Annex B

ANNUAL FINANCIAL REPORT FY 2023/24

Unieuro S.p.A.

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

Companies Register of Forlì-Cesena, REA registration No. 177115

Country of registration - Italy

Tax and VAT No. 00876320409

Description of the nature of the activity: Retail and wholesale trade, import and export distribution of household appliances and consumer electronic goods through physical outlets and through e-commerce. Installation and maintenance of all commercially available equipment. Organisation and management, including indirectly, of serving food and beverages to the public within the outlets.

Parent company name - Unieuro S.p.A..

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DIRECTORS’ REPORT

Letter to the Shareholders from the Chairperson of the Board of Directors

Dear Shareholders,

The 2023/2024 fiscal year was particularly significant in that we outlined our new strategic path for the next five years and made the biggest acquisition in the Group's history. The Strategic Plan seeks to strengthen Unieuro's distinctive omnichannel positioning and focus firmly on the "Beyond Trade" category, particularly in terms of services, building on the solid relationship with customers and an ability to anticipate their needs. The strategic guidelines will be pursued through constant product and process innovation focused on creating value for all stakeholders, continuing to foster the integration of long-term sustainability actions into business activities, the organisation and corporate culture.

The acquisition of Covercare is a crucial step on the "Beyond Trade" growth path and for our strategic development. It puts Unieuro in a position to seize new business opportunities in the world of services, allows us to enrich the customer journey, diversify the profit mix and strengthen our competitive positioning. It also has interesting sustainability implications, thanks to a business model that naturally leans towards the circular economy and achieving energy savings, which, taken together, strengthen the Group's ESG profile.

The annual results that we submit for your approval reflect the achievement of the operating and financial targets we set for ourselves, achieved against a market backdrop that was affected by geopolitical conflicts, continuing high inflation and purchasing power under pressure, and which contracted for the second year in a row in the consumer electronics sector. In this challenging situation, managerial action has been particularly effective in protecting profitability, through streamlining and efficiency measures, while always maintaining the focus on service and customers, who have continued to reward Unieuro as a market leader. The results we have achieved enable us to continue to remunerate shareholders through the distribution of a dividend in line with company policy.

We will continue to invest significantly to ensure the Group is more and more competitive, agile, and ready to face any new market challenges. We will also continue the constant work of analysing acquisition-led growth opportunities.

On behalf of the Board of Directors, I would like to thank the Company's Management and Staff for their commitment to achieving these goals and you, the Shareholders, for your trust.

May 10, 2024

Stefano Meloni

Chairperson of the Board of Directors

CEO's letter to the Shareholders

Dear Shareholders

In the fiscal year just ended, against a challenging geopolitical and macroeconomic backdrop and faced with a further slowdown in the consumer electronics market, we worked to achieve dual objectives: to preserve the Group's profitability in the short term and to accelerate our medium to long-term growth trajectory.

The resilience of the results we have achieved, meeting the guidance communicated to the market, demonstrates the validity of our approach. Of particular note, we adopted a policy to manage margins which focuses on strategic product categories and higher-margin sales channels, and launched a cost streamlining and efficiency plan, which at times was difficult and painful, and which affected every operational level. These results are even more significant in that they were achieved while maintaining industry leadership and a virtually unchanged market share. Furthermore, the customer satisfaction index (NPS) showed further progress, demonstrating the effectiveness of direct investments in improving our customers' shopping experience as part of the omnichannel strategy.

A year ago we prepared a new growth plan to 2028 with a strategy to balance profitability between "Trade" and "Beyond Trade" through a path to develop the business proposition. 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.

Just a few months later, and fully in line with our "Beyond Trade" expansion goals, we completed the services-based acquisition of Covercare, a transformative and crucial transaction for us that will enrich the customer journey and boost Group profitability. The acquisition represents the most strategically and financially significant transaction in our history and marks the resumption of Unieuro's acquisition-led growth and strengthening. We are already working on the integration of Covercare, starting with the strategic, organisational and cultural aspects, in order to make the most of the complementary nature of the two business models and generate business synergies over the medium term with the objective of strengthening both enterprises.

Also in execution of the new Strategic Plan, we have introduced further development initiatives, including partnerships. These include further expansion of the range of private label products and the signing of an electricity price agreement to reduce the exposure to market volatility, in a period of persistent global geopolitical tensions.

In a market environment that continues to be unstable, we remain confident of the Group's prospects and focused on continuing to execute our Strategic Plan, bolstered by the contribution of the newly-acquired Covercare, to create value for the benefit of all our stakeholders.

May 10, 2024

Giancarlo Nicosanti Monterastelli

Chief Executive Officer

1. Introduction

The Unieuro Group (hereinafter also the "Group" or the "Unieuro Group") consists of the companies Unieuro S.p.A. and Covercare S.p.A., along with its subsidiaries Covercare Center S.r.l. and Cybercare S.r.l. (hereinafter also the "Covercare Group"), consolidated as of December 4, 2023, and Monclick S.r.l. in liquidation.

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 and computer), White (large and small domestic appliances), Brown (consumer electronics), Other products (consoles, video games, bicycles), offering in parallel a wide range of services such as delivery and installation, extended warranty and consumer financing.

Covercare S.p.A. (hereinafter also referred to as "Covercare"), a wholly-owned subsidiary of Unieuro, is an Italian-registered company based in Legnano (MI), Corso Italia, 25. Covercare Center S.r.l., 70% owned by Covercare, and Cybercare S.r.l., 60% owned by Covercare, are Italian-registered companies based in Legnano (MI), Corso Italia 25/A. The Covercare Group is an Italian leader in repair services for mobile phones, other portable devices and large domestic appliances. It also operates in the field of air conditioning installation services and boiler installation and maintenance, and in the installation of photovoltaic systems. Finally, it markets mobile electronic products, IT and accessories to professional customers, mainly overseas.

Monclick S.r.l. in liquidation (hereinafter also referred to as "Monclick" or "MK"), a wholly-owned subsidiary of Unieuro, is an Italian-registered company based in Milan, Via Marghera 28. It was placed in liquidation as of November 3, 2023, as part of a process to streamline the corporate structure. Monclick, formerly engaged in the online sale of IT, electronics, telephony and domestic appliance products in Italy through the website www.monclick.it, suffered a worsening of its operating, equity and financial situation in recent years as a result of the performance of its target markets, exacerbated by its digital pure player business model.

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 is 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%**
GIUSEPPE SILVESTRINI	• VICTOR S.R.L. • GIUSEPPE SILVESTRINI	1,275,395	**6.162%**
AMUNDI ASSET MANAGEMENT	• AMUNDI SOCIETÀ DI GESTIONE DEL RISPARMIO S.P.A. • AMUNDI ASSET MANAGEMENT	1,199,708	**5.796%**

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 29, 2024, compared to the figures in the latest approved financial statements at February 28, 2023.

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.

In application of IFRS 10, the operating result and balance sheet figures at February 29, 2024 include the contribution of the Covercare Group from the date of initial consolidation (December 1, 2023). The financial statements of the subsidiary Covercare S.p.A. and its subsidiaries Covercare Centre S.r.l. and Cybercare S.r.l. have been included in the consolidated financial statements as of December 1, 2023. The Directors have assessed that there are no significant changes in the fair value of the acquired assets between the date Unieuro took control (December 4, 2023) and the date of initial consolidation (December 1, 2023).

The acquisition of control of the Covercare Group is considered a business combination and fell within the scope of IFRS 3. It should be noted that Unieuro, on undertaking the acquisition, availed of the option under IFRS 3 to make a provisional allocation of the cost of the business combinations to the fair values of the assets acquired and liabilities and contingent liabilities assumed. Where new information obtained within one year of the acquisition date, relating to facts and circumstances in existence at the acquisition date, results in adjustments to the amounts presented or to any additional provision in existence at the acquisition date, the acquisition accounting shall be revised. No significant changes are expected from those already recognised.

As a result of the initiation of the liquidation of the subsidiary Monclick S.r.l. in liquidation, which was approved by the subsidiary's Shareholders' Meeting on October 24, 2023, the operating, equity and cash flow indicators at February 29, 2024 do not include the contribution of Monclick S.r.l. in liquidation, in accordance with IFRS 5. Where applicable, the comparative figures for the previous period have been restated.

Therefore, in accordance with IFRS 5, the asset and liability items of the subsidiary Monclick S.r.l. in liquidation have been reclassified to "Assets/Liabilities from discontinued operations" and the income statement items to the “Result from discontinued operations”.

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 29, 2024 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 “Borsa Italiana” 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 EBITDA, 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.

We note that, in view of the initiation of the liquidation of the subsidiary Monclick S.r.l. in liquidation, which was approved by the company's Shareholders' Meeting on October 24, 2023, the adjusted figures for the years ended February 29, 2024 and February 28, 2023 do not include the contribution of Monclick S.r.l. in liquidation, reclassified to the “Result from discontinued operations” as per IFRS 5. The capital contribution to February 29, 2024 has been reclassified to "Net Invested Capital of Discontinued Operations" and "(Net Debt)/Net Cash of Discontinued Operations."

Key financial performance indicators[1]

(in millions of Euro)	Year ended	
	February 29, 2024	February 28, 2023[2]
Operating indicators		
Consolidated revenues	2,634.9	2,811.2
Consolidated Adjusted EBIT[3]	34.8	37.0
Consolidated Adjusted EBIT margin[4]	1.3%	1.3%
Consolidated Adjusted Profit/(loss) for the Year[5]	18.7	20.9
Consolidated Profit/(loss) for the year	(17.4)	10.2
Cash flows		
Consolidated Adjusted Free Cash Flow[6]	10.6	23.1
Investments for the period[7]	(40.2)	(39.2)

(in millions of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Indicators from statement of financial position		
Net working capital	(350.6)	(339.9)
(Net financial debt) / Net cash - Pursuant to IAS 17[8]	44.5	124.4
(Net financial debt) / Net cash	(366.9)	(323.1)

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 The operating indicators for the year ended February 28, 2023 have been restated, in application of IFRS 5, for comparative purposes only, by reclassifying the contribution of the subsidiary Monclick S.r.l. in liquidation to the "Result from discontinued operations".

3 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, (iii) non-recurring amortisation, depreciation and write-downs, and (iv) amortisation, depreciation and write-downs deriving from the Purchase Price Allocation. Consolidated Adjusted EBIT is adjusted for net charges related to the liquidation of the subsidiary Monclick S.r.l., reclassified in accordance with IFRS 5. Please refer to Section 6.2 for further details.

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

5 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 to non-recurring amortisation, depreciation and write-downs, (iii) adjustments to amortisation, depreciation and write-downs deriving from the Purchase Price Allocation, (iv) adjustments of non-recurring financial expenses/(income), and (v) the theoretical tax impact of these adjustments. Consolidated Adjusted Profit/(loss) for the Year is restated for net charges related to the liquidation of the subsidiary Monclick S.r.l., reclassified in accordance with IFRS 5. Please refer to Section 6.4 for additional details.

6 Consolidated Adjusted Free Cash Flow is the consolidated cash flow generated/absorbed by operating activities, including cash flows deriving from IFRS 16 leasing, and investing activities, including financial expenses. 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.

7 "Investments for the period" include cash flows from payments for investments in plant, machinery, equipment and other assets and intangible assets with finite useful lives

8 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 29, 2024	February 28, 2023
Operating indicators for the year		
Like-for-like growth [9]	(7.1%)	(3.2%)
Direct points of sale (number)	271	278
of which Pick-Up Points [10]	270	274
Affiliated points of sale (number)	254	255
of which Pick-Up Points	211	210
Total area of direct outlets (in square metres)	approximately 397,000	approximately 404,000
Sales density [11] (Euro per square metre)	4,975	5,335
Full-time-equivalent employees [12] (number)	4,670	4,921
Unieuro Net Promoter Score [13]	53.1	51.9

[9] Like-for-like revenue growth: the method for comparing sales for the year ended February 29, 2024 with those for the year ended February 28, 2023 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.

[10] Physical pick-up points for customer orders from the online channel.

[11] 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.

[12] Average annual number of full-time-equivalent employees refers to Unieuro S.p.A. and Monclick S.r.l. in liquidation only

[13] 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 Execution of the "Beyond Omni-Journey" Strategic Plan

In May 2023, Unieuro unveiled its new 2024-2028 Strategic Plan "Beyond Omni-Journey". This is based on the two pillars of further strengthening the offerings of "Omnichannel Trade" and expanding into "Beyond Trade" through an ambitious transformation plan.

Through developing the "Omnichannel Trade" pillar, Unieuro seeks to consolidate its sector leadership, building its omnichannel proposition to offer a fully integrated cross-channel experience. This will be achieved by building the business proposition through the use of data and an evolution of the role of physical stores, including by revising the format. In addition, Unieuro seeks to review the planning, demand forecasting and operation models, supported by an evolution of the distribution model, including through an overhaul of the logistics network to get closer to the end customer.

To respond to all consumer technology needs, through the expansion of the "Beyond Trade", Unieuro intends to invest in strengthening its consumer-centric "ecosystem" by offering comprehensive, integrated and customised solutions that go beyond pure product sales, such as repair services, used-product pickup and sale, technology consulting, and private label and exclusive brand development. This strategic approach will lead Unieuro to an extensive transformation which will be supported by a process of developing skills, technologies and the proposition also through strategic partnerships.

The strategic guidelines will be pursued through responsible innovation focused on creating value for all stakeholders, reinforcing the integration of sustainability into business activities, the organisation and its culture. In particular, the focus remains on the four pillars underlying the Sustainability Plan:

- Sustainable innovation directed at improving environmental performance, promoting a sustainable supply chain, strengthening the customer experience;
- ESG culture/governance, investing in sustainability governance;
- Talents to develop "human capital";
- Community, through additional initiatives of social value related to relations with the surrounding communities and territory.

Significant investments in technology transformation and the organisation support the plan, which will ensure the development of the "Beyond Omni-Journey" strategy. In addition, Unieuro plans to focus on process optimisation to ensure greater efficiency and free up resources to support the path to growth and value creation.

During the fiscal year, major initiatives were introduced to execute the 2024-2028 "Beyond Omni-Journey" Plan.

4.1 Beyond Trade: Acquisition of Covercare

In line with the "Beyond Omni-Journey" Plan and specifically the growth strategy in the service area, Unieuro acquired the entire share capital of Covercare S.p.A. on December 4, 2023.

Founded in 2011, the Covercare Group is an Italian leader in repair services for mobile phones, other portable devices and large domestic appliances. Over the years, thanks to its significant capacity for innovation and expertise, it has successfully extended operations into air conditioning installation services and boiler installation and maintenance, while most recently entering the photovoltaic system installation sector. In addition, Covercare has developed Home Assistance services, which complement the offer to the home segment end customer.

Covercare offers its services throughout the country to leaders in the Retail, Telco and Multi-Utility sectors. Covercare has over 160 employees, between its headquarters, and the production and logistics units, and has a solid organisational and managerial structure with proven expertise and experience. All higher added value technical activities are carried out at the hub located in Legnano. Specifically, configuration, customisation and repair of smartphones and other portable devices of all brands are carried out on site by a team of trained technicians. In addition, Covercare makes use of an extensive network of tradespeople and technical partners for service work on domestic appliances, in addition to air conditioning and boiler installations and plumbing, electrical works etc., provided by the home assistance services.

The acquisition extends Unieuro’s control over the value chain to segments with higher profitability, with significant growth potential and more synergetic with its core business market segments. Unieuro is therefore able to strengthen its market leadership through an even more comprehensive and integrated offer of products and services, accompanying customers before, during and after purchase. At the same time, Unieuro can consolidate its sustainability profile, thanks to the extension of the product life cycle and the benefits of installing more energy-efficient devices.

Through this Transaction, significant value creation is expected for Unieuro over the medium term, partly as a result of the expected generation of business synergies, including - but not limited to - the marketing of new services and products to Unieuro's customers.

4.2 Omnichannel Trade

Unieuro has remained focused on executing its omni-channel strategy through major direct investment in improving the customer buying experience, which saw the company in fact rewarded by an increase in the satisfaction level (NPS) of more than 53 points. The initiatives included, as part of the Sales & Operating Planning, the initiation of the adoption of the new forecasting system. Advanced predictive analytical models for promotions were completed in the year and the Cloud adoption project was launched. The store network digitalisation programme also continued, together with the launch of the SAP retail project. In terms of compliance, Unieuro promptly undertook actions to comply with the rules set out under the new prices directive, which came into effect on July 1, 2023.

In terms of the development of private labels, the Electroline brand range (the large and small domestic appliance and air conditioning line) was further extended in the year. The Company in addition launched the new technology product line under the new brand Ioplee, and completely overhauled the range of telephony accessory products. Additional initiatives included the launch of brand pages dedicated to the Electroline and Joia Home brands on the website www.unieuro.it.

5. Market performance[14]

Like the previous year, FY 2023/24 saw a number of macroeconomic factors affect the demand for consumer electronics products. Economic, social, and climate uncertainty, together with reduced consumer purchasing power, combined with specific dynamics in the Consumer Electronics market, most notably the termination of significant government incentives to purchase certain product categories and the contraction of demand for those products, which had seen record growth during the pandemic period and the immediate aftermath.

Against this challenging backdrop, the Consumer Electronics market in Italy contracted by 6.9%, though its overall value remains higher than pre-pandemic levels. As in other major European countries, there was also a decline in the value brokered by the digital channel for the first time.

The specific dynamics for each commodity macrocategory are shown below:

- **Brown (-26%):** despite gradual improvement over the fiscal year, volumes in this segment still contracted significantly as a result of the sharp decline in demand in the TV category following the switch-off of TV frequencies. Consumer dynamics featured renewed demand for larger TV sets and a rising average price.

- **White (unchanged)**: while sales in this category slowed from the second half of the year, the Large Domestic Appliances segment reported an increase of 2%, offsetting the negative performance of the air treatment category (Home comfort - 6%), which was affected by the end of tax incentives to purchase heat pumps. The trend in the Small Domestic Appliance ("SDA") sector remained largely stable, thanks to positive results in the online channel (+1.9%), which offset the decline reported in the traditional channel.

- **Grey (-6%)**: all category segments contracted. The Information Technology segment continues to decline - although at a slower pace than the previous year as the products acquired during the pandemic have begun to be replaced - contracting 8% in the year. Despite still higher average prices due to the significant proportion of premium range smartphones, the telephony segment - following two years of demand-driven growth - saw a decrease in value terms (4%).

The slowdown in demand has affected every operator in the segment. Specifically, the **Technical Super Store** segment (TSS, -8%) - which includes all the major consumer electronics retailers - leaves behind the record growth seen in preceding years, while however remaining the market's main contributor to sales in terms of both values and volumes. The higher average price, simultaneously reflecting inflation and the shift towards the premium end of the market for certain product categories, partially offsets the reduction in sales volumes.

The **Mass Merchandiser** channel - concerning the online Pure Players - saw a 3% contraction, offset (though only partially) by the improvement for small domestic appliances, thanks to double-digit growth for Kitchen products and above all Homecare. The **Specialists** (-10%) were impacted mainly by the decline in smartphone demand, the channel's main product category, becoming the main negative contributor to the overall market contraction.

Finally, **Electrical Specialists** - a channel made up of mainly small consumer electronics stores - saw a more contained decline than other areas of the industry (-3%), benefitting from a comparative result that was less challenging than the previous year (the Electrical Specialist trend in the previous year compared to 2021/22 was -12%).

[14] Market data compiled by Group management based on GFK data available as of February 2024.

Against a significantly contracting market backdrop, the Unieuro Group adopted a strategy designed to protect margins on the one hand and safeguard its competitive position on the other. The Group has therefore worked to maintain market share, focusing on high-margin product categories - White categories - and those that encourage in-store traffic, such as Grey products (Telephony and IT). This allowed the Group to preserve its profitability, while maintaining an overall sales performance in line with that of its main competitors (Unieuro Group -8%, compared to -8% in the TSS segment).

6. Group operating and financial results

6.1 Consolidated revenues

In the fiscal year ended February 29, 2024, the Unieuro Group reports revenues of Euro 2,634.9 million, compared to Euro 2,811.2 million in the previous year, confirming the sector leadership position and a substantially unchanged market share. Consolidated revenues in FY 2023/24 include the Covercare Group's contribution from the date of initial consolidation (December 1, 2023).

The market environment in FY 2023/24 saw a decline in demand (-6.9%)[15], attributable to a combination of macroeconomic factors - including the international geopolitical situation and consumer concerns about the cost of living - and industry-specific factors, such as the contraction in demand for some product categories, which are partly related to the end of tax incentives.

The Unieuro Group's revenues in fiscal year 2023/24 were influenced by the performance of the consumer electronics market, which contracted 6.3% compared to the previous year. This was mainly due to declining sales volumes in the Brown category, linked to the strong growth in previous years related to the switch off of TV frequencies, and settling demand in the Grey category.

The Electroline brand range (the large and small domestic appliance and air conditioning line) was further extended in the year. The Parent Company has also been working on the launch of a new line of technology products under the new IOPLEE brand. Private label revenues in FY 2023/24, across various product categories, amounted to Euro 110.4 million, up 8.1% on the previous year.

Like-for-like revenues - comparing sales with the previous year on the basis of the same scope of activity - were down 7.1%.

6.1.1 Consolidated revenues by channel

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 29, 2024	%	February 28, 2023[16]	%	Δ	%
Retail	1,845.7	70.1%	1,966.2	69.9%	(120.5)	(6.1%)
Online	434.3	16.5%	501.6	17.8%	(67.2)	(13.4%)
Indirect	235.7	9.0%	243.7	8.7%	(8.0)	(3.3%)
B2B	119.2	4.5%	99.7	3.6%	19.5	19.5%
Total consolidated revenues by channel	**2,634.9**	**100.0%**	**2,811.2**	**100.0%**	**(176.2)**	**(6.3%)**

The Retail channel (70.1% of total revenues) - which at February 29, 2024 comprised 271 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

[15] Market data compiled by Group management based on GFK data as of February 2024.

[16] Consolidated revenues for the year ended February 28, 2023 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations".

stations and metro stations - saw sales of Euro 1,845.7 million, decreasing 6.1% on the previous year (Euro 1,966.2 million in the year ended February 28, 2023). The channel's performance in FY 2023/24 reflects the consumer electronics market, impacted by the contraction in demand for Brown and Information Technology category products, partially offset by the strong entertainment, large domestic appliance and telecom segment performance.

The Online channel (16.5% of total revenues) - which includes the unieuro.it platform - generated revenues of Euro 434.3 million in FY 2023/24, down 13.4% on the previous year (Euro 501.6 million in the fiscal year ended February 28, 2023). The decrease in online channel revenues compared to the previous year mainly relates to a decline in demand for the Brown and Grey categories, reflecting the Group's business strategy and market trends.

The Indirect channel (9.0% of total revenues) - which includes sales made to the network of affiliated stores comprising a total of 254 sales points at February 29, 2024 - reports revenues of Euro 235.7 million, contracting 3.3% on the previous year (Euro 243.7 million in the year ended February 28, 2023). The decline in Consumer Electronics more than offset the good performance of all other product categories.

The B2B channel (4.5% 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 119.2 million in FY 2023/24, up 19.5% on the previous year (Euro 99.7 million in FY 2022/23), thanks to greater product availability and the contribution of sales revenues from the Covercare Group, included in the consolidation scope as of December 1, 2023.

6.1.2 Consolidated revenues by category

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 29, 2024	%	February 28, 2023[17]	%	Δ	%
Grey	1,290.8	49.0%	1,342.3	47.7%	(51.5)	(3.8%)
White	767.5	29.1%	767.9	27.3%	(0.5)	(0.1%)
Brown	274.6	10.4%	414.5	14.7%	(139.8)	(33.7%)
Other products	147.0	5.6%	135.9	4.8%	11.1	8.2%
Services	155.0	5.9%	150.6	5.4%	4.4	2.9%
Total consolidated revenues by category	**2,634.9**	**100.0%**	**2,811.2**	**100.0%**	**(176.2)**	**(6.3%)**

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 (49.0% of total revenues) - i.e. telephones, tablets, information technology, phone accessories, cameras, in addition to all wearable products - generated revenues of Euro 1,290.8 million, down 3.8% on FY 2022/23 (Euro 1,342.3 million in the fiscal year ended February 28, 2023).

[17] Consolidated revenues for the year ended February 28, 2023 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations".

Performance in the Grey category in FY 2023/24 was affected by the settling of consumption in the Information Technology segment, due to the contraction in demand following the pandemic and, to a lesser extent, the decline in the telephony segment, after years of steady growth.

The White category (29.1% of total revenues) - comprising major domestic appliances (MDA), such as washing machines, dryers, refrigerators or freezers and stoves, small domestic appliances (SDA), such as vacuum cleaners, food processors and coffee machines, in addition to the air conditioning segment, reports revenues of Euro 767.5 million, in line with the previous year (Euro 767.9 million in the fiscal year ended February 28, 2023). Sales in fiscal year 2023/24 saw growth in the large domestic appliance segment, which offset the decline in the small domestic appliances and home comfort segments.

The Brown category (10.4% of revenues) - including televisions and related accessories, audio devices, smart TV devices, car accessories and data storage systems - reported revenues of Euro 274.6 million, a contraction of 33.7% on the previous fiscal year (Euro 414.5 million in FY 2022/23). The contraction in FY 2023/24 is in line with the market trend, which reflects extraordinary sales related to the TV frequency switch-off and the introduction of the TV Bonus in previous years.

The Other Products category (5.6% of total revenues) - which includes sales of both the entertainment sector and other products not included in the consumer technology market, such as electric scooters or bicycles - reported revenues of Euro 147.0 million in FY 2023/24, increasing 8.2% on the previous year (Euro 135.9 million in the fiscal year ended February 28, 2023). The entertainment segment saw strong growth in the year thanks to gaming console sales.

The Services category (5.9% of total revenues) - which includes, among others, sales of extended warranties, installation services, home deliveries, repair services and consumer credit services - reported revenues of Euro 155.0 million, up 2.9% on FY 2022/23 (Euro 150.6 million), thanks to the strong consumer credit services sales which offset the drop in installation 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. The results for FY 2023/24 include the contribution of Covercare Group companies as of the date of initial consolidation (December 1, 2023).

(in millions and as a percentage of revenues)	Year ended						Changes	
	February 29, 2024			February 28, 2023 [18]				
	Adjusted amounts	%	*Adjustments*	Adjusted amounts	%	*Adjustments*	Δ	%
Revenues	2,634.9		-	2,811.2		-	(176.2)	(6.3%)
Sales revenues	**2,634.9**		**-**	**2,811.2**		**-**	**(176.2)**	**(6.3%)**
Purchase of goods and Change in inventories	(2,078.9)	(78.9%)	3.8	(2,223.2)	(79.1%)	-	144.3	(6.5%)
Marketing costs	(36.2)	(1.4%)	-	(43.6)	(1.5%)	0.2	7.3	(16.8%)
Logistics costs	(80.6)	(3.1%)	0.5	(85.4)	(3.0%)	0.2	4.8	(5.6%)
Other costs	(94.2)	(3.6%)	3.2	(112.8)	(4.0%)	2.2	18.5	(16.5%)
Personnel costs	(204.5)	(7.8%)	0.2	(204.8)	(7.3%)	0.6	0.4	(0.2%)
Other operating income and costs	(5.0)	(0.2%)	0.1	(4.2)	(0.2%)	0.6	(0.7)	17.5%
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	8.3	0.3%	8.3	5.4	0.2%	5.4	2.9	54.1%
Consolidated Adjusted EBITDA [19]	**143.9**	**5.5%**	**16.2**	**142.6**	**5.1%**	**9.2**	**1.3**	**0.9%**
Amortisation, depreciation and write-downs of fixed assets	(109.0)	(4.1%)	0.6	(105.6)	(3.8%)	0.2	(3.4)	3.2%
Consolidated Adjusted EBIT	**34.8**	**1.3%**	**16.8**	**37.0**	**1.3%**	**9.5**	**(2.2)**	**(5.9%)**

Consolidated Adjusted EBIT in FY 2023/24 totalled Euro 34.8 million, down 5.9% on the previous year (Euro 37.0 million in FY 2022/23), against a 6.3% reduction in sales revenue and the effects of a careful margin management policy and a cost streamlining plan.

The gross profit [20] decreased Euro 29.0 million on the previous year, mainly due to a reduction in sales volumes, chiefly in the Brown category, and a less favourable brand/product mix. The gross profit margin was 21.4% in FY 2023/24, an

[18] Operating results for the fiscal year ended February 28, 2023 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations".

[19] Consolidated Adjusted EBITDA is the Consolidated gross operating profit adjusted for (i) non-recurring expenses/(income) and (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. Consolidated Adjusted EBITDA is adjusted for net charges related to the liquidation of the subsidiary Monclick S.r.l., reclassified in accordance with IFRS 5. Please refer to Section 6.2 for further details.

[20] 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".

improvement on 21.1% in the previous fiscal year due to the focus on higher-margin sales channels and product categories.

Marketing costs in fiscal year 2023/24 totalled Euro 36.2 million, decreasing Euro 7.3 million on the fiscal year ended February 28, 2023 (Euro 43.6 million), accounting for 1.4% of revenues (1.5% in fiscal year 2022/23). This decrease is mainly due to close cost management and an altered mix of marketing initiatives.

Logistics costs in fiscal year 2023/24 totalled Euro 80.6 million and report a decrease of Euro 4.8 million (Euro 85.4 million in fiscal year 2022/23), constituting 3.1% of consolidated revenues (3.0% in fiscal year 2022/23). This reduction relates to the lower volumes handled due to lower sales in the year under review and a different product mix.

Other costs totalled Euro 94.2 million in FY 2023/24, decreasing 16.5% on the previous fiscal year (Euro 112.8 million), accounting for 3.6% of consolidated revenues (4.0% in FY 2022/23). In FY 2023/24, the cost of electricity reduced significantly due to a drop in the average market price of energy compared to the previous year, in addition to a reduction in consumption as a result of energy efficiency actions. Variable rents and sales commissions also decreased as a result of the lower volumes in the fiscal year.

Personnel costs of Euro 204.5 million in FY 2023/24 decreased Euro 0.4 million on the previous fiscal year (Euro 204.8 million in FY 2022/23). They accounted for 7.8% of consolidated revenues in FY 2023/24, an increase compared to 7.3% in the previous year, due to the reduction in sales volumes. The account reflects the optimisation of sales network personnel costs, partially offset by the increase from the inclusion of the Covercare Group.

Other operating income and costs totalled Euro 5.0 in FY 2023/24, an increase of Euro 0.7 million on the previous fiscal year (Euro 4.2 million), accounting for a similar percentage of consolidated revenues (0.2%). The item mainly includes business-related charges such as the waste disposal fee and advertising charges.

Amortisation, depreciation and write-downs amounted to Euro 109.0 million (Euro 105.6 million in the fiscal year ended February 28, 2023). The increase in amortisation and depreciation of Euro 3.4 million concerns mainly amortisation, in view of the information technology investments made in previous years and other costs related to the implementation of new IT systems on the sales network.

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

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 29, 2024	%	February 28, 2023 [21]	%	Δ	%
Consolidated Adjusted EBIT [22]	**34.8**	**1.3%**	**37.0**	**1.3%**	**(2.2)**	**(5.9%)**
Non-recurring (expenses)/income	(7.8)	(0.3%)	(3.8)	(0.1%)	(4.0)	104.5%
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 [23]	(8.3)	(0.3%)	(5.4)	(0.2%)	(2.9)	54.1%
Non-recurring depreciation, amortisation and write-downs of fixed assets	-	-	(0.2)	(0.0%)	0.2	100.0%
Amortisation, depreciation and write-downs of the Purchase Price Allocation	(0.6)	(0.0%)	-	-	(0.6)	(100.0%)
Net Operating Result	**18.0**	**0.7%**	**27.5**	**1.0%**	**(9.5)**	**(34.6%)**

Non-recurring expenses/(income) amounted to Euro 7.8 million in FY 2023/24, increasing Euro 4.0 million on FY 2022/23, as outlined in paragraph 6.3 below.

