IMPORTANT NOTICE

THE OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**") WITHIN THE MEANING OF RULE 144A ("**RULE 144A**") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR (2) OUTSIDE THE UNITED STATES PURCHASING THE NOTES DESCRIBED IN THE FOLLOWING OFFERING MEMORANDUM (THE "**NOTES**") IN OFFSHORE TRANSACTIONS (WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT ("**REGULATIONS S**")) IN COMPLIANCE WITH REGULATION S (AND, (A) IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "**EEA**") OR THE UNITED KINGDOM, NOT RETAIL INVESTORS (AS DEFINED BELOW FOR EACH OF THE EEA AND THE UNITED KINGDOM SEPARATELY) AND (B) IF INVESTORS ARE LOCATED OR RESIDENT IN ONE OF THE PROVINCES OF CANADA, ONLY PURSUANT TO AN EXEMPTION FROM THE REQUIREMENT TO FILE A PROSPECTUS IN SUCH PROVINCE AND IN THOSE PROVINCES ONLY TO PURCHASERS THAT QUALIFY BOTH AS AN "ACCREDITED INVESTOR" AND A "PERMITTED CLIENT" UNDER APPLICABLE CANADIAN SECURITIES LAWS).

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this important notice (the "**Offering Memorandum**"), whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, each time you receive any information from us as a result of such access.

The Offering Memorandum has been prepared in connection with the offer and sale of the securities described therein (the "**Offering**"). The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS OF OTHER JURISDICTIONS.

THE OFFERING MEMORANDUM FOLLOWING THIS NOTICE WILL BE ACCESSIBLE IN ELECTRONIC FORMAT AND MAY NOT BE PUBLISHED, FORWARDED, DISTRIBUTED OR OTHERWISE MADE AVAILABLE IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. YOU ACKNOWLEDGE THAT YOU RECEIVED THE OFFERING MEMORANDUM IN A FORM THAT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THE OFFERING MEMORANDUM CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED TO, AND WILL NOT BE ABLE TO, PURCHASE ANY OF THE NOTES.

Confirmation of your representation. In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the Notes described in the Offering Memorandum, either you or any customers you represent must be either (1) QIBs within the meaning of Rule 144A under the U.S. Securities Act or (2) purchasing the securities outside the United States in offshore transactions in reliance on Regulation S and investing in the Notes outside the United States in offshore transactions in reliance on Regulation S; *provided* that investors resident in a member state of the EEA or in the United Kingdom must not be retail investors (as defined below for each of the EEA and the United Kingdom separately) and investors located or resident in a province of Canada must qualify both as "accredited investors" and "permitted clients" under applicable Canadian securities laws. The Offering Memorandum is being sent at your request. By accepting this email or other electronic transmission and by accessing the Offering Memorandum, you shall be deemed to have represented to us and each of the initial purchasers set forth in the Offering Memorandum (collectively, the "**Initial Purchasers**") that:

(1) you acknowledge that you are, and consent to, receiving such Offering Memorandum by electronic transmission;

(2) either you or the customers you represent are: (a) QIBs within the meaning of Rule 144A under the U.S. Securities Act; or (b) purchasing the securities outside the United States in offshore transactions in reliance on Regulation S;

(3) if you are resident in a member state of the EEA or in the United Kingdom, you are a person other than a retail investor (as defined below for each of the EEA and the United Kingdom separately); and

(4) if you are located or resident in a province of Canada, you are both an "accredited investor", as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the securities act (Ontario), and a "permitted client", as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Prospective investors that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person. You may not transmit the Offering Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person, except with the consent of the Initial Purchasers. If you receive this document by email, you should not reply by email to this announcement. Any reply email communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected. If you receive this document by email, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction. Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The attached document is being furnished in connection with an offering exempt from registration under the U.S. Securities Act. Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Recipients of the Offering Memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the final version of the offering memorandum in respect of the Offering. Any securities to be issued will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States unless registered under the U.S. Securities Act or pursuant to an exemption from such registration.

The Notes are not being offered to the public in the EEA within the meaning of Regulation (EU) 2017/1129, as amended (the "**EU Prospectus Regulation**"). In member states of the EEA, the Offering Memorandum is directed only at persons who are "qualified investors" within the meaning of the EU Prospectus Regulation. The Offering Memorandum must not be acted on or relied on in any member state of the EEA by persons who are not qualified investors. Any investment or investment activity to which the Offering Memorandum relates is available only to qualified investors in any member state of the EEA.

The Notes are not being offered to the public in the United Kingdom within the meaning of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"). In the United Kingdom, the Offering Memorandum is only being distributed to and is only directed at persons who are "qualified investors" within the meaning of the UK Prospectus Regulation who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (as amended, the "**Order**"), (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, (iii) outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom) (as amended, the "**FSMA**") in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). The Offering Memorandum is directed only at (i) in the United Kingdom, persons who are Relevant Persons and (ii) in any member state of the EEA, persons who are qualified investors. Any investment or investment activity to which the Offering Memorandum relates is available only to Relevant Persons in the United Kingdom and qualified investors in any member state of the EEA. No part of the Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person.

The Offering Memorandum does not constitute an offer to sell, or a solicitation of any offer, or an invitation to subscribe for or purchase, or to make any commitments for or in respect of, any securities in the Issuer. It is subject to updating, amendment, revision, correction, verification and completion. Accordingly, it should not be relied on by any person for any purpose. Any investment in any securities in the Issuer will be solely on the basis of the final version of the offering memorandum in respect of the Offering and not on the basis of the Offering Memorandum. The Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Initial Purchasers, any person who controls any of the Initial Purchasers, the Issuer, any of their respective directors, officers, employees or agents or affiliates of any of the foregoing entities or persons, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic form and any version that will be provided to you at a later date on request from the Initial Purchasers.

This notice and the attached document are intended only for use by the addressee named herein and may contain legally privileged or confidential information. If you are not the intended recipient of this electronic notice, you are hereby notified that any dissemination, distribution or copying of this electronic notice and the attached document is strictly prohibited. If you have received this electronic notice in error, please immediately notify the sender by reply electronic notice and permanently delete all copies of this electronic notice and destroy any print-outs of it.

EU MIFID II product governance/Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**EU MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance/Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

EU PRIIPs Regulation/Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**EU PRIIPs Regulation**") for offering, distributing or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, distributing or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPS Regulation.

UK PRIIPs Regulation/Prohibition of sales to UK retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

The Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the EU Prospectus Regulation for the requirement to publish a prospectus for offers of Notes. The Offering Memorandum is not a prospectus for the purposes of the EU Prospectus Regulation.

The Offering Memorandum has been prepared on the basis that any offer of the Notes in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of Notes. The Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price. See "*Taxation*".

OFFERING MEMORANDUM **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

CECONOMY AG

€500,000,000 6.250% Sustainability-Linked Senior Notes due 2029

CECONOMY AG, organized as a stock corporation (*Aktiengesellschaft*) under the laws of Germany (the "**Issuer**"), is offering (the "**Offering**") €500,000,000 aggregate principal amount of sustainability-linked senior notes due 2029 (the "**Notes**").

The Notes will mature on July 15, 2029. The Notes will initially bear interest at a rate of 6.250% per annum. The Issuer will pay interest on the Notes semi-annually in arrears on each January 15 and July 15, commencing on January 15, 2025. For the interest payment period commencing on July 15, 2028 and any interest period thereafter, the interest rate applicable for such periods on the Notes shall increase by 0.375% per annum unless the Issuer has notified the Trustee (with a copy to the Paying Agent) by way of an officer's certificate, which shall also include a Sustainability Report, on or prior to the Certification Date, confirming that the Sustainability Performance Target for the financial year ending September 30, 2027 has been achieved, each as defined and further described under "*Description of the Notes—General—Sustainability Performance Target Step-up Interest*". Prior to July 15, 2026, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying the relevant applicable premium. Furthermore, at any time prior to July 15, 2026, the Issuer may redeem during each 12-month period commencing with the Issue Date (as defined below) up to 10% of the aggregate principal amount of the Notes outstanding at its option, from time to time, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date. Some or all of the Notes may also be redeemed at any time on or after July 15, 2026 at the redemption prices set forth in this offering memorandum (the "**Offering Memorandum**"). In addition, prior to July 15, 2026, the Issuer may redeem at its option up to 40% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum, *provided* that at least 60% of the aggregate principal amount of the Notes remains outstanding.

Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding the redemption date. In connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes, the Issuer or a third party making such tender offer in lieu of the Issuer, will have the right to redeem the Notes that remain outstanding in whole, but not in part, at a price equal to the price offered to each other holder of the Notes. In addition, the Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law.

As of the Issue Date (as defined below), none of the Issuer's subsidiaries will guarantee the Notes. The Notes will be senior obligations of the Issuer, will rank *pari passu* in right of payment with the Issuer's existing and future senior indebtedness that is not subordinated in right of payment to the Notes, including the Issuer's obligations under the Existing Notes which remain outstanding following the Tender Offer, the ESG Credit Facilities Agreement, the Euro Commercial Paper Program, the Promissory Notes, the Convertible Bond (each as defined herein), and will rank senior in right of payment to the Issuer's existing and future indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will be effectively subordinated to all existing and future secured indebtedness of the Issuer to the extent of the value of the assets securing such indebtedness. The Notes will be structurally subordinated to existing and future indebtedness, including obligations to trade creditors and lessors, of each subsidiary of the Issuer. This Offering Memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions. See "*Description of the Notes*".

There is currently no public market for the Notes. Application has been made to the Luxembourg Stock Exchange ("**LuxSE**") for the Notes to be admitted to the official list of the LuxSE (the "**Official List**") and to be admitted to trading on the LuxSE's Euro MTF market (the "**Euro MTF Market**"). There is no assurance that the Notes will remain listed on the Euro MTF Market. This Offering Memorandum constitutes a prospectus for the purpose of Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 39.

ISSUE PRICE: 100.000%.

The Notes will be issued in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Initial Purchasers expect to deliver the Notes in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on or about July 3, 2024 (the "**Issue Date**").

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold only to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A") and to persons outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144A. See "*Notice to Investors*" and "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

Joint Global Coordinators and Active Bookrunners

BNP PARIBAS **Deutsche Bank** **J.P. Morgan** **Société Générale**

Joint Bookrunners

Commerzbank **DZ BANK AG** **ING** **UniCredit**

Co-Managers

CaixaBank **CIC Market Solutions** **Helaba** **Raiffeisen Bank International** **Santander Corporate & Investment Banking**

The date of this Offering Memorandum is June 26, 2024.

CONTENTS

NOTICE TO INVESTORS

You should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Initial Purchasers (as defined below) has authorized anyone to provide you with any information or represent anything about the Issuer, its financial results or this Offering that is not contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer or the Initial Purchasers (as defined below). Neither the Issuer nor the Initial Purchasers is offering the Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the cover page of this Offering Memorandum.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS REGISTERED UNDER THE U.S. SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IS AVAILABLE. SEE "*PLAN OF DISTRIBUTION*" AND "*TRANSFER RESTRICTIONS*". INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A UNDER THE U.S. SECURITIES ACT.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, any of its affiliates or BNP Paribas, Deutsche Bank Aktiengesellschaft, J.P. Morgan SE, Société Générale, Commerzbank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, UniCredit Bank GmbH, CaixaBank, S.A., Crédit Industriel et Commercial S.A., Landesbank Hessen-Thüringen Girozentrale, ING Bank N.V., Raiffeisen Bank International AG and Banco Santander, S.A. (collectively, the "**Initial Purchasers**"). This Offering Memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Offering Memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct as of any time subsequent to that date.

By receiving this Offering Memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the Notes. The contents of this Offering Memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, its affiliates, the terms of the Notes and the merits and risks involved. To the fullest extent permitted by law, the Initial Purchasers make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy, adequacy or completeness of the information contained in this Offering Memorandum and disclaim any and all liability thereto. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past, the present or the future.

This Offering is being made in reliance upon exemptions from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**") or any other U.S. federal, state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

This Offering Memorandum is being provided for informational use solely in connection with their consideration of the purchase of the Notes (1) to QIBs as defined in Rule 144A under the U.S. Securities Act, and (2) to persons outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

The Initial Purchasers reserve the right to withdraw this Offering at any time and to reject any commitment to subscribe for the Notes, in whole or in part. The Initial Purchasers also reserve the right to allot less than the full amount of Notes subscribed by investors. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own account.

The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum. Furthermore, the Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and any other applicable federal, state or foreign securities laws pursuant to registration or exemption therefrom. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about and observe any such restrictions. None of the Issuer, the Initial Purchasers or their respective representatives is making any representation to any offeree or any purchaser of the Notes regarding the legality of any investment in the Notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a description of restrictions on the offering and sale of the Notes and the distribution of this Offering Memorandum, see "*Notice to Investors*" and "*Transfer Restrictions*".

To purchase the Notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell the Notes or possess or distribute this Offering Memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the Notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Issuer, its respective affiliates or the Initial Purchasers will have any responsibility therefor.

No action has been taken by the Initial Purchasers, the Issuer or any other person that would permit an offering of the Notes or the circulation or distribution of this Offering Memorandum or any offering material in relation to the Issuer or its affiliates or the Notes in any country or jurisdiction where action for that purpose is required.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer (having taken reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information in any material respect. The Issuer accepts responsibility accordingly. Any information sourced from third parties has been accurately reproduced herein and no facts have been omitted which would render the reproduced information inaccurate or misleading.

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SE (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO U.S. INVESTORS

The Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. You are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Notice to Investors*".

This Offering Memorandum is being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be QIBs under the U.S. Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose in the United States is not authorized. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**").

NOTICE TO CANADIAN INVESTORS

The Notes may only be offered or sold in any of the provinces of Canada pursuant to an exemption from the requirement to file a prospectus in such province in which such offer or sale is made, and only by a registrant duly registered under, or exempt from, the applicable securities laws of that province or by a registrant that is relying in that province on the "international dealer" exemption provided by Section 8.18 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("**NI 31-103**"). Furthermore, the Notes may only be offered or sold to purchasers purchasing, or deemed to be purchasing, as principal that are "accredited investors" as defined in National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or subsection 73.3(1) of the securities act (Ontario), and that are "permitted clients" as defined in NI 31-103.

Each Canadian purchaser hereby acknowledges that any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws and that it shall be deemed to represent and warrant it is an accredited investor, a permitted client, was not created or used solely to purchase or hold securities as an accredited investor and is purchasing as principal (or deemed principal) for investment only and not with a view to resale or redistribution.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province of residence for particulars of these rights or consult with a legal advisor.

Pursuant to Section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

We and the initial purchasers hereby notify prospective Canadian purchasers that: (a) we may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45 106F1 under NI 45-106 (including its name, address, telephone number, email and the number and aggregate purchase price of any Notes purchased) ("**personal information**"), which Form 45-106F1 may be required to be filed by us under NI 45-106; (b) such personal information may be delivered to the securities regulatory authority or regulator in the Canadian purchaser's jurisdiction (the "**Applicable Canadian Securities Regulator**") in accordance with NI 45-106; (c) such personal information is collected indirectly by the Applicable Canadian Securities Regulator under the authority granted to it under securities legislation; (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation; and (e) the contact information for the public official who can answer questions about the Applicable Canadian Securities Regulator's indirect collection of such personal information may be found in Form 45-106F1. Prospective Canadian purchasers that purchase Notes in this Offering will be deemed to have authorized the indirect collection of the personal information by the Applicable Canadian Securities Regulator, and to have acknowledged and consented to its name, address, telephone number, email and other specified information, including the aggregate purchase price paid by the purchaser, being disclosed to other Canadian securities regulatory authorities, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Notes (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

NOTICE TO EEA AND UK INVESTORS

EU MIFID II product governance/Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**EU MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance/Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

European Economic Area

EU PRIIPs Regulation/Prohibition of sales to EEA retail investors

Each Initial Purchaser, severally and not jointly, has represented, warranted and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available the Notes to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II or (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

United Kingdom

UK PRIIPs Regulation/Prohibition of sales to UK retail investors

Each Initial Purchaser, severally and not jointly, has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client, as defined in point (8) of Article 2 of UK MiFIR; or (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of the United Kingdom (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Other UK Regulatory Restrictions

Each Initial Purchaser, severally and not jointly, has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the communication); and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

NOTICE TO GERMAN INVESTORS

The Offering is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) (as amended, the "**Securities Prospectus Act**"), the Regulation (EU) 2017/1129, as amended, the ("**EU Prospectus Regulation**") and the respective Delegated Regulations of the European Commission, each as amended, and any other law applicable in Germany governing the issue, offering and sale of securities. No application will be made under German law to permit a public offer of the Notes in the Federal Republic of Germany. This Offering Memorandum has not been and will not be submitted to, nor has it been nor will it be approved by, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**"). BaFin has not obtained and will not obtain a notification from another competent authority of a member state of the European Union (each, a "**Member State**"), with which a securities prospectus may have been filed, pursuant to Article 25 of the EU Prospectus Regulation. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this Offering Memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 3 of the Securities Prospectus Act in connection with Article 2 lit. e of the EU Prospectus Regulation or who are subject of another exemption in accordance with Article 1 of the EU Prospectus Regulation. Any resale of the Notes in the Federal Republic of Germany must be made only in accordance with the Securities Prospectus Act and other applicable laws.

NOTICE TO LUXEMBOURG RESIDENTS

The Offering should not be considered a public offering of securities in Luxembourg. This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) (the "**CSSF**") for purposes of public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except in circumstances where the offer of the Notes benefits from an exemption from or constitutes a transaction otherwise not subject to the requirement to publish a prospectus pursuant to the Luxembourg law dated July 16, 2019 on prospectuses for securities, which applies the EU Prospectus Regulation.

NOTICE TO DUTCH INVESTORS

The Notes that are the subject of the Offering contemplated by this Offering Memorandum are not and may not be offered in the Netherlands other than to persons or entities which are qualified investors as defined in Article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht* or the "**AFS**"). Each purchaser of Notes described in this Offering Memorandum located in the Netherlands will be deemed to have represented, acknowledged and agreed that it is a qualified investor (*gekwalificeerde beleggers*) as defined in Section 1:1 of the AFS. For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in the Netherlands means to make a sufficiently specific offer addressed to more than one person as referred to in Section 217(1) of Book 6 of the Dutch Civil Code to conclude a contract to purchase or otherwise acquire the Notes, or to issue an invitation to make an offer of the Notes.

NOTICE TO SWISS INVESTORS

This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in Switzerland. For these purposes, a retail investor means a person who is a retail client as defined in Article 4 of the Swiss Financial Services Act (the "**FinSA**"). Consequently, no key information document required by the EU PRIIPs Regulation (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and therefore, any Notes with a derivative character within the meaning of Article 86 (2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.

NOTICE TO ITALIAN INVESTORS

The offer of the Notes has neither been registered with, nor cleared by, the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, in the Republic of Italy, nor may copies of this Offering Memorandum or of any other offering circular, prospectus, form of application, advertisement, other offering material or any other information or any other document relating to the Issuer or the Notes to be issued, be distributed or published in the Republic of Italy, either on the primary or on the secondary market, except in accordance with Italian securities, tax and other applicable laws and regulations. Each Initial Purchaser has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes or distribute or publish any copy of this Offering Memorandum or any other document relating to the Notes in Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2, paragraph (e) of the EU Prospectus Regulation; and

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the EU Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (the "**Issuers' Regulation**"), and any other applicable Italian laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy under paragraph (a) or (b) above must be made:

(i) by *soggetti abilitati* (including an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 58 of 24 February 1998, as amended from time to time (the "**Financial Services Act**"), Legislative Decree No. 385 of 1 September 1993 (the "**Consolidated Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time); and

(ii) in compliance with any other applicable laws and regulations or requirements, including any limitation or requirement that may be imposed from time to time by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Consolidated Banking Act and the relevant implementing guidelines of the Bank of Italy, as amended from time to time) or any other Italian competent authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

NOTICE TO SPANISH INVESTORS

The Notes may not be sold, offered or distributed to persons in Spain nor may any subsequent resale of the Notes be carried out in Spain, except in circumstances which do not qualify as a public offer (*oferta pública*) of securities in Spain, in accordance with Article 35 of the Royal Legislative Decree 4/2015, of 23 October, approving the amended and restated text of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended and restated, and the Royal Decree 1310/2005, of November 4, on the listing of securities, public offers and applicable prospectus (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admission a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended and restated, and any regulations developing it which may be in force from time to time. Neither the Notes, the Offering nor this Offering Memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering of Notes in Spain.

NOTICE TO FRENCH INVESTORS

This Offering Memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of the EU Prospectus Regulation and, therefore, has not been approved by, or registered or filed with the *Autorité des marchés financiers* (the French financial markets authority ("**AMF**")) and does not require a prospectus to be submitted for approval to the AMF.

Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offer au public de titres financiers*) (other than to qualified investors or a restricted circle of investors acting for their own account), and neither this Offering Memorandum nor any offering or marketing materials relating to the Notes may be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France (other than to qualified investors or a restricted circle of investors acting for their own account).

The Notes may only be offered or sold in France to: (i) a restricted circle of investors acting for their own account (*cercle restreint d'investisseurs agissant pour compte propre*) in accordance with Articles L. 411-2 and D. 411-4 of the French *Code monétaire et financier* or to qualified investors (*investisseurs qualifiés*) as defined by Article 2(e) of the EU Prospectus Regulation. Prospective investors are informed that: (i) this Offering Memorandum or any other materials relating to this Offering Memorandum have not been and will not be submitted for clearance to the AMF; (ii) in compliance with Article L.411-2 of the French *Code monétaire et financier*, the restricted circle of investors subscribing for the Notes should be acting for its own account; and (iii) the direct and indirect distribution or sale to the public of the Notes acquired by them and the qualified investors may only be made in compliance with Articles L. 411-1, L. 411-2, L. 412-1, L. 621-8 to L. 621-8-2 of the French *Code monétaire et financier* and applicable regulations thereunder.

Investors in France and persons into whose possession offering materials come must inform themselves about, and observe, any such restrictions.

NOTICE TO AUSTRIAN INVESTORS

This Offering Memorandum has not been and will not be approved or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended ("**KMG**"), and has not been passported into Austria pursuant to the EU Prospectus Regulation. Neither this Offering Memorandum nor any other document connected therewith constitutes a prospectus according to the EU Prospectus Regulation and neither this Offering Memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any person in Austria other than as permitted in this paragraph. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria may only be made to any legal entity which is a "qualified investor" within the meaning of Article 2(e) of the EU Prospectus Regulation; and *provided* that no such offer of the Notes shall require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation. For the purposes of this provision, the expression a "public offering of Notes" means any communication (whether originating from the Issuer or a financial intermediary) to the public in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered (or an invitation to subscribe such Notes), so as to enable an investor to decide to purchase or subscribe to the Notes.

