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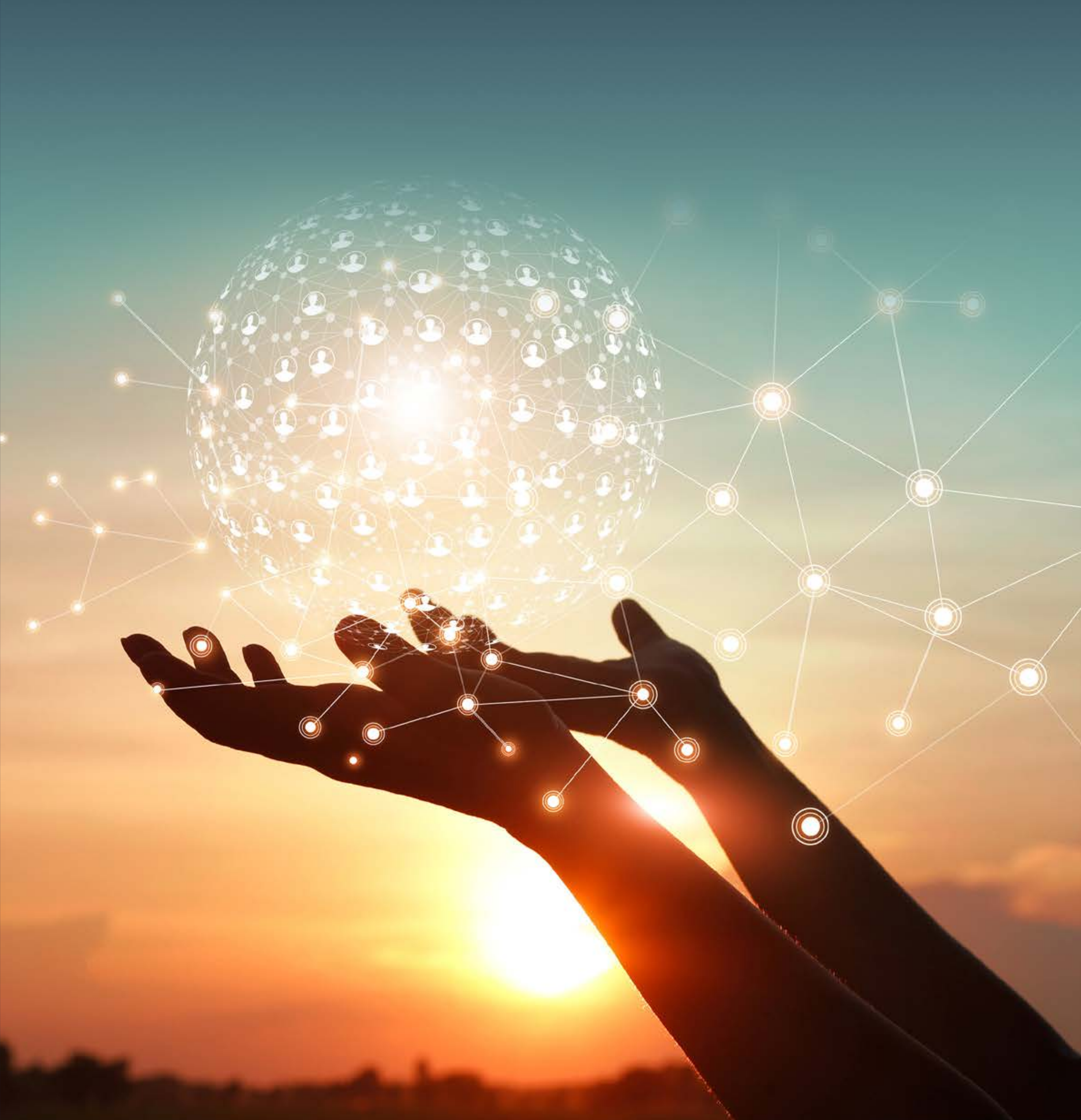
unieuro

Half-Yearly Financial Report

as at 31 August 2022



REPORT ON OPERATIONS

1. Introduction

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

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

The company Monclick S.r.l. (hereinafter also known as “Monclick” or “MK”) wholly owned by Unieuro, is a company under Italian law with its registered office in Milan at Via Marghera 28, which sells online IT, electronic and telephone products and appliances in Italy through its website www.monclick.it, offering a catalogue with over 70,000 items and guaranteeing a comprehensive purchasing experience completed through the home delivery and installation of the chosen product. It also operates in the segment known as B2B2C, where the customers are operators that 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 EURONEX STAR segment of the Milan stock exchange. Unieuro 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 shows the percentage of Unieuro's ordinary shares held at the date of this Report, either directly or indirectly by shareholders or by those at the top of the ownership chain who have declared that the holding threshold of 5% of Unieuro's subscribed capital has been reached or exceeded in accordance with Article 120 of the Consolidated Finance Act and Consob Issuers' Regulation. This percentage is updated on the basis of the information available to the Company:

DECLARANT	DIRECT SHAREHOLDER	NUMBER OF SHARES	% OF NUMBER OF SHARES REPRESENTING THE SHARE CAPITAL
XAVIER NIEL	• ILIAD HOLDING S.P.A. • ILIAD SA	2,520,374	**12.177%**
AMUNDI ASSET MANAGEMENT	• AMUNDI SGR S.P.A. • AMUNDI ASSET MANAGEMENT	1,396,730	**6.748%**
GIUSEPPE SILVESTRINI	• VICTOR S.R.L. • MONTE PASCHI FIDUCIARIA S.P.A. • GIUSEPPE SILVESTRINI	1,290,620	**6.235%**

2. Procedural note

This Report on Operations contains information relating to consolidated revenues, consolidated profits, cash flows and the statement of financial position of the Unieuro Group as at 31 August 2022 compared with the figures as at 31 August 2021 for the economic results and the cash flows and with the figures of the latest financial statements approved as at 28 February 2022 for the statement of financial position.

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

3. Accounting policies

This Report on Operations as at 31 August 2022 was prepared in compliance with the provisions of Article 154-*ter*, paragraph 5 of Legislative Decree 58/98 of the Italian Consolidated Law on Finance (T.U.F.) as subsequently amended and supplemented in compliance with Article 2.2.3 of the Stock Exchange Regulations and in the application of IAS 34. It does not include all the information required by the IFRS for the preparation of the annual financial statements and must therefore be read in conjunction with the Unieuro Financial Statements as at 28 February 2022. The Report on Operations was prepared in compliance with international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and with the relevant interpretations (SIC/IFRIC), adopted by the European Union.

The accounting criteria and the consolidation principles adopted are consistent with those used in the Group's Consolidated Financial Statements as at 28 February 2022, to which reference is made.

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

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

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

Key financial performance indicators[1]

(in millions of Euro)	Period ended	
	31 August 2022	**31 August 2021**
Operating indicators		
Consolidated revenues	1,292.7	1,268.2
Consolidated Adjusted EBIT[2]	12.1	27.1
Consolidated Adjusted EBIT margin[3]	0.9%	2.1%
Adjusted Profit/Loss for the Consolidated Period[4]	4.6	22.4
Profit/Loss for the Consolidated Period	1.1	18.0
Cash flows		
Consolidated Adjusted Free Cash Flow[5]	(34.5)	(12.4)
Investments paid in the period	(21.2)	(26.4)

(in millions of Euro)	Period ended	
	31 August 2022	**28 February 2022**
Indicators from statement of financial position		
Net working capital	(288.5)	(332.6)
(Net financial debt) / Net cash – Pursuant to IAS 17[6]	71.0	135.7
(Net financial debt) / Net cash	(402.2)	(314.5)

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

[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 5.5 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 5.6 for additional details.

(in millions of Euro)	Period ended	
	31 August 2022	**28 February 2022**
Operating indicators for the year		
Like-for-like growth[7]	1.5%	8.8%
Direct points of sale (number)	278	282
of which *Pick Up Points*[8]	272	273
Affiliated points of sale (number)	260	259
of which Pick Up Points	210	206
Total area of direct points of sale (in square metres)	approximately 401,000	approximately 403,000
Sales density[9] (Euro per square metre)	5,625	5,641
Full-time-equivalent employees[10] (number)	4,859	4,952
Net Promoter Score[11]	53.0	48.5

7 Like-for-like revenue growth: the methods for comparing sales for the six-month period ended 31 August 2022 with those for the six-month period ended 31 August 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 operation 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. Market performance[12]

Following the sales record during the pandemic, the consumer technology market is faced with, on the one hand, ongoing supply chain outages and the resulting increased costs and limited product availability, and on the other hand, macroeconomic dynamics with an increase in the cost of living for consumers. The latter, together with the difficult geopolitical environment, led to a decline in **consumer confidence**[13] in the first half of FY23.

This uncertainty was reflected in the development of the consumer electronics market, which has shrunk slightly compared to the same period in FY22 (-0.9%). This was also affected by the comparison with record data during the pandemic.

The decline is driven by the performance of **the traditional channel** (-3.6%), whilst the **online channel**, despite its upward trend in FY22, closes its **half-year in positive territory** (+7.9%). Online penetration returns to growth in line with pre-COVID rates of about 2 pp, to 25.4%.

With regard to market operators, sales have increased since the first half of FY22 for Technical Super Stores – electronics chains with large outlets – thanks to the enhancement of the online channel (+1.1%). Electrical Retail – small electronics chains in which Unieuro is present by means of the Wholesale channel – show a declining performance (-4.2%) in line with the traditional channel sales decline.

Specialists – distribution channel including those specialising in various product categories – showed a negative performance (-7.7%) as a result of the shift in sales on the main sector's online channel (telecom) not intercepted by the distribution channel, consisting mainly of physical outlets.

The Mass Merchandiser segment – the reference scope of pure players online – closes the half-year by catching up with the first quarter of the year and showing a positive trend (+1.0%), mainly due to the growth of the small appliance sector and the reduction in the contraction of the IT sector.

As regards performances in the individual product categories:

- **White (+5.6%)**: the increase is mainly driven by developments in small appliances (+4.0%) and Home Comfort (+35.6%), which – thanks to the confirmation of the eco-bonus and a summer of particularly hot temperatures – are reflected in the air conditioning (+35.7%) and air treatment sectors. There are signs of a slight slowdown in the large appliance sector, which showed substantially stable sales in the second quarter.

- **Grey (-3.8%)**: the sector's contraction is the result of the slowdown in the IT sector, which, despite a less pronounced decline in the second quarter as a result of the increase in price lists, ended the six-month period with a negative double-digit result (-12.4%). The main products in the telecom sector showed growth across the board (+1.4%), driven by the digital channel that eased the decline on the traditional channel. The weight of online sales in the industry, and in particular of smartphones, has increased (+4.8 pp for online penetration compared to the corresponding half-year of the previous FY).

- **Brown (-1.3%):** there has been a gradual decline in the TV sector since the second quarter. While this effect is partly linked to the previous year's performance resulting from the switch-off campaign and the introduction of the TV bonus, on the other hand we are observing a reduction in the average price caused by the shift in demand towards convenience products ("gamma effect") and by the increased promotional pressure on premium products ("price effect").

The Company closed the half-year with results well above the market in all sectors. The Online channel recorded the best performance with a direct effect on market share acquisitions, particularly in the White and smartphone categories that are characterised by high marginality and intense competition from pure players, respectively.

12 The data relating to the market were prepared by the Group management based on the data available as at October 2022.

13 Source: ISTAT – Consumer and business confidence – September 2022

5. Group operating and financial results

5.1 Consolidated revenues

The conflict between Russia and Ukraine has generated strong geopolitical and economic tensions worldwide, leading, *inter alia*, to a significant increase in inflation, with evident repercussions on purchasing power and consumer confidence, only partially preserved by the political measures undertaken by national governments.

In this context, the consumer electronics market in our country has fallen by 0.9% compared to the same period in the previous year, being also affected by the comparison with a period that had benefited from extraordinary and non-recurring purchasing trends as a result of the emergency context created by the pandemic.

In the first half of the financial year 2022/23, in a seasonally weak period for sales of electronics and appliances, the Group's revenues were consolidated at Euro 1,292.7 M, up by 1.9% from the amount of Euro 1,268.2 M totalled in the corresponding period of the previous year.

The positive performance of the business was driven by the Online channel, which recorded an increase of +23.0%; the physical network also recorded growth of +1.1% as a result of the external and internal growth measures undertaken by the Group.

The development of like-for-like revenues[14] – or the comparison of sales with those of the corresponding period of the previous year based on a standard scope of operations – stood at +1.5%. 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 2.4%.

5.1.1 Consolidated revenues by channel

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2022	%	31 August 2021	%	Δ	%
Retail[15]	900.2	69.6%	890.1	70.2%	10.1	1.1%
Online	231.0	17.9%	187.8	14.8%	43.3	23.0%
Indirect	112.4	8.7%	141.3	11.1%	(28.8)	(20.4%)
B2B	49.0	3.8%	49.1	3.9%	(0.1)	(0.1%)
Total consolidated revenues by channel	**1,292.7**	**100.0%**	**1,268.2**	**100.0%**	**24.4**	**1.9%**

The Retail channel (69.6% of total revenues) – which, at 31 August 2022, consisted of 278 direct sales outlets, including Unieuro by Iper shop-in-shops, and the direct sales outlets located at certain major public transport hubs such as airports, train stations and underground stations (formerly the Travel channel) – increased by 1.1%, with revenues of €900.2 million compared to €890.1 million in the same six months of the previous year. This was mainly due to the growth of the direct stores network, which benefited from the incremental contribution of new openings and acquisitions completed in the last 12 months.

The Online channel (17.9% of total revenue), which includes the revamped unieuro.it platform and the digital pure player Monclick, generated €231.0 million in revenues. This was up 23.0% from €187.8 million in the same period

[14] 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.
[15] As of the first quarter ended 31 May 2022, direct stores located in certain major public transport hubs such as airports, train stations and underground stations – formerly the Travel channel – have been reclassified and included in the Retail channel.

of the previous year. Once again, a double-digit performance demonstrates the effectiveness of synergies between channels, with physical stores acting as pick-up points for the benefit of web customers, and is enhanced by the continuous innovation process powered in terms of new capabilities, platform improvements, focus on contents, and effectiveness of communication campaigns.

The Indirect channel (8.7% of total revenues) – which includes sales made to the network of affiliated shops for a total of 260 outlets at 31 August 2022 – totalled revenues of €112.4 million, down by 20.4% from €141.3 million in the corresponding period of last year which had benefited from the closure of shopping centres during weekends due to pandemic restrictions.

The B2B channel (3.8% of total revenues) – which targets domestic and foreign professional customers operating in industries other than those where Unieuro operates, such as hotel chains and banks, as well as operators who need to purchase electronic products to be distributed to their regular customers or to employees to accumulate points or to take part in prize competitions or incentive plans (B2B2C segment) – reported revenues of €49.0 million, substantially in line with the corresponding period of the previous year (-0.1%).

5.1.2 Consolidated revenues by category

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2022	%	31 August 2021	%	Δ	%
Grey	598.8	46.3%	598.0	47.2%	0.8	0.1%
White	363.5	28.1%	346.0	27.3%	17.5	5.1%
Brown	202.1	15.6%	202.8	16.0%	(0.7)	(0.3%)
Other products	56.2	4.3%	60.5	4.8%	(4.3)	(7.2%)
Services	72.1	5.6%	60.9	4.8%	11.2	18.3%
Total consolidated revenues by category	**1,292.7**	**100.0%**	**1,268.2**	**100.0%**	**24.5**	**1.9%**

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 (46.3% of total revenues), consisting of telephony, tablets, information technology, telephony accessories, cameras and all wearable technological products, reported sales for €598.8 million, substantially in line with the corresponding period of the previous year (+0.1%). The positive performance of the telephony sector, fuelled by the quest for technological upgrade by consumers, offset the settlement of consumption in the IT segment, which had benefited from purchasing trends consequent to smart working and e-learning activities.