The adjustment for extended warranty services increased by Euro 2.9 million compared to the previous year due to the consolidation of Covercare within the Unieuro Group, offset by the gradual implementation of the business model of the outlets acquired in previous years.

[21] Operating results for the fiscal year ended February 28, 2023 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the “Result from discontinued operations”.

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

[23] 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") from the fiscal year ended February 29, 2024 for telephony and peripherals and from the year of acquisition for all extended warranty services sold by sales points acquired, 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. 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, 2023 and February 29, 2024, 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). 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.

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 29, 2024	February 28, 2023 [24]	Change	%
Mergers & Acquisitions	2.4	1.7	0.6	37.8%
Costs for pre-opening, relocating and closing sales outlets and logistic hubs [25]	0.6	0.9	(0.3)	(31.5%)
Other charges and non-recurring income	4.9	1.2	3.6	295.5%
Total	**7.8**	**3.8**	**4.0**	**104.5%**

Non-recurring expenses and income amounted to Euro 7.8 million and increased Euro 4.0 million on the comparative fiscal year (Euro 3.8 million).

Merger&Acquisition costs amounted to Euro 2.4 million in FY 2023/24 (Euro 1.7 million in FY 2022/23). The item includes the costs incurred for the acquisition of Covercare S.p.A., approved by the Board of Directors on October 16, 2023 and finalised on December 4, 2023. This ongoing integration process began on the date of acquisition.

The Costs for pre-opening, relocating and closing sales outlets and logistics hubs totalled Euro 0.6 million in the fiscal year ended February 29, 2024 (Euro 0.9 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.

Other non-recurring charges totalled Euro 4.9 million in FY 2023/24 (Euro 1.2 million in the comparative fiscal year). The item includes the costs for the actions taken by Unieuro following the flooding that hit a number of areas in Emilia-Romagna in May 2023, in addition to the increased expenses incurred and donations. It in addition includes the costs for the new partnership with Kasanova, as part of the change in business model for homeware segment sales.

[24] Non-recurring expenses/(income) for the fiscal year ended February 28, 2023 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations".

[25] 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.

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 29, 2024			February 28, 2023 [26]				
	Adjusted amounts	%	*Adjustments*	Values adjusted	%	*Adjustments*	Δ	%
Consolidated Adjusted EBIT	**34.8**	**1.3%**	**16.8**	**37.0**	**1.3%**	**9.5**	**(2.2)**	**(5.9%)**
Financial income and expenses	(9.6)	(0.4%)	0.6	(12.9)	(0.5%)	0.1	3.3	(25.7%)
Income taxes [27]	(6.5)	(0.2%)	2.9	(3.1)	(0.1%)	(1.6)	(3.4)	110.3%
Consolidated Adjusted Net Profit/(loss) for the year	**18.7**	**0.7%**	**20.3**	**20.9**	**0.7%**	**8.0**	**(2.2)**	**(10.6%)**

Net financial expenses in FY 2023/2024 amounted to Euro 9.6 million (Euro 12.9 million in FY 2022/2023). The reduction on the previous year is mainly due to the discounting of tax receivables related to the tax incentives, introduced by the Government in preceding years to support building improvements.

Adjusted income taxes, net of the theoretical tax effect for non-recurring expenses/(income) and of the change in business model amounted to Euro 6.5 million in FY 2023/2024 (Euro 3.1 million in FY 2022/2023). The adjustments in FY 2023/24 mainly concerned the tax effects of the parent company related to the write-down of the assets of Monclick.

The Consolidated Adjusted Profit for the year was Euro 18.7 million (Euro 20.9 million in the previous fiscal year). The movement on the previous fiscal year is due to Consolidated Adjusted EBIT changes.

[26] Operating results for the year ended February 28, 2023 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations".

[27] The tax impacts of the adjustments were calculated according to the theoretical tax rate considered appropriate of 8.7% for fiscal years 2023/2024 and 2022/2023, 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%.

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 29, 2024	%	February 28, 2023	%	Δ	%
Consolidated Adjusted Net Profit for the year	**18.7**	**0.7%**	**20.9**	**0.7%**	**(2.2)**	**(10.6%)**
Non-recurring (expenses)/income	(7.8)	(0.3%)	(3.8)	(0.1%)	(4.0)	104.5%
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	(8.3)	(0.3%)	(5.4)	(0.2%)	(2.9)	54.1%
Non-recurring depreciation, amortisation and write-downs of fixed assets	-	-	(0.2)	(0.0%)	0.2	100.0%
Amortisation, depreciation and write-downs of the Purchase Price Allocation	(0.6)	(0.0%)	-	-	(0.6)	(100.0%)
Non-recurring financial expenses/(income)	(0.6)	(0.0%)	(0.1)	(0.0%)	(0.5)	514.4%
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	(2.9)	(0.1%)	1.6	0.1%	(4.5)	(279.7%)
Result from discontinued operations	(15.8)	(0.6%)	(2.8)	(0.1%)	(13.0)	467.7%
Consolidated Net Result for the year	**(17.4)**	**(0.7%)**	**10.2**	**0.4%**	**(27.6)**	**(271.3%)**

The Result from discontinued operations for FY 2023/24 was a loss of Euro 17.4 million and included the result for the period ended February 29, 2024 of the subsidiary Monclick S.r.l. in liquidation, the effects of the fair value measurement of assets, and the costs related to the procedure.

6.5 Cash flows

6.5.1 Consolidated Adjusted Levered Free Cash Flow [28]

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 29, 2024	February 28, 2023	Change	%
Operating profit	**127.7**	**130.5**	**(2.8)**	**(2.2%)**
Cash flow generated/(absorbed) from operating activities [29]	(5.4)	(2.8)	(2.6)	93.0%
Taxes paid	(0.6)	-	(0.6)	100.0%
Interest paid	(10.4)	(10.5)	0.1	(1.0%)
Other changes	1.1	1.3	(0.2)	(15.3%)
Consolidated net cash flow generated/(absorbed) from operating activities [30]	**112.4**	**118.4**	**(6.0)**	**(5.1%)**
Investments [31]	(40.2)	(39.2)	(1.1)	(2.7%)
Investments for business combinations and business units net of cash acquired	(8.5)	0.4	(8.9)	(n/a)
Adjustment for non-recurring investments	8.5	2.0	6.5	325.7%
Non-recurring expenses/(income) and Purchase Price Allocation	9.1	4.9	4.2	85.8%
Adjustment for non-monetary components of non-recurring (expenses)/income and the Purchase Price Allocation	(1.2)	0.4	(1.6)	(400.1%)
Theoretical tax effect of above-mentioned items [32]	(0.7)	(0.5)	(0.2)	30.6%
IFRS 16 Leases [33]	(68.8)	(63.3)	(5.5)	8.7%
Consolidated Adjusted Levered free cash flow	**10.6**	**23.1**	**(12.5)**	**(54.2%)**

Consolidated Adjusted Levered free cash flow of Euro 10.6 million was generated (Euro 23.1 million generated in FY 2022/2023). The decrease concerns the reduction in operating cash flows including IFRS 16 cash flows, which generated in the fiscal year cash of Euro 43.6 million, compared to Euro 55.1 million in the previous fiscal year. Investments paid in the period totalled Euro 40.2 million, increasing Euro 1.1 million on FY 2022/23.

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

[29] "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.

[30] "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.

[31] For better representation, this item includes the portion paid in the period of net investments in tangible and intangible assets.

[32] The theoretical tax rate considered appropriate by management is 8.7% for both FY 2023/2024 and FY 2022/2023, 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%.

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

The item Investments for business combinations and business units, net of the cash acquired, includes the price paid in FY 2023/24 for the full acquisition of Covercare S.p.A., net of the liquidity on hand in the current accounts of Covercare S.p.A. at the date of initial consolidation and of the bank loan obtained to fund the acquisition.

Non-recurring expenses/(income) and the Purchase Price Allocation reported net income of Euro 9.1 million (Euro 4.9 million in FY 2022/23). For further details, see section 6.3. The non-monetary portion of this account totalled Euro 1.2 million in FY 2023/24 and concerns the "Adjustment for non-monetary components of non-recurring (expenses)/income and the Purchase Price Allocation".

Cash flows relating to IFRS 16 leasing totalled Euro 68.8 million in FY 2023/24, compared to Euro 63.3 million in the 2022/23. The increase is mainly due to the higher lease charges based on the adjustment to the consumer price index.

The main changes to the Group's net financial debt in the year ended February 29, 2024 and the year ended February 28, 2023 are reported below:

(in millions of Euro)	Year ended		Changes	
	February 29, 2024	February 28, 2023	Change	%
Operating results	127.7	130.5	(2.8)	(2.2%)
Cash flow generated/(absorbed) from operating activities	(5.4)	(2.8)	(2.6)	93.0%
Taxes paid	(0.6)	-	(0.6)	100.0%
Interest paid	(10.4)	(10.5)	0.1	(1.0%)
Other changes	1.1	1.3	(0.2)	(15.3%)
Net cash flow generated/(absorbed) from operating activities[24]	**112.4**	**118.4**	**(6.0)**	**(5.1%)**
Investments	(40.2)	(39.2)	(1.1)	(2.7%)
Investments for business combinations and business units	(43.5)	0.4	(43.9)	n/a
Payables for the acquisition of business combinations	(24.3)	-	(24.3)	100.0%
Distribution of dividends	(9.8)	(27.1)	17.3	(63.7%)
Other changes	(1.1)	(0.4)	(0.7)	165.6%
IFRS 16 Leases	(68.8)	(63.3)	(5.5)	8.7%
Cash flow from discontinued operations	(4.5)	-	(4.5)	100.0%
Change in net financial debt - Pursuant to IAS 17	**(79.9)**	**(11.3)**	**(68.6)**	**608.3%**
Change in the net financial debt of discontinued operations	**0.6**	**-**	**0.6**	**100.0%**

The impact on the Change in net financial debt related to the acquisition of Covercare was a negative Euro 69.4 million, regarding the cash flows absorbed by operating activities from December 2023 of Euro 1.6 million (including Euro 2.4 million of non-recurring costs and Euro 0.8 million of interest expense), the cash flows for investments in business combinations paid in the fiscal year for Euro 43.5 million, and the payables for the acquisition of business combinations for Euro 24.3 million.

7. Statement of financial position

The Group's Net Working Capital and Net Invested Capital at February 29, 2024 and February 28, 2023 is reported below:

(in millions of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Trade Receivables	52.8	66.1
Inventories	435.8	446.0
Trade Payables	(552.8)	(597.3)
Net Operating Working Capital	**(64.2)**	**(85.2)**
Other working capital items	(286.4)	(254.7)
Net working capital	**(350.6)**	**(339.9)**
Right-of-use assets	384.6	422.7
Non-current Assets/(Liabilities)	432.3	364.9
Net invested capital - Continuing Operations	**466.3**	**447.6**
Net invested capital - Discontinued Operations	**(3.2)**	-
Net Invested Capital	**463.1**	**447.6**
(Net financial debt) / Net cash - Pursuant to IAS 17	**44.5**	**124.4**
IFRS 16 Leases	(411.4)	(447.5)
(Net financial debt) / Net cash	**(366.9)**	**(323.1)**
(Net financial debt) / Net cash of discontinued operations	**0.6**	-
Shareholders' Equity	(96.9)	(124.5)
Total shareholders' equity and financial liabilities	**(463.1)**	**(447.6)**

The Group's Net Operating Working Capital at February 29, 2024 is a negative Euro 64.2 million (negative Euro 85.2 million at February 28, 2023). The movement concerns operating activities, impacted by current market developments, which affected working capital and resulted in a more than proportional reduction in trade payables than the decrease in inventories and trade receivables. The movement in the other working capital items mainly concerns the deferred income regarding services provided by the Group whose recognition to the income statement is deferred.

Non-current Assets/(Liabilities) increased mainly due to the allocation to the identified intangible assets and, residually, to the goodwill of the excess price from the business combination of Covercare S.p.A. for Euro 80.4 million and partially offset by the reclassification to Net Invested Capital of the discontinued operations of the goodwill and of the brand of Monclick S.r.l. in liquidation, which was measured at fair value as per IFRS 5.

The Net Invested Capital of continuing operations amounted to Euro 466.3 million at February 29, 2024, increasing 18.7 million on the previous fiscal year (Euro 447.6 million at February 28, 2023). The movement mainly concerns the increase in non-current assets/(liabilities) for Euro 67.4 million, partially offset by the reduction in Assets for the right-of-use for Euro 38.1 million and Net Working Capital movements.

Investments paid in the period to February 29, 2024 totalled Euro 40.2 million (Euro 39.2 million at February 28, 2023) and mainly concern information technology investments, for the consolidation of the Group's technological infrastructure, the strengthening of the omnichannel strategy and the gradual adoption of electronic labelling at the direct stores.

The Net invested capital of discontinued operations includes the contribution of the net operating working capital and the fair value of other working capital items of the subsidiary Monclick S.r.l. in liquidation. The balance mainly comprises the residual amount of the provisions for charges for the liquidation procedure at February 29, 2024.

Shareholders' equity amounted to Euro 96.9 million at February 29, 2024 (Euro 124.5 million at February 28, 2023), with the decrease mainly due to the result for the year, which includes the Result from discontinued operations, and the distribution of the dividend resolved by the Shareholders' Meeting in June 2023, amounting to Euro 9.8 million.

Below is a breakdown of the composition of net financial debt at February 29, 2024 and February 28, 2023, in accordance with ESMA guideline 32-382- 1138 dated 4/3/2021 [34]:

(in millions of Euro)	Year ended		Changes	
	February 29, 2024	February 28, 2023	Change	%
(A) Cash	105.6	51.7	53.9	104.4%
(B) Cash equivalents	-	15.0	(15.0)	100.0%
(C) Other current financial assets	0.3	60.3	(60.0)	(99.5%)
(D) Liquidity (A)+(B)+(C)	**105.9**	**126.9**	**(21.0)**	**(16.6%)**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(14.3)	-	(14.3)	(100.0%)
(F) Current portion of non-current financial debt	(91.4)	(70.5)	(20.8)	29.6%
(G) Current financial Indebtedness (E)+(F)	**(105.7)**	**(70.5)**	**(35.2)**	**49.9%**
(H) Net current financial Indebtedness (G)-(D)	**0.2**	**56.4**	**(56.2)**	**(99.6%)**
(I) Non-current financial debt (excluding the current portion and debt instruments)	(367.1)	(379.5)	12.4	(3.3%)
(J) Debt instruments	-	-	-	-
(K) Trade payables and other payables	-	-	-	-
(L) Non-current financial Indebtedness (I)+(J)+(K)	**(367.1)**	**(379.5)**	**12.4**	**(3.3%)**
(M) Total financial Indebtedness (H)+(L)	**(366.9)**	**(323.1)**	**(43.8)**	**13.5%**
Total financial Indebtedness of discontinued operations	**0.6**	**-**	**0.6**	**100.0%**

The change in Other current financial assets refers to Multi-year Treasury Bonds and Ordinary Treasury Bonds that matured in the first half of the fiscal year for a total of Euro 60.3 million.

Current financial payables include the payable for the remaining portion of the consideration due for the acquisition of 100% of the share capital of Covercare S.p.A., to be settled by October 2024. The earnout related payable of Euro 10.0 million is included in (I) Non-current financial payables.

[34] 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 order to finalise the acquisition of the Covercare Group, the parent company signed a medium-term loan agreement with BNL in December 2023 with a maturity date of November 30, 2025. The loan agreement stipulates the repayment of principal in quarterly instalments from February 2024. The balance of the loan at February 29, 2024 was a nominal Euro 35.0 million.

We also note that, in addition to the uncommitted credit lines, the Parent Company has in place four Committed Credit Facilities which include Euro 150.0 million of medium to long-term cash loans on a revolving basis. At February 29, 2024, the Credit Facilities have not been utilised.

The item Financial debt of discontinued operations includes the contribution of the subsidiary Monclick S.r.l. in liquidation.

A breakdown of the net financial debt pursuant to IAS 17 at February 29, 2024 and February 28, 2023 is presented below:

(in millions of Euro)	Year ended		Changes	
	February 29, 2024	February 28, 2023	Change	%
(Net financial debt) / Net cash	**(366.9)**	**(323.1)**	**(43.8)**	**13.5%**
Current financial receivables - IFRS 16	1.7	1.5	0.2	15.1%
Non-current financial receivables - IFRS 16	11.3	13.6	(2.3)	(17.1%)
Other current financial payables - IFRS 16	(70.4)	(68.5)	(1.9)	2.8%
Other non-current financial payables - IFRS 16	(341.0)	(379.0)	38.0	(10.0%)
(Net financial debt) / Net cash - Pursuant to IAS 17[35]	**44.5**	**124.4**	**(79.9)**	**(64.2%)**

The Net cash - pursuant to IAS 17 at February 29, 2024 was a positive Euro 44.5 million, decreasing Euro 79.9 million compared to February 28, 2023 (Euro 124.4 million), mainly as a result of the aforementioned acquisition.

[35] 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 29, 2024 is reported below:

(in millions of Euro and as a percentage of revenues)	Year ended				Changes	
	February 29, 2024	**%**	**February 28, 2023**	**%**	**Δ**	**%**
Revenues	2,658.6		2,865.8		(207.2)	(7.2%)
Gross operating profit	**130.1**	**4.9%**	**134.4**	**4.7%**	**(4.3)**	**(3.2%)**
Non-recurring expenses/(income)	7.8	0.3%	3.8	0.1%	4.0	105.3%
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	3.2	0.1%	5.4	0.2%	(2.2)	(41.1%)
Adjusted EBITDA	**141.1**	**5.3%**	**143.5**	**5.0%**	**(2.4)**	**(1.5%)**
Amortisation, depreciation and write-downs of fixed assets	(125.5)	(4.7%)	(105.9)	(3.7%)	(17.6)	16.3%
Amortisation, depreciation and write-downs of non-recurring fixed assets	16.7	0.7%	0.2	0.0%	16.5	n/a
Adjusted EBIT	**32.4**	**1.2%**	**35.7**	**1.2%**	**(3.3)**	**(9.3%)**
Net financial income/(expenses)	(10.3)	(0.4%)	(13.0)	(0.5%)	2.7	(20.6%)
Non-recurring financial expenses/(income)	0.6	0.0%	0.1	0.0%	0.5	514.4%
Income taxes	(10.0)	(0.4%)	(1.6)	(0.1%)	(8.5)	542.7%
Theoretical tax effect for non-recurring financial expenses/(income) and change in business model	1.6	0.1%	(1.6)	(0.1%)	3.2	(198.7%)
Adjusted Net Income	**14.2**	**0.5%**	**19.6**	**0.7%**	**(5.4)**	**(27.5%)**
Non-recurring expenses/(income), Non-recurring financial expenses/ (income), Amortisation, depreciation and write-downs of non-recurring fixed assets	(25.2)	(0.9%)	(4.1)	(0.1%)	(21.1)	514.5%
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	(3.2)	(0.1%)	(5.4)	(0.2%)	2.2	(41.1%)
Theoretical tax effect for non-recurring financial expenses/(income) and change in business model	(1.6)	(0.1%)	1.6	0.1%	(3.2)	(198.7%)
Profit/(loss) for the year	**(15.8)**	**(0.6%)**	**11.9**	**0.4%**	**(27.7)**	**(232.2%)**

Unieuro's revenues in FY 2023/24 amounted to Euro 2,658.6 million, down 7.2% from Euro 2,865.8 million reported in FY 2022/23.

Revenues in fiscal year 2023/24 were influenced by the performance of the consumer electronics market, mainly due to declining sales volumes in the Brown category, linked to the strong growth in previous years related to the switch off of TV frequencies, and settling demand in the Grey category.

Adjusted EBIT was Euro 32.4 million in FY 2023/24, compared to Euro 35.7 million in FY 2022/23, with EBIT as a percentage of Revenues essentially unchanged from the comparative fiscal year (1.2%).

Adjusted Net Income was Euro 14.2 million in FY 2023/24 (Euro 19.6 million in FY 2022/23). The decrease relates to the increase 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 29, 2024 is shown below:

(in millions of Euro)	Shareholders' equity as at February 29, 2024	Net result as at February 29, 2024
Balances from the Parent Company's financial statements	**101.0**	**(15.8)**
Difference between carrying amount of investments and profit/(loss)	(80.7)	11.2
Allocation of goodwill, brand, software and customer list, net of tax effect	79.4	(10.0)
Other consolidation adjustments	(2.8)	(2.8)
Consolidated Financial Statements of the Group	**96.9**	**(17.4)**

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**

10. Investments

Investments in FY 2023/24 totalled Euro 42.2 million (Euro 37.9 million in FY 2022/23) and concern the costs capitalised for (i) the consolidation of the Group’s technological infrastructure (ii) technological developments to strengthen the omnichannel strategy, (iii) the adoption of electronic labels at the direct stores and (iv) refurbishment and energy efficiency actions at the 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 2023/24 is presented below[36]:

		February 29 2024 (Former -IAS	IFRS 16 Impacts	February 29, 2024 (IFRS 16)
ADJ EBITDA	• reduction in operating costs (rents paid on stores, offices, warehouses, and motor vehicles), net of income from store sub-leases	67.5	+76.4	143.9
ADJ EBIT	• increase in depreciation on right-of-use assets	27.1	+7.7	34.8
PROFIT BEFORE TAXES ADJ	• increase in financial expenses for interest related to right-of-use liabilities	27.5	(2.3)	25.2
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.	44.5	(411.4)	(366.9)

[36] The amounts reported in the FY 2023/24 (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 2023/24 (IAS 17) column are pre-adoption IFRS 16 and are calculated as the difference between the 2023/24 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 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 29, 2024 and February 28, 2023:

(In thousands of Euro)	February 29, 2024				
Creditor and debtor balances with related parties	**Trade receivables**	**Trade payables**	**Other current liabilities**	**Other non current liabilities**	**Total**
Statutory Auditors	-	-	(65)	-	**(65)**
Board of Directors and committees	-	-	(553)	-	**(553)**
Senior Executives	-	-	(449)	(44)	**(493)**
Total	**-**	**-**	**(1,067)**	**(44)**	**(1,111)**

(In thousands of Euro)	February 28, 2023				
Creditor and debtor balances with related parties	**Trade receivables**	**Trade payables**	**Other current liabilities**	**Other non current liabilities**	**Total**
Statutory Auditors	-	-	(73)	-	**(73)**
Board of Directors and committees	-	-	(203)	-	**(203)**
Senior Executives	-	-	(734)	(379)	**(1,113)**
Total	**-**	**-**	**(1,010)**	**(379)**	**(1,389)**

Giancarlo Nicosanti Monterastelli concluded his employment as a Senior Executive on June 1, 2023. He will continue to serve as Chief Executive Officer, as per the mandate granted by the Board of Directors in 2022. From June 1, 2023, the remuneration as Chief Executive Officer was included in the "Purchase of materials and external services" item, in the column relating to the "Board of Directors and Committees".

The following table summarises the Group's income and costs with related parties in FY 2023/24 and FY 2022/23:

(In thousands of Euro)	February 29, 2024						
Income statement transactions	**Revenues**	**Other income**	**Purchase of materials and services**	**Personnel costs** [37]	**Amortization, depreciation & write-downs**	**Income taxes**	**Total**
Statutory Auditors	-	-	(105)	-	-	-	**(105)**
Board of Directors and committees	-	-	(1,304)	-	-	-	**(1,304)**
Senior Executives	-	-	-	(1,852)	-	-	**(1,852)**
Total	**-**	**-**	**(1,409)**	**(1,852)**	**-**	**-**	**(3,261)**

[37] Estimated values referring to short-term and long-term variable compensation were aligned in view of the updated estimates of the achievement of KPIs defined by the remuneration policy.

(In thousands of Euro)	February 28, 2023						
Income statement transactions	**Revenues**	**Other income**	**Purchase of materials and services**	**Personnel costs**	**Amortization, depreciation & write-downs**	**Income taxes**	**Total**
Statutory Auditors	-	-	(107)	-	-	-	**(107)**
Board of Directors and committees	-	-	(716)	-	-	-	**(716)**
Senior Executives	-	-	-	(2,427)	-	-	**(2,427)**
Total	**-**	**-**	**(813)**	**(2,427)**	**-**	**-**	**(3,250)**

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 29, 2024	**Fiscal year ending February 28, 2023**
General Manager - Bruna Olivieri	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer - Marco Deotto	*General Manager - Bruna Olivieri*
	Chief Financial Officer - Marco Deotto

The Company in May 2023 donated to the Civil Defence on behalf of the Corporate Boards the amount of Euro 33,400 following the flood that hit Emilia-Romagna.

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 2023/24 and 2022/23:

(in Euro thousands)	*Net cash flow generated/(absorbed) from operating activities*	
Type	**Period from March 1, 2023 to February 29, 2024**	**Period from March 1, 2022 to February 28, 2023**
Statutory Auditors	(113)	(123)
Board of Directors	(954)	(768)
Senior Executives [38]	(2,472)	(2,317)
Total	**(3,539)**	**(3,208)**

[38] The account includes cash flows referring to remuneration paid to executives and the theoretical value for the period of the Long-term incentive plan.

14. Information on the 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 29, 2024 is as follows:

	Number of options February 29, 2024
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 29, 2024
Outstanding at beginning of period	**584,000**
Assigned during the period	(231,224)
Granted during the period	1,424
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	**354,200**
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	**-**

<u>2023-2028 Performance share plan</u>

On June 21, 2022, 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 29, 2024
Outstanding at beginning of period	**80,000**
Assigned during the period	-
Granted during the period	117,900
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	**197,900**
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	**2,100**

14.2. Unieuro treasury shares

The Shareholders' Meeting approved on June 22, 2023 the authorisation to purchase and utilise treasury shares, following the revocation of the previous authorisation granted by the Shareholders' Meeting of June 21, 2022.

The authorisation to purchase 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.

In FY 2023/24, the company did not carry out treasury share purchase or sale transactions, while it assigned and granted 231,224 shares to the recipients of the 2020-2025 performance shares plan, on the basis of the achievement of the first cycle targets.

As of February 29, 2024, 368,776 treasury shares were held, accounting for 1.78% 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 at the end of the fiscal year.

	February 29, 2024		February 28, 2023	
	Parent company	Subsidiary Companies	Parent company	Subsidiary Companies
Executives	33	6	34	1
Managers	82	7	78	-
White-collar	5,012	112	5,494	38
Blue-collar	1	47	1	-
Trainee	56	9	49	-
Total	**5,184**	**181**	**5,656**	**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 and e-learning.

In addition to the mandatory training courses required by law (Health and Safety, 231 Organisational Model, Privacy), other courses and other training campaigns were held, dedicated to both store personnel and headquarters staff. In this regard, by way of example, a major training activity was held in FY24 to promote awareness and understanding of the Beyond Omni-Journey Strategic Plan. Fully consistent with the plan, a training campaign with a focus on Sustainability was also launched, involving the entire workforce for a period of 3 years.

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

During the fiscal year, the Group, under the direction of the Internal Audit & Risk Management Function, carried out Enterprise Risk Management (ERM) activities with the goal of updating the process and methodology in use through an integrated approach to better support business strategies and ensure corporate sustainability.

The implementation and updating of the Enterprise Risk Framework has made it possible to identify, assess, and monitor the risks to which the Company is exposed, supporting the achievement of the Company's objectives and, at the same time, enabling risk-based strategic decision-making and ensuring the safeguarding of the Company's assets.

In carrying out these activities, the Group identified and evaluated a panel of risks, potentially applicable to the Company's business, based on the Risk Model[39] prepared in the set-up phase.

The identified risks can be grouped into four categories:

- Strategic: risks arising from changes in the operating environment, incorrect decisions at the corporate level, the incorrect implementation of decisions, and poor responsiveness to changes in the competitive environment
- Operational: risks arising from internal ineffectiveness in core business processes
- Legal & Compliance: risks related to legal and contractual aspects and compliance with major frameworks, laws, and regulations
- Financial: risks related to liquidity, the markets, and credit conditions

Within the categories defined above, risk areas have been identified and are presented in the following paragraphs.

18.1 Strategic risks

The main strategic risk areas to which the Group is exposed are as follows:

Evolution of the organisational structure - The five-year «Beyond Omni-Journey» Strategic Plan presented in May 2023 contains ambitious growth targets and important cross-functional projects for the Group's evolution. One of the main risks relates to the possible difficulties in introducing specific changes to the organisational structure that would ensure the execution of the Strategic Plan and adaptability to new challenges and opportunities. At the same time, the altered labour market gives rise to greater difficulties in finding candidates with appropriate and specialised skills to ensure the proper execution of planned cost-departmental projects. In order to lead the change and ensure the achievement of the established objectives, the Group has put in place a Leadership Model for the higher ranks which ensures clear coordination between the various Departments and allows for the internal development, in synergy with the Talent Development projects, of the necessary skills to ensure the execution of the Strategic Plan and all planned projects.

Relations with Stakeholders - The Company's business, the environment in which it operates and its nature as a listed Public Company require an increasing focus on relations with Stakeholders (both internal and external) in order to increase the level of commitment and elevate its recognition. A potential delay in the implementation of announced

[39] The Risk Model is a dynamic tool on which the identification and description of business risks is based. The Risk Model consists of two levels in which the identified risk areas are classified into Risk Categories and Risk Types.

and expected initiatives may not allow for adequate appreciation by Stakeholders, generating dissatisfaction. Therefore, to ensure the continuous monitoring of Stakeholder satisfaction, the Group has introduced various indicators related to the satisfaction of a wide range of Stakeholders, such as, but not limited to, employees and customers. This activity enables the rapid introduction of corrective strategies where an unsatisfactory trend is observed. In addition, the Company has initiated a process of evolutionary transformation of the HR Function, in order to ensure greater incisiveness in the performance of the activities under its responsibility, with the aim of ensuring ever greater oversight in relations with its employees.

Brand Value - The limited relational network and potential unclear and ill-defined management of external communication methods expose the Group to the risk of managing institutional communication poorly, resulting in possible reputational repercussions. Therefore, in order to adequately oversee the content and methods of dissemination, the Group has launched a collaboration with a player, specialised in the measurement of Brand Reputation KPIs, in order to improve the targeting and content of the messages released, for all communications of a promotional nature and is considering the possibility of assigning a dedicated Function to manage external communications and to equip itself with a library of content to be used during external communications.

In addition, in view of the extent of the sales network, the Group is subject to risks arising from the potential mismatch between the Unieuro Brand and customers' perceptions due to the outdated image conveyed by certain network outlets. In order to protect against this risk, the Group is in the process of defining the new store format, which will allow for the modernisation of the most strategic stores, and is considering increasing maintenance work on the stores with the greatest need and/or which did not introduce the new format to counteract their obsolescence.

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 Company is continuing the process of energy efficiency and emission reduction at its stores, including through the installation of dedicated photovoltaic systems and the signing of an energy supply contract with a renewable energy sector provider. In addition, the Group mitigates the possible consequences of temporary interruption of operations, due to external events or natural occurrences, by taking out insurance policies to cover potential damages. In addition, also in compliance with the new directives, the Company has included in the Sustainability Plan specific activities to ensure greater oversight of non-financial risks and a reduction of the Group's overall climate footprint (e.g., carbon footprint, ESG due diligence, electronic labels etc.). For further details, please refer to the Group's Non-Financial Statement.

Relationships with key partners - In order to carry out its business operations to the best of its ability, the Company has established strategic relationships with key partners for the provision of services, such as transportation management and warehouse handling. In view of their number and corporate configuration, the Company is exposed to the risk related to improper and/or non-compliant practices and behaviours against the terms contractually defined by external partners (e.g. the service providers mentioned above). This could result in legal action and the termination of the relationship. Therefore, the Company continuously monitors the practices (e.g. fiscal, payroll, contribution regularity, etc.) of operators with whom it actively works, and has contractual safeguards in place to protect it where any inefficiencies or non-conformities emerge. In addition, in the event that critical situations arise, the Company's Legal Department is always involved in order to ensure adequate oversight.