NOTICE TO BELGIAN INVESTORS

This Offering Memorandum relates to a private placement of the Notes and does not constitute an offer to the public in Belgium to subscribe for or acquire the Notes. This Offering Memorandum or any other information circular, brochure or similar document may therefore not be distributed, and the Notes may not be offered or sold, in Belgium by way of an offer of securities to the public, pursuant to the EU Prospectus Regulation or the Belgian Law of 11 July 2018 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market, as amended (the "**Belgian Prospectus Law**"), except if the Notes are offered solely to qualified investors within the meaning of the EU Prospectus Regulation or on the basis of any other exemption as referred to in Article 1, paragraph 4 of the EU Prospectus Regulation.

This offering is conducted exclusively under applicable private placement exemptions and therefore it has not been and will not be notified to, and this Offering Memorandum or any other offering material relating to the Notes has not been and will not be approved by, the Belgian Financial Services and Markets Authority (*Autorité des services et marchés financiers/Autoriteit voor financiële diensten en markten*).

The Offering, and any materials relating to the Offering, may not be advertised to, the Notes are not intended to be offered, sold or otherwise made available to, and neither this Offering Memorandum nor any other information circular, brochure or similar document may be distributed, directly or indirectly, to, and the Notes should not be offered, sold or otherwise made available in Belgium to, (i) any person qualifying as a consumer (*consommateur/consument*) within the meaning of the Belgian code of economic law (*Code de droit économique/Wetboek van economisch recht*), as amended (the "**Belgian Code of Economic Law**") or (ii) to any person located and/or resident in Belgium other than a "qualified investor" within the meaning of the EU Prospectus Regulation.

This Offering Memorandum has been issued to the intended recipients for personal use only and exclusively for the purpose of the Offering. Therefore, it may not be used for any other purpose, nor passed on to any other person in Belgium. Any resale of the Notes in Belgium may only be made in accordance with the EU Prospectus Regulation, the Belgian Prospectus Law and other applicable laws.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION, WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding our future financial position and results of operations; our strategy, plans, objectives, goals and targets; future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "ongoing", "plan", "potential", "predict", "projected", "seek", "should", "targets" or "will" or the negative of such terms or other variation or comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- our ability to adapt to changes in the economic climate;
- the impact of inflation on our business, prospects, results and financial condition;
- the rapidly evolving markets in which we operate and the challenges we may face to adapt to new developments in e-commerce and technology and industry trends;
- fierce competition in the markets in which we operate;
- macroeconomic and political conditions in our domestic or foreign markets, including risks due to the Russia-Ukraine war;
- rapidly changing technology, content, service delivery and consumer preferences;
- risks associated with suppliers, partners and third party logistic providers;
- risks related to information systems and cybersecurity;
- risks associated with climate change;
- our ability to maintain and enhance our reputation, perception and recognition;
- risks related to pressure on our profit margins;
- risks associated with the seasonality of our business and impact of weather on our business;
- risks associated with the occurrence of catastrophic events such as terrorist attacks;
- our ability to implement or adapt our business strategy effectively;
- risks related to our omnichannel activities;
- our ability to implement effective marketing campaigns;
- changes in production costs of our suppliers;
- risks associated with not having formal contractual arrangements with our suppliers;

- the risk of product defects which may damage reputation of our brands;
- currency fluctuations and hedging risks;
- the risk of theft or misappropriation of funds or products in stores and warehouses;
- risks associated with changes in credit and debit card provider requirements or applicable regulations;
- the risk associated with loss of key personnel and our inability to attract, retain or replace skilled employees;
- tax risks and risks relating to intellectual property and litigation;
- the risk of impairment of our assets, such as goodwill;
- risks relating to our substantial indebtedness and our ability to meet our debt service obligations;
- risks related to the Notes; and
- other factors discussed in "*Risk Factors*".

The risk factors described in the "*Risk Factors*" section of this Offering Memorandum are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our business, financial condition and results of operations. Moreover, we operate in a highly competitive industry. New risks may emerge from time to time, and it is not possible for us to predict all such risks; nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

We urge you to read carefully the sections of this Offering Memorandum entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*" and "*Business*" for a more complete discussion of the factors that could affect our future performance. In light of these risks, uncertainties and assumptions, the forward-looking statements described in this Offering Memorandum may not be accurate or occur at all. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made (and in any case no later than the date of this Offering Memorandum).

We undertake no obligation, and do not intend, to update or revise any forward-looking statements or risk factors, whether as a result of new information, future events or developments or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum.

The forward-looking statements included in this Offering Memorandum have been prepared by and are the responsibility of the Company's management. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has not audited, reviewed, examined, compiled nor applied agreed-upon procedures with respect to the accompanying forward-looking statements and, accordingly, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft does not express an opinion or any other form of assurance with respect hereto. The PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft reports included in this document relate to the Company's previously issued Consolidated Financial Statements. They do not extend to the forward-looking statements and should not be read to do so.

These forward-looking statements were not prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of prospective financial information.

CERTAIN DEFINITIONS

Unless otherwise specified or the context requires otherwise in this Offering Memorandum (and except as otherwise defined in "*Description of the Notes*" and "*Description of Certain Financing Arrangements*" for purposes of those sections only), references to:

- "**Absolute Scope 3.11 Emissions**" has the meaning given to such term in "*Description of the Notes—General—Sustainability Performance Target Step-up Interest*";
- "**Baseline Absolute Scope 3.11 Emissions**" has the meaning given to such term in "*Description of the Notes—General—Sustainability Performance Target Step-up Interest*";
- "**Certification Date**" has the meaning given to such term in "*Description of the Notes—General—Sustainability Performance Target Step-up Interest*";
- "**Clearstream**" are to Clearstream Banking, S.A., or any successor thereof;
- "**Convergenta**" means Convergenta Invest GmbH, Bad Wiessee, Germany;
- "**Convertible Bond**" are to convertible bond with an aggregate principal amount of €151.0 million, divided into 1,510 bearer bonds ranking *pari passu* among themselves, each with a nominal value of €100,000.00, in return for a contribution in kind issued by the Issuer on December 15, 2020, as amended and restated on November 9, 2021;
- "**COVID-19**" means Severe Acute Respiratory Syndrome Corona-Virus 2 (SARS-CoV-2);
- "**DACH**" are to the region comprising Germany, Austria and Switzerland;
- "**EEA**" are to the European Economic Area;
- "**EU**" are to the European Union;
- "**ESG Credit Facilities Agreement**" are to the ESG-linked syndicated revolving credit facilities agreement entered into by the Issuer on May 6, 2021 amounting up to €1.06 billion;
- "**ESG Facility A**" are to a three-year tranche in the principal amount of €353.3 million under the ESG Credit Facilities Agreement that was extended by two years until May 2026;
- "**ESG Facility B**" are to a five-year tranche in the principal amount of €706.7 million under the ESG Credit Facilities Agreement, initially available until May 2026;
- "**Euroclear**" are to Euroclear Bank SA/NV or any successor thereof;
- "**Euro Commercial Paper Program**" are to a dealer agreement dated April 24, 2018 between the Company as issuer and various domestic and international banks as dealers, the Company may issue, from time to time, commercial papers (*Schuldverschreibungen*) with a maturity of not more than 364 days in an aggregate amount of up to €500 million;
- "**Existing Notes**" are to the €500.0 million aggregate principal amount of 1.75% senior notes due 2026 issued on June 24, 2021 by the Issuer.
- "**FNAC DARTY**" means FNAC DARTY S.A., Ivry-sur-Seine, France;
- "**GAAP**" means generally accepted accounting principles;
- "**GHG**" means greenhouse gas;
- "**Group**" or "**CECONOMY**" are to CECONOMY AG and its consolidated subsidiaries;
- "**Holders**" are to any holder of a proportionate co-ownership or other beneficial interest or right in the Notes;
- "**IFRS**" are to the International Financial Reporting Standards, as adopted by the European Union;

- "**Imtron**" means Imtron GmbH, Ingolstadt, Germany;
- "**Indenture**" are to the indenture to be dated the Issue Date governing the Notes by and among, *inter alios*, the Issuer and the Trustee, as amended, amended and restated or otherwise modified from time to time;
- "**Initial Purchasers**" are to BNP Paribas, Deutsche Bank Aktiengesellschaft, J.P. Morgan SE, Société Générale, Commerzbank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, UniCredit Bank GmbH, CaixaBank, S.A., Crédit Industriel et Commercial S.A., Landesbank Hessen-Thüringen Girozentrale, ING Bank N.V., Raiffeisen Bank International AG and Banco Santander, S.A.;
- "**Issuer**" and "**Company**" are to CECONOMY AG, Düsseldorf, Germany;
- "**Issue Date**" are to the date of original issuance of the Notes;
- "**Key Performance Indicator**" or "**KPI**" means, subject to certain adjustments from time to time, the key performance indicator applicable to the Notes as established by the Sustainability-Linked Financing Framework; see "*Summary—Sustainability-Linked Bond Feature*";
- "**KPMG**" are to KPMG AG Wirtschaftsprüfungsgesellschaft, Alfredstraße 277, 45133 Essen, Germany, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany;
- "**LTM Period March 2024**" are to the twelve months ended March 31, 2024;
- "**M.video**" means Public Joint Stock Company "M.video", Moscow, Russia;
- "**Marketplace**" means the Group's e-commerce marketplace;
- "**MMS Retail Group**" means MediaMarktSaturn Retail Group GmbH, Ingolstadt, Germany;
- "**MMSRG**" means MediaMarktSaturn Retail Group, *i.e.*, the group division (*Teilkonzern*) of CECONOMY comprising the "MediaMarkt" and "Saturn" brands;
- "**MPKG**" means METRO PROPERTIES GmbH & Co. KG, Düsseldorf, Germany;
- "**MSH**" means Media-Saturn-Holding GmbH, Ingolstadt, Germany;
- "**MSD**" means Media-Saturn Deutschland GmbH, Ingolstadt, Germany;
- "**Notes**" are to the €500.0 million aggregate principal amount of sustainability-linked senior unsecured notes due 2029 offered pursuant to this Offering Memorandum and to be issued on the Issue Date;
- "**Offering**" are to the offering of the Notes contemplated by this Offering Memorandum;
- "**Paying Agent**" are to The Bank of New York Mellon, London Branch;
- "**Power**" means Power Retail Sweden AB, Jönköpings Iän, Sweden;
- "**Power International**" means Power International AS, Lørenskog, Norway;
- "**Promissory Notes (*Schuldscheindarlehen*)**" are several tranches of fixed rate promissory note agreements with a total nominal amount of €71.5 million as of March 31, 2024 with a remaining term of up to three years;
- "**PwC**" are to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Niederlassung Düsseldorf, Georg-Glock-Straße 22, 40474 Düsseldorf, Germany, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany;
- "**Registrar**" are to The Bank of New York Mellon SA/NV, Dublin Branch;
- "**SEC**" are to the U.S. Securities and Exchange Commission;

- "**Second Party Opinion**" means the opinion provided by the Second Party Opinion Provider on the alignment of the Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles 2023, as administered by ICMA and the Sustainability-Linked Loan Principles 2023, as administered by the Loan Market Association (LMA);

- "**Second Party Opinion Provider**", means S&P Global Ratings Europe Limited;

- "**Services & Solutions**", means our services and solutions offering, including extended warranties, brokering mobile phone contracts, repair services, or delivery and installation;

- "**Sustainability Compliance Certificate**" has the meaning given to such term in "*Description of the Notes—General—Sustainability Performance Target Step-up Interest*";

- "**Sustainability-Linked Financing Framework**" refers to the Sustainability-Linked Financing Framework adopted by the Issuer, which can be found on the Issuer's website at www.ceconomy.de (it being understood that neither the Issuer's website nor the Sustainability-Linked Financing Framework forms part of or is incorporated by reference into this Offering Memorandum);

- "**Sustainability Performance Level**" means, in respect of a fiscal year beginning after September 30, 2023 and ending on or prior to September 30, 2026, the Absolute Scope 3.11 Emissions reduced by 14.8% from the Baseline Absolute Scope 3.11 Emissions;

- "**Sustainability Performance Target**" means, subject to the adjustments described under "*Description of the Notes—General—Sustainability Performance Target Step-up Interest—Sustainability Adjustments*," in respect of the fiscal year ending September 30, 2027, the Absolute Scope 3.11 Emissions from the Baseline Absolute Scope 3.11 Emissions reduced by 14.8% or more;

- "**Tender Offer**" are to the tender offer as described under "*Summary—Recent Developments*";

- "**Transfer Agent**" are to The Bank of New York Mellon SA/NV, Dublin Branch;

- "**Trustee**" are to BNY Mellon Corporate Trustee Services Limited;

- "**United Kingdom**" or "**U.K.**" are to the United Kingdom of Great Britain and Northern Ireland;

- "**United States**" or "**U.S.**" are to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

- "**U.S. Exchange Act**" are to the U.S. Securities Exchange Act of 1934, as amended;

- "**U.S. Securities Act**" are to the U.S. Securities Act of 1933, as amended; and

- "**we**", "**us**", "**our**" are to CECONOMY AG, Düsseldorf, Germany, and its consolidated subsidiaries.

SUSTAINABILITY-LINKED FINANCING FRAMEWORK

In connection with the Offering, the Issuer has adopted a framework relating to its sustainability strategy and specifying targets applicable to the Group, adhering to best market practices and presenting a unified and coherent suite for the issuance of sustainability-linked financing instruments of the Issuer in accordance with the Sustainability-Linked Bonds Principles 2023 (the "**SLBP**") administered by the International Capital Markets Association (ICMA) and the Sustainability-Linked Loan Principles 2023 (the "**SLLP**") administered by the Loan Market Association (LMA) (the "**Sustainability-Linked Financing Framework**").

The Sustainability-Linked Financing Framework has been reviewed by S&P Global Ratings Europe Limited (the "**Second Party Opinion Provider**"), which has provided an opinion thereon (the "**Second Party Opinion**"), and can be found on the website of the Issuer at www.ceconomy.de. The Sustainability-Linked Financing Framework and the Second Party Opinion are not incorporated into and do not form part of this Offering Memorandum. While the Issuer believes that the Second Party Opinion is reasonable, none of the Issuer, the Initial Purchasers, their respective affiliates, or any of their respective officers, employees, representatives or agents make any representation about the suitability of the Second Party Opinion or the Notes to fulfil any environmental and sustainability criteria. Investors should conduct their own assessment of the Notes from a sustainability perspective. While the Sustainability-Linked Financing Framework contains the Key Performance Indicators, and the Sustainability Performance Target, relating to the Group, the contents of CECONOMY AG's website, including any references made to information accessible therein, do not form part of, and are not incorporated by reference into, this Offering Memorandum.

The Issuer will report annually on the performance of the Group with respect to the Key Performance Indicator described in this Offering Memorandum at least until the reporting date relevant for assessing the achievement of the target, through the publication of its annual report, or within another document published on its website. Such report with respect to the Key Performance Indicator will be reviewed by an external verifier. The report will be separate from, and in addition to, the reporting required under the Indenture. See also "*Summary—Sustainability-Linked Bond Feature*".

PRESENTATION OF FINANCIAL INFORMATION

General

This Offering Memorandum includes historical financial information of the Issuer and its consolidated subsidiaries. In particular, this Offering Memorandum includes:

- the audited consolidated financial statements as of and for the financial year ended September 30, 2023 (financial year 2022/23), including the notes thereto, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and the supplementary requirements of Section 315e of the German Commercial Code, which include comparative financial information as of and for the financial year ended September 30, 2022 (financial year 2021/22) (the "**2023 Audited Consolidated Financial Statements**");

- the audited consolidated financial statements as of and for the financial year ended September 30, 2022 (financial year 2021/22), including the notes thereto, prepared in accordance with IFRS and the supplementary requirements of Section 315e of the German Commercial Code, which include comparative financial information as of and for the financial year ended September 30, 2021 (financial year 2020/21) (the "**2022 Audited Consolidated Financial Statements**" and, together with the 2023 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"); and

- the unaudited interim consolidated financial statements as of and for the six months ended March 31, 2024 (H1 2023/24), prepared in accordance with IFRS applicable for interim financial reporting (IAS 34) and including comparative financial information for the six months ended March 31, 2023 (H1 2022/23) (the "**Unaudited Interim Consolidated Financial Statements**" and, together with the Audited Consolidated Financial Statements, the "**Consolidated Financial Statements**").

The financial information included in this Offering Memorandum was not prepared in accordance with generally accepted accounting principles in the United States ("**U.S. GAAP**"). There could be significant differences between IFRS, as applied by us, and U.S. GAAP. We neither describe the differences between IFRS and U.S. GAAP nor reconcile our Consolidated Financial Statements to U.S. GAAP. Accordingly, such information is not available to investors, and investors should consider this in making their investment decision.

Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and U.S. GAAP and other frameworks for generally accepted accounting principles and how those differences might affect the financial information included in this Offering Memorandum and (ii) the impact that future additions to, or amendments of, IFRS may have on our results of operations or financial condition, as well as on the comparability of the preceding periods.

In some instances, due to changes in the presentation and in the disclosures of the Audited Consolidated Financial Statements, some financial information as of and for the financial year ended September 30, 2022 were taken or derived from the 2023 Audited Consolidated Financial Statements, respectively. For information on the changes in the Group's reporting, refer to the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement", included elsewhere in this Offering Memorandum. Please note that, for purposes of review of the cash flow statement figures of the 2021 Audited Consolidated Financial Statements, please note that the adjustments explained at the beginning of the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" have not been applied to the cash flow statement of the 2021 Audited Consolidated Financial Statements, which significantly limits comparability.

The financial information marked as "audited" in tables in this Offering Memorandum is taken from the Audited Consolidated Financial Statements. Financial information marked as "unaudited" in tables in this Offering Memorandum is not taken from the Audited Consolidated Financial Statements and is taken from the Issuer's internal accounting system or from the Unaudited Interim Consolidated Financial Statements, or is based on calculations of figures from the abovementioned sources.

The financial information included in this Offering Memorandum is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC, which would apply if the Notes were being registered with the SEC.

Non-IFRS Financial Measures

This Offering Memorandum contains certain non-IFRS measures and ratios, including the measures defined below. We define:

- "**EBIT**", or "**earnings before interest and taxes**", as earnings before the net financial result and income taxes;
- "**adjusted EBIT**" as EBIT adjusted for portfolio measures by not including the affected earnings contributions in the current period or in the previous period. Earnings effects from companies accounted for using the equity method and all non-recurring earnings effects are also adjusted for;
- "**EBITDA**" as EBIT scheduled depreciation/amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on investments accounted for using the equity method and assets held for sale;
- "**adjusted EBITDA**" as EBITDA adjusted for portfolio measures by not including the affected earnings contributions in the current period or in the previous period, earnings effects from companies accounted for using the equity method, and all non-recurring earnings effects;
- "**gross margin**" as total sales less cost of sales (including income from subsequent remuneration) divided by sales;
- "**adjusted gross margin**" as gross margin adjusted for portfolio measures, earnings effects from companies accounted for using the equity method, and all non-recurring earnings effects;
- "**cash investments**" as the sum of investments in property, plant and equipment and other investments;
- "**free cash flow**" as cash flow from operating activities less cash investments;
- "**lease-adjusted free cash flow**" as free cash flow less redemption of lease liabilities;
- "**net working capital**" as inventories plus (i) trade receivables and similar claims and (ii) receivables due from suppliers less trade liabilities and similar liabilities;
- "**adjusted OPEX**" as selling expenses, general administrative expenses and other operating expenses adjusted for portfolio measures, earnings effects from companies accounted for using the equity method, and all non-recurring earnings effects;
- "**borrowings**" as the sum of current and non-current financial borrowings (including lease liabilities);
- "**net debt**" as borrowings less cash and cash equivalents and short-term financial investments (as included in the consolidated statement of financial position under "other financial assets (current)");
- "**net leverage ratio**" as net debt divided by by the aggregate amount of adjusted EBITDA for the four most recent fiscal quarters ended prior to that date;
- "***as adjusted* cash and cash equivalents**" as cash and cash equivalents as adjusted for the Offering and the application of the proceeds from the Offering as set forth under "*Use of Proceeds*".
- "***as adjusted* borrowings**" as borrowings as adjusted for the Offering and the application of the proceeds from the Offering as set forth under "*Use of Proceeds*".
- "***as adjusted* net debt**" as net debt as adjusted for the Offering and the application of the proceeds from the Offering as set forth under "*Use of Proceeds*".
- "***as adjusted* net leverage ratio**" as net leverage ratio as adjusted for the Offering and the application of the proceeds from the Offering as set forth under "*Use of Proceeds*".
- "***as adjusted* interest expenses**" as interest expenses as adjusted for the Offering and the application of the proceeds from the Offering as set forth under "*Use of Proceeds*"; and

- "***as adjusted* fixed charge coverage ratio**" as adjusted EBITDA divided by interest expenses as adjusted for the Offering and the application of the proceeds from the Offering as set forth under "*Use of Proceeds*".

For a reconciliation of certain non-IFRS measures to the most directly comparable IFRS measure, see "*Summary Consolidated Financial and Other Information—Other Financial Data*".

The non-IFRS financial measures and related ratios contained in this Offering Memorandum should not be considered in isolation and are not measures of our financial performance or liquidity under IFRS and should not be considered as an alternative to any performance measures derived in accordance with IFRS or as an alternative to cash flow from operating, investing or financing activities or any other measure of our liquidity derived in accordance with IFRS. Non-IFRS financial measures do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of our results of operations.

In addition, certain non-IFRS financial measures, as we define them, may not be comparable to other similarly titled measures used by other companies. You should exercise caution in comparing the non-IFRS financial measures as reported by us to such measures, similar measures or adjusted variations thereof reported by other companies.

We use non-IFRS measures, or have used them, because our management believes that they are useful additional tools for analyzing our business performance and for managing our capital, and because they are used to measure compliance with the covenants under certain of our financing arrangements.

The assumptions underlying the non-IFRS financial measures have not been audited in accordance with generally accepted auditing standards.

In particular, non-IFRS financial measures such as EBIT, adjusted EBIT, EBITDA, adjusted EBITDA, gross margin, adjusted gross margin, cash investments, free cash flow, borrowings, net debt, net leverage ratio, net working capital, lease-adjusted free cash flow and adjusted OPEX have limitations as analytical tools and you should not consider them in isolation or as a substitute for the analysis of our results or any performance measures under IFRS as set forth in our Consolidated Financial Statements. These limitations include, among other things:

- they do not reflect our cash expenditures or future requirements for capital investments or contractual commitments;
- they do not reflect interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay; and
- other companies in our industry may calculate these measures differently from the way we do, limiting their usefulness as comparative measures.