The White category (28.1% of total revenues) - composed of large appliances (MDA), such as washing machines, tumble dryers, refrigerators or freezers and cooktops, small appliances (SDA), such as vacuum cleaners, food processors, coffee machines, as well as the climate control segment - generated sales for Euro 363.5 million, up by 5.1% compared to the first semester 2021/22. The positive performance is due to the success of the home comfort business, driven by the Ecobonus tax incentive introduced by the Government to reduce the energy consumption of existing buildings, and by a summer characterised by particularly hot temperatures, as well as by the positive trends in the Air Treatment business.

The Brown category (15.6% of revenues), which includes TV sets and related accessories, audio devices, smart TV devices, car accessories and storage systems, reported a 0.3% reduction to Euro 202.1 million compared to the corresponding period of the previous year, which had benefited from extraordinary sales induced by the switch-off of TV frequencies. In addition to this, a shift in demand took place during the period considered towards entry-level products, together with an increase in promotional campaigns on premium products.

The Other Products category (4.3% of total revenues), which includes both Entertainment sales and sales of other products not included in the consumer electronics market, such as hoverboards or bicycles, generated sales for Euro 56.2 million, down by 7.2% compared to the corresponding period of the previous year. The entertainment segment, including consoles and video games, negatively impacted the category's performance due to the lack of product availability on the market.

The Services category (5.6% of total revenues) closed the semester with revenues of Euro 72.1 million, up by 18.3% compared to the first half of the previous year, thanks to increased sales of services related to the air conditioning business, as well as to good trends in the extended warranty service business.

5.2 Consolidated operating profit

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

(in millions and as a percentage of revenues)	**Period ended**						**Changes**	
	31 August 2022			**31 August 2021**				
	Adjusted amounts	**%**	***Adjustments***	**Adjusted amounts**	**%**	***Adjustments***	**Δ**	**%**
Revenue	1,292.7			1,268.2			24.5	1.9%
Sales revenues	**1,292.7**			**1,268.2**			**24.5**	**1.9%**
Purchase of goods and Change in inventories	(1,005.4)	(77.8%)	0.0	(991.5)	(78.2%)	0.0	(13.8)	1.4%
Marketing costs	(21.8)	(1.7%)	(0.0)	(23.4)	(1.8%)	0.2	1.6	(7.4%)
Logistics costs	(40.0)	(3.1%)	0.1	(37.2)	(2.9%)	0.2	(2.7)	7.4%
Other costs	(59.6)	(4.6%)	0.7	(45.9)	(3.6%)	0.7	(13.7)	29.8%
Personnel costs	(100.7)	(7.8%)	0.3	(97.3)	(7.7%)	0.5	(3.3)	3.4%
Other operating income and costs	(3.0)	(0.2%)	0.6	(2.2)	(0.2%)	0.0	(0.7)	33.1%
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	2.6	0.2%	2.6	3.0	0.2%	3.0	(0.4)	(12.6%)
Consolidated Adjusted EBITDA	**64.9**	**5.0%**	**4.2**	**73.6**	**5.8%**	**4.5**	**(8.7)**	**(11.8%)**
Amortisation, depreciation and write-downs of fixed assets	(52.9)	(4.1%)	0.6	(46.6)	(3.7%)	0.2	(6.3)	13.6%
Consolidated Adjusted EBIT	**12.1**	**0.9%**	**4.8**	**27.1**	**2.1%**	**4.7**	**(15.0)**	**(55.4%)**

In the seasonally weaker half of the year, the Adjusted EBIT remained at Euro 12.1 million (Euro 27.1 million in the corresponding period of the previous year), up by Euro 5.8 million compared to the first pre-Covid semester 2019/20.

Operating profitability was adversely affected by the effects of the geopolitical crisis, which led to increased inflation, with a worsening, *inter alia*, of energy and logistics price increases.

Gross profit showed a positive change of €10.2 million compared to the first half of 2021/22 due to the growth in sales volumes and the favourable category mix.

Marketing costs fell by Euro 1.6 million compared to the corresponding period of the previous year, mainly as a result of lower investments in digital, radio and TV activities. The impact on revenues fell to 1.7% from 1.8% in the first six months 2021/22.

Logistics costs show an increase of Euro 2.7 million over the corresponding period of the previous year, with a 3.1% impact on revenues (2.9% in the first six months 2021/22). The change is due to fuel price trends and to the increase in rates for cargo transport and handling services, as well as to the increased weight of web sales on the overall turnover for the 6-month period.

Other costs increased by Euro 13.7 million, with a 4.6% incidence on revenues compared to 3.6% in the first six months of the financial year 2021/22. The main reason for this change is the increase in energy costs (around Euro 7.7 million), as well as the increase in the costs for the installation of climate control systems sold to customers.

Staff costs increased by Euro 3.3 million. The incidence on sales in the 6-month period reached 7.8% compared to 7.7% in the corresponding period of the previous year. The increase is due to the effect of the new openings and acquisitions made, as well as the costs associated with the allocation of rights for the second and third cycle of the 2020-2025 Long-Term Incentive Plan.

The depreciation and write-down of fixed assets totalled Euro 52.9 million (Euro 46.6 million in the semester ended 31 August 2021), in connection with investments made to develop the network of direct stores and IT projects.

The reconciliation between Consolidated Adjusted EBIT and Consolidated Net Operating Result reported in the Consolidated Half-Year Financial Statements is shown below.

(in millions of Euro and as a percentage of revenues)	**Period ended**				**Changes**	
	31 August 2022	**%**	**31 August 2021**	**%**	**Δ**	**%**
Consolidated Adjusted EBIT[16]	12.1	0.9%	27.1	2.1%	(15.0)	(55.3%)
Non-recurring expenses /(income)	(1.6)	(0.1%)	(1.5)	(0.1%)	(0.1)	7.8%
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[17]	(2.6)	(0.2%)	(3.0)	(0.2%)	0.4	12.6%
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.6)	0.0%	(0.2)	(0.0%)	(0.4)	208.6%

[16] See the Note in the section "Main financial and operating indicators".

[17] The adjustment was for the deferral of extended warranty service revenues already collected, net of the related estimated future costs to provide the assistance service. From the year ended 29 February 2012, for White products sold by Unieuro, from the year ended 28 February 2015 for all extended warranty services sold by Unieuro S.r.l. (hereinafter the "Former Unieuro") (excluding telephone systems and peripherals), from the year of acquisition for all extended warranty services sold by the sales outlets acquired by the business units the former Andreoli S.p.A., the former Cerioni S.p.A., the former DPS S.r.l., the former Galimberti S.p.A. and the former Pistone S.p.A. (excluding telephone systems and peripherals), Unieuro modified the business model for the management of extended warranty services by in-sourcing the management of services sold by the Former Unieuro and by Unieuro that were previously outsourced and by extending this model to the sales outlets acquired by the business units the former Andreoli S.p.A., the former Cerioni S.p.A., the former DPS S.r.l., the former Galimberti S.p.A. and the former Pistone S.p.A. (the "Change in Business Model"). As a result of the Change in Business Model, at the time of sale of extended warranty services, Unieuro suspends the revenue in order to recognise the revenue over the life of the contractual obligation, which starts on the expiration of the two-year legally required warranty. Thus, Unieuro begins to gradually record revenues from sales of extended warranty services two years (term of the legally required product warranty) after the execution of the related agreements and after the collection of compensation, which is generally concurrent. Thus, the revenue is recorded on a pro rata basis over the life of the contractual obligation (historically, depending on the product concerned, for a period of one to four years). As a result of this Change in Business Model, the income statements do not fully reflect the revenues and profit of the business described in this note. In fact, the income statements for the periods ended 31 August 2022 and 31 August 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.

Net Operating Result	**7.2**	**0.6%**	**22.4**	**1.8%**	**(15.1)**	**(67.5%)**

Non-recurring expenses/(income) decreased by Euro 0.1 million compared to the previous half-year ended 31 August 2021, and are broken down in section 5.3 below.

The adjustment linked to the change in the business model for directly managed support services decreased by Euro 0.4 million compared to the half-year ended 31 August 2021.

5.3 Non-recurring income and expenses

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

(in millions of Euro)	Period ended		Changes	
	31 August 2022	**31 August 2021**	**Δ**	**%**
Mergers & Acquisitions	1.0	0.8	0.2	23.9%
Pre-opening, relocation and closing costs for outlets and logistic hubs[18]	0.2	0.5	(0.2)	(54.0%)
Other non-recurring expenses	0.4	0.2	0.2	74.4%
Total	**1.6**	**1.5**	**0.1**	**7.7%**

Non-recurring income and expenses increased by €0.1 million compared with the same period a year earlier ended 31 August 2021.

The item relating to M&A costs was €1.0 million as at 31 August 2022 (€0.8 million in the period ended 31 August 2021), mainly due to higher taxes on acquisition transactions carried out in previous years. These M&A costs have arisen in connection with the acquisition of the Etnapolis-Ex Expert outlet and mainly include rental costs, outlet staffing costs incurred from the date of completion of the acquisition to the date of opening to the public, greater costs for the education and training of employees in sales outlets, and, lastly, consulting costs and other minor costs incurred for the completion of the acquisition transactions.

Pre-opening, relocation and closing costs for outlets and logistic hubs totalled Euro 0.2 million in the period ended 31 August 2022 (Euro 0.5 million in the same period a year earlier). This item includes costs and expenses for rent, staff, security, business travel, maintenance and marketing incurred in the context of: (i) store openings (in the months immediately before and after the openings) and (ii) store closures. It also includes the costs associated with the opening of the new logistic site in Piacenza in September 2022.

Non-recurring income and expenses amounted to €0.4 million in the period ended 31 August 2022 (€0.2 million in the same period a year earlier). This item mainly includes the costs related to the commitments made by Unieuro and its subsidiary Monclick in connection with the procedure initiated by AGCM (the Competition Authority) in June 2022.

[18] "Pre-opening, relocation and closing costs for outlets and logistic hubs" include expenses for security, travel, maintenance, and marketing incurred as a part of i) restructuring works performed to downsize and relocate points of sale, ii) opening points of sale (during the months before and after the opening), iii) closing points of sale, and iv) opening logistic hubs.

5.4 Net result

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

(in millions and as a percentage of revenues)	Period ended						Changes	
	31 August 2022			31 August 2021				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Consolidated Adjusted EBIT	**12.1**	**0.9%**	**4.8**	**27.1**	**2.1%**	**4.7**	**(15.0)**	**(55.4%)**
Financial income and expenses	(6.1)	(0.5%)	0.1	(6.0)	(0.5%)	0.1	(0.1)	0.9%
Income taxes[19]	(1.4)	(0.1%)	(1.5)	1.3	0.1%	(0.4)	(2.7)	(205.1%)
Consolidated adjusted profit (loss) for the period	**4.6**	**0.4%**	**3.4**	**22.4**	**1.8%**	**4.4**	**(17.8)**	**(79.5%)**

The adjusted net result is Euro 4.6 million compared to Euro 22.4 million in the period ended 31 August 2021, which shows an improvement of Euro 5.6 million compared to the first 2019/20 pre-Covid semester. The change from the previous year is mainly explained by the Adjusted EBIT.

Net financial expenses in the period ended 31 August 2022 amounted to €6.1 million (€6.0 million as at 31 August 2021), substantially in line with the corresponding period of the previous year.

Income taxes, excluding the theoretical tax impact from taxes on non-recurring expenses/(income) and the Change of Business Model in the period ended on 31 August 2022, were negative by €1.4 million (positive by €1.3 million in the same period a year earlier ended on 31 August 2021). In the half-year of the previous financial period, the item included €11.4 million for the tax effect of the realignment between the statutory and fiscal values of goodwill; Unieuro subsequently exercised the right of revocation in accordance with the 2022 Budget Law. We point out that IRES tax losses, which were still available after the tax calculation relating to the period ended 28 February 2022, totalled Euro 277 million relatiing to Unieuro and Euro 6 million relating to Monclick. These tax losses guarantee a substantial benefit in the payment of taxes in future years.

Income tax adjustments include the estimate of the tax benefit resulting from the Patent Box agreement with the Revenue Agency signed on 29 December 2021 for €1.5 million.

The Adjusted Profit/Loss for the Consolidated Period was €4.6 million (€22.4 million in the period ended 31 August 2021); the change was mainly due to the trend in Adjusted EBIT.

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2022	%	31 August 2021	%	Δ	%
Adjusted Net Profit/Loss for the Consolidated Period	**4.6**	**0.4%**	**22.4**	**1.8%**	**(17.8)**	**(79.5%)**
Non-recurring expenses/income	(1.6)	(0.1%)	(1.5)	(0.1%)	(0.1)	7.8%
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	(2.6)	(0.2%)	(3.0)	(0.2%)	0.4	(12.6%)
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.6)	0.0%	(0.2)	0.0%	(0.4)	100.0%
Non-recurring financial expenses/(income)	(0.1)	0.0%	(0.1)	0.0%	(0.0)	35.3%

[19] The tax impacts of the adjustments were calculated using the theoretical rate deemed appropriate of 8.7% as at 31 August 2022 and 31 August 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%.

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.	1.5	0.0%	0.4	0.0%	0.1	256.1%
Net Profit/Loss for the Consolidated Period	**1.1**	**0.1%**	**18.0**	**1.4%**	**(16.9)**	**(93.7%)**

5.5 Cash flows

5.5.1 Consolidated Adjusted Levered Free Cash Flow [20]

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

(in millions of Euro)	**Period ended**		**Changes**	
	31 August 2022	**31 August 2021**	**Δ**	**%**
Consolidated EBITDA	60.7	69.1	(8.4)	(12.1%)
Cash flow generated/(absorbed) by operating activities[21]	(40.9)	(24.7)	(16.2)	65.4%
Taxes paid	-	(5.5)	5.5	(100.0%)
Interest paid	(5.5)	(5.7)	0.2	(3.9%)
Other changes	1.7	0.9	0.8	92.8%
Consolidated net cash flow generated/(absorbed) by operating activities[22]	**16.0**	**34.0**	**(18.0)**	**(53.0%)**
Investments[23]	(21.1)	(18.0)	(3.1)	16.9%
Investments for business combinations and business units	(0.1)	(8.3)	8.2	(98.8%)
Adjustment for non-recurring investments	0.9	9.5	(8.6)	(91.0%)
Non-recurring expenses /(income)	2.2	1.7	0.5	29.8%
Adjustment for non-monetary components of non-recurring (expenses)/income	(0.6)	0.0	(0.6)	100.0%
Other non-recurring cash flows	0.0	(2.6)	2.6	100.0%
Theoretical tax impact of the above entries[24]	(0.1)	(0.1)	(0.0)	(4.2%)
IFRS 16 Leases[25]	(31.6)	(28.5)	(3.1)	10.9%
Consolidated Adjusted free cash flow	**(34.5)**	**(12.4)**	**(22.1)**	**177.8%**

Consolidated Adjusted free cash flow was negative by €34.5 million (negative by €12.4 million as at 31 August 2021); in keeping with the dynamics of the period, this was impacted by cash absorption from operating activity including flows for IFRS 16 leases for €31.6 million and by investments paid for €21.1 million in the half-year. Please note that performance is affected by the seasonal nature of the business, which usually involves a significant use of cash at NWC level during the first half of each financial year.

[20] See note in the section "Main financial and operating indicators".
[21] 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.
[22] 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".
[23] For better representation, the item includes the portion of net investments paid during the period.
[24] The theoretical rate deemed appropriate by management is 8.7% both at 31 August 2022 and 31 August 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%.
[25] The item includes the cash flows relating to leases paid as well as leases expired during the period.

The adjustments related to non-recurring expenses/(income) and non-recurring investments totalled Euro 2.3 million, showing a decrease compared to the Euro 8.5 million of 31 August 2021.

