO amounting to Euro 11 per share;

- *Monetary bonus*: the recipient who wholly or partly exercises their subscription rights shall be entitled to receive an extraordinary bonus in cash of an amount equal to the dividends that would have been received at the date of approval of this Long Term Incentive Plan until completion of the vesting period (31 August 2020) with the exercise of company rights pertaining to the Shares obtained during that year with the exercise of Subscription Rights;

- *Duration*: the Plan covers a time horizon of five years, from 31 July 2020 to 31 July 2025.

The vesting period of the rights provided for in the Plan ended on 29 February 2020; on 18 June 2020, the Board of Directors verified that 101.11% of the quantitative and therefore objectively verifiable objectives had been achieved and approved the allocation of a total of 849,455 options, in accordance with the Plan Regulations. From 31 July 2020 to 31 July 2025, each beneficiary will be entitled to exercise their subscription rights in whole or in part, including in several tranches; at the end of each financial year in which the beneficiary will have exercised all or part of its subscription rights, as provided for by the Plan, that beneficiary will be entitled to receive an extraordinary cash bonus, already recognised in the financial statements, equal to the dividends that would have been forthcoming from the date of approval of the Plan until the end of the vesting period, pursuant to the exercise of the corporate rights attached to the shares obtained in the relevant year.

The number of outstanding options as at 31 August 2021 is as follows:

	Number of options 31 August 2021
No. of options in circulation assigned	849,455
No. of options granted during the period	-
No. of options not granted	-
No. of options exercised	689,871
No. of options expired	-

Performance shares 2020-2025

On 27 October 2020, after receiving the favourable opinion of the Nominations and Remuneration Committee, the Board of Directors of Unieuro S.p.A. approved the Information Document relating to the Performance Shares 2020-2025 Plan (the "Performance Shares" or "PS") drawn up pursuant to Article 114-bis of the Consolidated Finance Act (TUF), which was submitted to the Shareholders' Meeting in December 2020 for approval.

Description of the Plan's recipients

The implementation and definition of the specific characteristics of the Plan were delegated by the Shareholders' Meeting itself to the Unieuro Board of Directors for its specific definition.

The granting of rights to each of the Beneficiaries for the three-year period FY2021-FY2023 (1st cycle), and for the three-year periods FY2022-FY2024 and FY2023-FY2025 (2nd cycle and 3rd cycle) will be determined in each case by the Board of Directors.

On 13 January 2021 and 14 July 2021, the Board of Directors granted the rights and approved the 1st and 2nd cycle regulations respectively, in which it determined the terms and conditions for the implementation of the Plan. The Plan was signed by the Recipients of the 1st cycle in January 2021 and the 2nd cycle in July 2021.

The Plan is intended for executive directors and/or managers with strategic responsibilities and/or employees of the Company or Group companies, understood as personnel who have an employment relationship with the Company and/or the Group and fall into one of the following categories: (i) executive/senior level at the Company and/or Group companies; (ii) middle management (or higher) level employees at the Company and/or Group companies.

Essential elements relating to the characteristics of the financial instruments on which it is based

The Plan provides for the free granting of rights to receive ordinary shares of Unieuro (the "Shares") to each of the beneficiaries. This granting will be based, inter alia, on the achievement of certain performance objectives and specific vesting conditions, which reflect the most important variables related to the creation of value for the Group.

The free allocations of these Shares will be made in 2023 (1st cycle), 2024 (2nd cycle) and 2025 (3rd cycle).

As resulting from the relevant resolution of the Board of Directors, the actual allocation of the Shares, for each of the three cycles indicated, will be made on the basis of the degree to which the performance objectives were achieved and, in general, the continuation of the vesting conditions.

It is also provided that the aforesaid rights confer to each beneficiary the right to receive a cash bonus based on any cash dividends distributed and paid by the Company up to the allocation date. This bonus shall be payable jointly with, and subject to, the delivery of the shares relating to each cycle of the Plan, provided that the specific vesting conditions are met.

Plan rationale

The Plan is one of the instruments used by the Company and the Group to supplement the remuneration package of key personnel through variable components linked to the achievement of certain performance objectives, in accordance with best market practices.

