E-MARKET SDIR CERTIFIED

ANNUAL FINANCIAL REPORT 2021/22

Unieuro S.p.A.

Palazzo Hercolani – Via Piero Maroncelli, 10 – 47121 Forlì (FC) - Italy

Company Register of Forlì-Cesena, REA registration no. 177115

Country of registration - Italy

Tax ID and VAT No. - 00876320409

Description of the nature of the activity: Retail and wholesale trade, import and export distribution of household appliances and consumer electronics goods through physical outlets as well as through e-commerce. Installation and maintenance of all commercially available equipment. Organisation and management, including indirect administration, of food and drink to the public in the sales outlets.

Company name of the parent company – Unieuro S.p.A.

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Letter to Shareholders from the Chairman of the Board of Directors

Dear Shareholders,

The results for the year that we submit for your approval mark the achievement of important new milestones for Your Company in terms of market positioning, turnover and profitability, enabling the distribution of a significant dividend, in line with corporate policy.

Even more important, we have worked for a solid future of Unieuro, launching our first strategic plan, giving a decisive acceleration toward Sustainability and operating an important strengthening of Management.

In fact, an intense governance activity saw the Board members meet more than once a week on average between the Board of Directors (19) and sub-committees (40) to steer strategy and consciously participate in company decisions and events.

Together with the skills and passion of Unieuro's management and staff, this has enabled us to find solutions to the problems caused by the pandemic as well as those caused by the serious geopolitical crisis, which is tragically still ongoing, so that we can continue to respond to our customers' needs and business requirements in the best possible way, while keeping the bar firmly set on the strategic objectives the company has set itself.

On the company front, Unieuro has maintained its status as a public company even after the entry in April 2021 of the strategic shareholder Iliad, who appreciated the management and prospects of our company.

The new statutory rules, proposed by the Council and approved by you in June 2021, ensure that the imminent renewal of social bodies takes place in accordance with best international practice, guaranteeing broad representation to Members and at the same time allowing governance, in the absence of a controlling partner.

Among the novelties introduced is the possibility for the Board to propose to the Shareholders' Meeting its own list of candidates: This is a power that we have actually decided to exercise in order to give continuity to the action of the Council, whose three-year mandate comes to completion, also in the light and comfort of the positive results of the independent assessments of its performance, operation and composition.

On behalf of the outgoing Board I thank the management and the company staff for their intense and constructive cooperation and you Shareholders for the trust they have given us, In the hope that, by expressing your preference for this list in the Assembly of 21 June, you will continue to support governance and a leadership team that have been able to achieve the objectives set, also in the light of the great commitment needed to achieve the new and challenging objectives set out in the plan.

12 May 2022

Stefano Meloni

Chairman of the Board of Directors

Letter from the CEO to the Shareholders

Dear Shareholders,

Another exercise of sustained organic growth led us to close to the three billion turnover, a threshold unimaginable only a few years ago and which testifies to the solidity of Unieuro's market leadership.

The increase in sales was accompanied by strong economic and financial results compared to pre-Covid: Thanks to an adjusted EBIT of 72.1 million Euro, an adjusted net result of 53.9 million Euro and the generation of 49.4 million Euro measured by Consolidated adjusted Free Cash Flow, We are now in a position to pay the capital with a dividend of 1.34 Euro per share, well above historical levels.

First-class results, which we aim to improve further in the medium term: In June 2021, we presented to the market the ambitious strategic plan "our Omni-Journey to 2026", aimed at the definitive omnichannel transformation of Unieuro to the full benefit of its stakeholders, primarily customers and shareholders.

While we promise the former a central role in our strategy, offering them an increasingly distinctive and personalised consumer experience thanks to our passion and commitment to serving them, we promise you, the shareholders, a Unieuro that will continue to outgrow its reference market, generating up to 3.3 billion Euro in revenues, with operating profitability at unprecedented levels and a continuous and solid generation of cash, allowing us to remunerate capital and seize new development opportunities.

In line with the company's DNA, which has always been voted for change and innovation, the plan represents a further stage in the growth path of Unieuro, marking its final transition from Market Leader to Market Setter. The announced evolution of our logistics, with the opening of a new large hub serving Central and Southern Italy by the end of 2023, is in this direction.

We also want to ensure an increasingly responsible approach to all stakeholders, which we are among the first to have implemented in a solid and articulated Sustainability Plan 2022-2026, with the aim of giving further impetus and structuring to Unieuro projects in an ESG key.

Although the 2022-23 financial year began with the outbreak of the conflict in Ukraine, which has worsened an already deteriorating global macroeconomic framework, our Management Team is ready to face and overcome these new and exciting challenges, building step by step, for you and all stakeholders. The Unieuro of tomorrow.

11 May 2022

Giancarlo Nicosanti Monterastelli

Chief Executive Officer

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 referred to as "Monclick" or "MK"), a wholly-owned subsidiary of Unieuro, is a company under Italian law based in Milan at Via Marghera 28, and sells IT, electronics, telephony and household appliances products online in Italy through the website www.monclick.it, offering a catalogue of over 70,000 items and guaranteeing a complete shopping experience, which is completed with the delivery and installation of the chosen product at home. 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 the Company is in all respects a public company. At the date of this Report, the Unieuro free float amounted to roughly 80% of the Company’s share capital. Below is the percentage of ordinary shares of Unieuro held, at the date of this report, either directly or indirectly by shareholders or by entities placed at the top of the participatory chain which have declared the exceeding of a relevant threshold of participation pursuant to art. 120 of the Consolidated Finance and Consob Issuers Regulations; this percentage is updated on the basis of the information available to the Company:

DICHIARANTE	AZIONISTA DIRETTO	N. AZIONI ORDINARIE	QUOTA % SU CAPITALE ORDINARIO	QUOTA % SU CAPITALE VOTANTE
Iliad S.A.	• Iliad Holding S.p.A. • Iliad S.A.	2.520.374	12,18%	12,18%
Amundi Asset Management	Amundi SGRpa	1.697.136	8,20%	8,20%
Mediolanum Gestione Fondi SGR p.A.	Mediolanum Gestione Fondi SGR p.A.	882.954	4,27%	4,27%
Giuseppe Silvestrini	• Victor S.r.l. • Giuseppe Silvestrini	860.434	4,24%	4,24%
JPMorgan Asset Management Holdings Inc.	JPMorgan Asset Management (UK) Limited	757.704	3,66%	3,66%

2. Procedural note

The following section of this Report on Operations provides information on the consolidated revenues, consolidated profitability, consolidated cash flows and consolidated financial position of the Unieuro Group as at 28 February 2022 compared to the figures in the latest approved financial statements as at 28 February 2021.

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.

The accounting standards used by the Group are the International Financial Reporting Standards ("IFRS") adopted by the European Union and in accordance with Legislative Decree 38/2005, as well as other CONSOB provisions concerning financial statements.

It should be noted that, on 28 May 2020, the IASB issued amendments to IFRS 16 "Leases Covid 19-Related Rent Concessions", introducing a practical expedient in the chapter "Lease Modifications" that allows the lessee not to consider any concessions on lease payments received after 1 January 2020 and resulting from the effects of Covid-19 as a modification of 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 Annual Financial Report as at 28 February 2022 was prepared in compliance with the provisions of Article 154 ter, paragraph 5 of Legislative Decree 58/98 of the Consolidated Finance Act as subsequently amended and supplemented and in compliance with Article 2.2.3 of the Stock Exchange Regulations.

The accounting standards used by the Group are the International Financial Reporting Standards ("IFRS") adopted by the European Union and in accordance with Legislative Decree 38/2005, as well as other CONSOB provisions concerning financial statements.

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 International Financial Reporting Standards (IFRS), (iv) the interpretation of these APIs should be carried out together with that of the Group's financial information drawn 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 not be homogeneous with those adopted by other companies or groups and, therefore, may not be comparable with those potentially 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 Consolidated Financial Statements.

The APIs reported (Consolidated Adjusted EBIT, Consolidated Adjusted EBIT margin, Adjusted Consolidated Profit (loss) for the year, Net Working Capital, Consolidated Adjusted levered Free Cash Flow and (Net financial debt)/ Net cash - Pursuant to IAS 17) have not been identified as IFRS accounting measures and, thus, as noted above, they shall not be considered as alternative measures to those provided in the Group's Consolidated Financial Statement to assess their operating performance and related 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 Year and Consolidated Adjusted Free Cash Flow and (Net financial debt) / Net cash – pursuant to IAS 17. These indicators reflect the main economic and financial figures adjusted for non-recurring income and expenses that are not strictly related to core business and operations and the effect of the change in the business model for extended warranty services (as better described below in the "Consolidated Adjusted EBIT" IAP) and therefore allow for a more homogeneous analysis of the Group's performance over the periods presented in the Report on Operations.

Key financial performance indicators[1]

(in millions of Euro)	Year ended	
	28 February 2022	28 February 2021
Operating indicators		
Consolidated revenues	2,949.7	2,685.2
Consolidated Adjusted EBIT[2]	72.1	86.8
Consolidated Adjusted EBIT margin[3]	2.4%	3.2%
Adjusted Consolidated Profit/(loss) for the year[4]	53.9	66.9
Consolidated Profit/(loss) for the year	44.6	53.6
Cash flows		
Consolidated Adjusted Free Cash Flow[5]	49.4	124.7
Investments for the period	(58.9)	(40.9)

(in millions of Euro)	Year ended	
	28 February 2022	28 February 2021
Indicators from statement of financial position		
Net working capital	(332.6)	(315.4)
(Net financial debt) / Net cash – Pursuant to IAS 17[6]	135.7	154.8
(Net financial debt) / Net cash	(314.51)	(288.8)

[1] 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.

[2] 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 6.2 for additional details.

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

[4] The Adjusted Consolidated Result for the year is calculated as the Consolidated Profit/(loss) for the year 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. See section 6.4 for additional details.

[5] 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 7.5 for additional details.

[6] 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 7 for additional details.

	Year ended	
	28 February 2022	28 February 2021
Operating indicators for the year		
Like-for-like growth[7]	8.8%	8.7%
Direct points of sale (number)	282	273
of which Pick-Up Points[8]	273	264
Affiliated points of sale (number)	259	254
of which Pick-Up Points	206	123
Total area of direct points of sale (in square metres)	approximately 403,000	approximately 388,000
Sales density[9] (Euro per square metre)	5,641	4,861
Full-time-equivalent employees[10] (number)	4,952	4,679
Net Promoter Score[11]	48.5	45.8

[7] Like-for-like revenue growth: the methods for comparing sales for the year ended 28 February 2022 with those for the year ended 28 February 2021 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 discontinuity (e.g. temporary closures and major refurbishments), as well as the entire online channel.

[8] Physical pick-up points for customer orders using the online channel.

[9] 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.

[10] Average annual number of full-time-equivalent employees.

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

4. Strategy and business model

The sudden and unpredictable pandemic shock suffered by the whole world in 2020/21 and 2021/22 generated significant impacts on the macroeconomic scenario and consumer lifestyle, forcing businesses to review their strategies in search of a balance between short- and long-term objectives.

The above changes have generated - for the market and for Unieuro - a strong increase in revenues, especially on the online channel, accelerating transformation processes already in place. Evolutions at first hypothesised as contingent have in fact stabilised and taken root, causing a profound change in the habits and value set of consumers, both global and Italian, who today declare themselves changed in their being and in the lifestyle that distinguishes them.

This different context, creating new balances, opens up significant evolutionary prospects for retail trade, as well as opportunities for refocusing business strategy.

In the year just ended, Unieuro has therefore made the strategic choice to focus on the improvement of processes, while maintaining high attention to the driving role of its shops in key proximity, today more than ever central to the rediscovered pleasure that the consumer places in the in-store experience in response to an ever stronger need for sociality.

The company's efforts to make itself increasingly "Value & Purpose Driven", i.e. working on the development of a sustainable and value-driven strategy towards all its main stakeholders (customers, employees, suppliers, investors, communities, ...) was also of no small importance.

Following this strategy, the group has confirmed itself as a leader in the reference market, while improving the main *customer satisfaction* indices thanks to the choral effort of the entire organization, particularly in the process of transformation in progress.

4.1 Maximising the Customer Experience

In light of the strong desire to restore and increase the level of satisfaction and service to the customer, in the complex and uncertain scenario that characterised the 2021/22 financial year, Unieuro has chosen to continue to invest in the improvement of *the customer experience*, in particular, by working on optimising processes related to the online world.

To this end, the strengthening of the organisation was also done, creating new business functions and inserting dedicated figures, in particular on the web, as well as supporting the entire process of internal transformation and the governance of the *end-to-end* process.

Through the development of tools and new ways of working, a cross-functional management of the activities has been strengthened, as well as the monitoring of interdependencies and synergies between all the main initiatives with impact on the end customer experience.

Numerous initiatives carried out by the entire organisation that have impacted on various strategic and operational levers are included in this area. In particular, Unieuro focused on improving end-customer support services, through new resources and new channels, as well as simplifying the processes for accessing the services themselves (i.e. renewing the telephone barrier and introducing *self-caring* procedures).

Compared to the Net Promoter score as of 28 February 2021, the Customer Care service rating has improved by 44,9 percentage points on the online channel and by 41.1 percentage points on the phone channel.

An important focus has been placed on the activities of optimisation of the logistics and warehouse processes, with the aim of improving the times of fulfilment of the orders by raising the level of final service (Net Promote score relative to the delivery times: 39.1%, +7.2% compared to last year). The planned increase in the storage capacity of the Unieuro warehouses follows this direction. The company announced the opening of a new logistics hub in Colleferro (Rome), which will be operational by the end of FY2023, and the imminent strengthening of the Piacenza central platform.

Last but not least, it also acted on communication formats and *user experience* on the main digital touchpoints, including the complete renewal of the Unieuro.it site and the mobile application at the beginning of the second half of the year.

Overall, the Net Promote Score recorded at the end of the financial year increased by 2.7 percentage points compared to the figure recorded in the previous financial year, which had been negatively impacted by the pandemic on service levels, and was ultimately 6 percentage points higher than the market average for the retail sector.

With regard to the specific online channel, there has been a significant improvement compared to last year's findings, the market and benchmark data, thanks to the actions taken in recent months on the many areas of action mentioned above.

4.2 The search for proximity

Building on the strategic pillars of Unieuro, which distinguish it and differentiate it within the retail electronics market, the network development path continued

Never like today, proximity to the end customer is central, in light of new consumption trends that reveal an interesting dynamic with respect to the relationship with physical stores. In fact, a renewed propensity of the final consumer is rediscovered both to go to the shopping centres, penalised last year by the pandemic, and to buy at the small shops in the neighbourhood[12].

In total consistency with Unieuro's evolutionary trajectory, the centrality of the concept and the search for “relationship” by the Italian consumer strengthens the company's strategy which, from a perspective and logic of all-channel, declines a dual concept of proximity: physical, given by the widespread network of shops, but also virtual, guaranteed by the presence of all *touchpoints*.

In 2021/22, the process of developing the network of sales outlets – direct and indirect – continued with the aim of strengthening the presence on the territory and optimising commercial penetration in areas not yet manned.

The new direct stores opened in the period were 10, accelerating from the historical trend. Among the main initiatives is the framework agreement signed in July 2021 with Margherita Distribuzione S.p.A. (Conad): Thanks to new shops located in ex-Auchan hypermarkets, the sign is now able to manage prestigious commercial locations, among the most important in the country in terms of traffic.

[12] Source: Research EY-SWG – September 2021

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4.3 The purpose and the rethinking of the strategy in perspective “Value & Sustainability driven”

In the new strategic plan, Unieuro places great attention on the sustainability of the business along the entire value chain in order to generate value for the whole community, internal and external to the company: Now key elements also in addressing the choices and preferences of the reference market.

Investments aimed at increasing the sustainability of the retail network, with the aim of reducing their environmental impacts through energy efficiency measures, are included in this perspective. as well as initiatives to support the welfare of the corporate population or to support the community on issues of urgency and social importance.

#Cuoriconnessi, the ambitious project launched in 2016 in collaboration with the State Police aimed at raising awareness of social issues such as bullying, cyberbullying and the correct use of technology, is in particular at the heart of Unieuro’s social commitment. Among the numerous initiatives supporting the same, are the great streaming event on the occasion of safer Internet Day and the participation in the Rimini Meeting in August 2021, during which the stories and values of the project were shared with the public,

5. Market performance[13]

The market trends recorded in 2021/22 confirm that the profound economic and social changes that have affected Italian lifestyles and consumption following the outbreak of the pandemic are not destined to disappear in the short term, but they are now structural and have significant repercussions on the demand and supply of consumer goods and services.

The health emergency and the consequent restrictions experienced in recent years have not only led to a temporary increase in the users of the web but have contributed to significantly speeding up the process of computerisation of the Italians.

In 2021/22, the online audience grew significantly, reaching 44.5 million monthly average single users, a share of about 75.5% of the Italian population from 2 years on (up about 5% compared to 2019). The mobile has increasingly confirmed itself as the main access channel for users and consumers. On the average day, nearly 80% of Italians between 18 and 74 years of age navigated on smartphones compared to 66% pre-pandemic[14].

At the same time, the consumer has become increasingly aware, informed and connected, even in buying events characterised by a time of greater impulsivity (90% of buyers say they have collected information before the purchases during Black Friday[15]).

In fact, in 2021/22, eCommerce was confirmed as a fundamental part of the purchase process, although not as an alternative to access to physical outlets, thus demonstrating the imperative of designing a purchase path based on integration and cooperation between the physical and digital channels.

Not by chance, despite Retail's enormous evolutionary leap in favour of digital after the pandemic crisis, much of the total consumption-value increase was sustained by the significant recovery of the traditional channel.

Despite the slowdown in the last quarter, the consumer electronics market closed the year with significant growth at value (+9.3%). The traditional channel showed a double-digit increase (+10.8%), while the online channel, despite its challenging comparison with the previous year, closed in positive territory (+5,1%). The effect of consumption recovery on physical stores led to a physiological decline in online penetration (-1 percentage point), which stood at 24.4%.

All major market players recorded an increase in sales compared to 2020/21.

Technical Super Stores – electronic chains characterised by large retail outlets – thanks to the strong recovery of sales in physical stores and the strengthening of the online channel, closed the year in positive territory, outperforming the market (+11.4%).

Electrical Specialists – a segment characterised by a strong element of proximity to the customer and capillarity in the territory, in which Unieuro is present with the indirect channel – show a strong trend (+17.7%), in line with the recovery of sales of the traditional channel.

13 The data relating to the market were prepared by the Group management based on the data available as of 28 February 2022.

14 Source: Audiweb Data February 2022

15 Source GfK: The sentiment of consumers and businesses in Italy winter scenario 2021

Specialists – a distribution channel that includes individuals specialising in various product categories – showed a positive trend (+7.7%) mainly due to sales of telephony and it products.

The Mass Merchandisers segment – the reference perimeter of pure online players – closed the year with a positive trend, although showing more modest growth than the rest of the distribution channels (+2.6%): The cause is the loss of impact on the consumer electronics sector: TV sales were shifted to the offline channel thanks to the introduction of the Government TV Bonus, which was only available in the store.

As regards trends relating to the individual product categories:

- Grey: The sector, despite a peak season with a lower performance than last year, ended the year in positive territory. The telephony sector (+8.9%) led the growth of the sector, reducing the it decline (-5.9%) that suffered the challenging effects of last year's performance and the unavailability of components in the first half.

White: The effects of ecobonus have resulted in double-digit growth for the Home Comfort sector. With regard to the large household appliance sector, after a first part of the year characterised by the growth of the traditional channel, in the second and third quarters there was a recovery in the sales of the online channel. The average price has increased substantially, especially on the traditional channel.

- Brown: The TV bonus and the communication of the upcoming *switch-off* have led the strong demand for TV and driven the important growth of the sector, mainly on the offline channel.

In general, the Unieurogroup (+11.3%) outperformed the market (+9.3%), thus consolidating its leadership.

The traditional sector of the group (+13.5%), characterised by an increasingly widespread physical network aimed at the presence of all *touchpoints*, has benefited from the renewed propensity of the consumer to go to shopping centres and to shops in the neighbourhood, showing a growth rate higher than the market (+10.8%)

Finally, thanks to the performance recorded in the second half of the year, the Group recovered the reductions recorded in the first half of the online channel, surpassing the market in the Brown category and closing the fiscal year with an increase of 3 percentage points compared to the previous year. This increase is partly offset by the Monclick.it trend, which, in continuity with the dynamics recorded for the Mass Merchandisers segment, shows a lower growth rate compared to the remaining sales channels. Net of Monclick, Unieuro.it[16] registered an increase of about 7.6%, with growth rates higher than the market on White (Unieuro.it +2.0%, online market +0.4%), Grey (Unieuro.it +9.1%, online market +6.5%) and Brown (Unieuro.it +14.6%, online market +10.6%).

16 Figures for the consumer market only exclude B2B activities, services (extended warranties, financing, etc.), Entertainment and products outside the scope of Consumer Electronics (e.g. bicycles).

6. Group operating and financial results

6.1 Consolidated revenues

In the financial year ended 28 February 2022, the Unieuro Group reported consolidated revenue of Euro 2,949.7 million, an increase of 9.9% compared to the Euro 2,685.2 million reported in the previous financial year and 20.6% when compared to Euro 2,444.9 million in 2019/20, the last pre-pandemic financial year.

This year, too, was substantially organic growth, driven initially by pandemic-related consumption trends, which then normalised during the year, and then by the boom in TV and decoder sales supported by the start of frequency migration and the introduction of the TV Bonus.

Direct shops recovered from last year's underperformance due to restrictions, registering double-digit growth (Retail +17.3%, Travel +24.2%), against an Online channel that saw its turnover increase even further, despite having risen by around 77% last year.

The performance is strongly positive as it was achieved in a context of gradual post-Covid normalisation and in the absence of significant changes in the company's perimeter, so much so that the evolution of like-for-like revenues[17] - that is, the comparison of sales with those of last year on the basis of a homogeneous business perimeter - was +8.8%. Excluding the pre-existing sales outlets adjacent to the new stores from the scope of analysis, like-for-like sales would have recorded an even stronger growth of 9.0%.

While on an infra-annual basis the comparison with the previous year is influenced by the high volatility that had accompanied the first months of the pandemic, on the whole 2021/22 proved to be a year of sustained growth and rebalancing of the weights of the individual channels and product categories, which in 2020 had been impacted by quite extraordinary external conditions.

6.1.1 Consolidated revenues by channel

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	28 February 2022	%	28 February 2021	%	Δ	%
Retail	2,008.1	68.1%	1,711.6	63.7%	296.5	17.3%
Online	532.8	18.1%	525.2	19.6%	7.6	1.4%
Indirect	280.5	9.5%	307.5	11.5%	(27.1)	(8.8%)
B2B	98.5	3.3%	116.9	4.4%	(18.3)	(15.7%)
Travel	29.9	1.0%	24.1	0.9%	5.8	24.2%
Total consolidated revenues by channel	**2,949.7**	**100.0%**	**2,685.2**	**100.0%**	**264.5**	**9.9%**

The Retail channel (68.1% of total revenues) - which at 28 February 2022 consisted of 271 direct sales outlets, including Unieuro by Iper shop-in-shops - recorded sales of Euro 2,008.1 million, up (+17.3%) from Euro 1,711.6 million in the

[17] The growth of like-for-like revenues is calculated including: (i) retail and travel stores operating for at least an entire year from the closing date of the reference period, excluding sales outlets affected by significant business discontinuity (e.g. temporary closures and major refurbishments) and (ii) the entire online channel.

previous year, When Covid restrictions prevented the direct network from benefiting from the favourable consumption *trends* triggered by the pandemic. The disappearance of these restrictions from the first half of the year, the internalisation of 18 shop-in-shops previously under the affiliation system at the end of 2020, as well as the opening of 10 new direct shops have enabled the channel to recover the under performance of last year, This increased revenues to +17,5% compared to the pre-Covid level.

The Online channel (18.1% of total revenues) – which includes the renewed unieuro.it platform and the Monclick digital pure player – reversed the trend for the first nine months thanks to +6.5% in the fourth quarter. Closing the year with revenues up 1.4% to Euro 532.8 million from the previous Euro 525.2 million. The channel has thus further improved the record levels reached in 2020/21, when the emergency situation linked to the pandemic led customers to favour e-commerce at the expense of physical shops. Compared to the last pre-Covid financial year, channel revenues increased by 79,3%, confirming the effectiveness of marketing activities on the online channel, both mainstream and digital, as well as new consumption habits that have become structural.

The Indirect channel (9.5% of total revenues) - which includes sales to the network of affiliated shops for a total of 259 sales outlets as at 28 February 2022 - posted revenues of Euro 280.5 million, down 8.8% compared to Euro 307.5 million in the previous year. The performance compares with +16.9% in the pandemic year, when the network of affiliated shops had proved to be particularly resilient to restrictions, benefiting from its distinctive features. The progressive post-Covid normalisation and the marked economic decline in the fourth quarter of the year just passed have brought the channel back to a performance of +6.6% compared to the pre-Covid turnover, in line with long-term trends.

The B2B channel (3.3% of total revenues) - which caters to professional customers, including foreign ones, operating in sectors other than those of Unieuro, such as hotel chains and banks, as well as to operators who need to purchase electronic products to distribute to their regular customers or to employees on the occasion of points collections, prize competitions or incentive plans (so-called B2B2C segment) - reported revenues of Euro 98.5 million, down 15.7% compared to Euro 116.9 million in the previous year. The contraction, even more evident in comparison with 2019/20 (-27.8%), was the result of a precise managerial choice linked to the lower availability of product with which to feed the channel in some periods of the year.

Finally, the *Travel* channel (1.0% of total revenues) – consisting of 11 direct sales outlets located at some of the main public transport hubs such as airports, railway stations and underground stations – ended the year with revenues of up to Euro 29.9 million, A year-on-year recovery of 24.2% but remaining below the levels reached before the pandemic severely penalised airport traffic (-24.6% performance compared to the year 2019/20, the last ante-Covid).

6.1.2 Consolidated revenues by category

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	28 February 2022	%	28 February 2021	%	Δ	%
Grey	1,355.2	45.9%	1,309.6	48.8%	45.6	3.5%
White	755.8	25.6%	728.8	27.1%	26.9	3.7%
Brown	576.2	19.5%	404.4	15.1%	171.8	42.5%
Other products	130.1	4.4%	134.1	5.0%	(4.0)	(3.0%)
Services	132.5	4.5%	108.4	4.0%	24.2	22.3%
Total consolidated revenues by category	**2,949.7**	**100.0%**	**2,685.2**	**100.0%**	**264.5**	**9.9%**

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 (45.9% of total revenues) - i.e., telephony, tablets, information technology, telephone accessories, cameras, and all wearable technology products - generated revenues of Euro 1,355.2 million, up 3.5% from Euro 1,309.6 million in the previous year, thanks to the good performance of telephony and related accessories, wearable products, and tablets. The second half of the year, however, was affected by the weakness of the it segment, in light of a highly challenging 2020 comparison base that benefited from smart working, e-learning, and communication purchase trends, emphasised by the emerging context. The performance compared to the year 2019/20, the last pre-Covid, however, was strongly positive and equal to +16.8%.

The White category (25.6% of total revenues) - consisting of large household appliances (MDA) such as washing machines, dryers, refrigerators or freezers and cookers, small household appliances (SDA) such as vacuum cleaners, food processors, coffee machines, as well as the air-conditioning segment - generated revenues of Euro 755.8 million, up 3.7% compared to Euro 728.8 million in the previous year, but slowing down compared to the performance in the first nine months of the year. Compared to pre-Covid, the increase is still double-digit +10.5%.

The Brown category (19.5% of revenues) - comprising TV sets and related accessories, audio devices, smart TV devices, car accessories and memory systems - recorded an expected jump of 42.5% to Euro 576.2 million from Euro 404.4 million in the previous year. The extraordinary performance of the TV segment was driven in the first half by the restart of sporting events and in the second by the start of the switch-off of television frequencies, the effect of which was accelerated and strengthened by the Bonus TV, introduced by the Government to facilitate the technological transition. The effect of the switch-off, which is expected to last for the whole of 2022, has allowed the category to outperform even with respect to pre-Covid levels, where the increase in turnover is 49.9%.

The Other products category (4.4% 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 revenues of Euro 130.1 million, up 3% compared to the previous year. The weakness of the fourth quarter (-19.8%) is due to the difficult basis of comparison offered by the corresponding period 2020/21, characterised by the launch of the PS5 and the boom in electricity mobility, among other things as a result of the state incentives then in force. Compared to the last pre-Covid year, the increase in turnover in the category is still 14.2%.

The Services category (4.5% of total revenues) recorded revenues of Euro 132.5 million, at levels higher both than the previous year (+22.3%) and pre-Covid (+29.5%). The positive trend was based on Unieuro's continuous focus on the provision of services to its customers, with particular reference to the extension of guarantee, delivery and transport.

6.2 Consolidated operating profit

The financial statements presented in this Report on Operations have been reclassified according to presentation methods deemed useful by management to represent the Unieuro Group's operating profitability trend 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	
	28 February 2022			28 February 2021				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Revenue	2,949.7			2,685.2			264.5	9.9%
Sales revenues	**2,949.7**			**2,685.2**			**264.5**	**9.9%**
Purchase of goods and Change in inventories	(2,332.0)	(79.1%)	(1.6)	(2,113.5)	(78.7%)	0.0	(218.5)	10.3%
Marketing costs	(54.1)	(1.8%)	1.1	(49.5)	(1.8%)	0.3	(4.6)	9.3%
Logistics costs	(83.9)	(2.8%)	0.4	(90.7)	(3.4%)	0.2	6.8	(7.5%)
Other costs	(107.3)	(3.6%)	6.3	(77.3)	(2.9%)	8.7	(30.0)	38.7%
Personnel costs	(206.3)	(7.0%)	0.9	(175.5)	(6.5%)	0.3	(30.8)	17.5%
Other operating income and costs	(4.6)	(0.2%)	(0.4)	(5.9)	(0.2%)	0.0	1.3	(22.1%)
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	7.7	0.3%	7.7	5.2	0.2%	5.2	2.5	48.8%
Consolidated Adjusted EBITDA	**169.4**	**5.7%**	**14.3**	**178.0**	**6.6%**	**14.6**	**(8.7)**	**(4.9%)**
Amortisation, depreciation and write-downs of fixed assets	(97.3)	(3.3%)	0.2	(91.2)	(3.4%)	-	(6.1)	6.7%
Consolidated Adjusted EBIT	**72.1**	**2.4%**	**14.5**	**86.8**	**3.2%**	**14.6**	**(14.8)**	**(17.0%)**

Consolidated Adjusted EBIT amounted to Euro 72.1 million (Euro 86.8 million in the corresponding period of the previous year). Adjusted EBIT margin, a positive 2.4%, is down 0.8 points over the previous year, mainly due to the failure of the cost-reduction actions implemented in the past year as a result of the pandemic.

The growth in sales volumes led to an increase of Euro 48.5 million in gross profit, with a decrease in revenues to 21.2% compared to 21.5% in the previous year, despite the greater weight of the Retail channel, the most important in terms of revenues and margins, that in the last year had been penalized by the consumption trends imposed by the pandemic. The gross margin was affected by the different product and brand mix in the Gray category and the less significant increase in the weight of sales in the Brown category in terms of marginality, as well as the scarcity of certain products in the other product category and the absence of state incentives on electrical mobility.

Marketing costs increased by 9.3% compared with 28 February 2021. The increase is mainly due to the costs associated with digital, radio and tv activities as a result of the company's choice to focus more on digital consumption and to increase the number of promotional campaigns. The impact on consolidated revenues was unchanged at 1.8%.

Logistics costs decreased as a percentage of consolidated revenues by 2.8% as of 28 February 2022 (3.4% in the previous year), due to the lower weight of home delivery sales on total revenues, partially offset by higher transport and handling costs resulting from higher sales volumes.

The item Other expenses increased by Euro 30.0 million compared to the corresponding period of the previous year, with an incidence on consolidated revenues of 3.6% (2.9% as at 28 February 2021). The trend is mainly attributable to lower concessions received from landlords on rent payments due to the relaxation of restrictions amounting to Euro 3.0 million as at 28 February 2022 (Euro 9.9 million as at 28 February 2021), higher variable rents due to the increase in turnover in the period and the increased weight of contracts with a variable rent component. In the period (I) the operating costs related to utilities and condominium expenses related to the increase in energy costs (+ Euro 8,5 million) and maintenance fees, resulting from the increased operation of the shops, also increase. (ii) the costs of card fees on the physical network as a result of the increase in volumes recorded, and (iii) the advice mainly related to the strengthening of technological infrastructures and the development of new projects.

Personnel costs increased by Euro 30.8 million. The item in the previous period was affected by the effect of actions initiated by management to mitigate the impacts of the pandemic and mainly related to the use of the Temporary Layoff Benefits Fund, the disposal of holidays and absences, the non-renewal of expired fixed-term contracts and the spontaneous reduction of management compensation, and the effect of regulations on traffic restrictions that imposed the closure of shopping centres on weekends. The costs also increase as a result of the transfer to direct management of Unieuro by Iper shop-in-shop, new openings for the period, new premises hires and costs related to the Long term Incentive Plan deriving from the allocation of rights for the 2nd cycle of the plan for the three-year period FY 2023-FY2025. As a percentage of consolidated revenue, it amounted to 7.0% as at 28 February 2022 (6.5% in the corresponding period of the previous year).

Other operating income and costs increased by Euro 1.3 million. The impact on consolidated revenues (0.2%) is in line with the corresponding period of the previous year. The item mainly includes costs for expenses related to business operations such as waste disposal tax.

Depreciation, amortisation and impairment of fixed assets amounted to Euro 97.3 million (Euro 91.2 million in the period ended 28 February 2021). Investments at 28 February 2022 amounted to € 52.2 million (€ 31.6 million at 28 February 2021) and are attributable to capitalized costs incurred for operations to develop the network of direct stores, to investments in information technology, These include the adoption of electronic labels in a significant and growing number of direct stores, the implementation of the new SAP S/4HANA management system, and the launch of the new e-commerce site resulting from the “Revolution” project.

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)	Year ended				Changes	
	28 February 2022	%	28 February 2021	%	Δ	%
Consolidated Adjusted EBIT[18]	72.1	2.4%	86.8	3.2%	(14.8)	(17.0%)
Non-recurring expenses /(income)	(6.6)	(0.2%)	(9.5)	(0.4%)	2.9	(30.3%)
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services[19]	(7.7)	(0.3%)	(5.2)	(0.2%)	(2.5)	48.8%
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	**57.5**	**2.0%**	**72.2**	**2.7%**	**(14.7)**	**(20.3%)**

Non-recurring expenses/(income) decreased by Euro 2.9 million compared to the previous year ended 28 February 2021 and are detailed in section 6.3 below.

The adjustment due to the change in the *business* model for directly managed services was down by Euro 2.5 million compared with the previous year ended 28 February 2021.

6.3 Non-recurring income and expenses

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

(in millions of Euro)	Year ended		Changes	
	28 February 2022	28 February 2021	Δ	%
Mergers & Acquisitions	1.0	0.2	0.9	559.6%

18 See note in the section "Main financial and operating indicators".

19 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 28 February 2022 and 28 February 2021 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.

Costs for pre-opening, relocating and closing sales outlets[20]	2.6	1.1	1.5	143.7%
Other non-recurring expenses	3.0	8.2	(5.3)	(64.1%)
Total	**6.6**	**9.5**	**(2.9)**	**(30.3%)**

Non-recurring income and charges increased by Euro 2.9 million compared to the previous year ended 28 February 2021.

Mergers&Acquisition costs amounted to Euro 1.0 million in the financial year ended 28 February 2022 (Euro 0.2 million in the financial year ended 28 February 2021), and were mainly incurred in connection with the acquisitions of the Limbiate Ex- Galimberti S.p.A. and Turin Ex-Expert businesses. 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 stood at Euro 2.6 million for the year ended 28 February 2022 (Euro 1.1 million in the previous year). This item includes: rental, personnel, security, travel and transfer costs, for maintenance and marketing operations incurred as part of: i) store openings (in the months immediately preceding and following the opening of the same) and (ii) store closures.

Other non-recurring expenses and income amounted to Euro 3.0 million in the financial year ending 28 February 2021 (Euro 8.2 million in the financial year ending 28 February 2021). This item mainly includes the costs relating to the AGCM - Competition and Market Authority initiated against Unieuro and the subsidiary Monclick concerning unfair commercial practices, mainly in the period of health emergency. On 23 December 2021, the Authority sanctioned both companies for Euro 4.0 million and Euro 0.3 million respectively; Unieuro and Monclick appealed against this decision. These costs were offset in part by proceeds from the adjustment of estimates related to the Coronavirus epidemic and attributable to debt recoverability.

6.4 Net result

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

(in millions and as a percentage of revenues)	Year ended						Changes	
	28 February 2022			28 February 2021				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Consolidated Adjusted EBIT	**72.1**	**2.4%**	**14.5**	**86.8**	**3.2%**	**14.6**	**(14.8)**	**(17.0%)**
Financial income and expenses	(12.8)	(0.4%)	0.05	(13.3)	(0.5%)	-	0.5	(4.0%)
Income taxes[21]	(5.4)	(0.2%)	(5.3)	(6.6)	(0.2%)	(1.3)	1.2	(18.5%)

[20] The costs of "pre-opening, repositioning and closing of outlets" include the costs of supervision, travel and relocation, maintenance and marketing costs incurred in the context of (i) renovations for downsizing and repositioning of outlets, (ii) opening of outlets (in the months immediately preceding and following opening) and (iii) closing of outlets.

[21] The tax impacts of the adjustments were calculated using the theoretical rate deemed appropriate of 8.7% as at 28 February 2022 and 28 February 2021, 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%.

Adjusted Consolidated Profit/(loss) for the year	**53.9**	**1.8%**	**9.3**	**66.9**	**2.5%**	**13.4**	**(13.0)**	**(19.5%)**

Net financial expenses in the period ended on 28 February 2022, amounted to Euro 12.8 million (Euro 13.3 million in the previous year ended on 28 February 2021). The change in the period is mainly attributable to financial expenses relating to the IFRS 16 adjustment.

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 28 February 2022, were Euro -5.4 million (Euro -6.6 million in the corresponding period of the previous year ended on 28 February 2021). 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 2022, totalled Euro 274 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.

It should be noted that, as of 28 February 2022, the tax benefits from the realignment of goodwill previously accounted for in the Half-Yearly Financial Report ended 31 August 2021 were adjusted as a result of the revocation option exercised by Unieuro's Board of Directors pursuant to the Budget Law 2022.

The item income tax adjustments includes an estimate of the tax benefit arising from the agreement signed with the Revenue Agency for the Patent Box signed on 29 December 2021. The benefit accounted for in the financial year relates to the financial years 2016 to 2020 and derives from the exploitation of the Unieuro brand. The benefit from Patent Box recognised in taxes for the above five years was a total of Euro 4.0 million. The method for calculating the facility was subject to the rules with the Tax Agency for the first tax period (2015-2016).

Adjusted consolidated result was Euro 53.9 million (Euro 66.9 million in the previous year ended 28 February 2021) due to the decrease in adjusted EBIT, only partially offset by the fall in income taxes and the reduction in net financial charges.

Below is a reconciliation between the adjusted consolidated net profit (loss) for the year and the consolidated net profit (loss) for the year.

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	28 February 2022	%	28 February 2021	%	Δ	%
Adjusted Consolidated net Profit (Loss) for the year	53.9	1.8%	66.9	2.5%	(13.0)	(19.5%)
Non-recurring expenses/income	(6.6)	(0.2%)	(9.5)	(0.4%)	2.9	(30.3%)
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	(7.7)	(0.3%)	(5.2)	(0.2%)	(2.5)	48.8%
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.	5.3	0.2%	1.3	0.0%	4.0	315.0%
Consolidated Result for the Year	**44.6**	**1.5%**	**53.6**	**2.0%**	**(8.9)**	**(16.7%)**

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6.5 Cash flows

6.5.1 Consolidated Adjusted Levered Free Cash Flow [22]

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)	Year ended		Changes	
	28 February 2022	28 February 2021	Δ	%
Consolidated EBITDA	155.1	163.4	(8.3)	(5.1%)
Cash flow generated/(absorbed) by operating activities[23]	15.6	62.1	(46.5)	(74.9%)
Taxes paid	(9.3)	(2.5)	(6.8)	266.4%
Interest paid	(11.1)	(12.4)	1.2	(9.9%)
Other changes	2.0	0.4	1.6	451.1%
Consolidated net cash flow generated/(absorbed) by operating activities[24]	**152.2**	**210.9**	**(58.7)**	**(27.8%)**
Investments[25]	(50.4)	(32.4)	(18.0)	55.4%
Investments for business combinations and business units	(8.5)	(8.4)	(0.1)	0.8%
Adjustment for non-recurring investments	10.0	8.4	1.5	18.3%
Non-recurring charges/(income) and non-recurring depreciation and impairment of fixed assets	6.8	9.5	(2.6)	(27.9%)
Adjustment for non-monetary components of non-recurring (expenses)/income	(0.2)	(8.3)	8.0	(97.3%)
Other non-recurring cash flows	(2.6)	1.1	(3.7)	(342.1%)
Theoretical tax impact of the above entries[26]	(0.6)	(0.1)	(0.5)	457.1%
IFRS 16 Leases[27]	(57.3)	(55.9)	(1.4)	2.5%
Consolidated Adjusted levered free cash flow	**49.4**	**124.7**	**(75.4)**	**(60.4%)**

The Consolidated net cash flow generated/(used) by operating activities was Euro 152.2 million (Euro 210.9 million in the previous year ended 28 February 2021). The cash performance compared to the previous period is linked to the group's income performance and to the net working capital dynamics that in the last year had been influenced by the consumption trends imposed by the pandemic.

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

[23] 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.

[24] 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".

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

[26] The theoretical rate deemed appropriate by management is 8.7% both at 28 February 2022 and 28 February 2021, 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%.

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

Capital expenditures realised and paid amounted to Euro 50.4 million in the year ended 28 February 2022 (Euro 32.4 million in the previous year ended 28 February 2021), and are mainly attributable to capitalised costs incurred for actions to develop the direct shop network, investments in information technology, including the adoption of electronic labels in a significant and growing number of direct shops, the implementation of the new SAP S/4HANA management system and the launch of the new e-commerce site resulting from the "Revolution" project.

Investments for business combinations and lines of business in the amount of Euro 8.5 million in the financial year ended 28 February 2022 (Euro 8.4 million in the previous financial year ended 28 February 2021), refer to the portion paid of the purchase price in the acquisition of ex-Pistone S.p.A., ex-Cerioni, Convertino and Limbiate. These investments are qualified as non-recurring in nature and therefore adjusted in the determination of the Consolidated Adjusted 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 charges amounted to Euro 6.8 million in the year ended on 28 February 2022 (Euro 9.5 million in the same period of the previous year), of which Euro 0.2 million had not yet had a financial impact at the end of the year.

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 the main changes recorded in the Group's net financial debt during the years ending 28 February 2022 and 28 February 2021:

(in millions of Euro)	Year ended		Changes	
	28 February 2022	28 February 2021	Δ	%
Operating profit	155.1	163.4	(8.3)	(5.1%)
Cash flow generated/(absorbed) by operating activities	15.6	62.1	(46.5)	(74.9%)
Taxes paid	(9.3)	(2.5)	(6.8)	(266.4%)
Interest paid	(11.1)	(12.4)	1.2	(9.9%)
Other changes	2.0	0.4	1.6	451.1%
Net cash flow generated/(absorbed) by operating activities	**152.2**	**210.9**	**(58.7)**	**(27.8%)**
Investments	(50.4)	(32.4)	(18.0)	55.4%
Investments for business combinations and business units	(8.5)	(8.4)	(0.1)	0.8%
Exercise - Long Term Incentive Plan	4.3	3.3	1.0	29.6%
Buyback	(12.3)	0.0	(12.3)	(100.0%)
Distribution of dividends	(53.8)	0.0	(53.8)	(100.0%)
Payables from the acquisition of business units	7.6	8.4	(0.8)	(9.5%)
IFRS 16 Leases	(57.3)	(55.9)	(1.4)	2.5%
Other changes	(0.9)	(0.6)	(0.3)	47.3%
Change in net financial debt - Pursuant to IAS 17	**(19.2)**	**125.3**	**(144.4)**	**(115.3%)**

7. Statement of financial position

Below is a detailed breakdown of the Group's net working capital and net invested capital as at 28 February 2022 and as at 28 February 2021:

(in millions of Euro)	Year ended	
	28 February 2022	28 February 2021
Trade receivables	43.0	65.3
Inventories	462.1	372.1
Trade payables	(583.5)	(505.1)
Net Operating Working Capital	**(78.4)**	**(67.7)**
Other working capital items	(254.2)	(246.6)
Net working capital	**(332.6)**	**(314.3)**
Assets for rights of use	433.3	451.6
Assets/(Non-current liabilities)	352.1	313.0
Net Invested Capital	**452.9**	**450.3**
(Net financial debt) / Net cash – Pursuant to IAS 17	**135.7**	**154.8**
IFRS 16 Leasing	(450.2)	(451.9)
(Net financial debt) / Net cash	**(314.5)**	**(297.0)**
Shareholders' equity	(138.3)	(153.3)
Total shareholders' equity and financial liabilities	**(452.9)**	**(450.3)**

The Group's net working capital as at 28 February 2022 was negative for Euro 78.4 million (negative for Euro 67.7 million as at 28 February 2021). Inventories and trade debts increased compared to the previous year when they benefited from the non-repeatable actions initiated by management to deal with the pandemic.

The Net Invested Capital of the Group stood at Euro 452.9 million at 28 February 2022, up Euro 2.5 million compared with 28 February 2021. The change is mainly attributable to the decrease in the Group's Net Working Capital of Euro 18.2 million, which was more than offset by the increase in non-current net assets of Euro 39.1 million. Investments at 28 February 2022 amounted to € 52.2 million (€ 31.6 million at 28 February 2021) and are attributable to capitalized costs incurred for operations to develop the network of direct stores, to investments in information technology, These include the adoption of electronic labels in a significant and growing number of direct stores, the implementation of the new SAP S/4HANA management system, and the launch of the new e-commerce site resulting from the "Revolution" project.

Shareholders' equity amounted to Euro 138.3 million as of 28 February 2022 (Euro 153.3 million as of 28 February 2021), with a decrease mainly determined by the distribution of the dividend resolved by the Shareholders' Meeting in June 2021 and the buy-back transaction, partially offset by the recognition of the positive result for the year and the recognition of the Long Term Incentive Plan reserved for certain managers and employees.

The composition of the net financial debt at 28 February 2022 and 28 February 2021, in accordance with the ESMA guideline 32-382-1138 of 04/03/2021, is as follows[28]:

[28] In order to be better represented and jointly with the new indications of the ESMA guideline 32-382-1138 of 04/03/2021, claims relating to IFRS 16 subeasing were excluded from the financial unduly paid.

(in millions of Euro)	Year ended		Changes	
	28 February 2022	28 February 2021	Δ	%
(A) Cash and cash equivalents	141.5	219.4	(77.8)	(35.5%)
(B) Means equivalent to cash	0.0	0.0	0.0	100.0%
(C) Other current financial assets	0.0	0.0	0.0	100.0%
(D) Liquidity (A)+(B)+(C)	**141.5**	**219.4**	**(77.8)**	**(35.5%)**
(E) current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	0.0	(0.1)	0.1	(100.0%)
(F) Current part of non-current financial debt	(66.5)	(77.8)	11.2	(14.4%)
(G) Current financial debt (E)+(F)	**(66.5)**	**(77.9)**	**11.3**	**(14.5%)**
(H) Net current financial debt (G)-(D)	**75.0**	**141.6**	**(66.6)**	**(47.0%)**
(I) Non-current financial debt (excluding the current part and debt instruments)	(389.5)	(438.6)	49.1	(11.2%)
(J) Debt instruments	0.0	0.0	0.0	100.0%
(K) Trade payables and other non-current payables	0.0	0.0	0.0	100.0%
(L) Non-current financial debt (I)+(J)+(K)	**(389.5)**	**(438.6)**	**49.1**	**(11.2%)**
(M) Total financial debt (H)+(L)	**(314.5)**	**(297.0)**	**(17.5)**	**5.9%**

A breakdown of the composition of the net financial debt pursuant to IAS 17 as at 28 February 2022 and as at 28 February 2021 is shown below.

(in millions of Euro)	Year ended		Changes	
	28 February 2022	28 February 2021	Δ	%
(Net financial debt) / Net cash	**(314.5)**	**(297.0)**	**(17.5)**	**5.9%**
Current financial receivables - IFRS 16	1.4	1.0	0.4	44.5%
Non-current financial receivables - IFRS 16	15.1	7.2	7.9	109.5%
Other current financial payables - IFRS 16	(62.8)	(58.0)	(4.8)	8.3%
Other non-current financial payables - IFRS 16	(387.3)	(393.8)	6.5	(1.7%)
(Net financial debt) / Net cash – Pursuant to IAS 17	**135.7**	**154.8**	**(19.2)**	**(12.4%)**

Net cash - IAS 17 was a positive Euro 135.7 million, a decrease of Euro 19.2 million compared to 28 February 2021. The cash flow dynamics are essentially driven by the combined effect of: (I) Cash generation from operating activities including IFRS 16 leasing flows of Euro 94.9 million, (ii) investments realised and paid of Euro 50.4 million, (iii) dividend distribution of Euro 53.8 million and (iv) buyback of Euro 12.3 million.

