Annual Financial Report

As at 28 February 2023

Annual Financial Report

As at 28 February 2023

CONTENTS

Annual Financial Report as at 28 February 2023

UNIEURO AT A GLANCE

LETTER TO THE SHAREHOLDERS FROM THE CHAIRPERSON OF THE BOARD OF DIRECTORS

Dear Shareholders,

On behalf of the entire Board of Directors, I wish to thank you for the trust placed in us with our appointment of June 2022 on the renewal of the corporate boards and in accordance with international best practice and which, considering our public company status, supports Unieuro's effective governance and a broad representation of Shareholders. The Board taking office is a well-diversified group with varied expertise and includes individuals from a business background, in addition to managers from a range of sectors, professions and academic areas. It also presents a strong cohort of Independent Directors (7 out of 11), while gender balance is also clearly evident.

In FY 2022/2023, whose results we submit for your approval, the company operated within a significantly weaker macroeconomic and segment environment, following the major geopolitical crisis. Spiralling inflation, together with the central banks' raising of interest rates, has inevitably dampened spending propensity due to reduced consumer purchasing power, which has particularly impacted durable goods purchases. The consumer technology market has contracted after posting record numbers in the previous fiscal year. In addition, the high levels of inflation, with rising energy costs (among others), has impacted the company's margins. In this environment, Unieuro reacted quickly by maintaining its commitment to executing its omnichannel strategy and once again confirmed its market leadership. Despite these factors, the results achieved allow us to continue to remunerate you the Shareholders in accordance with our dividend policy.
In the year under review, further confirming the Group's commitment to sustainable development and the increasing integration of ESG factors into business activities, the Board of Directors approved the Company's first Sustainability Plan, which sets out projects, goals and targets for the 2022-2026 four-year period. Governance, which was already well-structured, was further strengthened through an increased number of Directors on the internal Sustainability Committee.

In order to respond in a timely and effective manner to the altered and uncertain market environment, with total inflation of 8.3%, which in effect is a hidden tax of 10% (and about double that for the less affluent), the Board of Directors has approved the "Beyond Omni-Journey" Strategic Plan to 2028.
Considering the well-founded expectation that the PNRR (National Recovery and Resilience Plan), and its Euro 235 billion of investments and reforms, shall potentially boost GDP by 1.2% (which will therefore exceed that of recent years) - supporting both stronger female employment and the birth-rate over time - Unieuro is now prepared to respond to such improved consumer confidence, having established itself as the natural destination for all technology needs - including those emerging in the future.

Unieuro's strategy is focused on offering and expanding primarily services through an ambitious technological transformation plan, which increasingly integrates sustainability into the business model.
The commitment of all our personnel, who bring passion and expertise, will be focused on the new growth trajectory to ensure Unieuro's success over the years to come.

May 9, 2023

Stefano Meloni
Chairperson of the Board of Directors

CEO'S LETTER TO THE SHAREHOLDERS

Dear Shareholders,

Within a profoundly altered market following the outbreak of the Russia-Ukraine conflict, the FY 2022/23 results, although affected by exceptionally high inflation, were in line with the guidance announced to the market and allow us once again to confirm our sector leadership.

Unieuro remained focused during the fiscal year on executing our omni-channel strategy through major direct investment in improving the buying experience of our customers, which saw us in fact rewarded by the satisfaction level (NPS) increasing by over three points. We also completed the sales operation planning programme, from Category Management until the beginning of the new Forecasting module. The foundations have been laid for the future logistics structure, with an expansion of the Piacenza centre and the signing of an agreement for a new hub to serve Central and Southern Italy, which will be launched at the beginning of next fiscal year. Thanks to these initiatives, the goods storage and movement capacity of the company once fully operational shall reach approx. 200,000 sq.m. and generate savings and improved delivery times throughout Italy.

The divergent general economic environment and the complex geopolitical situation led us to update our growth plan to 2028. In the coming years, we shall pursue a strategy which balances the profitability between "trade" and "beyond trade" through expertise and commercial proposal development, based also on partnerships and promoting responsible innovation. Our strategy is built around the consumer, with the goal of offering complete and integrated solutions to respond to every technological need - before, during and after purchase.

We renew our commitment over the duration of the plan to grow faster than the market, ensuring solid cash generation, which shall allow us to remunerate shareholders and to tap into the further development opportunities in Italy and overseas through M&A's or partnerships.

On the conclusion of this fiscal year, we wish to thank you the Shareholders for the trust afforded in us. We will continue to focus on executing the strategic plan in order to create value for all Stakeholders.

May 9, 2023

Giancarlo Nicosanti Monterastelli
Chief Executive Officer

PURPOSE

To bring innovation to the people-technology relationship by filling it with human meaning. Our first responsibility is to foster a consistently positive experience with technology in daily life.

VISION

To be considered the natural physical and digital destination for any need relating to the world of technology, promoting responsible innovation at all times.

MISSION

To pursue consolidation and growth of our market and image leadership, creating value for all stakeholders. Thanks to our expertise, passion and commitment, we know how to ensure a distinctive and personalised consumer experience for everyone because we always put every customer at the centre of an omnichannel ecosystem capable of providing proximity and service.

BELIEF

Unieuro believes in responsible innovation: an idea of innovation that, including through the evolution of its omnichannel offering, means applying responsible behaviours at all levels of sustainability, People-Planet-Profit and along the whole value chain.

BRAND VALUES

PASSION

Passion is the engine that beats loudly in everything we do and allows us to find answers that are always relevant to the public.

EXPERIENCE

Experience comes from our history, which continues to evolve in line with the changing world.

COURAGE

The courage to continuously seek innovation, anticipating the changes that will directly impact our lives.

COMMITMENT

Commitment to our community to play a sustainable social and environmental role.

EMPATHY

The ability to approach our customers and get to know them, listen to their stories, their experiences, and use this to better understand how to respond to their needs.

OPENNESS

The open-mindedness that makes us unprejudiced and available, authentic and transparent to others.

HISTORY

30's - 50's

The foundation

Vittorio Silvestrini opened the first store in Brisighella (Ravenna) for the retail sales of gas ovens, wood-fired stoves, radios and sewing machines. In 1958, the first retail and wholesale point of sale was launched.

70's

The generational change and the start of the path of growth

In 1973, Giuseppe and Maria Grazia Silvestrini took over the helm of the business from their father Vittorio. Between 1979 and 1980, they launched an initial growth path through the establishment of C.I.D.E.L. s.n.c. di Silvestrini Maria Grazia & C. which, in 1980, became S.G.M. Distribuzione S.r.l. (the current Unieuro S.p.A.).

2000 - 2001

Consolidation

S.G.M. Distribuzione S.r.l. joined Expert Italy S.p.A. Consortile, in a short time becoming one of the main members in terms of sale volumes. In 2001, the physical stores in the chain, flaunting the Marco Polo-Expert brand, were supported by e-commerce activity through the launch of marcopoloshop.it, the website in Italy that pioneered the omnichannel approach thanks to the in-store pick up service.

2005

The admission of Rhône Capital

The international investment fund Rhône Capital II L.P. acquired the entire share capital of S.G.M. Distribuzione S.r.l., with control later going to Venice Holdings S.r.l., invested in by the Silvestrini family and management through a minority shareholding.

2007 - 2012

External growth

S.G.M. Distribuzione signed a series of strategic acquisitions from several important players, which led to the chain quadrupling the number of points of sale managed directly, going from 21 in 2006 to 81 in 2013.

2013 - 2014

The new Unieuro

In October 2013, S.G.M. Distribuzione bought from Dixons - an English group active in the consumer electronics sector - 100% of the then UniEuro, a chain of 94 points of sale located throughout Italy and founded in 1967 in Alba, Piedmont. The integration of UniEuro and S.G.M. Distribuzione, led to the new Unieuro, as it is currently known.

An intense path of rationalisation of the business was launched which led to the unification of the headquarters in the sole centre of Forlì and of the centralised logistics hub in Piacenza. In 2014, Unieuro abandoned the consortium Expert Italy S.p.A. Consortile to focus on its own brand, already strong and with a very good recognition at national level.

2017
-
2018

The acquisition of Monclick
In February, Unieuro signed an agreement for the acquisition of 100% of Monclick, one of the leading e-commerce operators in Italy active in the market of consumer electronics and B2B2C segment, thereby strengthening its online channel.

Admission to the stock exchange
On 4 April 2017 Unieuro shares made their début on the STAR segment of the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. through a placement aimed at Italian and international institutional investors.

The dimensional growth
Unieuro continues the expansion of its network through various acquisitions, including a business unit of DPS Group S.r.l. and some points of sale from Galimberti/Euronics.

The new Piacenza logistics hub
October saw the opening of the new 104,000 sqm central distribution platform in Piacenza, efficient and automated. It provides a starting point for a comprehensive logistics strategy, intended to bring it even closer to end-users.

2019

Market leadership
Already boasting the most extensive sales network, with the closure of FY 2018/2019 Unieuro also achieved a leadership position in terms of revenues, becoming to all intents and purposes the overall leader in the distribution of consumer electronics and household appliances in Italy.

2020

The transformation to public company
Italian Electronics Holdings, owned by funds managed by the private equity firm Rhône Capital, sold the entire remaining stake of Unieuro's share capital, transforming it into a real public company, with a free-float of more than 85%.

2022
-
2023

The Strategy for the future
Unieuro defines the omnichannel strategy and approves the 2022-2026 Sustainability Plan based on 31 projects in four areas: Community, Culture, Sustainable Innovation and Talents.

HIGHLIGHTS

533

TOTAL DIRECT STORES

Direct stores	Affiliated stores
278	255

2

ONLINE STORE

unieuro
Batte. Forte. Sempre.

integrated digital platform to serve our omnichannel purpose

monclick
IO COMPRO QUI

digital pure player with focus on business users

2.0 million

of active UnieuroCLUB customers

99%

Brand Awareness

5,695

Employees

2022/23 RESULTS

Revenues by channel

Retail: 68.2%	1,966.2 €m
Online: 19.7%	567.3 €m
Indirect: 8.4%	243.7 €m
B2B: 3.7%	107.1 €m
Total	2,884.3 €m

Revenues by category

Grey: 47.6%	1,371.5 €m
White: 27.6%	796.1 €m
Brown: 14.8%	427.2 €m
Other products: 4.8%	138.2 €m
Services: 5.2%	151.3 €m
Total	2,884.3 €m

ADJUSTED EBIT	34.8 €M
ADJUSTED NET INCOME	19.3 €M
NET CASH (PRE IAS 17)	124.4 €M
ADJUSTED FREE CASH FLOW	23.1 €M

I PILASTRI STRATEGICI PER CONTINUARE A VINCERE

OMNICHANNEL TRADE

Delivering the best business offering, optimized based on data, and making it seamlessly accessible at an omnichannel level.

BEYOND TRADE

Focusing on the customer by building an ecosystem of solutions around them, beyond the pure sale of products.

RESPONSIBLE INNOVATION

Activating responsible behavior on all dimensions of sustainability, people-planet-profit, and along the value chain.

TECNOLOGY

Investing in technological transformation to ensure the best level of service at all phases of the journey.

TEAM

Attracting new talents and strengthening/enhancing existing ones, also through a new leadership model.

PROCESS OPTIMIZATION

Making business processes more efficient by focusing on higher value-added activities with expected cost benefits.

A GROWING COMMITMENT TO SUSTAINABILITY

We are committed to implementing our 2022-2026 Sustainability Plan, which includes over 30 projects in four areas: Community, Culture, Sustainable Innovation and Talents. Further actions enrich and add value to the plan, thus reinforcing our overall commitment to sustainability.

For us, passion is about wanting to do more than the bare minimum.

CORPORATE BODIES

BOARD OF DIRECTORS

• Chairperson of the Board of Directors	**Stefano Meloni**
• Chief Executive Officer	**Giancarlo Nicosanti Monterastelli**
• Independent Director	**Alessandra Bucci**
• Independent Director	**Pietro Caliceti**
• Independent Director	**Laura Cavatorta**
• Independent Director	**Paola Elisabetta Galbiati**
• Director	**Benedetto Levi**
• Director	**Giuseppe Nisticò**
• Director	**Maria Bruna Olivieri**
• Independent Director	**Daniele Pelli**
• Independent Director	**Alessandra Stabilini**

CONTROL AND RISK COMMITTEE

• Chairperson of the Committee	**Alessandra Stabilini**
• Members	**Laura Cavatorta**
	Paola Elisabetta Galbiati
	Benedetto Levi

NOMINATIONS AND REMUNERATION COMMITTEE

• Chairperson of the Committee	**Paola Elisabetta Galbiati**
• Members	**Pietro Caliceti**
	Alessandra Stabilini

RELATED PARTY TRANSACTIONS COMMITTEE

• Chairperson of the Committee	**Pietro Caliceti**
• Members	**Alessandra Bucci**
	Alessandra Stabilini

SUSTAINABILITY COMMITTEE

• Chairperson of the Committee	Daniele Pelli
• Members	Alessandra Bucci
	Laura Cavatorta
	Paola Elisabetta Galbiati

BOARD OF STATUTORY AUDITORS

• Chairperson	Giuseppina Manzo
• Statutory Auditor	Stefano Antonini
• Statutory Auditor	Paolo Costantini
• Alternate Auditor	Davide Barbieri
• Alternate Auditor	Emiliano Barcaroli

EXECUTIVE OFFICER FOR FINANCIAL REPORTING

Marco Deotto

SUPERVISORY BODY

• Chairperson	Giorgio Rusticali
• Members	Chiara Tebano
	Raffaella Folli

AUDIT COMPANY

KPMG S.p.A.

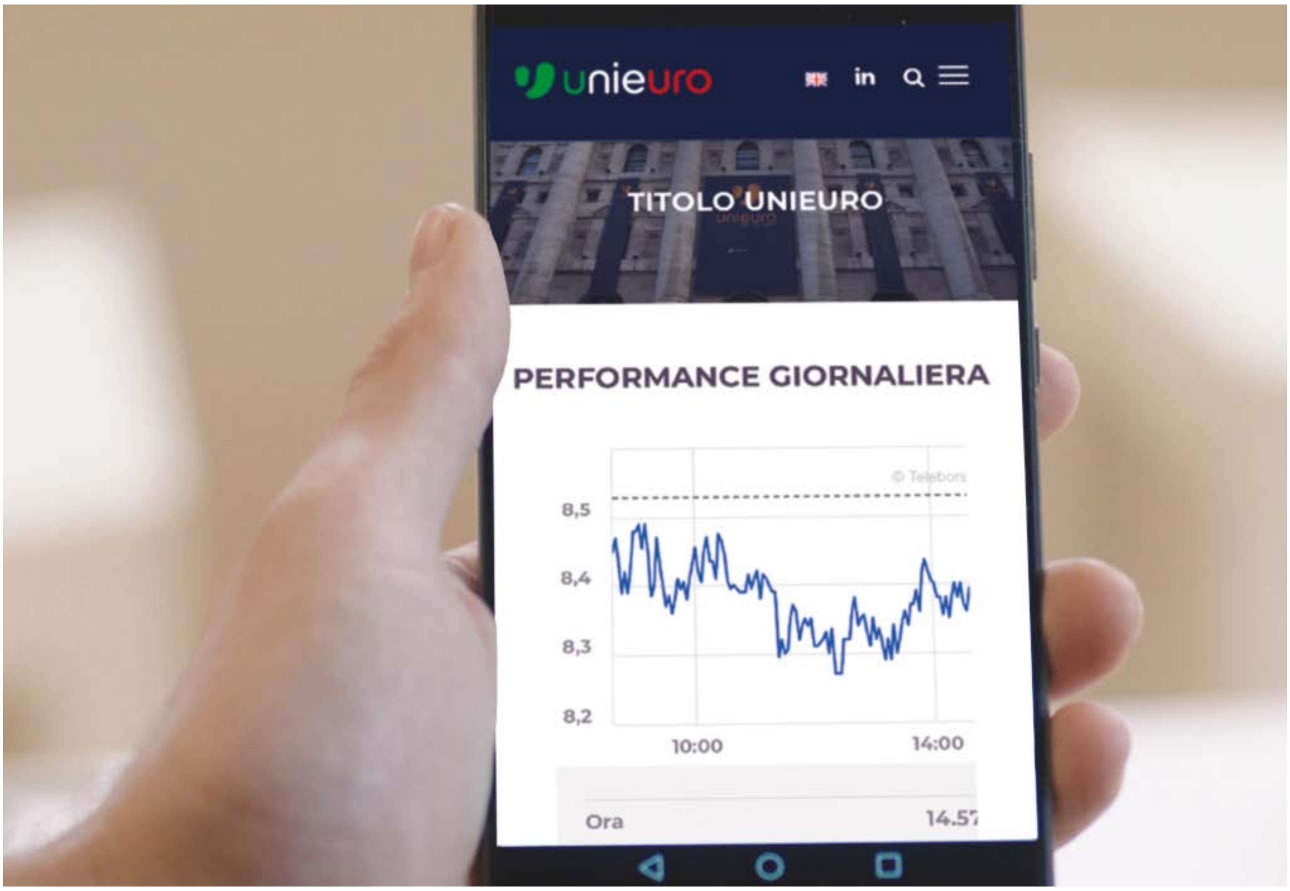
UNIEURO ON THE STOCK EXCHANGE

Unieuro is one of Italy's few listed companies with an extensive and fragmented shareholder base, and thus is structured like a public company.

OWNERSHIP STRUCTURE

Shareholder	
Iliad	12.2 %
Amundi Asset Management	8.3 %
Treasury Shares	2.9 %
Other institutional and retail Shareholders	76.6 %

Note: Shareholders who exceed the relevant shareholding threshold per Article 120 of the Consolidated Finance Act. Source: Consob, Shareholders' Registry June 2022.



Main data as at February 28, 2023

Listing:	**Euronext STAR Milan**
Ticker:	**Euronext UNIR; Bloomberg UNIR:IM; Reuters UNIR.MI**
ISIN:	**IT0005239881**
Share Capital:	**Euro 4,139,724.20**
No. of Shares:	**20,698,621**
FY 2021/22 dividend:	**Euro 1.35**
Total Shareholder Return since the IPO:	**+65.7%**
FY 2022/23 average price:	**Euro 13.39**
FY 2022/23 daily average volumes:	**93,575 shares**
FY 2022/23 daily average turnover:	**Euro 1,339,946**
Specialist:	**Mediobanca S.p.A.**

DIRECTORS' REPORT

CONTENTS

Directors' report

1. Introduction

The Unieuro Group (hereinafter also the "Group" or "Unieuro Group") consists of the companies Unieuro S.p.A. and Monclick S.r.l., consolidated as of June 1, 2017.

Unieuro S.p.A. (hereinafter also referred to as the "Company" or "Unieuro" or "UE") is a company under Italian law based in Forlì, Italy at 10 Via Piero Maroncelli, founded in the late 1930s by Vittorio Silvestrini. Unieuro is now the leading distributor of consumer electronics and home appliances in Italy and operates as an integrated omnichannel distributor in four main product segments: Grey (telephony, computer and photo), White (large and small appliances), Brown (consumer electronics and media storage), Other products (consoles, video games, bicycles), offering in parallel a wide range of services such as delivery and installation, extended warranty and consumer financing.

Monclick S.r.l. (hereinafter also referred to as "Monclick" or "MK"), a wholly-owned subsidiary of Unieuro, is a company under Italian law based in Milan at Via Marghera 28, sells IT, electronics, telephony and home appliance products online in Italy through the website www.monclick.it, offering a catalogue of more than 70,000 articles and guaranteeing a complete shopping experience, which is perfected with home delivery and installation of the chosen product. Unieuro also operates in the B2B2C segment, which caters to operators who need to purchase and distribute electronic products to regular customers or employees as part of points schemes, competitions, and incentive plans.

The Group's mission is to accompany customers at all stages of their purchasing journey, placing them at the centre of an integrated ecosystem of product and service offerings that sees accessibility, proximity and closeness as the pillars of its strategic approach.

Unieuro's shares have been listed on the EURONEXT STAR MILAN since April 2017.

The Company features an extensive and fragmented shareholder base, and thus is structured like a public company. The table below displays the percentage of Unieuro ordinary shares held either directly or indirectly by shareholders or individuals at the top of the equity chain who have declared that they exceed the relevant shareholding threshold per Article 120 of the Consolidated Finance Act and Consob Issuers' Regulation. The percentage shown in the table is accurate at the time of writing this Statement but may be subject to updates based on the information available to the Company:

SHAREHOLDER	DIRECT SHAREHOLDERS	NUMBER OF SHARES	% OF TOTAL SHARES COMPRISING THE SHARE CAPITAL
XAVIER NIEL	• ILIAD HOLDING S.P.A. • ILIAD SA	2,520,374	12.177%
AMUNDI ASSET MANAGEMENT	• AMUNDI SGR SPA	1,707,619	8.250%

2. Methodological note

The following Directors' Report provides information on the consolidated revenues, consolidated profitability, consolidated cash flows, and consolidated financial position of the Unieuro Group at February 28, 2023, compared to the figures in the latest approved financial statements at February 28, 2022.

Unless otherwise indicated, all values are in millions of Euros. Amounts and percentages have been calculated on values in thousands of Euro, and therefore any differences found in some tables are due to rounding.

The accounting standards used by the Group are the International Financial Reporting Standards, endorsed by the European Union ("IFRS") and in application of Legislative Decree No. 38/2005 and the other CONSOB financial statements provisions.

3. Accounting policies

This Annual Financial Report as of February 28, 2023 was prepared in accordance with Article 154-*ter,* paragraph 5 of Legislative Decree No. 58/98 - C.F.A. - as amended and supplemented, and in compliance with Article 2.2.3 of the Stock Exchange Regulations.

The accounting standards used by the Group are the International Financial Reporting Standards, endorsed by the European Union ("IFRS") and in application of Legislative Decree No. 38/2005 and the other CONSOB financial statements provisions.

In order to facilitate understanding of the Group's operating and financial performance, a number of Alternative Performance Indicators ("API's") have been identified. For a correct interpretation of these API's, the following should be noted: (i) these indicators are constructed exclusively from the Group's historical data and are not indicative of future performance, (ii) the API's are not required by IFRS and, although derived from the Consolidated Financial Statements, they are not audited, (iii) the API's should not be considered as substitutes for the indicators provided by the applicable accounting standards (IFRS), (iv) these API's should be read in conjunction with the Group's financial disclosure in the Consolidated Financial Statements; (v) the definitions and criteria adopted for the determination of the indicators used by the Group, insofar as they are not derived from the applicable accounting standards, may not be homogeneous with those adopted by other companies or groups and, therefore, may not be comparable with those that may be presented by such entities; and (vi) the API's used by the Group are prepared in continuity and homogeneity of definition and representation for all periods for which financial information is included in the Consolidated Financial Statements.

The API's presented (Consolidated Adjusted EBIT, Consolidated Adjusted EBIT Margin, Consolidated Adjusted Profit/(loss) for the Year, Net Working Capital, Consolidated Adjusted Free Cash Flow and (Net Financial Debt) / Net Cash - Former IAS 17) are not identified as accounting measures under IFRS and, therefore, as stated above, should not be considered as alternative measures to those provided by the Group's consolidated financial statements for assessing their operating performance and relative financial position.

Certain indicators defined as "Adjusted" are presented in order to represent the Group's operating and financial performance, net of non-recurring events, non-core operations events, and events related to corporate transactions, as identified by the Group. The Adjusted indicators reported concern: *Consolidated Adjusted EBIT, Consolidated Adjusted EBIT margin, Adjusted Consolidated Profit/(loss) for the year and Consolidated Adjusted Free Cash Flow and (Net Financial Debt) / Net cash - Pursuant to IAS 17.* These indicators reflect the main operating and financial aggregates adjusted for non-recurring income and expenses not closely related to the core business and operations and the effect resulting from the change in the business model for extended warranty services (as better described below in the "Consolidated Adjusted EBIT" API) and thus allow for a more homogeneous analysis of the Group's performance over the periods presented in the Directors' Report.

Key financial performance indicators[1]

(in millions of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Operating indicators		
Consolidated revenues	2,884.3	2,949.7
Consolidated Adjusted EBIT[2]	34.8	72.1
Consolidated Adjusted EBIT margin[3]	1.2%	2.4%
Consolidated Adjusted Profit/(loss) for the Year[4]	19.3	53.9
Consolidated Profit/(loss) for the year	10.2	44.6
Cash flows		
Consolidated Adjusted Free Cash Flow[5]	23.1	49.4
Investments for the period	(39.3)	(58.9)

(in millions of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Indicators from statement of financial position		
Net working capital	(339.9)	(332.6)
(Net financial debt) / Net cash - Pursuant to IAS 17[6]	124.4	135.7
(Net financial debt) / Net cash	(323.1)	(314.5)

1 Adjusted indicators are not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure for assessing Group performance. Since the composition of these indicators is not regulated by the applicable accounting standards, the Group’s applied determination criterion may not be homogeneous both with that adopted by other companies and with that which may be adopted in the future by the Group, or realised by it, and therefore not comparable.

2 Consolidated Adjusted EBIT is Consolidated EBIT adjusted for (i) non-recurring expenses/(income), (ii) the effects of adjusting extended warranty service revenues net of the related estimated future service costs as a result of the change in the business model for directly operated service support services, and (iii) non-recurring amortisation and depreciation. Please refer to Section 6.2 for further details.

3 Consolidated Adjusted EBIT Margin is the ratio of Consolidated Adjusted EBIT to Consolidated Revenues.

4 Consolidated Adjusted Profit/(loss) for the Year is calculated as Consolidated Adjusted Profit/(loss) for the Year adjusted for (i) the adjustments incorporated in Consolidated Adjusted EBITDA, (ii) adjustments of non-recurring amortisation and depreciation and write-downs (iii) adjustments of non-recurring financial expenses/(income), and (iv) the theoretical tax impact of these adjustments. Please refer to Section 6.4 for additional details.

5 Consolidated Adjusted Free Cash Flow is the consolidated cash flow generated/absorbed by operating activities and investing activities, including financial expenses, pre-IFRS 16 adoption. Consolidated Adjusted Free Cash Flow is adjusted for non-recurring operating and investment cash flows, and includes adjustments for non-recurring expenses (income), their non-cash component, and the related tax effects. Please refer to Section 6.5 for further details.

6 The (Net financial debt) / Net cash - Pursuant to IAS 17 is the consolidated (Net financial debt) / Net cash without incorporating the effects related to the application of IFRS 16. Please refer to Section 7 for additional details.

	Year ended	
	February 28, 2023	February 28, 2022
Operating indicators for the year		
Like-for-like growth[7]	(3.2%)	8.8%
Direct points of sale (number)	278	282
of which Pick-Up Points[8]	274	273
Affiliated points of sale (number)	255	259
of which Pick-Up Points	210	206
Total area of direct outlets (in square metres)	approximately 404,000	approximately 403,000
Sales density[9] (Euro per square metre)	5,335	5,641
Full-time-equivalent employees[10] (number)	4,921	4,952
Net Promoter Score[11]	51.9	48.5

7 Like-for-like revenue growth: the method for comparing sales for the year ended February 28, 2023 with those for the year ended February 28, 2022 based on a homogeneous business scope, by retail and travel stores that have been in operation for at least one full fiscal year as of the reporting date, net of stores affected by significant operational discontinuity (e.g., temporary closures and major refurbishments), as well as the entire online channel.

8 Physical pick-up points for customer orders from the online channel.

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

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

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

4. Strategy and Business Model

The current market environment has changed profoundly from the "pre-Covid period": the pandemic has accelerated some transformation processes and brought about significant shifts in consumption habits alongside, as of the fiscal year under review, a gradual worsening of business and consumer confidence caused by the protracted conflict and the consequent increase in the price of raw materials and energy.

The rising cost of living is affecting all areas of spending by the Italian and European population. Almost all consumers (92%) perceive that life has become more expensive, and more than three-quarters (77%) have already reduced or are planning to reduce their spending.

Most of the European population (except for the high-income earners) expect their savings to decline in the coming months as disposable income is contracting in most countries.

However, unlike the post-pandemic shock, consumers are more prepared, and are choosing carefully where to spend and save: for example, vacations have been protected - 72% have already planned vacations - perhaps not surprisingly after having them limited for two years due to the pandemic[12].

The customer is, therefore, increasingly careful about what he or she spends and, above all, which companies to turn to: companies with solid sustainability strategies turn out to be those consumers trust (and rely on) the most.

The "post-Covid" consumer thus has new concerns, leading to redefining priorities and behaviours, opening up development perspectives for Italian companies that, increasingly, seek process optimisation strategies to ensure economic sustainability in a highly unstable and complex environment.

Unieuro has therefore made the strategic choice this year to confirm the organisation's effort on improving back-end processes (a) responding to the need of an increasingly demanding and informed customer who - with the strong growth of digitisation and the consolidation of habits after the end of the pandemic - is increasingly looking for an integrated shopping experience, in which the boundary between offline and online becomes imperceptible. The company's focus has therefore also been on becoming increasingly "Value & purpose Driven" (b), working on developing a sustainable and value-driven strategy towards all key stakeholders (customers, employees, suppliers, investors, the community) (c) and developing an ever more competitive range by extending the private label product offer.

Pursuing this strategy, the Group has confirmed itself as the Retail market leader. In addition to this, through the efforts made and an extraordinary effort for the organisation, given also the challenging transformation process underway, the Group further improved its Customer Satisfaction indicators.

[12] Source: Bain EMEA Consumer Pulse Survey, powered by Dynata; Wave 6, July 2022, N for EU = 14,123

4.1 Maximising the experience and level of service provided to the end customer throughout the entire journey

In this historically uncertain and complex economic environment, in view of the strong desire to boost Customer Satisfaction levels and customer service, the Unieuro Group, again in fiscal year 2022/23, has chosen to continue to invest and improve in the customer experience, in particular by optimising the back-end processes for the online world and management of the entire purchasing funnel.

The organisation has also been improved for these purposes, with a strengthening of the functions dedicated to supporting the entire transformation process and governance oversight of the end-to-end process. Through the development of tools and new ways of working, the cross-functional management of activities has been strengthened, as well as the monitoring of interdependencies and synergies among all major initiatives impacting the end-customer experience.

This includes numerous initiatives carried out by the entire organisation that have impacted various strategic and operational levers. Unieuro in fact worked throughout the year with the goal of improving end-customer support services, through introducing new resources, channels and a simplification of service access processes (e.g. renewal of the telephone option and inclusion of self-caring procedures). Compared with the FY 2021/22 Net Performance Score ("NPS") survey, the Customer Care services rating was up +21.9% on the online channel and 13.7% on the telephone channel[13].

A major focus was placed on activities to optimise warehouse and logistics processes with the goal of improving order fulfilment times (preparation and shipping), raising the final service level (45.9% is the NPS value regarding the assessment on delivery time, an increase of 6.8% over last year). Increasing the storage capacity of Unieuro's warehouses is a further step in this direction. The company in fact announced the opening of a new logistics hub in Colleferro (Rome), which shall be operational by the beginning of 2024.

The successful strategy operated by Unieuro has resulted in an increase in the main indicators of final customer satisfaction.

Specifically, the NPS figure for FY 2022/23 improved 3.4% on the figure for the previous fiscal year. With regards to the online channel specifically, a significant improvement was reported in performances over FY 2021/22 (+5.3%), and against the market and benchmark figures, as a result of actions taken over recent months on the multiple areas of focus indicated above.

[13] Unieuro NPS online figures: internal workings FY 2022/23.

4.2 The purpose and rethinking of the strategy from a "Value & Sustainability driven" perspective

By reinforcing in this sense its purpose and the founding values underlying the brand, the key focus on business sustainability throughout the entire value chain and the importance of generating value for the entire community inside and outside the company - which are now also core elements in directing the choices and preferences of the target market - is reaffirmed

Confirming the commitment to Environment, Social and Governance (ESG), the first Sustainability Plan in Unieuro's history was unveiled and the organisational structure strengthened with the creation of a specific Department and the establishment of a cross-functional Internal Committee.

There are numerous project initiatives included within the sustainability plan, aimed at increasingly structuring the governance of these actions. Investments continued both to increase the sustainability of stores with the aim of reducing their environmental impacts with energy efficiency measures and to support the well-being of the employee population and to support the community on issues of urgency and social relevance.

This included continuing on the *#cuoriconnessi* initiative launched in 2016 in collaboration with the State Police aimed primarily at raising awareness of social issues such as bullying, cyberbullying and the proper use of technology. Among the many noteworthy events is the "Off the Screens" initiative: a project which aims to take as complete and detailed a picture as possible of how young people feel about new models of sociality (such as social media, chat, online gaming, etc.) led by Paolo Crepet as Scientific Director.

During the year, energy efficiency activities continued on Unieuro stores, which resulted in significant savings in terms of consumption on the network.

For further details on Unieuro's Sustainability Plan and sustainable approach, please refer to the Consolidated Non-Financial Statement.

4.3 Developing an increasingly competitive offering: extending the range of private labels

Unieuro's private label strategy aims to develop a unique and customer-recognised product range, offering quality products at more affordable prices to the public than the rest of the market.

With this goal in mind, a "Brand & Identity" strategy was therefore designed and the line of exclusive branded products was extended, which this year ensured higher sales for the categories covered and expects a further expansion drive in the coming year.

Three vertical brands were developed with a specialisation by adjacent product categories (large and small domestic appliance, air treatment - household, travel and gift items - consumer electronics, IT, phone accessories and mobility) and with a distinctive positioning with respect to "quality" and "price".

During FY 2022/23, 244 products were developed further, of which 197 were new and 47 were reviews of existing products.

5. Market performance[14]

After the sales boom during the pandemic, the Consumer Technology market is facing a period full of challenges. On the one hand, increasing costs, while on the other general economic realities have prompted a dramatic increase in the cost of living for consumers. Confidence[15]levels have declined, alongside the increase in the cost of living and the changing geopolitical environment.

This uncertainty is also reflected in the performance of the consumer electronics market, which, after posting record numbers during the pandemic, is slowing down by ending the fiscal year in contraction (-3.5%).

The decline is driven by the offline channel (-5.9%), which is suffering from the sharp drop in demand (volumes -8.4%) only partially offset by the growth in average price (+2.7%). The online channel, despite the challenging comparable result in FY 2021/22, reported growth in the year (+4%).

The overall market performance was impacted by the underperformance of the Brown segment which in FY 2022/23 saw a double-digit decline, mainly based on the online channel performance. The Electrical Retailers were those hit hardest by the challenging market. This segment includes the major consumer electronic retailers and purchasing groups - which in the previous year benefited from the in-store government bonuses related to the TV switch-off.

Mass Merchandiser channel sales were stable (segments to which the Pure Players belong). The contraction of the main segments was offset by the growth of small domestic appliances and portable air-conditioning products which - following the reduction in spending capacity were preferred by consumers from the second half of the year.

The specialists channel is the only distribution channel to report growth. Following on from a contracting first half of the year, the second half benefited from improved demand for premium telephony products (H2 2022/23 +17.2% | FY 2022/23 +6.3%).

The market performances of the individual goods categories are presented below:

- White (+3.3%): reports growth for the year thanks to small domestic appliance sector sales and particularly for air-conditioning units (supported by the tax bonuses). For the large domestic appliance sector demand contracted from the second half of the year, which was only partially offset by a significant increase in prices. The peak season saw a general drop in consumption, particularly for the driers product category (typically energy-intensive products) and for Dishwashers.

- Grey (-0.7%): the contraction of the sector again concerns the declining IT segment, which is still experiencing the headwinds of the pandemic years. The contraction of the telephony category has eased, confirming a turnaround from the pandemic period difficulties. A strong boost for the market came on the one hand from the general increase in average Smartphone

[14] Market data compiled by Group management based on data available as of April 2023

[15] Source: ISTAT - Consumer and business confidence - September 2022

sales prices due to the successful launch of premium products (Apple - iPhone 14), and on the other from the increased share of Core Wearables, which continue to grow strongly.

- Brown (-23.4%): from Q2 2022/23 the TV segment has progressively declined. While this is partly due to a comparison with a previous year which benefited from the communication of the switch off and the introduction of the TV bonus, on the other hand average prices contracted due to a shift in demand towards convenience products (range effect) and an increase in promotional pressure on premium products (price effect). The contraction in demand is particularly evident within the offline channel (channel on which the bonus could be redeemed last year).

Against the backdrop in which the large consumer electronic chains and purchasing groups have weighed most on the sector, the Unieuro Group has outperformed its peers.

The Group’s focus has been on protecting its share of strategic high margin categories (White) and strengthening its positioning in the online segment.

On the White segment, Unieuro consolidates its stronghold over the high margin categories (large domestic appliances, small domestic appliances and air-conditioning), in which it also outperforms the overall market.

We report an increase in Grey category market share, outperforming the overall Electrical retailer market and the overall market. This performance was achieved despite the growing market complexity due to, on the one hand, a general decline of the IT segment category, and on the other the heightened telephony competition (only segment reporting growth).

In the Brown segment, despite the challenging environment, Unieuro reports an increased value share of the electrical retailer market.

6. Group operating and financial results

6.1 Consolidated revenues

In the financial year ended February 28, 2023, Unieuro reports revenues of Euro 2,884.3 million, compared to Euro 2,949.7 million in the previous year.

After the record-beating 2021, the consumer technology sector saw a contraction. The comparison with the previous year is particularly affected by last year's extraordinary Brown category sales, as a result of new TV purchases ahead of the frequency switch-off and the introduction of the Government's TV bonus.

Unieuro reports revenues of Euro 2,884.3 million for FY 2022/23, once again confirming its market leadership. Revenues decreased 2.2% on FY 2021/22, due to the above-indicated Brown category decline - only partially offset by the growth across all of the other goods categories. The Group's strategy has delivered a significant increase in exclusive brand service and product revenues, which were up significantly (+14.2% and +35.4% respectively), with the latter exceeding Euro 100 million.

Like-for-like revenues - comparing sales with the previous year on the basis of the same scope of activity - were down 3.2%.

Compared with the pre-pandemic figures of the year to February 28, 2019, revenues returned a CAGR of 5.7%.

6.1.1 Consolidated revenues by channel

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	Δ	%
Retail[16]	1,966.2	68.2%	2,038.0	69.1%	(71.8)	(3.5%)
Online	567.3	19.7%	532.8	18.1%	34.5	6.5%
Indirect	243.7	8.4%	280.5	9.5%	(36.7)	(13.1%)
B2B	107.1	3.7%	98.5	3.3%	8.6	8.7%
Total consolidated revenues by channel	2,884.3	100.0%	2,949.7	100.0%	(65.4)	(2.2%)

The Retail channel (68.2% of total revenues) - which at February 28, 2023 comprised 278 direct sales points, including the "Unieuro by Iper" shop-in-shops and the sales points located at major public transport hubs such as airports, railway stations and metro stations (former Travel channel) - saw sales of Euro 1,966.2 million, decreasing 3.5% on the previous year. The comparison of sales for the year was impacted by the extraordinary revenues in the previous year, due to the

[16] From Q1 (to May 31, 2022), the direct sales points located at a number of major public transportation hubs such as airports, railway stations and metro stations (former Travel Channel) were reclassified to the Retail channel.

technological transition within the TV segment, which more than offset the benefit from the new openings.

The Online channel (19.7% of total revenues) - which includes the unieuro.it platform and the pure digital player Monclick - generated revenues of Euro 567.3 million, up 6.5% on the previous year. The strong performance highlights the success of the innovations introduced to the platform and the cross-channel synergies, with the physical sales points acting as pick-up points for web customers, despite the comparison against the non-recurring sales in the Brown category for FY 2021/22.

The Indirect channel (8.4% of total revenues) - which includes sales made to the network of affiliated stores comprising a total of 255 sales points at February 28, 2023 - reports revenues of Euro 243.7 million, contracting 13.1% on the previous year, which benefited from higher Brown category sales and particularly in the second half of FY 2021/22.

The B2B channel (3.7% of total revenues) - which caters to professional customers (including overseas) operating in sectors other than Unieuro's, such as hotel chains and banks, in addition to those purchasing electronic products to distribute to regular customers or employees for point collections, prize contests or incentive plans (B2B2C segment) - reported revenues of Euro 107.1 million, up 8.7% from the previous year, thanks to the expanded distribution network.

6.1.2 Consolidated revenues by category

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	Δ	%
Grey	1,371.5	47.6%	1,355.2	45.9%	16.3	1.2%
White	796.1	27.6%	755.8	25.6%	40.3	5.3%
Brown	427.2	14.8%	576.2	19.5%	(149.0)	(25.9%)
Other products	138.2	4.8%	130.1	4.4%	8.1	6.2%
Services	151.3	5.2%	132.5	4.5%	18.8	14.2%
Total consolidated revenues by category	2,884.3	100.0%	2,949.7	100.0%	(65.4)	(2.2%)

The Group offers to customers through its distribution channels a broad range of products - in particular domestic appliances and consumer electronics, in addition to accessory services. Sales are broken down by category according to the product classifications adopted by the leading sector experts. The classification of revenues by category is therefore periodically reviewed to ensure the comparability of Group and market data.

The Grey category (47.6% of total revenues) - i.e. phones, tablets, information technology, phone accessories, cameras, in addition to all wearable products - generated revenues of Euro 1,371.5 million, up 1.2% on FY 2021/22.

This strong performance was driven by the phone, tablet and accessories segments, due to consumer technology upgrades and despite the limited availability of certain smartphone products in the final months of the year. This growth offset the settling of IT segment consumption levels, which benefited from a surge due to the pandemic's impact on remote working and distance learning.

The White category (27.6% of total revenues) - comprising major domestic appliances (MDA), such as washing machines, dryers, refrigerators or freezers and stoves, small home appliances (SDA), such as vacuum cleaners, food processors and coffee machines, in addition to the air conditioning segment, generated revenues of Euro 796.1 million, up 5.3% on the previous year. The increase stems in particular from the Home Comfort segment, thanks to the sale of air conditioners, which benefited from a very hot summer, in addition to the government bonus for heat pump products. The MDA and small household appliance segments also performed strongly.

The Brown category (14.8% of revenues) - including televisions and related accessories, audio devices, smart TV devices, car accessories and data storage systems - reports revenues of Euro 427.2 million, decreasing 25.9% on the previous year, which benefited from the extraordinary sales stemming from the television frequency switch-off and the introduction of the TV Bonus. There was also a shift in demand during the year toward entry-level products and greater promotional activities on premium products.

The Other Products category (4.8% of total revenues) - which includes sales of both the entertainment sector and other products not included in the consumer technology market, such as hoverboards or bicycles - reported revenues of Euro 138.2 million, increasing 6.2% on the previous year. This growth was driven by the strong console and video game performance, which benefited from greater product availability in the latter part of the year and the electric mobility segment.

The Services category (5.2% of total revenues) reported revenues of Euro 151.3 million, up 14.2% on FY 2021/22, thanks to the higher air conditioning-related service revenues, in addition to the good performance of consumer credit related services.

6.2 Consolidated operating profit

The income statement tables presented below in the Directors' Report have been reclassified according to the presentation methods considered by management to best represent the Unieuro Group's operating profitability in the year. For more representative cost and revenue accounts, the following were reclassified by type in the income statement: (i) non-recurring income and charges and (ii) the effects from the adjustment of revenues from extended warranty services, net of the related estimated future costs for the provision of the after-sales service, as a result of the altered business model for directly-managed after-sales services.

(in millions and as a percentage of revenues)	Year ended						Changes	
	February 28, 2023			February 28, 2022				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Revenues	2,884.3			2,949.7			(65.4)	(2.2%)
Sales revenues	2,884.3			2,949.7			(65.4)	(2.2%)
Purchase of goods and Change in inventories	(2,277.4)	(79.0%)	-	(2,332.0)	(79.1%)	(1.6)	54.6	(2.3%)
Marketing costs	(48.0)	(1.7%)	0.2	(54.1)	(1.8%)	1.1	6.0	(11.2%)
Logistics costs	(89.4)	(3.1%)	0.2	(83.9)	(2.8%)	0.4	(5.5)	6.6%
Other costs	(121.1)	(4.2%)	3.6	(107.3)	(3.6%)	6.3	(13.9)	12.9%
Personnel costs	(207.0)	(7.2%)	0.6	(206.3)	(7.0%)	0.9	(0.7)	0.3%
Other operating income and costs	(5.8)	(0.2%)	0.6	(4.6)	(0.2%)	(0.4)	(1.2)	25.6%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	5.4	0.2%	5.4	7.7	0.3%	7.7	(2.3)	(29.8%)
Consolidated Adjusted EBITDA	141.0	4.9%	10.6	169.4	5.7%	14.3	(28.4)	(16.7%)
Amortisation, depreciation and write-downs of fixed assets	(106.2)	(3.7%)	0.2	(97.3)	(3.3%)	0.2	(8.8)	9.1%
Consolidated Adjusted EBIT	34.8	1.2%	10.8	72.1	2.4%	14.5	(37.2)	(51.6%)

Consolidated Adjusted EBIT amounted to Euro 34.8 million (Euro 72.1 million in the previous year).

The gross profit[17] decreased Euro 13.2 million on the previous year, mainly due to the reduction in Brown category sales volumes. The gross profit margin was 21.2% (in line with FY 2021/22).

The Adjusted EBIT margin was 1.2%, reducing on the previous year, mainly due to the inflation stemming from the global geopolitical crises, which resulted in rising energy product prices and logistics costs, in addition to lease charges and condominium expenses for the outlets, with a greater impact in the first half of FY 2022/23.

Marketing costs decreased Euro 6.0 million on FY 2021/2022, reducing 11.2%, mainly due to the greater contribution of suppliers to Group promotional initiatives. They accounted for 1.7% of revenues (1.8% in FY 2021/2022).

[17] Gross profit is calculated as the sum of “Revenues from sales”, “Revenues from extended warranty services net of the related estimated future service costs,” and “Purchase of goods and Change in inventories”.

Logistics costs increased Euro 5.5 million, accounting for 3.1% of consolidated revenues in FY 2022/2023 (2.8% in the previous year). The increase in the year is mainly due to increasing fuel prices and higher transport service tariffs.

Other costs increased by Euro 13.9 million compared to the previous year, accounting for 4.2% of consolidated revenues (3.6% in FY 2021/2022). This increase is mainly due to the combined impact of: (i) higher electricity costs for Euro 8.3 million, (ii) higher installation costs related to the growth in air conditioning system sales volumes supported by government incentives, (iii) the absence of discounts on lease charges, which however were recognised in FY 2021/22 as a result of the government restrictions due to the COVID-19 health emergency and (iv) a reduction in consultancy costs.

Personnel costs rose Euro 0.7 million on the previous year. They accounted for 7.2% of consolidated revenues in FY 2022/23, compared to 7.0% in the previous year, due to the reduction in sales volumes. This increase mainly stems from the new openings and the acquisitions completed over the last 12 months, in addition to the costs associated with the agreement signed in December 2022 between Confcommercio and the trade unions, which has stipulated the provision of a one time payment to workers.

Other operating income and costs increased Euro 1.2 million, accounting for a similar percentage of consolidated revenues (0.2%). The item mainly includes business-related charges such as the waste disposal fee.

Amortisation, depreciation and write-downs amounted to Euro 106.2 million (Euro 97.3 million in FY 2021/2022). The increase of Euro 8.8 million is due for Euro 6.3 million to the increase in right-of-use assets due to the ISTAT adjustment on leases, with the remainder concerning investment in technological infrastructure over the previous years.

A reconciliation between Consolidated Adjusted EBIT and the Consolidated Net Operating Result is reported in the Consolidated Financial Statements.

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	Δ	%
Consolidated Adjusted EBIT[18]	34.8	1.2%	72.1	2.4%	(37.2)	(51.6%)
Non-recurring expenses/(income)	(5.2)	(0.2%)	(6.6)	(0.2%)	1.4	(21.9%)
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services[19]	(5.4)	(0.2%)	(7.7)	(0.3%)	2.3	(29.8%)
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.2)	(0.0%)	(0.2)	0.0%	-	-
Net Operating Result	24.0	0.8%	57.5	2.0%	(33.5)	(58.2%)

Non-recurring expenses/(income) reduced Euro 1.4 million on FY 2021/2022, as outlined in paragraph 6.3 below.

The adjustment for extended warranty services decreased by Euro 2.3 million compared to the previous year due to the gradual implementation of the business model of the outlets acquired in previous years.

[18] See the note in the “Key financial and operating indicators” section.

[19] The adjustment concerns the deferral of revenues for extended warranty services already collected, net of the related estimated future costs to provide assistance costs. From the year ended February 29, 2012 for White products sold by Unieuro, from the year ended February 28, 2015 for all extended warranty services sold by Unieuro S.r.l. (hereinafter “Former Unieuro”) (excluding telephony and peripherals), from the year of acquisition for all extended warranty services sold by sales points acquired (excluding telephony and peripherals), Unieuro has changed its business model for the management of extended warranty services, bringing in-house the management of services sold by the former Unieuro and Unieuro which were previously assigned to third parties and extending this model to the sales points acquired (the “Change in Business Model”). As a result of the Change in the Business Model, on the sale of the extended warranty services, Unieuro suspends the revenue, in order to recognise it over the duration of the contractual commitment, which begins with the conclusion of the two-year statutory warranty. Therefore, Unieuro gradually begins to recognise revenues from sales of extended warranty services after two years (end of the legal product warranty) from the conclusion of the relevant contracts and the collection of the fees, which is generally simultaneous. The revenue is then entered pro-rata over the duration of the contractual commitment (historically, depending on the product concerned, for a period of between one and four years). As a result of this change in the Business Model, the income statement does not fully reflect the revenues and margins of the business outlined in this note. In fact, in the income statements for the years ended February 28, 2022 and February 28, 2023, only a portion of the revenues from sales since the Change in the Business Model are recognised, as Unieuro shall gradually recognise the revenues from the sale of extended warranty services (which have already been collected) from the end of the two-year legal warranty. The adjustment therefore represents for each period the estimated margin from the sale of extended warranty services already sold (and collected) since the Change in the Business Model as if Unieuro had always operated according to the current business model. In particular, the estimate of the margin is represented by the revenues, which had been suspended under deferred income in order to be deferred to the years in which the conditions for their recognition will be met, net of future costs for the provision of the extended warranty service, assumed by Unieuro on the basis of historical information on the nature, frequency and cost of the service. The adjustment shall gradually reduce to zero in future income statements once the new business model is fully operational, i.e. for each product category on conclusion of the two-year legal warranty and of the extended warranty service.

6.3 Non-recurring expenses/(income)

Non-recurring expenses/(income) of the Consolidated Adjusted EBITDA are presented below:

(in millions of Euro)	Year ended		Changes	
	February 28, 2023	February 28, 2022	Δ	%
Mergers & Acquisitions	1.7	1.0	0.7	71.7%
Costs for pre-opening, relocating and closing sales outlets and logistic hubs[20]	0.9	2.6	(1.7)	(65.9%)
Other charges and non-recurring income	2.6	3.0	(0.4)	(15.0%)
Total	5.2	6.6	(1.4)	(21.9%)

Non-recurring expenses and income decreased Euro 1.4 million on the previous year.

Merger & Acquisition costs amounted to Euro 1.7 million (Euro 1.0 million in the previous year) and concern the costs incurred to acquire the Etnapolis Ex Expert outlet and the increased taxes related to the acquisitions undertaken in previous years. Expenses mainly concern lease charges, personnel costs for the outlets incurred from the completion date of the acquisition until the date of opening to the public, the increased costs for the training of the staff at the acquired outlets, and finally consultancy costs and other minor costs for the completion of the acquisition transactions.

Pre-opening, relocating and closing sales outlets and logistics hubs amounted to Euro 0.9 million (Euro 2.6 million in the previous fiscal year). This account includes the cost for rental, personnel, security, travel and accommodation and for maintenance and marketing incurred within the scope of: i) sales points openings (in the months immediately preceding and following the opening of the stores) and ii) sales point closures. The item includes also costs for the expansion of the logistics site in Piacenza, opened in September 2022.

Other non-recurring expenses and income amounted to Euro 2.6 million (Euro 3.0 million in FY 2021/2022). The item includes for Euro 4.2 million the penalties notified on December 28, 2022 by the Antitrust Authority (AGCM) following the conclusion of the IP359 Non-Compliance Proceedings initiated on June 21, 2022. It should be noted that on December 23, 2021, the Anti-trust Authority notified the measure closing the proceedings, which, while acknowledging the Anti-trust Authority’s rejection of the commitments presented by Unieuro S.p.A. and Monclick S.r.l., nevertheless takes them into account in the quantification of the penalty that was imposed, with regards to Unieuro S.p.A. for Euro 4.0 million and Monclick S.r.l. for Euro 0.3 million (“Original Measure”). Unieuro and Monclick settled the penalty and on February 21, 2022 sent a compliance report, outlining the measures implemented to remedy the sanctioned conduct, and at the same time filed appeals with the Lazio Regional Administrative Court to challenge the penalty order. On June 21, 2022, the Anti-trust Authority notified Unieuro and Monclick of the opening of proceedings for non-compliance with the Original Measure. On December 28, 2022, the Authority announced the closure of the non-compliance proceedings, imposing a fine of Euro 3.0 million on Unieuro

[20] The “pre-opening, relocating and closing sales outlets” costs include the cost for rental, security, travel and accommodation and for maintenance and marketing incurred within the scope of: i) restructuring and relocating of former Unieuro sales points, ii) opening of sales points (in the months immediately preceding and after opening) and (iii) sales point closures.

S.p.A. and of Euro 1.2 million on Monclick ("Non-Compliance Measure"). With regards to the penalty imposed, on February 24, 2023, the Authority ruled to accept the instalment application submitted by Monclick.

In any case, the Company also appealed to the Lazio Regional Administrative Court against the Non-Compliance Order. The hearing is set for June 7, 2023.

6.4 Net result

The restated income statement from Consolidated Adjusted EBIT up to the Consolidated Adjusted Net Profit is presented below.

(in millions and as a percentage of revenues)	Year ended						Changes	
	February 28, 2023			February 28, 2022				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Consolidated Adjusted EBIT	34.8	1.2%	10.8	72.1	2.4%	14.5	(37.2)	(51.6%)
Financial income and expenses	(12.9)	(0.4%)	0.1	(12.8)	(0.4%)	0.1	(0.2)	1.3%
Income taxes[21]	(2.6)	(0.1%)	(1.7)	(5.4)	(0.2%)	(5.3)	2.8	(52.1%)
Consolidated Adjusted Net Profit/(loss) for the year	19.3	0.7%	9.1	53.9	1.8%	9.3	(34.6)	(64.1%)

Net financial expenses in FY 2022/2023 amounted to Euro 12.9 million (Euro 12.8 million in FY 2021/2022). The movement in the period is due to the financial expenses relating to the IFRS 16 adjustment.

Adjusted income taxes, net of the theoretical tax effect for non-recurring expenses/(income) and of the change in business model amounted to Euro 2.6 in FY 2022/2023 million (Euro 5.4 million in FY 2021/2022). The IRES tax losses still available from the income tax estimate made on presenting the financial statements at February 28, 2023 with reference to Unieuro amount to Euro 262.0 million, while for Monclick total Euro 6.3 million. These tax losses, recognised to the financial statements of Unieuro S.p.A. at February 28, 2023 for Euro 134.8 million, shall ensure a substantial benefit in the payment of taxes in future years.

The adjusted income taxes, as in the previous year, mainly concerns the tax benefit from the agreement signed with the Tax Agency for the Patent Box signed on December 29, 2021. The benefit accounted for in the year relates to fiscal years 2016 - 2020 and is from the exploitation of the Unieuro brand. The methodology for calculating the relief was the subject of a Tax Agency ruling with reference to the first tax period (2015-2016).

[21] The tax impacts of the adjustments were calculated according to the theoretical tax rate considered appropriate of 8.7% for fiscal years 2022/2023 and 2021/2022, incorporating IRES at 4.8% (obtained by reducing taxable IRES income by 80%, thanks to the option to use prior year losses) and IRAP at 3.9%.

The Consolidated Adjusted Profit for the year was Euro 19.3 million (Euro 53.9 million in the previous fiscal year).

A reconciliation between the Consolidated Adjusted Net Profit for the year and the Consolidated Net Profit for the year is presented below.

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	Δ	%
Consolidated Adjusted Net Profit for the year	19.3	0.7%	53.9	1.8%	(34.6)	(64.1%)
Non-recurring (expenses)/income	(5.2)	(0.2%)	(6.6)	(0.2%)	1.5	(22.3%)
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	(5.4)	(0.2%)	(7.7)	(0.3%)	2.3	(29.8%)
Non-recurring depreciation, amortisation and write-downs of fixed assets	(0.2)	(0.0%)	(0.2)	0.0%	-	-
Non-recurring financial expenses/(income)	(0.1)	(0.0%)	(0.1)	0.0%	-	-
Theoretical tax impact from taxes on non-recurring expenses/(income), non-recurring financial expenses/(income), non-recurring depreciation, amortisation and write-downs of fixed assets and the change in business model	1.7	0.1%	5.3	0.2%	(3.5)	(67.2%)
Consolidated Net Profit for the year	10.2	0.4%	44.6	1.5%	(34.4)	(77.1%)

6.5 Cash flows

6.5.1 Consolidated Adjusted Levered Free Cash Flow[22]

The Consolidated Adjusted Levered Free Cash Flow is considered by the Group to be the most appropriate indicator to measure cash generation in the year. The indicator is broken down in the table below.