Because of these limitations, such non-IFRS financial measures should not be considered measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations, including under the Notes and may not be indicative of our results of operations. You should rely primarily on our results reported under IFRS and use these non-IFRS financial measures only to supplement your evaluation of our performance.

The unaudited consolidated income statement information and the other financial information presented for the twelve month-period ended March 31, 2024 ("**LTM Period March 2024**") have been derived by subtracting from the financial information for the financial year ended September 30, 2023, contained in the 2023 Audited Consolidated Financial Statements the financial information for the six months ended March 31, 2023, contained in the Unaudited Interim Consolidated Financial Statements, and adding the financial information for the six months ended March 31, 2024, contained in the Unaudited Interim Consolidated Financial Statements. The unaudited consolidated income statement information and the other financial information presented for the LTM Period March 2024 have been prepared for illustrative purposes only and are not necessarily representative of our results of operations for any future period or our financial condition at any future date, they are neither audited nor reviewed and are not prepared in the ordinary course of our financial reporting or in accordance with IFRS.

As Adjusted Financial Information

Certain unaudited financial information included in this Offering Memorandum is adjusted to give *pro forma* effect to the Offering and the use of proceeds, including the application of the proceeds from the Offering and the use of proceeds as set forth under "*Use of Proceeds*" (the "**as adjusted financial information**"). The as adjusted financial information has not been audited or reviewed, does not indicate future results, has not been prepared in accordance with and shall not be construed to be in compliance with the requirements of Regulation S-X of the U.S. Securities Act, the EU Prospectus Regulation or any other regulations or any generally accepted accounting standards and should not be considered as an alternative to performance measures derived in accordance with IFRS or any other generally accepted accounting principles.

The as adjusted financial information is presented for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Offering and the use of proceeds been completed on the dates indicated and do not purport to indicate our future consolidated results of operations. Results indicated by as adjusted financial information may not be realized, and funds depicted by certain of these measures may not be available for management's discretionary use if such results are not realized. The actual results may differ significantly from those reflected in the as adjusted financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited aggregated financial information. Neither the assumptions underlying the as adjusted financial information nor the resulting as adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards. You should not place undue reliance on the as adjusted financial information, and no opinion or any other form of assurance is provided with respect thereto.

The as adjusted financial information should be read in conjunction with the information contained in "*Presentation of Financial Information*", "*Use of Proceeds*", "*Capitalization*", "*Summary Consolidated Financial and Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Non-Financial Operating Data

Certain key non-financial operating data and performance indicators included in this Offering Memorandum are derived from management estimates, are not part of our Consolidated Financial Statements or financial accounting records, and have not been audited or otherwise reviewed by our independent auditors or other outside consultants or experts. Our use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all these terms should not be considered in isolation or as an alternative measure of performance.

GENERAL

Our financial year runs from October 1 through September 30 of the subsequent calendar year. In this Offering Memorandum, references to a financial year are to the calendar year in which the financial year ends. For example, financial year 2022/23 refers to the financial year ended on September 30, 2023.

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in our Consolidated Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof. With respect to financial information set out in this Offering Memorandum, a dash ("—") signifies that the relevant figure is not available or not applicable, while a zero ("0.0") signifies that the relevant figure is available but is or has been rounded to zero.

Where indicated, we compare results from one period to another period in this Offering Memorandum using variances calculated at constant exchange rates for local currencies. To present that information, we have recalculated the more-current period figures in each case using the same weighted average foreign currency-to-euro exchange rates that had been employed for the preceding period. We express certain of our results in terms of a percentage change in local currency in order to provide what we believe to be a better representation of the period-to-period developments in our businesses around the world by excluding the impact of changes in foreign currency exchange rates.

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

INDUSTRY AND MARKET DATA

Market Data

This Offering Memorandum contains historical data and forecasts regarding market size, market share, market position, growth rates, economic performance, and other industry data pertaining to us and our business.

We have derived certain market and industry data in this Offering Memorandum from the following third-party sources:

- Bain & Company The Future of Retail: The Age of Convergence, dated December 9, 2022, https://www.bain.com/insights/the-future-of-retail-in-the-age-of-convergence, last accessed June 12, 2024 ("**Bain & Company**");
- European Commission, Flash Consumer Confidence Indicator for the EU and Euro Area, dated May 23, 2024 (https://economy-finance.ec.europa.eu/document/download/84d9c940-af50-43a4-8bdb-a80b0190ae77_en?filename=Flash_consumer_2024_05_en.pdf, last accessed June 12, 2024) ("**European Commission**");
- Flywheel Digital, Future Retail Disruption Report, March 2024 ("**Flywheel**");
- GfK Market Intelligence, Consumer Tech & Durables – Outlook 2024 ("**GfK Consumer Tech & Durables Outlook 2024**");
- GfK Market Intelligence, Quarterly Helicopter View Report for the Tech Industry, for Q4 2023 and Q1-2024 (together, the "**GfK Quarterly Helicopter View Reports**");
- GfK Market Intelligence, Retail Panel (data base) (Database retrieval November/December 2023) ("**GfK Retail Panel**");
- GfK Market Intelligence, Tech & Durables Trends Report, March 2024 ("**GfK Tech & Durables Trends Report**");
- GfK Market Intelligence, State of Tech & Durables Report Retail, 2023 (Database retrieval as of February 16, 2024) ("**GfK State of Tech & Durables Report**");
- OECD, Consumer confidence index (https://data.oecd.org/leadind/consumer-confidence-index-cci.htm, last accessed June 12, 2024) ("**OECD**"); and
- World Economic Forum, Chief Economists Outlook (https://www3.weforum.org/docs/WEF_Chief_Economists_Outlook_May2024.pdf, last accessed June 12, 2024) ("**WEF – Chief Economists Outlook**").

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe such information has been accurately reproduced by us in this Offering Memorandum and, as far as we are aware and able to ascertain from the information published by the above-listed third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, market studies and analyses are frequently based on information and assumptions that may be outdated or may otherwise not be accurate or technically correct, and their methodology may be forward-looking and speculative.

We have not verified the figures, market data and other information used by third parties in the studies, publications and financial information reproduced herein, or the external sources on which our estimates are based. We therefore assume no liability for and offer no guarantee of the accuracy of the data from studies and third-party sources contained in this Offering Memorandum or for the accuracy of third-party data on which our estimates are based. Consequently, you should not place undue reliance on the information we have derived from these sources.

In addition, certain information in this Offering Memorandum regarding our industry and our market position is not based on published statistical data or information obtained from independent third parties. Such information and statements reflect our own internal estimates based upon information obtained from customers, trade and business organizations and associations and other contacts within our industries, internal surveys, customer interviews and assumptions we deem reasonable. We believe that our estimates of market data and the information we have derived from such data help investors to better understand the industry in which we operate and our position within it. Our own estimates have not been checked or verified externally. While we assume that our own market observations are reliable, we give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from other independent sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under "*Risk Factors*" in this Offering Memorandum. As a result, the market statistics included in this Offering Memorandum should be viewed with caution and neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this Offering Memorandum.

Information contained on any website referenced in this Offering Memorandum is not incorporated by reference in this Offering Memorandum and is not part of this Offering Memorandum.

The Offering Memorandum contains forecasts, statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data on the Company's business and markets provided by third party sources as interpreted by us. This market data is, in part, derived from published research and additional market studies prepared primarily as a research tool and reflects estimates of market conditions based on research methodologies including primary research, secondary sources and econometric modelling. Part of the market data used has been collected in the framework of a market survey carried out as a panel observation. The panel is a regular survey monitoring sales of specific products and product categories, using a range of distribution channels including internet, retail outlets (e.g., high street, mail order) and companies (e.g., resellers). The market data does not represent actual sales figures globally or in any given country; rather, the market data represents a statistical projection of sales in a given territory and is subject to the limitations of statistical error and adjustments at any time (e.g., reworks, changes in panel structure). The representativeness of the market data may be impacted by factors such as product categorization, channel distribution and supplier universe identification and statistical sampling and extrapolation methodologies. The market data presented is based on statistical methods and extrapolation.

In addition, market research data and trend information as interpreted or used by us is based on certain estimates and assumptions and there can be no assurance that these estimates and assumptions as well as any interpretation of the relevant information by us are accurate. The market research institutes which data we used as basis for this presentation are neither registered broker dealers nor financial advisors and the permitted use of any market research data does not constitute financial advise or recommendations.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum but does not contain all of the information that you should consider before investing in the Notes. The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and the Consolidated Financial Statements appearing elsewhere in this Offering Memorandum. You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations, which are important to your decision to invest in the Notes, including, without limitation, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of the Notes*" and the risks described under "*Risk Factors*" and "*Forward-Looking Statements*".

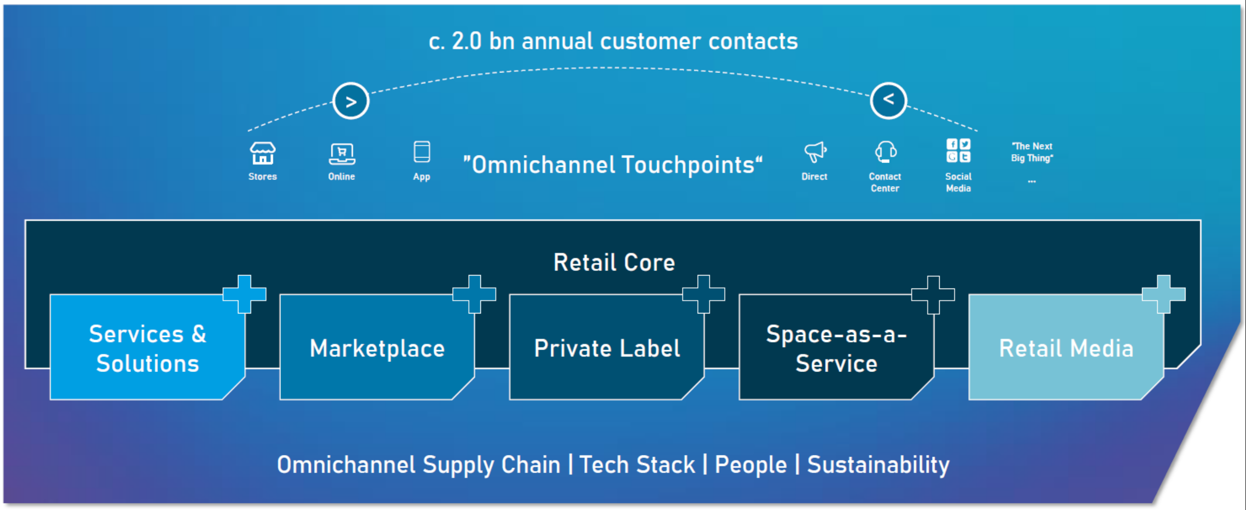
Overview

We are a leading omnichannel consumer electronics retailer in Europe (measured by sales in 2023 for MMS Countries and retail channel, *source*: Company information based on publicly available information of competitors, total market estimate based on GfK Retail Panel) with over 1,000 stores supported by a team of approximately 48,300 employees as of March 31, 2024. We operate in eleven countries across Europe and Türkiye under the retail brands MediaMarkt, MediaWorld and Saturn. In the financial year ended September 30, 2023, we generated sales in the amount of €22.2 billion, an increase of 2.2% compared to sales of €21.8 billion in the financial year ended September 30, 2022, and adjusted EBIT in the amount of €243 million, an increase of 16.8% compared to adjusted EBIT in the amount of €208 million in the financial year ended September 30, 2022. In the twelve months ended March 31, 2024, we generated sales in the amount of €22.2 billion and adjusted EBIT in the amount of €287 million.

We believe we have a market share of more than 17% based on total market volume (measured by sales in H1 2023/24 for MMS Countries and retail channel, *source*: Company information based on GfK Retail Panel). In addition, we are a well-known market player, with high brand awareness of over 75% across all countries in which we operate (based on externally conducted surveys conducted in July to September 2023).

We place the customer at the center of our strategy and target to consistently gear our activities to their needs. This central strategic principle is also embedded in our purpose: "We create experience electronics to enrich people's lives." With this target picture, we, as the European market leader want to set new standards for customer experience, the conscious discovery of technology and the support for customers in their day-to-day life. With estimated 2 billion customer contacts per year (defined as the number of store visits and the number of website visits), we aim to transform our business model from a traditional retail platform to a service platform offering our customers and partners a broad spectrum of consumer electronics and services. Our objective is to turn satisfied customers into loyal customers. This "stickiness" provides the basis for the continuous growth of our omnichannel platform related business. Our strategy is based on four strategic pillars (employee experience, shopping experience, usage experience and impact experience) designed to improve the overall customer experience and thus increase customer satisfaction and loyalty.

Our omnichannel service platform is based on the retail sale of consumer electronics and other related product categories, which we refer to as our retail core business. The retail core business is complemented by five additional growth businesses: Services & Solutions, MediaMarktSaturn's Marketplace, private label, space-as-a-service and retail media.



Our Services & Solutions business includes extended warranties or insurance, brokering of mobile phone contracts, repair services, product rental, trade-in or refurbishment of products, delivery to and installation at the customer's location, as well as consumer financing. Our marketplace enables professional sellers to be listed on and to use the website as a sales interface. We also offer private label products through our Koenic, ISY, Peaq and ok. brands to generate higher margins due to the greater vertical integration, which also allow a differentiate offering, as these brands are exclusive with us. Our space-as-a-service concept ("Lighthouse") comprises the offering of integrated innovation experiences through partner boutiques (Shop in Shop). In addition, our retail media offering enables manufacturers and advertisers to use the wide reach of our digital channels for their own marketing activities.

Our Strengths

Our strong position in consumer electronics is deeply rooted in the history of our main brands, MediaMarkt, and Saturn. We have established a strong reputation in our markets, providing customers with trusted expertise and support for their electronic purchases. With our decade-long relationships with industry partners, we benefit from an intricate supply chain infrastructure.

Europe's leading consumer electronics retailer, underpinned by strong brands and a loyal customer base

We believe we are the market leader in Europe for consumer electronics (measured by sales in 2023 for MMS Countries, *source*: Company information based on publicly available information and estimations of competitors) with a market share of more than 17% based on total market volume (measured by sales in H1 2023/24 for MMS Countries and retail channel; *source*: Company information based on GfK Retail Panel).

In the last three years, in particular, we have increased our overall market share in eight countries and regained market leadership in the Netherlands, as well as gaining a market leading position in Türkiye by building our omnichannel service platform and focusing on the customer. Our MediaMarkt and Saturn brands enjoy a high level of brand awareness of over 75% across all countries in which we operate (based on externally conducted surveys conducted in July to September 2023), a key factor in the retail industry.

In addition, we have a loyal customer base, with approximately 2 billion customer contacts and 38 million loyalty members in the financial year ended September 30, 2023 and the latter increased to more than 40 million as of April 30, 2024. We believe that our net promoter score ("**NPS**") of 53 (as of September 30, 2023) is an indication of our high level of customer satisfaction. We observe that our loyalty members have a 50% higher retention rate compared to online account holders and a higher basket value of approximately €70 compared to other customers. In addition, as of April 30, 2024, we have received e-mail permission from approximately 30 million customers to use customer data for our retail media, such as newsletters and promotions.

Strong diversification across regions, product categories and business models

Our geographic diversification across eleven countries is a strategic advantage that allows us to mitigate risks associated with varying macroeconomic cycles.

In the financial year ended September 30, 2023, 54% of our sales were attributable to the DACH region, 32% to Western/Southern Europe and 12% to Eastern Europe. This diversification strategy reduces our dependency on any single market and provides a more balanced risk profile. For instance, the strong growth experienced in Türkiye and the BeNeLux region helped offset the relatively challenging macro environment experienced in other areas of Europe, like in the DACH region in 2023. Also, in 2024 we believe that our country portfolio may contribute to offsetting macroeconomic challenges persisting further in selected markets in which we are present. In addition, during the COVID-19 pandemic in 2021 and 2022, we were able to leverage our regional diversification to mitigate the strong negative impact of regulatory restrictions placed on store opening times, particularly in the DACH region, by virtue of the strong performance of our business in Western, Southern and Eastern Europe.

Additionally, our presence in the mass market across a diverse range of product categories further contributes to reduce risks. Operating in multiple product categories helps us offset fluctuations in specific sectors or in consumer preferences and enhances the resilience of our business. In the financial year ended September 30, 2023, 45% of our product sales were attributable to the product category IT, phones and wearables, 26% to white goods, 17% to TV and HiFi, 8% to software and games, and 2% to photos. There is a large market for our product offerings in the telecommunications, IT, MDA and SDA segments, which have shown notable growth to date. In addition, we are developing new product categories to keep pace with industry trends, such as e-mobility, virtual reality/augmented reality, fitness and smart home, and to further diversify our product portfolio. We estimate that these new product categories will grow at a CAGR of approximately 16% in the mid-term in MMS Countries (*source*: for smarthome, digital health, mobility and AR/VR: Statista Market Insights; for solar: Company information based on BMWK data (*Bundesministerium für Wirtschaft und Klima*)).

We also diversify our income streams, which historically relied solely on our traditional retail business, by introducing the following additional growth business models: Services & Solutions, Marketplace, private label, space-as-a-service and retail media.

Unique omnichannel experience combining online and offline options

We offer customers a unique omnichannel experience with an extensive network of stores and service hubs – over 1,000 stores across eleven countries as of March 31, 2024. Our store portfolio is also undergoing rapid transformation in response to evolving customer behavior through the introduction of new store formats and the implementation of modernization measures to provide a better customer experience.

Over 70% of our customers begin their journey with us via digital channels and we aim to accompany them throughout that journey through the generation of relevant online content and by facilitating seamless transitions between our online and offline channels. This enables us to deliver distinctive experiences regardless of whether customers engage with us online or offline.

Our omnichannel proposition resonates with our customers. For example, over a third of our customers opt to collect their orders directly from our stores. Our infrastructure allows us to offer these collection services within 30 minutes of an order having been placed. Our stores also offer a delivery service: For instance, in Germany, we recently introduced delivery via Uber within 90 minutes by way of incentive and as a means of maximizing customer convenience. Since financial year 2018/19, we were able to increase sales area productivity (defined as brick & mortar sales (including online induced pick-up) divided by sales area measured in square meter (weighted average)) by approximately 11%.

Moving from traditional retail to a service platform with attractive and growing business models

Our centralized organization and optimized supply chain, including centralized procurement activities and continuous improvements in logistics, lead to greater availability of goods and faster delivery times. Furthermore, in response to evolving customer needs and industry dynamics, we are moving from a traditional retail concept to a service platform.

Our **Services & Solutions** portfolio addresses customer needs regarding affordability, easy access and worry-free usage, emergency support and conscious consumption. It comprises various services, such as extended warranties, brokering of mobile phone contracts, consumer financing, product rental and delivery to and installation at the customer's location. Based on the enhancement of billing and self-service capabilities, new and existing services are increasingly being sold as subscription models, resulting in long-term customer relationships with recurring cash flows.

In addition to offering sustainable products and solutions, such as our "BetterWay" products, we encourage the extension of product lifecycles through the provision of refurbishment and repair services, thereby ensuring that our sustainability and mid-term financial targets are well-aligned.

MediaMarktSaturn's Marketplace offers an extensive product range in addition to our own retail business. Marketplaces, which are intermediary platforms linking buyers and sellers, support a brand's online strategy by increasing the product range available on the sites and the number of items available to online shoppers. Customers can access a manufacturer's full range (the so-called "long tail" business strategy) as well as complementary offerings from third parties. This helps improve the website's traffic and visibility and contributes to customer loyalty. We in turn benefit from commissions without taking on inventory risk.

Our **private label** business offers attractive value-for-money alternatives from our Koenic, ISY, Peaq and ok. brands in the main product categories and thus increases the relevance of the overall assortment for customers while enabling us to generate higher margins as a result of greater vertical integration and differentiates our offering as these are exclusive with us.

Our **space-as-a-service** business offers industry partners access to store space, allowing them to benefit from our reach. Leading manufacturers can present their brand and product innovations as part of a unique shopping experience.

Our **retail media** business allows manufacturers and advertisers to leverage our extensive digital channels for their marketing activities, while also facilitating a deeper understanding of customer behaviors through data analytics. We deliver detailed reports based on first-party (1P) data, which helps us to capture an increasing share of manufacturers' marketing investments.

Prudent financial policy with focus on further improving credit metrics, supported by ample liquidity

We have a prudent financial policy supported by our commitment to keep our net leverage ratio (measured as net debt including leases divided by adjusted EBITDA) below 2.5x. Furthermore, we will continue to implement forward-looking and proactive management of upcoming maturities.

In addition, we have an ample liquidity position, which is backed by sizable syndicated credit lines. The volume of these credit lines has historically been adapted in line with the market environment and currently stands at €1.06 billion. We have full access to this amount, which, as of the date of this Offering Memorandum, remains undrawn.

These two pillars – a conservative net leverage ratio and sufficient liquidity reserves – are the backbone of our prudent financial policy, the soundness of which is reflected in our credit ratings from S&P Global Ratings, Fitch Ratings and Scope Ratings of BB-/Stable, BB/Stable and BBB-/Stable, respectively.

In addition, we benefit from a reduced tax rate as a result of our utilization of tax loss carry-forwards, which restrict potential dividend payments until 2026. To further support our liquidity position and ensure the maintenance of our internal net leverage ratio of 2.5x, we follow a conservative funding approach with regard to acquisitions. For example, we funded our acquisition of MMS Retail Group in 2022 mainly by way of a capital increase.

Our Strategy

Our strategy is geared towards meeting the needs of our customers. We aim to set new standards for the customer experience, the conscious discovery of technology and the provision of support to our customers in their day-to-day lives, thereby increasing customer satisfaction and loyalty, while remaining focused on higher profitability and cash generation through strict cost discipline. We, therefore, base our strategy on four key pillars:

- *Employee experience*, focusing on our approximately 48,300 employees (headcount as of March 31, 2024), who offer in-person advice every single day as part of a convenient and seamless customer experience, thereby setting us apart from pure online retailers and ensuring both employee and customer engagement.

- *Shopping experience*, based on a mobile-first omnichannel approach in order to build a unique value proposition, which integrates personalized customer experiences seamlessly into both the digital and the in-store worlds.

- *Usage experience*, defining new standards for the customer experience along the entire lifecycle with a view to creating stickiness by providing services and solutions for our customers' needs. These build customer value and loyalty, while growing profitability.

- *Impact experience*, focusing on sustainability in the form of a climate-neutral shopping experience and a broad range of sustainable products and services.