8. Performance of Unieuro

The Unieuro S.P.A. reclassified Income Statement as at 28 February 2022 is illustrated below:

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	28 February 2022	%	28 February 2021	%	Δ	%
Revenue	2,928.5		2,659.3		269.2	10.1%
Gross Operating Result	**156.3**	**5.3%**	**163.6**	**6.2%**	**(7.3)**	**(4.5%)**
Non-recurring expenses /(income)	6.3	0.2%	5.2	0.2%	1.1	21.6%
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	7.7	0.3%	5.2	0.2%	2.5	48.8%
Adjusted EBITDA	**170.3**	**5.8%**	**173.9**	**6.5%**	**(3.7)**	**(2.1%)**
Depreciation, amortisation and write-downs of fixed assets	(96.7)	(3.3%)	(90.2)	(3.4%)	(6.5)	7.2%
Non-recurring depreciation, amortisation and write-downs	0.2	0.0%	0.0	0.0%	0.2	100.0%
Adjusted EBIT	**73.8**	**2.5%**	**83.7**	**3.1%**	**(10.0)**	**(11.9%)**
Financial income and expenses	(12.8)	(0.4%)	(13.3)	(0.5%)	0.5	(3.7%)
Non-recurring financial expenses/(income)	0.1	0.0%	0.0	0.0%	0.1	100.0%
Income taxes	(0.5)	(0.0%)	(5.6)	(0.2%)	5.1	(90.3%)
Theoretical tax impact from taxes on non-recurring expenses/(income), non-recurring financial expenses/(income), non-recurring depreciation, amortisation and write-downs and the change in business model,	(5.3)	(0.2%)	(0.9)	(0.0%)	(4.4)	483.4%
Adjusted Net Income	**55.2**	**1.9%**	**63.9**	**2.4%**	**(8.7)**	**(13.6%)**
Non-recurring expenses /(income), non-recurring financial expenses /(income), non-recurring depreciation, amortisation and write-downs	(6.6)	(0.2%)	(5.2)	(0.2%)	(1.4)	26.9%
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	(7.7)	(0.3%)	(5.2)	(0.2%)	(2.5)	48.8%
Theoretical tax impact from taxes on non-recurring expenses/(income), non-recurring financial expenses/(income), non-recurring depreciation, amortisation and write-downs and the change in business model,	5.3	0.2%	0.9	0.0%	4.4	483.4%
Profit/(loss) for the year	**46.2**	**1.6%**	**54.4**	**2.0%**	**(8.2)**	**(15.1%)**

Unieuro's revenue for the year ended 28 February 2022 amounted to Euro 2,928.5 million, an increase of 10.1% compared to Euro 2,659.3 million recorded in the year ended 28 February 2021; this was also substantially organic growth this year, driven initially by the pandemic-related consumption trends, which then normalised during the year, and subsequently by the boom in sales of televisions and decoders supported by the start of frequency migration and the introduction of the TV Bonus.

Adjusted EBIT amounted to Euro 73.8 million in the year ending 28 February 2022, compared to Euro 83.7 million in the year ending 28 February 2021. Adjusted EBIT margin, a positive 2.5%, is down 0.6 percentage points from the previous year, mainly due to the disappearance of the cost-reduction actions implemented in the past year as a result of the pandemic.

Adjusted results amounted to Euro 55.2 million in the year ended 28 February 2022 (Euro 63.9 million in the year ended 28 February 2021), with an impact on revenues of 1.9%. The trend is related to the decrease in adjusted EBIT, only partly offset by the fall in income taxes and the reduction in net financial charges.

9. Reconciliation statement of shareholders' equity and net result of the parent company with shareholders' equity and net result pertaining to the Group

The reconciliation between the shareholders' equity of the parent company and the consolidated shareholders' equity as at 28 February 2022 is illustrated below:

(In millions of Euro)	Shareholders' equity as at 28 February 2022	Net result as at 28 February 2022
Balances from the Parent Company's Annual Financial Statements	**139.1**	**46.2**
Difference between the carrying amount of equity investments and the profit/(loss)	(10.6)	(1.2)
Allocation of goodwill, brand, software and customer list, net of the tax effect	9.8	(0.4)
Consolidated Financial Statements of the Unieuro Group	**138.3**	**44.6**

The reconciliation between the shareholders' equity of the parent company and the consolidated shareholders' equity as at 28 February 2021 is illustrated below:

(In millions of Euro)	Shareholders' equity as at 28 February 2021	Net result as at 28 February 2021
Balances from the Parent Company's Annual Financial Statements	**152.5**	**54.4**
Difference between the carrying amount of equity investments and the profit/(loss)	(9.2)	(0.2)
Allocation of goodwill, brand, software and customer list, net of the tax effect	10.0	(0.6)
Consolidated Financial Statements of the Unieuro Group	**153.3**	**53.6**

10. Investments

Investments at 28 February 2022 amounted to € 52.2 million (€ 31.6 million at 28 February 2021) and are attributable to capitalized costs incurred for operations to develop the network of direct stores, to investments in information technology, These include the adoption of electronic labels in a significant and growing number of direct stores, the implementation of the new SAP S/4HANA management system, and the launch of the new e-commerce site resulting from the "Revolution" project.

For further details, refer to notes 5.1 "Plant, machinery, equipment and other assets" and 5.3 "Intangible assets with definite useful life" of the Consolidated Financial Statements.

11. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main economic and financial indicators at 28 February 2022 is shown below[29]:

		28 feb 2022 (Ex - IAS	IFRS 16 Impacts	28 feb 2022 (IFRS 16)
EBITDA ADJ	• reduction in operating costs (rents paid on shops, offices, warehouses and cars), net of income from subleases of shops	101.3	+68.0	169.4
EBIT ADJ	• increase in depreciation on right-of-use assets	66.0	+6.0	72.1
PROFIT BEFORE TAXES ADJ	• increase in financial expenses for interest related to rights-of-use liabilities	62.3	(3.0)	59.3
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	135.7	(450.2)	(314.5)

[29] The values in the 28 Feb 2022 (ifrs 16) column are derived from the indicators included in section "6. 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 (leasing). The values shown in the 28 Feb 2022 column (ex-ias 17) are pre-adoption IFRS 16 and are calculated as the difference between the 28 Feb 2022 ifrs 16 column and the ifrs 16 impact column. All values are in millions of euro.

12. Coronavirus epidemic and War in Ukraine

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. Following the activation of the measures put in place by the government, the

Temporary Layoff Benefits Fund. 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.

In such a context, Unieuro was already able to fully recover the lower revenues recorded in the most difficult months of the epidemic by closing the first half of the year on 31 August 2020, with a particularly strong marginality and cash generation, also thanks to the managerial actions undertaken in the meantime and with sometimes unrepeatable 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.

Subsequently, with the coming of the autumn season before and winter then, the epidemiological situation in Italy has suffered a new worsening, however proved incomparably less serious than in the rest of Europe, also thanks to the successes of the vaccination campaign. The new measures adopted by the authorities have therefore not had any negative effect on the retail of consumer electronics and household appliances, nor on Unieuro's business.

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.

The Board of Directors on the basis of the forecasts for the financial year 2022/2023 updated in the light of forecasts on future trends does not identify any indicators of possible impairment losses and impacts on the recoverability of its assets (for further details see section 5.2.1 Impairment test of the Consolidated Financial Statements).

War in Ukraine

The conflict between Russia and Ukraine, which began on 24 February 2022, has generated strong geopolitical and economic tensions worldwide, leading, among other things, to a tightening of the price rises in energy products and raw materials. this is reflected in the production prices of goods and services and the purchasing power of households, which are only partly preserved by political intervention.

The Unieuro Group does not maintain direct economic and/or financial relations with Russian economic entities subject to the current sanctions, but it is subject to the risk of suffering the economic consequences resulting from this worsening of the macro-economic scenario.

While there is considerable uncertainty, the company decided to target each direction to contain non-sales-related costs and to strengthen the processes of monitoring and approving expenses. The possible adoption of new contractual arrangements, such as the freezing of the price of energy supplies through the conclusion of multiannual contracts, is also under consideration.

The Group on the basis of the forecasts for the financial year 2022/2023 updated in the light of future trends does not identify any indicators of possible impairment losses and impacts on the recoverability of its assets (for further details see section 5.2.1 Impairment test of the Consolidated Financial Statements).

13. 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.

14. 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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Credit and debt relations with related parties (as at 28 February 2022)			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 28 February 2022				
Other current liabilities	(57)	(255)	(215)	**(527)**
Other non-current liabilities	-	-	(172)	**(172)**
Total	**(57)**	**(255)**	**(387)**	**(699)**

(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 28 February 2022 and as at 28 February 2021:

(In thousands of Euro)	Economic relations with related parties (as at 28 February 2022)			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 28 February 2022				
Purchases of materials and external services	(128)	(680)	-	**(808)**
Personnel costs	-	-	(3,325)	**(3,325)**
Total	**(128)**	**(680)**	**(3,325)**	**(4,133)**

(In thousands of Euro)	Economic relations with related parties (as at 28 February 2021)				
Type	**Pallacanestro Forlì 2015 s.a r.l.**	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 28 February 2021					
Purchases of materials and external services	(294)	(95)	(571)	-	**(960)**
Personnel costs	-	-	-	(5,306)	**(5,306)**
Total	**(294)**	**(95)**	**(571)**	**(5,306)**	**(6,266)**

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	
Year ended 28 February 2022	**Year ended 28 February 2021**
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).

Transactions with related parties as of 31 August 2021 do not include the company "Pallacanestro Forlì 2015, 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 28 February 2022 and at 28 February 2021:

(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 28 February 2021					
Net cash flow generated/(absorbed) by operating activities	(224)	(99)	(562)	(4,326)	**(5,211)**
Total	**(224)**	**(99)**	**(562)**	**(4,326)**	**(5,211)**
Period from 1 March 2021 to 28 February 2022					
Net cash flow generated/(absorbed) by operating activities	-	(132)	(573)	(6,063)	**(6,768)**
Total	**-**	**(132)**	**(573)**	**(6,063)**	**(6,768)**

15. Information on corporate bodies

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.com/).

15.1. 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 (executives 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 the

Company by 31 July 2017 ("IPO");

- Recipients : the Long Term Incentive Plan is addressed to Directors with executive type positions, associates and employees (managers and others) of Unieuro 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;

- Subject matter: the purpose of the Plan is to assign to the Beneficiaries free and non-transferable option rights by deed between living persons, for the purchase or subscription against payment of ordinary shares of Unieuro for a maximum number of 860,215 options, each of which will give the right to subscribe for 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 August 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:

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

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

Or 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%;

Or 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 €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 28 February 2022 is as follows:

	Number of options 28 February 2022
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%.

	Number of rights 28 February 2022
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	**-**

It should be noted that on 23 March 2022, the Board of Directors allocated the rights and approved the regulations of the 3rd Cycle, in which it determined the terms and conditions for implementing the Plan. The subscription of the Plan by the recipients of the 3rd Cycle took place in April 2022.

15.2. Unieuro treasury shares

On 11 November 2021, the Board of Directors of Unieuro S.p.A. approved the launch of a program for the purchase of own shares, as part of the authorisation received by the Shareholders' Meeting on 17 December 2020.

In partial execution of the above resolution, the program provides for the purchase, within 18 months from the same, of maximum no. 600,000 Unieuro S.p.A. ordinary shares (2.9% of the share capital subscribed and paid up as of today), at a maximum unit price of Euro 26.40.

The program aims to set up a portfolio of own shares to serve both existing and future equity incentive plans reserved for directors and/or employees and/or collaborators of the Company or other companies controlled by the Company (including the Performance shares Plan 2020-2025), as well as to constitute a so-called “Stock Exchange” to be used, where appropriate, as consideration in extraordinary transactions, including the exchange of shareholdings, with third parties in transactions that may be of interest to Unieuro.

It should be noted that the program is not pre-ordered for any reduction of share capital.

The program started on 15 November 2021 and provides for a duration in any case not exceeding 18 months from the date of the Shareholders' Resolution of 17 December 2020, unless it is closed in advance when the threshold of fixed shares or withdrawal has been reached.

Following the purchases made by the intermediary in charge of Mediobanca S.p.A., as at 28 February 2022, the own shares held were 600,000, or 2,8987% of the share capital.

16. 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.

17. Staff-related information

Composition of workforce

Below is a breakdown of employees by classification.

	28 February 2022		28 February 2021	
	Unieuro S.p.A.	Monclick S.r.l.	Unieuro S.p.A.	Monclick S.r.l.
Executives	29	1	27	1
Middle managers	76	-	63	-
Office workers	5,602	38	5,202	38
Factory workers	1	-	1	-
Apprentices	37	-	53	-
Total	**5,745**	**39**	**5,346**	**39**

Gender equality and work environment

The equal treatment of individuals is carried out at the Unieuro Group by ensuring that starting with the selection phase and in all work performed, there will be no discrimination on the basis of race, sex, nationality, sexual orientation, social status, physical appearance, religion or political affiliation.

Search and selection

The Unieuro Group undertakes to encourage the development and implementation of transparent hiring practices in full compliance with equal opportunities. The criteria guiding candidate selection are professionalism and compliance with the skills and attitude required to fill the open position.

The tools and channels used to find candidates, in descending priority order, are the company's website in the "Work with us" section and relationships with recruiting and selection companies with which specific partnerships are maintained.

Training, organisation and compensation policies

At the Unieuro Group, training is an (in)tangible investment in our most important asset: our employees. Every year, the Group invests significant resources in the professional and managerial training of employees using tools such as direct teaching, webinars, conferences, tutoring, simulations, on-the-job training, e-learning and staff training.

In addition to mandatory training courses (health and safety, Organisational Model 231, privacy), there are managerial and professional training programmes for store and head office staff. As an example, topics covered range from people management to effective communications, from sales techniques to visual merchandising and from work organisation to sales management at the point of sale.

The company's Academy for aspiring Executives is particularly important in the professional development and growth of its human resources. Participants, who are identified out of the pool of individuals at the company through an internal candidacy process, assessment centres and individual interviews, participate in on-the-job and classroom training that lasts 6 months.

In order to meet the transparency obligations required by regulations, the "Report on Remuneration" was prepared pursuant to Article 123-bis of the Consolidated Finance Law and Article 84-quater of the Issuers' Regulation.

This document is available at the Unieuro website at http://www.unieurocorporate.it/.

Protection of health and safety

For the Group, the health and safety of all human resources in the workplace in accordance with current regulations is a priority. In particular, the Group takes steps to provide work conditions that respect the physical and moral integrity of workers.

18. 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.

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

The Group is exposed to a number of risks that can be grouped into the three large categories listed below:

- strategic and operational risks;
- legal and non-compliance risks.

19.1. Strategic and operational risks

The main strategic and operational risks to which the Group is exposed are as follows:

Ability to adapt execution to strategic changes - the five-year strategy plan "Omni-Journey", presented to investors in June 2021, contains ambitious growth targets and significant cross-functional projects aimed at the digital transformation of the Group. In order to implement the plan, the Unieuro Group has equipped itself with medium-short-term planning tools that reflect the strategic choices in concrete operational plans, taking into account the data coming from both inside and outside. In order to ensure the progress and monitoring of each transformation project, the company has provided a governance model that includes a manager of the transformation program with other contacts from each organisational unit involved in the transformation project. Periodic updates to the highest levels of the Group are also planned in order to monitor the progress of the plan and share any corrective actions.

Impact of competition and alternative channels on the erosion of margins - projections of the market in which the Group operates foresee an increase in the market share of the on-line segment to the partial detriment of the off-line segment. This phenomenon can be seen in all countries, with different degrees of acceleration and maturity. This trend has been strongly stimulated in the two years of pandemic that have just passed, due to the restrictions on movement and changes in lifestyles, starting with the working and purchasing habits of citizens. Effectively coping with the growth of the on-line channel requires greater competitiveness in the level of service offered to the end customer and results in an overall reduction in the margin of total sales due to a convergence of the price charged in the off-line channel toward the lowest on-line. The Group has intercepted these risks in its industrial plan and has planned mitigation measures, such as, for example, the increase in the level of customer service and the development of new profit pools (e.g. development of proprietary brands).

Merchandising mix and product assortment planning - the Group is subject to the risk of offering a product assortment that is not in line with consumer preferences and market demands. In order to mitigate this risk, Unieuro has provided itself with tools for periodic analysis of the assortment of the various product categories, in order to verify its completeness and remedy any gaps in relation to market requirements, by ensuring that the right quantities are available on the right time to the different sales channels.

Core Product Purchasing process - the Group is subject to the risk of mis-planning the purchasing budget, both in terms of composition and quantity. In order to mitigate this risk, the company has provided itself with a process of forecasting, which is still evolving, with the aim of planning within a short-term horizon, that is to say a few months, the quantity of products to be ordered and the related cash and storage requirements within the logistics platform.

Risk of dependence on the domestic market - except for some commercial transactions relating to the B2B channel of a small amount, the total turnover of the Unieuro Group is realised in Italy, while the vast majority of the products marketed is purchased from abroad, In particular, from the far East and Eastern Europe, with the exception of Ukraine, where the production of electronics and household appliances has been relocated in recent decades. The concentration of revenues on the domestic market exposes Unieuro to the relative fragility of the Italian economy, which, despite being part of the larger and more stable European context, is characterised, among other things, by low GDP growth rates and excessive levels of public debt, as well as by unfavourable long-term macro-trends that characterise the population, starting in particular with its progressive decrease and ageing caused by demographic trends. With a view to limiting country-risk, the five-year strategy plan "Omni-Journey", approved in June 2021, provides for Management to explore opportunities for growth outside Italy's borders. Growth would take place through acquisitions and would concern geographically and/or culturally sensitive markets, allowing Unieuro to diversify its reference markets while keeping under control the strategic and operational risks inherent in foreign expansion.

Customer Relations/Loyalty Campaigns - the Unieuro Group is subject to the risk of not offering its customers an adequate after-sales service and not effectively intercepting customer preferences. This risk became particularly significant when the pandemic from COVID-19 occurred during the financial year 2020, resulting in a sudden increase in sales of the online channel and an exponential increase in requests for access to the company's customer care service. The Group has found it difficult to satisfy all requests and the lack of service has also led to the initiation of proceedings by the Competition Authority and the Market. Unieuro has planned and implemented actions to improve the management of the customer that have affected the following macro-areas: Strengthening of the staff dedicated to the service of customer care and adapting the available budget; strengthening of the telephone barrier not only in number of employees, but also and above all through the improvement of the technological means in order to correctly address the customer and to keep track of the request up to the final solution. In addition, a number of KPIs for the customer care service level are periodically measured.

Management of marketing activities - the Group is subject to the risk that corporate communication is not in line with the company's strategy and values, does not respect the transparency and completeness requirements required by the rules, does not use adequately the tools offered by the new technologies. The responsibility for the effective declination of the promotional plan of the company is entrusted to two organisational units that each take care of declining the corporate communication (both brand and product) in the channels of competence (digital or traditional). As far as promotional communication is concerned, the Group frequently makes use of premium events and below cost transactions. In order to ensure that these operations comply with the legal requirements, the company uses both the contribution of a specialised external consultant and internal staff (e.g. tax manager, legal counsel).

Risks arising from compliance with regard to privacy - the Group is subject to the risk of not complying correctly with the privacy regulations, with particular reference to the norms modified/introduced by the GDPR. In order to mitigate this risk and to be compliant with the privacy law, Unieuro has adopted the following: It has appointed the Data Protection Officer (DPO), it has set up an internal privacy office and it has a dedicated privacy organisation chart. The DPO contributes on a continuous basis to the monitoring of risks arising from non-compliance with the legislation to protect personal data and coordinates the operational plan to mitigate them. The company also has procedures and information that periodically updates, has drawn up and updates the treatment register, updates and performs impact assessments and interest balancing. The privacy office, also with the collaboration of the DPO, prepares the contract for the treatment of personal data in relation to the treatment of personal data subject to the service contract. The Privacy Office also manages the management of requests from interested parties. With the support of the DPO, the company periodically renews its privacy training for its employees.

Risks related to the management of the central platform - the Unieuro Group concentrates the reception and the dispatch of the products to the shops (both direct and affiliated) and to the customers of the on-line channel from the central platform of Piacenza and to a lesser extent from the platform of Carini (PA). This choice exposes the Group to some operational risks related both to the choice of centralisation and to the methods of platform management.

Risk of interruption of the service of the central platform **-** the Unieuro Group is exposed to the risk of interruption of the business, due to the occurrence of certain events, such as computer system failures, blocking or limitation of traffic, failure to comply with the applicable regulations (e.g. fire prevention, safety of storage facilities, etc.) and exceptional exogenous risks such as natural disasters (earthquakes, pandemics), climatic events (e.g. snowfall). In order to mitigate the impacts of the occurrence of these events, the Group has provided itself with some operational features, such as, but not limited to: contracts that provide for the assistance of 24 maintainers to intervene on possible failures, for example of electrical nature, redundancy of some equipment and equipment essential for the continuous execution of the activity (pc – printers – terminals for reading bar codes – data line – electricity generators). These garrisons are further strengthened during the period in which the group's largest sales are concentrated (November – January). In order to guarantee surveillance and safety, the company has provided itself with monitoring facilities for the entry and exit of both persons and means. In the event that, despite the risk mitigation measures, there is a temporary interruption of the platform's activity, the group is able to divert deliveries directly to the point of sale. During the Covid-19 emergency, the company put in place additional safeguards in order to limit the risk of contagion of certain key organisational figures, such as (i) mirroring of all governance functions whereby each of the managers identified a deputy, (ii) during lockdown periods, a rotating quarantine was set up whereby while one group worked in the office for 14 days, the second group worked from home and vice versa for the next 14 days, without ever meeting, thus limiting the risk of contagion of all managers at the same time.

Risk in the management of platform activities **-** only employees responsible for organising the arrival and dispatch of goods are direct employees of the Group, all platform handling activities are entrusted to an external company by means of a contract. The contractor has worked for years with Unieuro, is a limited liability company that manages employees with contracts of indefinite or fixed duration and, when necessary, recruits additional personnel by means of administration contracts. Previously, the contractor operated in the legal form of a cooperative, the transformation from a cooperative to a limited liability company and the current staffing arrangements have been strongly calmed over the years by Unieuro, in order to mitigate the risk from fiscal and contributory solidarity. The handling company does not use sub-contractors in the Piacenza platform. The contract also provides for some provisions aimed at ensuring the effectiveness of the operations carried out by the logistic operator and compensation mechanisms if differences in the inventory and/or differences in the quantities sent to the stores with respect to the order are found. The warehouse is organised for the storage of the products in shelves and stacks according to the weight and dimensions of the products and is equipped with a computer system that indicates to the operator the allocation of the product. The Carini platform is also managed in the same way: The company for shares to which the handling activities are contracted is that it is different and independent from the one that manages the handling of Piacenza, does not resort to sub-contractors.

Risk related to the management of transport and delivery services at home - like other operators in the consumer electronics sector, the Group, for delivery to the point of sale and for delivery and installation of the products at the end customer's home, it uses contractors. It is a mode of service management that exposes operators to the economic and reputational risk arising from the fiscal, contributory and remuneration solidarity due to possible failures of contractors. To reduce the economic risk and the probability of its occurrence, the Group has put in place a number of safeguards. First of all, it has a multiplicity of operators, organised mostly in the form of capital companies, with whom it has signed transport contracts (annual and not exclusive). This division allows the risk to be divided both in terms of possible economic effects on the company for payment of sums to the employees of the contractors and in terms of interruption of the service in the event of difficulties of one of the operators. A further risk factor is that these operators often sub-contract the service to other entities over which the company cannot exercise effective control. In order to have an overall monitoring of the operators carrying out the transport, delivery and installation service (contractors and sub-contractors), Unieuro, through a service company, carries out a monthly monitoring activity of the fiscal - remuneration - contribution regularity of these subjects. A report is prepared that summarises the outcome of the documentary checks it has carried out. This report is used both to intervene on the individual operators to regularise their position, and for the provision to a logistic risk fund (for more details see 5.15 of the consolidated financial statements) by applying some weighting criteria endorsed by a specific legal opinion. In addition to the obligation of the contractor to send the service company the necessary documentation to verify compliance with the Law of his work, the contract provides for additional provisions designed to ensure an adequate level of service, such as, for example, penalties in case of non-compliance and/or disservice of the carrier and daily verification of the performance of the transport operators.

Business continuity and cyber security - the company is at risk of downtime due to server failure/disruption and is at risk of cyber attacks resulting in loss due to business interruption and/or data loss. The data centres in the group, where the company's programs and data reside, are all subject to disaster recovery plans that meet the highest security requirements (tier 4). These plans are also periodically tested to ensure their functioning and adequacy. From the point of view of security more specifically cyber, the Group has made numerous investments in recent years in order to improve the barriers to penetration of hacker attacks. Some of these investments were also needed as a result of the massive adoption of smart-working, which, from an initial choice dictated by the pandemic threat, has become the ordinary working mode of all home structures. As an example, the company has chosen to use leading-level partners to improve email security, including anti-spam, anti-fishing, and business email compromise (BEC) filters. It limited access to the corporate network via VPN by adopting a primary-standing desktop virtualisation tool (VMR) that is less vulnerable to external intrusions. Training for all employees is planned to raise awareness of information security. The company currently uses Kaspersky Anti-Virus. Being provided by a Russian company following Russia's invasion of Ukraine and the ensuing cyber-attack threats in response to Western sanctions, the Group is selecting a different product to replace its current antivirus product. The ITC Directorate started about two years ago, with the collaboration of a consultant from *the big four* group, a "Cyber Maturity Assessment" project that analysed the state of the company's computer security against management considered optimal in relation to the size and business characteristics of the company and from which a plan of intervention was generated that is now in the final phase.

Contractual risks - the Unieuro Group is subject to the risk of not adequately reviewing the contracts. In order to improve the control of this risk, the company has drawn up standard draft contracts (e.g. trade agreements, transport contracts, maintenance contracts, etc.) which the various departments of the company can use to regulate the most recurring relationships with external suppliers. For more complex contracts and less recurrent content, the corporate departments require the legal assistance of the internal office and through these, where necessary, the assistance of an external specialised firm. The company also has a procedure for archiving all the company's contracts through software. This procedure provides that at the time of filing there is a preliminary screening by the legal department in order to verify the presence of certain formal requirements (signature - date - signature by a person with appropriate powers) and the completeness of certain clauses, with particular attention to the privacy implications of the agreement (need to verify the security requirements of the counterparty - any appointments of data controller - etc.).

Risks related to B2B customer relationships - B2B channel customers are customers that cannot be reached through other sales channels for the quantities purchased and/or for the particular delivery conditions and/or for the particular applicable VAT system. This is a small number of customers that are sometimes recurring, sometimes making spot purchases. When the B2B channel begins to have relations with a new customer, it performs some preliminary checks, carried out with greater attention if the customer requires a particular VAT treatment, making use of the internal tax office in case of need. By way of example, the B2B channel verifies the identity of the customer, the statute and the balance sheet, the start date of the activity and the index of risk attributed by the system used to obtain such information. The amount of the possible credit, determined with the involvement of the Treasury office, depends on the customer's assessment. If the customer requests the shipment of the goods outside the national territory, the B2B channel carries out additional checks to ensure that the delivery of the goods to destination actually takes place at the address requested by the customer.

Risks related to the relationship with the affiliates - the Unieuro Group, in addition to the directly managed shops, supplies other Unieuro-branded shops: It is for all the effects of self-employed entrepreneurs linked to the Group by an affiliation contract which has mixed characteristics of the supply contract and the franchise contract. The Unieuro Group is subject to the risk of being damaged by image and/or reputational due to the management methods adopted by its affiliated customers. For the consumer, there is no distinction between directly managed sales points and affiliated sales points. The assets put in place to mitigate this risk are mainly of a contractual nature and provide for the Unieuro Group the possibility of interrupting the contract in the face of failures of the affiliate, which are detrimental not only to the Group's economic and capital interests, but also to reputational and/or image interests. The Group, through a network of agents located in the territory, is responsible for the actions of the affiliates in order to prevent and/or to remedy misconduct in a timely manner.

Risks arising from dependence on key resources - the Unieuro Group is exposed to the risk of sudden lack or serious impediment of the main company managers with consequent loss of company know-how, temporary vacuum in the chain of command, Loss of confidence and credibility of the Group. In order to control this risk, the Group has adopted a succession plan for the CEO and a related contingency plan that regulates all the operational steps to be activated both in the case of sudden events that prevent the CEO from continuing the task, in case the transition was planned. Similar contingency plan is being formalised only to the other strategic managers of the company (General Manager and CFO) and follows the same objectives, that is, it has the purpose of identifying possible internal substitutes and/or activating the recourse to an external selection according to predetermined criteria and according to a planned process both in the event of an impossibility to continue the task and in the case of planned transition. The dependence on key resources is not only extracted from the highest profiles of the corporate hierarchy, in fact, the Group in order to fulfill the digital transformation and the strategic plan has the need to find, To form and retain some highly specialised key profiles that are not readily available on the labour market and even less readily available in the geographical area in which the Group has its head office. In order to mitigate this risk, the company has recently decided to allow its employees to perform their work in a smart-working manner, thereby mitigating geographical dependence, and has also extended participation in the LTIP plan to some key profiles (Long Term Incentive Plan).

Risks arising from the war in Ukraine - the Unieurogroup does not maintain direct economic and/or financial relations with economic entities belonging to Russia subject to the current sanctions, however it is subject to the risk of suffering the economic consequences deriving from the worsening macro-economic scenario, mainly due to the increase in the price of raw materials. The changing macro-economic scenario is likely to increase inflation and reduce consumers' purchasing power. While there is a scenario of considerable uncertainty, the company decided to target each direction to contain non-sales-related costs and to strengthen the processes of monitoring and approving expenses. The possible adoption of new contractual arrangements, such as the freezing of the price of energy supplies through the conclusion of multiannual contracts, is also under consideration.

Risks arising from the health emergency pandemic from COVID-19 - the Unieuro Group is exposed to the risks related to the health emergency currently under way, whose impact on Unieuro's business, mainly linked to the need to limit the movement of persons, they may consist of the temporary closure of stores or their limited access, as well as the spread of contagion among the company's employees, to the point that the business operations are significantly impaired. In order to mitigate these consequences, the Unieuro Group has put in place the following provisions: adaptation to health prevention measures issued from time to time by the competent authorities, use of social shock absorbers to reduce the cost of the staff of shops temporarily closed or with reduced opening hours, request to the owners of the premises in which the shops are located reductions in fees due to the reduction of activity, smart working for all the staff of the premises.

On the revenue side, the company saw significant growth in the revenues of the online channel. This growth has allowed the company to limit the impacts in terms of loss of turnover on the physical channel, and the need for citizens to equip themselves with technological tools to deal with the change in the way in which work and study activities are carried out (smart-working DAD), it has pushed consumption toward the purchase of technology, resulting in a positive overall impact on the company's revenues.

Climate change - recent evidence shows an increase in direct and indirect damage due to extreme weather phenomena. The economic and environmental consequences of climate change are at the centre of public attention, institutions, regulators, and investors. In the preparation of the consolidated financial statements, the Group considered the issue of climate change and its risk factors. Today, the Unieuro Group is already engaged in a process of continuous improvement of its activities in terms of environmental impact and pursues objectives linked to the reduction of its emissions through the implementation of energy efficiency actions of points of sale and the purchase of energy from renewable sources (100% green). Although at present management does not take on significant risks in relation to climate change for society and the sector of reference, the company strategy in this area has been strengthened with the adoption of the Sustainability Plan 2022/26. The latter provides for a series of actions specifically aimed at greater control of non-financial risks, including the one linked to climate change and a further reduction of the Group's carbon footprint.

19.2. Legal and non-compliance risks

The Group defines non-compliance risk as the possibility of incurring legal and/or administrative sanctions, financial losses or reputational damage as a result of violations of mandatory provisions (of laws or regulations) or of company regulations (articles of association, codes of conduct, self-governance codes). The main risks of this type can be grouped in the categories described below.

Health and safety risks at work - the Unieuro Group is exposed to the risk of failing to comply with the rules on health and accident prevention in the workplace and of being subject to sanctions, temporary suspension of activity, litigation with employees. The company has adopted a control system which consists of the following main management systems in compliance with the law: (I) organisation chart providing roles and responsibilities in the field of safety at work (delegates – responsible – responsible); (ii) risk assessment and drafting of the risk Assessment Document (DVR); (iii) provision of infrastructure and individual security systems (e.g. DPI); (iv) formalisation and dissemination of procedures; (v) personnel training; (vi) health surveillance; (vii) monitoring.

In order to deal with the Covid-19 emergency, the company promptly equipped itself with multiple devices in compliance with the provisions issued from time to time by the competent authorities both nationally and locally, such as, for example distribution of masks and disposable gloves for all personnel, garrisoning at the entrance to headquarters and shops to measure the temperature and monitor the influx of people, integration of the DVR with a specific appendix dedicated to the pandemic risk, adoption of specific signs to differentiate entry and exit routes and for compliance with spacing, periodic cleaning and sanitising of company premises, verification of the validity of the green pass, etc. The company has also set up a steering committee composed of the heads of the main company departments, the RSPP and a representative of the competent doctor. The guidelines to be adopted have been indicated in detail in the whole of appropriate procedures formalised and constantly updated and disseminated.

20. Significant events during and after the year

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). After extensive renovation, the store was reopened to the public on 24 September.

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 of consensual termination of employment, effective 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 financial reporting and investor manager of Unieuro to pursue other professional opportunities.

Territorial expansion

On 26 April 2021, Unieuro announced that it had consolidated its presence from North to South Italy through the opening of four sales outlets, including a new shop directed at Messina.

2020/21 dividend proposal and 2019/20 coupon recovery

On 7 May 2021, on the occasion of the approval of the results for the financial year to 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 the form of an ordinary dividend of Euro 2.60 per share, so as to compensate shareholders for the dividend not paid in 2020 due to the uncertainty induced 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.

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 Euro 40 million of additional annual revenues. The four new stores were opened between 28 and 30 October.

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.

The inauguration of the sixth direct store in Palermo

On 1 October 2021, Unieuro inaugurated in Palermo a new point of sale previously managed by the former buying group member: the Papino Elettrodomestici / Ex-Trony shop in the Conca D'Oro shopping centre, a location of great commercial value that completes Unieuro's coverage of the Sicilian capital.

The subscription of ESG-linked credit lines

In November 2021, Unieuro signed four revolving ESG-linked credit lines of Euro 150 million, lasting 3 years, for the financing of working capital requirements. The credit lines are linked to specific ESG indicators, already included in the regulation of the LTI plan 2020-2025, and have been subscribed by UniCredit, Intesa Sanpaolo (IMI – Corporate & Investment Banking Division), Credit Agricole Italia and Banco BPM. The desirable achievement of the ESG indicator objectives will trigger a margin adjustment mechanism applied to credit lines.

The start of the buyback

At the same time as the results for the first half of 2021/22, on 11 November 2021, the Board of Directors of Unieuro approved the launch of a program for the purchase of own shares, within the framework of the authorisation received by the Shareholders’ Meeting on 17 December 2020. The Programme provided for the repurchase of a maximum of 600,000 ordinary Unieuro S.p.A. shares. (2.9% of the share capital subscribed and paid up at the date of the resolution), at a price not exceeding Euro 26.40 per share and was aimed at the service of existing and future share incentive plans, as well as to constitute a company “stock” to be used, where appropriate, as consideration in extraordinary transactions.

New executive offices in Milan

On 18 November 2021, Unieuro inaugurated new business areas in the centre of Milan, inside the former Mondadori Multicenter in Via Marghera 28, which were designed, among other things, to host the legal and administrative headquarters of the subsidiary Monclick. On the ground floor of the building, on 20 November, the seventh Unieuro store in Milan was opened to the public: 1,900 square metres of commercial area at the service of one of the most attractive commercial districts of the city.

The Key Award Ceremony

On 1 December 2021, Unieuro announced that it has also won the prestigious “Key Award & Radio Key Award”, established by the Media Key editorial group, thanks to the “Video Hero” commercial. Created on the occasion of the launch of the new e-commerce site and the new App as part of the digital and social campaign entitled “Un sito MARAviglioso”.

The success of “Mana Mana Black Friday”

On 2 December 2021, Unieuro successfully completed the now traditional promotional campaign in November, this year renamed “Mana Mana Black Friday”. Of duration substantially in line with the 2020 “Change Black Friday”, the campaign recorded further growth in revenues, thanks to the double-digit rise in the direct channel (Retail and Online) and the performance of the revamped unieuro.it platform. The indirect channel, which last year had benefited exceptionally from the closure of the shopping centres on festive and pre-festive days, was in decline.

The agcm sanction

On 23 December 2021, the Authority for Competition and Market concluded proceedings against, inter alia, Unieuro and its subsidiary Monclick, They were sanctioned for Euro 4 million and 0.3 million respectively in the light of alleged unfair commercial practices, especially in the period of health emergency.

The conclusion of the buyback

On 11 January 2022, Unieuro completed the repurchase of 600,000 own shares at an average price of Euro 20.56 for a total value of Euro 12.3 million. Following the transaction, the Company holds 600,000 own shares, equal to 2.8987% of the share capital subscribed and paid up on the same date.

The #Cuoriconnessi event and the third book

On 8 February 2022, on the occasion of the World Day for Network Security and for the second consecutive year, Unieuro organised a large digital event with the State Police dedicated to the fight against cyberbullying, after which a new book by #Cuoriconnessi was presented, similar to the first two volumes, it tells stories of cyberbullying and online lives of kids and parents and was made available free of charge in print (over 250,000 copies) and digital.

Significant events following the closure of the period

The prospective strengthening of logistics

On 14 April 2022, Unieuro signed an agreement with Vailog, the Italian leader in real estate development, aimed at opening a new logistics hub in Colleferro (Rome) serving Central and South Italy, which will be operational by the end of 2023. Also thanks to the imminent strengthening of the central platform of Piacenza, the Company thus takes a new important step in the evolution of its logistic structure, which will reach at full capacity 200.000 square meters of storage capacity and goods handling, in order to adapt it to a rapidly growing business and to the increasingly high standards of service required by the customer.

21. Foreseeable operating evolution

The outbreak of the war in Ukraine, almost at the same time as the start of the new fiscal year for Unieuro, has led to a sudden change in the scenario, which is otherwise already quite defined in epidemiological and macroeconomic terms.

On the Covid-19 front, the spread of the Omicron variant, very contagious but less lethal, was curbed by the success of the vaccination campaign and by the maintenance of preventive measures, which for the third consecutive year are fading in conjunction with the arrival of the summer season.

The realisation that the pandemic peak is now behind us, and that the resources accumulated by households in the meantime may be a stimulus to present and future consumption, initially offset inflationary flares and fears that restrictive monetary policies will slow the economic cycle and consumption.

The serious geopolitical crisis has, on the other hand, led to a further tightening of the price increases in energy products and raw materials, with evident repercussions on the prices of production of goods and services and on the purchasing power of households, which are only partly preserved by political interventions.

Add to that the renewed risk of delays in global production and logistics chains, triggered both by rising fuel and transport costs and by China's "Zero-Covid" policy, which will lead to a general rethink of global supply chains in the medium to long term.

This mix of phenomena suggests a certain prudence, especially in the short term, in estimating the evolution of the Italian market for consumer electronics and household appliances.

Product purchase prices will be affected by higher costs for some commodities such as lithium or steel, as well as higher prices for marine fuels and oil, with a fairly generalised impact on price lists and forcing retailers to revise prices to the public.

Since the television fleet has been revamped on the drive of TV frequency migration, there is still a positive contribution, as demand for 5G devices is expected to support sales in the telephony industry. With regard to information technology and household appliances, product categories more sensitive to the economic cycle, it is possible that the market will slow down, also in the light of the strong performances recorded in the last two years. The hoped-for resolution of the conflict in Ukraine and the deceleration in inflation would help to improve expectations, with positive effects on trade trends across the sector.

Unieuro's first two months of the 2022/23 financial year, although not very significant in light of the seasonal nature of the business, recorded further progress in sales compared to the same period last year, and the Company is strongly committed to the implementation of the Strategic Plan "Our Omni-Journey to 2026" presented to the market in June 2021 and focused on increasing market share while maximising operational efficiency and effectiveness.

In view of the considerable degree of uncertainty that distinguishes the macroeconomic scenario, Unieuro management therefore considers it preferable to present the guidance on revenues, profitability and cash generation for the year in progress over the coming months, consistent with the prudent and realistic approach adopted to date.

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(The accompanying translated consolidated financial statements of the Unieuro Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Unieuro S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Unieuro Group (the "group"), which comprise the statement of financial position as at 28 February 2022, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Unieuro Group as at 28 February 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Unieuro S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Notes to the consolidated financial statements: note 2.6 - The use of estimates and valuations in the preparation of the consolidated financial statements; note 2.7.1 - Significant accounting policies; note 5.2 - Goodwill

Key audit matter	**Audit procedures addressing the key audit matter**
The consolidated financial statements at 28 February 2022 include goodwill of €196.1 million. The directors determine the recoverable amount of goodwill by calculating its value in use. This method, by its very nature, requires a high level of directors' judgement about the forecast operating cash flows during the calculation period, as well as the discount and growth rates of those cash flows. The directors have forecast the operating cash flows used for impairment testing on the basis of the data included in the 28 February 2023 to 28 February 2027 business plan, which was originally approved by the parent's board of directors on 10 June 2021 and subsequently updated by it, most recently, on 11 May 2022 (the "plan"), and of the revenue's and related profitability's estimated long-term growth rates. The operating cash flow estimate reflects the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures, which also involved our own specialists, included: — understanding and analysing the process adopted to prepare the impairment tests approved by the parent's board of directors on 11 May 2022; — understanding and analysing the process used to draft the plan; — analysing the reasonableness of the main assumptions used by the directors to determine the recoverable amount of goodwill, including the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic. Our analyses included comparing the main assumptions used to the group's historical data and external information, where available; — analysing the valuation models adopted by the directors for reasonableness and consistency with professional practice; — checking the sensitivity analyses disclosed in the notes with reference to the main assumptions used for impairment testing, including the weighted average cost of capital, the long-term growth rate and the sensitivity of gross operating profit; — assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Premiums and contributions from suppliers

Notes to the consolidated financial statements: note 2.6 - The use of estimates and valuations in the preparation of the consolidated financial statements; note 2.7.1 - Significant accounting policies

Key audit matter	Audit procedures addressing the key audit matter
The group has contracts for the supply of goods which include the receipt of premiums and, in certain circumstances, contributions. These premiums and contributions are recognised either as a percentage of the quantities purchased, or as a fixed figure on the quantities purchased or sold, or as a defined contribution. With reference to those agreements whose term falls after the reporting date, which account for a minor share of the premiums and contributions for the year, their calculation is a complex accounting estimate entailing a high level of judgement as it is affected by many factors. The parameters and information used for the estimate are based on the purchased or sold volumes, also affected by the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic, and valuations that consider historical figures of premiums and contributions actually paid by suppliers. Despite being a minor share of total premiums and contributions for the year, the estimated premiums and contributions may have a significant impact on the group's profit or loss for the year. For the above reasons, we believe that the measurement of premiums and contributions from suppliers is a key audit matter.	Our audit procedures included: — understanding the process adopted to calculate premiums and contributions from suppliers through meetings and discussions with the group's management; — assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls; — checking, on a sample basis, the existence and accuracy of premiums and contributions from suppliers, including through external confirmations; — checking the accuracy of the premium and contribution calculation database, by tracing the amounts to the general ledger and sample-based checks of supporting documentation; — analysing the reasonableness of the assumptions in the estimate, including the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic, through discussions with the relevant internal departments, comparison with historical figures, our knowledge of the group and its operating environment and external information, where available; — assessing the appropriateness of the disclosures provided in the notes about premiums and contributions from suppliers.

Measurement of inventories

Notes to the consolidated financial statements: note 2.6 - The use of estimates and valuations in the preparation of the consolidated financial statements; note 2.7.1 - Significant accounting policies; note 5.7 - Inventories

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 28 February 2022 include inventories of €462.1 million, net of the allowance for inventory write-down of €11.0 million. Determining the allowance for goods write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including: — the characteristics of the group's business sector; — the sales' seasonality, with peaks in November and December; — the decreasing price curve due to technological obsolescence of products; — the high number of product codes handled; — the impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic. For the above reasons, we believe that the measurement of inventories is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of inventories and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; — checking the method used to calculate the allowance for inventory write-down by analysing documents and discussions with the relevant internal departments; — checking the mathematical accuracy of the allowance for inventory write-down; — analysing the reasonableness of the main assumptions used to measure the allowance for inventory write-down, including the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic, through discussions with the relevant internal departments and analysis of age bands and write-down rates applied and comparing the assumptions with historical figures, our knowledge of the group and its operating environment and external information, where available; — comparing the estimated realisable value to the inventories' carrying amount by checking management reports on average sales profits; — assessing the appropriateness of the disclosures provided in the notes about inventories.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 12 December 2016, the shareholders of Unieuro S.p.A. appointed us to perform the statutory audit of its financial statements as at and for the years ending from 28 February 2017 to 28 February 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 28 February 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 28 February 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 28 February 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Unieuro S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Bologna, 18 May 2022

KPMG S.p.A.

(signed on the original)

Andrea Polpettini
Director of Audit

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euro)		Year ended	
	Notes	28 February 2022	28 February 2021
Plant, machinery, equipment and other assets	5.1	79,281	71,526
Goodwill	5.2	196,072	195,238
Intangible assets with definite useful life	5.3	45,661	32,927
Assets for rights of use	5.4	433,339	451,622
Deferred tax assets	5.5	44,606	40,766
Other non-current assets	5.6	17,830	10,082
Total non-current assets		**816,789**	**802,161**
Inventories	5.7	462,050	372,053
Trade receivables	5.8	42,988	65,314
Current tax assets	5.9	4,206	-
Other current assets	5.6	27,593	19,069
Cash and cash equivalents	5.10	141,534	219,366
Total current assets		**678,371**	**675,802**
Total assets		**1,495,160**	**1,477,963**
Share capital	5.11	4,140	4,053
Reserves	5.11	67,725	75,588
Profit/(loss) carried forward	5.11	66,484	73,654
Profit/(Loss) of third parties	5.11	-	-
Total shareholders' equity		**138,349**	**153,295**
Financial liabilities	5.12	-	39,068
Employee benefits	5.13	13,126	12,979
Other financial liabilities	5.14	389,501	399,562
Provisions	5.15	13,936	20,752
Deferred tax liabilities	5.5	3,769	3,637
Other non-current liabilities	5.16	519	26
Total non-current liabilities		**420,851**	**476,024**
Financial liabilities	5.12	-	9,659
Other financial liabilities	5.14	66,539	68,202
Trade payables	5.17	583,456	505,066
Current tax liabilities	5.9	1,041	3,789
Provisions	5.15	2,167	754
Other current liabilities	5.16	282,757	261,174
Total current liabilities		**935,960**	**848,644**
Total liabilities and shareholders' equity		**1,495,160**	**1,477,963**

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)		Year ended	
	Notes	28 February 2022	28 February 2021
Revenue	5.18	2,949,724	2,685,224
Other income	5.19	1,038	905
TOTAL REVENUE AND INCOME		**2,950,762**	**2,686,129**
Purchases of materials and external services	5.20	(2,673,301)	(2,342,374)
Personnel costs	5.21	(207,173)	(175,824)
Changes in inventory	5.7	89,997	2,264
Other operating costs and expenses	5.22	(5,220)	(6,805)
GROSS OPERATING RESULT		**155,065**	**163,390**
Amortisation, depreciation and write-downs	5.23	(97,533)	(91,186)
NET OPERATING RESULT		**57,532**	**72,204**
Financial income	5.24	63	76
Financial expenses	5.24	(12,868)	(13,365)
PROFIT BEFORE TAX		**44,727**	**58,915**
Income taxes	5.25	(126)	(5,365)
PROFIT/(LOSS) FOR THE YEAR		**44,601**	**53,550**
Profit/(loss) of the Group for the financial year	5.11	**44,601**	**53,550**
Profit/(loss) of the third parties for the financial year	5.11	-	-
Basic earnings per share (in Euro)	5.26[30]	2.18	2.68
Diluted earnings per share (in Euro)	5.26[30]	2.18	2.68

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euro)		Year ended	
	Notes	28 February 2022	28 February 2021
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**44,601**	**53,550**
Other components of comprehensive income that are or could be restated under profit/(loss) for the consolidated year:			
Gain/(losses) on cash flow hedges	5.14	175	290
Income taxes		(42)	(70)
Total other components of comprehensive income that are or could be restated under profit/(loss) for the consolidated year	5.11	**133**	**220**
Other components of comprehensive income that will not subsequently be restated under profit/(loss) for the consolidated year:			
Actuarial gains (losses) on defined benefit plans	5.13	292	(407)
Income taxes		(78)	116
Total other components of comprehensive income that will not subsequently be restated under profit/(loss) for the consolidated year:	5.11	**214**	**(291)**
Total other components of comprehensive income		**347**	**(71)**
Total comprehensive income for the consolidated year		**44,948**	**53,479**

The notes are an integral part of these consolidated financial statements.

[30] Basic and diluted earnings per share are determined by reference to the Consolidated Profit/(Loss) for the year.