In particular, the Company believes that a share-based incentive plan, with a five-year duration and specific performance targets, is the most effective incentive instrument and best suited to the interests of the Company and the Group. Therefore, the Plan has the following objectives: (i) to focus the attention of the beneficiaries on factors of strategic interest to the Company and to direct key resources towards strategies aimed at pursuing medium/long-term results; (ii) to build the loyalty of the beneficiaries and encourage them to remain with the Company by developing retention policies aimed at increasing the loyalty of key resources; (iii) to align the interests of the beneficiaries with those of the shareholders, with a view to developing confidence in the growth of the Company's value; and (iv) to ensure that the overall remuneration of the recipients of the Plan remains competitive while concurrently developing policies that will attract talented managerial and professional staff.

In the financial statements, the assumptions underlying the calculation were: (i) the exercise term, equal to the period between the grant date and the vesting date of the rights, (ii) the share price at the time of valuation and (iii) the amount of expected dividends. Lastly, consistent with the requirements of IFRS 2, (iv) the probability of Recipients leaving and (v) the probability of achieving performance targets of 100%.

The number of outstanding rights is as follows:

	Number of rights 31 August 2021
In place at the beginning of period	**200,000**
Assigned during the period	8,750
Granted during the period	200,000
Contribution from merger	-
Withdrawn during the period	7,250
Outstanding at end of period	**384,000**
Not allocated at the beginning of period	-
Exercisable at end of period	-
Not allocated at the end of the period	**-**

6. RELATED-PARTY TRANSACTIONS

The tables below summarise the Group's credit and debt relations with related parties as at 31 August 2021 and 28 February 2021:

(In thousands of Euro)	Credit and debt relations with related parties (as at 31 August 2021)			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 31 August 2021	-			
Other current liabilities	(44)	(222)	(164)	**(430)**
Other non-current liabilities	-	-	(169)	**(169)**
Total	**(44)**	**(222)**	**(333)**	**(599)**

(In thousands of Euro)	Credit and debt relations with related parties (as at 28 February 2021)				
Type	**Pallacanestro Forlì 2.015 s.a r.l.**	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 28 February 2021					
Other current liabilities	(70)	(61)	(148)	(3,125)	**(3,404)**
Total	**(70)**	**(61)**	**(148)**	**(3,125)**	**(3,404)**

The following table summarises the economic relations of the Group with related parties as at 31 August 2021 and as at 31 August 2020:

(In thousands of Euro)	Credit and debt relations with related parties (as at 31 August 2021)			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 31 August 2021	-			
Purchases of materials and external services	(56)	(323)		**(379)**
Personnel costs	-	-	(1,367)	**(1,367)**
Total	**(56)**	**(323)**	**(1,367)**	**(1,746)**

(In thousands of Euro)	Economic relations with related parties (as at 31 August 2020)				
Type	**Pallacanestro Forlì 2.015 s.a r.l.**	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 31 August 2020					
Purchases of materials and external services	(81)	(47)	(271)	-	**(399)**
Personnel costs	-	-	-	(2,791)	**(2,791)**
Total	**(81)**	**(47)**	**(271)**	**(2,791)**	**(3,190)**

With reference to the periods considered, the credit/debit and economic relations with related parties mainly refer to relations with Directors and Principal Executives, summarised in the following table:

Main managers	
Period ended 31 August 2021	**Period ended 31 August 2020**
Chief Executive Officer - Giancarlo Nicosanti Monterastelli	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer – Marco Pacini	*Chief Financial Officer - Italo Valenti*
General Manager - Bruna Olivieri	*Chief Corporate Development Officer - Andrea Scozzoli*
	Chief Omnichannel Officer - Bruna Olivieri
	Chief Commercial Officer - Gabriele Gennai
	Chief Operations Officer - Luigi Fusco

The gross pay of the main managers includes all remuneration components (benefits, bonuses and gross remuneration).

Related-party transactions as at 31 August 2021 do not include the company “Pallacanestro Forlì 2.015, s.a r.l.” which left the consolidation scope following the entry into force from 1 July 2021 of the update of Consob Regulation No.17221 on related-party transactions.