Below are listed the main changes recorded in the Group's net financial indebtedness during the period ended 31 August 2022 and in the period ended 31 August 2021:

(in millions of Euro)	Period ended		Changes	
	31 August 2022	31 August 2021	Δ	%
Consolidated EBITDA	60.7	69.1	(8.4)	(12.1%)
Cash flow generated/(absorbed) by operating activities	(40.9)	(24.8)	(16.2)	65.4%
Taxes paid	-	(5.5)	5.5	(100.0%)
Interest paid	(5.5)	(5.7)	0.2	(3.9%)
Other changes	1.7	0.9	0.8	92.8%
Net cash flow generated/(absorbed) by operating activities	**16.0**	**34.0**	**(18.0)**	**(53.0%)**
Investments	(21.1)	(18.0)	(3.1)	16.9%
Investments for business combinations and business units	(0.1)	(8.3)	8.2	(98.8%)
Exercise - Long Term Incentive Plan	0.0	3.8	(3.8)	(100.0%)
Distribution of dividends	(27.1)	(53.8)	26.7	-49.6%
Payables from the acquisition of business units	0.0	7.6	(7.6)	(100.0%)
IFRS 16 Leases	(31.6)	(28.5)	(3.1)	10.9%
Other changes	(0.7)	(0.4)	(0.3)	92.9%
Change in net financial debt - Pursuant to IAS 17	**(64.7)**	**(63.6)**	**(1.1)**	**1.7%**

5.6 Statement of financial position

Below is a detailed breakdown of the Group's net working capital and net invested capital as at 31 August 2022 and 28 February 2022:

(in millions of Euro)	Period ended	
	31 August 2022	28 February 2022
Trade receivables	56.1	43.0
Inventories	432.1	462.1
Trade payables	(543.9)	(583.5)
Net operating working capital	**(55.6)**	**(78.4)**
Other working capital items	(233.0)	(254.2)
Net working capital	**(288.6)**	**(332.6)**
Assets for rights of use	452.5	433.3
Assets/(Non-current liabilities)	353.4	352.1
Net invested capital	**517.3**	**452.9**
(Net financial debt) / Net cash – Pursuant to IAS 17	**71.0**	**135.7**
IFRS 16 Leases	(473.2)	(450.2)
(Net financial debt) / Net cash	**(402.2)**	**(314.5)**
Shareholders' equity	(115.1)	(138.3)

Total shareholders' equity and financial liabilities	**(517.3)**	**(452.9)**

The Group's net working capital as at 31 August 2022 was negative by €55.6 million (negative by €78.4 million as at 28 February 2022). The change reported is not only the result of the typical seasonal nature of the business, but the trade receivables have been mainly related to an increase in the Teacher Bonus receivables from the Public Administration on 31 August 2022.

The Group's net invested capital totalled Euro 517.3 million at 31 August 2022, up by Euro 64.4 million compared to 28 February 2022. The change is mainly due to: (i) the increase in the Group's net working capital of €44.0 million and (ii) the increase in net non-current assets of €20.5 million. Investments at 31 August 2022 amounted to €17.2 million (€23.6 million at 31 August 2021) and were mainly ascribed to interventions to develop the direct store network and IT projects, including the adoption of e-labels in a significant and growing number of direct stores.

The Shareholders' equity totalled Euro 115.1 million at 31 August 2022 (Euro 138.3 million at 28 February 2022), with a decrease mainly caused by the distribution of €27.1 M dividends as approved by the Shareholders' Meeting in June 2022.

Below is a detailed breakdown of the net financial[26] debt as at 31 August 2022 and 28 February 2022, as required by ESMA guideline 32-382-1138 of 04/03/2021:

(in millions of Euro)	Period ended		Changes	
	31 August 2022	28 February 2022	Δ	%
(A) Cash and cash equivalents	74.6	141.5	(66.9)	(47.3%)
(B) Cash equivalents	0.0	0.0	0.0	0.0%
(C) Other current financial assets	0.0	0.0	0.0	0.0%
(D) Liquidity (A)+(B)+(C)	**74.6**	**141.5**	(66.9)	(47.3%)
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	0.0	0.0	0.0	0.0%
(F) Current portion of non-current debt	(69.6)	(66.5)	(3.1)	4.6%
(G) Current financial debt (E)+(F)	**(69.6)**	**(66.5)**	**(3.1)**	**4.6%**
(H) Net current financial debt (G)-(D)	**5.0**	**75.0**	**(70.0)**	**(93.3%)**
(I) Non-current financial debt (excluding current portion and debt instruments)	(407.2)	(389.5)	(17.7)	4.5%
(J) Debt instruments	0.0	0.0	0.0	0.0%
(K) Trade payables and other non-current payables	0.0	0.0	0.0	0.0%
(L) Non-current financial debt (I)+(J)+(K)	**(407.2)**	**(389.5)**	**(17.7)**	**4.5%**
(M) Total financial debt (H)+(L)	**(402.2)**	**(314.5)**	**(87.7)**	**27.9%**

A breakdown of the composition of the net financial debt pursuant to IAS 17 as at 31 August 2022 and as at 28 February 2022 is shown below.

(in millions of Euro)	Year ended		Changes	
	31 August 2022	28 February 2022	Δ	%
(Net financial debt) / Net cash	**(402.2)**	**(314.5)**	**(87.7)**	**27.9%**
Current financial receivables - IFRS 16	1.5	1.4	0.0	1.9%
Non-current financial receivables - IFRS 16	14.3	15.1	(0.7)	(4.8%)
Other current financial payables - IFRS 16	(67.2)	(62.8)	(4.3)	6.9%
Other non-current financial payables - IFRS 16	(406.0)	(387.3)	(18.7)	4.8%

26 In November 2021, the Loan Agreement signed on 9 January 2018 expired, and at the same time four new credit lines were taken out to finance working capital and reinforce financial strength.

(Net financial debt) / Net cash – Pursuant to IAS 17	**71.0**	**135.7**	**(64.7)**	**(47.7%)**

Net cash – IAS 17 decreased by €64.7 million compared with 28 February 2022, with a balance of €71.0 million as at 31 August 2022.

The cash flows of the period, which are typical of the seasonal nature of the business, were impacted by the cash used for operations, which included cash flows for leases under IFRS 16 for €15.6 million, investments paid during the 6-month period for €21.2 million, and dividend payouts approved in June 2022 for €27.1 M.

6. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main economic and financial indicators at 31 August 2022 is shown below[27]:

		31 August 2022 (Ex - IAS	IFRS 16 Impacts	31 August 2022 (IFRS 16)
EBITDA ADJ	• reduction in operating costs (rents paid on shops, offices, warehouses and cars), net of income from subleases of shops	28.5	+36.4	64.9
EBIT ADJ	• increase in depreciation on right-of-use assets	9.8	+2.3	12.1
ADJ PROFIT BEFORE TAXES	• increase in financial expenses for interest related to rights-of-use liabilities	8.2	(2.2)	6.0
NET FINANCIAL INDEBTEDNESS	• recognition of rights-of-use liabilities (other current and non-current financial payables), net of non-current financial receivables relating to subleases	71.0	(457.4)	(402.2)

7. War in Ukraine

The conflict between Russia and Ukraine, which began on 24 February 2022, has generated strong geopolitical and economic tensions worldwide, including a exacerbated rise in energy and raw material prices. This has clearly caused on impact on the costs of goods production and services and on the purchasing power of households, which were only partially upheld due to political interventions.

Unieuro has no shops in Russia and has no have direct economic or financial relations with Russian economic entities subject to the current sanctions. However, the Group is affected indirectly by the conflict within the framework of the macroeconomic scenario and, more specifically, in connection with the potential reduction in consumers' purchasing power and with the increased inflation.

In order to cope with the increasing inflationary pressure, the Company assigned a cost reduction target for costs that are not directly associated with sales to each business unit. Consideration is also being given to the possible adoption of new contractual arrangements, such as blocking energy supply prices by entering into multi-annual contracts.

Based on forecasts for the 2022/2023 period, updated in the light of forecasts on future trends, the Group does not identify indicators of possible impairment and impact on the recoverability of its assets (for further details, see section 5.2.1 "Impairment test of Abbreviated Half-Yearly Consolidated Financial Statements).

8. Corporate governance and ownership structures

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

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

This document is available on 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.

[27] The values reported in the column "31 August 2022 (IFRS 16)" derive from the indicators included in section "5. Group operating and financial results". The values reported in the column "IFRS 16 impact" are taken from accounting records and calculation tables summarising the effects of the application of IFRS 16 Leases. The values reported in the column "31 August 2022 (pursuant to IAS 17)" are pre-IFRS 16 and can be calculated as the difference between the column "31 August 2021 (IFRS 16)" and the column "IFRS 16 impact". All values are in millions of Euro.

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

The tables below summarise the Group's credit and debt relations with related parties as at 31 August 2022 and 28 February 2022:

(In thousands of Euro)	Credit and debt relations with related parties (as at 31 August 2022)			
Type	Statutory Auditors	Board of Directors and Committees	Main managers	Total
At 31 August 2022				
Other current liabilities	(43)	(179)	(169)	**(391)**
Other non-current liabilities	0	0	(473)	**(473)**
Total	**(43)**	**(179)**	**(642)**	**(864)**

(In thousands of Euro)	Credit and debt relations with related parties (as at 28 February 2022)			
Type	Statutory Auditors	Board of Directors and Committees	Main managers	Total
At 28 February 2022				
Other current liabilities	(57)	(255)	(215)	**(527)**
Other non-current liabilities	0	0	(172)	**(172)**
Total	**(57)**	**(255)**	**(387)**	**(699)**

The following table summarises the economic relations of the Group with related parties as at 31 August 2022 and as at 31 August 2021:

(In thousands of Euro)	Economic relations with related parties (as at 31 August 2022)			
Type	Statutory Auditors	Board of Directors and Committees	Main managers	Total
31 August 2022				
Purchases of materials and external services	(71)	(371)	0	**(442)**
Personnel costs	0	0	(1,950)	**(1,950)**
Total	**(71)**	**(371)**	**(1,950)**	**(2,392)**

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

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

Main managers	
Period ended 31 August 2022	**Period ended 31 August 2021**
Chief Executive Officer - Giancarlo Nicosanti Monterastelli	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer – Marco Pacini	*Chief Financial Officer – Marco Pacini*
General Manager - Bruna Olivieri	*General Manager - Bruna Olivieri*

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

Transactions with related parties at 31 August 2021 and 31 August 2022 do not include the company "Pallacanestro Forlì 2.015, s.a r.l.", which left the consolidation area following the entry into force from 1 July 2021 of the Consob Regulation no.17221 update on related-party transactions.

The table below summarises the Group's cash flows with related parties as at 31 August 2022 and at 31 August 2021:

(in thousands of Euro)	Related parties			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
Period from 1 March 2021 to 31 August 2021				
Net cash flow generated/(absorbed) by operating activities	(73)	(249)	(4,159)	**(4,481)**
Total	**(73)**	**(249)**	**(4,159)**	**(4,481)**
Financial year from 1 March 2022 to 31 August 2022				
Net cash flow generated/(absorbed) by operating activities	(85)	(447)	(1,695)	**(2,227)**
Total	**(85)**	**(447)**	**(1,695)**	**(2,227)**

10. Stock option plans

Long-Term Incentive Plan

On 6 February 2017, the Extraordinary Shareholders- Meeting of Unieuro approved the adoption of a stock option plan (the "Plan" or “Long-Term Incentive Plan” or “LTIP”) reserved for Executive Directors, associates and employees (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 granting of the options associated with it will be subject to the conclusion of the listing of Unieuro by 31 July 2017 (“IPO”);

- Recipients: the Plan is aimed at executive Directors, associates and employees (managers and others) of Unieuro who were identified by the Board of Directors within those who have an ongoing employment contract with Unieuro and/or other Group companies. 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 non-transferable option rights by inter vivos transaction for the purchase or subscription against payment of ordinary shares in Unieuro for a maximum of 860,215 options, each of which entitles 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 €206,452, in addition to the share premium, for a total value (capital plus premium) equal to the price at which Unieuro’s shares will be placed on the MTA through the issuing of a maximum of 1,032,258 ordinary shares;

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

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

- Vesting: the extent and existence of the right of every person to exercise options will be verified 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:

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

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

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

o 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 basis between 100% and 120% – the maximum limit.

- Exercise price: the exercise price of the Options will be equal to the placement 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 through the exercise of Subscription Rights

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

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

The number of outstanding options as at 31 August 2022 is as follows:

	Number of options 31 August 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 Share performance plan 2020–2025 (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, 14 July 2021 and 23 March 2022, the Board of Directors granted the rights and approved the 1st, 2nd and 3rd 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, in July 2021 with reference to the 2nd cycle and in April 2022 with reference to the 3rd cycle.

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 31 August 2022
In place at the beginning of period	**384,000**
Assigned during the period	-
Granted during the period	200,000
Contribution from merger	-
Withdrawn during the period	-
Outstanding at end of period	**584,000**
Not allocated at the beginning of period	-
Exercisable at end of period	-
Not allocated at the end of the period	**-**

On 23 March 2022, the Board of Directors granted the rights and approved the 3rd cycle regulations, and in this meeting it determined the terms and conditions for the implementation of the Plan. The Recipients of the 3rd cycle signed the Plan in April 2022.

11. Treasury shares

On 21 June 2022, the Shareholders' Meeting approved the launch of a Treasury shares purchase programme, consistent with the previous purchase programme approved by the Shareholders' Meeting of 17 December 2020 that was partially executed and expired on 17 June 2022.

The current authorisation for the purchase and disposal of treasury shares provides for a maximum of 2,000,000 Unieuro S.p.A. ordinary shares, on the understanding that the number of ordinary shares held in the portfolio from time to time by the Company and its subsidiaries may not in any case exceed 10% of the Company's share capital for the time being.

One of the purposes of the authorisation is to build a treasury share portfolio to serve existing and future share incentive plans for directors and/or employees and/or associates of the Company or its subsidiaries and to set up a "securities store" to be used, where appropriate, as consideration for extraordinary transactions, including the exchange of holdings, with third parties in transactions that may be of interest to Unieuro.

It should be noted that the authorisation is not intended for any transaction that reduces share capital.

Following the completion of the Treasury Share Purchase Programme approved by the Board of Directors on 11 November 2021, at 31 August 2022, based on the authorisation approved by the Shareholders' Meeting on 17 December 2020, there are 600,000 treasury shares, equivalent to 2.8987% of the share capital.

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

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

13. Management and coordination activities

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

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

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

15. Significant events during and after the period

Significant events during the period

Acquisition of the Etnapolis store

Following the participation in the competitive procedure announced by the Court, Unieuro was awarded the contract and on 6 April 2022, acquired the business unit of Papino Elettrodomestici S.p.A., consisting of a store located in Valcorrente (Catania).

Prospective strengthening of logistics

On 14 April 2022, Unieuro signed an agreement with Vailog, an Italian leader in real estate development, aimed at opening a new logistics hub in Colleferro (Rome) to service central and southern Italy. It is expected to be operational by the end of 2023. Also in view of the impending upgrading of the central platform of Piacenza, the Company is thus taking an important new step in the evolution of its logistical set-up, that will reach 200,000 square metres of cargo storage and handling capacity.

On 5 May 2022, Unieuro signed a partnership with SES-imagotag, the global leader in digital solutions for physical retail, with the intention of equipping Unieuro's entire direct network with smart e-labels and the VUSION Cloud – Retail IoT platform. A part of the digital transformation projects set out in the "Our Omni-Journey to 2026" Strategic Plan, thanks to this initiative Unieuro will firstly be able to improve on effective customer communications, which will be managed remotely, and secondly will enable sales outlet staff to focus more on profit for the business.

On 11 May 2022, the Board of Directors approved Unieuro's first Sustainability Plan, through which the Company intends to respond to the growing environmental, social and governance expectations of its key stakeholders. Coinciding with the deadline of the "Our Omni-Journey to 2026" Strategic Plan from which it takes its four strategic pillars on ESG (Culture, Community, Sustainable Innovation and Talent), the four-year plan is implemented in 31 projects. This plan represents a key component in Unieuro's strategic development towards an integrated thinking, fuelling effective coordination between the various business functions and a wider spread of sustainability culture across the organisation.

The Shareholders' Meeting

On 21 June 2022, the Unieuro Ordinary and Extraordinary Shareholders' Meeting, convened in a single call, approved the financial statements as at 28 February 2022; approved the profit allocation, including the distribution of a dividend of €1.35 per share; approved the first and voted in favour of the second section of the Remuneration report and remuneration paid out; approved the appointment of the Board of Directors and the Board of Statutory Auditors; approved the Share performance plan 2023–2028; approved the authorisation to purchase and dispose of treasury shares, including to service the plan; and approved the share capital increase to service the plan.