(in millions of Euro)	Year ended		Changes	
	February 28, 2023	February 28, 2022	Δ	%
Operating profit	130.5	155.1	(24.6)	(15.9%)
Cash flow generated/(absorbed) from operating activities[23]	(2.8)	15.6	(18.4)	(117.9%)
Taxes paid	-	(9.3)	9.3	(100.0%)
Interest paid	(10.5)	(11.1)	0.6	(5.3%)
Other changes	1.3	2.0	(0.7)	(33.9%)
Consolidated net cash flow generated/(absorbed) from operating activities[24]	118.4	152.2	(33.8)	(22.2%)
Investments[25]	(39.2)	(50.4)	11.2	(22.3%)
Investments for business combinations and business units	0.4	(8.5)	8.9	(104.3%)
Adjustment for non-recurring investments	2.0	10.0	(8.0)	(79.8%)
Non-recurring expenses/(income)	4.9	6.8	(1.9)	(27.8%)
Adjustment for non-monetary components of non-recurring (expenses)/income	0.4	(0.2)	0.6	(321.0%)
Other non-recurring cash flows	-	(2.6)	2.6	(100.0%)
Theoretical tax effect of above-mentioned items[26]	(0.5)	(0.6)	0.1	(12.5%)
IFRS 16 Leases[27]	(63.3)	(57.3)	(6.0)	10.5%
Consolidated Adjusted Levered free cash flow	23.1	49.4	(26.3)	(53.2%)

Consolidated Adjusted Levered free cash flow of Euro 23.1 million was generated (Euro 49.4 million generated in FY 2021/2022). Cash flows compared to the previous year were impacted by the absorption of cash from operating activities including cash flows for IFRS 16 leasing for Euro 39.8 million, partially offset by the reduced payments for investments for Euro 11.2 million.

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

[23] Cash flow generated/(absorbed) from operating activities" refers to cash generated/(absorbed) by the change in working capital and other non-current balance sheet items such as Other Assets/Other Liabilities and Risk Provisions.

[24] Consolidated net cash flow generated/(absorbed) from operating activities" refers to the liquidity generated by operating activities in the broad sense, net of interest and taxes and the non-cash effects of balance sheet changes considered in the "Cash flow generated/(absorbed) from operating activities" account.

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

[26] The theoretical tax rate considered appropriate by management is 8.7% for both FY 2022/2023 and FY 2021/2022, and incorporates IRES at 4.8% (obtained by reducing taxable IRES income by 80%, thanks to the option to use previous losses) and an IRAP rate of 3.9%.

[27] The item includes the cash flows relating to both leases paid and leases expiring during the period.

The main changes to the Group's net financial debt in the year to February 28, 2023 and the year to February 28, 2022 are reported below:

(in millions of Euro)	Year ended		Changes	
	February 28, 2023	February 28, 2022	Δ	%
Operating profit	130.5	155.1	(24.6)	(15.9%)
Cash flow generated/(absorbed) from operating activities	(2.8)	15.6	(18.4)	(117.9%)
Taxes paid	-	(9.3)	9.3	(100.0%)
Interest paid	(10.5)	(11.1)	0.6	(5.3%)
Other changes	1.3	2.0	(0.7)	(33.9%)
Net cash flow generated/(absorbed) from operating activities[24]	118.4	152.2	(33.8)	(22.2%)
Investments	(39.2)	(50.4)	11.2	(22.3%)
Investments for business combinations and business units	0.4	(8.5)	8.9	(104.3%)
Business unit acquisition payables	-	7.6	(7.6)	(100.0%)
Exercise - Long Term Incentive Plan	-	4.3	(4.3)	(100.0%)
Buyback	-	(12.3)	12.3	(100.0%)
Distribution of dividends	(27.1)	(53.8)	26.7	(49.6%)
Other changes	(0.4)	(0.9)	0.5	(53.1%)
IFRS 16 Leases	(63.3)	(57.3)	(6.0)	10.5%
Change in net financial debt - Pursuant to IAS 17	(11.3)	(19.2)	7.9	(41.3%)

7. Statement of financial position

The Group's Net Working Capital and Net Invested Capital at February 28, 2023 and February 28, 2022 is reported below:

(in millions of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Trade Receivables	66.1	43.0
Inventories	446.0	462.1
Trade Payables	(597.3)	(583.5)
Net Operating Working Capital	(85.2)	(78.4)
Other working capital items	(254.7)	(254.2)
Net working capital	(339.9)	(332.6)
Right-of-use assets	422.7	433.3
Non-current Assets/(Liabilities)	364.9	352.1
Net Invested Capital	447.6	452.9
(Net financial debt) / Net cash - Pursuant to IAS 17	124.4	135.7
IFRS 16 Leases	(447.5)	(450.2)
(Net financial debt) / Net cash	(323.1)	(314.5)
Shareholders' Equity	(124.5)	(138.3)
Total shareholders' equity and financial liabilities	(447.6)	(452.9)

The Group's Net Operating Working Capital at February 28, 2023 is a negative Euro 85.2 million (negative Euro 78.4 million at February 28, 2022). The movement is due to an altered business and financial calendar compared to the previous year.

The Group's Net Invested Capital amounted to Euro 447.6 million, a decrease of Euro 5.3 million on the comparative year. The movement is mainly due to the decrease in right-of-use assets for Euro 10.6 million and the increase in the Group's Net Working Capital of Euro 7.3 million, partially offset by the increase in non-current assets.

Shareholders' equity amounted to Euro 124.5 million at February 28, 2023 (Euro 138.3 million at February 28, 2022), with a decrease mainly due to the distribution of the dividend resolved by the Shareholders' AGM in June 2022, amounting to Euro 27.1 million, partially offset by the present year's profit of Euro 10.2 million.

Below is a breakdown of the composition of net financial debt at February 28, 2023 and February 28, 2022, in accordance with ESMA guideline 32-382- 1138 dated 4/3/2021[28]:

(in millions of Euro)	Year ended		Changes	
	February 28, 2023	February 28, 2022	Δ	%
(A) Available liquidity	51.7	141.5	(89.9)	(63.5%)
(B) Cash and cash equivalents	15.0	-	15.0	100.0%
(C) Other current financial assets	60.3	-	60.3	100.0%
(D) Liquidity (A)+(B)+(C)	**126.9**	**141.5**	**(14.6)**	**(10.3%)**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	-	-	-	-
(F) Current portion of non-current financial debt	(70.5)	(66.5)	(4.0)	6.0%
(G) Current financial debt (E)+(F)	**(70.5)**	**(66.5)**	**(4.0)**	**6.0%**
(H) Net current financial debt (G)-(D)	**56.4**	**75.0**	**(18.6)**	**(24.8%)**
(I) Non-current financial debt (excluding the current portion and debt instruments)	(379.5)	(389.5)	10.0	(2.6%)
(J) Debt instruments	-	-	-	-
(K) Trade payables and other non-current payables	-	-	-	-
(L) Non-current financial debt (I)+(J)+(K)	**(379.5)**	**(389.5)**	**10.0**	**(2.6%)**
(M) Total financial debt (H)+(L)	**(323.1)**	**(314.5)**	**(8.6)**	**2.7%**

It should be noted that in November 2021 the Loan Agreement signed on January 9, 2018 was settled and at the same time four new credit lines were taken out aimed at financing working capital and strengthening the capital base. The Committed Credit Facilities, which at February 28, 2023 have not been utilised, include Euro 150.0 million of a medium-long term cash loan on a revolving basis.

During the second half of FY 2022/23, Unieuro S.p.A. purchased Euro 20.0 million of Ordinary Treasury Bonds (BOTs) maturing in March 2023, Euro 30.0 million maturing in April 2023, and approximately Euro 10.0 million of Multi-Year Treasury Bonds (BTPs) maturing in August 2023. Securities were classified as other current financial assets and measured at fair value to OCI consistent with the adopted business model.

The Italian Government Bonds held by Unieuro S.p.A. at February 28, 2023 are presented below:

Bond	Nominal value (Euro/thousands)	Maturity
BOT 28/4/23 179 half-yearly	30,000	28/04/2023
BOT 31/03/23 182 half-yearly	20,000	31/03/2023
BTP 0.3% 15/08/2023	10,000	15/08/2023

[28] For the purpose of better representation and consistent with the new guidance of ESMA Guideline 32-382- 1138 of 4/3/2021, receivables related to IFRS 16 sub-leases were excluded from net financial debt.

A breakdown of the net financial debt pursuant to IAS 17 at February 28, 2023 and February 23, 2022 is presented below:

(in millions of Euro)	Year ended		Changes	
	February 28, 2023	February 28, 2022	Δ	%
(Net financial debt) / Net cash	(323.1)	(314.5)	(8.6)	2.7%
Current financial receivables - IFRS 16	1.5	1.4	0.1	3.5%
Non-current financial receivables - IFRS 16	13.6	15.1	(1.5)	(9.8%)
Other current financial payables - IFRS 16	(68.5)	(62.8)	(5.6)	9.0%
Other non-current financial payables - IFRS 16	(379.0)	(387.3)	8.3	(2.1%)
(Net financial debt) / Net cash - Pursuant to IAS 17[29]	124.4	135.7	(11.3)	(8.3%)

The Net cash - IAS 17 at February 28, 2023 was a positive Euro 124.4 million, decreasing Euro 11.3 million compared to February 28, 2022. Cash flow for the year was affected by the payment of dividends for Euro 27.1 million, partially offset by the generation of operating cash flow of Euro 23.1 million.

[29] The item (Net financial debt) / Net cash - Pursuant to IAS 17 is calculated from the (Net financial debt) / Net cash, calculated as per ESMA guideline 32-382- 1138 of 4/3/2021, from which the items "Other current financial payables - IFRS 16" and "Other non-current financial payables - IFRS 16" are deducted.

8. Performance of the parent company Unieuro

The Unieuro S.p.A. reclassified income statement for the year ended February 28, 2023 is reported below:

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	Δ	%
Revenues	2,865.8		2,928.5		(62.6)	(2.1%)
Gross operating profit	**134.4**	**4.7%**	**156.3**	**5.3%**	**(21.9)**	**(14.0%)**
Non-recurring expenses/(income)	3.8	0.1%	6.3	0.2%	(2.6)	(40.7%)
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	5.4	0.2%	7.7	0.3%	(2.3)	(29.8%)
Adjusted EBITDA	**143.5**	**5.0%**	**170.3**	**5.8%**	**(26.8)**	**(15.7%)**
Amortisation, depreciation and write-downs of fixed assets	(107.9)	(3.8%)	(96.7)	(3.3%)	(11.2)	11.5%
Amortisation, depreciation and write-downs of non-recurring fixed assets	0.2	0.0%	0.2	0.0%	-	-
Adjusted EBIT	**36.0**	**1.3%**	**73.8**	**2.5%**	**(37.9)**	**(51.3%)**
Net financial income/(expenses)	(13.0)	(0.5%)	(12.8)	(0.4%)	(0.2)	1.7%
Non-recurring financial expenses/(income)	0.1	0.0%	0.1	0.0%	-	-
Income taxes	(1.6)	(0.1%)	(0.5)	(0.0%)	(1.0)	184.0%
Theoretical tax effect for non-recurring financial expenses/(income) and change in business model	(1.6)	(0.1%)	(5.3)	(0.2%)	3.7	(69.5%)
Adjusted Net Income	**19.8**	**0.7%**	**55.2**	**1.9%**	**(35.4)**	**(64.2%)**
Non-recurring expenses/(income), Non-recurring financial expenses/ (income), Amortisation, depreciation and write-downs of non-recurring fixed assets	(4.1)	(0.1%)	(6.6)	(0.2%)	2.5	(38.1%)
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	(5.4)	(0.2%)	(7.7)	(0.3%)	2.3	(29.8%)
Theoretical tax effect for non-recurring financial expenses/(income) and change in business model	1.7	0.1%	5.3	0.2%	(3.5)	(67.2%)
Profit/(loss) for the year	**11.9**	**0.4%**	**46.2**	**1.6%**	**(34.3)**	**(74.2%)**

Unieuro's revenues in FY 2022/2023 amounted to Euro 2,865.8 million, down 2.1% from Euro 2,928.5 million recorded in FY 2021/2022. Revenue in the year is affected by last year's extraordinary Brown category sales, as a result of new TV purchases ahead of the frequency switch-off and the introduction of the Government's TV bonus.

Adjusted EBIT was Euro 36.0 million in FY 2022/2023, compared to Euro 73.8 million in FY 2021/2022. The Adjusted EBIT margin of 1.3% was down 1.2 percentage points from the previous year mainly due to increases in energy and logistics costs and rent and condominium expenses of retail outlets resulting from inflationary factors caused by the general geopolitical uncertainty. In addition, depreciation and amortisation increased on the comparative year due to higher investments made in previous years.

Adjusted Net Income was Euro 19.8 million in FY 2022/2023 (Euro 55.2 million in FY 2021/2022) with a revenue margin of 0.7%. The result is related to the decrease in Adjusted EBIT, only partially offset by the decrease in income taxes.

9. Reconciliation statement of parent company's shareholders' equity and net result with Group shareholders' equity and net result

The reconciliation between the parent company's shareholders' equity and the consolidated shareholders' equity at February 28, 2023 is shown below:

(in millions of Euro)	Shareholders' equity as at February 28, 2023	Net result as at February 28, 2023
Balances from the Parent Company's financial statements	127.0	11.9
Difference between carrying amount of investments and profit/(loss)	(12.0)	(1.5)
Allocation of goodwill, brand, software and customer list, net of tax effect	9.6	(0.2)
Consolidated Financial Statements of the Group	124.5	10.2

The reconciliation between the parent company's shareholders' equity and the consolidated shareholders' equity at February 28, 2022 is shown below:

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

10. Investments

Investments in FY 2022/2023 totalled Euro 37.9 million (Euro 52.2 million in FY 2021/2022) and concern the costs capitalised for (i) strengthening the Group's technological infrastructure and e-commerce site development, (ii) development of the direct store network and expansion of the Piacenza logistics platform, (iii) investments in information technology, including the adoption of electronic labels at a significant and growing number of direct stores, and (iv) energy efficiency actions at direct stores.

For further details, reference should be made to Note 5.1 "Plant, machinery, equipment and other assets" and Note 5.3 "Intangible assets with finite useful life" of the Consolidated Financial Statements.

11. IFRS 16 Impacts

The impact of IFRS 16 on the Group's main economic and financial indicators for fiscal year 2022/2023 is presented below[30]:

		2022/2023 (Ex -IAS 17)	IFRS 16 Impacts	2022/2023 (IFRS 16)
EBITDA ADJ	reduction in operating costs (rents paid on stores, offices, warehouses, and motor vehicles), net of income from store sub-leases	67,7	+73,3	141,0
EBIT ADJ	increase in depreciation on right-of-use assets	29,8	+5,0	34,8
PROFIT BEFORE TAXES ADJ	increase in financial expenses for interest related to right-of-use liabilities	27,1	5,2	21,9
NET FINANCIAL DEBT	recognition of right-of-use liabilities (other current and non-current financial payables), net of non-current financial receivables relating to sub-lease contracts	124,4	432,4	(323,1)

[30] The amounts reported in the FY 2022/2023 (IFRS 16) column derive from the indicators at section "6. Group operating and financial results". The amounts reported in the IFRS 16 impact column are based on the accounting records and calculation statements summarising the effects of the application of IFRS 16 (leasing). The amounts reported in the FY 2022/2023 (IAS 17) column are pre-adoption IFRS 16 and are calculated as the difference between the 2022/2023 IFRS 16 column and the IFRS 16 impact column: All values are in millions of Euro.

12. Corporate governance and ownership structure

Unieuro S.p.A. has adopted the Self-Governance Code of Italian Listed Companies (the "Code"), adapting it according to its own characteristics.

In order to meet the transparency requirements of industry regulations, the "Corporate Governance and Ownership Structure Report" required by Article 123-*bis* of the CFA has been drawn up, containing a general description of the governance system adopted by Unieuro S.p.A., as well as information on the ownership structure, the organisational model adopted pursuant to Legislative Decree No. 231 of 2001, and the degree of compliance with the Self-Governance Code, including the main governance practices applied and the characteristics of the Internal Control and Risk Management System in relation to the financial disclosure process.

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

Based on information available to date, the major shareholders of Unieuro, are those listed in paragraph "1 - Introduction" of the Directors' Report.

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

The following tables summarise the Group's creditor and debtor balances with related parties at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Creditor and debtor balances with related parties at February 28, 2023			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
At February 28, 2023				
Other current liabilities	(73)	(203)	(118)	(394)
Other non-current liabilities	-	-	(379)	(379)
Total	(73)	(203)	(497)	(773)

(In thousands of Euro)	Creditor and debtor balances with related parties at February 28, 2022			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
At February 28, 2022				
Other current liabilities	(57)	(255)	(215)	(527)
Other non-current liabilities	-	-	(172)	(172)
Total	(57)	(255)	(387)	(699)

The following table summarises the Group's income and costs with related parties in FY 2022/2023 and FY 2021/2022:

(In thousands of Euro)	Income and costs with related parties in FY 2022/2023			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
FY 2022/2023				
Purchase of materials and external services	(139)	(716)	-	(855)
Personnel costs	-	-	(2,427)	(2,427)
Total	(139)	(716)	(2,427)	(3,282)

(In thousands of Euro)	Income and costs with related parties in FY 2021/2022			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
FY 2021/2022				
Purchase of materials and external services	(128)	(680)	-	(808)
Personnel costs	-	-	(3,325)	(3,325)
Total	(128)	(680)	(3,325)	(4,133)

With reference to the periods under consideration, creditor/debtor and income and costs with related parties mainly refer to relations with Directors and Senior Executives, summarised in the table below:

Senior Executives	
Fiscal year ending February 28, 2023	Fiscal year ending February 28, 2022
Chief Executive Officer - Giancarlo Nicosanti Monterastelli	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer - Marco Deotto	*Chief Financial Officer - Marco Pacini*
General Manager - Bruna Olivieri	*General Manager - Bruna Olivieri*

The Gross remuneration of senior executives is inclusive of all compensation components (benefits, bonuses and gross pay).

The following table summarises the Group's cash flows with related parties in FY 2022/2023 and 2021/2022:

(In thousands of Euro)	Related Parties			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
Fiscal year from March 1, 2021 to February 28, 2022				
Net cash flow generated/(absorbed) from operating activities	(132)	(573)	(6,063)	(6,768)
Total	(132)	(573)	(6,063)	(6,768)
Fiscal year from March 1, 2022 to February 28, 2023				
Net cash flow generated/(absorbed) from operating activities	(123)	(768)	(2,317)	(3,208)
Total	(123)	(768)	(2,317)	(3,208)

14. Information on Corporate Boards

Unieuro S.p.A. has adopted the Self-Governance Code of Italian Listed Companies (the “Code”), adapting it according to its own characteristics.

In order to meet the transparency requirements of industry regulations, the “Corporate Governance and Ownership Structure Report” required by Article 123-*bis* of the CFA has been drawn up, containing a general description of the governance system adopted by Unieuro S.p.A., as well as information on the ownership structure, the organisational model adopted pursuant to Legislative Decree No. 231 of 2001, and the degree of compliance with the Self-Governance Code, including the main governance practices applied and the Internal Control and Risk Management System in relation to the financial disclosure process.

This document is available on the Company’s website at (http://www.unieurospa.com/).

14.1. Stock option plans

Long Term Incentive Plan

On February 6, 2017, Unieuro’s Extraordinary Shareholders’ Meeting approved the adoption of a stock option plan (the “Plan” or “Long Term Incentive Plan” or “LTIP”) reserved for Unieuro’s Executive Directors, associates, and employees (executives and non-executives). The Plan provides for the granting of ordinary shares resulting from a capital increase with the exclusion of option rights, pursuant to Article 2441, paragraphs 5 and 8, of the Civil Code, which was approved by the Unieuro Shareholders’ Meeting on the same date.

The Plan specifies the following objectives: (i) to focus recipients on factors of strategic interest to Unieuro, (ii) to foster the loyalty of the plan recipients and incentivise their retention at Unieuro, (iii) to increase Unieuro’s competitiveness by identifying medium-term goals and supporting value creation for both Unieuro and its shareholders, and (iv) to ensure that the overall remuneration of the plan recipients remains competitive in the market.

The implementation and definition of the specific features of the Plan were delegated by the Shareholders’ Meeting to the specific definition by the Board of Directors of Unieuro. On June 29, 2017, the Board of Directors approved the regulations of the plan (“Regulations”) in which it determined the terms and conditions of the plan’s implementation.

The Recipients subscribed to the Plan in October 2017. The parties expressly agreed that the effects of the granting of rights shall have retroactive effect to June 29, 2017, the date of approval of the regulations by the Board of Directors.

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

- Condition: the Plan and related options will be conditional on the completion of Unieuro’s listing by July 31, 2017 (“IPO”);

- Recipients: the Plan is addressed to Executive Directors, associates and employees (Executive and Non-Executive) of Unieuro ("Recipients") who have been identified by the Board of Directors from among those who have an ongoing employment relationship with Unieuro and/or other Group companies. The identification of the Recipients was made on the basis of a discretionary judgment of the Board of Directors, which given the aims of the Plan, the strategies of Unieuro and of the Group and the objectives, takes into account, among other matters, the strategic importance of the role and the impact of the role on the pursuit of the objective;

- Purpose: the purpose of the Plan is to grant the Recipients free and non-transferable option rights by deed between living persons for the purchase or subscription for consideration of ordinary shares of Unieuro for a maximum number of 860,215 options, each of which will entitle them to subscribe one newly issued ordinary share ("Options"). Where the objective is exceeded with a performance of 120% of the target, the number of Options will be raised to 1,032,258. A capital increase was therefore approved for a maximum nominal amount of Euro 206,452, plus share premium, for a total value (share capital plus share premium) equal to the price at which Unieuro's shares will be placed on the Italian Stock Exchange (MTA), by issuing 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 determined by the Board of Directors after consultation with the Remuneration Committee;

- Exercise of rights: subscription of shares can only be made after July 31, 2020 and by the final deadline of July 31, 2025;

- Vesting: the extent and existence of each Recipient's right to exercise options will be verified at July 31, 2020 provided that: (i) the employment relationship with the Recipient continues until that date and (ii) the targets, in terms of distributable profits, set out in the business plan are met based on the following criteria:

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

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

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

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

- Exercise Price: the exercise price of the Options will be equal to the placement price on IPO of Euro 11 per share;

- Cash Bonus: A recipient who exercises in whole or in part their subscription rights shall be entitled to receive an extraordinary cash bonus in an amount equal to the dividends they would have received from the date of approval of this Plan until the end of the vesting period (August

31, 2020) with the exercise of the corporate rights attaching to the Shares obtained in the year in question with the exercise of the Subscription Rights;

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

On February 29, 2020, the vesting period of the rights under the Plan concluded; the Board of Directors on June 18, 2020 verified that the quantitative and therefore objectively assessable targets were met to the extent of 101.11%; and in accordance with the provisions of the Plan Regulations, resolved to grant a total of 849,455 options. From July 31, 2020 until July 31, 2025, each beneficiary will be entitled to exercise their subscription rights in whole or in part and also in several tranches; at the end of each fiscal year in which the beneficiary has exercised all or part of their subscription rights, as provided for in the Plan, the beneficiary shall be entitled to receive an extraordinary cash bonus already recognised to the financial statements, in an amount equal to the dividends they would have received from the date of approval of the Plan until the end of the vesting period with the exercise of the corporate rights due to the shares obtained in the year in question with the exercise of the subscription rights.

The number of options outstanding at February 28, 2023 is as follows:

	Number of options February 28, 2023
No. of options outstanding assigned	849,455
No. of options granted in the period	-
No. of options not granted	-
No. of options exercised	689,871
No. of options expired	-

2020-2025 Performance share plan

On October 27, 2020, the Board of Directors of Unieuro S.p.A., subject to the favourable opinion of the Appointments and Remuneration Committee, approved the Disclosure Document on the 2020-2025 Performance Share Plan (the "Performance Shares" or "PS") prepared pursuant to Article 114-*bis* of the CFA, which was submitted in December 2020 for the approval of the Shareholders' Meeting.

Description of Plan's recipients

The implementation and definition of the specific features of the Plan were delegated by the Shareholders' Meeting to the specific definition by the Board of Directors of Unieuro.

The Granting of rights to each of the Beneficiaries with respect to the three-year period FY2021-FY2023 (1st Cycle) and the three-year periods FY2022-FY2024 and FY2023-FY2025 (2nd Cycle and 3rd Cycle) will be determined on each occasion by the Board of Directors.

On January 13, 2021, July 14, 2021, and March 23, 2022, the Board of Directors granted the rights and approved the regulations of the 1st, 2nd, and 3rd Cycles, respectively, in which it determined the terms and conditions for implementing the Plan. The subscription of the Plan by the Recipients of Cycle 1 took place in January 2021, in July 2021 with reference to Cycle 2, and in April 2022 with reference to Cycle 3.

The Plan is intended for Executive Directors and/or Senior Executives 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) personnel having the rank of executive at the Company and/or Group companies; (ii) personnel having the rank of manager (or higher) at the Company and/or Group companies.

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

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

Free granting of these Shares will be made in the years 2023 (1st cycle), 2024 (2nd cycle) and 2025 (3rd cycle).

As reflected in the Board of Directors' resolution, the actual granting of Shares for each of the three cycles will be based on the performance targets and, in general, the meeting of the vesting conditions.

It is also provided that the aforementioned rights shall entitle each beneficiary to the receipt of a cash bonus linked to any cash dividends distributed and paid by the Company up to the grant date. This award will be payable in conjunction with, and subject to, the delivery of shares related to each cycle of the Plan provided that the specific vesting conditions are met.

Plan rationale

The Plan shall be one of the instruments used by the Company and the Group to supplement the remuneration of key personnel with variable components based on achieving performance targets and in accordance with best market practices.

The Board of Directors considers a share-based incentive plan, with five-year duration and specific performance targets, as the most effective incentive instrument and one which responds to the interests of the Company and of the Group. Therefore, the Plan has the following objectives: (i) to focus recipients on factors of strategic interest of the Company and direct key resources toward strategies aimed at pursuing medium- to long-term results; (ii) to retain and incentivise recipients within the Company by developing retention policies aimed at key resources; (iii) aligning the interests of beneficiaries with those of shareholders, with a view to developing confidence in the Company's value creation; and (iv) ensuring that the overall remuneration of Plan recipients remains competitive while developing attraction policies toward talented managerial and professional figures.

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

	Number of rights February 28, 2023
Outstanding at beginning of period	**384,000**
Assigned during the period	-
Granted during the period	200,000
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	**584,000**
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	**-**

On March 23, 2022, the Board of Directors granted the rights and approved the regulations for the 3rd Cycle and in which it determined the terms and conditions for the implementation of the Plan. The subscription of the Plan by the Recipients of the 3rd Cycle took place in April 2022.

2023-2028 Performance share plan

On October 27, 2020, the Shareholders' Meeting of Unieuro S.p.A., approved the Disclosure Document on the 2023-2028 Performance Shares Plan (the "Performance Shares" or "PS") prepared pursuant to Article 114-*bis* of the CFA.

Description of Plan's recipients

The implementation and definition of the specific features of the Plan were delegated by the Shareholders' Meeting to the specific definition by the Board of Directors of Unieuro.

The Plan is intended for Executive Directors and/or Senior Executives and/or employees of the Company and/or Group companies who hold roles with a greater impact on the achievement of medium-long term business results or with strategic importance for the purposes of achieving Unieuro's long-term objectives, as well as additional roles identified in relation to the performances achieved, skills possessed or with a view to retention/attraction and fall into one of the following categories: (i) executives of the Company and/or Group companies and (ii) first level while-collar employees (or above) at the Company and/or Group companies.

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

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

Free granting of these Shares will be made in the years 2026 (1st cycle), 2027 (2nd cycle) and 2028 (3rd cycle).

It is also provided that the aforementioned rights shall entitle each beneficiary to the receipt of a cash bonus linked to any cash dividends distributed and paid by the Company up to the grant date. This award will be payable in conjunction with, and subject to, the delivery of shares related to each cycle of the Plan provided that the specific vesting conditions are met.

Plan rationale

In fact, the Plan is one of the tools used by the Company to supplement the fixed component of the remuneration package of strategic resources through variable components linked to continued employment, in line with market best practices, and is proposed as a continuation of the previous medium- to long-term incentive plan approved by the Shareholders' Meeting of December 17, 2020.

The Plan has the following objectives: (i) to focus the Beneficiaries of the Plan on factors of strategic interest of the Company and direct key resources toward pursuing medium to long-term results, with a view to the sustainability of the Group's operating-financial performances (ii) to retain and incentivise the Beneficiaries of the Plan within the Company by developing retention policies; (iii) aligning the interests of Beneficiaries with those of Shareholders, with a view to developing the Company's value creation; and (iv) ensuring that the overall remuneration of Plan recipients remains competitive while developing attractive policies toward new talented managerial and professional figures.

	Number of rights February 28, 2023
Outstanding at beginning of period	**-**
Assigned during the period	-
Granted during the period	80,000
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	**80,000**
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	**120,000**

14.2. Unieuro treasury shares

On June 21, 2022, the Shareholders' Meeting approved the authorisation to purchase treasury shares as a continuation of the previous authorisation approved by the Shareholders' Meeting on December 17, 2020, which was partially executed and concluded on June 17, 2022.

The authorisation to purchase and dispose of treasury shares provides for a maximum of 2,000,000 ordinary shares of Unieuro S.p.A., it being understood that the number of ordinary shares from time to time held in portfolio by the Company and its subsidiaries may not exceed 10% of the Company's *pro-tempore* share capital.

The purpose of the authorisation is, among other matters, to set up a portfolio of treasury shares to be used to service existing and future share incentive plans reserved for Directors and/or employees and/or associates of the Company or other companies controlled by it, as well as to set up a "securities reserve" to be used, where appropriate, as consideration in corporate transactions, including equity swaps, with third parties as part of transactions that may be of interest to Unieuro.

It should be noted that the authorisation has not been pre-established for any transaction to reduce the share capital.

During FY2022/23, the Company did not engage in any transactions involving the purchase or disposition of treasury shares. As of February 28, 2023, 600,000 treasury shares were held, accounting for 2.8987% of the share capital.

15. Option to waive the requirement to publish a disclosure document in cases of insignificant transactions

It should be noted that the Issuer has opted to adopt the exception to Article 70(6) and Article 71(1a) of the Issuers' Regulations, pursuant to Article 70(8) and Article 71(1a) of the Issuers' Regulations.

16. Personnel-related information

Composition of the workforce

The following is a breakdown of employees by classification.

	February 28, 2023		February 28, 2022	
	Unieuro S.p.A.	Monclick S.r.l..	Unieuro S.p.A.	Monclick S.r.l..
Executives	34	1	29	1
Managers	78	-	76	-
White-collar	5,494	38	5,602	38
Blue-collar	1	-	1	-
Apprentices	49	-	37	-
Total	5,656	39	5,745	39

Gender equity and work environment

Equal treatment of people within the Unieuro Group is embodied in ensuring, from the selection stage and in all activities carried out, non-discrimination on the grounds of race, sex, nationality, sexual orientation, social status, physical appearance, religion and political orientation.

Search and selection

The Unieuro Group is committed to fostering the development and implementation of transparent hiring policies with full respect for equal opportunities. The criteria that guide the selection of candidates are professionalism and consistency with the skills and aptitudes required to fill the open position.

The tools and channels used to find candidates consist primarily of the company website - "Work with us" section - and relations with recruiting and selection companies, with which specific partnerships are in place.

Training, organisation, and remuneration policies

Training in the Unieuro Group represents the (in)tangible investment in the most important asset we have: our employees. Each year the Group invests significant resources in professional and managerial training for employees; the tools used are direct lectures, webinars, conferences, tutoring, simulations, on-the-job training, e-learning, and staff training.

Compulsory training courses (Health and Safety, 231 Organisation Model, Privacy) are complemented by managerial and professional training courses for both store staff and office staff. The topics covered range - by way of example - from People Management to Effective

Communication, from Sales Techniques to Visual Merchandising, from Work Organisation to Commercial Store Management.

Of particular importance, with a view to the professional development and growth of its employees, is the company's Academy for Trainee Directors. Participants, identified from within the corporate population through an internal application process, assessment centre and individual interviews, participate in on-the-job and classroom training lasting a total of 6 months.

In order to meet the transparency requirements of the regulations, the "Remuneration Report" was prepared pursuant to Article 123-*bis* of the CFA and Article 84-*quater* of the Issuers' Regulations.

This document is available on Unieuro's website at http://www.unieurocorporate.it/.

Health and safety protection

For the Group, health and safety of all employees, in accordance with current regulations, is a priority. Specifically, the Group has taken steps to ensure working conditions that respect the physical and moral integrity of employees.

17. Management and coordination

Unieuro S.p.A. is not subject to the management and coordination of companies or entities and independently defines its general and operational strategic decision-making.

18. Main risks and uncertainties to which the Group is exposed

The Group is exposed to a number of risks that can be grouped into the following three macro-categories:

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

18.1. Strategic and operational risks

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

Ability to adapt execution to strategic changes - The five-year "Omni-Journey" Strategic Plan presented to investors in June 2021 contains ambitious growth targets and important cross-functional projects aimed at the Group's digital transformation. To execute the plan, the Unieuro Group has implemented medium-to-short term planning tools that translate strategic choices into concrete operational plans, taking into account data from both internal and external sources. In order to ensure the progress and monitoring of each transformation project, the Group has a governance model that provides for a transformation programme manager who is flanked by other contact persons from each organisational unit involved in the transformation project. Periodic updates are also provided to more senior levels of the Group for the purpose of monitoring the progress of the Plan and sharing any corrective actions.

Impact of competition and alternative channels on margin erosion - Projections for the market in which the Group operates predict an increase in market share in the online segment at the partial expense of the offline segment. This is a phenomenon observable in all countries, with varying degrees of acceleration and maturity. This trend has gained momentum in the two pandemic years that have just passed, due to travel restrictions and changes in lifestyles, starting with people's work and shopping habits. Effectively presiding over the growth of the online channel requires greater competitiveness in the level of service offered to the end-customer and results in an overall reduction in the margin of total sales due to a convergence of the price charged in the offline channel to the lower price charged online. The Group has considered these risks in its business plan and provided for mitigating safeguards, such as, but not limited to, increasing the level of customer service and developing new profit pools (e.g. developing proprietary brands).

Merchandising mix and product range planning - The Group is subject to the risk of offering a product range that is not in line with consumer preferences and market demands. In order to mitigate this risk, Unieuro uses tools for periodic analysis of the range available within the different product categories, with the aim of verifying its completeness and remedying any gaps with respect to market demands, ensuring that the different sales channels have the right quantities available in the correct timeframes.

Procurement process of core products - The Group is subject to the risk of incorrect planning of the procurement budget, both in terms of composition and quantity. In order to mitigate this risk, the Group has put in place a forecasting process, which is still in the process of development, aimed at planning over a short-term horizon, i.e. a few months, the quantity of products to be ordered and the related cash and storage space requirements within the logistics platform.

Risk of dependence on the domestic market - Excluding a few transactions related to the B2B channel of insignificant amounts, the entirety of the Unieuro Group's sales are made in Italy, while most of the products marketed are purchased from abroad, particularly from the Far East and Eastern Europe excluding Ukraine, where electronics and home appliance production has been gradually delocalised in recent decades. The concentration of revenues on the domestic market exposes Unieuro to the relative fragility of the Italian economy, which, despite being part of the larger and more stable European context, is characterised, among other things, by low GDP growth rates and excessive levels of public debt, as well as by unfavourable long-term macrotrends that characterise the population, starting especially with its gradual decrease and aging caused by low birth rates. With a view to containing country-risk, the five-year "Omni-Journey" Strategic Plan, approved in June 2021, provides for Management to explore growth opportunities outside Italian borders. Growth would be through acquisitions and cover geographically and/or culturally adjacent markets, allowing Unieuro to diversify its target markets while keeping under control the strategic and operational risks inherent in foreign expansion.

Customer relations/loyalty campaigns - The Unieuro Group is subject to the risk of not offering its customers adequate after-sales service and not effectively intercepting customer preferences. This risk became particularly relevant when the COVID-19 pandemic occurred in FY2020, resulting in a sudden increase in sales from the online channel and an exponential increase in requests to access the company's customer care service. The Group found it difficult to meet all requests and the resulting disservice also resulted in the initiation of proceedings by the Competition Authority. The Unieuro Group has implemented multiple actions in the last two fiscal years to improve customer management, which have involved the following macro-areas: bolstering staff numbers on the customer care service and the related budget, strengthening the telephone barrier not only in number of employees, but also and especially through technological advances in order to correctly address the customer and keep track of the request until the final solution. Some KPIs indicative of the service level of customer care are also measured periodically.

Management of marketing activities - The Group is subject to the risk that corporate communication is not in line with the company's strategy and values, does not meet the requirements of transparency and completeness required by regulations, and does not adequately use the tools offered by new technologies. Responsibility for the effective implementation of the company's promotional plan lies with two organisational units, each of which is responsible for the company's communication (both brand and product) in the relevant channels (digital or traditional). In terms of promotional communication, the Group makes frequent use of prize events and below-cost transactions. In order to ensure that such transactions comply with legal requirements, the company relies on both the input of specialised external consultants and internal resources (e.g. tax manager, legal counsel).

Risks arising from privacy compliance - The Group is subject to the risk of not properly complying with privacy regulations, with particular reference to the regulations amended/introduced by the GDPR. In order to mitigate this risk and to be compliant with privacy law, Unieuro has adopted the following safeguards: it has appointed a Data Protection Officer (DPO), established an internal privacy office, and has a privacy organisation chart. The DPO contributes on an ongoing basis to the monitoring of risks arising from non-compliance with data protection regulations and coordinates the operational plan to mitigate them. In addition, the Group has procedures and disclosures that it updates periodically, has prepared and updated the personal data register, and updates and performs impact assessments and balancing of interests. The privacy office, also with the cooperation of the DPO, prepares the personal data processing contract in relation to the processing of personal data covered by the service contract. The privacy office also oversees the handling of data subjects' requests. With the support of the DPO, the Group periodically renews privacy training for its employees.

Risks related to central platform management - The Unieuro Group concentrates the delivery and shipment of products to stores (both direct and affiliates) and customers in the online channel from the central platform in Piacenza and to a lesser extent from the platform in Carini (PA).

This choice exposes the Group to some operational risks related to both the choice of centralisation and the way platforms are managed.

Risk of interruption of central platform service - The Unieuro Group is exposed to the risk of business interruption due to the occurrence of certain events, such as computer system failures, road blockages or traffic limitations, failure to comply with applicable regulations (e.g. fire prevention, safety of storage facilities, etc.) and external risks of an exceptional nature such as, by way of example, natural disasters (earthquakes, pandemics), climatic events (snowfall, floods). In order to mitigate the impacts of such events, the Group has some operational safeguards in place, such as, but not limited to: contracts that provide 24H maintenance on any failures such as electrical, redundancy of devices and equipment essential for the continuous conduct of business (pc - printers - barcode reading terminals - data line - electricity generators). These areas are further strengthened when the Group's largest sales are concentrated (November-January). In order to ensure surveillance and security, the company has installed entrance and exit monitoring posts for both people and vehicles. Where, despite the mitigating safeguards, there is an even temporary interruption in the platform's operations, the Group is able to reroute deliveries directly to stores.

Risk in the management of platform activities - Only personnel responsible for organising the arrival and shipment of goods are direct employees of the Group, while all platform handling activities are outsourced to an external contractor. The contractor has been working with Unieuro for many years and is a limited liability company that manages employees with permanent or fixed-term contracts and when necessary recruits additional temporary staff. Previously the contractor operated under the legal form of a cooperative; the transformation from a cooperative to a limited liability company and the current staff recruitment arrangements have been strongly advocated by Unieuro over the years to mitigate the risk from tax and contribution solidarity. The handling company does not use sub-contractors on the Piacenza platform. The contract also provides for certain controls to ensure the efficiency in operations carried out by the logistics operator and compensation mechanisms if differences are found in inventory and/or differences in quantities sent to stores compared to the order. The warehouse is organised for the storage of products in shelves and stacks according to the weight and size of the products and with an IT system that indicates product allocation to the operator. The Carini platform is also operated along the same lines: the company awarded the handling activities is different and independent from the company that operates the Piacenza handling facility, and does not use sub-contractors.

Risk related to the management of transport and home delivery services - Similar to other operators in the consumer electronics industry, the Group uses contractors for delivery to points of sale and for delivery and installation of products at the end customer's home. This service management model exposes operators to the economic and reputational risk arising from tax, contribution and pay solidarity due to the possible non-compliance of contractors. To reduce the economic risk and the probability of its occurrence, the Group has put in place certain controls. Firstly, it uses a large number of operators, mostly organised as joint stock companies, with whom it has signed transport contracts (annual and non-exclusive). This aspect makes it possible to mitigate the risk both in terms of possible economic fallout on the company for payment of sums to the employees of the contractors, and in terms of service interruption if one of the operators has difficulties. An additional risk factor is that these operators often in turn sub-contract the service to other entities over which the company cannot exercise effective control. In order to have an overall monitoring of the operators who carry out the transport, delivery and installation service (contractors and sub-contractors), Unieuro, through a service company, conducts monthly monitoring of the fiscal - payroll - contribution regularity of these entities. A report is prepared summarising the results from the documentation checks. This report is used both to intervene on individual operators so that they regularise their position and to set aside a provision for logistics risks (see Note 5.15 of the Consolidated Financial Statements for more details) by applying certain weighting criteria endorsed by a specific legal opinion. The transport contract, in addition to the contractor's obligation to send the service company the necessary documentation to verify its compliance with the Law, provides for additional controls designed to ensure an adequate level of service, such as, for example, penalties in the event of non-compliance and/or inefficiency on the part of the carrier and daily verification of the performance of transport operators.

In order to strengthen its logistics set-up, Unieuro upgraded its central platform in Piacenza and signed an agreement to open a new logistics hub in Colleferro (Rome) to serve central and southern Italy, which will be operational by the end of 2023.

Business continuity and cyber security - The Group is subject to the risk of business interruption due to failure/breakdown of servers used by the Group and is exposed to the risk of cyber attacks resulting in losses due to business interruption and/or data loss. The Group's data centres, maintaining the company's programmes and data, are all subject to disaster recovery plans that meet the highest security requirements (Tier 4). These plans are also periodically tested to ensure their operation and adequacy. In terms of strict cyber security, the Group has made numerous investments in recent years with the aim of improving barriers to penetration by hacker attacks. Some of these investments have also become necessary as a result of the mass adoption of smart-working, which from an initial choice dictated by pandemic concerns, has become the ordinary way of working in all office facilities. By way of example, the company has chosen to use partners of primary standing to improve e-mail security, including anti-spam, anti-phishing, and anti-BEC (business email compromise) filters, and has limited access to the corporate network via VPN by adopting a desktop virtualisation (VMR) tool of primary standing, which is less vulnerable to outside intrusion. Training for all employees is being planned to raise awareness of IT security. The company currently uses the Kaspersky anti-virus. Being supplied by a Russian company following Russia's invasion of Ukraine and subsequent threats of cyber attacks in response to sanctions imposed by Western countries, the Group is currently selecting a different product with which to replace its current antivirus. The ITC Department initiated about three years ago, with the collaboration of a consultant belonging to a leading consulting firm, a "Cyber Maturity Assessment" project that analysed the state of the company's information security with respect to a management considered optimal in relation to the company's size and business activities, and which resulted in an action plan that is now in its final stage.

Contractual risks - The Unieuro Group is subject to the risk of inadequate oversight of the review of contracts. In order to improve the control of this risk, the company has prepared standard draft contracts (e.g. commercial agreements, transport contracts, maintenance contracts, etc.) that different departments can use to regulate the most recurring relationships with external suppliers. For more complex contracts with less recurring content, corporate departments request legal assistance from the in-house department and through them, when necessary, the assistance of an external specialised firm. The company also has a procedure for archiving all the company's contracts by means of special software. This procedure requires that upon filing there be a preliminary screening by the legal department for the purpose of verifying the presence of certain formal requirements (signature - date - signature by a person with appropriate powers) and the completeness of certain clauses, with particular attention to the privacy implications of the agreement (need for verification of security requirements of the counterparty - any appointments to data controller - etc.).

B2B Customer Relationship Risks - B2B channel customers are customers that cannot be reached through the other sales channels due to the quantities purchased and/or the special delivery terms and/or the particular VAT regime applicable. These are a small number of customers sometimes recurring, sometimes making spot purchases. When the B2B channel starts dealing with a new customer it carries out some preliminary verifications, conducted more carefully if the customer requires special VAT treatment, also making use of the in-house tax department if necessary. By way of example, the B2B channel verifies the customer's identity, By-Laws and financial statements, start date, and the riskiness index assigned by the system used to find this information. The amount of any credit line that can be granted depends on the assessment of the customer, determined with the involvement of the Treasury office. If the customer requests that the goods be shipped outside the country, the B2B channel conducts additional checks to ensure that the delivery of the goods to the destination actually takes place at the address requested by the customer.

Risks related to the relationship with affiliates - The Unieuro Group, in addition to directly operated stores, supplies other Unieuro-branded stores: these are to all intents and purposes independent entrepreneurs linked to the Group by an affiliation contract that has mixed characteristics typical of a supply contract and a franchise contract. The Unieuro Group is at risk of suffering image and/or reputational damage as a result of the management methods adopted by affiliated customers. For the consumer, in fact, there is no distinction between directly operated outlets and franchise-operated outlets. The safeguards put in place to mitigate this risk are mainly of a contractual nature and provide the Unieuro Group with the possibility of terminating the contract if the franchisee fails to comply with the contract in such a way that is detrimental not only to the Group's operating-equity interests, but also to its reputation and/or image. Through a network of agents located throughout the territory, the Group oversees the actions of affiliates in order to prevent and/or promptly remedy misconduct.

Risks arising from dependence on key resources - The Unieuro Group is exposed to the risk of sudden absence or serious impediment of key executives of the company resulting in loss of business expertise, a temporary vacuum in the chain of command, and loss of trust in and credibility of the Group. In order to guard against this risk, the Group has adopted a succession plan for the CEO and a related contingency plan that governs all the operational steps to be taken both in the face of sudden events that prevent the CEO from continuing in office and where the transition has been planned. A similar contingency plan is being formalised for the company's other Senior Executives (General Manager and CFO) which follows the same purposes, i.e. it aims to identify possible internal replacements and/or make use of an external selection according to predetermined criteria and a planned process both in the case of inability to continue in the role and in the event of a planned transition. Dependence on key resources is not only expressed in the highest profiles in the corporate hierarchy; in fact, in order to carry out the digital transformation and the strategic plan, the Group needs to find, train and retain highly specialised key profiles that are not readily available on the labour market and even less readily available in the geographic area where the Group has its headquarters. To mitigate this risk, the company recently decided to give headquarters employees the opportunity to work remotely, thus mitigating geographical dependence, and also extended participation in the LTIP (Long Term Incentive Plan) to some key profiles.

Risks arising from the Russian-Ukrainian conflict and the changed general macroeconomic environment - The Unieuro Group does not have direct economic and/or financial relations with economic entities belonging to Russia that are subject to the current sanctions. However, it is susceptible to the risk of suffering the economic consequences arising from the worsening macroeconomic scenario, mainly related to the increase in the price of raw materials. The changed macroeconomic scenario saw a sharp rise in inflation in 2022 and a reduction in consumer purchasing power. With the scenario featuring considerable uncertainty and difficult to assess, the Group decided to assign each department precise targets for cost containment not directly related to sales and to strengthen processes for monitoring and approving expenses. Contractual safeguards are also being adopted, including fixed-cost power purchases and the initiation of renegotiations of point-of-sale rents.

Risks from the COVID-19 pandemic health emergency - The COVID-19 pandemic, which spread globally from January 2020 and is still ongoing, has led all countries to face a complex health emergency which has also led to social, geopolitical and economic implications. Although the danger relating to the virus decreased in 2022, resulting in an easing of measures by the Italian government, it cannot be ruled out that the uncertainty of the evolution of the pandemic, linked to the transmission of new variants, may affect the Group's operations. The Unieuro Group is exposed to risks related to health emergencies, mainly due to the need to restrict the movement of people, and which may consist of the temporary closure of stores or limited access to them, in addition to the spread of contagion among the company's employees, to the point of significantly affecting business operations. Although the pandemic had a significantly reduced effect in FY2022, in order to mitigate these consequences, the Unieuro Group closely monitors the development of the pandemic environment and has put in place the following safeguards: compliance with preventive health measures issued by the relevant authorities, request to the owners of the premises where the stores are located for reductions in fees due to the reduction of activity, smart working for all staff in the headquarters facilities.

On the turnover front, the company saw significant growth in revenues from the online channel. This growth allowed the company to limit the impacts in terms of lost sales in the physical channel.

Climate change risks - The economic and environmental consequences of climate change are the focus of public opinion, institutions, regulators and investors. Potential risks from climate change include the intensification of extreme weather events that may lead to physical damage to infrastructure and assets and disruptions in operational activities in the supply chain, the increased cost of certain types of raw materials, the introduction of legislation and regulations related to climate change mitigation and adaptation, and possible changes in customer purchasing habits.

The Unieuro Group is already committed to a process of continuously improving its activities in terms of environmental impact and is pursuing the goals defined in its 2022/26 Sustainability Plan, including reducing its own emissions through the introduction of energy efficiency actions in its stores and the purchase of energy from renewable sources (100% green).

The Group also mitigates the possible consequences of temporary business interruption due to external events or natural occurrences through various initiatives including insurance policies to cover damage to goods, business assets and insurance policies to cover damage resulting from business interruption.

Since 2020 Unieuro has also had a Sustainability Committee, which is called upon to carry out investigative, propositional and advisory functions to the Board of Directors on sustainability issues. It evaluates processes, initiatives and activities designed to pursue sustainable success, and thus to create value in the medium to long term for the benefit of shareholders, taking into account the interests of other relevant stakeholders.

In preparing the consolidated financial statements, the Group considered the issue of climate change and related risk factors. Though management does not currently see any significant risks in relation to climate change for the Group and its industry, the company's strategy in this area has been reinforced with the adoption of the 2022/26 Sustainability Plan. This includes a series of actions specifically targeting greater oversight of non-financial risks, including those related to climate change and to further reduce the Group's carbon footprint. Further details can be found in the Group's Non-Financial Statement.

18.2. Legal and non-compliance risks

The Group defines non-compliance risk as the possibility of incurring judicial and/or administrative sanctions, financial loss or reputational damage as a result of violations of mandatory rules (of law or regulations) or self-regulatory rules (By-Laws, codes of conduct, Self-Governance Codes). The Group conducts its business in areas regulated by national, EU and international legislation, the violation or variation of which could result in limitations to its operations or increased costs, with possible impacts on the financial statements.

Risks related to occupational health and safety - The Unieuro Group is exposed to the risk of not complying with occupational health and safety regulations and being subject to sanctions, temporary suspensions of activities, and disputes with employees. The company has adopted a control system that consists of the following main safeguards in compliance with legal regulations: (i) organisational chart that provides for roles and responsibilities in the field of occupational safety (delegates - supervisors - managers); (ii) risk assessment and drafting of the Risk Assessment Document (RAD); (iii) provision of infrastructural and individual safety systems (e.g. personal protective equipment); (iv) formalisation and dissemination of procedures; (v) staff training; (vi) health surveillance; (vii) monitoring.

To cope with the COVID-19 emergency, the company promptly adopted multiple safeguards in compliance with the provisions issued from time to time by the relevant authorities both nationally and locally, including but not limited to: distribution of masks and disposable gloves for all personnel, checks at the entrance of headquarters and stores to measure temperature and monitor people arriving, supplementation of the RAD with a specific appendix dedicated to pandemic risk, adoption of specific signage to differentiate entry and exit routes and for compliance with spacing, periodic cleaning and sanitisation of company premises, verification of green pass validity, etc. The company has also established a steering committee consisting of the heads of the main company departments, the PPSM and a representative of the company doctor. The safeguards to be adopted were detailed within appropriate formalised procedures that are constantly updated and disseminated.

19. Significant events during the year and after the end of the year

Significant events in the period

The acquisition of the Etnapolis store

As a result of participating in the competitive bidding process called by the Court, Unieuro was awarded and acquired on April 6, 2022 a business unit of Papino Elettrodomestici S.p.A., consisting of a store located in Valcorrente (Catania).

The prospective strengthening of logistics

On April 14, 2022, Unieuro signed an agreement with Vailog, a leading Italian real estate developer, aimed at opening a new logistics hub in Colleferro (Rome) serving central and southern Italy, to be operational by the beginning of 2024. Thanks in part to the imminent expansion of the central platform in Piacenza, the Company is thus taking a major new step in the evolution of its logistics set-up, which will reach 200,000 square metres of storage and goods handling capacity when fully operational.

On May 5, 2022, Unieuro signed a partnership with SES-imagotag, a world leader in digital solutions for physical retail, aimed at equipping Unieuro's entire direct network with the VUSION Retail electronic smart labels and IoT Cloud platform. Thanks to this initiative, which is among the digital transformation projects included in the "Our Omni-Journey to 2026" strategic plan, Unieuro will be able, on the one hand, to improve the effectiveness of customer communication, which will be digitally managed remotely, and, on the other hand, to enable store staff to devote themselves even more profitably to sales activities.

On May 11, 2022, the Board of Directors approved Unieuro's first Sustainability Plan, through which the company aims to respond to the growing environmental, social and governance expectations of its key stakeholders. The plan, over a four-year period in order to coincide with that of the Our Omni-Journey to 2026 Strategic Plan from which it takes up the four strategic pillars in the ESG sphere - Culture, Community, Sustainable Innovation and Talent, takes the form of 31 projects. This plan represents a key piece in Unieuro's strategic evolution toward a logic of integrated thinking, nurturing effective coordination among the various business functions and a wider dissemination of the culture of sustainability within the entire organisation.

The Shareholders' Meeting

On June 21, 2022, the Ordinary and Extraordinary Shareholders' Meeting of Unieuro, convened in a single call, approved the financial statements for the year ended February 28, 2022, approved the allocation of the profit for the year, including the distribution of a dividend of Euro 1.35 per share, approved the first and voted in favour of the second section of the Remuneration Report, approved the appointment of the Board of Directors and the Board of Statutory Auditors, approved the 2023-2028 Performance Shares Plan, approved the authorisation to purchase and dispose of treasury shares, including to service the Plan, and approved the authorisation to increase the share capital to service the Plan.

Appointment of Chief Executive Officer

On June 24, 2022, the newly elected Board of Directors of Unieuro S.p.A. appointed Giancarlo Nicosanti Monterastelli as the Company's Chief Executive Officer, in continuity with his previous position. All the remaining Directors are Non-Executive Directors, with the exception of Maria Bruna Olivieri by virtue of her position as General Manager.

Appointment of Internal Board Committees

On June 28, 2022, the newly elected Board of Directors of Unieuro S.p.A., in accordance with the Corporate Governance Code and Consob Related Party Transactions Regulation No. 17221/2010, reappointed the Internal Board Committees and appointed their members.

Resignation of the Executive Officer for Financial Reporting

On September 28, 2022, Marco Pacini, Chief Financial Officer and Executive Officer for Financial Reporting pursuant to Article 154-*bis* of Legislative Decree No. 58 of February 24, 1998, resigned to undertake a new professional appointment. Mr. Pacini maintained his duties and the above offices until December 31, 2022 in order to provide the necessary business continuity and ensure a smooth transition.

Piacenza logistics hub expansion

The expansion of the Piacenza logistics hub was opened on September 1, 2023.

Opening of new stores in Terni and Milan

On October 14, 2022 and October 15, 2022, the Terni and Milan Viale Stelvio stores, respectively, were opened.

LC Sustainability Awards 2022

On November 11, 2022, Unieuro was honoured at the LC Sustainability Awards 2022, the event dedicated to sustainability in various fields: financial, economic, governance, innovation, gender balance ratios in companies, environment, diversity, and ensuring rights.

Opening of the new Catania Etnapolis store

On December 15, 2022, the new store located in Valcorrente (Catania) was opened, which Unieuro had acquired on April 6, 2022.

Appointment of new Chief Financial Officer

On February 20, 2023, Marco Deotto was appointed Chief Financial Officer and Executive Officer for Financial Reporting pursuant to Article 154-*bis* of Legislative Decree No. 58/1998. Mr. Deotto, who boasts a high-profile professional background in multinational retail groups, will report directly to the CEO Giancarlo Nicosanti Monterastelli, assuming responsibility and coordination of Unieuro's Finance area, including Administration & Control, Finance, Investor Relations, Sustainability and M&A

Significant events following the closure of the period

On May 9, 2023 The Board of Directors also approved the new "Beyond Omni-Journey" Plan which seeks to consolidate Unieuro's leadership, positioning the company as the natural destination for the consumer for all technology needs.

20. Outlook[31]

In FY 2023/24, amid a still uncertain macroeconomic environment, Unieuro expects to outperform the market, with Revenues of approx. Euro 2.9 billion. In line with forecast market developments, the first half of the year is expected to contract, due to a comparison with a period which included the benefits of the government tax breaks, followed by a recovery in the second half of the fiscal year. Thanks to the Plan development actions, excluding events which are currently unforeseeable, Unieuro expects its growth to beat the market by approx. 2%, reaching revenues in the range of Euro 3.2-3.4 billion in FY 2027/28.