Continue to offer a wide range of innovative services and solutions

In response to evolving customer needs and industry dynamics, we are moving from traditional retail to a service platform. In addition to our retail core offering, we focus on services in direct relation to the product purchase, but also provide product-independent services which usually entail greater profitability and thus attractive growth opportunities for us.

In the short term, we aim to continue to improve the omnichannel experience for our customers, for example, by continuously updating our product range, store concepts (Core, Lighthouse, Express, Smart) and developing the subscription business. In the mid-term, we are targeting an increase in our online sales share to approximately 30% (from approximately 14% in financial year 2018/19 and 22.2% in financial year 2022/23) and our volume distribution channeled through omnichannel distribution centers across all countries to approximately 80% (from 55% in the financial year 2022/23). We expect to further improve the business through the targeted use of new technology and artificial intelligence applications – from chatbots to the generation of content or automation of processes. Consumer electronics products powered by artificial intelligence are expected to enhance the user experience through innovative features, in particular, in the areas of smart home, creativity and productivity. Further growth opportunities have been identified in the context of sustainability, premium and new categories (*source*: Company information based on GfK Tech & Durables Trends Report), *i.e.*, sustainable and energy efficient products.

Through our Services & Solutions portfolio, we aim to sell new and existing services as subscription models based on the enhancement of billing and self-service capabilities, resulting in long-term customer relationships with recurring cash flows. We are also acutely aware of society's growing need for sustainable products and services in the retail electronics segment and the further growth opportunities this offers us. For example, it is increasingly of relevance for a typical customer experience to start with the trade-in of an old product and then be enriched by means of category-specific services – designed to support such sales (*e.g.*, through financing), offer peace of mind (*e.g.*, insurance), and facilitate the use of the products in question (*e.g.*, repair, coffee capsule subscription) throughout the product lifecycle. We estimate that adjacent services will grow at a CAGR of approximately 10% in the mid-term in MMS Countries (*source*: Company information based on Oliver Wyman, Euromonitor). To this end, we strive to enter into more strategic partnerships in order to offer customers the best services on the market.

As part of the Marketplace, we list products from third-party suppliers and brands on our MediaMarkt and Saturn e-commerce platforms in certain countries (currently Germany, Austria, Spain and the Netherlands, with implementation also underway in Italy). This enables us to benefit from commissions without taking on inventory risk. Through our space-as-a-service business, we aim to increase the value of retail space, generate recurring cash flows and deepen our relationship with industry partners. Our retail media business allows manufacturers and advertisers to leverage our extensive digital channels for their marketing activities, while also facilitating a deeper understanding of customer behaviors through data analytics. We plan to merge our online and offline customer data to provide a comprehensive 360-degree customer view from the third quarter of 2023/24 onwards.

In addition, we plan to increase our share of private label products backed by several initiatives set up by our supplier Imtron GmbH ("**Imtron**"). These initiatives range from improving the current offering, *e.g.*, through data and analytics powered decisions, consolidation of accessories consolidation and boosting of the online share, to expanding into new categories and product segments as well as increasing the benefit for countries to expand our private label product offerings.

Further increase our sustainable product and service offering

Sustainability is a core element of our strategy and operating business, giving customers easier and more holistic access to the circular economy. We are significantly accelerating the decarbonization of our business activities and focusing on our social engagement. The sales of products certified as sustainable marked under our own "BetterWay" label increased to €1,688 million in the six months ended March 31, 2024, compared to €1,306 million in the six months ended March 31, 2023, with energy efficiency (class A products) and refurbished products (used devices repaired and sold for a second lifecycle) playing an increasingly important role in the curation of our product assortment. Introducing more eco-friendly products similar to those of our "BetterWay" brand, along with refurbished items, demonstrates our commitment to sustainability and customer-centric innovation. By expanding the assortment to include these environmentally conscious options, we not only address growing consumer demand for sustainable products but also contribute to reducing environmental impact through product lifecycle management.

The trade-in service (whereby used devices are exchanged for a gift card) was rolled out internationally and scaled up to more than 200,000 transactions as of March 31, 2024, and we aim to expand this even further. This service not only promotes customer engagement but also supports circular economy principles by encouraging the reuse and recycling of electronics. By facilitating trade-ins, we aim to further enhance customer loyalty and provide a more sustainable alternative to traditional disposal methods.

At the same time, internal CO_2 emissions (Scope 1 and 2) were reduced by 39% to 42.9 thousand tons of CO_2 equivalents in the financial year ended September 30, 2023, compared to the financial year ended September 30, 2022, and we have set ourselves ambitious targets to further reduce our CO_2 emissions, which have been officially confirmed by the Science Based Targets initiative ("**SBTi**"). See "*Business—Environmental, Social and Governance*".

Achieve our mid-term financial targets through our prudent financial policy and strategic pillars

Our mid-term financial targets are underpinned by our prudent financial policy and our commitment to keep our net leverage ratio (measured as net debt including leases to adjusted EBITDA) below 2.5x, as well as our strategic pillars mentioned above. In the mid-term, we are targeting an adjusted EBIT of more than €500 million and lease-adjusted free cash flow of approximately €200 million per year through the implementation of our other strategic pillars. Based on net sales slightly above market growth, we aim to increase our adjusted gross margin to approximately 20%, while maintaining a broadly flat adjusted OPEX ratio at approximately 18%, calculated as adjusted OPEX divided by sales. In particular, we are aiming to achieve these targets through strict cost control and a focus on our more profitable business areas, such as our service business. In order to achieve these targets, we estimate to achieve approximately €130 million cost savings (run rate) in the financial year 2023/24 of which already €80 million have been reached as of the date of this Offering Memorandum. We expect additional cumulated restructuring costs of approximately €100 million by the end of the financial year 2023/24, of which €70 million have been booked since Q1 of financial year 2022/23. We are also targeting a capital expenditure-light business model with investments relating primarily to store modernizations, IT and logistics in order to achieve our free cash flow targets. In the mid-term, we target cash investments of approximately €300 million. See "*Risk Factors—Risks Related to Our Financial Condition—We may not be able to achieve any future financial targets, including as a result of our assumptions made in setting our mid-term financial targets proving incomplete or inaccurate.*".

Recent Developments

Concurrently with the public announcement of the Offering, we have launched a tender offer, pursuant to which the Issuer, upon certain terms and subject to certain conditions, has offered the holders of the €500.0 million aggregate principal amount of 1.75% senior notes due 2026 issued on June 24, 2021 by the Issuer (the "**Existing Notes**") to purchase for cash up to the outstanding principal amount of the Existing Notes at a price being equal to 96.30% of the principal amount of Existing Notes validly tendered and accepted for payment (the "**Tender Offer**"). The results of the Tender Offer are inherently uncertain. We intend to use the remaining proceeds from the Offering, including any amount initially considered for the Tender Offer, to fully redeem or repurchase the aggregate principal amount of the Existing Notes then outstanding following the Issue Date. Prior to such full redemption or repurchase, we intend to use the remaining proceeds from the Offering to make investments in money-market instruments or cash investments.

Sustainability-Linked Bond Feature

Sustainability is a key value and an integral part of our corporate strategy. The Issuer has adopted a framework relating to its sustainability strategy and specifying targets applicable to the Group, adhering to best market practices and presenting a unified and coherent suite for the issuance of sustainability-linked financing instruments of the Issuer in accordance with the Sustainability-Linked Bonds Principles 2023 (the "**SLBP**") administered by the International Capital Markets Association (ICMA) and the Sustainability-Linked Loan Principles 2023 (the "**SLLP**") administered by the Loan Market Association (LMA) (the "**Sustainability-Linked Financing Framework**").

The following information should be read in conjunction with the Issuer's Sustainability-Linked Financing Framework published on its website (neither the website nor the Sustainability-Linked Financing Framework forms part of or is incorporated by reference into this Offering Memorandum), which provides additional details on the points mentioned below.

The Sustainability-Linked Financing Framework identifies two key performance indicators, which are measured and reported on an annual basis: absolute Scope 1 and 2 GHG emissions in kt of CO_2 equivalent ("**CO_2e**") and absolute Scope 3 GHG emissions from category 3.11 (use of sold products) in kt of CO_2e. The key performance indicator applicable to the Notes (the "**Key Performance Indicator**" or "**KPI**") will be the "absolute Scope 3 GHG emissions from category 3.11 (use of sold products) in kt of CO_2e", which is defined as greenhouse gas emissions from category 3.11 expressed in thousands of tons of CO_2 equivalent, corresponding to direct use-phase emissions for all sold own and external brand products over their expected lifetime. The Sustainability-Linked Financing Framework also defines sustainability performance targets for the KPI: Baseline Absolute Scope 3.11 Emissions for the fiscal year ended September 30, 2022, being 17,113.8 kt CO_2, reduced by 14.8% (the "**Sustainability Performance Target**") for the financial year ending September 30, 2027.

The KPI and the Sustainability Performance Target were derived in line with the global political ambitions and action plans with regards to sustainability, such as the Paris Agreement and the EU Sustainable Finance Action Plan, to which we are committed to contribute. In the event of any change in (i) the Issuer's business model or perimeter (as a result of an acquisition, a divestiture, a merger, or other restructuring), (ii) any change in or amendment to any applicable laws, regulations, rules, protocols or guidelines relevant for the determination of the Baseline Absolute Scope 3.11 Emissions, the Sustainability Performance Target or the Sustainability Performance Level, or (iii) any change in data due to better data accessibility, any improvement in the accuracy of emission factors or activity data, or any discovery of data errors, which has a material impact, the Issuer may, at its election, revise the Baseline Absolute Scope 3.11 Emissions, the Sustainability Performance Target or the Sustainability Performance Level (as defined under "*Description of the Notes—General—Sustainability Performance Target Step-up Interest—Sustainability Adjustments*") in respect of each such change to reflect such change; *provided* that, in the Issuer's good faith determination, such revision is (1) consistent with the Issuer's strategy including its SBTi-validated climate targets; and (2) in line with the initial level of ambition of, or more ambitious than, the Sustainability Performance Target applicable to the Notes. The revised Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level shall be set forth in annual report or annual sustainability report, and will be covered by the assurance of an independent external verifier. See "*Description of the Notes—General—Sustainability Performance Target Step-up Interest—Sustainability Adjustments*".

For the interest payment period commencing on July 15, 2028 and any interest period thereafter, the interest rate applicable for such periods on the Notes shall increase by 0.375% per annum unless the Issuer has delivered to the Trustee (with a copy to the Paying Agent) a Sustainability Compliance Certificate on or prior to the Certification Date, confirming that, based on the review of the External Verifier (as defined below), the Sustainability Performance Target was achieved for the financial year ending September 30, 2027. Promptly upon delivering a Sustainability Compliance Certificate to the Trustee, the Issuer shall publish a notice on a website of or designated by the Issuer confirming that the relevant Sustainability Performance Target was achieved; *provided* that a failure to make such publication shall not result in the Issuer being required to pay any Step-up Interest. See "*Description of the Notes—General—Sustainability Performance Target Step-up Interest*". In addition, for redemption of the Notes in connection with certain optional redemptions, the applicable redemption price shall be adjusted as described herein unless the Issuer has notified the Trustee (with a copy to the Paying Agent) in writing at least five days prior to giving the relevant redemption notice that the relevant Sustainability Performance Target has been achieved. See "*Description of the Notes—Optional Redemption*".

The Issuer will report annually on the performance of the Group with respect to the Key Performance Indicator by means of a sustainability report (the "**Sustainability Report**"). The Issuer may publish its annual Sustainability Report either as a standalone document or as part of its annual report or include it in any other document published of the Issuer. Selected information presented in the Sustainability Report including the Absolute Scope 3.11 Emissions will be verified by an accountancy firm, environmental consultant or other third party diligence provider appointed by the Issuer for the purpose of reviewing the Issuer's performance against the Sustainability Performance Target or Sustainability Performance Level, as the case may be (the "**External Verifier**"), pursuant to a verification assurance report in the form of a "limited assurance" report from the External Verifier of the performance level for the Absolute Scope 3.11 Emissions set forth in the Sustainability Report.

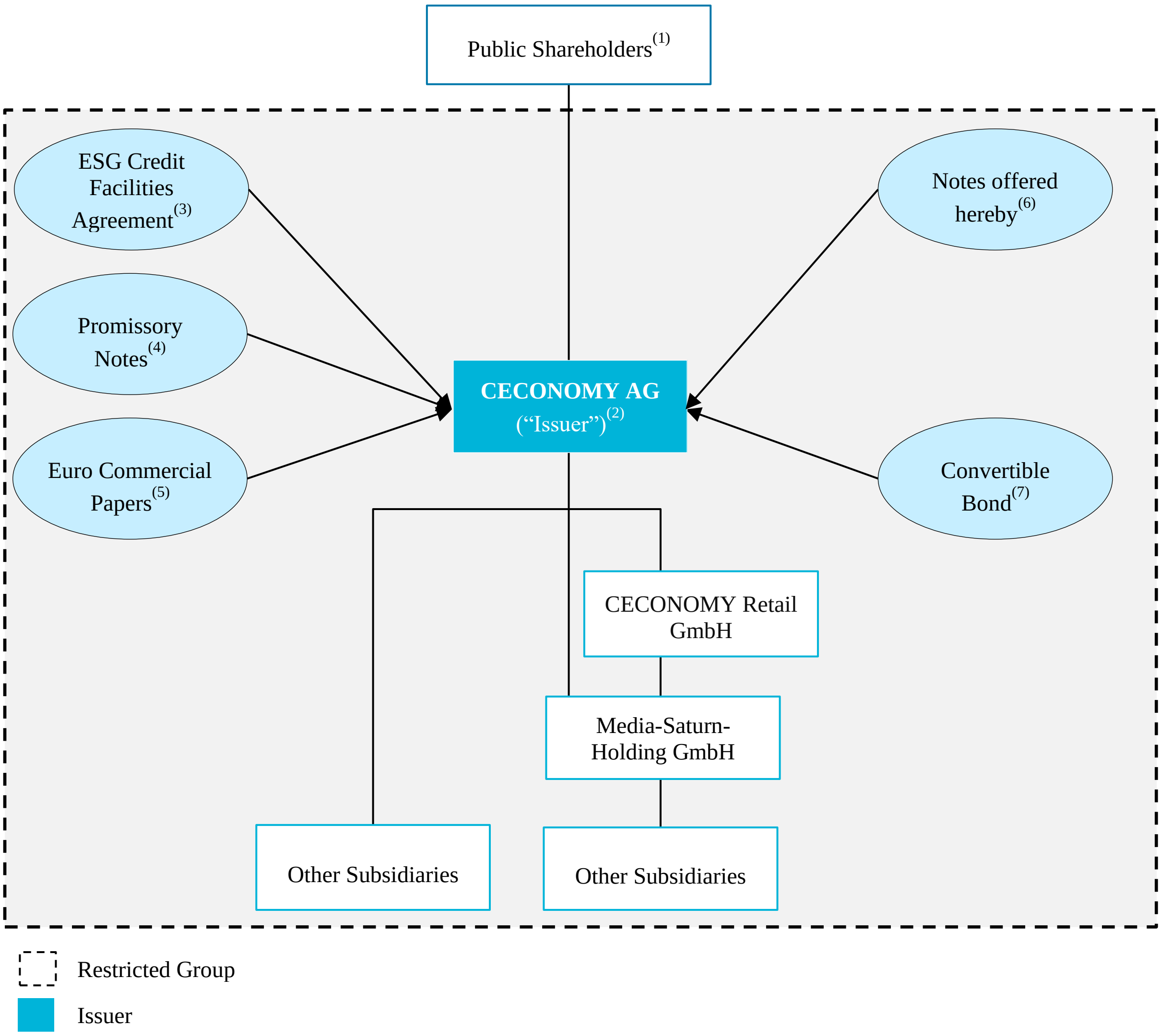
The Sustainability-Linked Financing Framework has been reviewed by S&P Global Ratings Europe Limited (the "**Second Party Opinion Provider**"), which has provided an opinion thereon, and can be found on CECONOMY AG's website at www.ceconomy.de.

Notwithstanding anything in this Offering Memorandum to the contrary, none of CECONOMY AG's Sustainability Report, the Sustainability-Linked Financing Framework, the Second Party Opinion or any other information on the Company's website is included or incorporated by reference in this Offering Memorandum.

See "*Risk Factors—Risks Related to the Notes—The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics*".

OVERVIEW OF OUR CORPORATE AND FINANCING STRUCTURE

The following chart shows a simplified summary of our corporate and financing structure as of the date of this Offering Memorandum, adjusted to give effect to the Offering and the use of proceeds therefrom, including the assumption that all Existing Notes have been tendered under the Tender Offer. The chart does not include all our subsidiaries, or all the debt obligations thereof. For a summary of the debt obligations identified in this diagram and of certain other financing arrangements not reflected in this diagram, please refer to the sections entitled "*Description of the Notes*", "*Description of Certain Financing Arrangements*" and "*Capitalization*".



(1) Based on shareholding reports received by CECONOMY AG prior to the date of this Offering Memorandum, the following shareholders (indirectly) hold 3% or more of our shares: Franz Haniel & Cie. GmbH, freenet AG, Giovanni Agnelli B.V., Helga Kellerhals, Jürgen Kellerhals, Meridian Stiftung and Prof. Otto Beisheim Stiftung. See "*Shareholders*".

(2) The Issuer is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany with its shares listed on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

(3) The Issuer is party to the ESG Credit Facilities Agreement as borrower. The facilities under the ESG Credit Facilities Agreement consist of (i) a tranche in the principal amount of €353.3 million with an initial maturity of three years ("**ESG Facility A**") and (ii) a tranche in the principal amount of €706.7 million with an initial maturity of five years ("**ESG Facility B**") in order to diversify the maturity profile of the loan. Both facilities under the ESG Credit Facilities Agreement can be extended twice for a period of one year each. In April 2022 and April 2024 requests for the extension of ESG Facility A were sent to the individual lenders and have in each case been accepted by all lenders. Hence, the ESG Facility A has been extended to May 2026. A request for extension of the ESG Facility B can be issued by the Company until the fourth anniversary of the ESG Credit Facilities Agreement. Each individual lender may decide in its sole discretion whether it accepts any such extension request. See "*Description of Certain Financing Arrangements—ESG Credit Facilities Agreement*".

(4) On March 16, 2017 and June 7, 2022, the Issuer as borrower issued several tranches of fixed rate promissory note agreements in an aggregate principal amount of €71.5 million with tenors of five and ten years, of which promissory notes in an aggregate principal

amount of €71.5 million (with maturities until 2027) remained outstanding as of March 31, 2024. See "*Description of Certain Financing Arrangements—Promissory Notes (Schuldscheindarlehen)*".

(5) Pursuant to a dealer agreement dated April 24, 2018 between the Company as issuer and various domestic and international banks as dealers, the Company may issue, from time to time, commercial papers (*Schuldverschreibungen*) with a maturity of not more than 364 days in an aggregate amount of up to €500.0 million. As of March 31, 2024, commercial papers in a total amount of €35.0 million were issued and outstanding. See "*Description of Certain Financing Arrangements—Euro Commercial Paper Program*".

(6) The Issuer is offering €500.0 million aggregate principal amount of its sustainability-linked senior unsecured notes due 2029 pursuant to this Offering Memorandum, which are to be issued on the Issue Date. For a description of the use of the proceeds of the Offering see "*Use of Proceeds*". As of the Issue Date, none of the Issuer's subsidiaries will guarantee the Notes. The Notes will be senior obligations of the Issuer, will rank *pari passu* in right of payment with the Issuer's existing and future senior indebtedness that is not subordinated in right of payment to the Notes, including the Issuer's obligations under the Existing Notes which remain outstanding following the Tender Offer, the ESG Credit Facilities Agreement, the Euro Commercial Paper Program, the Promissory Notes, and the Convertible Bond (each as defined herein), and will rank senior in right of payment to the Issuer's existing and future indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will be effectively subordinated to all existing and future secured indebtedness of the Issuer to the extent of the value of the assets securing such indebtedness. The Notes will be structurally subordinated to existing and future indebtedness, including obligations to trade creditors and lessors, of each subsidiary of the Issuer.

(7) On December 15, 2020, as amended and restated on November 9, 2021, the Company entered into an agreement with Convergenta regarding the Convergenta Transaction. As part of the investment in CECONOMY AG, Convergenta was granted convertible bonds with an aggregate principal amount of €151.0 million, divided into 1,510 bearer bonds ranking *pari passu* among themselves, each with a nominal value of €100,000.00, in return for a contribution in kind. The Convertible Bond grants its holders conversion rights to initially a total of up to 27,859,778 new no-par value ordinary bearer shares of CECONOMY AG, each such share with a notional value in the share capital of approximately €2.56, for the issuance of which the Company created a conditional capital. The initial conversion price will be €5.42 for each share. See "*Description of Certain Financing Arrangements—Convertible Bond*".

THE OFFERING

The following summary contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete description of the terms of the Notes, including certain definitions of terms used in this summary, see "Description of the Notes" and "Description of Certain Financing Arrangements".

Issuer... CECONOMY AG, organized as a stock corporation (*Aktiengesellschaft*) under the laws of Germany.

Notes Offered .... €500,000,000 aggregate principal amount of sustainability-linked senior unsecured notes due 2029 (the "**Notes**").

Issue Date .... July 3, 2024.

Issue Price... 100.000%.

Maturity Date....................................... July 15, 2029.

Interest Rate... 6.250% per annum, from the Issue Date.

Interest Payment Dates .... Interest on the Notes will be payable semi-annually in arrears on each January 15 and July 15, commencing on January 15, 2025.

Form and Denominations.................... The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.

Sustainability Performance

Target Step-up Interest....................... For the interest payment period commencing on July 15, 2028 and any interest period thereafter, the interest rate applicable for such periods on the Notes shall increase by 0.375% per annum (such additional interest payable, the "**Step-up Interest**") unless the Issuer has notified the Trustee (with a copy to the Paying Agent) by way of an officer's certificate, which shall also include a Sustainability Report, on or prior to the Certification Date, confirming that the Sustainability Performance Target (each as defined and further described under "*Description of the Notes—General—Sustainability Performance Target Step-up Interest*") for the financial year ending 2027 has been achieved.