Uncertain macroeconomic, demographic, social and industry situation - The geopolitical and macroeconomic environment features uncertainty and rising inflation, which limits consumers' spending ability. In this situation, the Company has introduced strategic and tactical mitigation measures, presenting strategic planning over two different time horizons, taking into account general macroeconomic situations and related adjustments, identified through the analysis of differing market scenarios. In addition, through the execution of the forecasting process (Sales & Operation Planning), the Company will be able to adjust purchase forecasts in the short term based on sales scenarios and near real time market trends. While, in order to strengthen cost control, the Group has defined and assigned cost containment targets, not directly related to sales, to each department and has strengthened the processes for monitoring and approving expenses.

18.2 Operating risks

The main areas of operational risk to which the Group is exposed are as follows:

Technological Evolution - To cope with the continuous evolution of technology, the Company is adopting an omnichannel architecture, with the aim of enhancing its data analysis capabilities and enabling faster and more targeted decision-making. The IT assets used by the Company are certified through the use of a centralised data quality system, and in order to ensure greater efficiency and effectiveness in the processing of its IT assets, the Group intends to put in place the best cloud and data analysis technologies, which will enable even faster and more specific decision-making processes. The full expression of the omnichannel architecture will be achieved when the roll-out phase of the ERP system in stores is completed.

Process efficiency (margin erosion) and price convergence - The current inflationary environment and macroeconomic uncertainty generates particular stress and criticality in margin management, especially within the sector in which the Group operates. The Company is planning the most appropriate ways to extend internally gained expertise upon process efficiency to multiple business areas, which, in synergy with the development of new profit pools (e.g., proprietary brand development), will enable the Company to introduce specific cost-saving initiatives. In addition, 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, resulting in a convergence of prices toward those charged in the generally lower online channel. This trend, observable in all countries, has particularly accelerated in recent years and is partly due to the recent pandemic years. In order to optimise the realisable margin, the Company has adopted a special tool for near real time pricing. The Group has also 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, as noted above, developing new profit pools.

Relations with core product suppliers - The Company is exposed to various issues in managing relations with its suppliers (e.g. supply interruption, early termination of supply agreements, etc.). Therefore, in order to ensure the continuity of core business activities, the Company has adopted a number of safeguards, including the maintenance of an appropriate level of stock, in the event of the emergence of critical issues. In addition, by establishing a cross-brand product range, the Group is able to meet customers' demands even if a specific brand is discontinued.

Cyber Security and IT Business Interruption - The Group is exposed to the risk of experiencing business interruptions, due to the failure/breakdown of servers in use, and cyber attacks, which compromise the availability and integrity of data or disclose confidential information, including from an attack on third parties related to the Company, or during employees' smart working activities. 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. Regarding Cyber Security, the mitigation measures adopted by the Company mainly focused on three levels: (i) tools geared toward the analysis and diagnosis of weaknesses in the Cyber Security system, for the identification of ways for their management through objective reports. The Company has also adopted detective tools, such as antivirus, and preventive tools, such as two-factor authentication and system locks to mitigate potentially risky actions (such as access via VPN, VRM desktop virtualization tool, anti-spam, anti-phishing and anti-BEC filters), ii) patch management processes aimed at ensuring that the applications in use are constantly updated, iii) training activities aimed at personnel (both store and Headquarters) and anti-phishing campaigns.

The ICT Department, in collaboration with a consulting firm, conducted a Cyber Maturity Assessment activity that analysed the state of the Company's cybersecurity with respect to management considered optimal in relation to size and business characteristics.
After conducting insurance coverage mapping and an ad hoc risk assessment, the Company has taken out a special policy to cover cyber risks.

18.3 Legal & compliance risks

The main areas of legal & compliance risk to which the Group is exposed are as follows:

Evolution of point-of-sale complaint and litigation management - An inadequate process for handling complaints received from customers would impact the Group's reputation and, as experienced in the past, could result in the initiation of proceedings by the Antitrust Authority. In order to mitigate the risk, the Group has strengthened its Customer Service Function to ensure adequate support to outlets in handling inquiries and complaints received from customers. In addition, to ensure optimal and constant risk control, Unieuro is developing a distinct and well-structured process for handling complaints and disputes, designed to enable their resolution in a clear and traceable manner.

Changes to regulations and laws: the Group conducts its business in sectors regulated by national and international legislation, the violation or variation of which could result in limitations to its operations or increased costs. Accordingly, compliance with new regulations and laws and the formalisation, updating and dissemination of internal policies and procedures are necessary for the proper conduct of business and to ensure the effectiveness and efficiency of the Internal Control System. Risks therefore exist that the Company does not properly incorporate regulatory changes, which could have a significant impact on its operations, into its internal processes, and does not adequately introduce internal policies and procedures to cover relevant processes, failing to ensure that they are adequately overseen and updated in a timely manner. In order to constantly monitor regulatory and legal developments, the Company has activated an ongoing dialogue with various associations, such as the Italian Association of Specialised Home Appliance Retailers (AIRES) and EuroCommerce. In addition, the Legal Function performs constant monitoring activities and periodically circulates information about regulatory and legal changes that impact business activities.

Privacy Compliance & Data - The Group is subject to the risk of not properly complying with privacy regulations. 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), strengthened the internal privacy office, and has a privacy organisation chart to manage these issues. 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.

Contractual risks - The Unieuro Group is subject to the risk of inadequate oversight when signing contracts or establishing clauses. 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. An update is planned for these standard drafts in order to adapt them to the latest changes in the operational and market environment. 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 contracts signed 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.).

Unfair Business Practices - The Group is exposed to the risk of incurring penalties and limitations resulting from unfair business practices. In order to better guard against risk, Unieuro has a Compliance Manager dedicated to supervising relations with the Antitrust Authority and monitoring business processes by checking compliance with the Consumer Code and other current and newly introduced regulations affecting retail distribution. A Compliance Plan is also being developed, with the aim of detailing and scheduling the control interventions carried out by the Compliance Manager. Training sessions specifically dedicated to regulatory compliance issues about the Consumer Code and the areas of control of the Antitrust Authority are then provided.

18.4 Financial Risks

Access to financial resources - The Group currently does not have liquidity problems. However, over the medium-term, situations may arise that could negatively stress liquidity. Therefore, Unieuro periodically conducts monitoring activities of its liquidity situation through internally developed predictive systems. In addition, with regard to access to credit subject to ESG parameters, the Group, through the implementation of the activities included in the Sustainability Plan, plans to improve the safeguards and information set relating to sustainability reporting.

Management of credit granted by suppliers - Most of the suppliers Unieuro relies on establish the maximum amount of credit that can be granted, based on the credit facilities recognized by the insurance companies operating in this specific area. Such credit facilities are generally granted on the basis of multiple factors such as, for example, the domestic economic environment, country risk, the financial position and the creditworthiness of each customer. Should there be a deterioration in these parameters, the levels of credit available to the Group could be reduced with possible significant negative effects on the Group's financial statements. To mitigate this risk, Unieuro maintains a favourable net financial position and direct relationships with credit insurance companies.

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

Significant events in the period

LC Sustainability Awards 2023

On March 28, 2023, Unieuro S.p.A. was honoured at the LC Sustainability Awards 2023 in the "Ecommerce & Retail" category.

New Strategic Plan

On May 9, 2023, the Board of Directors approved the new "Beyond Omni-Journey" Strategic Plan to 2028 which seeks to consolidate Unieuro's leadership, positioning the company as the natural destination for the consumer for all technology needs. Two growth pillars are focused on developing the "Omnichannel Trade" offer and on expanding "Beyond Trade" through an ambitious transformation plan.

Flood support measures

When the dramatic flood hit Romagna in May 2023, Unieuro wanted to show its solidarity and offer concrete support to the region's population. The Company allowed local consumers to purchase - at all outlets in the affected areas - domestic appliances and other products irreparably damaged by the flood through an extraordinary promotion, which negatively impacted margins by approximately Euro 3 million.

Omnibus Directive

Legislative Decree No. 26 of March 7, 2023 entered into force from July 1, 2023, implementing Directive (EU) 2019/2161 ("Omnibus Directive") on price reduction announcements in online and offline channels.

Regional Administrative Court reduces the Competition Authority Sanctions

The Lazio Regional Administrative Court, also in view of the adequacy of the corrective measures adopted in the meantime by the Group, in its ruling 13368/2023 of August 18, 2023, partially upheld the appeal filed by Unieuro and Monclick against the two measures of the Competition Authority that had imposed fines totalling Euro 7 million for Unieuro and of Euro 1.5 million for Monclick.

The Lazio Regional Administrative Court redetermined the amount of the sanctions, reducing them to Euro 3.5 million for Unieuro and approximately Euro 0.3 million for Monclick. On October 30, 2023, the Competition Authority's clearance of the repayment of the portion of the penalties not due under the Regional Administrative Court order by the Ministry of Enterprise and Made in Italy was notified. The counterparty appealed to the Council of State.

Strategic partnership with Kasanova

Unieuro has signed a partnership with Kasanova, Italy's homeware and household goods leader, involving the creation of a network of Kasanova shop in shops inside Unieuro stores. The transaction, which will involve more than 50 stores by December 2023, while gradually extending over the next two years, strengthens and expands the commercial proposition in the homeware segment, adjacent to the core kitchen appliance sector.

Electricity price hedging

Unieuro has signed with Tozzi Green, one of the country’s leading renewable energy sector groups, a three-year Contract For Differences (CFD) on the price of energy, commencing October 1, 2023, on an underlying quantity of at least 36 GWh annually. Unieuro, through the agreement, has fixed energy prices on around 60% of its annual energy needs, during a period of high tariff volatility and ongoing global geopolitical tensions.

Agreement with Google Italy

On October 4, 2023, Unieuro announced a collaboration agreement with Google Italy involving the sale of its new Pixel ecosystem devices from October 12, 2023 at Unieuro’s outlets and on the www.unieuro.it, portal, supported by a major multichannel communication plan.

Monclick S.r.l. liquidation.

On October 16, 2023, the Board of Directors of Unieuro S.p.A. approved the initiation of the procedure for the liquidation of its wholly-owned subsidiary Monclick S.r.l., and on October 24, 2023 the Shareholders' Meeting of Monclick S.r.l. approved the liquidation of the company and appointed the liquidator. Monclick S.r.l. is a smaller Group company (accounting for 2.6% of consolidated revenues), engaged in the sale of IT, electronics, telephony and home appliance products online in Italy through the website www.monclick.it.. This decision is part of the process of rationalising the corporate structure. In particular, Monclick S.r.l. has suffered a worsening of its operating, equity and financial situation in recent years as a result of the performance of its target markets, exacerbated by its digital pure player business model.

Acquisition of the Covercare Group

On December 4, 2023, the acquisition of Covercare was completed in execution of the agreement signed on October 16, 2023 and following the satisfaction of a number of contractual conditions, including the clearance of Italy’s Competition Authority.

The company in turn wholly-owns the companies Covercare Services S.r.l., Wifix S.r.l. and Comfort Home Solutions S.r.l., which on December 27, 2023 were merged by incorporation, effective January 1, 2023.

The Covercare Group is a leading player in Italy in the repair of mobile phones, other portable devices, and domestic appliances. It also operates on the air conditioner and boiler installation and home assistance services markets. Covercare offers its services throughout the country to leaders in the Retail, Telco and Multi-Utility sectors. The transaction extends Unieuro’s control over the market segments of the value chain which present higher profitability, growth and strong synergies with its core business, broadening the scope of services offered to end-consumers.

The Covercare Group's results were consolidated from December 4, 2023. Following the determination of the provisional net financial position, the price is Euro 72.5 million, including cash of Euro 12.5 million, which will be subject to adjustment based on the actual cash position. In addition, the payment of an amount of up to Euro 10 million as earnout by June 2026 is also stipulated.

Subsequent events

No significant events occurred subsequent to the end of the fiscal year.

20. Outlook

Against a still unstable geopolitical and macroeconomic backdrop, the Consumer Electronics market in the present fiscal year is expected to contract slightly overall, with the decline concentrated primarily in the first half of fiscal year and with a recovery in the second half of the year. The market recovery may be supported by the expected drop in inflation and the consequent increase in consumer spending power, by the forecast renewal of electronics products purchased during the pandemic, in addition to the technological innovation linked to artificial intelligence and a number of sporting events.

Unieuro remains committed to executing the "Beyond Omni-Journey" Strategic Plan and to developing its increasingly services-focused business model. Within this context, the Covercare integration plan and the expansion of the customer services catalogue shall gradually be rolled out, leveraging on the synergies and development opportunities deriving from the acquisition. For example, among the current services expansion projects, the sale of extended warranty services for telephones and tablets, with subscription-based payment by instalments, was successfully launched in pilot mode. The project will gradually be extended across the Unieuro store network and gradual extension to other product categories will be assessed. The subscription option has also been introduced on a pilot basis for the sale of home care services, with encouraging results. Further areas of new service development may include the energy sector, capitalising on Unieuro's extensive network of stores and the digital portal, and the area of refurbished products. Covercare in the present fiscal year shall also enter the media sector, thanks to a major tender won within the Auditel surveys, ready to take advantage of further development opportunities that may be generated.

Unieuro also intends to develop growth potential in Retail Media, through the proposition of online/offline marketing and advertising services.

As part of the development of the "Omnichannel Trade" strategic pillar, projects to further strengthen the omnichannel proposition to offer customers an increasingly integrated experience across channels will continue in the present fiscal year. Cloud adoption of the data world will continue with the implementation of the new Cloud platform to put in place a new data architecture available to the entire enterprise. It is also planned to start the gradual adoption of the new ERP (SAP) at all direct outlets.

In FY 2024/25, in relation to the expectation for a slight market contraction and the positive contribution from the full consolidation of Covercare, Unieuro forecasts Revenues in line with the previous fiscal year.

The Group shall continue to closely focus on its margin management policy and close operating cost control, which shall partially offset higher personnel costs from the renewal of the national collective bargaining contract signed in March 2024 and in force from the subsequent month. In this context, Adjusted EBIT in a range of Euro 35-40 million is forecast. Net Cash at fiscal year-end is expected to substantially be in line with the previous fiscal year.

Looking to the medium to long term, the Company intends to review the Strategic Plan in light of the market environment and the gradual widening to a more service-oriented business model also after the acquisition of Covercare.

In consideration of the solid cash position, Unieuro will continue to assess all market consolidation opportunities through the acquisition of sales points.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION [40]

(in thousands of Euro)		Year ended	
	Notes	**February 29, 2024**	**February 28, 2023**
Plant, machinery, equipment and other assets	5.1	76,810	77,009
Goodwill	5.2	249,591	196,110
Intangible assets with finite useful lives	5.3	76,272	49,274
Assets for rights-of-use	5.4	384,619	422,729
Deferred tax assets	5.5	39,159	45,113
Other non-current assets	5.6	22,794	24,906
Total non-current assets		**849,245**	**815,141**
Inventories	5.7	435,764	446,032
Trade receivables	5.8	52,784	66,081
Current tax assets	5.9	3,066	5,199
Other current assets	5.6	22,764	82,740
Cash and cash equivalents	5.10	105,598	66,653
Total current assets		**619,976**	**666,705**
Total assets from discontinued operations	5.30	1,839	-
Total assets		**1,471,060**	**1,481,846**
Share capital	5.11	4,140	4,140
Reserves	5.11	89,027	89,245
Profits/(losses) carried forward	5.11	3,675	31,143
Shareholders’ equity - owners of parent		**96,842**	**124,528**
Non-controlling interest equity	5.11	19	-
Total shareholders' equity		**96,861**	**124,528**
Financial liabilities	5.12	14,951	-
Employee benefits	5.13	10,964	11,255
Other financial liabilities	5.14	352,145	379,521
Provisions	5.15	12,511	11,318
Deferred tax liabilities	5.5	8,218	3,946
Other non-current liabilities	5.16	640	993
Total non-current liabilities		**399,429**	**407,033**
Financial liabilities	5.12	19,825	-
Other financial liabilities	5.14	85,847	70,530
Trade payables	5.17	552,779	597,319
Current tax liabilities	5.9	1,733	1,041
Provisions	5.15	1,799	1,069
Other current liabilities	5.16	308,373	280,326
Total current liabilities		**970,356**	**950,285**
Total liabilities from discontinued operations	5.30	4,414	-
Total shareholders’ equity and liabilities		**1,471,060**	**1,481,846**

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

[40] The figures for FY 2023/24 include the contribution of Covercare Group companies as of the date of initial consolidation (December 1, 2023). For further details, reference should be made to note 2.5 Consolidation principles and consolidation scope of the Consolidated Financial Statements.

CONSOLIDATED INCOME STATEMENT[41]

(in thousands of Euro)		Year ended	
	Notes	February 29, 2024	February 28, 2023
Revenues	5.18	2,634,934	2,811,169
Other income	5.19	668	938
TOTAL REVENUE AND INCOME		**2,635,602**	**2,812,107**
Purchase of materials and external services	5.20	(2,287,610)	(2,451,619)
Personnel costs	5.21	(204,660)	(205,449)
Change in inventories	5.7	(9,872)	(15,988)
Other operating costs and expenses	5.22	(5,768)	(5,713)
GROSS OPERATING RESULT		**127,692**	**133,338**
Amortisation, depreciation and write-downs	5.23	(109,685)	(105,866)
NET OPERATING RESULT		**18,007**	**27,472**
Financial income	5.24	1,440	505
Financial expense	5.24	(11,656)	(13,531)
PROFIT BEFORE TAXES		**7,791**	**14,446**
Income taxes	5.25	(9,420)	(1,476)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(1,629)**	**12,970**
Result from discontinued operations	5.30	(15,766)	(2,777)
PROFIT/(LOSS) FOR THE YEAR		**(17,395)**	**10,193**
Profit/(loss) of the Group for the financial year	5.11	**(17,426)**	**10,193**
Profit/(loss) of the third parties for the financial year	5.11	**31**	-
Basic earnings per share (in Euro)	5.26[42]	(0.08)	0.65
Diluted earnings per Share (in Euro)	5.26[42]	(0.08)	0.65

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

[41] Operating results for the fiscal year ended February 28, 2023 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations". The figures for FY 2023/24 include the contribution of Covercare Group companies as of the date of initial consolidation (December 1, 2023). For further details, reference should be made to note 2.5 Consolidation principles and consolidation scope of the Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [43]

(in thousands of Euro)		Year ended	
	Notes	February 29, 2024	February 28, 2023
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**(17,395)**	**10,193**
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	(2,065)	281
Income taxes		559	(67)
Total other components of comprehensive income that are or could be restated under profit/(loss) for the consolidated year	5.11	**(1,505)**	**214**
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	55	2,207
Income taxes		(15)	(590)
Total other components of comprehensive income that will not subsequently be restated under profit/(loss) for the consolidated year	5.11	**40**	**1,617**
Total other components of comprehensive income		**(1,466)**	**1,831**
Total components of comprehensive income from discontinued operations		**(147)**	**-**
Total comprehensive income for the consolidated year		**(19,007)**	**12,024**
of which attributable to the Parent Company		**(19,007)**	**12,024**
of which attributable to Minority interests		**-**	**-**

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

[43] Operating results for the fiscal year ended February 28, 2023 have been restated in application of IFRS 5 and do not include the contribution of the subsidiary Monclick S.r.l. in liquidation, which was reclassified to the "Result from discontinued operations". The figures for FY 2023/24 include the contribution of Covercare Group companies as of the date of initial consolidation (December 1, 2023). For further details, reference should be made to note 2.5 Consolidation principles and consolidation scope of the Consolidated Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT[44]

(in thousands of Euro)		Year ended	
	Note	**February 29, 2024**	**February 28, 2023**
Cash flow from operations			
Consolidated profit/(loss) for the consolidated year	5.11	(17,395)	10,193
Adjustments for:			
Income taxes	5.25	9,420	855
Net financial expenses (income)	5.24	10,216	12,998
Amortisation, depreciation and write-downs of fixed assets	5.23	109,685	106,431
Other changes		16,858	1,290
Net cash flow generated/(absorbed) by operating activities before changes in Net Working Capital		**128,784**	**131,767**
Changes in:			
- Inventories	5.7	9,872	16,018
- Trade receivables	5.8	20,419	(23,093)
- Trade payables	5.17	(47,205)	17,553
- Other changes in operating assets and liabilities	5.6-5.15-5.16	11,538	(13,264)
Cash flow generated/(absorbed) by operating activities		(5,376)	(2,786)
Taxes paid	5.25	(562)	-
Interest paid	5.24	(10,441)	(10,544)
Net cash flow generated/(absorbed) by operating activities	**5.27**	**112,405**	**118,437**
Net cash flow generated/(absorbed) from discontinued operations	**5.30**	**(4,530)**	**-**
Cash flow from investment activities			
Purchases of plant, machinery, equipment and other assets	5.1	(19,578)	(17,651)
Purchase of intangible assets	5.3	(20,671)	(21,526)
Investments in current FVOCI securities	5.10	-	(60,000)
Divestment of current FVOCI securities		60,540	-
Investments for business combinations net of cash acquired and business units	5.14-5.29	(8,515)	364
Cash flow generated/(absorbed) by investment activities	**5.27**	**11,777**	**(98,813)**
Cash flow from financing activities			
Increase/(Decrease) financial liabilities	5.12	-	(724)
Increase/(Decrease) in other financial liabilities	5.14	(2,035)	(3,313)
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	5.14	(68,823)	(63,334)
Distribution of dividends	5.11	(9,848)	(27,134)
Cash flow generated/(absorbed) by financing activities	**5.27**	**(80,707)**	**(94,505)**
Net increase/(decrease) in cash and cash equivalents		**38,945**	**(74,881)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**66,653**	**141,534**
Net increase/(decrease) in cash and cash equivalents		**38,945**	**(74,881)**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**105,598**	**66,653**

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

[44] The figures for FY 2023/24 include the contribution of Covercare Group companies as of the date of initial consolidation (December 1, 2023). For further details, reference should be made to note 2.5 Consolidation principles and consolidation scope of the Consolidated Financial Statements.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY [45]

(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, 2022	5.11	**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 of 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**
Profit/(loss) for the year		-	-	-	-	-	-	-	-	(17,426)	(17,426)	31	(17,395)
Other components of comprehensive income		-	-	-	(1,271)	(235)	(107)	-	-	-	(1,612)	-	(1,612)
Total comprehensive income for the year		**-**	**-**	**-**	**(1,271)**	**(235)**	**(107)**	**-**	**-**	**(17,426)**	**(19,038)**	**31**	**(19,007)**
Business combinations		-	-	-	-	-	-	-	-	-	-	(16)	(16)
Allocation of prior year result		-	-	2,078	-	-	-	-	(3,419)	1,341	-	-	-
Distribution dividends		-	-	-	-	-	-	-	-	(9,848)	(9,848)	-	(9,848)
Purchase of Treasury Shares		-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments		-	-	-	-	-	-	(2,129)	4,756	(1,535)	1,092	-	1,092
Other changes		-	-	-	-	-	-	-	107	-	107	5	112
Total transactions with shareholders		**-**	**-**	**2,078**	**-**	**-**	**-**	**(2,129)**	**1,445**	**(10,042)**	**(8,649)**	**(11)**	**(8,661)**
Balance at February 29, 2024	5.11	**4,140**	**828**	**64,276**	**(1,271)**	**(21)**	**(138)**	**3,287**	**22,066**	**3,675**	**96,842**	**19**	**96,861**

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

[45] The figures for FY 2023/24 include the contribution of Covercare Group companies as of the date of initial consolidation (December 1, 2023). For further details, reference should be made to note 2.5 Consolidation principles and consolidation scope of the Consolidated Financial Statements.

NOTES

1. INTRODUCTION

The Unieuro Group (hereinafter also the "Group" or the "Unieuro Group") consists of the companies Unieuro S.p.A. and Covercare S.p.A., along with its subsidiaries Covercare Center S.r.l. and Cybercare S.r.l. (hereinafter also the “Covercare Group”), consolidated as of December 4, 2023, and Monclick S.r.l. in liquidation.

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 and computer), White (large and small domestic appliances), Brown (consumer electronics), Other products (consoles, video games, bicycles), offering in parallel a wide range of services such as delivery and installation, extended warranty and consumer financing.

Covercare S.p.A. (hereinafter also referred to as "Covercare"), a wholly-owned subsidiary of Unieuro, is an Italian-registered company based in Legnano (MI), Corso Italia, 25. Covercare Center S.r.l., 70% owned by Covercare, and Cybercare S.r.l., 60% owned by Covercare, are Italian-registered companies based in Legnano (MI), Corso Italia 25/A. The Covercare Group is an Italian leader in repair services for mobile phones, other portable devices and large domestic appliances. It also operates in the field of air conditioning installation services and boiler installation and maintenance, and in the installation of photovoltaic systems. Finally, it markets mobile electronic products, IT and accessories to professional customers, mainly overseas.

Monclick S.r.l. (hereinafter also referred to as "Monclick" or “MK”), a wholly-owned subsidiary of Unieuro, is an Italian-registered company based in Milan, Via Marghera 28. It was placed in liquidation as of November 3, 2023, as part of a process to streamline the corporate structure. Monclick, formerly engaged in the online sale of IT, electronics, telephony and domestic appliance products in Italy through the website www.monclick.it, suffered a worsening of its operating, equity and financial situation in recent years as a result of the performance of its target markets, exacerbated by its digital pure player business model.

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 is 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%**
GIUSEPPE SILVESTRINI	• VICTOR S.R.L. • GIUSEPPE SILVESTRINI	1,275,395	**6.162%**
AMUNDI ASSET MANAGEMENT	• AMUNDI SOCIETÀ DI GESTIONE DEL RISPARMIO S.P.A. • AMUNDI ASSET MANAGEMENT	1,003,108	**5.016%**

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."

In application of IFRS 10, the operating result and balance sheet figures at February 29, 2024 include the contribution of the Covercare Group from the date of initial consolidation (December 1, 2023).

The acquisition of control of the Covercare Group is considered a business combination and fell within the scope of IFRS 3. It should be noted that Unieuro, on undertaking the acquisition, availed of the option under IFRS 3 to make a provisional allocation of the cost of the business combinations to the fair values of the assets acquired and liabilities and contingent liabilities assumed. Where new information obtained within one year of the acquisition date, relating to facts and circumstances in existence at the acquisition date, results in adjustments to the amounts presented or to any additional provision in existence at the acquisition date, the acquisition accounting shall be revised. No significant changes are expected from those already recognised.

As a result of the initiation of the liquidation of the subsidiary Monclick S.r.l. in liquidation, which was approved by the subsidiary's Shareholders' Meeting on October 24, 2023, the operating, equity and cash flow indicators at February 29, 2024 do not include the contribution of Monclick S.r.l. in liquidation, in accordance with IFRS 5. Where applicable, the comparative figures for the previous period have been restated.

Therefore, in accordance with IFRS 5, the asset and liability items of the subsidiary Monclick S.r.l. in liquidation have been reclassified to "Assets/Liabilities from discontinued operations" and the income statement items to the “Result from discontinued operations”.

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 29, 2024, 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, 2023 of Unieuro and the relative notes.

2.2 Basis of Presentation of the Consolidated Financial Statements

The Group's Consolidated 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 Group's capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.

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 29, 2024, the Group is composed as follows:

(in thousands of Euro)	Share capital	% held	Parent
Unieuro S.p.A.	4,000		
Monclick S.r.l. in liquidation	100	100.0%	Unieuro S.p.A.
Covercare S.p.A.	100	100.0%	Unieuro S.p.A.
Covercare Center S.r.l.	10	70.0%	Covercare S.p.A.
Cybercare S.r.l.	40	60.0%	Covercare S.p.A.

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 at February 29, 2024 approved by the Board of Directors on May 10, 2024 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 consolidated 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 at February 29, 2024 include the financial statements of the parent company Unieuro S.p.A. and those of the subsidiaries Monclick S.r.l. in liquidation, Covercare S.p.A., Covercare Center S.r.l. and Cybercare S.r.l.

The financial statements of the subsidiary Covercare S.p.A. and its subsidiaries Covercare Centre S.r.l. and Cybercare S.r.l. have been included in the consolidated financial statements as of December 1, 2023. The Directors have assessed that there are no significant changes in the fair value of the acquired assets between the date Unieuro took control (December 4, 2023) and the date of initial consolidation (December 1, 2023).

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.

2020-2025 Performance share plan

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.

Cloud adoption

As part of the development of the "Omnichannel Trade" strategic pillar, projects to further strengthen the omnichannel proposition to offer customers a more integrated experience across channels continued in the present fiscal year. Cloud adoption of the data world was launched in the year with the implementation of the new Cloud platform to put in place a new data architecture available to the entire enterprise.

In establishing the accounting procedure, the Directors made use of a special report prepared by a leading consulting/auditing firm specifically commissioned by the Company.

In accordance with IFRS 16, the Group accounts for the right-of-use asset and the financial liability for costs related to Sole Tenant machines. 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 financial liability is measured at the present value of unpaid payments due on the effective date. Costs associated with application developments are accounted for on the intangible asset in application of IAS 38.

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, 2023.

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 would be 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
Buildings	3%
Property, plant and equipment	15%-20%-25%
Industrial & 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	12%-15%-20%-25%

There were no significant differences in the depreciation rates adopted by the Covercare Group.

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%

There were no significant differences in the depreciation rates adopted by the Covercare Group.

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.

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 financial year.

162) *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 market risks relating to electricity prices.

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 statement of profit and loss 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/(loss) per share

Basic earnings/(loss) per share

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

Diluted earnings/(loss) per share

Diluted earnings (or loss) per share is calculated by dividing Group profit (or loss) 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 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

- Amendments to IAS 1 - "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The IASB published this amendment on January 23, 2020 to clarify the presentation of liabilities in the financial statements of companies. The new amendment is applied from January 1, 2024 and must be applied retrospectively.

- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Disclosure of Accounting Policies." The IASB published an amendment to this standard on February 12, 2021 to support companies in choosing which accounting policies to disclose in their financial statements. The amendment is effective for fiscal years beginning January 1, 2023.

- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The IASB published an amendment to this standard on February 12, 2021, to introduce a new definition of an accounting estimate and clarify the distinction between changes in accounting estimates, changes in accounting policies, and errors. The amendment is effective for fiscal years beginning January 1, 2023.

- Amendments to "IAS 12 Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction." The IASB published an amendment to this standard on May 7, 2021, which requires companies to recognise deferred tax assets and liabilities on particular transactions that, upon initial recognition, give rise to equivalent (taxable and deductible) temporary differences. The amendment is effective for fiscal years beginning January 1, 2023.

- Introduction of IFRS 17 "Insurance Contracts". The IASB published an amendment to the applicability of this standard on November 19, 2021, aimed at establishing principles for recognition, measurement, presentation and disclosure in relation to insurance contracts within the scope of this standard. The amendment is effective for fiscal years beginning January 1, 2023.

- Amendments to IFRS 16 "Lease Liabilities in a Sale and leaseback transaction." The IASB published on September 22, 2022 a document which amends IFRS 16 by clarifying how a sale and leaseback transaction is accounted for subsequent to the transaction date. The amendment will be effective for fiscal years beginning on or after January 1, 2024, with early application permitted.

- Amendments to IAS 12 "Income taxes: international taxation reform." The IASB published on May 23, 2023 a document introducing a temporary exception to the recognition of deferred taxes related to the application of the provisions of Pillar Two published by the OECD. The amendment is effective for fiscal years beginning January 1, 2023.
  Directive No. 2022/2523 - based on the paper "Tax Challenges Arising from the Digitalisation of the Economy-Global Anti-Base Erosion Model Rules (Pillar Two)" issued by the OECD on December 14, 2021 - introduced a minimum effective taxation rate for domestic and multinational Groups of 15% for each jurisdiction in which they are located, providing for the application of a supplementary tax in cases where the effective tax rate per country, with adjustments under the application rules, is lower than the 15% minimum taxation rate. This

legislation was transposed into Italian law by Legislative Decree No. 209 of December 27, 2023 ("Pillar II" or "global minimum tax”), effective January 1, 2024.