Appointment of the Chief Executive Officer

On 24 June 2022, the newly elected Board of Directors of Unieuro S.p.A. appointed Giancarlo Nicosanti Monterastelli as CEO of the Company, in keeping with his previous position. All remaining directors are non-executive, with the exception of Maria Bruna Olivieri due to her role as General Manager.

Appointment of Internal Board Committees

On 28 June 2022, in accordance with the Code of Corporate Governance and Consob Regulation 17221/2010 on related-party transactions, the newly elected Board of Directors of Unieuro S.p.A. formed the Internal Board Committees and appointed their members.

Confirmation of the Manager responsible for preparing the financial reports

On 14 July 2022, the Board of Directors confirmed Dr Marco Pacini, Chief Financial Officer, as the Manager responsible for preparing the financial reports in accordance with Article 154-*bis* of the TUF.

Significant events following the closure of the period

Resignation of the Manager responsible for preparing the financial reports

On 28 September 2022, Dr Marco Pacini, Chief Financial Officer and Manager responsible for preparing the financial reports pursuant to Article 154-*bis* of Legislative Decree No 58 of 24 February 1998, resigned in order to start a new career. Dr Pacini will continue his functions and in his roles until 31 December 2022 so as to ensure the necessary business continuity and a smooth transition.

16. Outlook

In the second half of the year, demand is expected to still be affected by the uncertain macroeconomic context, which might impact the spending capacity of households, thus penalising the purchase of durable goods in favour of basic ones. It should also be noted that, in the second half of the previous fiscal year, sales of television sets (Brown segment) had reported an excellent and non-recurring performance, in anticipation of the switch-off of television frequencies.

Unieuro's management is implementing initiatives aimed at containing the effects of exceptional inflation and preserving the Group's profitability.

Taking the above into account, in a highly volatile market scenario with a considerable degree of uncertainty, on the basis of the information available to date and assuming no further worsening of macroeconomic, geopolitical and epidemiological conditions, Unieuro estimates to close the 2022/23 financial year as follows:

- Revenues of approximately EUR 2.9 billion;
- EBIT Adjusted in a range of EUR 35-40 million;
- Net cash in a range of EUR 110-130 million at the end of the financial year.

Unieuro remains committed to executing the growth lines of the Strategic Plan disclosed to the market in June 2021. In a profoundly changed macroeconomic and sectorial scenario, the Company intends to revise its medium-term economic-financial targets as soon as market conditions provide greater stability and visibility.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 AUGUST 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euro)	Period ended		
	Notes	31 August 2022	28 February 2022
Plant, machinery, equipment and other assets	5.1	77,787	79,281
Goodwill	5.2	196,149	196,072
Intangible assets with a finite useful life	5.3	47,014	45,661
Assets for rights of use	5.4	452,500	433,339
Deferred tax assets	5.5	45,549	44,606
Other non-current assets	5.6	17,228	17,830
Total non-current assets		**836,227**	**816,789**
Inventories	5.7	432,106	462,050
Trade receivables	5.8	56,135	42,988
Current tax assets	5.9	3,051	4,206
Other current assets	5.6	36,134	27,593
Cash and cash equivalents	5.10	74,642	141,534
Total current assets		**602,068**	**678,371**
Total assets		**1,438,295**	**1,495,160**
Share capital	5.11	4,140	4,140
Reserves	5.11	89,127	67,725
Profit/(loss) carried forward	5.11	21,849	66,484
Profit/(Loss) of third parties	5.11	-	-
Total shareholders' equity		**115,116**	**138,349**
Financial liabilities	5.12	-	-
Employee benefits	5.13	11,846	13,126
Other financial liabilities	5.14	407,187	389,501
Provisions	5.15	13,394	13,936
Deferred tax liabilities	5.5	3,870	3,769
Other non-current liabilities	5.16	1,217	519
Total non-current liabilities		**437,514**	**420,851**
Financial liabilities	5.12	-	-
Other financial liabilities	5.14	69,633	66,539
Trade payables	5.17	543,865	583,456
Current tax liabilities	5.9	1,041	1,041
Provisions	5.15	2,585	2,167
Other current liabilities	5.16	268,542	282,757
Total current liabilities		**885,665**	**935,960**
Total liabilities and shareholders' equity		**1,438,295**	**1,495,160**

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

CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)		Period ended	
	Notes	31 August 2022	31 August 2021
Revenue	5.18	1,292,685	1,268,233
Other income	5.19	332	380
TOTAL REVENUE AND INCOME		**1,293,017**	**1,268,613**
Purchases of materials and external services	5.20	(1,097,560)	(1,162,616)
Personnel costs	5.21	(100,944)	(97,870)
Changes in inventory	5.7	(29,944)	63,595
Other operating costs and expenses	5.22	(3,871)	(2,620)
GROSS OPERATING RESULT		**60,698**	**69,102**
Amortisation, depreciation and write-downs	5.23	(53,452)	(46,738)
NET OPERATING RESULT		**7,246**	**22,364**
Financial income	5.24	7	13
Financial expenses	5.24	(6,178)	(6,104)
PROFIT BEFORE TAX		**1,075**	**16,273**
Income taxes	5.25	62	1,749
PROFIT/(LOSS) FOR THE PERIOD		**1,137**	**18,022**
Profit/(loss) for the period of the Group	5.11	**1,137**	**18,022**
Profit/(loss) for the period of third parties	5.11	**-**	**-**
Basic earnings per share (in Euro)	5.26	0.06	0.88
Diluted earnings per share (in Euro)	5.26	0.06	0.88

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euro)		Period ended	
	Notes	31 August 2022	31 August 2021
PROFIT/(LOSS) FOR THE CONSOLIDATED PERIOD		**1,137**	**18,022**
Other items of comprehensive income that will or may be reclassified to profit/(loss) for the consolidated period:			
Gain/(losses) on cash flow hedges	5.14	-	39
Income taxes		-	(10)
Total other comprehensive income items that are or could be reclassified to consolidated profit/(loss) for the period	5.11	**-**	**29**
Other comprehensive income items that will not be subsequently reclassified to consolidated profit/(loss) for the period:			
Actuarial gains (losses) on defined benefit plans	5.13	1,523	(325)
Income taxes		(413)	91
Total other components of comprehensive income that will not be reclassified to profit/(loss) for the consolidated period	5.11	**1,110**	**(234)**
Total comprehensive income for the consolidated period		**2,247**	**17,817**

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

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)	Note	Period ended 31 August 2022	Period ended 31 August 2021
Cash flow from operations			
CONSOLIDATED PROFIT/(LOSS) FOR THE CONSOLIDATED PERIOD	5.11	**1,137**	**18,022**
Adjustments for:			
Income taxes	5.25	(62)	(1,749)
Net financial expenses (income)	5.24	6,171	6,091
Depreciation, amortisation and write-downs of fixed assets	5.23	53,452	46,738
Other changes		1,654	858
		62,352	69,960
Changes in:			
- Inventories	5.7	29,944	(63,595)
- Trade receivables	5.8	(13,147)	(18,798)
- Trade payables	5.17	(35,650)	77,017
- Other changes in operating assets and liabilities	5.6-5.15-5.16	(22,072)	(19,369)
Cash flow generated/(absorbed) by operating activities		(40,926)	(24,745)
Taxes paid	5.25	-	(5,537)
Interest paid	5.24	(5,463)	(5,685)
Net cash flow generated/(absorbed) by operating activities	**5.27**	**15,964**	**33,993**
Cash flow from investment activities			
Purchases of plant, machinery, equipment and other assets	5.1	(8,321)	(10,673)
Purchases of intangible assets	5.3	(12,781)	(7,372)
Investments for business combinations and business units	5.14	(100)	(8,308)
Cash flow generated/(absorbed) by investment activities	**5.27**	**(21,202)**	**(26,353)**
Cash flow from investment activities			
Increase/(Decrease) in financial liabilities	5.12	(709)	(11,128)
Increase/(Decrease) in other financial liabilities	5.14	(2,209)	1,217
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	5.14	(31,602)	(28,507)
Exercise - Term Incentive Plan	5.13	-	3,803
Distribution of dividends	5.11	(27,134)	(53,793)
Cash flow generated/(absorbed) by financing activities	**5.27**	**(61,654)**	**(88,408)**
Net increase/(decrease) in cash and cash equivalents		**(66,892)**	**(80,768)**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD		**141,534**	**219,366**
Net increase/(decrease) in cash and cash equivalents		**(66,892)**	**(80,768)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**74,642**	**138,598**

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

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of Euro)	Notes	Share capital	Legal reserve	Extraordinary reserve	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 2022	**5.11**	**4,140**	**811**	**43,146**	**(1,648)**	**3,687**	**21,729**	**66,484**	**138,349**	**-**	**138,349**
Profit/(loss) for the consolidated period		-	-	-	-	-	-	1,137	1,137	-	1,137
Other components of comprehensive income		-	-	-	1,110	-		-	1,110	-	1,110
Total statement of comprehensive income for the consolidated year		**-**	**-**	**-**	**1,110**	**-**	**-**	**1,137**	**2,247**	**-**	**2,247**
Allocation of prior year result		-	17	19,052	-	-	(1,108)	(17,961)	-	-	-
Distribution of dividends		-	-	-	-	-	-	(27,134)	(27,134)	-	(27,134)
Share-based payment settled with equity instruments		-	-	-	-	2,331	-	(677)	1,654	-	1,654
Total transactions with shareholders		**-**	**17**	**19,052**	**-**	**2,331**	**(1,108)**	**(45,772)**	**(25,480)**	**-**	**(25,480)**
Balance as at 31 August 2022	**5.11**	**4,140**	**828**	**62,198**	**(538)**	**6,018**	**20,621**	**21,849**	**115,116**	**-**	**115,116**

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

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

NOTES

1. INTRODUCTION

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

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

The company Monclick S.r.l. (hereinafter also known as “Monclick” or “MK”) wholly owned by Unieuro, is a company under Italian law with its registered office in Milan at Via Marghera 28, which sells online IT, electronic and telephone products and appliances in Italy through its website www.monclick.it, offering a catalogue with over 70,000 items and guaranteeing a comprehensive purchasing experience completed through the home delivery and installation of the chosen product. It also operates in the segment known as B2B2C, where the customers are operators that 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 EURONEX STAR segment of the Milan stock exchange. Unieuro 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 shows the percentage of Unieuro's ordinary shares held at the date of this Report, either directly or indirectly by shareholders or by those at the top of the ownership chain who have declared that the holding threshold of 5% of Unieuro's subscribed capital has been reached or exceeded in accordance with Article 120 of the Consolidated Finance Act and Consob Issuers' Regulation. This percentage is updated on the basis of the information available to the Company:

DECLARANT	DIRECT SHAREHOLDER	NUMBER OF SHARES	% OF NUMBER OF SHARES REPRESENTING THE SHARE CAPITAL
XAVIER NIEL	• ILIAD HOLDING S.P.A. • ILIAD SA	2,520,374	**12.177%**
AMUNDI ASSET MANAGEMENT	• AMUNDI SGR S.P.A. • AMUNDI ASSET MANAGEMENT	1,396,730	**6.748%**
GIUSEPPE SILVESTRINI	• VICTOR S.R.L. • MONTE PASCHI FIDUCIARIA S.P.A. • GIUSEPPE SILVESTRINI	1,290,620	**6.235%**

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

The preparation criteria, main accounting standards and valuation criteria adopted for the drafting of the Condensed Half-Year Consolidated Financial Statements are reported below. These standards and criteria were applied consistently to all the periods presented within this document.

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

The Condensed Half-Year Consolidated Financial Statements were prepared in accordance with the provisions of Article 154-ter of Legislative Decree No. 58 of 24 February 1998 (Consolidated Finance Act - TUF) and subsequent amendments and supplements and in the application of IAS 34. It does not include all the information required by the IFRS for the preparation of the annual financial statements and should therefore be read in conjunction with the Unieuro Consolidated Financial Statements dated 28 February 2022. The Condensed Half-Year Consolidated Financial Statements were prepared in compliance with the International Accounting standards (IAS/IFRS) which are issued by the International Accounting Standards Board (IASB) and their relative interpretations (SIC/IFRIC), adopted by the European Union.

The Condensed Half-Year Consolidated Financial Statements are composed of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in shareholders' equity for the interim period of six months ended 31 August 2022 and the relevant explanatory notes. The presentation of these statements provides the comparative data envisaged by IAS 34 (28 February 2022 for the statement of financial position and the statement of changes in shareholders' equity and 31 August 2021, for the income statement, statement of comprehensive income and statement of cash flows).

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

The Condensed Half-Year Consolidated Financial Statements were drafted on a going-concern basis, since the directors verified that there were no financial, operating or other indicators of critical areas regarding the Group's ability to honour its obligations in the foreseeable future and in particular over the next 12 months; for further details on the impact of the war in Ukraine, please see section 7. War in Ukraine and Management Report

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

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

As at 31 August 2022, the Group is composed as follows:

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

The major shareholders of Unieuro as at 31 August 2022 are listed in the Introduction.

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

The Condensed Half-Year Consolidated Financial Statements as at 31 August 2022 were approved by the Company's Board of Directors on 10 November 2022 and subjected to a limited audit.

2.3 Condensed Half-Year Consolidated Financial Statements

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

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

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

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

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

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

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

2.4 Consolidation policies and scope of consolidation

The Consolidated Financial Statements as at 31 August 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.

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

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

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

In the context of the preparation of the Condensed Half-Year Consolidated Financial Statements, the relevant subjective assessments by management in its application of accounting standards and the key sources of estimation uncertainty were the same as those applied in preparing the Consolidated Financial Statements for the year ended 28 February 2022 of the Unieuro Group to which reference is made.

2.6 Significant accounting standards

The accounting criteria and the consolidation principles adopted are consistent with those used in the Group's Consolidated Financial Statements as at 28 February 2022, to which reference is made.

2.7 New accounting standards

Accounting standards, IFRS and IFRIC amendments and not yet endorsed in the European Union

- On 23 January 2020, the International Accounting Standards Board (IASB) published the exposure draft "Non-current Liabilities with Covenants (proposed amendments to IAS 1) to clarify how the conditions that an entity must meet within 12 months of the reporting period affect the classification of a liability.

- On 22 September 2022, the IASB published "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)", with amendments clarifying how a seller-lessee subsequently assesses sales and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale. The amendments shall take effect for financial years starting on or after 1 January 2024.

Accounting standards, IFRS and IFRIC amendments endorsed in the European Union

- On 9 December 2021, the IASB issued a limited amendment "Initial Application of IFRS 17 and IFRS 9 – Comparative Information" to the transition requirements of IFRS 17 Insurance contracts, which provides insurers with an option to improve the usefulness of information to investors at the time of the initial application of the new principle. The amendments will apply from 1 January 2023.

- On 7 May 2021, the IASB published amendments to IAS 12, the standard regarding taxation, to specify how deferred taxes should be accounted for on certain transactions that may generate equal amounts of assets and liabilities, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023.

- On 12 February 2021, the IASB published the amendment to IAS 1 Presentation of Financial Statements and to IFRS Practice Statement 2: Disclosure of Accounting policies The changes aim to improve accounting policy disclosure in order to provide more useful information to investors and other key 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 to distinguish changes in accounting estimates from accounting policy changes, and 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.

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.

2.8 Seasonality

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

3. INFORMATION ON FINANCIAL RISKS

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

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

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

The main financing instruments used are:

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

For information regarding the risks resulting from the war in Ukraine, see section 7 War in Ukraine in the Report on Operations.

3.1 Credit risk

Credit risk is the possibility that an unexpected change in the credit rating of a counterparty will expose the Group to the risk of default, subjecting it to potential lawsuits. By way of introduction, we note that the credit risk which the Group is subject to is minimal since its sales are mainly to the end consumers who pay the consideration upon purchasing the product. Sales to affiliates (Indirect channel[28]) and wholesale customers (B2B channel), which

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

represent a total of approximately 12.5% of the Group's revenues as at 31 August 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 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.

For details on the impact of the war in Ukraine, see section 7 War in Ukraine in the Report on Operations.