Ranking of the Notes .... On the Issue Date, the Notes will:

- be general, unsecured senior obligations of the Issuer;
- rank *pari passu* in right of payment with all existing and future obligations of the Issuer that are not subordinated in right of payment to the Notes, including its obligations under the Existing Notes which remain outstanding following the Tender Offer, the ESG Credit Facilities Agreement, the Euro Commercial Paper Program, the Promissory Notes, the Convertible Bond;
- rank senior in right of payment to the Issuer's existing and future indebtedness that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to all existing and future secured indebtedness of the Issuer to the extent of the value of the assets securing such indebtedness; and

	• be structurally subordinated to existing and future indebtedness, including obligations to trade creditors and lessors, of each subsidiary of the Issuer. See "*Risk Factors—Risks Related to the Notes*".
Notes Guarantees	From time to time, the Notes may be guaranteed on a senior unsecured basis by one or, jointly and severally, more Subsidiary Guarantors, as described under "*Description of the Notes—The Notes Guarantees*". As of the Issue Date, no subsidiary of the Issuer will be a Subsidiary Guarantor. In addition, the Notes may be guaranteed on a senior unsecured basis by an Acquiring Entity to satisfy certain reporting obligations, as described under "*Description of the Notes—Certain Covenants—Reports and Other Information*".
Use of Proceeds	The Issuer will use the gross proceeds from the Offering together with cash on hand to refinance its Existing Notes and to pay the costs, fees and expenses related to the Offering.
Optional Redemption	The Issuer may redeem all or part of the Notes at any time on or after July 15, 2026 at the redemption prices described under "*Description of the Notes—Optional Redemption*". At any time prior to July 15, 2026, the Issuer may redeem on any one or more occasions all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts (as defined under "*Description of the Notes—Additional Amounts*"), if any, to, but excluding, the redemption date, plus the Applicable Premium, as described under "*Description of the Notes—Optional Redemption*". Furthermore, at any time prior to July 15, 2026, the Issuer may redeem during each 12-month period commencing with the Issue Date up to 10% of the aggregate principal amount of the Notes outstanding at its option, from time to time, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date, as described under "*Description of the Notes—Optional Redemption*". At any time prior to July 15, 2026, the Issuer may redeem at its option up to 40% of the original aggregate principal amount of the Notes (including the original principal amount of any additional Notes issued after the Issue Date) with the net proceeds from certain equity offerings at a redemption price of 106.250% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date, as described under "*Description of the Notes—Optional Redemption*". For redemption of the Notes in connection with certain optional redemptions, the applicable redemption price shall be adjusted as described herein unless the Issuer has notified the Trustee (with a copy to the Paying Agent) in writing at least five days prior to giving the relevant redemption notice that the relevant Sustainability Performance Target has been achieved. See "*Description of the Notes—Optional Redemption*".

Additional Amounts; Tax Redemption	Any payments made by or on behalf of the Issuer under or with respect to the Notes will be made without withholding or deduction for or on account of any taxes in any relevant taxing jurisdiction unless required by law. Subject to certain exceptions and limitations, if the Issuer is required by law to withhold or deduct such taxes with respect to a payment on any Note, the Issuer will pay the Additional Amounts necessary so that the net amount received after such withholding is not less than the amount that would have been received in the absence of the withholding or deduction. See "*Description of the Notes—Additional Amounts*". If certain changes in the law of any relevant taxing jurisdiction become effective after the issuance of the Notes that would impose withholding taxes on the payments on the Notes and would require the Issuer to pay Additional Amounts (as described in "*Description of the Notes—Additional Amounts*"), the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, and Additional Amounts, if any, to the date of redemption. See "*Description of the Notes—Optional Redemption—Optional Redemption for Changes in Withholding Taxes*".
Change of Control	If a Change of Control (as defined under "*Description of the Notes*") occurs at the level of the Issuer, the holders of the Notes will have the right to require the Issuer to offer to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, to, but excluding, the date of repurchase. See "*Description of the Notes—Change of Control*".
Certain Covenants	The Indenture will limit, among other things, the ability of the Issuer and its subsidiaries to: • incur or guarantee additional indebtedness; • pay dividends or distributions on, or redeem or repurchase, equity interest and make other restricted payments; • make certain investments; • consummate certain asset sales; • enter into certain transactions with affiliates; • grant or assume certain liens; and • consolidate, merge or transfer all or substantially all of our assets. Certain of the covenants will be suspended if and for as long as the Notes obtain and maintain investment grade ratings. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*". Each of the covenants in the Indenture will be subject to significant exceptions and qualifications. See *"Description of the Notes—Certain Covenants*".
Original Issue Discount	The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In such event, U.S. holders (as defined in this Offering Memorandum) generally will be required to include such OID in gross income (as ordinary income) on an annual basis under a

	constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders generally will include any OID in income in advance of the cash attributable to such income. See "*Taxation—Certain U.S. Federal Income Tax Considerations—Original Issue Discount*".
Transfer Restrictions	The Notes have not been, and will not be, registered under U.S. federal or state or any foreign securities laws and are subject to restrictions on transferability and resale. See "*Transfer Restrictions*". We are under no obligation to, nor do we intend to, register the Notes in the United States or in any other jurisdiction.
No Established Market for the Notes	The Notes will be new securities for which there is currently no established trading market. Although certain of the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue market-making at any time without notice. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes. Furthermore, the Notes will not have registration rights under the U.S. Securities Act.
Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section before making a decision whether to invest in the Notes.
Listing	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission to trading on the Euro MTF Market thereof. There is no assurance that the Notes will remain, listed on the Euro MTF Market.
Governing Law/Jurisdiction	The Indenture and the Notes will be governed by the laws of the State of New York.
Certain U.S. Federal Income Tax Considerations	For a discussion of the U.S. federal income tax consequences of an investment in the Notes, see "*Taxation—Certain U.S. Federal Income Tax Considerations*". You should consult with your own tax advisor to determine the U.S. federal, state, local and other tax consequences of an investment in the Notes.
Trustee	BNY Mellon Corporate Trustee Services Limited.
Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables set forth certain summary consolidated financial and other information of the Issuer for the periods and as of the dates indicated below. The summary consolidated financial information as of and for the financial years ended September 30, 2021, 2022 and 2023 have been derived from the Audited Consolidated Financial Statements, which are included elsewhere in this Offering Memorandum. The summary consolidated interim financial information as of and for the six months ended March 31, 2023 and 2024 have been derived from the Unaudited Interim Consolidated Financial Statements, which are included elsewhere in this Offering Memorandum. Financial information as of and for the financial year ended September 30, 2021 in the following tables is taken from the comparative prior year figures contained in the 2022 Audited Consolidated Financial Statements. In some instances, due to changes in the presentation and in the disclosures of the Audited Consolidated Financial Statements, some financial information as of and for the financial year ended September 30, 2022 presented in this Offering Memorandum is taken or derived from the comparative figures as set out in the 2023 Audited Consolidated Financial Statements. For information on the changes in the Group's reporting, refer to the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement" and note "Notes to the Group accounting principles and methods", included elsewhere in this Offering Memorandum. Please note that, for purposes of review of the cash flow statement figures of the 2021 Audited Consolidated Financial Statements, please note that the adjustments explained at the beginning of the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" have not been applied to the cash flow statement of the 2021 Audited Consolidated Financial Statements, which significantly limits comparability.

We also present in this section certain unaudited financial information for the twelve months ended March 31, 2024. This information has been derived by adding the 2023 Audited Consolidated Financial Statements for the period from October 1, 2022 to September 30, 2023 to the Unaudited Interim Consolidated Financial Statements for the six months ended March 31, 2024 and then subtracting the Unaudited Interim Consolidated Financial Statements for the six months ended March 31, 2023. The financial information for the twelve months ended March 31, 2024, has not been audited or reviewed and is not required by, or presented in accordance with, IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results of operations for such period or any future period.

The financial information marked as "audited" in the following tables is taken from the Audited Consolidated Financial Statements. Financial information marked as "unaudited" in the following tables is not taken from the Audited Consolidated Financial Statements but from the Unaudited Interim Consolidated Financial Statements or the Issuer's internal reporting systems or is based on calculations of figures from the abovementioned sources.

The summary consolidated financial and other information below includes certain non-IFRS measures that we use to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS or any other generally accepted accounting principles and therefore should not be considered a substitute for measures presented in accordance with IFRS or any other generally accepted accounting principles or those calculated using financial measures that are prepared in accordance with IFRS or any other generally accepted accounting principles.

You should read the information set forth below in conjunction with the sections "*Presentation of Financial Information*", "*Use of Proceeds*", "*Capitalization*", "*Selected Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Consolidated Financial Statements, including the notes thereto, included elsewhere in this Offering Memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

Summary Consolidated Income Statement

	Financial year ended September 30,			Six months ended March 31,		Twelve months ended March 31,
	2021	2022	2023	2023	2024	2024
	in € million					
		(audited)		(unaudited)		(unaudited)
Sales	**21,361**	**21,768**	**22,242**	**12,368**	**12,318**	**22,192**
Cost of sales	(17,705)	(17,961)	(18,303)	(10,272)	(10,187)	(18,218)
Gross profit on sales	**3,656**	**3,808**	**3,938**	**2,097**	**2,131**	**3,972**
Other operating income	205	253	252	111	109	250
Selling expenses	(3,136)	(3,301)	(3,341)	(1,725)	(1,694)	(3,310)
General administrative expenses	(538)	(613)	(647)	(294)	(317)	(670)
Other operating expenses	(9)	(6)	(76)	(64)	(5)	(17)
Earnings share of operating companies recognized at equity	154	(30)	(132)	(5)	43	(84)
Net impairments on operating financial assets and contract assets	(5)	(5)	(16)	(5)	(4)	(15)
Earnings before interest and taxes (EBIT)	**326**	**105**	**(21)**	**115**	**263**	**127**
Other investment result	48	13	0	0	15	15
Interest income	14	24	64	31	30	63
Interest expenses	(67)	(71)	(155)	(70)*	(113)	(198)
Other financial result	(26)	(22)	70	(1)*	1	72
Net financial result	**(31)**	**(56)**	**(21)**	**(40)**	**(66)**	**(47)**
Earnings before taxes (EBT)	**296**	**49**	**(42)**	**75**	**197**	**80**
Income taxes	(53)	81	5	6	36	35
Profit or loss for the period	**256****	**130**	**(37)**	**81**	**233**	**115**
Profit or loss for the period attributable to non-controlling interests	24	4	2	1	2	3
Profit or loss for the period attributable to shareholders of CECONOMY AG	232	126	(39)	80	231	112

* Retrospective reclassification of "Interest expenses" in connection with the Existing Notes from the item "Other financial result" to the item "Interest expense" in the amount of €5 million in H1 2022/23.

** Including profit or loss for the period from discontinued operations after taxes in an amount of €13 million.

Summary Consolidated Statement of Financial Position

	As of September 30,			As of March 31,
	2021	2022	2023	2024
	in € million			
		(audited)		(unaudited)
Non-current assets	3,903	3,865	3,660	3,746
Current assets	6,764	6,134	5,975	6,245
Total assets	**10,667**	**9,998**	**9,635**	**9,990**
Equity	**757**	**592**	**465**	**663**
Non-current liabilities	2,686	2,642	2,487	2,472
Current liabilities	7,224	6,765	6,683	6,855
Total equity and liabilities	**10,667**	**9,998**	**9,635**	**9,990**

Summary Consolidated Cash Flow Statement

	Financial year ended September 30,				Six months ended March 31,	
	2021	2022*	2022** (amended)	2023	2023	2024
				in € million		
			(audited)		(unaudited)	
Cash flow from operating activities	**450**	**219**	**127**[(1)]	**1,004**	**594**[(3)]	**344**
Cash flow from investing activities	**(263)**	**(65)**	**(35)**[(2)]	**(236)**	**(86)**[(4)]	**(63)**
Cash flow from financing activities	**(77)**	**(905)**	**(932)**[(1),(2)]	**(649)**	**(275)**[(4)]	**(293)**
Cash and cash equivalents as of beginning of the period according to statement of financial position	**1,484**	**1,582**	**n.a.**	**769**	**769**	**897**
Cash and cash equivalents at the end of period according to statement of financial position	**1,582**	**769**	**n.a.**	**897**	**1,004**	**897**

* As set out in the 2022 Audited Consolidated Financial Statements.

** Taken from the comparative figures as set out in the 2023 Audited Consolidated Financial Statements.

(1) Adjustments due to a change in presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Further explanations can be found in the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement".

(2) Adjustments due to a change in presentation. Further explanations can be found in the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement".

(3) Adjustments due to a change in presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Further explanations can be found in the notes of the Unaudited Interim Consolidated Financial Statements under note "Notes to the cash flow statement".

(4) Adjustments due to a change in presentation. Further explanations can be found in the notes of the Unaudited Interim Consolidated Financial Statements under note "Notes to the cash flow statement".

Other Financial Data

	As of and for the financial year ended September 30,			As of and for the six months ended March 31,		As of and for the twelve months ended March 31,
	2021	2022	2023	2023	2024	2024
	in € million, except as otherwise indicated (unaudited, except as otherwise indicated)					
EBIT[(1)]	326*	105*	(21)*	115	263	127
Adjusted EBIT[(1)]	237*	208*[(i)]	243*	209[(i)]	253	287
EBITDA[(2)]	948*	866*	813*	505	595	903
Adjusted EBITDA[(2)]	976*	882*	910	523	577	964
Gross margin[(3)]	17.1%	17.5%	17.7%	17.0%	17.3%	17.9%
Adjusted gross margin[(3)]	17.1%	17.8%	17.9%	17.2%	17.7%	18.4%
Cash investments[(4)]	216	254	258	122	115	250
Free cash flow[(5)]	233	(127)[(ii)]	747	472[(ii)]	229	504
Lease-adjusted free cash flow[(5)]	(270)	(623)	257	228	(7)	23
Net working capital[(6)]	(855)	(428)	(705)		(576)	(576)
Adjusted OPEX[(7)]	3,623	3,720	3,811	1,939	1,998	3,870
Borrowings[(8)]	2,865*	2,773*	2,584*		2,608	2,608
Net debt[(9)]	1,109*	2,004*	1,687*		1,711	1,711
Net leverage ratio[(9)]	1.1x	2.3x	1.9x			1.8x

* Audited.

(i) Adjusted; adjustment for portfolio changes for Portugal and Sweden. See the 2023 Audited Consolidated Financial Statements under note "*36 Segment reporting*" and Unaudited Interim Consolidated Financial Statements under "*Other notes*".

(ii) Adjustments due to a change in presentation of effects of the application of IAS 29 "*Financial Reporting in Hyperinflationary Economies*". Further explanations can be found in the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement".

	As of and for the twelve months ended March 31, 2024
	in € million, except as otherwise indicated (unaudited)
As adjusted Financial Information for the Offering	
As adjusted cash and cash equivalents[10]	888
As adjusted borrowings[11]	2,608
As adjusted net debt[12]	1,720
As adjusted net leverage ratio[13]	1.8x
As adjusted interest expenses[14]	221
As adjusted fixed charge coverage ratio[15]	4.4x

(1) EBIT corresponds to earnings before the net financial result and income taxes. In calculating adjusted EBIT from EBIT, we adjust for portfolio measures by not including the affected earnings contributions in the current period or in the previous period. Earnings effects from companies accounted for using the equity method are also adjusted for. The following table shows a reconciliation of our adjusted EBIT for the periods indicated.

	Financial year ended September 30,			Six months ended March 31,		Twelve months ended March 31,
	2021	2022	2023	2023	2024	2024
	in € million					
	(audited)			(unaudited)		
EBIT	**326**	**105**	**(21)**	**115**	**263**	**127**
Adjustments:						
Store closures due to COVID-19[a]	26	20	—	—	—	—
Operating model[b]	26	36	—	—	—	—
Transaction costs from minority stake acquisition[c]	13	2	—	—	—	—
Simplification and digitalization of central structures and processes[d]	—	—	62	6	1	57
Strengthening of the retail brands in Germany[e]	—	—	4	2	—	2
Companies accounted for using the equity method and portfolio changes[f]	(154)	40*	195	81	(39)	75
Other[g]	—	3	4	6	28	26
Adjusted EBIT	**237**	**208***	**243**	**209***	**253**	**287**

* Adjustment for portfolio changes for Portugal and Sweden. See the 2023 Audited Consolidated Financial Statements under note "*36 Segment reporting*" and Unaudited Interim Consolidated Financial Statements under "*Other notes*".

(a) Non-recurring earnings effects in connection with COVID-19-related store closures.

(b) Non-recurring earnings effects in connection with the introduction of a harmonized group-wide organizational structure ("**Operating Model**").

(c) Non-recurring earnings effects in connection with the transaction announced on December 14, 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn.

(d) Non-recurring earnings effects in connection with the reorganization and simplification of the corporate structure.

(e) Non-recurring earnings effects include effects in connection with the strengthening of the retail brands in Germany,

(f) Non-recurring effects and earnings effects from companies recognized as at equity and portfolio changes. Adjusted EBIT for the financial year ended September 30, 2022 was adjusted for portfolio changes for Portugal and Sweden. See the 2023 Audited Consolidated Financial Statements under note "*36 Segment reporting*".

(g) "Other" mainly comprises effects from the application of IAS 29 in Türkiye for the financial year ended September 30, 2023 and the six months ended March 31, 2022 and 2023.

(2) EBITDA corresponds to EBIT before scheduled depreciation/amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on

investments accounted for using the equity method and assets held for sale. Adjusted EBITDA corresponds to EBITDA adjusted for portfolio measures, earnings effects from companies accounted for using the equity method, and all non-recurring earnings effects.

	Financial year ended September 30,			Six months ended March 31,		Twelve months ended March 31,
	2021	2022	2023	2023	2024	2024
	in € million					
	(unaudited, unless otherwise indicated)				(unaudited)	
EBIT	**326***	**105***	**(21)***	**115**	**263**	**127**
Scheduled depreciation/amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on investments accounted for using the equity method and assets held for sale	621*	761*	835*	390	332	777
EBITDA	**948***	**866***	**813***	**505**	**595**	**903**
Adjustments:						
Store closures due to COVID-19[(a)]	14*	14*	—	—	—	—
Operating model[(b)]	23*	37*	—	—	—	—
Transaction costs from minority stake acquisition[(c)]	13*	2*	—	—	—	—
Simplification and digitalization of central structures and processes[(d)]	—	—	61	6	1	56
Strengthening of the retail brands in Germany[(e)]	—	—	4	2	—	2
Companies accounted for using the equity method and portfolio changes[(f)]	(22)*	(26)*	42	11	(39)	(8)
Other[(g)]	—	(12)*	(10)	(0)	21	11
Adjusted EBITDA	**976***	**882***	**910**	**523**	**577**	**964**

* Audited.

(a) Non-recurring earnings effects in connection with COVID-19-related store closures.

(b) Non-recurring earnings effects in connection with the introduction of the Operating Model.

(c) Non-recurring earnings effects in connection with the transaction announced on December 14, 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn.

(d) Non-recurring earnings effects in connection with the reorganization and simplification of the corporate structure.

(e) Non-recurring earnings effects include effects in connection with the strengthening of the retail brands in Germany,

(f) Non-recurring effects and earnings effects from companies recognized as at equity and portfolio changes. Adjusted EBIT for the financial year ended September 30, 2022 was adjusted for portfolio changes for Portugal and Sweden. See the 2023 Audited Consolidated Financial Statements under note "*36 Segment reporting*".

(g) "Other" mainly comprises effects from the application of IAS 29 in Türkiye for the financial year ended September 30, 2023 and the six months ended March 31, 2022 and 2023.

(3) Gross margin is calculated as gross profit on sales divided by sales. Adjustment of the gross margin relates to portfolio measures, earnings effects from companies accounted for using the equity method, and all non-recurring earnings effects.

(4) We define cash investments as the sum of investments in property, plant and equipment and other investments from cash flow from investing activities. The following table shows a calculation of cash investments for the periods indicated:

	Financial year ended September 30,			Six months ended March 31,		Twelve months ended March 31,
	2021	2022	2023	2023	2024	2024
	in € million					
	(audited, except as otherwise indicated)				(unaudited)	
Investments in property, plant and equipment	141	206	176	98	91	169
Other investments	76	48	81	24	24	81
Cash investments*	**216**	**254**	**258**	**122**	**115**	**250**

* Unaudited.

(5) Free cash flow is defined as cash flow from operating activities less cash investments. Lease-adjusted free cash flow is free cash flow less redemption of less lease liabilities. The following table shows a calculation of free cash flow and lease-adjusted free cash flow for the periods indicated:

	Financial year ended September 30,			Six months ended March 31,		Twelve months ended March 31,
	2021	2022	2023	2023	2024	2024
	in € million					
	(audited, except as otherwise indicated)			(unaudited)		
Cash flow from operating activities	450	127**	1,004	594***	344	754
Cash investments*	(216)	(254)	(258)	(122)	(115)	(250)
Free cash flow*	**233**	**(127)**	**747**	**472**	**229**	**504**
Redemption of lease liabilities	(503)	(496)**	(489)	(244)	(236)	(481)
Lease-adjusted free cash flow*	**(270)**	**(623)**	**257**	**228**	**(7)**	**23**

* Unaudited.

** Adjustments due to a change in presentation of effects of the application of IAS 29 "*Financial Reporting in Hyperinflationary Economies*". Further explanations can be found in the notes of the 2023 Audited Consolidated Financial Statements under note "*35 Notes to the cash flow statement*".

*** Adjustments due to a change in presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Further explanations can be found in the notes of the Unaudited Interim Consolidated Financial Statements under note "*Notes to the cash flow statement*".

(6) We define net working capital as inventories plus (i) trade receivables and similar claims and (ii) receivables due from suppliers less trade liabilities and similar liabilities.

	As of September 30,			As of March 31,
	2021	2022	2023	2024
	in € million			
	(audited, except as otherwise indicated)			(unaudited)
Inventories	3,111	3,176	2,918	3,108
Trade receivables and similar claims	361	440	490	522
Receivables due from suppliers	1,142	1,296	1,207	1,245
Trade liabilities and similar liabilities	(5,470)	(5,340)	(5,320)	(5,451)
Net working capital*	**(855)**	**(428)**	**(705)**	**(576)**

* Unaudited.

(7) Adjusted OPEX comprises selling expenses, general administrative expenses, other operating expenses, earnings share of operating companies recognized at equity as well as net impairments on operating financial assets and contract assets. Adjustment of operating expenditure relates to portfolio measures, earnings effects from companies accounted for using the equity method, and all non-recurring earnings effects (see adjusted EBIT for the definition). The following table shows a calculation of adjusted OPEX for the periods indicated:

	Financial year ended September 30,			Six months ended March 31,		Twelve months ended March 31,
	2021	2022	2023	2023	2024	2024
	in € million					
	(audited, except as otherwise indicated)			(unaudited)		
Selling expenses	3,136	3,301	3,341	1,725	1,694	3,310
General administrative expenses	538	613	647	294	317	670
Other operating expenses	9	6	76	64	5	17
Earnings share of operating companies recognized at equity	(154)	30	132	5	(43)	84
Net impairments on operating financial assets and contract assets	5	5	16	5	4	15
OPEX*	3,535	3,955	4,212	2,093	1,977	4,096
Adjustments*	88	(236)	(401)	(153)	21	(227)
Adjusted OPEX*	**3,623**	**3,720**	**3,811**	**1,939**	**1,998**	**3,870**

* Unaudited.