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)	Notes	Year ended 28 February 2022	Year ended 28 February 2021
Cash flow from operations			
Consolidated profit/(loss) for the consolidated year	5.11	44,601	53,550
Adjustments for:			
Income taxes	5.25	126	5,365
Net financial expenses (income)	5.24	12,805	13,289
Depreciation, amortisation and write-downs of fixed assets	5.23	97,533	91,186
Other changes		1,951	354
Net cash flow generated/(absorbed) by operating activities before changes in Net Working Capital		157,016	163,744
Changes in:			
- Inventories	5.7	(89,997)	(2,265)
- Trade receivables	5.8	22,326	(14,026)
- Trade payables	5.17	76,703	26,333
- Other changes in operating assets and liabilities	5.6-5.15-5.16	6,571	52,039
Cash flow generated/(absorbed) by operating activities		15,603	62,081
Taxes paid	5.25	(9,287)	(2,535)
Interest paid	5.24	(11,130)	(12,359)
Net cash flow generated/(absorbed) by operating activities	**5.27**	**152,202**	**210,931**
Cash flow from investment activities			
Purchases of plant, machinery, equipment and other assets	5.1	(33,322)	(17,789)
Purchases of intangible assets	5.3	(17,071)	(14,644)
Investments for business combinations and business units	5.14	(8,509)	(8,418)
Net cash inflow from acquisition	5.10	-	-
Cash flow generated/(absorbed) by investment activities	**5.27**	**(58,902)**	**(40,851)**
Cash flow from investment activities			
Increase/(Decrease) in financial liabilities	5.12	(49,845)	6,846
Increase/(Decrease) in other financial liabilities	5.14	(2,122)	(1,669)
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	5.14	(57,320)	(55,907)
Buyback	5.11	(12,335)	-
Exercise - Long Term Incentive Plan	5.13	4,283	3,304
Distribution of dividends	5.11	(53,793)	-
Cash flow generated/(absorbed) by financing activities	**5.27**	**(171,132)**	**(47,426)**
Net increase/(decrease) in cash and cash equivalents		**(77,832)**	**122,654**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**219,366**	**96,712**
Net increase/(decrease) in cash and cash equivalents		**(77,832)**	**122,654**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**141,534**	**219,366**

The notes are an integral part of these 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 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		-	-	-	-	-	-	-	53,550	53,550	-	53,550
Other components of comprehensive income		-	-	-	220	(291)	-	-	-	(71)	-	(71)
Total comprehensive income for the period		**-**	**-**	**-**	**220**	**(291)**	**-**	**-**	**53,550**	**53,479**	**-**	**53,479**
Allocation of prior year result		-	-	35,750	-	-	-	-	(35,750)	-	-	-
Distribution of dividends		-	-	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments		53	-	-	-	-	(1,658)	3,251	2,012	3,658	-	3,658
Total transactions with shareholders		**53**	**-**	**35,750**	**-**	**-**	**(1,658)**	**3,251**	**(33,738)**	**3,658**	**-**	**3,658**
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 period		-	-	-	-	-	-	-	44,601	44,601	-	44,601
Other components of comprehensive income		-	-	-	133	214	-	-	-	347	-	347
Total comprehensive income for the period		**-**	**-**	**-**	**133**	**214**	**-**	**-**	**44,601**	**44,948**	**-**	**44,948**
Allocation of prior year result		-	11	627	-	0	-	(327)	(311)	-	-	-
Distribution of dividends		-	-	-	-	-	-	-	(53,793)	(53,793)	-	(53,793)
Purchase of own shares		-	-	-	-	-	-	(12,335)	-	(12,335)	-	(12,335)
Share-based payment settled with equity instruments		87	-	-	-	-	(382)	4,196	2,333	6,234	-	6,234
Total transactions with shareholders		**87**	**11**	**627**	**-**	**-**	**(382)**	**(8,466)**	**(51,771)**	**(59,894)**	**-**	**(59,894)**
Balance as at 28 February 2022	**5.11**	**4,140**	**811**	**43,146**	**-**	**(1,648)**	**3,687**	**21,729**	**66,484**	**138,349**	**-**	**138,349**

The notes are an integral part of these consolidated financial statements.

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 referred to as "Monclick" or "MK"), a wholly-owned subsidiary of Unieuro, is a company under Italian law based in Milan at Via Marghera 28, and sells IT, electronics, telephony and household appliances products online in Italy through the website www.monclick.it, offering a catalogue of over 70,000 items and guaranteeing a complete shopping experience, which is completed with the delivery and installation of the chosen product at home. 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 the Company is in all respects a public company. At the date of this Report, the Unieuro free float amounted to roughly 80% of the Company's share capital. Below is the percentage of ordinary shares of Unieuro held, at the date of this report, either directly or indirectly by shareholders or by entities placed at the top of the participatory chain which have declared the exceeding of a relevant threshold of participation pursuant to art. 120 of the Consolidated Finance and Consob Issuers Regulations; this percentage is updated on the basis of the information available to the Company:

DICHIARANTE	AZIONISTA DIRETTO	N. AZIONI ORDINARIE	QUOTA % SU CAPITALE ORDINARIO	QUOTA % SU CAPITALE VOTANTE
Iliad S.A.	• Iliad Holding S.p.A. • Iliad S.A.	2.520.374	12,18%	12,18%
Amundi Asset Management	Amundi SGRpa	1.697.136	8,20%	8,20%
Mediolanum Gestione Fondi SGR p.A.	Mediolanum Gestione Fondi SGR p.A.	882.954	4,27%	4,27%
Giuseppe Silvestrini	• Victor S.r.l. • Giuseppe Silvestrini	860.434	4,24%	4,24%
JPMorgan Asset Management Holdings Inc.	JPMorgan Asset Management (UK) Limited	757.704	3,66%	3,66%

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

Below are the preparation criteria, the main accounting principles and valuation criteria adopted for the drafting of the Consolidated Financial Statements. Said principles and criteria have been applied consistently for all the years presented in this document, taking into account as specified in note 2.7.1 "Significant accounting standards".

2.1 Basis of preparation of the Consolidated Financial Statements

The Consolidated Financial Statements of the Group comprise the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity relating to the year ended 28 February 2022 and the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity relating to the year ended 28 February 2021 of Unieuro and the related notes.

2.2 Preparation criteria for the Consolidated Financial Statements

The Group's Consolidated Financial Statements have been prepared on a going concern basis, as the directors have verified that there are no financial, management or other indicators that could indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future and, in particular, in the next 12 months. For more details on the impact of the Covid-19 pandemic and the impact of the War in Ukraine by the Russian Federation, please refer to section 12.

The Consolidated Financial Statements were drafted on the basis of the historical cost criteria, except for the derivative financial instruments which were measured at their fair value.

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

As at 28 February 2022, the Group is composed as follows:

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

The major shareholders of Unieuro as at 28 February 2022 are listed in the Introduction.

The 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 Consolidated Financial Statements as at 28 February 2022 approved by the Board of Directors on 11 May 2022 are audited and will be presented for approval at the Shareholders' Meeting.

2.3 Statement of compliance with IFRS

The 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.

Furthermore, the Consolidated Financial Statements were prepared in compliance with the provisions adopted by Consob for financial statements in application of article 9 of Legislative Decree 38/2005 and other rules and provisions issued by Consob regarding financial statements. In particular it is hereby noted that with regard to Consob resolution 15519 of 27 July 2006 and Communication no. DEM6064293 of 28 July 2006 regarding financial statements, specific schedules have been added to the consolidated income, consolidated balance sheet and consolidated cash flow statements indicating significant relations with related parties and specific income statement schedules indicating, for each item, the non-recurring component.

2.4 Consolidated Financial Statement Schedules

In addition to these notes, the 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 Consolidated Financial Statements are shown in comparative form.

2.5 Consolidation policies and scope of consolidation

The Consolidated Financial Statements as at 28 February 2022 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.

Subsidiaries

These are companies over which the Group exercises control as defined by IFRS 10. This control exists when the Group has the power, directly or indirectly, to determine the financial and operating standards of an enterprise to obtain benefits from its activities. The financial statements of the subsidiary are included in the Consolidated Financial Statements from the date on which control over it was assumed until this control ceases.

For the purposes of consolidation of the subsidiaries, the total integration method is applied, thus assuming the full amount of the financial assets and liabilities and all costs and revenues. The book value of the consolidated investment is then eliminated from the related shareholders' equity. The share of shareholders' equity and the result relating to the minority shareholders is shown respectively in a special item in shareholders' equity and in the consolidated income statement.

In accordance with IFRS 3, the subsidiary acquired by the Group is accounted for using the purchase method, whereby:

- the acquisition cost is the fair value of the divested assets, considering the issuance of equity instruments, and liabilities assumed, plus directly attributable transaction costs;
- the excess of the acquisition cost compared to the market value of the Group's share in the net assets is recorded as goodwill;
- if the acquisition cost is less than the fair value of the Group's share in the net assets of the acquired subsidiary, the difference is recognised directly in the income statement.

Transactions eliminated in the consolidation process

The preparation of the Consolidated Financial Statements eliminated all the significant balances and transactions between Group companies, as well as unrealised gains and losses resulting from intragroup transactions. Unrealised gains and losses generated by transactions with jointly controlled entities and/or associated companies are eliminated depending on the percentage share of Unieuro Group's participation in that company.

2.6 The use of estimates and valuations in the preparation of the Consolidated Financial Statements

In application of the IFRS, the preparation of the Consolidated Financial Statements requires the usage of estimates and assumptions that have an effect on the values of the assets and liabilities of the Consolidated Financial Statements and the information regarding the contingent assets and liabilities at the date of reference. The estimates and assumptions are based on elements which are known as at the date that the Consolidated Financial Statements are prepared, are based on the experience of the management and other elements - if any - considered to be significant. 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.

Following is a summary of the critical valuation processes and the key assumptions used by the Group in applying the IFRS, which can have significant effects on the values recognised in the Consolidated Financial Statements and for which there is a risk that differences of a significant amount could arise compared to the book value of the assets and liabilities in the future.

Recoverable value of non-current assets

Non-current assets include property, plant, machinery, equipment and other assets, goodwill, software and trademarks and other non-current assets. The Group periodically reviews the book value of non-current assets held and used and the book value of assets that are held for sale, when the facts and circumstances require this review. In the case of goodwill, this analysis is conducted once per year and whenever facts and circumstances indicate a possibility of impairment. Analysis whether the book value of a non-current asset is recoverable is generally carried out using expected cash flow estimates from the sale or use of the asset and adequate discount rates for calculation of its current value. When the book value of a non-current asset has become impaired, the Group writes down the excess of the book value of the asset and its recoverable value through usage or sale thereof, determined with reference to the cash flows used for the recent business plans.

The estimates and assumptions used as part of this analysis, in particular the impairment tests carried out on goodwill, reflect the status of the Group's knowledge regarding the business developments and take into account provisions that are considered to be a reasonable insofar as the future developments on the market and in the sector, but they are nevertheless still subject to a high degree of uncertainty.

Recoverability of deferred tax assets

The Group recognises deferred tax assets up to the value which it considers to be probable that it will recover. Where necessary, the Group makes adjustments to reduce the value of a deferred tax asset down to the value that it considers probable to recover. In assessing the recoverability of deferred tax assets, budget results and provisions for subsequent years are used coherently with those used for the impairment testing which are described in the previous paragraph relative to the recoverable value of non-current assets.

Bad debt provision

The provision for bad debts reflects management estimates regarding losses from the trade receivables portfolio. The provision for bad debts is based on losses expected by management, determined depending on past experience for similar receivables, current and historical past due amounts, losses and collections, careful monitoring of credit quality and projections regarding the economic and market conditions.

Obsolescence Provision

The stock write-down provision reflects management estimates regarding the expected impairment of the assets, determined based on past experience and historical performance and expected performance of the market, including following specific actions by the Company. This estimate makes it possible to bring the value of the inventories to the lower of the cost and the presumably realizable value.

Contract asset related to the sale of warranty extension services

The extension of a product guarantee over and above the guarantee required of the manufacturer by the law is among the services that the Group offers to its customers. This service is sold directly in the sales outlets by recognising an additional amount to that of the product sold. Sales reps are awarded an incentive for each additional sale of extended warranty services.

When guarantee services are sold, the Group recognises an asset equal to the value of bonuses paid to employees, then recognises this asset as cost throughout the time that the services are being provided. The release of this asset as a cost is determined on the basis of the estimated interventions for repairs under warranty in line with the reversal of the contract liability relating to the sale of warranty extension services.

Trade payables

The Unieuro Group holds contracts for the supply of goods that include the payment of bonuses, discounts and, in certain circumstances, grants classified as a reduction of trade payables. These premiums, discounts and contributions are recognised either as a percentage of the quantities purchased, as a fixed amount on the quantities bought or sold, or as a defined contribution. Especially with reference to those agreements whose term falls after the reporting date, which account for a minor share of the premiums and contributions for the year, their calculation is a complex accounting estimate entailing a high level of judgement as it is affected by many factors. The parameters and information used for the estimate are based on the purchased or sold volumes and valuations that consider historical figures of premiums and contributions actually paid by suppliers.

Contract liability related to the sale of warranty extension services

The extension of a product guarantee over and above the guarantee required of the manufacturer by the law is among the services that the Group offers to its customers. This service is offered by the Group and its affiliates and it is sold directly at the points of sale against an additional amount over and above the sales price.

The warranty extension compared to the legal requirement can be in timing (more years covered) and/or the risks covered (e.g., product damage) depending on the product category sold.

When guarantee services are sold, the Group recognises a liability equal to the sales value of this service, and then recognises it as revenue throughout the time that the services are being provided. The recognition of this liability as revenue is determined based on the interventions that have been estimated for repairs that are covered by the guarantee. The interventions for repairs that are under guarantee are estimated based on historical information regarding the nature, frequency and costs of the interventions under guarantee, duly interpolated to stimulate future curves of such events occurring.

Lease liabilities and right-of-use assets

The Group recognises the right-of-use asset and the lease liability. The right-of-use asset is initially valued at cost, and subsequently at cost, net of amortisation and cumulative impairment losses, and adjusted to reflect the revaluations of the lease liability.

The Group evaluates the lease liability at the present value of the payments due for unpaid leases at the effective date.

The lease liability is subsequently increased by the interest accruing on said liability and decreased by the payments due for the lease made and is revalued in the event of a change in future payments due for the lease deriving from a change in the index or rate, or when the Group changes its valuation with reference to the exercise or otherwise of an extension or termination.

Lease contracts in which the Group acts as lessee may provide for renewal options with effects, therefore, on the duration of the contract. Valuations on the existence of a relative certainty that this option is (or not) exercised can influence, even significantly, the amount of lease liabilities and right-of-use assets.

The Group classifies sub-leases in which it acts as a lessor, as financial leases.

Defined benefit plans and other post-employment benefits

The Group provides a defined benefit plan to its employees (employees severance indemnity).

For the employee benefits, the costs and net financial expenses are measured using actuarial methods requiring the use of estimates and assumptions for determination of the net value of an obligation. The actuarial method considers parameters of a financial nature such as, for example, the discount rate, rates of growth of remuneration and considers the probability of potential future events occurring through the use of parameters of a demographic nature such as for example the rates relative to mortality and resignations or retirement of employees. In particular, the discount rates used as a reference are rates or rate curves for corporate bonds with a high credit rating in their respective markets of reference. The changes in each of these parameters could affect the amount of the liability.

Provisions

The Group creates a provision for disputes and legal proceedings under way when it is considered probable that there will be a financial outlay and when the amount of the relative expenses can be reasonably estimated. If the amount of the financial outlay cannot be reasonably estimated or the probability of such a financial outlay becomes possible, no provision is established and the fact is indicated in the notes.

During the normal course of business, the Group monitors the status of the disputes which are ongoing and consults with its own legal and tax advisors. It is therefore possible that the value of the provisions for the disputes and lawsuits involving the Group may change as a result of future developments in the proceedings that are ongoing.

The Group also takes over a fund in the face of the risks arising from contracts for installation and delivery services. Unieuro, on the basis of the report prepared by the service company in charge of carrying out a monthly monitoring activity of the tax - payroll - contribution regularity of these subjects, intervenes on the individual operators to regularise their position, and makes a provision to the logistics risk fund by applying certain weighting criteria endorsed by a specific legal opinion.

Share based payment plan settled with equity instruments

Long-Term Incentive Plan

The theories underlying the calculation were (i) volatility, (ii) risk rate (equal to the return on Eurozone zero-coupon bond securities maturing close to the date the options will be exercised), (iii) the exercise deadline equal to the period between the grant date and the exercise date of the option and (iv) the amount of expected dividends. Lastly, in line with the provisions of IFRS 2, the probability of the recipients leaving the plan and the probability of achieving the performance targets were taken into account. For more details, please see Note 5.28.

Performance shares 2020-2025

The fair value measurement is recorded according to an actuarial method. The assumptions underlying the calculation were: (i) the exercise term equal to the duration between the grant date and the assignment date, (ii) the share price at the time of valuation, (iii) the amount of expected dividends. Lastly, consistent with the requirements of IFRS 2, the probability of Recipients leaving and the probability of achieving performance targets of 100%. For more details, please see Note 5.28.

2.7 Significant accounting standards

The accounting policies and accounting policies adopted for the preparation of this consolidated financial statements were the same as those applied for the preparation of the consolidated financial statements of Unieuro for the year ended 28 February 2021.

It should be noted that, on 28 May 2020, the IASB issued amendments to IFRS 16 "Leases Covid 19-Related Rent Concessions", introducing a practical expedient in the chapter "Lease Modifications" that allows the lessee not to consider any concessions on lease payments received after 1 January 2020 and resulting from the effects of Covid-19 as a modification of 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.

2.7.1 Significant accounting standards

Business combinations and goodwill

Business combinations are recognised using the acquisition method. As at the date the control is acquired, this requires recognition of their value of identifiable assets (including intangible fixed assets which had previously not been recognized) and identifiable liabilities (including contingent liabilities but not including future restructuring) of the acquired company.

Every contingent consideration is also recognised by the Group at its fair value on its acquisition date. Fair value gains and losses of the contingent consideration classified as assets or liabilities are recognized in profit or loss as required by IFRS 9. If the contingent liability is classified in shareholders' equity, its initial value will never be subsequently re-determined.

Goodwill arising from a business combination is initially measured at cost as the amount by which the fair value of the consideration paid exceeds the Group's portion of the net fair value of the assets, liabilities and contingent liabilities of the acquired company. Goodwill from a business combination is allocated, as at the acquisition date, to the individual cash generating units of the Group or groups of cash generating units that would benefit from the synergies of the combination, regardless whether other assets or liabilities of the Group have been assigned to these units or groups of units. Every unit or group of units to which goodwill is allocated:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger than the operating segments that have been identified.

When goodwill constitutes a part of a cash generating unit and a part of that internal asset and unit is sold, the goodwill associated with the sold asset is included in the book value of the asset for determination of the profit or the loss from the sale. The goodwill disposed of in those circumstances is measured based on the relative values of the activity disposed of and the portion of the units retained.

Any profits from the purchase of a company at favourable prices are immediately recognised in the income statement, while costs related to the combination, other than those which refer to the issue of bonds or equity instruments, are recognised as expenses in the profit/(loss) of the year in which they are incurred.

After initial recognition, goodwill is not amortised and it is decreased by any impairment losses, which are measured using the procedures described in the paragraph "Impairment losses of non-financial assets".

Operations which are under common control are recognized at their book values, without any capital gain, pursuant to the reference accounting standards, and the guidelines issued by the OPI 1 (preliminary Assirevi guidelines for IFRS), relative to the "accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements". According to these guidelines, in the event of business combinations in which the acquired company is controlled by the same entity, whether before or after the acquisition, the net assets must be recognised at their book value recorded in the books of the acquired company prior to the operation. When the transfer values are higher than the historical values, the excess must be eliminated by adjusting the acquiring company's shareholders equity downwards.

Hierarchical levels of fair value measurement

Various accounting standards and several disclosure obligations require measurement of the fair value of assets and liabilities whether financial or non-financial. The fair value is the price that could be secured for the sale of an asset or which could be paid for the transfer of a liability in an arm’s length transaction on the measurement date. To increase comparability of the data and the fair value measurements, the standard establishes a hierarchy identified in three different levels which reflects the significance of the inputs used in measuring the fair value. The levels identified are the following:

- Level 1: the inputs consist of listed prices (not amended) in active markets for identical assets or liabilities which the company can access on the measurement date. A listed price on an active market which is liquid is the most reliable proof for the fair value measurement, and if the market for the asset/liability is not unique it is necessary to identify the most beneficial market for the instrument;

- - Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or the liability has a specific duration, a level 2 input must be observable for the entire duration of the asset or the liability. Some examples of instruments which fall within the second hierarchical level are the following: assets or liabilities in markets which are not active or interest rates and yield curves which are observable at intervals that are commonly listed;

- - Level 3: unobservable inputs for the asset or liability. The non-observable inputs shall be used only if the inputs of level 1 and 2 are not available. Notwithstanding this, the purpose remains the same, that is to determine a closing price on the valuation date, therefore reflecting the assumptions that the market operators would use in determining the price of the asset or the liability, including the assumptions related to the risk.

Plant, machinery, equipment and other assets (tangible fixed assets)

Recognition and measurement

The tangible fixed assets are measured at cost of acquisition including the directly imputable ancillary expenses net of the depreciation and losses due to accumulated impairment.

Any financial expenses incurred for the acquisition or construction of capitalised assets for which a specific period of time is normally required in order to render the asset ready for usage or sale, are capitalised and amortised throughout the life of the asset class they refer to. All other financial expenses are recognised in the income statements during the year they refer to.

If a tangible fixed asset is composed of various components with differing useful lives, these components are recognised separately (if they are significant components).

The profit or the loss generated by the sale of property, plant, machinery, equipment and other assets is measured as the difference between the net consideration of the sale and the net residual value of the asset, and it is recognised in the income statement during the year in which the elimination takes place.

Subsequent costs

The costs incurred subsequently to the purges of the assets and the replacement cost of certain parts of the assets recognised in this category are added to the book value of the element they refer to and they are capitalised only if they increase the future economic benefits of the asset itself. All other costs are recognised in the income statement once incurred.

When the replacement cost of certain parts of the asset is capitalised, the net book value of the replaced parts is allocated to the income statement. The extraordinary maintenance expenses which increase the useful life of the tangible fixed assets are capitalised and amortised on the basis of the residual possibility of use of that asset. The costs for ordinary maintenance are recognised in the income statement in the year in which they are incurred.

Assets under construction are recognised at cost under assets under construction for as long as their construction is not available for use; when they become available for use, the cost is classified in the relative item and depreciated.

Depreciation

The depreciation period begins from the time the asset becomes available for use and ends on the earliest of the date on which the asset is classified as held for sale, pursuant to IFRS 5, and the date on which the asset is eliminated from the books. Any changes to the depreciation schedule are applied prospectively.

The value to be depreciated is the book value minus the presumable net sales value at the end of the asset’s useful life, if it is significant and can be reliably measured.

The depreciation rates are determined according to economic - technical rates in relation to the estimated useful life of the individual assets established pursuant to the company plans for usage which also consider the physical and technological wear and take into account the presumable realizable value estimated net of costs for scrapping the asset. When the tangible asset consists of several significant components with different useful lives, each component is appreciated separately. When events occur that indicate possible impairment of tangible fixed assets, or when there are significant reductions in the market value of these assets, significant technological changes or significant obsolescence, the net book value, regardless of the depreciation that has already been recognised, is subject to verification based on an estimate of the current value of future cash flows and eventually adjusted. Subsequently if such conditions do not come to pass, the impairment will be written down to the book value that would have existed (net of depreciation) if the impairment of the asset had never been recognised.

The depreciation is calculated on an accrual basis according to the estimated useful life of the asset, by applying the following percentages:

Category	% used
Plant and machinery	15%
Fixtures and fittings, tools and other equipment	10%-15%
Electronic machinery	20%
Furniture	15%
Office fixtures and fittings and machinery	12%
Automobiles	25%
Mobile phones	20%
Leasehold improvements	throughout the duration of the contract
Other assets	15%-20%

Intangible assets with definite useful life

Initial recognition and measurement

The intangible fixed assets acquired separately are initially capitalized at cost while those that are acquired through business combinations are capitalized at fair value on their acquisition date. After initial recognition the intangible fixed assets are recognised at cost, net of amortization and any accumulated impairment.

Subsequent costs

Costs incurred subsequently to purchase are capitalised only when the expected future economic benefits which are attributable to the asset they refer to are increased. All other subsequent costs are recognised in the income statement once incurred.

Depreciation

Intangible fixed assets are amortized based on their useful life and they are tested for impairment whenever there are indications of a possible loss in their value. The period and method of amortization applied to them is re-examined at the end of each financial year or more frequently if necessary. Any changes to the depreciation schedule are applied prospectively.

The profits or the losses from elimination of an intangible fixed asset are measured from the difference between the net revenue from the sale and the book value of the intangible asset, and they are recognised in profit and loss in the year during which the elimination takes place.

The amortisation is calculated on an accrual basis according to the estimated useful life of the asset, by applying the following percentages:

Category	% used
Software	20%
.Software- ERP	10%
Entry rights	Based on the duration of the lease beginning from the date that the shop opens
Brands	5-10%

Leased assets

The right-of-use asset is initially valued at cost, including the amount of the initial valuation of the lease liability, adjusted for the payments due for the lease made on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs that the lessee will have to incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site where it is located, net of lease incentives received.

The right-of-use asset is subsequently amortised on a straight-line basis from the effective date to the end of the lease term. Furthermore, the asset for the right of use is regularly reduced by any impairment losses and adjusted to reflect any changes deriving from subsequent valuations of the lease liability.

At the effective date of the lease, the Group recognises lease liabilities by measuring them at the present value of the payments due for the lease not yet paid at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate, and amounts that are expected to be paid as residual value guarantees. The lease payments also include the exercise price of a purchase option if it is reasonably certain that this option will be exercised by the Group and the lease termination penalty payments, if the lease term takes into account the exercise by the Group of the termination option of the lease. Variable lease payments that are not dependent on an index or rate are recognised as costs in the period in which the event or condition that generated the payment occurs.

In calculating the present value of the payments due, the Group uses the marginal borrowing rate. After the effective date, the amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect payments made. Furthermore, the carrying amount of lease payables is restated in the event of any changes to the lease or the revision of the contractual terms for the modification of payments; it is also restated in the presence of changes in future payments resulting from a change in the index or rate used to determine such payments.

The Group applies the exemption for the recognition of leases relating to assets of modest value and to contracts with a duration of 12 months or less.

The Group, in its capacity as intermediate lessor in a sub-lease agreement, classifies the sub-lease as financial with reference to the assets consisting in the right of use deriving from the main lease.

The Group adopted the amendment to IFRS 16 *Leases Covid-19-Related Rent Concessions*, which allows lessees not to consider as an amendment to the original contract any rent concessions provided from 1 January 2020 extended to offset the effects of Covid-19. On the basis of these changes, the above-mentioned concessions were accounted for as positive variable rents without requiring a contractual amendment. For more details, please refer to section 2.7.1 Changes to the accounting standards.

Financial assets

The Group determines the classification of its financial assets on the basis of the business model adopted to manage them and the characteristics of the related cash flows and, where appropriate and permitted, reviews this classification at the end of each year.

a) Financial assets measured at amortised cost

Financial assets for which the following requirements are met are classified in this category:

(i) the asset is held as part of a business model the objective of which is to own the asset aimed at collecting contractual cash flows; and

(ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These are mainly receivables from customers, loans and other receivables.

Trade receivables that do not contain a significant financial component are recognised at the price defined for the related transaction (determined according to the provisions of IFRS 15 Revenue from contracts with customers).

Other receivables and loans are initially recognised in the financial statements at their fair value increased by any accessory costs directly attributable to the transactions that generated them.

Assigned receivables are derecognised if the assignment provides for the total transfer of the connected risks and benefits (contractual rights to receive the flows from a financial asset). The difference between the carrying amount of the asset sold and the consideration received is recognised as financial components of income.

In the subsequent measurement, financial assets at amortised cost, with the exception of receivables that do not contain a significant financial component, use the effective interest rate. The effects of this measurement are recognised as financial components of income.

With reference to the impairment model, the Group evaluates receivables by adopting an expected loss logic.

For trade receivables, the Group adopts a simplified approach to valuation that does not require the recognition of periodic changes in credit risk, but rather the accounting of an Expected Credit Loss (ECL) calculated over the entire life of the credit (lifetime ECL). In particular, trade receivables are fully written down in the absence of a reasonable expectation of recovery (e.g. bankruptcy situations).

Write-downs made pursuant to IFRS 9 are recognised in the consolidated income statement net of any positive effects associated with releases or write-backs of value and are represented under operating costs.

b) Financial assets at fair value with balancing entry in the comprehensive income statement (FVOCI)

Financial assets for which the following requirements are met are classified in this category:

(i) the asset is held as part of a business model the objective of which is achieved both through the collection of contractual cash flows and through the sale of the asset; and

(ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These assets are initially recognised in the financial statements at their fair value increased by any accessory costs directly attributable to the transactions that generated them. In the subsequent measurement, the valuation made at the time of recognition is updated and any changes in fair value are recognised in the comprehensive income statement.

With reference to the impairment model, as described in point a) above is followed.

c) Financial assets at fair value with balancing entry in the consolidated income statement (FVPL)

Financial assets that are not classified in any of the previous categories (i.e. residual category) are classified in this category. These are mainly derivative instruments.

The assets belonging to this category are recognised at fair value at the time of their initial recognition.

The ancillary costs incurred when recording the asset are immediately recognised in the consolidated income statement.

In the subsequent measurement, FVPL financial assets are measured at fair value.

Gains and losses deriving from changes in fair value are accounted for in the consolidated income statement in the period in which they are recognised.

Purchases and sales of financial assets are accounted for at the settlement date.

Financial assets are removed from the financial statements when the related contractual rights expire, or when the Group transfers all the risks and benefits of ownership of the financial asset.

Inventories

The inventories are measured at the lower of the cost and net realizable value. The cost of inventories includes all costs required to bring the inventories to their current location and status. This includes in particular the purchase price net of premiums attributable to products and other costs which are directly attributable to the purchase of the merchandise. Commercial discounts, returns and other similar items are deducted when determining the acquisition cost. The method used for the cost of inventories is the average weighted cost method.

The value of the obsolete and slow moving inventories is written down in relation to the possibility of use or realization, through Inventory bad debt provision.

Cash and cash equivalents

The cash and cash equivalents include cash on hand and sight and short term deposits of no more than three months. For the purpose of the cash flow, the cash and cash equivalents are represented as cash on hand as defined above, net of bank overdrafts.

Financial liabilities

The financial liabilities are initially recognized at the fair value of the consideration received net of the transaction costs that are directly attributable to the loan itself. After initial recognition, the financial liabilities are measured using the amortised cost criteria, applying the effective interest rate method. Amortization at the effective interest rate method is included among financial liabilities in the income statement.

If there is a change in expected cash flows, the value of the liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal rate of return determined initially.

Liabilities arising from employee benefits

Post-employment benefits may be offered to employees through defined contribution plans and/or defined benefit plans. These benefits are based on the remuneration and the years of service of the employees.

Defined contribution plans are post-employment benefit plans based on which the Group and, sometimes, its employees pay contributions of a specific amount into a distinct entity (a fund) and the Group does not and will not have a legal or implicit obligation to pay additional contributions if the fund does not have assets that are sufficient to cover the obligations to the employees.

The defined benefit plans are plans for benefits after the end of the employment relationship, which differ from defined contribution plans. Defined benefit plans can be financed either completely or partially by contributions paid by the company, and sometimes by its employees, to a company or a fund, which is legally distinct from the company that provides the benefits to the employees.

The amount which accrues is projected into the future to estimate the amount payable upon termination of the employment relationship and subsequently discounted to take into account the time that has passed prior to the actual payment.

The adjustments to the liabilities regarding employee benefits are determined on the basis of actuarial assumptions, which are based on demographic and financial assumptions and recognised on an accrual basis concurrently with the employment services required in order to obtain the benefit. The amount of the rights accrued during the year by the employees and the portion of the interests on the accrued amount at the beginning of the period and the corresponding movements referring to the same period observed is allocated to the income statement under the item "Personnel expenses" while the financial expense arising from the actuarial calculation is recognised in the comprehensive statement of income under the item "Profit (loss) from restatement of defined benefit plans".

The actuarial valuation is carried out by an actuary who is not employed by the Group.

Following the amendments made to the employee severance indemnity ("TFR") provisions of Law 296 of 27 December 2006 and the subsequent decrees and regulations ("Social Security Reform") issued in the initial months of 2007:

- the TFR accrued up to 31 December 2006 is considered to be a defined benefit plan pursuant to IAS 19. Benefits provided to employees in the form of TFR which are granted upon termination of the employment relationship are recognised in the vesting period;
- TFR which accrues subsequently to 1 January 2007 is considered to be a defined contribution plan and therefore the contributions accrued during the period are recognised as a cost in their entirety and the portion which has not yet been paid is recognised as a liability under "Other current liabilities".

Provisions

The allocations to provisions are made when the Group is required to fulfil an actual obligation (whether legal or implicit) which refers to a past event, when an outlay is possible for discharge of the obligation and it is possible to reliably estimate the amount thereof. When the Group believes that allocation to the provision will be partially or fully refunded, for example in the case of risks covered by insurance policies, the indemnification is recognised distinctly and separately in assets if, and only if, it is practically certain. In this case, the cost of the eventual allocation is shown in the income statement net of the amount recognised for the indemnification. If the effect of discounting the value of money is significant, the non-current portion of the allocations is discounted.

Restructuring provision

A provision is established for restructuring when there is a detailed and official programme for restructuring that has been approved and the restructuring has begun or the main aspects of which have been publicly disclosed to third parties.

Trade payables

Trade payables are recognized at their nominal amount, net of premiums, discounts, returns or invoicing adjustments, which is equal to the fair value of the company’s obligation. When a financial transaction takes place based on the terms of payment that have been agreed, the payables are measured at amortised cost through discounting of the nominal value receivable, with a discount recognised as a financial expense.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment of tangible and intangible assets. If there is any such indication, the Group tests the asset for impairment.

The accounting standard does not request formal preparation of an estimate of the recoverable value unless there are indications of impairment. Assets which are not available for use and goodwill acquired in business combinations which must be tested for impairment annually and whenever there is indication of impairment constitute the exception to this principle. The Group has set the balance sheet closing date as the time for testing of impairment of all assets for which annual testing is mandatory.

The impairment test is entrusted to an expert external to the Group.

In evaluating whether there is an indication of impairment of an asset, the Group considers:

- an increase in the market interest rates or other investments that could influence the calculation of the Group's discount rate, thereby diminishing the recoverable value of the asset;

- significant changes in the technological environment and market in which the Group operates;

- physical obsolescence not related to the depreciation that the asset has undergone in a specific period of time;

- any extraordinary plans implemented during the year the impact of which is reflected on the asset constituting the object of the analysis (for example corporate restructuring plans);

- operating losses resulting from interim results.

If the analysis shows that there are potential losses due to impairment, the management will make a preliminary check relative to the useful life, the amortisation criterion, and the residual value of the asset and, based on the applicable accounting standard, shall make any amendments to these parameters; specific analysis relative to the impairment of the asset will take place at a later time.

As described in IAS 36, the recoverable value of an asset is the higher of the value in use and the fair value (net of costs to sell) of the asset itself. Furthermore, in the definition provided in the international accounting standard, the instructions are the same whether they refer to a single asset or to cash flow generating units.

In order to better understand the provisions of IAS 36, we provide below some key definitions:

Value in use: the value in use is the current value of all the cash flows of an asset or a generating unit, constituting the object of the valuation, which are expected to originate from it. In particular, an asset generates cash flows, which will be discounted at a pre-tax rate which reflects the market valuations on the current value of money and the specific risks inherent in the asset. These cash flows are determined based on the company's business plan. These plans are constructed on the basis of detailed budgets and separate calculations for each asset/cash generating unit. The budgets used do not include the effects arising from the extraordinary activities (restructuring, sales and acquisitions) and cover a period of time of up to five financial years;

Fair value: it represents the price that could be secured for the sale of an asset or which could be paid for the transfer of a liability in an arm’s length transaction on the measurement date. To determine the fair value of an asset, the Group uses valuation models that use listed shares, models with valuation multipliers and other available indicators as a reference;

Cash generating units (or cash flows): a cash generating unit (CGU) is a group of assets which, together, generate cash flows that are incoming or outgoing regardless of the cash flows generated by other assets and activities. A group of assets is the smallest identifiable group able to generate incoming cash flows;

Book value: the book value is the value of assets net of depreciation, write-downs and write backs.

The accounting standard provides the option of selecting either the fair value or the value in use. In fact, if one of the two values is higher than the book value, it is not necessary to identify the other amount as well. It may not be possible to determine fair value of an asset or a cash-generating unit because there is no basis for making a reliable estimate of the amount obtainable from the sale of the asset in an orderly transaction between market operators. In these cases, the value in use can be considered as the recoverable value of the asset.

Once all the useful values have been identified and determined in terms of evaluating the asset or the CGU, the book value is compared with the recoverable value and if the book value is higher than the recoverable value, the Group will write down the asset to its recoverable value.

On each balance sheet closing date, the Group will furthermore measure, in regard to all the assets other than goodwill, eventual existence or non-existence of impairment that has previously been recognised and, should these indications exist, the recoverable value is estimated. The value of an asset that has previously been written down can be written back only if there are changes in the estimates on which the recoverable value calculation which resulted in recognition of the last impairment was based.

The write-back cannot exceed the book value that would have existed, net of depreciation and amortization, if no impairment loss had been recognised in previous years. This write back is recognised in the income statement.

Derivative financial instruments and hedge accounting

The Group holds no derivative financial interests for speculative purposes. However, if the derivative financial instruments do not satisfy all the terms and conditions required for hedge accounting, the changes in fair value of these instruments are recognised in the income statement as financial expenses and/or income.

Therefore, the derivative financial instruments are recognised using hedge accounting rules when:

- the formal designation and documentation of the hedging relation itself exists from the beginning of the hedge;
- it is presumed that the hedge is highly effective;
- the effectiveness can be reliably measured and the hedge itself is highly effective during the periods of designation.

The Group uses the derivative financial instruments to cover their exposure to interest rate and currency risk.

The derivatives are initially measured at fair value; the transaction costs attributable to them are recognised in the income statement at the time that they are incurred. After initial recognition, the derivatives are measured at fair value. The relative changes are recognised as described below.

Cash flow hedges

The changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. For the non-effective portion, the changes in fair value are recognised in the income statement.

Recognition of the hedge, as indicated above, ceases prospectively if the instrument designated as the hedge:

- no longer satisfies the criteria for recognition as a hedge;
- reaches maturity;

- is sold;

- is ceased or exercised.

The accumulated profit or loss is kept in equity until the expected operation takes place. When the hedged element is a non-financial asset, the amount recognised in equity is transferred to the book value of the asset at the time that it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same year in which the hedged element has an effect on the income statement.

Share based payment

Key executives and certain managers of the Group may receive a portion of their remuneration in the form of share based payments. Pursuant to IFRS 2, these are equity settled plans. The right to payment accrues over the vesting period during which the managers perform their duties as employees and reach performance targets. Therefore, during the vesting period, the current value of share based payments as at the assignment date is recognized in the income statement at cost with an offsetting entry in a special shareholders' equity reserve. Changes in the current value subsequent to the assignment date have no effect on the initial valuation. In particular, the cost, which corresponds to the current value of the options on the assignment date, is recognised among personnel costs on a straight line basis throughout the period from the date of the assignment and the date of maturity, with an offsetting entry recognised in shareholders' equity.

Cancellation of financial assets and liabilities

A financial asset (or, where applicable, the part of the similar financial asset) is cancelled from the balance sheet when:

- the rights to receive the cash flows from an asset have been extinguished;

- the Group reserves the right to receive cash flows from the asset, but has assumed the contractual obligation to pay them in full and without delay to a third party.

A financial liability is cancelled from the balance sheet when the obligation underlying the liability has been extinguished, or cancelled or fulfilled.

Revenue

Revenues from contracts with customers are recognised in accordance with IFRS 15. On the basis of the five-step model introduced by IFRS 15, the Group recognises revenues after identifying the contracts with its customers and the related services to be performed (transfer of goods and/or services), determining the amount to which it considers to be entitled in exchange for the performance of each of these services, and assessing the means of performing these services (fulfillment at a given time versus fulfillment over time).

Revenues are recognised when the performance obligations are met through the transfer of the goods or services promised to the customer. It is probable that the economic benefits will be achieved by the Group and the related amount can be reliably determined, regardless of the collection. The transaction price, which represents the amount of consideration that the entity expects to receive for the supply of goods or services to the customer, is allocated on the basis of separate sales prices (stand-alone selling prices) of the related performance obligations.

Revenues are measured not including discounts, reductions, bonuses or other taxes on sales.

The following specific recognition criteria for revenues must be complied with prior to allocation to the income statement:

Sale of assets

The revenue is recognised when the control of the asset is transferred to the customer and the company has transferred to the buyer all the significant risks and benefits connected to ownership of the asset, generally at the time that the consumer purchases the product at the point of sale, the delivery of the good to customer's home in the event of home delivery, or when the ownership is transferred in the wholesale and B2B channel. Moreover, sales in which delivery is deferred upon request of the purchaser ("bill and hold") are recognised as revenue at the time that the consumer makes the purchase. The revenue is recognised when the asset is available, has been identified and is ready to be delivered and furthermore deferral of the delivery has been requested by the purchaser. In the same way, the sales revenue is recognised at the time of purchase of the goods by the consumer even if the installation of the asset is necessary. The revenue is recognised immediately upon acceptance of the delivery by the buyer when the procedure installation is very simple (for example the installation of an appliance that requires only unpacking, electrical connection and connection).

The Group has a customer loyalty program which is based on points, the Unieuro Club, with which customers can accumulate loyalty points when they acquire products in points of sale bearing the Unieuro Brand. Once a specific minimum number of points have been collected, they can be used as a discount on the purchase of another product. The duration of the programme coincides with the fiscal year. The Group records an adjustment to the estimated revenues based on the points accrued which had not yet been spent, the value of the discount to be paid as provided by the loyalty program and the historical information regarding the percentage of loyalty point usage by customers.

Right of return

To account for the transfer of products with right of return, the Group records the following elements:

a) adjusts the sales revenues by the amount of the consideration for the products for which the return is expected;

b) recognises a liability for future repayments;

c) recognises an asset (and the corresponding adjustment of the cost of sales) for the right to recover the products from the customer upon settlement of the liability for future repayments.

Provision of services

Revenues and costs deriving from the provision of services (revenues realised over time) are recognised on the basis of the assessment of the entity's progress towards complete fulfillment of the obligation over time. In particular, the transfer over time is assessed on the basis of the input method, or considering the efforts or inputs employed by the Group to fulfill the single performance obligation.

For the sale of guarantee extension services over and above the guarantee provided by the manufacturer pursuant to the law, the Group recognises the revenue throughout the duration that the services are provided, based on the estimated interventions for repairs under guarantee. The interventions for repairs that are under guarantee are estimated based on historical information regarding the nature, frequency and costs of the interventions under guarantee, duly interpolated to stimulate future curves of such events occurring.

The Group incurs costs for the acquisition of the contract with multi-year duration.

These costs, typically represented by the bonuses paid to employees for each additional sale made and which will be recovered by means of the revenues deriving from the contract, have been capitalised as contract costs and amortised based on the assessment of the entity's progress in transferring the services and goods transferred to the customer over time.

Commissions

The payments received on the sale of specific goods and services such as for example consumer loans, telephony contracts, etc., are calculated as a percentage of the value of the service that is carried out or, sometimes on the basis of a fixed consideration and they correspond with the amount of the commission received by the Group.

Costs

The costs and other operating expenses are recognised in the income statement when they are incurred on the basis of the accruals principle and the correlation of revenues, when they do not produce future economic benefits or when the latter do not have to be recognised as assets.

The cost to acquire goods is recognized when the company assumes all the risks and rewards of ownership of the good, measured at fair value of the consideration due net of any returns, rebates, trade discounts, contributions and premiums.

Agreements with suppliers provide for the recognition of bonuses, discounts and, in certain circumstances, contributions. These premiums, discounts and contributions are recognised either as a percentage of the quantities purchased, as a fixed amount on the quantities bought or sold, or as a defined contribution. For commercial agreements with a maturity date that is later than the end of the financial year, an estimate is made based on the amount of purchase or sale and on valuations that take into account historical data regarding the effective recognition of premiums and contributions by suppliers.

The costs for services are recognised on the basis of the progress of the services at the closing date of the year.

The costs arising from operating leases that do not fall within the scope of application of IFRS 16 are recognised on a straight line basis throughout the duration of the reference contracts. Additional costs which depend on and are determined by the revenues achieved in a specific point of sale, are recognised on an accruals basis during the contractual period.

Interest income and interest expense

Interest income and expenses are recognised in the net result for the year on an accruals basis using the effective interest rate method. The effective interest method is the rate that exactly discounts the future expected cash flows to the net book value of the financial asset or liability, based on the expected life of the financial instrument.

Taxes

Current taxes

The current taxes are determined based on a realistic forecasts of tax expenses payable on an accruals basis and in application of the applicable tax laws. The rates and tax laws used to calculate the amount are the applicable rates and laws, or essentially those which are in force, as at the balance sheet closing date. The current taxes which are relative to elements that are not included in the income statement, are allocated directly to the statement of comprehensive income and thereafter to shareholders' equity, in line with the recognition of the element to which they refer.

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 makes it possible to determine 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. The economic relations, responsibilities and reciprocal obligations between the "Consolidating Company" and the "Consolidated Company" have been set out in detail in a specific contract that establishes the operating procedures for management of the tax positions between the various companies that belong to the Domestic Tax Consolidation.

Deferred taxes

Deferred taxes are accounted for using the liability method on temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The deferred tax liabilities are recognised against all taxable temporary differences, except when the deferred taxes arise from initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effect either on the profit for the year calculated for the balance sheet statement purposes or the profit or the loss calculated for tax purposes.

The deferred tax assets are recognised against all the deductible temporary differences and for tax losses brought forward, to the extent that the existence of adequate future taxable profits sufficient for usage of the deductible temporary differences and tax losses brought forward is probable. The value to post in the balance sheet of the deferred tax assets is re-examined on each balance sheet closing date and reduced to the extent that it is no longer probable that there will be sufficient taxable profits in the future for the recovery of these assets. The deferred tax assets which are not recognised are re-examined periodically on the balance sheet closing date and they are recognised to the extent that it has become probable that there will be taxable profit that can absorb these deferred taxes.

The deferred taxes are measured based on the tax rates that are expected will be applicable in the financial year in which these assets will be realised or these liabilities will be extinguished, considering the rates applicable and those already issued or essentially issued on the balance sheet date.

The deferred tax assets and liabilities are offset if they refer to taxes payable to the same tax authority and there exists a legal right that allows offsetting of the assets and liabilities for current taxes.

Effects of the changes in foreign exchange rates

The financial statements are presented in Euro, which is the Group's functional and presentation currency. The transactions in a foreign currency are recognised initially at the exchange rate (which refers to the functional currency) existing as at that transaction date. The monetary assets and liabilities which are denominated in a foreign currency are converted back to the functional currency at the exchange rate applicable on the balance sheet closing date. All foreign exchange differences are recognised in the income statement. The non-monetary items which are measured at their historical cost in a foreign currency are converted using the exchange rate applicable as at the initial date on which the transaction was recorded. The non-monetary items which are measured at their fair value in a foreign currency are converted using the exchange rate applicable as at the initial date the value was recorded.

Earnings per share

Earnings per share - basic

The diluted earnings per share are calculated by dividing the profit of the Group by the number of Unieuro S.p.A. shares on the date the financial statements are approved.

Earnings per share - diluted

The diluted earnings per share are calculated by dividing the profit of the Group by the number of Unieuro S.p.A. shares on the date the financial statements are approved. For the purpose of calculating the diluted earnings per share, the shares are modified assuming that all holders of rights that potentially have a dilutive effect exercise these rights.

Segment Reporting

An operating segment is defined by IFRS 8 as a component of an entity that: i) undertakes business activities and generates revenues and costs (including revenues and costs that refer to the operations with other components of the same entity); ii) the operating results of which are reviewed periodically at the highest decision-making level of the entity in order to adopt decisions regarding resources to allocate to this segment and measurement of the results; iii) for which separate financial information is available.

The information regarding the business segments was prepared pursuant to the instructions set forth in IFRS 8 "Operating Segments", which provide for presentation of information in line with the procedures adopted at the top management level for assumption of operating decisions. Therefore, identification of the operating segments and the information presented are defined on the basis of internal reports used by the Group for allocation of resources and for analysis of the relative performances.

2.8 /New accounting standards

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

- 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 changes aim to improve disclosure of accounting policies in order to provide more useful information to investors and other primary users of financial statements. 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 changes are intended to help companies distinguish changes in accounting estimates from changes in accounting policies, which will apply to acquisitions after 1 January 2023.

- 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 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 *the IFRS 4 Insurance Contract – Deferral of IFRS 9*. 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 9 December 2021, the IASB issued the *Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.* The standard aims to improve the informative approach to investors. The amendments shall apply as 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 changes are intended to specify how companies should account for taxes on certain transactions. The amendments will apply from 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.

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, as at 28 February 2022 amount to Euro 3.0 million.

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.

The following section provides qualitative and quantitative information regarding the incidence of these risks.

For information regarding the risks from Covid-19 and War in Ukraine, please refer to section 12 Coronavirus Epidemic and War in Ukraine of the Management Report.

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 12.8% of the Group's revenues as at 28 February 2022, 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

[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.

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

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 deadline for the year ended 28 February 2022 and for the year ended 28 February 2021:

(In thousands of Euro)	Balance as at 28 February 2022	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	-	-	-	-	-
Other financial liabilities	456,040	66,359	237,489	152,192	456,040
Total	**456,040**	**66,359**	**237,489**	**152,192**	**456,040**

(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**

It should be noted that in November 2021, the Loan Agreement signed on 9 January 2018 was extinguished and, at the same time, four new credit lines were taken out in order to finance working capital and strengthen the company's capital strength; for more 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.