Adjusted EBIT is expected to grow from Euro 35-38 million in FY 2023/24 to Euro 55-65 million in the last fiscal year of the Plan, with annual double-digit growth.

The forecast cash generation over the Plan period shall support an expected increase in Net Cash from Euro 110-130 million at February 28, 2024 to Euro 250-270 million, before dividends, at the end of FY 2027/2028.

[31] For Further information about please refer to the press realese at https://unieurospa.com/en/_investor_relations/corporate-and-financial-press-releases/

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro thousands)		Year ended	
	Notes	February 28, 2023	February 28, 2022
Plant, machinery, equipment and other assets	5.1	77,009	79,281
Goodwill	5.2	196,110	196,072
Intangible assets with finite useful lives	5.3	49,274	45,661
Assets for rights of use	5.4	422,729	433,339
Deferred tax assets	5.5	45,113	44,606
Other non-current assets	5.6	24,906	17,830
Total non-current assets		815,141	816,789
Inventories	5.7	446,032	462,050
Trade receivables	5.8	66,081	42,988
Current tax assets	5.9	5,199	4,206
Other current assets	5.6	82,740	27,593
Cash and cash equivalents	5.10	66,653	141,534
Total current assets		666,705	678,371
Total assets		1,481,846	1,495,160
Share capital	5.11	4,140	4,140
Reserves	5.11	89,245	67,725
Profits/(losses) carried forward	5.11	31,143	66,484
Profit/(Loss) of third parties	5.11	-	-
Total shareholders' equity		124,528	138,349
Financial liabilities	5.12	-	-
Employee benefits	5.13	11,255	13,126
Other financial liabilities	5.14	379,521	389,501
Provisions	5.15	11,318	13,936
Deferred tax liabilities	5.5	3,946	3,769
Other non-current liabilities	5.16	993	519
Total non-current liabilities		407,033	420,851
Financial liabilities	5.12	-	-
Other financial liabilities	5.14	70,530	66,539
Trade payables	5.17	597,319	583,456
Current tax liabilities	5.9	1,041	1,041
Provisions	5.15	1,069	2,167
Other current liabilities	5.16	280,326	282,757
Total current liabilities		950,285	935,960
Total shareholders' equity and liabilities		1,481,846	1,495,160

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

CONSOLIDATED INCOME STATEMENT

(Euro thousands)		Year ended	
	Notes	February 28, 2023	February 28, 2022
Revenues	5.18	2,884,287	2,949,724
Other income	5.19	843	1,038
TOTAL REVENUE AND INCOME		2,885,130	2,950,762
Purchase of materials and external services	5.20	(2,523,890)	(2,673,301)
Personnel costs	5.21	(207,578)	(207,173)
Changes in inventory	5.7	(16,018)	89,997
Other operating costs and expenses	5.22	(7,167)	(5,220)
GROSS OPERATING RESULT		130,477	155,065
Amortisation, depreciation, and write-downs	5.23	(106,431)	(97,533)
NET OPERATING RESULT		24,046	57,532
Financial income	5.24	567	63
Financial expenses	5.24	(13,565)	(12,868)
PROFIT BEFORE TAX		11,048	44,727
Income taxes	5.25	(855)	(126)
PROFIT/(LOSS) FOR THE YEAR		10,193	44,601
Profit/(loss) of the Group for the financial year	5.11	10,193	44,601
Profit/(loss) of the third parties for the financial year	5.11	-	-
Basic earnings per share (in Euro)	5.26[32]	0.51	2.18
Diluted earnings per Share (in Euro)	5.26[30]	0.51	2.18

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro thousands)	Notes	Year ended February 28, 2023	Year ended February 28, 2022
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		10,193	44,601
Other components of comprehensive income that are or could be restated under profit/(loss) for the consolidated year:			
Gains/(losses) on cash flow hedging instruments ("cash flow hedges") and securities measured at fair value to OCI	5.14	281	175
Income taxes		(67)	(42)
Total other components of comprehensive income that are or could be restated under profit/(loss) for the consolidated year	5.11	214	133
Other components of comprehensive income that will not subsequently be restated under profit/(loss) for the consolidated year:			
Actuarial gains (losses) on defined benefit plans	5.13	2,207	292
Income taxes		(590)	(78)
Total other components of comprehensive income that will not subsequently be restated under profit/(loss) for the consolidated year	5.11	1,617	214
Total other components of comprehensive income		1,831	347
Total comprehensive income for the consolidated year		12,024	44,948

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

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)	Note	Year ended February 28, 2023	Year ended February 28, 2022
Cash flow from operations			
Consolidated profit/(loss) for the consolidated year	5.11	10,193	44,601
Adjustments for:			
Income taxes	5.25	855	126
Net financial expenses (income)	5.24	12,998	12,805
Amortisation, depreciation and write-downs of fixed assets	5.23	106,431	97,533
Other changes		1,290	1,951
Net cash flow generated/(absorbed) from operating activities before changes in Net Working Capital		131,767	157,016
Changes in:			
- Inventories	5.7	16,018	(89,997)
- Trade receivables	5.8	(23,093)	22,326
- Trade payables	5.17	17,553	76,703
- Other changes in operating assets and liabilities	5.6-5.15-5.16	(13,264)	6,571
Cash flow generated/(absorbed) by operating activities		(2,786)	15,603
Taxes paid	5.25	-	(9,287)
Interest paid	5.24	(10,544)	(11,130)
Net cash flow generated/(absorbed) by operating activities	5.27	118,437	152,202
Cash flow from investment activities			
Purchases of plant, machinery, equipment and other assets	5.1	(17,651)	(33,322)
Purchase of intangible assets	5.3	(21,526)	(17,071)
Investments in current FVOCI securities	5.10	(60,000)	-
Investments for business combinations and business units	5.14	364	(8,509)
Net cash inflow from acquisition	5.10	-	-
Cash flow generated/(absorbed) by investment activities	5.27	(98,813)	(58,902)
Cash flow from financing activities			
Increase/(Decrease) financial liabilities	5.12	(724)	(49,845)
Increase/(Decrease) in other financial liabilities	5.14	(3,313)	(2,122)
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	5.14	(63,334)	(57,320)
Buyback	5.11	-	(12,335)
Exercise - Long Term Incentive Plan	5.13	-	4,283
Distribution of dividends	5.11	(27,134)	(53,793)
Cash flow generated/(absorbed) by financing activities	5.27	(94,505)	(171,132)
Net increase/(decrease) in cash and cash equivalents		(74,881)	(77,832)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		141,534	219,366
Net increase/(decrease) in cash and cash equivalents		(74,881)	(77,832)
CASH AND CASH EQUIVALENTS AT END OF YEAR		66,653	141,534

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

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of Euro)	Note	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Fair value to OCI reserve	Reserve for actuarial gains/ (losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profits/ (losses) carried forward	Total shareholders' equity	Minority interests	Total shareholders' equity
Balance at February 28, 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 year		-	-	-	-	-	-	-	-	44,601	44,601	-	44,601
Other components of comprehensive income		-	-	-	133	-	214	-	-	-	347	-	347
Total comprehensive income for the year		-	-	-	133	-	214	-	-	44,601	44,948	-	44,948
Allocation of prior year result		-	11	627	-	-	-	-	(327)	(311)	-	-	-
Distribution dividends		-	-	-	-	-	-	-	-	(53,793)	(53,793)	-	(53,793)
Purchase of Treasury Shares		-	-	-	-	-	-	-	(12,335)	-	(12,335)	-	(12,335)
Share-based payment settled with equity instruments		87	-	-	-	-	-	(382)	4,196	2,333	6,234	-	6,234
Total transactions with shareholders		87	11	627	-	-	-	(382)	(8,466)	(51,771)	(59,894)	-	(59,894)
Balance at February 28, 2022	5.11	4,140	811	43,146	-	-	(1,648)	3,687	21,729	66,484	138,349	-	138,349

(In thousands of Euro)	Note	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Fair value to OCI reserve	Reserve for actuarial gains/(losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profits/(losses) carried forward	Total shareholders' equity	Minority interests	Total shareholders' equity
Profit/(loss) for the year		-	-	-	-	-	-	-	-	10,193	10,193	-	10,193
Other components of comprehensive income		-	-	-	-	214	1,617	-	-	-	1,831	-	1,831
Total comprehensive income for the year		-	-	-	-	214	1,617	-	-	10,193	12,024	-	12,024
Allocation of prior year result		-	17	19,052	-	-	-	-	(1,108)	(17,961)	-	-	-
Distribution dividends		-	-	-	-	-	-	-	-	(27,134)	(27,134)	-	(27,134)
Purchase of Treasury Shares		-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments		-	-	-	-	-	-	1,729	-	(439)	1,290	-	1,290
Total transactions with shareholders		-	17	19,052	-	-	-	1,729	(1,108)	(45,534)	(25,844)	-	(25,844)
Balance at February 28, 2023	5.11	4,140	828	62,198	-	214	(31)	5,416	20,621	31,143	124,528	-	124,528

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

NOTES

1. INTRODUCTION

The Unieuro Group (hereinafter also the "Group" or "Unieuro Group") consists of the companies Unieuro S.p.A. and Monclick S.r.l., consolidated as of June 1, 2017.

Unieuro S.p.A. (hereinafter also referred to as the "Company" or "Unieuro" or "UE") is a company under Italian law based in Forlì, Italy at 10 Via Piero Maroncelli, founded in the late 1930s by Vittorio Silvestrini. Unieuro is now the leading distributor of consumer electronics and domestic appliances in Italy and operates as an integrated omnichannel distributor in four main product segments: Grey (telephony, computer and photo), White (large and small appliances), Brown (consumer electronics and media storage), Other products (consoles, video games, bicycles), offering in parallel a wide range of services such as delivery and installation, extended warranty and consumer financing.

Monclick S.r.l. (hereinafter also referred to as "Monclick" or "MK"), a wholly-owned subsidiary of Unieuro, is a company under Italian law based in Milan at Via Marghera 28, sells IT, electronics, telephony and home appliance products online in Italy through the website www.monclick.it, offering a catalogue of more than 70,000 articles and guaranteeing a complete shopping experience, which is perfected with home delivery and installation of the chosen product. Unieuro also operates in the B2B2C segment, which caters to operators who need to purchase and distribute electronic products to regular customers or employees as part of points schemes, competitions, and incentive plans.

The Group's mission is to accompany customers at all stages of their purchasing journey, placing them at the centre of an integrated ecosystem of product and service offerings that sees accessibility, proximity and closeness as the pillars of its strategic approach.

Unieuro's shares have been listed on the EURONEXT STAR MILAN since April 2017.

The Company features an extensive and fragmented shareholder base, and thus is structured like a public company. The table below displays the percentage of Unieuro ordinary shares held either directly or indirectly by shareholders or individuals at the top of the equity chain who have declared that they exceed the relevant shareholding threshold per Article 120 of the Consolidated Finance Act and Consob Issuers' Regulation. The percentage shown in the table is accurate at the time of writing this Statement but may be subject to updates based on the information available to the Company:

SHAREHOLDER	DIRECT SHAREHOLDERS	NUMBER OF SHARES	% OF TOTAL SHARES COMPRISING THE SHARE CAPITAL
XAVIER NIEL	• ILIAD HOLDING S.P.A. • ILIAD SA	2,520,374	12.177%
AMUNDI ASSET MANAGEMENT	• AMUNDI SGR SPA	1,707,619	8.250%

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

The following are the accounting policies, main accounting principles and basis of preparation adopted in the preparation and drafting of the Consolidated Financial Statements. These principles and policies have been applied consistently for all fiscal years presented in this document taking into account that specified in Note 2.7.1 "Significant Accounting Policies."

2.1 Basis of preparation of Consolidated Financial Statements

The Group's consolidated financial statements comprise the consolidated statement of financial position, the consolidated income statement, the consolidated comprehensive income statement, the consolidated cash flow statement and the statement of changes in consolidated shareholders' equity for the year ended February 28, 2023, in addition to the statement of financial position, the income statement, the comprehensive income statement, the cash flow statement and the statement of changes in shareholders' equity for the year ended February 28, 2022 of Unieuro and the relative notes.

2.2 Basis of Presentation of the Consolidated Financial Statements

The Group's Consolidated Financial Statements have been prepared on a going concern basis, as the Directors have verified that there are no financial, management or other indicators that could signal critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months; for further details on the impacts of the COVID-19 pandemic and the impacts of the War in Ukraine by the Russian Federation, please refer to section 12. Coronavirus Epidemic and War in Ukraine of the Directors' Report.

The Consolidated Financial Statements are prepared under the historical cost convention, except for derivative financial instruments and securities measured at fair value.

Please refer to the Directors' Report for information on the nature of the company's business and subsequent events to year-end.

As of February 28, 2023, the Group is composed as follows:

(Euro thousands)	Share capital	% held	Parent
Unieuro S.p.A.			
Monclick S.r.l..	100.00	100.00%	Unieuro S.p.A.

The major shareholders of the parent company Unieuro as of February 28, 2023 are listed in the Introduction.

The Consolidated Financial Statements are presented in Euro, the Group's functional currency. Amounts are in thousands of Euro, except where specifically indicated. Rounding is undertaken at the level of each individual account with totalling thereafter. It should also be noted that any differences in some tables are due to the rounding of values expressed in thousands of euros.

The Consolidated Financial Statements as of February 28, 2023 approved by the Board of Directors on May 9, 2023 are audited and will be presented for approval at the Shareholders' Meeting.

2.3 IFRS Compliance Statement

The Consolidated Financial Statements have been prepared in accordance with International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and related interpretations (SIC/IFRIC), as adopted by the European Union.

In addition, the Consolidated Financial Statements have been prepared in accordance with the provisions adopted by Consob on financial statement formats pursuant to Article 9 of Legislative Decree No. 38/2005 and other Consob rules and regulations on financial statements. Specifically, it should be noted that with reference to Consob Resolution No. 15519 of July 27, 2006 and Communication No. DEM6064293 of July 28, 2006 regarding financial statements, specific consolidated income statement, consolidated statement of financial position, and consolidated cash flow statement have been included, with indication of significant related party transactions and specific consolidated income statement tables with indication, for each item, of the non-recurring component.

2.4 Consolidated Financial Statements

The Consolidated Financial Statements, in addition to these explanatory notes, consist of the following statements:

A) Consolidated statement of financial position: the statement of financial position is presented by presenting current and non-current assets and current and non-current liabilities separately, with a description in the notes for each asset and liability item of the amounts expected to be settled or recovered within or beyond 12 months from the date of the consolidated financial statements.

B) Consolidated income statement: the classification of costs in the consolidated income statement is based on their nature, showing the intermediate results related to gross operating income, net operating income and profit before tax.

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

D) Consolidated cash flow statement: the consolidated cash flow statement presents cash flows from operating, investing and financing activities. The cash flow statement is presented in accordance with the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or provisions for previous or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities. The cash flow statement has been prepared using the indirect method and is presented in accordance with IAS 7, classifying cash flows as operating, investing and financing activities.

E) Statement of changes in consolidated shareholders' equity: this statement includes, in addition to the result of the comprehensive income statement, the transactions directly with shareholders who acted in this capacity and the details of each individual component. Where applicable, the statement also includes the effects, for each equity item, resulting from changes in accounting policies.

The Consolidated Financial Statements are presented in comparative form.

2.5 Consolidation principles and consolidation scope

The Consolidated Financial Statements as of February 28, 2023 include the financial statements of the parent company Unieuro S.p.A. and those of the subsidiary Monclick S.r.l..

The financial statements of group companies used for line-by-line consolidation have been appropriately modified and reclassified to conform to the international accounting standards referred to above.

Subsidiaries

These are companies in which the Group exercises control as defined by IFRS 10. Control exists when the Group has the power, directly or indirectly, to determine the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the parent company are included in the Consolidated Financial Statements from the date control is assumed until such control ceases.

For the purpose of consolidating subsidiaries, the line-by-line method is applied, i.e. assuming the full amount of assets and liabilities and all costs and revenues. The carrying amount of the consolidated investment is then eliminated against the related equity. The Minority shareholders' equity and result is presented in a separate line item in the consolidated shareholders' equity and income statement, respectively.

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

- the acquisition cost consists of the fair value of the assets sold, taking into account any issue of equity instruments, and of the liabilities assumed, plus any costs directly attributable to the acquisition;

- the excess of the acquisition cost over the market value of the Group's share of net assets is accounted for as goodwill;
- if the acquisition cost is less than the fair value of the Group's share in the net assets of the acquired subsidiary, the difference is recognised directly in the income statement.

Transactions eliminated in the consolidation process

In the preparation of the Consolidated Financial Statements all balances and transactions between Group companies and unrealised gains and losses on inter-company transactions are eliminated. Unrealised gains and losses generated by transactions with jointly controlled and/or associated companies are eliminated in accordance with the Unieuro Group's interest in that company.

2.6 Use of estimates and valuations in the preparation of Consolidated Financial Statements

The preparation of the Consolidated Financial Statements, in application of IFRS, require that management make estimates and assumptions on the values of the assets and liabilities in the Consolidated Financial Statements and on the information relating to the assets and contingent liabilities at the reporting sheet date. Estimates and assumptions are based on facts known at the date of preparation of the Consolidated Financial Statements, management's experience, and other elements that may be considered relevant. The values that will result from the final data may differ from these estimates. Estimates are used to recognise provisions for doubtful debts and legal disputes, inventory obsolescence, assets related to capitalisation of contract obtainment costs, contract liability related to the sale of extended warranty services, lease liabilities, and right-of-use assets, perform asset valuations, goodwill impairment testing, actuarial valuation of employee benefits and share-based payment plan, as well as estimate the fair value of derivatives and assess the recoverability of deferred tax assets.

The estimates and assumptions are periodically reviewed and the effects of any variation are reflected in the Income Statement.

The principal measurement processes and key assumptions used by the Group in applying IFRS and which may have significant effects on the values recorded in the Consolidated Financial Statements or give rise to significant adjustments to the accounting values of assets and liabilities in the year subsequent to the reporting date are summarised below.

Recoverable value of non-current assets

Non-current assets include property, plant, machinery, equipment and other assets, goodwill, software and trademarks, and other non-current assets. The Group periodically reviews the carrying value of the non-current assets held and utilised and of assets to be disposed of, when events and circumstances require such. For goodwill, this analysis is carried out at least once a year and whenever facts and circumstances show possible impairment. The recoverability analysis of the carrying of non-current assets is generally made utilising the estimates of the future cash flows expected from the utilisation or from the sale of the asset and adjusted by discount rates for the calculation of the fair value. When the carrying amount of a non-current asset is impaired, the Group recognises a write-down for the excess between the carrying amount of the asset and its recoverable amount through use or sale, with reference to the cash flows from the most recent business plans.

The estimates and assumptions used as part of this analysis, particularly the goodwill impairment tests, reflect the Group's state of knowledge about business developments and take into account forecasts deemed reasonable about future market and industry developments that remain subject to a high degree of uncertainty.

Recoverability of deferred tax assets

The Group recognises deferred tax assets up to the amount for which recovery is deemed probable. Where necessary, the Group recognises adjustment items in order to reduce the value of deferred tax assets to the amount for which recovery is deemed probable. In assessing the recoverability of deferred tax assets consideration is made of budgets and forecasts for subsequent years consistent with those used for impairment testing and described in the paragraph above regarding the recoverable value of non-current assets.

Bad debt provision

The bad debt provision reflects management's estimate on losses on the client portfolio. The estimate of the bad debt provision is based on the expected losses by management, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions.

Inventory obsolescence provision

The inventory obsolescence provision reflects management's estimate of the expected impairment of assets, determined both on the basis of past and historical experience and expected market trends, including as a result of specific actions taken by the Group. This estimate allows the value of the inventory to be restored to the lower of cost and realisable value.

Contract assets related to the sale of warranty extension services

Among the services sold by the Group to its customers is the extension of product warranties beyond those already recognised by law by the manufacturer. This service is sold directly at the points of sale through the recognition of an additional amount over and above the amount of the product sold. Sales representatives are awarded an incentive for each additional sale of extended warranty services.

When warranty services are sold, the Group recognises an asset equal to the value of bonuses paid to employees and then recognises that asset as an expense over the life of that service. The release of this asset as an expense is determined based on estimated warranty repair work consistent with the reversal of the contract liability related to the sale of extended warranty services.

Trade payables

The Unieuro Group holds contracts for the supply of goods that include the provision of bonuses, discounts and, in certain circumstances, contributions classified as a reduction of trade payables. These premiums, discounts and contributions are recognised either as a percentage of quantities purchased, or as a fixed amount on quantities purchased or sold, or as a defined contribution. Predominantly with reference to agreements that have an expiration date later than the end of the fiscal year, which account for a minority share of the year's bonuses and contributions, determining their amount is a complex accounting estimate that requires a high degree of judgment as influenced by multiple factors. The parameters and information used for the estimate are based on the amount purchased or sold and on assessments that take into account historical data regarding the actual recognition of bonuses and contributions from suppliers.

Contract liabilities related to the sale of warranty extension services

Among the services sold by the Group to its customers is the extension of product warranties beyond those already recognised by law by the manufacturer. This service is offered by the Group and its affiliates and is sold directly at the point of sale for an additional fee to that of the product sold.

The extension of the warranty over the legal warranty can be temporal (more years covered) and/or on the risks covered (e.g., damage to the product) depending on the category of product sold.

When warranty services are sold, the Group recognises a liability equal to the sale value of that service, and then releases it as revenue over the term of that service. The release of this liability as revenue is determined on the basis of estimated warranty repair work. Warranty repair interventions are estimated based on historical information about the nature, frequency and cost of warranty interventions duly interpolated to simulate future event occurrence curves.

Lease liabilities and right-of-use assets

The Group recognises the right-of-use asset and the lease liability. Right-of-use assets are initially measured at cost, and subsequently at cost net of cumulative depreciation and impairment losses, while adjusted to reflect lease liability revaluations.

The Group measures the lease liabilities at the present value of the future payments not settled at the commencement date.

The lease liability is subsequently increased by the interest maturing on this liability and reduced for lease payments and is revalued in the case of changes to future lease payments deriving from a change in the index or rate or where the Group changes its assessment on the exercise or otherwise of a renewal or termination option.

Leasing contracts in which the Group acts as lessee may provide for renewal options with effects, therefore, on the term of the contract. Assessments as to whether there is a relative certainty that this option will (or will not) be exercised can influence, even significantly, the amount of lease liabilities and right-to-use assets.

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

Defined benefit plans and other post-employment benefits

The Group recognises a defined benefit plan (post-employment benefits) for employees.

With respect to employee benefit plans, the net financial charges are measured according to an actuarial method which requires the use of estimates and assumptions for the calculation of the net value of the obligation. The actuarial method considers parameters of a financial nature such as, for example, the rate of discount, the growth rates of salaries, and considers the probability of occurrence of potential future events through the use of parameters of a demographic nature, such as, for example, rates relating to mortality and employee resignation or retirement. Specifically, the discount rates taken as reference are rates or rate curves of corporate bonds with high creditworthiness in their respective markets. Changes in any of these parameters could result in effects on the amount of the liability.

Provisions

The Group recognises a provision against disputes and lawsuits in progress when it considers it probable that there will be a financial payable and when the amount of the charges arising can be reasonably estimated. In cases where the amount of financial outlay cannot be reliably estimated or the probability of such financial outlay becomes possible, no provision is recognised and the fact is reported in the notes to the financial statements.

In the normal course of business, the Group monitors the status of pending lawsuits and consults with its legal and tax advisors. It is therefore possible that the value of the Group's provisions for legal proceedings and litigation may change as a result of future developments in ongoing proceedings.

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

Share-based payment plan settled with equity instruments

Long Term Incentive Plan

The assumptions underlying the calculation were (i) volatility, (ii) the risk rate (equal to the yield on zero-coupon Eurozone government bonds with maturity close to the date on which the options are expected to be exercised), (iii) the exercise term equal to the duration between the grant date and the date of option exercise, and (iv) the amount of expected dividends. Finally, consistent with the provisions of IFRS 2, the likelihood of recipients' exit from the plan and the likelihood of achieving performance targets were taken into account. For further information, reference should be made to note 5.28.

Performance share 2020-2025

The fair value measurement is recorded using an actuarial methodology. The assumptions underlying the calculation were (i) the exercise term equal to the duration between the grant date and the award date and (ii) the share price at the time of valuation, (iii) the amount of expected dividends. Finally, consistent with the provisions of IFRS 2, the probability of exit of Recipients and the probability of achieving performance targets equal to 100%. For further information, reference should be made to note 5.28.

2.7 Main accounting policies

The accounting principles and policies adopted in preparing these Consolidated Financial Statements were the same as those applied in preparing Unieuro's Consolidated Financial Statements for the year ended February 28, 2022.

It should be noted that, on May 28, 2020, the IASB issued amendments to IFRS 16 "Leases COVID-19-Related Rent Concessions," introducing a practical expedient to the "Lease Modifications" section that allows the lessee to disregard any concessions on rent payments received as of January 1, 2020 and resulting from the effects of COVID-19 as an amendment to the original contract. Based on these amendments, these concessions can be accounted for as positive variable fees without going through a contract amendment. On March 31, 2021, the IASB published the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021, which extends by one year the application period of the amendment to IFRS 16, issued in 2020, and relating to the accounting for benefits granted to lessees due to COVID-19. In August 2021, the amendment completed the approval process and was published in the Official Journal of the European Union.

2.7.1 Main accounting policies

Business combinations and goodwill

Business combinations are recognised using the acquisition method. This requires, at the date of acquisition of control, recognition at fair value of the identifiable assets (including previously unrecognised intangible assets) and identifiable liabilities (including contingent liabilities and excluding future restructuring) of the acquired company.

Any contingent consideration is recognised by the Group at fair value at the date of acquisition. The change in the fair value of the contingent payment classified as an asset or liability will be recorded, in accordance with IFRS 9, in the income statement. If contingent consideration is classified in equity, its initial value will never be subsequently restated.

Goodwill arising from a business combination is initially measured at cost represented by the excess of the fair value of the consideration transferred over the Group's share of the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities. The goodwill acquired in a business combination is allocated, at the acquisition date, to the Group's cash-generating units, or to the group of cash-generating units which should benefit from the synergies of the business combination, independently of the fact that other assets or liabilities of the Group are allocated to this unit or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the smallest level within the Group at which goodwill is monitored for internal management purposes;
- is no larger than the identified operational segments.

When the goodwill constitutes part of a cash- generating unit and part of the internal activities of this unit are sold, the goodwill associated with the activity sold is included in the carrying amount of the activity to determine the gain or loss deriving from the sale. The goodwill sold in these circumstances is measured on the basis of the relative values of the activities sold and of the portion of the unit maintained.

Any gains from a favourable business purchase are recognised immediately in the income statement, while costs related to the combination, other than those related to the issuance of debt or equity instruments, are recognised as expenses in the income statement when incurred.

After initial recognition, goodwill is not amortised and reduced by any impairment losses, determined in the manner described in "Impairment losses on non-financial assets."

Transactions under common control, are accounted for at carrying amounts, i.e. without giving rise to any gain, in accordance with the relevant accounting standards, as well as with the guidance of OPI 1 (Assirevi Preliminary Guidance on IFRS) on "accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements". According to this guideline, in the case of business combinations where the acquired company is controlled by the same entity, both before and after the acquisition, net assets should be recognised at the book values that resulted from the accounts of the acquired companies before the transaction. Where transfer values are higher than these historical values, the excess must be eliminated by making a downward adjustment to the acquirer's equity.

Fair value hierarchy levels

Various accounting standards and some disclosure requirements require the determination of the fair value of financial and non-financial assets and liabilities. Fair value represents the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market participants on the valuation date. The standard, to increase the comparability of fair value data and valuations, establishes a hierarchy identified in three different levels to reflect the significance of the inputs used in determining fair value. The identified levels are divided into:

- Level 1: Inputs are listed (unmodified) prices in active markets for identical assets or liabilities that the entity can access on the valuation date. The listed price in an active and liquid market is the most reliable test for measuring fair value, and if the market for the asset/liability is not unique, it is necessary to identify the market that is most beneficial for the instrument;

- Level 2: Inputs other than listed prices included in Level 1 that are observable, directly or indirectly, for the assets or liabilities to be valued. If the asset or liability has a specified duration, a Level 2 input must be observable for the entire duration of the asset or liability. Some examples of instruments falling within the second hierarchical level are: assets or liabilities in non-active markets or interest rates and yield curves observable at commonly quoted intervals;

- Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used only when Level 1 and Level 2 inputs are not available. Despite this, the purpose remains the same, which is to determine a closing price at the valuation date, thus reflecting the assumptions that market participants would use in pricing the asset or liability, including risk-related assumptions.

Plant, machinery, equipment and other assets

Recognition and measurement

Tangible fixed assets are measured at purchase cost including directly attributable ancillary expenses and net of accumulated depreciation and impairment losses.

Any borrowing costs incurred in the acquisition or construction of capitalised assets for which a specified period of time normally elapses before the asset is ready for use or sale are capitalised and depreciated over the life of the asset class to which they relate. All other financial expenses are recognised in the income statement during the year to which they relate.

If a tangible fixed asset is composed of several components having different useful lives, these components are accounted for separately (where they are significant components).

The gain or loss generated by the disposal of property, plant, machinery, equipment and other assets is determined as the difference between the net disposal consideration and the net residual value of the asset, and is recognised in the income statement in the year in which the disposal takes place.

Subsequent costs

Costs incurred after the purchase of the assets and the replacement cost of certain parts of the assets recorded in this category are added to the carrying amount of the item to which they relate and capitalised only if they increase the future economic benefits inherent in the asset. All other costs are expensed as incurred.

When the replacement cost of some parts of the assets is capitalised, the net carrying amount of the replaced parts is expensed to the income statement. Extraordinary maintenance expenses that increase the useful life of property, plant and equipment are capitalised and depreciated on the basis of the remaining useful life of the asset. Costs for routine maintenance are recognised in the income statement in the year they are incurred.

Assets under construction are recorded at cost in “assets in progress” until their construction is available for use; upon their availability for use, the cost is classified in the relevant item and subject to depreciation.

Depreciation

The depreciation period begins when the asset is available for use and ends on the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 or the date the asset is derecognized. Any changes to depreciation schedules are applied prospectively.

The amount to be depreciated is the carrying amount reduced by the net realisable value at the end of its useful life, where significant and can be reasonably determined.

Depreciation rates are determined on the basis of economic-technical rates calculated in relation to the estimated useful life of individual assets established in accordance with the company’s plans for their use, which also consider physical and technological degradation taking into account the realisable value net of scrapping costs. When the property, plant and equipment consists of several significant components having different useful lives, depreciation is carried out separately for each component. When events occur, which indicate a possible impairment loss of property, plant and equipment, or when there are significant reductions in the market value of property, plant and equipment, significant technological changes or significant obsolescence, the net carrying amount, regardless of depreciation already accounted for, is subject to verification based on the estimated present value of estimated future cash flows and adjusted if necessary. If subsequently these adjustments are no longer required, the impairment losses recorded in prior years are restated up to the carrying amount which would have been recorded (net of depreciation).

Depreciation is calculated on a *pro-rata temporis* basis on a straight-line basis over the estimated useful life of the asset by applying the following percentage rates:

Category	% used
Property, plant and equipment	15%
Industrial and commercial equipment	10%-15%
EDP	20%
Furnishings	15%
Office furniture and fittings	12%
Motor vehicles/trucks	25%
Mobile telephones	20%
Leasehold improvements	duration of contract
Other assets	15%-20%

Intangible assets with finite useful lives

Recognition and initial measurement

Intangible assets acquired separately are initially capitalised at cost, while those acquired through business combinations are capitalised at fair value on the acquisition date. After initial recognition, the intangible assets are recorded at cost less accumulated amortisation and any loss in value.

Subsequent costs

Subsequent costs are only capitalised when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs are expensed to the income statement when incurred.

Amortisation

Intangible assets are amortised over their useful lives and tested for impairment whenever there are indications of possible impairment. The amortisation period and method applied is reviewed at the end of each year or more frequently if necessary. Any changes to amortisation schedules are applied prospectively.

The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales proceeds and the book value of the intangible asset, and are recorded in the income statement in the year in which they are eliminated.

Amortisation is calculated on a *pro-rata temporis* basis on a straight-line basis over the estimated useful life of the intangible asset by applying the following percentage rates:

Category	% used
Software	20%
Software- ERP	10%
Entry rights	Based on the lease term from the date of opening of the store
Brands	5-10%

Leased assets

The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for payments due for leases undertaken at the commencement date or before, plus initial direct costs incurred and an estimate of the costs which the lessee is expected to incur for the dismantling or removal of the underlying asset or for the refurbishment of the underlying asset or of the site at which it is located, net of the leasing incentives received.

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

At the lease commencement date, the Group recognises the lease liabilities measuring them at the present value of the future lease payments not yet settled at that date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Group and the lease termination penalty payments, where the lease duration takes account of the exercise by the Group of the termination option on the lease. The variable lease payments not depending on an index or a rate are recognised as costs in the period in which the event or the condition generating the payment occurs.

In calculating the present value of payments due, the Group uses the marginal borrowing rate. After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amount of the lease liabilities are restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the payments; it is also restated in the event of changes in future payments resulting from a change in the index or rate used to determine those payments.

The Group applies the exemption for the recognition of leases related to low-value assets and contracts with a term of 12 months or less.

The Group, as an intermediate lessor in a sub-leasing contract, classifies the sub-leasing as financial with reference to the assets consisting of the right-of-use arising from the main lease.

The Group adopted the amendment to IFRS 16 "Leases Covid 19-Related Rent Concessions" which allows the lessee not to consider any concessions on rent payments received from January 1, 2020 and resulting from the effects of Covid-19 as a modification of the original contract. Based on these amendments, these concessions were accounted for as positive variable fees without going through a contract amendment. More details can be found in Section 2.7.1 Changes in Accounting Policies.

Financial assets

The Group determines the classification of its financial assets based on the business model adopted for managing them and the characteristics of the related cash flows and, where appropriate and permissible, reviews this classification at the end of each fiscal year.

a) Financial assets measured at amortised cost

Financial assets classified in this category must comply with the following requirements:

(i) the asset is held within a business model whose objective is the holding of assets for the collection of the contractual cash flows; and

(ii) the contractual terms of the assets establish cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

These are mainly customer receivables, loans and other receivables.

Trade receivables that do not contain a significant financial component are recognised at the price defined for the relevant transaction (determined in accordance with IFRS 15 Revenue from Contracts with Customers).

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

Transferred receivables are derecognised if the transfer involves the full transfer of the associated risks and rewards (contractual right to receive the cash flows of the financial asset). The difference between the carrying amount of the asset sold and the consideration received is recognised under financial items.

In subsequent measurement, financial assets at amortised cost, except for loans that do not contain a significant financial component, use the effective interest rate. The effects of this measurement are recognised under financial items.

With reference to the impairment model, the Group evaluates receivables by adopting an expected loss logic (so-called Expected Loss).

For trade receivables, the Group adopts a Simplified approach to valuation, which does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss (so-called ECL) calculated over the entire life of the receivable (so-called lifetime ECL).

Specifically, trade receivables are fully written down if there is no reasonable expectation of recovery (e.g. bankruptcy situations).

Write-downs made in accordance with IFRS 9 are recognised in the consolidated income statement net of any positive effects associated with releases or reversals of impairment and are shown under operating expenses.

b) Financial assets at fair value through the consolidated income statement ("FVOCI")

Financial assets classified in this category must comply with the following requirements:

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

(ii) the contractual terms of the assets establish cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

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

With reference to the impairment model reference should be made to a) above.

c) Financial assets at fair value through the consolidated income statement ("FVPL")

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

Assets in this category are recorded at fair value upon initial recognition.

Ancillary costs incurred at the time of asset recognition are expensed immediately to the consolidated income statement.

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

Gains and losses arising from fair value changes are recognised in the consolidated income statement in the period in which they occur.

Purchases and disposals of financial assets are accounted for on the settlement date.

Financial assets are removed from the balance sheet when the relevant contractual rights expire, or when the Group transfers all risks and rewards of ownership of the financial asset.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes all acquisition costs to bring the inventories to their current location and condition. Specifically, the purchase price net of premiums attributable to products and other costs directly attributable to the purchase of goods are included. Trade discounts, returns and other similar items are deducted in determining purchase costs. The method used to attribute the cost of inventories is weighted average cost.

The value of obsolete and slow-moving inventories is written down in relation to the possibility of utilisation or realisation through allocation of the inventory obsolescence provision.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand and short-term deposits, in the latter case with original maturity due within three months. For the purposes of the cash flow statement, cash and cash equivalents are cash and cash equivalents as defined above net of bank overdrafts.

Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received net of transaction costs that are directly attributable to the loan. After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. The interest is recognised under financial expense in the income statement.

When there is a change in the expected cash flows, the value of the liabilities are recalculated to reflect this change, based on the present value of the new expected cash flows and on the internal yield initially determined.

Post-employment benefit liabilities

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

Defined contribution programs are post-employment benefit plans under which the Group and sometimes its employees make predetermined contributions to a separate entity (a fund) and the Group does not and will not have a legal or implied obligation to pay further contributions if the fund does not have sufficient assets to meet its obligations to employees.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans may be unfunded or fully or partially funded by contributions made by the company, and sometimes by its employees, to a company or fund, legally separate from the company that provides them to employees.

The accrued amount is projected to the future to estimate the amount payable upon termination of employment and then discounted to take into account the time elapsed before actual payment.

Adjustments to employee benefit liabilities are determined on the basis of actuarial calculations, based on demographic and financial assumptions, and are recognised on an accrual basis consistent with the employment services required to obtain the benefit. The amount of rights accrued during the year by employees and the share of interest on that accrued at the beginning of the period and on the corresponding movements referring to the same period observed is charged to the income statement under "Personnel costs," while the notional financial expense resulting from carrying out the actuarial calculation is recognised in the statement of comprehensive income under "Actuarial gains (losses) on defined benefit plans."

The actuarial valuation is entrusted to an external actuary.

As a result of the changes made to the rules governing post-employment benefits ("T.F.R.") by Law No. 296 of December 27, 2006, and subsequent Decrees and Regulations ("Pension Reform") issued in early 2007:

- the Post-Employment Benefits vested at December 31, 2006 is considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, in the form of Post-Employment Benefits, paid on the termination of employment, are recognised in the period the right vests;
- the post employment benefits accrued after January 1, 2007 are considered a defined contribution plan and therefore contributions accrued during the period have been fully recognised as an expense and, for the portion not yet paid to the funds, shown as a liability under "Other current liabilities."

Provisions

Allocations to provisions are made when the Group must fulfil a current obligation (legal or implicit) arising from a past event, when an outflow of resources in order to fulfil this obligation is probable and it is possible to make a reliable estimate of its amount. When the Group believes that a provision will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately and distinctly in assets if, and only if, it is practically certain. In such a case, the cost of any provision is presented in the income statement net of the amount recognised for compensation. If the effect of discounting the value of money is significant, provisions are discounted for the non-current portion.

Restructuring provision

A restructuring provision is recognised when a detailed formal programme for restructuring has been approved and restructuring has begun or has been publicly announced in major aspects to interested third parties.

Trade payables

Payables are recorded at nominal value net of premiums, discounts, returns or billing adjustments, representative of the fair value of the obligation. When, in view of the payment terms agreed upon, a financial transaction is involved, the payables, measured by the amortised cost method, are discounted to the nominal value to be paid, charging the discount as a financial expense.

Impairment losses on non-financial assets

The Group assesses whether there are any indicators of impairment of property, plant and equipment and intangible assets. If there is any indication, the Group proceeds to estimate the recoverable amount of the asset (impairment test).

The accounting standard does not require formal preparation of an estimate of recoverable amount except when there are indicators of impairment. The exception to this principle is assets not available for use and goodwill acquired in business combinations, which must be tested for impairment at least annually and whenever there are indicators of impairment. The Group has set the reporting date as the time for impairment testing for all those assets where annual analysis is required.

The impairment test is entrusted to an external expert.

In assessing whether there is an indication that the asset may be impaired, the Group considers:

- increase in market interest rates or other investments that may affect the Group's calculation of the discount rate, thereby decreasing the recoverable amount of the asset;

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

- physical obsolescence unrelated to depreciation that the asset has undergone over a given period of time;

- any extraordinary plans implemented during the year, the impact of which could also be reflected on the activity under analysis (e.g. corporate restructuring plans);

- operating losses arising from infra-annual results.

If from the analyses the Group identifies potential asset impairment losses, management performs a preliminary review related to the useful life, depreciation criteria, and residual value of the asset and, based on the applicable accounting standard, implements any changes on these parameters; only at a later stage will the specific analysis related to asset impairment be performed.

As described by IAS 36, the recoverable amount of an asset is the higher of the value in use and the fair value (net of costs to sell) of the asset. Moreover, in the definition identified by the international accounting standard, the provisions are considered the same for both individual assets and cash-generating units.

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

Value in use: value in use is considered the present value of all cash flows of the asset, or the generating unit, subject to valuation that are expected to arise. In detail, the asset will generate cash flows, which will be discounted at a pre-tax rate that reflects market assessments of the present value of money and asset-specific risks. These cash flows are determined according to business plans. These plans are constructed based on detailed budgets and calculations that are prepared separately for each asset/cash-generating unit. The budgets used do not include effects from extraordinary activities (restructuring, sales and acquisitions) and cover a time span of up to five fiscal years;

Fair value: is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. The Group, in order to determine the fair value of the asset, uses valuation models based on listed equities, valuation multipliers, and other available indicators;

Cash Flow Generating Unit (or cash flows): a cash flow generating unit (CGU) is a set of assets that, taken together, generate cash inflows and outflows independent of the cash flows generated by other assets. When we speak of a set of assets, we consider the smallest identifiable Group capable of originating inflows;

Carrying amount: carrying amount means the value of assets less depreciation, write-downs and revaluations.

The accounting standard gives the option of determining only one between fair value and value in use. In fact, if either value is higher than the carrying amount, there is no need to identify the other amount as well. In addition, the fair value of an asset or cash-generating unit is not always measurable, as there may be no criterion that makes a reliable estimate of the asset's selling price in a regular transaction between market participants. In these cases, it is possible to consider the asset's value in use as its recoverable value.

Once all useful values have been identified and determined for the purpose of valuing the asset or CGU, its carrying amount and recoverable amount are compared; if the carrying amount is higher than the recoverable amount, the Group will write down the asset to its recoverable amount.

At each reporting date, the Group also evaluates, in relation to the assets other than goodwill, the existence of indicators of a recovery in the loss of value previously recorded and, where these indicators exist, makes an estimate of the recoverable value. The value of an asset previously written down may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset on recording of a loss in value.

The recovery of value cannot exceed the carrying amount which would have been calculated, net of depreciation or amortisation, where no such loss in value was recorded in previous years. This recovery is recognised in the income statement.

Derivative financial instruments and hedge accounting

The Group does not hold speculative derivative financial instruments. However, where derivative financial instruments do not comply with all of the conditions established for the recognition of derivative hedging financial instruments (hedge accounting), the fair value changes of these instruments are recorded to the income statement as financial charges and/or income.

Therefore, derivative financial instruments are accounted for under hedge accounting rules when:

- the hedging instrument is formally designated and documented at the start of hedging;
- the hedge is expected to be highly effective;
- the efficacy may be reliably measured and the hedge is highly effective over the designated periods.

The Group uses derivative financial instruments to hedge its exposure to interest rate and exchange rate risks.

Derivatives are initially measured at fair value; attributable transaction costs are recognised in the income statement as they are incurred. After initial recognition, derivatives are measured at fair value. Related changes are accounted for as described below.

Cash flow hedging

The changes in the fair value of the cash flow hedge are recognised directly to net equity to the extent for which the hedge is effective. For the ineffective portion, changes in fair value are recognised in the income statement.

Hedge accounting, as indicated above, ceases prospectively if the instrument designated as a hedge:

- no longer meets the criteria required for hedge accounting;
- comes to an end;
- is sold;
- is ceased or exercised.

The accumulated gain or loss is retained in equity until the prospective transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same year in which the hedged item affects the income statement.

Share-based payments

Key executives and some Group managers may receive part of their remuneration in the form of share-based payments. According to IFRS 2, the same are to be considered equity-settled plans. The vesting of the right to payment is related to a vesting period during which managers must perform as employees and achieve performance goals. Therefore, during the vesting period, the present value of share-based payments as of the grant date is recognised in the income statement as an expense with an offsetting entry to a separate equity reserve. Subsequent changes in the present value to the grant date do not have an effect on the initial value. Specifically, the cost, corresponding to the present value of the options at the grant date, is recognised under personnel costs on a straight-line basis over the vesting period with counter-entry recorded to equity.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, part of a similar financial asset) is derecognised when:

- the right to receive the financial cash flows of the asset terminate;
- the Group retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party.

A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled.

Revenue

Revenue from contracts with customers are recognised in accordance with IFRS 15. On the basis of the five-stage model introduced by IFRS 15, the Group recognises revenue after identifying the contracts with its customers and the related services to be provided (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for the provision of each of these services, and assessing the way in which these services will be provided (provision at a specific time versus provision over time).

Revenue is recognised when performance obligations are met through the transfer of promised goods or services to the customer, it is probable that economic benefits will be achieved by the Group, and the amount of revenue can be reliably determined, regardless of collection. The transaction price, which represents the amount of consideration the entity expects to receive for providing goods or services to the customer, is allocated based on the stand-alone selling prices of the relevant performance obligations.

Revenue is measured excluding discounts, rebates, premiums and other sales taxes.

The following specific revenue recognition criteria must be met prior to recognition in the income statement:

Sale of goods

The revenue is recognised when control of the goods passes to the customer and the company has transferred all significant risks and benefits associated with ownership of the goods to the buyer, generally at the time of the consumer's purchase of the product at the point of sale, on home delivery of the goods in the case of home shipment and on transfer of ownership for Indirect and B2B channel customers. In addition, sales in which delivery is deferred at the buyer's request ("bill and hold") are recognised as revenue at the time of purchase by the consumer. The revenue is recognised as the asset is available, is identified and ready to be delivered, and in addition, the deferral of delivery has been requested by the buyer. Similarly, the sales proceeds are recognised at the time of purchase of the goods by the consumer even if installation of the goods is required: the proceeds are recognised immediately upon acceptance of delivery by the purchaser when the installation process is very simple (e.g., installation of an appliance that requires only unpacking, electrical connection, and plugging in).

The Group operates a customer loyalty programme based on points collection, called Unieuro Club, by which customers are allowed to accumulate loyalty points when they purchase products in Unieuro brand stores. Once a certain minimum number of points is reached, the points can be used as a discount on the purchase of another product. The duration of the programme coincides with the fiscal year. The Group recognises a revenue adjustment item estimated on the basis of points accrued and not yet spent, the value of the discount to be recognised as provided by the loyalty programme, and historical information about the percentage of customer use of loyalty points.

Right of return

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

a) adjusts sales revenue by the amount of consideration for products for which returns are expected;

b) recognises a liability for future repayments;

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

Provision of services

Revenue and expense arising from the provision of services (revenue realised over time) are recognised based on an assessment of the entity's progress toward full performance of the obligation over time, including installation services. Specifically, transfer over time is evaluated based on the input method, that is, considering the efforts or inputs used by the Group to fulfil the individual performance obligation.

For the sale of services to extend warranties beyond those already recognised by the manufacturer by law, the Group recognises the revenue over the duration of the provision of such service, based on the estimated interventions for warranty repairs. Warranty repair interventions are estimated based on historical information about the nature, frequency and cost of warranty interventions duly interpolated to simulate future event occurrence curves.

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

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

Commissions

Fees that are received on the sale of certain goods and services such as consumer financing, telephone contracts, etc. are calculated as a percentage of the value of the service performed or sometimes according to a fixed fee and correspond to the amount of commission received by the Group.

Costs

Costs and other operating expenses are recognised in the income statement when they are incurred on an accrual basis and correlated with revenues, when they do not produce future economic benefits or the latter do not qualify for recognition as assets.

Costs for the purchase of goods are recognised when all risks and rewards of ownership are assumed and are measured at the fair value of the consideration receivable net of any returns, allowances, trade discounts, contributions and premiums.

Agreements with suppliers provide for the recognition of bonuses, discounts and, in certain circumstances, contributions. These premiums, discounts and contributions are recognised either as a percentage of quantities purchased, or as a fixed amount on quantities purchased or sold, or as a defined contribution. For commercial agreements that have an expiration date later than the end of the fiscal year, an accrual estimate is made based on the amount purchased or sold, and on valuations that take into account historical data regarding the actual recognition of these types of bonuses and contributions.

Service costs are recognised based on the status of service at the end of the year.

Costs arising from operating leases that are outside the scope of IFRS 16 are recorded on a straight-line basis over the term of the relevant leases. Additional costs that are contingent and determined on the basis of revenue earned at the specific point of sale are accounted for on an accrual basis during the contract period.

Financial income and expenses

Financial income and expenses are recognised in the income statement on an accruals basis using the effective interest method. The effective interest method is the rate that exactly discounts the expected future cash flows, based on the expected life of the financial instrument, to the net carrying amount of the financial asset or liability.

Income taxes

Current income taxes

Income taxes are determined on the basis of a realistic forecast of tax liabilities to be paid in consideration of the accrual basis and in application of current tax regulations. The tax rates and regulations used to calculate such amounts are those issued or substantially in force as at the reporting date of the financial statements. Current income taxes, relating to items recognised outside the income statement, are charged directly to the comprehensive income statement, and then to equity, consistent with the recognition of the item to which they relate.

It should be noted that, as of the fiscal year ended February 28, 2019, Unieuro S.p.A. exercised the option for the National Tax Consolidation regime as a “Consolidating Company” (pursuant to Article 117 of Presidential Decree No. 917 of December 22, 1986), jointly with the “Consolidated Company” Monclick S.r.l.. The option permits the determination of IRES due on a taxable base corresponding to the sum of taxable income and tax losses earned by individual companies participating in the Consolidation. The economic relations, responsibilities and mutual obligations between the “Consolidating Company” and the “Consolidated Company” have been regulated in detail in a specific contract that defines the operating procedures for the management of tax positions among the different companies participating in the National Tax Consolidation.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the financial statements. Deferred tax liabilities derive from all temporary differences, except when the deferred tax liability derives from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the profit for the year calculated for the financial statements or on the profit or loss calculated for tax purposes.

Deferred tax assets are recognised for all deductible temporary differences and for tax loss carryforwards to the extent that it is probable that there will be adequate future taxable profits to allow deductible temporary differences and tax loss carryforwards to be utilised. The value to be recognised in the financial statements of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer likely that sufficient tax profits will be available in the future in order to allow the recovery of this asset. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become likely that future taxable income will be sufficient for their recovery.

Deferred taxes are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the liabilities are settled, considering current tax rates and those already issued or substantially issued at the reporting date.

Deferred tax assets and liabilities are offset if they relate to taxes of the same fiscal authority and there is a legal right to offset current tax assets and liabilities.

Capital paid-in

Government grants are recognised when it is reasonably certain that the conditions required to obtain them will be satisfied and that they will be received.

The public grants relating to property, plant and equipment are recorded as deferred revenue in the account “Other non-current liabilities”. The deferred revenue is recorded in the income statement as income on a straight-line basis in accordance with the useful life of the asset to which the grant was received.

Effects of changes in foreign exchange rates

The Financial Statements are presented in Euro, which is the operating and presentation currency adopted by the Group. Transactions in foreign currency are initially recorded at the exchange rate (referred to the operative currency) at the transaction date. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the reporting date. All exchange differences are recognised in the income statement. Non-monetary items valued at historical cost in foreign currency are translated by using the exchange rates in effect on the date the transaction was first recorded. The non-monetary accounts recorded at fair value in foreign currencies are converted using the exchange rate at the date the value was determined.

Earnings per share

Earnings per share - basic

Basic earnings per share is calculated by dividing Group profit by the number of shares in Unieuro S.p.A. as of the date of approval of the financial statements.

Earnings per share - diluted

Diluted earnings per share is calculated by dividing Group profit by the number of shares in Unieuro S.p.A. as of the date of approval of the financial statements. To calculate the diluted earnings per share, shares are modified by including all beneficiaries of rights which potentially have a dilutive effect.

Treasury shares

Treasury shares are recognised as a deduction from Shareholders' Equity. The original cost of the treasury shares and the income deriving from any subsequent sale are recognised as equity movements.

Segment information

An operating segment is defined by IFRS 8 as a component of an entity that i) engages in revenue- and cost-generating business activities (including revenue and costs relating to transactions with other components of the same entity); ii) whose operating results are reviewed periodically at the entity's highest level of operational decision-making for the purpose of making decisions about resources to be allocated to the segment and assessing performance; and iii) for which separate financial statement information is available.

Segment reporting has been prepared in accordance with the provisions of IFRS 8 "Operating Segments", which require reporting to be presented in a manner consistent with how the highest level of management makes operational decisions. Therefore, the identification of operating segments and the information presented are defined on the basis of internal reporting used by the Group for the purpose of resource allocation and analysis of related performance.

Related parties

Creditor/debtor and income/cost transactions with related parties are part of normal business operations within the scope of the typical activity of each party involved, and are regulated at market conditions.

Dividends

Dividends are recognised when the right of shareholders arises, in accordance with locally applicable regulations, to receive their payment, which occurs subsequent to the specific Shareholders' Meeting resolution.

2.8 New accounting standards

IFRS and IFRIC standards, amendments and interpretations not yet endorsed by the European Union

- On February 12, 2021, the IASB published the amendment to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies. The amendments are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements. These amendments will be applied from January 1, 2023.

- On February 12, 2021, the IASB published the amendment to IAS 8 Accounting policies, Changes in Accounting Estimate and Errors: Definition of Accounting Estimates. The amendments are intended to help companies distinguish changes in accounting estimates from changes in accounting policy and will apply to acquisitions after January 1, 2023.

- On May 7, 2021, the IASB published some amendments to IAS 12, the standard on income taxes, aimed at clarifying how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will be applied from January 1, 2023.

- On May 18, 2017, the IASB issued IFRS 17 Insurance Contracts. The standard seeks to improve investors' understanding of, but not limited to, insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was issued in 2004 as an interim standard. The standard enters into force from January 1, 2023.

- On December 9, 2021, the IASB issued a limited scope amendment "Initial Application of IFRS 17 and IFRS 9 - Comparative Disclosures" to the transition requirements of IFRS 17 Insurance Contracts that provides insurers with an option to improve the usefulness of the information for investors upon initial application of the new standard. The amendments will be applied from January 1, 2023.

IFRS Standards, Amendments and Interpretations not yet approved by the European Union

The International Accounting Standards Board (IASB) published on January 23, 2020, the exposure draft "Non-current Liabilities with Covenants (Proposed amendments to IAS 1)" and on October 31, 2022, it published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the documents is to clarify how to classify payables and other short or long-term liabilities.

On September 22, 2022, the IASB published Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently evaluates sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale.

These amendments come into effect for periods beginning from January 1, 2024.

Based on the facts and cases to which the new documents apply and taking into account the current accounting policies adopted by the Group, it is considered that there will be no significant impact from the first application of these documents.

3. FINANCIAL RISK MANAGEMENT

The principal business risks identified, monitored and, as illustrated below, actively managed by the Group are as follows:

- credit risk (both in relation to normal commercial transactions with clients and financial activities);
- liquidity risk (with reference to the availability of financial resources and access to the credit market and financial instruments in general);
- market risk (defined as foreign exchange and interest rate risk).

The objective is to maintain a balanced management of its financial exposure over time to ensure a liability structure that is in equilibrium with the composition of assets and capable of ensuring the necessary operational flexibility through the use of liquidity generated by current operating activities and recourse to bank financing.

The most widely used financing instruments are represented by:

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

The following section provides qualitative and quantitative information on the impact of these risks.

3.1 Credit risk

Credit risk is understood as the possibility that an unexpected change in a counterparty's creditworthiness will expose the Group to the risk of default, subjecting it to potential losses. It should be noted that the credit risk faced by the Group is minimised since sales are mainly made to the end consumer who pays the consideration when the product is picked up. Sales to affiliates (Indirect channel[33]) and wholesale customers (B2B channel), which together account for about 12.1% of Group revenues as of February 28, 2023, require the Group to use strategies and tools to reduce this risk. The Group has credit control processes in place that involve obtaining bank sureties to cover a significant amount of outstanding business with customers, analysing customer reliability, assigning a credit limit, and monitoring exposure through reports with a breakdown of due dates and average collection times. There are no significant risk concentration positions. Other receivables mainly refer to receivables from the tax authorities and the public administration and advances for services and therefore have limited credit risk.

Financial assets are recognised net of impairment calculated on the basis of counterparty default risk. This is determined according to procedures that may provide for either write-downs of individual positions, if individually significant, for which an objective condition of total or partial

[33] The Indirect channel includes revenue from the affiliate store network and the major supermarket segment through partnerships with leading sector players.

uncollectability is apparent, or write-downs on a collective basis formulated on the basis of historical and statistical data. In addition, the carrying amount of financial assets reflects the maximum Group exposure to credit risk.