(8) We define borrowings as the sum of current and non-current borrowings (including lease liabilities). The following table shows a calculation of borrowings as of the dates indicated:

	As of September 30,			As of March 31,
	2021	2022	2023	2024
	in € million (audited, except as otherwise indicated)			(unaudited)
Current borrowings	756	589	584	633
Non-current borrowings	2,109	2,184	2,000	1,975
Borrowings	**2,865**	**2,773**	**2,584**	**2,608**
thereof lease liabilities	2,067	1,961	1,784	1,754

(9) We define net debt as borrowings less cash and cash equivalents and short-term financial investments. We define net leverage ratio as net debt divided by the aggregate amount of adjusted EBITDA for the four most recent fiscal quarters ended prior to that date. The following table shows a calculation of net debt as of the dates indicated:

	As of September 30,			As of March 31,
	2021	2022	2023	2024
	in € million (audited, except as otherwise indicated)			(unaudited)
Borrowings	2,865	2,773	2,584	2,608
Cash and cash equivalents	(1,582)	(769)	(897)	(897)
Short-term financial investments[a]	175	—	—	—
Net debt	**1,109**	**2,004**	**1,687**	**1,711**

(a) Included in the consolidated statement of financial position under "other financial assets (current)".

(10) *As adjusted* cash and cash equivalents represents cash and cash equivalents as adjusted for the Offering and the application of the proceeds from the Offering as if the Offering had occurred on March 31, 2024. See "*Use of Proceeds*" and "Capitalization".

(11) *As adjusted* borrowings represents borrowings as adjusted for the Offering and the application of the proceeds from the Offering as if the Offering had occurred on March 31, 2024. See "*Use of Proceeds*" and "*Capitalization*".

(12) *As* adjusted as net debt represents net debt as adjusted for the Offering and the application of the proceeds from the Offering as if the Offering had occurred on March 31, 2024. See "*Use of Proceeds*" and "*Capitalization*".

(13) *As* adjusted net leverage ratio as net debt divided by adjusted EBITDA as adjusted for the Offering and the application of the proceeds from the Offering as if the Offering had occurred on March 31, 2024. See "*Use of Proceeds*" and "*Capitalization*".

(14) *As adjusted pro forma* interest expenses as interest expenses as adjusted for the Offering and the application of the proceeds from the Offering as if the Offering had occurred on April 1, 2023. See "*Use of Proceeds*" and "*Capitalization*".

(15) *As adjusted* fixed charge coverage ratio is defined as adjusted EBITDA divided by interest expenses as adjusted for the Offering and the application of the proceeds from the Offering as if the Offering had occurred on April 1, 2023. See "*Use of* Proceeds" and "*Capitalization*".

Financial Information by Segment

	Financial year ended September 30,				Six months ended March 31,		Twelve months ended March 31,
	2021	2022*	2022** (amended)	2023	2023	2024	2024
	in € million						
	(audited)				(unaudited)		
DACH[1]							
External sales (net)	12,003	12,046	n.a.	12,054	6,820	6,677	11,911
EBITDA	592	451	n.a.	469	324	323	468
EBIT	162	40	n.a.	75	146	141	70
EBIT adjusted	184	77	n.a.	142	161	141	122
Western/Southern Europe							
External sales (net)	7,026	7,158	n.a.	7,037	3,865	3,927	7,099
EBITDA	290	310	n.a.	262	92	148	318
EBIT	37	92	n.a.	41	(15)	44	100
EBIT adjusted	67	116	114[2]	36	(13)[2]	44	94

	Financial year ended September 30,				Six months ended March 31,		Twelve months ended March 31,
	2021	**2022***	**2022**** (amended)	**2023**	**2023**	**2024**	**2024**
Eastern Europe							
External sales (net)	1,781	2,054	n.a.	2,766	1,420	1,705	3,051
EBITDA	79	93	n.a.	182	101	73	154
EBIT	23	31	n.a.	117	72	42	87
EBIT adjusted	22	31	n.a.	102	70	64	96
Others(1)							
External sales (net)	551	510	n.a.	385	263	9	131
EBITDA	(13)(3)	11(4)	n.a.	(99)(4)	(14)(5)	54(5)	(31)
EBIT	105(6)	(59)(7)	n.a.	(253)(7)	(91)(5)	37(5)	(125)
EBIT adjusted	(36)	(28)	(16)(2)	(36)	(10)	5	(21)

* As set out in the 2022 Audited Consolidated Financial Statements.

** Taken from the comparative figures as set out in the 2023 Audited Consolidated Financial Statements.

(1) Changes in the presentation of the segment reporting for the six months ended March 31, 2023. Further explanations can be found in the notes of the Unaudited Interim Consolidated Financial Statements under note "*Supplementary notes on segment reporting*".

(2) Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment and for Sweden in the Others segment.

(3) Includes income from operating companies recognized at equity in the Others segment in the amount of €22 million.

(4) Includes expenses from operating companies recognized at equity in the Others segment in the amount of €50 million in the financial year ended September 30, 2023 (financial year 2021/22: income of €26 million).

(5) In the six months ended March 31, 2024, this includes income from operating companies recognized at equity in the Others segment in the amount of €43 million (H1 2022/23: expenses of €5 million).

(6) Includes income from operating companies recognized at equity in the Others segment in the amount of income of €154 million.

(7) Includes expenses from operating companies recognized at equity in the Others segment in the amount of €132 million in the financial year ended September 30, 2023 (financial year 2021/22: €30 million).

RISK FACTORS

An investment in the Notes is subject to risks. In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. If any of the events described in the risk factors below occurs, our margins and results of operations and financial condition could be materially and adversely affected, which, in turn, could adversely affect the Issuer's ability to repay the Notes. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also materially adversely affect our business, financial condition, operating results or prospects. In any such case, the Issuer may not be able to pay interest or principal on Notes when due, and you may lose all or part of your investment in the Notes.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum. See "Forward-Looking Statements".

Risks Related to Our Industry and Markets.

Our business depends on developments in the global economy, financial markets, political conditions and on the markets in which we operate. Adverse economic developments may, among other things, lead to lower overall sales of the offered products or services, higher costs or may require us to change our product mix in ways that are disadvantageous to us.

We offer products, as well as services and solutions, including extended warranties, brokering mobile phone contracts, repair services, or delivery and installation ("**Services & Solutions**"), in the field of consumer electronics. Our product assortment includes private label offerings from our four brands. We also offer partners the opportunity to sell products via our Marketplace to extend our assortment and generate income via commissions. Our growth area Retail Media allows advertising partners to profit from our brand and reach with products such as sponsored product ads and data reports. Our operating business is predominantly conducted by the MediaMarktSaturn Retail Group, which comprises several group companies operating more than 1,000 stores (including physical and online stores), mainly under the "MediaMarkt" and "Saturn" brands, in eleven European countries and in particular Germany. The performance of our business is, in particular, largely dependent on economic conditions as well as political and other factors affecting consumer climate in the countries in which we operate, *i.e.*, in Europe and in particular in Germany. In general, deteriorating economic or political conditions, international conflicts, such as the recent war of Russia against the Ukraine and the conflict between Israel and Hamas, crises with difficult-to-predict long-term consequences like the worldwide pandemic triggered by the Severe Acute Respiratory Syndrome Corona-Virus 2 (SARS-CoV-2) ("**COVID-19**"), negative perceptions about economic or political conditions, slow job growth, inflation, deflation or a negative or uncertain economic outlook has resulted in the past and could result in the future in a substantial decrease in demand for our products and services. Adverse economic developments may lead, among other things, to lower overall sales of the offered products or services, or require us to change our product mix in ways that could impact our overall profitability or result in slower inventory turnover and higher markdowns on inventory.

The COVID-19 pandemic had caused a reduction in business activity in our stores and financial transactions, in particular due to lockdowns, quarantines, labor shortages, supply chain interruptions, additional cautionary activities, additional costs and overall economic and financial market instability. For example, regional lockdowns in connection with the COVID-19 pandemic during 2020 and at the beginning of 2021 posed major challenges for almost all market participants, including us, and resulted in the temporary closure of stores, including those in Germany, Austria and the Netherlands as well as the majority of stores in Poland. Even though the negative effects of the COVID-19 pandemic have subsided, future pandemics could have similar effects. While we have no direct or indirect presence in the Ukraine or the Middle East and as of 2018 no longer operate in Russia, the war in the Ukraine has had a severe negative impact on economic development and already resulted and may in the future result in economic downturns in markets relevant to us. In addition, the intensity and the duration of the current conflict between Israel and Hamas is difficult to predict, as well as the economic implications of this war on our business and operations and global geopolitical instability. Furthermore, if the conflict between China and Taiwan would escalate, this could have a negative impact on our business. Military conflicts or terrorist attacks carried out at sea, such as currently ongoing in the Red Sea, or targeting trade vessels pose a risk to the inbound supply chains of our goods suppliers or our own brand inbound logistics. Lead times and transport cost of sea and air freight may further increase due to necessary detours. Particularly, distribution of technology for drone attacks or for manipulation of GPS signals may lead to increasing sea freight costs.

Changes in economic conditions may also lead to higher costs associated with our operations resulting, for example, from changes to supplier pricing and credit terms, longer payment terms for customers or the need to restructure or implement cost-saving measures. Any such deterioration of economic conditions, including reductions in disposable income and purchasing power, can also increase competition in the markets in which we operate. In particular, economic and political factors may adversely affect consumer confidence, disposable income and consumer spending as well as other factors related to consumer climate. Temporary or permanent changes to consumer habits could occur, including to the frequency of in-store purchases and shifts to online channels. Changes could occur with respect to spending habits of consumer, relating to spendings on electronic devices and to services related to consumer electronics. In addition, periods of economic uncertainty or personal economic hardship, or environments of constrained consumer credit can lead to consumers deferring purchases of, or trading down to less expensive models of, products, in particular consumer electronics. We believe that consumer habits have also shifted in recent years due to increased focus of consumers on sustainability and climate change and there can be no assurance that climate change initiatives and legislation will not lead to further changes in consumer behavior (see also "*Risks Related to Our Business Activities—Our business may be impacted by environmental, social and governance matters, which may result in increased costs and any failure to comply with relevant laws and regulations or meet stakeholder expectations could damage the brand image.*").

Our inability to compensate any or all of the aforementioned effects could have a material adverse effect on our business, assets, results of operations, financial position, cash flow and prospects.

The markets in which we operate are highly competitive with competitive pressure from direct and indirect, existing and new competitors. This increasing competition could impair our margins and overall profitability.

We operate in highly competitive markets with a large number of market participants based on locations of stores and other facilities, prices and quality of products, quality of service, variety and availability of products and the condition of facilities. Furthermore, barriers to market entry by new competitors, or for geographic expansions (*e.g.*, the entry of the Dutch retailer Coolblue into the German market in 2020 and the planned European expansion of Swiss retailer Galaxus) or for product line expansion by existing competitors, are low. In addition, we face intense competition from pure online and multi-channel players, both operating globally or only locally. For example, online marketplace TEMU is very aggressive in the low price segment offering no-name products with very high marketing spendings. In addition, TikTok has recently launched TikTok Shop with sales starting in the US, UK and some Asian countries and has gained significant market share in these countries. A launch is also planned in Europe. TikTok Shop links content from social media with potential product purchases. It is currently not yet possible to predict how the competition will develop when TikTok Shop also launches in Europe.

In light of the digital transformation, the retail industry continues to be permanently shaped by dynamic change and intense competition, primarily due to global online retailers such as Amazon and Alibaba as well as European or domestic online retailers. In particular, the increased use of mobile phones and online shopping has made customers more independent and mobile in terms of their shopping behaviors. The growth in e-commerce has spawned internet pure players to the detriment of traditional retailers. They generate intense price competition and offer a wide range of products, all constituting a serious threat to traditional retailers. More generally, the development of e-commerce has reduced prices and margins in our markets. Also, the increased prevalence and use of price comparison websites has amplified the general price competition in the markets in which we operate. Significantly shorter product life cycles with decreasing gross margins as a result of a fast development of the products' software components and the associated change in the product mix has further amplified these effects.

Moreover, in the online business, which is an increasingly strong business driver for us with sales in the e-commerce business of 24.9% in the six months ended March 31, 2024 (H1 2022/23: 24.1% (excluding Sweden and Portugal)), there is a further intensification of competition. New competitors (*e.g.*, TEMU or TikTok Shop), marketplace offerings by existing competitors (*e.g.*, Amazon, Kaufland or Alibaba) and direct-to-consumer suppliers that expand their online activities (*e.g.*, Samsung or Dyson) access our target market and could weaken our competitive position and negatively influence growth. There is a risk that this process will continue to persist and even intensify, in particular if we do not manage to timely allocate adequate resources for the digital sector and the online expansion in order to unlock new income potential, to adapt our business model and the product mix to the requirements of the digital transformation and to successfully review our store network in order to optimize selling space and modernize store formats in order to meet customers' changing requirements.

The expansion of existing or the entry of new market participants or the development of new formats and solutions may lead to further intensified competition. We may also be affected by other significant changes in the competitive environment of the countries in which we operate, for example, consolidations of competitors. In addition, some of our current competitors and potential new market entrants may have greater financial, real estate, new facilities development, distribution, technical, personnel, purchasing, marketing and advertising resources, any of which could provide them with a competitive advantage. Increased price competition against larger and financially stronger competitors or aggressive pricing strategies employed by competitors, in particular pure online retailers, may also lead to a decrease in sales and profitability or additional competitive pressure to reduce prices and margins. This is especially relevant for markets in which we are able to generate high profits, which are more likely to attract competitors, potentially harming sales and profitability.

There can be no assurance that we will be able to compete successfully against current competitors or future new market entrants and concepts, including pure online retailers. If we are unable to compete successfully with such existing and new competitors and concepts, in particular pure online retailers, we may be unable to increase, maintain or rebuild our customer base and market shares. These risks might impair our margins and overall profitability.

We depend on our ability to anticipate, gauge and react to changes in consumer trends, preferences and demands or changes in our customer composition. Failure to innovate and keep up with customer preferences may negatively affect our sales and profitability.

The international consumer electronics markets in which we operate are subject to changing trends, preferences and demands. Preferences and demands of retail consumers in a given (potential) regional market in which we operate may also materially differ from other regional markets. Generally, such trends, preferences and demands depend upon a range of factors outside of our control, including demographic, economic, cultural and other factors. There is a risk that we will not respond adequately to changes in customer and consumer behavior and expectations due to, among others, demographic changes, changes in available income and spending budgets, fluctuating demand patterns, increasing competition from existing and new competitors. The fast-increasing volume of online sales demonstrates the need for new processes, such as a more centralized and standardized logistics, IT and order processes (*e.g.*, shipment from store, pick-up for customer). Although we address consumer trends by striving to constantly expand our Services & Solutions portfolio to include additional services (*e.g.*, repairs within a category-specific architecture, electric mobility, subscription models and MyMediaMarkt+, which offers customers additional repair services, tech support, advice and other advantages), such measures may be insufficient to meet changing customer needs and to meet our ambition to increase the Services & Solutions share of total net sales.

We may fail to recognize relevant trends, to adequately anticipate customer and consumer behavior, developments in the assortments, sales formats and prices of the local markets as well as new sales channel mixes. Furthermore, we may fail to translate market trends into appropriate and sellable products and services that are competitively priced. Any such failure can have a negative impact on our sales and pose a risk to our business objectives, including our ongoing expansion of online sales. The same is true if we fail to adapt our store portfolio to changes which influence customers' demand, for example, social-demographic changes or the structural condition of the stores.

Failure to innovate and keep up with customer preferences may negatively affect our sales and profitability. If not appropriately addressed, these and other changes in consumer trends, preferences and demands as well as changes in our customer composition could have a material adverse effect on our results of operations and prospects.

We operate in markets that are rapidly evolving and may face challenges adapting to new developments in e-commerce and technology and industry trends.

As a European technology-driven retail company, we operate in markets that are undergoing significant change, primarily due to the ongoing expansion of the internet and the resulting changes in consumer purchasing patterns, such as the digitalization of physical consumer media. The spread of new media has given rise to a spectacular growth in e-commerce, which has shaken up the status quo in every market and in every country in which we operate, by significantly changing modes of consumption, customer behavior, customer attraction and retention tools and distribution methods. We thereby face risks in connection with the continuous technological development and the pressure to adapt to such developments on a regular basis.

Our customers increasingly expect a seamless experience when accessing our sales channels and want to be able to interact in a variety of ways. In order to deliver such a service, we rely on a number of different internal and external systems and operating models across our distribution channels, and we have implemented an "omnichannel" strategy, which means that we want to deliver our customers a seamless satisfactory experience in our physical stores and in our online-based sales channels. Our ability to successfully maintain and develop our omnichannel operations depends on a number of factors, including our ability to successfully market our products online, the hiring, training and retention of qualified personnel in both online and physical operations, and the continued development of our e-commerce distribution channels at an appropriate pace to cope with intense competition. We may incur unexpected costs or face technical issues in connection with the development of our omnichannel offering.

In particular, our online offerings must keep pace with the technological progress of competitors and a resulting change in shopping behaviors. Our success depends on our ability to continuously improve the technological platforms and to develop new applications in line with the technological development and trends. For example, the introduction of new payment solutions may entail substantial costs and efforts.

The rapid development of the internet has also led to the phenomenon of digitalization, that is, the transition from physical media to digital media. This shift has radically altered consumer spending patterns. On the other hand, there has been an increased demand in product categories of devices to support work from home and household appliances as a result of the COVID-19 pandemic. An increased use of mobile phones and online shopping has made customers more independent and mobile in terms of their shopping behaviors. The internet, including the dissemination of information via social media, has become increasingly important and changed the role of customers and consumers. E-commerce channels enable customers to compare prices more readily, which may affect our sales if competitors offer products at better prices. As a result, we must adapt our offerings and the way we communicate with our customers.

Any failure to adopt and apply technological advances in a timely and effective manner could have a material adverse effect on our business, results of operations and prospects.

Risks Related to Our Business Activities.

A failure to adopt and apply technological advances in a timely manner and to successfully implement digitalization efforts, could limit our business opportunities.

We may fail to adopt and apply new technological advances in a timely manner, or experience difficulties or compatibility issues in shifting and adapting our sales channels. Unexpected costs in connection with the further development of the sales platforms and adopted business models may also arise. We may face difficulties in further coordinating our digital platforms and store network, in particular to manage the interface between in-store-merchandising, click-and-collect, delivery and/or online shop, which could both result in complications for customers.

We face a number of challenges to successfully monetize our platform or mobile user traffic, including our ability to continue to provide compelling commerce platforms and tools in a multidevice environment, to offer a comprehensive user experience on our platforms or apps and to ensure that the services that we provide on our platforms are secure and trusted, and that the upgrades of our platforms and expansion in our functions are in compliance with relevant laws and regulations. As such, our focus is to attract participants to our platforms and enhance their stickiness to our platforms. Failure to do so may result in a material adverse effect on our business, financial condition and results.

In comparison to sales via physical stores, online induced sales require additional logistics costs for each sale, have a lower Services & Solutions attachment rate, a business which is characterized by high margins, and feature a lower margin product mix (*i.e.*, predominantly new media devices like smartphones as opposed to white goods with traditionally higher margins). For these reasons, online sales are not fully on par with sales via physical stores from a gross margin perspective. After the relaxation of the COVID-19-related containment measures, many consumers returned to shopping in-store as opposed to online. However, sales from the physical stores only caught up gradually and customer traffic remained significantly below historical levels, as consumers kept on buying their products online. Any resurgence of COVID-19 or the emergence of new highly infectious diseases or major public health crises with similar effects could accelerate the shift to e-commerce.

Any such failure to further develop and invest into omnichannel strategies could have a material adverse effect on our business, results of operations and prospects.

We depend on a variety of IT systems and the failure or insufficiency of these systems could harm our business. Our online retail services increase the risk that hackers could gain unauthorized access to our websites, apps, databases, online security systems or computerized logistics management systems. Failure, disruptions or

insufficiency of our IT systems or hacker attacks could have a material adverse effect on our reputation, sales, results of operations and prospects.

We depend on a variety of information technology ("**IT**") systems for our business operations, including point-of-sale, distribution, inventory management, order processing, stock replenishment, customer-relationship management, financial and operational reporting, accounting and other systems. Furthermore, we depend on corporate IT applications, related maintenance and support IT services and software updates. Dependence on efficient IT systems is particularly high for our online shops. Our business involves the operation of websites, apps and other data systems (*e.g.*, the websites and apps of MediaMarkt and Saturn and the app for our employees) through which we collect, maintain, transmit and store information about our customers, suppliers and other business partners, including personal information, as well as other confidential and proprietary information. Furthermore, we rely on the internet for information sharing across our stores, logistics and other facilities, as well as our regional offices and head office and we use, for example, social media channels and electronic newsletters which are distributed by email to our customers.

Therefore, we rely on the accessibility, reliability and security of our IT systems and are significantly vulnerable to computer viruses, hacking, data theft, break-ins, phishing attacks, other cyber security attacks or threats and similar disruptions from unauthorized use of our computer systems (including by our own employees or contractors). Increasing digitalization and the associated connection of internal IT systems with the outside world has increased the risk of attacks on our IT infrastructure. For example, in November 2021, parts of the IT systems in MediaMarkt and Saturn stores in Belgium, Germany and the Netherlands were subject to a ransomware attack, which encrypted servers resulting in temporary restrictions on the functionality of various services as well as in the online business. Our ability to operate our business depends on our ability to protect our IT systems from intrusion by third parties who may attempt to enter our systems through the internet or otherwise. In the online retail business, in which uninterrupted availability is critical, IT system failures could have significant effects on our business performance, with a rise in hacker attacks and increased risk of attempted fraud on the basis of electronic identity theft having been observed during the COVID-19 pandemic and in the context of current geopolitical tensions. It cannot be guaranteed that our IT security processes and mechanisms will be able or suffice to prevent all types of future attacks and third parties may therefore illegally gain access to our IT systems. Furthermore, IT systems and operations are vulnerable to damage or interruption by human error, data inconsistency, natural disasters, power loss, fire, acts of terrorisms, intentional acts of vandalism or sabotage and other breaches of security and similar events. Any of these events could lead to interruptions or delays, cause loss of critical data or bring about the unauthorized disclosure or use of personal or other confidential information. Our contingency plans in place to deal with such events could turn out ineffective and failures or delays in the future could cause significant losses.