The financial structure in its entirety is constantly monitored by the Group to ensure coverage of its liquidity needs. Below is the Group's financial structure by due date for the period ended 31 August 2022 and for the year ended 28 February 2022:

(In thousands of Euro)	Balance as at 31 August 2022	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	-	-	-	-	-
Other financial liabilities	476,820	69,633	248,970	158,217	476,820
Total	**476,820**	**69,633**	**248,970**	**158,217**	**476,820**

(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	66,539	237,309	152,192	456,040
Total	**456,040**	**66,539**	**237,309**	**152,192**	**456,040**

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

3.3 Market risk

3.3.1 Interest rate risk

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

Following the settlement in November 2021 of the Loan Agreement signed on 9 January 2018, the interest rate swaps (IRS) entered into with the pool of financing banks – with the aim of mitigating, under economically acceptable conditions, the potential impact of interest rate variability on the economic result – were concluded.

At the same time, four new credit lines were taken out to finance working capital and reinforce financial solidity, no cash flow hedges were activated on the new lines and the lines were not used during the period.

3.3.2 Currency risk

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

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

As at 31 August 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 31 August 2022 and 28 February 2022:

(In thousands of Euro)	Period ended 31 August 2022			
	Loans and receivables	Fair value of hedging instruments	Other liabilities	Total
Financial assets not designated at fair value				
Cash and cash equivalents	74,642	-	-	**74,642**
Trade receivables	56,135	-	-	**56,135**
Other assets	53,362	-	-	**53,362**
Financial assets designated at fair value				
Other assets		-		**-**
Financial liabilities not designated at fair value				
Financial liabilities	-	-	-	**-**
Trade payables	-	-	543,865	**543,865**
Other liabilities	-	-	269,759	**269,759**
Other financial liabilities	-	-	476,820	**476,820**
Financial liabilities designated at fair value				
Other financial liabilities	-	-	-	**-**

(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	-	-	-	**-**

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)	**Period ended**	
	31 August 2022	**31 August 2021**
Revenue	1,292,685	1,268,233
GROSS OPERATING RESULT	**60,698**	**69,102**
% of revenues	4.7%	5.4%
Amortisation, depreciation and write-downs	(53,452)	(46,738)
NET OPERATING RESULT	**7,246**	**22,364**
Financial income	7	13
Financial expenses	(6,178)	(6,104)
PROFIT BEFORE TAX	**1,075**	**16,273**
Income taxes	62	1,749
PROFIT/(LOSS) FOR THE YEAR	**1,137**	**18,022**

The incidence of gross operating profit on revenues was 4.7% as at 31 August 2022.

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

(In thousands of Euro)	**Period ended**	
	31 August 2022	**31 August 2021**
Abroad	1,450	797
Italy	1,291,235	1,267,438
Total	**1,292,685**	**1,268,235**

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 ITEMS OF THE CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

5.1 Plant, machinery, equipment and other assets

Below is the balance of the item "Plant, machinery, equipment and other assets" by category as at 31 August 2022 and 28 February 2022:

(In thousands of Euro)	Amounts as at 31 August 2022			Amounts as at 28 February 2022		
	Historical cost	Accumulated Amortisation and Depreciation	Net book value	Historical cost	Accumulated Amortisation and Depreciation	Net book value
Plant and machinery	153,716	(126,993)	26,723	150,564	(122,748)	27,816
Equipment	28,756	(17,830)	10,926	25,605	(17,559)	8,046
Other assets	208,734	(170,136)	38,598	199,192	(164,190)	35,002
Assets under construction and payments on account	1,540	-	1,540	8,417	-	8,417
Total plant, machinery, equipment and other assets	**392,746**	**(314,959)**	**77,787**	**383,778**	**(304,497)**	**79,281**

The change in the item "Plant, machinery, equipment and other assets" for the period from 28 February 2022 to 31 August 2022 is shown below:

(In thousands of Euro)	Plant and machinery	Equipment	Other assets	Assets under construction and payments on account	Total
Balance as at 28 February 2022	**27,815**	**8,046**	**35,002**	**8,417**	**79,281**
Increases	3,264	3,276	9,894	5,018	**21,452**
Decreases	(112)	(125)	(352)	(11,522)	**(12,111)**
Amortisation, depreciation and write downs/(write backs)	(4,319)	(389)	(6,187)	(373)	**(11,268)**
Decreases in Amortisation, Depreciation Provision	75	117	241	--	**433**
Balance as at 31 August 2022	**26,723**	**10,926**	**38,598**	**1,540**	**77,787**

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

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

Decreases in Amortisation, Depreciation Provision	2,996	715	3,845	-	7,556
Balance as at 31 August 2021	**27,645**	**4,999**	**31,270**	**14,575**	**78,489**

In the period ended 31 August 2022, the Group made investments relating to the item "Plant, machinery, equipment and other assets" excluding assets under construction, amounting to €16,434 thousand.

In particular, the net investments refer mainly to: (i) installation of e-labels in outlets for Euro 2,994 thousand; (ii) restructuring of selected outlets to restyle their layout and reduce or expand the sales surface and investment in the relocation of existing outlets in catchment areas deemed to be more strategic for Euro 3,549 thousand; (iii) works related to the Piacenza warehouse for Euro 1,484 thousand; (iv) minor unscheduled maintenance works and renewal of systems operating in several outlets for Euro 1,308 thousand.

Net non-current assets under construction of €1,540 thousand refer mainly to investments in existing sales outlets or investments for the opening of new sales outlets.

The item "Amortisation, depreciation and write-downs/(write-backs)", consisting of Euro 11,268 thousand, includes Euro 10,701 thousand of amortisation/depreciation and Euro 567 thousand of write-downs (impairment) and write-backs (reversal).

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

In the period ended 31 August 2021, the Group made investments relating to the item "Plant, machinery, equipment and other assets" excluding assets under construction, amounting to €11,352 thousand.

Specifically, the net investments refer mainly to: (i) works for restructuring selected sales outlets by restyling the layout and reducing or expanding the sales area and investments in the relocation of existing sales outlets in catchment areas considered to be more strategic for €3,223 thousand; (ii) investments relating to the opening of new stores in new catchment areas considered to be strategic or in areas not sufficiently covered by the current portfolio of stores and the refurbishment of the stores purchased for €1,064 thousand; (iii) minor unscheduled maintenance works and renewal of systems in several sales outlets for €1,110 thousand; (iv) investments related to the new Palazzo Hercolani site and new projects within sales outlets for €5,955 thousand.

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

The item "Amortisation, depreciation and write-downs/(write backs)" of €9,831 thousand includes €9,465 thousand in depreciation and €366 thousand of write-downs and write backs.

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

5.2 Goodwill

The breakdown of the item "Goodwill" as at 31 August 2022 and as at 28 February 2022 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2022	**28 February 2022**

Goodwill	196,149	196,072
Total Goodwill	**196,149**	**196,072**

The change in the “Goodwill” item for the period from 28 February 2021 to 31 August 2022 is shown below:

(In thousands of Euro)	**Goodwill**
Balance as at 28 February 2021	**195,238**
Acquisitions	834
Increases	-
Write-downs	-
Balance as at 28 February 2022	**196,072**
Acquisitions	77
Increases	-
Write-downs	-
Balance as at 31 August 2022	**196,149**

Goodwill as at 31 August 2022 and 28 February 2022 can be broken down as follows:

(In thousands of Euro)	**Goodwill at 31 August 2022**	**Goodwill at 28 February 2022**
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:		
Papino Elettrodomestici S.p.A. – Expert	77	-
2C S.r.l. – Expert	309	309
Andreoli S.p.A.	10,500	10,500
Cerioni S.p.A.	5,748	5,748
Galimberti S.p.A.	2,407	2,407
DPS Group S.r.l.	1,240	1,240
Dixons Travel	194	194
Total Goodwill	**196,149**	**196,072**

The value of goodwill at 31 August 2022, equalling €196,149 thousand, increased over the period ended 28 February 2022 by €77 thousand. The increase relates to the acquisition of the Etnapolis Ex–Expert company branches for €77 thousand.

5.2.1 Impairment testing

As of 31 August 2022, the Management assessed the presence of impairment indicators which could be traced through internal or external sources of information, consistently with the requirements of International Accounting Standard (IAS) 36.

Following the sales record reported during the pandemic, the Consumer Electronics business is faced, on the one hand, with continuing supply chain disruptions, and consequently increased supply costs and limited product availability, and, on the other hand, with macroeconomic dynamics with an increase in the cost of living for consumers. The latter, together with the difficult geopolitical environment, led to a decline in consumer confidence in the first half of FY22. This uncertainty was reflected in Consumer Electronics market trends which dropped slightly as at 31 August 2022 compared to the same period in FY23 (-0.9%), being also affected by the comparison with the record results achieved in the previous period, driven by the consumption trends imposed by the pandemic.

The business dynamics of the Unieuro Group as at 31 August 2022 and the forecasts on future trends are influenced by the factors described above and show a decrease compared to the assumptions made in the preparation of the Unieuro Group's consolidated financial statements as at 28 February 2022, thus making it necessary to update the impairment test.

The goodwill impairment test for each CGU was approved by the Company's Board of Directors on 10 November 2022. In preparing the impairment test, the Directors used an appropriate report prepared by an external expert under a specific assignment of the Company.

Based on the provisions of the international accounting standard IAS 36, the Group verified the recoverability of the value of goodwill through the impairment test, comparing the book value of the Cash-Generating Units (CGUs) to which the goodwill is allocated with the their 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 economic and financial development used for the impairment test relating to the goodwill and the other assets reported in the Consolidated Half-Year Financial Statements of the Unieuro Group at 31 August 2022 is strategically based on the plan approved by the Board of Directors on 10 June 2021 and was drawn up on a consolidated basis taking into account recent management developments. In particular, account was taken of the most recent figures and estimates for the year ending 28 February 2023. The assumptions regarding financial trends up to 28 February 2027 is in line with the plan used upon closing the consolidated financial statements at 28 February 2022.

The valuation assumptions used to determine the salvage value are based on the above-mentioned economic/financial data and on certain 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 12.7%.

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. Compared to 28 February 2022, the discount rate was increased mainly due to higher risk-free rates and the inclusion of a higher risk premium.

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 3-month average (compared to 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. It should be noted that, compared to the year considered for the annual report, the time horizon for the averages has been reduced based on the latest guidance from regulators.

- 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. Compared to the past business year, the additional risk premium has been increased by one percentage point, both for Unieuro and for Monclick, due to the high volatility of the current market environment and the consequent difficulty in developing financial and economic forecasts.

- 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 borrowing I_d (1-t) – the cost of financial payables has been estimated at the risk-free rate adopted, increased by a spread based on the average credit rating of comparables. The theoretical corporate tax rate in force in Italy (IRES) was adopted as tax rate (t).

- *Financial structure* - A debt/equity ratio calculated based on the median data 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.

- Investments in fixed assets and amortisation and depreciation – Annual investments were estimated on the basis of the revenues expected in the last year of the plan, using a Capex/Sales ratio equal to the plan's average figure. Annual amortisation and depreciation were in line with these investments, assuming that the investments were mainly maintenance and/or replacements.

It should be noted that on 31 August 2022 the market capitalization value was higher than the equity capital at that date.

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

As required by IAS 36, appropriate sensitivity analyses were also developed to test the resilience of the recoverable amount of goodwill upon changing the main parameter used (WACC), by applying a higher premium for additional risk, increased by 5 percentage points, compared to the base case. This did not show any criticality in the maintenance of the goodwill value.

5.3 Intangible assets with a finite useful life

The balance of the item "Intangible assets with a finite useful life" is given below, broken down by category as at 31 August 2022 and as at 28 February 2022:

	Amounts as at 31 August 2022			**Amounts as at 28 February 2022**		
(In thousands of Euro)	**Historical cost**	**Accumulated Amortisation and Depreciation**	**Net book value**	**Historical cost**	**Accumulated Amortisation and Depreciation**	**Net book value**
Software	109,845	(67,528)	42,317	98,477	(61,642)	36,835
Concessions, licences and brands	13,441	(9,991)	3,450	13,361	(9,821)	3,540
Key Money	1,572	(1,572)	-	1,572	(1,572)	-
Intangible fixed assets under construction	1,247	-	1,247	5,286	-	5,286
Total intangible assets with a finite useful life	**126,105**	**(79,091)**	**47,014**	**118,696**	**(73,035)**	**45,661**

The change in the item "Intangible assets with a finite useful life" for the period from 28 February 2022 to 31 August 2022 is given below:

(In thousands of Euro)	**Software**	**Concessions, licences and brands**	**Intangible fixed assets under construction**	**Total**

Balance as at 28 February 2022	**36,835**	**3,540**	**5,286**	**45,661**
Increases	11,368	80	2,519	**13,967**
Decreases	-	-	(6,558)	**(6,558)**
Amortisation, depreciation and write downs/(write backs)	(5,886)	(170)	-	**(6,056)**
Decreases in Amortisation, Depreciation Provision	-	-	-	**-**
Balance as at 31 August 2022	**42,317**	**3,450**	**1,247**	**47,014**

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

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

With regard to the financial year ended 31 August 2022, the increases net of decreases in the "Assets under construction" category totalled €11,448 thousand and are mainly attributable to the "Software" category.

The increases in the “Software” category for €11,368 thousand are mainly due to IT projects and extraordinary interventions on existing software.

Net non-current assets under construction of €1,247 thousand refer mainly to investments aimed at strengthening the technological infrastructure.

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

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

Net non-current assets under construction of €3,889 thousand refer mainly to investments aimed at strengthening the technological infrastructure.

5.4 Right-of-use assets

The balance of the item “Right-of-use assets” is given below, broken down by category as at 31 August 2022 and as at 31 August 2021:

	Amounts as at 31 August 2022	**Amounts as at 28 February 2022**

(In thousands of Euro)	Historical cost	Accumulated Amortisation and Depreciation	Net book value	Historical cost	Accumulated Amortisation and Depreciation	Net book value
Buildings	663,428	(219,140)	444,288	608,786	(184,392)	424,394
Automobiles	4,441	(2,710)	1,731	3,794	(2,334)	1,460
Other assets	9,868	(3,387)	6,481	9,868	(2,383)	7,485
Total intangible assets with a finite useful life	**677,737**	**(225,237)**	**452,500**	**622,448**	**(189,109)**	**433,339**

The change in the item "Right-of-use assets" for the period from 28 February 2022 to 31 August 2022 is broken down below:

(In thousands of Euro)	Buildings	Automobiles	Other assets	Total
Balance as at 28 February 2022	**424,394**	**1,460**	**7,485**	**433,339**
Increases / (Decreases)	54,642	647	-	**55,289**
Amortisation, depreciation and write-downs/(write backs)	(34,748)	(376)	(1,004)	**(36,128)**
Balance as at 31 August 2022	**444,288**	**1,731**	**6,481**	**452,500**

5.5 Deferred tax assets and deferred tax liabilities

The change in the item "Deferred tax assets" and the item "Deferred tax liabilities" for the period from 28 February 2022 to 31 August 2022 and the period 29 February 2020 to 31 August 2021 is shown below.

Deferred tax assets

(In thousands of Euro)	Bad debt provision - amount due from suppliers	Obsolescence Provision	Fixed assets and rights for use	Intangible assets	Capital Reserves	Provision for risks and charges	Other current liabilities	Net deferred tax assets	Deferred tax assets relating to tax losses	Total net deferred tax assets
Balance as at 28 February 2022	**1,241**	**2,618**	**1,874**	**3,391**	**341**	**3,763**	**260**	**13,488**	**31,118**	**44,606**
Provision/Releases to the Income Statement	(285)	700	141	(410)	-	208	-	**354**	1,003	**1,357**
Provision/Releases to the Comprehensive Income Statement	-	-	-	-	(413)	-	-	**(413)**	-	**(413)**
Balance as at 31 August 2022	**956**	**3,318**	**2,015**	**2,981**	**(72)**	**3,971**	**260**	**13,429**	**32,121**	**45,549**

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

The balance as at 31 August 2022 was €45.549 thousand, mainly including: (i) temporary differences mainly related to intangible and tangible assets and to the provision for obsolescence for €13,429 thousand, and (ii) deferred tax assets recognised on tax losses for €32.121 thousand.