Following the termination in November 2021 of the financing Agreement signed on 9 January 2018, *Interest Rate Swap* (*IRS)* derivative financial instrument contracts with the financing bank pool were closed with the aim of mitigating, under economically acceptable conditions, the potential impact of interest rate variability on economic performance.

At the same time, four new credit lines were taken out in order to finance working capital and strengthen its equity strength; no cash flow hedge instruments were activated on the new lines; the lines were not used during the year.

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 28 February 2022 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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended 28 February 2022			
	Loans and receivables	Fair value of hedging instruments	Other liabilities	Total
Financial assets not designated at fair value				
Cash and cash equivalents	141,534	-	-	**141,534**
Trade receivables	42,988	-	-	**42,988**
Other assets	45,423	-	-	**45,423**
Financial assets designated at fair value				
Other assets	-	-	-	-
Financial liabilities not designated at fair value				

Financial liabilities	-	-	-	**-**
Trade payables	-	-	583,456	**583,456**
Other liabilities	-	-	283,276	**283,276**
Other financial liabilities	-	-	456,040	**456,040**
Financial liabilities designated at fair value				
Other financial liabilities	-	-	-	**-**

(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	-	-	**65.31.4**
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**

The items “other assets” and “other financial liabilities” include the effects arising from the application of IFRS 16 (*Leasing*), for further details, see notes 5.6 other current and non-current assets and 5.14 other financial liabilities of the consolidated financial statements for the year ended 28 February 2022.

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	
	28 February 2022	28 February 2021
Revenue	2,949,724	2,685,224
GROSS OPERATING RESULT	**155,065**	**163,390**
% of revenues	5.3%	6.1%
Amortisation, depreciation and write-downs	(97,533)	(91,186)
NET OPERATING RESULT	**57,532**	**72,204**
Financial income	63	76
Financial expenses	(12,868)	(13,365)
PROFIT BEFORE TAX	**44,727**	**58,915**
Income taxes	(126)	(5,365)
PROFIT/(LOSS) FOR THE YEAR	**44,601**	**53,550**

The incidence of gross operating profit on revenues was 5.3% as at 28 February 2022.

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

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Abroad	1,717	7,465
Italy	2,948,007	2,677,759
Total	**2,949,724**	**2,685,224**

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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Amounts as at 28 February 2022			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	150,564	(122,748)	27,816	144,581	(115,360)	29,221
Equipment	25,605	(17,559)	8,046	22,512	(17,330)	5,182
Other assets	199,192	(164,190)	35,002	185,261	(157,271)	27,990
Tangible assets under construction	8,417	-	8,417	9,133	-	9,133
Total plant, machinery, equipment and other assets	**383,778**	**(304,497)**	**79,281**	**361,487**	**(289,961)**	**71,526**

The change in the item "Plant, machinery, equipment and other assets" for the period from 29 February 2020 to 28 February 2022 is shown below:

(In thousands of Euro)	Plant and machinery	Equipment	Other assets	Tangible assets under construction and payments on account	Total
Balance as at 29 February 2020	**36,807**	**8,160**	**34,759**	**4,969**	**84,696**
Increases	3,523	1,963	8,956	7,321	21,763
Decreases	(1,840)	(3,786)	(8,135)	(3,157)	(16,918)
Amortisation, depreciation and write downs/(write backs)	(9,352)	(1,155)	(11,399)	-	(21,906)
Decreases in Amortisation, Depreciation Provision	83	-	3,808	-	3,891
Decreases in Amortisation, Depreciation Provision	25	-	7	-	31
Balance as at 28 February 2021	**29,221**	**5,182**	**27,990**	**9,133**	**71,526**
Increases	8,997	3,806	17,748	27,742	58,293
Decreases	(3,014)	(713)	(3,817)	(28,458)	(36,002)
Amortisation, depreciation and write downs/(write backs)	(10,410)	(942)	(10,736)	--	(22,088)
Decreases in Amortisation, Depreciation Provision	3,022	713	3,817	--	7,552
Balance as at 28 February 2022	**27,816**	**8,046**	**35,002**	**8,417**	**79,281**

With reference to the financial year ended 28 February 2022, the Company made investments in "Plant and machinery, equipment and other assets" excluding assets under construction for Euro 30,551 thousand.

In particular, the net investments refer mainly to: (i) interventions referred 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 in the amount of Euro 4,773 thousand; (ii) investments related to the opening of new shops in new catchment areas deemed strategic or in catchment areas not sufficiently covered by the current portfolio of shops and the refurbishment of acquired shops in the amount of Euro 6,540 thousand; (iii) minor extraordinary maintenance and refurbishment of plants in various shops in the amount of Euro 1,790 thousand; (iv) investments in information technology, including the adoption of electronic labels in a significant and growing number of direct shops and energy efficiency measures amounting to Euro 17,447 thousand.

Net fixed assets under construction amounting to Euro 8,417 thousand mainly refer to investments related to work at points of sale and investments in information technology.

The item "Depreciation, amortisation and write-downs/(revaluations)", amounting to Euro 22,088 thousand, includes Euro 21,460 thousand of amortisation and depreciation and Euro 628 thousand of write-downs.

In the year ended 28 February 2021, the Company made investments referring to the item plant and machinery, equipment and other assets totalling Euro 14,442 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 Euro 2,070 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 Euro 7,494 thousand; (iii) minor extraordinary maintenance and renewal of plants in various sales outlets for Euro 1,778 thousand; (iv) investments attributable to the creation of electrified display tables dedicated to the display of specific supplier brands at the sales outlets for Euro 1,326 thousand; (v) additional investments connected to the logistics hub based in Piacenza for Euro 1,774 thousand.

Net assets under construction equal to Euro 9,133 thousand mainly refer to investments relating to the new headquarters in Palazzo Hercolani (Forlì) and the warehouse in Via Zampeschi (Forlì) for Euro 3,650 thousand and investments attributable to the purchase of new hardware for the sales outlets for Euro 2,058 thousand.

The item "Depreciation, amortisation and write-downs/(revaluations)", amounting to Euro 21,906 thousand, includes Euro 20,915 thousand of amortisation and depreciation and Euro 991 thousand of write-downs.

5.2 Goodwill

The breakdown of the item “Goodwill” as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Goodwill	196,072	195,238
Total Goodwill	**196,072**	**195,238**

The change in the “Goodwill” item for the period from 29 February 2020 to 28 February 2022 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 28 February 2022	**196,072**

The value of goodwill at 28 February 2022, amounting to Euro 196,072 thousand, increased by Euro 834 thousand compared to the year ended 28 February 2021. The increase refers to the acquisition of the Limbiate Ex- Galimberti S.p.A. business branches for Euro 525 thousand and Turin Ex-Expert for Euro 309 thousand.

Goodwill as at 28 February 2022 and 28 February 2021 can be broken down as follows:

(In thousands of Euro)	**Goodwill at 28 February 2022**	**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:		
2C S.r.l. - Expert	309	-
Andreoli S.p.A.	10,500	10,500
Cerioni S.p.A.	5,748	5,748
Galimberti S.p.A.	2,407	1,882
DPS Group S.r.l.	1,240	1,240
Dixons Travel	194	194
Total Goodwill	**196,072**	**195,238**

5.2.1 Impairment testing

Based on the provisions of international accounting standard IAS 36, the Group should carry out a check, at least once a year, to ensure the recoverability of the value of the goodwill through an impairment test, comparing the carrying amount of the Cash Generating Units ("**CGUs**") to which the goodwill is allocated with the recoverable value. The value in use has consistently been adopted as the recoverable value in relation to market volatility and the difficulty of collecting information related to determining fair value.

The goodwill impairment test for each CGU was approved by the Company's Board of Directors on 11 May 2022. In the elaboration of the impairment test the Directors used an appropriate report provided by an external expert under specific assignment of the Company.

IAS 36 identifies the CGUs as the smallest groups of assets that generate incoming cash flows. The financial flows resulting from the CGUs identified should be independent of one another, because a single Unit must be able to be autonomous in the realisation of incoming cash flows, but all the assets within the Unit should be interdependent. Pursuant to IAS 36 the correlation that exists between the goodwill acquired during the business combination and the CGUs takes shape. In effect, at the time of the acquisition of the goodwill, it must be allocated to the CGU or the CGUs which are expected to benefit the most from the synergies of the combination. In this sense, the decisions linked to the definition of these synergies strongly depend on the Group's strategic organisation models, the commercial purchase and sales decisions which, specifically, disregard the number of sales points which do not enjoy decision-making autonomy.

The Group has identified an operating segment, which is the entire Group and covers all the services and products provided to customers. The Group's corporate vision as a single omnichannel business ensures that the Group has identified a single Strategic Business Unit (SBU). Within the SBU, the Group has identified three 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 Group identified three CGUs to which the goodwill was allocated:

- *Retail;*
- *Indirect;*
- *B2B.*

The three units benefit from shared resources, like administration, back office and logistics, but each of them features a different expected growth, with different risks and opportunities and with specific features which cannot be provided in the other CGUs.

The Retail CGU relates to all financial flows coming from the Retail, Online and Travel distribution channels. The Online and Travel channels are included in the Retail CGU because the website uses the sales points for the delivery of goods, while the Travel channel includes sales points located at the main public transport hubs.

The Indirect CGU, previously known as Wholesale, includes sales to the network of affiliated stores and revenues produced in large scale retailing through partnerships with leading industry operators.

The B2B CGU relates to the wholesale supply of products under the scope of the business-to-business channel.

The allocation of goodwill to the three CGUs took place in line with the specific activity of the individual CGU in order to include the best exploitation of internal and external synergies in the *business* model used. As described previously, the Group opted for identifying the value in use to determine the recoverable fair value. The value in use is calculated through an estimate of the current value of the future financial flows that the CGUs could generate.

The source of the data on which the assumptions are made for determining the financial flows are the final balances and the business plans.

The business plan used for the impairment test on the goodwill recognised in the Consolidated Financial Statements of the Unieuro Group and referring to the financial year ending 28 February 2022 is based in the strategic lines of the plan on the one approved by the Board of Directors on 10 June 2021. The Economic/Financial Plan underlying the impairment test was prepared on a consolidated basis, taking into account recent business performance. In particular, the final figures for the financial year ending 28 February 2022, the budget for the year ending 28 February 2023, and the development of the financial figures up to 28 February 2027 were taken into account. The *impairment test* was approved by the Board of Directors on 11 May 2022.

The reference market growth estimates included in the business plan used for the impairment test at 28 February 2022 are based, among other things, on external sources and on the analyses conducted by the Group.

The evaluation assumptions used for determining the recoverable value are based on the above-mentioned business plans and on several main hypotheses:

- the explicit period to be adopted for the business plan is 5 years;

- terminal value: actualisation of the latest plan explicit estimate period. It should be stressed that a long-term growth rate "g" equal to 0% was envisaged because the result that the company will manage to achieve in the last financial year of the business plan was considered stable over a period of time;

- the discount rate applied to the various cash flows (WACC - weighted average cost of capital) for the CGUs analysed is 11.3%.

The discount rate (or actualisation rate) applied is the rate which reflects the current evaluations of the market, the time value of money and the specific risks of the asset. For the purpose of calculating the discount rate there must be consistency between the parameters used and the reference market of the Company and consistency between the Company's operating activities and incoming flows. All the parameters used for calculating the actualisation rate should be used in the corporate context, so that it expresses "normal" conditions over a medium-/long-term time span.

The estimation procedure adopted for defining the parameters determining the WACC is reported below:

- Risk-free rate (r_f) – The risk-free rate adopted is equal to the 1-year average (compared with the reference date) of the returns of the ten-year government bonds (BTP) issued by the Italian government. The adoption of the average figure makes it possible to compensate for possible short-term distorting dynamics.

- Equity risk premium *(r_m – r_f)* – The equity risk premium, which represents the yield spread (historical and long-term) between equity securities and debt securities on financial markets, was determined with reference to the Italian market.

- Beta (β) – The beta, which indicates the regression coefficient of a straight line which represents the relationship between the rate of return offered by the security and that of the overall market, was calculated on the basis of a panel of listed companies operating mainly or exclusively in the sale of consumer electronics, through a combination of sales channels (in store and online sales, in the majority of cases alongside wholesale and/or business-to-business sales).

- Cost of debt capital i_d (1-t) - The cost of debt of a financial nature was estimated as equal to the adopted risk-free rate plus a spread based on the average credit rating of comparable. The corporate tax rate in effect in Italy (IRES) was adopted as the tax rate (t).

- *Financial structure* - A debt/equity ratio calculated based on the average figure expressed at the reference date by the panel of comparable companies selected was adopted.

There were no differences in calculating these parameters between the external sources used and the value used for the purpose of the test.

The Group has a well-established history of operating on the market and, to date, there has been no evidence of anything that would suggest an interruption to activities in the medium-/long-term. Based on these considerations it is reasonable to assume the business is a going concern in perpetuity.

The operating cash flow used for the purpose of calculating the terminal value was calculated on the basis of the following main assumptions:

- EBITDA - During the estimation of the terminal value, an amount of revenues equal to the level projected for the last year of the plan was considered. For the purpose of estimating sustainable EBITDA in the medium-/long-term the EBITDA margin equal to the average figure in the plan was applied to the revenues identified in order to reflect the competitive dynamics featured in the reference sector. For the Group overall, this latter figure is located within the current range expressed by the estimates of the analysts relating to the panel of comparable companies used to determining the WACC.

- Investments in fixed assets and amortisation and depreciation - Annual investments were estimated based on expected revenues in the last plan year, adopting a Capex/Sales percentage equal to the average plan figure. Annual depreciation and amortization have been aligned with these investments, thus assuming that investments are mainly maintenance and/or replacement.

- Net working capital and Funds - The change in CCN and funds was assumed to be zero, consistent with the assumption of perpetuity growth at a g-rate of 0%.

Below is a summary table containing the basic assumptions (WACC and g) and the percentage value attributed to the terminal value compared with the recoverable value of the Group's three CGUs relating to the analyses of the impairment tests conducted with reference to 28 February 2022.

as at 28 February 2022	WACC	g	Terminal Value (TV)	Recoverable Amount (RA)	% TV over RA
(In millions of Euro)					
CGU Retail	11.3%	0.0%	168	309	54.3%
CGU Indirect	11.3%	0.0%	51	63	81.1%
CGU B2B	11.3%	0.0%	21	27	79.9%

The results of the impairment tests as at 28 February 2022 are given below:

as at 28 February 2022		Carrying Amount (CA)	Recoverable Amount (RA)	RA compared with CA
(In millions of Euro)				
CGU Retail	EUR/mln	(19)	309	329
CGU Indirect	EUR/mln	(7)	63	69
CGU B2B	EUR/mln	(2)	27	29

Based on the estimates made there was no need to adjust the value of the goodwill recorded.

Note that the *carrying amount* of the CGUs as at 28 February 2022 is negative due to the negative net working capital allocated to the CGUs.

The carrying amount does not include entries of a financial nature. Assets and liabilities for deferred taxes are also excluded because the theoretical tax rate was used for the purpose of estimating taxes when calculating the cash flows.

As required by IAS 36, appropriate *sensitivity analyses* were also developed to test the resilience of the recoverable amount of goodwill to changes in the main parameter used such as the percentage change in Free Cash Flow (FCF).

Below are the results, in terms of the difference between recoverable amount and carrying amount, for CGUs subject to *impairment test* as at 28 February 2022, of the sensitivity analysis performed assuming a percentage reduction in Free Cash Flow, in the explicit forecast years and in the terminal value of -20.0%:

as at 28 February 2022	Terminal plan FCF	
(In millions of Euro)		
RA Sensitivity Difference compared with CA	0.0%	(20.0%)
CGU Retail	329	276
CGU Indirect	69	57
CGU B2B	29	23

Lastly, the Group has developed another analysis simulating the impacts on the recoverable amount of the CGU Retail in the event of excluding the planned opening of new sales points over the span of the business plan. The results of the analysis conducted are given below:

as at 28 February 2022		Carrying Amount (CA)	Recoverable Amount (RA)	RA compared with CA
(in millions of Euro)				
CGU Retail	EUR/mln	(19)	265	284

It should be pointed out that the parameters and information used for verifying the recoverability of the goodwill are affected by the macroeconomic, market and regulatory situation, and by the subjectivity of several projections of future events which may not necessarily take place, or which could take place differently from how they were projected, and therefore unforeseen changes could occur. Unfavourable and unpredictable changes to the parameters used for the impairment test could, in future, result in the need to write-down the goodwill with consequences to the results and the operating results, financial position and cash flows of the Group.

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 28 February 2022 and as at 28 February 2021:

(In thousands of Euro)	Amounts as at 28 February 2022			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	98,477	(61,642)	36,835	76,911	(52,392)	24,519
Concessions, licences and brands	13,361	(9,821)	3,540	13,361	(9,472)	3,889
Key Money	1,572	(1,572)	-	1,572	(1,572)	-
Intangible fixed assets under construction	5,286	-	5,286	4,519	-	4,519
Total intangible assets with a finite useful life	**118,696**	**(73,035)**	**45,661**	**96,363**	**(63,436)**	**32,927**

The change in the item "Intangible assets with a finite useful life" for the period from 29 February 2020 to 28 February 2022 is given below:

(In thousands of Euro)	Software	Concessions, licences and brands	Key Money	Intangible fixed assets under construction	Total
Balance as at 29 February 2020	**15,573**	**4,740**	**-**	**6,935**	**27,247**
Increases	15,219	-	-	4,235	19,454
Decreases	-	-	-	(6,650)	(6,650)
Amortisation, depreciation and write downs/(write backs)	(6,273)	(851)	-	-	(7,124)
Decreases in Amortisation, Depreciation Provision	-	-	-	-	-
Balance as at 28 February 2021	**24,519**	**3,889**	**-**	**4,519**	**32,927**
Increases	21,566	-	-	29,066	50,632
Decreases	-	-	-	(28,299)	(28,299)
Amortisation, depreciation and write downs/(write backs)	(9,250)	(349)	-	-	(9,599)
Decreases in Amortisation, Depreciation Provision	-	-	-	-	-
Balance as at 28 February 2022	**36,835**	**3,540**	**-**	**5,286**	**45,661**

With regard to the financial year ended 28 February 2022, the increases net of decreases in the "Assets under construction" category totalled Euro 23,333 thousand and are mainly attributable to the "Software" category.

The increase in the "Software" category for Euro 21,566 thousand is mainly due to the implementation of the new SAP S/4HANA management system and the launch of the new e-commerce site, which is the result of the "Revolution" project.

Assets under construction amounting to Euro 5,286 thousand are attributable to implementations of new software and existing software.

With regard to the financial year ended 28 February 2021, the increases net of decreases in the "assets under construction" category totalled Euro 12,804 thousand and are mainly attributable to the "Software" category.

The increases relating to the "Software" category of Euro 15,219 thousand, are mainly due to: (i) the transition to the new SAP S/4HANA management software, (ii) new software and licenses, (iii) costs incurred in developing and updating the website www.unieuro.it and (iv) costs incurred for extraordinary operations on pre-existing management software.

Assets under development amounting to Euro 4,519 thousand are attributable to implementations of new 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 28 February 2022 and as at 28 February 2021:

(In thousands of Euro)	Amounts as at 28 February 2022			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	608,786	(184,392)	424,394	562,240	(121,758)	440,482
Automobiles	3,794	(2,334)	1,460	2,777	(1,505)	1,272
Other assets	9,868	(2,383)	7,485	9,868	-	9,868
Total intangible assets with a finite useful life	**622,448**	**(189,109)**	**433,339**	**574,885**	**(123,263)**	**451,622**

The change in the item "Right-of-use assets" for the period from 28 February 2021 to 28 February 2022 is broken down below:

(In thousands of Euro)	Buildings	Automobiles	Other assets	Total
Balance as at 28 February 2021	**440,842**	**1,272**	**9,868**	**451,622**
Increases / (Decreases)	46,546	1,017	-	47,563
Amortisation, depreciation and write-downs/(write backs)	(62,634)	(829)	(2,383)	(65,846)
Balance as at 28 February 2022	**424,394**	**1,460**	**7,485**	**433,339**

The increases recorded during the year mainly refer to new lease contracts relating to the opening and acquisition of new sales outlets 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 29 February 2020 to 28 February 2022 is given 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 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	583	(907)	(371)	(207)		3,080	(1,075)	1,103	1,000	2,103
Provision/Releases to the Comprehensive Income Statement					46			46		46
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	(75)	(81)	125	(683)		(1,130)	40	(1,804)	5,764	3,960
Provision/Releases to the Comprehensive Income Statement					(120)			(120)	-	(120)
Balance as at 28 February 2022	**1,241**	**2,618**	**1,874**	**3,391**	**341**	**3,763**	**260**	**13,488**	**31,118**	**44,606**

The balance as at 28 February 2022, amounting to Euro 44,606 thousand, is mainly composed of: (i) temporary differences mainly attributable to the provision for risks and charges and goodwill for Euro 13,488 thousand and (ii) deferred tax assets recognised on tax losses for Euro 31,118 thousand.

The balance as at 28 February 2021, amounting to Euro 40,766 thousand, is mainly composed of: (i) temporary differences mainly attributable to the provision for risks and charges and goodwill for Euro 15,412 thousand and (ii) deferred tax assets recognised on tax losses for Euro 25,354 thousand.

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 2022, totalled Euro 274 million in relation to Unieuro and Euro 6.2 million in relation to Monclick.

In calculating deferred tax assets, the following aspects were taken into consideration:

- the tax regulations of the country in which the Company operates and the impact on the temporary differences, and any tax benefits resulting from the use of tax losses carried over;
- the forecast of the Company's earnings in the medium and long-term.

On this basis, the Group expects to generate future taxable earnings and, therefore, to be able, with reasonable certainty, to recover the recorded deferred tax assets.

Deferred tax liabilities

(In thousands of Euro)	Intangible assets	Other current assets	Total net deferred taxes
Balance as at 29 February 2020	**2,725**	**738**	**3,463**
Provision/Releases to the Income Statement	142	32	174
Provision/Releases to the Comprehensive Income Statement			-
Balance as at 28 February 2021	**2,867**	**770**	**3,637**
Provision/Releases to the Income Statement	208	(76)	132
Provision/Releases to the Comprehensive Income Statement			-
Balance as at 28 February 2022	**3,075**	**694**	**3,769**

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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Contract assets	9,609	8,012
Prepaid expenses and accrued income	8,539	8,204
Tax credits	3,480	801
Financial receivables from leases - current portion	1,439	1,090
Other current assets	4,526	962
Advances to suppliers	-	-
Other current assets	**27,593**	**19,069**
Financial receivables from leases - non-current portion	15,052	7,184
Deposit assets	2,771	2,319
Deposits to suppliers	-	571
Other non-current assets	7	8
Other non-current assets	**17,830**	**10,082**
Total Other current assets and Other non-current assets	**45,423**	**29,151**

The item "Contract Assets" amounting to Euro 9,609 thousand as of 28 February 2022 (Euro 8,012 thousand as of 28 February 2021), includes contract costs, represented by premiums paid to employees for each additional sale of extended warranty services.

Prepaid expenses and accrued income of Euro 8,539 thousand as of 28 February 2022 (Euro 8,204 thousand as of 28 February 2021), mainly includes prepaid expenses referring to insurance, condominium expenses and other operating costs that occurred before 28 February 2022 and accrued in future years.

The item "Tax Credits" amounted to Euro 3,480 thousand as of 28 February 2022 (Euro 801 thousand as of 28 February 2021), the increase mainly related to 4.0 tax credits recognised on the installation of electronic labels at points of sale.

The item "Other current assets" amounting to Euro 4,526 thousand as of 28 February 2022 (Euro 962 thousand as of 28 February 2021), mainly includes receivables related to the TV Bonus and Ecobonus, introduced by the Government to facilitate the switch-off of television frequencies and building works, respectively.

The item “Other non-current assets” includes financial receivables from leases, equity investments, deposit assets and deposits to suppliers.

5.7 Inventories

Warehouse inventories break down as follows:

(In thousands of Euro)	**Year ended**	
	28 February 2022	**28 February 2021**
Merchandise	472,337	382,747
Consumables	735	731
Gross stock	**473,072**	**383,478**
Warehouse obsolescence provision	(11,022)	(11,425)
Total Inventories	**462,050**	**372,053**

The value of gross inventories increased from Euro 383,478 thousand as at 28 February 2021 to Euro 473,072 thousand as at 28 February 2022, an increase compared to the previous year when they had benefited from the non-repeatable actions initiated by management to deal with the pandemic.

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 provision for obsolete inventory for the period from 29 February 2020 to 28 February 2022 is broken down below:

(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	3,673
Utilisation	-
Balance as at 28 February 2021	**(11,425)**
Direct write-down	-
Provisions	-
Reclassifications	-
Releases to the Income Statement	403
Utilisation	-
Balance as at 28 February 2022	**(11,022)**

The decrease of the warehouse obsolescence provision, equal to Euro 403 thousand, is attributable to the adjustment of warehouse obsolescence provision that includes the write-down of the value of the goods at 28 February 2022.

5.8 Trade receivables

A breakdown of the item "Trade receivables" as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Trade receivables from third-parties	45,306	68,354
Trade receivables from related-parties	-	-
Gross trade receivables	**45,306**	**68,354**
Bad debt provision	(2,318)	(3,040)
Total Trade receivables	**42,988**	**65,314**

The value of receivables, referring mainly to the Indirect and B2B channels, has increased by Euro 22,326 thousand compared to the same period of the previous year. The change in trade receivables is mainly due to a different billing and revenue schedule.

The change in the bad debt provision for the period from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	**Bad debt provision**
Balance as at 29 February 2020	**(3,138)**
Provisions	-
Releases to the Income Statement	98

Utilisation	-
Balance as at 28 February 2021	**(3,040)**
Provisions	(71)
Releases to the Income Statement	712
Utilisation	81
Balance as at 28 February 2022	**(2,318)**

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 break down of the item "Current tax assets" as at 28 February 2022 and as at 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
IRAP credits	2,735	-
IRES credits	1,471	-
Total Current tax assets	**4,206**	**-**

Current tax credits amounted to 4,206 at 28 February 2022 (zero at 28 February 2021). This item includes the credit balance of the estimate of the taxes for the year ending 28 February 2022 and includes the balance for current taxes payable more than offset by the credit for advances paid, The withholding taxes and the tax benefit arising from the agreement signed with the Revenue Agency for the Patent Box signed on 29 December 2021. The benefit accounted for in the financial year relates to the financial years 2016 to 2020 and derives from the exploitation of the Unieuro brand. The benefit from Patent Box recognised in taxes for the above five years was in total equal to Euro 3,989 thousand, of which Euro 1,272 thousand related to current taxes. The method for calculating the facility was subject to the rules with the Tax Agency for the first tax period (2015-2016) of five-year period.

Below is a breakdown of the item "Current tax liabilities" as at 28 February 2022 and as at 28 February 2021:

Current tax liabilities

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Payables for IRAP (income tax)	-	1,703
Payables for IRES (income tax)	-	1,045
Taxes payable	1,041	1,041
Total Current tax liabilities	**1,041**	**3,789**

As of 28 February 2022, “debts for tax liabilities” amounted to Euro 1,041 thousand.

5.10 Cash and cash equivalents

A breakdown of the item “Cash and cash equivalents” as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Bank accounts	127,740	206,065
Petty cash	13,794	13,301
Total cash and cash equivalents	**141,534**	**219,366**

Cash and cash equivalents amounted to Euro 141,534 thousand at 28 February 2022 and Euro 219,366 thousand 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

The following shows the changes in "Shareholders' equity" for the year 2021/2022 and the composition of reserves in the reporting periods

(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 period	-	-	-	-	-	-	-	44,601	44,601	-	44,601
Other components of comprehensive income	-	-	-	133	214	-	-	-	347	-	347
Total comprehensive income for the period	**-**	**-**	**-**	**133**	**214**	**-**	**-**	**44,601**	**44,948**	**-**	**44,948**
Allocation of prior year result	-	11	627	-	0	-	(327)	(311)	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	(53,793)	(53,793)	-	(53,793)
Purchase of own shares	-	-	-	-	-	-	(12,335)	-	(12,335)	-	(12,335)
Share-based payment settled with equity instruments	87	-	-	-	-	(382)	4,196	2,333	6,234	-	6,234
Total transactions with shareholders	**87**	**11**	**627**	**-**	**-**	**(382)**	**(8,466)**	**(51,771)**	**(59,894)**	**-**	**(59,894)**
Balance as at 28 February 2022	**4,140**	**811**	**43,146**	**-**	**(1,648)**	**3,687**	**21,729**	**66,484**	**138,349**	**-**	**138,349**

Equity, which amounted to Euro 138,349 thousand as at 28 February 2022 (Euro 153,295 thousand as at 28 February 2021), decreased during the year mainly due to the combined effect: (i) the distribution of the dividend resolved by the Shareholders' Meeting of 15 June 2021 for Euro 53,793 thousand, (ii) the execution of the share buyback programme authorised by the Shareholders' Meeting on 17 December 2020 for Euro 12,335 thousand, (iii) years of the Long Incentive Plan and the recognition of the 2020-2025 performance share plan for Euro 6,234 thousand and (iv) the recognition of the consolidated profit for the year and other components of comprehensive income for Euro 44,948 thousand.

The share capital at 28 February 2022 was Euro 4,140 thousand, divided into 20,698,621 shares.

The Reserves are illustrated below:

- the legal reserve amounting to Euro 811 thousand as of 28 February 2022 (Euro 800 thousand as of 29 February 2020), includes allocations of profits to the extent of 5% for each financial year until the limit set forth in Article 2430 of the Italian Civil Code is reached.

- the extraordinary reserve amounting to Euro 43,146 thousand as of 28 February 2022 (Euro 42,519 thousand as of 28 February 2021); this reserve increased during the period as a result of the allocation of the profit for the year resolved on 15 June 2021 by the Shareholders' Meeting;

- the *cash flow* hedge reserve amounting to Euro 0 thousand as of 28 February 2022 (negative for Euro 133 thousand as of 28 February 2021); this reserve was released following the extinguishment in November 2021 of the Loan Agreement signed on 9 January 2018 (for further details see Note 5.12).

- the reserve for actuarial gains and losses on defined benefit plans amounted to Euro 1,648 thousand negative as of 28 February 2022 (Euro 1,862 thousand negative as of 28 February 2021) net of the tax effect; it changed by Euro 214 thousand following the actuarial valuation related to the TFR;

- the reserve for share-based payments amounted to Euro 3,687 thousand as of 28 February 2022 (Euro 4,069 thousand as of 28 February 2021); it changed mainly due to the combined effect of (i) the recognition of the 2018-2025 *Long-Term Incentive Plan* reserved for certain *managers* and employees for Euro 2,810 thousand and (ii) the recognition of the 2020-2025 performance share plan for Euro 2,432 thousand. For more details, please see Note 5.28.

- other reserves amounted to Euro 21,729 thousand as of 28 February 2022 (Euro 30,195 thousand as of 28 February 2021); it changed following the establishment of the share premium reserve for Euro 4,196 thousand as a result of the exercises of the *Long Term Incentive Plan* 2018-2025.

During the year ended 28 February 2022 there were no assets allocated to a specific business.

The following shows the changes in "Shareholders' equity" for the year 2020/2021 and the composition of reserves in the reporting periods

(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 29 February 2020	**4,000**	**800**	**6,769**	**(353)**	**(1,571)**	**5,727**	**26,944**	**53,842**	**96,158**	**-**	**96,158**
Profit/(loss) for the period	-	-	-	-	-	-	-	53,550	53,550	-	53,550
Other components of comprehensive income	-	-	-	220	(291)	-			(71)	-	(71)
Total comprehensive income for the period	**-**	**-**	**-**	**220**	**(291)**	**-**	**-**	**53,550**	**53,479**	**-**	**53,479**
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	53	-	-	-	-	(1,658)	3,251	2,012	3,658	-	3,658
Total transactions with shareholders	**53**	**-**	**35,750**	**-**	**-**	**(1,658)**	**3,251**	**(33,738)**	**3,658**	**-**	**3,658**
Balance as at 28 February 2021	**4,053**	**800**	**42,519**	**(133)**	**(1,862)**	**4,069**	**30,195**	**73,654**	**153,295**	**0**	**153,295**

Shareholders' Equity, equal to Euro 153,295 thousand as at 28 February 2021 (equal to Euro 96,158 thousand as at 29 February 2020), increased during the year mainly due to the effect: of the recognition of the consolidated profit for the year and other components of the comprehensive income statement for Euro 53,479 thousand.

The share capital at 28 February 2021 was Euro 4,053 thousand, divided into 20,263,579 shares.

The Reserves are illustrated below:

- the legal reserve equal to Euro 800 thousand as at 28 February 2021 (Euro 800 thousand as at 29 February 2020), includes the provisions of profits in the amount of 5% for each year until the limit pursuant to article 2430 of the civil code; there were no increases in this reserve during the period.

- the extraordinary reserve of Euro 42,519 thousand as at 28 February 2021 (Euro 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 Euro -133 thousand as at 28 February 2021 (Euro -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 Euro 1,862 thousand negative as of 28 February 2021 (Euro 1,571 thousand negative as of 29 February 2020); it changed by Euro 291 thousand following the actuarial valuation related to the TFR;

- the reserve for share-based payments amounting to Euro 4,069 thousand at 28 February 2021 (Euro 5,727 thousand at 29 February 2020); the reserve has changed due to: (i) the recognition of provisions by Euro 325 thousand net of the reclassification to the item "profit carried forward" for Euro 2,140 thousand as a result of the exercise of options, for a negative Euro 1,815 thousand, of the Long Term Incentive Plan 2018-2025 reserved for some managers and employees and (ii) the recognition of provisions for Euro 157 thousand for the 2020-2025 performance share plan. For more details, please see Note 5.28.

- other reserves amounted to Euro 30,195 thousand as of 28 February 2021 (Euro 26,944 thousand as of 29 February 2020); it changed following the establishment of the share premium reserve for Euro 3,251 thousand as a result of the exercises of the *Long Term Incentive Plan* 2018-2025.

The reconciliation between the shareholders' equity of the parent company and the consolidated shareholders' equity as at 28 February 2022 is illustrated below:

(In millions of Euro)	Shareholders' equity as at 28 February 2022	Net result as at 28 February 2022
Balances from the Parent Company's Annual Financial Statements	**139.1**	**46.2**
Difference between the carrying amount of equity investments and the profit/(loss)	(10.6)	(1.2)
Allocation of goodwill, brand, software and customer list, net of the tax effect	9.8	(0.4)
Consolidated Financial Statements of the Unieuro Group	**138.3**	**44.6**

The reconciliation between the shareholders' equity of the parent company and the consolidated shareholders' equity as at 28 February 2021 is illustrated below:

(In millions of Euro)	Shareholders' equity as at 28 February 2021	Net result as at 28 February 2021
Balances from the Parent Company's Annual Financial Statements	**152.5**	**54.4**
Difference between the carrying amount of equity investments and the profit/(loss)	(9.2)	(0.2)
Allocation of goodwill, brand, software and customer list, net of the tax effect	10.0	(0.6)
Consolidated Financial Statements of the Unieuro Group	**153.3**	**53.6**

5.12 Financial liabilities

A breakdown of the item current and non-current "Financial liabilities" as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Current financial liabilities	-	9,659
Non-current financial liabilities	-	39,068
Total financial liabilities	**-**	**48,727**

It should be noted that, in November 2021, the financing Agreement signed on 9 January 2018 with Banca IMI S.p.A., acting as agent bank, Banca Popolare di Milano S.p.A., was signed, Crédit Agricole Cariparma S.p.A. and Crédit Agricole Corporate and Investment Bank – Milan Branch, and at the same time four new credit lines "credit lines" were lit up with Unicredit S.p.A., Intesa San Paolo S.p.A., Banco BPM S.p.A. and Crédit Agricole Italia S.p.A. aimed at financing the circulation and strengthening its capital strength.

The Credit Facilities committed, include Euro 150.0 million in medium- to long-term cash loans on a revolving basis.

Interest is variable, calculated on the basis of the Euribor plus *a* contractually expected *spread*, there are fees for non-utilization.

A contractual clause (c*ovenants*) was agreed upon at the same time as the disbursement of the Credit Facilities, which grants the lender the right to renegotiate or revoke the credit upon the occurrence of the events provided for in the clause. These clauses impose the respect for each Date of calculation (half-yearly) an index on a consolidated basis of Unieuro S.p.A. which is summarised below:

- *leverage ratio* (defined as the ratio of Consolidated Net Financial Debt to *Consolidated Adjusted* EBITDA LTM, as contractually defined.

As at 28 February 2022, the covenant was fulfilled, and was -1,3.

As of 28 February 2022, the Credit Facilities had not been drawn, the balance of financial liabilities was zero (Euro 48,727 thousand as of 28 February 2021).

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

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Within 1 year	-	9,659
From 1 to 5 years	-	39,068
More than 5 years	-	-
Total	**-**	**48,727**

The composition of the net financial debt at 28 February 2022 and 28 February 2021, in accordance with the ESMA guideline 32-382-1138 of 04/03/2021, is as follows[32]:

(in millions of Euro)	Year ended			
	28 February 2022	*of which with Related-Parties*	**28 February 2021**	*of which with Related-Parties*
(A) Cash and cash equivalents	141.5		219.4	
(B) Means equivalent to cash	0.0		0.0	
(C) Other current financial assets	0.0		0.0	
(D) Liquidity (A)+(B)+(C)	**141.5**		**219.4**	
(E) current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	0.0		(0.1)	
(F) Current part of non-current financial debt	(66.5)		(77.8)	
(G) Current financial debt (E)+(F)	**(66.5)**		**(77.9)**	
(H) Net current financial debt (G)-(D)	**75.0**		**141.6**	
(I) Non-current financial debt (excluding the current part and debt instruments)	(389.5)		(438.6)	
(J) Debt instruments	0.0		0.0	
(K) Trade payables and other non-current payables	0.0		0.0	
(L) Non-current financial debt (I)+(J)+(K)	**(389.5)**		**(438.6)**	
(M) Total financial debt (H)+(L)	**(314.5)**		**(297.0)**	

The cash flow dynamics are essentially driven by the combined effect of: (I) Cash generation from operating activities including IFRS 16 leasing flows for Euro 94,882 thousand, (ii) related and paid investments for Euro 50,393 thousand, (iii) dividend distribution for Euro 53,793 thousand and (iv) buyback for Euro 12,335 thousand and (v) investments for the purchase of business units amounting to €8,509 thousand.

The table below summarises the breakdown of the items “Other current financial payables” and “Other non-current financial payables” for the periods ending 28 February 2022 and 28 February 2021. See Note 5.14 “Other financial liabilities” for more details.

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Other financial liabilities	66,539	68,202
Other current financial payables	**66,539**	**68,202**
Other financial liabilities	389,501	399,562
Other non-current loans	**389,501**	**399,562**
Total financial payables	**456,040**	**467,764**

[32] In order to be better represented and jointly with the new indications of the ESMA guideline 32-382-1138 of 04/03/2021, claims relating to IFRS 16 subeasing were excluded from the financial unduly paid.

5.13 Employee benefits

The change in the item "Employee benefits" for the year from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	
Balance as at 29 February 2020	**11,988**
Service cost	67
Interest cost	64
Transfers in/(out)	916
Settlements/advances	(463)
Actuarial (profits)/losses	407
Balance as at 28 February 2021	**12,979**
Service cost	57
Interest cost	27
Transfers in/(out)	196
Settlements/advances	(425)
Actuarial (profits)/losses	292
Balance as at 28 February 2022	**13,126**

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 28 February 2022 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:

	Year ended	
Economic recruitment	**28 February 2022**	**28 February 2021**
Inflation rate	1.75%	0.80%
Actualisation rate	1.13%	0.23%
Severance pay increase rate	2.81%	2.10%

	Year ended	
Demographic recruitment	**28 February 2022**	**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 7-10 years at the evaluation date was taken as a reference for the evaluation of this parameter.

Below is the sensitivity analysis, as at 28 February 2022, 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 28 February 2022	
Change to the parameter	**UNIEURO**	**MONCLICK**
1% increase in turnover rate	12,589	438
1% decrease in turnover rate	12,788	449
0.25% increase in inflation rate	12,858	452
0.25% decrease in inflation rate	12,511	435
0.25% increase in actualisation rate	12,407	432
0.25% decrease in actualisation rate	12,969	454

5.14 Other financial liabilities

A breakdown of the item current and non-current "Other financial liabilities" as at 28 February 2022 and 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Payables to leasing companies	65,140	60,362
Payables for equity investments and business units	1,241	7,758
Fair value of derivative instruments	-	82
Other financial payables	158	
Other current financial liabilities	**66,539**	**68,202**

Payables to leasing companies	389,501	398,247
Payables for equity investments and business units	-	1,224
Fair value of derivative instruments	-	91
Other non-current financial liabilities	**389,501**	**399,562**
Total financial liabilities	**456,040**	**467,764**

Payables for equity investments and business units

Payables for investments in participations and businesses amounted to a total of Euro 1,241 thousand at 28 February 2022 (Euro 8,982 thousand at 28 February 2021). The decrease of Euro 7,741 thousand is due to the amounts paid for the acquisition of former Pistone S.p.A., former Cerioni and Monclick.

Lease liabilities

Lease liabilities totalled Euro 454,641 thousand at 28 February 2022 and Euro 458,609 thousand 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 28 February 2022, 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 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 28 February 2022**	**Within 12M**	**Between 12M and 60M**	**Over 60M**	**Total**
Payables to leasing companies	454,641	65,140	237,309	152,192	454,641
Total					

Fair value of derivative instruments

Following the termination in November 2021 of the financing Agreement signed on 9 January 2018, *Interest Rate Swap* (*IRS)* derivative financial instrument contracts with the financing bank pool were closed with the aim of mitigating, under economically acceptable conditions, the potential impact of interest rate variability on economic performance.

Other Financial Payables

The other financial debts totalled Euro 158 thousand at 28 February 2022 (zero at 28 February 2021). The item accepts the debt relating to dividends decided by the Shareholders' Meeting on 15 June 2021 and not yet paid at 28 February 2022.

5.15 Provisions

The change in the item "Funds" for the period from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	Tax dispute provision	Other disputes provision	Onerous contracts provision	Restructuring provision	Other risks provision	Total
Balance as at 29 February 2020	**1,897**	**4,626**	**-**	**380**	**3,021**	**9,924**
- of which current portion	-	849	-	*380*	16	*1,245*
- of which non-current portion	*1,897*	*3,777*	-	-	3,005	*8,679*
Provisions	17	10,071	-	-	3,123	**10,548**
Draw-downs/releases	-	(1,628)	-	-	-	**(1,282)**
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	1,561	-	-	150	1,913
Draw-downs/releases	(1,318)	(4,223)	-	-	(1,776)	(7,317)
Balance as at 28 February 2022	**798**	**10,407**	**-**	**380**	**4,518**	**16,103**
- of which current portion	-	*1,637*	-	*380*	*150*	*2,167*
- of which non-current portion	*798*	*8,770*	-	-	*4,368*	*13,936*

The "Provision for tax disputes", amounting to Euro 798 thousand as of 28 February 2022 and Euro 1,914 thousand as of 28 February 2021, is allocated mainly to cover liabilities that may arise as a result of tax disputes; the change compared to the previous year is attributable to the closure of certain proceedings with a favorable outcome.

The "Provision for other disputes", amounting to Euro 10,407 thousand as of 28 February 2022 and to Euro 13,069 thousand as of 28 February 2021, the decrease is mainly related to the execution of commitments undertaken with the Antitrust Authority.

The "Restructuring provision", equal to Euro 380 thousand as at 28 February 2022, unchanged compared with 28 February 2021, refers mainly to the personnel restructuring process of the closing sales outlets.

"Other provisions for risks" amounted to Euro 4,518 thousand as of 28 February 2022 and Euro 6,144 thousand as of 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 28 February 2022 and 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Contract liabilities	205,946	187,450
Payables to personnel	45,732	42,945
Payables for VAT	15,993	17,531
Payables to welfare institutions	3,703	4,103
Payables for IRPEF (income tax)	3,735	3,623
Deferred income and accrued liabilities	7,104	3,364
Long Term Incentive Plan monetary bonus	476	1,694
Other tax payables	54	458
Other current liabilities	14	6
Total other current liabilities	**282,757**	**261,174**
Deposit liabilities	26	26
Other non-current liabilities	493	-
Total other non-current liabilities	**519**	**26**
Total other current and non-current liabilities	**283,276**	**261,200**

The item "Other current and non-current liabilities" increased to Euro 22,076 thousand in the year ended 28 February 2022 compared with the year ended 28 February 2021. The increase in the item recorded in the year in question is mainly due to greater contract liabilities relating to the servicing of the extended warranty.

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

- contract liabilities of Euro 205,946 thousand as of 28 February 2022 (Euro 187,450 thousand as of 28 February 2021) mainly related to (i) deferred revenues for extended warranty 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 in the amount of Euro 45,732 thousand as of 28 February 2022 (Euro 42,945 thousand as of 28 February 2021), consisting of payables for salaries to be paid, holidays, leaves of absence, 13th and 14th month bonuses. These payables refer to items accrued but not yet settled;

- VAT payables of Euro 15,993 thousand as at 28 February 2022 (Euro 17,531 thousand as at 28 February 2021) composed of payables resulting from the VAT settlement with regard to February 2022;

- deferred income and accrued expenses of Euro 7,104 thousand as at 28 February 2022 (Euro 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” includes for Euro 493 thousand from the debt relating to the Monetary Bonus provided for in the Perfomance Share Plan approved by the Shareholders’ Meeting on 17 December 2020 and from the liabilities of Euro 26 thousand.

5.17 Trade payables

A breakdown of the item “Trade payables” as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Trade payables to third-parties	581,632	503,511
Trade payables to related-parties	-	0
Gross trade payables	**581,632**	**503,511**
Bad debt provision - amount due from suppliers	1,824	1,555
Total Trade payables	**583,456**	**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 Euro 78,121 thousand at 28 February 2022 compared to 28 February 2021. Commercial debts increased compared to the previous year when they benefited from the non-repeatable actions initiated by management to deal with the pandemic.

The change in the "Bad debt provision and suppliers account debit balance" for the year from 29 February 2020 to 28 February 2022 is given below:

(In thousands of Euro)	Bad debt provision - amount due from suppliers
Balance as at 29 February 2020	**1,612**
Provisions	355
Releases to the Income Statement	(412)
Utilisation	-
Balance as at 28 February 2021	**1,555**
Provisions	269
Releases to the Income Statement	-
Utilisation	
-Balance as at 28 February 2022	**1,824**

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)	Year ended				Changes	
	28 February 2022	**%**	**28 February 2021**	**%**	**2022 vs 2021**	**%**
Retail	2,008,077	68.1%	1,711,560	63.7%	296,517	17.3%
Online	532,770	18.1%	525,207	19.6%	7,563	1.4%
Indirect	280,472	9.5%	307,535	11.5%	(27,063)	(8.8%)
B2B	98,526	3.3%	116,861	4.4%	(18,335)	(15.7%)
Travel	29,879	1.0%	24,061	0.9%	5,818	24.2%
Total revenues by channel	**2,949,724**	**100.0%**	**2,685,224**	**100.0%**	**264,500**	**9.85%**

The *retail* channel (68.1% of total revenues) - which, as at 28 February 2022, consisted of 271 direct sales outlets, including the Unieuro by Iper shop-in-shops - recorded sales of Euro 2,008,077 thousand, an increase (+17.3%) compared to Euro 1,711,560 thousand in the previous year, when Covid-related restrictions had prevented the direct network from benefiting from the favourable consumption *trends* triggered by the pandemic. The disappearance of these restrictions from the first half of the year, the internalisation of 18 shop-in-shops previously under the affiliation system at the end of 2020, as well as the opening of 10 new direct shops have enabled the channel to recover the under performance of last year, This increased revenues to +17,5% compared to the pre-Covid level.

The Online channel (18.1% of total revenues) – which includes the renewed unieuro.it platform and the Monclick digital pure player – reversed the trend for the first nine months thanks to +6.5% in the fourth quarter. Closing the year with revenues up 1.4% to Euro 532,770 thousand from the previous Euro 525,207 thousand. The channel has thus further improved the record levels reached in 2020/21, when the emergency situation linked to the pandemic led customers to favour e-commerce at the expense of physical shops. Compared to the last pre-Covid financial year, channel revenues increased by 79,3%, confirming the effectiveness of marketing activities on the online channel, both mainstream and digital, as well as new consumption habits that have become structural.

The Indirect channel (9.5% of total revenues) - which includes sales to the network of affiliated shops for a total of 259 points of sale as at 28 February 2022 - posted revenues of Euro 280,472 thousand, down 8.8% compared to Euro 307,535 thousand in the previous year. The performance compares with +16.9% in the pandemic year, when the network of affiliated shops had proved to be particularly resilient to restrictions, benefiting from its distinctive features. The progressive post-Covid normalisation and the marked economic decline in the fourth quarter of the year just passed have brought the channel back to a performance of +6.6% compared to the pre-Covid turnover, in line with long-term trends.

The B2B channel (3.3% of total revenues) - which serves professional customers, including foreign ones, operating in sectors other than those of Unieuro, such as hotel chains and banks, as well as operators who need to purchase electronic products to distribute to their regular customers or employees on the occasion of points collections, prize competitions or incentive plans (so-called B2B2C segment) - reported revenues of Euro 98,526 thousand, down 15.7% compared to Euro 116,861 thousand in the previous year. The contraction, even more evident in comparison with 2019/20 (-27.8%), was the result of a precise managerial choice linked to the lower availability of product with which to feed the channel in some periods of the year.