Failures, instability or significant disruptions to our IT systems, such as equipment breakdowns, could prevent us from making sales, placing orders, managing inventory, delivering products or otherwise conducting our operations efficiently, which could result in loss of customers, loss of sales and increased operating expenses. Other risks that affect operations and, in particular, online sales include reliance on third parties for computer hardware, software, services and support over which we have only limited or no influence, the need to keep up with rapid technological change and the implementation of new systems and platforms. Furthermore, as a result of security breakdowns in our IT systems, sensitive information, including customer data, commercial, financial and product information, could be compromised. This could harm our relationship with our suppliers or customers. In addition, employees or third-party service providers that store, process and transmit proprietary, personal and confidential information on our behalf may cause similar damage to, or take similar actions with respect to, our IT systems to which they have authorized or unauthorized access.

In order to maintain our omnichannel operations, we are dependent on the smooth functioning of our IT systems, especially our internet and mobile infrastructure, which are critical to our online sales channel and inherently subject to various operating risks. Our online business is dependent on our ability to generate a high volume of traffic on, and use of, our apps and websites. Our reputation and ability to acquire, retain and serve our customers are dependent upon the reliable performance of our apps and websites and their underlying network infrastructure. If our IT systems fail, we may experience downtime on our apps and websites which could reduce their attractiveness to customers. Failure in our IT systems could also result in unfavorable media coverage, damage our reputation, and/or result in regulatory inquiries or other proceedings. Any breach of our servers or loss of customer data could likewise harm our business.

Some applications used by us need to be updated to improve the customer experience and strengthen operational continuity during busy periods. For historical reasons, there is a lack of standardization across the applications used by our various entities. As a result, our ambition, as expressed through our strategic plan and the multiplication of our growth drivers (Services & Solutions, Marketplace, private label, space-as-a-service and retail media), requires significant investment and the rapid and successful transformation of our information systems. We may fail to deliver this transformation successfully, both in terms of our capacity and our speed of execution, thereby having a material adverse effect on our business, results and financial condition.

We also rely on encryption and authentication technology licensed from third parties in an effort to securely transmit confidential and sensitive information. However, there is a risk that these measures may fail and our efforts to constantly monitor and update the security settings of our websites and IT systems to protect the security, integrity and confidentiality of the information we collect, store or transmit could prove to be ineffective. Furthermore, we and our service providers might not have the resources or technical sophistication to anticipate or continue to prevent all types of attacks and techniques used to obtain unauthorized access to our systems. Therefore, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to this information despite our efforts. In addition, security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by employees or by persons with whom we have commercial relationships. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial risks (including risk of fines), adverse publicity and a loss of confidence in our security measures. We also may need to devote significant resources to protect against security breaches or to address problems caused by IT security breaches. This could divert resources from other vital parts of our business, in particular the development and successful digitalization of our business.

Failure, disruptions or insufficiency of our IT systems could have a material adverse effect on our business, results of operations and prospects.

Inflation could adversely affect our business, prospects, results and financial condition.

Inflation rates in many economies worldwide have risen significantly since 2021 and continue at elevated levels. In particular in Türkiye, the economy was driven by hyperinflation.

Persistently high inflation rates and the actions taken by central banks and other state actors to combat elevated inflation rates, including raising interest rates, have negatively affected economic growth. This could adversely affect our business, prospects, results and financial condition by impacting consumers' behavior and our supply chain and cost base. In the event of a continued increase in inflation, we may seek to increase the price of our products in order to maintain satisfactory margins, which may in turn impact customer demand. Further, in such an environment, we may not be able to raise the price of our products sufficiently to overcome inflationary pressures due to the inability of customers to afford such increases in product prices relative to their income, and as a result our margins could decrease. In the context of increasing inflation, we may also need to increase our employees' salaries, which would place us under additional financial pressure. Although we actively seek to monitor the impact of inflation by incorporating hedging strategies where appropriate and investing to increase productivity and efficiency to mitigate these effects, there is no guarantee that these strategies or investments will be successful. Current or future efforts by governments to stimulate the economy may increase the risk of high inflation and the accompanying potential adverse impact on our business, prospects, results and financial condition.

We face increasing pressure on our margins, including through increasing prices charged by our suppliers and limitations in the availability of products.

The success of our business heavily depends on the procurement terms, including purchase prices, of the products offered for sale and the timely availability of these products, particularly given that the markets in which we operate are characterized by relatively high inventory turnover and relatively low profit margins. Volatile purchasing prices, therefore, directly affect our margins and profitability. In many cases, large purchasing volumes have a positive effect on price and ability to source products. However, product prices and availability are dependent on a number of factors, including the availability of the required raw materials which may temporarily or continually become scarce, changes in economic and monetary policy affecting inflation rates, increased energy costs, increased transportation cost or transportation disruptions resulting from increases in fuel costs or its limited availability, work slowdowns or interruptions, weather conditions, competitive demand and natural disasters or other catastrophic events. Any such factor can drive up purchase prices, lead to a certain level of volatility or affect the availability of products. For example, we experienced increased costs for shipping and transportation resources as a result of disruptions to our supply chain during the COVID-19 pandemic as well as supply chain disruptions, such as longer transport lead times due to discontinued rail transport from Asia to Europe, increased fuel prices and shifts in the availability of logistics workers, as drivers returned home to fight in the war due to the Russia-Ukraine war.

If prices at which we purchase products from our suppliers increase or we are unable to continue to receive discounts or rebates for large orders, we may be forced to initiate measures to maintain our profitability, *e.g.*, by increasing the selling prices of our products. However, we may be unable to increase the selling price of our products to offset the price increases fully or partially by our suppliers (some of which have considerable negotiating power), particularly if our main competitors choose not to implement such price increases. As competition in the international markets for consumer electronics become increasingly intense, in particular driven by the increased transparency of selling prices resulting from the shift towards online sales and the associated increased price-sensitivity of consumers, unilateral price increases may lead to declines in sales, loss of market shares and other adverse consequences. Accordingly, we may be significantly constrained in our pricing policy by the actions of our direct and indirect competitors. As a result, we may be forced to reduce the selling price for products both in our physical stores and our online shops in order to maintain our market share, which may significantly reduce our profitability.

With regard to e-commerce, we currently rely heavily on independent third-party logistics providers for delivery of our products to our customers' homes and other pick-up points. The utilization of their delivery services, or those of any other logistics companies we may elect to use, is subject to risks, including increases in fuel prices, which would increase our shipping, road and transportation costs. Any increase in shipping or other logistics costs may impact our profitability margins if we do not increase the prices of our products, and any such increases may negatively affect the demand for our products.

Rising energy prices in connection with Russia's war against Ukraine or for other reasons, contributed to the risk that our operating costs increase. Although we see a declining trend in energy prices in 2024, increased energy prices are, in particular, relevant for our physical stores, for which energy costs are typically a significant part of rent and utilities. We also face risks of increasing energy costs as result of environmental legislations or as a result of longer operating hours of air conditioning systems because of changing climate. Similarly, rising energy prices may also result in higher costs relating to our outsourced warehouse and IT operations if suppliers pass on their own cost increases to us. In any such cases, we may not be able to pass on cost increases to our customers in part or in full, which may result in a deterioration of our margins and results of operations. In addition, we have experienced significant cost increases in fulfilment costs in recent years because of increasing delivery costs and higher volume of goods shipped driven by increased e-commerce sales.

If we cannot maintain our strategically important business partnerships, or are otherwise unable to obtain high-quality products in sufficient quantities in a timely manner and at competitive prices or to pass on increases for the sold products to customers, this could have a material adverse effect on our business, assets, results of operations, financial position, cash flow and prospects.

We could be affected by a deterioration in our relations with certain suppliers, partners or service providers or by difficulties obtaining supplies and the loss of any key suppliers or procurement partners, on some of which we are highly dependent, may have a material adverse effect on our business and profitability.

Our activities depend on our relations with key partners, including suppliers and service providers. Particularly regarding our operations in the fields of IT resources, transport and delivery, we heavily rely on certain service providers. For example, our country organizations use fulfilment partners to operate distribution centers that handle deliveries and/or dispatch the deliveries of goods directly to customers and/or stores. Also, a major portion of our operations depends on our capacity to negotiate favorable commercial terms and maintain contracts and business relations with our suppliers, especially those which represent a significant proportion of revenue, for whose products no direct substitute exists which equally meets customers' demands (*e.g.*, Samsung, Apple, Microsoft, Sony PlayStation, Nintendo, etc.) and in cases where suppliers are concentrated. We estimate that our top thirty suppliers account for approximately three quarters of our sales. This may as well apply to cases of insufficient service capacities, especially, if service providers are set into market dominating positions, such as state owned postal companies being set mandatorily. Any deterioration in our relationships with our key service providers as well as our main suppliers, the imposition of stricter conditions by service providers or suppliers (especially with respect to payment terms), the non-renewal or early termination of our main supply or service agreements as well as the insolvency of larger suppliers may have a material adverse effect on our business, result of operations, financial position, cash flow and prospects.

We maintain business relations with strategically relevant business partners, such as Apple, Samsung, LG, BSH, Sony and Microsoft. However, there is a risk that we cannot maintain such relationships, for example, as a result of a potential strategic realignment of suppliers, a change in sales concepts, or technical problems of our products and services. In addition, our efforts to analyze information about business partners on a regular basis, including information regarding their financial stability, could not suffice. As a result, we could fail to promptly take protective measures to ensure the continued supply of goods and services, but also against the financial loss of outstanding receivables. If we lose key suppliers, fail to maintain our currently important business partnerships or develop relationships with new suppliers or are unsuccessful in obtaining products from alternative sources, competitively priced and available in large volumes, this could jeopardize the availability of products and thereby cause lost sales and commissions.

We offer a wide range of products and are supplied by a large number of suppliers. This increases the risk that some of these suppliers may fail to meet agreed deadlines, provide us with sufficient products or comply with our specifications and quality requirements. Some of our suppliers may have limited resources, production capacities and operating histories. As a result, the ability of some of our suppliers to meet our supply requirements has been, and may in the future be, constrained at various times and our suppliers may be susceptible to production difficulties, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines or increases in manufacturing costs or other factors that negatively affect the quantity or quality of their production. If we experience increases in demand or the need to replace an existing supplier (*e.g.*, because one of our suppliers decides to no longer work with us or demands higher prices or more stringent payment terms or becomes insolvent), there can be no assurance that additional supply or manufacturing capacity will be available when required on terms that are acceptable to us.

There is also a risk that the production by one or more manufacturers could be suspended or delayed, temporarily or permanently, due to economic or technical problems such as the insolvency of the manufacturer or our inability to access liquidity, the failure of manufacturing facilities or disruption of the production process, all of which are beyond our control. Such difficulties may negatively impact our ability to deliver quality products to our customers on a timely basis, which may, in turn, have a negative impact on our customer relationships and result in lower revenue and therefore may have a material adverse effect on our business.

Our success is significantly dependent on products being developed and manufactured by third parties.

While we can select the products to be sold at our stores, we are unable to control the development of products by manufacturers, including the extent to which products include new technologies, features or designs that are attractive to customers. If our suppliers or the manufacturers that serve our suppliers are unable to develop products to meet the demands of our customers, our product offering will suffer, and sales volumes could decline as consumers shift their discretionary spending elsewhere. This is, in particular, the case for consumer electronics, when, for example, IT and photography products experience low points in their respective innovation cycles, resulting in lower revenue from those sub-segments. We may, therefore, be required to adapt our assortment and include new trends and suppliers or adapt the size and space dedicated to a specific product category.

Any failure by our suppliers to adhere to product safety or manufacturing safety standards could result in serious product defects that may not be detected by quality control procedures and which may in turn lead to product recalls. Our reputation as well as the reputation of our brands and their respective banners could be damaged by the marketing of defective products, especially in the event of serious defects, such as products containing harmful substances causing physical harm or other health problems. This applies in particular to products of our private label. Such serious defects could also lead to a significant decline in our revenue. In addition, there is a risk that compliance lapses by our suppliers could occur, which could lead to investigation by agencies responsible for international trade compliance. Resulting penalties or enforcement actions could delay future imports or otherwise negatively impact our business.

Product defects or recalls may cause supply shortages, expose us to claims, damage the public perception of our brands and harm our business.

If products are not delivered at high quality, product defects may cause supply shortages, expose us to claims, damage the public perception of our brands and harm our business. In such cases, especially if there is a prolonged impact on product quality, there could be a material adverse effect on our business, results of operations and prospects. We may not have adequate remedies against our suppliers for defective merchandise. We require our suppliers to satisfy certain standards regarding the quality, safety and specification of our products. However, if products that we purchase from suppliers are damaged or prove to be defective, we may not be able to return products to these suppliers and obtain refunds of our purchase price or obtain other indemnification from them. Moreover, limited capacities of some of our suppliers may result in a supplier's inability to replace any defective merchandise in a timely manner. In addition, the limited capitalization or liquidity of some of the suppliers may mean that a supplier which has supplied defective merchandise will not be able to refund the purchase price to us, pay us any penalties or reimburse us for damages associated with any defects. If a product recall becomes necessary in circumstances where the financial consequences are not borne by one of the suppliers or covered by our product liability insurance, this may have an adverse effect on our financial performance and reputation.

We may not be successful in expanding our private label product offering, sales of which we strive to increase as part of our strategy.

In the financial year 2022/23, 2.4% of our sales were attributable to our private label products, where we can generate higher gross margins compared to branded products, amongst others, due to an increased vertical integration. As part of our strategy, we strive to increase our sales from private label products in the mid-term, through optimizing and integrating the assortment. There can be no assurance that we will be successful in expanding our private label product offering. An expansion of the private label product offering could fail for various reasons, including misjudgment of demand, supply chain disruptions, geopolitical constraints, and poor product quality. This could also dilute customers' perception of our brand image and impact the relationships with other suppliers.

We acquire our private label products from various suppliers which generally also manufacture products for our competitors and their suppliers. The agreements with such manufacturers are typically based on a made-to-order concept for each private label offering or product line rather than long-term supply agreements. If an agreement expires or is terminated, there can be no assurance that we will find alternative manufacturers that will be able to produce comparable products for us at competitive prices or at all. In addition, manufacturers are often also selling similar products to other retailers, which may offer them under a different brand and with a different packaging. This could reduce demand for our private label products, particularly if other retailers offer them at lower prices.

We have measures in place to ensure specifications and quality of our products. However, any breach or perceived breach of relevant laws, regulations, permits or licenses or any non-compliance with our code of conduct relating to the private label products we procure and intend to sell, or any failure to achieve or maintain particular standards could result in an inability of us to import such products and lead to adverse publicity. If we would experience severe logistics constraints, such as experienced during the COVID-19 pandemic, or a shortfall in our supply, for example due to sanctions against China following the conflict in Taiwan, this could materially adversely affect our reputation, damage our customer relationships and lead to a decline in net sales.

If we could not correctly identify certain product trends in the market or could not be successful in developing new products, we may not be able to increase our share of private label products. In addition, any further increase of private label sales shares could expose us to larger lump risks, for example, if any of the private label products were to see a sales decline or a reduction in brand equity. Conversely, the implementation of this strategy could be made more difficult if any of the above risks materialize.

Any issues relating to the private label offering, including their quality and origin, and the implementation of the private label growth strategy could have a material adverse effect on our brand image, net sales, and profitability and thus our business, results of operations, financial position, cash flows, and prospects.

We operate a Marketplace through which we sell products supplied to our customers by third-party resellers, and any issues related to, for example, product quality or delivery, may damage our brands and reputation.

As part of the e-commerce business, we operate a marketplace ("**Marketplace**"), where we partner with third-party resellers through a commission model to further expand the online product assortment without having to build up inventories and which also provides backfill options (*i.e.*, the option to source products sold out in our own assortment from partners and have them shipped directly to customers). As part of the Marketplace, we list products from third-party suppliers and brands on our MediaMarkt and Saturn e-commerce platforms in certain countries (currently Germany, Austria, Spain and the Netherlands) and we are currently implementing our Marketplace in Italy. If a customer orders a product, we process the payment via a payment service provider and thereafter the product will be delivered from the relevant third-party partner directly to the end-customer.

While the resellers are solely responsible for the sourcing and supply of the affected products, the Marketplace is fully integrated in our e-commerce platform. Although the information about the delivery from a reseller is displayed on the product detail page and in the basket, customers may perceive that they are purchasing products directly from MediaMarktSaturn brands. Therefore, any issues related to product quality, timing of deliveries or similar matters regarding the products sold under the Marketplace could adversely affect "MediaMarkt" and

"Saturn" brands and other brands including those relating to our private label products and reputation among our customers.

In addition, the Marketplace may not progress as planned and we may not reach our target of €750 million gross merchandise value in the mid-term, as we may not be able to find an appropriate number of capable resellers, achieve the expected commissions or achieve the goal of offering our customers a unique one-stop-shopping experience.

Any of these risks associated with the Marketplace and our envisaged growth could have a material adverse effect on our brands and reputation, our business, results of operations, and prospects.

We generally do not have exclusive arrangements with our suppliers, which could limit our ability to ensure the continuity of supply.

In general, we do not maintain exclusive relationships with our suppliers. As a result, most of our suppliers are able to sell identical products to certain of our competitors, some of which might purchase products in significantly greater volumes. Our competitors may enter into arrangements with suppliers that could impair our ability to procure those suppliers' products, including by requiring suppliers to enter into exclusive arrangements. Our suppliers could also initiate or expand sales of their products through their own stores or through the internet to the retail market and therefore compete with us directly or sell their products through outlet centers or discount stores, thus increasing the competitive pricing pressure we already face. The realization of any of these risks, in isolation or in combination, could have a material adverse effect on our business and prospects.

We could fail to efficiently implement and operate the centralized supply chain model and may not be able to meet customer expectations or demands in respect of delivery times or convenience.

Delivery times for products can vary due to a variety of factors such as the respective products ordered, the location from which the products are shipped, how fast suppliers deliver products to our logistics centers, the number of items in a customer's shopping basket, the country in which a customer ordering products is located and the performance of the third-party shipping company carrying out the distribution. The efficient operation and management of our stores and warehouse logistics are therefore crucial to our business. Our stores and warehouses handle inbound receipt of merchandise, storage, picking, packaging, outbound shipping and the receipt, screening and handling of returns.

Since the financial year 2021/22, our logistics have been undergoing a transformation away from the separation of e-commerce and retail business in favor of an integrated, centralized omnichannel network. While we have already transformed the physical warehouse network to a physical omnichannel network, we are further optimizing our omnichannel network. For example, we are currently progressing the transformation of systems in Germany and the progression in other countries, such as Italy and Spain, is already scheduled. This centralized omnichannel network allows central procurement and the bundling of delivery flows to stores through central distribution centers in each country. The goal is to develop a centralized omnichannel fulfilment network to offer customers a very high service level in terms of delivery speed, reliability, quality and availability. In addition, we have implemented modifications to our processes, in order to cope with the shift to e-commerce in the last years. For example, we have implemented modifications to our supply and delivery processes so that goods ordered by customers online are no longer sent to customers exclusively from central warehouses, but also directly from the local stores. There can be no assurance that we will successfully transition our current logistics infrastructure to the targeted European network of omnichannel warehouses or that the desired operational improvement, will materialize. We may not be able to avoid overstocking or understocking of products due to shifting customer preferences. Furthermore, customers could still expect or demand faster delivery times than we can provide. If we are unable to meet customer expectations or demands in respect of delivery times or convenience, or if our competitors are able to deliver the same or equivalent products faster or more conveniently, we could lose current or potential customers, our brand and reputation could suffer, and we could experience shortfalls in revenues. Furthermore, if we fail to anticipate and respond in a timely manner to shifting customer preferences and adjust our purchases and inventory accordingly, this may result in lost sales, sales at lower than anticipated margins and/or write-offs on inventories.

Any failure to successfully address such challenges in a cost-effective and timely manner could severely disrupt our business and may have a material adverse effect on our business, results of operations and prospects.

We could face supply shortages or disruptions to our supply chain.

As a consumer electronics retailer, we depend on external producers and providers for the supply of our goods and services. Thus, the delivery of products to the stores and depots depends on our supply and logistics systems, including transportation services provided by third parties (*e.g.*, sea-container capacity or local parcel delivery services). A number of factors might significantly impact our ability to distribute products to our stores and maintain an adequate product supply chain, including breakdowns or accidents at our warehouses, difficulties in recruiting delivery drivers for "last mile" deliveries or in recruiting workers to absorb year-end peak business periods, challenges in reducing carbon dioxide impacts, restricted access to city centers, labor disruptions and strikes, and natural events.

In addition, our logistics processes are complex and depend on sophisticated know-how and computerized systems. If our supply and logistics systems were to experience a sustained disruption due to, among other things, poor infrastructure conditions or disrupted infrastructure because of inclement weather, natural disasters, pandemics or acts of war or terror, vandalism or sabotage, or other reasons, or if we do not operate and optimize our supply chain successfully and efficiently, we could face difficulties transporting, processing or distributing products to our stores and depots, or delivering our products to our customers, or be unable to do so at reasonable costs.

Furthermore, global issues such as climate change, pandemics, such as COVID-19, or conflicts, such as the Russia-Ukraine or the Israel-Hamas war, have in the past resulted and may further result in supply chain disruptions and restrictions on certain resources or lead to decreased availability of raw material, goods and services. Any such disruption may result in a depletion of our inventories and an inability to offer our customers the full product assortment. This could in turn lead to a loss of customer base and market shares. In particular, supply and logistics risks increase in remote locations due to long delivery distances, less developed infrastructure and harsh climate. Disruptions to our supply logistics systems could result in higher operating costs and delays, and, if alternative arrangements are not available at reasonable costs or at all, such disruptions could have a material adverse effect on our business.

Our supply and logistics chain is also susceptible to various risks, including failure by our suppliers to deliver due to operational or production disruptions, financial problems, labor issues, product quality issues, lack of raw materials or other reasons. For some product categories, we have only few, if any, alternative suppliers that are readily available. This is, in particular the case for Apple, insofar as there are no alternatives to Apple products due to their proprietary operating systems (iOS and MacOS). Furthermore, disruptions in supply chains may be connected to worldwide shortages, as it was experienced with regards to certain IT categories such as notebooks and tablets due to increased customer demands on home office devices caused by the COVID-19 pandemic or production shortages due to shortages of raw materials, *e.g.*, semiconductors as result of a transport blockage of a production center in Taiwan. If one or more suppliers were to fail to deliver the products of adequate quality in time or at all, or if we would fail to develop, maintain or strengthen our relationships with suppliers, our ability to obtain a sufficient volume and variety of products may be impaired. There can be no assurance that additional or alternative suppliers will be available when required on acceptable terms. Furthermore, it may become necessary to make changes to the supply chain and enter into other business arrangements to ensure the supply of products. This could result in additional costs and temporary supply shortages or disruptions. Additionally, any resulting prolonged negative impact on the quality of the products or services supplied to us could materially adversely affect our reputation and business.