- With this in mind, the Unieuro Group, falling under the application of the new regulations due to the size factor, has initiated specific analyses aimed at understanding the extent of the impacts. While there are currently no potential implications at the local level, the Group nevertheless is prepared to continue its analyses during 2024.

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

- Amendments to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments: financing arrangements with suppliers and disclosures in the notes to the financial statements”. The IASB published on May 25, 2023 an amendment regarding financial statement disclosure so as to improve transparency on financial debt and its effects on financial liabilities, cash flows and exposure to liquidity risk, in response to investors' needs. The new amendment will apply on or after January 1, 2024.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: absence of exchangeability”. The IASB published an amendment on August 15, 2023, clarifying when one currency may not be converted into another, how to estimate the exchange rate, and the disclosures to be made in the notes to the financial statements. The amendment will become effective as of January 1, 2025. However, early application is permitted.

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 risk, interest rate risk, and risks relating to electricity prices).

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[46]) and wholesale customers (B2B channel), which together account for about 13.5% of Group revenues as of February 29, 2024, 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 uncollectability is apparent, or write-downs on a collective basis

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

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 29, 2024 and the year ended February 28, 2023 is shown below:

(In thousands of Euro)	**Balance at February 29, 2024**	**Within 12M**	**Between 12M and 60M**	**Over 60M**	**Total**
Financial liabilities	34,776	19,825	14,951	-	34,776
Other financial liabilities	437,992	85,847	232,028	120,117	437,992
Total	**472,768**	**105,625**	**247,028**	**120,117**	**472,768**

(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**

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.

The parent company signed a loan agreement with BNL in December 2023 for a nominal amount of Euro 40 million. The contract provides for the accrual of interest expense equal to the Euribor plus a fixed spread. No interest rate swap derivative financial instrument contracts have been entered into.

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 29, 2024, 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 29, 2024 and February 28, 2023:

(in thousands of Euro)	Fiscal year ending February 29, 2024			
	Loans and receivables	Fair value of hedging instruments	Other Liabilities	Total
Financial assets not measured at Fair Value				
Cash and cash equivalents	105,598	-	-	**105,598**
Trade receivables	52,784	-	-	**52,784**
Other assets	45,558	-	-	**45,558**
Financial assets measured at Fair Value				
Other assets	-	-	-	**-**
Financial liabilities not measured at Fair Value				
Financial liabilities	-	-	34,776	**34,776**
Trade payables	-	-	552,779	**552,779**
Other liabilities	-	-	309,013	**309,013**
Other financial liabilities	-	-	436,230	**436,230**
Financial liabilities measured at fair value				
Other financial liabilities	-	1,762	-	**1,762**

(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	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	-	-	-	**-**

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 29, 2024.

3.5 Sensitivity Analysis

Regarding the exposure to market risk due to changes in electricity prices, the Company conducted a sensitivity analysis in accordance with IFRS 7. The company has made an estimate of the potential impacts produced by an electricity price market shock (National Single Price, “PUN”) by using internal valuation models, based on generally accepted approaches. Specifically, these impacts, were estimated by simulating a parallel change of +500 basis points (+5%) and -500 basis points (-5%) on the forward price structure of the above benchmark.

(in thousands of Euro)	Sensitivity analysis Fair value of derivative instruments			
	Income statement impact +500 basis points	*Impact on Net Equity* +500 basis points	Income statement impact -500 basis points	*Impact on Net Equity* -500 basis points
Derivatives in hedge accounting	-	505	-	(505)

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 29, 2024	**February 28, 2023**
Revenues	2,634,934	2,811,169
GROSS OPERATING RESULT	**127,692**	**133,338**
% of revenues	4.8%	4.7%
Amortisation, depreciation and write-downs	(109,685)	(105,866)
NET OPERATING RESULT	**18,007**	**27,472**
Financial income	1,440	505
Financial expense	(11,656)	(13,531)
PROFIT BEFORE TAXES	**7,791**	**14,446**
Income taxes	(9,420)	(1,476)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**(1,629)**	**12,970**
PROFIT/(LOSS) FOR THE YEAR	**(17,395)**	**10,193**

The gross operating margin was 4.8% in the year ended February 29, 2024.

The breakdown of revenues by geographic area is presented below:

(In thousands of Euro)	**Year ended**	
	February 29, 2024	**February 28, 2023**
Overseas	5,335	2,900
Italy	2,629,599	2,808,269
Total	**2,634,934**	**2,811,169**

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 at February 29, 2024 and February 28, 2023 is shown below:

(in thousands of Euro)	Year ended February 29, 2024			Year ended February 28, 2023		
	Historic cost	Acc. Deprec.	Net book value	Historic cost	Acc. Deprec.	Net book value
Plant & machinery	162,900	(139,202)	**23,698**	157,335	(131,221)	**26,113**
Equipment	38,335	(21,627)	**16,708**	30,986	(19,082)	**11,904**
Other Assets	220,976	(186,836)	**34,140**	211,213	(175,213)	**36,000**
Tangible assets in progress	2,264	-	**2,264**	2,991	-	**2,991**
Total Plant, machinery, equipment and other assets	**424,475**	**(347,665)**	**76,810**	**402,525**	**(325,516)**	**77,009**

Changes in "Plant, machinery, equipment and other assets" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Plant and machinery	Equipment	Other assets	Tangible assets under construction and advances	Total
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**
Initial consolidation Covercare	34	41	827	-	902
Increases	5,441	7,260	8,957	2,201	23,859
Decreases	(13)	-	(18)	(2,929)	(2,960)
Amortisation, depreciation and write-downs/(revaluations)	(7,877)	(2,497)	(11,551)	-	(21,926)
Discontinued operations	-	-	(75)	-	(75)
Balance at February 29, 2024	**23,698**	**16,708**	**34,140**	**2,264**	**76,810**

With reference to the year ended February 29, 2024, the Group made investments referring to “Plant and machinery, equipment and other assets”, net of the decreases in fixed assets under construction, of Euro 20,930 thousand.

Specifically, net investments are mainly attributable to the Parent Company and relate to: (i) the installation of electronic tags at parent company stores for Euro 6,899 thousand; (iii) minor extraordinary maintenance and plant energy efficiency work at various stores and offices for Euro 6,668 thousand; (iii) investments relating to work to restructure certain stores by restyling the layout and reducing or expanding the sales area for Euro 3,296 thousand.

Net fixed assets under construction of Euro 2,264 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 21,926 thousand.

With reference to the year ended February 28, 2023, the Group made investments referring to “Plant and machinery, equipment and other assets”, net of the decreases in fixed assets under construction, 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 relating to the installation of electronic tags 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 offices 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.

5.2 Goodwill

Details of "Goodwill" as at February 29, 2024 and February 28, 2023 are shown below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Goodwill	249,591	196,110
Total Goodwill	**249,591**	**196,110**

Changes in "Goodwill" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Goodwill
Balance at February 28, 2022	**196,072**
Increases	77
Decreases	(39)
Write-downs	-
Balance at February 28, 2023	**196,110**
Increases	60,680
Decreases	-
Write-downs	-
Reclassification of discontinued operations	(7,199)
Balance at February 29, 2024	**249,591**

Goodwill as at February 29, 2024, amounting to Euro 249,591 thousand, increased by Euro 53,481 thousand compared to the year ended February 28, 2023.

The increase in the account refers to the allocation of the sale price as part of the transaction to acquire Covercare S.p.A., in application of IFRS 3. It should be noted that Unieuro, on undertaking the acquisition, availed of the option under IFRS 3 to make a provisional allocation of the cost of the business combinations to the fair values of the assets acquired and liabilities and contingent liabilities assumed. Where new information obtained within one year of the acquisition date, relating to facts and circumstances in existence at the acquisition date, results in adjustments to the amounts presented or to any additional provision in existence at the acquisition date, the acquisition accounting shall be revised. No significant changes are expected from those already recognised. Further details on the transactions can be found in Section 5.29 "Business Combinations (Covercare Group)."

"Reclassification of discontinued operations" refers to goodwill arising from the acquisition of Monclick S.r.l. under "Assets from discontinued operations”, in accordance with IFRS 5, following the subsidiary's liquidation effective as of November 3, 2023.
This account was measured at fair value as required by IFRS 5. For further details, see section 5.30 “Discontinued operations”.

The value of goodwill at February 29, 2024 and February 28, 2023 is composed as follows:

(In thousands of Euro)	Goodwill at February 29, 2024	Goodwill at February 28, 2023
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 mergers	5,082	5,082
Deriving from acquisitions of equity investments:		
Monclick S.r.l. in liquidation	-	7,199
Carini Retail S.r.l.	17,273	17,273
Covercare Group	60,680	-
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	38
Total Goodwill	**249,591**	**196,110**

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.

Like the previous year, FY 2023/24 saw a number of macroeconomic factors affect the demand for consumer electronics products. Economic, social, and climate uncertainty, together with reduced consumer purchasing power, combined with specific dynamics in the consumer electronics market.

Against this challenging backdrop, the Italian market contracted by 6.9%[47], though its overall value remains higher than pre-pandemic levels. The goodwill impairment test for each CGU was approved by the Company's Board of Directors on May 10, 2024.

[47] Market data compiled by Group management based on GFK data available as of February 2024.

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.*

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 and services 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.

Goodwill from the Covercare acquisition was allocated to the Retail and B2B CGU’s on the basis of the customer and related outlet channel.

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

The 2025-2029 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 29, 2024 is based on the strategic lines of the plan approved by the Board of Directors on May 9, 2023, taking into account recent and prospective operating performance.

The impairment test was approved by the Board of Directors on May 10, 2024.

The target market growth estimates included in the business plan used for impairment testing as of February 29, 2024 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 CGU's analysed is 12.2% for the Retail CGU, 12.3% for the Indirect CGU, and 11.5% for the B2B CGU, depending on the level of risk that the expected flows from the Covercare are forecast to bring to the consolidated cash flows of the various CGU's compared to the cash flows of Unieuro.

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 Group's target market and consistency between the Group's operating activities and 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 thirty trading days 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 market environment.

- 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 29, 2024.

at February 29, 2024	**WACC**	**g**	**Terminal Value (TV)**	**Recoverable Value (RA)**	**% TV on RA**
(in millions of Euro)					
Retail CGU	12.2%	1.0%	155	234	66.2%
Indirect CGU	12.3%	1.0%	19	36	52.8%
B2B CGU	11.5%	1.0%	29	48	60.4%

The results of impairment tests as at February 29, 2024 are shown below:

at February 29, 2024		**Carrying Amount (CA)**	**Recoverable Value (RA)**	**RA Vs CA**
(in millions of Euro)				
Retail CGU	EUR/mln	8	234	226
Indirect CGU	EUR/mln	(7)	36	43
B2B CGU	EUR/mln	28	48	20
Total		**29**	**318**	**289**

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

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.

It should be noted that the carrying amount of the Indirect CGU as at February 29, 2024 is negative due to the negative net working capital allocated to the CGU.

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 29, 2024, 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 29, 2024	FCF of Terminal Plan	
(in millions of Euro)		
Sensitivity Difference RA vs. CA	0.0%	(20.0%)
Retail CGU	226	179
Indirect CGU	43	36
B2B CGU	20	11

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 29, 2024		Carrying Amount (CA)	Recoverable Value (RA)	RA vs. CA
(in millions of Euro)				
Retail CGU	EUR/mln	8	149	141

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 at February 29, 2024 and February 28, 2023:

(in thousands of Euro)	Balance at February 29, 2024			Balance at February 28, 2023		
	Historic cost	Acc. Amort.	Net book value	Historic cost	Acc. Amort.	Net book value
Software	141,475	(88,979)	52,496	119,272	(74,403)	44,869
Concessions, licences and trademarks	33,290	(10,157)	23,132	13,436	(9,822)	3,614
Key money	1,572	(1,572)	-	1,572	(1,572)	-
Intangible assets in progress	644	-	644	791	-	791
Total intangible assets with finite useful life	**176,980**	**(100,708)**	**76,272**	**135,071**	**(85,797)**	**49,274**

Changes in "Intangible assets with finite useful life" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Software	Concessions, licenses and brands	Key money	Intangible assets under construction	Total
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. Deprec.	-	-	-	-	-
Balance at February 28, 2023	**44,869**	**3,614**	**-**	**791**	**49,274**
Initial consolidation Covercare	2,653	23,669	-	-	26,322
Increases	19,635	267	-	1,938	21,840
Decreases	-	(39)	-	(710)	(750)
(Amortisation and write-downs)/revaluations	(14,662)	(763)	-	(1,374)	(16,799)
Decreases Accum. Deprec.	-	-	-	-	-
Reclassification of discontinued operations	-	(3,615)	-	-	(3,615)
Balance at February 29, 2024	**52,496**	**23,132**	**-**	**644**	**76,272**

With regard to the year ended February 29, 2024, changes resulting from the inclusion of Covercare S.p.A. in the consolidation scope include the allocation of the price paid as part of the business combination. In particular, as reported in paragraph 5.29 Business Combinations, the difference between the consideration paid and the assets acquired and the liabilities assumed is allocated, at the acquisition date, for Euro 25,799 thousand to intangible assets with indefinite useful life (software, customer relationship and brand), to the related taxation and, residually, to goodwill.

The increases net of decreases in the category "assets under construction" totalled Euro 21,130 thousand and were mainly attributable to the category “Software”.

Increases in “Software” for Euro 19,635 thousand mainly concern the parent company and regard investments in technological developments and the strengthening of the omnichannel strategy and technological infrastructure.

Assets under construction of Euro 644 thousand relate to the introduction of new software and existing software.

Amortisation, depreciation and write-downs amount to Euro 16,799 thousand in FY 2023/24 and include write-downs of Euro 1,374 thousand.

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.

5.4 Right-of-use assets

The balance of "Right-of-use assets" by category as at February 29, 2024 and February 28, 2023 is shown below:

(in thousands of Euro)	Balance at February 29, 2024			Balance at February 28, 2023		
	Historic cost	Acc. Amort.	Net book value	Historic cost	Acc. Amort.	Net book value
Buildings	699,341	(322,323)	377,018	669,973	(254,447)	415,526
Cars	8,426	(4,761)	3,665	4,690	(3,040)	1,650
Other Assets	9,928	(5,992)	3,936	9,868	(4,315)	5,553
Total intangible assets with finite useful life	**717,695**	**(333,076)**	**384,619**	**684,531**	**(261,801)**	**422,729**

Changes in "Right-of-use assets" for the period from February 28, 2023 to February 29, 2024 are shown below:

(In thousands of Euro)	Buildings	Cars	Other assets	Total
Balance at February 28, 2023	**415,526**	**1,650**	**5,553**	**422,729**
Initial consolidation Covercare	1,480	1,540	52	3,073
Increases/(Decreases)	30,166	1,494	-	31,660
(Amortisation and write-downs)/revaluations	(68,146)	(1,020)	(1,670)	(70,835)
Reclassification of discontinued operations	(2,008)	-	-	(2,008)
Balance at February 29, 2024	**377,018**	**3,665**	**3,936**	**384,619**

The increases recorded during the year mainly refer to 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, 2022 to February 29, 2024 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, 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**
Initial consolidation Covercare	106	255	42	514	-	56	159	1,132	20	1,152
Provisions/Releases to the income statement	(251)	121	(5)	(819)	-	(204)	192	(967)	(6,685)	(7,651)
Provisions/Releases to the statement of comprehensive income	-	-	-	-	545	-	-	545	-	545
Balance at February 29, 2024	**729**	**3,359**	**2,196**	**2,267**	**229**	**2,933**	**1,762**	**13,474**	**25,685**	**39,159**

The balance as at February 29, 2024, amounting to Euro 39,159 thousand, consists mainly of: (i) temporary differences mainly attributable to provisions and goodwill in the amount of Euro 13,474 thousand and (ii) deferred tax assets recognised on tax losses in the amount of Euro 25,685 thousand.

The IRES tax losses still available from the income tax estimate made on presenting the financial statements at February 29, 2024 with reference to Unieuro amount to Euro 255.4 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 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, 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**
Initial consolidation Covercare	6,081	-	6,081
Provisions/Releases to the income statement	227	(1,114)	(887)
Provisions/Releases to the statement of comprehensive income	-	-	-
Reclassification of discontinued operations	(922)	-	(922)
Balance at February 29, 2024	**8,753**	**(535)**	**8,218**

Deferred tax liabilities related to Intangible Assets arise mainly from goodwill having a statutory value different from the value relevant for tax purposes. With regards to the effect from the initial consolidation of Covercare, the account concerns the deferred taxes calculated on the price allocated to the intangible assets, as outlined in paragraph 5.29 Business Combinations (Covercare Group).

The reclassification of discontinued operations concerns the deferred tax liabilities relating to the allocation of the price allocation as part of the business combination of Monclick S.r.l. in liquidation.

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 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Prepaid expenses and accrued income	5,363	5,398
Contract assets	10,191	10,094
VAT credits	451	-
Tax credits	1,887	4,290
Financial receivables from leases - current portion	1,715	1,490
Other current financial assets	294	60,281
Other current assets	2,863	1,187
Other current assets	**22,764**	**82,740**
Financial receivables from leases - non-current portion	11,255	13,577
Deposit assets	3,198	3,019
Other non-current assets	8,341	8,310
Other non-current assets	**22,794**	**24,906**
Total Other current assets and Other non-current assets	**45,558**	**107,646**

"Prepaid expenses and accrued income" amounting to Euro 5,363 thousand at February 29, 2024 (Euro 5,398 thousand at February 28, 2023), mainly includes prepaid expenses referring to insurance, condominium expenses and other operating costs that were paid before February 29, 2024 and referring to future years.

"Contract assets" amounting to Euro 10,191 thousand at February 29, 2024 (Euro 10,094 thousand at February 28, 2023), includes costs for obtaining contracts qualifying as contract costs, represented by bonuses paid to employees for each additional sale of extended warranty services.

"VAT credits" amounted to Euro 451 thousand at February 29, 2024 and include the VAT receivable of the subsidiary Covercare.

”Tax credits” amounted to Euro 1,887 thousand at February 29, 2024 (Euro 4,290 thousand at February 28, 2023), with the decrease principally concerning the offsetting of tax credits for the purchase of electricity.

”Other current financial assets” of Euro 294 thousand at February 29, 2024 (Euro 60,281 thousand at February 28, 2023) include the financial instruments held by the subsidiary Covercare at the reporting date. During the previous year, the item included Ordinary Treasury Bonds and Long-Term Treasury Bonds held by the Parent Company. The securities are measured at fair value through the comprehensive income statement.

”Other current assets" of Euro 2,863 thousand at February 29, 2024 (Euro 1,187 thousand at February 28, 2023) 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 29, 2024	February 28, 2023
Merchandise	447,382	457,625
Consumables	2,133	881
Gross inventory	**449,515**	**458,506**
Inventory obsolescence provision	(13,751)	(12,474)
Total inventories	**435,764**	**446,032**

Gross inventories totalled Euro 449,515 thousand at February 29, 2024, compared to Euro 458,506 thousand at February 28, 2023, a reduction of Euro 8,991 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, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	**Inventory obsolescence provision**
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)**
Initial consolidation Covercare	(820)
Direct write-down	-
Provisions	(881)
Reclassifications	-
Release to income statement	-
Utilisations	375
Reclassification of discontinued operations	48
Balance at February 29, 2024	**(13,751)**

The increase in the inventory obsolescence provision of Euro 1,277 thousand is due to the adjustment for the write-down of the value of goods at February 29, 2024.

5.8 Trade receivables

Below is a breakdown of “Trade receivables" at February 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Trade receivables – third parties	54,395	68,284
Gross trade receivables	**54,395**	**68,284**
Bad debt provision	(1,611)	(2,203)
Total trade receivables	**52,784**	**66,081**

The value of receivables, mainly referring to the Indirect and B2B channels, decreased by Euro 13,889 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, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Bad debt provision
Balance at February 28, 2022	**(2,318)**
Provisions	(332)
Release to income statement	-
Utilisations	447
Balance at February 28, 2023	**(2,203)**
Initial consolidation Covercare	(695)
Provisions	-
Release to income statement	510
Utilisations	491
Reclassification of discontinued operations	286
Balance at February 29, 2024	**(1,611)**

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 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
IRAP credits	451	348
IRES receivables	2,615	4,851
Total current tax assets	**3,066**	**5,199**

Current income tax assets amounted to Euro 3,066 thousand at February 29, 2024 (Euro 5,199 thousand at February 28, 2023). This refers to the receivable balance of estimated income taxes in the fiscal year to February 29, 2024 and includes the balance for current taxes due, which more than offset the receivable for payments on account and withholding taxes incurred.

Current tax liabilities

Below is a breakdown of "Current tax liabilities" at February 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
IRAP payables	-	-
IRES payables	692	-
Taxes payable	1,041	1,041
Total current tax liabilities	**1,733**	**1,041**

At February 29, 2024, “current tax liabilities” were recognised for Euro 1,733 thousand. IRES payables concern for Euro 692 thousand the balance of current taxes due, net of advances paid in the fiscal year.

5.10 Cash and cash equivalents

"Cash and cash equivalents" at February 29, 2024 and February 28, 2023 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	**February 28, 2023**
Bank accounts and deposit accounts	97,406	55,376
Cash	8,192	11,277
Total cash and cash equivalents	**105,598**	**66,653**

Cash and cash equivalents amounted to Euro 105,598 thousand at February 29, 2024 and Euro 66,653 thousand at February 28, 2023. The item 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 2023/24 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	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, 2023	**4,140**	**828**	**62,198**	**-**	**214**	**(31)**	**5,416**	**20,621**	**31,143**	**124,528**	**-**	**124,528**
Profit/(loss) for the year	-	-	-	-	-	-	-	-	(17,426)	(17,426)	31	(17,395)
Other components of comprehensive income	-	-	-	(1,271)	(235)	(107)	-	-		(1,612)	-	(1,612)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,271)**	**(235)**	**(107)**	**-**	**-**	**(17,426)**	**(19,038)**	31	(19,007)
Business combinations	-	-	-	-	-	-	-	-	-	-	(16)	(16)
Allocation of prior year result	-	-	2,078	-	-	-	-	(3,419)	1,341	-	-	-
Distribution dividends	-	-	-	-	-	-	-	-	(9,848)	(9,848)	-	(9,848)
Purchase of Treasury Shares	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment settled with equity instruments	-	-	-	-	-	-	(2,129)	4,756	(1,535)	1,092	-	1,092
Other changes	-	-	-	-	-	-	-	107	-	107	5	112
Total transactions with shareholders	**-**	**-**	**2,078**	**-**	**-**	**-**	**(2,129)**	**1,445**	**(10,042)**	**(8,649)**	**(11)**	**(8,661)**
Balance at February 29, 2024	**4,140**	**828**	**64,276**	**(1,271)**	**(21)**	**(138)**	**3,287**	**22,066**	**3,675**	**96,842**	**19**	**96,861**

Shareholders' Equity of Euro 96,861 thousand at February 29, 2024 (Euro 124,528 thousand at February 28, 2023) decreased in the year, mainly due to (i) the distribution of the dividend approved by the Shareholders' Meeting for Euro 9,848 thousand, partially offset by (ii) the recognition of the consolidated net profit and of other comprehensive income statement items for Euro 19,007 thousand.

Share capital at February 29, 2024 is Euro 4,140 thousand, divided into 20,698,621 shares.

The Reserves are shown below:

- the legal reserve amounts to Euro 828 thousand at February 29, 2024 (Euro 828 thousand at February 28, 2023), including allocations of profits to the extent of 5% for each fiscal year. The reserve has reached the limit set out under Article 2430 of the Civil Code.

- the Extraordinary Reserve amounting to Euro 64,276 thousand at February 29, 2024 (Euro 62,198 thousand at February 28, 2023); this reserve increased during the period as a result of the allocation of the profit for the year resolved by the Shareholders' Meeting;

- the cash flow hedge reserve, amounting to negative Euro 1,271 thousand as of February 29, 2024, includes the recognition of the Power Purchase agreement derivative under hedge accounting, net of the tax effect.

- the reserve for actuarial gains and losses on defined benefit plans amounting to a negative Euro 138 thousand at February 29, 2024 (negative Euro 31 thousand at February 28, 2023); the reserve changed 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 negative Euro 3,287 thousand at February 29, 2024 (Euro 5,416 thousand at February 28, 2023); the reserve changed mainly due to the recognition of the 2020-2025 performance share plan. For more details see Note 5.28.

- other reserves amounting to negative Euro 22,066 thousand at February 29, 2024 (Euro 20,621 thousand at February 28, 2023); the change concerns the allocation of the net result of the subsidiary Monclick.

- "Minority interests”, amounting to Euro 19 thousand, include the minority interests of the subsidiaries of the Covercare Group.

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 FY2023/24, the Company did not engage in any transactions involving the purchase or disposition of treasury shares. As of February 29, 2024, 368,776 treasury shares were held, accounting for 1.78% of the share capital.

During the fiscal year ended February 29, 2024, there are no assets earmarked for a specific business.

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 reconciliation between the parent company's shareholders' equity and the consolidated shareholders' equity at February 29, 2024 is shown below:

(in millions of Euro)	Shareholders' equity as at February 29, 2024	Net income/(loss) to February 29, 2024
Balances from the Parent Company's financial statements	**101.0**	**(15.8)**
Difference between carrying amount of investments and profit/(loss)	(80.7)	11.2
Allocation of goodwill, brand, software and customer list, net of tax effect	79.4	(10.0)
Other consolidation adjustments	(2.8)	(2.8)
Consolidated Financial Statements of the Group	**96.9**	**(17.4)**

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 income/(loss) to 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**

5.12 Financial liabilities

Current and non-current "Financial liabilities" at February 29, 2024 and February 28, 2023 are detailed below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Current financial liabilities	19,825	-
Non-current financial liabilities	14,951	-
Total financial payables	**34,776**	**-**

The increase in the item is related to the signing of the medium-long term loan agreement, granted by BNL to the parent company, for a nominal Euro 40,000 thousand for the acquisition of the Covercare Group on December 4, 2023. The loan agreement stipulates the repayment in equal instalments on a quarterly basis by November 30, 2025. The balance at February 29, 2024 is Euro 34,776 thousand. Interest on the loan is at a floating rate, calculated considering Euribor plus a contractually stipulated spread.

The loans are measured by the amortised cost method based on the provisions of IFRS 9, and therefore their value is reduced by the ancillary charges on the loans, amounting to Euro 286 thousand as of February 29, 2024.

We also note that the Group has four Committed Credit Facilities in place at February 29, 2024, including Euro 150.0 million of medium- to long-term cash loan on a revolving basis. At February 29, 2024 and February 28, 2023, the Credit Lines had not 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 29, 2024, the covenant had been fulfilled.

Below is a breakdown of the composition of net financial debt at February 29, 2024 and February 28, 2023, in accordance with ESMA guideline 32-382- 1138 dated 4/3/2021[48]:

(in millions of Euro)	Year ended			
	February 29, 2024	*of which related parties*	**February 28, 2023**	*of which related parties*
(A) Cash	105.6	-	51.7	-
(B) Cash equivalents	0.0	-	15.0	-
(C) Other current financial assets	0.3	-	60.3	-
(D) Liquidity (A)+(B)+(C)	**105.9**	**-**	**126.9**	**-**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(14.3)	-	-	-
(F) Current portion of non-current financial debt	(91.4)	-	(70.5)	-
(G) Current financial Indebtedness (E)+(F)	**(105.7)**	**-**	**(70.5)**	**-**
(H) Net current financial Indebtedness (G)-(D)	**0.2**	**-**	**56.4**	**-**
(I) Non-current financial debt (excluding the current portion and debt instruments)	(367.1)	-	(379.5)	-
(J) Debt instruments	-	-	-	-
(K) Trade payables and other payables	-	-	-	-
(L) Non-current financial Indebtedness (I)+(J)+(K)	**(367.1)**	**-**	**(379.5)**	**-**
(M) Total financial Indebtedness (H)+(L)	**(366.9)**	**-**	**(323.1)**	**-**

The following table presents “Other current financial payables” and “Other non-current financial payables” for the year ended February 29, 2024 and February 28, 2023. Reference should be made to Note 5.14 “Other financial liabilities” for further details.

(In thousands of Euro)	Year ended	
	February 29, 2024	**February 28, 2023**
Other financial liabilities	85,847	70,530
Other current financial payables	**85,847**	**70,530**
Other financial liabilities	352,145	379,521
Other non-current financial payables	**352,145**	**379,521**
Total other financial payables	**437,992**	**450,051**

[48] 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.

5.13 Employee benefits

Changes in "Employee benefits" for the fiscal year from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	
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**
Initial consolidation Covercare	397
Reclassification of liabilities from discontinued operations	(437)
Service Cost	36
Interest Cost	393
Transfers in/(out)	90
Settlements/advances	(715)
Actuarial (gain)/losses	(55)
Balance at February 29, 2024	**10,964**

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 and the End of Service benefits in favour of members of the Board of Directors. Severance pay, regulated by legislation in Civil Code Article 2120, and the End of Service benefit are 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 29, 2024 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 29, 2024**	**February 28, 2023**
Inflation rate	2.00%	2.30%
Discount rate	3.43%	3.73%
Severance pay increase rate	3.00%	3.23%

	Year ended	
Demographic assumptions	**February 29, 2024**	**February 28, 2023**
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 29, 2024, 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 29, 2024	
Changes in the parameter	**UNIEURO**	**GROUP COVERCARE**
Increase in turnover rate of 1%	10,491	518
Decrease in turnover rate of 1%	10,390	513
Increase in inflation rate of 0.25%	10,561	526
Decrease in inflation rate of 0.25%	10,328	506
Increase in discounting rate of 0.25%	10,262	503
Decrease in discounting rate of 0.25%	10,631	528

Details of the economic and demographic assumptions used for actuarial valuation purposes of the End of Service benefit are given below:

End of Service benefit economic assumptions	**Fiscal year ending February 29, 2024**
Discount rate	3.43%
Annual compensation revaluation rate	0.00%

Demographic assumptions	**Fiscal year ending February 29, 2024**
Probability of death	The RG48 mortality tables published by the General State Controller
Probability of incapacity	INPS tables by age and gender
Frequency of revocation of mandate	0.00%

The sensitivity analysis at February 29, 2024, increasing and decreasing the discount rate by 0.25% and -0.25%, is reported below. The results obtained can be summarised in the table below:

Changes in the parameter	**Fiscal year ending February 29, 2024**
Increase in discounting rate of 0.25%	29,718
Decrease in discounting rate of 0.25%	30,616

5.14 Other financial liabilities

Below is a breakdown of current and non-current "Other financial liabilities" at February 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Payables to leasing companies	70,866	70,214
Payables for equity investments and business units	14,313	-
Other financial payables	668	316
Other current financial liabilities	**85,847**	**70,530**
Payables to leasing companies	341,051	379,521
Payables for equity investments and business units	10,000	-
Fair value of derivative instruments	1,094	-
Other non-current financial liabilities	**352,145**	**379,521**
Total financial payables	**437,992**	**450,051**

Lease liabilities

Lease liabilities totalled Euro 411,917 thousand at February 29, 2024 and Euro 449,735 thousand at February 28, 2023. 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. The cash flows referring to lease liabilities are shown below.

(In thousands of Euro)	Balance at February 29, 2024	Within 12M	Between 12M and 60M	Over 60M	Total
Payables to leasing companies	411,917	70,866	220,993	120,117	411,917
Total	**411,917**	**70,866**	**220,993**	**120,117**	**411,917**

Payables for equity investments and business units

Payables for equity investments and business units totalled Euro 24,313 thousand at February 29, 2024 (Euro zero thousand at February 28, 2023). The increase in the item is attributable to the portion of the consideration for the full acquisition of Covercare S.p.A. that will be recognised by October 2024, as well as the payable recorded as earnout, to be recognised by June 2026, subject to, among others, the achievement of a specific profitability target in fiscal year 2025/26. Given that the achievement of these targets is currently considered probable, management considered this amount to be a part of the acquisition payment and has therefore recognised the payable to the sellers.