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

As at 31 August 2021, the item included €11,290 thousand for the tax effect of the realignment between the statutory and fiscal values of a portion of goodwill equal to €40,465 thousand, resulting from the application of Article 110, paragraphs 8 and 8-bis of Decree-Law No 104/2020.

Deferred tax liabilities

(In thousands of Euro)	Intangible assets	Other current assets	Total net deferred taxes
Balance as at 28 February 2022	**3,075**	**694**	**3,769**
Provision/Releases to the Income Statement	132	(31)	**101**
Provision/Releases to the Comprehensive Income Statement	-	-	**-**
Balance as at 31 August 2022	**3,207**	**663**	**3,870**

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

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

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

5.6 Other current assets and other non-current assets

Below is a breakdown of the items "Other current assets" and "Other non-current assets" as at 31 August 2022 and 28 February 2022:

(In thousands of Euro)	Period ended	
	31 August 2022	28 February 2022
Deferred charges	6,181	8,084
Contract assets	10,152	9,609
Accrued income	829	455
Tax credits	5,900	3,480
Financial receivables from leases - current portion	1,466	1,439
Other current assets	11,606	4,526
Other current assets	**36,134**	**27,593**
Financial receivables from leases - non-current portion	14,328	15,052
Deposit assets	2,893	2,771

Other non-current assets	7	7
Other non-current assets	**17,228**	**17,830**
Total Other current assets and Other non-current assets	**53,362**	**45,423**

The item "Contract assets" of €10,152 as at 31 August 2022 (€9,609 thousand as at 28 February 2022) includes the cost of obtaining contracts that qualify as contract costs, represented by the premiums paid to employees for each additional sale of extended warranty services.

The items "Prepaid expenses" and "Accrued income" equal to €7,010 thousand as at 31 August 2022 (€8,539 thousand as at 28 February 2022) mainly include prepaid expenses referring to insurance, condominium expenses and other operating costs that took place prior to 31 August 2022 and accruals referring to future financial years.

The item "Tax credits" was €5,900 thousand as at 31 August 2022 (€3,480 thousand as at 28 February 2022); the increase was mainly related to the 4.0 tax credits recognised on e-label installations at sales outlets.

"Other current assets", amounting to €11,606 thousand as at 28 February 2022 (€4,526 thousand as at 28 February 2022), mainly included receivables from the eco-bonus and TV bonus introduced by the Government to facilitate energy efficiency interventions on buildings and the 'switch-off' campaign for television frequencies, respectively. The change for the period is mainly due to the increase reported in the number of sales of products related to the incentives introduced by the Government.

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)	Period ended	
	31 August 2022	**28 February 2022**
Merchandise	445,239	472,337
Consumables	822	735
Gross stock	**446,061**	**473,072**
Warehouse obsolescence provision	(13,955)	(11,022)
Total Inventories	**432,106**	**462,050**

The value of gross inventories increased from €473,072 thousand as at 28 February 2022 to €446,061 thousand as at 31 August 2022. The change in the period is due to a careful management of the working capital.

The value of inventories reflects the loss of value of the goods in cases where their cost exceeds their presumed realisable value, allowing the value of the warehouse to be restored to its current market value, and is adjusted by the warehouse obsolescence provision which includes the write-down of the value of the goods with possible obsolescence indicators. The change in the inventory write-down reserve in the period from 28 February 2022 to 31 August 2022 and for the period from 28 February 2021 to 31 August 2021 is shown below:

(In thousands of Euro)	**Warehouse obsolescence provision**
Balance as at 28 February 2022	**(11,022)**
Direct write-down	(2,933)
Provisions	-

Reclassifications	-
Releases to the Income Statement	-
Utilisation	-
Balance as at 31 August 2022	**(13,955)**

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

5.8 Trade receivables

A breakdown of the item "Trade receivables" as at 31 August 2022 and as at 28 February 2022 is shown below:

(In thousands of Euro)	**Period ended**	
	31 August 2022	**28 February 2022**
Trade receivables from third-parties	58,707	45,306
Trade receivables from related-parties	-	-
Gross trade receivables	**58,707**	**45,306**
Bad debt provision	(2,572)	(2,318)
Total Trade receivables	**56,135**	**42,988**

The value of gross receivables, referring mainly to the Indirect and B2B channels, increased by €13,401 thousand compared to the previous financial year. The change in trade receivables was mainly due to an increase in the volumes managed and an increase in receivables due from the government linked to the teacher bonus that expired on 31 August 2022.

The change in the bad debt provision for the period from 28 February 2022 to 31 August 2022 and from 29 February 2020 to 31 August 2021 is shown below:

(In thousands of Euro)	**Bad debt provision**
Balance as at 28 February 2022	**(2,318)**
Provisions	(357)
Releases to the Income Statement	-

Utilisation	103
Balance as at 31 August 2022	**(2,572)**

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

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 31 August 2022 and as at 28 February 2022:

(In thousands of Euro)	**Period ended**	
	31 August 2022	**28 February 2022**
IRES credits	2,526	2,735
IRAP credits	525	1,471
Total Current tax assets	**3,051**	**4,206**

Current tax receivables amounted to €3,051 thousand as at 31 August 2022 (€4,206 thousand as at 28 February 2022). The item includes the credit balance of the estimate of income taxes referring to the six-month period ended 31 August 2022 and is recognised on the basis of the best estimate of the Company Management of the weighted average annual tax rate expected for the entire year, applying it to the pre-tax result for the period of the individual entities.

Below is a breakdown of the item "Current tax liabilities" as at 31 August 2022 and as at 28 February 2022:

Current tax liabilities

(In thousands of Euro)	Period ended	
	31 August 2022	**28 February 2022**
Payables for IRAP (income tax)	-	-
Payables for IRES (income tax)	-	-
Taxes payable	1,041	1,041
Total Current tax liabilities	**1,041**	**1,041**

"Payables for tax liabilities" of €1,041 thousand refer to potential tax liabilities relating to direct taxes.

5.10 Cash and cash equivalents

A breakdown of the item "Cash and cash equivalents" as at 31 August 2022 and as at 28 February 2022 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2022	**28 February 2022**
Bank accounts	61,821	127,740
Petty cash	12,821	13,794
Total cash and cash equivalents	**74,642**	**141,534**

Cash and cash equivalents totalled Euro 74.642 thousand as at 31 August 2022 and Euro 141.534 thousand as at 28 February 2022.

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

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

5.11 Shareholders' equity

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

(In thousands of Euro)	Notes	Share capital	Legal reserve	Extraordinary 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 2022	**5.11**	**4,140**	**811**	**43,146**	**(1,648)**	**3,687**	**21,729**	**66,484**	**138,349**	**0**	**138,349**
Profit/(loss) for the consolidated period		-	-	-	-	-	-	1,137	1,137	-	1,137
Other components of comprehensive income		-	-	-	1,110	-		-	1,110	-	1,110
Total statement of comprehensive income for the consolidated year		**-**	**-**	**-**	**1,110**	**-**	**-**	**1,137**	**2,247**	**-**	**2,247**
Allocation of prior year result		-	17	19,052	-	-	(1,108)	(17,961)	-	-	-
Distribution of dividends		-	-	-	-	-	-	(27,134)	(27,134)	-	(27,134)
Share-based payment settled with equity instruments		-	-	-	-	2,331	-	(677)	1,654	-	1,654
Total transactions with shareholders		**-**	**17**	**19,052**	**-**	**2,331**	**(1,108)**	**(45,772)**	**(25,480)**	**-**	**(25,480)**
Balance as at 31 August 2022	**5.11**	**4,140**	**828**	**62,198**	**(538)**	**6,018**	**20,621**	**21,849**	**115,116**	**0**	**115,116**

The Shareholders' equity totalled Euro 115,116 thousand in the 6-month period at 31 August 2022 (Euro 138,349 thousand at 28 February 2022); it decreased during the year mainly due to the effect of the distribution of Euro 27,134 thousand of dividend in June 2022.

The share capital as at 28 February 2022 stood at €4,140 thousand, divided into 20,698,621 shares.

The Reserves are illustrated below:

- the legal reserve of €828 thousand as at 31 August 2022 (€811 thousand as at 28 February 2022) includes the allocation of profits of 5% for each year up to the limit referred to in Article 2430 of the Italian Civil Code;

- the extraordinary reserve of €62,198 thousand as at 31 August 2022 (€43,146 thousand as at 28 February 2022); this reserve was increased during the period due to the allocation of profit approved by the Shareholders' Meeting in June 2022;

- the negative reserve for actuarial gains and losses on defined benefit plans of €538 thousand as at 31 August 2022 (negative by €1,648 thousand as at 28 February 2022) changed by a further negative €1,110 thousand due to the actuarial valuation relating to severance pay;

- the reserve for share-based payments of €6,018 thousand as at 31 August 2022 (€3,687 thousand as at 28 February 2022); this changed due to the recognition of provisions for €2,331 thousand related to the 2021–2025 Share performance plan. For more details, please see Note 5.28.

- Other reserves of €20,621 thousand as at 31 August 2022 (€21,729 thousand as at 28 February 2022); this changed following the allocation of the net result of the subsidiary Monclik.

During the year ended 31 August 2022 there were no assets allocated to a specific business.

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

(In thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Reserve for actuarial profits/(losses) on defined benefits plans	Reserve for share-based payments	Other reserves	Profits/(losses) carried forward	Total shareholders' equity	Minority interests	Total shareholders' equity

Balance as at 28 February 2021	**4,053**	**800**	**42,519**	**(133)**	**(1,862)**	**69**	**30,195**	**73,654**	**153,295**	**-**	**153,295**
Profit/(loss) for the consolidated period	-	-	-	-	-	-	-	18,022	18,022	-	18,022
Other components of comprehensive income	-	-	-	29	(234)	-			(205)	-	(205)
Total statement of comprehensive income for the consolidated year	**-**	**-**	**-**	**29**	**(234)**	**-**	**-**	**18,022**	**17,817**	**-**	**17,817**
Allocation of prior year result	-	11	627	-	-	-	(327)	(311)	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	(53,793)	(53,793)	-	(53,793)
Share-based payment settled with equity instruments	85	-	-	-	-	(1,917)	4,200	2,293	4,661	-	4,661
Total transactions with shareholders	**85**	**11**	**627**	**-**	**-**	**(1,917)**	**3,873**	**(51,811)**	**(49,132)**	**-**	**(49,132)**
Balance as at 31 August 2021	**4,138**	**811**	**43,146**	**(104)**	**(2,096)**	**2,152**	**34,068**	**39,865**	**121,980**	**0**	**121,980**

The Shareholders' equity, which totalled Euro 121,980 thousand at 31 August 2021 (Euro 153,295 thousand at 28 February 2021), decreased during the previous year mainly due to the effect of the distribution of Euro 53,793 thousand of dividends in June 2021

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

The Reserves are illustrated below:

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

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

- the cash flow hedge reserve is negative for €104 thousand as at 31 August 2021 (negative for €133 thousand as at 28 February 2021); this reserve had been booked as a contraentry of the mark to market of the interest rate swap hedging contracts recognized, taken out as required by the Loan Agreement entered into during the previous year (for more details, please refer to Note 5.14).

- the negative reserve for actuarial gains and losses on defined benefit plans of €2,096 thousand as at 31 August 2021 (negative by €1,862 thousand as at 28 February 2021) changed by a further negative €234 thousand due to the actuarial valuation relating to severance pay;

- the reserve for share-based payments amounting to €2,152 thousand as at 31 August 2021 (€4,069 thousand as at 28 February 2021); the reserve changed due to: (i) the recognition of the exercise of the options of the 2018–2025 Long-Term Incentive Plan reserved for some managers and employees for Euro 2,761 thousand, and (ii) the recognition of provisions for Euro 844 thousand relating to the 2021–2025 Performance Share Plan. For more details, please see Note 5.28.

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

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

In August 2021, the Board of Directors decided to realign the reporting and tax values of the goodwill item, placing a tax suspension constraint on the reserves available and showing in the financial statements at 28 February 2021 for an amount equal to €39,252 thousand corresponding to the higher values realigned, net of substitute tax. The realignment also required the recognition of deferred tax assets for Euro 11,290 thousand, a release of deferred tax liabilities of Euro 1,344 thousand against the recognition of a cost of Euro 1,214 thousand for the substitute tax. The decision was taken in application of the provisions of Article 110(8) and (8a) of Decree Law No. 104/2020, converted into Law No. 126/2020, which introduced, for IAS adopters, the possibility of realigning the reporting and tax values of assets (legally protected tangible and intangible assets) and equity investments, through the payment of a substitute tax of 3%, to be paid in three equal annual instalments from August 2021.

The reconciliation between the shareholders' equity of the parent company and the consolidated shareholders' equity as at 31 August 2022 is illustrated below:

(In millions of Euro)	Shareholders' equity as at 31 August 2022	Net result as at 31 August 2022
Balances from the Parent Company's Annual Financial Statements	**117.0**	**2.3**
Difference between the carrying amount of equity investments and the profit/(loss)	(11.6)	(1.0)
Allocation of goodwill, brand, software and customer list, net of the tax effect	9.7	(0.1)
Consolidated Financial Statements of the Unieuro Group	**115.1**	**1.1**

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

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

5.12 Financial liabilities

Current and non-current "Financial liabilities" were at zero on 31 August 2022 and 28 February 2022.

It should be noted that in November 2021, the Loan Agreement signed on 9 January 2018 with Banca IMI S.p.A. (as facility agent), Banca Popolare di Milano S.p.A., Crédit Agricole Cariparma S.p.A. and Crédit Agricole Corporate and Investment Bank – Milan Branch was settled, and at the same time four new credit lines "Credit Lines" were undertaken 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 working capital and strengthening financial solidity.

The committed Credit Lines include €150.0 million of funding for medium- to long-term cash on a revolving basis.

The interest is variable, calculated on the basis of the Euribor plus a contractually agreed spread, and there are charges for undrawn amounts.

At the same time as the disbursement of the Credit Lines, a contractual clause (covenants) was agreed that recognises the right of the lender to renegotiate or revoke the credit upon the occurrence of the events provided for in that clause. These clauses require compliance by Unieuro S.p.A. with a consolidation ratio at each (semi-annual) Calculation Date, which is summarised below:

- leverage ratio (defined as the ratio between the consolidated net financial debt and Consolidated Adjusted LTM EBITDA, as contractually defined.

The covenant was complied with as at 31 August 2022.

As at 31 August 2022, credit lines have not been drawn on and the balance of financial liabilities is zero.

Below is a detailed breakdown of the net financial[29] debt as at 31 August 2022 and 28 February 2022, as required by ESMA guideline 32-382-1138 of 04/03/2021:

(in millions of Euro)	Period ended		Changes	
	31 August 2022	28 February 2022	Δ	%
(A) Cash and cash equivalents	74.6	141.5	(66.9)	(47.3%)
(B) Cash equivalents	0.0	0.0	0.0	0.0%
(C) Other current financial assets	0.0	0.0	0.0	0.0%
(D) Liquidity (A)+(B)+(C)	**74.6**	**141.5**	(66.9)	(47.3%)
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	0.0	0.0	0.0	0.0%
(F) Current portion of non-current debt	(69.6)	(66.5)	(3.1)	4.6%
(G) Current financial debt (E)+(F)	**(69.6)**	**(66.5)**	**(3.1)**	**4.6%**
(H) Net current financial debt (G)-(D)	**5.0**	**75.0**	**(70.0)**	**(93.3%)**
(I) Non-current financial debt (excluding current portion and debt instruments)	(407.2)	(389.5)	(17.7)	4.5%
(J) Debt instruments	0.0	0.0	0.0	0.0%
(K) Trade payables and other non-current payables	0.0	0.0	0.0	0.0%
(L) Non-current financial debt (I)+(J)+(K)	**(407.2)**	**(389.5)**	**(17.7)**	**4.5%**
(M) Total financial debt (H)+(L)	**(402.2)**	**(314.5)**	**(87.7)**	**27.9%**

The cash flow dynamics are essentially driven by the combined effect of: (i) generation of cash from operating activities, including flows for IFRS 16 leases for Euro 15.639 thousand; (ii) investments made and paid for Euro 21.202 thousand, and (iii) distribution of dividend for Euro 27.134 thousand.