3.2 Liquidity risk

Liquidity risk is the risk associated with the failure to meet one's contractual obligations. Contractual obligations can be summarised as the fulfilment, according to set deadlines, of financial liabilities. Therefore, liquidity risk management is closely linked to the administration of financial revenue, ensuring a balance between cash receipts and expenditures by minimising the cost of financial management. This translates into finding financial resources to keep the company's financial structure lean, while minimising their cost (in terms of borrowing costs). Liquidity risk is limited through:

- cash flow from core business: the optimal management of cash inflows from normal business operations versus cash outflows;
- use of short-term financing lines (Hot Money);
- use of committed credit lines: these are credit lines that the bank syndicate agrees to keep available to the Group until maturity;
- use of non-committed financial assets with the sole purpose of financing;
- use of medium- to long-term financing suitable for supporting core and non-core business activities: the use of this type of resource implies constant monitoring of financial payables maturities as well as contingent market conditions.

Liquidity risk arises from the possible difficulty in obtaining financial resources at an acceptable cost to conduct normal operations. Factors influencing liquidity risk relate both to resources generated or absorbed by current operations and those generated or absorbed by investment and financial management, the latter understood as maturity timelines in repayment or obtaining short- and long-term financial payables and the availability of funds in the financial market.

The entire financial structure is constantly monitored by the Group to enable liquidity needs to be met. The Group's financial structure by maturity for the year ended February 28, 2023 and the year ended February 28, 2022 is shown below:

(In thousands of Euro)	Balance at February 28, 2023	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	-	-	-	-	-
Other financial liabilities	450,051	70,530	240,542	138,979	450,051
Total	450,051	70,530	240,542	138,979	450,051

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

For more details see Note 5.12 Financial liabilities and Note 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 uses available cash in bank deposits. Changes in the market interest rates impact on the cost and return of the various forms of loans and uses, with an effect therefore on the financial income and expense.

It should be noted that following the settlement in November 2021 of the Loan Agreement signed on January 9, 2018, the Interest Rate Swap (IRS) derivative financial instrument contracts entered into with the bank syndicate of the loan were terminated, which had the aim of mitigating, under financially acceptable conditions, the potential impact of interest rate variability on the economic result.

At the same time, four new credit lines were taken out aimed at financing working capital and strengthening its capital base; no cash flow hedging instruments were activated on the new lines; the lines were not used during the year.

3.3.2 Currency risk

The Group is exposed to foreign exchange 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 transactions involving the import of goods.

Given the nature of the business and from a business continuity viewpoint, this risk is considered immaterial to the Group due to the small volume of transactions involving the purchase of goods in currencies other than Euro, and therefore the risk is not managed on a recurring basis from an operational perspective. Should the need arise to manage foreign exchange risk, generated by changes in exchange rates with respect to major transactions expected in the short term of importing goods that involve payments to suppliers in U.S. dollars, the Group manages the risk exposure through forward purchase contracts (i.e. FX Forward) of U.S. dollars. This strategy aims to 'fix' at a pre-defined exchange rate level the amount of currency in U.S. dollars for future purchases, consequently making it immune to changes in market rates.

As of February 28, 2023, there are no currency forward purchase and sale contracts in place. In the event that foreign exchange contracts are outstanding at the reporting date, the effects of these derivative financial instruments will be recognised on the balance sheet with a direct offset to the income statement in accordance with the standard accounting treatment prescribed by International Financial Reporting Standard IFRS 9. Should the substantive and formal requirements be met, the Group would also reserve the right to consider applying the cash flow hedge accounting treatment to these operating cases.

3.4 Fair value estimate

The fair value of financial instruments listed in an active market is based on market prices at the reporting date. The fair value of instruments that are not listed in an active market is determined using valuation techniques, based on a variety of methods and assumptions related to market conditions at the reporting date.

Below is the classification of fair values of financial instruments based on the following hierarchical levels:

- Level 1: fair value determined with reference to listed prices (not adjusted), on active markets for identical financial instruments;
- Level 2: fair value determined with valuation techniques with reference to observable variables on active markets;
- Level 3: fair value determined with valuation techniques with reference to non-observable variables on markets.

Government securities exposed to fair value are classified in Level 1.

Financial instruments exposed to fair value are classified in Level 2, and the general criterion used to calculate it is the present value of the expected future cash flows of the instrument being measured.

Liabilities related to bank debt are measured on the amortised cost basis. Trade receivables and payables have been measured at carrying amount, net of any allowance for doubtful accounts, as they are considered to approximate current value.

The following table provides a breakdown of financial assets and liabilities by category as of February 28, 2023 and February 28, 2022:

(Euro thousands)	Fiscal year ending February 28, 2023			
	Loans and receivables	Fair value of hedging instruments	Other Liabilities	Total
Financial assets not measured at Fair Value				
Cash and cash equivalents	66,653	-	-	66,653
Trade receivables	66,081	-	-	66,081
Other assets	47,366	-	-	47,366
Financial assets measured at Fair Value				
Other assets	60,281	-	-	60,281
Financial liabilities not measured at Fair Value				
Financial liabilities	-	-	-	-
Trade payables	-	-	597,319	597,319
Other liabilities	-	-	281,319	281,319
Other financial liabilities	-	-	450,051	450,051
Financial liabilities measured at fair value				
Other financial liabilities	-	-	-	-

(Euro thousands)	Fiscal year ending February 28, 2022			
	Loans and receivables	Fair value of hedging instruments	Other Liabilities	Total
Financial assets not measured 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 measured at Fair Value				
Other assets	-	-	-	-
Financial liabilities not measured 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 measured at fair value				
Other financial liabilities	-	-	-	-

The items “Other Assets” and “Other Financial Liabilities” include the effects of applying IFRS 16 (Leases), for more details see notes 5.6 Other Current Assets and Other Non-Current Assets and 5.14 Other Financial Liabilities in the consolidated financial statements for the year ended February 28, 2023.

4. INFORMATION ON OPERATING SEGMENTS

The operating segment identified by the Group, within which all services and products provided to customers converge, is unique and coincides with the entire Group. The Group's vision of the company as a single omnichannel business means that it has identified a single Strategic Business Unit ("SBU"). Management has also identified three Cash Generating Units ("CGUs") within the SBU to which goodwill has been allocated. This approach is supported by the management control model of operations, which considers the entire business as a whole, regardless of product lines or geographic locations whose subdivision is considered insignificant for the purpose of making business decisions.

The results of the operating segment are measured through the analysis of revenue and EBITDA.

(in thousand of Euro and as a percentage of revenues)	Year ended	
	February 28, 2023	February 28, 2022
Revenues	2,884,287	2,949,724
GROSS OPERATING RESULT	130,477	155,065
% of revenues	4.5%	5.3%
Amortisation, depreciation, and write-downs	(106,431)	(97,533)
NET OPERATING RESULT	24,046	57,532
Financial income	567	63
Financial expenses	(13,565)	(12,868)
PROFIT BEFORE TAX	11,048	44,727
Income taxes	(855)	(126)
PROFIT/(LOSS) FOR THE YEAR	10,193	44,601

The gross operating margin was 4.5% in the year ended February 28, 2023.

The breakdown of revenues by geographic area is presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Overseas	2,912	1,717
Italy	2,881,375	2,948,007
Total	2,884,287	2,949,724

Revenues are allocated on the basis of domestic/foreign billing.

No non-current assets are recorded in countries other than where the Group is headquartered.

5. EXPLANATORY NOTES TO INDIVIDUAL ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Plant, machinery, equipment and other assets

The balance of "Plant, machinery, equipment and other assets" by category as at February 28, 2023 and February 28, 2022 is shown below:

(in Euro thousands)	Year ended February 28, 2023			Balance at February 28, 2022		
	Historic cost	Acc. Deprec.	Net book value	Historic cost	Acc. Deprec.	Net book value
Plant & machinery	157,335	(131,221)	26,113	150,564	(122,748)	27,816
Equipment	30,986	(19,082)	11,904	25,605	(17,559)	8,046
Other Assets	211,213	(175,213)	36,000	199,192	(164,190)	35,002
Tangible assets in progress	2,991	-	2,991	8,417	-	8,417
Total Plant, machinery, equipment and other assets	402,525	(325,516)	77,009	383,778	(304,497)	79,281

Changes in "Plant, machinery, equipment and other assets" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Plant & machinery	Equipment	Other assets	Tangible assets under construction and advances	Total
Year ended February 28, 2021	29,221	5,182	27,990	9,133	71,526
Increases	8,997	3,806	17,748	27,742	58,293
Decreases	(3,014)	(713)	(3,817)	(28,458)	(36,002)
Amortisation, depreciation and write-downs/(revaluations)	(10,410)	(942)	(10,736)	-	(22,088)
Decreases Accum. Deprec.	3,022	713	3,817	-	7,552
Balance at February 28, 2022	27,816	8,046	35,002	8,417	79,281
Increases	6,881	5,506	12,373	3,073	27,833
Decreases	(110)	(125)	(352)	(8,498)	(9,087)
Amortisation, depreciation and write-downs/(revaluations)	(8,548)	(1,639)	(11,265)	-	(21,452)
Decreases Accum. Deprec.	75	117	241	-	433
Balance at February 28, 2023	26,113	11,904	36,000	2,991	77,009

With reference to the year ended February 28, 2023, the Group made investments referring to "Plant and machinery, equipment and other assets" excluding decreases in fixed assets under construction in the amount of Euro 16,262 thousand.

Specifically, net investments are mainly attributable to: (i) investments related to the opening of new stores in new catchment areas deemed strategic or in catchment areas not sufficiently covered by the current portfolio of stores and restructuring of selected stores by restyling the layout and reducing or expanding the sales area for Euro 4,303 thousand; (ii) IT investments, the installation of electronic labels at the outlets for Euro 3,616 thousand (iii) works on the Piacenza warehouse for Euro 1,917 thousand (iii) minor extraordinary maintenance and plant renewal work at various points of sale and headquarter for Euro 4,439 thousand.

Net fixed assets under construction of Euro 2,991 thousand mainly concern extraordinary maintenance and the installation of equipment at outlets under construction at the reporting date.

“Amortisation, depreciation and write-downs/(revaluations)” amounted to Euro 21,452 thousand.

With reference to the year ended February 28, 2022, the Company made investments referring to “Plant and machinery, equipment and other assets” excluding fixed assets in progress in the amount of Euro 30,551 thousand.

In particular, net investments mainly concerned: (i) the restructuring of selected outlets through the restyling of the layout and reducing or extending the sales area and investments in relocation of existing stores in catchment areas deemed more strategic for Euro 4,773 thousand; (ii) investments for the opening of new outlets in catchment areas not sufficiently covered by the current portfolio and the fitting out of acquired outlets for Euro 6,540 thousand; (iii) minor extraordinary maintenance and plant renewal work at various outlets for Euro 1,790 thousand; (iv)IT investments, including the adoption of electronic labels at a significant and growing number of direct stores and energy efficiency actions for Euro 17,447 thousand.

Net fixed assets under construction amounting to Euro 8,417 thousand mainly refer to investments related to work on points of sale and IT investments.

“Amortisation, depreciation and write-downs/(revaluations)”, amounting to Euro 22,088 thousand, includes Euro 21,460 thousand of depreciation and amortisation and Euro 628 thousand of write-downs.

5.2 Goodwill

Details of “Goodwill” as at February 28, 2023 and February 28, 2022 are shown below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Goodwill	196,110	196,072
Total Goodwill	196,110	196,072

Changes in "Goodwill" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Goodwill
Balance at February 28, 2021	195,238
Acquisitions	-
Increases	834
Write-downs	-
Balance at February 28, 2022	196,072
Increases	77
Decreases	(39)
Write-downs	-
Balance at February 28, 2023	196,110

Goodwill as at February 28, 2023, amounting to Euro 196,110 thousand, increased by Euro 38 thousand compared to the year ended February 28, 2022. The increase refers to the allocation of goodwill as part of the transaction to acquire the Etnapolis Ex-Expert business unit; the decrease refers to the subsequent sale of part of the business unit.

The value of goodwill as at February 28, 2023 and February 28, 2022 is composed as follows:

(In thousands of Euro)	Goodwill at February 28, 2023	Goodwill at February 28, 2022
Deriving from mergers:		
Marco Polo Holding S.r.l.	94,993	94,993
Ex 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 changes	5,082	5,082
Deriving from acquisitions of equity investments:		
Monclick S.r.l..	7,199	7,199
Carini Retail S.r.l.	17,273	17,273
Deriving from acquisition of business units:		
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
Papino Elettrodomestici S.p.A.- Etnapolis ex-Expert	38	-
Total Goodwill	196,110	196,072

5.2.1 Impairment test

Based on the provisions of International Accounting Standard IAS 36, the Group must conduct at least annual impairment testing of the recoverability of goodwill by comparing the carrying amount of the Cash Generating Units ("CGUs") to which goodwill is allocated with their recoverable amount. With consistency in application, value in use was adopted as the recoverable value in relation to market volatility and the difficulty of retrieving information related to the determination of fair value.

After the record sales recorded during the pandemic, the Consumer Technology market was faced with, on the one hand, increasing procurement costs and, on the other, economic conditions which prompted an increase in the cost of living for consumers. This latter, together with the challenging geopolitical environment, in FY 2022/23 resulted in a decline in confidence levels, alongside the increase in the cost of living and the changing nature of the geopolitical environment. Confidence levels have declined, alongside the increase in the cost of living and the changing geopolitical environment. This uncertainty is also reflected in the performance of the consumer electronics market, which, after posting record numbers during the pandemic, contracted in FY 2022/23 (-3.5%)[34].

The goodwill impairment test for each CGU was approved by the Company's Board of Directors on May 9, 2023. In preparing the impairment test, the Directors made use of a special report prepared by an external expert specifically appointed by the Company.

IAS 36 identifies CGUs as the smallest aggregations of assets that generate cash inflows. Cash flows from the identified CGUs must be independent of each other, as an individual Unit must be able to be autonomous in realising cash inflows, but all activities within the Unit must be interdependent on each other. Under IAS 36, the correlation that exists between goodwill acquired in business combinations and CGUs is illustrated. In fact, when goodwill is acquired, it is necessary to allocate it to the CGU or CGUs that are expected to benefit most from the synergies of the combination. In this sense, decisions related to the definition of such synergies are strictly dependent on the Group's strategic organisation models, commercial purchasing and sales decisions, which, specifically, disregard the number of outlets that do not enjoy decision-making autonomy.

The operating segment identified by the Group, within which all services and products provided to customers converge coincides with the entire Group. The Company's vision of the Group as a single omnichannel business means that the Group has identified a single Strategic Business Unit (SBU). The Group has identified three CGUs within the SBU to which goodwill has been allocated. This approach is supported by the management control model of operations, which considers the entire business as a whole, regardless of product lines or geographic locations whose subdivision is considered insignificant for the purpose of making business decisions.

[34] Market data compiled by Group management based on GFK data available as of April 2023

The Group has identified three CGUs to which goodwill has been allocated:

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

The three units take advantage of shared resources, such as administration, back office, and logistics, but each has different expected growth, with different risks and opportunities, and with particularities that cannot be reproduced in the other CGUs.

The Retail CGU relates to all cash flows from the Retail, Online and Travel distribution channels. The Online and Travel channels have been included in the Retail CGU as the website uses outlets to deliver goods while the Travel channel includes outlets located at major public transportation hubs.

The Indirect CGU - previously the Wholesale channel, includes revenues from the affiliate store network and the major supermarket segment through partnerships with leading sector players.

The B2B CGU is related to the wholesale supply of products within the business-to-business channel.

The allocation of goodwill to the three CGUs was made based on the specific activity of the individual CGU, so as to include the best exploitation of internal and external synergies in the business model used. The Group has opted, as described above, for the determination of recoverable value, as the identification of value in use. Value in use is determined by estimating the present value of future cash flows, which CGUs are expected to generate.

The data source on which the assumptions made to determine cash flows are the final financial statements, and business plans.

The Business Plan used for the impairment test regarding goodwill recorded in the consolidated financial statements of the Unieuro Group and referring to the year ended February 28, 2023 is based on the strategic lines of the plan approved by the Board of Directors on May 9, 2023.

The impairment test was approved by the Board of Directors on May 9, 2023.

The target market growth estimates included in the business plan used for impairment testing as of February 28, 2023 are based on, among other factors, external sources and analyses conducted by the Group.

The valuation assumptions used to determine the recoverable value, were based on the above business plans and some main assumptions:

- it was decided to adopt as the explicit period of the business plan, a period of 5 years;
- terminal value: discounting of the last explicit period of plan estimation. It is emphasised that a long-term growth rate “g” of 1% has been assumed;

- the discount rate applied to the various cash flows (WACC-weighted average cost of capital) for the CGUs analysed was 12.5%.

The applied discount rate is that rate which reflects current market assessments, the time value of money, and asset specific risks. Therefore, for the purpose of determining the discount rate, there must be consistency between the parameters used and the Company's target market and consistency between the Company's operating activities and the Company's cash inflows. All the parameters used to calculate the discount rate must be within the corporate context so that it expresses "normal" conditions over a medium to long term time frame.

Below is the estimation procedure adopted to define the parameters determining WACC:

- Risk-free rate (r_f) – The risk-free rate adopted is equal to the three-month average (relative to the reference date) of yields on 10-year government bonds (BTPs) issued by the Italian government. It should be noted that compared to the previous year, the time horizon considered for averages was shortened based on the latest guidance from the regulators.

- Equity risk premium (r_m – r_f) - The equity risk premium, which represents the yield differential (historical and long-term) between stocks and bonds in the financial markets, was determined with reference to the Italian market.

- Beta (β) – The beta, which denotes the regression coefficient of a straight line representing the relationship between the return offered by the stock and that of the market as a whole, was calculated based on a panel of listed companies operating predominantly or exclusively in the sale of consumer electronics, through a combination of sales channels (in-store and online sales, in most cases flanked by wholesale and/or business-to-business sales).

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

- Financial structure - A debt/equity ratio calculated on the basis of the average on the reference date by the selected panel of comparable companies was adopted.

There is no difference in the determination of these parameters between the external sources used and the value used for testing purposes.

The Group has a well-established history of operating in the market, and to date there is no evidence to suggest that it will discontinue operations in the medium to long term. Based on these considerations, it was deemed reasonable to adopt a going concern assumption in perpetuity.

The operating cash flow used for terminal value calculation purposes was determined based on the following main assumptions:

- EBITDA - When estimating the terminal value, an amount of revenue equal to the expected level for the last year of the plan was considered, with a g rate of 1%. For the purpose of estimating sustainable EBITDA in the medium to long term, the EBITDA margin, of the last year of the plan, was applied to the revenues thus identified in order to reflect the competitive dynamics that characterise the sector. The latter figure is, for the Group as a whole, within the current range expressed by analysts' estimates for the panel of comparable companies used to determine WACC.

- Investment in fixed assets and depreciation - Annual capital expenditures were estimated based on expected revenues in the last plan year, adopting a Capex/Sales percentage equal to the last year of the plan. Annual depreciation has been aligned with these investments, thus assuming that the investments are mainly maintenance and/or replacement.

- Net Working Capital and Provisions - The change in NWC and provisions was assumed to be zero.

The following is a summary table containing the basic assumptions (WACC and g) and the percentage of value attributed to the terminal value versus the recoverable value of the Group's three CGUs with respect to the impairment analyses conducted with reference to the date of February 28, 2023.

at February 28, 2023	WACC	g	Terminal Value (TV)	Recoverable Value (RA)	% TV on RA
(in millions of Euro)					
Retail CGU	12.5%	1.0%	202	263	76.8%
Indirect CGU	12.5%	1.0%	12	22	55.4%
B2B CGU	12.5%	1.0%	8	10	77.2%

The results of impairment tests as at February 28, 2023 are shown below:

at February 28, 2023		Carrying Amount (CA)	Recoverable Value (RA)	RA Vs CA
(in millions of Euro)				
Retail CGU	EUR/mln	(26)	263	289
Indirect CGU	EUR/mln	(1)	22	23
B2B CGU	EUR/mln	0	10	10

Based on the estimates there was no need to make an adjustment to the value of the goodwill recognised.

It should be noted that the carrying amount of the CGUs as at February 28, 2023 is negative due to the negative net working capital allocated to the CGUs.

The carrying amount does not include financial items. Deferred tax assets and liabilities are also excluded as the theoretical tax rate was used for tax estimation purposes when determining cash flows.

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

Below are the results, in terms of the difference between recoverable value and carrying amount, for CGUs subject to impairment test as of February 28, 2023, of the sensitivity analysis performed assuming a percentage reduction in Free Cash Flow, in the explicit forecast years and in the terminal value of -20.0%:

at February 28, 2023	FCF of Terminal Plan	
(in millions of Euro)		
Sensitivity Difference RA vs. CA	0.0%	(20.0%)
Retail CGU	289	236
Indirect CGU	23	19
B2B CGU	10	8

Finally, the Group developed an additional analysis simulating the impacts on the recoverable value of the Retail CGU assuming the exclusion of planned new store openings over the course of the business plan. The results of the analysis are illustrated below:

at February 28, 2023		Carrying Amount (CA)	Recoverable Value (RA)	RA vs. CA
(in millions of Euro)				
Retail CGU	EUR/mln	(26)	182	207

It is also necessary to point out that the parameters and information that are used to verify the recoverability of goodwill are influenced by the macroeconomic, market, and regulatory environment, and by the subjectivity of certain forecasts of future events that will not necessarily occur, or may occur in a manner that differs from that expected, and therefore may experience unforeseeable changes. Unfavourable and unforeseeable changes in the parameters used for the impairment test could result in the need to impair goodwill in the future with consequences for the Group's results and financial position.

5.3 Intangible assets with finite useful lives

The balance of "Intangible assets with finite useful life" is shown below by category as at February 28, 2023 and February 28, 2022:

(Euro thousands)	Balance at February 28, 2023			Balance at February 28, 2022		
	Historic cost	Acc. Amort.	Net book value	Historic cost	Acc. Amort.	Net book value
Software	119,272	(74,403)	44,869	98,477	(61,642)	36,835
Concessions, licences and trademarks	13,436	(9,822)	3,614	13,361	(9,821)	3,540
Key money	1,572	(1,572)	-	1,572	(1,572)	-
Intangible assets in progress	791	-	791	5,286	-	5,286
Total intangible assets with finite useful life	135,071	(85,797)	49,274	118,696	(73,035)	45,661

Changes in "Intangible assets with finite useful life" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Software	Concessions, licenses and brands	Key money	Intangible assets under construction	Total
Balance at February 28, 2021	24,519	3,889	-	4,519	32,927
Increases	21,566	-	-	29,066	50,632
Decreases	-	-	-	(28,299)	(28,299)
Amortisation, depreciation and write-downs/(revaluations)	(9,250)	(349)	-	-	(9,599)
Decreases Accum. Amort.	-	-	-	-	-
Balance at February 28, 2022	36,835	3,540	-	5,286	45,661
Increases	20,795	75	-	2,181	23,052
Decreases	-	-	-	(6,677)	(6,677)
Amortisation, depreciation and write-downs/(revaluations)	(12,761)	(1)	-	-	(12,762)
Decreases Accum. Amort.	-	-	-	-	-
Balance at February 28, 2023	44,869	3,614	-	791	49,274

With regard to the year ended February 28, 2023, increases net of decreases in the category "assets under construction" totalled Euro 16,375 thousand and were mainly attributable to the category "Software."

The increases concern "Software" for Euro 20,795 thousand, mainly referring to investments in evolutions of the new SAP 4/HANA ERP, the improvement of the technological infrastructure as part of the cyber security projects and e-commerce site investments.

Assets under construction of Euro 791 thousand relate to the introduction of new software and existing software.

With regard to the year ended February 28, 2022, increases net of decreases in the category "assets under construction" totalled Euro 22,333 thousand and were mainly attributable to the category "Software."

The increases in "Software" for Euro 21,566 thousand mainly concern the introduction of the new SAP S/4HANA operating system and the launch of the new e-commerce site stemming from the "Revolution" project.

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

5.4 Right-of-use assets

The balance of "Right-of-use assets" by category as at February 28, 2023 and February 28, 2022 is shown below:

(Euro thousands)	Balance at February 28, 2023			Balance at February 28, 2022		
	Historic cost	Acc. Amort.	Net book value	Historic cost	Acc. Amort.	Net book value
Buildings	669,973	(254,447)	415,526	608,786	(184,392)	424,394
Cars	4,690	(3,040)	1,650	3,794	(2,334)	1,460
Other Assets	9,868	(4,315)	5,553	9,868	(2,383)	7,485
Total intangible assets with finite useful life	684,531	(261,801)	422,729	622,448	(189,109)	433,339

Changes in "Right-of-use assets" for the period from February 28, 2022 to February 28, 2023 are shown below:

(In thousands of Euro)	Buildings	Cars	Other assets	Total
Balance at February 28, 2022	424,394	1,460	7,485	433,339
Increases/(Decreases)	61,187	896	-	62,083
(Amortisation and write-downs)/revaluations	(70,055)	(706)	(1,932)	(72,693)
Balance at February 28, 2023	415,526	1,650	5,553	422,729

The increases recorded during the year mainly refer to new lease agreements related to the opening and acquisition of new stores, the increase on leases on the basis of the ISTAT revaluation and the renewal of existing operating leases.

5.5 Deferred tax assets and deferred tax liabilities

Changes in "Deferred tax assets" and "Deferred tax liabilities" for the period from February 28, 2021 to February 28, 2023 are shown below.

Deferred tax assets

(In thousands of Euro)	Bas debt provision - amount due from suppliers	Obsolescence provision	Fixed assets and right-of-use	Intangible assets	Capital reserves	Provisions for risks and charges	Other current liabilities	Net deferred tax assets	Deferred tax assets relating to tax losses	Total net deferred tax assets
Balance at February 28, 2021	1,316	2,699	1,749	4,074	461	4,893	220	15,412	25,354	40,766
Provisions/Releases to the income statement	(75)	(81)	125	(683)	-	(1,130)	40	(1,804)	5,764	3,960
Provisions/Releases to the statement of comprehensive income	-	-	-	-	(120)	-	-	(120)	-	(120)
Balance at February 28, 2022	1,241	2,618	1,874	3,391	341	3,763	260	13,488	31,118	44,606
Provisions/Releases to the income statement	(367)	364	285	(819)	-	(682)	1,152	(67)	1,232	1,164
Provisions/Releases to the statement of comprehensive income	-	-	-	-	(657)	-	-	(657)	-	(657)
Balance at February 28, 2023	874	2,982	2,159	2,572	(316)	3,081	1,412	12,764	32,350	45,113

The balance as at February 28, 2023, amounting to Euro 45,113 thousand, consists mainly of: (i) temporary differences mainly attributable to provisions and goodwill in the amount of Euro 12,764 thousand and (ii) deferred tax assets recognised on tax losses in the amount of Euro 32,350 thousand.

The IRES tax losses still available from the income tax estimate made on presenting the financial statements at February 28, 2023 with reference to Unieuro amount to Euro 262.0 million, while for Monclick total Euro 6.2 million.

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

- the tax laws of the country in which the Group operates and their impact on temporary differences, and any tax benefits from the use of tax loss carryforwards;

- the Company's profit forecast in the medium and long term.

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

Deferred tax liabilities

(In thousands of Euro)	Intangible assets	Other current assets	Total net deferred taxes
Balance at February 28, 2021	2,867	770	3,637
Provisions/Releases to the income statement	208	(76)	132
Provisions/Releases to the statement of comprehensive income	-	-	-
Balance at February 28, 2022	3,075	694	3,769
Provisions/Releases to the income statement	292	(115)	177
Provisions/Releases to the statement of comprehensive income	-	-	-
Balance at February 28, 2023	3,367	579	3,946

Deferred tax liabilities related to Intangible Assets arise mainly from goodwill having a statutory value different from the value relevant for tax purposes.

It is estimated that this payable refers to differences that will be reabsorbed in the medium and long term.

5.6 Other current assets and other non-current assets

Below is a breakdown of "Other Current Assets" and "Other Non-Current Assets" as at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Prepaid expenses and accrued income	5,398	8,539
Contract assets	10,094	9,609
Tax credits	4,290	3,480
Financial receivables from leases - current portion	1,490	1,439
Other current financial assets	60,281	-
Other current assets	1,187	4,526
Other current assets	82,740	27,593
Financial receivables from leases - non-current portion	13,577	15,052
Deposit assets	3,019	2,771
Other non-current assets	8,310	7
Other non-current assets	24,906	17,830
Total Other current assets and Other non-current assets	107,646	45,423

"Contract assets" amounting to Euro 10,094 thousand at February 28, 2023 (Euro 9,609 thousand at February 28, 2022), includes costs for obtaining contracts qualifying as contract costs, represented by bonuses paid to employees for each additional sale of extended warranty services.

“Prepaid expenses and accrued income” amounting to Euro 5,398 thousand as of February 28, 2023 (Euro 8,539 thousand as of February 28, 2022), mainly includes prepaid expenses referring to insurance, condominium expenses and other operating costs that were paid before February 28, 2023 and referring to future years.

“Tax credits” amounted to Euro 4,290 thousand at February 28, 2023 (Euro 3,480 thousand at February 28, 2022), with the increase principally concerning the tax credits for the purchase of electricity which shall be settled in the subsequent tax period.

“Other current financial assets” of Euro 60,281 thousand at February 28, 2023 (Euro zero at February 28, 2022) include Ordinary Treasury Bonds and Long-Term Treasury Bonds maturing within twelve months and acquired in the second half of the year in order to optimise the use of Group liquidity. The securities are measured at fair value through the comprehensive income statement.

The Italian Government Bonds held by Unieuro S.p.A. at February 28, 2023 are presented below:

Bond	Nominal value (Euro/thousands)	Maturity
BOT 28/4/23 179 half-yearly	30,000	28/04/2023
BOT 31/03/23 182 half-yearly	20,000	31/03/2023
BTP 0.3% 15/08/2023	10,000	15/08/2023

“Other current assets” of Euro 1,187 thousand at February 28, 2023 (Euro 4,526 thousand at February 28, 2022) mainly include the current portion of the Ecobonus credits, introduced by the Government to support construction interventions.

“Other non-current assets” include the financial receivables for leasing, equity investments, guarantee deposits and deposits to suppliers, in addition to the non-current portion of the Ecobonus credit which shall be utilised to offset income taxes to be settled over the subsequent years.

5.7 Inventories

Inventories are composed as follows:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Merchandise	457,625	472,337
Consumables	881	735
Gross inventory	458,506	473,072
Inventory obsolescence provision	(12,474)	(11,022)
Total inventories	446,032	462,050

Gross inventories decreased from Euro 473,072 thousand at February 28, 2022 to Euro 458,506 thousand at February 28, 2023, a reduction of Euro 14,566 thousand.

Inventory value reflects the loss of value of goods in cases where the cost is higher than the estimated realisable value, allowing the inventory value to be restored to current market value, and is adjusted by the inventory obsolescence provision, which accommodates the write-down of the value of goods with possible obsolescence indicators. Changes in the inventory obsolescence provision for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Inventory obsolescence provision
Balance at February 28, 2021	(11,425)
Direct write-down	-
Provisions	-
Reclassifications	-
Release to income statement	403
Utilisations	-
Balance at February 28, 2022	(11,022)
Direct write-down	-
Provisions	(2,501)
Reclassifications	-
Release to income statement	-
Utilisations	1,049
Balance at February 28, 2023	(12,474)

The increase in the inventory obsolescence provision of Euro 1,452 thousand is due to the adjustment for the write-down of the value of goods at February 28, 2023.

5.8 Trade receivables

Below is a breakdown of “Trade receivables” at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Trade receivables – third parties	68,284	45,306
Trade receivables - related parties	-	-
Gross trade receivables	68,284	45,306
Bad debt provision	(2,203)	(2,318)
Total trade receivables	66,081	42,988

The value of receivables, mainly referring to the Indirect and B2B channels, increased by Euro 22,978 thousand compared to the previous year. The change in trade receivables is mainly attributable to a different billing and collection schedule.

Changes in the doubtful debt provision for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Bad debt provision
Balance at February 28, 2021	(3,040)
Provisions	(71)
Release to income statement	712
Utilisations	81
Balance at February 28, 2022	(2,318)
Provisions	(332)
Release to income statement	-
Utilisations	447
Balance at February 28, 2023	(2,203)

Impaired receivables refer mainly to receivables in litigation or customers subject to bankruptcy proceedings. The uses are against creditor situations for which the elements of certainty and precision, i.e. the presence of pending bankruptcy proceedings, determine the write-off of the position.

The credit risk represents the exposure to potential losses following the non-fulfilment of obligations by counterparties. It should be noted, however, that for all periods considered, there are no significant concentrations of credit risk, especially in view of the fact that most sales are made with immediate payment through credit or debit cards in the Retail, Travel and Online channels and in cash, in the Retail and Travel channels. The Group has credit control processes in place that involve obtaining bank sureties and credit insurance contracts to cover a significant amount of outstanding business with customers, analysing customer reliability, assigning a credit limit, and monitoring exposure through reports with a breakdown of due dates and average collection times.

Overdue credit positions are in any case monitored by the administrative management through periodic analyses of the main positions, and for those for which an objective condition of partial or total uncollectability is detected, write-downs are made.

The book value of the trade receivables approximates their fair value.

5.9 Current tax assets and liabilities

Below is a breakdown of "Current tax assets" at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
IRAP credits	348	1,471
IRES credits	4,851	2,735
Total current tax assets	5,199	4,206

Current income tax assets amounted to Euro 5,199 thousand at February 28, 2023 (Euro 4,206 thousand at February 28, 2022). This refers to the receivable balance of estimated income taxes in the fiscal year to February 28, 2023 and includes the balance for current taxes due, which more than offset the receivable for payments on account and withholding taxes incurred.

The balance at February 28, 2022 in addition included the tax benefit from the agreement signed with the Tax Agency for the Patent Box on December 29, 2021. The benefit accounted for in the year relates to fiscal years 2016 - 2020 and is from the exploitation of the Unieuro brand. The Patent Box benefit recognised in taxes for the above five years totalled Euro 3,989 thousand, of which Euro 1,272 thousand related to current taxes.

Current tax liabilities

Below is a breakdown of "Current tax liabilities" at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
IRAP payables	-	-
IRES payables	-	-
Taxes payable	1,041	1,041
Total current tax liabilities	1,041	1,041

"Tax liabilities" at February 28, 2023 amounted to Euro 1,041 thousand.

5.10 Cash and cash equivalents

“Cash and cash equivalents” at February 28, 2023 and February 28, 2022 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Bank accounts and deposit accounts	55,376	127,740
Cash	11,277	13,794
Total cash and cash equivalents	66,653	141,534

Cash and cash equivalents amounted to Euro 66,653 thousand at February 28, 2023 and Euro 141,534 thousand at February 28, 2022.

At February 28, 2023, the item includes a short-term deposit of Euro 15,000 thousand with a term of three months. The remainder comprises cash on hand, valuables and demand deposits with banks that are actually available and readily usable.

For further details on the movements in Cash and cash equivalents, reference should be made to the Cash Flow Statement. Reference should be made to Note 5.12 for further details on the net financial position.

5.11 Shareholders' Equity

The changes in "Shareholders' Equity" for fiscal year 2022/2023 and the composition of reserves in the reporting periods are shown below:

(In thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Fair value reserve to OCI	Reserve for actuarial gains/ (losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profits/ (losses) carried forward	Total shareholders' equity	Minority interests	Total shareholders' equity
Balance at February 28, 2022	4,140	811	43,146	-	(1,648)	3,687	21,729	66,484	138,349	-	138,349
Profit/(loss) for the year	-	-	-	-	-	-	-	10,193	10,193	-	10,193
Other components of comprehensive income	-	-	-	214	1,617	-	-	-	1,831	-	1,831
Total comprehensive income for the year	-	-	-	214	1,617	-	-	10,193	12,024	-	12,024
Allocation of prior year result	-	17	19,052	-	-	-	(1,108)	(17,961)	-	-	-
Distribution dividends	-	-	-	-	-	-	-	(27,134)	(27,134)	-	(27,134)
Purchase of Treasury Shares	-	-	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments	-	-	-	-	-	1,729	-	(439)	1,290	-	1,290
Total transactions with shareholders	-	17	19,052	-	-	1,729	(1,108)	(45,534)	(25,844)	-	(25,844)
Balance at February 28, 2023	4,140	828	62,198	214	(31)	5,416	20,621	31,143	124,528	-	124,528

Shareholders' Equity of Euro 124,528 thousand at February 28, 2023 (Euro 138,349 thousand at February 28, 2022) decreased in the year, mainly due to (i) the distribution of the dividend approved by the Shareholders' Meeting for Euro 27,134 thousand, partially offset by (ii) the recognition of the consolidated net profit and of other comprehensive income statement items for Euro 12,024 thousand.

Share capital at February 28, 2023 amounts to Euro 4,140 thousand, divided into 20,698,621 shares.

The Reserves are shown below:

- the legal reserve amounting to Euro 828 thousand at February 28, 2023 (Euro 811 thousand at February 28, 2022), includes allocations of profits to the extent of 5% for each fiscal year until the limit set forth in Article 2430 of the Civil Code is reached.

- the Extraordinary Reserve amounting to Euro 62,198 thousand at February 28, 2023 (Euro 43,146 thousand at February 28, 2022); this reserve increased during the period as a result of the allocation of the profit for the year resolved on June 21, 2022 by the Shareholders' Meeting;

- the fair value to OCI reserve amounting to Euro 214 thousand at February 28, 2023 (zero at February 28, 2022) includes the fair value accounting of BOT and BTP government bonds as of the reporting date net of the tax effect.

- the reserve for actuarial gains and losses on defined benefit plans amounting to a negative Euro 31 thousand at February 28, 2023 (negative Euro 1,648 thousand at February 28, 2022); the reserve changed by Euro 1,617 thousand as a result of the actuarial valuation related to the post-employment benefit reserve net of the tax effect;

- the reserve for share-based payments amounting to Euro 5,416 thousand at February 28, 2023 (Euro 3,687 thousand at February 28, 2022); the reserve changed mainly due to the recognition for Euro 1,729 thousand of the 2020-2025 performance share plan. For more details see Note 5.28.

- other reserves amounting to Euro 20,261 thousand at February 28, 2023 (Euro 21,729 thousand at February 28, 2022); the change concerns the allocation of the net result of the subsidiary Monclick.

On June 21, 2022, the Shareholders' Meeting approved the authorisation to purchase treasury shares as a continuation of the previous authorisation approved by the Shareholders' Meeting on December 17, 2020, which was partially executed and concluded on June 17, 2022.

The authorisation to purchase and dispose of treasury shares provides for a maximum of 2,000,000 ordinary shares of Unieuro S.p.A., it being understood that the number of ordinary shares from time to time held in portfolio by the Company and its subsidiaries may not exceed 10% of the Company's *pro-tempore* share capital.

The purpose of the authorisation is, among other matters, to set up a portfolio of treasury shares to be used to service existing and future share incentive plans reserved for Directors and/or employees and/or associates of the Company or other companies controlled by it, as well as to set up a "securities reserve" to be used, where appropriate, as consideration in corporate transactions, including equity swaps, with third parties as part of transactions that may be of interest to Unieuro.

It should be noted that the authorisation has not been pre-established for any transaction to reduce the share capital.

During FY2022/23, the Company did not engage in any transactions involving the purchase or disposition of treasury shares. As of February 28, 2023, 600,000 treasury shares were held, accounting for 2.8987% of the share capital.

During the fiscal year ended February 28, 2023, there are no assets earmarked for a specific business.

The changes in "Shareholders' Equity" for fiscal year 2021/2022 and the composition of reserves in the reporting periods are shown below:

(In thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Reserve for actuarial gains/ (losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profits/ (losses) carried forward	Total shareholders' equity	Minority interests	Total shareholders' equity
Balance at February 28, 2021	4,053	800	42,519	(133)	(1,862)	4,069	30,195	73,654	153,295	-	153,295
Profit/(loss) for the year	-	-	-	-	-	-	-	44,601	44,601	-	44,601
Other components of comprehensive income	-	-	-	133	214	-	-	-	347	-	347
Total comprehensive income for the year	-	-	-	133	214	-	-	44,601	44,948	-	44,948
Allocation of prior year result	-	11	627	-	-	-	(327)	(311)	-	-	-
Distribution dividends	-	-	-	-	-	-	-	(53,793)	(53,793)	-	(53,793)
Purchase of Treasury Shares	-	-	-	-	-	-	(12,335)	-	(12,335)	-	(12,335)
Share-based payment settled with equity instruments	87	-	-	-	-	(382)	4,196	2,333	6,234	-	6,234
Total transactions with shareholders	87	11	627	-	-	(382)	(8,466)	(51,771)	(59,894)	-	(59,894)
Balance at February 28, 2022	4,140	811	43,146	-	(1,648)	3,687	21,729	66,484	138,349	-	138,349

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

Share capital as of February 28, 2022 is Euro 4,140 thousand, divided into 20,698,621 shares.

The Reserves are shown below:

- the legal reserve amounting to Euro 811 thousand as of February 28, 2022 (Euro 800 thousand as of February 29, 2020), includes allocations of profits to the extent of 5% for each fiscal year until the limit set forth in Article 2430 of the Civil Code is reached.
- the Extraordinary Reserve amounting to Euro 43,146 thousand as of June 28, 2022 (Euro 42,519 thousand as of February 28, 2021); this reserve increased during the period as a result of the allocation of the profit for the year resolved on June 15, 2021 by the Shareholders' Meeting;
- the cash flow hedge reserve amounting to Euro 0 thousand as of February 28, 2022 (negative for Euro 133 thousand as of February 28, 2021); this reserve was released following the settlement in November 2021 of the Loan Agreement signed on January 9, 2018 (for more details see Note 5.12).

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

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

- other reserves amounting to Euro 21,729 thousand as of February 28, 2022 (Euro 30,195 thousand as of February 28, 2021); the reserve changed as a result of the establishment of the share premium reserve in the amount of Euro 4,196 thousand due to the exercise of the 2018-2025 Long Term Incentive Plan.

During the fiscal year ending February 28, 2022, there are no assets earmarked for a specific business.

The reconciliation between the parent company's shareholders' equity and the consolidated shareholders' equity at February 28, 2023 is shown below:

(in millions of Euro)	Shareholders' equity as at February 28, 2023	Net result as at February 28, 2023
Balances from the Parent Company's financial statements	127.0	11.9
Difference between carrying amount of investments and profit/(loss)	(12.0)	(1.5)
Allocation of goodwill, brand, software and customer list, net of tax effect	9.6	(0.2)
Consolidated Financial Statements of the Group	124.5	10.2

The reconciliation between the parent company's shareholders' equity and the consolidated shareholders' equity at February 28, 2022 is shown below:

(in millions of Euro)	Shareholders' equity as at February 28, 2022	Net result as at February 28, 2023
Balances from the Parent Company's financial statements	139.1	46.2
Difference between carrying amount of investments and profit/(loss)	(10.6)	(1.2)
Allocation of goodwill, brand, software and customer list, net of tax effect	9.8	(0.4)
Consolidated Financial Statements of the Group	138.3	44.6

5.12 Financial liabilities

Current and non-current "Financial liabilities" at February 28, 2023 and February 28, 2022 amounted to Euro zero.

It is recalled that in November 2021 the Loan Contract entered into on January 9, 2018 with Banca IMI S.p.A., as agent bank, Banca Popolare di Milano S.p.A., Crédit Agricole Cariparma S.p.A. and Crédit Agricole Corporate and Investment Bank – Milan Branch was settled, while simultaneously four new "Credit Lines" were drawn down with Unicredit S.p.A., Intesa San Paolo S.p.A., Banco BPM S.p.A. and Crédit Agricole Italia S.p.A. in order to fund working capital and strengthen the capital base.

Committed Credit Facilities at February 28, 2023 include Euro 150.0 million of medium- to long-term cash loan on a revolving basis. At February 28, 2023 and February 28, 2022, the Credit Lines had been utilised.

Interest is at a floating rate, calculated considering Euribor plus a contractually stipulated spread; there are fees for non use.

At the same time as the disbursement of the Credit Facilities, a contractual clause (covenants) was agreed upon that grants the lender the right to renegotiate or revoke the credit upon the occurrence of the events stipulated in the clause. These clauses require compliance on each Calculation Date (half-yearly) with an index on a consolidated basis of Unieuro S.p.A., which is summarised below:

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

As of February 28, 2023, the covenant is met, and is -1.79.

Below is a breakdown of the composition of net financial debt at February 28, 2023 and February 28, 2022, in accordance with ESMA guideline 32-382- 1138 dated 4/3/2021[35]:

(in millions of Euro)	Year ended			
	February 28, 2023	*of which related parties*	February 28, 2022	*of which related parties*
(A) Available liquidity	51.7	-	141.5	-
(B) Cash and cash equivalents	15.0	-	-	-
(C) Other current financial assets	60.3	-	-	-
(D) Liquidity (A)+(B)+(C)	**126.9**	**-**	**141.5**	**-**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	-	-	-	-
(F) Current portion of non-current financial debt	(70.5)	-	(66.5)	-
(G) Current financial debt (E)+(F)	**(70.5)**	**-**	**(66.5)**	**-**
(H) Net current financial debt (G)-(D)	**56.4**	**-**	**75.0**	**-**
(I) Non-current financial debt (excluding the current portion and debt instruments)	(379.5)	-	(389.5)	-
(J) Debt instruments	-	-	0.0	-
(K) Trade payables and other non-current payables	-	-	0.0	-
(L) Non-current financial debt (I)+(J)+(K)	**(379.5)**	**-**	**(389.5)**	**-**
(M) Total financial debt (H)+(L)	**(323.1)**	**-**	**(314.5)**	**-**

In the second half of fiscal year 2022/23, Unieuro S.p.A. acquired Ordinary Treasury Bonds (BOT) with maturity of March 2023 for approximately Euro 20.0 million and in April 2023 for approximately Euro 30.0 million and Long-Term Treasury Bonds (BTP) with maturity in August 2023 for approximately Euro 10.0 million. Securities were classified as other current financial assets and measured at fair value through other comprehensive income consistent with the adopted business model.

The cash flow movements were mainly as a combined effect of: (i) cash generated from operating activities, net of IFRS 16 cash flows for leasing of Euro 55,103 thousand, (ii) investments made and settled for Euro 39,277 thousand, (iii) the distribution of dividends for Euro 27,134 thousand.

The following table presents "Other current financial payables" and "Other non-current financial payables" for the year ended February 28, 2023 and February 28, 2022. Reference should be made to Note 5.14 "Other financial liabilities" for further details.

[35] For the purpose of better representation and consistent with the new guidance of ESMA Guideline 32-382- 1138 of 4/3/2021, receivables related to IFRS 16 sub-leases were excluded from net financial debt.

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Other financial liabilities	70,530	66,539
Other current financial payables	70,530	66,539
Other financial liabilities	379,521	389,501
Other non-current financial payables	379,521	389,501
Total financial payables	450,051	456,040

5.13 Employee benefits

Changes in “Employee benefits” for the fiscal year from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	
Balance at February 28, 2021	12,979
Service Cost	57
Interest Cost	27
Transfers in/(out)	196
Settlements/advances	(425)
Actuarial (gain)/losses	292
Balance at February 28, 2022	13,126
Service Cost	59
Interest Cost	292
Transfers in/(out)	-
Settlements/advances	(15)
Actuarial (gain)/losses	(2,207)
Balance at February 28, 2023	11,255

This item includes the Post-employment benefits provided for by Law No. 297 of May 25, 1982, which guarantees a severance payment to the employee when he or she terminates employment. Severance pay, regulated by legislation in Civil Code Article 2120, is recalculated in accordance with IAS 19, expressing, as a liability the amount of the present value of the final obligation, where the present value of the obligation is determined by the “projected unit credit” method.

The settlements recorded in the year ended February 28, 2023 relate to both severance advances paid to employees during the year and severance payments referring to employees with fixed-term contracts.

Details of the economic and demographic assumptions used for actuarial valuation purposes are given below:

	Year ended	
Economic assumptions	February 28, 2023	February 28, 2022
Inflation rate	2.30%	1.75%
Discount rate	3.73%	1.13%
Severance pay increase rate	3.23%	2.81%

	Year ended	
Demographic assumptions	February 28, 2023	February 28, 2022
Probability of death	RG48 demographic tables	RG48 demographic tables
Probability of incapacity	INPS tables by age and gender	INPS tables by age and gender
Retirement age	Achievement of minimum requirements under the compulsory general insurance	Achievement of minimum requirements under the compulsory general insurance
Probability of departure	5%	5%
Probability of anticipation	3.50%	3.50%

Regarding the discount rate, the iBoxxEurozone Corporates AA index with duration 7-10 years as of the valuation date was taken as a reference for the valuation of this parameter.

Below is a sensitivity analysis at February 28, 2023, related to the main actuarial assumptions included in the calculation model made considering the one described above and increasing and decreasing the average annual turnover rate, advance request rate, average inflation rate, and discount rate by 1%, -1%, 0.25%, and -0.25%, respectively. The results obtained can be summarised in the table below:

(In thousands of Euro)	Impact on DBO at February 28, 2023	
Changes in the parameter	UNIEURO	MONCLICK
Increase in turnover rate of 1%	10,876	405
Decrease in turnover rate of 1%	10,753	401
Increase in inflation rate of 0.25%	10,942	410
Decrease in inflation rate of 0.25%	10,695	397
Increase in discounting rate of 0.25%	10,626	395
Decrease in discounting rate of 0.25%	11,016	412

5.14 Other financial liabilities

Below is a breakdown of current and non-current "Other financial liabilities" at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Payables to leasing companies	70,214	65,140
Payables for equity investments and business units	-	1,241
Other financial payables	316	158
Other current financial liabilities	**70,530**	**66,539**
Payables to leasing companies	379,521	389,501
Other non-current financial liabilities	**379,521**	**389,501**
Total financial payables	**450,051**	**456,040**

Lease liabilities

Lease liabilities totalled Euro 449,735 thousand at February 28, 2023 and Euro 454,641 thousand at February 28, 2022. The assets under the lease agreements consist of buildings, cars, furniture, LEDs, air conditioning equipment, servers, computers and printers. The above payables to leasing companies are guaranteed to the lessor through the rights to the leased assets. This item includes the carrying amount of lease liabilities related to operating leases for which the Group, following the application of IFRS 16, has recorded a liability reflecting the obligation for lease payments and lease liabilities. No interest rate hedging instruments are in place.

It should be noted that at February 28, 2022, the Group has adopted the practical expedient related to "COVID-19-Related Rent Concessions" which allows the lessee to disregard any concessions on rent payments resulting from the effects of COVID-19 as an amendment to the original contract. Based on these amendments, these concessions were accounted for as positive variable fees without going through a contract amendment.

The cash flows referring to lease liabilities are shown below.

(In thousands of Euro)	Balance at February 28, 2023	Within 12M	Between 12M and 60M	Over 60M	Total
Payables to leasing companies	449,735	70,214	240,541	138,980	449,735
Total	**449,735**	**70,214**	**240,541**	**138,980**	**449,735**

Payables for equity investments and business units

Payables for equity investments and business units totalled Euro 1,241 thousand at February 28, 2023 (Euro 1,241 thousand at February 28, 2022).

Other financial payables

Other financial payables totalled Euro 315 thousand at February 28, 2023 (Euro 158 thousand at February 28, 2022). The item includes the payable related to dividends resolved by the Shareholders' Meeting in June 2022 and not yet paid at February 28, 2023.

5.15 Provisions

Changes in "Provisions" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Provisions for tax disputes	Provisions for other disputes	Other risks provision	Total
Balance at February 28, 2021	1,914	13,069	6,524	21,507
- of which current portion	*-*	*346*	*408*	*754*
- of which non-current portion	*1,914*	*12,723*	*6,115*	*20,752*
Provisions	202	1,561	150	1,913
Utilisations/Releases	(1,318)	(4,223)	(1,776)	(7,317)
Balance at February 28, 2022	798	10,407	4,898	16,103
- of which current portion	*-*	*1,637*	*530*	*2,167*
- of which non-current portion	*798*	*8,770*	*4,368*	*13,936*
Provisions	-	1,368	89	1,457
Utilisations/Releases	-	(4,585)	(588)	(5,173)
Balance at February 28, 2023	798	7,190	4,399	12,387
- of which current portion	*-*	*442*	*627*	*1,069*
- of which non-current portion	*798*	*6,748*	*3,772*	*11,318*

"Provision for tax disputes" amounting to Euro 798 thousand at February 28, 2023, unchanged compared to February 28, 2022, is set aside mainly to cover liabilities that may arise as a result of tax disputes.

The "Provision for other disputes", amounting to Euro 7,190 thousand at February 28, 2023 and Euro 10,407 thousand at February 28, 2022, reports a decrease that is mainly related to the release of the provision previously recorded following the judgment in favour of Unieuro S.p.A. in respect of a civil dispute and the use of the provision for the execution of commitments made to the Anti-trust Authority as part of the proceedings involving Group companies. It should be noted that on December 23, 2021, the Anti-trust Authority notified the measure closing the proceedings, which, while acknowledging the Anti-trust Authority's rejection of the commitments presented by Unieuro S.p.A. and Monclick S.r.l., nevertheless takes them into account in the quantification of the penalty that was imposed, with regards to Unieuro S.p.A. for Euro 4 million and Monclick S.r.l. for Euro 0.3 million ("Original Measure"). Unieuro and Monclick settled the penalty and on February 21, 2022 sent a compliance report, outlining the measures implemented to remedy the sanctioned conduct, and at the same time filed appeals with the Lazio Regional Administrative Court to challenge the penalty order. On June 21, 2022, the Anti-trust Authority notified Unieuro and Monclick of the opening of proceedings for non-compliance with the Original Measure. On December 28, 2022, the Authority announced the closure of the non-compliance proceedings, imposing a fine of Euro 3 million on Unieuro S.p.A. and of Euro 1.2 million on Monclick ("Non-Compliance Measure"). With regards to the penalty imposed by the Non-Compliance Order, on February 24, 2023, the Authority ruled to accept the instalment application submitted by Monclick.

In any case, the Company also appealed to the Lazio Regional Administrative Court against the Non-Compliance Order. The hearing is set for June 7, 2023.

"Other provisions for risks" amounted to Euro 4,399 thousand at February 28, 2023 and Euro 4,898 thousand at February 28, 2022. The item mainly includes charges for risks with reference to logistics contracting, charges for pristine restoration of stores, allocated against the costs to be incurred for the restoration of the property when it is returned to the landlord in cases where the obligation is contractually stipulated to be borne by the tenant.

5.16 Other current liabilities and other non-current liabilities

Below are details of "Other current liabilities" and "Other non-current liabilities" at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Contract liabilities	210,277	205,946
Payables to personnel	42,278	45,732
VAT payables	10,862	15,993
Social security institutions	3,564	3,703
IRPEF payables	3,949	3,735
Deferred income and accrued liabilities	9,165	7,104
Monetary Bonus Long Term Incentive Plan	176	476
Other tax payables	42	54
Other current liabilities	13	14
Total Other current liabilities	280,326	282,757
Deposit liabilities	26	26
Monetary Bonus Long Term Incentive Plan	967	493
Total other non-current liabilities	993	519
Total other current and non-current liabilities	281,319	283,276

"Other current and non-current liabilities" report a decrease of Euro 1,957 thousand at February 28, 2023 compared to the year ended February 28, 2022. The decrease in this item in the year under review is mainly attributable to lower VAT payables and lower payables to personnel partially offset by the increase in contract liabilities.

The balance of "Other current liabilities" is mainly composed of:

- contract liabilities amounting to Euro 210,277 thousand at February 28, 2023 (Euro 205,946 thousand at February 28, 2022) mainly attributable to (i) deferred revenues for warranty extension services. Sales revenues are accounted for on the basis of the contractual term, i.e. the period for which there is a performance obligation thus deferring sales accruing to future periods, (ii) down payments received from customers, (iii) liabilities related to vouchers, and (iv) liabilities related to sales with the right of return;

- payables to personnel amounting to Euro 42,278 thousand at February 28, 2023 (Euro 45,732 thousand at February 28, 2022) consisting of payables for salaries to be paid, vacations, leaves of absence, thirteenth and fourteenth month's pay. These payables refer to amounts accrued and not yet settled;

- VAT payables amounting to Euro 10,862 thousand at February 28, 2023 (Euro 15,993 thousand at February 28, 2022) consisting of payables arising from the VAT settlement referring to February 2023;

- deferred income and accrued liabilities in the amount of Euro 9,165 thousand at February 28, 2023 (Euro 7,104 thousand at February 28, 2022) mainly related to the recognition of deferred income on revenue that was received during the year but deferred economic maturity.

"Other non-current liabilities" includes Euro 967 thousand from the liability related to the Monetary Bonus under the Performance Share Plan approved by the Shareholders' Meeting, and payables for deposits in the amount of Euro 26 thousand.

5.17 Trade payables

Below is a breakdown of "Trade payables" at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Trade payables – third parties	596,025	581,632
Trade payables - related parties	-	-
Gross trade payables	**596,025**	**581,632**
Bad debt provision - amount due from suppliers	1,294	1,824
Total trade payables	**597,319**	**583,456**

The balance includes payables related to the normal course of business regarding supplies of goods and services. The item takes into account assessments on the exposure to the risk of potential losses arising from the failure of counterparties to meet their obligations. Gross trade payables increased by Euro 14,393 thousand at February 28, 2023 compared to February 28, 2022. Trade payables increased from the previous year due to a difference in the timing of financial and trade payables.