5.15 Provisions

Changes in “Provisions" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Provisions for tax disputes	Provisions for other disputes	Other risks provision	Total
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*
Initial consolidation Covercare	2,171	-	200	2,371
Provisions	-	806	90	897
Utilisations/Releases	-	(1,313)	-	(1,313)
Balance at February 29, 2024	**2,969**	**6,683**	**4,660**	**14,310**
- of which current portion	*-*	*1,182*	*617*	*1,799*
- of which non-current portion	*2,969*	*5,501*	*4,042*	*12,511*

"Provision for tax disputes" amounting to Euro 2,969 thousand at February 29, 2024 is set aside mainly to cover liabilities that may arise as a result of tax disputes.

”Provisions for other disputes” amounted to Euro 6,683 thousand at February 29, 2024 and to Euro 7,190 thousand at February 28, 2023, with the decrease mainly concerning the release following the conclusion of a number of civil disputes in favour of the parent company.

"Other provisions for risks" amounted to Euro 4,660 thousand at February 29, 2024 and Euro 4,399 thousand at February 28, 2023. 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 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Contract liabilities	237,235	210,277
Payables to personnel	44,440	42,278
VAT payables	12,985	10,862
Social security institutions	3,138	3,564
IRPEF payables	3,966	3,949
Deferred income and accrued liabilities	6,581	9,165
Monetary Bonus Long Term Incentive Plan	-	176
Other tax payables	28	42
Other current liabilities	-	13
Total Other current liabilities	**308,373**	**280,326**
Deposit liabilities	26	26
Monetary Bonus Long Term Incentive Plan	614	967
Total other non-current liabilities	**640**	**993**
Total other current and non-current liabilities	**309,013**	**281,319**

"Other current and non-current liabilities" report an increase of Euro 27,694 thousand in the year ended February 29, 2024 compared to the year ended February 28, 2023. The increase in the account in the year under review is mainly attributable to contract liabilities.

The balance of "Other current liabilities" is mainly composed of:

- contract liabilities amounting to Euro 237,235 thousand at February 29, 2024 (Euro 210,277 thousand at February 28, 2023) 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 44,440 thousand at February 29, 2024 (Euro 42,278 thousand at February 28, 2023) 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 12,985 thousand at February 29, 2024 (Euro 10,862 thousand at February 28, 2023) consisting of payables arising from the VAT settlement referring to February 2024;

- deferred income and accrued liabilities in the amount of Euro 6,581 thousand at February 29, 2024 (Euro 9,165 thousand at February 28, 2023) 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 640 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 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	**February 28, 2023**
Trade payables – third parties	551,916	596,025
Gross trade payables	**551,916**	**596,025**
Bad debt provision - amount due from suppliers	863	1,294
Total trade payables	**552,779**	**597,319**

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 decreased by Euro 44,109 thousand at February 29, 2024 compared to February 28, 2023, mainly due to the decrease in volumes.

Changes in the “Bad debt provision - amounts due from suppliers” for the year from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	**Bad debt provision - amount due from suppliers**
Balance at February 28, 2022	**1,824**
Provisions	-
Release to income statement	(318)
Utilisations	(212)
Balance at February 28, 2023	**1,294**
Provisions	-
Release to income statement	(326)
Utilisations	(105)
Balance at February 29, 2024	**863**

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 29, 2024	%	February 28, 2023	%	2024 vs. 2023	%
Retail	1,845,682	70.1%	1,966,160	69.9%	(120,478)	(6.1%)
Online	434,309	16.5%	501,557	17.8%	(67,248)	(13.4%)
Indirect	235,727	9.0%	243,728	8.7%	(8,001)	(3.3%)
B2B	119,216	4.5%	99,724	3.5%	19,492	19.5%
Total revenues by channel	**2,634,934**	**100.0%**	**2,811,169**	**100%**	**(176,235)**	**(6.3%)**

The Retail channel (70.1% of total revenues) - which at February 29, 2024 comprised 271 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 1,845,682 thousand in FY 2023/24, decreasing 6.1% on the previous year. The channel’s performance in FY 2023/24 reflects the consumer electronics market, impacted by the contraction in demand for Brown and Information Technology category products, partially offset by the strong entertainment, large domestic appliance and telecom segment performance.

The Online channel (16.5% of total revenues) - which includes the unieuro.it platform - generated revenues of Euro 434,309 thousand in 2023/24, down 13.4% on the previous year (Euro 501,557 thousand). The decrease in online channel revenues compared to the previous year mainly relates to a decline in demand for the Brown and Grey categories, reflecting the Group's business strategy and market trends.

The Indirect channel (9.0% of total revenues) - which includes sales made to the network of affiliated stores comprising a total of 254 sales points at February 29, 2024 - reports revenues of Euro 235,727 thousand, contracting 3.3% on the previous year (Euro 243,728 thousand in the fiscal year ended February 28, 2023). The decline in Consumer Electronics more than offset the good performance of all other product categories.

The B2B channel (4.5% 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 119,216 thousand in FY 2023/24, up 19.5% on the previous year (Euro 99,724 thousand to February 28, 2023), thanks to greater product availability and the contribution of sales revenues from the Covercare Group, included in the consolidation scope as of December 1, 2023.

A breakdown of revenues by category is shown below:

(in millions of Euro and as a percentage of revenues)	**Year ended**				**Changes**	
	February 29, 2024	**%**	**February 28, 2023**	**%**	**2024 vs 2023**	**%**
Grey	1,290,794	49.0%	1,342,263	47.7%	(51,469)	(3.8%)
White	767,467	29.1%	767,933	27.3%	(466)	(0.1%)
Brown	274,630	10.4%	414,467	14.7%	(139,837)	(33.7%)
Other products	147,004	5.6%	135,857	4.8%	11,147	8.2%
Services	155,039	5.9%	150,649	5.4%	4,390	2.9%
Total revenues by category	**2,634,934**	**100.0%**	**2,811,169**	**100.0%**	**(176,235)**	**(6.3%)**

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 (49.0% of total revenues) - i.e. phones, tablets, information technology, phone accessories, cameras, in addition to all wearable products - generated revenues of Euro 1,290,794 thousand, down 3.8% on FY 2022/23 (Euro 1,342,263 thousand). Performance in the Grey category in FY 2023/24 was affected by the settling of consumption in the Information Technology segment, due to the contraction in demand following the pandemic and, to a lesser extent, the decline in the telephony segment, after years of steady growth.

The White category (29.1% of total revenues) - comprising major domestic appliances (MDA), such as washing machines, dryers, refrigerators or freezers and stoves, small domestic appliances (SDA), such as vacuum cleaners, food processors and coffee machines, in addition to the air conditioning segment, generated revenues of Euro 767,467 thousand, down 0.1% on the previous year. Sales in fiscal year 2023/24 saw growth in the large domestic appliance segment, which offset the decline in the small domestic appliances and home comfort segments.

The Brown category (10.4% of revenues) - including televisions and related accessories, audio devices, smart TV devices, car accessories and data storage systems - reported revenues of Euro 274,630 thousand, a contraction of 33.7% on the previous fiscal year. The contraction in FY 2023/24 is in line with the market trend, which reflects extraordinary sales related to the TV frequency switch-off and the introduction of the TV Bonus in previous years.

The Other Products category (5.6% 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 147,004 thousand, increasing 8.2% on the previous year (Euro 135,857 thousand). The entertainment segment saw strong growth in the year thanks to gaming console sales.

The Services category (5.9% of total revenues) - which includes, among others, sales of extended warranties, installation services, home deliveries, repair services and consumer credit services - reported revenues of Euro 155,039 thousand, up 2.9% on FY 2022/23 (Euro 150,649 thousand), thanks to the strong consumer credit services sales which offset the drop in installation services.

The breakdown of revenues by geographic area is presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Overseas	5,335	2,900
Italy	2,629,599	2,808,269
Total	**2,634,934**	**2,811,169**

5.19 Other income

"Other income" for the fiscal year to February 29, 2024 and to February 28, 2023 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Insurance reimbursements	40	85
Other income	628	865
Total other income	**668**	**938**

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 2023/24 and FY 2022/23 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Purchases of goods	2,072,858	2,207,213
Transport	81,104	85,594
Marketing	36,233	43,807
Utilities	17,383	28,606
Maintenance and rental charges	17,551	16,775
General sales expenses	14,419	16,553
Other costs	34,607	41,384
Consultancy	10,785	9,137
Purchase of consumables	33	905
Travel and transfer	944	785
Remuneration of administrative and supervisory bodies	1,693	859
Total Purchase of Materials and external services	**2,287,610**	**2,451,618**
Change in inventory	9,872	15,988
Total, including changes in inventories	**2,297,482**	**2,467,606**

“Purchase of materials and external services”, taking account of the “Change of inventories”, amounts to Euro 2,297,482 thousand, decreasing Euro 170,124 thousand on FY 2022/23. The reduction is mainly due to the “Purchase of goods” and “Changes in inventories” items for Euro 140,471 thousand, whose movement relates to the lower volumes and the differing mix of purchases compared to the previous year.

”Transport” decreased from Euro 85,594 thousand to Euro 81,104 thousand in FY 2023/24. This reduction relates to the lower volumes handled due to lower sales in the year under review and a different product mix. They accounted for 3.1% of consolidated revenues in 2023/24 (3.0% in 2022/23).

”Marketing” amounted to Euro 36,233 thousand in FY 2023/24 (Euro 43,807 thousand in FY 2022/23). This decrease is chiefly due to close cost management and an altered mix of marketing initiatives. It accounted for 3.1% of consolidated revenues in FY 2023/24 (1.6% in the previous year).

”Utilities” decreased by Euro 11,223 thousand compared to FY 2022/23 due to a significant reduction in the cost of electricity following a drop in the average market price of energy compared to the previous year, in addition to a reduction in consumption due to energy efficiency actions.

”Maintenance and Rental charges” amounted to Euro 17,551 thousand in FY 2023/24 (Euro 16,775 thousand in FY 2022/23). They accounted for 0.7% of consolidated revenues, substantially unchanged on FY 2022/23.

”General sales expenses” amounted to Euro 14,419 thousand in FY 2023/24, decreasing on the previous fiscal year (Euro 16,553 thousand). The account mainly includes costs for commissions on sales transactions and the reduction relates to the lower volumes in the fiscal year; they accounted for 0.5% of revenues (0.6% in FY 2022/23).

”Other costs” include principally costs for variable rents, condominium expenses, motor vehicles, hire, cleaning, insurance and security. They decreased Euro 6,777 thousand on the comparative year. The trend is mainly attributable to a reduction in variable rental fees due to lower sales volumes.

”Consultancy” increased from Euro 9,137 thousand in FY 2022/23 to Euro 10,785 thousand in FY 2023/24.
The increase is related to costs incurred for the Covercare acquisition transaction.

5.21 Personnel costs

”Personnel costs” for FY 2023/24 and FY 2022/23 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Salaries and wages	149,015	149,673
Welfare expenses	44,777	43,694
Severance pay	9,221	9,713
Other personnel costs	1,647	2,369
Total personnel costs	**204,660**	**205,449**

Personnel costs decreased from Euro 205,449 thousand in FY 2022/23 to Euro 204,660 thousand in FY 2023/24, a decrease of Euro 789 thousand on FY 2022/23.

The decrease in the account reflects the optimisation of sales network personnel costs in the fiscal year, partially offset by the increase from the inclusion of the Covercare Group.

”Other personnel costs” of Euro 1,647 thousand in FY 2023/24 (Euro 2,369 thousand in FY 2022/23), 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 2023/24 and FY 2022/23 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Non-income based taxes	5,214	5,512
Provision/(release) for supplier bad debts	(326)	(318)
Provision/(release) for write-down of receivables	(510)	15
Other operating expenses	1,390	238
Total other operating costs and expenses	**5,768**	**5,713**

"Other operating costs and expenses" increased from Euro 5,713 thousand in FY 2022/23 to Euro 5,768 thousand in FY 2023/24, substantially in line with the previous year.

"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 2023/24 and FY 2022/23 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Depreciation Plant, machinery, equipment and other assets	21,363	21,437
Depreciation right-of-use assets	70,835	72,544
Amortisation Intangible assets with finite useful lives	15,425	12,360
Write-downs of plant, machinery, equipment and other assets and intangible assets with finite useful life	2,062	-
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	**109,685**	**105,866**

"Amortisation, depreciation and write-downs" increased from Euro 105,866 thousand in FY 2022/23 to Euro 109,685 thousand in FY 2023/24, an increase of Euro 3,819 thousand.

"Write-downs of plant, machinery, equipment and other assets and intangible assets with finite useful life" increased mainly due to the roll out of new IT systems on the sales network.

5.24 Financial income and expenses

Below is a breakdown of “Financial income" in FY 2023/24 and FY 2022/23:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Other financial income	219	268
Interest income	1,221	237
Total financial income	**1,440**	**505**

“Financial income” increased from Euro 505 thousand in FY 2022/23 to Euro 1,440 thousand in FY 2023/24, an increase of Euro 935 thousand.

The breakdown of the “Financial expenses” is shown below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Interest expense on bank loans	1,150	136
Other financial expenses	10,506	13,394
Total Financial Expenses	**11,656**	**13,531**

”Financial expenses” decreased from Euro 13,531 thousand in FY 2022/23 to Euro 11,656 thousand in FY 2023/24, a decrease of Euro 1,875 thousand (14.0%).

”Interest expense on bank loans” increased in FY 2023/24 by Euro 1,014 thousand on the previous fiscal year, mainly due to the bank loan undertaken for the acquisition of Covercare S.p.A..

“Other financial expenses” amounted to Euro 10,506 thousand in FY 2023/24 (Euro 13,394 thousand in FY 2022/23). The increase mainly concerns the discounting of the Ecobonus credits.

5.25 Income taxes

Below is a breakdown of “Income taxes" in FY 2023/24 and FY 2022/23:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Current taxes	(2,656)	(2,463)
Deferred taxes	(6,764)	987
Total	**(9,420)**	**(1,476)**

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 29, 2024	%	February 28, 2023	%
Pre-tax result for the period	**7,791**		**14,446**	
Theoretical income taxes (IRES)	(1,870)	24.0%	(3,467)	24.0%
IRAP	(1,879)	(24.1%)	(1,962)	(13.6%)
Tax effect of permanent and other differences	(5,671)	(72.8%)	3,953	27.4%
Income taxes	**(9,420)**		**(1,476)**	
(Provision)/release to taxes provision and taxes payable				
Total income taxes	**(9,420)**		**(1,476)**	
Effective tax rate		**(121.0%)**		**(10.2%)**

In FY 2023/24 and FY 2022/23, the percentage of taxes on the pre-tax result was respectively 121.0% and 10.2%. The increased percentage in FY 2023/24 is related to the use of deferred tax assets on past losses in the calculation of current taxes for the year. Deferred tax assets on past losses recognised are consistent with tax projections for future years.

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.

5.26 Basic and diluted earnings per share[49]

Basic earnings per share was calculated by dividing the consolidated Group 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 29, 2024	February 28, 2023
Group result from continuing operations [A]	(1,660)	12,970
Number of shares (in thousands) considered in calculating basic earnings per share[B]	20,329	20,099
Basic earnings per share (in Euro) [A/B]	**(0.08)**	**0.65**
Group net result [A]	(17,426)	10,193
Number of shares (in thousands) considered in calculating basic earnings per share[B]	20,329	20,099
Basic earnings per share (in Euro) [A/B]	**(0.86)**	**0.65**

Details of the calculation of diluted earnings per share are shown in the table below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Group result from continuing operations [A]	(1,660)	12,970
Average number of shares (in thousands) [B]	20,220	20,099
Effect of stock options at issue [C] (1)	-	-
Diluted earnings per share (in Euro) [A/(B+C)]	**(0.08)**	**0.65**
Group net result [A]	(17,426)	10,193
Average number of shares (in thousands) [B]	20,220	20,099
Effect of stock options at issue [C] (1)	-	-
Diluted earnings per share (in Euro) [A/(B+C)]	**(0.86)**	**0.51**

(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.

[49] Basic and diluted earnings per share as of February 28, 2023 have been restated in light of the application of IFRS 5 with reference to the subsidiary Monclick S.r.l. in liquidation.

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 29, 2024	February 28, 2023
Cash flow from operations		
Consolidated profit/(loss) for the consolidated year	(17,395)	10,193
Adjustments for:		
Income taxes	9,420	855
Net financial expenses (income)	10,216	12,998
Amortisation, depreciation and write-downs of fixed assets	109,685	106,431
Other changes	16,858	1,290
Net cash flow generated/(absorbed) from operating activities before changes in Net Working Capital	**128,784**	**131,767**
Changes in:		
- Inventories	9,872	16,018
- Trade receivables	20,419	(23,093)
- Trade payables	(47,205)	17,553
- Other changes in operating assets and liabilities	11,538	(13,264)
Cash flow generated/(absorbed) by operating activities	(5,376)	**(2,786)**
Taxes paid	(562)	-
Interest paid	(10,441)	(10,544)
Net cash flow generated/(absorbed) by operating activities	**112,405**	**118,437**
Net cash flow generated/(absorbed) from discontinued operations	**(4,530)**	**-**

Consolidated cash flows of Euro 112,405 thousand were generated by operating activities (generation of Euro 118,437 thousand in the previous fiscal year to February 28, 2023). The cash movements compared to the previous year relates to the Group's earnings performance and net working capital movements.

Net cash flow generated/(absorbed) from discontinued operations report an absorption of Euro 4,530 thousand and includes the contribution of Monclick S.r.l. in liquidation.

Cash flow generated by investing activities (B)

(Euro thousands)	Year ended	
	February 29, 2024	February 28, 2023
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(19,578)	(17,651)
Purchase of intangible assets	(20,671)	(21,526)
Investments in current FVOCI securities		(60,000)
Divestment of current FVOCI securities	60,540	
Investments for business combinations net of cash acquired and business units	(8,515)	364
Cash flow generated/(absorbed) by investment activities	**11,777**	**(98,813)**

Investment activities generated cash of Euro 11,777 thousand in the fiscal year ended February 29, 2024, compared to cash absorption of Euro 98,813 thousand in the fiscal year ended February 28, 2023.

The main Group needs in 2023/24 concerned:

- investments in plant, machinery and equipment for Euro 19,578 thousand, mainly concerning work on outlets during the period;
- investments in intangible assets for Euro 20,671 thousand concern the costs incurred for investments in technological developments and the strengthening of the omnichannel strategy and of the technological infrastructure.

During the first half of the fiscal year, Ordinary Treasury Bonds and Long-Term Treasury Bonds reached maturity, with their consequent settlement for Euro 60,540 thousand.

Cash flow from investments for business combinations and business units absorbed Euro 8,515 thousand and concerns the liquidity absorbed from the acquisition of Covercare S.p.A.. For further details, see section 5.29 “Business Combinations (Covercare Group)”.

Cash flow from generated/(absorbed) by financing activities

(Euro thousands)	Year ended	
	February 29, 2024	February 28, 2023
Cash flow from financing activities [50]		
Increase/(Decrease) financial liabilities	-	(724)
Increase/(Decrease) in other financial liabilities	(2,035)	(3,313)
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(68,823)	(63,334)
Distribution of dividends	(9,848)	(27,134)
Cash flow generated/(absorbed) by financing activities	**(80,707)**	**(94,505)**

50 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."

Financing activities absorbed cash of Euro 80,707 thousand in the year ended February 29, 2024 and Euro 94,505 thousand in the previous year. The decrease is mainly due to the distribution of dividends of Euro 9,848 thousand (Euro 27,134 thousand in 2023/24).

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 29, 2024 is as follows:

	Number of options February 29, 2024
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 29, 2024
Outstanding at beginning of period	**584,000**
Assigned during the period	(231,224)
Granted during the period	1,424
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	**354,200**
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	**-**

2023-2028 Performance share plan

On June 21, 2022, 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 29, 2024
Outstanding at beginning of period	**80,000**
Assigned during the period	-
Granted during the period	117,900
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	**197,900**
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	**2,100**

5.29 Business Combinations (Covercare Group)

On December 4, 2023, Unieuro completed the acquisition of the entire share capital of Covercare S.p.A., a leading player in Italy for repair services for mobile phones, other portable devices, and domestic appliances, in addition to the installation of air conditioners and boilers and in home assistance services.

The consideration from the acquisition was set at Euro 70,000 thousand, in addition to the net financial position of Euro 13,450 thousand. The consideration was paid for Euro 4,500 thousand as an advance in October 2023 and for Euro 54,637 thousand at closing. The remainder of Euro 24,313 thousand was recognised to financial liabilities and represents the portion of the consideration to be paid by October 2024 of Euro 14,313 thousand, and for Euro 10,000 thousand the estimated amount to be paid as earnout by June 2026, subject, among others, to the achievement of a specific profitability target in terms of EBITDA in fiscal year 2025/26. Management considered this amount to be a part of the acquisition payment and has therefore recognised the payable to the sellers.

In order to finalise this acquisition, in December 2023 the parent company drew down a loan of Euro 40,000 thousand, with a maturity date of November 30, 2025. The loan agreement stipulates the repayment of principal in quarterly instalments from February 2024.

Given that the assets and liabilities acquired represent a business, the transaction is considered to be a business combination as defined by IFRS 3.

The financial statements of the subsidiary Covercare S.p.A. and its subsidiaries Covercare Centre S.r.l. and Cybercare S.r.l. have been included in the consolidated financial statements as of December 1, 2023. The Directors have assessed that there are no significant changes in the fair value of the acquired assets between the date Unieuro took control (December 4, 2023) and the date of initial consolidation (December 1, 2023).

The amounts of the assets acquired and liabilities assumed of the Covercare Group, as per the Unieuro Group's accounting standards IAS/IFRS) at the consolidation date, are summarised below:

(in thousands of Euro)	**Assets/(liabilities) recognized**
Goodwill	567
Plant, machinery, equipment and other assets and Intangible assets with finite useful life	4,498
Other non-current assets	111
Deferred tax assets	1,152
Inventories	-
Trade receivables	9,158
Trade payables	(4,022)
Other current assets/liabilities	(17,665)
Employee benefits	(397)
Financial liabilities	(3,065)
Provisions for risks and charges	(2,371)
Cash and cash equivalents	15,621
Net identifiable assets	**3,587**

Identifiable Assets (Liabilities) have been determined provisionally in accordance with IFRS 3, and relate to: (i) write-down of tangible assets for Euro 331 thousand, (ii) write-down of obsolete inventories for Euro 687 thousand, (iii) write-down of receivables deemed uncollectible at the date of acquisition for Euro 444 thousand, (iv) tax effect on the economic situation at the date of acquisition for Euro 2,616 thousand, and (v) provisions for risks in for Euro 579 thousand.

It should be noted that for the acquisition, Unieuro availed of the option under IFRS 3 to make a provisional allocation of the cost of the business combination to the fair values of the assets acquired and liabilities and contingent liabilities assumed. Where new information obtained within one year of the acquisition date, relating to facts and circumstances in existence at the acquisition date, results in adjustments to the amounts presented or to any additional provision in existence at the acquisition date, the acquisition accounting shall be revised.

(in thousands of Euro)	**December 1, 2023**
Consideration of the transaction	(83,450)
Percentage acquired	100%
Shareholders' equity of the Covercare Group pertaining to the parent company	3,603
Shareholders' equity of the Covercare Group pertaining to minority interests	(16)
Goodwill already recognised to the consolidated financial statements of the Covercare Group	567
Excess price to be allocated	**(80,397)**
Customer relationship	17,243
Trademarks	6,387
Software	2,169
Deferred tax liabilities	(6,081)
Goodwill (residual)	**60,680**

Covercare's intangible assets are classified under IFRS 3 into three main categories:

- Customer-related intangible assets: this category includes a number of intangible assets (customer relationships, customer lists, etc.) characterised by the presence of a relationship between the company and its current or potential customer base for the business lines of warranty extensions and installations;
- Marketing-related intangible assets: are represented by intangible assets used primarily for marketing and promotion activities of the company's products and services (brands, etc.), which are of key importance in the development of business relationships with customers;
- Technology-related intangible assets: this category includes technology in a broad sense (patented and unpatented), including software, which is indispensable to the operation of the enterprise and the management of incoming orders.

Covercare operates on two channels, targeting two types of end customers:

i. *Retail* which includes the activities of selling extended warranties and repairs directly to the end consumer;

ii. B2B which is the channel covering the sale of products and installation and repair services to large companies.

The residual goodwill recognised on execution of the business combination was allocated 67.6% (Euro 41,000 thousand) to the Retail CGU and 32.4% (Euro 19,710 thousand) to the B2B CGU.

Net cash flows from the acquisition are as follows:

(in thousands of Euro)	
Cash and cash equivalents of the Covercare Group at 01.12.2023	15,621
Provisional price already paid	(59,137)
Disbursement net of the repaid instalments of the Bank loan for the acquisition	35,000
Cash flow from the acquisition of business combinations	**(8,515)**

5.30 Discontinued operations

On October 16, 2023, the Board of Directors of Unieuro S.p.A. approved the initiation of the procedure for the liquidation of its wholly-owned subsidiary Monclick S.r.l., and on October 24, 2023 the Shareholders' Meeting of Monclick S.r.l. approved the liquidation of the company and appointed the liquidator. On November 3, 2023, the liquidation was filed to the Companies Register.
Monclick S.r.l. in liquidation was engaged in the sale of IT, electronics, telephony and domestic appliance products online in Italy through the website www.monclick.it.. This decision is part of the process of rationalising the corporate structure. In particular, Monclick S.r.l. has suffered a worsening of its operating, equity and financial situation in recent years as a result of the performance of its target markets, exacerbated by its digital pure player business model.

As of February 29, 2024, the contribution of Monclick S.r.l. in liquidation to the consolidated values of the Unieuro Group is presented as a discontinued operation in accordance with IFRS 5, based on the following elements:

- approval by the Board of Directors and the initiation of liquidation proceedings;
- the subsidiary Monclick S.r.l. in liquidation represents an independent business unit of the Unieuro Group.

The balance sheet figures of Monclick S.r.l. in liquidation as of February 29, 2024 are presented under the items "Assets from discontinued operations" and "Liabilities from discontinued operations", while the income statement values for both the year ended February 29, 2024 and the comparative year are reclassified under the item "Result from discontinued operations".

Based on management's assessments, the Group has decided to eliminate intercompany items within the result of continuing operations as, in light of the liquidation procedure, there will be no transactions with the company.

The income statement for the fiscal years ended February 29, 2024 and February 28, 2023 of discontinued operations is presented below:

(in thousands of Euro)	Year ended	
	February 29, 2024	**February 28, 2023**
Revenues	36,627	73,118
Other income	(71)	(95)
TOTAL REVENUE AND INCOME	**36,556**	**73,024**
Purchase of materials and external services	(39,430)	(72,271)
Personnel costs	(2,258)	(2,129)
Changes in inventory	(308)	(29)
Other operating costs and expenses	(43)	(1,454)
GROSS OPERATING RESULT	**(5,482)**	**(2,860)**
Amortisation, depreciation and write-downs	(11,502)	(565)
NET OPERATING RESULT	**(16,984)**	**(3,425)**
Net financial income and expenses	115	28
PROFIT/(LOSS) BEFORE TAXES	**(16,868)**	**(3,397)**
Income taxes	1,102	621
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**(15,766)**	**(2,777)**

In accordance with IFRS 5, assets and liabilities from discontinued operations were measured at fair value. Assets from discontinued operations and liabilities from discontinued operations are presented below:

(in thousands of Euro)	**February 29, 2024**
Plant, machinery, equipment and other assets	-
Goodwill	-
Intangible assets with finite useful lives	-
Right-of-use assets	-
Trade receivables	287
Inventories	-
Other current assets	949
Cash and cash equivalents	603
Total assets from discontinued operations	**1,839**

(in thousands of Euro)	**February 29, 2024**
Employee benefits	85
Other financial liabilities	-
Provisions	2,143
Trade payables	935
Other current liabilities	1,251
Total liabilities from discontinued operations	**4,414**

6. RELATED PARTY TRANSACTIONS

The following tables summarise the Group's creditor and debtor balances with related parties at February 29, 2024 and February 28, 2023:

(In thousands of Euro)			February 29, 2024		
Creditor and debtor balances with related parties	**Trade receivables**	**Trade payables**	**Other current liabilities**	**Other non current liabilities**	**Total**
Statutory Auditors	-	-	(65)	-	**(65)**
Board of Directors and committees	-	-	(553)	-	**(553)**
Senior Executives	-	-	(449)	(44)	**(493)**
Total	**-**	**-**	**(1,067)**	**(44)**	**(1,111)**

(In thousands of Euro)			February 28, 2023		
Creditor and debtor balances with related parties	**Trade receivables**	**Trade payables**	**Other current liabilities**	**Other non current liabilities**	**Total**
Statutory Auditors	-	-	(73)	-	**(73)**
Board of Directors and committees	-	-	(203)	-	**(203)**
Senior Executives	-	-	(734)	(379)	**(1,113)**
Total	**-**	**-**	**(1,010)**	**(379)**	**(1,389)**

Giancarlo Nicosanti Monterastelli concluded his employment as a Senior Executive on June 1, 2023. He will continue to serve as Chief Executive Officer, as per the mandate granted by the Board of Directors in 2022. From June 1, 2023, the remuneration as Chief Executive Officer was included in the "Purchase of materials and external services" item, in the column relating to the "Board of Directors and Committees".

The following table summarises the Group's income and costs with related parties in FY 2023/24 and FY 2022/23:

(In thousands of Euro)				February 29, 2024			
Income statement transactions	**Revenues**	**Other income**	**Purchase of materials and services**	**Personnel costs** [51]	**Amort., depreciation & write-downs**	**Income taxes**	**Total**
Statutory Auditors	-	-	(105)	-	-	-	**(105)**
Board of Directors and committees	-	-	(1,304)	-	-	-	**(1,304)**
Senior Executives	-	-	-	(1,852)	-	-	**(1,852)**
Total	**-**	**-**	**(1,409)**	**(1,852)**	**-**	**-**	**(3,261)**

[51] Estimated values referring to short-term and long-term variable compensation were aligned in view of the updated estimates of the achievement of KPIs defined by the remuneration policy.

(In thousands of Euro)	February 28, 2023						
Income statement transactions	**Revenues**	**Other income**	**Purchase of materials and services**	**Personnel costs**	**Amort., depreciation & write-downs**	**Income taxes**	**Total**
Statutory Auditors	-	-	(107)	-	-	-	**(107)**
Board of Directors and committees	-	-	(716)	-	-	-	**(716)**
Senior Executives	-	-	-	(2,427)	-	-	**(2,427)**
Total	**-**	**-**	**(813)**	**(2,427)**	**-**	**-**	**(3,250)**

The Company in May 2023 donated to the Civil Defence on behalf of the Corporate Boards the amount of Euro 33,400 following the flood that hit Emilia-Romagna.

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 29, 2024	**Fiscal year ending February 28, 2023**
General Manager - Bruna Olivieri	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer - Marco Deotto	*General Manager - Bruna Olivieri*
	Chief Financial Officer - Marco Deotto

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 2023/24 and 2022/23:

(in Euro thousands)	*Net cash flow generated/(absorbed) from operating activities*	
Type	**Period from March 1, 2023 to February 29, 2024**	**Period from March 1, 2022 to February 28, 2023**
Statutory Auditors	(113)	(123)
Board of Directors	(954)	(768)
Senior Executives [52]	(2,472)	(2,317)
Total	**(3,539)**	**(3,208)**

[52] The account includes cash flows referring to remuneration paid to executives and the theoretical value for the period of the Long-term incentive plan.

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 29, 2024	February 28, 2023
Guarantees and sureties in favour of:		
Third party entities and companies	31,345	32,026
Total	**31,345**	**32,026**

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 29, 2024, 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.