Lastly, the Travel channel (1.0% of total revenue) - composed of 11 direct sales outlets located at some of the main public transport hubs such as airports, railway stations and subways - closed the financial year with revenue that rose to Euro 29,879 thousand, recording a year-on-year recovery of 24.2% but remaining below the levels reached before the pandemic heavily penalised airport traffic (-24.6% performance compared to the 2019/20 financial year, the last pre-Covid).

Below is a breakdown of revenues by category:

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	28 February 2022	%	28 February 2021	%	2022 vs 2021	%
Grey	1,355,165	45.9%	1,309,556	48.8%	45,609	3.5%
White	755,753	25.6%	728,804	27.1%	26,949	3.7%
Brown	576,207	19.5%	404,426	15.1%	171,781	42.5%
Other products	130,053	4.4%	134,082	5.0%	(4,029)	(3.0%)
Services	132,546	4.5%	108,356	4.0%	24,190	22.3%
Total revenues by category	**2,949,724**	**100.0%**	**2,685,224**	**100.0%**	**264,500**	**9.9%**

The *Grey* category (45.9% of total revenues) - i.e., telephony, tablets, information technology, telephone accessories, cameras, and all wearable technology products - generated revenues of Euro 1,355,165 thousand, an increase of 3.5% compared to Euro 1,309,556 thousand in the previous year, thanks to the good performance of telephony and related accessories, wearable products, and tablets. The second half of the year, however, was affected by the weakness of the it segment, in light of a highly challenging 2020 comparison base that benefited from smart working, e-learning, and communication purchase trends, emphasised by the emerging context. The performance compared to the year 2019/20, the last pre-Covid, however, was strongly positive and equal to +16.8%.

The *White* category (25.6% of total revenues) - consisting of large household appliances (MDA) such as washing machines, dryers, refrigerators or freezers and cookers, small household appliances (SDA) such as vacuum cleaners, food processors, coffee machines, as well as the air-conditioning segment - generated a turnover of Euro 755,753 thousand, up 3.7% compared to Euro 728,804 thousand in the previous year, but slowing down compared to the performance in the first nine months of the year. Compared to pre-Covid, the increase is still double-digit (+10.5%).

The *Brown* category (19.5% of revenues) - comprising TV sets and related accessories, audio devices, smart TV devices, car accessories and memory systems - recorded an expected jump of 42.5% to Euro 576,207 thousand from Euro 404,426 thousand in the previous year. The extraordinary performance of the TV segment was driven in the first half by the restart of sporting events and in the second by the start of the switch-off of television frequencies, the effect of which was accelerated and strengthened by the Bonus TV, introduced by the Government to facilitate the technological transition. The effect of the switch-off, which is expected to last for the whole of 2022, has allowed the category to outperform even with respect to pre-Covid levels, where the increase in turnover is 49.9%.

The category Other Products (4.4% of total revenues) - which includes sales of the entertainment segment, as well as other products not included in the consumer electronics market such as hoverboards or bicycles - recorded revenues of Euro 130,053 thousand, a decrease of 3% compared to the previous year. The weakness of the fourth quarter (-19.8%) is due to the difficult basis of comparison offered by the corresponding period 2020/21, characterised by the launch of the PS5 and the boom in electricity mobility, among other things as a result of the state incentives then in force. Compared to the last year before Covid, the increase in turnover in the category is equal to 14.2%.

The Services category (4.5% of total revenues) recorded revenues of Euro 132,546 thousand, higher both than the previous year (+22.3%) and pre-Covid (+29.5%). The positive trend was based on Unieuro's continuous focus on the provision of services to its customers, with particular reference to the extension of guarantee, delivery and transport.

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

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Abroad	1,717	7,465
Italy	2,948,007	2,677,759
Total	**2,949,724**	**2,685,224**

5.19 Other income

Below is a breakdown of the item "Other income" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Insurance reimbursements	293	109
Other income	745	796
Rental and lease income	-	-
Total Other Income	**1,038**	**905**

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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Purchase of goods	2,420,377	2,115,728
Transport	84,245	90,878
Marketing	55,127	49,792

Utilities	20,882	13,430
Maintenance and rental charges	15,806	12,921
General sales expenses	16,822	15,770
Other costs	45,616	24,921
Consulting	11,699	9,592
Purchase of consumables	974	8,045
Travel expenses	909	598
Payments to administrative and supervisory bodies	844	699
Total Purchases of materials and external services	**2,673,301**	**2,342,374**
Changes in inventory	(89,997)	(2,264)
Total, including the change in inventories	**2,583,304**	**2,340,110**

The item “Purchases of materials and external services”, taking into account the item “Change in inventories”, rose from Euro 2,340,110 thousand as at 28 February 2021 to Euro 2,583,304 thousand in the year ended 28 February 2022, an increase of Euro 243,194 thousand or 10.4%.

The main increase can be attributed to the item "Purchase of goods" and "Change in inventories" in the amount of Euro 216,916 thousand, the increase of which can be attributed to the increase in volumes and a different mix of purchases compared to the previous year.

Transport decreased from Euro 90,878 thousand at 28 February 2021 to Euro 84,245 thousand at 28 February 2022. The trend is mainly due to the lower weight of sales delivered to home on total revenues for the period, partially offset by the higher transport and handling costs deriving from higher turnover volumes. As a percentage of consolidated revenue, this was 2.9% as at 28 February 2022 (3.4% as at 28 February 2021).

Marketing increased from Euro 49,792 thousand at 28 February 2021 to Euro 55,127 thousand at 28 February 2022. The increase is mainly due to the costs associated with digital, radio and tv activities as a result of the company’s choice to focus more on digital consumption and to increase the number of promotional campaigns. The impact on consolidated revenues was unchanged at 1.9%.

The items "Utilities" and "Maintenance and Rentals" increased by Euro 7,452 thousand and Euro 2,885 thousand, respectively, compared to 28 February 2021, the increase is mainly attributable to the increased operations of the shops that in the previous year were affected by the limitations imposed by the pandemic and the increase in the cost of raw materials.

“Selling expenses” increased from Euro 15,770 thousand at 28 February 2021 to Euro 16,822 thousand at 28 February 2022. The item mainly includes costs for commissions on sales transactions, the increase is attributable to the cost associated with collections with electronic payment instruments (cards, paypal, etc.) due to the growth in sales volumes.

The item “Other costs” mainly includes costs for variable rents, condominium expenses, vehicles, hiring, cleaning, insurance and security. The item rose by Euro 20,695 thousand compared with 28 February 2022. The trend is mainly attributable to lower concessions received from landlords on rent payments due to the relaxation of restrictions amounting to Euro 3.0 million as of 28 February 2022 (Euro 9.9 million as of 28 February 2021) , higher variable rents due to the increase in turnover in the period and the increased weight of contracts with a variable rent component, and higher condominium expenses related to the increase in energy costs.

The item "Consultancy" went from Euro 9,592 thousand as at 28 February 2021 to Euro 11,699 thousand as at 28 February 2022, up compared to the previous year. The increase is mainly related to the strengthening of the technological infrastructure and the development of new projects.

5.21 Personnel costs

Below is a breakdown of the item "Personnel costs" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Salaries and wages	149,915	129,071
Welfare expenses	44,050	37,745
Severance pay	9,589	8,242
Other personnel costs	3,619	766
Total personnel costs	**207,173**	**175,824**

Personnel costs went from Euro 175,824 thousand in the year ended 28 February 2021 to Euro 207,173 thousand in the year ended 28 February 2022, an increase of Euro 31,349 thousand or 17.8%.

The item “wages and salaries” and “social security charges” increases respectfully by Euro 20,844 thousand of Euro 6,305 thousand. The item in the previous period was affected by the effect of actions initiated by management to mitigate the impacts of the pandemic and mainly related to the use of the Temporary Layoff Benefits Fund, the disposal of holidays and absences, the non-renewal of expired fixed-term contracts and the spontaneous reduction of management compensation, and the effect of regulations on traffic restrictions that imposed the closure of shopping centres on weekends. Costs also increased due to the changeover to the direct management of the Unieuro by Iper shop-in-shops, the new openings in the period and the new head office hires.

The item "Other personnel costs", amounting to Euro 3,619 thousand as of 28 February 2022, (Euro 766 thousand as of 28 February 2021), mainly includes the recognition of the cost of the Performance Share Plan 2020-2025, the increase is mainly related to the assignment of the rights of the 2nd cycle of the plan relating to the three-year period FY 2022-FY2024.

5.22 Other operating costs and expenses

Below is a breakdown of the item "Other operating costs and expenses" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Non-income based taxes	4,211	5,445
Provision/(releases) for supplier bad debts	269	355
Provision/(releases) for the write-down of other assets	-	0
Bad debt provision/(releases)	(641)	(52)
Other operating expenses	1,381	1,057
Total other operating costs and expenses	**5,220**	**6,805**

"Other operating costs and expenses" went from Euro 6,805 thousand in the year ended 28 February 2021 to Euro 5,220 thousand in the year ended 28 February 2022, a decrease of Euro 1,585 thousand or 23.3%. The decrease is due to the cancellation of some notices relating to indirect taxes.

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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Amortisation of tangible fixed assets	21,460	20,915
Amortisation/depreciation of Right-of-use assets	65,846	62,156
Intangible Assets Amortisation	9,599	7,124
Write-downs/(revaluations) of tangible fixed assets	628	991
Total depreciation, amortisation and write-downs	**97,533**	**91,186**

Depreciation, amortisation and write-downs increased from Euro 91,186 thousand in the year ended 28 February 2021 to Euro 97,533 thousand in the year ended 28 February 2022, an increase of Euro 6,347 thousand.

The item "Write-downs/(revaluations) of tangible fixed assets" mainly includes write-downs of certain assets following work carried out at points of sale.

5.24 Financial income and Financial expenses

Below is a breakdown of the item "Financial income" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Other financial income	61	75
Interest income	2	1
Total financial income	**63**	**76**

"Financial income" decreased from Euro 76 thousand in the year ended 28 February 2021 to Euro 63 thousand in the year ended 28 February 2022, a decrease of Euro 13 thousand. This item mainly includes exchange gains realised during the year.

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

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Interest expense on bank loans	871	2,007
Other financial expense	11,997	11,358
Total Financial Expenses	**12,868**	**13,365**

"Financial expenses" went from Euro 13,365 thousand in the year ended 28 February 2021 to Euro 12,868 thousand in the year ended 28 February 2022, a decrease of Euro 497 thousand or 3.7%.

Interest expense on bank loans decreased by Euro 1,136 thousand as of 28 February 2022, compared to the same period of the previous year, due to the effect of the loan extinguishment in November 2021 and the simultaneous subscription of new credit lines.

The item "Other financial expenses" amounted to Euro 11,997 thousand as at 28 February 2022 (Euro 11,358 thousand as at 28 February 2021). 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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Current taxes	(3,954)	(7,270)
Deferred taxes	3,828	1,929
Allocation to tax provision and Taxes payable	-	(24)
Total	**(126)**	**(5,365)**

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			
	28 February 2022	%	28 February 2021	%
Pre-tax result for the period	44,727		58,915	
Theoretical income tax (IRES)	(10,734)	24.0%	(14,140)	24.0%
IRAP	(2,895)	(6.5%)	(4,355)	(7.4%)
Patent Box benefit	3,989	8.9%	-	0,0%
Tax effect of permanent differences and other differences	9,514	21.3%	13,154	22.3%
Taxes for the period	**(126)**		**(5,341)**	
(Allocation)/release to tax provision and Taxes payable	0		(24)	
Total taxes	**(126)**		**(5,365)**	
Actual tax rate		**(0.3%)**		**(9.1%)**

The impact of taxes on income is calculated considering (accrual to)/release from the tax provision for tax disputes. In the financial years ended 28 February 2022 and 28 February 2021, the incidence of taxes on pre-tax income was 0,3% and 9,1% respectively; This item includes the tax benefit arising from the agreement signed with the Revenue Agency for the Patent Box signed on 29 December 2021. The benefit accounted for in the financial year relates to the financial years 2016 to 2020 and derives from the exploitation of the Unieuro brand. The benefit from Patent Box recognised in taxes for the above five years was a total of Euro 3,989 thousand. The method for calculating the facility was subject to the rules with the Agency for the first tax period (2015-2016).

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.

Finally, it should be noted that, as of 28 February 2022, the tax benefits arising from the realignment of goodwill previously accounted for in the Half-Yearly Financial Report ended 31 August 2021 have been adjusted, following the revocation option exercised by Unieuro's Board of Directors pursuant to the Budget Law 2022.

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)	Year ended	
	28 February 2022	28 February 2021
Profit (loss) for the year [A]	44,601	53,550
Number of shares (in thousands) taken into consideration for the purpose of calculating the basic earnings per share [B] (1)	20,421	20,016
Earnings per share (*in Euro*) [A/B]	**2.15**	**2.68**

(1) The average number of shares (in thousands) considered for the purpose of calculating the basic earnings per share was defined using the number of Unieuro S.p.A. shares as at 28 February 2022.

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

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Profit/(loss) for the year/year [A]	44,601	53,550
Average number of shares (in thousands) [B] (1)	20,421	20,016
Effect of the options on shares upon issuance [C] (2)		-
Diluted earnings per share (*in Euro*) [A/(B+C)]	**2.15**	**2.68**

(1) The average number of shares (in thousands) considered for the purpose of calculating the diluted earnings per share was defined using the number of Unieuro S.p.A. shares issued on 12 December 2016.

(2) The effect of the share options on the issue, considered for the purpose of calculating the result for the diluted earnings per share refers to the shares assigned under the share-based payment plan known as the Long Term Incentive Plan which, as required by IFRS 2 can be converted based on the conditions accrued in the respective financial years.

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)	Year ended	
	28 February 2022	28 February 2021
Cash flow from operations		
Consolidated profit/(loss) for the consolidated year	44,601	53,550
Adjustments for:		
Income taxes	126	5,365
Net financial expenses (income)	12,805	13,289
Depreciation, amortisation and write-downs of fixed assets	97,533	91,186
Other changes	1,951	354
Net cash flow from/(used in) operating activities before Changes in net working capital	157,016	163,744
Changes in:		
- Inventories	(89,997)	(2,265)
- Trade receivables	22,326	(14,026)
- Trade payables	76,703	26,333
- Other changes in operating assets and liabilities	6,571	52,039
Cash flow generated/(absorbed) by operating activities	15,603	62,081
Taxes paid	(9,287)	(2,535)
Interest paid	(11,130)	(12,359)
Net cash flow generated/(absorbed) by operating activities	**152,202**	**210,931**

The consolidated net cash flow generated/(absorbed) from operating activities was positive in the amount of Euro 152,202 thousand (positive in the amount of Euro 210,931 thousand in the previous year ended 28 February 2021). The cash performance compared to the previous period is linked to the group's income performance and to the net working capital dynamics that in the last year had been influenced by the consumption trends imposed by the pandemic.

Cash flow generated/(absorbed) by investment activities

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(33,322)	(17,789)

Purchases of intangible assets	(17,071)	(14,644)
Investments for business combinations and business units	(8,509)	(8,418)
Net cash inflow from acquisition		-
Cash flow generated/(absorbed) by investment activities	**(58,902)**	**(40,851)**

The investment activity absorbed liquidity of Euro 58,902 thousand and Euro 40,851 thousand respectively in the financial year ended 28 February 2022 and 28 February 2021 and is mainly attributable to capitalised costs incurred for operations to develop the network of direct stores, to investments in information technology, These include the adoption of electronic labels in a significant and growing number of direct stores, the implementation of the new SAP S/4HANA management system, and the launch of the new e-commerce site resulting from the "Revolution" project.

Capital expenditure for business combinations and branches of business in the amount of Euro 8,509 thousand in the year ended 28 February 2022 (Euro 8,418 thousand in the previous year ended 28 February 2021), refers to the portion paid of the purchase price in the acquisition of ex-Pistone S.p.A., ex-Cerioni, Monclick, Convertino and Limbiate.

Cash flow generated/(absorbed) by financing activities

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Cash flow from investment activities[33]		
Increase/(Decrease) in financial liabilities	(49,845)	6,846
Increase/(Decrease) in other financial liabilities	(2,122)	(1,669)
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(57,320)	(55,907)
Buyback	(12,335)	-
Exercise - Long Term Incentive Plan	4,283	3,304
Distribution of dividends	(53,793)	-
Cash flow generated/(absorbed) by financing activities	**(171,132)**	**(47,426)**

Financing absorbed liquidity of Euro 171,132 thousand in the year ended 28 February 2022 and Euro 47,426 thousand in the year ended 28 February 2021.

The change in cash flow from financing activities at 28 February 2022 reflects the distribution of dividends approved by the Shareholders' Meeting on 15 June 2021 during the year for Euro 53,793 thousand and the execution of the

[33] 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".

program for the purchase of own shares approved by the Shareholders' Meeting on 17 December 2020 for Euro 12,335 thousand.

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 (executives 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 the Company by 31 July 2017 ("IPO");

- Recipients : the Long Term Incentive Plan is addressed to Directors with executive type positions, associates and employees (managers and others) of Unieuro 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 the Company 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 August 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:

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

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

Or 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%;

Or 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 €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 28 February 2022 is as follows:

	Number of options 28 February 2022
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%.

	Number of rights 28 February 2022
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	**-**

It should be noted that on 23 March 2022, the Board of Directors allocated the rights and approved the regulations of the 3rd Cycle, in which it determined the terms and conditions for implementing the Plan. The subscription of the Plan by the recipients of the 3rd Cycle took place in April 2022.

6. RELATED-PARTY TRANSACTIONS

The tables below summarise the Group's credit and debt relations with related parties as at 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Credit and debt relations with related parties (as at 28 February 2022)			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 28 February 2022				
Other current liabilities	(57)	(255)	(215)	**(527)**
Other non-current liabilities	-	-	(172)	**(172)**
Total	**(57)**	**(255)**	**(387)**	**(699)**

(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 28 February 2022 and as at 28 February 2021:

(In thousands of Euro)	Economic relations with related parties (as at 28 February 2022)			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
At 28 February 2022				
Purchases of materials and external services	(128)	(680)	-	**(808)**
Personnel costs	-	-	(3,325)	**(3,325)**
Total	**(128)**	**(680)**	**(3,325)**	**(4,133)**

(In thousands of Euro)	Economic 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					
Purchases of materials and external services	(294)	(95)	(571)	-	**(960)**
Personnel costs	-	-	-	(5,306)	**(5,306)**
Total	**(294)**	**(95)**	**(571)**	**(5,306)**	**(6,266)**

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	
Year ended 28 February 2022	**Year ended 28 February 2021**
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).

Transactions with related parties effective as of 31 August 2021 do not include the company "Pallacanestro Forlì 2015, 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 28 February 2022 and at 28 February 2021:

(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 28 February 2021					
Net cash flow generated/(absorbed) by operating activities	(224)	(99)	(562)	(4,326)	**(5,211)**
Total	**(224)**	**(99)**	**(562)**	**(4,326)**	**(5,211)**
Period from 1 March 2021 to 28 February 2022					
Net cash flow generated/(absorbed) by operating activities	-	(132)	(573)	(6,063)	**(6,768)**
Total	**-**	**(132)**	**(573)**	**(6,063)**	**(6,768)**

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)	Year ended	
	28 February 2022	28 February 2021
Guarantees and sureties in favour of:		
Parties and third-party companies	44,667	44,143
Total	**44,667**	**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.

Please note that the Group benefitted from general measures that could be taken advantage of by all companies and which fall within the general structure of the reference system defined by the State, or general aid linked to the economic support measures taken by the government considering the coronavirus epidemiological emergency within the limits and under the conditions set forth in Communication from the European Commission of 19 March 2020 C(2020) 1863 final temporary framework for State aid measures to support the economy in the current COVID-19 outbreak.

In the year ended 28 February 2022, 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.

Payments to the independent auditor

Payments to the independent auditor and its network for statutory audits and other services as at 28 February 2022 are highlighted below:

Type of service	Entity providing the service	Fees (in thousands of euro)
Audit	KPMG S.p.A.	748
Certification services	KPMG S.p.A.	19
Other services	KPMG Advisory S.p.A.	758
	Total	**1,525**

Significant events after the close of the year

The prospective strengthening of logistics

On 14 April 2022, Unieuro signed an agreement with Vailog, the Italian leader in real estate development, aimed at opening a new logistics hub in Colleferro (Rome) serving Central and South Italy, which will be operational by the end of 2023. Also thanks to the imminent strengthening of the central platform of Piacenza, the Company thus takes a new important step in the evolution of its logistic structure, which will reach at full capacity 200.000 square meters of storage capacity and goods handling, in order to adapt it to a rapidly growing business and to the increasingly high standards of service required by the customer.

Appendix 1

Statement of Assets and Liabilities as at 28/02/2022 prepared applying the provisions pursuant to Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM/6064293 of 28/07/2006.

(In thousands of Euro)	Year ended					
	28 February 2022	Of which with Related-Parties	% Weighting	28 February 2021	Of which with Related-Parties	% Weighting
Plant, machinery, equipment and other assets	79,281			71,526		
Goodwill	196,072			195,238		
Intangible assets with definite useful life	45,661			32,927		
Right-of-use assets	433,339			451,622		
Deferred tax assets	44,606			40,766		
Other non-current assets	17,830			10,082		
Total non-current assets	**816,789**	**-**	**0.0%**	**802,161**	**-**	**0.0%**
Inventories	462,050			372,053		
Trade receivables	42,988			65,314		
Current tax assets	4,206			-		
Other current assets	27,593			19,069		
Cash and cash equivalents	141,534			219,366		
Total current assets	**678,371**	**-**	**0.0%**	**675,802**	**-**	**0.0%**
Total Assets	**1,495,160**	**-**	**0.0%**	**1,477,963**	**-**	**0.0%**
Share capital	4,140			4,053		
Reserves	67,725			75,588		
Profit/(loss) carried forward	66,484	(4,133)	(6.2%)	73,654	(6,266)	(8.5%)
Total shareholders' equity	**138,349**	**(4,133)**	**(3.0%)**	**153,295**	**(6,266)**	**(4.1%)**
Financial liabilities	-			39,068		
Employee benefits	13,126			12,979		
Other financial liabilities	389,501			399,562		
Provisions	13,936			20,752		
Deferred tax liabilities	3,769			3,637		
Other non-current liabilities	519	172	33.1%	26		
Total non-current liabilities	**420,851**	**172**	**0.0%**	**467,024**	**-**	**0.0%**
Financial liabilities	-			9,659		
Other financial liabilities	66,539			68,202		
Trade payables	583,456			505,066		
Current tax liabilities	1,041			3,789		
Provisions	2,167			754		
Other current liabilities	282,757	527	0.2%	261,174	3,404	1.3%
Total current liabilities	**935,960**	**527**	**0.1%**	**848,644**	**3,404**	**0.4%**
Total liabilities and shareholders' equity	**1,495,160**	**(3,434)**	**(0.2%)**	**1,477,963**	**(2,862)**	**(0.2%)**

Appendix 2

Income Statement as at 28/02/2022 prepared applying the provisions pursuant to Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM/6064293 of 28/07/2006.

(In thousands of Euro)	Year ended					
	28 February 2022	Of which with Related-Parties	% Weighting	28 February 2021	Of which with Related-Parties	% Weighting
Revenue	2,949,724			2,685,224		
Other income	1,038			905		
TOTAL REVENUE AND INCOME	**2,950,762**	**-**	**0.0%**	**2,686,129**	**-**	**0.0%**
Purchases of materials and external services	(2,673,301)	(808)	0.0%	(2,342,374)	(960)	0.0%
Personnel costs	(207,173)	(3,325)	1.6%	(175,824)	(5,306)	3.0%
Changes in inventory	89,997			2,264		
Other operating costs and expenses	(5,220)			(6,805)		
GROSS OPERATING RESULT	**155,065**	**(4,133)**	**(2.7%)**	**163,390**	**(6,266)**	**(3.8%)**
Depreciation, amortisation and write-downs of fixed assets	(97,533)			(91,186)		
NET OPERATING RESULT	**57,532**	**(4,133)**	**(7.2%)**	**72,204**	**(6,266)**	**(8.7%)**
Financial income	63			76		
Financial expenses	(12,868)			(13,365)		
PROFIT BEFORE TAX	**44,727**	**(4,133)**	**(9.2%)**	**58,915**	**(6,266)**	**(10.6%)**
Income taxes	(126)			(5,365)		
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**44,601**	**(4,133)**	**(9.3%)**	**53,550**	**(6,266)**	**(11.7%)**

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Appendix 3

Cash Flow Statement as at 28/02/2022 prepared applying the provisions pursuant to Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM/6064293 of 28/07/2006.

(In thousands of Euro)	Year ended					
	28 February 2022	Of which with Related-Parties	% Weighting	28 February 2021	Of which with Related-Parties	% Weighting
Cash flow from operations						
Consolidated profit/(loss) for the consolidated year	44,601	(4,133)	(9.3%)	53,550	(6,266)	(11.7%)
Adjustments for:						
Income taxes	126			5,365		
Net financial expenses (income)	12,805			13,289		
Depreciation, amortisation and write-downs of fixed assets	97,533			91,186		
Other changes	1,951			354		
	157,016	(4,133)	(2.6%)	163,744	(6,266)	(3.8%)
Changes in:						
- Inventories	(89,997)			(2,265)		
- Trade receivables	22,326			(14,026)		
- Trade payables	76,703			26,333		
- Other changes in operating assets and liabilities	6,571	(2,635)	(40.1%)	52,039	1,055	2.0%
Cash flow generated/(absorbed) by operating activities	15,603	(6,768)	(43.4%)	62,081	(5,211)	(8.4%)
Taxes paid	(9,287)			(2,535)		
Interest paid	(11,130)			(12,359)		
Net cash flow generated/(absorbed) by operating activities	**152,202**	**(6,768)**	**(4.4%)**	**210,931**	**(5,211)**	**(2.5%)**
Cash flow from investment activities						
Purchases of plant, machinery, equipment and other assets	(33,322)			(17,789)		
Purchases of intangible assets	(17,071)			(14,463)		
Investments for business combinations and business units	(8,509)			(8,418)		
Cash flow generated/(absorbed) by investment activities	**(58,902)**	**-**	**0.0%**	**(40,581)**	**-**	**0.0%**
Cash flow from investment activities						
Increase/(Decrease) in financial liabilities	(49,845)			6,846		
Increase/(Decrease) in other financial liabilities	(2,122)			(1,669)		
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(57,320)			(55,907)		
Buyback	(12,335))			3,304		
Exercise - Long Term Incentive Plan	4,283					
Distribution of dividends	(53,793)					
Cash flow generated/(absorbed) by financing activities	**(171,132)**			**(47,426)**	**-**	**0.0%**
Net increase/(decrease) in cash and cash equivalents	**(77,832)**	**(6,768)**	**8.7%**	**122,654**	**(5,211)**	**(4.2%)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**219,366**			**96,712**		
Net increase/(decrease) in cash and cash equivalents	**(77,832)**			**122,654**		

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	141,534	219,366

Appendix 4

Income Statement as at 28/02/2022 prepared applying the provisions pursuant to Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM/6064293 of 28/07/2006.

(In thousands of Euro)	Year ended					
	28 February 2022	Of which non-recurring	% Weighting	28 February 2021	Of which non-recurring	% Weighting
Revenue	2,949,724	-		2,685,224		
Other income	1,038	-	0.0%	905		
TOTAL REVENUE AND INCOME	**2,950,762**	**-**	**0.0%**	**2,686,129**		
Purchases of materials and external services	(2,673,301)	(6,402)	0.2%	(2,342,374)	(9,155)	0.4%
Personnel costs	(207,173)	(881)	0.4%	(175,824)	(303)	0.2%
Changes in inventory	89,997	-	0.0%	2,264		
Other operating costs and expenses	(5,220)	412	-7.9%	(6,805)		
GROSS OPERATING RESULT	**155,065**	**(6,871)**	**(4.4%)**	**163,390**	**(9,458)**	**(5.8%)**
Depreciation, amortisation and write-downs of fixed assets	(97,533)	-		(91,186)		
NET OPERATING RESULT	**57,532**	**(6,871)**	**(11.9%)**	**72,204**	**(9,458)**	**(13.1%)**
Financial income	63	-		76		
Financial expenses	(12,868)	-		(13,365)		
PROFIT BEFORE TAX	**44,727**	**(6,871)**	**(15.4%)**	**58,915**	**(9,458)**	**(16.1%)**
Income taxes	(126)	4,615		(5,365)	823	15.1%
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**44,601**	**(2,256)**	**(5.1%)**	**53,550**	**(8,635)**	(16.1%)

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 28 February 2022 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 Group's Financial Reporting 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 implementation of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements in 2022.

It is also certified that the 2022 Consolidated Financial Statements 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.

Milano, 11 May 2022

Giancarlo Nicosanti Monterastelli

Marco Pacini

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(The accompanying translated separate financial statements of Unieuro S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Unieuro S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Unieuro S.p.A. (the "company"), which comprise the statement of financial position as at 28 February 2022, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Unieuro S.p.A. as at 28 February 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Notes to the separate financial statements: note 2.5 - The use of estimates and valuations in the preparation of the separate financial statements; note 2.6.1 - Significant accounting policies; note 5.2 - Goodwill

Key audit matter	Audit procedures addressing the key audit matter
The company's separate financial statements at 28 February 2022 include goodwill of €188.9 million. The directors determine the recoverable amount of goodwill by calculating its value in use. This method, by its very nature, requires a high level of directors' judgement about the forecast operating cash flows during the calculation period, as well as the discount and growth rates of those cash flows. The directors have forecast the operating cash flows used for impairment testing on the basis of the data included in the 28 February 2023 to 28 February 2027 business plan, which was originally approved by the company's board of directors on 10 June 2021 and subsequently updated by it, most recently, on 11 May 2022 (the "plan"), and of the revenue's and related profitability's estimated long-term growth rates. The operating cash flow estimate reflects the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures, which also involved our own specialists, included: — understanding and analysing the process adopted to prepare the impairment tests approved by the company's board of directors on 11 May 2022; — understanding and analysing the process used to draft the plan; — analysing the reasonableness of the main assumptions used by the directors to determine the recoverable amount of goodwill, including the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic. Our analyses included comparing the main assumptions used to the company's historical data and external information, where available; — analysing the valuation models adopted by the company for reasonableness and consistency with professional practice; — checking the sensitivity analyses disclosed in the notes with reference to the main assumptions used for impairment testing, including the weighted average cost of capital, the long-term growth rate and the sensitivity of gross operating profit; — assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Premiums and contributions from suppliers

Notes to the separate financial statements: note 2.5 - The use of estimates and valuations in the preparation of the separate financial statements; note 2.6.1 - Significant accounting policies

Key audit matter	Audit procedures addressing the key audit matter
The company has contracts for the supply of goods which include the receipt of premiums and, in certain circumstances, contributions. These premiums and contributions are recognised either as a percentage of the quantities purchased, or as a fixed figure on the quantities purchased or sold, or as a defined contribution. With reference to those agreements whose term falls after the reporting date, which account for a minor share of the premiums and contributions for the year, their calculation is a complex accounting estimate entailing a high level of judgement as it is affected by many factors. The parameters and information used for the estimate are based on the purchased or sold volumes, also affected by the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic, and valuations that consider historical figures of premiums and contributions actually paid by suppliers. Despite being a minor share of total premiums and contributions for the year, the estimated premiums and contributions may have a significant impact on the company's profit or loss for the year. For the above reasons, we believe that the measurement of premiums and contributions from suppliers is a key audit matter.	Our audit procedures included: — understanding the process adopted to calculate premiums and contributions from suppliers through meetings and discussions with the company's management; — assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls; — checking, on a sample basis, the existence and accuracy of premiums and contributions from suppliers, including through external confirmations; — checking the accuracy of the premium and contribution calculation database, by tracing the amounts to the general ledger and sample-based checks of supporting documentation; — analysing the reasonableness of the assumptions in the estimate, including the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic, through discussions with the relevant internal departments, comparison with historical figures, our knowledge of the company and its operating environment and external information, where available; — assessing the appropriateness of the disclosures provided in the notes about premiums and contributions from suppliers.

Measurement of inventories

Notes to the separate financial statements: note 2.5 - Use of estimates and judgements in the preparation of the separate financial statements; note 2.6.1 - Significant accounting policies; note 5.7 - Inventories

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 28 February 2022 include inventories of €461.6 million, net of the allowance for inventory write-down of €10.9 million. Determining the allowance for goods write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including: — the characteristics of the company's business sector; — the sales' seasonality, with peaks in November and December; — the decreasing price curve due to technological obsolescence of products; — the high number of product codes handled; — the impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic. For the above reasons, we believe that the measurement of inventories is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of inventories and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; — checking the method used to calculate the allowance for inventory write-down by analysing documents and discussions with the relevant internal departments; — checking the mathematical accuracy of the allowance for inventory write-down; — analysing the reasonableness of the main assumptions used to measure the allowance for inventory write-down, including the potential impact of the current macroeconomic and geopolitical scenario, specifically the conflict in Ukraine and the Covid-19 pandemic, through discussions with the relevant internal departments and analysis of age bands and write-down rates applied and comparing the assumptions with historical figures, our knowledge of the company and its operating environment and external information, where available; — comparing the estimated realisable value to the inventories' carrying amount by checking management reports on average sales profits; — assessing the appropriateness of the disclosures provided in the notes about inventories.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 12 December 2016, the shareholders of Unieuro S.p.A. appointed us to perform the statutory audit of its separate financial statements as at and for the years ending from 28 February 2017 to 28 February 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 28 February 2022 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 28 February 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 28 February 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Bologna, 18 May 2022

KPMG S.p.A.

(signed on the original)

Andrea Polpettini
Director of Audit

FINANCIAL STATEMENTS

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BALANCE SHEET AND INCOME STATEMENT

(In thousands of Euro)	Notes	Year ended 28 February 2022	28 February 2021
Plant, machinery, equipment and other assets	5.1	79,267	71,478
Goodwill	5.2	188,873	188,039
Intangible assets with definite useful life	5.3	41,724	28,606
Right-of-use assets	5.4	431,205	451,520
Deferred tax assets	5.5	44,606	40,766
Other non-current assets	5.6	30,381	22,633
Total non-current assets		**816,056**	**803,042**
Inventories	5.7	461,624	371,390
Trade receivables	5.8	58,545	75,287
Current tax assets	5.9	4,177	-
Other current assets	5.6	27,500	18,804
Cash and cash equivalents	5.10	125,728	203,873
Total current assets		**677,574**	**669,354**
Total assets		**1,493,630**	**1,472,396**
Share capital	5.11	4,140	4,053
Reserves	5.11	67,998	75,540
Profit/(loss) carried forward	5.11	67,001	72,901
Total shareholders' equity		**139,139**	**152,494**
Financial liabilities	5.12	-	39,068
Employee benefits	5.13	12,683	12,570
Other financial liabilities	5.14	387,357	399,558
Provisions	5.15	13,936	20,527
Deferred tax liabilities	5.5	2,764	2,475
Other non-current liabilities	5.16	519	26
Total non-current liabilities		**417,259**	**474,224**
Financial liabilities	5.12	-	9,659
Other financial liabilities	5.14	66,485	68,119
Trade payables	5.17	584,553	503,166
Current tax liabilities	5.9	1,041	3,803
Provisions	5.15	2,048	747
Other current liabilities	5.16	283,105	260,184
Total current liabilities		**937,232**	**845,678**
Total liabilities and shareholders' equity		**1,493,630**	**1,472,396**

The notes are an integral part of these annual financial statements.

INCOME STATEMENT

(In thousands of Euro)		Year ended	
	Notes	28 February 2022	28 February 2021
Revenue	5.18	2,928,472	2,659,283
Other income	5.19	1,699	1,610
TOTAL REVENUE AND INCOME		**2,930,171**	**2,660,893**
Purchases of materials and external services	5.20	(2,654,084)	(2,318,786)
Personnel costs	5.21	(205,222)	(173,865)
Changes in inventory	5.7	90,234	2,053
Other operating costs and expenses	5.22	(4,847)	(6,728)
GROSS OPERATING RESULT		**156,252**	**163,567**
Amortisation, depreciation and write-downs	5.23	(96,699)	(90,198)
NET OPERATING RESULT		**59,553**	**73,369**
Financial income	5.24	63	74
Financial expenses	5.24	(12,865)	(13,367)
PROFIT BEFORE TAX		**46,751**	**60,076**
Income taxes	5.25	(549)	(5,645)
PROFIT/(LOSS) FOR THE YEAR		**46,202**	**54,431**
Basic earnings per share (in Euro) [34]	5.26	2.26	2.68
Diluted earnings per share (in Euro) [34]	5.26	2.26	2.68

The notes are an integral part of these annual financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euro)		Year ended	
	Notes	28 February 2022	28 February 2021
PROFIT/(LOSS) FOR THE YEAR		**46,202**	**54,431**
Other components of comprehensive income that are or could be restated under profit/(loss) for the year:			
Gain/(losses) on cash flow hedges	5.14	175	290
Income taxes		(42)	(70)
Total other components of comprehensive income that are or could be restated under profit/(loss) for the year	5.11	**132**	**220**
Other components of comprehensive income that will not subsequently be restated under profit/(loss) for the year:			
Actuarial gains (losses) on defined benefit plans	5.13	284	(418)
Income taxes		(78)	116
Total other components of comprehensive income that will not subsequently be restated under profit/(loss) for the year:	5.11	**206**	**(302)**
Total other components of comprehensive income		**338**	**(82)**
Total statement of comprehensive income for the year		**46,540**	**54,349**

The notes are an integral part of these annual financial statements.

[34] The Base Result and diluted per share was computed with reference to the Profit/(Loss) for the year.

CASH FLOW STATEMENT

(In thousands of Euro)		Year ended	
	Notes	28 February 2022	28 February 2021
Cash flow from operations			
Profit/(loss) for the year	5.11	46,202	54,431
Adjustments for:			
Income taxes	5.25	549	5,645
Net financial expenses (income)	5.24	12,802	13,293
Depreciation, amortisation and write-downs of fixed assets	5.23	96,699	90,198
Other changes		1,951	354
Net cash flow from/(used in) operating activities before Changes in net working capital		158,203	163,921
Changes in:			
- Inventories	5.7	(90,234)	(2,053)
- Trade receivables	5.8	16,742	13,886
- Trade payables	5.17	79,700	23,757
- Other changes in operating assets and liabilities	5.6-5.15-5.16	7,556	23,953
Cash flow generated/(absorbed) by operating activities		13,764	59,543
Taxes paid	5.25	(9,287)	(2,535)
Interest paid	5.24	(11,127)	(12,363)
Net cash flow generated/(absorbed) by operating activities	**5.27**	**151,553**	**208,566**
Cash flow from investment activities			
Purchases of plant, machinery, equipment and other assets	5.1	(33,328)	(17,782)
Purchases of intangible assets	5.3	(16,836)	(14,477)
Investments for business combinations and business units	5.6	(8,509)	(8,417)
Cash flow generated/(absorbed) by investment activities	**5.27**	**(58,673)**	**(40,677)**
Cash flow from investment activities			
Increase/(Decrease) in financial liabilities	5.12	(49,845)	6,846
Increase/(Decrease) in other financial liabilities	5.14	(2,037)	1,366
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	5.14	(57,299)	(55,723)
Buyback	5.11	(12,335)	-
Exercise - Long Term Incentive Plan	5.13	4,283	3,304
Distribution of dividends	5.11	(53,793)	-
Cash flow generated/(absorbed) by financing activities	**5.27**	**(171,025)**	**(44,207)**
Net increase/(decrease) in cash and cash equivalents		**(78,145)**	**123,682**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**203,873**	**80,191**
Net increase/(decrease) in cash and cash equivalents		**(78,145)**	**123,682**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**125,728**	**203,873**

The notes are an integral part of these annual financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(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
Balance as at 29 February 2020	**5.11**	**4,000**	**800**	**6,769**	**(352)**	**(1,496)**	**5,727**	**26,944**	**60,831**	**103,223**
Carini Retail merger						(113)	-	-	(8,622)	(8,735)
Adjusted balance as at 1 March 2020		**4,000**	**800**	**6,769**	**(352)**	**(1,609)**	**5,727**	**26,944**	**52,209**	**94,488**
Profit/(loss) for the year		-	-	-	-	-	-	-	54,431	54,431
Other components of comprehensive income		-	-	-	220	(302)	-			(82)
Total statement of comprehensive income for the year		**-**	**-**	**-**	**220**	**(302)**	**-**	**-**	**54,431**	**54,349**
Allocation of prior year result		-	-	35,750	-	-	-	-	(35,750)	-
Share-based payment settled with equity instruments		53	-	-	-	-	(1,658)	3,251	2,011	3,657
Total transactions with shareholders		**53**	**-**	**35,750**	**-**	**-**	**(1,658)**	**3,251**	**(33,739)**	**3,657**
Balance as at 28 February 2021	**5.11**	**4,053**	**800**	**42,519**	**(132)**	**(1,911)**	**4,069**	**30,195**	**72,901**	**152,494**
Profit/(Loss) for the Year		-	-	-	-	-	-	-	46,202	46,202
Other components of comprehensive income		-	-	-	132	206	-	-	-	338
Total statement of comprehensive income for the year		**-**	**-**	**-**	**132**	**206**	**-**	**-**	**46,202**	**46,540**
Allocation of prior year result		-	11	627	-	-	-	-	(638)	-
Distribution of Dividends		-	-	-	-	-	-	-	(53,793)	(53,793)
Purchase of own shares		-	-	-	-	-	-	(12,335)	-	(12,335)
Share-based payment settled with equity instruments		87	-	-	-	-	(382)	4,197	2,329	6,231
Total transactions with shareholders		**87**	**11**	**627**	**-**	**-**	**(382)**	**(8,136)**	**(52,102)**	**(59,897)**
Balance as at 28 February 2022	**5.11**	**4,140**	**811**	**43,146**	**-**	**(1,705)**	**3,687**	**22,059**	**67,001**	**139,139**

The notes are an integral part of these annual financial statements.

NOTES

1. INTRODUCTION

Unieuro S.p.A. (hereinafter also referred to as the "**Company**" or "**Unieuro**"), is a company under Italian law with its registered office in Forlì, 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'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 the Company is in all respects a public company. At the date of this Report, the Unieuro free float amounted to roughly 80% of the Company's share capital. Below is the percentage of ordinary shares of Unieuro held, at the date of this report, either directly or indirectly by shareholders or by entities placed at the top of the participatory chain which have declared the exceeding of a relevant threshold of participation pursuant to art. 120 of the Consolidated Finance and Consob Issuers Regulations; this percentage is updated on the basis of the information available to the Company:

DICHIARANTE	AZIONISTA DIRETTO	N. AZIONI ORDINARIE	QUOTA % SU CAPITALE ORDINARIO	QUOTA % SU CAPITALE VOTANTE
Iliad S.A.	• Iliad Holding S.p.A. • Iliad S.A.	2.520.374	12,18%	12,18%
Amundi Asset Management	Amundi SGRpa	1.697.136	8,20%	8,20%
Mediolanum Gestione Fondi SGR p.A.	Mediolanum Gestione Fondi SGR p.A.	882.954	4,27%	4,27%
Giuseppe Silvestrini	• Victor S.r.l. • Giuseppe Silvestrini	860.434	4,24%	4,24%
JPMorgan Asset Management Holdings Inc.	JPMorgan Asset Management (UK) Limited	757.704	3,66%	3,66%

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

Below are the preparation criteria, the main accounting principles and valuation criteria adopted for the drafting of the separate financial statements for the year of the company Unieuro S.p.A. (the "Separate Financial Statements"). These principles and criteria were applied consistently to all the years presented within this document.

2.1 Basis of preparation of the financial statements

The Separate Financial Statements for the year comprised the statement of financial position and income statement, the statement of comprehensive income, a statement of cash flows and the statement of changes in equity for the years ended 28 February 2022 and 28 February 2021, accompanied by the relative notes, taking into account what is specified in Note 2.6.1 "Significant Accounting Standards."

2.2 Preparation criteria for the financial statements

The Financial Statements have been prepared on a going concern basis, as the directors have verified that there are no financial, management or other indicators that could indicate critical issues concerning the Company's ability to meet its obligations in the foreseeable future and, in particular, in the next 12 months. For more details on the impact of the Covid-19 pandemic and the impact of the War in Ukraine, please refer to section 12.

The Financial Statements were drafted on the basis of the historical cost criteria, except for the derivative financial instruments which were measured at their fair value.

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

The major shareholders of the Company as at 28 February 2022 are listed in the Introduction.

The Separate Financial Statements are presented in Euro, which is the Company's functional currency. 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 Financial Statements as at 28 February 2022, approved by the Company's Board of Directors on 11 May 2022 and audited.

2.3 Statement of compliance with IFRS

The Financial Statements for the year 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 year during which the company first adopted the International Accounting standards (IAS/IFRS) was the year ended 28 February 2007.

Furthermore, the annual Financial Statements were prepared in compliance with the provisions adopted by Consob for financial statements in application of article 9 of Legislative Decree 38/2005 and other rules and provisions issued by Consob regarding financial statements. In particular, it is hereby noted that with regard to Consob resolution 15519 of 27 July 2006 and Communication no. DEM6064293 of 28 July 2006 regarding financial statements, specific schedules have been added to the income, balance sheet and cash flow statements indicating significant relations with related parties and specific income statement schedules indicating, for each item, the non-recurring component.

2.4 Financial statement schedules

In addition to these notes, the financial statements consist of the following schedules:

a) **Statement of financial position:** the company's equity and income is shown by distinctly presenting current and non-current assets and current and non-current liabilities with a description in the notes for each asset and liability items of the amounts that are expected to be recovered or settled within or later than 12 months from the balance sheet date.

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

d) **Cash flow statement:** the cash flow statement 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) **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 annual Financial Statements are shown in comparative form.

2.5 The use of estimates and valuations in the preparation of the financial statements

In application of the IFRS, the preparation of the financial statements requires the usage of estimates and assumptions that have an effect on the values of the statement of financial position assets and liabilities and the information regarding the contingent assets and liabilities at the date of reference. Management uses estimates to make provisions for credit risks and the provision for risks, 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 and interests 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.

Following is a summary of the critical valuation processes and the key assumptions used by the company in applying the IFRS, which can have significant effects on the values recognised in the financial statements and for which there is a risk that differences of a significant amount could arise compared to the book value of the assets and liabilities in the future.

Recoverable value of non-current assets

Non-current assets include property, plant, machinery, equipment and other assets, goodwill, software and trademarks, equity investments and other non-current assets. The Company periodically reviews the book value of non-current assets held and used and the book value of assets that are held for sale, when the facts and circumstances require this review. In the case of goodwill, this analysis is conducted once per year and whenever facts and circumstances indicate a possibility of impairment. Analysis whether the book value of a non-current asset is recoverable is generally carried out using expected cash flow estimates from the sale or use of the asset and adequate discount rates for calculation of its current value. When the book value of a non-current asset has become impaired, the Company writes down the excess of the book value of the asset and its recoverable value through usage or sale thereof, determined with reference to the cash flows used for the recent business plans.

The estimates and assumptions used as part of this analysis, in particular in performing the impairment tests on interests and goodwill, reflect the status of the company's knowledge regarding the business developments and take into account provisions that are considered to be a reasonable insofar as the future developments on the market and in the sector, but they are nevertheless still subject to a high degree of uncertainty.

Recoverability of deferred tax assets

The Company recognises deferred tax assets up to the value which it considers to be probable that it will recover. Where necessary, the Company makes adjustments to reduce the value of a deferred tax asset down to the value that it considers probable to recover. In assessing the recoverability of deferred tax assets, budget results and provisions for subsequent years are used coherently with those used for the impairment testing which are described in the previous paragraph relative to the recoverable value of non-current assets.

Bad debt provision

The provision for bad debts reflects management estimates regarding losses from the trade receivables portfolio. The provision for bad debts is based on losses expected by management, determined depending on past experience for similar receivables, current and historical past due amounts, losses and collections, careful monitoring of credit quality and projections regarding the economic and market conditions.

Obsolescence Provision

The inventory bad debt provision reflects management estimates regarding the expected impairment of the assets, determined based on past experience and historical performance and expected performance of the market, including following specific actions by the Company. This estimate makes it possible to bring the value of the inventories to the lower of the cost and the presumably realizable value.

Contract asset related to the sale of warranty extension services

The extension of a product warranty over and above the warranty required of the manufacturer by the law is among the services that Unieuro offers to its customers. This service is sold directly in the sales outlets by recognising an additional amount to that of the product sold. Sales reps are awarded an incentive for each additional sale of extended warranty services.

When warranty services are sold, Unieuro recognises an asset equal to the value of bonuses paid to employees, then recognises this asset as cost throughout the time that the services are being provided. The release of this asset as a cost is determined on the basis of the estimated interventions for repairs under warranty in line with the reversal of the contract liability relating to the sale of warranty extension services.

Trade payables

The Company has contracts for the supply of goods which include receipt of premiums and, in certain circumstances, contributions classified in trade payables. These premiums and contributions are recognised either as a percentage of the quantities purchased, or as a fixed figure on the quantities purchased or sold, or as a defined contribution. Especially with reference to those agreements whose term falls after the reporting date, which account for a minor share of the premiums and contributions for the year, their calculation is a complex accounting estimate entailing a high level of judgement as it is affected by many factors. The parameters and information used for the estimate are based on the purchased or sold volumes and valuations that consider historical figures of premiums and contributions actually paid by suppliers.