Changes in the "Bad debt provision - amounts due from suppliers" for the year from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Bad debt provision - amount due from suppliers
Balance at February 28, 2021	1,555
Provisions	269
Release to income statement	-
Utilisations	-
Balance at February 28, 2022	1,824
Provisions	-
Release to income statement	(318)
Utilisations	(212)
Balance at February 28, 2023	1,294

There are no trade payables beyond 5 years or any significant payable concentrations.

5.18 Revenues

Revenues are broken down by channel, category and geographic market in the following tables. The operating segment identified by the Group, within which all services and products provided to customers converge, is unique and coincides with the entire Group. The Group's vision of the company as a single omnichannel business means that it has identified a single Strategic Business Unit ("SBU"). For further details, reference should be made to Note 4 operating segments. Group revenues are affected by the typical seasonality of the consumer electronics market, which features higher revenues towards the end of the year.

A breakdown of revenues by channel is shown below:

(in thousand of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	2023 vs. 2022	%
Retail	1,966,160	68.2%	2,037,956	69.1%	(71,796)	(3.5%)
Online	567,320	19.7%	532,770	18.1%	34,550	6.5%
Indirect	243,728	8.4%	280,472	9.5%	(36,744)	(13.1%)
B2B	107,079	3.7%	98,526	3.3%	8,553	8.7%
Total revenues by channel	2,884,287	100.0%	2,949,724	100.0%	(65,437)	(2.2%)

The Retail channel (68.2% of total revenues) - which at February 28, 2023 comprised 278 direct sales points, including the "Unieuro by Iper" shop-in-shops and the sales points located at major public transport hubs such as airports, railway stations and metro stations (former Travel channel) - saw sales of Euro 1,966,160 thousand, decreasing 3.5% on the previous year. The comparison of sales for the year was impacted by the extraordinary revenues in the previous year, due to the technological transition within the TV segment, which more than offset the benefit from the new openings.

The Online channel (19.7% of total revenues) - which includes the unieuro.it platform and the pure digital player Monclick - generated revenues of Euro 567,320 thousand, up 6.5% on the previous year. The strong performance highlights the success of the innovations introduced to the platform and the cross-channel synergies, with the physical sales points acting as pick-up points for web customers, despite the comparison against the non-recurring sales in the Brown category for FY 2021/22.

The Indirect channel (8.4% of total revenues) - which includes sales made to the network of affiliated stores comprising a total of 255 sales points at February 28, 2023 - reports revenues of Euro 243,728 thousand, contracting 13.1% on the previous year, which benefited from higher Brown category sales and particularly in the second half of FY 2021/22.

The B2B channel (3.7% of total revenues) - which caters to professional customers (including overseas) operating in sectors other than Unieuro's, such as hotel chains and banks, in addition to those purchasing electronic products to distribute to regular customers or employees for point collections, prize contests or incentive plans (B2B2C segment) - reported revenues of Euro 107,079 thousand, up 8.7% from the previous year, thanks to the expanded distribution network.

A breakdown of revenues by category is shown below:

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	2023 vs 2022	%
Grey	1,371,447	47.6%	1,355,165	45.9%	16,282	1.2%
White	796,112	27.6%	755,753	25.6%	40,359	5.3%
Brown	427,233	14.8%	576,207	19.5%	(148,974)	(25.9%)
Other products	138,145	4.8%	130,053	4.4%	8,092	6.2%
Service	151,351	5.2%	132,546	4.5%	18,805	14.2%
Total revenues by category	2,884,287	100.0%	2,949,724	100.0%	(65,437)	(2.2%)

The Group offers to customers through its distribution channels a broad range of products - in particular domestic appliances and consumer electronics, in addition to accessory services. Sales are broken down by category according to the product classifications adopted by the leading sector experts. The classification of revenues by category is therefore periodically reviewed to ensure the comparability of Group and market data.

The Grey category (47.6% of total revenues) - i.e. phones, tablets, information technology, phone accessories, cameras, in addition to all wearable products - generated revenues of Euro 1,371,447 thousand, up 1.2% on FY 2021/22. This strong performance was driven by the phone, tablet and accessories segments, due to consumer technology upgrades and despite the limited availability of certain smartphone products in the final months of the year. This growth offset the settling of IT segment consumption levels, which benefited from a surge due to the pandemic's impact on remote working and distance learning.

The White category (27.6% of total revenues) - comprising major domestic appliances (MDA), such as washing machines, dryers, refrigerators or freezers and stoves, small home appliances (SDA), such as vacuum cleaners, food processors and coffee machines, in addition to the air conditioning segment, generated revenues of Euro 796,112 thousand, up 5.3% on the previous year. The increase stems in particular from the Home Comfort segment, thanks to the sale of air conditioners, which benefited from a very hot summer, in addition to the government bonus for heat pump products. The MDA and small household appliance segments also performed strongly.

The Brown category (14.8% of revenues) - including televisions and related accessories, audio devices, smart TV devices, car accessories and data storage systems - reports revenues of Euro 427,233 thousand, decreasing 25.9% on the previous year, which benefited from the extraordinary sales stemming from the television frequency switch-off and the introduction of the TV Bonus. There was also a shift in demand during the year toward entry-level products and greater promotional activities on premium products.

The Other Products category (4.8% of total revenues) - which includes sales of both the entertainment sector and other products not included in the consumer technology market, such as hoverboards or bicycles - reported revenues of Euro 138,145 thousand, increasing 6.2% on the previous year. This growth was driven by the strong console and video game performance, which benefited from greater product availability in the latter part of the year and the electric mobility segment.

The Services category (5.2% of total revenues) reported revenues of Euro 151,351 thousand, up 14.2% on FY 2021/22, thanks to the higher air conditioning-related service revenues, in addition to the good performance of consumer credit related services.

The breakdown of revenues by geographic area is presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Overseas	2,912	1,717
Italy	2,881,375	2,948,007
Total	2,884,287	2,949,724

5.19 Other income

“Other income” for the fiscal year to February 28, 2023 and to February 28, 2022 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Insurance reimbursements	85	293
Other income	758	745
Total other income	843	1,038

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

5.20 Purchase of materials and external services

The “Purchase of materials and external services” for the FY 2022/2023 and FY 2021/2022 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Purchases of goods	2,261,399	2,420,377
Transport	89,528	84,245
Marketing	48,260	55,127
Utilities	28,635	20,882
Maintenance and rental charges	17,129	15,806
General sales expenses	17,000	16,822
Other costs	49,910	45,616
Consultancy	9,443	11,699
Purchase of consumables	905	974
Travel and transfer	790	909
Remuneration of administrative and supervisory bodies	891	844
Total Purchase of Materials and external services	2,523,890	2,673,301
Changes in inventory	16,018	(89,997)
Total, including changes in inventories	2,539,908	2,583,304

“Purchase of materials and external services”, taking account of the “Change of inventories”, amounts to Euro 2,539,908 thousand, decreasing Euro 43,396 thousand on FY 2021/2022. The reduction is mainly due to the “Purchase of goods” and “Changes in inventories” items for Euro 52,963 thousand, whose movement relates to the lower volumes and the differing mix of purchases compared to the previous year.

"Transport" increased from Euro 84,245 thousand in 2021/2022 to Euro 89,528 thousand in 2022/2023. This increase is mainly due to the increased price of fuels and higher tariffs for transport services, in addition to the greater sales volumes with home delivery compared to the previous year. They accounted for 3.1% of consolidated revenues in 2022/2023 (2.9% in 2021/2022).

"Marketing" amounted to Euro 48,260 thousand in FY 2022/2023 (Euro 55,127 thousand in FY 2021/2022). The reduction in marketing costs is due to the greater amount of promotional initiatives co-funded by suppliers. They accounted for 1.7% of consolidated revenues in FY 2022/23 (1.9% in FY 2021/22).

"Utilities" increased by Euro 7,753 thousand compared to FY 2021/2022 mainly due to the effect of energy product price increases related to the geopolitical scenario.

"Maintenance and Rental charges" amounted to Euro 17,129 thousand in FY 2022/23 (Euro 15,806 thousand in FY 2021/22). They accounted for 0.6% of consolidated revenues, substantially unchanged on FY 2021/22.

"General sales expenses" rose from Euro 16,822 thousand in FY 2021/22 to Euro 17,000 thousand in FY 2022/23. The account mainly includes costs for commissions on sales transactions; they accounted for 0.6% of consolidated revenues, substantially unchanged on FY 2021/22.

"Other costs" include principally costs for variable rents, condominium expenses, motor vehicles, hire, cleaning, insurance and security. They increased Euro 4,294 thousand on the comparative year. This mainly follows the higher installation costs related to the growth of sales volumes of air conditioning systems, supported by the government incentives and concessions which were received in the previous year by lessors on lease payments. The item includes the penalty for non-compliance imposed by the Anti-trust Authority on the two companies for a total of Euro 4,200 thousand.

"Consultancy" decreased from Euro 11,699 thousand in FY 2021/22 to Euro 9,443 thousand in FY 2022/23.

The reduction is due to the investments made to strengthen the technology infrastructure during the previous year.

5.21 Personnel costs

"Personnel costs" for FY 2022/23 and FY 2021/22 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Salaries and wages	151,174	149,915
Welfare expenses	44,162	44,050
Severance pay	9,866	9,589
Other personnel costs	2,376	3,619
Total personnel costs	207,578	207,173

Personnel costs increased from Euro 207,173 thousand in FY 2021/22 to Euro 207,578 thousand in FY 2022/23, an increase of Euro 405 thousand (0.2%).

"Salaries and wages" and "Welfare expenses" rose respectively Euro 1,259 thousand and Euro 112 thousand. The increase in the year is due to the new openings of direct outlets and the provision to employees of a one-off amount following the agreement signed between Confcommercio and the trade unions in December 2022.

"Other personnel costs" of Euro 2,376 thousand in FY 2022/23 (Euro 3,619 thousand in FY 2021/22), include mainly the recognition of the cost for the 2020-2025 Performance Shares Plan.

5.22 Other operating costs and expenses

"Other operating costs and expenses" for FY 2022/23 and FY 2021/22 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Non-income based taxes	5,871	4,211
Provision/(release) for supplier bad debts	-	269
Provision/(release) for write-down of receivables	15	(641)
Other operating expenses	1,281	1,381
Total other operating costs and expenses	7,167	5,220

"Other operating costs and expenses" increased from Euro 5,220 thousand in FY 2021/22 to Euro 7,167 thousand in FY 2022/23, an increase of Euro 1,947 thousand (37.3%).

"Non-income based taxes" principally include costs related to the running of the business, such as waste disposal tax and taxes for advertising and promotional activities.

"Other operating expenses" include costs for charities, customs and capital losses.

5.23 Amortisation, depreciation, and write-downs

"Amortisation, depreciation and write-downs" for FY 2022/23 and FY 2021/22 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Depreciation Plant, machinery, equipment and other assets	21,452	21,460
Depreciation right-of-use assets	72,693	65,846
Amortisation Intangible assets with finite useful lives	12,762	9,599
Write-downs/(Revaluations of plant, machinery, equipment and other assets	-	628
Capital losses/(Gains) of plant, machinery, equipment and other assets	(12)	-
Capital loss/(gain) from the sale of business unit	(464)	-
Total amortisation, depreciation and write-downs	106,431	97,533

"Amortisation, depreciation and write-downs" increased from Euro 97,533 thousand in FY 2021/22 to Euro 106,431 thousand in FY 2022/23, increasing Euro 8,898 thousand.

"Write-downs/(revaluations) of tangible fixed assets mainly include the write-downs of a number of assets following the works carried out at outlets.

The item "Capital loss/(gain) from the sale of business unit" is related to the realisation of the capital gain amounting to Euro 464 thousand following the partial sale of a business unit.

5.24 Financial income and expenses

Below is a breakdown of "Financial income" in FY 2023 and FY 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Other financial income	268	61
Interest income	299	2
Total financial income	567	63

"Financial income" increased from Euro 63 thousand in FY 2021/22 to Euro 567 thousand in FY 2022/23, an increase of Euro 504 thousand.

The breakdown of the "Financial expenses" is shown below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Interest expense on bank loans	136	871
Other financial expenses	13,429	11,997
Total Financial Expenses	13,565	12,868

"Financial expenses" increased from Euro 12,868 thousand in FY 2021/22 to Euro 13,565 thousand in FY 2022/23, an increase of Euro 697 thousand (5.4%).

"Interest expense on bank loans" decreased in FY 2022/23 by Euro 735 thousand on the previous year, due to the settlement of the loan in November 2021 and the simultaneous drawdown of new credit lines and the simultaneous undertaking of four credit lines. As of February 28, 2023, the credit lines have not been drawn.

"Other financial expenses" amounted to Euro 13,429 thousand in FY 2022/23 (Euro 11,997 thousand in FY 2021/22). The increase mainly concerns financial expenses concerning the financial liabilities for IFRS 16 leasing and the discounting of the Ecobonus credits.

5.25 Income taxes

Below is a breakdown of "Income taxes" in FY 2022/2023 and FY 2021/ 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Current taxes	(1,842)	(3,954)
Deferred taxes	987	3,828
Total	(855)	(126)

The reconciliation of the theoretical tax charge with the effective tax charge is presented below:

(In thousands of Euro and as a percentage of the profit before tax)	Year ended			
	February 28, 2023	%	February 28, 2022	%
Pre-tax result for the period	11,050		44,727	
Theoretical income taxes (IRES)	(2,652)	(24.0%)	(10,734)	(24.0%)
IRAP	(2,260)	(20.5%)	(2,895)	(6.5%)
Tax effect of permanent and other differences	4,061	36.7%	13,499	30.2%
Income taxes	(855)		(126)	
(Provision)/release to taxes provision and taxes payable	-		-	
Total income taxes	(855)		(126)	
Effective tax rate		(7.7%)		(0.3%)

The income tax rate is calculated by considering the (allocation)/release to the tax provision for tax disputes. In FY 2022/23 and FY 2021/22, the percentage of taxes on the pre-tax result was respectively 7.7% and 0.3%. The item included the tax benefit from the agreement with the Tax Agency for the Patent Box signed on December 29, 2021. The benefit accounted for in the year relates to fiscal years 2016 - 2020 and is from the exploitation of the Unieuro brand. The methodology for calculating the relief was the subject of a Tax Agency ruling with reference to the first tax period (2015-2016).

It should be noted that, as of the fiscal year ended February 28, 2019, Unieuro S.p.A. exercised the option for the National Tax Consolidation regime as a “Consolidating Company” (pursuant to Article 117 of Presidential Decree No. 917 of December 22, 1986), jointly with the “Consolidated Company” Monclick S.r.l.. The option permitted the determination of the IRES payable due on a taxable base corresponding to the sum of taxable income and tax losses earned by individual companies participating in the Consolidation.

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

5.26 Basic and diluted earnings per share

Basic earnings per share was calculated by dividing the consolidated net profit by the average number of ordinary shares. The calculation is broken down in the following table:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Net Result for the year [A]	10,193	44,601
Number of shares (in thousands) considered in calculating basic earnings per share[B]	20,099	20,421
Basic earnings per share (in Euro) [A/B]	0.51	2.18

Details of the calculation of diluted earnings per share are shown in the table below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Net Result for the year/year [A]	10,193	44,601
Average number of shares (in thousands) [B]	20,099	20,421
Effect of stock options at issue [C] (1)	-	-
Diluted earnings per share (in Euro) [A/(B+C)]	0.51	2.18

(1) The effect of share options upon issuance, considered for the purpose of calculating diluted earnings per share, relates to shares granted on the basis of the share-based payment plan called the Long Term Incentive Plan, which, as required by IFRS 2 are convertible on the basis of the conditions accrued in the respective fiscal years.

5.27 Cash Flow Statement

The principle factors impacting the cash flows in the year are illustrated below.

Net cash flow generated/(absorbed) by operating activities

(Euro thousands)	Year ended	
	February 28, 2023	February 28, 2022
Cash flow from operations		
Consolidated profit/(loss) for the consolidated year	10,193	44,601
Adjustments for:		
Income taxes	855	126
Net financial expenses (income)	12,998	12,805
Amortisation, depreciation and write-downs of fixed assets	106,431	97,533
Other changes	1,290	1,951
Net cash flow generated/(absorbed) from operating activities before changes in Net Working Capital	131,767	157,016
Changes in:		
- Inventories	16,018	(89,997)
- Trade receivables	(23,093)	22,326
- Trade payables	17,553	76,703
- Other changes in operating assets and liabilities	(13,264)	6,571
Cash flow generated/(absorbed) by operating activities	(2,786)	15,603
Taxes paid	-	(9,287)
Interest paid	(10,544)	(11,130)
Net cash flow generated/(absorbed) by operating activities	118,437	152,202

Consolidated cash flows of Euro 118,437 thousand were generated by operating activities (generation of Euro 152,202 thousand in the previous fiscal year to February 28, 2022). The cash movements compared to the previous year relates to the Group's earnings performance and net working capital movements.

Cash flow generated by investing activities (B)

(Euro thousands)	Year ended	
	February 28, 2023	February 28, 2022
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(17,651)	(33,322)
Purchase of intangible assets	(21,526)	(17,071)
Investments in current FVOCI securities	(60,000)	-
Investments for business combinations and business units	364	(8,509)
Cash flow generated/(absorbed) by investment activities	(98,813)	(58,902)

Investing activities absorbed cash amounting to Euro 98,813 thousand and Euro 58,902 thousand in the fiscal years ended February 28, 2023 and February 28, 2022, respectively, and were mainly attributable to the investment in Italian government bonds in the amount of Euro 60,000 thousand and capitalised costs incurred in upgrading the technology infrastructure, developing the direct store network, and installing electronic labels in a significant and growing number of direct stores.

Cash flows of investments for business combinations and business units amounting to Euro 364 thousand in the fiscal year to February 28, 2023 refer to the proceeds from the partial sale of a business unit net of the outflow incurred for the purchase of the Etnapolis ex-expert business unit. Investments in the comparative year of Euro 8,509 thousand referred to the amount paid of the purchase price as part of the acquisition of ex-Pistone S.p.A., ex-Cerioni, Monclick, Convertino and Limbiate.

Cash flow from generated/(absorbed) by financing activities

(Euro thousands)	Year ended	
	February 28, 2023	February 28, 2022
Cash flow from financing activities[36]		
Increase/(Decrease) financial liabilities	(724)	(49,845)
Increase/(Decrease) in other financial liabilities	(3,313)	(2,122)
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(63,334)	(57,320)
Buyback	-	(12,335)
Exercise - Long Term Incentive Plan	-	4,283
Distribution of dividends	(27,134)	(53,793)
Cash flow generated/(absorbed) by financing activities	(94,505)	(171,132)

Financing activities absorbed cash of Euro 94,505 thousand in the year ended February 28, 2023 and Euro 171,132 thousand in the year ended February 28, 2022.

The change in cash flow from financing activities at February 28, 2023 reflects the payment of dividends resolved by the Shareholders' Meeting in June 2022 during the year in the amount of Euro 27,134 thousand.

During the previous year, the Group had implemented the treasury share purchase programme for Euro 12,335 thousand.

[36] For the purpose of better representation, cash flows related to IFRS 16 leases were reclassified from "Cash flow generated/(absorbed) from investing activities" to "Cash flow generated/(absorbed) from financing activities."

5.28 Share-based payment agreements

Long Term Incentive Plan

On February 6, 2017, Unieuro's Extraordinary Shareholders' Meeting approved the adoption of a stock option plan (the "Plan" or "Long Term Incentive Plan" or "LTIP") reserved for Unieuro's Executive Directors, associates, and employees (executives and non-executives). The Plan provides for the granting of ordinary shares resulting from a capital increase with the exclusion of option rights, pursuant to Article 2441, paragraphs 5 and 8, of the Civil Code, which was approved by the Unieuro Shareholders' Meeting on the same date.

The Plan specifies the following objectives: (i) to focus recipients on factors of strategic interest to Unieuro, (ii) to foster the loyalty of the plan recipients and incentivise their retention at Unieuro, (iii) to increase Unieuro's competitiveness by identifying medium-term goals and supporting value creation for both Unieuro and its shareholders, and (iv) to ensure that the overall remuneration of the plan recipients remains competitive in the market.

The implementation and definition of the specific features of the Plan were delegated by the Shareholders' Meeting to the specific definition by the Board of Directors of Unieuro. On June 29, 2017, the Board of Directors approved the regulations of the plan ("Regulations") in which it determined the terms and conditions of the plan's implementation.

The Recipients subscribed to the Plan in October 2017. The parties expressly agreed that the effects of the granting of rights shall have retroactive effect to June 29, 2017, the date of approval of the regulations by the Board of Directors.

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

- Condition: the Plan and related options will be conditional on the completion of Unieuro's listing by July 31, 2017 ("IPO");

- Recipients: the Plan is addressed to Executive Directors, associates and employees (Executive and Non-Executive) of Unieuro ("Recipients") who have been identified by the Board of Directors from among those who have an ongoing employment relationship with Unieuro and/or other Group companies. The identification of the Recipients was made on the basis of a discretionary judgment of the Board of Directors, which given the aims of the Plan, the strategies of Unieuro and of the Group and the objectives, takes into account, among other matters, the strategic importance of the role and the impact of the role on the pursuit of the objective;

- Purpose: the purpose of the Plan is to grant the Recipients free and non-transferable option rights by deed between living persons for the purchase or subscription for consideration of ordinary shares of Unieuro for a maximum number of 860,215 options, each of which will entitle them to subscribe one newly issued ordinary share ("Options"). Where the objective is exceeded with a performance of 120% of the target, the number of Options will be raised to 1,032,258. A capital increase was therefore approved for a maximum nominal amount of Euro 206,452, plus share premium, for a total value (share capital plus share premium) equal to the price at which Unieuro's shares will be placed on the Italian Stock Exchange (MTA), by issuing 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 determined by the Board of Directors after consultation with the Remuneration Committee;

- Exercise of rights: subscription of shares can only be made after July 31, 2020 and by the final deadline of July 31, 2025;

- Vesting: the extent and existence of each Recipient's right to exercise options will be verified at July 31, 2020 provided that: (i) the employment relationship with the Recipient continues until that date and (ii) the targets, in terms of distributable profits, set out in the business plan are met based on the following criteria:

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

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

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

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

- Exercise Price: the exercise price of the Options will be equal to the placement price on IPO of Euro 11 per share;

- Cash Bonus: A recipient who exercises in whole or in part their subscription rights shall be entitled to receive an extraordinary cash bonus in an amount equal to the dividends they would have received from the date of approval of this Plan until the end of the vesting period (August 31, 2020) with the exercise of the corporate rights attaching to the Shares obtained in the year in question with the exercise of the Subscription Rights;

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

On February 29, 2020, the vesting period of the rights under the Plan concluded; the Board of Directors on June 18, 2020 verified that the quantitative and therefore objectively assessable targets were met to the extent of 101.11%; and in accordance with the provisions of the Plan Regulations, resolved to grant a total of 849,455 options. From July 31, 2020 until July 31, 2025, each beneficiary will be entitled to exercise their subscription rights in whole or in part and also in several tranches; at the end of each fiscal year in which the beneficiary has exercised all or part of their subscription rights, as provided for in the Plan, the beneficiary shall be entitled to receive an extraordinary cash bonus already recognised to the financial statements, in an amount equal to the dividends they would have received from the date of approval of the Plan until the end of the vesting period with the exercise of the corporate rights due to the shares obtained in the year in question with the exercise of the subscription rights.

The number of options outstanding at February 28, 2023 is as follows:

	Number of options February 28, 2023
No. of options outstanding assigned	849,455
No. of options granted in the period	-
No. of options not granted	-
No. of options exercised	689,871
No. of options expired	-

2020-2025 Performance share plan

On October 27, 2020, the Board of Directors of Unieuro S.p.A., subject to the favourable opinion of the Appointments and Remuneration Committee, approved the Disclosure Document on the 2020-2025 Performance Share Plan (the "Performance Shares" or "PS") prepared pursuant to Article 114-*bis* of the CFA, which was submitted in December 2020 for the approval of the Shareholders' Meeting.

Description of Plan's recipients

The implementation and definition of the specific features of the Plan were delegated by the Shareholders' Meeting to the specific definition by the Board of Directors of Unieuro.

The Granting of rights to each of the Beneficiaries with respect to the three-year period FY2021-FY2023 (1st Cycle) and the three-year periods FY2022-FY2024 and FY2023-FY2025 (2nd Cycle and 3rd Cycle) will be determined on each occasion by the Board of Directors.

On January 13, 2021, July 14, 2021, and March 23, 2022, the Board of Directors granted the rights and approved the regulations of the 1st, 2nd, and 3rd Cycles, respectively, in which it determined the terms and conditions for implementing the Plan. The subscription of the Plan by the Recipients of Cycle 1 took place in January 2021, in July 2021 with reference to Cycle 2, and in April 2022 with reference to Cycle 3.

The Plan is intended for Executive Directors and/or Senior Executives 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) personnel having the rank of executive at the Company and/or Group companies; (ii) personnel having the rank of manager (or higher) at the Company and/or Group companies.

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

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

Free granting of these Shares will be made in the years 2023 (1st cycle), 2024 (2nd cycle) and 2025 (3rd cycle).

As reflected in the Board of Directors' resolution, the actual granting of Shares for each of the three cycles will be based on the performance targets and, in general, the meeting of the vesting conditions.

It is also provided that the aforementioned rights shall entitle each beneficiary to the receipt of a cash bonus linked to any cash dividends distributed and paid by the Company up to the grant date. This award will be payable in conjunction with, and subject to, the delivery of shares related to each cycle of the Plan provided that the specific vesting conditions are met.

Plan rationale

The Plan shall be one of the instruments used by the Company and the Group to supplement the remuneration of key personnel with variable components based on achieving performance targets and in accordance with best market practices.

The Board of Directors considers a share-based incentive plan, with five-year duration and specific performance targets, as the most effective incentive instrument and one which responds to the interests of the Company and of the Group. Therefore, the Plan has the following objectives: (i) to focus recipients on factors of strategic interest of the Company and direct key resources toward strategies aimed at pursuing medium- to long-term results; (ii) to retain and incentivise recipients within the Company by developing retention policies aimed at key resources; (iii) aligning the interests of beneficiaries with those of shareholders, with a view to developing confidence in the Company's value creation; and (iv) ensuring that the overall remuneration of Plan recipients remains competitive while developing attraction policies toward talented managerial and professional figures.

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

	Number of rights February 28, 2023
Outstanding at beginning of period	384,000
Assigned during the period	-
Granted during the period	200,000
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	584,000
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	-

On March 23, 2022, the Board of Directors granted the rights and approved the regulations for the 3rd Cycle and in which it determined the terms and conditions for the implementation of the Plan. The subscription of the Plan by the Recipients of the 3rd Cycle took place in April 2022.

2023-2028 Performance share plan

On October 27, 2020, the Shareholders' Meeting of Unieuro S.p.A., approved the Disclosure Document on the 2023-2028 Performance Shares Plan (the "Performance Shares" or "PS") prepared pursuant to Article 114-*bis* of the CFA.

Description of Plan's recipients

The implementation and definition of the specific features of the Plan were delegated by the Shareholders' Meeting to the specific definition by the Board of Directors of Unieuro.

The Plan is intended for Executive Directors and/or Senior Executives and/or employees of the Company and/or Group companies who hold roles with a greater impact on the achievement of medium-long term business results or with strategic importance for the purposes of achieving Unieuro's long-term objectives, as well as additional roles identified in relation to the performances achieved, skills possessed or with a view to retention/attraction and fall into one of the following categories: (i) executives of the Company and/or Group companies and (ii) first level while-collar employees (or above) at the Company and/or Group companies.

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

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

Free granting of these Shares will be made in the years 2026 (1st cycle), 2027 (2nd cycle) and 2028 (3rd cycle).

It is also provided that the aforementioned rights shall entitle each beneficiary to the receipt of a cash bonus linked to any cash dividends distributed and paid by the Company up to the grant date. This award will be payable in conjunction with, and subject to, the delivery of shares related to each cycle of the Plan provided that the specific vesting conditions are met.

Plan rationale

In fact, the Plan is one of the tools used by the Company to supplement the fixed component of the remuneration package of strategic resources through variable components linked to continued employment, in line with market best practices, and is proposed as a continuation of the previous medium- to long-term incentive plan approved by the Shareholders' Meeting of December 17, 2020.

The Plan has the following objectives: (i) to focus the Beneficiaries of the Plan on factors of strategic interest of the Company and direct key resources toward pursuing medium to long-term results, with a view to the sustainability of the Group's operating-financial performances (ii) to retain and incentivise the Beneficiaries of the Plan within the Company by developing retention policies; (iii) aligning the interests of Beneficiaries with those of Shareholders, with a view to developing the Company's value creation; and (iv) ensuring that the overall remuneration of Plan recipients remains competitive while developing attractive policies toward new talented managerial and professional figures.

	Number of rights February 28, 2023
Outstanding at beginning of period	-
Assigned during the period	-
Granted during the period	80,000
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	80,000
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	120,000

6. RELATED PARTY TRANSACTIONS

The following tables summarise the Group's creditor and debtor balances with related parties at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Creditor and debtor balances with related parties at February 28, 2023			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
At February 28, 2023				
Other current liabilities	(73)	(203)	(118)	(394)
Other non-current liabilities	-	-	(379)	(379)
Total	(73)	(203)	(497)	(773)

(In thousands of Euro)	Creditor and debtor balances with related parties at February 28, 2022			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
At February 28, 2022				
Other current liabilities	(57)	(255)	(215)	(527)
Other non-current liabilities	-	-	(172)	(172)
Total	(57)	(255)	(387)	(699)

The following table summarises the Group's income and costs with related parties in FY 2022/2023 and FY 2021/2022:

(In thousands of Euro)	Income and costs with related parties in FY 2022/2023			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
FY 2022/2023				
Purchase of materials and external services	(139)	(716)	-	(855)
Personnel costs	-	-	(2,427)	(2,427)
Total	(139)	(716)	(2,427)	(3,282)

(In thousands of Euro)	Income and costs with related parties in FY 2021/2022			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
FY 2021/2022				
Purchase of materials and external services	(128)	(680)	-	(808)
Personnel costs	-	-	(3,325)	(3,325)
Total	(128)	(680)	(3,325)	(4,133)

With reference to the periods under consideration, creditor/debtor and income and costs with related parties mainly refer to relations with Directors and Senior Executives, summarised in the table below:

Senior Executives	
Fiscal year ending February 28, 2023	Fiscal year ending February 28, 2022
Chief Executive Officer - Giancarlo Nicosanti Monterastelli	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer - Marco Deotto	*Chief Financial Officer - Marco Pacini*
General Manager - Bruna Olivieri	*General Manager - Bruna Olivieri*

The Gross remuneration of senior executives is inclusive of all compensation components (benefits, bonuses and gross pay).

Related party transactions at August 31, 2021 do not include the company "Pallacanestro Forlì 2015, s.a r.l. " which has left the scope following the entry into force at July 1, 2021 of the updated Consob Related Party Transactions Regulation No.17221.

The following table summarises the Group's cash flows with related parties in FY 2022/2023 and 2021/2022:

(In thousands of Euro)	Related Parties			
Type	Statutory Auditors	Board of Directors	Senior Executives	Total
Fiscal year from March 1, 2021 to February 28, 2022				
Net cash flow generated/(absorbed) from operating activities	(132)	(573)	(6,063)	(6,768)
Total	(132)	(573)	(6,063)	(6,768)
Fiscal year from March 1, 2022 to February 28, 2023				
Net cash flow generated/(absorbed) from operating activities	(123)	(768)	(2,317)	(3,208)
Total	(123)	(768)	(2,317)	(3,208)

7. OTHER INFORMATION

Contingent liabilities

Based on the information currently available, the Directors of the Company consider that, as of the date of approval of these financial statements, the provisions set aside are sufficient to ensure a fair presentation of financial information.

Guarantees in favour of third parties

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Guarantees and sureties in favour of:		
Third party entities and companies	32,026	44,667
Total	32,026	44,667

Disclosure on public grants transparency obligations (Law No. 124/2017, Article 1, paragraphs 125-129)

As required by the regulations on transparency of public disbursements 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.

In the fiscal year ended February 28, 2023, the Group did not receive any additional grants, contributions and economic benefits of any kind from public administrations and their equivalents, companies controlled by public administrations, and from publicly held companies.

Workforce

At February 28, 2023, the number of employees at Group level stood at 5,695 (5,784 in the previous year) distributed by contractual categories as follows:

	February 28, 2023		February 28, 2022	
	Unieuro S.p.A.	Monclick S.r.l..	Unieuro S.p.A.	Monclick S.r.l..
Executives	34	1	29	1
Managers	78	-	76	-
White-collar	5,494	38	5,602	38
Blue-collar	1	-	1	-
Apprentices	49	-	37	-
Total	5,656	39	5,745	39

Independent Audit Firm fees

The fees of the independent audit firm and its network for statutory audit and other services, as of February 28, 2023, are presented below:

Type of service	Service provider	Fees (in Euro thousands)
Audit	KPMG S.p.A.	742
Certification work	KPMG S.p.A.	19
Other services	KPMG Advisory S.p.A.	313
	Total	1,074

Subsequent events

On May 9, 2023 The Board of Directors also approved the new "Beyond Omni-Journey" Plan which seeks to consolidate Unieuro's leadership, positioning the company as the natural destination for the consumer for all technology needs.

Annex 1

Statement of Financial Position at 28/2/2023 prepared in accordance with the provisions of Consob Resolution No. 15519 of 27/7/2006 and Consob Communication No. DEM/6064293 of 28/7/2006.

	Year ended					
(Euro thousands)	February 28, 2023	Of which related parties	Weighting %	February 28, 2022	Of which related parties	Weighting %
Plant, machinery, equipment and other assets	77,009			79,281		
Goodwill	196,110			196,072		
Intangible assets with finite useful lives	49,274			45,661		
Right-of-use assets	422,729			433,339		
Deferred tax assets	45,113			44,606		
Other non-current assets	24,906			17,830		
Total non-current assets	815,141	-	0.0%	816,789	-	0.0%
Inventories	446,032			462,050		
Trade receivables	66,081			42,988		
Current tax assets	5,199			4,206		
Other current assets	82,740			27,593		
Cash and cash equivalents	66,653			141,534		
Total current assets	666,705	-	0.0%	678,371	-	0.0%
Total Assets	1,481,846	-	0.0%	1,495,160	-	0.0%
Share capital	4,140			4,140		
Reserves	89,245			67,725		
Profits/(losses) carried forward	31,143	(3,282)	(10.5%)	66,484	(4,133)	(6.2%)
Total shareholders' equity	124,528	(3,282)	(2.6%)	138,349	(4,133)	(3.0%)
Financial liabilities	-			-		
Employee benefits	11,255			13,126		
Other financial liabilities	379,521			389,501		
Provisions	11,318			13,936		
Deferred tax liabilities	3,946			3,769		
Other non-current liabilities	993	379	38.2%	519	172	33.1%
Total non-current liabilities	407,033	379	0.1%	420,851	172	0.0%
Financial liabilities	-			-		
Other financial liabilities	70,530			66,539		
Trade payables	597,319			583,456		
Current tax liabilities	1,041			1,041		
Provisions	1,069			2,167		
Other current liabilities	280,326	394	0.1%	282,757	527	0.2%
Total current liabilities	950,285	394	0.0%	935,960	527	0.1%
Total shareholders' equity and liabilities	1,481,846	(2,509)	(0.2%)	1,495,160	(3,434)	(0.2%)

Annex 2

Income Statement FY 2022/2023 prepared in accordance with the provisions of Consob Resolution No. 15519 of 27/7/2006 and Consob Communication No. DEM/6064293 of 28/7/2006.

(Euro thousands)	Year ended					
	February 28, 2023	Of which related parties	Weighting %	February 28, 2022	Of which related parties	Weighting %
Revenues	2,884,287			2,949,724		
Other income	843			1,038		
TOTAL REVENUE AND INCOME	2,885,130	-	0.0%	2,950,762	-	0.0%
Purchase of materials and external services	(2,523,890)	(855)	0.0%	(2,673,301)	(808)	0.0%
Personnel costs	(207,578)	(2,427)	1.2%	(207,173)	(3,325)	1.6%
Changes in inventory	(16,018)			89,997		
Other operating costs and expenses	(7,167)			(5,220)		
GROSS OPERATING RESULT	130,477	(3,282)	(2.5%)	155,065	(4,133)	(2.7%)
Amortisation, depreciation and write-downs of fixed assets	(106,431)			(97,533)		
NET OPERATING RESULT	24,046	(3,282)	(13.6%)	57,532	(4,133)	(7.2%)
Financial income	567			63		
Financial expenses	(13,565)			(12,868)		
PROFIT BEFORE TAX	11,048	(3,282)	(29.7%)	44,727	(4,133)	(9.2%)
Income taxes	(855)			(126)		
PROFIT FOR THE YEAR	10,193	(3,282)	(32.2%)	44,601	(4,133)	(9.3%)

Annex 3

Cash Flow Statement FY 2022/2023 prepared in accordance with the provisions of Consob Resolution No. 15519 of 27/07/2006 and Consob Communication No. DEM/6064293 of 28/07/2006.

	Year ended					
(Euro thousands)	February 28, 2023	Of which related parties	Weighting %	February 28, 2022	Of which related parties	Weighting %
Cash flow from operations						
Consolidated profit/(loss) for the consolidated year	10,193	(3,282)	(32.2%)	44,601	(4,133)	(9.3%)
Adjustments for:						
Income taxes	855			126		
Net financial expenses (income)	12,998			12,805		
Amortisation, depreciation and write-downs of fixed assets	106,431			97,533		
Other changes	1,290			1,951		
	131,767	(3,282)	(2.5%)	157,016	(4,133)	(2.6%)
Changes in:						
- Inventories	16,018			(89,997)		
- Trade receivables	(23,093)			22,326		
- Trade payables	17,553			76,703		
- Other changes in operating assets and liabilities	(13,263)	74	(0.0%)	6,571	(2,635)	(40.1%)
Cash flow generated/(absorbed) by operating activities	(2,785)	(3,208)	(115.2%)	15,603	(6,768)	(43.4%)
Taxes paid	-			(9,287)		
Interest paid	(10,544)			(11,130)		
Net cash flow generated/(absorbed) by operating activities	118,438	(3,208)	(2.7%)	152,202	(6,768)	(4.4%)
Cash flow from investment activities	-					
Purchases of plant, machinery, equipment and other assets	(17,651)			(33,322)		
Purchase of intangible assets	(21,526)			(17,071)		
Investments in current FVOCI securities	(60,000)			-		
Investments for business combinations and business units	364			(8,509)		
Cash flow generated/(absorbed) by investment activities	(98,813)	-	0.0%	(58,902)	-	0.0%
Cash flow from financing activities						
Increase/(Decrease) financial liabilities	(724)			(49,845)		
Increase/(Decrease) in other financial liabilities	(3,313)			(2,122)		
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(63,335)			(57,320)		
Buyback	-			(12,335)		
Exercise - Long Term Incentive Plan	-			4,283		
Distribution of dividends	(27,134)			(53,793)		
Cash flow generated/(absorbed) by financing activities	(94,505)			(171,132)		
Net increase/(decrease) in cash and cash equivalents	(74,880)	(3,208)	4.3%	(77,832)	(6,768)	8.7%
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	141,534			219,366		
Net increase/(decrease) in cash and cash equivalents	(74,881)			(77,832)		
CASH AND CASH EQUIVALENTS AT END OF YEAR	66,653			141,534		

Annex 4

Income Statement FY 2022/2023 prepared in accordance with the provisions of Consob Resolution No. 15519 of 27/7/2006 and Consob Communication No. DEM/6064293 of 28/7/2006.

(In thousands of Euro)	Year ended					
	February 28, 2023	Of which non-recurring	Weighting %	February 28, 2022	Of which non-recurring	Weighting %
Revenues	2,884,287	-		2,949,724	-	
Other income	843	-		1,038	-	
TOTAL REVENUE AND INCOME	2,885,130	-		2,950,762	-	
Purchase of materials and external services	(2,523,890)	(3,971)	(0.2%)	(2,673,301)	(6,402)	0.2%
Personnel costs	(207,578)	(626)	0.3%	(207,173)	(881)	0.4%
Changes in inventory	(16,018)	-		89,997	-	
Other operating costs and expenses	(7,167)	(558)	7.8%	(5,220)	412	(7.9%)
GROSS OPERATING RESULT	130,477	(5,154)	(4.0%)	155,065	(6,871)	(4.4%)
Amortisation, depreciation and write-downs of fixed assets	(106,431)	(237)	0.2%	(97,533)	(223)	0.2%
NET OPERATING RESULT	24,046	(5,391)	(22.4%)	57,532	(7,094)	(12.3%)
Financial income	567	-		63	-	
Financial expenses	(13,565)	(75)	0.6%	(12,868)	(50)	0.4%
PROFIT BEFORE TAX	11,048	(5,467)	(49.5%)	44,727	(7,144)	(16.0%)
Income taxes	(855)	1,735	202.9%	(126)	4,615	(3,662.7%)
PROFIT FOR THE YEAR	10,193	(3,732)	36.6%	44,601	(2,529)	(5.7%)

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT FEBRUARY 28, 2023 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION No. 11971 OF MAY 14, 1999 AND SUCCESSIVE AMENDMENTS AND SUPPLEMENTS

The undersigned Giancarlo Nicosanti Monterastelli, in his capacity as Chief Executive Officer, and Marco Deotto, in his capacity as Executive Officer for Financial Reporting of the Unieuro Group, declare, taking into account also the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures for the compilation of the Consolidated Financial Statements for FY 2023.

In addition, we declare that the Consolidated Financial Statements for FY 2023 of the Unieuro Group:

- were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- corresponds to the underlying accounting documents and records;
- provide a true and fair view of the equity and financial position and of the operating performance of the issuer and of the other companies in the consolidation scope;

The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Forlì, May 9, 2023

Giancarlo Nicosanti Monterastelli
Managing director and
Chief Executive Officer

Marco Deotto
Executive Officer Responsible
for the preparation of the financial
statements of the company

KPMG S.p.A.
Revisione e organizzazione contabile
Via Innocenzo Malvasia, 6
40131 BOLOGNA BO
Telefono +39 051 4392511
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

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

To the shareholders of
Unieuro S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Unieuro Group (the "group"), which comprise the statement of financial position as at 28 February 2023, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Unieuro Group as at 28 February 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

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

Key audit matters

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

Recoverability of goodwill

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

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 28 February 2023 include goodwill of €196.1 million. The directors determine the recoverable amount of goodwill by calculating its value in use. This method, by its very nature, requires a high level of directors' judgement about the forecast operating cash flows during the calculation period, as well as the discount and growth rates of those cash flows. The directors have forecast the operating cash flows used for impairment testing on the basis of the data included in the 29 February 2024 to 29 February 2028 business plan (the "plan"), which was approved by the parent's board of directors on 9 May 2023. The operating cash flow estimate reflects the potential impact of the performance of the consumer electronics market and, in general, of the current macroeconomic and geopolitical scenario. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures, which also involved our own specialists, included: • understanding and analysing the process adopted to prepare the impairment tests approved by the parent's board of directors on 9 May 2023; • understanding and analysing the process used to draft the plan; • analysing the reasonableness of the main assumptions used by the directors to determine the recoverable amount of goodwill, including the potential impact of the performance of the consumer electronics market and, in general, of the current macroeconomic and geopolitical scenario. Our analyses included comparing the main assumptions used to the group's historical data and external information, where available; • analysing the valuation models adopted by the directors for reasonableness and consistency with professional practice; • checking the sensitivity analyses disclosed in the notes with reference to the main assumptions used for impairment testing, including the weighted average cost of capital, the long-term growth rate and the sensitivity of gross operating profit; • comparing the group's market capitalisation to its equity; • assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

KPMG

Unieuro Group
Independent auditors' report
28 February 2023

Measurement of premiums from suppliers

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

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

3

Unieuro Group
Independent auditors' report
28 February 2023

Measurement of inventories

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

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 28 February 2023 include inventories of €446.0 million, net of the allowance for inventory write-down of €12.5 million. Determining the allowance for inventory write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including: • the characteristics of the group's business sector; • the sales' seasonality, with peaks in November and December; • the decreasing price curve due to technological obsolescence of products; • the high number of product codes handled; • the impact of the current macroeconomic and geopolitical scenario. For the above reasons, we believe that the measurement of inventories is a key audit matter.	Our audit procedures included: • understanding the process for the measurement of inventories and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; • checking the method used to calculate the allowance for inventory write-down by analysing documents and discussions with the relevant internal departments; • checking the mathematical accuracy of the allowance for inventory write-down; • analysing the reasonableness of the main assumptions used to measure the allowance for inventory write-down, including the potential impact of the current macroeconomic and geopolitical scenario through discussions with the relevant internal departments and analysis of age bands and write-down rates applied and comparing the assumptions with historical figures, our knowledge of the group and its operating environment and external information, where available; • comparing the estimated realisable value to the inventories' carrying amount by checking management reports on average sales profits; • assessing the appropriateness of the disclosures provided in the notes about inventories.

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

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

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

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

Unieuro Group
Independent auditors' report
28 February 2023

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 28 February 2023 to be included in the annual financial report.

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

In our opinion, the consolidated financial statements at 28 February 2023 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

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

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 28 February 2023 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 28 February 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 28 February 2023 and have been prepared in compliance with the applicable law.

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

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

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

Bologna, 16 May 2023

KPMG S.p.A.

(signed on the original)

Andrea Polpettini
Director of Audit

SEPARATE FINANCIAL STATEMENTS

CONTENTS

Separate Financial Statements

STATEMENT OF FINANCIAL POSITION

(Euro thousands)		Year ended	
	Notes	February 28, 2023	February 28, 2022
Plant, machinery, equipment and other assets	5.1	76,933	79,267
Goodwill	5.2	188,911	188,873
Intangible assets with finite useful lives	5.3	45,659	41,724
Right-of-use assets	5.4	420,721	431,205
Deferred tax assets	5.5	45,112	44,606
Other non-current assets	5.6	37,457	30,381
Total non-current assets		814,793	816,056
Inventories	5.7	445,636	461,624
Trade receivables	5.8	82,384	58,545
Current tax assets	5.9	5,170	4,177
Other current assets	5.6	82,531	27,500
Cash and cash equivalents	5.10	47,442	125,728
Total current assets		663,163	677,574
Total assets		1,477,956	1,493,630
Share capital	5.11	4,140	4,140
Reserves	5.11	90,536	67,998
Profits/(losses) carried forward	5.11	32,284	67,001
Total shareholders' equity		126,960	139,139
Financial liabilities	5.12	-	-
Employee benefits	5.13	10,818	12,683
Other financial liabilities	5.14	377,549	387,357
Provisions	5.15	11,318	13,936
Deferred tax liabilities	5.5	3,024	2,764
Other non-current liabilities	5.16	993	519
Total non-current liabilities		403,702	417,259
Financial liabilities	5.12	-	-
Other financial liabilities	5.14	70,403	66,485
Trade payables	5.17	595,257	584,553
Current tax liabilities	5.9	1,041	1,041
Provisions	5.15	1,038	2,048
Other current liabilities	5.16	279,556	283,105
Total current liabilities		947,295	937,232
Total shareholders' equity and liabilities		1,477,956	1,493,630

The accompanying notes are an integral part of these separate financial statements.

INCOME STATEMENT

(Euro thousands)		Year ended	
	Notes	February 28, 2023	February 28, 2022
Revenue	5.18	2,865,849	2,928,472
Other income	5.19	1,977	1,699
TOTAL REVENUE AND INCOME		2,867,826	2,930,171
Purchase of materials and external services	5.20	(2,505,099)	(2,654,084)
Personnel costs	5.21	(205,449)	(205,222)
Changes in inventory	5.7	(15,988)	90,234
Other operating costs and expenses	5.22	(6,913)	(4,847)
GROSS OPERATING RESULT		134,377	156,252
Amortisation, depreciation, and write-downs	5.23	(107,866)	(96,699)
NET OPERATING RESULT		26,511	59,553
Financial income	5.24	505	63
Financial expenses	5.24	(13,531)	(12,865)
PROFIT BEFORE TAX		13,485	46,751
Income taxes	5.25	(1,559)	(549)
PROFIT/(LOSS) FOR THE YEAR		11,926	46,202
Basic earnings per share (in Euro)[37]	5.26	0.59	2.26
Diluted earnings per Share (in Euro) [35]	5.26	0.59	2.26

The accompanying notes are an integral part of these separate financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euro)	Notes	Year ended February 28, 2023	Year ended February 28, 2022
PROFIT/(LOSS) FOR THE YEAR		11,926	46,202
Other components of comprehensive income that are or could be restated under profit/(loss) for the year:			
Gains/(losses) on cash flow hedging instruments ("cash flow hedges") and securities measured at fair value to OCI	5.14	282	175
Income taxes		(67)	(42)
Total other components of comprehensive income that are or could be restated under profit/(loss) for the year	5.11	214	132
Other components of comprehensive income that are not restated under profit/(loss) for the year:			
Actuarial gains (losses) on defined benefit plans	5.13	2,115	284
Income taxes		(590)	(78)
Total other components of comprehensive income that will not subsequently be restated under profit/(loss) for the year	5.11	1,525	206
Total other components of comprehensive income		1,739	338
Total comprehensive income for the year		13,665	46,540

The accompanying notes are an integral part of these separate financial statements.

CASH FLOW STATEMENT

(In thousands of Euro)	Note	Year ended February 28, 2023	February 28, 2022
Cash flow from operations			
Profit/(loss) for the year	5.11	11,926	46,202
Adjustments for:			
Income taxes	5.25	1,559	549
Net financial expenses (income)	5.24	13,026	12,802
Amortisation, depreciation and write-downs of fixed assets	5.23	107,866	96,699
Other changes		1,290	1,951
Net cash flow generated/(absorbed) from operating activities before changes in Net Working Capital		135,667	158,203
Changes in:			
- Inventories	5.7	15,988	(90,234)
- Trade receivables	5.8	(23,839)	16,742
- Trade payables	5.17	14,394	79,700
- Other changes in operating assets and liabilities	5.6-5.15-5.16	(12,268)	7,556
Cash flow generated/(absorbed) by operating activities		(5,725)	13,764
Taxes paid	5.25	-	(9,287)
Interest paid	5.24	(12,302)	(11,127)
Net cash flow generated/(absorbed) by operating activities	5.27	117,640	151,553
Cash flow from investment activities			
Purchases of plant, machinery, equipment and other assets	5.1	(17,574)	(33,328)
Purchase of intangible assets	5.3	(21,484)	(16,836)
Investments in current FVOCI securities	5.10	(60,000)	-
Investments for business combinations and business units	5.6	364	(8,509)
Cash flow generated/(absorbed) by investment activities	5.27	(98,694)	(58,673)
Cash flow from financing activities			
Increase/(Decrease) financial liabilities	5.12	(724)	(49,845)
Increase/(Decrease) in other financial liabilities	5.14	(3,312)	(2,037)
Increase/(Decrease) financial lease liabilities	5.14	(66,062)	(57,299)
Buyback	5.11	-	(12,335)
Exercise - Long Term Incentive Plan	5.13	-	4,283
Distribution of dividends	5.11	(27,134)	(53,793)
Cash flow generated/(absorbed) by financing activities	5.27	(97,231)	(171,025)
Net increase/(decrease) in cash and cash equivalents		(78,286)	(78,145)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		125,728	203,873
Net increase/(decrease) in cash and cash equivalents		(78,286)	(78,145)
CASH AND CASH EQUIVALENTS AT END OF YEAR		47,442	125,728

The accompanying notes are an integral part of these separate financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Euro)	Note	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Fair value to OCI reserve	Reserve for actuarial gains/(losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profits/(losses) carried forward	Total shareholders' equity
Balance at February 28, 2021	5.11	4,053	800	42,519	(132)	-	(1,911)	4,069	30,195	72,901	152,494
Profit/(loss) for the year		-	-	-	-	-	-	-	-	46,202	46,202
Other components of comprehensive income		-	-	-	132	-	206	-	-	-	338
Total comprehensive income for the year		-	-	-	132	-	206	-	-	46,202	46,540
Allocation of prior year result		-	11	627	-	-	-	-	-	(638)	-
Distribution dividends		-	-	-	-	-	-	-	-	(53,793)	(53,793)
Purchase of Treasury Shares		-	-	-	-	-	-	-	(12,335)	-	(12,335)
Share-based payment settled with equity instruments		87	-	-	-	-	-	(382)	4,197	2,329	6,231
Total transactions with shareholders		87	11	627	-	-	-	(382)	(8,136)	(52,102)	(59,897)
Balance at February 28, 2022	5.11	4,140	811	43,146	-	-	(1,705)	3,687	22,059	67,001	139,139
Profit/(loss) for the year		-	-	-	-	-	-	-	-	11,926	11,926
Other components of comprehensive income		-	-	-	-	214	1,525	-	-	-	1,739
Total comprehensive income for the year		-	-	-	-	214	1,525	-	-	11,926	13,665
Allocation of prior year result		-	17	19,052	-	-	-	-	-	(19,069)	-
Distribution dividends		-	-	-	-	-	-	-	-	(27,134)	(27,134)
Purchase of Treasury Shares		-	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments		-	-	-	-	-	-	1,729	-	(439)	1,290
Total transactions with shareholders		-	17	19,052	-	-	-	1,729	-	(46,642)	(25,844)
Balance at February 28, 2023	5.11	4,140	828	62,198	-	214	(180)	5,416	22,059	32,285	126,960

The accompanying notes are an integral part of these separate financial statements.

NOTES

1. INTRODUCTION

Unieuro S.p.A. (hereinafter also referred to as the "Company" or "Unieuro") is a company under Italian law based in Forlì, Italy at 10 Via Piero Maroncelli, founded in the late 1930s by Vittorio Silvestrini. Unieuro is now the leading distributor of consumer electronics and domestic appliances in Italy and operates as an integrated omnichannel distributor in four main product segments: Grey (telephony, computer and photo), White (large and small appliances), Brown (consumer electronics and media storage), Other products (consoles, video games, bicycles), offering in parallel a wide range of services such as delivery and installation, extended warranty and consumer financing.

The Company's mission is to accompany customers at all stages of their purchasing journey, placing them at the centre of an integrated ecosystem of product and service offerings that sees accessibility, proximity and closeness as the pillars of its strategic approach.

Unieuro's shares have been listed on the EURONEXT STAR MILAN since April 2017.

The Company features an extensive and fragmented shareholder base, and thus is structured like a public company. The table below displays the percentage of Unieuro ordinary shares held either directly or indirectly by shareholders or individuals at the top of the equity chain who have declared that they exceed the relevant shareholding threshold per Article 120 of the Consolidated Finance Act and Consob Issuers' Regulation. The percentage shown in the table is accurate at the time of writing this Statement but may be subject to updates based on the information available to the Company:

SHAREHOLDER	DIRECT SHAREHOLDERS	NUMBER OF SHARES	% OF TOTAL SHARES COMPRISING THE SHARE CAPITAL
XAVIER NIEL	• ILIAD HOLDING S.P.A. • ILIAD SA	2,520,374	12.177%
AMUNDI ASSET MANAGEMENT	• AMUNDI SGR SPA	1,707,619	8.250%

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

The following are the accounting policies, main accounting principles and basis of preparation adopted in the preparation and drafting of the separate financial statements of Unieuro S.p.A. (the "Separate Financial Statements"). These principles and policies have been applied consistently for all fiscal years presented in this document taking into account that specified in Note 2.6.1 "Significant Accounting Policies."

2.1 Basis of preparation of the separate financial statements

The Separate Financial Statements comprise the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in shareholders' equity for the fiscal years ended February 28, 2023 and February 28, 2022, and the relative notes.

2.2 Basis of presentation of the financial statements

The separate financial statements were drawn up in accordance with the going concern principle, as the Directors verified the absence of financial, operating or other indicators which may suggest difficulties with regards to the company's capacity to meet its obligations in the foreseeable future and in particular in the next 12 months. For further details on the impacts of the COVID-19 pandemic and of the War in Ukraine, reference should be made to paragraph 12. Coronavirus Epidemic and War in Ukraine of the Directors' Report.

The Separate Financial Statements are prepared under the historical cost convention, except for derivative financial instruments measured at fair value.

Please refer to the Directors' Report for information on the nature of the company's business and subsequent events to year-end.

The major shareholders of the Company as of February 28, 2023 are listed in the Introduction.

The Separate Financial Statements are presented in Euro, which is the Company's functional currency. Amounts are in thousands of Euro, except where specifically indicated. Rounding is undertaken at the level of each individual account with totalling thereafter. It should also be noted that any differences in some tables are due to the rounding of values expressed in thousands of euros.

The Separate Financial Statements at February 28, 2023, approved by the Board of Directors of the Company on May 9, 2023, have been audited.

2.3 IFRS Compliance Statement

The Separate Financial Statements have been prepared in accordance with International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and related interpretations (SIC/IFRIC), as adopted by the European Union. The year of initial adoption of international accounting standards (IAS/IFRS) for the Company is the fiscal year ended February 28, 2007.