Employment

At February 29, 2024, the number of employees at Group level stood at 5,363 (5,695 in the previous year) distributed by contractual categories as follows:

	February 29, 2024		February 28, 2023	
	Parent company	Subsidiaries	Parent company	Subsidiaries
Executives	33	6	34	1
Managers	82	7	78	-
White-collar	5,012	112	5,494	38
Blue-collar	1	47	1	-
Trainee	56	9	49	-
Total	**5,184**	**181**	**5,656**	**39**

Independent Audit Firm fees

The fees of the independent audit firm and its network for statutory audit and other services, at February 29, 2024, are presented below:

Type of service	Service provider	Fees (in Euro thousands)
Audit	KPMG S.p.A.	1,002
Certification work	KPMG S.p.A.	18
Other services	KPMG Advisory S.p.A.	45
Other services	KPMG S.p.A.	166
	Total	**1,231**

Subsequent events

No significant events subsequent to fiscal year-end are reported.

Annex 1

Statement of Financial Position at February 29, 2024 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					
(in thousands of Euro)	February 29, 2024	Of which related parties	Weighting %	February 28, 2023	Of which related parties	Weighting %
Plant, machinery, equipment and other assets	76,810			77,009		
Goodwill	249,591			196,110		
Intangible assets with finite useful lives	76,272			49,274		
Right-of-use assets	384,619			422,729		
Deferred tax assets	39,159			45,113		
Other non-current assets	22,794			24,906		
Total non-current assets	**849,245**			**815,141**	**-**	**0.0%**
Inventories	435,764			446,032		
Trade receivables	52,784			66,081		
Current tax assets	3,066			5,199		
Other current assets	22,764			82,740		
Cash and cash equivalents	105,598			66,653		
Total current assets	**619,976**			**666,705**	**-**	**0.0%**
Total assets from discontinued operations	1,839			-		
Total Assets	**1,471,060**			**1,481,846**	**-**	**0.0%**
Share capital	4,140			4,140		
Reserves	89,027			89,245		
Profits/(losses) carried forward	3,675	(3,261)	(88.7%)	31,143	(3,282)	(10.5%)
Shareholders' equity - owners of parent	**96,842**			**124,528**	**(3,282)**	**(2.6%)**
Non-controlling interest equity	19					
Total shareholders' equity	**96,861**	**(3,261)**	**(3.4%)**	**124,528**	**(3,282)**	**(2.6%)**
Financial liabilities	14,951			-		
Employee benefits	10,964			11,255		
Other financial liabilities	352,145			379,521		
Provisions	12,511			11,318		
Deferred tax liabilities	8,218			3,946		
Other non-current liabilities	640	44	6.9%	993	379	38.2%
Total non-current liabilities	**399,429**	44	0.0%	**407,033**	**379**	**0.1%**
Financial liabilities	19,825			-		
Other financial liabilities	85,847			70,530		
Trade payables	552,779			597,319		
Current tax liabilities	1,733			1,041		
Provisions	1,799			1,069		
Other current liabilities	308,373	1,067	0.3%	280,326	1,010	0.36%
Total current liabilities	**970,356**	**1,067**	0.1%	**950,285**	**1,389**	**0.15%**
Total liabilities from discontinued operations	**4,414**			-		
Total shareholders' equity and liabilities	**1,471,060**	**(2,150)**	(0.1%)	**1,481,846**	**(2,509)**	**(0.2%)**

Annex 2

Income Statement FY 2023/24 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 29, 2024	Of which related parties	Weighting %	February 28, 2023	Of which related parties	Weighting %
Revenue	2,634,934			2,811,169		
Other income	668			938		
TOTAL REVENUE AND INCOME	**2,635,602**			**2,812,107**	**-**	**0.0%**
Purchase of materials and external services	(2,287,610)	(1,409)	0.1%	(2,451,619)	(855)	0.0%
Personnel costs	(204,660)	(1,852)	0.9%	(205,449)	(2,427)	1.2%
Changes in inventory	(9,872)			(15,988)		
Other operating costs and expenses	(5,768)			(5,713)		
GROSS OPERATING RESULT	**127,692**	**(3,261)**	**(2.6%)**	**133,338**	**(3,282)**	**(2.5%)**
Amortisation, depreciation and write-downs of fixed assets	(109,685)			(105,866)		
NET OPERATING RESULT	**18,007**	**(3,261)**	**(18.1%)**	**27,472**	**(3,282)**	**(11.9%)**
Financial income	1,440			505		
Financial expenses	(11,656)			(13,531)		
PROFIT BEFORE TAX	**7,791**	**(3,261)**	**(41.9%)**	**14,446**	**(3,282)**	**(22.7%)**
Income taxes	(9,420)			(1,476)		
PROFIT/(LOSS) from operating activities	**(1,629)**	**(3,261)**	**(200.2%)**	**12,970**	**(3,282)**	**(25.3%)**
Result from discontinued operations	(15,766)			(2,777)		
PROFIT/(LOSS) for the year	**(17,395)**			**10,193**		

Annex 3

Cash flow statement FY 2023/24 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.

(Euro thousands)	Year ended					
	February 29, 2024	Of which related parties	Weighting %	February 28, 2023	Of which related parties	Weighting %
Cash flow from operations						
Consolidated profit/(loss) for the consolidated year	(17,395)	(3,261)	18.7%	10,193	(3,282)	(32.2%)
Adjustments for:						
Income taxes	9,420			855		
Net financial expenses (income)	10,216			12,998		
Amortisation, depreciation and write-downs of fixed assets	109,685			106,431		
Other changes	16,858			1,290		
	128,784	**(3,261)**	**(2.5%)**	**131,767**	**(3,282)**	**(2.5%)**
Changes in:						
- Inventories	9,872			16,018		
- Trade receivables	20,419			(23,093)		
- Trade payables	(47,205)			17,553		
- Other changes in operating assets and liabilities	11,538	(278)	(2.4%)	(13,263)	74	(0.0%)
Cash flow generated/(absorbed) by operating activities	(5,376)	(3,539)	65.8%	(2,785)	(3,208)	(115.2%)
Taxes paid	(562)			-		
Interest paid	(10,441)			(10,544)		
Net cash flow generated/(absorbed) by operating activities	**112,405**	**(3,539)**	(3.1%)	**118,438**	**(3,208)**	**(2.7%)**
Net cash flow generated/(absorbed) from discontinued operations	**(4,530)**			-		
Cash flow from investment activities				-		
Purchases of plant, machinery, equipment and other assets	(19,578)			(17,651)		
Purchase of intangible assets	(20,671)			(21,526)		
Investments in current FVOCI securities	-			(60,000)		
Divestment of current FVOCI securities	60,540					
Investments for business combinations and business units	(8,515)			364		
Cash flow generated/(absorbed) by investment activities	**11,777**			**(98,813)**	**-**	**0.0%**
Cash flow from financing activities						
Increase/(Decrease) financial liabilities	-			(724)		
Increase/(Decrease) in other financial liabilities	(2,035)			(3,313)		
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(68,823)			(63,335)		
Distribution of dividends	(9,848)			(27,134)		
Cash flow generated/(absorbed) by financing activities	**(80,707)**			**(94,505)**		
Net increase/(decrease) in cash and cash equivalents	**38,945**	**(3,539)**	**(9.1%)**	**(74,880)**	**(3,208)**	**4.3%**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**66,653**			**141,534**		
Net increase/(decrease) in cash and cash equivalents	**38,945**			**(74,881)**		
CASH AND CASH EQUIVALENTS AT END OF YEAR	**105,598**			**66,653**		

Annex 4

Income Statement FY 2023/24 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 29, 2024	Of which non-recurring	Weighting %	February 28, 2023	Of which non-recurring	Weighting %
Revenue	2,634,934			2,811,169	-	
Other income	668			938	-	
TOTAL REVENUE AND INCOME	**2,635,602**			**2,812,107**	**-**	
Purchase of materials and external services	(2,287,610)	(3,769)	0.2%	(2,451,619)	(3,971)	(0.2%)
Personnel costs	(204,660)	(188)	0.1%	(205,449)	(626)	0.3%
Changes in inventory	(9,872)	(3,738)	37.9%	(15,988)	-	
Other operating costs and expenses	(5,768)	(146)	2.5%	(5,713)	(558)	8.7%
GROSS OPERATING RESULT	**127,692**	**(7,841)**	**(6.1%)**	**133,338**	**(5,154)**	**(3.9%)**
Amortisation, depreciation and write-downs of fixed assets	(109,685)	(646)	0.6%	(105,866)	(237)	0.2%
NET OPERATING RESULT	**18,007**	**(8,487)**	**(47.1%)**	**27,472**	**(5,391)**	**(19.6%)**
Financial income	1,440			505	-	
Financial expenses	(11,656)	(614)	5.3%	(13,531)	(75)	0.6%
PROFIT BEFORE TAX	**7,791**	**(9,102)**	**(116.8%)**	**14,446**	**(5,467)**	**(37.8%)**
Income taxes	(9,420)	(2,910)	30.9%	(1,476)	1,735	117.5%
PROFIT/(LOSS) from operating activities	**(1,629)**	**(12,012)**	**737.4%**	**12,970**	**(3,732)**	**28.8%**
Result from discontinued operations	(15,766)			(2,777)		
PROFIT/(LOSS) for the year	**(17,395)**			**10,193**		

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT FEBRUARY 29, 2024 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 2023/24.

In addition, we declare that the Consolidated Financial Statements for FY 2023/24 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 10, 2024

Giancarlo Nicosanti Monterastelli

Chief Executive Officer

Marco Deotto

Executive Officer for Financial Reporting

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 29 February 2024, the income statement and statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include material information on the 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 29 February 2024 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 the 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 audit 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: notes 2.6 - Use of estimates and valuations in the preparation of the Consolidated Financial Statements, 2.7 - Main accounting policies and 5.2 - Goodwill

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 29 February 2024 include goodwill of €249.6 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 projected 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 28 February 2025 to 28 February 2029 business plan (the "plan"), which is based on the strategies of the plan that was approved by the board of directors on 9 May 2023. The parent's board of directors approved the impairment test on 10 May 2024. 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 test approved by the parent's board of directors on 10 May 2024; • 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.

Measurement of premiums from suppliers

Notes to the consolidated financial statements: notes 2.6 - Use of estimates and valuations in the preparation of the Consolidated Financial Statements and 2.7 - Main 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 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 the method used to calculate the premiums and the consistency of the valuation approach with that adopted in the previous year with group management; • 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.

Measurement of inventories

Notes to the consolidated financial statements: notes 2.6 - Use of estimates and valuations in the preparation of the Consolidated Financial Statements, 2.7 - Main accounting policies and 5.7 - Inventories

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 29 February 2024 include inventories of €435.8 million, net of the allowance for inventory write-down of €13.8 million. Determining the allowance for goods write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including: • the characteristics of the group's business sector; • the sales' seasonality, with peaks in November and December; • the decreasing price curve due to technological obsolescence of products; • the high number of product codes handled. • the impact of the current macroeconomic and geopolitical scenario. 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.

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 this 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 29 February 2024 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 29 February 2024 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 29 February 2024 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 29 February 2024 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 29 February 2024 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 consolidated non-financial statement separately.

Bologna, 20 May 2024

KPMG S.p.A.

(signed on the original)

Davide Stabellini
Director of Audit

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)		Year ended	
	Notes	February 29, 2024	February 28, 2023
Plant, machinery, equipment and other assets	5.1	76,240	76,933
Goodwill	5.2	188,911	188,911
Intangible assets with finite useful lives	5.3	49,894	45,659
Right-of-use assets	5.4	381,577	420,721
Deferred tax assets	5.5	38,017	45,112
Other non-current assets	5.6	106,134	37,457
Total non-current assets		**840,773**	**814,793**
Inventories	5.7	435,517	445,636
Trade receivables	5.8	50,139	82,384
Current tax assets	5.9	3,066	5,170
Other current assets	5.6	21,213	82,531
Cash and cash equivalents	5.10	88,622	47,442
Total current assets		**598,557**	**663,163**
Total assets		**1,439,330**	**1,477,956**
Share capital	5.11	4,140	4,140
Reserves	5.11	93,792	90,536
Profits/(losses) carried forward	5.11	3,054	32,284
Total shareholders' equity		**100,986**	**126,960**
Financial liabilities	5.12	14,951	-
Employee benefits	5.13	10,443	10,818
Other financial liabilities	5.14	349,861	377,549
Provisions	5.15	10,140	11,318
Deferred tax liabilities	5.5	3,370	3,024
Other non-current liabilities	5.16	640	993
Total non-current liabilities		**389,405**	**403,702**
Financial liabilities	5.12	19,825	-
Other financial liabilities	5.14	85,075	70,403
Trade payables	5.17	559,162	595,257
Current tax liabilities	5.9	1,041	1,041
Provisions	5.15	1,799	1,038
Other current liabilities	5.16	282,037	279,556
Total current liabilities		**948,939**	**947,295**
Total shareholders’ equity and liabilities		**1,439,330**	**1,477,956**

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

INCOME STATEMENT

(in thousands of Euro)	Year ended		
	Notes	**February 29, 2024**	**February 28, 2023**
Revenue	5.18	2,658,621	2,865,849
Other income	5.19	1,306	1,977
TOTAL REVENUE AND INCOME		**2,659,927**	**2,867,826**
Purchase of materials and external services	5.20	(2,310,206)	(2,505,099)
Personnel costs	5.21	(203,811)	(205,449)
Changes in inventory	5.7	(10,119)	(15,988)
Other operating costs and expenses	5.22	(5,717)	(6,913)
GROSS OPERATING RESULT		**130,074**	**134,377**
Amortisation, depreciation and write-downs	5.23	(125,479)	(107,866)
NET OPERATING RESULT		**4,595**	**26,511**
Financial income	5.24	1,407	505
Financial expenses	5.24	(11,751)	(13,531)
PROFIT/(LOSS) BEFORE TAX		**(5,749)**	**13,485**
Income taxes	5.25	(10,020)	(1,559)
PROFIT/(LOSS) FOR THE YEAR		**(15,770)**	**11,926**
Basic earnings per share (in Euro) [53]	5.26	(0.78)	0.59
Diluted earnings per Share (in Euro) [35]	5.26	(0.78)	0.59

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

STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euro)	Year ended		
	Notes	**February 29, 2024**	**February 28, 2023**
PROFIT/(LOSS) FOR THE YEAR		**(15,770)**	**11,926**
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	(2,043)	282
Income taxes		559	(67)
Total other components of comprehensive income that are or could be restated under profit/(loss) for the year	5.11	**(1,484)**	**214**
Other components of comprehensive income that are not restated under profit/(loss) for the year:			
Actuarial gains (losses) on defined benefit plans	5.13	52	2,115
Income taxes		(14)	(590)
Total other components of comprehensive income that will not subsequently be restated under profit/(loss) for the year	5.11	**37**	**1,525**
Total other components of comprehensive income		**(1,447)**	**1,739**
Total comprehensive income for the year		**(17,217)**	**13,665**

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

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

CASH FLOW STATEMENT

(in thousands of Euro)	Note	Year ended February 29, 2024	February 28, 2023
Cash flow from operations			
Profit/(loss) for the year	5.11	(15,770)	11,926
Adjustments for:			
Income taxes	5.25	10,020	1,559
Net financial expenses (income)	5.24	10,344	13,026
Amortisation, depreciation and write-downs of fixed assets	5.23	125,479	107,866
Other changes		1,092	1,290
Net cash flow generated/(absorbed) from operating activities before changes in Net Working Capital		131,165	135,667
Changes in:			
- Inventories	5.7	10,119	15,988
- Trade receivables	5.8	28,070	(23,839)
- Trade payables	5.17	(37,961)	14,394
- Other changes in operating assets and liabilities	5.6-5.15-5.16	4,736	(12,268)
Cash flow generated/(absorbed) by operating activities		4,964	(5,725)
Taxes paid	5.25	(562)	-
Interest paid	5.24	(10,568)	(12,302)
Net cash flow generated/(absorbed) by operating activities	**5.27**	**124,999**	**117,640**
Cash flow from investment activities			
Purchases of plant, machinery, equipment and other assets	5.1	(19,395)	(17,574)
Purchase of intangible assets	5.3	(20,479)	(21,484)
Investments in current FVOCI securities	5.10	-	(60,000)
Divestment of current FVOCI securities		60,540	-
Investments for business combinations and business units	5.6	(24,137)	364
Cash flow generated/(absorbed) by investment activities	**5.27**	**(3,471)**	**(98,694)**
Cash flow from financing activities			
Increase/(Decrease) financial liabilities	5.12	-	(724)
Increase/(Decrease) in other financial liabilities	5.14	(2,035)	(3,312)
Increase/(Decrease) financial lease liabilities	5.14	(68,464)	(66,062)
Distribution of dividends	5.11	(9,848)	(27,134)
Cash flow generated/(absorbed) by financing activities	**5.27**	**(80,348)**	**(97,231)**
Net increase/(decrease) in cash and cash equivalents		**41,180**	**(78,286)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**47,442**	**125,728**
Net increase/(decrease) in cash and cash equivalents		**41,180**	**(78,286)**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**88,622**	**47,442**

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, 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)	-
Dividends distribution		-	-	-	-	-	-	-	-	(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**
Profit/(loss) for the year		-	-	-	-	-	-	-	-	**(15,770)**	**(15,770)**
Other components of comprehensive income		-	-	-	(1,271)	(214)	37	-	-		**(1,447)**
Total comprehensive income for the year		**-**	**-**	**-**	**(1,271)**	**(214)**	**37**	-	-	**(15,770)**	**(17,217)**
Allocation of prior year result		-	-	2,078	-	-	-	-	-	**(2,078)**	**-**
Distribution dividends		-	-	-	-	-	-	-	-	**(9,848)**	**(9,848)**
Purchase of Treasury Shares		-	-	-	-	-	-	-	-		**-**
Share-based payment settled with equity instruments		-	-	-	-	-	-	(2,129)	4,756	**(1,535)**	**1,092**
Total transactions with shareholders		**-**	**-**	**2,078**	**-**	**-**	**-**	**(2,129)**	**4,756**	**(13,461)**	**(8,756)**
Balance at February 29, 2024	**5.11**	**4,140**	**828**	**64,276**	**(1,271)**	**-**	**(143)**	**3,287**	**26,815**	**3,054**	**100,986**

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" 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 and computer), White (large and small domestic appliances), Brown (consumer electronics), 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 is 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%**
GIUSEPPE SILVESTRINI	• VICTOR S.R.L. • GIUSEPPE SILVESTRINI	1,275,395	**6.162%**
AMUNDI ASSET MANAGEMENT	• AMUNDI SOCIETÀ DI GESTIONE DEL RISPARMIO S.P.A. • AMUNDI ASSET MANAGEMENT	1,003,108	**5.016%**

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 29, 2024 and February 28, 2023, 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.

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 at February 29, 2024 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 29, 2024, approved by the Board of Directors of the Company on May 10, 2024, 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.

2020-2025 Performance share plan

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.

Cloud adoption

As part of the development of the "Omnichannel Trade" strategic pillar, projects to further strengthen the omnichannel proposition to offer customers an ever-better experience continued in the present fiscal year. Cloud adoption of the data world was launched in the year with the implementation of the new Cloud platform to put in place a new data architecture available to the entire enterprise.

In establishing the accounting procedure, the Directors made use of a special report prepared by a leading consulting/auditing firm specifically commissioned by the Company.

In accordance with IFRS 16, the Group accounts for the right-of-use asset and the financial liability for costs related to Sole Tenant machines. 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 financial liability is measured at the present value of unpaid payments due on the effective date. Costs associated with application developments are accounted for on the intangible asset in application of IAS 38.

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, 2023.

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 would be 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 & 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. in liquidation. 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

Amendments to IAS 1 - “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. The IASB published this amendment on January 23, 2020 to clarify the presentation of liabilities in the financial statements of companies. The new amendment is applied from January 1, 2024 and must be applied retrospectively.

Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Disclosure of Accounting Policies." The IASB published an amendment to this standard on February 12, 2021 to support companies in choosing which accounting policies to disclose in their financial statements. The amendment is effective for fiscal years beginning January 1, 2023.

Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. The IASB published an amendment to this standard on February 12, 2021, to introduce a new definition of an accounting estimate and clarify the distinction between changes in accounting estimates, changes in accounting policies, and errors. The amendment is effective for fiscal years beginning January 1, 2023.

Amendments to "IAS 12 Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction." The IASB published an amendment to this standard on May 7, 2021, which requires companies to recognise deferred tax assets and liabilities on particular transactions that, upon initial recognition, give rise to equivalent (taxable and deductible) temporary differences. The amendment is effective for fiscal years beginning January 1, 2023.

Introduction of IFRS 17 "Insurance Contracts”. The IASB published an amendment to the applicability of this standard on November 19, 2021, aimed at establishing principles for recognition, measurement, presentation and disclosure in relation to insurance contracts within the scope of this standard. The amendment is effective for fiscal years beginning January 1, 2023.

Amendments to IFRS 16 "Lease Liabilities in a Sale and leaseback transaction." The IASB published on September 22, 2022 a document which amends IFRS 16 by clarifying how a sale and leaseback transaction is accounted for subsequent to the transaction date. The amendment will be effective for fiscal years beginning on or after January 1, 2024, with early application permitted.

Amendments to IAS 12 "Income taxes: international taxation reform." The IASB published on May 23, 2023 a document introducing a temporary exception to the recognition of deferred taxes related to the application of the provisions of Pillar Two published by the OECD. The amendment is effective for fiscal years beginning January 1, 2023.

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

Amendments to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments: financing arrangements with suppliers and disclosures in the notes to the financial statements”. The IASB published on May 25, 2023 an amendment regarding financial statement disclosure so as to improve transparency on financial debt and its effects on financial liabilities, cash flows and exposure to liquidity risk, in response to investors' needs. The new amendment will apply on or after January 1, 2024.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: absence of exchangeability". The IASB published an amendment on August 15, 2023, clarifying when one currency may not be converted into another, how to estimate the exchange rate, and the disclosures to be made in the notes to the financial statements. The amendment will become effective as of January 1, 2025. However, early application is permitted.

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 13.0% of Company revenues as of February 29, 2024, 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 29, 2024 and the year ended February 28, 2023 is shown below:

(In thousands of Euro)	Balance at February 29, 2024	Within 12M	Between 12M and 60M	Over 60M	Total
Financial liabilities	34,776	19,825	14,951	-	34,776
Other financial liabilities	434,936	85,847	232,028	137,614	434,936
Total	**469,712**	**105,625**	**247,028**	**137,614**	**469,712**

(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**

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 29, 2024, 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 29, 2024 and February 28, 2023:

(in thousands of Euro)	Fiscal year ending February 29, 2024			
	Loans and receivables	Fair value of hedging instruments	Other Liabilities	Total
Financial assets not measured at Fair Value				
Cash and cash equivalents	88,622	-	-	**88,622**
Trade receivables	50,139	-	-	**50,139**
Other assets	127,347	-	-	**127,347**
Financial assets measured at Fair Value	-	-	-	**-**
Other assets	-			**-**
Financial liabilities not measured at Fair Value				
Financial liabilities	-	-	34,776	**34,776**
Trade payables	-	-	559,162	**559,162**
Other liabilities	-	-	282,677	**282,677**
Other financial liabilities	-	-	433,174	**433,174**
Financial liabilities measured at fair value				
Other financial liabilities	-	1,762	-	**1,762**

(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	-	-	-	**-**

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 financial statements for the year ended February 29, 2024.

3.5 Sensitivity Analysis

Regarding the exposure to market risk due to changes in electricity prices, the Company conducted a sensitivity analysis in accordance with IFRS 7. The company has made an estimate of the potential impacts produced by an electricity price market shock (National Single Price, "PUN") by using internal valuation models, based on generally accepted approaches. Specifically, these impacts, were estimated by simulating a parallel change of +500 basis points (+5%) and -500 basis points (-5%) on the forward price structure of the above benchmark.

(in thousands of Euro)	**Sensitivity analysis Fair value of derivative instruments**			
	Income statement impact +500 basis points	***Impact on Net Equity* +500 basis points**	**Income statement impact -500 basis points**	***Impact on Net Equity* -500 basis points**
Derivatives in hedge accounting	-	505	-	(505)

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 29, 2024	February 28, 2023
Revenue	2,658,621	2,865,849
GROSS OPERATING RESULT	**130,074**	**134,377**
% of revenues	4.9%	4.7%
Amortisation, depreciation and write-downs	(125,479)	**(107,866)**
NET OPERATING RESULT	**4,595**	**26,511**
Financial income	1,407	505
Financial expenses	(11,751)	(13,531)
PROFIT/(LOSS) BEFORE TAX	**(5,749)**	**13,485**
Income taxes	(10,020)	(1,559)
PROFIT/(LOSS) FOR THE YEAR	**(15,770)**	**11,926**

The gross operating margin was 4.9% in the year ended February 29, 2024. The breakdown of revenues by geographic area is presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Overseas	3,972	2,826
Italy	2,654,649	2,863,023
Total	**2,658,621**	**2,865,849**

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 at February 29, 2024 and February 28, 2023 is shown below:

(in thousands of Euro)	Balance at February 29, 2024			Balance at February 28, 2023		
	Historic cost	Acc. Deprec.	Net book value	Historic cost	Acc. Deprec.	Net book value
Plant & machinery	162,719	(139,032)	23,686	157,277	(131,163)	26,114
Equipment	38,245	(21,568)	16,676	30,985	(19,081)	11,904
Other Assets	219,585	(185,976)	33,609	210,843	(174,924)	35,919
Tangible assets in progress	2,269	-	2,269	2,996	-	2,996
Total Plant, machinery, equipment and other assets	**422,818**	**(346,577)**	**76,240**	**402,101**	**(325,168)**	**76,933**

Changes in "Plant, machinery, equipment and other assets" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Plant and machinery	Equipment	Other assets	Tangible assets under construction and advances	Total
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**
Increases	5,442	7,260	8,742	2,201	23,645
Decreases	-	-	-	(2,929)	(2,929)
Amortisation, depreciation and write-downs/(revaluations)	(7,870)	(2,487)	(11,053)	-	(21,410)
Decreases Accum. Deprec.	-	-	-	-	-
Balance at February 29, 2024	**23,686**	**16,677**	**33,609**	**2,269**	**76,240**

With reference to the year ended February 29, 2024, the Company made investments referring to "Plant and machinery, equipment and other assets" excluding fixed assets in progress in the amount of Euro 20,716 thousand.

Specifically, net investments are mainly attributable to: (i) the installation of electronic tags at stores for Euro 6,899 thousand; (iii) minor extraordinary maintenance and plant energy efficiency work at various stores and offices for Euro 6,668 thousand; (iii) investments relating to work to restructure certain stores by restyling the layout and reducing or expanding the sales area for Euro 3,296 thousand.

Fixed assets under construction amounting to Euro 2,269 thousand mainly refer to investments related to work on points of sale and IT investments.

With reference to the year ended February 28, 2023, the Company made investments referring to "Plant and machinery, equipment and other assets" excluding 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 tags 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 stores and offices for Euro 4,363 thousand.

Fixed assets under construction amounting to Euro 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

5.2 Goodwill

Details of "Goodwill" as at February 29, 2024 and February 28, 2023 are shown below:

(In thousands of Euro)	Year ended	
	February 29, 2024	**February 28, 2023**
Goodwill	188,911	188,911
Total Goodwill	**188,911**	**188,911**

Changes in "Goodwill" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	**Goodwill**
Balance at February 28, 2022	**188,873**
Increases	77
Decreases	(39)
Write-downs	-
Balance at February 28, 2023	**188,911**
Increases	-
Decreases	-
Write-downs	-
Balance at February 29, 2024	**188,911**

Goodwill at February 29, 2024 of Euro 188,911 thousand is unchanged on the fiscal year ending February 28, 2023.

The value of goodwill at February 29, 2024 and February 28, 2023 is composed as follows:

(In thousands of Euro)	Goodwill at February 29, 2024	Goodwill at February 28, 2023
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 mergers	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	38
Total Goodwill	**188,911**	**188,911**

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.

Like the previous year, FY 2023/24 saw a number of macroeconomic factors affect the demand for consumer electronics products. Economic, social, and climate uncertainty, together with reduced consumer purchasing power, combined with specific dynamics in the consumer electronics market.

Against this challenging backdrop, the Italian market contracted by 6.9%[54], though its overall value remains higher than pre-pandemic levels.

The goodwill impairment test for each CGU was approved by the Company's Board of Directors on May 10, 2024.

[54] Market data compiled by Group management based on GFK data available as of February 2024.

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.*

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 2025-2029 Business Plan used for the impairment test regarding goodwill recorded in Unieuro’s separate financial statements referring to the year ended February 29, 2024 is based on the strategic lines of the plan approved by the Board of Directors on May 9, 2023, taking into account recent and prospective operating performance.

The impairment test was approved by the Board of Directors on May 10, 2024.

The target market growth estimates included in the business plan used for impairment testing as of February 29, 2024 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 all the CGUs analysed was 12.3%.

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 thirty trading days 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 29, 2024.

at February 29, 2024	WACC	g	Terminal Value (TV)	Recoverable Value (RA)	% TV on RA
(in millions of Euro)					
Retail CGU	12.3%	1.0%	139	208	66.8%
Indirect CGU	12.3%	1.0%	19	36	52.8%
B2B CGU	12.3%	1.0%	4	8	50.0%

The results of impairment tests as at February 29, 2024 are shown below:

at February 29, 2024		Carrying Amount (CA)	Recoverable Value (RA)	RA Vs CA
(in millions of Euro)				
Retail CGU	EUR/mln	(30)	208	237
Indirect CGU	EUR/mln	(7)	36	43
B2B CGU	EUR/mln	(1)	8	9
Total		**(38)**	**252**	**289**

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 29, 2024 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 29, 2024, 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 29, 2024	FCF of Terminal Plan	
(in millions of Euro)		
Sensitivity Difference RA vs. CA	0.0%	(20.0%)
Retail CGU	237	196
Indirect CGU	43	36
B2B CGU	9	8

Finally, the Company 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 29, 2024		Carrying Amount (CA)	Recoverable Value (RA)	RA vs. CA
(in millions of Euro)				
Retail CGU	EUR/mln	(29)	125	154

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 Company'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 at February 29, 2024 and February 28, 2023:

(in thousands of Euro)	Balance at February 29, 2024			Balance at February 28, 2023		
	Historic cost	Acc. Amort.	Net book value	Historic cost	Acc. Amort.	Net book value
Software	137,237	(88,005)	49,233	117,567	(72,716)	44,851
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	661	-	661	808	-	808
Total intangible assets with finite useful life	**146,878**	**(96,984)**	**49,894**	**127,354**	**(81,695)**	**45,659**

Changes in "Intangible assets with finite useful life" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Software	Concessions, licenses and brands	Key money	Intangible assets under construction	Total
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**
Increases	19,670	-	-	1,938	**21,608**
Decreases	-	-	-	(710)	**(710)**
Amortisation, depreciation and write-downs/(revaluations)	(15,289)	-	-	(1,374)	**(16,663)**
Decreases Accum. Amort.	-	-	-	-	**-**
Balance at February 29, 2024	**49,233**	**-**	**-**	**661**	**49,894**

With regard to the year ended February 29, 2024, increases net of decreases in the category "assets under construction" totalled Euro 20,898 thousand and were mainly attributable to the category “Software”.

Increases in “Software” for Euro 19,670 thousand mainly concern technological developments and the strengthening of the omnichannel strategy and technological infrastructure.

“Amortisation, depreciation and write-downs” amount to Euro 16,663 thousand in FY 2023/24 and include write-downs of Euro 1,374 thousand.

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.