The table below summarises the breakdown of the items “Other current financial payables” and “Other non-current financial payables” for the periods ending 31 August 2022 and 28 February 2022. See Note 5.14 “Other financial liabilities” for more details.

(In thousands of Euro)	Period ended	
	31 August 2022	28 February 2022
Other financial liabilities	69,633	66,539
Other current financial payables	**69,633**	**66,539**
Other financial liabilities	407,187	389,501
Other non-current loans	**407,187**	**389,501**
Total financial payables	**476,820**	**456,040**

29 In November 2021, the Loan Agreement signed on 9 January 2018 expired, and at the same time four new credit lines were taken out to finance working capital and reinforce financial strength.

5.13 Employee benefits

The changes in the item "Employee benefits" for the period from 28 February 2022 to 31 August 2022 and from 28 February 2021 to 31 August 2021 are shown below:

(In thousands of Euro)	
Balance as at 28 February 2022	**13,126**
Service cost	527
Interest cost	73
Transfers in/(out)	-
Settlements/advances	(356)
Actuarial (profits)/losses	(1,523)
Balance as at 31 August 2022	**11,845**

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

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

Settlements recorded in the year ended 31 August 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:

	Periods ended	
Economic recruitment	**31 August 2022**	**28 February 2022**
Inflation rate	2.10%	1.75%
Actualisation rate	2.83%	1.13%
Severance pay increase rate	3.08%	2.81%

	Period ended	
Demographic recruitment	**31 August 2022**	**28 February 2022**
Fatality rate	Demographic tables RG48	Demographic tables RG48
Disability probability	INPS tables differentiated by age and gender	INPS tables differentiated by age and gender
Retirement age	Reaching of minimum requirements under the compulsory general insurance	Reaching of minimum requirements under the compulsory general insurance
Probability of leaving	5%	5%
Probability of anticipation	3.50%	3.50%

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

Below is the sensitivity analysis, as at 31 August 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 31 August 2022	
Change to the parameter	**UNIEURO**	**MONCLICK**
1% increase in turnover rate	11,461	402
1% decrease in turnover rate	11,423	403
0.25% increase in inflation rate	11,581	409
0.25% decrease in inflation rate	11,308	395
0.25% increase in actualisation rate	11,230	393
0.25% decrease in actualisation rate	11,664	412

5.14 Other financial liabilities

A breakdown of the item current and non-current "Other financial liabilities" as at 31 August 2022 and 28 February 2022 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2022	**28 February 2022**
Payables to leasing companies	69,327	65,140
Payables for equity investments and business units	-	1,241
Other financial payables	306	158
Other current financial liabilities	**69,633**	**66,539**
Payables to leasing companies	407,187	389,501
Other non-current financial liabilities	**407,187**	**389,501**
Total financial liabilities	**476,820**	**456,040**

Payables for equity investments and business units

Payables for equity investments and investments in company branches totalled € 0 thousand as at 31 August 2022 (Euro 1,241 thousand as at 28 February 2022). The decrease is due to the shares of the purchase prices paid for the company branches.

Payables to leasing companies

Lease liabilities totalled €476,514 thousand as at 31 August 2022 (€454,642 thousand as at 28 February 2022). 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 for which the Group adopted accounting standard IFRS 16 and recognized a liability reflecting the obligation to make lease payments and settle lease liabilities. There are no hedging instruments for the interest rates.

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

(In thousands of Euro)	Balance as at 31 August 2022	Within 12M	Between 12M and 60M	Over 60M	Total
Payables to leasing companies	476,514	69,327	248,970	158,217	476,514
Total	**476,514**	**69,327**	**248,970**	**158,217**	**476,514**

Other financial payables

The item "Other financial expenses" totalled Euro 306 thousand as at 31 August 2022 (Euro 158 thousand as at 28 February 2022). This item includes payables relating to dividends deliberated by the Shareholders' Meeting in June 2022 and not yet paid on 31 August 2022.

5.15 Provisions

The change in the item "Funds" for the period from 28 February 2022 to 31 August 2022 is broken down below:

(In thousands of Euro)	Tax dispute provision	Other disputes provision	Restructuring provision	Other risks provision	Total
Balance as at 28 February 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*
Provisions	-	1,339	-	-	1,339
Draw-downs/releases	-	(1,280)	-	(184)	(1,464)
Balance as at 31 August 2022	**798**	**10,466**	**380**	**4,334**	**15,978**
- of which current portion	-	*1,671*	*380*	*534*	*2,585*
- of which non-current portion	*798*	*8,795*		*3,801*	*13,394*

The "Tax dispute provision", equal to €798 thousand as at 31 August 2022, unchanged compared with 28 February 2022, was set aside mainly to hedge the liabilities that could arise due to tax disputes.

For the "Other disputes provision", which consists of Euro 10,466 thousand as at 31 August 2022 and Euro 10,407 thousand as at 28 February 2022, the increase in the period mainly relates to the allocation of commitments made to the Competition Authority in response to the procedure initiated in June 2022. The risk of sanctions of judgment based on the information available to date is qualified as possible.

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The "Restructuring provision", equal to €380 thousand as at 31 August 2022, unchanged compared with 28 February 2022, refers mainly to the personnel restructuring process of the closing sales outlets.

"Other provisions for risks" totalled €4,334 thousand as at 31 August 2022 and €4,518 thousand as at 28 February 2022. The item mainly includes costs for risks with reference to logistic contracts, the costs for returning the shops to their original condition, allocated against the costs to be incurred for the restoration of the property when it is handed over to the lessor in cases where the lessee is contractually obliged to do so.

5.16 Other current liabilities and other non-current liabilities

A breakdown of the items “Other current liabilities” and “Other non-current liabilities” as at 31 August 2022 and 28 February 2022 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2022	**28 February 2022**
Contract liabilities	200,765	205,946
Payables to personnel	39,412	45,732
Payables for VAT	17,806	15,993
Payables to welfare institutions	4,048	3,703
Payables for IRPEF (income tax)	1,071	3,735
Deferred income and accrued liabilities	4,907	7,104
Long Term Incentive Plan monetary bonus	476	476
Other tax payables	34	54
Other current liabilities	23	14
Total other current liabilities	**268,542**	**282,757**
Long Term Incentive Plan monetary bonus	1,191	493
Deposit liabilities	26	26
Total other non-current liabilities	**1,217**	**519**
Total other current and non-current liabilities	**269,759**	**283,276**

The item "Other current and non-current liabilities" decreased by €13,518 thousand in the period ended 31 August 2022 compared with the year ended 28 February 2022. .

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

- contract liabilities of €200,765 thousand as at 31 August 2022 (€205,946 thousand as at 28 February 2022) mainly attributable to (i) deferred revenues for warranty extension services. Revenues from sales are recorded on the basis of the contractual duration, i.e., the period for which there is a performance obligation, thus deferring sales for future periods, (ii) advances received from customers, (iii) liabilities relating to purchase vouchers and (iv) liabilities relating to sales with right of return;

- payables to personnel of €39,412 thousand as at 31 August 2022 (€45,732 thousand as at 28 February 2022) composed of payables for salaries, holidays, leave and the 13th- and 14th-month bonus pay. These payables refer to items accrued but not yet settled;

- VAT payables of €17,806 thousand as at 31 August 2022 (€15,993 thousand as at 28 February 2022) composed of payables resulting from the VAT payment for August 2022;

- deferred income and accrued expenses of €4,907 thousand as at 31 August 2022 (€7,104 thousand as at 28 February 2022) 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 €1,191 thousand of the Monetary Bonus payable under the Share Performance Plan approved by the Shareholders' Meeting and deposit liabilities of €26 thousand.

5.17 Trade payables

A breakdown of the item "Trade payables" as at 31 August 2022 and as at 28 February 2022 is shown below:

(In thousands of Euro)	Period ended	
	31 August 2022	28 February 2022
Trade payables to third-parties	542,555	581,632
Trade payables to related-parties	-	-
Gross trade payables	**542,555**	**581,632**
Bad debt provision - amount due from suppliers	1,310	1,824
Total Trade payables	**543,865**	**583,456**

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 decreased by €39,077 thousand as at 31 August 2022 compared with 28 February 2022. The change recognized is the result not only of the typical seasonal nature of the business, but also of other cyclical factors, including the supply strategy implemented by the Company in the last months of the financial year 2021/22.

The change in the "Bad debt provision – amount due from suppliers" for the period from 28 February 2022 to 31 August 2022 and for the period from 29 February 2020 to 31 August 2021 is shown below:

(In thousands of Euro)	Bad debt provision - amount due from suppliers
Balance as at 28 February 2022	**1,824**
Provisions	-
Releases to the Income Statement	(323)
Utilisation	(191)
Balance as at 31 August 2022	**1,310**

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

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

5.18 Revenue

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

Below is a breakdown of revenues by channel:

(In thousands of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2022	%	31 August 2021	%	2022 vs 2021	%
Retail	900,209	69.6%	890,127	70.2%	10,082	1.1%
Online	231,035	17.8%	187,764	14.8%	43,271	23.0%
Indirect	112,443	8.7%	141,286	11.1%	(28,843)	(20.4%)
B2B	48,998	3.9%	49,058	3.9%	(60)	(0.1%)
Total revenues by channel	**1,292,685**	**100.0%**	**1,268,235**	**100.0%**	**24,448**	**1.9%**

The Retail channel (69.6% of total revenues) – which, as at 31 August 2022, consisted of 278 direct sales outlets including Unieuro by Iper shop-in-shops and direct sales outlets located at certain major public transport hubs such as airports, train stations and underground stations (formerly the Travel channel) – increased by 1.1%, with €900.209 thousand, compared to €890,127 thousand in the same half of the previous year. This was mainly due to the growth of the direct store network, which benefited from the incremental contribution of the new openings and acquisitions completed in the last 12 months. The performance of the network with the same perimeter was affected by the impact of the current macroeconomic environment on the consumer electronics market due to the rising cost of living.

The Online channel (17.8% of total revenue), which includes the revamped unieuro.it platform and the digital pure player Monclick, generated €231,035 thousand in revenues. This was up 23.0% from €187,764 thousand in the same period of the previous year. The reasons for success, both in absolute value and in terms of market share, are to be found in the Group's omnichannel strategy. The continuous innovation linked to the constant release of new functions and improvements of the platform, attention to content and the effectiveness of digital communication campaigns have further strengthened Unieuro's competitive advantage.

The Indirect channel (8.7% of total revenues) – which includes sales made to the network of affiliated shops for a total of 260 outlets at 31 August 2022 – totalled revenues of €112.443 thousand, down by 20.4% from the €141.286 thousand of the corresponding period of the previous year, which had benefited from the closure of shopping centres during weekends due to pandemic restrictions.

The B2B channel (3.8% of total revenues) – which targets professional domestic and foreign customers that operate in industries other than those where Unieuro operates, such as hotel chains and banks, as well as operators that need to purchase electronic products to be distributed to their regular customers or to employees to accumulate points or participate in prize competitions or incentive plans (B2B2C segment) – recorded sales of €48,998 thousand, down 0.1% from €49,058 thousand of the corresponding period of the previous year.

Below is a breakdown of revenues by category:

(in millions of Euro and as a percentage of revenues)	Period ended				Changes	
	31 August 2022	%	31 August 2021	%	2021 vs 2022	%
Grey	598,798	46.3%	598,018	47.2%	780	0.1%

White	363,532	28.1%	345,967	27.3%	17,565	5.1%
Brown	202,112	15.6%	202,778	16.0%	(666)	(0.3%)
Other products	56,189	4.3%	60,539	4.8%	(4,350)	(7.2%)
Services	72,054	5.6%	60,933	4.8%	11,121	18.3%
Total revenues by category	**1,292,685**	**100.0%**	**1,268,235**	**100.0%**	**24,450**	**1.9%**

The Grey category (46.3% of total revenues) – i.e. telephony, tablets, information technology, telephony accessories, cameras, as well as all wearable technological products – generated a turnover of €598.798 thousand, up by 0.1% compared to €598.018 thousand in the same period a year earlier. This category was affected by the increase in procurement costs and consumer adjustments in the IT segment, which benefited from purchasing trends related to smart working, e-learning and communication. These were accentuated by the emergency context, partially offset by the strong performance of the telephony sector driven by the consumer's quest for technological upgrades.

The White category (28.1% of total revenues) – consisting of major domestic appliances (MDA) such as washing machines, dryers, refrigerators or freezers and ovens, small domestic appliances (SDA) such as vacuum cleaners, food processors and coffee machines, and the air conditioning segment – generated turnover of €363,532 thousand, up 5.1% from €345,967 thousand in the corresponding period of the previous year. This was thanks to the success of the Home Comfort sector, led by the eco-bonus tax incentive introduced by the Government that aimed to reduce energy consumption of existing buildings and a summer of particularly hot temperatures. The performance of the air treatment segment was also strong.

The Brown category (15.6% of revenues) – including TV sets and related accessories, audio devices, smart TV devices, car accessories and storage systems – reported a 0.3% reduction to €202.112 thousand from €202,778 thousand in the corresponding period of the previous year. In the 6-month period of the previous financial year, the category benefited from the sales boom induced by the Switch-Off event. In addition, during the period there was also a shift in demand towards entry-level products and an increase in promotional activities on premium products.

The Other products category (4.3% of total revenues) – which includes both the entertainment sector sales and other products not included in the consumer electronics market such as hoverboards or bicycles – recorded revenues of €56,189 thousand, down by 7.2% compared to the corresponding period of the previous year. The entertainment segment, including consoles and video games, negatively impacted the category's performance due to the lack of product availability on the market.

The Services category (5.6% of total revenues) shows revenues for €72,054 thousand, up by 18.3% compared to €60,933 thousand in the corresponding period of the previous year. The positive performance benefited from Unieuro's continued focus on providing services to its customers and enjoyed an increase in turnover of services related to the air conditioning sector, as well as from the positive sales performance related to the extended warranty service.

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

(In thousands of Euro)	**Period ended**	
	31 August 2022	**31 August 2021**
Abroad	1,450	797
Italy	1,291,235	1,267,438
Total	**1,292,685**	**1,268,235**

5.19 Other income

Below is a breakdown of the item "Other income" for the financial years ended 31 August 2022 and 31 August 2021:

(In thousands of Euro)	Period ended	
	31 August 2022	31 August 2021
Insurance reimbursements	40	117
Other income	292	263
Total Other Income	**332**	**380**

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

5.20 Purchases of materials and external services

Below is a breakdown of the item "Purchases of materials and external services" for the financial years ended 31 August 2022 and 31 August 2021:

(In thousands of Euro)	Period ended	
	31 August 2022	31 August 2021
Purchase of goods	975,432	1,055,126
Transport	40,041	37,367
Marketing	21,757	23,550
Utilities	16,210	8,410
Maintenance and rental charges	7,867	7,911
General sales expenses	7,374	7,212
Other costs	22,927	13,903
Consulting	4,447	5,316
Purchase of consumables	678	3,087
Travel expenses	362	337
Payments to administrative and supervisory bodies	465	397
Total Purchases of materials and external services	**1,097,560**	**1,162,616**
Changes in inventory	29,944	(63,595)
Total, including the change in inventories	**1,127,504**	**1,099,291**

The item "Purchases of materials and external services", taking into account the item "Change in inventories", increased from €1,099,291 thousand in the period ended 31 August 2021 to €1,127,504 thousand in the year ended 31 August 2022, therefore with an increase of €28,213 thousand (2.6%).

The item "Transport" increased by €37,367 thousand at 31 August 2021 to €40,041 thousand at 31 August 2022. The difference for the period is linked to fuel price trends and the increase in cargo transport and handling rates caused by the current geopolitical scenario.

The "Marketing" item decreased from €23,550 thousand as at 31 August 2021 to €21,757 thousand as at 31 August 2022, mainly due to lower net costs related to investments in digital, radio and TV in the period.

"Utilities" rose respectively by €7,800 thousand compared with 31 August 2021, mainly due to the rise in energy costs induced by the current geopolitical environment.