In addition, the Separate Financial Statements have been prepared in accordance with the provisions adopted by Consob on financial statement formats pursuant to Article 9 of Legislative Decree No. 38/2005 and other Consob rules and regulations on financial statements. Specifically, it should be noted that with reference to Consob Resolution No. 15519 of July 27, 2006 and Communication No. DEM6064293 of July 28, 2006 regarding financial statements, specific income statement, statement of financial position, and cash flow statement tables have been included, with indication of significant related party transactions and specific income statement tables with indication, for each item, of the non-recurring component.

2.4 Financial statements

The Separate Financial Statements, in addition to these explanatory notes, consist of the following statements:

a) Statement of financial position: the statement of financial position presents current and non-current assets and current and non-current liabilities separately, with a description in the notes for each asset and liability item of the amounts expected to be settled or recovered within or beyond 12 months from the date of the financial statements.

b) Income statement: the classification of costs in the income statement is based on their nature, showing the intermediate results related to gross operating income, net operating income and profit before tax.

c) Statement of comprehensive income: this statement includes profit/(loss) for the year as well as income and expenses recognised directly in equity for transactions other than those entered into with shareholders.

d) Cash flow statement: the cash flow statement presents cash flows from operating, investing and financing activities. The cash flow statement is presented in accordance with the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or provisions for previous or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities.

e) **Statement of changes in shareholders' equity:** this statement includes, in addition to the result of the comprehensive income statement, the transactions directly with shareholders who acted in this capacity and the details of each individual component. Where applicable, the statement also includes the effects, for each equity item, resulting from changes in accounting policies.

The Separate Financial Statements are presented in comparative form.

2.5 Use of estimates and valuations in the preparation of the separate financial statements

The preparation of the separate financial statements, in application of IFRS, require that management make estimates and assumptions on the values of the assets and liabilities in the separate financial statements and on the information relating to the assets and contingent liabilities at the reporting date. Estimates are used to recognise provisions for doubtful debts and risks provisions, inventory obsolescence, assets related to the capitalisation of contract obtainment costs, contract liability related to the sale of extended warranty services, lease liabilities, and right-of-use assets, perform asset valuations, goodwill impairment testing, investment impairment testing, actuarial valuation of employee benefits and share-based payment plan, as well as estimate the fair value of derivatives and assess the recoverability of deferred tax assets.

The estimates and assumptions are periodically reviewed and the effects of any variation are reflected in the Income Statement.

The principal measurement processes and key assumptions used by the Company in applying IFRS and which may have significant effects on the values recorded in the Financial Statements or give rise to significant adjustments to the accounting values of assets and liabilities in the year subsequent to the reporting date are summarised below.

Recoverable value of non-current assets

Non-current assets include property, plant, machinery, equipment and other assets, goodwill, software and trademarks, investments and other non-current assets. The Company periodically reviews the carrying value of the non-current assets held and utilised and of assets to be disposed of, when events and circumstances require such. For goodwill, this analysis is carried out at least once a year and whenever facts and circumstances show possible impairment. The recoverability analysis of the carrying of non-current assets is generally made utilising the estimates of the future cash flows expected from the utilisation or from the sale of the asset and adjusted by discount rates for the calculation of the fair value. When the carrying amount of a non-current asset is impaired, the Company recognises a write-down for the excess between the carrying amount of the asset and its recoverable amount through use or sale, with reference to the cash flows from the most recent business plans.

The estimates and assumptions used as part of this analysis, particularly the investment and goodwill impairment tests, reflect the Company's state of knowledge about business developments and take into account forecasts deemed reasonable about future market and industry developments that remain subject to a high degree of uncertainty.

Recoverability of deferred tax assets

The Company recognises deferred tax assets up to the amount for which recovery is deemed probable. Where necessary, the Company recognises adjustment items in order to reduce the value of deferred tax assets to the amount for which recovery is deemed probable. In assessing the recoverability of deferred tax assets consideration is made of budgets and forecasts for subsequent years consistent with those used for impairment testing and described in the paragraph above regarding the recoverable value of non-current assets.

Bad debt provision

The bad debt provision reflects management's estimate on losses on the client portfolio. The estimate of the bad debt provision is based on the expected losses by management, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions.

Inventory obsolescence provision

The inventory obsolescence provision reflects management's estimate of the expected impairment of assets, determined both on the basis of past and historical experience and expected market trends, including as a result of specific actions taken by the Company. This estimate allows the value of the inventory to be restored to the lower of cost and realisable value.

Contract assets related to the sale of warranty extension services

Among the services sold by Unieuro to its customers is the extension of product warranties beyond those already recognised by law by the manufacturer. This service is sold directly at the points of sale through the recognition of an additional amount over and above the amount of the product sold. Sales representatives are awarded an incentive for each additional sale of extended warranty services.

When warranty services are sold, Unieuro recognises an asset equal to the value of bonuses paid to employees and then recognises that asset as an expense over the life of that service. The release of this asset as an expense is determined based on estimated warranty repair work consistent with the reversal of the contract liability related to the sale of extended warranty services.

Trade payables

The Company holds contracts for the supply of goods that include the provision of bonuses and, in certain circumstances, contributions classified as a reduction of trade payables. These premiums and contributions are recognised either as a percentage of quantities purchased, or as a fixed amount on quantities purchased or sold, or as a defined contribution. Predominantly with reference to agreements that have an expiration date later than the end of the fiscal year, which account for a minority share of the year's bonuses and contributions, determining their amount is a complex accounting estimate that requires a high degree of judgment as influenced by multiple factors. The parameters and information used for the estimate are based on the amount purchased or sold and on assessments that take into account historical data regarding the actual recognition of bonuses and contributions from suppliers.

Contract liabilities related to the sale of warranty extension services

Among the services sold by Unieuro to its customers is the extension of product warranties beyond those already recognised by law by the manufacturer. This service is offered by Unieuro and its affiliates and is sold directly at the point of sale for an additional fee to that of the product sold.

The extension of the warranty over the legal warranty can be temporal (more years covered) and/or on the risks covered (e.g., damage to the product) depending on the category of product sold.

When warranty services are sold, Unieuro recognises a liability equal to the sale value of that service, and then releases it as revenue over the term of that service. The release of this liability as revenue is determined on the basis of estimated warranty repair work. Warranty repair interventions are estimated based on historical information about the nature, frequency and cost of warranty interventions duly interpolated to simulate future event occurrence curves.

Lease liabilities and right-of-use assets

The Company recognises the right-of-use asset and the lease liability. Right-of-use assets are initially measured at cost, and subsequently at cost net of cumulative depreciation and impairment losses, while adjusted to reflect lease liability revaluations.

The Company measures the lease liabilities at the present value of the future payments not settled at the commencement date.

The lease liability is subsequently increased by the interest maturing on this liability and reduced for lease payments and is revalued in the case of changes to future lease payments deriving from a change in the index or rate or where the Company changes its assessment on the exercise or otherwise of a renewal or termination option.

Leasing contracts in which the Company acts as lessee may provide for renewal options with effects, therefore, on the term of the contract. Assessments as to whether there is a relative certainty that this option will (or will not) be exercised can influence, even significantly, the amount of lease liabilities and right-to-use assets.

The Company classifies sub-leases in which it acts as lessor, as finance leases.

Defined benefit plans and other post-employment benefits

The Company recognises a defined benefit plan (post-employment benefits) for employees.

With respect to employee benefit plans, the net financial charges are measured according to an actuarial method which requires the use of estimates and assumptions for the calculation of the net value of the obligation. The actuarial method considers parameters of a financial nature such as, for example, the rate of discount, the growth rates of salaries, and considers the probability of occurrence of potential future events through the use of parameters of a demographic nature, such as, for example, rates relating to mortality and employee resignation or retirement. Specifically, the discount rates taken as reference are rates or rate curves of corporate bonds with high creditworthiness in their respective markets. Changes in any of these parameters could result in effects on the amount of the liability.

Provisions

The Company recognises a provision against disputes and lawsuits in progress when it considers it probable that there will be a financial payable and when the amount of the charges arising can be reasonably estimated. In cases where the amount of financial outlay cannot be reliably estimated or the probability of such financial outlay becomes possible, no provision is recognised and the fact is reported in the notes to the financial statements.

In the normal course of business, the Company monitors the status of pending lawsuits and consults with its legal and tax advisors. It is therefore possible that the value of the of Company provisions for legal proceedings and litigation may change as a result of future developments in ongoing proceedings.

Share-based payment plan settled with equity instruments

Long Term Incentive Plan

The assumptions underlying the calculation were (i) volatility, (ii) the risk rate (equal to the yield on zero-coupon Eurozone government bonds with maturity close to the date on which the options are expected to be exercised), (iii) the exercise term equal to the duration between the grant date and the date of option exercise, and (iv) the amount of expected dividends. Finally, consistent with the provisions of IFRS 2, the likelihood of recipients' exit from the plan and the likelihood of achieving performance targets were taken into account. For further information, reference should be made to note 5.28.

Performance share 2020-2025

The fair value measurement is recorded using an actuarial methodology. The assumptions underlying the calculation were (i) the exercise term equal to the duration between the grant date and the rights award date and (ii) the share price at the time of valuation, (iii) the amount of expected dividends. Finally, consistent with the provisions of IFRS 2, the probability of exit of Recipients and the probability of achieving performance targets equal to 100%. For further information, reference should be made to note 5.28.

Hedging derivative instruments

The fair value of the derivative instruments is calculated on the basis of the amounts recorded on regulated markets or prices provided by financial counterparties. Where the mentioned values and sources are not available, the estimation is carried out using valuation models that also take into account subjective assessments such as, for example, estimates of cash flows and expected price volatility.

2.6 Main accounting policies

The accounting principles and policies adopted in preparing these Separate Financial Statements were the same as those applied in preparing Unieuro's Separate Financial Statements for the year ended February 28, 2022.

It should be noted that, on May 28, 2020, the IASB issued amendments to IFRS 16 "Leases COVID-19-Related Rent Concessions," introducing a practical expedient to the "Lease Modifications" section that allows the lessee to disregard any concessions on rent payments received as of January 1, 2020 and resulting from the effects of COVID-19 as an amendment to the original contract. Based on these amendments, these concessions can be accounted for as positive variable fees without going through a contract amendment. On March 31, 2021, the IASB published the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021, which extends by one year the application period of the amendment to IFRS 16, issued in 2020, and relating to the accounting for benefits granted to lessees due to COVID-19. In August 2021, the amendment completed the approval process and was published in the Official Journal of the European Union.

2.6.1 Main accounting policies

Business combinations and goodwill

Business combinations are recognised using the acquisition method. This requires, at the date of acquisition of control, recognition at fair value of the identifiable assets (including previously unrecognised intangible assets) and identifiable liabilities (including contingent liabilities and excluding future restructuring) of the acquired company.

Any contingent consideration is recognised by the Company at fair value at the date of acquisition. The change in the fair value of the contingent payment classified as an asset or liability will be recorded, in accordance with IFRS 9, in the income statement. If contingent consideration is classified in equity, its initial value will never be subsequently restated.

Goodwill arising from a business combination is initially measured at cost represented by the excess of the fair value of the consideration transferred over the Company's share of the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities. The goodwill acquired in a business combination is allocated, at the acquisition date, to the Company's cash-generating units, or to the group of cash-generating units which should benefit from the synergies of the business combination, independently of the fact that other assets or liabilities of the Company are allocated to this unit or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the smallest level within the Company at which goodwill is monitored for internal management purposes;

- is no larger than the identified operational segments.

When the goodwill constitutes part of a cash- generating unit and part of the internal activities of this unit are sold, the goodwill associated with the activity sold is included in the carrying amount of the activity to determine the gain or loss deriving from the sale. The goodwill sold in these circumstances is measured on the basis of the relative values of the activities sold and of the portion of the unit maintained.

Any gains from a favourable business purchase are recognised immediately in the income statement, while costs related to the combination, other than those related to the issuance of debt or equity instruments, are recognised as expenses in the income statement when incurred.

After initial recognition, goodwill is not amortised and reduced by any impairment losses, determined in the manner described in "Impairment losses on non-financial assets."

Transactions under common control, are accounted for at carrying amounts, i.e. without giving rise to any gain, in accordance with the relevant accounting standards, as well as with the guidance of OPI 1 (Assirevi Preliminary Guidance on IFRS) on "accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements". According to this guideline, in the case of business combinations where the acquired company is controlled by the same entity, both before and after the acquisition, net assets should be recognised at the book values that resulted from the accounts of the acquired companies before the transaction. Where transfer values are higher than these historical values, the excess must be eliminated by making a downward adjustment to the acquirer's equity.

Fair value hierarchy levels

Various accounting standards and some disclosure requirements require the determination of the fair value of financial and non-financial assets and liabilities. Fair value represents the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market participants on the valuation date. The standard, to increase the comparability of fair value data and valuations, establishes a hierarchy identified in three different levels to reflect the significance of the inputs used in determining fair value. The identified levels are divided into:

- Level 1: Inputs are listed (unmodified) prices in active markets for identical assets or liabilities that the entity can access on the valuation date. The listed price in an active and liquid market is the most reliable test for measuring fair value, and if the market for the asset/liability is not unique, it is necessary to identify the market that is most beneficial for the instrument;

- Level 2: Inputs other than listed prices included in Level 1 that are observable, directly or indirectly, for the assets or liabilities to be valued. If the asset or liability has a specified duration, a Level 2 input must be observable for the entire duration of the asset or liability. Some examples of instruments falling within the second hierarchical level are: assets or liabilities in non-active markets or interest rates and yield curves observable at commonly quoted intervals;

- Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used only when Level 1 and Level 2 inputs are not available. Nevertheless, the purpose remains the same, which is to determine a closing price at the valuation date, thus reflecting the assumptions that market participants would use in pricing the asset or liability, including risk-related assumptions.

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

Recognition and measurement

Tangible fixed assets are measured at purchase cost including directly attributable ancillary expenses and net of accumulated depreciation and impairment losses.

Any borrowing costs incurred in the acquisition or construction of capitalised assets for which a specified period of time normally elapses before the asset is ready for use or sale are capitalised and depreciated over the life of the asset class to which they relate. All other financial expenses are recognised in the income statement during the year to which they relate.

If a tangible fixed asset is composed of several components having different useful lives, these components are accounted for separately (where they are significant components).

The gain or loss generated by the disposal of property, plant, machinery, equipment and other assets is determined as the difference between the net disposal consideration and the net residual value of the asset, and is recognised in the income statement in the year in which the disposal takes place.

Subsequent costs

Costs incurred after the purchase of the assets and the replacement cost of certain parts of the assets recorded in this category are added to the carrying amount of the item to which they relate and capitalised only if they increase the future economic benefits inherent in the asset. All other costs are expensed as incurred.

When the replacement cost of some parts of the assets is capitalised, the net carrying amount of the replaced parts is expensed to the income statement. Extraordinary maintenance expenses that increase the useful life of property, plant and equipment are capitalised and depreciated on the basis of the remaining useful life of the asset. Costs for routine maintenance are recognised in the income statement in the year they are incurred.

Assets under construction are recorded at cost in "assets in progress" until their construction is available for use; upon their availability for use, the cost is classified in the relevant item and subject to depreciation.

Depreciation

The depreciation period begins when the asset is available for use and ends on the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 or the date the asset is derecognized. Any changes to depreciation schedules are applied prospectively.

The amount to be depreciated is the carrying amount reduced by the net realisable value at the end of its useful life, where significant and can be reasonably determined.

Depreciation rates are determined on the basis of economic-technical rates calculated in relation to the estimated useful life of individual assets established in accordance with the company's plans for their use, which also consider physical and technological degradation taking into account the realisable value net of scrapping costs. When the property, plant and equipment consists of several significant components having different useful lives, depreciation is carried out separately for each component. When events occur, which indicate a possible impairment loss of property, plant and equipment, or when there are significant reductions in the market value of property, plant and equipment, significant technological changes or significant obsolescence, the net carrying amount, regardless of depreciation already accounted for, is subject to verification based on the estimated present value of estimated future cash flows and adjusted if necessary. If subsequently these adjustments are no longer required, the impairment losses recorded in prior years are restated up to the carrying amount which would have been recorded (net of depreciation).

Depreciation is calculated on a *pro-rata temporis* basis on a straight-line basis over the estimated useful life of the asset by applying the following percentage rates:

Category	% used
Property, plant and equipment	15%
Industrial and commercial equipment	10%-15%
EDP	20%
Furnishings	15%
Office furniture and fittings	12%
Motor vehicles/trucks	25%
Mobile telephones	20%
Leasehold improvements	duration of contract
Other assets	15%-20%

Intangible assets with finite useful lives

Recognition and initial measurement

Intangible assets acquired separately are initially capitalised at cost, while those acquired through business combinations are capitalised at fair value on the acquisition date. After initial recognition, the intangible assets are recorded at cost less accumulated amortisation and any loss in value.

Subsequent costs

Subsequent costs are only capitalised when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs are expensed to the income statement when incurred.

Amortisation

Intangible assets are amortised over their useful lives and tested for impairment whenever there are indications of possible impairment. The period and amortisation method applied is reviewed at the end of each year or more frequently if necessary. Any changes to depreciation schedules are applied prospectively.

The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales proceeds and the book value of the intangible asset, and are recorded in the income statement in the year in which they are eliminated.

Amortisation is calculated on a *pro-rata temporis* basis on a straight-line basis over the estimated useful life of the intangible asset by applying the following percentage rates:

Category	% used
Software	20%
Software- ERP	10%
Entry rights	Based on the lease term from the date of opening of the store
Brands	5-10%

Leased assets

The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for payments due for leases undertaken at the commencement date or before, plus initial direct costs incurred and an estimate of the costs which the lessee is expected to incur for the dismantling or removal of the underlying asset or for the refurbishment of the underlying asset or of the site at which it is located, net of the leasing incentives received.

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

At the lease commencement date, the Company recognises the lease liabilities measuring them at the present value of the future lease payments not yet settled at that date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Company and the lease termination penalty payments, where the lease duration takes account of the exercise by the Company of the termination option on the lease. The variable lease payments not depending on an index or a rate are recognised as costs in the period in which the event or the condition generating the payment occurs.

In calculating the present value of payments due, the Company uses the marginal borrowing rate. After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amount of the lease liabilities are restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the payments; it is also restated in the event of changes in future payments resulting from a change in the index or rate used to determine those payments.

The Company applies the exemption for the recognition of leases related to low-value assets and contracts with a term of 12 months or less.

The Company, as an intermediate lessor in a sub-leasing contract, classifies the sub-leasing as financial with reference to the assets consisting of the right-of-use arising from the main lease.

The Company adopted the amendment to IFRS 16 "Leases Covid 19-Related Rent Concessions" which allows the lessee not to consider any concessions on rent payments received from January

1, 2020 and resulting from the effects of Covid-19 as a modification of the original contract. Based on these amendments, these concessions were accounted for as positive variable fees without going through a contract amendment.

Financial assets

Unieuro determines the classification of its financial assets based on the business model adopted for managing them and the characteristics of the related cash flows and, where appropriate and permissible, reviews this classification at the end of each fiscal year.

a) Financial assets measured at amortised cost

Financial assets classified in this category must comply with the following requirements:

(i) the asset is held within a business model whose objective is the holding of assets for the collection of the contractual cash flows; and

(ii) the contractual terms of the assets establish cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

These are mainly customer receivables, loans and other receivables.

Trade receivables that do not contain a significant financial component are recognised at the price defined for the relevant transaction (determined in accordance with IFRS 15 Revenue from Contracts with Customers).

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

Transferred receivables are derecognised if the transfer involves the full transfer of the associated risks and rewards (contractual right to receive the cash flows of the financial asset). The difference between the carrying amount of the asset sold and the consideration received is recognised under financial items.

In subsequent measurement, financial assets at amortised cost, except for loans that do not contain a significant financial component, use the effective interest rate. The effects of this measurement are recognised under financial items.

With reference to the impairment model, Unieuro evaluates receivables by adopting an expected loss logic (so-called Expected Loss).

For trade receivables, Unieuro adopts a Simplified approach to valuation, which does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss (so-called ECL) calculated over the entire life of the receivable (so-called lifetime ECL). Specifically, trade receivables are fully written down if there is no reasonable expectation of recovery (e.g. bankruptcy situations).

Write-downs made in accordance with IFRS 9 are recognised in the consolidated income statement net of any positive effects associated with releases or reversals of impairment and are shown under operating expenses.

b) Financial assets at fair value through the consolidated income statement ("FVOCI")

Financial assets classified in this category must comply with the following requirements:

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

(ii) the contractual terms of the assets establish cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

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

With reference to the impairment model reference should be made to a) above.

c) Financial assets at fair value through the consolidated income statement ("FVPL")

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

Assets in this category are recorded at fair value upon initial recognition.

Ancillary costs incurred at the time of asset recognition are expensed immediately to the income statement.

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

Gains and losses arising from fair value changes are recognised in the consolidated income statement in the period in which they occur.

Purchases and disposals of financial assets are accounted for on the settlement date.

Financial assets are removed from the balance sheet when the relevant contractual rights expire, or when Unieuro transfers all risks and rewards of ownership of the financial asset.

Investments in subsidiaries

Investments in subsidiaries (not classified as held-for-sale) are classified under "Other non-current assets", accounted for at cost and adjusted for impairment losses.

The positive differences upon the acquisition of investments between the price and the corresponding portion of shareholders' equity are maintained in the carrying amount of the investments. The purchase or sale values of equity investments, business units, or business assets under common control are accounted for in continuity of historical cost carrying values without the recognition of capital gains or losses.

If there are indications that investments might have been impaired, they are tested for impairment and adjusted accordingly. In order for the impairment loss to be expensed to profit or loss, there must be clear evidence that events with an impact on estimated future cash flows from the investments have occurred. Any losses in excess of the carrying amount of the investments which may emerge as a result of legal or implied obligations to cover the losses of the investee companies are recorded to provisions for risks and charges. The original amount is restored in subsequent years if the reasons for the impairment adjustment cease to exist.

The relative dividends are recorded under investment income when the right to receive such is determined, generally coinciding with the Shareholders' Resolution.

Business combinations under common control

Business combinations under common control are within the scope of what OPI 2 revised defines as "mergers of a restructuring type", i.e. mergers in which the incorporating company incorporates one or more subsidiaries. Given the elements that characterise parent-subsidiary mergers (no economic exchange with third-parties and continuance of control over the acquired entity), such transactions cannot be considered business combinations. For this reason, they are excluded from the scope of IFRS 3. These transactions are by their nature without significant influence on the cash flows of the merged companies. The merger is accounted for on the basis of continuity of values derived from the consolidated financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes all acquisition costs to bring the inventories to their current location and condition. Specifically, the purchase price net of premiums attributable to products and other costs directly attributable to the purchase of goods are included. Trade discounts, returns and other similar items are deducted in determining purchase costs. The method used to attribute the cost of inventories is weighted average cost.

The value of obsolete and slow-moving inventories is written down in relation to the possibility of utilisation or realisation through allocation of the inventory obsolescence provision.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand and short-term deposits, in the latter case with original maturity due within three months. For the purposes of the cash flow statement, cash and cash equivalents are cash and cash equivalents as defined above net of bank overdrafts.

Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received net of transaction costs that are directly attributable to the loan. After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. The interest is recognised under financial expense in the income statement.

When there is a change in the expected cash flows, the value of the liabilities are recalculated to reflect this change, based on the present value of the new expected cash flows and on the internal yield initially determined.

Post-employment benefit liabilities

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

Defined contribution programs are post-employment benefit plans under which the Company and sometimes its employees make predetermined contributions to a separate entity (a fund) and the Company does not and will not have a legal or implied obligation to pay further contributions if the fund does not have sufficient assets to meet its obligations to employees.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans may be unfunded or fully or partially funded by contributions made by the company, and sometimes by its employees, to a company or fund, legally separate from the company that provides them to employees.

The accrued amount is projected to the future to estimate the amount payable upon termination of employment and then discounted to take into account the time elapsed before actual payment.

Adjustments to employee benefit liabilities are determined on the basis of actuarial calculations, based on demographic and financial assumptions, and are recognised on an accrual basis consistent with the employment services required to obtain the benefit. The amount of rights accrued during the year by employees and the share of interest on that accrued at the beginning of the period and on the corresponding movements referring to the same period observed is charged to the income statement under "Personnel costs," while the notional financial expense resulting from carrying out the actuarial calculation is recognised in the statement of comprehensive income under "Actuarial gains (losses) on defined benefit plans."

The actuarial valuation is entrusted to an external actuary.

As a result of the changes made to the rules governing post-employment benefits ("T.F.R.") by Law No. 296 of December 27, 2006, and subsequent Decrees and Regulations ("Pension Reform") issued in early 2007:

- the Post-Employment Benefits vested at December 31, 2006 is considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, in the form of Post-Employment Benefits, paid on the termination of employment, are recognised in the period the right vests;

- the post employment benefits accrued after January 1, 2007 are considered a defined contribution plan and therefore contributions accrued during the period have been fully recognised as an expense and, for the portion not yet paid to the funds, shown as a liability under "Other current liabilities."

Provisions

Allocations to provisions are made when the Company must fulfil a current obligation (legal or implicit) arising from a past event, when an outflow of resources in order to fulfil this obligation is probable and it is possible to make a reliable estimate of its amount. When the Company believes that a provision will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately and distinctly in assets if, and only if, it is practically certain. In such a case, the cost of any provision is presented in the income statement net of the amount recognised for compensation. If the effect of discounting the value of money is significant, provisions are discounted for the non-current portion.

Restructuring provision

A restructuring provision is recognised when a detailed formal programme for restructuring has been approved and restructuring has begun or has been publicly announced in major aspects to interested third parties.

Trade payables

Payables are recorded at nominal value net of discounts, premiums, returns or billing adjustments, representative of the fair value of the obligation. When, in view of the payment terms agreed upon, a financial transaction is involved, the payables, measured by the amortised cost method, are discounted to the nominal value to be paid, charging the discount as a financial expense.

Impairment losses on non-financial assets

The Company assesses whether there are any indicators of impairment of property, plant and equipment and intangible assets. If there is any indication, the Company proceeds to estimate the recoverable amount of the asset (impairment test).

The accounting standard does not require formal preparation of an estimate of recoverable amount except when there are indicators of impairment. The exception to this principle is assets not available for use and goodwill acquired in business combinations, which must be tested for impairment at least annually and whenever there are indicators of impairment. The Company has set the reporting date as the time for impairment testing for all those assets where annual analysis is required.

The impairment test is entrusted to an external expert.

In assessing whether there is an indication that the asset may be impaired, the Company considers:

- increase in market interest rates or other investments that may affect the Company's calculation of the discount rate, thereby decreasing the recoverable amount of the asset;
- significant changes related to the technological and market environment in which the Company operates;
- physical obsolescence unrelated to depreciation that the asset has undergone over a given period of time;
- any extraordinary plans implemented during the year, the impact of which could also be reflected on the activity under analysis (e.g. corporate restructuring plans);
- operating losses arising from infra-annual results.

If from the analyses the Company identifies potential asset impairment losses, management performs a preliminary review related to the useful life, depreciation criteria, and residual value of the asset and, based on the applicable accounting standard, implements any changes on these parameters; only at a later stage will the specific analysis related to asset impairment be performed.

As described by IAS 36, the recoverable amount of an asset is the higher of the value in use and the fair value (net of costs to sell) of the asset. Moreover, in the definition identified by the international accounting standard, the provisions are considered the same for both individual assets and cash-generating units.

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

Value in use: value in use is considered the present value of all cash flows of the asset, or the generating unit, subject to valuation that are expected to arise. In detail, the asset will generate cash flows, which will be discounted at a pre-tax rate that reflects market assessments of the present value of money and asset-specific risks. These cash flows are determined according to business plans. These plans are constructed based on detailed budgets and calculations that are prepared separately for each asset/cash-generating unit. The budgets used do not include effects from extraordinary activities (restructuring, sales and acquisitions) and cover a time span of up to five fiscal years;

Fair value: is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. The Company, in order to determine the fair value of the asset, uses valuation models based on listed equities, valuation multipliers, and other available indicators;

Cash Flow Generating Unit (or cash flows): a cash flow generating unit (CGU) is a set of assets that, taken together, generate cash inflows and outflows independent of the cash flows generated by other assets. When we speak of a set of assets, we consider the smallest identifiable Group capable of originating inflows;

Carrying amount: carrying amount means the value of assets less depreciation, write-downs and revaluations.

The accounting standard gives the option of determining only one between fair value and value in use. In fact, if either value is higher than the carrying amount, there is no need to identify the other amount as well. In addition, the fair value of an asset or cash-generating unit is not always measurable, as there may be no criterion that makes a reliable estimate of the asset's selling price in a regular transaction between market participants. In these cases, it is possible to consider the asset's value in use as its recoverable value.

Once all useful values have been identified and determined for the purpose of valuing the asset or CGU, its carrying amount and recoverable amount are compared; if the carrying amount is higher than the recoverable amount, the Company will write down the asset to its recoverable amount.

At each reporting date, the Company also evaluates, in relation to the assets other than goodwill, the existence of indicators of a recovery in the loss of value previously recorded and, where these indicators exist, makes an estimate of the recoverable value. The value of an asset previously written down may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset on recording of a loss in value.

The recovery of value cannot exceed the carrying amount which would have been calculated, net of depreciation or amortisation, where no such loss in value was recorded in previous years. This recovery is recognised in the income statement.

Derivative financial instruments and hedge accounting

The Company does not hold derivative financial instruments of a speculative nature. However, where derivative financial instruments do not comply with all of the conditions established for the recognition of derivative hedging financial instruments (hedge accounting), the fair value changes of these instruments are recorded to the income statement as financial charges and/or income.

Therefore, derivative financial instruments are accounted for under hedge accounting rules when:

- the hedging instrument is formally designated and documented at the start of hedging;
- the hedge is expected to be highly effective;
- the efficacy may be reliably measured and the hedge is highly effective over the designated periods.

Derivatives are initially measured at fair value; attributable transaction costs are recognised in the income statement as they are incurred. After initial recognition, derivatives are measured at fair value. Related changes are accounted for as described below.

Cash flow hedging

The changes in the fair value of the cash flow hedge are recognised directly to net equity to the extent for which the hedge is effective. For the ineffective portion, changes in fair value are recognised in the income statement.

Hedge accounting, as indicated above, ceases prospectively if the instrument designated as a hedge:

- no longer meets the criteria required for hedge accounting;
- comes to an end;
- is sold;
- is ceased or exercised.

The accumulated gain or loss is retained in equity until the prospective transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same year in which the hedged item affects the income statement.

Share-based payments

Key executives and some Company managers may receive part of their remuneration in the form of share-based payments. According to IFRS 2, the same are to be considered equity-settled plans. The vesting of the right to payment is related to a vesting period during which managers must perform as employees and achieve performance goals. Therefore, during the vesting period, the present value of share-based payments as of the grant date is recognised in the income statement as an expense with an offsetting entry to a separate equity reserve. Subsequent changes in the present value to the grant date do not have an effect on the initial value. Specifically, the cost, corresponding to the present value of the options at the grant date, is recognised under personnel costs on a straight-line basis over the vesting period with counter-entry recorded to equity.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, part of a similar financial asset) is derecognised when:

- the right to receive the financial cash flows of the asset terminate;

- the Company retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party.

A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled.

Revenue

Revenue from contracts with customers are recognised in accordance with IFRS 15. On the basis of the five-stage model introduced by IFRS 15, Unieuro recognises revenue after identifying the contracts with its customers and the related services to be provided (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for the provision of each of these services, and assessing the way in which these services will be provided (provision at a specific time versus provision over time).

Revenue is recognised when performance obligations are met through the transfer of promised goods or services to the customer, it is probable that economic benefits will be achieved by the Group, and the amount of revenue can be reliably determined, regardless of collection. The transaction price, which represents the amount of consideration the entity expects to receive for providing goods or services to the customer, is allocated based on the stand-alone selling prices of the relevant performance obligations.

Revenue is measured excluding discounts, rebates, premiums and other sales taxes.

The following specific revenue recognition criteria must be met prior to recognition in the income statement:

Sale of goods

The revenue is recognised when control of the goods passes to the customer and the company has transferred all significant risks and benefits associated with ownership of the goods to the buyer, generally at the time of the consumer's purchase of the product at the point of sale, on home delivery of the goods in the case of home shipment and on transfer of ownership for Indirect and B2B channel customers. In addition, sales in which delivery is deferred at the buyer's request ("bill and hold") are recognised as revenue at the time of purchase by the consumer. The revenue is recognised as the asset is available, is identified and ready to be delivered, and in addition, the deferral of delivery has been requested by the buyer. Similarly, the sales proceeds are recognised at the time of purchase of the goods by the consumer even if installation of the goods is required: the proceeds are recognised immediately upon acceptance of delivery by the purchaser when the installation process is very simple (e.g., installation of an appliance that requires only unpacking, electrical connection, and plugging in).

Unieuro operates a customer loyalty programme based on points collection, called Unieuro Club, by which customers are allowed to accumulate loyalty points when they purchase products in

Unieuro brand stores. Once a certain minimum number of points is reached, the points can be used as a discount on the purchase of another product. The duration of the programme coincides with the fiscal year. Unieuro recognises a revenue adjustment item estimated on the basis of points accrued and not yet spent, the value of the discount to be recognised as provided by the loyalty programme, and historical information about the percentage of customer use of loyalty points.

Right of return

To account for the transfer of products with right of return, Unieuro recognises the following elements:

a) adjusts sales revenue by the amount of consideration for products for which returns are expected;

b) recognises a liability for future repayments and

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

Provision of services

Revenue and expense arising from the provision of services (revenue realised over time) are recognised based on an assessment of the entity's progress toward full performance of the obligation over time. Specifically, transfer over time is evaluated based on the input method, that is, considering the efforts or inputs used by the Group to fulfil the individual performance obligation.

For the sale of services to extend warranties beyond those already recognised by the manufacturer by law, Unieuro recognises the revenue over the duration of the provision of such service, based on the estimated interventions for warranty repairs. Warranty repair interventions are estimated based on historical information about the nature, frequency and cost of warranty interventions duly interpolated to simulate future event occurrence curves.

Unieuro incurs costs for the acquisition of the contract having a multi-year duration.

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

Commissions

Fees that are received on the sale of certain goods and services such as consumer financing, telephone contracts, etc. are calculated as a percentage of the value of the service performed or sometimes according to a fixed fee and correspond to the amount of commission received by Unieuro.

Costs

Costs and other operating expenses are recognised in the income statement when they are incurred on an accrual basis and correlated with revenues, when they do not produce future economic benefits or the latter do not qualify for recognition as assets.

Costs for the purchase of goods are recognised when all risks and rewards of ownership are assumed and are measured at the fair value of the consideration receivable net of any returns, allowances, trade discounts, contributions and premiums.

Agreements with suppliers provide for the recognition of bonuses and, in certain circumstances, contributions. These premiums and contributions are recognised either as a percentage of quantities purchased, or as a fixed amount on quantities purchased or sold, or as a defined contribution. For commercial agreements that have an expiration date later than the end of the fiscal year, an accrual estimate is made based on the amount purchased or sold, and on valuations that take into account historical data regarding the actual recognition of these types of bonuses and contributions.

Service costs are recognised based on the status of service at the end of the year.

Costs arising from operating leases that are outside the scope of IFRS 16 are recorded on a straight-line basis over the term of the relevant leases. Additional costs that are contingent and determined on the basis of revenue earned at the specific point of sale are accounted for on an accrual basis during the contract period.

Interest income and expense

Interest income and expense are recognised in the income statement on an accrual basis using the effective interest method. The effective interest method is the rate that exactly discounts the expected future cash flows, based on the expected life of the financial instrument, to the net carrying amount of the financial asset or liability.

Income taxes

Current income taxes

Income taxes are determined on the basis of a realistic forecast of tax liabilities to be paid in consideration of the accrual basis and in application of current tax regulations. The tax rates and regulations used to calculate such amounts are those issued or substantially in force as at the reporting date of the financial statements. Current income taxes, relating to items recognised outside the income statement, are charged directly to the comprehensive income statement, and then to equity, consistent with the recognition of the item to which they relate.

It should be noted that, as of the fiscal year ended February 28, 2019, Unieuro S.p.A. exercised the option for the National Tax Consolidation regime as a "Consolidating Company" (pursuant to Article 117 of Presidential Decree No. 917 of December 22, 1986), jointly with the "Consolidated Company" Monclick S.r.l.. The option permits the determination of IRES due on a taxable base corresponding to the sum of taxable income and tax losses earned by individual companies participating in the Consolidation. The economic relations, responsibilities and mutual obligations between the "Consolidating Company" and the "Consolidated Company" have been regulated in detail in a specific contract that defines the operating procedures for the management of tax positions among the different companies participating in the National Tax Consolidation.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the financial statements. Deferred tax liabilities derive from all temporary differences, except when the deferred tax liability derives from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the profit for the year calculated for the financial statements or on the profit or loss calculated for tax purposes.

Deferred tax assets are recognised for all deductible temporary differences and for tax loss carryforwards to the extent that it is probable that there will be adequate future taxable profits to allow deductible temporary differences and tax loss carryforwards to be utilised. The value to be recognised in the financial statements of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer likely that sufficient tax profits will be available in the future in order to allow the recovery of this asset. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become likely that future taxable income will be sufficient for their recovery.

Deferred taxes are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the liabilities are settled, considering current tax rates and those already issued or substantially issued at the reporting date.

Deferred tax assets and liabilities are offset if they relate to taxes of the same fiscal authority and there is a legal right to offset current tax assets and liabilities.

Effects of changes in foreign exchange rates

The Financial Statements are presented in Euro, which is the operating and presentation currency adopted by the Company. Transactions in foreign currency are initially recorded at the exchange rate (referred to the operative currency) at the transaction date. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the reporting date. All exchange differences are recognised in the income statement. Non-monetary items valued at historical cost in foreign currency are translated by using the exchange rates in effect on the date the transaction was first recorded. The non-monetary accounts recorded at fair value in foreign currencies are converted using the exchange rate at the date the value was determined.

Earnings per share

Earnings per share - basic

Basic earnings per share is calculated by dividing the Company profit by the number of shares in Unieuro S.p.A. as of the date of approval of the financial statements.

Earnings per share - diluted

Diluted earnings per share is calculated by dividing the Company profit by the number of shares in Unieuro S.p.A. as of the date of approval of the financial statements. To calculate the diluted earnings per share, shares are modified by including all beneficiaries of rights which potentially have a dilutive effect.

Treasury shares

Treasury shares are recognised as a deduction from Shareholders' Equity. The original cost of the treasury shares and the income deriving from any subsequent sale are recognised as equity movements.

Segment information

An operating segment is defined by IFRS 8 as a component of an entity that i) engages in revenue- and cost-generating business activities (including revenue and costs relating to transactions with other components of the same entity); ii) whose operating results are reviewed periodically at the entity's highest level of operational decision-making for the purpose of making decisions about resources to be allocated to the segment and assessing performance; and iii) for which separate financial statement information is available.

Segment reporting has been prepared in accordance with the provisions of IFRS 8 "Operating Segments", which require reporting to be presented in a manner consistent with how the highest level of management makes operational decisions. Therefore, the identification of operating segments and the information presented are defined on the basis of internal reporting used by the Company for the purpose of resource allocation and analysis of related performance.

Related parties

Creditor/debtor and income/cost transactions with related parties are part of normal business operations within the scope of the typical activity of each party involved, and are regulated at market conditions.

Dividends

Dividends are recognised when the right of shareholders arises, in accordance with locally applicable regulations, to receive payment, which occurs subsequent to the specific Shareholders' Meeting resolution.

2.7 New accounting standards

IFRS and IFRIC standards, amendments and interpretations not yet endorsed by the European Union

IFRS and IFRIC standards, amendments and interpretations not yet endorsed by the European Union

On February 12, 2021, the IASB published the amendment to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies. The amendments are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements. These amendments will be applied from January 1, 2023.

On February 12, 2021, the IASB published the amendment to IAS 8 Accounting policies, Changes in Accounting Estimate and Errors: Definition of Accounting Estimates. The amendments are intended to help companies distinguish changes in accounting estimates from changes in accounting policy and will apply to acquisitions after January 1, 2023.

On May 7, 2021, the IASB published some amendments to IAS 12, the standard on income taxes, aimed at clarifying how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will be applied from January 1, 2023.

On May 18, 2017, the IASB issued IFRS 17 Insurance Contracts. The standard seeks to improve investors' understanding of, but not limited to, insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was issued in 2004 as an interim standard. The standard enters into force from January 1, 2023.

On December 9, 2021, the IASB issued a limited scope amendment "Initial Application of IFRS 17 and IFRS 9 - Comparative Disclosures" to the transition requirements of IFRS 17 Insurance Contracts that provides insurers with an option to improve the usefulness of the information for investors upon initial application of the new standard. The amendments will be applied from January 1, 2023.

IFRS Standards, Amendments and Interpretations not yet approved by the European Union

The International Accounting Standards Board (IASB) published on January 23, 2020, the exposure draft "Non-current Liabilities with Covenants (Proposed amendments to IAS 1)" and on October 31, 2022, it published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the documents is to clarify how to classify payables and other short or long-term liabilities.

On September 22, 2022, the IASB published Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently evaluates sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale.

These amendments come into effect for periods beginning from January 1, 2024.

Based on the facts and cases to which the new documents apply and taking into account the current accounting policies adopted by the Group, it is considered that there will be no significant impact from the first application of these documents.

3. FINANCIAL RISK MANAGEMENT

The principal business risks identified, monitored and, as illustrated below, actively managed by the Company are as follows:

- credit risk (both in relation to normal commercial transactions with clients and financial activities);
- liquidity risk (with reference to the availability of financial resources and access to the credit market and financial instruments in general);
- market risk (defined as foreign exchange and interest rate risk).

The objective is to maintain a balanced management of its financial exposure over time to ensure a liability structure that is in equilibrium with the composition of assets and capable of ensuring the necessary operational flexibility through the use of liquidity generated by current operating activities and recourse to bank financing.

The most widely used financing instruments are represented by:

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

The following section provides qualitative and quantitative information on the impact of these risks.

3.1 Credit risk

Credit risk is understood as the possibility that an unexpected change in a counterparty's creditworthiness will expose the Company to the risk of default, subjecting it to potential losses. It should be noted that the credit risk faced by the Company is minimised since sales are mainly made to the end consumer who pays the consideration when the product is picked up. Sales to affiliates (Indirect channel) and wholesale customers (B2B channel), which together account for about 12.0% of Company revenues as of February 28, 2023, require the Company to use strategies and tools to reduce this risk. The Company has credit control processes in place that involve obtaining bank sureties to cover a significant amount of outstanding business with customers, analysing customer reliability, assigning a credit limit, and monitoring exposure through reports with a breakdown of due dates and average collection times. There are no significant risk concentration positions. Other receivables mainly refer to receivables from the tax authorities and the public administration and advances for services and therefore have limited credit risk.

Financial assets are recognised net of impairment calculated on the basis of counterparty default risk. This is determined according to procedures that may provide for either write-downs of individual positions, if individually significant, for which an objective condition of total or partial uncollectability is apparent, or write-downs on a collective basis formulated on the basis of historical and statistical data. In addition, the carrying amount of financial assets reflects the maximum Company exposure to credit risk.

3.2 Liquidity risk

Liquidity risk is the risk associated with the failure to meet one's contractual obligations. Contractual obligations can be summarised as the fulfilment, according to set deadlines, of financial liabilities. Therefore, liquidity risk management is closely linked to the administration of financial revenue, ensuring a balance between cash receipts and expenditures by minimising the cost of financial management. This translates into finding financial resources to keep the company's financial structure lean, while minimising their cost (in terms of borrowing costs). Liquidity risk is limited through:

- cash flow from core business: the optimal management of cash inflows from normal business operations versus cash outflows;
- use of short-term financing lines (Hot Money);
- use of committed credit lines: these are credit lines that the bank syndicate agrees to keep available to the Company until maturity;
- use of non-committed financial assets with the sole purpose of financing;
- use of medium- to long-term financing suitable for supporting core and non-core business activities: the use of this type of resource implies constant monitoring of financial payables maturities as well as contingent market conditions.

Liquidity risk arises from the possible difficulty in obtaining financial resources at an acceptable cost to conduct normal operations. Factors influencing liquidity risk relate both to resources generated or absorbed by current operations and those generated or absorbed by investment and financial management, the latter understood as maturity timelines in repayment or obtaining short- and long-term financial payables and the availability of funds in the financial market.

The entire financial structure is constantly monitored by the Company to enable liquidity needs to be met. The Company's financial structure by maturity for the year ended February 28, 2023 and the year ended February 28, 2022 is shown below:

(In thousands of Euro)	Balance at February 28, 2023	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	-	-	-	-	
Other financial liabilities	447,952	70,403	239,935	137,614	447,952
Total	447,952	70,403	239,935	137,614	447,952

(In thousands of Euro)	Balance at February 28, 2022	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	-	-	-	-	-
Other financial liabilities	453,842	66,485	235,165	152,192	453,842
Total	453,842	66,485	235,165	152,192	453,842

It should be noted that in November 2021 the Loan Agreement signed on January 9, 2018 was settled and at the same time four new credit lines were taken out aimed at financing working capital and strengthening its capital strength, for more details see notes 5.12 Financial liabilities and 5.14 Other financial liabilities.

3.3 Market risk

3.3.1 Interest rate risk

The Company uses external financial resources in the form of debt and uses available cash in bank deposits. Changes in the market interest rates impact on the cost and return of the various forms of loans and uses, with an effect therefore on the financial income and expense.

It should be noted that following the settlement in November 2021 of the Loan Agreement signed on January 9, 2018, the Interest Rate Swap (IRS) derivative financial instrument contracts entered into with the bank syndicate of the loan were terminated, which had the aim of mitigating, under financially acceptable conditions, the potential impact of interest rate variability on the economic result.

At the same time, four new credit lines were taken out aimed at financing working capital and strengthening its capital base; no cash flow hedging instruments were activated at February 28, 2023.

3.3.2 Currency risk

The Company is exposed to foreign exchange 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 transactions involving the import of goods.

Given the nature of the business and from a business continuity viewpoint, this risk is considered immaterial to the Company due to the small volume of transactions involving the purchase of goods in currencies other than Euro, and therefore the risk is not managed on a recurring basis from an operational perspective. Should the need arise to manage foreign exchange risk, generated by changes in exchange rates with respect to major transactions expected in the short term of importing goods that involve payments to suppliers in U.S. dollars, the Company manages the risk exposure through forward purchase contracts (i.e. FX Forward) of U.S. Dollars. This strategy aims to ‘fix’ at a pre-defined exchange rate level the amount of currency in U.S. dollars for future purchases, consequently making it immune to changes in market rates.

As of February 28, 2023, there are no currency forward purchase and sale contracts in place. In the event that foreign exchange contracts are outstanding at the reporting date, the effects of these derivative financial instruments will be recognised on the balance sheet with a direct offset to the income statement in accordance with the standard accounting treatment prescribed by International Financial Reporting Standard IFRS 9. Should the substantive and formal requirements be met, the Company would also reserve the right to consider applying the cash flow hedge accounting treatment to these operating cases.

3.4 Fair value estimate

The fair value of financial instruments listed in an active market is based on market prices at the reporting date. The fair value of instruments that are not listed in an active market is determined using valuation techniques, based on a variety of methods and assumptions related to market conditions at the reporting date.

Below is the classification of fair values of financial instruments based on the following hierarchical levels:

- Level 1: fair value determined with reference to listed prices (not adjusted), on active markets for identical financial instruments;

- Level 2: fair value determined with valuation techniques with reference to observable variables on active markets;

- Level 3: fair value determined with valuation techniques with reference to non-observable variables on markets.

Government securities exposed to fair value Level 1.

Financial instruments exposed to fair value are classified in Level 2, and the general criterion used to calculate it is the present value of the expected future cash flows of the instrument being measured.

Liabilities related to bank debt are measured on the amortised cost basis. Trade receivables and payables have been measured at carrying amount, net of any allowance for doubtful accounts, as they are considered to approximate current value.

The following table provides a breakdown of financial assets and liabilities by category as of February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Fiscal year ending February 28, 2023			
	Loans and receivables	Fair value of hedging instruments	Other Liabilities	Total
Financial assets not measured at Fair Value				
Cash and cash equivalents	47,442	-	-	47,442
Trade receivables	82,384	-	-	82,384
Other assets	59,707	-	-	59,707
Financial assets measured at Fair Value	-	-	-	-
Other assets	60,281			60,281
Financial liabilities not measured at Fair Value				
Financial liabilities	-	-	-	-
Trade payables	-	-	595,257	595,257
Other liabilities	-	-	280,549	280,549
Other financial liabilities	-	-	447,952	447,952
Financial liabilities measured at fair value				
Other financial liabilities	-	-	-	-

(In thousands of Euro)	Fiscal year ending February 28, 2022			
	Loans and receivables	Fair value of hedging instruments	Other Liabilities	Total
Financial assets not measured at Fair Value				
Cash and cash equivalents	125,728	-	-	125,728
Trade receivables	58,545	-	-	58,545
Other assets	57,881	-	-	57,881
Financial assets measured at Fair Value				
Other assets	-	-	-	-
Financial liabilities not measured at Fair Value				
Financial liabilities	-	-	-	-
Trade payables	-	-	584,553	584,553
Other liabilities	-	-	283,624	283,624
Other financial liabilities	-	-	453,842	453,842
Financial liabilities measured at fair value				
Other financial liabilities	-	-	-	-

The items “Other Assets” and “Other Financial Liabilities” include the effects of applying IFRS 16 (Leases), for more details see notes 5.6 Other Current Assets and Other Non-Current Assets and 5.14 Other Financial Liabilities in the consolidated financial statements for the year ended February 28, 2023.

4. INFORMATION ON OPERATING SEGMENTS

The operating segment identified by the Company, within which all services and products provided to customers converge, is unique and coincides with the entire Company. The vision of the Company as a single omnichannel business means that the Company has identified a single Strategic Business Unit ("SBU"). Management has also identified three Cash Generating Units ("CGUs") within the SBU to which goodwill has been allocated. This approach is supported by the management control model of operations, which considers the entire business as a whole, regardless of product lines or geographic locations whose subdivision is considered insignificant for the purpose of making business decisions.

The results of the operating segment are measured through the analysis of revenue and EBITDA.

(in thousand of Euro and as a percentage of revenues)	Year ended	
	February 28, 2023	February 28, 2022
Revenues	2,865,849	2,928,472
GROSS OPERATING RESULT	134,377	156,252
% of revenues	4.7%	5.3%
Amortisation, depreciation, and write-downs	(107,866)	(96,699)
NET OPERATING RESULT	26,511	59,553
Financial income	505	63
Financial expenses	(13,531)	(12,865)
PROFIT BEFORE TAX	13,485	46,751
Income taxes	(1,559)	(549)
PROFIT/(LOSS) FOR THE YEAR	11,926	46,202

The gross operating margin was 4.7% in the year ended February 28, 2023.

The breakdown of revenues by geographic area is presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Overseas	2,826	1,679
Italy	2,863,023	2,926,793
Total	2,865,849	2,928,472

Revenues are allocated on the basis of domestic/foreign billing.

No non-current assets are recorded in countries other than where the Company is headquartered.

5. EXPLANATORY NOTES TO INDIVIDUAL ITEMS IN THE FINANCIAL STATEMENTS

5.1 Plant, machinery, equipment and other assets

The balance of "Plant, machinery, equipment and other assets" by category as at February 28, 2023 and February 28, 2022 is shown below:

(In thousands of Euro)	Balance at February 28, 2023			Balance at February 28, 2022		
	Historic cost	Acc. Deprec.	Net book value	Historic cost	Acc. Deprec.	Net book value
Plant & machinery	157,277	(131,163)	26,114	150,507	(122,690)	27,817
Equipment	30,985	(19,081)	11,904	25,604	(17,559)	8,045
Other Assets	210,843	(174,924)	35,919	198,898	(163,915)	34,983
Tangible assets in progress	2,996	-	2,996	8,422	-	8,422
Total Plant, machinery, equipment and other assets	402,101	(325,168)	76,933	383,431	(304,164)	79,267

Changes in "Plant, machinery, equipment and other assets" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Plant & machinery	Equipment	Other assets	Tangible assets under construction and advances	Total
Balance at February 29, 2021	29,222	5,181	27,941	9,134	71,478
Increases	8,997	3,806	17,750	27,742	58,295
Decreases	(3,014)	(713)	(3,817)	(28,454)	(35,998)
Amortisation, depreciation and write-downs/(revaluations)	(10,410)	(942)	(10,708)	-	(22,060)
Decreases Accum. Deprec.	3,022	713	3,817	-	7,552
Balance at February 28, 2022	27,817	8,045	34,983	8,422	79,267
Increases	6,881	5,506	12,297	3,073	27,757
Decreases	(111)	(125)	(352)	(8,498)	(9,085)
Amortisation, depreciation and write-downs/(revaluations)	(8,548)	(1,639)	(11,250)	-	(21,437)
Decreases Accum. Deprec.	75	117	241	-	433
Balance at February 28, 2023	26,114	11,904	35,919	2,996	76,933

With reference to the year ended February 28, 2023, the Company made investments, excluding decreases in fixed assets in progress, in the amount of Euro 16,186 thousand.

Specifically, net investments are mainly attributable to: (i) investments related to the opening of new stores in new catchment areas deemed strategic or in catchment areas not sufficiently covered by the current portfolio of stores and restructuring of selected stores by restyling the layout and reducing or expanding the sales area for Euro 4,303 thousand; (ii) the installation of electronic labels at the outlets for Euro 3,616 thousand (iii) works on the Piacenza warehouse for Euro 1,917 thousand (iv) minor extraordinary maintenance and plant renewal work at various points of sale and headquartes for Euro 4,363 thousand.

Fixed assets under construction amounting to 2,996 thousand mainly refer to investments related to work on points of sale and IT investments.

"Amortisation, depreciation and write-downs/(revaluations)" amounted to Euro 21,437 thousand.

With reference to the year ended February 28, 2022, the Company made investments, net of fixed assets in progress, in the amount of Euro 30,553 thousand.

In particular, net investments mainly concerned: (i) the restructuring of selected outlets through the restyling of the layout and reducing or extending the sales area and investments in relocation of existing stores in catchment areas deemed more strategic for Euro 4,773 thousand; (ii) investments for the opening of new outlets in catchment areas not sufficiently covered by the current portfolio and the fitting out of acquired outlets for Euro 6,540 thousand; (iii) minor extraordinary maintenance and plant renewal work at various outlets for Euro 1,790 thousand; (iv)IT investments, including the adoption of electronic labels at a significant and growing number of direct stores and energy efficiency actions for Euro 17,450 thousand.

Fixed assets under construction amounting to Euro 8,422 thousand mainly refer to investments related to work on points of sale and IT investments.

"Amortisation, depreciation and write-downs/(revaluations)", amounting to Euro 22,060 thousand, includes Euro 21,432 thousand of depreciation and amortisation and Euro 628 thousand of write-downs.

5.2 Goodwill

Details of "Goodwill" as at February 28, 2023 and February 28, 2022 are shown below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Goodwill	188,911	188,873
Total Goodwill	188,911	188,873

Changes in "Goodwill" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Goodwill
Balance at February 28, 2021	188,039
Acquisitions	-
Increases	834
Write-downs	-
Balance at February 28, 2022	188,873
Increases	77
Decreases	(39)
Write-downs	-
Balance at February 28, 2023	188,911

Goodwill as at February 28, 2023, amounting to Euro 188,911 thousand, increased by Euro 38 thousand compared to the year ended February 28, 2022. The increase refers to the allocation of goodwill as part of the transaction to acquire the Etnapolis Ex-Expert business unit; the decrease refers to the subsequent sale of part of the business unit.

The value of goodwill as at February 28, 2023 and February 28, 2022 is composed as follows:

(In thousands of Euro)	Goodwill at February 28, 2023	Goodwill at February 28, 2022
Deriving from mergers:		
Marco Polo Holding S.r.l.	94,993	94,993
Ex 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 changes	5,082	5,082
Deriving from acquisition of business units:		
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
Carini Retail S.r.l.	17,273	17,273
Papino Elettrodomestici S.p.A.- Etnapolis ex-Expert	38	-
Total Goodwill	188,911	188,873

5.2.2 Impairment test

Based on the provisions of International Accounting Standard IAS 36, the Group must conduct at least annual impairment testing of the recoverability of goodwill by comparing the carrying amount of the Cash Generating Units ("CGUs") to which goodwill is allocated with their recoverable amount. With consistency in application, value in use was adopted as the recoverable value in relation to market volatility and the difficulty of retrieving information related to the determination of fair value.

After the record sales recorded during the pandemic, the Consumer Technology market was faced with, on the one hand, increasing procurement costs and, on the other, economic conditions which prompted an increase in the cost of living for consumers. This latter, together with the challenging geopolitical environment, in FY 2022/23 resulted in a decline in confidence levels, alongside the increase in the cost of living and the changing nature of the geopolitical environment. Confidence levels have declined, alongside the increase in the cost of living and the changing geopolitical environment. This uncertainty is also reflected in the performance of the consumer electronics market, which, after posting record numbers during the pandemic, contracted in FY 2022/23 (-3.5%)[38].

The goodwill impairment test for each CGU was approved by the Company's Board of Directors on May 9, 2023. In preparing the impairment test, the Directors made use of a special report prepared by an external expert specifically appointed by the Company.