5.4 Right-of-use assets

The balance of "Right-of-use assets" by category as at February 29, 2024 and February 28, 2023 is shown below:

(in thousands of Euro)	Balance at February 29, 2024			Balance at February 28, 2023		
	Historic cost	Acc. Deprec.	Net book value	Historic cost	Acc. Deprec.	Net book value
Buildings	694,286	(318,563)	375,723	664,120	(250,566)	413,554
Cars	5,897	(3,931)	1,967	4,653	(3,039)	1,614
Other Assets	9,868	(5,981)	3,887	9,868	(4,315)	5,553
Total right-of-use assets	**710,051**	**(328,474)**	**381,577**	**678,641**	**(257,920)**	**420,721**

Changes in "Right-of-use assets" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Buildings	Cars	Other assets	Total
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**
Increases/(Decreases)	30,166	1,244	-	31,410
Amortisation, depreciation and write-downs/(revaluations)	(67,997)	(891)	(1,667)	(70,554)
Balance at February 29, 2024	**375,723**	**1,967**	**3,887**	**381,577**

The increases recorded during the year mainly refer to 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, 2022 to February 29, 2024 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, 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)	-	-	(657)	-	(657)
Balance at February 28, 2023	**874**	**2,983**	**2,159**	**2,572**	**(316)**	**3,080**	**1,412**	**12,765**	**32,350**	**45,112**
Provisions/Releases to the income statement	(251)	121	(5)	(819)		(204)	184	(974)	(6,666)	(7,640)
Provisions/Releases to the statement of comprehensive income	-	-	-	-	545	-	-	545	-	545
Balance at February 29, 2024	**623**	**3,104**	**2,153**	**1,753**	**229**	**2,876**	**1,596**	**12,334**	**25,684**	**38,017**

The balance as at February 29, 2024, amounting to Euro 38,017 thousand, consists mainly of: (i) deferred tax assets recognised on tax losses in the amount of Euro 25,684 thousand, (ii) temporary differences mainly attributable to provisions and goodwill in the amount of Euro 12,334 thousand.

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 12,765 thousand.

The IRES tax losses still available from the income tax estimate made on presenting the financial statements at February 29, 2024 with reference to Unieuro amount to Euro 255.3 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, 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**
Provisions/Releases to the income statement	370	(24)	346
Provisions/Releases to the statement of comprehensive income	-	-	-
Balance at February 29, 2024	**2,819**	**551**	**3,370**

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 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Contract assets	10,191	10,094
Prepaid expenses and accrued income	4,557	5,337
Tax credits	1,886	4,273
Financial receivables from leases - current portion	1,715	1,490
Other current financial assets	-	60,281
Other current assets	2,864	1,056
Other current assets	**21,213**	**82,531**
Financial receivables from leases - non-current portion	11,255	13,577
Deposit assets	3,098	3,019
Other non-current assets	91,781	20,861
Other non-current assets	**106,134**	**37,457**
Total Other current assets and Other non-current assets	**127,347**	**119,988**

"Contract assets" amounting to Euro 10,191 thousand at February 29, 2024 (Euro 10,094 thousand at February 28, 2023), 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 4,557 thousand at February 29, 2024 (Euro 5,337 thousand at February 28, 2023), 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” at February 29, 2024 amounted to Euro 1,886 thousand (Euro 4,273 thousand at February 28, 2023), with the decrease principally concerning the offsetting of tax credits for the purchase of electricity recorded in the financial statements in the previous year.

"Other current financial assets" amounted to Euro 0 thousand as of February 29, 2024. At February 28, 2023, the item included Ordinary Treasury Bonds and Long-Term Treasury Bonds for Euro 60,281 thousand.

”Other current assets" of Euro 2,864 thousand at February 29, 2024 (Euro 1,056 thousand at February 28, 2023) 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" at February 29, 2024 and February 28, 2023 are shown below:

(In thousands of Euro)	Year ended	
	February 29, 2024	**February 28, 2023**
Investment in Monclick S.r.l.	-	12,551
Investment in Covercare S.p.A.	83,450	-
Other investments	8	8
Investments	**83,458**	**12,559**

Changes in "Investments" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	**Investments**
Balance at February 28, 2022	**12,559**
Acquisitions	
Increases	2,000
Write-downs	(2,000)
Decreases	
Balance at February 28, 2023	**12,559**
Acquisitions	
Increases	83,450
Write-downs	(12,551)
Decreases	-
Balance at February 29, 2024	**83,458**

"Write-downs" include the write-down of the investment in Monclick S.r.l in liquidation after the subsidiary entered liquidation and the partial waiver of the trade receivables for Euro 3,600 thousand from the subsidiary.

The following information concerns the investments held in subsidiaries at February 29, 2024, 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. in liquidation	Vimercate (MB)	-	100	100%	(2,575)	(2,522)
Covercare S.p.A. [55]	Legnano (MI)	83,450	100	100%	4,470	4,252

Monclick S.r.l. in liquidation

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.

The company was placed into liquidation effective November 3, 2023. This decision forms part of a corporate restructuring. In particular, Monclick S.r.l. has suffered a worsening of its operating, equity and financial situation in recent years as a result of the performance of its target markets, exacerbated by its digital pure player business model. Simultaneously, the value of the equity investment was written-down to zero, recording the related write-down under "Amortisation, depreciation and write-downs".

[55] Shareholders' Equity and the Net Result for FY 2023/24 refer to the fiscal year of fourteen months due to the change of the subsidiary's fiscal year-end from December 31 to the last day of February.

Covercare S.p.A.

On December 4, 2023, Unieuro completed the acquisition of the entire share capital of Covercare S.p.A., a leading player in Italy for repair services for mobile phones, other portable devices, and domestic appliances, in addition to the installation of air conditioners and boilers and in home assistance services.

The consideration from the acquisition was set at Euro 70,000 thousand, in addition to the net financial position of Euro 13,450 thousand.

5.6.1 Impairment test

The investment in Covercare as of February 29, 2024 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 subsidiary (Covercare), discounted at the rate reflecting the specific risks of the company at the valuation date. The cash flows were approved by the Board of Directors of Covercare on April 19, 2024.

The impairment test was approved by the Board of Directors on May 10, 2024. 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 Covercare was 11.3%.

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 thirty trading days 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 sector.

- 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.

Based on the estimates there was no need to make an adjustment to the value of the investment recognised. At the time of the acquisition (December 4, 2023), the advisors who assisted the company in the transaction carried out the appropriate sensitivity analyses on the expected cash flows underlying the definition of the purchase price of the holding.

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 Covercare 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 29, 2024	February 28, 2023
Merchandise	447,382	457,181
Consumables	1,066	880
Gross inventory	**448,448**	**458,061**
Inventory obsolescence provision	(12,931)	(12,425)
Total inventories	**435,517**	**445,636**

The value of net inventories decreased from Euro 445,636 thousand at February 28, 2023 to Euro 435,517 thousand at February 29, 2024, 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, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Inventory obsolescence provision
Balance at February 28, 2022	**(10,907)**
Provisions	(2,501)
Release to income statement	-
Utilisations	983
Balance at February 28, 2023	**(12,425)**
Provisions	(881)
Release to income statement	
Utilisations	375
Balance at February 29, 2024	**(12,931)**

5.8 Trade receivables

Below is a breakdown of “Trade receivables" at February 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Trade receivables – third parties	50,919	65,963
Trade receivables - related parties	136	18,339
Gross trade receivables	**51,055**	**84,301**
Bad debt provision	(916)	(1,917)
Total trade receivables	**50,139**	**82,384**

The value of receivables, mainly referring to the Indirect and B2B channels, decreased by Euro 32,245 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, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Bad debt provision
Balance at February 28, 2022	**(2,084)**
Provisions	(280)
Release to income statement	-
Utilisations	447
Balance at February 28, 2023	**(1,917)**
Provisions	-
Release to income statement	510
Utilisations	491
Balance at February 29, 2024	**(916)**

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 channel. 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 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
IRAP credits	451	336
IRES credits	2,615	4,834
Total current tax assets	**3,066**	**5,170**

Current income tax assets amounted to Euro 3,066 thousand at February 29, 2024 (Euro 5,170 thousand at February 28, 2023). This refers to the receivable balance of estimated income taxes in the fiscal year to February 29, 2024.

Below is a breakdown of "Current tax liabilities" at February 29, 2024 and February 28, 2023:

Current tax liabilities

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Taxes payable	1,041	1,041
Total current tax liabilities	**1,041**	**1,041**

”Tax liabilities” at February 29, 2024 amounted to Euro 1,041 thousand.

5.10 Cash and cash equivalents

"Cash and cash equivalents" at February 29, 2024 and February 28, 2023 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Bank accounts	80,433	36,165
Cash	8,189	11,277
Total cash and cash equivalents	**88,622**	**47,442**

Cash and cash equivalents amounted to Euro 88,622 thousand at February 29, 2024 and Euro 47,442 thousand at February 28, 2023.

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 2023/24 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	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, 2023	**4,140**	**828**	**62,198**	**-**	**214**	**(180)**	**5,416**	**22,059**	**32,285**	**126,960**
Profit/(loss) for the year	-	-	-		-	-	-	-	**(15,770)**	**(15,770)**
Other components of comprehensive income	-	-	-	(1,271)	(214)	37	-	-		**(1,447)**
Total comprehensive income for the year	-	-	**-**	**(1,271)**	**(214)**	**37**	**-**	-	**(15,770)**	**(17,217)**
Allocation of prior year result	-	-	2,078	-	-	-	-	-	**(2,078)**	**-**
Distribution dividends	-	-	-	-	-	-	-	-	**(9,848)**	**(9,848)**
Purchase of Treasury Shares	-	-	-	-	-	-	-	-		**-**
Share-based payment settled with equity instruments	-	-	-	-	-	-	(2,129)	4,756	**(1,535)**	**1,092**
Total transactions with shareholders	-	-	**2,078**	-	-	**-**	**(2,129)**	**4,756**	**(13,461)**	**(8,756)**
Balance at February 29, 2024	**4,140**	**828**	**64,276**	**(1,271)**	**-**	**(143)**	**3,287**	**26,815**	**3,054**	**100,986**

Shareholders' Equity, amounting to Euro 100,986 thousand at February 29, 2024 (Euro 126,960 thousand at February 28, 2023), decreased mainly due to the result for the fiscal year and the distribution of the dividend approved in June 2023 for Euro 9,848 thousand.

Share capital at February 29, 2024 is Euro 4,140 thousand, divided into 20,698,621 shares.

The Reserves are shown below:

- the legal reserve amounts to Euro 828 thousand at February 29, 2024 (Euro 828 thousand at February 28, 2023), including allocations of profits to the extent of 5% for each fiscal year. The reserve reached the 20% limit of the share capital set out under Article 2430 of the Civil Code;

- the Extraordinary Reserve amounts to Euro 64,276 thousand at February 29, 2024 (Euro 62,198 thousand at February 28, 2023); this reserve increased as a result of the allocation of the profit for the previous year resolved in June 2023 by the Shareholders' Meeting;

- the cash flow hedge reserve amounting to a negative Euro 1,271 thousand as of February 29, 2024 includes the fair value accounting of the cash flow hedge derivative entered into by the company to hedge the price of electricity.

- the negative reserve for actuarial gains and losses on defined benefit plans amounting to negative Euro 143 thousand at February 29, 2024 (negative Euro 180 thousand at February 28, 2023) changed by a positive Euro 29 thousand as a result of the actuarial valuation related to the post-employment benefit reserve;

- the reserve for share-based payments of Euro 3,287 thousand at February 29, 2024 (Euro 5,416 thousand at February 28, 2023) changed due to the closure of the first cycle of the 2021-2025 performance share plan, and the recognition of accruals for Euro 448 thousand relating to the second and third cycle of the 2021-2025 share performance plan. For more details see Note 5.28.

- the item “Other reserves”, amounting to Euro 26,815 thousand in FY 2023/24 (Euro 22,059 thousand in FY 2022/23). For further details, reference should be made to the distributability of reserves.

During the year ended February 29, 2024, there are no assets earmarked for a specific business.

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)	-
Dividends distribution	-	-	-	-	-	-	-	(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 29, 2024, 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 29, 2024:

(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	7,451	A, B, C	7,451		
Other capital reserves	26,944	A, B, C	26,944		(**)
Reserve for share-based payments	3,287	A, B	3,287		
Use of treasury shares reserve	(7,582)		(7,582)		
Tax-suspension profit reserves					
Reserve as per Law 121/87		A, B, C			
Retained earnings					
Legal reserve	828	A, B	828		
Extraordinary Reserve	64,276	A, B, C	64,276		
Severance pay actuarial reserve	(143)		(143)		
Cash Flow Hedge Reserve	(1,271)		(1,271)		
Fair value reserve to OCI	-	A, B	-		
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	88	A, B, C	88		
Profits/(losses) carried forward - Other	(8,622)		(8,622)		
Net profit/(loss)	(15,770)	A, B, C	(15,770)		
Total	**100,986**		**100,986**		
Non-distributable amount			35,614		
Residual distributable share			**65,372**		

(*) 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 7,581 thousand as a result of the treasury share purchase programme

5.12 Financial liabilities

Current and non-current "Financial liabilities" at February 29, 2024 amounts to Euri 34,776 thousand (Euro zero at February 28, 2023).

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Current financial liabilities	19,825	-
Non-current financial liabilities	14,951	-
Total financial payables	**34,776**	-

The increase in the item relating to Financial liabilities concerns the signing of the medium-long term loan agreement, granted by BNL to the parent company, for a nominal Euro 40,000 thousand for the acquisition of the Covercare Group on December 4, 2023. The loan is to be repaid in quarterly constant instalments with a maturity date of November 30, 2025, and the balance as of February 29, 2024 is Euro 34,776 thousand. Interest on the loan is at a floating rate, calculated considering Euribor plus a contractually stipulated spread.

The loans are measured by the amortised cost method based on the provisions of IFRS 9, and therefore their value is reduced by the ancillary charges on the loans, amounting to Euro 286 thousand as of February 29, 2024.

We also note that the Group has four Committed Credit Facilities in place at February 29, 2024, including Euro 150.0 million of medium- to long-term cash loan on a revolving basis. At February 29, 2024 and February 28, 2023, the Credit Lines had been utilised. 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 29, 2024, the covenant had been fulfilled.

Below is a breakdown of the composition of net financial debt at February 29, 2024 and February 28, 2023, in accordance with ESMA guideline 32-382- 1138 dated 4/3/2021[56]:

(in millions of Euro)	Year ended			
	February 29, 2024	*of which related parties*	February 28, 2023	*of which related parties*
(A) Cash	88.6	-	47.4	-
(B) Cash equivalents	-	-	-	-
(C) Other current financial assets	-	-	60.3	-
(D) Liquidity (A)+(B)+(C)	**88.6**	**-**	**107.7**	**-**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(14.3)	-	-	-
(F) Current portion of non-current financial debt	(70.8)	-	(70.4)	-
(G) Current financial Indebtedness (E)+(F)	**(85.1)**	**-**	**(70.4)**	**-**
(H) Net current financial Indebtedness (G)-(D)	**3.5**	**-**	**37.3**	**-**
(I) Non-current financial debt (excluding the current portion and debt instruments)	(349.9)	-	(377.5)	-
(J) Debt instruments	-	-	-	-
(K) Trade payables and other payables	-	-	-	-
(L) Non-current financial Indebtedness (I)+(J)+(K)	**(349.9)**	**-**	**(377.5)**	**-**
(M) Total financial Indebtedness (H)+(L)	**(346.3)**	**-**	**(340.2)**	**-**

The following table presents “Other current financial payables” and “Other non-current financial payables” for the year ended February 29, 2024 and February 28, 2023. Reference should be made to Note 5.14 “Other financial liabilities” for further details.

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Other financial liabilities	85,075	70,403
Other current financial payables	**85,075**	**70,403**
Other financial liabilities	349,861	377,549
Other non-current financial payables	**349,861**	**377,549**
Total other financial payables	**434,936**	**447,952**

[56] 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.

5.13 Employee benefits

Changes in “Employee benefits” for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	
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**
Transfer in/(out)	-
Interest Cost	389
Settlements/advances	(713)
Actuarial (gain)/losses	(52)
Balance at February 29, 2024	**10,443**

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 and the End of Service benefits in favour of members of the Board of Directors. Severance pay, regulated by legislation in Civil Code Article 2120, and the End of Service benefit are 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 29, 2024 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 29, 2024**	**February 28, 2023**
Inflation rate	2.00%	2.30%
Discount rate	3.43%	3.73%
Severance pay increase rate	3.00%	3.23%

	Year ended	
Demographic assumptions	**February 29, 2024**	**February 28, 2023**
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 29, 2024, 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 29, 2024**
Changes in the parameter	**Impact on DBO**
Increase in turnover rate of 1%	10,491
Decrease in turnover rate of 1%	10,390
Increase in inflation rate of 0.25%	10,561
Decrease in inflation rate of 0.25%	10,328
Increase in discounting rate of 0.25%	10,262
Decrease in discounting rate of 0.25%	10,631

Details of the economic and demographic assumptions used for actuarial valuation purposes of the End of Service benefit are given below:

End of Service benefit economic assumptions	**Fiscal year ending February 29, 2024**
Discount rate	3.43%
Annual compensation revaluation rate	0.0%

Demographic assumptions	**Fiscal year ending February 29, 2024**
Probability of death	The RG48 mortality tables published by the General State Controller
Probability of incapacity	INPS tables by age and gender
Frequency of revocation of mandate	0.00%

The sensitivity analysis at February 29, 2024, increasing and decreasing the discount rate by 0.25% and -0.25%, is reported below. The results obtained can be summarised in the table below:

Changes in the parameter	Fiscal year ending February 29, 2024
Increase in discounting rate of 0.25%	30
Decrease in discounting rate of 0.25%	31

5.14 Other financial liabilities

Below is a breakdown of current and non-current "Other financial liabilities" at February 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Payables to leasing companies	70,094	70,087
Payables for equity investments	14,313	-
Other financial liabilities	-	316
Fair value of derivative instruments	668	-
Other current financial liabilities	**85,075**	**70,403**
Payables to leasing companies	338,767	377,549
Payables for equity investments	10,000	-
Fair value of derivative instruments	1,094	-
Other non-current financial liabilities	**349,861**	**377,549**
Total financial payables	**434,936**	**447,952**

Lease liabilities

Lease liabilities totalled Euro 408,861 thousand at February 29, 2024 and Euro 447,636 thousand at February 28, 2023. 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.

The cash flows referring to lease liabilities are shown below.

(In thousands of Euro)	Balance at February 29, 2024	Within 12M	Between 12M and 60M	Over 60M	Total
Payables to leasing companies	408,861	70,094	201,153	137,614	408,861
Total	**408,861**	**70,094**	**201,153**	**137,614**	**408,861**

Payables for equity investments and business units

Payables for equity investments totalled Euro 24,313 thousand at February 29, 2024 (Euro zero thousand at February 28, 2023). The increase is attributable to the portion of the consideration for the full acquisition of Covercare S.p.A. that will be recognised by October 2024, as well as the payable recorded as earnout, to be recognised by June 2026, subject to, among others, the achievement of a specific profitability target in terms of EBITDA in fiscal year 2025/26.

Management considered this amount to be a part of the acquisition payment and has therefore recognised the payable to the sellers.

Derivative liabilities

Derivative liabilities, which totalled Euro 1,762 thousand, includes the fair value as of the reporting date of the Power Purchase Agreement accounted for, in accordance with IFRS 9, as a cash flow hedge transaction. The fair value of derivative financial instruments was calculated by considering market parameters and by utilising common finance industry valuation models (Level 2).

5.15 Provisions

Changes in “Provisions" for the period from February 28, 2022 to February 29, 2024 are shown below:

(In thousands of Euro)	Provisions for tax disputes	Provisions for other disputes	Other risks provision	Total
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*
Provisions	-	806	90	897
Utilisations/Releases	-	(1,313)	-	(1,313)
Balance at February 29, 2024	**798**	**6,683**	**4,458**	**11,939**
- of which current portion	-	*1,182*	*617*	*1,799*
- of which non-current portion	*798*	*5,501*	*3,842*	*10,140*

"Provision for tax disputes" amounting to Euro 798 thousand at February 29, 2024, unchanged compared to February 28, 2023, is set aside mainly to cover liabilities that may arise as a result of tax disputes.

"Provision for other disputes”, amounting to Euro 6,683 thousand as of February 29, 2024, and Euro 7,190 thousand as of February 28, 2023, decreased due to the settlement of a number of civil disputes.

"Other provisions for risks" amounted to Euro 4,458 thousand at February 29, 2024 and Euro 4,368 thousand at February 28, 2023. 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 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Contract liabilities	212,912	209,550
Payables to personnel	43,758	41,811
VAT payables	12,985	11,631
Social security institutions	2,932	3,492
IRPEF payables	3,845	3,904
Monetary Bonus Long Term Incentive Plan	-	176
Deferred income and accrued liabilities	5,585	7,965
Other tax payables	20	39
Other current liabilities	-	988
Total Other current liabilities	**282,037**	**279,556**
Monetary Bonus Long Term Incentive Plan	614	967
Deposit liabilities	26	26
Total other non-current liabilities	**640**	**993**
Total other current and non-current liabilities	**282,677**	**280,549**

“Total other current and non-current liabilities” amounted to Euro 282,677 thousand in FY 2023/24 (Euro 280,549 thousand in FY 2022/23).

The balance of "Other current liabilities" is mainly composed of:

- contract liabilities amounting to Euro 212,912 thousand at February 29, 2024 (Euro 209,550 thousand at February 28, 2023) 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 43,758 thousand at February 29, 2024 (Euro 41,811 thousand at February 28, 2023) 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 12,985 thousand at February 29, 2024 (Euro 11,631 thousand at February 28, 2023), consisting of payables arising from VAT settlements;

- deferred income and accrued liabilities in the amount of Euro 5,585 thousand at February 29, 2024 (Euro 7,965 thousand at February 28, 2023) 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 640 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 29, 2024 and February 28, 2023:

(In thousands of Euro)	Year ended	
	February 29, 2024	**February 28, 2023**
Trade payables – third parties	548,465	593,052
Trade payables - related parties	9,834	911
Gross trade payables	**558,299**	**593,963**
Bad debt provision - amount due from suppliers	863	1,294
Total trade payables	**559,162**	**595,257**

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. The change in Trade payables is due to lower volumes moved.

The movements in the “Bad debt provision - amounts due from suppliers” concerning no longer recoverable receivables for the fiscal years ending February 28, 2022 and February 29, 2024 are presented below:

(In thousands of Euro)	**Bad debt provision - amount due from suppliers**
Balance at February 28, 2022	**1,824**
Provisions	-
Release to income statement	(318)
Utilisations	(212)
Balance at February 28, 2023	**1,294**
Provisions	-
Release to income statement	(326)
Utilisations	(105)
Balance at February 29, 2024	**863**

There are no trade payables beyond 5 years or any significant payable concentrations.

5.18 Revenue

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 29, 2024	%	February 28, 2023	%	Δ	%
Retail	1,852,514	69.7%	1,966,160	68.6%	(113,646)	(5.8%)
Online	434,309	16.3%	501,557	17.5%	(67,248)	(13.4%)
Indirect	235,727	8.9%	243,728	8.5%	(8,001)	(3.3%)
B2B	107,946	4.1%	100,422	3.5%	7,524	7.5%
Intercompany	28,125	1.1%	53,981	1.9%	(25,856)	(47.9%)
Total revenues by channel	**2,658,621**	**100%**	**2,865,849**	**100.0%**	**(207,228)**	**(7.2)**

The Retail channel (69.7% of total revenues) - which at February 29, 2024 comprised 271 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 1,852,514 thousand, decreasing 5.8% on the previous year. The channel's performance in FY 2023/24 reflects the consumer electronics market, impacted by the contraction in demand for Brown and Information Technology category products, partially offset by the strong entertainment, large domestic appliance and telecom segment performance.

The Online channel (16.3% of total revenues) generated revenues of Euro 434,309 thousand in FY 2023/24, down 13.4% on the previous year (Euro 501,577 thousand). The decrease in online channel revenues compared to the previous year mainly relates to a decline in demand for the Brown and Grey categories, reflecting the Group's business strategy and market trends.

The Indirect channel (8.9% of total revenues) - which includes sales made to the network of affiliated stores comprising a total of 254 sales points at February 29, 2024 - reports revenues of Euro 235,727 thousand in FY 2023/24, contracting 3.3% on the previous year (Euro 243,728 thousand). The decline in Consumer Electronics more than offset the good performance of all other product categories.

The B2B channel (4.1% 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 107,946 thousand in FY 2023/24, up 7.5% from the previous year, thanks to greater product availability.

Inter-company revenues of Euro 28,125 thousand in FY 2023/24 (Euro 53,981 thousand in the previous year) comprise the sale of products and services to subsidiaries.

A breakdown of revenues by category is shown below:

(in thousand of Euro and as a percentage of revenues)	Year ended				Changes	
	February 29, 2024	%	February 28, 2023	%	Δ	%
Grey	1,296,731	48.8%	1,360,189	47.5%	(63,458)	(4.7%)
White	779,843	29.3%	790,962	27.6%	(11,119)	(1.4%)
Brown	278,369	10.5%	425,010	14.8	(146,641)	(34.5%)
Other products	150,624	5.7%	139,038	4.9%	11,586	8.3%
Services	153,054	5.8%	150,650	5.3%	2,404	1.6%
Total revenues by category	**2,658,621**	**100%**	**2,865,849**	**100%**	**(207,228)**	**(7.2%)**

The Grey category (48.8% of total revenues) - i.e. phones, tablets, information technology, phone accessories, cameras, in addition to all wearable products - generated revenues of Euro 1,296,731 thousand in FY 2023/24, down 4.7% on FY 2022/23. Performance in the Grey category in FY 2023/24 was affected by the settling of consumption in the Information Technology segment, due to the contraction in demand following the pandemic and, to a lesser extent, the decline in the telephony segment, after years of steady growth.

The White category (29.3% of total revenues) - comprising major domestic appliances (MDA), such as washing machines, dryers, refrigerators or freezers and stoves, small domestic appliances (SDA), such as vacuum cleaners, food processors and coffee machines, in addition to the air conditioning segment, generated revenues of Euro 779,843 thousand in FY 2023/24, down 1.4% on the previous year. Sales in fiscal year 2023/24 saw growth in the large domestic appliance segment, which offset the decline in the small domestic appliances and home comfort segments.

The Brown category (10.5% of revenues) - including televisions and related accessories, audio devices, smart TV devices, car accessories and data storage systems - reported revenues of Euro 278,369 thousand in FY 2023/24, a contraction of 34.5% on the previous fiscal year. The contraction in FY 2023/24 is in line with the market trend, which reflects extraordinary sales related to the TV frequency switch-off and the introduction of the TV Bonus in previous years.

The Other Products category (5.7% 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 150,624 thousand in FY 2023/24, increasing 8.3% on the previous year. The entertainment segment saw strong growth in the year thanks to gaming console sales.

The Services category (5.8% of total revenues) reports revenues of Euro 153,054 thousand for the fiscal year ended February 29, 2024, up 1.6% compared to fiscal year 2022/23, due to the good consumer credit services performance, which offset the decline in installation services.

The breakdown of revenues by geographic area is presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Overseas	3,972	2,826
Italy	2,654,649	2,863,023
Total	**2,658,621**	**2,865,849**

5.19 Other income

"Other income" for the fiscal year to February 29, 2024 and to February 28, 2023 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Insurance reimbursements	40	74
Rent and lease income	69	94
Other income	1,196	1,809
Total other income	**1,306**	**1,977**

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 2023/24 and FY 2022/23 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Purchases of goods	2,096,742	2,261,900
Transport	81,072	85,594
Marketing	36,212	43,807
Utilities	17,321	28,606
Maintenance and rental charges	17,338	16,775
General sales expenses	14,425	16,546
Other costs	34,566	40,185
Consultancy	10,178	9,137
Purchase of consumables	33	905
Travel and transfer	876	785
Intercompany purchases of materials and services	-	-

Remuneration of administrative and supervisory bodies	1,443	859
Total Purchase of Materials and external services	**2,310,206**	**2,505,099**
Changes in inventory	10,119	15,988
Total, including changes in inventories	**2,320,325**	**2,521,087**

“Purchase of materials and external services”, taking account of the “Change of inventories”, amounts to Euro 2,320,325 thousand, compared to Euro 2,521,087 thousand in FY 2022/23. The reduction is mainly due to the “Purchase of goods” and “Changes in inventories” items for Euro 171,027 thousand, whose movement relates to the lower volumes.

”Transport” decreased from Euro 85,594 thousand to Euro 81,072 thousand in FY 2023/24. The decrease is mainly attributable to the reduction in sales volumes on the comparative fiscal year. They accounted for 3.0% of revenues in 2023/24 (3.0% in the previous fiscal year).

”Marketing” amounted to Euro 36,212 thousand in FY 2023/24 (Euro 43,807 thousand in FY 2022/23). This decrease in marketing costs is linked to close cost management and an altered mix of marketing initiatives. They accounted for 1.4% of revenues in 2023/24 (1.5% in 2022/23).

"Utilities”, which amounted to Euro 17,321 thousand in the fiscal year ended February 29, 2024, decreased Euro 11,285 thousand compared to the previous fiscal year, mainly due to the reduction in the cost of electricity. They accounted for 0.7% of revenues (1.0% in the previous fiscal year).

”Maintenance and Rental charges” amounted to Euro 17,338 thousand in FY 2023/24 (Euro 16,775 thousand in FY 2022/23). They accounted for 0.7% of revenues in FY 2023/24, in line with the previous fiscal year (0.6%).

”General sales expenses” decreased from Euro 16,546 thousand in FY 2022/23 to Euro 14,425 thousand in FY 2023/24. The account mainly includes costs for commissions on sales transactions; they accounted for 0.5% of revenues (0.6% in FY 2022/23).

”Other costs” include principally costs for variable rents, condominium expenses, motor vehicles, hire, cleaning, insurance and security. The item totalled Euro 34,566 thousand in FY 2023/24, decreasing Euro 5,619 thousand compared to the previous fiscal year. The decrease is mainly attributable to a reduction in variable rental fees due to lower sales volumes. In the previous year, the item included the penalty imposed in December 2022 by the Italian Anti-trust Authority on Unieuro S.p.A. of Euro 3.0 million.

"Consulting" amounted to Euro 10,178 thousand in FY 2023/24 (Euro 9,137 thousand in the previous fiscal year). The increase is related to the due diligence activities for the acquisition of Covercare S.p.A..

5.21 Personnel costs

”Personnel costs” for FY 2023/24 and FY 2022/23 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Salaries and wages	148,832	149,673
Welfare expenses	44,159	43,694
Severance pay	9,186	9,713
Other personnel costs	1,634	2,369
Total personnel costs	**203,811**	**205,449**

Personnel costs total Euro 203,811 thousand in FY 2023/24, decreasing Euro 1,638 thousand on FY 2022/23 (Euro 205,449 thousand). The item in the period decreased due to the optimisation of direct sales network personnel costs.

”Other personnel costs” of Euro 1,634 thousand in FY 2023/24 (Euro 2,369 thousand in FY 2022/23), include mainly the recognition of the cost for the 2020-2025 and 2023-2028 Performance Shares Plans.

5.22 Other operating costs and expenses

”Other operating costs and expenses” for FY 2023/24 and FY 2022/23 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Non-income based taxes	5,534	5,860
Provision/(release) for supplier bad debts	(326)	-
Provision/(release) for write-down of receivables	(510)	(37)
Other operating expenses	1,019	1,090
Total other operating costs and expenses	**5,717**	**6,913**

”Other operating costs and expenses” totalled Euro 5,717 thousand in FY 2023/24, compared to Euro 6,913 thousand in FY 2022/23, a decrease of Euro 1,196 thousand, mainly due to the adjustment of the allowance for doubtful accounts.