Contract liability related to the sale of warranty extension services

The extension of a product warranty over and above the warranty required of the manufacturer by the law is among the services that Unieuro offers to its customers. This service is offered by Unieuro and its affiliates and it is sold directly at the points of sale against an additional amount over and above the sales price.

The warranty extension compared to the legal requirement can be in timing (more years covered) and/or the risks covered (e.g., product damage) depending on the product category sold.

When warranty services are sold, Unieuro recognises a liability equal to the sales value of this service, and then recognises it as revenue throughout the time that the services are being provided. The recognition of this liability as revenue is determined based on the interventions that have been estimated for repairs that are covered by the guarantee. The interventions for repairs that are under guarantee are estimated based on historical information regarding the nature, frequency and costs of the interventions under guarantee, duly interpolated to stimulate future curves of such events occurring.

Lease liabilities and right-of-use assets

The Company recognises the right-of-use asset and the lease liability. The right-of-use asset is initially valued at cost, and subsequently at cost, net of amortisation and cumulative impairment losses, and adjusted to reflect the revaluations of the lease liability.

The Company evaluates the lease liability at the present value of the payments due for unpaid leases at the effective date.

The lease liability is subsequently increased by the interest accruing on said liability and decreased by the payments due for the lease made and is revalued in the event of a change in future payments due for the lease deriving from a change in the index or rate, or when the Company changes its valuation with reference to the exercise or otherwise of an extension or termination.

Lease contracts in which the Company acts as lessee may provide for renewal options with effects, therefore, on the duration of the contract. Valuations on the existence of a relative certainty that this option is (or not) exercised can influence, even significantly, the amount of lease liabilities and right-of-use assets.

The Company classifies sub-leases in which it acts as a lessor, as financial leases.

Defined benefit plans and other post-employment benefits

The Company provides a defined benefit plan to its employees (employees severance indemnity).

For the employee benefits, the costs and net financial expenses are measured using actuarial methods requiring the use of estimates and assumptions for determination of the net value of an obligation. The actuarial method considers parameters of a financial nature such as, for example, the discount rate, rates of growth of remuneration and considers the probability of potential future events occurring through the use of parameters of a demographic nature such as for example the rates relative to mortality and resignations or retirement of employees. In particular, the discount rates used as a reference are rates or rate curves for corporate bonds with a high credit rating in their respective markets of reference. The changes in each of these parameters could affect the amount of the liability.

Provisions

The Company creates a provision for disputes and legal proceedings under way when it is considered probable that there will be a financial outlay and when the amount of the relative expenses can be reasonably estimated. If the amount of the financial outlay cannot be reasonably estimated or the probability of such a financial outlay becomes possible, no provision is established and the fact is indicated in the notes.

During the normal course of business, the Company monitors the status of the disputes which are ongoing and consults with its own legal and tax advisors. It is therefore possible that the value of the provisions for the disputes and lawsuits involving the Company may change as a result of future developments in the proceedings that are ongoing.

Share based payment plan settled with equity instruments

Long-Term Incentive Plan

The theories underlying the calculation were (i) volatility, (ii) risk rate (equal to the return on Eurozone zero-coupon bond securities maturing close to the date the options will be exercised), (iii) the exercise deadline equal to the period between the grant date and the exercise date of the option and (iv) the amount of expected dividends. Lastly, in line with the provisions of IFRS 2, the probability of the recipients leaving the plan and the probability of achieving the performance targets were taken into account. For more details, please see Note 5.28.

Performance shares 2020-2025

The fair value measurement is recorded according to an actuarial method. 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, the probability of Recipients leaving and the probability of achieving performance targets of 100%. For more details, please see Note 5.28.

Hedging derivatives

The fair value of derivative instruments is determined based on the values observed on regulated markets or prices provided by financial counterparties. If the values and the sources mentioned are not available, the estimate is made using valuation models that take into account the objective valuations such as for example estimates of cash flows and expected volatility of prices.

2.6 Significant Accounting standards

The accounting policies and accounting policies adopted for the preparation of this financial statements were the same as those applied for the preparation of Unieuro's financial statements for the financial year ended 28 February 2021.

It should be noted that, on 28 May 2020, the IASB issued amendments to IFRS 16 "Leases Covid 19-Related Rent Concessions", introducing a practical expedient in the chapter "Lease Modifications" that allows the lessee not to consider any concessions on lease payments received after 1 January 2020 and resulting from the effects of Covid-19 as a modification of 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.

2.6.1 Significant accounting standards

Business combinations and goodwill

Business combinations are recognised using the acquisition method. As at the date the control is acquired, this requires recognition of their value of identifiable assets (including intangible fixed assets which had previously not been recognized) and identifiable liabilities (including contingent liabilities but not including future restructuring) of the acquired company.

Every contingent consideration is recognized by the Company at the fair value as at the acquisition date. Fair value gains and losses of the contingent consideration classified as assets or liabilities are recognized in profit or loss as required by IFRS 9. If the contingent liability is classified in shareholders' equity, its initial value will never be subsequently re-determined.

Goodwill arising from a business combination is initially measured at cost which is the amount by which the fair value of the consideration paid exceeds the Company's portion of the net fair value of the assets, liabilities and contingent liabilities of the acquired company. Goodwill from a business combination is allocated, as at the acquisition date, to the individual cash generating units of the Company or groups of cash generating units that would benefit from the synergies of the combination, regardless whether other assets or liabilities of the Company have been assigned to these units or groups of units. Every unit or group of units to which goodwill is allocated:

- represents the smallest level within the company at which goodwill is monitored for internal operating purposes;

- is not larger than the operating segments that have been identified.

When goodwill constitutes a part of a cash generating unit and a part of that internal asset and unit is sold, the goodwill associated with the sold asset is included in the book value of the asset for determination of the profit or the loss from the sale. The goodwill disposed of in those circumstances is measured based on the relative values of the activity disposed of and the portion of the units retained.

Any profits from the purchase of a company at favourable prices are immediately recognised in the income statement, while costs related to the combination, other than those which refer to the issue of bonds or equity instruments, are recognised as expenses in the profit/(loss) of the year in which they are incurred.

After initial recognition, goodwill is not amortised and it is decreased by any impairment losses, which are measured using the procedures described in the paragraph "Impairment losses of non-financial assets".

Transactions under common control are recognized at their carrying amount, i.e., without recognising a gain, pursuant to the IFRS and the guidance of OPI 1 (Assirevi's preliminary considerations about the IFRS) about the accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements. According to these guidelines, in the event of business combinations in which the acquired company is controlled by the same entity, whether before or after the acquisition, the net assets must be recognised at their book value recorded in the books of the acquired company prior to the operation. When the transfer values are higher than the historical values, the excess must be eliminated by adjusting the acquiring company's shareholders equity downwards.

Hierarchical levels of fair value measurement

Various accounting standards and several disclosure obligations require measurement of the fair value of assets and liabilities whether financial or non-financial. The fair value is the price that could be secured for the sale of an asset or which could be paid for the transfer of a liability in an arm's length transaction on the measurement date. To increase comparability of the data and the fair value measurements, the standard establishes a hierarchy identified in three different levels which reflects the significance of the inputs used in measuring the fair value. The levels identified are the following:

- Level 1: the inputs consist of listed prices (not amended) in active markets for identical assets or liabilities which the company can access on the measurement date. A listed price on an active market which is liquid is the most reliable proof for the fair value measurement, and if the market for the asset/liability is not unique it is necessary to identify the most beneficial market for the instrument;

- - Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or the liability has a specific duration, a level 2 input must be observable for the entire duration of the asset or the liability. Some examples of instruments which fall within the second hierarchical level are the following: assets or liabilities in markets which are not active or interest rates and yield curves which are observable at intervals that are commonly listed;

- - Level 3: unobservable inputs for the asset or liability. The non-observable inputs shall be used only if the inputs of level 1 and 2 are not available. Notwithstanding this, the purpose remains the same, that is to determine a closing price on the valuation date, therefore reflecting the assumptions that the market operators would use in determining the price of the asset or the liability, including the assumptions related to the risk.

Plant, machinery, equipment and other assets (tangible fixed assets)

Recognition and measurement

The tangible fixed assets are measured at cost of acquisition including the directly imputable ancillary expenses net of the depreciation and losses due to accumulated impairment.

Any financial expenses incurred for the acquisition or construction of capitalised assets for which a specific period of time is normally required in order to render the asset ready for usage or sale, are capitalised and amortised throughout the life of the asset class they refer to. All other financial expenses are recognised in the income statements during the year they refer to.

If a tangible fixed asset is composed of various components with differing useful lives, these components are recognised separately (if they are significant components).

The profit or the loss generated by the sale of property, plant, machinery, equipment and other assets is measured as the difference between the net consideration of the sale and the net residual value of the asset, and it is recognised in the income statement during the year in which the elimination takes place.

Subsequent costs

The costs incurred subsequently to the purges of the assets and the replacement cost of certain parts of the assets recognised in this category are added to the book value of the element they refer to and they are capitalised only if they increase the future economic benefits of the asset itself. All other costs are recognised in the income statement once incurred.

When the replacement cost of certain parts of the asset is capitalised, the net book value of the replaced parts is allocated to the income statement. The extraordinary maintenance expenses which increase the useful life of the tangible fixed assets are capitalised and amortised on the basis of the residual possibility of use of that asset. The costs for ordinary maintenance are recognised in the income statement in the year in which they are incurred.

Assets under construction are recognised at cost under assets under construction for as long as their construction is not available for use; when they become available for use, the cost is classified in the relative item and depreciated.

Depreciation

The depreciation period begins from the time the asset becomes available for use and ends on the earliest of the date on which the asset is classified as held for sale, pursuant to IFRS 5, and the date on which the asset is eliminated from the books. Any changes to the depreciation schedule are applied prospectively.

The value to be depreciated is the book value minus the presumable net sales value at the end of the asset's useful life, if it is significant and can be reliably measured.

The depreciation rates are determined according to economic - technical rates in relation to the estimated useful life of the individual assets established pursuant to the company plans for usage which also consider the physical and technological wear and take into account the presumable realizable value estimated net of costs for scrapping the asset. When the tangible asset consists of several significant components with different useful lives, each component is appreciated separately. When events occur that indicate possible impairment of tangible fixed assets, or when there are significant reductions in the market value of these assets, significant technological changes or significant obsolescence, the net book value, regardless of the depreciation that has already been recognised, is subject to verification based on an estimate of the current value of future cash flows and eventually adjusted. Subsequently if such conditions do not come to pass, the impairment will be written down to the book value that would have existed (net of depreciation) if the impairment of the asset had never been recognised.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life using the following rates:

Category	% used
Plant and machinery	15%
Fixtures and fittings, tools and other equipment	10%-15%
Electronic machinery	20%
Furniture	15%
Office fixtures and fittings and machinery	12%
Automobiles	25%
Mobile phones	20%
Leasehold improvements	throughout the duration of the contract
Other assets	15%-20%

Intangible assets with definite useful life

Initial recognition and measurement

The intangible fixed assets acquired separately are initially capitalized at cost while those that are acquired through business combinations are capitalized at fair value on their acquisition date. After initial recognition the intangible fixed assets are recognised at cost, net of amortization and any accumulated impairment.

Subsequent costs

Costs incurred subsequently to purchase are capitalised only when the expected future economic benefits which are attributable to the asset they refer to are increased. All other subsequent costs are recognised in the income statement once incurred.

Depreciation

Intangible fixed assets are amortized based on their useful life and they are tested for impairment whenever there are indications of a possible loss in their value. The period and method of amortization applied to them are re-examined at the end of each financial year or more frequently if necessary. Any changes to the depreciation schedule are applied prospectively.

The profits or the losses from elimination of an intangible fixed asset are measured from the difference between the net revenue from the sale and the book value of the intangible asset, and they are recognised in profit and loss in the year during which the elimination takes place.

It is recognized in profit or loss when the asset is derecognized. Amortization is calculated on a straight-line basis over the asset's estimated useful life using the following rates:

Category	% used
Software	20%
Software- ERP	10%
Entry rights	Based on the duration of the lease beginning from the date that the shop opens
Brands	5-10%

Leased assets

The right-of-use asset is initially valued at cost, including the amount of the initial valuation of the lease liability, adjusted for the payments due for the lease made on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs that the lessee will have to incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site where it is located, net of lease incentives received.

The right-of-use asset is subsequently amortised on a straight-line basis from the effective date to the end of the lease term. Furthermore, the asset for the right of use is regularly reduced by any impairment losses and adjusted to reflect any changes deriving from subsequent valuations of the lease liability.

At the effective date of the lease, the Company recognises lease liabilities by measuring them at the present value of the payments due for the lease not yet paid at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate, and amounts that are expected to be paid as residual value guarantees. The lease payments also include the exercise price of a purchase option if it is reasonably certain that this option will be exercised by the Company and the lease termination penalty payments, if the lease term takes into account the exercise by the Company of the termination option of the lease. Variable lease payments that are not dependent on an index or rate are recognised as costs in the period in which the event or condition that generated the payment occurs.

In calculating the present value of the payments due, the Company uses the marginal borrowing rate. After the effective date, the amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect payments made. Furthermore, the carrying amount of lease payables is restated in the event of any changes to the lease or the revision of the contractual terms for the modification of payments; it is also restated in the presence of changes in future payments resulting from a change in the index or rate used to determine such payments.

The Company applies the exemption for the recognition of leases relating to assets of modest value and to contracts with a duration of 12 months or less.

The Company, in its capacity as intermediate lessor in a sub-lease agreement, classifies the sub-lease as financial with reference to the assets consisting in the right of use deriving from the main lease.

The Company adopted the amendment to IFRS 16 Leases Covid-19-Related Rent Concessions, which allows lessees not to consider as an amendment to the original contract any rent concessions provided from 1 January 2020 extended to offset the effects of Covid-19. On the basis of these changes, the above-mentioned concessions were accounted for as positive variable rents without requiring a contractual amendment.

Financial assets

Unieuro determines the classification of its financial assets on the basis of the business model adopted to manage them and the characteristics of the related cash flows and, where appropriate and permitted, reviews this classification at the end of each year.

a) Financial assets measured at amortised cost

Financial assets for which the following requirements are met are classified in this category:

(i) the asset is held as part of a business model the objective of which is to own the asset aimed at collecting contractual cash flows; and

(ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These are mainly receivables from customers, loans and other receivables.

Trade receivables that do not contain a significant financial component are recognised at the price defined for the related transaction (determined according to the provisions of IFRS 15 Revenue from contracts with customers).

Other receivables and loans are initially recognised in the financial statements at their fair value increased by any accessory costs directly attributable to the transactions that generated them.

Assigned receivables are derecognised if the assignment provides for the total transfer of the connected risks and benefits (contractual rights to receive the flows from a financial asset). The difference between the carrying amount of the asset sold and the consideration received is recognised as financial components of income.

In the subsequent measurement, financial assets at amortised cost, with the exception of receivables that do not contain a significant financial component, use the effective interest rate. The effects of this measurement are recognised as financial components of income.

With reference to the impairment model, Unieuro evaluates receivables by adopting an expected loss logic.

For trade receivables, Unieuro adopts a simplified approach to valuation that does not require the recognition of periodic changes in credit risk, but rather the accounting of an Expected Credit Loss (ECL) calculated over the entire life of the credit (lifetime ECL). In particular, trade receivables are fully written down in the absence of a reasonable expectation of recovery (e.g. bankruptcy situations).

Write-downs made pursuant to IFRS 9 are recognised in the consolidated income statement net of any positive effects associated with releases or write-backs of value and are represented under operating costs.

b) Financial assets at fair value with balancing entry in the comprehensive income statement (FVOCI)

Financial assets for which the following requirements are met are classified in this category:

(i) the asset is held as part of a business model the objective of which is achieved both through the collection of contractual cash flows and through the sale of the asset;

(ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These assets are initially recognised in the financial statements at their fair value increased by any accessory costs directly attributable to the transactions that generated them. In the subsequent measurement, the valuation made at the time of recognition is updated and any changes in fair value are recognised in the comprehensive income statement.

With reference to the impairment model, as described in point a) above is followed.

c) Financial assets at fair value with balancing entry in the consolidated income statement (FVPL)

Financial assets that are not classified in any of the previous categories (i.e. residual category) are classified in this category. These are mainly derivative instruments.

The assets belonging to this category are recognised at fair value at the time of their initial recognition.

The ancillary costs incurred when recording the asset are immediately recognised in the income statement.

In the subsequent measurement, FVPL financial assets are measured at fair value.

Gains and losses deriving from changes in fair value are accounted for in the consolidated income statement in the period in which they are recognised.

Purchases and sales of financial assets are accounted for at the settlement date.

Financial assets are removed from the financial statements when the related contractual rights expire, or when Unieuro transfers all the risks and benefits of ownership of the financial asset.

Equity investments in subsidiary companies

Equity investments in subsidiary companies (not classified as held for sale) are classified under the item “other non-current assets” and they are recorded at cost, adjusted for losses in value.

The positive differences that emerge during the acquisition of equity investments between the price and the corresponding shares of shareholders' equity are maintained in the carrying amount of the actual equity investments. The purchase or sale values of equity investments, business units or corporate assets under joint control are reported in line with the historical carrying amounts of the cost without recording capital gains or capital losses.

If there are indications that the equity investments may have suffered a reduction in value, they are subjected to impairments tests and written down if necessary. For the impairment loss to be debited to the income statement there must be objective evidence that events have occurred which have an impact on the future estimated cash flows of the actual equity investments. Any losses exceeding the carrying amount of the equity investments that may emerge in the presence of legal or implicit obligations for hedging the losses of the investee companies are recorded under provision for risks and charges. The original value is restored in subsequent years if the reasons for the impairment no longer exist.

The related dividends are recorded under financial income from equity investments at the time the right to obtaining them is established, which usually coincides with the shareholders' meeting resolution.

Business combination under common control

The business combination under common control falls within the scope of those which OPI 2 revised defines as “mergers characterised as restructuring”, mergers in which one or more subsidiaries are merged into the parent company. Given the elements characterising parent-subsidiary mergers by incorporation (absence of economic exchange with third parties and continuation of control over the acquired entity), these transactions cannot be considered business combinations. Therefore, they are not subject to the application of IFRS 3. These transactions are by their nature lacking in significant influence on the cash flows of the companies merged. The merger is accounted for on a going concern basis.

Inventories

The inventories are measured at the lower of the cost and net realizable value. The cost of inventories includes all costs required to bring the inventories to their current location and status. This includes in particular the purchase price net of premiums attributable to products and other costs which are directly attributable to the purchase of the merchandise. Commercial discounts, returns and other similar items are deducted when determining the acquisition cost. The method used for the cost of inventories is the average weighted cost method.

The value of the obsolete and slow moving inventories is written down in relation to the possibility of use or realization, through Inventory bad debt provision.

Cash and cash equivalents

The cash and cash equivalents include cash on hand and sight and short term deposits of no more than three months. For the purpose of the cash flow, the cash and cash equivalents are represented as cash on hand as defined above, net of bank overdrafts.

Financial liabilities

The financial liabilities are initially recognized at the fair value of the consideration received net of the transaction costs that are directly attributable to the loan itself. After initial recognition, the financial liabilities are measured using the amortised cost criteria, applying the effective interest rate method. Amortization at the effective interest rate method is included among financial liabilities in the income statement.

If there is a change in expected cash flows, the value of the liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal rate of return determined initially.

Liabilities arising from employee benefits

Post-employment benefits may be offered to employees through defined contribution plans and/or defined benefit plans. These benefits are based on the remuneration and the years of service of the employees.

Defined contribution plans are post-employment benefit plans based on which the company and sometimes its employees pay contributions of a specific amount into a distinct entity (a fund) and the Company does not and will not have a legal or implicit obligation to pay additional contributions if the fund does not have assets that are sufficient to cover the obligations to the employees.

The defined benefit plans are plans for benefits after the end of the employment relationship, which differ from defined contribution plans. Defined benefit plans can be financed either completely or partially by contributions paid by the company, and sometimes by its employees, to a company or a fund, which is legally distinct from the company that provides the benefits to the employees.

The amount which accrues is projected into the future to estimate the amount payable upon termination of the employment relationship and subsequently discounted to take into account the time that has passed prior to the actual payment.

The adjustments to the liabilities regarding employee benefits are determined on the basis of actuarial assumptions, which are based on demographic and financial assumptions and recognised on an accrual basis concurrently with the employment services required in order to obtain the benefit. The amount of the rights accrued during the year by the employees and the portion of the interests on the accrued amount at the beginning of the period and the corresponding movements referring to the same period observed is allocated to the income statement under the item "Personnel expenses" while the financial expense arising from the actuarial calculation is recognised in the comprehensive statement of income under the item "Profit (loss) from restatement of defined benefit plans".

The actuarial valuation is carried out by an actuary who is not employed by the Company.

Following the amendments made to the employee severance indemnity ("TFR") provisions of Law 296 of 27 December 2006 and the subsequent decrees and regulations ("Social Security Reform") issued in the initial months of 2007:

- the TFR accrued up to 31 December 2006 is considered to be a defined benefit plan pursuant to IAS 19. Benefits provided to employees in the form of TFR which are granted upon termination of the employment relationship are recognised in the vesting period;
- TFR which accrues subsequently to 1 January 2007 is considered to be a defined contribution plan and therefore the contributions accrued during the period are recognised as a cost in their entirety and the portion which has not yet been paid is recognised as a liability under "Other current liabilities".

Provisions

The allocations to provisions are made when the Company is required to fulfil an actual obligation (whether legal or implicit) which refers to a past event, when an outlay is possible for discharge of the obligation and it is possible to reliably estimate the amount thereof. When the Company believes that allocation to the provision will be partially or fully refunded, for example in the case of risks covered by insurance policies, the indemnification is recognised distinctly and separately in assets if, and only if, it is practically certain. In this case, the cost of the eventual allocation is shown in the income statement net of the amount recognised for the indemnification. If the effect of discounting the value of money is significant, the non-current portion of the allocations is discounted.

Restructuring provision

A provision is established for restructuring when there is a detailed and official programme for restructuring that has been approved and the restructuring has begun or the main aspects of which have been publicly disclosed to third parties.

Trade payables

Trade payables are recognized at their nominal amount, net of discounts, premiums, returns or invoicing adjustments, which is equal to the fair value of the company's obligation. When a financial transaction takes place based on the terms of payment that have been agreed, the payables are measured at amortised cost through discounting of the nominal value receivable, with a discount recognised as a financial expense.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment of tangible and intangible assets. If there is any such indication, the Company tests the asset for impairment.

The accounting standard does not request formal preparation of an estimate of the recoverable value unless there are indications of impairment. Assets which are not available for use and goodwill acquired in business combinations which must be tested for impairment annually and whenever there is indication of impairment constitute the exception to this principle. The Company has set the balance sheet closing date as the time for testing of impairment of all assets for which annual testing is mandatory.

The impairment test is assigned to an expert who is not employed by the Group.

In evaluating whether there is an indication of impairment of an asset, the Company considers:

- an increase in the market interest rates or other investments that could influence the calculation of the Company's discount rate, thereby diminishing the recoverable value of the asset;
- significant changes in the technological environment and market in which the Company operates;
- physical obsolescence not related to the depreciation that the asset has undergone in a specific period of time;

- any extraordinary plans implemented during the year the impact of which is reflected on the asset constituting the object of the analysis (for example corporate restructuring plans);

- operating losses resulting from interim results.

If the analysis shows that there are potential losses due to impairment, the management will make a preliminary check relative to the useful life, the amortization criterion, and the residual value of the asset and, based on the applicable accounting standard, shall make any amendments to these parameters; specific analysis relative to the impairment of the asset will take place at a later time.

As described in IAS 36, the recoverable value of an asset is the higher of the value in use and the fair value (net of costs to sell) of the asset itself. Furthermore, in the definition provided in the international accounting standard, the instructions are the same whether they refer to a single asset or to cash flow generating units.

In order to better understand the provisions of IAS 36, we provide below some key definitions:

Value in use: the value in use is the current value of all the cash flows of an asset or a generating unit, constituting the object of the valuation, which are expected to originate from it. In particular, an asset generates cash flows, which will be discounted at a pre-tax rate which reflects the market valuations on the current value of money and the specific risks inherent in the asset. These cash flows are determined based on the company's business plan. These plans are constructed on the basis of detailed budgets and separate calculations for each asset/cash generating unit. The budgets used do not include the effects arising from the extraordinary activities (restructuring, sales and acquisitions) and cover a period of time of up to five financial years;

Fair value: it represents the price that could be secured for the sale of an asset or which could be paid for the transfer of a liability in an arm's length transaction on the measurement date. To determine the fair value of an asset, the Company uses valuation models that use listed shares, models with valuation multipliers and other available indicators as a reference;

Cash generating units (or cash flows): a cash generating unit (CGU) is a group of assets which, together, generate cash flows that are incoming or outgoing regardless of the cash flows generated by other assets and activities. A group of assets is the smallest identifiable group able to generate incoming cash flows;

Book value: the book value is the value of assets net of depreciation, write-downs and write backs.

The accounting standard provides the option of selecting either the fair value or the value in use. In fact, if one of the two values is higher than the book value, it is not necessary to identify the other amount as well. It may not be possible to determine fair value of an asset or a cash-generating unit because there is no basis for making a reliable estimate of the amount obtainable from the sale of the asset in an orderly transaction between market operators. In these cases, the value in use can be considered as the recoverable value of the asset.

Once all the useful values have been identified and determined in terms of evaluating the asset or the CGU, the book value is compared with the recoverable value and if the book value is higher than the recoverable value, the company will write down the asset to its recoverable value.

On each balance sheet closing date the company will furthermore measure, in regard to all the assets other than goodwill, eventual existence or non-existence of impairment that has previously been recognised and, should these indications exist, the recoverable value is estimated. The value of an asset that has previously been written down can be written back only if there are changes in the estimates on which the recoverable value calculation which resulted in recognition of the last impairment was based.

The write-back cannot exceed the book value that would have existed, net of depreciation and amortization, if no impairment loss had been recognised in previous years. This write back is recognised in the income statement.

Derivative financial instruments and hedge accounting

The Company holds no derivative financial interests for speculative purposes. However, if the derivative financial instruments do not satisfy all the terms and conditions required for hedge accounting, the changes in fair value of these instruments are recognised in the income statement as financial expenses and/or income.

Therefore, the derivative financial instruments are recognised using hedge accounting rules when:

- the formal designation and documentation of the hedging relation itself exists from the beginning of the hedge;
- it is presumed that the hedge is highly effective;
- the effectiveness can be reliably measured and the hedge itself is highly effective during the periods of designation.

The derivatives are initially measured at fair value; the transaction costs attributable to them are recognised in the income statement at the time that they are incurred. After initial recognition, the derivatives are measured at fair value. The relative changes are recognised as described below.

Cash flow hedges

The changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. For the non-effective portion, the changes in fair value are recognised in the income statement.

Recognition of the hedge, as indicated above, ceases prospectively if the instrument designated as the hedge:

- no longer satisfies the criteria for recognition as a hedge;
- reaches maturity;
- is sold;
- is ceased or exercised.

The accumulated profit or loss is kept in equity until the expected operation takes place. When the hedged element is a non-financial asset, the amount recognised in equity is transferred to the book value of the asset at the time that it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same year in which the hedged element has an effect on the income statement.

Share based payment

Key executives and certain managers of the Company may receive a portion of their remuneration in the form of share based payments. Pursuant to IFRS 2, these are equity settled plans. The right to payment accrues over the vesting period during which the managers perform their duties as employees and reach performance targets. Therefore, during the vesting period, the current value of share based payments as at the assignment date is recognized in the income statement at cost with an offsetting entry in a special shareholders' equity reserve. Changes in the current value subsequent to the assignment date have no effect on the initial valuation. In particular, the cost, which corresponds to the current value of the options on the assignment date, is recognised among personnel costs on a straight line basis throughout the period from the date of the assignment and the date of maturity, with an offsetting entry recognised in shareholders' equity.

Cancellation of financial assets and liabilities

A financial asset (or, where applicable, the part of the similar financial asset) is cancelled from the balance sheet when:

- the rights to receive the cash flows from an asset have been extinguished;
- the Company reserves the right to receive cash flows from the asset, but has assumed the contractual obligation to pay them in full and without delay to a third party.

A financial liability is cancelled from the balance sheet when the obligation underlying the liability has been extinguished, or cancelled or fulfilled.

Revenue

Revenues from contracts with customers are recognised in accordance with IFRS 15. On the basis of the five-step model introduced by IFRS 15, Unieuro recognises revenues after identifying the contracts with its customers and the related services to be performed (transfer of goods and/or services), determining the amount to which it considers to be entitled in exchange for the performance of each of these services, and assessing the means of performing these services (fulfilment at a given time versus fulfilment over time).

Revenues are recognised when the performance obligations are met through the transfer of the goods or services promised to the customer. It is probable that the economic benefits will be achieved by the Group and the related amount can be reliably determined, regardless of the collection. The transaction price, which represents the amount of consideration that the entity expects to receive for the supply of goods or services to the customer, is allocated on the basis of separate sales prices (stand-alone selling prices) of the related performance obligations.

Revenues are measured not including discounts, reductions, bonuses or other taxes on sales.

The following specific recognition criteria for revenues must be complied with prior to allocation to the income statement:

Sale of assets

The revenue is recognised when the control of the asset is transferred to the customer and the company has transferred to the buyer all the significant risks and benefits connected to ownership of the asset, generally at the time that the consumer purchases the product at the point of sale, the delivery of the good to customer's home in the event of home delivery, or when the ownership is transferred in the wholesale and B2B channel. Moreover, sales in which delivery is deferred upon request of the purchaser ("bill and hold") are recognised as revenue at the time that the consumer makes the purchase. The revenue is recognised when the asset is available, has been identified and is ready to be delivered and furthermore deferral of the delivery has been requested by the purchaser. In the same way, the sales revenue is recognised at the time of purchase of the goods by the consumer even if the installation of the asset is necessary. The revenue is recognised immediately upon acceptance of the delivery by the buyer when the procedure installation is very simple (for example the installation of an appliance that requires only unpacking, electrical connection and connection).

Unieuro has a customer loyalty program which is based on points, the Unieuro Club, with which customers can accumulate loyalty points when they acquire products in points of sale bearing the Unieuro Brand. Once a specific minimum number of points have been collected, they can be used as a discount on the purchase of another product. The duration of the programme coincides with the fiscal year. Unieuro records an adjustment to the estimated revenues based on the points accrued which had not yet been spent, the value of the discount to be paid as provided by the loyalty programme and the historical information regarding the percentage of loyalty point usage by customers.

Right of return

To account for the transfer of products with right of return, Unieuro records the following elements:

a) adjusts the sales revenues by the amount of the consideration for the products for which the return is expected;

b) recognises a liability for future repayments and

c) recognises an asset (and the corresponding adjustment of the cost of sales) for the right to recover the products from the customer upon settlement of the liability for future repayments.

Provision of services

Revenues and costs deriving from the provision of services (revenues realised over time) are recognised on the basis of the assessment of the entity's progress towards complete fulfillment of the obligation over time. In particular, the transfer over time is assessed on the basis of the input method, or considering the efforts or inputs employed by the Group to fulfill the single performance obligation.

For the sale of warranty extension services over and above the warranty provided by the manufacturer pursuant to the law, Unieuro recognises the revenue throughout the duration that the services are provided, based on the estimated interventions for repairs under warranty. The interventions for repairs that are under guarantee are estimated based on historical information regarding the nature, frequency and costs of the interventions under guarantee, duly interpolated to stimulate future curves of such events occurring.

Unieuro incurs costs for the acquisition of the contract with multi-year duration.

These costs, typically represented by the bonuses paid to employees for each additional sale made and which will be recovered by means of the revenues deriving from the contract, have been capitalised as contract costs and amortised based on the assessment of the entity's progress in transferring the services and goods transferred to the customer over time.

Commissions

The payments received on the sale of specific goods and services such as for example consumer loans, are calculated as a percentage of the value of the service that is carried out or, sometimes on the basis of a fixed consideration and they correspond with the amount of the commission received by Unieuro.

Costs

The costs and other operating expenses are recognised in the income statement when they are incurred on the basis of the accruals principle and the correlation of revenues, when they do not produce future economic benefits or when the latter do not have to be recognised as assets.

The cost to acquire goods is recognized when the company assumes all the risks and rewards of ownership of the good, measured at fair value of the consideration due net of any returns, rebates, trade discounts, contributions and premiums.

Agreements with suppliers involve recognising premiums and contributions. These premiums and contributions are recognised either as a percentage of the quantities purchased, or as a fixed figure on the quantities purchased or sold, or as a defined contribution. For commercial agreements with a maturity date that is later than the end of the financial year, an estimate is made based on the amount of purchase or sale and on valuations that take into account historical data regarding the effective recognition of premiums and contributions by suppliers.

The costs for services are recognised on the basis of the progress of the services at the closing date of the year.

The costs arising from operating leases that do not fall within the scope of application of IFRS 16 are recognised on a straight line basis throughout the duration of the reference contracts. Additional costs which depend on and are determined by the revenues achieved in a specific point of sale, are recognised on an accruals basis during the contractual period.

Interest income and interest expense

Interest income and expenses are recognised in the net result for the year on an accruals basis using the effective interest rate method. The effective interest method is the rate that exactly discounts the future expected cash flows to the net book value of the financial asset or liability, based on the expected life of the financial instrument.

Taxes

Current taxes

The current taxes are determined based on a realistic forecasts of tax expenses payable on an accruals basis and in application of the applicable tax laws. The rates and tax laws used to calculate the amount are the applicable rates and laws, or essentially those which are in force, as at the balance sheet closing date. The current taxes which are relative to elements that are not included in the income statement, are allocated directly to the statement of comprehensive income and thereafter to shareholders' equity, in line with the recognition of the element to which they refer.

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 makes it possible to determine 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. The economic relations, responsibilities and reciprocal obligations between the "Consolidating Company" and the "Consolidated Company" have been set out in detail in a specific contract that establishes the operating procedures for management of the tax positions between the various companies that belong to the Domestic Tax Consolidation.

Deferred taxes

Deferred taxes are accounted for using the liability method on temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The deferred tax liabilities are recognised against all taxable temporary differences, except when the deferred taxes arise from initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effect either on the profit for the year calculated for the balance sheet statement purposes or the profit or the loss calculated for tax purposes.

The deferred tax assets are recognised against all the deductible temporary differences and for tax losses brought forward, to the extent that the existence of adequate future taxable profits sufficient for usage of the deductible temporary differences and tax losses brought forward is probable. The value to post in the balance sheet of the deferred tax assets is re-examined on each balance sheet closing date and reduced to the extent that it is no longer probable that there will be sufficient taxable profits in the future for the recovery of these assets. The deferred tax assets which are not recognised are re-examined periodically on the balance sheet closing date and they are recognised to the extent that it has become probable that there will be taxable profit that can absorb these deferred taxes.

The deferred taxes are measured based on the tax rates that are expected will be applicable in the financial year in which these assets will be realised or these liabilities will be extinguished, considering the rates applicable and those already issued or essentially issued on the balance sheet date.

The deferred tax assets and liabilities are offset if they refer to taxes payable to the same tax authority and there exists a legal right that allows offsetting of the assets and liabilities for current taxes.

Effects of the changes in foreign exchange rates

The financial statements are presented in Euro, which is the Company's functional and presentation currency. The transactions in a foreign currency are recognised initially at the exchange rate (which refers to the functional currency) existing as at that transaction date. The monetary assets and liabilities which are denominated in a foreign currency are converted back to the functional currency at the exchange rate applicable on the balance sheet closing date. All foreign exchange differences are recognised in the income statement. The non-monetary items which are measured at their historical cost in a foreign currency are converted using the exchange rate applicable as at the initial date on which the transaction was recorded. The non-monetary items which are measured at their fair value in a foreign currency are converted using the exchange rate applicable as at the initial date the value was recorded.

Earnings per share

Earnings per share - basic

The diluted earnings per share are calculated by dividing the profit of the company by the number of Unieuro S.p.A. shares on the date the financial statements are approved.

Earnings per share - diluted

The diluted earnings per share are calculated by dividing the profit of the company by the number of Unieuro S.p.A. shares on the date the financial statements are approved. For the purpose of calculating the diluted earnings per share, the shares are modified assuming that all holders of rights that potentially have a dilutive effect exercise these rights.

Segment Reporting

An operating segment is defined by IFRS 8 as a component of an entity that: i) undertakes business activities and generates revenues and costs (including revenues and costs that refer to the operations with other components of the same entity); ii) the operating results of which are reviewed periodically at the highest decision-making level of the entity in order to adopt decisions regarding resources to allocate to this segment and measurement of the results; iii) for which separate financial information is available.

The information regarding the business segments was prepared pursuant to the instructions set forth in IFRS 8 "Operating Segments", which provide for presentation of information in line with the procedures adopted at the top management level for assumption of operating decisions. Therefore, identification of the operating segments and the information presented are defined on the basis of internal reports used by the companies for allocation of resources and for analysis of the relative performances.

2.7 New accounting standards

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

- 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 changes aim to improve disclosure of accounting policies in order to provide more useful information to investors and other primary users of financial statements. 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 changes are intended to help companies distinguish changes in accounting estimates from changes in accounting policies, which will apply to acquisitions after 1 January 2023.

- 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 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 *the IFRS 4 Insurance Contract – Deferral of IFRS 9*. 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 9 December 2021, the IASB issued the *Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.* The standard aims to improve the informative approach to investors. The amendments shall apply as 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 changes are intended to specify how companies should account for taxes on certain transactions. The amendments will apply from 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.

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, as at 28 February 2022 amount to Euro 3.0 million.

3. INFORMATION ON FINANCIAL RISKS

In terms of business risks, the main risks identified, monitored and, as specified below, actively managed by the Company 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.

The following section provides qualitative and quantitative information regarding the incidence of these risks.

For information regarding the risks from Covid-19 and War in Ukraine, please refer to section 12 Coronavirus Epidemic and War in Ukraine of the Management Report.

3.1 Credit risk

Credit risk is the possibility that an unexpected change in the credit rating of a counterparty will expose the Company to the risk of default, subjecting it to potential lawsuits. By way of introduction we note that the credit risk which the Company 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) and wholesale customers (B2B channel) which represent a total of around 12.5% of the company's revenues as at 28 February 2022, require the Company to use strategies and instruments to reduce this risk. The Company has in place processes for credit monitoring that provide for obtaining bank guarantees to cover a significant amount of the turnover in existence with customers, analyse the reliability of customers, the attribution of a credit line, control of exposures through reporting with separate payment 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 the financial assets represents the Company'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 Company 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, 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 impacts of Covid-19 and the War in Ukraine, please refer to section 12 Coronavirus in the Report on Operations.

The financial structure in its entirety is constantly monitored by the Company to ensure coverage of its liquidity needs. Below is the Company's financial structure by deadline for the years and at 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Balance as at 28 February 2022	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	-	-	-	-	-

Other financial liabilities	453,842	66,485	235,165	152,192	453,842
Total	**453,842**	**66,485**	**235,165**	**152,192**	**453,842**

(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	467,677	68,119	232,364	167,194	467,677
Total	**516,404**	**77,778**	**271,432**	**167,194**	**516,404**

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 Company uses external financial resources in the form of debt and available liquidity from bank deposits. Changes in market interest rate levels influence the cost and yield of various forms of financing and employment, thus affecting the level of financial expenses and income.

Following the termination in November 2021 of the financing Agreement signed on 9 January 2018, *Interest Rate Swap* (*IRS)* derivative financial instrument contracts with the financing bank pool were closed with the aim of mitigating, under economically acceptable conditions, the potential impact of interest rate variability on economic performance.

At the same time, four new credit lines were taken out in order to finance working capital and strengthen its equity strength; no cash flow hedge instruments were activated on the new lines.

3.3.2 Currency risk

The Company 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 Company 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 Company 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 28 February 2022 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 Company 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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended 28 February 2022			
	Loans and receivables	Fair value of hedging instruments	Other liabilities	Total
Financial assets not designated at fair value				
Cash and cash equivalents	125,728	-	-	**125,728**
Trade receivables	58,545	-	-	**58,545**
Other assets	57,881	-	-	**57,881**
Financial assets designated at fair value				
Other assets		0		**0**
Financial liabilities not designated at fair value				
Financial liabilities	-	-	-	**0**
Trade payables	-	-	584,553	**584,553**
Other liabilities	-	-	283,624	**283,624**

Other financial liabilities	-	-	453,842	**453,842**
Financial liabilities designated at fair value				
Other financial liabilities	-	-	-	-

(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	203,873	-	-	**203,873**
Trade receivables	75,287	-	-	**75,287**
Other assets	41,437	-	-	**41,437**
Financial assets designated at fair value				
Other assets	-	-	-	-
Financial liabilities not designated at fair value				
Financial liabilities	-	-	48,727	**48,727**
Trade payables	-	-	503,166	**503,166**
Other liabilities	-	-	260,210	**260,210**
Other financial liabilities	-	-	467,504	**467,504**
Financial liabilities designated at fair value				
Other financial liabilities	-	173	-	**173**

The items “other assets” and “other financial liabilities” include the effects arising from the application of IFRS 16 (*Leasing*), for further details, see notes 5.6 other current and non-current assets and 5.14 other financial liabilities of the consolidated financial statements for the year ended 28 February 2022.

4. INFORMATION ON OPERATING SEGMENTS

The operating segment identified by the Company which encompasses all services and products provided to customers, is unique and consists of the entire company. As the Company is a single channel business, there is only one 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	
	28 February 2022	28 February 2021
Revenue	2,928,472	2,659,283
GROSS OPERATING RESULT	**156,252**	**163,567**
% of revenues	5.3%	*6.2%*
Amortisation, depreciation and write-downs	(96,699)	(90,198)
NET OPERATING RESULT	**59,553**	**73,369**
Financial income	63	74
Financial expenses	(12,865)	(13,367)
PROFIT BEFORE TAX	**46,751**	**60,076**
Income taxes	(549)	(5,645)
PROFIT/(LOSS) FOR THE YEAR	**46,202**	**54,431**

The incidence of gross operating profit on revenues was 5.3% as at 28 February 2022.

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

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Abroad	1,679	7,465
Italy	2,926,793	2,651,818
Total	**2,928,472**	**2,659,283**

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

Non-current assets in countries other than those in which the Company has branches are not recognised.

5. NOTES TO THE INDIVIDUAL FINANCIAL STATEMENT CAPTIONS

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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Amounts as at 28 February 2022			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	150,507	(122,690)	27,817	144,524	(115,302)	29,222
Equipment	25,604	(17,559)	8,045	22,511	(17,330)	5,181
Other assets	198,898	(163,915)	34,983	184,965	(157,024)	27,941
Tangible assets under construction	8,422	-	8,422	9,134	-	9,134
Total plant, machinery, equipment and other assets	**383,431**	**(304,164)**	**79,267**	**361,134**	**(289,656)**	**71,478**

The change in the item "Plant, machinery, equipment and other assets" for the period from 29 February 2020 to 28 February 2022 is shown below:

(In thousands of Euro)	Plant and machinery	Equipment	Other assets	Tangible assets under construction and payments on account	Total
Balance as at 29 February 2020	**35,001**	**7,610**	**32,463**	**4,885**	**79,959**
Carini merger	1,807	550	2,225	86	4,668
Increases	3,523	1,962	8,951	7,321	21,757
Decreases	(1,840)	(3,786)	(8,135)	(3,158)	(16,919)
Amortisation, depreciation and write downs/(write backs)	(9,352)	(1,155)	(11,371)		(21,878)
Decreases in Amortisation, Depreciation Provision	83		3,808		3,891
Balance as at 28 February 2021	**29,222**	**5,181**	**27,941**	**9,134**	**71,478**
Increases	8,997	3,806	17,750	27,742	58,295
Decreases	(3,014)	(713)	(3,817)	(28,454)	(35,998)
Amortisation, depreciation and write downs/(write backs)	(10,410)	(942)	(10,708)		(22,060)
Decreases in Amortisation, Depreciation Provision	3,022	713	3,817		7,552
Balance as at 28 February 2022	**27,817**	**8,045**	**34,983**	**8,422**	**79,267**

With reference to the financial year ending 28 February 2022, the Company made investments, excluding fixed assets under construction, in the amount of Euro 30,553 thousand.

In particular, the net investments refer mainly to: (i) interventions referred 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 Euro 4,773 thousand; (ii) investments related to the opening of new shops in new catchment areas deemed strategic or in catchment areas not sufficiently covered by the current portfolio of shops and the refurbishment of acquired shops in the amount of Euro 6,540 thousand; (iii) minor extraordinary maintenance and refurbishment of plants in various shops in the amount of Euro 1,790 thousand; (iv) investments in information technology, including the adoption of electronic labels in a significant and growing number of direct shops and energy efficiency measures amounting to Euro 17,450 thousand.

Current assets of Euro 8,422 thousand refer mainly to investments related to operations on points of sale Investment in information technology.

The item "Depreciation, amortisation and write-downs/(revaluations)", amounting to Euro 22,060 thousand, includes Euro 21,432 thousand of amortisation and depreciation and Euro 628 thousand of write-downs.

With reference to the financial year ended 28 February 2021, the Company made investments, net of assets under construction, of Euro 14,436 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 Euro 2,070 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 Euro 7,494 thousand; (iii) minor extraordinary maintenance and renewal of plants in various sales outlets for Euro 1,772 thousand; (iv) investments attributable to the creation of electrified display tables dedicated to the display of specific supplier brands at the sales outlets for Euro 1,326 thousand; (v) additional investments connected to the logistics hub based in Piacenza for Euro 1,774 thousand.

The Carini Merger contribution amounted to Euro 4,668 thousand and mainly referred to the category of other assets.

Net assets under construction equal to Euro 9,134 thousand mainly refer to investments relating to the new headquarters in Palazzo Hercolani (Forlì) and the warehouse in Via Zampeschi (Forlì) for Euro 3,650 thousand and investments attributable to the purchase of new hardware for the sales outlets for Euro 2,058 thousand.

The item "Depreciation, amortisation and write-downs/(revaluations)", amounting to Euro 21,878 thousand, includes Euro 20,887 thousand of amortisation and depreciation and Euro 991 thousand of write-downs.

5.2 Goodwill

The breakdown of the item “Goodwill” as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Goodwill	188,873	188,039
Total Goodwill	**188,873**	**188,039**

The value of goodwill at 28 February 2022, amounting to Euro 196,072 thousand, increased by Euro 834 thousand compared to the year ended 28 February 2021. The increase refers to the acquisition of the Limbiate Ex- Galimberti S.p.A. business branches for Euro 525 thousand and Turin Ex-Expert for Euro 309 thousand

The change in the "Goodwill" item for the period from 29 February 2020 to 28 February 2022 is shown below:

(In thousands of Euro)	**Goodwill**
Balance as at 29 February 2020	**170,767**
Carini merger	17,272
Write-downs	0
Balance as at 28 February 2021	**188,039**
Acquisitions	834
Write-downs	-
Balance as at 28 February 2022	**188,873**

Goodwill as at 28 February 2022 and 28 February 2021 can be broken down as follows:

(In thousands of Euro)	**Goodwill at 28 February 2022**	**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 the acquisition of business units:		
2C S.r.l. - Expert	309	
Andreoli S.p.A.	10,500	10,500
Cerioni S.p.A.	5,748	5,748
Galimberti S.p.A.	2,407	1,882
DPS Group S.r.l.	1,240	1,240
Dixons Travel	194	194
Carini Retail S.r.l.	17,273	17,273
Total Goodwill	**188,873**	**188,039**

5.2.1 Impairment testing

Based on the provisions of international accounting standard IAS 36, the Company should carry out a check, at least once a year, to ensure the recoverability of the value of the goodwill through an impairment test, comparing the carrying amount of the Cash Generating Units ("CGU") to which the goodwill is allocated with the recoverable value.

The value in use has consistently been adopted as the recoverable value in relation to market volatility and the difficulty of collecting information related to determining fair value.

The goodwill impairment test prepared by the Company for each CGU was approved by the Company's Board of Directors on 11 May 2022. In the elaboration of the impairment test the Directors used an appropriate report provided by an external expert under specific assignment of the Company.

IAS 36 identifies the CGUs as the smallest groups of assets that generate incoming cash flows. The financial flows resulting from the CGUs identified should be independent of one another, because a single Unit must be able to be autonomous in the realisation of incoming cash flows, but all the assets within the Unit should be interdependent. Pursuant to IAS 36 the correlation that exists between the goodwill acquired during the business combination and the CGUs takes shape. In effect, at the time of the acquisition of the goodwill, it must be allocated to the CGU or the CGUs which are expected to benefit the most from the synergies of the combination. In this sense, the decisions linked to the definition of these synergies strongly depend on the Company's strategic organisation models, the commercial purchase and sales decisions which, specifically, disregard the number of sales points, which do not enjoy decision-making autonomy.

The operating sector identified by the Company into which all the services and products supplied to the customer, converge coincides with the entire Company. The Company's corporate vision as a single omnichannel business ensures that the Company has identified a single Strategic Business Unit (SBU). Within the SBU the Company has identified three 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 Company identified three CGUs to which the goodwill was allocated:

- *Retail;*
- *Indirect;*
- *B2B.*

The three units benefit from shared resources, like administration, back office and logistics, but each of them features a different expected growth, with different risks and opportunities and with specific features which cannot be provided in the other CGUs.

The Retail CGU relates to all financial flows coming from the Retail, Online and Travel distribution channels. The Online and Travel channels are included in the Retail CGU because the website uses the sales points for the delivery of goods, while the Travel channel includes sales points located at the main public transport hubs.