IAS 36 identifies CGUs as the smallest aggregations of assets that generate cash inflows. Cash flows from the identified CGUs must be independent of each other, as an individual Unit must be able to be autonomous in realising cash inflows, but all activities within the Unit must be interdependent on each other. Under IAS 36, the correlation that exists between goodwill acquired in business combinations and CGUs is illustrated. In fact, when goodwill is acquired, it is necessary to allocate it to the CGU or CGUs that are expected to benefit most from the synergies of the combination. In this sense, decisions related to the definition of such synergies are strictly dependent on the Group's strategic organisation models, commercial purchasing and sales decisions, which, specifically, disregard the number of outlets that do not enjoy decision-making autonomy.

The operating segment identified by the Group, within which all services and products provided to customers converge coincides with the entire Group. The Company's vision of the Group as a single omnichannel business means that the Group has identified a single Strategic Business Unit (SBU). The Group has identified three CGUs within the SBU to which goodwill has been allocated. This approach is supported by the management control model of operations, which considers the entire business as a whole, regardless of product lines or geographic locations whose subdivision is considered insignificant for the purpose of making business decisions.

The Group has identified three CGUs to which goodwill has been allocated:

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

[38] Market data compiled by Group management based on GFK data available as of April 2023

The three units take advantage of shared resources, such as administration, back office, and logistics, but each has different expected growth, with different risks and opportunities, and with particularities that cannot be reproduced in the other CGUs.

The Retail CGU relates to all cash flows from the Retail, Online and Travel distribution channels. The Online and Travel channels have been included in the Retail CGU as the website uses outlets to deliver goods while the Travel channel includes outlets located at major public transportation hubs.

The Indirect CGU - previously the Wholesale channel, includes revenues from the affiliate store network and the major supermarket segment through partnerships with leading sector players.

The B2B CGU is related to the wholesale supply of products within the business-to-business channel.

The allocation of goodwill to the three CGUs was made based on the specific activity of the individual CGU, so as to include the best exploitation of internal and external synergies in the business model used. The Group has opted, as described above, for the determination of recoverable value, as the identification of value in use. Value in use is determined by estimating the present value of future cash flows, which CGUs are expected to generate.

The data source on which the assumptions made to determine cash flows are the final financial statements, and business plans.

The Business Plan used for the impairment test regarding goodwill recorded in the consolidated financial statements of the Unieuro Group and referring to the year ended February 28, 2023 is based on the strategic lines of the plan approved by the Board of Directors on May 9, 2023.

The impairment test was approved by the Board of Directors on May 9, 2023.

The target market growth estimates included in the business plan used for impairment testing as of February 28, 2023 are based on, among other factors, external sources and analyses conducted by the Group.

The valuation assumptions used to determine the recoverable value, were based on the above business plans and some main assumptions:

- it was decided to adopt as the explicit period of the business plan, a period of 5 years;
- terminal value: discounting of the last explicit period of plan estimation. It is emphasised that a long-term growth rate "g" of 1% has been assumed;
- the discount rate applied to the various cash flows (WACC-weighted average cost of capital) for the CGUs analysed was 12.5%.

The applied discount rate is that rate which reflects current market assessments, the time value of money, and asset specific risks. Therefore, for the purpose of determining the discount rate, there must be consistency between the parameters used and the Company's target market and consistency between the Company's operating activities and the Company's cash inflows. All the parameters used to calculate the discount rate must be within the corporate context so that it expresses “normal” conditions over a medium to long term time frame.

Below is the estimation procedure adopted to define the parameters determining WACC:

- Risk-free rate (r_f) – The risk-free rate adopted is equal to the three-month average (relative to the reference date) of yields on 10-year government bonds (BTPs) issued by the Italian government. It should be noted that compared to the previous year, the time horizon considered for averages was shortened based on the latest guidance from the regulators.

- Equity risk premium (r_m – r_f) - The equity risk premium, which represents the yield differential (historical and long-term) between stocks and bonds in the financial markets, was determined with reference to the Italian market.

- Beta (β) – The beta, which denotes the regression coefficient of a straight line representing the relationship between the return offered by the stock and that of the market as a whole, was calculated based on a panel of listed companies operating predominantly or exclusively in the sale of consumer electronics, through a combination of sales channels (in-store and online sales, in most cases flanked by wholesale and/or business-to-business sales).

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

- Financial structure - A debt/equity ratio calculated on the basis of the average on the reference date by the selected panel of comparable companies was adopted.

There is no difference in the determination of these parameters between the external sources used and the value used for testing purposes.

The Group has a well-established history of operating in the market, and to date there is no evidence to suggest that it will discontinue operations in the medium to long term. Based on these considerations, it was deemed reasonable to adopt a going concern assumption in perpetuity.

The operating cash flow used for terminal value calculation purposes was determined based on the following main assumptions:

- EBITDA - When estimating the terminal value, an amount of revenue equal to the expected level for the last year of the plan was considered, with a g rate of 1%. For the purpose of estimating sustainable EBITDA in the medium to long term, the EBITDA margin, of the last year of the plan, was applied to the revenues thus identified in order to reflect the competitive dynamics that characterise the sector. The latter figure is, for the Group as a whole, within the current range expressed by analysts’ estimates for the panel of comparable companies used to determine WACC.

- Investment in fixed assets and depreciation - Annual capital expenditures were estimated based on expected revenues in the last plan year, adopting a Capex/Sales percentage equal to the last year of the plan. Annual depreciation has been aligned with these investments, thus assuming that the investments are mainly maintenance and/or replacement.

- Net Working Capital and Provisions - The change in NWC and provisions was assumed to be zero.

The following is a summary table containing the basic assumptions (WACC and g) and the percentage of value attributed to the terminal value versus the recoverable value of the Group's three CGUs with respect to the impairment analyses conducted with reference to the date of February 28, 2023.

at February 28, 2023	WACC	g	Terminal Value (TV)	Recoverable Value (RA)	% TV on RA
(in millions of Euro)					
Retail CGU	12.5%	1.0%	204	267	76.4%
Indirect CGU	12.5%	1.0%	12	22	55.4%
B2B CGU	12.5%	1.0%	8	10	77.2%

The results of impairment tests as at February 28, 2023 are shown below:

at February 28, 2023		Carrying Amount (CA)	Recoverable Value (RA)	RA Vs CA
(in millions of Euro)				
Retail CGU	EUR/mln	(17)	267	284
Indirect CGU	EUR/mln	(1)	22	23
B2B CGU	EUR/mln	(1)	10	11

Based on the estimates there was no need to make an adjustment to the value of the goodwill recognised.

It should be noted that the carrying amount of the CGUs as at February 28, 2023 is negative due to the negative net working capital allocated to the CGUs.

The carrying amount does not include financial items. Deferred tax assets and liabilities are also excluded as the theoretical tax rate was used for tax estimation purposes when determining cash flows.

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

Below are the results, in terms of the difference between recoverable value and carrying amount, for CGUs subject to impairment test as of February 28, 2023, of the sensitivity analysis performed assuming a percentage reduction in Free Cash Flow, in the explicit forecast years and in the terminal value of -20.0%:

at February 28, 2023	FCF of Terminal Plan	
(in millions of Euro)		
Sensitivity Difference RA vs. CA	0.0%	(20.0%)
Retail CGU	284	230
Indirect CGU	23	19
B2B CGU	11	9

Finally, the Group developed an additional analysis simulating the impacts on the recoverable value of the Retail CGU assuming the exclusion of planned new store openings over the course of the business plan. The results of the analysis are illustrated below:

at February 28, 2023		Carrying Amount (CA)	Recoverable Value (RA)	RA vs. CA
(in millions of Euro)				
Retail CGU	EUR/mln	(17)	186	203

It is also necessary to point out that the parameters and information that are used to verify the recoverability of goodwill are influenced by the macroeconomic, market, and regulatory environment, and by the subjectivity of certain forecasts of future events that will not necessarily occur, or may occur in a manner that differs from that expected, and therefore may experience unforeseeable changes. Unfavourable and unforeseeable changes in the parameters used for the impairment test could result in the need to impair goodwill in the future with consequences for the Group's results and financial position.

5.3 Intangible assets with finite useful lives

The balance of "Intangible assets with finite useful life" is shown below by category as at February 28, 2023 and February 28, 2022:

(Euro thousands)	Balance at February 28, 2023			Balance at February 28, 2022		
	Historic cost	Acc. Amort.	Net book value	Historic cost	Acc. Amort.	Net book value
Software	117,567	(72,716)	44,851	96,839	(60,356)	36,483
Concessions, licences and trademarks	7,407	(7,407)	-	7,407	(7,407)	-
Key money	1,572	(1,572)	-	1,572	(1,572)	-
Intangible assets in progress	808	-	808	5,241	-	5,241
Total intangible assets with finite useful life	127,354	(81,695)	45,659	111,059	(69,335)	41,724

Changes in "Intangible assets with finite useful life" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Software	Concessions, licenses and brands	Key money	Intangible assets under construction	Total
Balance at February 29, 2021	24,089	43	-	4,474	28,606
Increases	21,331	-	-	29,066	50,397
Decreases	-	-	-	(28,299)	(28,299)
Amortisation, depreciation and write-downs/(revaluations)	(8,937)	(43)	-	-	(8,980)
Decreases Accum. Amort.	-	-	-	-	-
Balance at February 28, 2022	36,483	-	-	5,241	41,724
Increases	20,728	-	-	2,251	22,980
Decreases	-	-	-	(6,685)	(6,685)
Amortisation, depreciation and write-downs/(revaluations)	(12,360)	-	-	-	(12,360)
Decreases Accum. Amort.	-	-	-	-	-
Balance at February 28, 2023	44,851	-	-	808	45,659

With regard to the year ended February 28, 2023, increases net of decreases in the category "assets under construction" totalled Euro 16,295 thousand and were mainly attributable to the category "Software."

The increases concern "Software" for Euro 20,728 thousand, mainly referring to evolutions of the new SAP 4/HANA ERP, the improvement of the technological infrastructure as part of the cyber security projects and e-commerce site investments.

With regard to the year ended February 28, 2022, increases net of decreases in the category "assets under construction" totalled Euro 22,098 thousand and were mainly attributable to the category "Software."

The increases in "Software" for Euro 21,331 thousand mainly concern the introduction of the new SAP S/4HANA operating system and the launch of the new e-commerce site stemming from the "Revolution" project.

Assets under construction amounting to Euro 5,241 thousand are attributable to implementations of new software and existing software.

5.4 Right-of-use assets

The balance of "Right-of-use assets" by category as at February 28, 2023 and February 28, 2022 is shown below:

(In thousands of Euro)	Balance at February 28, 2023			Balance at February 28, 2022		
	Historic cost	Acc. Deprec.	Net book value	Historic cost	Acc. Deprec.	Net book value
Buildings	664,120	(250,566)	413,554	602,956	(180,659)	422,297
Cars	4,653	(3,039)	1,614	3,757	(2,334)	1,423
Other Assets	9,868	(4,315)	5,553	9,868	(2,383)	7,485
Total intangible assets with finite useful life	678,641	(257,920)	420,721	616,851	(185,376)	431,205

Changes in "Right-of-use assets" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Buildings	Cars	Other assets	Total
Balance at February 28, 2021	440,417	1,235	9,868	451,520
Increases/(Decreases)	44,327	1,017	-	45,344
(Amortisation and write-downs)/revaluations	(62,447)	(829)	(2,383)	(65,659)
Balance at February 28, 2022	422,297	1,423	7,485	431,205
Increases/(Decreases)	61,164	896	-	62,060
Amortisation, depreciation and write-downs/(revaluations)	(69,907)	(705)	(1,932)	(72,544)
Balance at February 28, 2023	413,554	1,614	5,553	420,721

The increases recorded during the year mainly refer to new lease agreements related to the opening and acquisition of new stores and the renewal of existing operating leases.

5.5 Deferred tax assets and deferred tax liabilities

Changes in "Deferred tax assets" and "Deferred tax liabilities" for the period from February 28, 2021 to February 28, 2023 are shown below.

Deferred tax assets

(In thousands of Euro)	Bas debt provision - amount due from suppliers	Obsolescence provision	Fixed assets and right-of-use	Intangible assets	Capital reserves	Provisions for risks and charges	Other current liabilities	Net deferred tax assets	Deferred tax assets relating to tax losses	Total net deferred tax assets
Balance at February 28, 2021	1,316	2,700	1,749	4,074	461	4,892	220	15,412	25,354	40,766
Provisions/Releases to the income statement	(75)	(81)	125	(683)		(1,130)	40	(1,804)	5,764	3,960
Provisions/Releases to the statement of comprehensive income	-	-	-	-	(120)	-	-	(120)	-	(120)
Balance at February 28, 2022	1,241	2,619	1,874	3,391	341	3,762	260	13,488	31,118	44,606
Provisions/Releases to the income statement	(367)	364	285	(819)	-	(682)	1,152	(66)	1,232	1,164
Provisions/Releases to the statement of comprehensive income	-	-	-	-	(657)	-	-	-	-	-
Balance at February 28, 2023	874	2,983	2,159	2,572	(316)	3,080	1,412	13,422	32,350	45,112

The balance as at February 28, 2023, amounting to Euro 45,112 thousand, consists mainly of: (i) deferred tax assets recognised on tax losses in the amount of Euro 32,350 thousand, (ii) temporary differences mainly attributable to provisions and goodwill in the amount of Euro 13,422 thousand.

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

The IRES tax losses still available from the income tax estimate made on presenting the financial statements at February 28, 2023 with reference to Unieuro amount to Euro 262 million.

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

- the tax laws of the country in which the Company operates and their impact on temporary differences, and any tax benefits from the use of tax loss carryforwards.
- the Company's profit forecast in the medium and long term.

On this basis, the Company expects to generate future taxable profits and, therefore, to be able to recover recognised deferred tax assets with reasonable certainty.

Deferred tax liabilities

(In thousands of Euro)	Intangible assets	Other current assets	Total net deferred taxes
Balance at February 28, 2021	1,709	766	2,475
Provisions/Releases to the income statement	365	(76)	289
Provisions/Releases to the statement of comprehensive income	-	-	-
Balance at February 28, 2022	2,074	690	2,764
Provisions/Releases to the income statement	375	(115)	260
Provisions/Releases to the statement of comprehensive income	-	-	
Balance at February 28, 2023	2,449	575	3,024

Deferred tax liabilities related to Intangible Assets arise from goodwill having a statutory value different from the value relevant for tax purposes.

It is estimated that this payable refers to differences that will be reabsorbed in the medium and long term.

5.6 Other current assets and other non-current assets

Below is a breakdown of “Other Current Assets” and “Other Non-Current Assets” as at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Contract assets	10,094	9,609
Prepaid expenses and accrued income	5,337	8,494
Tax credits	4,273	3,444
Financial receivables from leases - current portion	1,490	1,439
Other current financial assets	60,281	-
Other current assets	1,056	4,514
Other current assets	82,531	27,500
Financial receivables from leases - non-current portion	13,577	15,052
Deposit assets	3,019	2,770
Other non-current assets	20,861	12,559
Other non-current assets	37,457	30,381
Total Other current assets and Other non-current assets	119,988	57,881

“Contract assets” amounting to Euro 10,094 thousand at February 28, 2023 (Euro 9,609 thousand at February 28, 2022), includes costs for obtaining contracts qualifying as contract costs, represented by bonuses paid to employees for each additional sale of extended warranty services.

“Prepaid expenses and accrued income” amounting to Euro 5,337 thousand as of February 28, 2023 (Euro 8,494 thousand as of February 28, 2022), mainly includes prepaid expenses referring to insurance, condominium expenses and other operating costs that were paid before February 28, 2022 and referring to future years.

“Tax credits” at February 28, 2023 amounted to Euro 4,273 thousand (Euro 3,444 thousand at February 28, 2022), with the increase principally concerning the tax credits for the purchase of electricity which shall be settled in the subsequent tax period.

“Other current financial assets” of Euro 60,281 thousand at February 28, 2023 (Euro zero at February 28, 2022) include Ordinary Treasury Bonds and Long-Term Treasury Bonds maturing within twelve months and acquired in the second half of the year in order to optimise the use of Group liquidity. The securities are measured at fair value through the comprehensive income statement.

The Italian Government Bonds held at February 28, 2023 are presented below:

Bond	Nominal value (Euro/thousands)	Maturity
BOT 28/4/23 179 half-yearly	30,000	28/04/2023
BOT 31/03/23 182 half-yearly	20,000	31/03/2023
BTP 0.3% 15/08/2023	10,000	15/08/2023

“Other current assets” of Euro 1,056 thousand at February 28, 2023 (Euro 4,514 thousand at February 28, 2022) mainly include the current portion of the tax credits deriving from the recognition of a discount on the invoice with regards to works related to the recovery of building heritage under Article 121 of Legislative Decree No. 34/2020 (Ecobonus credits).

“Other non-current assets” include the non-current portion of the Ecobonus credits, investments, deposits receivable, and deposits with suppliers.

Details of “Investments” as at February 28, 2023 and February 28, 2022 are shown below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Investment in Monclick S.r.l.	12,551	12,551
Other investments	8	8
Investments	12,559	12,559

Changes in "Investments" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Investments
Balance at February 28, 2021	12,559
Acquisitions	-
Increases	-
Write-downs	-
Decreases	-
Balance at February 28, 2022	12,559
Acquisitions	
Increases	2,000
Write-downs	(2,000)
Decreases	
Balance at February 28, 2023	12,559

The value of the investment includes the write-down provision of Euro 5,173 thousand.

"Write-downs" include the write-down of the investment in Monclick S.r.l following the partial waiver of the trade receivables for Euro 2,000 thousand from the subsidiary.

The following information concerns the investments held in subsidiaries at February 28, 2023, as per Article 2427 of the Civil Code:

(In thousands of Euro)	Registered Office	Book value	Share capital	Holding	Shareholders' Equity	Net result for the year
Monclick S.r.l..	Vimercate (MB)	12,551	100	100%	665	(3,419)

Monclick S.r.l.

On June 9, 2017, Unieuro completed the acquisition by Project Shop Land S.p.A of 100% of Monclick, a leading online operator in Italy involved in the consumer electronics market and the online B2B2C market.

Monclick is an Italian e-commerce "pure player", i.e. a company which sells products only through the web channel, without having outlets or pickup points.

The investee operates through two business lines, which target the same end consumer, although through two differing channels: (i) Online, which includes the online sale of consumer electronic products directly to the end consumer through the "Monclick" website and (ii) B2B2C, which is the channel selling products and services to the end consumer through partnerships with major businesses.

The subsidiary in FY 2022/23 reports revenues of Euro 73,080 thousand (Euro 75,242 thousand in FY 2021/22) and a net loss of Euro 3,419 thousand (loss of Euro 1,107 thousand in FY 2021/22). The net result was impacted by the penalty imposed by the Antitrust Authority of Euro 1,200 thousand in December 2022. For further details, reference should be made to paragraph 6.3 of the Directors' Report.

The market features: (i) slight online sector growth, (ii) increasing demand among customers for a prompt and efficient service which resulted in, together with the increase in the cost of fuel, higher logistics costs, (iii) greater competitive pressure faced by the pure players, which led the Company to defend its market shares by sacrificing, especially in the second half of the fiscal year, its pricing policies. The result for the year however benefited from a number of actions to mitigate the impact on the income statement of the above factors, including: (i) development of the drop shipping flow by Unieuro which resulted in improved purchasing conditions, (ii) exploitation of the synergies generated with the current distribution structure of Unieuro, implemented through transfer, from a third party logistics structure to the Unieuro Group logistics structure in Piacenza (iii) optimisation of administrative services and general expenses.

The subsidiary in FY 2022/23 continued to review its organisation so as to gradually rebalance operational management. On the basis of this process, business activity improvement plans were drawn up and developed and a revenue maintenance and cost optimisation strategy was put in place.

On June 29, 2017, January 10, 2018, November 14, 2018, and January 12, 2023, the Board of Directors of Unieuro voted to make payments to cover losses of Euro 1,192 thousand, Euro 1,783 thousand, Euro 1,269 thousand, and Euro 2,000 thousand, respectively.

On June 29, 2017, January 10, 2018, and November 14, 2018, the Board of Directors of Unieuro voted to make capital contributions of Euro 2,808 thousand, Euro 1,217 thousand, and Euro 3,731 thousand, respectively.

5.6.1 Impairment test

The investment in Monclick as of February 28, 2023 was subjected to an impairment test by comparing the respective recoverable value with the carrying amount of the investment. The recoverable value is the higher of the asset's fair value less costs to sell and its value in use.

The value in use was calculated as the present value of future cash flows expected to be generated by the Cash Generating Unit "CGU" identified as the Monclick companies, discounted at the rate reflecting the specific risks of the CGU at the valuation date.

The data source on which the assumptions made to determine cash flows are the final financial statements and business plan for the period from February 29, 2024 to February 28, 2028 of the investee company, approved by the Sole Director of Monclick on May 4, 2023.

The impairment test was approved by the Board of Directors on May 9, 2023. In preparing the impairment test, the Directors made use of appropriate reports prepared for this purpose by an external expert specifically appointed by the Company.

The valuation assumptions used to determine the recoverable value, were based on the above business plans and some main assumptions:

- it was decided to adopt as the explicit period of the business plan, a period of five years;
- terminal value: discounting of the last explicit period of plan estimation. It is emphasised that a long-term growth rate "g" of 1% has been assumed;
- the discount rate applied to the various cash flows (WACC-weighted average cost of capital) for Monclick was 13.4%.

Below is the estimation procedure adopted to define the parameters determining WACC:

- Risk-free rate (r_f) – The risk-free rate adopted is equal to the three-month average (relative to the reference date) of yields on 10-year government bonds (BTPs) issued by the Italian government. Adopting the average figure makes it possible to compensate for possible short-term distorting dynamics. It should be noted that compared to the previous year, the time horizon considered for averages was shortened based on the latest guidance from the regulators.
- Equity risk premium (r_m – r_f) - The equity risk premium, which represents the yield differential (historical and long-term) between stocks and bonds in the financial markets, was determined with reference to the Italian market.
- Beta (β) – The beta, which denotes the regression coefficient of a straight line representing the relationship between the return offered by the stock and that of the market as a whole, was calculated based on a panel of listed companies operating predominantly or exclusively in the sale of consumer electronics.
- Specific risk premium(a)- An additional premium was applied in order to take into account the potential risks related to the implementation of the company's strategy in the context of the target market, also in view of Monclick's size compared to the identified comparable companies.
- Cost of debt capital i_d (1-t) - The cost of debt of a financial nature was estimated to be equal to the adopted risk-free rate plus a spread based on the average credit rating of comparables. The current Italian corporate tax rate (IRES) was adopted as the tax rate (t).
- Financial structure - A debt/equity ratio calculated on the basis of the average on the reference date by the selected panel of comparable companies was adopted.

The results of impairment tests as at February 28, 2023 are shown below:

at February 28, 2023		Carrying Amount (CA)	Recoverable Value (RA)	RA Vs CA
(in millions of Euro)				
Monclick S.r.l..	EUR/mln	13	15	2

Based on the estimates there was no need to make an adjustment to the value of the investment recognised.

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

Below are the results, in terms of the difference between recoverable value and carrying amount, for the investment in Monclick subject to impairment test as of February 28, 2023, of the sensitivity analysis performed assuming a percentage reduction in Free Cash Flow, in the explicit forecast years and in the terminal value of -20.0%:

at February 28, 2023		FCF of Terminal Plan	
(in millions of Euro)	WACC		
Sensitivity Difference RA vs. CA		0%	-20%
Monclick S.r.l..	13.4%	2	2

It is also necessary to point out that the parameters and information that are used for the impairment test on the investment are influenced by the macroeconomic, market, and regulatory environment, and by the subjectivity of certain forecasts of future events that will not necessarily occur, or may occur in a manner that differs from that expected, and therefore may experience unforeseeable changes. Unfavourable and unforeseeable changes in the parameters used for the impairment test could result in the need to impair the investment in Monclick in the future with consequences for the Company's results and financial position.

5.7 Inventories

Inventories are composed as follows:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Merchandise	457,181	471,796
Consumables	880	735
Gross inventory	458,061	472,531
Inventory obsolescence provision	(12,425)	(10,907)
Total inventories	445,636	461,624

The value of net inventories decreased from Euro 461,624 thousand at February 28, 2022 to Euro 445,636 thousand at February 28, 2023, a decrease from the previous year.

Inventory value reflects the loss of value of goods in cases where the cost is higher than the estimated realisable value, allowing the inventory value to be restored to current market value, and is adjusted by the inventory obsolescence provision, which accommodates the write-down of the value of goods with possible obsolescence indicators.

Changes in the inventory obsolescence provision for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Inventory obsolescence provision
Balance at February 28, 2021	(11,253)
Provisions	-
Release to income statement	346
Balance at February 28, 2022	(10,907)
Provisions	(2,501)
Release to income statement	-
Utilisations	983
Balance at February 28, 2023	(12,425)

5.8 Trade receivables

Below is a breakdown of “Trade receivables” at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Trade receivables – third parties	65,963	41,345
Trade receivables - related parties	18,339	19,284
Gross trade receivables	84,301	60,629
Bad debt provision	(1,917)	(2,084)
Total trade receivables	82,384	58,545

The value of receivables, mainly referring to the Indirect and B2B channels, increased by Euro 23,839 thousand compared to the previous year. The change in trade receivables is mainly attributable to a different billing and collection schedule.

Changes in the doubtful debt provision for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Bad debt provision
Balance at February 28, 2021	(2,837)
Provisions	(14)
Release to income statement	712
Utilisations	55
Balance at February 28, 2022	(2,084)
Provisions	(280)
Release to income statement	-
Utilisations	447
Balance at February 28, 2023	(1,917)

Impaired receivables refer mainly to receivables in litigation or customers subject to bankruptcy proceedings. The uses are against creditor situations for which the elements of certainty and precision, i.e. the presence of pending bankruptcy proceedings, determine the write-off of the position.

The credit risk represents the exposure to potential losses following the non-fulfilment of obligations by counterparties. It should be noted, however, that for all periods considered, there are no significant concentrations of credit risk, especially in view of the fact that most sales are made with immediate payment through credit or debit cards in the Retail and Online channels and in cash, in the Retail channels. The Company has credit control processes in place that involve obtaining bank sureties and credit insurance contracts to cover a significant amount of outstanding business with customers, analysing customer reliability, assigning a credit limit, and monitoring exposure through reports with a breakdown of due dates and average collection times.

Overdue credit positions are in any case monitored by the administrative management through periodic analyses of the main positions, and for those for which an objective condition of partial or total uncollectability is detected, write-downs are made.

The book value of the trade receivables approximates their fair value.

5.9 Current tax assets and liabilities

Below is a breakdown of "Current tax assets" at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
IRAP credits	336	1,459
IRES credits	4,834	2,718
Total current tax assets	5,170	4,177

Current income tax assets amounted to Euro 5,170 thousand at February 28, 2023 (Euro 4,177 thousand at February 28, 2022). This refers to the receivable balance of estimated income taxes in the fiscal year to February 28, 2023. In FY 2021/22, the balance of current income taxes due was more than offset by the receivable for the advances paid and the withholdings incurred and the tax benefit from the agreement signed with the Tax Agency for the Patent Box on December 29, 2021. The benefit accounted for in the year relates to fiscal years 2016 - 2020 and is from the exploitation of the Unieuro brand.

Below is a breakdown of "Current tax liabilities" at February 28, 2023 and February 28, 2022:

Current tax liabilities

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Taxes payable	1,041	1,041
Total current tax liabilities	1,041	1,041

"Tax liabilities" at February 28, 2023 amounted to Euro 1,041 thousand.

5.10 Cash and cash equivalents

"Cash and cash equivalents" at February 28, 2022 and February 28, 2021 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Bank accounts	36,165	111,934
Cash	11,277	13,794
Total cash and cash equivalents	47,442	125,728

Cash and cash equivalents amounted to Euro 47,442 thousand at February 28, 2023 and Euro 125,728 thousand at February 28, 2022.

This item consists of cash on hand, valuables and demand or short-term deposits with banks that are available and readily usable.

For further details on the movements in Cash and cash equivalents, reference should be made to the Cash Flow Statement. Reference should be made to Note 5.12 for further details on the net financial position.

5.11 Shareholders' Equity

The changes in "Shareholders' Equity" for fiscal year 2022/2023 and the composition of reserves in the reporting periods are shown below:

(In thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Fair value reserve to OCI	Reserve for actuarial gains/(losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profits/(losses) carried forward	Total shareholders' equity
Balance at February 28, 2022	4,140	811	43,146	-	(1,705)	3,687	22,059	67,001	139,139
Profit/(loss) for the year	-	-	-	-	-	-	-	11,926	11,926
Other components of comprehensive income	-	-	-	214	1,525	-	-	-	1,739
Total comprehensive income for the year	-	-	-	214	1,525	-	-	11,926	13,665
Allocation of prior year result	-	17	19,052	-	-	-		(19,069)	-
Distribution dividends	-	-	-	-	-	-	-	(27,134)	(27,134)
Purchase of Treasury Shares	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments	-	-	-	-	-	1,729	-	(439)	1,290
Total transactions with shareholders	-	17	19,052	-	-	1,729	-	(46,642)	(25,844)
Balance at February 28, 2023	4,140	828	62,198	214	(180)	5,416	22,059	32,285	126,960

Shareholders' Equity of Euro 126,960 thousand at February 28, 2023 (Euro 139,139 thousand at February 28, 2022), with the decrease mainly due to the combined effect of: (i) the distribution of the dividend approved by the Shareholders' Meeting for Euro 27,134 thousand and (ii) the recognition of the consolidated net profit and of other comprehensive income statement items for Euro 13,665 thousand.

Share capital at February 28, 2023 amounts to Euro 4,140 thousand, divided into 20,698,621 shares.

The Reserves are shown below:

- the legal reserve amounting to Euro 828 thousand as of February 28, 2023 (Euro 811 thousand as of February 29, 2022), includes allocations of profits to the extent of 5% for each fiscal year until the limit set forth in Article 2430 of the Civil Code is reached.

- the Extraordinary Reserve amounting to Euro 62,198 thousand at February 28, 2023 (Euro 43,146 thousand at February 28, 2022); this reserve increased during the period as a result of the allocation of the profit for the year resolved in June 2022 by the Shareholders' Meeting;

- the fair value to OCI reserve amounting to Euro 214 thousand at February 28, 2023 (zero at February 28, 2022) includes the fair value accounting of BOT and BTP government bonds as of the reporting date net of the tax effect.

- the reserve for actuarial gains and losses on defined benefit plans amounting to a negative Euro 180 thousand as of February 28, 2023 (negative Euro 1,705 thousand as of February 28, 2022) net of the tax effect; the reserve changed by Euro 1,525 thousand as a result of the actuarial valuation related to the post-employment benefit reserve;

- the reserve for share-based payments amounting to Euro 5,416 thousand at February 28, 2023 (Euro 3,687 thousand at February 28, 2022); the reserve changed mainly due to the recognition for Euro 1,729 thousand of the 2020-2025 performance share plan. For more details see Note 5.28.

- other reserves amounting to Euro 22,059 thousand at February 28, 2023 did not change compared to February 28, 2022. For further details, reference should be made to the distributability of reserves.

During the fiscal year ended February 28, 2023, there are no assets earmarked for a specific business.

The changes in "Shareholders' Equity" for fiscal year 2021/2022 and the composition of reserves in the reporting periods are shown below:

(In thousands of Euro)	Share capital	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Reserve for actuarial gains/(losses) on defined benefit plans	Reserve for share-based payments	Other reserves	Profits/(losses) carried forward	Total shareholders' equity
Balance at February 28, 2021	4,053	800	42,519	(132)	(1,911)	4,069	30,195	72,901	152,494
Profit/(loss) for the year	-	-	-	-	-	-	-	46,202	46,202
Other components of comprehensive income	-	-	-	132	206	-	-	-	338
Total comprehensive income for the year	-	-	-	132	206	-	-	46,202	46,540
Allocation of prior year result	-	11	627	-	-	-	-	(638)	-
Distribution dividends	-	-	-	-	-	-	-	(53,793)	(53,793)
Purchase of Treasury Shares	-	-	-	-	-	-	(12,335)	-	(12,335)
Share-based payment settled with equity instruments	87	-	-	-	-	(382)	4,199	2,329	6,233
Total transactions with shareholders	87	11	627	-	-	(382)	(8,136)	(52,102)	(59,895)
Balance at February 28, 2022	4,140	811	43,146	-	(1,705)	3,687	22,059	67,001	139,139

Shareholders' Equity, amounting to Euro 139,139 thousand as of February 28, 2022 (Euro 152,494 thousand as of February 28, 2021), decreased during the year mainly due to the combined effect of: (i) the distribution of the dividend resolved by the Shareholders' Meeting on June 15, 2021 for Euro 53,793 thousand, (ii) the execution of the treasury share purchase programme authorised by the Shareholders' Meeting on December 17, 2020 for Euro 12,335 thousand, (iii) the exercises of the Long Incentive Plan and the accounting of the 2020-2025 performance share plan for Euro 6,233 thousand, and (iv) the consolidated net profit for the year and other components of the comprehensive income statement for Euro 46,540 thousand.

Share capital as of February 28, 2022 is Euro 4,140 thousand, divided into 20,698,621 shares.

The Reserves are shown below:

- the legal reserve amounting to Euro 811 thousand as of February 28, 2022 (Euro 800 thousand as of February 29, 2021), includes allocations of profits to the extent of 5% for each fiscal year until the limit set forth in Article 2430 of the Civil Code is reached.

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

- the negative cash flow hedge reserve amounting to Euro 0 thousand as of February 28, 2022 (negative for Euro 132 thousand as of February 28, 2021); this reserve was released following the settlement in November 2021 of the Loan Agreement signed on January 9, 2018 (for more details see Note 5.12).

- the reserve for actuarial gains and losses on defined benefit plans amounting to a negative Euro 1,705 thousand as of February 28, 2022 (negative Euro 1,911 thousand as of February 28, 2021); the reserve changed by Euro 206 thousand as a result of the actuarial valuation related to the post-employment benefit reserve;

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

- Other reserves amounting to Euro 22,059 thousand as of February 28, 2022 (Euro 30,195 thousand as of February 28, 2021); the reserve changed as a result of the establishment of the share premium reserve in the amount of Euro 4,199 thousand due to the exercise of the 2018-2025 Long Term Incentive Plan and for the execution of the treasury share buyback plan authorised by the Shareholders' Meeting of December 17, 2020 for Euro 12,335 thousand.

During the fiscal year ending February 28, 2022, there are no assets earmarked for a specific business.

In accordance with Article 2424 of the Civil Code, information is provided on the origin, nature and possibility of use of the Shareholders' Equity components at February 28, 2023:

(In thousands of Euro) Nature/Description	Amount	Possibility of utilisation (*)	Portion available	Utilisation in previous 3 fiscal years to cover losses	Utilisation in previous 3 fiscal years for other reasons	
Share capital	4,140	B	4,140			
Capital reserves						
Share Premium Reserve	7,450	A, B, C	7,450			
Other capital reserves	26,944	A, B, C	26,944			(**)
Reserve for share-based payments	5,416	A, B	5,416			
Use of treasury shares reserve	(12,335)		(12,335)			
Tax-suspension profit reserves						
Reserve as per Law 121/87		A, B, C				
Retained earnings						
Legal reserve	828	A, B	828			
Extraordinary Reserve	62,198	A, B, C	62,198			
Severance pay actuarial reserve	(180)		(180)			
Cash Flow Hedge Reserve	-		-			
Fair value reserve to OCI	214	A, B	214			
Profits carried forward - Other FTA Reserves	4,038	A, B	4,038			
Profits carried forward - Other FTA Reserves	23,321	B	23,321			
Profits/(losses) carried forward - IAS adjustments						
Profits/(losses) carried forward - Call Option Agreement		A, B, C				
Profits/(losses) carried forward - Share-based payments	1,622	A, B, C	1,622			
Profits/(losses) carried forward - Other	(8,622)		(8,622)			
Net profit/(loss)	11,926	A, B, C	11,926			
Total	126,960		126,960			
Non-distributable amount			37,957			
Residual distributable share			89,002			

(*) A: for share capital increase; B: for coverage of losses; C: for distribution to shareholders

(**) Other capital reserves are subject to an non-distributable and unavailable restriction of Euro 12,335 thousand as a result of the treasury share purchase program

5.12 Financial liabilities

Current and non-current "Financial liabilities" at February 28, 2023 and February 28, 2022 amounted to Euro zero.

It is recalled that in November 2021 the Loan Contract entered into on January 9, 2018 with Banca IMI S.p.A., as agent bank, Banca Popolare di Milano S.p.A., Crédit Agricole Cariparma S.p.A. and Crédit Agricole Corporate and Investment Bank – Milan Branch was settled, while simultaneously four new “Credit Lines” were drawn down with Unicredit S.p.A., Intesa San Paolo S.p.A., Banco BPM S.p.A. and Crédit Agricole Italia S.p.A. in order to fund working capital and strengthen the capital base.

Committed Credit Facilities include Euro 150.0 million of medium- to long-term cash loan on a revolving basis.

Interest is at a floating rate, calculated considering Euribor plus a contractually stipulated spread.

At the same time as the disbursement of the Credit Facilities, a contractual clause (covenants) was agreed upon that grants the lender the right to renegotiate or revoke the credit upon the occurrence of the events stipulated in the clause. These clauses require compliance on each Calculation Date (half-yearly) with an index on a consolidated basis of Unieuro S.p.A., which is summarised below:

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

As of February 28, 2023, the covenant is met, and is -1.79.

As of February 28, 2023, the Credit Lines have not been drawn, the balance of financial liabilities is zero.

Below is a breakdown of the composition of net financial debt at February 28, 2023 and February 28, 2022, in accordance with ESMA guideline 32-382- 1138 dated 4/3/2021[39]:

(in millions of Euro)	Year ended			
	February 28, 2023	*of which related parties*	February 28, 2022	*of which related parties*
(A) Available liquidity	47.4	-	125.7	-
(B) Cash and cash equivalents	-	-	-	-
(C) Other current financial assets	60.3	-	-	-
(D) Liquidity (A)+(B)+(C)	**107.7**	**-**	**125.7**	**-**
(E) Current financial debt (including debt instruments, but excl. current portion of non-current financial debt)	-	-	-	-
(F) Current portion of non-current financial debt	(70.4)	-	(66.5)	-
(G) Current financial debt (E)+(F)	**(70.4)**	**-**	**(66.5)**	**-**
(H) Net current financial debt (G)-(D)	**37.3**	**-**	**59.2**	**-**
(I) Non-current financial debt (excluding the current portion and debt instruments)	(377.5)	-	(387.4)	-
(J) Debt instruments	-	-	-	-
(K) Trade payables and other non-current payables	-	-	-	-
(L) Non-current financial debt (I)+(J)+(K)	**(377.5)**	**-**	**(387.4)**	**-**
(M) Total financial debt (H)+(L)	**(340.2)**	**-**	**(328.1)**	**-**

In the second half of fiscal year 2022/23, Unieuro S.p.A. acquired Ordinary Treasury Bonds (BOT) with maturity of March 2023 for approximately Euro 20.0 million and in April 2023 for approximately Euro 30.0 million and Long-Term Treasury Bonds (BTP) with maturity in August 2023 for approximately Euro 10.0 million. Securities were classified as other current financial assets and measured at fair value to OCI consistent with the adopted business model.

The cash flow movements were mainly as a combined effect of: (i) cash generated from operating activities including IFRS 16 cash flows for leasing of Euro 51,578 thousand, (ii) investments made and settled for Euro 39,058 thousand, (iii) the distribution of dividends for Euro 27,134 thousand.

[39] For the purpose of better representation and consistent with the new guidance of ESMA Guideline 32-382- 1138 of 4/3/2021, receivables related to IFRS 16 sub-leases were excluded from net financial debt.

The following table presents "Other current financial payables" and "Other non-current financial payables" for the year ended February 28, 2023 and February 28, 2022. Reference should be made to Note 5.14 "Other financial liabilities" for further details.

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Other financial liabilities	70,403	66,485
Other current financial payables	70,403	66,485
Other financial liabilities	377,549	387,357
Other non-current financial payables	377,549	387,357
Total financial payables	447,952	453,842

5.13 Employee benefits

Changes in "Employee benefits" for the fiscal year from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	
Balance at February 28, 2021	12,570
Transfer in/(out)	196
Interest Cost	27
Settlements/advances	(394)
Actuarial (gain)/losses	284
Balance at February 28, 2022	12,683
Transfer in/(out)	-
Interest Cost	250
Settlements/advances	-
Actuarial (gain)/losses	(2,115)
Balance at February 28, 2023	10,818

This item includes the Post-employment benefits provided for by Law No. 297 of May 25, 1982, which guarantees a severance payment to the employee when he or she terminates employment. Severance pay, regulated by legislation in Civil Code Article 2120, is recalculated in accordance with IAS 19, expressing, as a liability the amount of the present value of the final obligation, where the present value of the obligation is determined by the "projected unit credit" method.

The settlements recorded in the year ended February 28, 2023 relate to both severance advances paid to employees during the year and severance payments referring to employees with fixed-term contracts.

Details of the economic and demographic assumptions used for actuarial valuation purposes are given below:

	Year ended	
Economic assumptions	February 28, 2023	February 28, 2022
Inflation rate	2.30%	1.75%
Discount rate	3.73%	1.13%
Severance pay increase rate	3.23%	2.81%

	Year ended	
Demographic assumptions	February 28, 2023	February 28, 2022
Probability of death	RG48 demographic tables	RG48 demographic tables
Probability of incapacity	INPS tables by age and gender	INPS tables by age and gender
Retirement age	Achievement of minimum requirements under the compulsory general insurance	Achievement of minimum requirements under the compulsory general insurance
Probability of departure	5%	5%
Probability of anticipation	3.50%	3.50%

Regarding the discount rate, the iBoxxEurozone Corporates AA index with duration 7-10 years as of the valuation date was taken as a reference for the valuation of this parameter.

Below is a sensitivity analysis at February 28, 2023, related to the main actuarial assumptions included in the calculation model made considering the one described above and increasing and decreasing the average annual turnover rate, advance request rate, average inflation rate, and discount rate by 1%, -1%, 0.25%, and -0.25%, respectively. The results obtained can be summarised in the table below:

(In thousands of Euro)	February 28, 2023
Changes in the parameter	Impact on DBO
Increase in turnover rate of 1%	10,876
Decrease in turnover rate of 1%	10,753
Increase in inflation rate of 0.25%	10,942
Decrease in inflation rate of 0.25%	10,695
Increase in discounting rate of 0.25%	10,626
Decrease in discounting rate of 0.25%	11,016

5.14 Other financial liabilities

Below is a breakdown of current and non-current "Other financial liabilities" at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Payables to leasing companies	70,087	65,086
Payables for equity investments and business units	-	1,241
Other financial liabilities	316	158
Other current financial liabilities	**70,403**	**66,485**
Payables to leasing companies	377,549	387,357
Other non-current financial liabilities	**377,549**	**387,357**
Total financial payables	**447,952**	**453,842**

Payables for equity investments and business units

Payables for equity investments and business units reduced Euro 1,241 thousand at February 28, 2022 (Euro zero at February 28, 2023). The decrease is due to the paid portions of purchase consideration of acquisition transactions completed in previous years.

Lease liabilities

Lease liabilities totalled Euro 447,636 thousand at February 28, 2023 and Euro 452,443 thousand at February 28, 2022. The assets under the lease agreements consist of buildings, cars, furniture, LEDs, air conditioning equipment, servers, computers and printers. The above payables to leasing companies are guaranteed to the lessor through the rights to the leased assets. This item includes the carrying amount of lease liabilities related to operating leases for which the Group, following the application of IFRS 16, has recorded a liability reflecting the obligation for lease payments and lease liabilities. No interest rate hedging instruments are in place. It should be noted that at February 28, 2022, the Company has adopted the practical expedient related to "COVID-19-Related Rent Concessions" which allows the lessee to disregard any concessions on rent payments resulting from the effects of COVID-19 as an amendment to the original contract. Based on these amendments, these concessions were accounted for as positive variable fees without going through a contract amendment.

The cash flows referring to lease liabilities are shown below.

(In thousands of Euro)	Balance at February 28, 2023	Within 12M	Between 12M and 60M	Over 60M	Total
Payables to leasing companies	447,636	70,087	239,935	137,614	447,636
Total	447,636	70,087	239,935	137,614	447,636

Other financial liabilities

Other financial payables totalled Euro 316 thousand at February 28, 2023 (Euro 158 thousand at February 28, 2022). The item includes the payable related to dividends resolved by the Shareholders' Meeting in June 2022 and not yet paid at February 28, 2023.

5.15 Provisions

Changes in "Provisions" for the period from February 28, 2021 to February 28, 2023 are shown below:

(In thousands of Euro)	Provisions for tax disputes	Provisions for other disputes	Other risks provision	Total
Balance at February 28, 2021	1,914	12,843	6,517	21,274
- of which current portion	*-*	*346*	*401*	*747*
- of which non-current portion	*1,914*	*12,497*	*6,116*	*20,527*
Provisions	202	1,561	0	1,763
Utilisations/Releases	(1,318)	(4,114)	(1,621)	(7,053)
Balance at February 28, 2022	798	10,290	4,896	15,984
- of which current portion	*-*	*1,518*	*530*	*2,048*
- of which non-current portion	*798*	*8,772*	*4,366*	*13,936*
Provisions	-	1,277	60	1,337
Utilisations/Releases	-	(4,377)	(588)	(4,965)
Balance at February 28, 2023	798	7,190	4,368	12,356
- of which current portion	*-*	*442*	*596*	*1,038*
- of which non-current portion	*798*	*6,748*	*3,772*	*11,318*

"Provision for tax disputes" amounting to Euro 798 thousand at February 28, 2023, unchanged compared to February 28, 2022, is set aside mainly to cover liabilities that may arise as a result of tax disputes.

The "Provision for other disputes", amounting to Euro 7,190 thousand at February 28, 2023 and Euro 10,290 thousand at February 28, 2022, reports a decrease that is mainly related to the release of the provision following the judgment in favour of Unieuro S.p.A. in respect of a civil dispute and the use of the provision for the execution of commitments made to the Anti-trust Authority as part of the proceedings involving the Company.

"Other provisions for risks" amounted to Euro 4,368 thousand at February 28, 2023 and Euro 4,896 thousand at February 28, 2022. The item mainly includes charges for risks with reference to logistics contracting, charges for pristine restoration of stores, allocated against the costs to be incurred for the restoration of the property when it is returned to the landlord in cases where the obligation is contractually stipulated to be borne by the tenant.

5.16 Other current liabilities and other non-current liabilities

Below are details of “Other current liabilities” and “Other non-current liabilities” at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Contract liabilities	209,550	205,007
Payables to personnel	41,811	45,289
VAT payables	11,631	17,547
Social security institutions	3,492	3,635
IRPEF payables	3,904	3,699
Monetary Bonus Long Term Incentive Plan	176	476
Deferred income and accrued liabilities	7,965	7,104
Other tax payables	39	54
Other current liabilities	988	294
Total Other current liabilities	279,556	283,105
Monetary Bonus Long Term Incentive Plan	967	493
Deposit liabilities	26	26
Total other non-current liabilities	993	519
Total other current and non-current liabilities	280,550	283,624

“Other current and non-current liabilities” report a decrease of Euro 3,074 thousand at February 28, 2023 compared to the year ended February 28, 2022. The decrease in this item in the year under review is mainly attributable to lower VAT payables and payables to personnel partially offset by the increase in contract liabilities.

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

- contract liabilities amounting to Euro 209,550 thousand at February 28, 2023 (Euro 205,007 thousand at February 28, 2022) mainly attributable to (i) deferred revenues for warranty extension services. Sales revenues are accounted for on the basis of the contractual term, i.e. the period for which there is a performance obligation thus deferring sales accruing to future periods, (ii) down payments received from customers, (iii) liabilities related to vouchers, and (iv) liabilities related to sales with the right of return;

- payables to personnel amounting to Euro 41,811 thousand at February 28, 2023 (Euro 45,289 thousand at February 28, 2022) consisting of payables for salaries to be paid, vacations, leaves of absence, thirteenth and fourteenth month’s pay. These payables refer to amounts accrued and not yet settled;

- VAT payables amounting to Euro 11,631 thousand at February 28, 2023 (Euro 17,547 thousand at February 28, 2022), consisting of payables arising from VAT settlements;

- deferred income and accrued liabilities in the amount of Euro 7,965 thousand at February 28, 2023 (Euro 7,104 thousand at February 28, 2022) mainly related to the recognition of deferred income on revenue that was received during the year but deferred economic maturity.

"Other non-current liabilities" includes Euro 967 thousand from the liability related to the Monetary Bonus under the Performance Share Plan approved by the Shareholders' Meeting, and payables for deposits in the amount of Euro 26 thousand.

5.17 Trade payables

Below is a breakdown of "Trade payables" at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Trade payables – third parties	593,052	577,729
Trade payables - related parties	911	5,000
Gross trade payables	593,963	582,729
Bad debt provision - amount due from suppliers	1,294	1,824
Total trade payables	595,257	584,553

The balance includes payables related to the normal course of business regarding supplies of goods and services. The item takes into account assessments on the exposure to the risk of potential losses arising from the failure of counterparties to meet their obligations. Gross trade payables increased by Euro 11,234 thousand at February 28, 2023 compared to February 28, 2022. Trade payables increased from the previous year due to a difference in the timing of financial and trade payables.

The movements in the "Bad debt provision - amounts due from suppliers" concerning no longer recoverable receivables for the fiscal years ending February 28, 2021 and February 28, 2023 are presented below:

(In thousands of Euro)	Bad debt provision - amount due from suppliers
Balance at February 29, 2021	1,555
Provisions	269
Release to income statement	-
Utilisations	-
Balance at February 28, 2022	1,824
Provisions	-
Release to income statement	(318)
Utilisations	(212)
Balance at February 28, 2023	1,294

There are no trade payables beyond 5 years or any significant payable concentrations.

5.18 Revenues

Revenues are broken down by channel, category and geographic market in the following tables. The operating segment identified by Unieuro, within which all services and products provided to customers converge, is unique and coincides with the entire Company. The vision of the Company as a single omnichannel business means that it has identified a single Strategic Business Unit ("SBU"). For further details, reference should be made to Note 4 operating segments. Company revenues are affected by the typical seasonality of the consumer electronics market, which features higher revenues towards the end of the year.

A breakdown of revenues by channel is shown below:

(in thousand of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	Δ	%
Retail	1,966,160	68.6%	2,037,956	69.6%	(71,796)	(3.5%)
Online	501,557	17.5%	472,683	16.1%	28,874	6.1%
Indirect	243,728	8.5%	280,472	9.6%	(36,744)	(13.1%)
B2B	100,422	3.5%	85,751	2.9%	14,671	17.1%
Intercompany	53,981	1.9%	51,609	1.8%	2,372	4.6%
Total revenues by channel	2,865,849	100.0%	2,928,472	100.0%	(62,623)	(2.1%)

The Retail channel (68.6% of total revenues) - which at February 28, 2023 comprised 278 direct sales points, including the "Unieuro by Iper" shop-in-shops and the sales points located at major public transport hubs such as airports, railway stations and metro stations (former Travel channel) - saw sales of Euro 1,966,160 thousand, decreasing 3.5% on the previous year. The comparison of sales for the year was impacted by the extraordinary revenues in the previous year, due to the technological transition within the TV segment, which more than offset the benefit from the new openings.

The Online channel (17.5% of total revenues) generated revenues of Euro 501,557 thousand, up 6.1% on the previous year. The strong performance highlights the success of the innovations introduced to the platform and the cross-channel synergies, with the physical sales points acting as pick-up points for web customers, despite the comparison against the non-recurring sales in the Brown category for FY 2021/22.

The Indirect channel (8.5% of total revenues) - which includes sales made to the network of affiliated stores comprising a total of 255 sales points at February 28, 2023 - reports revenues of Euro 243,728 thousand, contracting 13.1% on the previous year, which benefited from higher Brown category sales and particularly in the second half of FY 2021/22.

The B2B channel (3.5% of total revenues) - which caters to professional customers (including overseas) operating in sectors other than Unieuro's, such as hotel chains and banks, in addition to those purchasing electronic products to distribute to regular customers or employees for point collections, prize contests or incentive plans (B2B2C segment) - reported revenues of Euro 100,422 thousand, up 17.1% from the previous year, thanks to the expanded distribution network.

Inter-company revenues of Euro 53,981 thousand in FY 2022/23 (Euro 51,609 thousand in the previous year) comprise the sale of products to the subsidiary Monclick S.r.l..

A breakdown of revenues by category is shown below:

(in thousand of Euro and as a percentage of revenues)	Year ended				Changes	
	February 28, 2023	%	February 28, 2022	%	Δ	%
Grey	1,360,189	47.5%	1,342,637	45.8%	17,552	1.3%
White	790,962	27.6%	750,261	25.6%	40,701	5.4%
Brown	425,010	14.8%	573,876	19.6%	(148,866)	(25.9%)
Other products	139,038	4.9%	129,622	4.4%	9,416	7.3%
Service	150,650	5.3%	132,076	4.5%	18,574	14.1%
Total revenues by category	2,865,849	100.0%	2,928,472	100.0%	(62,623)	(2.1%)

The Grey category (47.5% of total revenues) - i.e. phones, tablets, information technology, phone accessories, cameras, in addition to all wearable products - generated revenues of Euro 1,360,189 thousand, up 1.3% on FY 2021/22. This strong performance was driven by the phone, tablet and accessories segments, due to consumer technology upgrades and despite the limited availability of certain smartphone products in the final months of the year. This growth offset the settling of IT segment consumption levels, which benefited from a surge due to the pandemic's impact on remote working and distance learning.

The White category (27.6% of total revenues) - comprising major domestic appliances (MDA), such as washing machines, dryers, refrigerators or freezers and stoves, small home appliances (SDA), such as vacuum cleaners, food processors and coffee machines, in addition to the air conditioning segment, generated revenues of Euro 790,962 thousand, up 5.4% on the previous year. The increase stems in particular from the Home Comfort segment, thanks to the sale of air conditioners, which benefited from a very hot summer, in addition to the government bonus for heat pump products. The MDA and small household appliance segments also performed strongly.

The Brown category (14.8% of revenues) - including televisions and related accessories, audio devices, smart TV devices, car accessories and data storage systems - reports revenues of Euro 425,010 thousand, decreasing 25.9% on the previous year, which benefited from the extraordinary sales stemming from the television frequency switch-off and the introduction of the TV Bonus. There was also a shift in demand during the year toward entry-level products and greater promotional activities on premium products.

The Other Products category (4.9% of total revenues) - which includes sales of both the entertainment sector and other products not included in the consumer technology market, such as hoverboards or bicycles - reported revenues of Euro 139,038 thousand, increasing 7.3% on the previous year. This growth was driven by the strong console and video game performance, which benefited from greater product availability in the latter part of the year and the electric mobility segment.

The Services category (5.2% of total revenues) reported revenues of Euro 150,650 thousand, up 14.1% on FY 2021/22, thanks to the higher air conditioning-related service revenues, in addition to the good performance of consumer credit related services.

The breakdown of revenues by geographic area is presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Overseas	2,826	1,679
Italy	2,863,023	2,926,793
Total	2,865,849	2,928,472

5.19 Other income

"Other income" for the fiscal year to February 28, 2023 and to February 28, 2022 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Insurance reimbursements	74	190
Rent and lease income	94	-
Other income	1,809	1,509
Total other income	1,977	1,699

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

5.20 Purchase of materials and external services

The "Purchase of materials and external services" for the FY 2022/2023 and FY 2021/2022 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Purchases of goods	2,253,146	2,410,668
Transport	85,594	80,514
Marketing	43,807	50,314
Utilities	28,606	20,857
Maintenance and rental charges	16,775	15,488
General sales expenses	16,546	16,343
Other costs	48,939	45,881
Consultancy	9,137	11,289
Purchase of consumables	905	974
Travel and transfer	785	905
Intercompany purchases of materials and services	-	40
Remuneration of administrative and supervisory bodies	859	812
Total Purchase of Materials and external services	2,505,099	2,654,084
Changes in inventory	15,988	(90,234)
Total, including changes in inventories	2,521,087	2,563,850

"Purchase of materials and external services", taking account of the "Change of inventories", amounts to Euro 2,521,087 thousand, decreasing Euro 42,763 thousand on FY 2021/2022. The reduction is mainly due to the "Purchase of goods" and "Changes in inventories" items for Euro 51,300 thousand, whose movement relates to the lower volumes and the differing mix of purchases compared to the previous year.

"Transport" increased from Euro 80,514 thousand in 2021/2022 to Euro 85,594 thousand in 2022/2023. This increase is mainly due to the increased price of fuels and higher tariffs for transport services, in addition to the greater sales volumes with home delivery compared to the previous year. They accounted for 3.0% of revenues in 2022/2023 (2.7% in 2021/2022).

"Marketing" amounted to Euro 43,807 thousand in FY 2022/2023 (Euro 50,314 thousand in FY 2021/2022). The reduction in marketing costs is due to the greater amount of promotional initiatives co-funded by suppliers. They accounted for 1.5% of revenues in 2022/2023 (1.7% in 2021/2022).

"Utilities" increased by Euro 7,749 thousand compared to FY 2021/2022 mainly due to the effect of energy product price increases related to the geopolitical scenario.