The item "General sales expenses" increased from €7,212 thousand as at 31 August 2021 to €7,374 thousand as at 31 August 2022. The item mainly includes the costs for commissions on sales transactions; the increase is due to the increased use of electronic payment instruments (cards, PayPal, etc.) on the direct network and to the higher volumes recorded during the period.

The item "Other costs" mainly includes costs for variable rents, condominium expenses, vehicles, hires, cleaning, insurance, and security. The item rose by €9,024 thousand compared with 31 August 2021. This development was mainly due to the increase in the costs of installing air conditioning units sold to customers as a result of the higher sales volumes driven by tax incentives, the increase in condominium expenses following the rise in energy costs and the absence of concessions from lessors on rent payments in relation to the pandemic.

The item "Consultancy" decreased from €5,316 thousand as at 31 August 2021 to €4,447 thousand as at 31 August 2022, and therefore down compared with the corresponding period.

5.21 Personnel costs

Below is a breakdown of the item "Personnel costs" for the financial years ended 31 August 2022 and 31 August 2021:

(In thousands of Euro)	Period ended	
	31 August 2022	**31 August 2021**
Salaries and wages	72,222	70,694
Welfare expenses	21,364	20,901
Severance pay	4,732	4,369
Other personnel costs	2,626	1,906
Total personnel costs	**100,944**	**97,870**

Personnel costs increased from €97,870 thousand from the period ended 31 August 2022 to €100,944 thousand in the six months ended 31 August 2022, an increase of €3,074 thousand or 3.1%. This item shows an increase due to new openings and acquisitions completed in the last 12 months and higher costs resulting from the allocation of the rights of the 2nd and 3rd cycles of the 2020–2025 Long-Term Incentive Plan in July 2021 and April 2022, respectively.

5.22 Other operating costs and expenses

Below is a breakdown of the item "Other operating costs and expenses" for the financial years ended 31 August 2022 and 31 August 2021:

(In thousands of Euro)	Period ended	
	31 August 2022	**31 August 2021**
Non-income based taxes	3,257	1,133
Provision/(releases) for supplier bad debts	(323)	475
Bad debt provision	357	378
Other operating expenses	580	634
Total other operating costs and expenses	**3,871**	**2,620**

"Other costs and operating expenses" rose from €2,620 thousand in the period ended 31 August 2021 to €3,871 thousand in the period ended 31 August 2022, an increase of €1,251 thousand, or 47.7%.

The item "Non-Income Taxes" mainly includes costs associated with the running of the business, such as the waste disposal tax, and taxes on advertising and promotional activities.

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

5.23 Amortisation, depreciation and write-downs

Below is a breakdown of the item "Depreciation, amortisation and write-downs" for the financial years ended 31 August 2022 and 31 August 2021:

(In thousands of Euro)	Period ended	
	31 August 2022	**31 August 2021**
Amortisation of tangible fixed assets	10,701	9,465
Amortisation/depreciation of Right-of-use assets	36,128	32,774
Intangible Assets Amortisation	6,056	4,133
Write-downs/(write backs) of tangible and intangible non-current assets	567	366
Total depreciation, amortisation and write-downs	**53,452**	**46,738**

The item "Depreciation, amortisation and write-downs" rose from €46,738 thousand in the period ended 31 August 2021 to €53,452 thousand in the period ended 31 August 2022, recording an increase of €6,714 thousand in relation to investments to develop the direct stores network and IT projects.

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

5.24 Financial income and Financial expenses

Below is a breakdown of the item "Financial income" for the financial years ended 31 August 2022 and 31 August 2021:

(In thousands of Euro)	Period ended	
	31 August 2022	31 August 2021
Other financial income	7	12
Interest income	-	1
Total financial income	**7**	**13**

"Financial income" decreased from €13 thousand in the period ended 31 August 2021 to €7 thousand in the period ended 31 August 2022, down by €6 thousand. This item mainly includes exchange gains realised during the period.

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

(In thousands of Euro)	Period ended	
	31 August 2022	31 August 2021
Interest expense on bank loans	116	570
Other financial expense	6,062	5,534
Total Financial Expenses	**6,178**	**6,104**

The item "Interest expense on bank loans" changed from €570 thousand in the period ended 31 August 2021 to €116 thousand in the period ended 31 August 2022, a decrease of €454 thousand. The difference for the period is linked to a reduced use of credit lines and interest income resulting from the discounting of payables with a maturity exceeding 12 months.

The item “Other financial charges” includes financial expenses relating to financial payables under IFRS 16 and totals Euro 6,062 thousand as at 31 August 2022 (Euro 5,534 thousand as at 31 August 2021).

5.25 Income taxes

Below is a breakdown of the item "Income taxes" for the financial years ended 31 August 2022 and 31 August 2021:

(In thousands of Euro)	Year ended	
	31 August 2022	31 August 2021
Current taxes	(1,194)	(10,073)
Deferred taxes	1,256	11,822
Tax provision allocation	-	-
Total	**62**	**1,749**

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

(In thousands of euros and as a percentage of the profit before tax)	Year ended			
	31 August 2022	**%**	**31 August 2021**	**%**
Pre-tax result for the period	1,075		16,273	
Theoretical income tax (IRES)	(258)	24.0%	(3,906)	24.0%
IRAP	(946)	(88.0%)	(5,455)	(33.5%)
Tax effect of permanent differences and other differences	1,256	116.8%	11,110	68.3%
Taxes for the period	**62**		**1,749**	
(Allocation)/release to tax provision and Taxes payable	0		0	
Total taxes	**62**		**1,749**	
Actual tax rate		**5.8%**		**10.7%**

Income taxes in the period ended 31 August 2022 amounted to a positive €62 thousand (positive €1,749 thousand in the same period of the previous year ended 31 August 2021). The item as at 31 August 2021 included the tax effect of the realignment between statutory and fiscal values of a portion of goodwill which had led to the recognition of deferred tax assets for €11,290 thousand, a release of deferred tax liabilities for €1,344 thousand and the recognition of a cost for the substitute tax equal to €1,214 thousand.

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

5.26 Basic and diluted earnings per share

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

(In thousands of Euro)	Period ended	
	31 August 2022	**31 August 2021**
Profit (loss) for the year [A]	1,137	18,022
Number of shares (in thousands) taken into consideration for the purpose of calculating the basic earnings per share [B]	20,098	20,508
Earnings per share (*in Euro*) [A/B]	**0.06**	**0.88**

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

(In thousands of Euro)	Period ended	
	31 August 2022	**31 August 2021**
Profit/(loss) for the year/year [A]	1,137	18,022
Average number of shares (in thousands) [B]	20,098	20,508

Effect of the options on shares upon issuance [C]	-	-
Diluted earnings per share (*in Euro*) [A/(B+C)]	**0.06**	**0.88**

5.27 Cash flow statement

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

Net cash flow generated/(absorbed) by operating activities

(In thousands of Euro)	**Period ended**	
	31 August 2022	**31 August 2021**
Cash flow from operations		
CONSOLIDATED PROFIT/(LOSS) FOR THE CONSOLIDATED PERIOD	**1,137**	**18,022**
Adjustments for:		
Income taxes	(62)	(1,749)
Net financial expenses (income)	6,171	6,091
Depreciation, amortisation and write-downs of fixed assets	53,452	46,738
Other changes	1,654	858
	62,352	69,960
Changes in:		
- Inventories	29,944	(63,595)
- Trade receivables	(13,147)	(18,798)
- Trade payables	(35,650)	77,017
- Other changes in operating assets and liabilities	(22,072)	(19,369)
Cash flow generated/(absorbed) by operating activities	(40,926)	(24,745)
Taxes paid	-	(5,537)
Interest paid	(5,463)	(5,685)
Net cash flow generated/(absorbed) by operating activities	**15,963**	**33,993**

The Consolidated net cash flow generated/(used) by operating activities was €15,963 thousand (positive by €33,993 thousand in the previous year ended 31 August 2021). The change in the period was linked to the performance of the Group's operational profitability, which was negatively affected by the effects of the geopolitical crisis that led to higher inflation, with further increases in energy prices and supply costs.

Cash flow generated/(absorbed) by investment activities

(In thousands of Euro)	**Period ended**	
	31 August 2022	**31 August 2021**
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(8,321)	(10,673)
Purchases of intangible assets	(12,781)	(7,372)
Investments for business combinations and business units	(100)	(8,308)
Cash flow generated/(absorbed) by investment activities	**(21,202)**	**(26,353)**

Investment activities absorbed cash for €21,202 thousand and €26,353 thousand in the periods ended 31 August 2022 and 31 August 2021, respectively.

With regard to the period ended 31 August 2022, the Company's main requirements involved:

- investments in companies and business units of €100 thousand; these investments refer to the portion of the purchase price in acquisition transactions.

- investments in plant, machinery and equipment of €8,321 thousand, mainly relating to measures for stores purchased, opened, relocated or renovated during the period;

- investments in intangible assets for €12.781 thousand relating to costs incurred for the purchase of new hardware, software, licences and application developments with a view to improving the technological infrastructure, and to implement new projects.

Cash flow generated/(absorbed) by financing activities

(In thousands of Euro)	Period ended	
	31 August 2022	31 August 2021
Cash flow from investment activities		
Increase/(Decrease) in financial liabilities	(709)	(11,128)
Increase/(Decrease) in other financial liabilities	(2,209)	1,217
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(31,602)	(28,507)
Exercise - Long Term Incentive Plan	-	3,803
Distribution of dividends	(27,134)	(53,793)
Cash flow generated/(absorbed) by financing activities	**(61,654)**	**(88,408)**

The financing activity absorbed cash for €61,654 thousand in the period ended 31 August 2022 and for €88,408 thousand in the period ended 31 August 2021; the difference is mainly due to the distribution of dividends for €27,134 thousand (€53,793 thousand as at 31 August 2021).

5.28 Share-based payment agreements

Long-Term Incentive Plan

On 6 February 2017, the Extraordinary Shareholders- Meeting of Unieuro approved the adoption of a stock option plan (the "Plan" or "Long-Term Incentive Plan" or "LTIP") reserved for Executive Directors, associates and employees (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 granting of the options associated with it will be subject to the conclusion of the listing of Unieuro by 31 July 2017 ("IPO");

- Recipients: the Plan is aimed at executive Directors, associates and employees (managers and others) of Unieuro who were identified by the Board of Directors within those who have an ongoing employment contract with Unieuro and/or other Group companies. 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 non-transferable option rights by inter vivos transaction for the purchase or subscription against payment of ordinary shares in Unieuro for a maximum of 860,215 options, each of which entitles 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 €206,452, in addition to the share premium, for a total value (capital plus premium) equal to the price at which Unieuro's shares will be placed on the MTA through the issuing of a maximum of 1,032,258 ordinary shares;

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

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

- Vesting: the extent and existence of the right of every person to exercise options will be verified 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:

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

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

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

o 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 basis between 100% and 120% – the maximum limit.

- Exercise price: the exercise price of the Options will be equal to the placement 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 through the exercise of Subscription Rights

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

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

The number of outstanding options as at 31 August 2022 is as follows:

	Number of options 31 August 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 Share performance plan 2020–2025 (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, 14 July 2021 and 23 March 2022, the Board of Directors granted the rights and approved the 1st, 2nd and 3rd 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, in July 2021 with reference to the 2nd cycle and in April 2022 with reference to the 3rd cycle.

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 31 August 2022
In place at the beginning of period	**384,000**
Assigned during the period	-
Granted during the period	200,000
Contribution from merger	-
Withdrawn during the period	-
Outstanding at end of period	**584,000**
Not allocated at the beginning of period	-
Exercisable at end of period	-
Not allocated at the end of the period	**-**

6. RELATED-PARTY TRANSACTIONS

The tables below summarise the Group's credit and debt relations with related parties as at 31 August 2022 and 28 February 2022:

(In thousands of Euro)	Credit and debt relations with related parties (as at 31 August 2022)			
Type	**Statutory Auditors**	**Board of Directors and Committees**	**Main managers**	**Total**
At 31 August 2022				
Other current liabilities	(43)	(179)	(169)	**(391)**
Other non-current liabilities	0	0	(473)	**(473)**
Total	**(43)**	**(179)**	**(642)**	**(864)**

(In thousands of Euro)	Credit and debt relations with related parties (as at 28 February 2022)			
Type	**Statutory Auditors**	**Board of Directors and Committees**	**Main managers**	**Total**
At 28 February 2022				
Other current liabilities	(57)	(255)	(215)	**(527)**
Other non-current liabilities	0	0	(172)	**(172)**
Total	**(57)**	**(255)**	**(387)**	**(699)**

The following table summarises the economic relations of the Group with related parties as at 31 August 2022 and as at 31 August 2021:

(In thousands of Euro)	Economic relations with related parties (as at 31 August 2022)			
Type	**Statutory Auditors**	**Board of Directors and Committees**	**Main managers**	**Total**
31 August 2022				
Purchases of materials and external services	(71)	(371)	0	**(442)**
Personnel costs	0	0	(1,950)	**(1,950)**
Total	**(71)**	**(371)**	**(1,950)**	**(2,392)**

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

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

Main managers	
Period ended 31 August 2022	**Period ended 31 August 2021**
Chief Executive Officer - Giancarlo Nicosanti Monterastelli	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer – Marco Pacini	*Chief Financial Officer – Marco Pacini*
General Manager - Bruna Olivieri	*General Manager - Bruna Olivieri*

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

Transactions with related parties at 31 August 2021 and 31 August 2022 do not include the company "Pallacanestro Forlì 2.015, s.a r.l.", which left the consolidation scope following the entry into force from 1 July 2021 of the update of Consob Regulation No.17221 on related-party transactions.

The table below summarises the Group's cash flows with related parties as at 31 August 2022 and at 31 August 2021:

(in thousands of Euro)	Related parties			
Type	**Statutory Auditors**	**Board of Directors**	**Main managers**	**Total**
Period from 1 March 2021 to 31 August 2021				
Net cash flow generated/(absorbed) by operating activities	(73)	(249)	(4,159)	**(4,481)**
Total	**(73)**	**(249)**	**(4,159)**	**(4,481)**
Financial year from 1 March 2022 to 31 August 2022				
Net cash flow generated/(absorbed) by operating activities	(85)	(447)	(1,695)	**(2,227)**
Total	**(85)**	**(447)**	**(1,695)**	**(2,227)**

7. OTHER INFORMATION

Contingent liabilities

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

Guarantees granted in favour of third-parties

(In thousands of Euro)	Period ended	
	31 August 2022	**28 February 2022**
Guarantees and sureties in favour of:		
Parties and third-party companies	33,664	44,667
Total	**33,664**	**44,667**

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

As required by the legislation on the transparency of public funding introduced by Article 1, paragraphs 125-129 of Law No. 124/2017 and subsequently supplemented by the 'security' Decree-Law (No. 113/2018) and the 'simplification' Decree-Law (No. 135/2018), please refer to the National Register of State Aid.
It should be noted that the Group has benefited from the general measures that are available to all companies and that fall within the general structure of the reference system defined by the State, or general aid linked to the economic support measures granted by the Government.
In the six-month period ended 31 August 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.

Significant events after the close of the year

Resignation of the Manager responsible for preparing the financial reports

On 28 September 2022, Dr Marco Pacini, Chief Financial Officer and Manager responsible for preparing the financial reports pursuant to Article 154-*bis* of Legislative Decree No 58 of 24 February 1998, resigned in order to start a new career. Dr Pacini will continue his functions and in his roles until 31 December 2022 so as to ensure the necessary business continuity and a smooth transition.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 August 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 application of administrative and accounting procedures in the preparation of the Condensed Half-Year Consolidated Financial Statements as at 31 August 2022.

We also certify that the Condensed Half-Year Consolidated Financial Statements as at 31 August 2022 of the Unieuro Group:

- were prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No 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.

Forlì, 10 November 2022

E-MARKET SDIR CERTIFIED

KPMG

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Unieuro S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Unieuro Group comprising the statement of financial position as at 31 August 2022, the income statement and the statements of comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Unieuro Group as at and for the six months ended 31 August 2022 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Bologna, 10 November 2022

KPMG S.p.A.

(signed on the original)

Andrea Polpettini
Director of Audit

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