The Indirect CGU, previously known as Wholesale, includes sales to the network of affiliated stores and revenues produced in large scale retailing through partnerships with leading industry operators.

The B2B CGU relates to the wholesale supply of products under the scope of the business-to-business channel.

The allocation of goodwill to the three CGUs took place in line with the specific activity of the individual CGU in order to include the best exploitation of internal and external synergies in the *business* model used.

As described previously, the Company opted for identifying the value in use to determine the recoverable fair value. The value in use is calculated through an estimate of the current value of the future financial flows that the CGUs could generate.

The source of the data on which the assumptions are made for determining the financial flows are the final balances and the business plans.

The business plan used for the impairment test concerning the goodwill recognised in Unieuro's financial statements and referring to the financial year ending 28 February 2022 is based in the strategic lines of the plan on the Group's plan approved by the Board of Directors on 10 June 2021. The Economic/Financial Plan underlying the impairment test was prepared taking into account recent business performance. In particular, the final figures for the financial year ending 28 February 2022, the budget for the year ending 28 February 2023, and the development of the financial figures up to 28 February 2027 were taken into account. The *impairment test* was approved by the Board of Directors on 11 May 2022.

The reference market growth estimates included in the business plan used for the impairment test at 28 February 2022 are based, among other things, on external sources and on the analyses conducted by the Company with the support of a leading consulting firm.

The evaluation assumptions used for determining the recoverable value are based on the above-mentioned business plans and on several main hypotheses:

- the explicit period to be adopted for the business plan is 5 years;
- terminal value: actualisation of the latest plan explicit estimate period. It should be stressed that a long-term growth rate "g" equal to 0% was envisaged because the result that the company will manage to achieve in the last financial year of the business plan was considered stable over a period of time;
- the discount rate applied to the various cash flows (WACC - weighted average cost of capital) for the CGUs analysed is 11,3%.

The discount rate (or actualisation rate) applied is the rate which reflects the current evaluations of the market, the time value of money and the specific risks of the asset. For the purpose of calculating the discount rate there must be consistency between the parameters used and the reference market of the Company and consistency between the Company's operating activities and incoming flows. All the parameters used for calculating the actualisation rate should be used in the corporate context, so that it expresses "normal" conditions over a medium-/long-term time span.

The estimation procedure adopted for defining the parameters determining the WACC is reported below:

- Risk-free rate (r_f) – The risk-free rate adopted is equal to the 1-year average (compared with the reference date) of the returns of the ten-year government bonds (BTP) issued by the Italian government. The adoption of the average figure makes it possible to compensate for possible short-term distorting dynamics.
- Equity risk premium *(r_m – r_f)* – The equity risk premium, which represents the yield spread (historical and long-term) between equity securities and debt securities on financial markets, was determined with reference to the Italian market.
- Beta (β) – The beta, which indicates the regression coefficient of a straight line which represents the relationship between the rate of return offered by the security and that of the overall market, was calculated on the basis of a

panel of listed companies operating mainly or exclusively in the sale of consumer electronics, through a combination of sales channels (in store and online sales, in the majority of cases alongside Indirect and/or business-to-business sales).

- Cost of debt capital i_d (1-t) - The cost of debt of a financial nature was estimated as equal to the adopted risk-free rate plus a spread based on the average credit rating of comparable. The corporate tax rate in effect in Italy (IRES) was adopted as the tax rate (t).

- *Financial structure* - A debt/equity ratio calculated based on the average figure expressed at the reference date by the panel of comparable companies selected was adopted.

There were no differences in calculating these parameters between the external sources used and the value used for the purpose of the test.

The Company has a well-established history of operating on the market and, to date, there has been no evidence of anything that would suggest an interruption to activities in the medium-/long-term. Based on these considerations it is reasonable to assume the business is a going concern in perpetuity.

The operating cash flow used for the purpose of calculating the terminal value was calculated on the basis of the following main assumptions:

- EBITDA - During the estimation of the terminal value, an amount of revenues equal to the level projected for the last year of the plan was considered. For the purpose of estimating sustainable EBITDA in the medium-/long-term the EBITDA margin equal to the average figure in the plan was applied to the revenues identified in order to reflect the competitive dynamics featured in the reference sector. For the Company overall, this latter figure is located within the current range expressed by the estimates of the analysts relating to the panel of comparable companies used to determining the WACC.

- Investments in fixed assets and amortisation and depreciation - Annual investments were estimated based on expected revenues in the last plan year, adopting a Capex/Sales percentage equal to the average plan figure. Annual depreciation and amortization have been aligned with these investments, thus assuming that investments are mainly maintenance and/or replacement.

- Net working capital and Funds - The change in CCN and funds was assumed to be zero, consistent with the assumption of perpetuity growth at a g-rate of 0%.

Below is a summary table containing the basic assumptions (WACC and g) and the percentage value attributed to the terminal value compared with the recoverable value of the Company's three CGUs relating to the analyses of the impairment tests conducted with reference to 28 February 2022.

as at 28 February 2022	WACC	g	Terminal Value (TV)	Recoverable Amount (RA)	% TV over RA
(In millions of Euro)					
CGU Retail	11.3%	0%	170	307	55.4%
CGU Indirect	11.3%	0%	51	63	81.1%
CGU B2B	11.3%	0%	21	28	75.1%

The results of the impairment tests as at 28 February 2022 are given below:

as at 28 February 2022		Carrying Amount (CA)	Recoverable Amount (RA)	RA compared with CA
(In millions of Euro)				
CGU Retail	EUR/mln	(17)	307	324
CGU Indirect	EUR/mln	(7)	63	69
CGU B2B	EUR/mln	(2)	28	30

Based on the estimates made there was no need to adjust the value of the goodwill recorded.

Note that the *carrying amount* of the CGUs as at 28 February 2022 is negative due to the negative net working capital allocated to the CGUs.

The carrying amount does not include entries of a financial nature. Assets and liabilities for deferred taxes are also excluded because the theoretical tax rate was used for the purpose of estimating taxes when calculating the cash flows.

As required by IAS 36, appropriate *sensitivity analyses* were also developed to test the resilience of the recoverable amount of goodwill to changes in the main parameter used such as the percentage change in FCF (Free Cash Flow).

Below are the results, in terms of the difference between recoverable amount and carrying amount, for CGUs subject to *impairment test* as at 28 February 2022, of the sensitivity analysis performed assuming a percentage reduction in FCF, in the explicit forecast years and in the terminal value of -20.0%:

as at 28 February 2022	Terminal plan FCF	
(In millions of Euro)		
RA Sensitivity Difference compared with CA	0.0%	(20.0%)
CGU Retail	324	263
CGU Indirect	69	57
CGU B2B	30	24

Lastly, the Group has developed another analysis simulating the impacts on the recoverable amount of the CGU Retail in the event of excluding the planned opening of new sales points over the span of the business plan. The results of the analysis conducted are given below:

as at 28 February 2022		Carrying Amount (CA)	Recoverable Amount (RA)	RA compared with CA
(in millions of Euro)				
CGU Retail	EUR/mln	(17)	262	279

It should be pointed out that the parameters and information used for verifying the recoverability of the goodwill are affected by the macroeconomic, market and regulatory situation, and by the subjectivity of several projections of future events which may not necessarily take place, or which could take place differently from how they were projected, and therefore unforeseen changes could occur. Unfavourable and unpredictable changes to the parameters used for the impairment test could, in future, result in the need to write-down the goodwill with consequences to the results and the operating results, financial position and cash flows of the Group.

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 28 February 2022 and as at 28 February 2021:

(In thousands of Euro)	Amounts as at 28 February 2022			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	96,839	(60,356)	36,483	75,497	(51,408)	24,089
Concessions, licences and brands	7,407	(7,407)	-	7,407	(7,364)	43
Key Money	1,572	(1,572)	-	1,572	(1,572)	-
Intangible fixed assets under construction	5,241	-	5,241	4,474	-	4,474
Total intangible assets with a finite useful life	**111,059**	**(69,335)**	**41,724**	**88,950**	**(60,344)**	**28,606**

The change in the item "Intangible assets with a finite useful life" for the period from 29 February 2020 to 28 February 2022 is given below:

(In thousands of Euro)	Software	Concessions, licences and brands	Key Money	Intangible fixed assets under construction	Total
Balance as at 29 February 2020	**14,845**	**368**	**-**	**6,935**	**22,148**
Carini merger	150				**150**
Increases	15,099			4,189	**19,288**
Decreases				(6,650)	**(6,650)**
Amortisation, depreciation and write downs/(write backs)	(6,005)	(325)			**(6,330)**
Decreases in Amortisation, Depreciation Provision					
Balance as at 28 February 2021	**24,089**	**43**		**4,474**	**28,606**
Increases	21,331			29,066	**50,397**
Decreases				(28,299)	**(28,299)**
Amortisation, depreciation and write downs/(write backs)	(8,937)	(43)		-	**(8,980)**
Decreases in Amortisation, Depreciation Provision					
Balance as at 28 February 2022	**36,483**	**-**		**5,241**	**41,724**

With regard to the financial year ended 28 February 2022, the increases net of decreases in the "Assets under construction" category totalled Euro 22,098 thousand and are mainly attributable to the "Software" category.

The increase in the “Software” category for Euro 21,331 thousand is mainly due to the implementation of the new SAP S/4HANA management system and the launch of the new e-commerce site, which is the result of the “Revolution” project.

Assets under construction amounting to Euro 5,241 thousand are attributable to implementations of new software and existing software.

With regard to the financial year ended 28 February 2021, the increases net of decreases in the "Assets under construction" category totalled Euro 12,638 thousand and are mainly attributable to the "Software" category.

The increases in the 'Software' category for Euro 15,099 thousand are mainly attributable to: (i) the transition to the new SAP S/4HANA management software, (ii) new software and licenses, (iii) costs incurred in developing and updating the website www.unieuro.it and (iv) costs incurred for extraordinary operations on pre-existing management software.

Assets under construction amounting to Euro 4,474 thousand are attributable to implementations of new software and existing software.

The Carini Merger contribution amounted to Euro 150 thousand and mainly referred to the software category.

5.4 Right-of-use assets

The balance of the item “Right-of-use assets” is given below, broken down by category as at 28 February 2022 and as at 28 February 2021:

(In thousands of Euro)	Amounts as at 28 February 2022			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	602,956	(180,659)	422,297	558,629	(118,212)	440,417
Automobiles	3,757	(2,334)	1,423	2,740	(1,505)	1,235
Other assets	9,868	(2,383)	7,485	9,868	-	9,868
Total intangible assets with a finite useful life	**616,851**	**(185,376)**	**431,205**	**571,237**	**(119,717)**	**451,520**

The change in the item "Right-of-use assets" for the period from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	Buildings	Automobiles	Other assets	Total
Balance as at 29 February 2020	**453,634**	**1,360**	**-**	**454,994**
Carini merger	22,884	-	-	22,884
Increases / (Decreases)	25,183	581	9,868	35,633
Amortisation, depreciation and write-downs/(write backs)	(61,284)	(706)	-	(61,990)
Balance as at 28 February 2021	**440,417**	**1,235**	**9,868**	**451,520**
Increases / (Decreases)	44,327	1,017	-	45,344
Amortisation, depreciation and write downs/(write backs)	(62,447)	(829)	(2,383)	(65,659)

Balance as at 28 February 2022	**422,297**	**1,423**	**7,485**	**431,205**

The increases recorded during the year mainly refer to new lease contracts relating to the opening and acquisition of new sales outlets 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 29 February 2020 to 28 February 2022 is given 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 29 February 2020	**733**	**3,340**	**2,120**	**4,281**	**371**	**1,813**	**1,295**	**13,953**	**24,354**	**38,307**
Carini merger		267	-	-	44	-	-	311	-	311
Provision/Releases to the Income Statement	583	(907)	(371)	(207)	-	3,079	(1,075)	1,102	1,000	2,102
Provision/Releases to the Comprehensive Income Statement	-	-	-	-	46	-	-	46	-	46
Balance as at 28 February 2021	**1,316**	**2,700**	**1,749**	**4,074**	**461**	**4,892**	**220**	**15,412**	**25,354**	**40,766**
Provision/Releases to the Income Statement	(75)	(81)	125	(683)		(1,130)	40	(1,804)	5,764	3,960
Provision/Releases to the Comprehensive Income Statement	-	-	-	-	(120)	-	-	(120)	-	(120)
Balance as at 28 February 2022	**1,241**	**2,619**	**1,874**	**3,391**	**341**	**3,762**	**260**	**13,488**	**31,118**	**44,606**

The balance as at 28 February 2022, amounting to Euro 44,606 thousand, is mainly composed of: (i) deferred tax assets recognised on tax losses for Euro 31,118 thousand, (ii) temporary differences mainly attributable to the provision for risks and charges and goodwill for Euro 13,488 thousand.

The balance as at 28 February 2021, amounting to Euro 40,766 thousand, is mainly composed of: (i) deferred tax assets recognised on tax losses for Euro 25,354 thousand, (ii) temporary differences mainly attributable to the provision for risks and charges and goodwill for Euro 15,412 thousand.

It should be noted that the IRES tax losses still available resulting from the tax estimate carried out at the closing of the financial statements as of 28 February 2022 with reference to Unieuro amount to Euro 274 million.

In calculating deferred tax assets, the following aspects were taken into consideration:

- the tax regulations of the country in which the Company operates and the impact on the temporary differences, and any tax benefits resulting from the use of tax losses carried over.

- the forecast of the Company's earnings in the medium and long-term.

On this basis the Company expects to generate future taxable earnings and, therefore, to be able, with reasonable certainty, to recover the deferred tax assets recorded.

Deferred tax liabilities

(In thousands of Euro)	Intangible assets	Other current assets	Total net deferred taxes
Balance as at 29 February 2020	**1,348**	**734**	**2,082**
Provision/Releases to the Income Statement	361	32	393
Provision/Releases to the Comprehensive Income Statement	-	-	-
Balance as at 28 February 2021	**1,709**	**766**	**2,475**
Provision/Releases to the Income Statement	365	(76)	289
Provision/Releases to the Comprehensive Income Statement	-	-	-
Balance as at 28 February 2022	**2,074**	**690**	**2,764**

Deferred tax liabilities relating to Intangible Assets result 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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Contract assets	9,609	8,012
Prepaid expenses and accrued income	8,494	8,129
Tax credits	3,444	764
Financial receivables from leases - current portion	1,439	1,090
Other current assets	4,514	809
Other current assets	**27,500**	**18,804**

Other non-current assets	12,559	12,559
Financial receivables from leases - non-current portion	15,052	7,184
Deposit assets	2,770	2,319
Deposits to suppliers	-	571
Other non-current assets	**30,381**	**22,633**
Total Other current assets and Other non-current assets	**57,881**	**41,437**

The item "Contract Assets" amounting to Euro 9,609 thousand as of 28 February 2022 (Euro 8,012 thousand as of 28 February 2021), includes contract costs, represented by premiums paid to employees for each additional sale of extended warranty services.

Prepaid expenses and accrued income of Euro 8,494 thousand as of 28 February 2022 (Euro 8,129 thousand as of 28 February 2021), mainly includes prepaid expenses referring to insurance, condominium expenses and other operating costs that occurred before 28 February 2022 and accrued in future years.

The item "Tax Credits" amounted to Euro 3,444 thousand as of 28 February 2022 (Euro 764 thousand as of 28 February 2021), the increase mainly related to 4.0 tax credits recognised on the installation of electronic labels at points of sale.

The item "Other current assets" amounting to Euro 4,514 thousand as of 28 February 2022 (Euro 809 thousand as of 28 February 2021), mainly includes receivables related to the TV Bonus and Ecobonus, introduced by the Government to facilitate the switch-off of television frequencies and building works, respectively.

The item “Other non-current assets” includes financial receivables from leases, equity investments, deposit assets and deposits to suppliers. The item “Other non-current assets” includes equity investments, deposit assets and deposits to suppliers. The breakdown of the item “Equity Investments" as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	**Year ended**	
	28 February 2022	**28 February 2021**
Equity investment in Monclick S.r.l.	12,551	12,551
Other equity investments	8	8
Equity investments	**12,559**	**12,559**

The change in the item "Equity investments" for the period from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	**Equity investments**
Balance as at 29 February 2020	**30,414**
Acquisitions	-
Carini merger	(17,855)
Increases	-
Write-downs	-
Decreases	-
Balance as at 28 February 2021	**12,559**
Acquisitions	-
Increases	-
Write-downs	-
Decreases	-
Balance as at 28 February 2022	**12,559**

Information relating to the equity investments owned in associated companies at 28 February 2022 is given below pursuant to Article 2427 of the Italian Civil Code:

(In thousands of Euro)	**Registered office**	**Carrying amount**	**Share Capital**	**Ownership percentage**	**Shareholders' equity**	**Profit (loss) for the year**
Monclick S.r.l.	Vimercate (MB)	12,551	100	100%	2,084	(1,107)

Monclick S.r.l.

On 9 June 2017, Unieuro concluded the acquisition from Project Shop Land S.p.A. of 100% of Monclick, one of the leading online operators in Italy, active in the consumer electronics market and in the online B2B2C market.

Monclick represents a "pure player" in the Italian panorama of e-commerce, that is, a company that sells products only through the web channel, without having physical sales or pick-up points.

The investee operates in two business lines that appeal to the same consumers, while reaching them through two different channels: (i) *Online*, which includes online sales of consumer products directly to the final consumer through "Monclick" website, and (ii) *B2B2C,* that is, the channel for products and services sold to the final consumer through partnerships with large companies.

The Subsidiary recorded revenues in the year closed at 28 February 2022 of Euro 75,241 thousand (Euro 92,164 thousand in the year ended at 28 February 2021) and a loss for the year of Euro 1,107 thousand (loss equal to Euro 328 thousand in the year ended at 28 February 2021).

The reference market was characterised by: (i) slight growth in the online segment following the significant increase in the previous fiscal year due to the Covid-19 pandemic that made the 2020/2021 financial year an atypical year, (ii) an increasing demand from customers for a more punctual and efficient service that led to an increase in logistics costs throughout the financial year, (iii) an increasing competitive pressure faced by pure players that led the Company to defend its market shares by sacrificing pricing policies, especially in the second half of the financial year. The economic result for the year nevertheless benefited from certain actions to mitigate the impact of the aforementioned phenomena on the income statement, including: (i) strengthening of the drop shipping flow from

Unieuro, which entails an improvement in purchasing conditions, (ii) the exploitation of synergies generated with the current Unieuro distribution structure enacted through the transfer from a third-party logistics structure to the Unieuro Group logistics structure in Piacenza, (iii) efficiency in administrative services and general expenses. It should be noted that on 23 December 2021, the AGCM concluded the proceedings initiated for alleged unfair commercial practices with a sanctioning measure for Euro 0.3 million; against this decision Monclick have appealed. Finally, it should be noted that during the year Moclick moved its registered office from Vimercate (MB) to Milan.

During the year ended 28 February 2022, Moncick continued a process of organisational and structural review aimed at progressively rebalancing its operations. Plans were prepared and developed for this process to strengthen business activities and a strategy was implemented to increase revenues and make costs more efficient.

On 29 June 2017, 10 January 2018 and 14 November 2018 the Unieuro Board of Directors approved payments to the provision to cover losses of Euro 1,192 thousand, Euro 1,783 thousand and Euro 1,269 thousand, respectively, and capital contribution payments of Euro 2,808 thousand, Euro 1,217 thousand and Euro 3,731 thousand, respectively.

The value of the equity investment is inclusive of an impairment provision of Euro 3,173 thousand recorded in the financial statements for the year ended 28 February 2019, it was not deemed necessary to reinstate the value in light of the final results and the current uncertainty that characterizes macro-economic scenar

5.6.1 Impairment test on the value of equity investments

The equity investment in Monclick at 28 February 2022 was subjected to an impairment test by comparing the respective recoverable value with the carrying amount of the equity investment. The recoverable value is represented by the greater of the fair value of the asset excluding sales costs and its value in use.

The value in use was calculated as the current value of future cash flows that are expected to be generated by the Cash Generating Unit "CGU" identified in Monclick, discounted at the rate that reflects the specific risks of the CGU at the valuation date.

The source of the data on which the assumptions made for determining the cash flows are based are the final balances and the business plan for the period from 28 February 2023 to 28 February 2027 of the investee company approved by the Sole Director of Monclick on 02 May 2022.

The *impairment test* was approved by the Board of Directors on 11 May 2022. In the elaboration of the impairment test the Directors used appropriate reports provided by a consultant under specific assignment of the Company.

The evaluation assumptions used for determining the recoverable value are based on the above-mentioned business plans and on several main hypotheses:

- the explicit period to be adopted for the business plan is 5 years;
- terminal value: actualisation of the latest plan explicit estimate period. It should be stressed that a long-term growth rate "g" of 0% was used;
- the discount rate applied to the various cash flows (WACC - weighted average cost of capital) is 12.3% for Monclick.

The estimation procedure adopted for defining the parameters determining the WACC is reported below:

- Risk-free rate (r_f) – The risk-free rate adopted is equal to the 6-month average (compared with the reference date) of the returns of the ten-year government bonds (BTP) issued by the Italian government. The adoption of the average figure makes it possible to compensate for possible short-term distorting dynamics.

- Equity risk premium *($r_m - r_f$)* – The equity risk premium, which represents the yield spread (historical and long-term) between equity securities and debt securities on financial markets, was determined with reference to the Italian market.

- *Beta (β)* – The beta, which indicates the regression coefficient of a straight line which represents the relationship between the rate of return offered by the security and that of the overall market, was calculated on the basis of a panel of listed companies operating mainly or exclusively in the sale of consumer electronics.

- Specific risk premium (α) - An additional premium was applied in order to take into account potential risks relating to the implementation of the corporate strategy in the reference market context also taking into consideration the size of Monclick compared with comparable businesses identified.

- Cost of debt capital i_d (1-t) - The cost of debt of a financial nature was estimated as equal to the adopted risk-free rate plus a spread based on the average credit rating of comparable. The corporate tax rate in effect in Italy (IRES) was adopted as the tax rate (t).

- *Financial structure* - A debt/equity ratio calculated based on the average figure expressed at the reference date by the panel of comparable companies selected was adopted.

The results of the impairment tests as at 28 February 2022 are given below:

as at 28 February 2022		Carrying Amount (CA)	Recoverable Amount (RA)	RA compared with CA
(In millions of Euro)				
Monclick S.r.l.	EUR/mln	13	19	7

Based on the estimates made there was no need to adjust the value of the equity investment.

As set out in IAS 36, the appropriate sensitivity analyses were also conducted as the main parameter used, such as the change in the percentage of Free Cash Flow (FCF).

Below are the results, in terms of the difference between recoverable value and book value, for the equity investment in Monclick subject to *impairment test* as at 28 February 2022, of the sensitivity analyses performed assuming a percentage reduction in Free Cash Flow, in the explicit forecast years and in the terminal value of -20.0%:

as at 28 February 2022		Terminal plan FCF	
(In millions of Euro)	WACC		
RA Sensitivity Difference compared with CA		0%	-20%
Monclick S.r.l.	12.3%	7	6

It should be pointed out that the parameters and information used for the impairment test on the equity investment are affected by the macroeconomic, market and regulatory situation, and by the subjectivity of several projections of future events which may not necessarily take place, or which could take place differently from how they were projected, and therefore unforeseen changes could occur. Unfavourable and unpredictable changes to the parameters used for the impairment test could, in future, result in the need to write down the equity investment in Monclick with consequences on the results and the operating results, financial position and cash flows of the Companies.

5.7 Inventories

Warehouse inventories break down as follows:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Merchandise	471,796	381,912
Consumables	735	731
Gross inventories	**472,531**	**382,643**
Warehouse obsolescence provision	(10,907)	(11,253)
Total Inventories	**461,624**	**371,390**

The value of net inventories increased from Euro 371,390 thousand as at 28 February 2021 to Euro 461,624 thousand as at 28 February 2022, an increase compared to the previous year when they had benefited from the non-repeatable actions initiated by management to deal with the pandemic.

The value of inventories is adjusted by the warehouse obsolescence provision which includes the write-down of the value of merchandise with possible obsolescence indicators.

The change in the obsolescence fund for the period from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	Warehouse obsolescence provision
Balance as at 29 February 2020	**(13,919)**
Carini merger	(1,109)
Releases to the Income Statement	3,775
Balance as at 28 February 2021	**(11,253)**
Provisions	-
Releases to the Income Statement	346
Balance as at 28 February 2022	**(10,907)**

5.8 Trade receivables

A breakdown of the item "Trade receivables" as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Trade receivables from third-parties	41,345	66,281
Trade receivables from related-parties	19,284	11,843
Gross trade receivables	**60,629**	**78,124**
Bad debt provision	(2,084)	(2,837)
Total Trade receivables	**58,545**	**75,287**

The value of receivables, referring mainly to the Indirect and B2B channels, has increased by Euro 16,742 thousand compared to the same period of the previous year. The change in trade receivables is mainly due to a different billing and revenue schedule compared to the previous one.

The change in the bad debt provision for the period from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	Bad debt provision
Balance as at 29 February 2020	**(2,963)**
Carini merger	(1)
Provisions	-
Releases to the Income Statement	127
Utilisation	-
Balance as at 28 February 2021	**(2,837)**
Provisions	(14)
Releases to the Income Statement	712
Utilisation	55
Balance as at 28 February 2022	**(2,084)**

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 Company 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

Current tax assets as at 28 February 2022 and 28 February 2021 are detailed below:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
IRAP credits	1,459	-
IRES credits	2,718	-
Total Current tax assets	**4,177**	**-**

Current tax credits amounted to 4,177 at 28 February 2022 (zero at 28 February 2021). This item includes the credit balance of the estimate of the taxes for the year ending 28 February 2022 and includes the balance for current taxes payable more than offset by the credit for advances paid, The withholding taxes and the tax benefit arising from the agreement signed with the Revenue Agency for the Patent Box signed on 29 December 2021. The benefit accounted for in the financial year relates to the financial years 2016 to 2020 and derives from the exploitation of the Unieuro brand. The benefit from Patent Box recognised in taxes for the above five years was in total equal to Euro 3,989 thousand, of which Euro 1,272 thousand related to current taxes. The method for calculating the facility was subject to the rules with the Agency for the first tax period (2015-2016) of five-year.

Below is a breakdown of the item "Current tax liabilities" as at 28 February 2022 and as at 28 February 2021:

Current tax liabilities

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Payables for IRAP (income tax)	-	1,695
Payables for IRES (income tax)	-	1,068
Taxes payable	1,041	1,040
Total Current tax liabilities	**1,041**	**3,803**

As of 28 February 2022, “debts for tax liabilities” amounted to Euro 1,041 thousand.

5.10 Cash and cash equivalents

A breakdown of the item “Cash and cash equivalents” as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Bank accounts	111,934	190,571
Petty cash	13,794	13,302
Total cash and cash equivalents	**125,728**	**203,873**

Cash and cash equivalents amounted to Euro 125,728 thousand at 28 February 2022 and Euro 203,873 thousand 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

The following shows the changes in "Shareholders' equity" for the year 2021/2022 and the composition of reserves in the reporting periods

(In thousands of Euro)	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
Balance as at 28 February 2021	**4,053**	**800**	**42,519**	**(132)**	**(1,911)**	**4,069**	**30,195**	**72,901**	**152,494**
Profit/(Loss) for the Year	-	-	-	-	-	-	-	46,202	46,202
Other components of comprehensive income	-	-	-	132	206	-	-	-	338
Total statement of comprehensive income for the year	**-**	**-**	**-**	**132**	**206**	**-**	**-**	**46,202**	**46,540**
Allocation of prior year result	-	11	627	-	-	-	-	(638)	-
Distribution of Dividends	-	-	-	-	-	-	-	(53,793)	(53,793)
Purchase of own shares	-	-	-	-	-	-	(12,335)	-	(12,335)
Share-based payment settled with equity instruments	87	-	-	-	-	(382)	4,199	2,329	6,233
Total transactions with shareholders	**87**	**11**	**627**	**-**	**-**	**(382)**	**(8,136)**	**(52,102)**	**(59,895)**

Balance as at 28 February 2022	**4,140**	**811**	**43,146**	**-**	**(1,705)**	**3,687**	**22,059**	**67,001**	**139,139**

Equity, which amounted to Euro 139,139 thousand as at 28 February 2022 (Euro 152,494 thousand as at 28 February 2021), decreased during the year mainly due to the combined effect: (i) the distribution of the dividend resolved by the Shareholders' Meeting of 15 June 2021 in the amount of Euro 53,793 thousand, (ii) the execution of the share buyback programme authorised by the Shareholders' Meeting on 17 December 2020 in the amount of Euro 12,335 thousand, (iii) the exercises of the Long Incentive Plan and the accounting of the 2020-2025 performance share plan in the amount of Euro 6,233 thousand and (iv) the recognition of the profit for the consolidated financial year and other components of the statement of comprehensive income in the amount of Euro 46,540 thousand.

The share capital at 28 February 2022 was Euro 4,140 thousand, divided into 20,698,621 shares.

The Reserves are illustrated below:

- the legal reserve amounting to Euro 811 thousand as of 28 February 2022 (Euro 800 thousand as of 29 February 2020), includes allocations of profits to the extent of 5% for each financial year until the limit set forth in Article 2430 of the Italian Civil Code is reached.

- the extraordinary reserve amounting to Euro 43,146 thousand as of 28 February 2022 (Euro 42,519 thousand as of 28 February 2021); this reserve increased during the period as a result of the allocation of the profit for the year resolved on 15 June 2021 by the Shareholders' Meeting;

- the negative *cash flow* hedge reserve amounting to Euro 0 thousand as of 28 February 2022 (negative for Euro 132 thousand as of 28 February 2021); this reserve was released following the extinguishing in November 2021 of the Loan Agreement signed on 9 January 2018 (for further details see Note 5.12).

- the reserve for actuarial gains and losses on defined benefit plans amounted to Euro 1,705 thousand negative as of 28 February 2022 (Euro 1,911 thousand negative as of 28 February 2021); it changed by Euro 206 thousand following the actuarial valuation related to the TFR;

- the reserve for share-based payments amounted to Euro 3,687 thousand as of 28 February 2022 (Euro 4,069 thousand as of 28 February 2021); it changed mainly due to the combined effect of (i) the recognition of the 2018-2025 *Long-Term Incentive Plan* reserved for certain *managers* and employees for Euro 2,810 thousand and (ii) the recognition of the 2020-2025 performance share plan for Euro 2,432 thousand. For more details see note 5.28.

- other reserves amounted to Euro 22,059 thousand as of 28 February 2022 (Euro 30,195 thousand as of 28 February 2021); it changed following the establishment of the share premium reserve for Euro 4,199 thousand as a result of the exercises of the *Long Term Incentive Plan* 2018-2025 and for the execution of the share buyback program authorized by the Shareholders' Meeting on 17 December 2020 in the amount of Euro 12,335 thousand.

During the year ended 28 February 2022 there were no assets allocated to a specific business.

The following shows the changes in "Shareholders' equity" for the year 2020/2021 and the composition of reserves in the reporting periods

(In thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Reserve for actuarial profits/	Reserve for share-based payments	Other reserves	Profits/	Total shareholders' equity

					(losses) on defined benefits plans			(losses) carried forward	
Balance as at 29 February 2020	**4,000**	**800**	**6,769**	**(352)**	**(1,496)**	**5,727**	**26,944**	**60,831**	**103,223**
Carini Retail merger					(113)	-	-	(8,622)	(8,735)
Adjusted balance as at 1 March 2020	**4,000**	**800**	**6,769**	**(352)**	**(1,609)**	**5,727**	**26,944**	**52,209**	**94,488**
Profit/(loss) for the year	-	-	-	-	-	-	-	54,431	54,431
Other components of comprehensive income	-	-	-	220	(302)	-			(82)
Total statement of comprehensive income for the year	**-**	**-**	**-**	**220**	**(302)**	**-**	**-**	**54,430**	**54,348**
Allocation of prior year result	-	-	35,750	-	-	-	-	(35,750)	-
Share-based payment settled with equity instruments	53	-	-	-	-	(1,658)	3,251	2,011	3,657
Total transactions with shareholders	**53**	**-**	**35,750**	**-**	**-**	**(1,658)**	**3,251**	**(33,739)**	**3,657**
Balance as at 28 February 2021	**4,053**	**800**	**42,519**	**(132)**	**(1,911)**	**4,069**	**30,195**	**72,901**	**152,494**

Shareholders' Equity totalled Euro 152,494 thousand as at 28 February 2021 (Euro 103,223 thousand as at 29 February 2020). It increased during the year due to the combined effect of: (i) the recognition of the profit for the year for Euro 54,431 thousand and the other components of the comprehensive income statement for Euro -82 thousand; (ii) negative effect deriving from the merger of Carini Retail S.r.l. equal to Euro 8,735; and (iii) the recognition in the reserve for share-based payments for Euro 3,657 thousand referable to the 2018-2025 Long Term Incentive Plan reserved for certain managers and employees and the 2020-2025 performance share plan. For more details, please see Note 5.28.

The share capital at 28 February 2021 was Euro 4,053 thousand, divided into 20,263,579 shares.

The Reserves are illustrated below:

- the legal reserve equal to Euro 800 thousand as at 28 February 2021 (Euro 800 thousand as at 29 February 2020), includes the provisions of profits in the amount of 5% for each year until the limit pursuant to article 2430 of the civil code; there were no increases in this reserve during the period.

- the extraordinary reserve of Euro 42,519 thousand as at 28 February 2021 (Euro 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 Euro -132 thousand as at 28 February 2021 (Euro -352 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 for a negative Euro 1,911 thousand as at 28 February 2021 (negative Euro 1,496 thousand as at 29 February 2020); it changed by Euro 302 thousand following the actuarial valuation relating to severance pay and Euro 113 thousand due to the Carini merger;

- the reserve for share-based payments amounting to Euro 4,069 thousand at 28 February 2021 (Euro 5,727 thousand at 29 February 2020); the reserve has changed due to: (i) the recognition of provisions by Euro 325 thousand net of the reclassification to the item "profit carried forward" for Euro 2,140 thousand as a result of the exercise of options, for a negative Euro 1,815 thousand, of the Long Term Incentive Plan 2018-2025 reserved for some managers and employees and (ii) the recognition of provisions for Euro 157 thousand for the 2020-2025 performance share plan. For more details, please see Note 5.28.

- other reserves amounted to Euro 30,195 thousand as of 28 February 2021 (Euro 26,944 thousand as of 29 February 2020); it changed following the establishment of the share premium reserve for Euro 3,251 thousand as a result of the exercises of the *Long Term Incentive Plan* 2018-2025.

Pursuant to Article 2424 of the Civil Code, information is provided on the origin, nature and possibility of use of the Shareholders' Equity items at 28 February 2022:

(In thousands of Euro) **Nature / Description**	**Amount**	**Possibility for use (*)**	**Amount Available**	**Use in the previous 3 financial years to cover losses**	**Use in the previous 3 financial years for other reasons**
Capital	4,140	B	4,140		
Capital Reserves					
Share premium reserve	7,451	A, B, C	7,451	69	
Other capital reserves	26,944	A, B, C	26,944	14,247	20,000 (**)
Reserve for share-based payments	3,687	A, B	3,687		
Reserve Own Shares	(12,335)		(12,335)		
Suspended tax retained earnings					
Reserve pursuant to Law No. 121/87		A, B, C		75	
Retained Earnings					
Legal Reserve	811	A, B	811		
Extraordinary Reserve	43,146	A, B, C	43,146	46,810	12,293 (**)
Severance Indemnity actuarial reserve	(1,706)		(1,706)		
Cash flow hedge reserve	-				
Profit (losses) carried forward - FTA other Reserves	4,038	A, B	4,038	(3,336)	
Profit (losses) carried forward - FTA other Reserves	23,321	B	23,321		
Profit (losses) carried forward - IAS adjustments				(22,106)	
Profit (losses) carried forward - Call option agreement		A, B, C		7,644	
Profit/(loss) carried forward - Share based payment	2,062	A, B, C	2,062		
Profit (losses) carried forward-other	(8,622)		(8,622)	(51,924)	
Profit (losses) for the period	46,202	A, B, C	46,202	8,521	21,400 (**)
Total	**139,139**		**139,139**		**53,693**
Non-distributable portion			35,997		
Residual distributable portion			**103,142**		

(*) A: for capital increase; B: for covering losses; C: for distribution to shareholders

(**) Distribution of reserves

On 11 November 2021, the Board of Directors of Unieuro S.p.A. approved the launch of a program for the purchase of own shares, as part of the authorisation received by the Shareholders' Meeting on 17 December 2020. Following the purchases made by the intermediary in charge of Mediobanca S.p.A., as at 28 February 2022, the own shares held were 600,000, or 2,8987% of the share capital. The purchases entailed the recognition of a negative reserve within shareholders' equity called "Own Shares Reserve" for Euro 12,335 thousand, and the setting up for the corresponding amount (Euro 12,335 thousand) of a restriction of non-distribution and non-availability of the item "Other Capital Reserves".

5.12 Financial liabilities

A breakdown of the item current and non-current "Financial liabilities" as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	**Year ended**	
	28 February 2022	**28 February 2021**
Current financial liabilities		9,659
Non-current financial liabilities		39,068
Total financial liabilities		**48,727**

It should be noted that, in November 2021, the financing Agreement signed on 9 January 2018 with Banca IMI S.p.A., acting as agent bank, Banca Popolare di Milano S.p.A., was signed, Crédit Agricole Cariparma S.p.A. and Crédit Agricole Corporate and Investment Bank – Milan Branch, and at the same time four new credit lines "credit lines" were lit up with Unicredit S.p.A., Intesa San Paolo S.p.A., Banco BPM S.p.A. and Crédit Agricole Italia S.p.A. aimed at financing the circulation and strengthening its capital strength.

The Credit Facilities committed, include Euro 150.0 million in medium- to long-term cash loans on a revolving basis.

Interest is variable, calculated on the basis of the Euribor plus *a* contractually expected *spread*.

A contractual clause (*covenants*) was agreed upon at the same time as the disbursement of the Credit Facilities, which grants the lender the right to renegotiate or revoke the credit upon the occurrence of the events provided for in the clause. These clauses impose the respect for each Date of calculation (half-yearly) an index on a consolidated basis of Unieuro S.p.A. which is summarised below:

- *leverage ratio* (defined as the ratio of Consolidated Net Financial Debt to *Consolidated Adjusted* EBITDA LTM, as contractually defined.

As at 28 February 2022, the covenant was fulfilled and was -1,3.

As of 28 February 2022, the Credit Facilities had not been drawn, the balance of financial liabilities was zero (Euro 48,727 thousand as of 28 February 2021).

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

(In thousands of Euro)	**Year ended**

	28 February 2022	28 February 2021
Within 1 year	-	9,659
From 1 to 5 years	-	39,068
More than 5 years	-	-
Total	**-**	**48,727**

The composition of the net financial debt at 28 February 2022 and 28 February 2021, in accordance with the ESMA guideline 32-382-1138 of 04/03/2021, is as follows[35]:

(in millions of Euro)	Year ended			
	28 February 2022	*of which with Related-Parties*	28 February 2021	*of which with Related-Parties*
(A) Cash and cash equivalents	125.7		203.9	
(B) Means equivalent to cash	0.0		0.0	
(C) Other current financial assets	0.0		0.0	
(D) Liquidity (A)+(B)+(C)	**125.7**		**203.9**	
(E) current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	0.0		(0.1)	
(F) Current part of non-current financial debt	(66.5)		(77.7)	
(G) Current financial debt (E)+(F)	**(66.5)**		**(77.8)**	
(H) Net current financial debt (G)-(D)	**59.2**		**126.2**	
(I) Non-current financial debt (excluding the current part and debt instruments)	(387.4)		(438.6)	
(J) Debt instruments	0.0		0.0	
(K) Trade payables and other non-current payables	0.0		0.0	
(L) Non-current financial debt (I)+(J)+(K)	**(387.4)**		**(438.6)**	
(M) Total financial debt (H)+(L)	**(328.1)**		**(312.4)**	

The cash flow dynamics are essentially driven by the combined effect of: (I) Cash generation from operating activities including IFRS 16 leasing flows for Euro 94,254 thousand, (ii) related and paid investments for Euro 50,164 thousand, (iii) dividend distribution for Euro 53,793 thousand and (iv) buyback for Euro 12,335 thousand and (v) investments for the purchase of business units amounting to Euro 8,509 thousand.

The table below summarises the breakdown of the items "Other current financial payables" and "Other non-current financial payables" for the periods ending 28 February 2022 and 28 February 2021. See Note 5.14 "Other financial liabilities" for more details.

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Other financial liabilities	66,485	68,119
Other current financial payables	**66,485**	**68,119**

[35] In order to be better represented and jointly with the new indications of the ESMA guideline 32-382-1138 of 04/03/2021, claims relating to IFRS 16 subeasing were excluded from the financial unduly paid.

Other financial liabilities	387,357	399,558
Other non-current loans	**387,357**	**399,558**
Total financial payables	**453,842**	**467,677**

5.13 Employee benefits

The change in the item "Employee benefits" for the period from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	
Balance as at 29 February 2020	**10,551**
Carini merger	1,074
Transfers in/(out)	916
Interest cost	66
Settlements/advances	(447)
Actuarial (profits)/losses	418
Balance as at 28 February 2021	**12,570**
Transfers in/(out)	196
Interest cost	27
Settlements/advances	(394)
Actuarial (profits)/losses	284
Balance as at 28 February 2022	**12,683**

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 28 February 2022 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:

	Year ended	
Economic recruitment	**28 February 2022**	**28 February 2021**

Inflation rate	1.75%	0.80%
Actualisation rate	1.13%	0.23%
Severance pay increase rate	2.81%	2.10%

	Year ended	
Demographic recruitment	**28 February 2022**	**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 7-10 years at the evaluation date was taken as a reference for the evaluation of this parameter.

Below is the sensitivity analysis, as at 28 February 2022, 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)	**28 February 2022**
Change to the parameter	**Impact on DBO**
1% increase in turnover rate	12,589
1% decrease in turnover rate	12,788
0.25% increase in inflation rate	12,858
0.25% decrease in inflation rate	12,511
0.25% increase in actualisation rate	12,407
0.25% decrease in actualisation rate	12,969

5.14 Other financial liabilities

A breakdown of the item current and non-current “Other financial liabilities” as at 28 February 2022 and 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Payables to leasing companies	65,086	60,279
Payables for equity investments and business units	1,241	7,758
Fair value of derivative instruments	-	82
Other financial liabilities	158	-

Other current financial liabilities	**66,485**	**68,119**
Payables to leasing companies	387,357	398,243
Payables for equity investments and business units	-	1,224
Fair value of derivative instruments	-	91
Other non-current financial liabilities	**387,357**	**399,558**
Total financial liabilities	**453,842**	**467,677**

Payables for equity investments and business units

Payables for investments in participations and businesses amounted to a total of Euro 1,241 thousand at 28 February 2022 (Euro 7,758 thousand at 28 February 2021). The decrease of Euro 7,741 thousand is due to the amounts paid for the acquisition of former Pistone S.p.A., former Cerioni and Monclick.

Lease liabilities

Lease liabilities totalled Euro 452,443 thousand at 28 February 2022 and Euro 458,552 thousand 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 28 February 2022, 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 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 28 February 2022**	**Within 12M**	**Between 12M and 60M**	**Over 60M**	**Total**
Payables to leasing companies	452,443	65,086	235,165	152,192	452,443
Total					

Fair value of derivative instruments

Following the termination in November 2021 of the financing Agreement signed on 9 January 2018, *Interest Rate Swap* (*IRS)* derivative financial instrument contracts with the financing bank pool were closed with the aim of mitigating, under economically acceptable conditions, the potential impact of interest rate variability on economic performance.

Other Financial Payables

The other financial debts totalled Euro 158 thousand at 28 February 2022 (zero at 28 February 2021). The item accepts the debt relating to dividends decided by the Shareholders' Meeting on 15 June 2021 and not yet paid at 28 February 2022.

5.15 Provisions

The change in the item "Funds" for the period from 29 February 2020 to 28 February 2022 is broken down below:

(In thousands of Euro)	Tax dispute provision	Other disputes provision	Onerous contracts provision	Restructuring provision	Other risks provision	Total
Balance as at 29 February 2020	**1,897**	**4,626**	**-**	**380**	**2,834**	**9,737**
- of which current portion	*-*	*849*	*-*	*380*	*9*	*1,238*
- of which non-current portion	*1,897*	*3,777*	*-*	*-*	*2,825*	*8,499*
Carini merger	-	-	-	-	180	180
Provisions	16	9,500	-	-	3,123	**12,639**
Draw-downs/releases	-	(1,282)	-	-	-	**(1,282)**
Balance as at 28 February 2021	**1,914**	**12,843**	**-**	**380**	**6,137**	**21,274**
- of which current portion	*-*	*346*	*-*	*380*	*21*	*747*
- of which non-current portion	*1,914*	*12,497*	*-*	*-*	*6,116*	*20,527*
Provisions	*202*	*1,561*	*-*	*-*	*-*	*1,763*
Draw-downs/releases	*(1,318)*	*(4,114)*	*-*	*-*	*(1,621)*	*(7,053)*
Balance as at 28 February 2022	***798***	***10,290***	**-**	***380***	***4,516***	***15,984***
- of which current portion	*-*	*1,518*	*-*	*380*	*150*	*2,048*
- of which non-current portion	*798*	*8,772*	*-*	*-*	*4,366*	*13,936*

The "Provision for tax disputes", amounting to Euro 798 thousand as of 28 February 2022 and Euro 1,914 thousand as of 28 February 2021, is allocated mainly to cover liabilities that may arise as a result of tax disputes; the change compared to the previous year is attributable to the closure of certain proceedings with a favorable outcome.

The "Provision for other disputes", amounting to Euro 10,290 thousand as of 28 February 2022 and to Euro 12,843 thousand as of 28 February 2021, the decrease is mainly related to the execution of commitments undertaken with the Antitrust Authority.

The "Restructuring provision", equal to Euro 380 thousand as at 28 February 2022, unchanged compared with 28 February 2021, refers mainly to the personnel restructuring process of the closing sales outlets.

"Other provisions for risks" amounted to Euro 4,516 thousand as of 28 February 2022 and Euro 6,137 thousand as of 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

Below is a breakdown of the items "Other current liabilities" and "Other non-current liabilities" as at 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Contract liabilities	205,007	186,370
Payables to personnel	45,289	42,505
Payables for VAT	17,547	18,140
Payables to welfare institutions	3,635	4,034
Payables for IRPEF (income tax)	3,699	3,578
Long Term Incentive Plan monetary bonus	476	1,694
Deferred income and accrued liabilities	7,104	3,364
Other tax payables	54	455
Other current liabilities	294	44
Total other current liabilities	**283,105**	**260,184**
Long Term Incentive Plan monetary bonus	493	
Deposit liabilities	26	26
Total other non-current liabilities	**519**	**26**
Total other current and non-current liabilities	**283,624**	**260,210**

The item "Other current and non-current liabilities" increased to Euro 23,414 thousand in the year ended 28 February 2022 compared with the year ended 28 February 2021. The increase in the item recorded in the year in question is mainly due to greater contract liabilities relating to the servicing of the extended warranty.

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

- contract liabilities of Euro 205,007 thousand as of 28 February 2022 (Euro 186,370 thousand as of 28 February 2021) mainly related to (i) deferred revenues for extended warranty 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 in the amount of Euro 45,289 thousand as of 28 February 2022 (Euro 42,505 thousand as of 28 February 2021), consisting of payables for salaries to be paid, holidays, leaves of absence, 13th and 14th month bonuses. These payables refer to items accrued but not yet settled;

- VAT payables of Euro 17,547 thousand as at 28 February 2022 (Euro 18,140 thousand as at 28 February 2021) composed of payables resulting from the VAT settlement with regard to February 2022;

- deferred income and accrued expenses of Euro 7,104 thousand as at 28 February 2022 (Euro 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” includes for Euro 493 thousand from the debt relating to the Monetary Bonus provided for in the Perfomance Share Plan approved by the Shareholders’ Meeting on 17 December 2020 and from the liabilities of Euro 26 thousand.

5.17 Trade payables

A breakdown of the item “Trade payables” as at 28 February 2022 and as at 28 February 2021 is shown below:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Trade payables to third-parties	577,729	499,510
Trade payables to related-parties	5,000	2,101
Gross trade payables	**582,729**	**501,611**
Bad debt provision - amount due from suppliers	1,824	1,555
Total Trade payables	**584,553**	**503,166**

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 Euro 81,118 thousand at 28 February 2022 compared to 28 February 2021. Commercial debts increased compared to the previous year when they benefited from the non-repeatable actions initiated by management to deal with the pandemic.