"Maintenance and Rental charges" amounted to Euro 16,775 thousand in FY 2022/23 (Euro 15,488 thousand in FY 2021/22). They accounted for 0.6% of revenues, substantially unchanged on FY 2021/22.

“General sales expenses” rose from Euro 16,343 thousand in FY 2021/22 to Euro 16,546 thousand in FY 2022/23. The account mainly includes costs for commissions on sales transactions; they accounted for 0.6% of revenues, unchanged on FY 2021/22.

“Other costs” include principally costs for variable rents, condominium expenses, motor vehicles, hire, cleaning, insurance and security. They increased Euro 3,058 thousand on FY 2021/22. This mainly follows the higher installation costs related to the growth of sales volumes of air conditioning systems, supported by the government incentives and concessions which were received in the previous year by lessors on lease payments. The item includes the penalty imposed in December 2022 by the Italian Anti-trust Authority on Unieuro S.p.A. of Euro 3.0 million.

“Consultancy” decreased from Euro 11,289 thousand in FY 2021/22 to Euro 9,137 thousand in FY 2022/23. The reduction is due to the investments made to strengthen the technology infrastructure during the previous year.

5.21 Personnel costs

“Personnel costs” for FY 2022/23 and FY 2021/22 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Salaries and wages	149,673	148,534
Welfare expenses	43,694	43,609
Severance pay	9,713	9,468
Other personnel costs	2,369	3,611
Total personnel costs	205,449	205,222

Personnel costs increased from Euro 205,222 thousand in FY 2021/22 to Euro 205,449 thousand in FY 2022/23, an increase of Euro 227 thousand on FY 2021/22 (0.11%).

“Salaries and wages” and “Welfare expenses” rose respectively Euro 1,139 thousand and Euro 85 thousand. The increase in the year is due to the new openings of direct outlets and the provision to employees of a one-off amount following the agreement signed between Confcommercio and the trade unions in December 2022.

“Other personnel costs” of Euro 2,369 thousand in FY 2022/23 (Euro 3,611 thousand in FY 2021/22), include mainly the recognition of the cost for the 2020-2025 Performance Shares Plan.

5.22 Other operating costs and expenses

"Other operating costs and expenses" for FY 2022/23 and FY 2021/22 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Non-income based taxes	5,860	4,195
Provision for supplier bad debts	-	269
Provision/(release) for write-down of receivables	(37)	(699)
Other operating expenses	1,090	1,082
Total other operating costs and expenses	6,913	4,847

"Other operating costs and expenses" increased from Euro 4,847 thousand in FY 2021/22 to Euro 6,913 thousand in FY 2022/23, an increase of Euro 2,066 thousand.

"Non-income based taxes" principally include costs related to the running of the business, such as waste enamelling tax and taxes for advertising and promotional activities.

"Other operating expenses" include costs for charities, customs and capital losses.

5.23 Amortisation, depreciation, and write-downs

"Amortisation, depreciation and write-downs" for FY 2022/23 and FY 2021/22 are presented below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Depreciation right-of-use assets	72,544	65,659
Depreciation Plant, machinery, equipment and other assets	21,437	21,432
Amortisation Intangible assets with finite useful lives	12,360	8,980
Write-downs/revaluations of plant, machinery, equipment and other assets	-	628
Capital loss/(gain) of plant, machinery, equipment and other assets	(11)	-
Capital loss/(gain) from the sale of business unit	(464)	-
Revaluations/(Write-downs) of investments	2,000	-
Total amortisation, depreciation and write-downs	107,866	96,699

"Amortisation, depreciation and write-downs" increased from Euro 96,699 thousand in FY 2021/22 to Euro 107,866 thousand in FY 2022/23, increasing Euro 11,167 thousand.

The item "Capital loss/(gain) from the sale of business unit" is related to the realisation of the capital gain amounting to Euro 464 thousand following the partial sale of a business unit.

"Write-downs/(revaluations) of investments" includes the write-down of the investment in Monclick S.r.l. as a result of the partial waiver of trade receivables of Euro 2,000 thousand from the subsidiary.

5.24 Financial income and expenses

Below is a breakdown of "Financial income" in FY 2023 and FY 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Other financial income	268	62
Interest income	237	1
Total financial income	505	63

"Financial income" increased from Euro 63 thousand in FY 2021/22 to Euro 505 thousand in FY 2022/23, an increase of Euro 442 thousand.

The breakdown of the "Financial expenses" is shown below:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Interest expense on bank loans	136	871
Other financial expenses	13,395	11,994
Total Financial Expenses	13,531	12,865

"Financial expenses" increased from Euro 12,865 thousand in FY 2021/22 to Euro 13,531 thousand in FY 2022/23, an increase of Euro 665 thousand (5.2%).

"Interest expense on bank loans" decreased in FY 2022/23 by Euro 735 thousand on the previous year, due to the settlement of the loan in November 2021 and the simultaneous drawdown of new credit lines and the simultaneous undertaking of four credit lines. As of February 28, 2023, the credit lines have not been drawn.

"Other financial expenses" amounted to Euro 13,395 thousand in FY 2022/23 (Euro 11,994 thousand in FY 2021/22). The increase mainly concerns financial expenses concerning the financial liabilities for IFRS 16 and the discounting of the Ecobonus credits.

5.25 Income taxes

Below is a breakdown of "Income taxes" in FY 2022/2023 and FY 2021/ 2022:

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Current taxes	(2,463)	(4,221)
Deferred taxes	904	3,672
Total	(1,559)	(549)

The reconciliation of the theoretical tax charge with the effective tax charge is presented below:

(In thousands of Euro and as a percentage of the profit before tax)	Year ended			
	February 28, 2023	%	February 28, 2022	%
Pre-tax result for the period	13,485		46,751	
Theoretical income taxes (IRES)	(3,236)	(24.0%)	(11,220)	(24.0%)
IRAP	(2,260)	(16.8%)	(2,895)	(6.2%)
Tax effect of permanent and other differences	3,937	29.2%	13,566	29.0%
Income taxes	(1,559)		(549)	
Provision/(release) to taxes provision and taxes payable	-		-	
Total income taxes	(1,559)		(549)	
Effective tax rate		(11.6%)		(1.2%)

In FY 2022/23 and FY 2021/22, the percentage of taxes on the pre-tax result was respectively 11.6% and 1.2%. The item included the tax benefit from the agreement with the Tax Agency for the Patent Box signed on December 29, 2021. The benefit accounted for relates to fiscal years 2016 - 2020 and is from the exploitation of the Unieuro brand. The methodology for calculating the relief was the subject of a Tax Agency ruling with reference to the first tax period (2015-2016).

It should be noted that, as of the fiscal year ended February 28, 2019, Unieuro S.p.A. exercised the option for the National Tax Consolidation regime as a "Consolidating Company" (pursuant to Article 117 of Presidential Decree No. 917 of December 22, 1986), jointly with the "Consolidated Company" Monclick S.r.l.. The option permitted the determination of the IRES payable due on a taxable base corresponding to the sum of taxable income and tax losses earned by individual companies participating in the Consolidation.

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

5.26 Basic and diluted earnings per share

Earnings per share are calculated on the Group's result presented in note 5.26 of the consolidated financial statements, to which reference should be made.

5.27 Cash Flow Statement

The principle factors impacting the cash flows in the year are illustrated below.

Net cash flow generated/(absorbed) by operating activities

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Cash flow from operations		
Profit/(loss) for the year	11,926	46,202
Adjustments for:		
Income taxes	1,559	549
Net financial expenses (income)	13,026	12,802
Amortisation, depreciation and write-downs of fixed assets	107,866	96,699
Other changes	1,290	1,951
Net cash flow generated/(absorbed) from operating activities before changes in Net Working Capital	135,667	158,203
Changes in:		
- Inventories	15,988	(90,234)
- Trade receivables	(23,839)	16,742
- Trade payables	14,394	79,700
- Other changes in operating assets and liabilities	(12,268)	7,556
Cash flow generated/(absorbed) by operating activities	(5,725)	13,764
Taxes paid	-	(9,287)
Interest paid	(12,302)	(11,127)
Net cash flow generated/(absorbed) by operating activities	117,640	151,553

Consolidated cash flows of Euro 117,640 thousand were generated by operating activities (generation of Euro 151,553 thousand in the previous fiscal year to February 28, 2022). The cash movements compared to the previous year relates to the Company's earnings performance.

Cash flow generated by investing activities (B)

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(17,574)	(33,328)
Purchase of intangible assets	(21,484)	(16,836)
Investments for business combinations and business units	364	(8,509)
Investments in current FVOCI securities	(60,000)	-
Cash flow generated/(absorbed) by investment activities	(98,694)	(58,673)

Investing activities absorbed cash amounting to Euro 98,694 thousand and Euro 58,673 thousand in the fiscal years ended February 28, 2023 and February 28, 2022, respectively, and were mainly attributable to the investment in government bonds in the amount of Euro 60,000 thousand and capitalised costs incurred in upgrading the technology infrastructure, developing the direct store network, and installing electronic labels in a significant and growing number of direct stores.

Cash flows of investments for business combinations and business units amounting to Euro 364 thousand in the fiscal year to February 28, 2023 refer to the proceeds from the partial sale of a business unit net of the outflow incurred for the purchase of the Etnapolis ex-expert business unit. Investments in the comparative year of Euro 8,509 thousand referred to the amount paid of the purchase price as part of the acquisition of ex-Pistone S.p.A., ex-Cerioni, Monclick, Convertino and Limbiate.

Cash flow from generated/(absorbed) by financing activities

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Cash flow from financing activities		
Increase/(Decrease) financial liabilities	(724)	(49,845)
Increase/(Decrease) in other financial liabilities	(3,312)	(2,037)
Increase/(Decrease) financial lease liabilities	(66,062)	(57,299)
Buyback	-	(12,335)
Exercise - Long Term Incentive Plan	-	4,283
Distribution of dividends	(27,134)	(53,793)
Cash flow generated/(absorbed) by financing activities	(97,232)	(171,025)

Financing activities absorbed cash of Euro 97,232 thousand in the year ended February 28, 2023 and Euro 171,025 thousand in the year ended February 28, 2022.

The change in cash flow from financing activities at February 28, 2023 reflects the distribution of dividends resolved by the Shareholders' Meeting in June 2022 during the year in the amount of Euro 27,134 thousand.

5.28 Share-based payment agreements

Long Term Incentive Plan

On February 6, 2017, Unieuro's Extraordinary Shareholders' Meeting approved the adoption of a stock option plan (the "Plan" or "Long Term Incentive Plan" or "LTIP") reserved for Unieuro's Executive Directors, associates, and employees (executives and non-executives). The Plan provides for the granting of ordinary shares resulting from a capital increase with the exclusion of option rights, pursuant to Article 2441, paragraphs 5 and 8, of the Civil Code, which was approved by the Unieuro Shareholders' Meeting on the same date.

The Plan specifies the following objectives: (i) to focus recipients on factors of strategic interest to Unieuro, (ii) to foster the loyalty of the plan recipients and incentivise their retention at Unieuro, (iii) to increase Unieuro's competitiveness by identifying medium-term goals and supporting value creation for both Unieuro and its shareholders, and (iv) to ensure that the overall remuneration of the plan recipients remains competitive in the market.

The implementation and definition of the specific features of the Plan were delegated by the Shareholders' Meeting to the specific definition by the Board of Directors of Unieuro. On June 29, 2017, the Board of Directors approved the regulations of the plan ("Regulations") in which it determined the terms and conditions of the plan's implementation.

The Recipients subscribed to the Plan in October 2017. The parties expressly agreed that the effects of the granting of rights shall have retroactive effect to June 29, 2017, the date of approval of the regulations by the Board of Directors.

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

- Condition: the Plan and related options will be conditional on the completion of Unieuro's listing by July 31, 2017 ("IPO");
- Recipients: the Plan is addressed to Executive Directors, associates and employees (Executive and Non-Executive) of Unieuro ("Recipients") who have been identified by the Board of Directors from among those who have an ongoing employment relationship with Unieuro and/or other Group companies. The identification of the Recipients was made on the basis of a discretionary judgment of the Board of Directors, which given the aims of the Plan, the strategies of Unieuro and of the Group and the objectives, takes into account, among other matters, the strategic importance of the role and the impact of the role on the pursuit of the objective;
- Purpose: the purpose of the Plan is to grant the Recipients free and non-transferable option rights by deed between living persons for the purchase or subscription for consideration of ordinary shares of Unieuro for a maximum number of 860,215 options, each of which will entitle them to subscribe one newly issued ordinary share ("Options"). Where the objective is

exceeded with a performance of 120% of the target, the number of Options will be raised to 1,032,258. A capital increase was therefore approved for a maximum nominal amount of Euro 206,452, plus share premium, for a total value (share capital plus share premium) equal to the price at which Unieuro's shares will be placed on the Italian Stock Exchange (MTA), by issuing 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 determined by the Board of Directors after consultation with the Remuneration Committee;

- Exercise of rights: subscription of shares can only be made after July 31, 2020 and by the final deadline of July 31, 2025;

- Vesting: the extent and existence of each Recipient's right to exercise options will be verified at July 31, 2020 provided that: (i) the employment relationship with the Recipient continues until that date and (ii) the targets, in terms of distributable profits, set out in the business plan are met based on the following criteria:

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

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

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

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

- Exercise Price: the exercise price of the Options will be equal to the placement price on IPO of Euro 11 per share;

- Cash Bonus: A recipient who exercises in whole or in part their subscription rights shall be entitled to receive an extraordinary cash bonus in an amount equal to the dividends they would have received from the date of approval of this Plan until the end of the vesting period (August 31, 2020) with the exercise of the corporate rights attaching to the Shares obtained in the year in question with the exercise of the Subscription Rights;

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

On February 29, 2020, the vesting period of the rights under the Plan concluded; the Board of Directors on June 18, 2020 verified that the quantitative and therefore objectively assessable targets were met to the extent of 101.11%; and in accordance with the provisions of the Plan Regulations, resolved to grant a total of 849,455 options. From July 31, 2020 until July 31, 2025, each beneficiary will be entitled to exercise their subscription rights in whole or in part and also in several tranches; at the end of each fiscal year in which the beneficiary has exercised all or part of their subscription rights, as provided for in the Plan, the beneficiary shall be entitled to receive an extraordinary cash bonus already recognised to the financial statements, in an amount equal to the dividends they would have received from the date of approval of the Plan until the end of the vesting period with the exercise of the corporate rights due to the shares obtained in the year in question with the exercise of the subscription rights.

The number of options outstanding at February 28, 2023 is as follows:

	Number of options February 28, 2023
No. of options outstanding assigned	849,455
No. of options granted in the period	-
No. of options not granted	-
No. of options exercised	689,871
No. of options expired	-

2020-2025 Performance share plan

On October 27, 2020, the Board of Directors of Unieuro S.p.A., subject to the favourable opinion of the Appointments and Remuneration Committee, approved the Disclosure Document on the 2020-2025 Performance Share Plan (the "Performance Shares" or "PS") prepared pursuant to Article 114-*bis* of the CFA, which was submitted in December 2020 for the approval of the Shareholders' Meeting.

Description of Plan's recipients

The implementation and definition of the specific features of the Plan were delegated by the Shareholders' Meeting to the specific definition by the Board of Directors of Unieuro.

The Granting of rights to each of the Beneficiaries with respect to the three-year period FY2021-FY2023 (1st Cycle) and the three-year periods FY2022-FY2024 and FY2023-FY2025 (2nd Cycle and 3rd Cycle) will be determined on each occasion by the Board of Directors.

On January 13, 2021, July 14, 2021, and March 23, 2022, the Board of Directors granted the rights and approved the regulations of the 1st, 2nd, and 3rd Cycles, respectively, in which it determined the terms and conditions for implementing the Plan. The subscription of the Plan by the Recipients of Cycle 1 took place in January 2021, in July 2021 with reference to Cycle 2, and in April 2022 with reference to Cycle 3.

The Plan is intended for Executive Directors and/or Senior Executives 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) personnel having the rank of executive at the Company and/or Group companies; (ii) personnel having the rank of manager (or higher) at the Company and/or Group companies.

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

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

Free granting of these Shares will be made in the years 2023 (1st cycle), 2024 (2nd cycle) and 2025 (3rd cycle).

As reflected in the Board of Directors' resolution, the actual granting of Shares for each of the three cycles will be based on the performance targets and, in general, the meeting of the vesting conditions.

It is also provided that the aforementioned rights shall entitle each beneficiary to the receipt of a cash bonus linked to any cash dividends distributed and paid by the Company up to the grant date. This award will be payable in conjunction with, and subject to, the delivery of shares related to each cycle of the Plan provided that the specific vesting conditions are met.

Plan rationale

The Plan shall be one of the instruments used by the Company and the Group to supplement the remuneration of key personnel with variable components based on achieving performance targets and in accordance with best market practices.

The Board of Directors considers a share-based incentive plan, with five-year duration and specific performance targets, as the most effective incentive instrument and one which responds to the interests of the Company and of the Group. Therefore, the Plan has the following objectives: (i) to focus recipients on factors of strategic interest of the Company and direct key resources toward strategies aimed at pursuing medium- to long-term results; (ii) to retain and incentivise recipients within the Company by developing retention policies aimed at key resources; (iii) aligning the interests of beneficiaries with those of shareholders, with a view to developing confidence in the Company's value creation; and (iv) ensuring that the overall remuneration of Plan recipients remains competitive while developing attraction policies toward talented managerial and professional figures.

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

	Number of rights February 28, 2023
Outstanding at beginning of period	384,000
Assigned during the period	-
Granted during the period	200,000
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	584,000
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	-

On March 23, 2022, the Board of Directors granted the rights and approved the regulations for the 3rd Cycle and in which it determined the terms and conditions for the implementation of the Plan. The subscription of the Plan by the Recipients of the 3rd Cycle took place in April 2022.

2023-2028 Performance share plan

On October 27, 2020, the Shareholders' Meeting of Unieuro S.p.A., approved the Disclosure Document on the 2023-2028 Performance Shares Plan (the "Performance Shares" or "PS") prepared pursuant to Article 114-*bis* of the CFA.

Description of Plan's recipients

The implementation and definition of the specific features of the Plan were delegated by the Shareholders' Meeting to the specific definition by the Board of Directors of Unieuro.

The Plan is intended for Executive Directors and/or Senior Executives and/or employees of the Company and/or Group companies who hold roles with a greater impact on the achievement of medium-long term business results or with strategic importance for the purposes of achieving Unieuro's long-term objectives, as well as additional roles identified in relation to the performances achieved, skills possessed or with a view to retention/attraction and fall into one of the following categories: (i) executives of the Company and/or Group companies and (ii) first level while-collar employees (or above) at the Company and/or Group companies.

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

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

Free granting of these Shares will be made in the years 2026 (1st cycle), 2027 (2nd cycle) and 2028 (3rd cycle).

It is also provided that the aforementioned rights shall entitle each beneficiary to the receipt of a cash bonus linked to any cash dividends distributed and paid by the Company up to the grant date. This award will be payable in conjunction with, and subject to, the delivery of shares related to each cycle of the Plan provided that the specific vesting conditions are met.

Plan rationale

In fact, the Plan is one of the tools used by the Company to supplement the fixed component of the remuneration package of strategic resources through variable components linked to continued employment, in line with market best practices, and is proposed as a continuation of the previous medium- to long-term incentive plan approved by the Shareholders' Meeting of December 17, 2020.

The Plan has the following objectives: (i) to focus the Beneficiaries of the Plan on factors of strategic interest of the Company and direct key resources toward pursuing medium to long-term results, with a view to the sustainability of the Group's operating-financial performances (ii) to retain and incentivise the Beneficiaries of the Plan within the Company by developing retention policies; (iii) aligning the interests of Beneficiaries with those of Shareholders, with a view to developing the Company's value creation; and (iv) ensuring that the overall remuneration of Plan recipients remains competitive while developing attraction policies toward new talented managerial and professional figures.

As of February 28, 2023, no options had been granted.

6. RELATED PARTY TRANSACTIONS

The following tables summarise the Company's creditor and debtor balances with related parties at February 28, 2023 and February 28, 2022:

(In thousands of Euro)	Creditor and debtor balances with related parties (at February 28, 2023)				
Type	Statutory Auditors	Board of Directors	Senior Executives	Monclick S.r.l..	Total
FY 2022/2023					
Trade receivables	-	-	-	18,339	18,339
Trade payables	-	-	-	(1,121)	(1,121)
Other current liabilities	(41)	(203)	(118)	(989)	(1,351)
Other non-current liabilities		-	(379)	-	(379)
Total	(41)	(203)	(497)	16,229	15,488

Trade receivables at February 28, 2023 includes the partial waiver of trade receivables of Euro 2,000 thousand from the subsidiary Monclick S.r.l.

(In thousands of Euro)	Creditor and debtor balances with related parties (at February 28, 2022)				
Type	Statutory Auditors	Board of Directors	Senior Executives	Monclick S.r.l..	Total
At February 28, 2022					
Trade receivables	-	-	-	19,284	19,284
Trade payables	-	-	-	(5,000)	(5,000)
Other current liabilities	(57)	(255)	(215)	(297)	(824)
Other non-current liabilities			(172)	-	(172)
Total	(57)	(255)	(387)	13,987	13,288

The following table summarises the Company's income and costs with related parties in FY 2022/2023 and FY 2021/2022:

(In thousands of Euro)	Income and costs with related parties (in FY 2022/2023)				
Type	Statutory Auditors	Board of Directors	Senior Executives	Monclick S.r.l..	Total
FY 2022/2023					
Revenues	-	-	-	53,996	53,996
Other income	-	-	-	1,024	1,024
Purchase of materials and external services	(107)	(716)	-	1,686	863
Personnel costs	-		(2,427)	-	(2,427)
Income taxes		-	-	(657)	(657)
Total	(107)	(716)	(2,427)	56,049	52,799

(In thousands of Euro)	Income and costs with related parties (in FY 2021/2022)				
Type	Statutory Auditors	Board of Directors	Senior Executives	Monclick S.r.l..	Total
At February 28, 2022					
Revenues	-	-		51,609	51,609
Other income	-	-		742	742
Purchase of materials and external services	(97)	(680)		(40)	(817)
Personnel costs	-		(3,325)	-	(3,325)
Income taxes		-	-	(297)	(297)
Total	(97)	(680)	(3,325)	52,014	

Senior Executives	
Fiscal year ending February 28, 2023	Fiscal year ending February 28, 2022
Chief Executive Officer - Giancarlo Nicosanti Monterastelli	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer - Marco Deotto	*Chief Financial Officer - Marco Pacini*
General Manager - Bruna Olivieri	*General Manager - Bruna Olivieri*

The Gross remuneration of senior executives is inclusive of all compensation components (benefits, bonuses and gross pay).

The following table summarises the Company's cash flows with related parties in FY 2022/2023 and 2021/2022:

(In thousands of Euro)	Related parties				
Type	Statutory Auditors	Board of Directors	Senior Executives	Monclick S.r.l..	Total
Fiscal year from March 1, 2021 to February 28, 2022					
Net cash flow generated/(absorbed) from operating activities	(70)	(573)	(6,063)	47,717	41,011
Total	(70)	(573)	(6,063)	47,717	
Fiscal year from March 1, 2022 to February 28, 2023					
Net cash flow generated/(absorbed) from operating activities	(123)	(768)	(2,317)	53,807	50,599
Total	(123)	(768)	(2,317)	53,807	

7. OTHER INFORMATION

Contingent liabilities

Based on the information currently available, the Directors of the Company consider that, as of the date of approval of these financial statements, the provisions set aside are sufficient to ensure a fair presentation of financial information.

Guarantees in favour of third parties

(In thousands of Euro)	Year ended	
	February 28, 2023	February 28, 2022
Guarantees and sureties in favour of:		
Third party entities and companies	32,026	44,667
Total	32,026	44,667

Disclosure on public grants transparency obligations (Law No. 124/2017, Article 1, paragraphs 125-129)

As required by the regulations on transparency of public disbursements 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.

In the fiscal year ended February 28, 2023, Unieuro did not receive any additional grants, contributions and economic benefits of any kind from public administrations and their equivalents, companies controlled by public administrations, and from publicly held companies.

Workforce

At February 28, 2023, the number of employees stood at 5,656 (5,745 in the previous year) distributed by contractual categories as follows:

	February 28, 2023	February 28, 2022
Executives	34	29
Managers	78	76
White-collar	5,494	5,602
Blue-collar	1	1
Apprentices	49	37
Total	5,656	5,745

Independent Audit Firm fees

The fees of the independent audit firm and its network for statutory audit and other services, as of February 28, 2022, are presented below:

Type of service	Service provider	Fees (in Euro thousands)
Audit	KPMG S.p.A.	657
Certification work	KPMG S.p.A.	11
Other services	KPMG Advisory S.p.A.	313
	Total	982

Subsequent events

New Strategic Plan

On May 9, 2023 The Board of Directors also approved the new “Beyond Omni-Journey” Plan which seeks to consolidate Unieuro’s leadership, positioning the company as the natural destination for the consumer for all technology needs.

Board of Directors' proposals to the Shareholders' Meeting

Dear Shareholders,

We propose to allocate the net profit for the 2022-2023 fiscal year, amounting to Euro 11,926 thousand, as follows:

- to each ordinary share with voting rights, a unitary dividend, also taking into account the redistribution of the dividend due to treasury shares, of Euro 0.49 gross, for a total amount, on the basis of the ordinary shares currently outstanding and the treasury shares currently in portfolio, of Euro 9,848 thousand, subject to any changes in the total amount resulting from the final number of shares entitled to the payment of the dividend on the record date, subject in any case to the unitary dividend as indicated above;

- to grant the Board of Directors, with the power to sub-delegate, to ascertain, in due course, in relation to the final number of shares entitled to dividend payment on the record date, the residual amount of the net profit to be allocated to the available and distributable extraordinary profit reserve.

Forlì, May 9, 2023

Giancarlo Nicosanti Monterastelli

Annex 1

Statement of Financial Position at 28/2/2023 prepared in accordance with the provisions of Consob Resolution No. 15519 of 27/7/2006 and Consob Communication No. DEM/6064293 of 28/7/2006.

	Year ended					
(In thousands of Euro)	February 28, 2023	Of which related parties	Weighting %	February 28, 2022	Of which related parties	Weighting %
Plant, machinery, equipment and other assets	76,933	-		79,267	-	
Goodwill	188,911	-		188,873	-	
Intangible assets with finite useful lives	45,659	-		41,724	-	
Right-of-use assets	420,721	-		431,205	-	
Deferred tax assets	45,112	-		44,606	-	
Other non-current assets	37,457	-		30,381	-	
Total non-current assets	814,793	-		816,056	-	
Inventories	445,636	-		461,624	-	
Trade receivables	82,384	18,339	22.2%	58,545	19,284	32.9%
Current tax assets	5,170	-		4,177	-	
Other current assets	82,531	-		27,500	-	
Cash and cash equivalents	47,442	-		125,728	-	
Total current assets	663,163	18,339	2.8%	677,574	19,284	2.8%
Total Assets	1,477,956	18,339	1.2%	1,493,630	19,284	1.3%
Share capital	4,140	-		4,140	-	
Reserves	90,536	-		67,998	-	
Profits/(losses) carried forward	32,284	52,799	163.5%	67,001	47,912	71.5%
Total shareholders' equity	126,960	52,799	41.6%	139,139	47,912	34.4%
Financial liabilities	-	-			-	
Employee benefits	10,818	-		12,683	-	
Other financial liabilities	377,549	-		387,357	-	
Provisions	11,318	-		13,936	-	
Deferred tax liabilities	3,024	-		2,764	-	
Other non-current liabilities	993	379	38.2%	519	172	33.1%
Total non-current liabilities	403,702	379	0.0%	417,259	172	0.0%
Financial liabilities	-	-			-	
Other financial liabilities	70,403	-		66,485	-	
Trade payables	595,257	1,121	0.2%	584,553	5,000	0.9%
Current tax liabilities	1,041	-		1,041	-	
Provisions	1,038	-		2,048	-	
Other current liabilities	279,556	1,121	0.4%	283,105	824	0.3%
Total current liabilities	947,295	1,500	0.4%	937,232	5,824	0.6%
Total shareholders' equity and liabilities	1,477,956	55,420	3.7%	1,493,630	53,908	3.6%

Annex 2

Income Statement FY 2022/2023 prepared in accordance with the provisions of Consob Resolution No. 15519 of 27/7/2006 and Consob Communication No. DEM/6064293 of 28/7/2006.

(In thousands of Euro)	Year ended					
	February 28, 2023	Of which related parties	Weighting %	February 28, 2022	Of which related parties	Weighting %
Revenues	2,865,849	53,996	1.9%	2,928,472	51,609	1.8%
Other income	1,977	1,024	51.8%	1,699	742	43.7%
TOTAL REVENUE AND INCOME	2,867,826	55,020	1.9%	2,930,171	52,351	1.8%
Purchase of materials and external services	(2,505,099)	863	0.0%	(2,654,084)	(817)	0.0%
Personnel costs	(205,449)	(2,427)	1.2%	(205,222)	(3,325)	1.6%
Changes in inventory	(15,988)			90,234		
Other operating costs and expenses	(6,913)			(4,847)		
GROSS OPERATING RESULT	134,377	53,456	39.8%	156,252	48,209	30.9%
Amortisation, depreciation and write-downs of fixed assets	(107,866)			(96,699)		
NET OPERATING RESULT	26,511	53,456	201.6%	59,553	48,209	81.0%
Financial income	505			63		
Financial expenses	(13,531)			(12,865)		
PROFIT BEFORE TAX	13,485	53,456	396.4%	46,751	48,209	103.1%
Income taxes	(1,559)	(657)	42.1%	(549)	(297)	54.1%
PROFIT/(LOSS) FOR THE YEAR	11,926	52,799	442.7%	46,202	47,912	103.7%

Annex 3

Cash Flow Statement FY 2022/2023 prepared in accordance with the provisions of Consob Resolution No. 15519 of 27/07/2006 and Consob Communication No. DEM/6064293 of 28/07/2006.

(In thousands of Euro)	Year ended					
	February 28, 2023	Of which related parties	Weighting %	February 28, 2022	Of which related parties	Weighting %
Cash flow from operations						
Profit/(loss) for the year	11,926	52,799	442.7%	46,202	47,912	103.7%
Adjustments for:						
Income taxes	1,559			549		
Net financial expenses (income)	13,026			12,802		
Amortisation, depreciation and write-downs of fixed assets	107,866			96,699		
Other changes	1,290			1,951		
	135,667			158,203		
Changes in:						
- Inventories	15,988			(90,234)		
- Trade receivables	(21,839)	945	4.3%	16,742	(7,441)	(44.4%)
- Trade payables	14,394	(3,879)	(21.0%)	79,700	2,899	3.6%
- Other changes in operating assets and liabilities	(14,268)	734	12.8%	7,556	(2,359)	(31.2%)
Cash flow generated/(absorbed) by operating activities	(5,725)	50,599	883.8%	13,764	41,011	298.0%
Taxes paid	-			(9,287)		
Interest paid	(12,302)			(11,127)		
Net cash flow generated/(absorbed) by operating activities	117,640	50,599	43.0%	151,553	41,011	27.1%
Cash flow from investment activities						
Purchases of plant, machinery, equipment and other assets	(17,574)			(33,328)		
Purchase of intangible assets	(21,484)			(16,836)		
Investments in current FVOCI securities	(60,000)			-		
Investments for business combinations and business units	364			(8,509)		
Cash flow generated/(absorbed) by investment activities	(98,694)	-	0.0%	(58,673)	-	0.0%
Cash flow from financing activities						
Increase/(Decrease) financial liabilities	(724)			(49,845)		
Increase/(Decrease) in other financial liabilities	(3,312)			(2,037)		
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(66,062)			(57,299)		
Buyback	-			(12,335)		
Exercise - Long Term Incentive Plan	-			4,283		
Distribution of dividends	(27,134)			(53,793)		
Cash flow generated/(absorbed) by financing activities	(97,231)	-	0.0%	(171,025)	-	0.0%
Net increase/(decrease) in cash and cash equivalents	(78,286)	50,599	(64.6%)	(78,145)	41,011	(52.5%)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	125,728			203,873		
Net increase/(decrease) in cash and cash equivalents	(78,286)			(78,145)		
CASH AND CASH EQUIVALENTS AT END OF YEAR	47,442			125,728		

Annex 4

Income Statement FY 2022/2023 prepared in accordance with the provisions of Consob Resolution No. 15519 of 27/7/2006 and Consob Communication No. DEM/6064293 of 28/7/2006.

(In thousands of Euro)	Year ended					
	February 28, 2023	Of which non-recurring	Weighting %	February 28, 2022	Of which non-recurring	Weighting %
Revenues	2,865,849	-		2,928,472	-	
Other income	1,977	-	0.0%	1,699	-	0.0%
TOTAL REVENUE AND INCOME	2,867,826	-	0.0%	2,930,171	-	0.0%
Purchase of materials and external services	(2,505,099)	(2,650)	0.1%	(2,654,084)	(6,402)	0.2%
Personnel costs	(205,449)	(626)	0.3%	(205,222)	(881)	0.4%
Changes in inventory	(15,988)			90,234	-	0.0%
Other operating costs and expenses	(6,913)	(558)	8.1%	(4,847)	712	(14.7%)
GROSS OPERATING RESULT	134,377	(3,834)	(2.9%)	156,252	(6,571)	(4.2%)
Amortisation, depreciation and write-downs of fixed assets	(107,866)	(237)	0.2%	(96,699)	(223)	0.2%
NET OPERATING RESULT	26,511	(4,071)	(15.4%)	59,553	(6,794)	(11.4%)
Financial income	505	-		63	-	
Financial expenses	(13,531)	(75)	0.6%	(12,865)	(50)	0.4%
PROFIT BEFORE TAX	13,485	(4,147)	(30.8%)	46,751	(6,844)	(14.6%)
Income taxes	(1,559)	1,614	(103.5%)	(549)	4,589	(835.8%)
PROFIT/(LOSS) FOR THE YEAR	11,926	(2,533)	(21.2%)	46,202	(1,982)	(4.9%)

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS AS AT FEBRUARY 28, 2023 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION No. 11971 OF MAY 14, 1999 AND SUCCESSIVE AMENDMENTS AND SUPPLEMENTS

The undersigned Giancarlo Nicosanti Monterastelli, in his capacity as Chief Executive Officer, and Marco Deotto, in his capacity as Executive Officer for Financial Reporting of Unieuro S.p.A., declare, taking into account also the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures for the compilation of the FY 2022/23 financial statements

We also certify that the FY 2022/23 financial statements:

- were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- corresponds to the underlying accounting documents and records;
- provide a true and fair view of the financial position, financial performance and cash flow of the issuer.

The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer together with a description of the principal risks and uncertainties to which they are exposed.

Forlì, May 9, 2023

Giancarlo Nicosanti Monterastelli

Marco Deotto

KPMG

KPMG S.p.A.
Revisione e organizzazione contabile
Via Innocenzo Malvasia, 6
40131 BOLOGNA BO
Telefono +39 051 4392511
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

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

To the shareholders of
Unieuro S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Unieuro S.p.A. (the "company"), which comprise the statement of financial position as at 28 February 2023, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Unieuro S.p.A. as at 28 February 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

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

Key audit matters

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

Unieuro S.p.A.
Independent auditors' report
28 February 2023

Recoverability of goodwill

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

Key audit matter	Audit procedures addressing the key audit matter
The company's separate financial statements at 28 February 2023 include goodwill of €188.9 million. The directors determine the recoverable amount of goodwill by calculating its value in use. This method, by its very nature, requires a high level of directors' judgement about the forecast operating cash flows during the calculation period, as well as the discount and growth rates of those cash flows. The directors have forecast the operating cash flows used for impairment testing on the basis of the data included in the 29 February 2024 to 29 February 2028 business plan (the "plan"), which was approved by the company's board of directors on 9 May 2023. The operating cash flow estimate reflects the potential impact of the performance of the consumer electronics market and, in general, of the current macroeconomic and geopolitical scenario. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures, which also involved our own specialists, included: • understanding and analysing the process adopted to prepare the impairment tests approved by the company's board of directors on 9 May 2023; • understanding and analysing the process used to draft the plan; • analysing the reasonableness of the main assumptions used by the directors to determine the recoverable amount of goodwill, including the potential impact of the performance of the consumer electronics market and, in general, of the current macroeconomic and geopolitical scenario. Our analyses included comparing the main assumptions used to the company's historical data and external information, where available; • analysing the valuation models adopted by the directors for reasonableness and consistency with professional practice; • checking the sensitivity analyses disclosed in the notes with reference to the main assumptions used for impairment testing, including the weighted average cost of capital, the long-term growth rate and the sensitivity of gross operating profit; • assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Unieuro S.p.A.
Independent auditors' report
28 February 2023

Premiums from suppliers

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

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

KPMG

Unieuro S.p.A.
Independent auditors' report
28 February 2023

Measurement of inventories

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

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 28 February 2023 include inventories of €445.6 million, net of the allowance for inventory write-down of €12.4 million. Determining the allowance for goods write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including: • the characteristics of the company's business sector; • the sales' seasonality, with peaks in November and December; • the decreasing price curve due to technological obsolescence of products; • the high number of product codes handled; • the impact of the current macroeconomic and geopolitical scenario. For the above reasons, we believe that the measurement of inventories is a key audit matter.	Our audit procedures included: • understanding the process for the measurement of inventories and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; • checking the method used to calculate the allowance for inventory write-down by analysing documents and discussions with the relevant internal departments; • checking the mathematical accuracy of the allowance for inventory write-down; • analysing the reasonableness of the main assumptions used to measure the allowance for inventory write-down, including the potential impact of the current macroeconomic and geopolitical scenario through discussions with the relevant internal departments and analysis of age bands and write-down rates applied and comparing the assumptions with historical figures, our knowledge of the company and its operating environment and external information, where available; • comparing the estimated realisable value to the inventories' carrying amount by checking management reports on average sales profits; • assessing the appropriateness of the disclosures provided in the notes about inventories.

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

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

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

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

Auditors' responsibilities for the audit of the separate financial statements

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

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

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

Unieuro S.p.A.
Independent auditors' report
28 February 2023

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 28 February 2023 to be included in the annual financial report.

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

In our opinion, the separate financial statements at 28 February 2023 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

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

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 28 February 2023 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 28 February 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

Unieuro S.p.A.
Independent auditors' report
28 February 2023

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 28 February 2023 and have been prepared in compliance with the applicable law.

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

Bologna, 16 May 2023

KPMG S.p.A.

(signed on the original)

Andrea Polpettini
Director of Audit

Board of Statutory Auditors' Report to the Shareholders' Meeting of Unieuro S.p.A. in accordance with Article 153 of Legislative Decree No. 58/1998 ("C.F.A.") and Article 2429, paragraph 2 of the Civil Code

Dear Shareholders,
in accordance with the applicable regulation for joint-stock companies with shares listed on regulated markets and the By-Laws, in the fiscal year to February 28, 2023, we carried out our supervisory duties according to the conduct rules for Boards of Statutory Auditors of listed companies issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), the Consob recommendations on corporate controls and activities of the Board of Statutory Auditors and the indications contained in the Corporate Governance Code. In addition, as Unieuro has adopted a traditional governance model, the Board of Statutory Auditors acts as the "Internal Control and Audit Committee" upon which additional specific financial disclosure and monitoring functions fall, as per Article 19 of Legislative Decree No. 39 of January 27, 2010, as amended by Legislative Decree No. 135 of July 17, 2016.
The structure and content of this Report are in accordance with the recommendations of the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) standard Q.7.1.

The Board of Statutory Auditors in office at the date of this Report was appointed by the Shareholders' Meeting of June 21, 2022 for the fiscal years '22/'23 – '24/'25, with their mandate therefore concluding at the Shareholders' Meeting called to approve the financial statements for the fiscal year to February 28, 2025.
The Board of Statutory Auditors comprises the Statutory Auditors Ms. Giuseppina Manzo (Chairperson), Mr. Paolo Costantini and Mr. Stefano Antonini.

Statutory and By-Law oversight activities

The Board of Statutory Auditors supervised the company's activities, through specific checks and participation at the Shareholders' Meeting and the meetings of the Board of Directors. It in addition attended, almost always with full attendance, the meetings of the Remuneration and Appointments Committee, the Control and Risks Committee, the Related Parties Committee, the Sustainability Committee and the Supervisory Board as per Legislative Decree No. 231/2001.
In particular, during the fiscal year 15 meetings of the Board of Directors were held, 8 meetings of the Control and Risks Committee, 11 meetings of the Remuneration and Appointments Committee, 7 meetings of the Related Parties Committee and 9 meetings of the Sustainability Committee. During the fiscal year to which this Report refers, the Board of Statutory Auditors met on 12 occasions and, as part of these activities, worked with, among others, the Internal Audit function, the Supervisory Board, the DPO, the Independent Audit Firm and the Board of Statutory Auditors of the subsidiary Monclick S.r.l.
The Board of Statutory Auditors confirms to having obtained from the Directors information on the general operating performance and the outlook, in addition to the key financial statement related information of the Company, considering such to comply with statutory law and the By-Laws.
In particular, the Board of Statutory Auditors indicates the following transactions and events of particular interest during the fiscal year and until today's date:

1. the acquisition on April 6, 2022 of a business unit of Papino Elettrodomestici S.p.A., consisting of a store located in Valcorrente (Catania);

2. on April 14, 2022, the signing of an agreement with Vailog, a leading Italian real estate developer, aimed at opening a new logistics hub in Colleferro (Rome) serving central and southern Italy, to be operational by the beginning of 2024;
3. the partnership with SES-imagotag, a world leader in digital solutions for physical retail, signed on May 5, 2022, aimed at equipping Unieuro's entire direct network with VUSION Retail's electronic smart labels and IoT Cloud platform.
4. the approval by the Board of Directors, at its meeting of May 11, 2022, of the company's first Sustainability Plan and of the presentation of a slate by the outgoing Board of Directors in view of its renewal;
5. the approval by the Shareholders' Meeting of Unieuro, held on June 21, 2022, in Ordinary and Extraordinary session, in a single call of: (i) the financial statements for the fiscal year ended February 28, 2022, including the allocation of the profit for the year, and the distribution of a dividend of Euro 1.35 per share; (ii) the first section of the Remuneration Policy and Report, and the favourable vote on the second section; (iii) the appointment of the Board of Directors and the Board of Statutory Auditors; (iv) the 2023-2028 Performance Shares Plan; (v) the authorisation to purchase and dispose of treasury shares, including to service the above-indicated Plan; (vi) the authorisation to increase the share capital to service the Plan;
6. the appointments by the newly-elected Board of Directors (i) on June 24, 2022 of the Chief Executive Officer in the person of Giancarlo Nicosanti Monterastelli, in continuity with the proceeding appointments; (ii) on June 28, 2022 of the members of the Internal Board Committees;
7. the resignation, on September 28, 2022, of Mr. Marco Pacini from the position of Chief Financial Officer and Executive Officer for Financial Reporting, effective from December 31, 2022;
8. on September 1, 2022, the opening of the expansion to the Piacenza logistics hub;
9. the opening of the new outlets in Terni and in Milan at Viale Stelvio, respectively on October 14, 2022 and October 15, 2022;
10. the recognition at the LC Sustainability Awards 2022, on November 11, 2022, at the LC Sustainability Awards 2022;
11. the appointment, on December 15, 2022, of two Executive Officers for Financial Reporting in the persons, respectively of Gabriella Giocondo, the existing Administration Director, and Luca Mazzotti, the existing Controller & Treasury Director, from January 1, 2023, in replacement of Marco Pacini and until the appointment of the new Chief Financial Officer;
12. the opening of the new Catania Etnapolis outlet located in Valcorrente (Catania) on December 15, 2022, acquired on April 6, 2022;
13. the closure by the Anti-trust Authority ("AGCM") on December 28, 2022 of the Non-Compliance Proceedings IP359 initiated on June 21, 2022, and the subsequent notification of the fine against the Company and Monclick S.r.l.;
14. the appointment, on January 12, 2023, of Mr. Marco Deotto as the new Chief Financial Officer and Executive Officer for financial reporting, effective from February 20, 2023;
15. the approval by the Board of Directors, at its meeting of May 9, 2023, of the FY24-FY28 "Beyond Omni-Journey" new Strategic Plan.

The Board of Statutory Auditors reports its supervision both of the decision-making process that led the Board of Directors to pass the above-stated resolutions, in addition to the conclusion of the other approved transactions, without highlighting any critical elements in this regard.

For the purposes of full disclosure, the Board of Statutory Auditors recalls that reported at paragraph 18 of the Directors' Report concerning the general economic environment in which the Group operated in FY 2022/2023, featuring on the one hand the gradual lifting of the COVID-19 pandemic containment measures and, on the other, the increased cost of energy and of raw materials, which was reflected in a significant increase in inflation and the consequent considerable reduction in household purchasing power, following the outbreak of the Russia/Ukraine conflict on February 24, 2022.

Supervisory activities on the fulfilment of the principles of correct administration

The Board of Statutory Auditors has overseen compliance with the principles of correct administration, ensuring that the actions approved and taken by the Directors are based on the principles of economic soundness, were not manifestly imprudent, hazardous, atypical or unusual, in potential conflict of interest with or against the resolutions taken by the Shareholders' Meeting, or such as to compromise the integrity of the company's assets.

Supervisory activities on the adequacy of the organisational structure

The Board of Statutory Auditors has supervised the organisational structure of the Company and considers, in light of the supervisory activities carried out and to the extent of its remit, that this structure as a whole is adequate.

Supervisory activities on the adequacy of the internal control system

The Board of Statutory Auditors has supervised the Company's internal control system and acknowledges that it appears to be adequate overall for the Company's size and operating characteristics, as also ascertained during the meetings of the Control and Risks Committee, at which the Board of Statutory Auditors almost always participated in its entirety.

As part of the verification of the adequacy of the internal control system, the Board of Statutory Auditors notes that the Company's Organisational Model appears to be adequate to the provisions of Legislative Decree No. 231/2001 and was recently updated on February 23, 2023, in light of regulatory changes. This model, which concerns the Company's overall activity from a procedural, organisational and control perspective, appears to be adequate and incisive, and its compliance is supervised by a specially appointed and regularly functioning body composed of an internal member (the Internal Audit Manager) and independent external experts.

In this regard, the Board of Statutory Auditors has met and maintained a constant flow of information with the Supervisory Board and has reviewed the body's half-year reports for the 2022/2023 fiscal year, which did not reveal any critical issues and/or violations of the Organisational Model and/or the Code of Ethics and on which it has no comments to make.

The Board of Statutory Auditors, in order to supervise the adequacy of the internal control system, has liaised not only with the Control and Risks Committee and the Supervisory Board, but also with the Director in charge of the Internal Control and Risk Management System and the Internal Audit Manager.

The Board of Statutory Auditors reviewed the annual report of the Internal Audit function as of February 28, 2023, which was approved at the Board of Directors meeting of May 9, 2023. The annual Audit Plan was also approved at the same board meeting.

The Board of Statutory Auditors acknowledges that the roles and responsibilities of those involved in the Internal Control and Risk Management System are distinct in order to avoid operational overlap of their respective areas of activity and competence, as well as duplication in controls.

Supervisory activities on the adequacy of the administrative accounting system and legally-required audit activities

The Board of Statutory Auditors has supervised, to the extent of its remit, the administrative and accounting system of the Company and its reliability in correctly representing operating events through the collection of information from the heads of functions, the examination of company documentation, and the analysis of the results of the work carried out by the independent audit firm, with particular attention, in fiscal year 2022/2023, to the remediation activities implemented by the Company in order to overcome some critical issues that emerged downstream of the migration process to the new management software SAP S/4HANA.

The Board of Statutory Auditors considers that this system is substantially adequate and reliable for the correct representation of operating events and indicates that the company bodies have fulfilled the disclosure obligations under the applicable regulation.

The Board of Statutory Auditors indicates that the company has implemented the provisions of the new accounting standard IFRS 16, which had an impact on the financial statements, as outlined in the Notes, and to have received analytical information regarding the impairment tests performed, in accordance with IAS 36, to confirm the carrying amount of the intangible assets recognised to the company's financial statements at February 28, 2023.

The Board of Statutory Auditors notes that the Executive Officer has issued the declaration that the financial statement documents provide a true and fair view of the Company's financial position, operating results and cash flows.

The Board of Statutory Auditors supervised the adequacy of the instructions provided by Unieuro to the subsidiary Monclick S.r.l., in accordance with Article 114, paragraph 2 of the CFA, and on the correct flow of information between the companies, considering the company to be in a position to fulfil the communication obligations required by law.

The Board of Statutory Auditors, in addition, periodically met with the Board of Statutory Auditors of Monclick S.r.l. for the usual exchange of data and information. During the meetings, no significant facts or anomalies arose that require reporting herein.

The Board of Statutory Auditors met with the managers of the Independent Audit Firm in order to exchange with them relevant data and information and acknowledges that it did not receive any communication of significant events or anomalies that require Reporting herein.

The Board of Statutory Auditors notes that the report on the separate financial statements and on the consolidated financial statements, released by the Independent Audit Firm today, does not contain any remarks and/or points of information and certifies that the separate financial statements and consolidated financial statements have been prepared with clarity and provide a true and fair view on the equity and financial situation, the operating result and the cash flows of the company.

This report in addition is considered adequate to satisfy Article 123-*bis* of the CFA and contains the relative information required by paragraph 4 of this provision; the Independent Audit Firm expressed its opinion of consistency, as per Article 14, paragraph 2, letter e) of Legislative Decree No. 39/2010.

The Board of Statutory Auditors notes that, in the fiscal year to February 28, 2023, Unieuro assigned to the Independent Audit Firm KPMG S.p.A. and to parties belonging to its network appointments regarding audit services and other non-audit services for a total of Euro 1,074 thousand (of which Euro 742 thousand for audit services and for Euro 332 thousand for other services).

In addition, the Independent Audit Firm today also presented to the Board of Statutory Auditors the additional report required by Article 11 of Regulation (EC) No. 537/2014 and which did not indicate significant deficiencies in the internal control system with regards to the disclosure process requiring the attention of the officers in charge of governance activities.

Taking account of that above and noting the declaration of the absence of causes for incompatibility annexed to the additional report, the Board of Statutory Auditors consider that no critical aspects exist in relation to its independence.
The Board of Statutory Auditors notes that the Company in addition prepared the financial statements according to the European Single Electronic Format (ESEF), in compliance with Directive 2004/109/EC ("Transparency Directive") and Delegated Regulation (EU) 2019/815, which introduced the obligation for issuers of securities listed on regulated markets in the European Union to prepare the annual financial report in the xHTML language.

Supervisory activities on non-financial information

The Board of Statutory Auditors, with reference to the consolidated non-financial statement (hereinafter referred to as "NFS"), governed by Legislative Decree No. 254/2016, has supervised compliance with the relevant legal provisions and the adequacy of the organisational, administrative and reporting and control system set up by the Company in order to allow a correct and complete representation, in the NFS, of the company's business activities, its results and its impacts with regard to non-financial issues.
The Board of Statutory Auditors obtained periodic updates on the performance of preparatory activities for the drafting of the NFS and supervised compliance with the provisions set forth in Legislative Decree No. 254/2016, within the scope of the functions assigned to it under the regulations.
The NFS was also audited for compliance by the Independent Audit Firm, which issued a report declaring the compliance of the information provided in accordance with Article 3, Paragraph 10 of Legislative Decree No. 254/16.
It should be noted that the NFS will be made public together with the documents related to the Annual Financial Report at February 28, 2023.

Manner to correctly implement the corporate governance rules and initiatives undertaken

The Company's corporate governance structure is based on a set of rules, conduct and processes designed to ensure an efficient and transparent corporate governance system and the efficient functioning of its corporate bodies and control systems.
Specifically, the corporate governance structure adopted by the Company is based on a "traditional" organisational model, consisting of the following bodies: Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.
Pursuant to the relevant regulations in force, the statutory audit assignment is entrusted to the independent audit firm mentioned above, which is enrolled in the Consob register.
The Organisational Model as per Legislative Decree No. 231/2001, the Remuneration and Appointments Committee, the Control and Risks Committee, the Related Parties Committee and the Sustainability Committee complete the company's Governance.
The Board of Statutory Auditors oversaw, as per Article 149, paragraph 1, letter *c-bis* of Legislative Decree No. 58/98 the manners for the correct implementation of the Corporate Governance Code of listed companies of January 2020, with which the company complied through Board of Directors resolution of March 18, 2021.
The Board verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of the Directors, considering the process to have been carried out correctly, in addition to compliance with the independence criteria by the individual members of the Board of Statutory Auditors, in accordance with law and the above-stated Corporate Governance Code.

In particular, the Board of Directors on April 17, 2023 declared the meeting of the requirements of good standing, professionalism and independence of each member, as per Article 148, paragraph 4 of the CFA and the Corporate Governance Code. The Board of Statutory Auditors also carried out, on April 14, 2023, its own self-assessment of the composition, with reference to the requirements of professionalism, competence, good standing and independence, as well as on the adequacy of the availability of time and resources in relation to the complexity of the task, in compliance with the provisions of the Rules of Conduct of the Boards of Statutory Auditors of Listed Companies issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).
Please refer to the Corporate Governance and Ownership Structure Report for further details on the Company's corporate governance, on which the Board has no issues to report to the Shareholders' Meeting.
The Board of Statutory Auditors indicates, in addition, that the Board of Directors, meeting on May 9, 2023, approved the Report on the remuneration policy and compensation paid as per Article 123-*bis* of the CFA, which will be submitted to the Shareholders' Meeting called for June 22, 2023.
With regards to these reports, the Board, verifying the consistency of the process following with the procedures of the company and with the applicable regulations, does not have anything to report.

The Board of Statutory Auditors reports to having attended the information sessions for Directors and Statutory Auditors, broadening therefore their knowledge on the sectors in which the Company operates, of the main operating aspects and regarding the regulatory framework, and acquiring updates on the state of advancement of the main initiatives.
The Board also acknowledges that it has monitored the activities related to the Data Protection Regulation (EU) 2016/279 (GDPR) and, in this regard, has no observations requiring mention in this Report.

Supervisory activities on transactions with Group Companies and related party transactions
The Board of Statutory Auditors did not detect any atypical and/or unusual transactions conducted with related parties during the fiscal year ended February 28, 2023. Ordinary transactions entered into with related parties, described, with evidence of the economic effects, by the Directors in the Directors' Report to which reference should be made, are in line with and in the best interests of the Company.
The Board of Statutory Auditors met and maintained a constant flow of information with the Related Parties' Committee and acknowledges that it did not receive any communication of significant events or anomalies that require Reporting herein.

Indications of opinions issued to the Board of Statutory Auditors, omissions and citable events noted
Since the date of the previous Report and until today, the Board has issued the following opinions required by current laws and regulations:

(i) on December 14, 2022, pursuant to Article 20, paragraph 4 of the By-Laws and Article 154-*bis*, paragraph 1 of Legislative Decree No. 58/1998, favourable opinion on the proposed appointment of Executive Officers for Financial Reporting;

(ii) on December 23, 2022, pursuant to Article 20, By-Laws No. 4 and Article 154-*bis*, paragraph 1 of Legislative Decree No. 58/1998, favourable opinion on the proposed appointment of the new Chief Financial Officer;

(iii) on April 14, 2023, favourable opinion on the amendments to the "Executive Officer Guidelines.";

(iv) on May 9, 2023, pursuant to Article 2389, paragraph 3 of the Civil Code, favourable opinions in relation to the proposed amendments to the 2023-2028 Performance Share Plan and to the remuneration of the Chief Executive Officer, which will be submitted for the approval of the Shareholders' Meeting called for June 22, 2023 as well as, with respect to the directors holding special offices, (a) to the granting of shares, following the conclusion of the vesting period with regard to the 1st cycle of the 2020-2025 Performance Share Plan, approved by the Shareholders' Meeting of the Company on December 17, 2020, and (b) to the determination of the variable component related to the Company's short-term incentive plan (MBO);

(v) opinions in relation to "non-audit fees" for non-audit services as required by current regulations and the internal procedure adopted by the Company, verifying, in particular, their effects on independence, with no exceptions to report.

The Board of Statutory Auditors acknowledges that no complaints have been received pursuant to Article 2408 of the Civil Code and is not aware of any complaints to be cited in this Report.

Proposals regarding the separate financial statements

Based on the above, in summary of the supervisory activities carried out during the year, the Board of Statutory Auditors has no observations to make, pursuant to Article 153 of Legislative Decree No. 58/1998, on that within its remit regarding the financial statements as of February 28, 2023, and unanimously considers – in view also of the fact that, on today's date, the Independent Auditors' Report has issued its reports without any remarks – that there are no reasons to prevent your approval of the same, as per the draft prepared and approved at the Board of Directors' meeting of May 9, 2023, together with the Directors' Report, as well as the proposal for the allocation of the net profit for the year drafted by the Board.

Milan, May 16, 2023

THE BOARD OF STATUTORY AUDITORS

Ms. Giuseppina Manzo

(Chairperson)

Giuseppina Manzo

Mr. Paolo Costantini

(Statutory Auditor)

Paolo Costantini

Mr. Stefano Antonini

(Statutory Auditor)

7

Unieuro S.p.A.
Palazzo Hercolani
Via Piero Maroncelli, 10
47121 Forlì (FC)
unieurospa.com