The table below summarises the Group's cash flows with related parties as at 31 August 2021 and at 31 August 2020:

(In thousands of Euro)	Related parties				
Type	**Pallacanestro Forlì 2.015 s.a r.l.**	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
Period from 1 March 2020 to 31 August 2020					
Net cash flow generated/(absorbed) by operating activities	(145)	(65)	(194)	(2,787)	**(3,127)**
Total	**(145)**	**(65)**	**(194)**	**(2,787)**	**(3,127)**
Period from 1 March 2021 to 31 August 2021					
Net cash flow generated/(absorbed) by operating activities	-	(73)	(249)	(4,159)	**(4,481)**
Total	-	**(73)**	**(249)**	**(4,159)**	**(4,481)**

7. OTHER INFORMATION

Contingent liabilities

Based on the information currently available, the Directors of the Company believe that, at the date of the approval of these financial statements, the provisions set aside are sufficient to guarantee the correct representation of the financial information.

Guarantees granted in favour of third-parties

(In thousands of Euro)	Period ended	
	31 August 2021	**28 February 2021**
Guarantees and sureties in favour of:		
Parties and third-party companies	44,095	44,143
Total	**44,095**	**44,143**

Information on transparency obligations within the public funding system (Article 1, paragraphs 125-129 of Law No. 124/2017)

As required by the legislation on the transparency of public funding introduced by Article 1, paragraphs 125-129 of Law No. 124/2017 and subsequently supplemented by the 'security' Decree-Law (No. 113/2018) and the 'simplification' Decree-Law (No. 135/2018), please refer to the National Register of State Aid.

It should be noted that the Group has benefited from the general measures that are available to all companies and that fall within the general structure of the reference system defined by the State, or general aid linked to the economic support measures granted by the Government.

In the six-month period ended 31 August 2021, the Group had not received any further subsidies, contributions and economic benefits of any kind from public administrations and similar entities, subsidiaries of public administrations and state-owned companies.

Significant events after the close of the year

The new e-commerce site

On 20 September 2021, five years after the launch of the first e-commerce platform, Unieuro presented the results of the "Revolution" project: the new and more distinctive than ever site and app, designed with "desktop last" in mind and heavily inspired by the navigation and enjoyment style typical of social networks.

Opening of six new stores

On 24 September 2021, after extensive renovation work, the former flagship store of Galimberti S.p.A. in the Municipality of Limbiate (Monza Brianza), awarded to Unieuro in March as part of the previous owner's bankruptcy proceedings, was reopened to the public.

A few days later, on 1 October, Unieuro opened another store previously managed by the former partner of a purchasing group in Palermo: the Papino Elettrodomestici/Ex-Trony store in the Conca D'Oro shopping centre, a location of great commercial value that completes the coverage of the Sicilian capital by the Unieuro brand.

Finally, between 28 and 30 October, the four new stores in Rome, Giugliano (Naples), Catania and Melilli (Syracuse) were opened.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 AUGUST 2021 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

The undersigned, Giancarlo Nicosanti Monterastelli, as Chief Executive Officer, and Marco Pacini, as the Unieuro Chief Financial Officer, hereby certify, also having considered the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics; and
- the effective application of administrative and accounting procedures in the preparation of the Condensed Half-Year Consolidated Financial Statements as at 31 August 2021.

We also certify that the Condensed Half-Year Consolidated Financial Statements as at 31 August 2021 of the Unieuro Group:

- were prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the results of the books and accounting records;
- provide a true and accurate representation of the balance sheet, income statement and financial position of the issuer and of all the companies included in the consolidation.

The management report includes a reliable analysis of the changes and results of management, and of the position of the issuer and companies included in the scope of consolidation, together with a description of the principal risks and uncertainties faced.

11 November 2021

Giancarlo Nicosanti Monterastelli
Chief Executive Officer

Marco Pacini
Chief Financial Officier

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Unieuro S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Unieuro Group comprising the statement of financial position as at 31 August 2021, the income statement and the statements of comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Unieuro Group as at and for the six months ended 31 August 2021 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Bologna, 11 November 2021

KPMG S.p.A.

(signed on the original)

Andrea Polpettini
Director of Audit