The change in the "Bad debt provision and suppliers account debit balance”, referring to the receivable supplier items deemed non-recoverable, is shown below for the period from 29 February 2020 to 28 February 2022:

(In thousands of Euro)	**Bad debt provision - amount due from suppliers**
Balance as at 29 February 2020	**1,612**
Provisions	341
Releases to the Income Statement	(398)
Utilisation	-
Balance as at 28 February 2021	**1,555**
Provisions	269
Releases to the Income Statement	-
Utilisation	-

Balance as at 28 February 2022	1,824

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 operating segment identified by Unieuro which encompasses all services and products provided to customers, is unique and consists of the entire Company. As the Company is a single channel business, there is only one Strategic Business Unit ("SBU"). For further details, please refer to Note 4 Information on operating segments. The Company'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)	Year ended				Changes	
	28 February 2022	%	28 February 2021	%	Δ	%
Retail	2,008,077	68.6%	1,711,598	64.4%	296,479	17.3%
Online	472,683	16.1%	446,618	16.8%	26,065	5.8%
Indirect	280,472	9.6%	307,535	11.6%	(27,063)	(8.8%)
B2B	85,751	2.9%	104,159	3.9%	(18,408)	(17.7%)
Travel	29,879	1.0%	24,061	0.9%	5,818	24.2%
Intercompany	51,609	1.8%	65,311	2.5%	(13,702)	(21.0%)
Total revenues by channel	**2,928,472**	**100.0%**	**2,659,283**	**100.0%**	**269,190**	**10.1%**

The *retail* channel (68.6% of total revenues) - which, as at 28 February 2022, consisted of 271 direct sales outlets, including the Unieuro by Iper shop-in-shops - recorded sales of Euro 2,008,077 thousand, an increase (+17.3%) compared to Euro 1,711,598 thousand in the previous year, when Covid-related restrictions had prevented the direct network from benefiting from the favourable consumption *trends* triggered by the pandemic. The removal of these restrictions already in the first half of the year, the internalisation of 18 shop-in-shops previously under affiliation, as well as the opening of 10 new direct shops by the end of 2020, enabled the channel to recover the underperformance of the previous year, thus bringing the increase in revenue to +28.0% compared to the pre-Covid level.

The *Online* channel (16.1% of total revenues) – which includes the renewed unieuro.it platform – reversed the trend for the first nine months, closing the year with revenues rising by 5.8% to Euro 472.683 thousand from the previous Euro 446.618 thousand. The channel has thus further improved the record levels reached in 2020/21, when the emergency situation linked to the pandemic led customers to favour e-commerce at the expense of physical shops. Compared to the last pre-Covid financial year, channel revenues increased by 90,9%, confirming the effectiveness of marketing activities on the online channel, both mainstream and digital, as well as new consumption habits that have become structural.

The Indirect channel (9.6% of total revenues) - which includes sales to the network of affiliated shops for a total of 259 points of sale as at 28 February 2022 - posted revenues of Euro 280,472 thousand, down 8.8% compared to Euro 307,535 thousand in the previous year. The performance compares with +16.9% in the pandemic year, when the network of affiliated shops had proved to be particularly resilient to restrictions, benefiting from its distinctive features. The progressive post-Covid normalisation and the marked economic decline in the fourth quarter of the year just passed have brought the channel back to a performance of +6.6% compared to the pre-Covid turnover, in line with long-term trends.

The B2B channel (2.9% of total revenues) - which serves professional customers, including foreign ones, operating in sectors other than those of Unieuro, such as hotel chains and banks, as well as operators who need to purchase electronic products to distribute to their regular customers or employees on the occasion of points collections, prize competitions or incentive plans (so-called B2B2C segment) - reported revenues of Euro 85,751 thousand, down 17.7% compared to Euro 104,159 thousand in the previous year. The contraction, even more evident in comparison with 2019/20 (-29.7%), was the result of a precise managerial choice linked to the lower availability of product with which to feed the channel in some periods of the year.

The Travel channel (1.0% of total revenues) – consisting of 11 direct sales outlets located at some of the main public transport hubs such as airports, railway stations and underground stations – ended the year with revenues of up to Euro 29,879 thousand, a year-on-year recovery of 24.2% but remaining below the levels reached before the pandemic severely penalised airport traffic (-24.6% performance compared to the year 2019/20, the last ante-Covid).

Intercompany revenues were equal to Euro 51,609 thousand in the year ended 28 February 2022 (Euro 65,311 thousand in the year ended at 28 February 2021) and were composed of the sale of products to the subsidiary company Monclick S.r.l.

Below is a breakdown of revenues by category:

(In thousands of Euro and as a percentage of revenues)	Year ended				Changes	
	28 February 2022	%	28 February 2021	%	Δ	%
Grey	1,342,637	45.8%	1,295,148	48.7%	47,489	3.7%
White	750,261	25.6%	721,992	27.1%	28,269	3.9%
Brown	573,876	19.6%	401,754	15.1%	172,122	42.8%
Other products	129,622	4.4%	132,480	5.0%	(2,858)	(2.2%)
Services	132,076	4.5%	107,910	4.1%	24,166	22.4%
Total revenues by category	2,928,472	100.0%	2,659,283	100.0%	269,190	10.1%

The Grey category (45.8% of total revenues) - i.e., telephones, tablets, information technology, telephone accessories, cameras, and all wearable technology products - generated a turnover of Euro 1,342,637 thousand, an increase of 3.7% compared to Euro 1,295,148 thousand in the previous year, thanks to the good performance of telephones and related accessories, wearable products, and tablets. The second half of the year, however, was affected by the weakness of the it segment, in light of a highly challenging 2020 comparison base that benefited from smart working, e-learning, and communication purchase trends, emphasised by the emerging context. The performance compared to the year 2019/20, the last pre-Covid, however, was strongly positive and equal to +16.2%.

The White category (25.6% of total revenues) - consisting of large household appliances (MDA) such as washing machines, dryers, refrigerators or freezers and cookers, small household appliances (SDA) such as vacuum cleaners, food processors, coffee machines, as well as the air-conditioning segment - generated a turnover of Euro 750,261 thousand, up 3.9% compared to Euro 721,992 thousand in the previous year, showing a slowdown compared to the performance in the first nine months of the year. Compared to pre-Covid, the increase is still double-digit (+11.0%).

The Brown category (19.6% of revenues) - comprising TV sets and related accessories, audio devices, smart TV devices, car accessories and memory systems - recorded an expected jump of 42.8% to Euro 573,876 thousand from Euro 401,754 thousand in the previous year. The extraordinary performance of the TV segment was driven in the first half by the restart of sporting events and in the second by the start of the switch-off of television frequencies, the effect of which was accelerated and strengthened by the Bonus TV, introduced by the Government to facilitate the technological transition. The effect of the switch-off, which is expected to last for the whole of 2022, has allowed the category to outperform even with respect to pre-Covid levels, where the increase in turnover is 49.4%.

The category Other Products (4.4% of total revenues) - which includes sales of the entertainment segment, as well as other products not included in the consumer electronics market such as hoverboards or bicycles - recorded revenues of Euro 129,622 thousand, a decrease of 2.2% compared to the previous year. The weakness of the fourth quarter is due to the difficult basis of comparison offered by the corresponding period 2020/21, characterised by the launch of the PS5 and the boom in electricity mobility, among other things as a result of the state incentives then in force. Compared to the last year before Covid, the increase in turnover in the category is equal to 13.9%.

The Services category (4.5% of total revenues) recorded revenues of Euro 132,076 thousand, higher both than the previous year (+22.4%) and pre-Covid (+36.3%). The positive trend was based on Unieuro's continuous focus on the provision of services to its customers, with particular reference to the extension of guarantee, delivery and transport.

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

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Abroad	1,679	7,465
Italy	2,926,793	2,651,818
Total	**2,928,472**	**2,659,283**

5.19 Other income

Below is a breakdown of the item "Other income" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Insurance reimbursements	190	67
Rental and lease income	-	81
Other income	1,509	1,462
Total Other Income	**1,609**	**1,610**

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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	**28 February 2021**
Purchase of goods	2,410,668	2,101,874
Transport	80,514	86,000
Marketing	50,314	45,147
Utilities	20,857	13,395
Maintenance and rental charges	15,488	12,614
General sales expenses	16,343	14,911
Other costs	45,881	24,624
Consulting	11,289	9,155
Purchase of consumables	974	8,046
Travel expenses	905	596
Purchases of materials and intercompany services	40	1,757
Payments to administrative and supervisory bodies	812	667
Total Purchases of materials and external services	**2,654,085**	**2,318,786**
Changes in inventory	(90,235)	(2,053)
Total, including the change in inventories	**2,563,850**	**2,316,733**

The item “Purchases of materials and external services”, taking into account the item “Change in inventories”, rose from Euro 2,316,733 thousand as at 28 February 2021 to Euro 2,563,850 thousand in the year ended 28 February 2022, an increase of Euro 247,117 thousand or 10.7%.

The main increase can be attributed to the item "Purchase of goods" and "Change in inventories" in the amount of Euro 220,612 thousand, the increase of which can be attributed to the increase in volumes and a different mix of purchases compared to the previous year.

Transport decreased from Euro 86,000 thousand at 28 February 2021 to Euro 80,514 thousand at 28 February 2022. The trend is mainly due to the lower weight of sales delivered to home on total revenues for the period, partially offset by the higher transport and handling costs deriving from higher turnover volumes. As a percentage of consolidated revenue, this was 2.7% as at 28 February 2022 (3.2% as at 28 February 2021).

Marketing increased from Euro 45,147 thousand at 28 February 2021 to Euro 50,314 thousand at 28 February 2022. The increase is mainly due to the costs associated with digital, radio and tv activities as a result of the company’s choice to focus more on digital consumption and to increase the number of promotional campaigns. The impact on consolidated revenues was at 1.7%.

The items "Utilities" and "Maintenance and Rentals" increased by Euro 7,462 thousand and Euro 2,874 thousand, respectively, compared to 28 February 2021, the increase is mainly attributable to the increased operations of the shops that in the previous year were affected by the limitations imposed by the pandemic and the increase in the cost of raw materials.

"Selling expenses" increased from Euro 14,911 thousand at 28 February 2021 to Euro 16,343 thousand at 28 February 2022. The item mainly includes costs for commissions on sales transactions, the increase is attributable to the cost associated with collections with electronic payment instruments (cards, paypal, etc.) due to the growth in sales volumes.

The item "Other costs" mainly includes costs for variable rents, condominium expenses, vehicles, hiring, cleaning, insurance and security. The item rose by Euro 21,257 thousand compared with 28 February 2021. The trend is mainly attributable to lower concessions received from landlords on rent payments due to the relaxation of restrictions amounting to Euro 3.0 million as of 28 February 2022 (Euro 9.9 million as of 28 February 2021) , higher variable rents due to the increase in turnover in the period and the increased weight of contracts with a variable rent component, and higher condominium expenses related to the increase in energy costs.

The item "Consultancy" went from Euro 9,155 thousand as at 28 February 2021 to Euro 11,289 thousand as at 28 February 2022, up compared to the previous year. The increase is mainly related to the strengthening of the technological infrastructure and the development of new projects.

5.21 Personnel costs

Below is a breakdown of the item "Personnel costs" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Salaries and wages	148,534	127,646
Welfare expenses	43,609	37,317
Severance pay	9,468	8,137
Other personnel costs	3,611	765
Total personnel costs	**205,222**	**173,865**

Personnel costs went from Euro 173,865 thousand in the year ended 28 February 2021 to Euro 205,222 thousand in the year ended 28 February 2022, an increase of Euro 31,357 thousand or 18.0%.

The item "wages and salaries" and "social security charges" increases respectfully by Euro 20,888 thousand of Euro 6,292 thousand. The item in the previous period was affected by the effect of actions initiated by management to mitigate the impacts of the pandemic and mainly related to the use of the Temporary Layoff Benefits Fund, the disposal of holidays and absences, the non-renewal of expired fixed-term contracts and the spontaneous reduction of management compensation, and the effect of regulations on traffic restrictions that imposed the closure of shopping centres on weekends. Costs also increased due to the changeover to the direct management of the Unieuro by Iper shop-in-shops, the new openings in the period and the new head office hires.

The item "Other personnel costs", amounting to Euro 3,611 thousand as of 28 February 2022, (Euro 765 thousand as of 28 February 2021), mainly includes the recognition of the cost of the Performance Share Plan 2020.2025, the increase is mainly related to the assignment of the rights of the 2nd cycle of the plan relating to the three-year period FY 2022-FY2024.

5.22 Other operating costs and expenses

Below is a breakdown of the item "Other operating costs and expenses" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Non-income based taxes	4,195	5,424
Provision for supplier bad debts	269	57
Provision/(releases) for the write-down of other assets	-	-
Provision/(releases) for Bad debt	(699)	217
Other operating expenses	1,082	1,030
Total other operating costs and expenses	**4,847**	**6,728**

Other operating costs and expenses' decreased from Euro 6,728 thousand in the year ended 28 February 2021 to Euro 4,847 thousand in the year ended 28 February 2022, a decrease of Euro 1,881 thousand. The decrease is due to the cancellation of some notices relating to indirect taxes.

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 of fixed assets" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Amortisation/depreciation of Right-of-use assets	65,659	61,990
Amortisation of tangible fixed assets	21,432	20,887
Intangible Assets Amortisation	8,980	6,330

Write-downs/(write backs) of tangible and intangible non-current assets	628	991
Total depreciation, amortisation and write-downs	**96,699**	**90,198**

Depreciation, amortisation and write-downs increased from Euro 90,198 thousand in the year ended 28 February 2021 to Euro 96,699 thousand in the year ended 28 February 2022, an increase of Euro 6,501 thousand.

The item "Write-downs/(revaluations) of tangible fixed assets" includes the write-downs of certain assets as a result of work carried out at points of sale.

5.24 Financial income and Financial expenses

Below is a breakdown of the item "Financial income" for the financial years ended 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Other financial income	62	74
Interest income	1	-
Total financial income	**63**	**74**

"Financial income" decreased from Euro 74 thousand in the year ended 28 February 2021 to Euro 63 thousand in the year ended 28 February 2022, a decrease of Euro 11 thousand. This item mainly includes exchange gains realised during the year.

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

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Interest expense on bank loans	871	2,007
Other financial expense	11,994	11,360
Total Financial Expenses	**12,865**	**13,367**

"Financial expenses" went from Euro 13,367 thousand in the year ended 28 February 2021 to Euro 12,865 thousand in the year ended 28 February 2022, a decrease of Euro 502 thousand or 3.8%.

Interest expense on bank loans decreased by Euro 1,136 thousand as of 28 February 2022, compared to the same period of the previous year, due to the effect of the loan extinguishment in November 2021 and the simultaneous subscription of new credit lines.

The item "Other financial expenses" amounted to Euro 11,994 thousand as at 28 February 2022 (Euro 11,360 thousand as at 28 February 2021). 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 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Current taxes	(4,221)	(7,330)
Deferred taxes	3,672	1,709
(Provision)/Release of provision for taxes and tax liabilities	-	(24)
Total	**(549)**	**(5,645)**

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			
	28 February 2022	%	28 February 2021	%
Pre-tax result for the period	46,751		60,076	
Theoretical income tax (IRES)	(11,220)	24.0%	(14,418)	24.0%
IRAP	(2,895)	(6.2%)	(4,345)	(7.2%)
Patent Box benefit	3.989	8,5%	-	0,0%
Tax effect of permanent differences and other differences	9.577	20,5%	13,142	21.9%
Taxes for the period	**(549)**		**(5,621)**	
Allocation/(release) to tax provision and Taxes payable	0		(24)	
Total taxes	**(549)**		**(5,645)**	
Actual tax rate		**(1.2%)**		**(9.4%)**

The impact of taxes on income is calculated considering (accrual to)/release from the tax provision for tax disputes. In the financial years ended 28 February 2022 and 28 February 2021, the incidence of taxes on pre-tax income was 1,2% and 9,4% respectively; This item includes an estimate of the tax benefit arising from the agreement signed with the Revenue Agency for the Patent Box signed on 29 December 2021. The benefit accounted for in the financial year relates to the financial years 2016 to 2020 and derives from the exploitation of the Unieuro brand. The benefit from Patent Box recognised in taxes for the above five years was a total of Euro 3,989 thousand. The method for calculating the facility was subject to the rules with the Agency for the first tax period (2015-2016).

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.

Finally, it should be noted that, as of 28 February 2022, the tax benefits arising from the realignment of goodwill previously accounted for in the Half-Yearly Financial Report ended 31 August 2021 have been adjusted, following the revocation option exercised by Unieuro's Board of Directors pursuant to the Budget Law 2022.

5.26 Basic and diluted earnings per share

The basic earnings per share are calculated with reference to the Group result showed in the note 5.26 of the Consolidated Financial Statement.

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)	Year ended	
	28 February 2022	28 February 2021
Cash flow from operations		
Profit/(loss) for the year	46,202	54,431
Adjustments for:		
Income taxes	549	5,645
Net financial expenses (income)	12,802	13,293
Depreciation, amortisation and write-downs of fixed assets	96,699	90,198
Other changes	1,951	354
Net cash flow from/(used in) operating activities before changes in Net Working Capital	158,203	163,921
Changes in:		
- Inventories	(90,234)	(2,053)
- Trade receivables	16,742	13,886
- Trade payables	79,700	23,757
- Other changes in operating assets and liabilities	7,556	23,953
Cash flow generated/(absorbed) by operating activities	13,764	59,543
Taxes paid	(9,287)	(2,535)
Interest paid	(11,127)	(12,363)
Net cash flow generated/(absorbed) by operating activities	**151,553**	**208,566**

The consolidated net cash flow generated/(absorbed) from operating activities was positive in the amount of Euro 151,553 thousand (positive in the amount of Euro 208,566 thousand in the previous year ended 28 February 2021). The cash performance compared to the previous period is linked to the group’s income performance and to the net working capital dynamics that in the last year had been influenced by the consumption trends imposed by the pandemic.

Cash flow generated/(absorbed) by investment activities

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(33,328)	(17,782)
Purchases of intangible assets	(16,836)	(14,477)
Investments for business combinations and business units	(8,509)	(8,417)
Cash flow generated/(absorbed) by investment activities	**(58,673)**	**(40,677)**

The investment activity absorbed liquidity of Euro 58,673 thousand and Euro 40,677 thousand respectively in the financial year ended 28 February 2022 and 28 February 2021 and is mainly attributable to capitalised costs incurred for operations to develop the network of direct stores, to investments in information technology, These include the adoption of electronic labels in a significant and growing number of direct stores, the implementation of the new SAP S/4HANA management system, and the launch of the new e-commerce site resulting from the “Revolution” project.

Capital expenditure for business combinations and branches of business in the amount of Euro 8,509 thousand in the year ended 28 February 2022 (Euro 8,417 thousand in the previous year ended 28 February 2021), refers to the portion paid of the purchase price in the acquisition of ex-Pistone S.p.A., ex-Cerioni, Convertino and Limbiate.

Cash flow generated/(absorbed) by financing activities

(In thousands of Euro)	Year ended	
	28 February 2022	28 February 2021
Cash flow from investment activities		
Increase/(Decrease) in financial liabilities	(49,845)	6,846
Increase/(Decrease) in other financial liabilities	(2,037)	1,366
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(57,299)	(55,723)
Buyback	(12,335)	-
Exercise - Long Term Incentive Plan	4,283	3,304
Distribution of dividends	(53,793)	-
Cash flow generated/(absorbed) by financing activities	**(171,025)**	**(44,207)**

Financing absorbed liquidity of Euro 171,025 thousand in the year ended 28 February 2022 and Euro 44,207 thousand in the year ended 28 February 2021.

The change in cash flow from financing activities at 28 February 2022 reflects the distribution of dividends approved by the Shareholders' Meeting on 15 June 2021 during the year for Euro 53,793 thousand and the execution of the program for the purchase of own shares approved by the Shareholders' Meeting on 17 December 2020 for Euro 12,335 thousand.

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 (executives 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 the Company by 31 July 2017 ("IPO");

- Recipients : the Long Term Incentive Plan is addressed to Directors with executive type positions, associates and employees (managers and others) of Unieuro 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 the Company 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 August 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:

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

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

Or 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%;

Or 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 €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 28 February 2022 is as follows:

	Number of options 28 February 2022
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%.

	Number of rights 28 February 2022
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	**-**

It should be noted that on 23 March 2022, the Board of Directors allocated the rights and approved the regulations of the 3rd Cycle, in which it determined the terms and conditions for implementing the Plan. The subscription of the Plan by the recipients of the 3rd Cycle took place in April 2022.

6. RELATED-PARTY TRANSACTIONS

The tables below summarise the Company's credit and debt relations with related-parties as at 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Credit and debt relations with related parties (as at 28 February 2022)				
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Monclick**	**Total**
At 28 February 2022					
Trade receivables	-	-	-	19,284	**19,284**
Trade payables	-	-	-	(5,000)	**(5,000)**
Other current liabilities	(57)	(255)	(215)	(297)	**(824)**
Other non-current liabilities			(172)	-	**(172)**
Total	**(57)**	**(255)**	**(387)**	**13,987**	

(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**	**Monclick**	**Total**
At 28 February 2021						
Trade receivables	-	-	-	-	11,843	11,843
Trade payables	-	-	-	-	(2,101)	(2,101)
Other current liabilities	(70)	(30)	(148)	(3,125)	(52)	(3,425)
Total	**(70)**	**(30)**	**(148)**	**(3,125)**	**9,690**	**6,317**

The following table summarises the Company's related-part income statement positions as at 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Economic relations with related parties (as at 28 February 2022)				
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Monclick**	**Total**
At 28 February 2022					
Revenue	-	-		51,609	**51,609**

Other income	-	-		742	**742**
Purchases of materials and external services	(97)	(680)		(40)	**(817)**
Personnel costs	-		(3,325)	-	**(3,325)**
Income taxes	-	-	-	(297)	**(297)**
Total	**(97)**	**(680)**	**(3,325)**	**52,014**	

(In thousands of Euro)	**Economic relations with related parties (as at 28 February 2021)**					
Type	**Pallacanestro Forlì 2015 s.a r.l.**	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Monclick**	**Total**
At 28 February 2021						
Revenue	-	-	-	-	65,314	**65,314**
Other income	-	-	-	-	751	**751**
Purchases of materials and external services	(294)	(63)	(571)	-	2,383	**1,455**
Personnel costs	-	-	-	(5,306)	-	**(5,306)**
Income taxes					(52)	**(52)**
Total	**(294)**	**(63)**	**(571)**	**(5,306)**	**68,396**	

Main managers	
Year ended 28 February 2022	**Year ended 28 February 2021**
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 Company's cash flows with related-parties as at 28 February 2022 and 28 February 2021:

(In thousands of Euro)	Related parties						
Type	**Pallacanestro Forlì 2,015 s.a r.l.**	**Statutory Auditors**	**Carini Retail**	**Board of Directors**	**Main managers**	**Monclick S.r.l.**	**Total**
Period from 1 March 2020 to 28 February 2021							
Net cash flow generated/(absorbed) by operating activities	(224)	(66)		(562)	(4,633)	70,573	**65,088**
Total	**(224)**	**(66)**		**(562)**	**(4,633)**	**70,573**	
Period from 1 March 2021 to 28 February 2022							
Net cash flow generated/(absorbed) by operating activities	-	(70)		(573)	(6,063)	47,717	**41,011**
Total	**-**	**(70)**		**(573)**	**(6,063)**		

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)	Year ended	
	28 February 2022	28 February 2021
Guarantees and sureties in favour of:		
Parties and third-party companies	44,667	44,143
Total	**44,667**	**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.

Please note that Unieuro benefitted from general measures that could be taken advantage of by all companies and which fall within the general structure of the reference system defined by the State, or general aid linked to the economic support measures taken by the government considering the coronavirus epidemiological emergency within the limits and under the conditions set forth in Communication from the European Commission of 19 March 2020 C(2020) 1863 final temporary framework for State aid measures to support the economy in the current COVID-19 outbreak.

In the year ended 28 February 2022, Unieuro 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.

Payments to the independent auditor

Payments to the independent auditor and its network for statutory audits and other services as at 28 February 2022 are highlighted below:

Type of service	Entity providing the service	Fees (in thousands of Euro)
Audit	KPMG S.p.A.	669
Certification services	KPMG S.p.A.	11
Other services	KPMG Advisory S.p.A.	758
	Total	**1.438**

Significant events after the close of the year

The prospective strengthening of logistics

On 14 April 2022, Unieuro signed an agreement with Vailog, the Italian leader in real estate development, aimed at opening a new logistics hub in Colleferro (Rome) serving Central and South Italy, which will be operational by the end of 2023. Also thanks to the imminent strengthening of the central platform of Piacenza, the Company thus takes a new important step in the evolution of its logistic structure, which will reach at full capacity 200.000 square meters of storage capacity and goods handling, in order to adapt it to a rapidly growing business and to the increasingly high standards of service required by the customer.

Draft resolution of the Board of Directors submitted to the Shareholders' Meeting

Dear Shareholders,

We propose to allocate the net profit for the financial year 2021-2022, amounting to Euro 46,602 thousand as follows:

to the legal reserve in the amount of Euro 17 thousand;

- to each ordinary share with voting rights, a unit dividend, also in consideration of the redistribution of the dividend pertaining to treasury shares, of Euro 1.35 gross, for a total amount, on the basis of the ordinary shares currently outstanding and the treasury shares currently held in portfolio, equal to Euro 27,133 thousand, subject to any changes in said total amount deriving from the definitive number of shares entitled to the payment of the dividend on the record date, without prejudice to the unit dividend as indicated above;

- give a mandate to the Board of Directors, with the power to sub-delegate, to ascertain, in due time, in relation to the final number of shares entitled to dividend payment on the record date, the residual amount of net profit to be allocated to the extraordinary profit reserve available and distributable;

Milano, 11 May 2022

Giancarlo Nicosanti Monterastelli

Appendix 1

Statement of Assets and Liabilities as at 28/02/2022 prepared applying the provisions pursuant to Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM/6064293 of 28/07/2006.

(In thousands of Euro)	Year ended					
	28 February 2022	Of which with Related-Parties	% Weighting	28 February 2021	Of which with Related-Parties	% Weighting
Plant, machinery, equipment and other assets	79,267			71,478		
Goodwill	188,873			188,039		
Intangible assets with definite useful life	41,724			28,606		
Right-of-use assets	431,205			451,520		
Deferred tax assets	44,606			40,766		
Other non-current assets	30,381			22,633		
Total non-current assets	**816,056**	**-**	**0.0%**	**803,042**	**-**	**0.0%**
Inventories	461,624			371,390		
Trade receivables	58,545	19,284	32.9%	75,287	11,843	15.7%
Current tax assets	4,177			-		
Other current assets	27,500			18,804		
Cash and cash equivalents	125,728			203,873		
Total current assets	**677,574**	**19,284**	**2.8%**	**669,354**	**11,843**	**1.8%**
Total Assets	**1,493,630**	**19,284**	**1.3%**	**1,472,396**	**11,843**	**0.8%**
Share capital	4,140			4,053		
Reserves	67,998			75,540		
Profit/(loss) carried forward	67,001	47,912	71.5%	72,901	62,162	85.3%
Total shareholders' equity	**139,139**	**47,912**	**34.4%**	**152,494**	**62,162**	**40.8%**
Financial liabilities				39,068		
Employee benefits	12,683			12,570		
Other financial liabilities	387,357			399,558		
Provisions	13,936			20,527		
Deferred tax liabilities	2,764			2,475		
Other non-current liabilities	519	172	33.1%	26		
Total non-current liabilities	**417,259**	**172**	**0.0%**	**474,224**	**-**	**0.0%**
Financial liabilities				9,659		
Other financial liabilities	66,485			68,119		
Trade payables	584,553	5,000	0.9%	503,166	2,101	0.4%
Current tax liabilities	1,041			3,803		
Provisions	2,048			747		
Other current liabilities	283,105	824	0.3%	260,184	3,425	1.3%
Total current liabilities	**937,232**	**5,824**	**0.6%**	**845,678**	**5,526**	**0.7%**
Total liabilities and shareholders' equity	**1,493,630**	**53,908**	**3.6%**	**1,472,396**	**67,688**	**4.6%**

Appendix 2

Income Statement as at 28/02/2022 prepared applying the provisions pursuant to Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM/6064293 of 28/07/2006.

	Year ended					
(In thousands of Euro)	28 February 2022	Of which with Related-Parties	% Weighting	28 February 2021	Of which with Related-Parties	% Weighting
Revenue	2,928,472	51,609	1.8%	2,659,283	65,314	2.5%
Other income	1,699	742	43.7%	1,610	751	46.6%
TOTAL REVENUE AND INCOME	**2,930,171**	**52,351**	**1.8%**	**2,660,893**	**66,065**	**2.5%**
Purchases of materials and external services	(2,654,084)	(817)	0.0%	(2,318,786)	1,455	(0.1%)
Personnel costs	(205,222)	(3,325)	1.6%	(173,865)	(5,306)	3.1%
Changes in inventory	90,234			2,053		
Other operating costs and expenses	(4,847)			(6,728)		
GROSS OPERATING RESULT	**156,252**	**48,209**	**30.9%**	**163,567**	**62,214**	**38.0%**
Depreciation, amortisation and write-downs of fixed assets	(96,699)			(90,198)		
NET OPERATING RESULT	**59,553**	**48,209**	**81.0%**	**73,369**	**62,214**	**84.8%**
Financial income	63			74		
Financial expenses	(12,865)			(13,367)		
PROFIT BEFORE TAX	**46,751**	**48,209**	**103.1%**	**60,076**	**62,214**	**103.6%**
Income taxes	(549)	(297)	54.1%	(5,645)	(52)	0.9%
PROFIT/(LOSS) FOR THE YEAR	**46,202**	**47,912**	**103.7%**	**54,431**	**62,162**	**114.2%**

Appendix 3

Cash Flow Statement as at 28/02/2022 prepared applying the provisions pursuant to Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM/6064293 of 28/07/2006.

(In thousands of Euro)	Year ended					
	28 February 2022	Of which with Related-Parties	% Weighting	28 February 2021	Of which with Related-Parties	% Weighting
Cash flow from operations						
Profit/(loss) for the year	46,202	47,912	103.7%	54,431	62,162	114.2%
Adjustments for:						
Income taxes	549			5,645		
Net financial expenses (income)	12,802			13,293		
Depreciation, amortisation and write-downs of fixed assets	96,699			90,198		
Other changes	1,951			353	316	89.5%
	158,203			163,921	62,478	38.1%
Changes in:						
- Inventories	(90,234)			(2,053)		
- Trade receivables	16,742	(7,441)	(44,4%)	13,886	1,794	12.9%
- Trade payables	79,700	2,899	3,6%	23,757	1,245	5.2%
- Other changes in operating assets and liabilities	7,556	(2,359)	(31.2%)	23,953	(429)	(1.8%)
Cash flow generated/(absorbed) by operating activities	13,764	41,011	298.0%	59,543	65,088	109.3%
Taxes paid	(9,287)			(2,535)		
Interest paid	(11,127)			(12,363)		
Net cash flow generated/(absorbed) by operating activities	**151,553**	**41,011**	**27.1%**	**208,566**	**65,088**	**31.2%**
Cash flow from investment activities						
Purchases of plant, machinery, equipment and other assets	(33,328)			(17,782)		
Purchases of intangible assets	(16,836)			(14,477)		
Investments for business combinations and business units	(8,509)			(8,417)		
Cash flow generated/(absorbed) by investment activities	**(58,673)**	**.**	**0.0%**	**(40,677)**	**-**	**0.0%**
Cash flow from investment activities						
Increase/(Decrease) in financial liabilities	(49,845)			6,846		
Increase/(Decrease) in other financial liabilities	(2,037)			1,366		
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(57,299)			(55,723)		
Buyback	(12,335)			3,304		
Exercise - Long Term Incentive Plan	4,283					
Distribution of dividends	(53,793)			-		
Cash flow generated/(absorbed) by financing activities	(171,025)	**-**	**0.0%**	**(44,207)**	**-**	**0.0%**
Net increase/(decrease) in cash and cash equivalents	**(78,145)**	**41,011**	**(52.5%)**	**123,682**	**65,088**	**52.6%**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**203,873**			**80,191**		
Net increase/(decrease) in cash and cash equivalents	**(78,145)**			**123,682**		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**125,728**			**203,873**		

Appendix 4

Income Statement as at 28/02/2022 prepared applying the provisions pursuant to Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM/6064293 of 28/07/2006.

(In thousands of Euro)	Year ended					
	28 February 2022	Of which non-recurring	% Weighting	28 February 2021	Of which non-recurring	% Weighting
Revenue	2,928,472	-		2,659,283		
Other income	1,699	-	0.0%	1,610		
TOTAL REVENUE AND INCOME	2,930,171	-	0.0%	**2,660,893**		
Purchases of materials and external services	(2,654,084)	(6,402)	0.2%	(2,318,786)	(8,930)	0.4%
Personnel costs	(205,222)	(881)	0.4%	(173,865)	(303)	0.2%
Changes in inventory	90,234	-	0.0%	2,053		
Other operating costs and expenses	(4,847)	712	(14.7%)	(6,728)		
GROSS OPERATING RESULT	**156,252**	**(6,571)**	**(4.2%)**	**163,567**	**(9,233)**	**(5.6%)**
Depreciation, amortisation and write-downs of fixed assets	(96,699)	-		(90,198)		
NET OPERATING RESULT	59,553	(6,571)	(11.0%)	**73,369**	**(9,233)**	**(12.6%)**
Financial income	63	-		74		
Financial expenses	(12,865)	-		(13,367)		
PROFIT BEFORE TAX	**46,751**	**(6,571)**	**(14.1%)**	**60,076**	**(9,233)**	**(15.4%)**
Income taxes	(549)	4,589		(5,645)	803	(14.2%)
PROFIT/(LOSS) FOR THE YEAR	**46,202**	**(1,982)**	**(4.3%)**	**54,431**	**(8,430)**	**(15.5%)**

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS AS AT 28 February 2022 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

The undersigned Giancarlo Nicosanti Monterastelli, in his capacity as Chief Executive Officer, and Marco Pacini, in his capacity as manager in charge of drafting the accounting and corporate records of Unieuro S.p.A., certify, also taking into account 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 implementation of the administrative and accounting procedures for the preparation of the full-year financial statements of the Company, in financial year 2022.

The 2022 annual budget is also certified:

- 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 an accurate and fair view of the assets and liabilities, profits and losses and financial position of the issuer.

The Directors' Report contains a reliable analysis of operating performance and results and of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milano, 11 May 2022

Giancarlo Nicosanti Monterastelli	Marco Pacini

Report of the Board of Statutory Auditors to the Shareholders' Meeting of Unieuro S.p.A. pursuant to art. 153 of Legislative Decree 58/1998 ("TUF") and Article 2429, paragraph 2, of the Civil Code

Dear Shareholders,

in compliance with the regulations in force for joint-stock companies with shares listed on regulated markets and in accordance with the provisions of the articles of association, during the financial year ended 28 February 2022, we carried out the supervisory activities for which we are responsible in accordance with the Rules of Conduct for the Board of Statutory Auditors of listed companies issued by the National Council of Chartered Accountants, the Consob recommendations on corporate controls and the activities of the Board of Statutory Auditors and the indications contained in the Self-Governance Code.

The structure and content of this Report comply with the recommendations of standard Q.7.1 of the National Council of Accountants.

Supervising compliance with the Law and the Statute

The Board of Statutory Auditors supervised the Company's activities, through specific audits and participation in Shareholders' Meetings and Board of Directors' meetings. In addition, it participated, at least in the person of its Chairman, in the meetings of the Remuneration and Appointments Committee, the Control and Risks Committee, the Related Parties Committee, the Sustainability Committee and the Supervisory Committee as per Legislative Decree no. 231/2001.

In particular, 19 meetings of the Board of Directors, 9 meetings of the Control and Risks Committee, 13 meetings of the Remuneration and Appointments Committee, 9 meetings of the Related Parties Committee and 10 meetings of the newly established Sustainability Committee were held during the year. During the financial year to which this Report refers, the Board of Statutory Auditors met 13 times and, as part of its activities, liaised with—among others—the Internal Audit function, the Supervisory Committee, the DPO and the Auditing Firm.

The Board of Statutory Auditors acknowledges that it has obtained from the Directors the information concerning the general performance of operations and its foreseeable evolution, as well as the most important economic, financial and asset-related information carried out by the Company, deeming it to be in compliance with the Law and the Articles of Association.

In particular, the Board of Statutory Auditors reports the following transactions and events of particular interest during the financial year and up to the present date:

- the appointment, with effect from 1 March 2021, of Bruna Olivieri—hitherto the Company's Chief Omni-Channel Officer—as General Manager;
- the beginning of the transaction phase, from 1 March 2021, to the adoption of the new SAP S/4HANA management software;
- the relocation of the Company's registered office, as of 1 April 2021, from via Schiapparelli 31 to Palazzo Hercolani at via Maroncelli 10, also in Forlì; this historic building stands in the old centre of the city;
- the acquisition, on 6 April 2021, by the telecommunications operator Iliad SA, of a holding equivalent to 12% of Unieuro's capital;
- the consensual termination of the employment relationship with Italo Valenti, on 9 April 2021 and with effect from 31 May 2021, as Chief Financial Officer of the Company and manager responsible for preparing the Company's accounting documents;

- the announcement, on 6 May 2021, of the appointment of Marco Pacini to the position of Chief Financial Officer of the Company and manager responsible for preparing the Company's accounting documents, with effect from 1 June 2021;
- the approval by the Board of Directors, at its meeting on 10 June 2021, of the Company's five-year strategic plan;
- the approval by Unieuro's combined ordinary and extraordinary Shareholders' Meeting, held on 15 June 2021, of: (i) the Separate Financial Statement as at 28 February 2021, including the allocation of the profit for the year, which, in turn, included the distribution of a dividend of Euro 2.60 per share; (ii) the first section of the report on remuneration policy and remuneration paid, combined with a favourable vote on the second section; (iii) the proposal to increase the remuneration of the members of the Board of Directors and the Board of Statutory Auditors; (iv) the proposal to increase the number of members of the Board of Directors from 9 to 11; (v) the appointment of Benedetto Levi and Giuseppe Nisticò as new Company Directors; and (vi) the amendments to Articles 13.1, 13.9 and 14 of the Articles of Association;
- the inclusion on the FTSE Italia Mid Cap index of ordinary shares in Unieuro from the period June 2021 to September 2021;
- the launch, approved by the Board of Directors on 11 November 2021, of a programme for the purchase of own shares, as part of the authorisation received by the Shareholders' Meeting on 17 December 2020;
- the inauguration, on 18 November 2021, of business areas inside the former Mondadori Multicenter at via Marghera 28, Milan, which were designed, among other things, to host the legal and administrative headquarters of the subsidiary Monclick;
- the conclusion, on 23 December 2021, of the proceedings issued by *Autorità Garante per la Concorrenza e per il Mercato* (the Italian Competition Authority) against Unieuro and its subsidiary Monclick, resulting in fines of Euro 4 million and Euro 0.3 million respectively, for alleged unfair commercial practices, committed specifically during the health crisis period;
- the digital event in collaboration with the Italian National Police held on Safer Internet Day, 8 February 2022 and dedicated to the fight against cyber-bullying, following which a new book from #cuoriconnessi was introduced;
- the signing, on 14 April 2022, of an agreement with Vailog, the Italian leader in property development, aimed at opening a new logistics hub in Colleferro (near Rome) serving Central and Southern Italy, which will be operational by the end of 2023.

The Board of Statutory Auditors acknowledges that it has supervised both the decision-making process that led the Board of Directors to take the aforementioned resolutions and to conclude the other operations resolved upon, and the completion of the same, without finding any critical elements in this respect.

The Board of Statutory Auditors notes that the macroeconomic situation in which the Group operated in 2021/2022 was marked by encouraging signs of recovery compared to that in the previous period, having been boosted by government support for the economy, vaccination campaigns and the gradual easing of measures to contain the Covid-19 pandemic. Nonetheless, as stated in paragraph 12, "Coronavirus epidemic and war in Ukraine", of the Report on Operations, although it has come after the closing date of the financial statements for 2021/2022, the opportunity must be taken to note the uncertainty of the macroeconomic situation at present, particularly with regard to the costs of energy and raw materials, to trading and to expectations for inflation, as a result of Russia launching a large-scale military invasion of Ukraine on 24 February 2022, to which many European Union countries responded with economic and financial sanctions.

Monitoring compliance with the principles of good governance

The Board of Statutory Auditors monitored compliance with the principles of proper administration, ensuring that the actions decided and implemented by the Directors were inspired by principles of economic rationality, were not manifestly imprudent, risky, atypical or unusual, in potential conflict of interest or in contrast with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets.

Supervising the adequacy of the organisational set-up

The Board of Statutory Auditors has supervised the organisational structure of the Company and considers, in light of the supervisory activities carried out and to the extent of its competence, that this structure, as a whole, is adequate.

Monitoring the adequacy of the internal control system

The Board of Statutory Auditors monitored the Company's internal control system and acknowledges that, on the whole, it appeared to be adequate for the Company's size and management, as also ascertained during the meetings of the Control and Risks Committee in which at least one member of the Board of Statutory Auditors participated.

As part of the audit of the adequacy of the internal control system, the Board of Statutory Auditors notes that the Company's Organisational Model is adequate in accordance with the provisions of Legislative Decree no. 231/2001 and that it is scheduled to be updated to reflect recent changes in legislation. This model, which concerns the Company's overall activities from a procedural, organisational and control point of view, appears to be adequate and incisive and is supervised by a specially appointed and regularly functioning body made up of an internal member (the Head of Internal Audit) and independent external experts.

The Board of Statutory Auditors has met and maintained a constant flow of information with the Supervisory Committee and has examined the half-yearly reports of this body for the financial year 2021/2022 on which it has no observations to make.

In order to monitor the adequacy of the internal control system, the Board of Statutory Auditors liaised not only with the Control and Risks Committee and the Supervisory Committee, but also with the Director in charge of the internal control and risk management system and the Internal Audit function.

The Board of Statutory Auditors reviewed the annual report of the Internal Audit function as at 28 February 2022, which was approved at the Board of Directors' meeting on 11 May 2022. The Annual Audit Plan was approved at the same Board meeting.

The Board of Statutory Auditors acknowledges that the roles and responsibilities of the persons involved in the internal control and risk management system are distinct in order to avoid operational overlaps of their respective areas of activity and competence, as well as duplication of controls.

Supervision of the adequacy of the administrative and accounting system and of the statutory audit activities

The Board of Statutory Auditors monitored, to the extent of its competence, the Company's administrative and accounting system and its reliability in correctly representing management events by collecting information from the functions, examining company documentation and analysing the results of the work carried out by the Auditing Firm, with a particular focus on the move to the new management software SAP S/4HANA in the financial year 2021/2022.

The Board of Statutory Auditors believes that this system is substantially adequate and reliable for the purposes of the correct representation of management events and acknowledges that each body of the Company has fulfilled its disclosure obligations under applicable regulations.
The Board of Statutory Auditors notes that the Company has implemented the provisions of the new IFRS 16 accounting standard that have had an impact on the financial statements, as represented in the Notes to the financial statements, and that it has received analytical information regarding the impairment tests performed in accordance with IAS 36 to confirm the values of the intangible assets recognised in the Company's financial statements at 28 February 2022.
The Board of Statutory Auditors notes that the Manager responsible for preparing the Company's financial reports has issued a statement to the effect that the financial statements give a true and fair view of the Company's economic, equity and financial position.
The Board of Statutory Auditors has supervised the adequacy of the provisions given by Unieuro to the subsidiary company Monclick, pursuant to Article 114, paragraph 2, of the TUF and the correct flow of information between them, and believes that the Company is able to fulfil its disclosure obligations provided for by the Law.
The Board of Statutory Auditors has also periodically met with the Board of Statutory Auditors of Monclick for the usual exchange of data and information. No significant facts or anomalies emerged during these meetings that needed to be reported in this Report.
The Board of Statutory Auditors met with the managers of the Auditing Firm in order to exchange relevant data and information with them and acknowledges that it has not received any communication of facts or anomalies of such importance as to need to be reported in this Report.
The Board of Statutory Auditors acknowledges that the report on the separate and consolidated financial statements, issued by the Auditing Firm on 18 May 2022, does not contain any remarks and/or requests for information and certifies that the separate and consolidated financial statements are clearly prepared and give a true and fair view of the Company's financial position, results of operations and cash flows.
The same report is also in line with the provisions of Art. 123-bis, TUF and contains the relevant information referred to in paragraph 4 of that provision; the Auditing Firm has expressed its opinion on the consistency of the information provided for by art. 14 (para.1) (lett. e) of Legislative Decree no. 39/2010.
The Board of Statutory Auditors acknowledges that, during the financial year ended 28 February 2022, Unieuro appointed the auditing firm KPMG S.p.A. and the entities belonging to its network for audit and other non-audit services for a total of Euro 1,525,000 (of which Euro 748,000 for audit services and Euro 777,000 for other services).
In addition, on 18 May 2022, the Auditing Firm submitted to the Board of Statutory Auditors the Additional Report required by Article 11 of Regulation (EU) No. 537/2014, from which there are no significant deficiencies in the internal control system in relation to the reporting process that are worthy of being brought to the attention of those responsible for governance activities.
In view of the above and having acknowledged the declaration of non-existence of causes of incompatibility attached to the Additional Report, the Board of Statutory Auditors considers that there are no critical issues regarding its independence.
The Board of Statutory Auditors acknowledges that the Company has also made its financial statements available in the European Single Electronic Format (ESEF), pursuant to Directive 2004/109/CE (the "Transparency Directive") and the Commission Delegated Regulation (EU) 2019/815, which made it compulsory for security issuers listed on European Union regulated markets to publish their annual financial reports in XHTML language.

Supervision of non-financial information

The Board of Statutory Auditors, with reference to the consolidated declaration of a non-financial nature (hereinafter "DNF") governed by Legislative Decree 254/2016, monitored compliance with the provisions of the Law provided for on the subject and the adequacy of the organisational, administrative and reporting and control system prepared by the Company in order to allow for a correct and complete representation, in the DNF, of the business activity, its results and its impacts with regard to non-financial issues.

The Board of Statutory Auditors obtained periodic updates on the performance of the activities required for the preparation of the DNF and monitored compliance with the provisions set out in Legislative Decree 254/2016, within the scope of the functions assigned to it by the law.

The DNF was also subject to a conformity assessment by the Auditing Firm, which issued a specific report certifying the conformity of the information provided pursuant to Article 3, paragraph 10, of Legislative Decree no. 254/16.

It should be noted that the DNF was made public together with the documents relating to the Annual Financial Report to 28 February 2022.

Proper implementation of corporate governance rules and initiatives undertaken

The Company's *corporate governance* structure is characterised by a set of rules, behaviours and processes aimed at ensuring an efficient and transparent corporate governance system and an efficient functioning of its corporate bodies and control systems.

In particular, the *corporate governance* structure adopted by the Company is based on a "traditional" organisational model, consisting of the following bodies: Shareholders' Meeting, Board of Directors and Board of Auditors. Pursuant to current legislation, the legal audit mandate is entrusted to the above-mentioned auditing firm, registered with CONSOB. The *governance of* the Company is completed by the Organisational Model pursuant to Legislative Decree no. 231/2001, the Remuneration and Appointments Committee, the Control and Risks Committee, the Related Parties Committee and the Sustainability Committee, the structure of powers and delegations. The Company adheres to the Self-Governance Code of listed Italian companies, adapting it to its own characteristics.

The Board of Directors meeting on 13 April 2022, ascertained that each member of the Board of Statutory Auditors met the requirements of professionalism and independence set forth in Article 148, paragraph 4, of the TUF and in the Self-Governance Code. The Board of Statutory Auditors carried out its self-assessment of composition and independence on 12 April 2022. In addition, the Board of Directors meeting on 11 May 2022 approved the Report on remuneration policy and remuneration paid pursuant to Article 123-ter of the TUF.

Please refer to the Report on Corporate Governance and Ownership Structure for further details on the Company's *corporate governance*, on which the Board of Statutory Auditors has no issues to report to the Shareholders' Meeting.

The Board of Statutory Auditors also informs that it participated in information sessions addressed to Directors and Auditors that allowed them to improve their knowledge of the sector in which the Company operates, of the main aspects relating to management and of the regulatory framework, and to obtain updates on the progress of the main initiatives.

The Board also acknowledges that it has supervised the activities related to Regulation (EU) 2016/279 on the protection of personal data (GDPR) and, in this respect, has no observations worthy of mention in this Report.

Supervision of transactions with Group companies and related parties

The Board of Statutory Auditors did not detect any atypical and/or unusual transactions with related parties during the financial year ended 28 February 2022. Transactions of an ordinary nature carried out with related parties, described, with evidence of the economic effects, by the Directors in the Report on Operations, to which reference should be made, are consistent and in the Company's interest.

The Board of Statutory Auditors has met and maintained a constant flow of information with the Related Parties Committee and acknowledges that it has not received notification of any facts or anomalies of such significance that they should be reported in this Report.

Indications of opinions issued to the Board of Statutory Auditors, omissions and reprehensible facts detected

Between the date of the previous Report and the present date, the Board of Statutory Auditors has not released the opinions mandated by existing legislation, with the exception of one on 3 March 2021, on the proposal to appoint a new Chief Financial Officer for the Company, pursuant to Legislative Decree 58/1998, and acknowledges that no complaints have been made to this effect under Article 2408 of the Civil Code.

The Board of Statutory Auditors is not aware of any other complaints to be reported in this Report.

Proposals for the annual accounts

On the basis of the above, and in summary of the supervisory activities carried out during the year, the Board of Statutory Auditors has no observations to make, pursuant to Article 153 of Legislative Decree no. 58/1998, on the matters within its competence concerning the financial statements as at 28 February 2022 and unanimously – considering also that, on 18 May 2022, the Auditing Firm issued its reports without remarks – that found there are no reasons to prevent your approval of the same, as per the draft prepared and approved during the meeting of the Board of Directors on 11 May 2022, together with the Report on Operations and the proposal for the allocation of the profit for the year formulated by the Board itself.

Milan, 19 May 2022

BOARD OF STATUTORY AUDITORS

President Dr Giuseppina Manzo Giuseppina Manzo

Statutory auditor Dr Federica Mantini Federica Mantini

Statutory auditor Dr Maurizio Voza Maurizio Voza