”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 2023/24 and FY 2022/23 are presented below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Depreciation right-of-use assets	70,554	72,544
Depreciation Plant, machinery, equipment and other assets	20,847	21,437
Amortisation Intangible assets with finite useful lives	15,289	12,360
Write-downs/revaluations of plant, machinery, equipment and other assets and intangible assets with finite useful life includes the write-down of some assets	2,063	-
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	16,727	2,000
Total amortisation, depreciation and write-downs	**125,479**	**107,866**

”Amortisation, depreciation and write-downs” totals Euro 125,479 thousand in FY 2023/24, compared to Euro 107,866 thousand in FY 2022/23, an increase of Euro 17,613 thousand.

Write-downs/revaluations of plant, machinery, equipment and other assets, amounting to Euro 2,063 thousand, increased mainly due to the roll out of new IT systems on the sales network.

“Write-downs/(revaluations) of investments” include the write-down of the investment in Monclick S.r.l in liquidation after the company entered liquidation, effective November 3, 2023, and the waiver of the trade receivables from the subsidiary.

5.24 Financial income and expenses

Below is a breakdown of “Financial income" in FY 2023/24 and FY 2022/23:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Other financial income	219	268
Interest income	1,188	237
Total financial income	**1,407**	**505**

“Financial income” increased from Euro 505 thousand in FY 2022/23 to Euro 1,407 thousand in FY 2023/24. The item mainly includes coupon yields and income realised on Government Bonds that matured in the first half of the year.

The breakdown of the “Financial expenses” is shown below:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Interest expense on bank loans	1,147	136
Other financial expenses	10,604	13,395
Total Financial Expenses	**11,751**	**13,531**

Financial expenses total Euro 11,751 thousand in FY 2023/24, decreasing Euro 1,780 thousand on the previous fiscal year (Euro 13,531 thousand).

”Interest expense on bank loans” increased Euro 1,011 thousand on the previous fiscal year, mainly due to the bank loan undertaken in December 2023 for the acquisition of Covercare S.p.A..

“Other financial expenses” amounted to Euro 10,604 thousand in FY 2023/24 (Euro 13,395 thousand in the previous year). 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 2023/24 and FY 2022/23:

(In thousands of Euro)	Year ended	
	February 29, 2024	February 28, 2023
Current taxes	(2,034)	(2,463)
Deferred taxes	(7,986)	904
Total	**(10,020)**	**(1,559)**

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 29, 2024	%	February 28, 2023	%
Pre-tax result for the period	(5,749)		13,485	
Theoretical income taxes (IRES)	1,380	24.0%	(3,236)	(24.0%)
IRAP	(1,805)	31.4%	(2,260)	(16.8%)
Tax effect of permanent and other differences	(9,595)	166.9%	3,937	29.2%
Income taxes	**(10,020)**		**(1,559)**	
Provision/(release) to taxes provision and taxes payable	-		-	
Total income taxes	**(10,020)**		**(1,559)**	
Effective tax rate		**174.3%**		**(11.6%)**

In FY 2023/24 and FY 2022/23, the percentage of taxes on the pre-tax result was respectively 174.3% and -11.6%.

The increased percentage in FY 2023/24 is related to the use of deferred tax assets on past losses in the calculation of current taxes for the year. Deferred tax assets on past losses recognised are consistent with tax projections for future years.

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.

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

(Euro thousands)	Year ended	
	February 29, 2024	February 28, 2023
Cash flow from operations		
Profit/(loss) for the year	(15,770)	11,926
Adjustments for:		
Income taxes	10,020	1,559
Net financial expenses (income)	10,344	13,026
Amortisation, depreciation and write-downs of fixed assets	125,479	107,866
Other changes	1,092	1,290
Net cash flow generated/(absorbed) from operating activities before changes in Net Working Capital	131,165	135,667
Changes in:		
- Inventories	10,119	15,988
- Trade receivables	28,070	(23,839)
- Trade payables	(37,961)	14,394
- Other changes in operating assets and liabilities	4,736	(12,268)
Cash flow generated/(absorbed) by operating activities	4,964	(5,725)
Taxes paid	(562)	-
Interest paid	(10,568)	(12,302)
Net cash flow generated/(absorbed) by operating activities	**124,999**	**117,640**

Cash flows of Euro 124,999 thousand were generated by operating activities (generation of Euro 117,640 thousand in the previous fiscal year to February 28, 2023). The cash movements compared to the previous year relates to the Company's earnings performance and net working capital movements.

Cash flow generated by investing activities (B)

(Euro thousands)	Year ended	
	February 29, 2024	February 28, 2023
Cash flow from investment activities		
Purchases of plant, machinery, equipment and other assets	(19,395)	(17,574)
Purchase of intangible assets	(20,479)	(21,484)
Investments in current FVOCI securities		(60,000)
Divestment of current FVOCI securities	60,540	
Investments for business combinations and business units	(24,137)	364

Cash flow generated/(absorbed) by investment activities	**(3,471)**	**(98,694)**

Investment activities absorbed cash of Euro 3,471 thousand and Euro 98,694 thousand in the fiscal years ended February 29, 2024 and February 28, 2023. Purchases of plant, machinery and intangible assets report cash flow absorbed for outlet refurbishments and investments in technology developments to strengthen the omnichannel strategy and technology infrastructure.

During H1 2023/24, Ordinary Treasury Bonds and Long-Term Treasury Bonds reached maturity, with their consequent settlement for Euro 60,540 thousand.

Cash flows from "Investments for business combinations and business units" refer to the amounts paid for the acquisition of Covercare S.p.A. in the fiscal year ended February 29, 2024.

Cash flow from generated/(absorbed) by financing activities

(Euro thousands)	Year ended	
	February 29, 2024	February 28, 2023
Cash flow from financing activities		
Increase/(Decrease) financial liabilities	-	(724)
Increase/(Decrease) in other financial liabilities	(2,035)	(3,312)
Increase/(Decrease) financial lease liabilities	(68,464)	(66,062)
Distribution of dividends	(9,848)	(27,134)
Cash flow generated/(absorbed) by financing activities	**(80,348)**	**(97,231)**

Financing activities absorbed cash of Euro 80,348 thousand in the year ended February 29, 2024 and Euro 97,232 thousand in the year ended February 28, 2023.

The movement in cash flows from financing activities at February 29, 2024 reflects the distribution of dividends approved by the Shareholders' Meeting for Euro 9,848 thousand (Euro 27,134 thousand at February 28, 2023).

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 29, 2024 is as follows:

	Number of options February 29, 2024
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 29, 2024
Outstanding at beginning of period	**584,000**
Assigned during the period	(231,224)
Granted during the period	1,424
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	**354,200**
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	**-**

<u>2023-2028 Performance share plan</u>

On June 21, 2022, 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 29, 2024
Outstanding at beginning of period	**80,000**
Assigned during the period	-
Granted during the period	117,900
Contribution from merger	-
Withdrawn during the period	-
Outstanding at the end of period	**197,900**
Not allocated at beginning of period	-
Exercisable at end of period	-
Not allocated at end of period	**2,100**

6. RELATED PARTY TRANSACTIONS

The following tables summarise the Company's creditor and debtor balances with related parties at February 29, 2024 and February 28, 2023:

(In thousands of Euro)	February 29, 2024				
Creditor and debtor balances with related parties	**Trade receivables**	**Trade payables**	**Other current liabilities**	**Other non current liabilities**	**Total**
Statutory Auditors	-	-	(65)	-	**(65)**
Board of Directors and committees	-	-	(553)	-	**(553)**
Senior Executives	-	-	(449)	(44)	**(493)**
Monclick S.r.l. in liquidation	-	(144)	(175)	-	**(319)**
Covercare S.p.A.	136	(9,690)	-	-	**(9,554)**
Covercare Center S.r.l.	-	-	-	-	**-**
Cybercare S.r.l.	-	-	-	-	**-**
Total	**136**	**(9,834)**	**(1,242)**	**(44)**	**(10,984)**

(In thousands of Euro)	February 28, 2023				
Creditor and debtor balances with related parties	**Trade receivables**	**Trade payables**	**Other current liabilities**	**Other non current liabilities**	**Total**
Statutory Auditors	-	-	(73)	-	**(73)**
Board of Directors and committees	-	-	(203)	-	**(203)**
Senior Executives	-	-	(734)	(379)	**(1,113)**
Monclick S.r.l. in liquidation	18,339	(1,121)	(989)	-	**16,229**
Total	**18,339**	**(1,121)**	**(1,999)**	**(379)**	**14,840**

We note that on October 16, 2023, the Board of Directors of Unieuro S.p.A. approved the initiation of the procedure for the liquidation of its wholly-owned subsidiary Monclick S.r.l.

This decision forms part of a corporate restructuring. In particular, Monclick S.r.l. has suffered a worsening of its operating, equity and financial situation in recent years as a result of the performance of its target markets, exacerbated by its digital pure player business model. On October 24, 2023, the Shareholders' Meeting of Monclick S.r.l. approved the liquidation of the company and appointed Mr. Turci as liquidator. The resolution was registered with the Milan Chamber of Commerce on November 3, 2023. This decision resulted in the full write-down of the investment and receivables from the subsidiary held by Unieuro S.p.A. for a total of Euro 16,727 thousand. Trade receivables from Monclick S.r.l. in liquidation are shown net of a bad debt provision of Euro 575 thousand.

It should be noted that, on December 4, 2023, following the obtaining of Anti-trust authorisations, Unieuro finalised the transaction for the purchase of the entire share capital of Covercare S.p.A.. The amounts to Covercare S.p.A., Covercare Centre S.r.l. and Cybercare S.r.l. report the balance of transactions as of December 1, 2023, the date of initial consolidation.

The following table summarises the Company's income and costs with related parties in FY 2023/24 and FY 2022/23:

(In thousands of Euro)	February 29, 2024						
Income statement transactions	**Revenues**	**Other income**	**Purchase of materials and services**	**Personnel costs**	**Amort., depreciation & write-downs**	**Income taxes**	**Total**
Statutory Auditors	-	-	(105)	-	-	-	**(105)**
Board of Directors and committees	-	-	(1,304)	-	-	-	**(1,304)**
Senior Executives	-	-	-	(1,852)	-	-	**(1,852)**
Monclick S.r.l. in liquidation	27,309	1,337	658	-	(16,727)	(175)	**12,402**
Covercare S.p.A. [57]	816	64	(3,999)	38	-	-	**(3,081)**
Covercare Center S.r.l.[46]	-	-	-	-	-	-	-
Cybercare S.r.l.[46]	-	-	-	-	-	-	-
Total	**28,125**	**1,401**	**(4,750)**	**(1,814)**	**(16,727)**	**(175)**	**6,061**

(In thousands of Euro)	February 28, 2023						
Income statement transactions	**Revenues**	**Other income**	**Purchase of materials and services**	**Personnel costs**	**Amort., depreciation & write-downs**	**Income taxes**	**Total**
Statutory Auditors	-	-	(107)	-	-	-	**(107)**
Board of Directors and committees	-	-	(716)	-	-	-	**(716)**
Senior Executives	-	-	-	(2,427)	-	-	**(2,427)**
Monclick S.r.l. in liquidation	53,996	1,024	1,686	-	(2,000)	(657)	**54,049**
Total	**53,996**	**1,024**	**863**	**(2,427)**	**(2,000)**	**(657)**	**50,799**

Giancarlo Nicosanti Monterastelli concluded his employment as a Senior Executive on June 1, 2023. He will continue to serve as Chief Executive Officer, as per the mandate granted by the Board of Directors in 2022. From June 1, 2023, the remuneration as Chief Executive Officer was included in the “Purchase of materials and external services” item, in the column relating to the “Board of Directors and Committees”.

Senior Executives	
Fiscal year ending February 29, 2024	**Fiscal year ending February 28, 2023**
General Manager - Bruna Olivieri	*Chief Executive Officer - Giancarlo Nicosanti Monterastelli*
Chief Financial Officer - Marco Deotto	*Chief Financial Officer - Marco Deotto*
	General Manager - Bruna Olivieri

[57] The income statement transactions with Covercare S.p.A., Covercare Centre S.r.l. and Cybercare S.r.l. report the balance of transactions from December 1, 2023, the date of initial consolidation.

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 2023/24 and 2022/23:

(in Euro thousands)	*Net cash flow generated/(absorbed) from operating activities*	
Type	**Period from March 1, 2023 to February 29, 2024**	**Period from March 1, 2022 to February 28, 2023**
Statutory Auditors	(113)	(123)
Board of Directors	(954)	(768)
Senior Executives [58]	(2,472)	(2,317)
Monclick S.r.l. in liquidation	42,077	53,807
Covercare S.p.A.	6,473	-
Total	**45,012**	50,599

[58] The account includes cash flows referring to remuneration paid to executives and the theoretical value for the period of the Long-term incentive plan.

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 29, 2024	February 28, 2023
Guarantees and sureties in favour of:		
Third party entities and companies	31,345	32,026
Total	**31,345**	**32,026**

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 29, 2024, 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.

Employment

At February 29, 2024, the number of employees stood at 5,195 (5,656 in the previous year) distributed by contractual categories as follows:

	February 29, 2024	February 28, 2023
Executives	33	34
Managers	82	78
White-collar	5,012	5,494
Blue-collar	1	1
Trainee	56	49
Total	**5,184**	**5,656**

Independent Audit Firm fees

The fees of the independent audit firm and its network for statutory audit and other services, at February 29, 2024, are presented below:

Type of service	Service provider	Fees (in Euro thousands)
Audit	KPMG S.p.A.	877
Certification work	KPMG S.p.A.	13
Other services	KPMG Advisory S.p.A.	45
Other services	KPMG S.p.A.	166
	Total	**1,101**

Subsequent events

No significant events subsequent to fiscal year-end are reported.

Board of Directors' proposals to the Shareholders' Meeting

Dear Shareholders,

We propose to:

- fully cover the net loss of Euro 15,770 thousand, through the use of the "Extraordinary Reserve" profit reserve.

Forlì, May 10, 2024

Giancarlo Nicosanti Monterastelli
Chief Executive Officer

Annex 1

Statement of Financial Position at February 29, 2024 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 29, 2024	Of which related parties	Weighting %	February 28, 2023	Of which related parties	Weighting %
Plant, machinery, equipment and other assets	76,240	-		76,933	-	
Goodwill	188,911	-		188,911	-	
Intangible assets with finite useful lives	49,894	-		45,659	-	
Right-of-use assets	381,577	-		420,721	-	
Deferred tax assets	38,017	-		45,112	-	
Other non-current assets	106,134	-		37,457	-	
Total non-current assets	**840,773**	-		**814,793**	-	
Inventories	435,517	-		445,636	-	
Trade receivables	50,139	136	0.3%	82,384	18,339	22.2%
Current tax assets	3,066	-		5,170	-	
Other current assets	21,213	-		82,531	-	
Cash and cash equivalents	88,622	-		47,442	-	
Total current assets	**598,557**	**136**	0.3%	**663,163**	**18,339**	**2.8%**
Total Assets	**1,439,330**	**136**	0.3%	**1,477,956**	**18,339**	**1.2%**
Share capital	4,140	-		4,140	-	
Reserves	93,792	-		90,536	-	
Profits/(losses) carried forward	3,054	6,061	198.5%	32,284	52,799	163.5%
Total shareholders' equity	**100,986**	**6,061**	**6.0%**	**126,960**	**52,799**	**41.6%**
Financial liabilities	14,951	-		-	-	
Employee benefits	10,443	-		10,818	-	
Other financial liabilities	349,861	-		377,549	-	
Provisions	10,140	-		11,318	-	
Deferred tax liabilities	3,370	-		3,024	-	
Other non-current liabilities	640	44	6.9%	993	379	38.2%
Total non-current liabilities	**389,405**	**44**	**0.0%**	**403,702**	**379**	**0.0%**
Financial liabilities	19,825	-		-	-	
Other financial liabilities	85,075	-		70,403	-	
Trade payables	559,162	9,834	1.8%	595,257	1,121	0.2%
Current tax liabilities	1,041			1,041	-	
Provisions	1,799			1,038	-	
Other current liabilities	282,037	1,242	0.4%	279,556	1,121	0.4%
Total current liabilities	**948,939**	**11,076**	1.2%	**947,295**	**1,500**	**0.4%**
Total shareholders’ equity and liabilities	**1,439,330**	**17,181**	1.2%	**1,477,956**	**55,420**	**3.7%**

Annex 2

Income Statement FY 2023/24 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 29, 2024	Of which related parties	Weighting %	February 28, 2023	Of which related parties	Weighting %
Revenue	2,658,621	28,125	1.1%	2,865,849	53,996	1.9%
Other income	1,306	1,401	107.3%	1,977	1,024	51.8%
TOTAL REVENUE AND INCOME	**2,659,927**	**29,526**	**1.1%**	**2,867,826**	**55,020**	**1.9%**
Purchase of materials and external services	(2,310,206)	(4,750)	0.2%	(2,505,099)	863	0.0%
Personnel costs	(203,811)	(1,814)	0.9%	(205,449)	(2,427)	1.2%
Changes in inventory	(10,119)	-		(15,988)	-	
Other operating costs and expenses	(5,717)	-		(6,913)	-	
GROSS OPERATING RESULT	**130,074**	**22,962**	**17.7%**	**134,377**	**53,456**	**39.8%**
Amortisation, depreciation and write-downs of fixed assets	(125,479)	(16,727)	13.3%	(107,866)	-	
NET OPERATING RESULT	**4,595**	**6,235**	**135.9%**	**26,511**	**53,456**	**201.6%**
Financial income	1,407	-		505	-	
Financial expenses	(11,751)	-		(13,531)	-	
PROFIT/(LOSS) BEFORE TAX	**(5,749)**	**6,235**	**(108.3%)**	**13,485**	**53,456**	**396.4%**
Income taxes	(10,020)	(175)	1.7%	(1,559)	(657)	42.1%
PROFIT/(LOSS) FOR THE YEAR	**(15,770)**	**6,061**	**(38.4%)**	**11,926**	**52,799**	**442.7%**

Annex 3

Cash flow statement FY 2023/24 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 29, 2024	Of which related parties	Weighting %	February 28, 2023	Of which related parties	Weighting %
Cash flow from operations						
Profit/(loss) for the year	(15,770)	6,061	(38.4%)	11,926	52,799	442.7%
Adjustments for:						
Income taxes	10,020	175	**1.7%**	1,559		
Net financial expenses (income)	10,344			13,026		
Amortisation, depreciation and write-downs of fixed assets	125,479	16,727	13.3%	107,866		
Other changes	1,092			1,290		
	131,165	22,962	17.5%	135,667		
Changes in:						
- Inventories	10,119			15,988		
- Trade receivables	28,070	18,203	**64.8%**	(21,839)	945	4.3%
- Trade payables	(37,961)	8,713	(23.0%)	14,394	(3,879)	(21.0%)
- Other changes in operating assets and liabilities	4,736	(4,867)	(102.8%)	(14,268)	734	12.8%
Cash flow generated/(absorbed) by operating activities	4,964	45,012	**906.9%**	(5,725)	50,599	883.8%
Taxes paid	(562)			-		
Interest paid	(10,568)			(12,302)		
Net cash flow generated/(absorbed) by operating activities	**124,999**	**45,012**	**36.0%**	**117,640**	**50,599**	**43.0%**
Cash flow from investment activities						
Purchases of plant, machinery, equipment and other assets	(19,395)			(17,574)		
Purchase of intangible assets	(20,479)			(21,484)		
Investments in current FVOCI securities				(60,000)		
Divestment of current FVOCI securities	60,540					
Investments for business combinations and business units	(24,137)			364		
Cash flow generated/(absorbed) by investment activities	**(3,471)**			**(98,694)**	**-**	**0.0%**
Cash flow from financing activities						
Increase/(Decrease) financial liabilities	-			(724)		
Increase/(Decrease) in other financial liabilities	(2,035)			(3,312)		
Increase/(Decrease) in financial liabilities - IFRS 16 Leases	(68,464)			(66,062)		
Buyback				-		
Exercise - Long Term Incentive Plan				-		
Distribution of dividends	(9,848)			(27,134)		
Cash flow generated/(absorbed) by financing activities	**(80,348)**			**(97,231)**	**-**	**0.0%**
Net increase/(decrease) in cash and cash equivalents	**41,180**	**45,012**	**109.3%**	**(78,286)**	**50,599**	**(64.6%)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**47,442**			**125,728**		
Net increase/(decrease) in cash and cash equivalents	**41,180**			**(78,286)**		
CASH AND CASH EQUIVALENTS AT END OF YEAR	**88,622**			**47,442**		

Annex 4

Income Statement FY 2023/24 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 29, 2024	**Of which non-recurring**	**Weighting %**	**February 28, 2023**	**Of which non-recurring**	**Weighting %**
Revenue	2,658,621			2,865,849	-	
Other income	1,306	1	0.1%	1,977	-	0.0%
TOTAL REVENUE AND INCOME	**2,659,927**	**1**	**0.0%**	**2,867,826**	**-**	**0.0%**
Purchase of materials and external services	(2,310,206)	(3,751)	0.2%	(2,505,099)	(2,650)	0.1%
Personnel costs	(203,811)	(188)	0.1%	(205,449)	(626)	0.3%
Changes in inventory	(10,119)	(3,738)	36.9%	(15,988)		
Other operating costs and expenses	(5,717)	(146)	2.6%	(6,913)	(558)	8.1%
GROSS OPERATING RESULT	**130,074**	(7,822)	(6.0%)	134,377	(3,834)	(2.9%)
Amortisation, depreciation and write-downs of fixed assets	(125,479)	(16,763)	13.3%	(107,866)	(237)	0.2%
NET OPERATING RESULT	**4,595**	**(24,585)**	**(626.4%)**	**26,511**	**(4,071)**	**(15.4%)**
Financial income	1,407			505	-	
Financial expenses	(11,751)	(614)	5.2%	(13,531)	(75)	0.6%
PROFIT/(LOSS) BEFORE TAX	**(5,749)**	**(25,200)**	**392.6%**	**13,485**	**(4,147)**	**(30.8%)**
Income taxes	(10,020)	(1,598)	16.0%	(1,559)	1,614	(103.5%)
PROFIT/(LOSS) FOR THE YEAR	**(15,770)**	**(26,798)**	**163.0%**	**11,926**	**(2,533)**	**(21.2%)**

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS AT FEBRUARY 29, 2024 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 2023/24 financial statements.

We also certify that the FY 2023/24 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 10, 2024

Giancarlo Nicosanti Monterastelli

Chief Executive Officer

Marco Deotto

Executive Officer for Financial Reporting

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 29 February 2024, 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 material information on the 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 29 February 2024 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 the 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 audit opinion.

Key audit matters

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

Recoverability of goodwill

Notes to the separate financial statements: notes 2.5 - Use of estimates and valuations in the preparation of the separate financial statements, 2.6.1 - Main accounting policies and 5.2 - Goodwill

Key audit matter	Audit procedures addressing the key audit matter
The company's separate financial statements at 29 February 2024 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 projected operating cash flows during the calculation period, as well as the discount and growth rates of those cash flows. The directors have forecast the operating cash flows used for impairment testing on the basis of the data included in the 28 February 2025 to 28 February 2029 business plan (the "plan"), which is based on the strategies of the plan that was approved by the board of directors on 9 May 2023. The company's board of directors approved the impairment test on 10 May 2024. 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 test approved by the company's board of directors on 10 May 2024; • 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.

Measurement of premiums from suppliers

Notes to the separate financial statements: notes 2.5 - Use of estimates and valuations in the preparation of the separate financial statements and 2.6.1 - Main 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 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 the method used to calculate the premiums and the consistency of the valuation approach with that adopted in the previous year with company management; • 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 company and its operating environment and substantive analytical procedures; • assessing the appropriateness of the disclosures provided in the notes about premiums from suppliers.

Measurement of inventories

Notes to the separate financial statements: notes 2.5 - Use of estimates and valuations in the preparation of the separate financial statements, 2.6.1 - Main accounting policies and 5.7 - Inventories

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 29 February 2024 include inventories of €435.5 million, net of the allowance for inventory write-down of €12.9 million. Determining the allowance for goods write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including: • the characteristics of the company's business sector; • the sales' seasonality, with peaks in November and December; • the decreasing price curve due to technological obsolescence of products; • the high number of product codes handled; • the impact of the current macroeconomic and geopolitical scenario. 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.

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

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

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

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

Auditors' responsibilities for the audit of the separate financial statements

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

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

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 29 February 2024 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 29 February 2024 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 29 February 2024 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 29 February 2024 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 29 February 2024 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, 20 May 2024

KPMG S.p.A.

(signed on the original)

Davide Stabellini
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 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 29, 2024, 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 Self-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, 2019, 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.10.1.

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 to 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' Meetings 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 13 meetings of the Board of Directors were held, 9 meetings of the Control and Risks Committee, 12 meetings of the Remuneration and Appointments Committee, 5 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 18 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 subsidiaries Monclick S.r.l. in liquidation and Covercare S.p.A..
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 presentation of an award in the "Ecommerce & Retail" category on March 28, 2023, at the LC Sustainability Awards 2023;

2. the approval by the Board of Directors, at its meeting of May 9, 2023, of the FY24-FY28 "Beyond Omni-Journey" Strategic Plan;
3. initiatives to support the population following the dramatic flooding that hit Emilia-Romagna in May 2023;
4. the approval by the Ordinary Shareholders' Meeting of June 22, 2023, convened in single call, of (i) the financial statements for the year ended February 28, 2023, including the allocation of the profit for the year, including the distribution of a dividend of Euro 0.49 per share; (ii) the first section and an expression of approval on the second section of the remuneration policy and report; (iii) the amendment of the 2023-2028 Performance Shares Plan having regard to the new quantitative performance targets defined on the basis of the 2024-2028 Strategic Plan; (iv) the proposal to increase the Board of Directors' remuneration, to be allocated to the remuneration of Giancarlo Nicosanti Monterastelli, as Director and Chief Executive Officer, following his retirement and termination of his employment as Chief Strategy Officer as of June 1, 2023; (v) the authorisation to purchase and dispose of treasury shares;
5. the entry into force from July 1, 2023 of Legislative Decree No. 26 of March 7, 2023, implementing Directive (EU) 2019/2161 ("Omnibus Directive") on price reduction announcements in online and offline channels;
6. ruling 13368/2023 of August 18, 2023 of the Lazio Regional Administrative Court, which partially upheld the appeal filed by Unieuro and Monclick against the two measures of the Competition Authority, and which consequently reduced the quantum of the penalty;
7. partnership with Kasanova, Italy's homeware and household goods leader, announced in October 2023;
8. the signing with Tozzi Green, one of the country's leading renewable energy sector groups, of a three-year Contract For Differences (CFD) on the price of energy, commencing October 1, 2023;
9. the collaboration agreement with Google Italy, signed on October 4, 2023, involving the sale of its new Pixel ecosystem devices from October 12, 2023 at Unieuro's outlets and on the www.unieuro.it portal;
10. the Board of Directors' resolution, on October 16, 2023, as part of a corporate restructuring process, of the initiation of the procedure for the liquidation of the wholly-owned subsidiary Monclick S.r.l. and the subsequent approval by the Shareholders' Meeting of the latter subsidiary, on October 24, 2023, of the liquidation of the company with the appointment of the liquidator;
11. the notification, on October 30, 2023, of the Competition Authority's clearance of the repayment to Unieuro and Monclick of the portion of the penalties not due under the above Lazio Regional Administrative Court order;
12. the completion, on December 4, 2023, of the acquisition of Covercare S.p.A. (together with the investees Covercare Center S.r.l. and Cybercare S.r.l., the "Covercare Group"), in execution of the agreement signed on October 16, 2023 and following the satisfaction of a number of contractual conditions, including the clearance of Italy's Competition Authority;
13. on December 27, 2023, the merger by incorporation effective January 1, 2023, of Covercare Services S.r.l., Wifix S.r.l. and Comfort Home Solutions S.r.l., wholly-owned subsidiaries of Covercare S.p.A..

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 complete disclosure, the Board of Statutory Auditors recalls that reported in Section 5 of the Directors' Report regarding the difficult macroeconomic environment in which the Group operated in FY 2023/2024, characterised by geopolitical conflicts, still high inflation, purchasing power under pressure and contracting in the consumer electronics sector for the second consecutive year.

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. 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 2023/2024 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 29, 2024, which was approved at the Board of Directors meeting of May 10, 2024. 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 2023/2024, 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, and those concerning the liquidation process of the subsidiary Monclick and the integration of the Covercare Group.

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 accounting standard IFRS 16, which had an impact on the financial statements, as outlined in the Notes (and analytically to paragraph 11), 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 29, 2024.

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 subsidiaries, 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 the subsidiaries 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 on May 20, 2024, 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 3) of Legislative Decree No. 39/2010.

The Board of Statutory Auditors notes that, in the fiscal year to February 29, 2024, 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 1,231 thousand (of which Euro 1.002 thousand for audit services and for Euro 229 thousand for other services).

In addition, the Independent Audit Firm on May 20, 2024 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 29, 2024.

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 23, 2024 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 11, 2024, 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 10, 2024, 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 20, 2024.
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 29, 2024. 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 up to the present date, the Board of Statutory Auditors has issued the opinions required by current laws and regulations regarding "non-audit fees," i.e., pertaining to the provision of services other than the legally-required audit to the company KPMG S.p.A., as also provided for by the internal procedure adopted by the Company, verifying, in particular, the effects on independence, without finding any 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.

Appointment of the Audit Firm for the 2025/2026-2033/2034 period

With the approval of the financial statements as of February 28, 2025, the engagement of KPMG S.p.A. as the independent audit firm by Shareholders' Meeting resolution on December 12, 2016 for the fiscal years March 1, 2016 to February 28, 2025 will conclude.

According to the applicable regulations, and in particular pursuant to Article 17 of Legislative Decree No. 39/2010 (as amended by Legislative Decree No. 135/2016, the "Legislative Decree No. 39/2010"), an independent audit firm's engagement is for a term of nine fiscal years and cannot be renewed or reappointed unless at least four fiscal years have elapsed since the termination of the previous engagement.

The new legally-required audit engagement must be assigned by the Shareholders' Meeting upon the reasoned proposal of the Board of Statutory Auditors in its capacity as the Internal Control and Audit Committee (“ICAC”) pursuant to Article 19 of Legislative Decree No. 135/2016, following a special selection procedure in accordance with the criteria and procedures set forth in Article 16 of European Regulation No. 537/2014 (the “European Regulation”).

The Board of Statutory Auditors, acting as the ICAC, in agreement with the relevant corporate functions, deemed it appropriate to begin in December 2023 the selection process for the assignment of the independent audit firm mandate for the fiscal years 2025/2026-2033/2034 in order to submit the appointment of the new independent audit firm to the Shareholders' Meeting called to approve the financial statements of Unieuro at February 29, 2024.

The anticipation of this procedure allows, in addition to compliance with the cooling-in period rule posed by Article 5 of the European Regulations to safeguard the independence of the incoming auditor, also a more efficient handover between the outgoing and incoming auditor, as well as the appointment of the auditor by the Unieuro Group subsidiaries.

The Shareholders' Meeting is also called upon to decide on the remuneration of the independent audit firm, as well as on any criteria for adjusting the fees, again subject to the reasoned proposal of the Board of Statutory Auditors.

The most qualified independent audit firms took part in the selection process, and an assessment of the most significant technical and economic parameters was carried out for each bid submitted.

In accordance with the provisions of the aforementioned Article 16 of the European Regulations, since it is a matter of granting the legally-required audit engagement for a Public Interest Entity (PIE), the proposal drawn up by the Board of Statutory Auditors, submitted for approval, provides for at least two possible alternatives for the engagement and indicates the reasoned preference for one of them.

The reasoned proposal of the Board of Statutory Auditors, drawn up on May 3, 2024, which was made available within the time and in the manner required by current regulations, is therefore submitted to the Unieuro Shareholders' Meeting for consideration.

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 29, 2024, 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 10, 2024.

Milan, May 20, 2024

THE BOARD OF STATUTORY AUDITORS

Ms. Giuseppina Manzo

(Chairperson)

Mr. Paolo Costantini

(Statutory Auditor)

Mr. Stefano Antonini

(Statutory Auditor)