Moreover, strikes, work stoppages and inclement weather may impact the logistics providers' ability to provide delivery services that adequately meet our requirements. If such a delay or interruption of delivery were to occur, we may not be able to meet consumer demand, which may result in customer complaints and ultimately fewer sales. Additionally, there can be no guarantee that we will maintain relationships with our current independent carriers, and may at any point be required to contract with other carriers on less favorable terms or at a greater cost. If we change transportation providers, we could face logistical difficulties that could materially adversely affect our deliveries and could cause us to incur costs and expend resources in connection with such change.

Any disruptions to our supply and logistics systems, including as a result of supply disruptions, poor infrastructure conditions, adverse climate, natural disasters, pandemics, human error or acts of terrorism, vandalism or sabotage could have a material adverse effect on our business, results of operations and prospects.

We could fail to efficiently operate and manage our supply chains, logistics, inventory levels and logistics capacity.

We must maintain sufficient inventory levels in our stores and warehouses to operate our business through our online shops and stores successfully. If we do not accurately anticipate required product quantities and delivery times, our inventory levels will not be appropriate and since there are only few central stocks for goods, tolerance for misappropriation of quantities and delivery times for each store is limited. This may result in a loss of sales and a loss of customers who are unsatisfied with our delivery times. We must therefore find the right balance between avoiding out-of-stock-situations on the one hand and accumulation of excess inventory on the other hand which will result in additional costs of storing and disposing these items and may lead to depreciations. If we are unable to operate and optimize our store and warehouse logistics successfully and efficiently, this could result in excess or insufficient logistical capacity and increased costs.

Any insufficiency of our supply and logistics systems, including as a result of supply disruptions, poor infrastructure conditions, adverse climate, natural disasters, pandemics, human error or acts of terrorism, vandalism or sabotage could have a material adverse effect on our business, results of operations and prospects.

The international nature of our business exposes us to a variety of economic, political, legal and other related risks.

We have operations and investments in numerous countries. Although our business focusses on Western Europe, and, specifically, Germany, we also pursue business interests in a number of other countries, including Türkiye. Some of our operations and sales take place in countries and regions with significantly less political or social stability than is generally found in Western Europe or Germany. Doing business in these countries and regions carries certain inherent risks. These include:

- diverse systems of laws and regulations;
- inconsistent, politicized or otherwise inequitable application or enforcement of laws or regulations;
- unexpected or adverse changes in laws or regulations; adverse changes in tax laws or their application;
- exchange controls or currency restrictions;
- substantial fluctuation, devaluation or inflation of local currency, including hyperinflation;
- business environments in which fraud, bribery or corruption are common, condoned or encouraged by private or official actors;
- substantial tariffs, trade barriers, export duties or quotas; expropriation, nationalization or similar government interventions;
- restrictions on the ability to repatriate cash from our subsidiaries;
- restrictions on investment by foreign companies;
- local content requirements;
- divergent labor regulations or cultural expectations regarding employment;
- divergent expectations regarding professional conduct, business relationships, industrialization or international and
- business generally.

We are also subject to certain risks as a result of our presence in places where political instability, labor unrest, or violence (including terrorist attacks or threats) is or has recently been a significant factor. Some of our operations in certain countries, particularly non-EU countries, are in environments that at times fail to guarantee adequate legal protections for our operations or personal security to our personnel.

The realization of any of these risks, alone or in combination, could have a material adverse effect on our business, assets, results of operations, financial position, cash flow and prospects.

Our business may become subject to increasing seasonal sales fluctuations which may make it difficult to predict our future performance.

Our business generally experiences a peak season in November and December, starting with Singles Day and including Black Friday and Black November and Christmas. In addition, we offer special promotions and offers with price reductions around public holidays in different countries. Outside the peak season, our business experiences limited seasonality and volatility with the exception of the first quarter of our financial year (October 1 until December 31) in which demand for certain product categories is significantly higher due to Christmas, and the second quarter of our financial year (January 1 until March 31), where demand for such products is usually significantly lower. Consequently, poor sales performance in the first quarter of our financial year could adversely affect our full-year results and leave us with substantial excess stock that is difficult to liquidate. The decrease of the generally negative net working capital, *i.e.*, a lower source of funding, as a result of investments in inventory could limit our ability to make capital expenditures during these periods as they become necessary.

If our business growth slows or ceases, seasonal fluctuations could also become more important to our results of operations. This could also cause our inventories, working capital requirements and cash flows to vary from quarter to quarter. Furthermore, we may become more dependent on supply sources which can cover our peak demand and a sufficient perception of our offers on seasonal events. If our suppliers fail to deliver products in sufficient volumes to meet this peak demand, we could experience supply shortages which might harm our business (regarding the risk of supply shortages in general. See "—*We could face supply-shortages or disruptions to* our *supply chain. We could fail to efficiently operate and manage* our *supply chains, logistics, inventory levels and logistics capacity*").

Our inability to respond to seasonal and cyclical fluctuations in demand could have a material adverse effect on our results of operations and cash flow.

We are subject to payment-related risks. The variety of payment methods that we accept, the large volume of cash transactions as well as the product assortment exposes us to operational risks and risks of theft, robbery, negligence and/or fraud.

In our stationary stores and online shops, we currently offer different payment methods tailored to meet local customers' payment preferences, including cash, credit and debit card, pay by invoice, financing, gift cards, PayPal, direct deposit, online bank transfer, direct debit, Apple Pay, Google Pay, Klarna and various local payment schemes. Non-cash payments account for a large proportion of sales. We rely on third-party service providers for the processing of such payments and pay interchange and other fees for these services. These fees are typically calculated as a percentage of the purchase amount and may increase over time and cause our operating expenses to rise. In addition, if such service providers experience disruptions, system failures or other events which render them unable to process payments, our sales could be materially adversely affected. Disruptions affecting other financial institutions or intermediaries that process our customers' payments (such as, for example, a customer's credit card issuing bank) could also have a negative impact on our business. Furthermore, customers may claim that purchases or payments were not initiated by them, that they have been charged with wrong amounts or they have not received a refund for a return. We also face the risk that customers may have insufficient funds and the risk of various types of fraud. For example, under German law but also in a number of other jurisdictions, the risk of an invalid transfer instruction by a customer, and, thus, the risk of abuse, lies generally with the retailer. Therefore, we could be liable for fraudulent payment transactions. In the case of invoicing, we also carry a risk of non-payment of invoices by the customer, for example, due to lack of funds, despite the implementation of monitoring systems. We also face the risk of operational failures during the checkout process in our digital platforms. This results from the complexity of certain payment methods. Such difficulties could adversely affect our conversion rate, which is the proportion of site visitors that actually complete the purchasing process. Even if the checkout itself is working, errors may appear in follow-up payment processes and wrong amounts or accounts may be charged (*e.g.*, for monthly subscriptions) or refunds may be blocked or initiated incorrectly.

As we offer new payment options to customers, we may be subject to additional regulations, compliance requirements and various types of fraud or cyber-attacks. We are also subject to various payment provider contracts, payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, which could change or be reinterpreted making it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements of any provider of an offered payment method, among other things, we may be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit or debit and PayPal payments from customers or facilitate other types of online payments.

Payments on the Marketplace are subject to additional regulations. Processing payments between customers and sellers on the Marketplace is considered regulated payment service provisioning according to the Payment Service Directive that requires a payment service provider license. As neither we nor any of our affiliates hold this license, these payments are facilitated by regulated payment companies (Fiserv and members of the PayPal group of companies). The services provided include anti-money laundering and know-your-customer checks of sellers' payment acceptance and escrow services. If one of these providers ceases operations or materially increases fees or does not meet service levels, we would face high provider switching costs that would put the planned expansion or even current operation of the Marketplace at risk.

Due to the nature of our business, which includes in-store cash payments, we process a large volume of cash transactions. Therefore, we are exposed to the risk, *inter alia*, of petty theft, robbery, negligence, embezzlement and/or money laundering, which, if substantial in the aggregate, could have an adverse effect on our business, results of operations and cash flows. In addition, we are subject to the risks of shoplifting (particularly since our product assortment includes small size products with large value such as small electronic devices), employee theft or fraud, customer fraud and third-party service provider theft or fraud.

The realization of any of these risks, alone or in combination, could have a material adverse effect on our business, assets, results of operations and cash flow.

We are exposed to the risk of counterparty default.

As a retailer operating physical stores and online shops, we are regularly owed significant amounts of money by numerous counterparties, including customers to whom we, to a certain extent, may offer credit, in particular by offering invoice and credit card payment. We also have receivables from suppliers, which mainly represent subsequent payments from suppliers (*e.g.*, bonuses and advertising cost subsidies). As a rule, these are offset when our own liabilities fall due as part of the payments to the respective supplier.

Furthermore, we have receivables from commission claims, mainly against certain mobile communications providers, which result from the brokerage of customer contracts. We capitalize these and collect them over the term of the underlying contracts. For the receivables, there is a risk that the corresponding claims cannot be realized in the event of default by the mobile communications provider or the customer.

Especially, commissions can only be cashed as long as mobile communications providers operate their service. Trade receivables and contract assets from mobile communications providers are measured individually using the individual providers' credit risks. Revolving commission receivables due from contract partners in the mobile communication area were sold as part of two factoring programs. The nominal volume of the default guarantees furnished in the context of our factoring program, was recognized as a liability in the amount of €59 million as of September 30, 2023 and the corresponding customer receivables in the same amount not fully derecognized. As of September 30, 2023, the carrying amount of the original assets was €168 million.

In Switzerland, we offer a customer financing program via MediaMarkt, which allows Swiss customers not only to purchase products at MediaMarkt, but also to finance them directly at the store. The financing taken up can be repaid flexibly by the customer at any time within a period of three years. As part of the revolving sale of receivables from the Swiss customer financing program, PayRed Card Services AG, Dietikon, Switzerland, guarantees to service a limited number of customer defaults. As of September 30, 2023, a continuing involvement in the amount of the nominal volume of the default guarantees provided of €15 million was recognized as a liability, and the customer receivables in the same amount were not fully derecognized. As of September 30, 2023, the carrying amount of the original assets was €90 million.

In addition, we frequently hold significant cash balances on deposit with financial institutions or have it invested on a short-term basis. These contractual arrangements, deposits and other financial instruments give rise to credit risk on amounts due from such counterparties. In particular, we also operate in countries whose financial institutions do not achieve an investment grade rating due to their respective country ratings. However, we also work with these institutions for country-specific reasons as well as for cost and efficiency reasons. We are therefore exposed to payment delays and the default of counterparties, including financial institutions, suppliers, mobile communications providers and customers with bad debts, in particular if customers, from time to time, have difficulties making the required payments in full or on a timely basis.

Furthermore, a counterparty default as a result of, for example, supplier insolvency, can lead to significant delays in delivery of important products to us or performance of services, cost overruns, or other critical failures, which could adversely affect our business. To the extent that we sub-lease a property or parts of a property (such as dedicated selling space for space-as-a-service concepts) to third parties, we also face the risk that the third-party tenants may become insolvent, which may lead to a loss of rental income.

The realization of counterparty default risks may lead to higher costs, lost income and thereby have a material adverse effect on our results of operations, financial position and cash flow.

We may fail to adequately implement our strategy and/or the implementation of the strategy may fail to produce the targeted results.

Our strategy is based on four strategic pillars: (i) employee experience, (ii) shopping experience, (iii) usage experience and (iv) impact experience. The strategy aims at moving from traditional retail to a service platform with attractive and growing business models. In addition to the core retail business, our ambition is to expand our Services & Solutions business, our Marketplace, our private label products, the space-as-a-service business and retail media business. The business model is based on an omnichannel model with online and offline offerings, building on a sticky customer base. To achieve this strategy, we are further developing our omnichannel supply chain and tech stack, and focusing on our sustainable offering.

The implementation of our strategy may fail to produce the targeted results. In particular, we could have misjudged anticipated customer behavior and demand, as well as the further development of our competitive landscape and the anticipated cost savings and growth potential resulting from a successful implementation of our strategy, which may lead, among others, to frustrated investments or a need for further investments. There is a risk that our strategy will not be implemented consistently and adequately by all of our group companies.

If our strategy fails to produce the targeted results or if we fail to implement our strategy as planned, or if our strategy does not appropriately address changes in consumer and customer trends, preferences and demands, this could have a material adverse effect on our business, assets, results of operations, financial position, cash flow and prospects. In particular, the communicated goals per growth area (Services & Solutions, Marketplace, private label, space-as-a-service, retail media) and in the retail core business could be at risk if the respective functional strategies cannot be executed, which in consequence would also put the targeted uplift in total profitability at risk.

If our strategy fails, we may also not achieve our financial expectations and mid-term financial targets, including those set forth in this Offering Memorandum, which are based on various assumptions which are inherently subject to significant business, operational, economic, and other risks, many of which are outside of our control. Such assumptions may prove incomplete or inaccurate, may change or may not materialize partially or at all, and our actual results of operations for the current financial year and in the future could differ materially.

We may fail to successfully identify, enter into or integrate acquisitions, joint ventures, co-operations and business partnerships or to successfully execute divestments or reorganizations.

As part of our strategy, we are continuously evaluating selective options for mergers and acquisitions to accelerate growth. This includes the expansion of the service portfolio with concepts in the stores, online and in customers' homes. One way to pursue this strategy is the acquisition of existing businesses. For example, we acquired stores formerly belonging to Worten Equipamentos do Lar S.A. in Spain in 2021 and stores in the Netherlands formerly belonging to BCC Holding B.V. We also launched a reorganization program targeted at streamlining administrative and headquarter functions resulting in a more efficient structure and cost-savings.

However, due to our position in potential sub-segments of the retail market for consumer electronics, there is also the risk that potential acquisitions or mergers may face special scrutiny by competition authorities on a national or European level. It is also possible that not all material risks in connection with acquisitions or the establishment of joint ventures will be identified in the due diligence process and that such risks will not be (sufficiently or at all) taken into account in the decision-making process, or the respective agreements (including warranties). In addition, future acquisitions may also give rise to financial and tax restructuring measures which, even if designed with the aim to achieve a tax-efficient structure, may expose us to risks, for example, if the tax authorities were to challenge any of the implemented measures. For example, the acquisition of the minority shareholdings in MediaMarktSaturn are expected to make our tax-loss carry-forwards structurally usable. Furthermore, future acquisitions, joint ventures and other investments in businesses entail risks regarding the integration of businesses, including, among other factors, employees, processes, IT, logistics and other systems, and product offerings and such acquired businesses may not, or not within the anticipated timeframe, achieve the targeted operative development. In addition, we may, for example, incur costs and expenses associated with unexpected difficulties, the diversion of management's attention from its daily operations and/or strategic business decisions, the potential loss of key employees, suppliers and customers, difficulties in competing with existing stores or business or diverting sales from existing stores or business, difficulties in complying with foreign regulatory requirements and the additional demands on management related to the increase in the size and scope of operations. Furthermore, we may not realize anticipated synergies after the integration of future acquisitions or only slower than targeted.

In addition, future acquisitions or investments in joint ventures or other business partnerships may be capital intensive and could deplete our financial resources. Future acquisitions could also require us to incur debt or issue debt or equity securities to finance such acquisitions. In addition, there is no assurance that we will have sufficient resources to pursue acquisitions if we consider such acquisitions necessary to, for example, maintain a position in significant markets. Furthermore, in joint ventures, co-operations and partnerships, including possible franchises, we could have only limited influence on the organization and business success of the companies concerned. Thus, the ability to fully exploit the strategic potential in markets in which we operate or enter could be impaired if we were unable to agree with our partners or joint shareholders on a common strategy and its implementation. Furthermore, the expected benefits may not materialize, and we may incur additional costs or other disadvantages which could have a material adverse effect on our reputation, business, financial position and results of operations.

With regard to our country portfolio, we follow a "lead-or-leave" strategy, which lead to the decisions to exit the non-profitable countries Sweden and Portugal, in order to strengthen our country portfolio. In this context, risks may result from past or future divestments, in particular regarding potential pre- or post-closing reductions of purchase prices or due to possible liabilities arising from representations and warranties or covenants, for example, regarding taxes or pensions. For example, we sold our operating activities in Sweden and Portugal in 2023. Moreover, we may be required to remain party (as lessee) to a substantial number of lease agreements relating to stores of divested businesses. If and to the extent the relevant businesses no longer perform (or are no longer able to perform) their obligations under the corresponding sub-lease agreements, we face the risk of loss of rent, in particular if such premises cannot be sub-let to third parties at favorable economic terms or at all.

Failure to maintain strategically important business partnerships, or to successfully implement acquisitions and co-operations or to successfully execute divestments could have a material adverse effect on our business, results of operations and prospects.

We could fail to adequately protect our reputation, the MediaMarkt and Saturn brands and other brands under which we operate.

Our success is largely dependent on our reputation, and the strength and value associated with the "MediaMarkt" and "Saturn" brands and other brands including those relating to our private label products. In particular, the quality and safety of products and services, competitive pricing and inspiring shopping experience customized for our customers' needs are of critical importance. This reputation is subject to various risks, including unsuccessful or insufficient marketing and merchandising efforts implemented and carried out by us or our suppliers, any inability to adequately respond to consumer tastes and preferences or deterioration of the public image or reputation as a result of unfavorable publicity concerning us, our products or services, our stores or online shops and our personnel, or other negative publicity. Our reputation could also be adversely impacted in the event of a significant product recall or product related litigation, especially with regard to our own brands.

Further, our success in maintaining and improving our brand image depends on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. Negative posts or comments about us on social networking platforms and other websites that spread rapidly through such forums could seriously damage our reputation and brand image. In order to attract and retain customers, we may need to substantially increase our expenditures for creating and maintaining brand loyalty. As a result, our sales and marketing expenses may increase significantly. In addition, our brand image could deteriorate if we choose inadequate marketing or communication channels, which do not support our brand image or result in a wrong perception or disapproval of our brand image by relevant customer groups. For example, as we strive to increase sales from an increased volume of retail media marketing on our e-commerce platform and our space-as-a-service offering in our stores, the brand image could be negatively affected, in case of media content which is unfavorably received by our customers.

If we fail, or are perceived to have failed, to provide the expected experiences and standards (such as general quality, safety, health and environmental standards or specific standards for sustainable products) to our customers' satisfaction, our customers' confidence and loyalty may be impaired. Any issues in this regard at our physical stores or online shops could have a significant negative effect on our reputation and business operations and could lead to a loss of customers. Furthermore, environmentally harmful practices along our supply chain or at our premises may seriously damage our image and reputation and endanger our business.

Any deterioration of the strength and reputation of our brands and products or the brand products of our suppliers could have a material adverse effect on our business.

We depend on our ability to lease appropriate real estate on commercially acceptable terms and to commercially exploit our real property rights.

As part of our omnichannel strategy, a large portion of sales is generated in our physical stores (retail outlets). We believe that our ability to compete depends, in part, on our ability to maintain stores and depots in attractive locations. This, in turn, is heavily dependent on identifying and leasing premises that are suitable for our needs on commercially reasonable terms. In particular, the real estate market in metropolitan areas, and especially big cities, is highly competitive, primarily due to a limited availability of suitable premises. We, therefore, face competition not only from other retail industry participants, but also from a variety of other industries.

Currently, all stores operated by us are located in leased premises. This includes land and buildings for the electronics stores as well as additional warehouse space. These real estate leases are generally concluded for a non-cancellable basic rental period of five years, but generally include extension or termination options for us to ensure operational flexibility. This means that we can decide unilaterally within the scope of the options whether to extend the lease beyond the fixed term. The lessor, on the other hand, can only terminate the contract when the fixed term and any extension have expired or when the extension options have not been exercised by us. Taking into account the options in favor of us, the terms usually range between 15 and 30 years, with the minimum contract duration being, in general, less than 3 years with a decreasing tendency. Some leases contain additional rent adjustments based on the development of the consumer price index. The lease conditions are agreed individually; there are leases with fixed lease payments as well as variable rental conditions depending on sales. The structure of our lease agreements bears the risk that premises may turn out to be under- or oversized if customer needs have changed. Furthermore, we face the risk that a lease agreement may not be further extended after the expiration of our term and the respective extension options. In these and other similar situations we could be deprived from future business opportunities and could also incur frustrated investments in the premises and our surroundings which were made in anticipation of a longer duration of the agreement. In addition, we could face significant costs with respect to long-term lease arrangements in case a location proves to be unprofitable. If such premises could not be sublet on acceptable terms or at all, we would be burdened by long-term payment obligations. Furthermore, we may face significant indemnity expenses in case of early termination of these long-term lease arrangements.

If we take wrong decisions in the selection of our business locations or fail to identify and secure a sufficient number of premises or premises in attractive locations or fail to prolong attractive or replace unattractive lease agreements, in particular due to competition from third parties seeking similar premises, we may not hold or increase our customer base and also lose customers. This can adversely affect our market shares and anticipated development of our business. Any decisions that prove wrong in hindsight may lead to an unprofitable use of selling space, as well as risks from having unused selling space for which no further useful purpose can be found, which pose a risk to the intrinsic value of our warehouse network. Furthermore, important resources that would be better used elsewhere, including employees, could be tied up in unprofitable locations.

Consequently, there can be no assurance that we will successfully identify, lease and maintain suitable premises on acceptable terms, within the anticipated timing or at all. Failure to do so could result in frustrated investments, cost overruns or operative restrictions with a material adverse effect on our business, results of operations and prospects.

Our ability to attract customers to our stores heavily depends on the success of retail destinations such as shopping malls, city centers and suburban commercial zones in which our stores are located, and any decrease in customer traffic at these retail destinations could adversely impact our sales.

We operate stores located in a variety of locations, mainly city centers, shopping malls and suburban commercial zones. Our sales at these stores are dependent, to a significant degree, on the volume of consumer traffic in those retail destinations and the surrounding areas. In the context of our omnichannel strategy, attractive store locations are also important as pick-up points for e-commerce orders. In addition, our space-as-a-service offering is dependent on attractive store locations and volume of consumer traffic. Factors which may be relevant to customers for generating and/or maintaining the attractiveness of a particular urban or suburban retail location include, among others, mass transit connections, parking, distance from the consumer's home or place of business and the mix of other retail, dining and entertainment options in the vicinity. These factors might be subject to developments over which we have no control, such as restricted access to city centers for traffic. Therefore, we continuously review our store network and optimize selling space and modernize store formats in order to meet customers' changing requirements. Our stores can benefit from the ability of other tenants in those retail destinations to generate consumer traffic and the continuing popularity of those areas as retail destinations. On the other hand, adverse economic conditions or other factors in certain markets where we operate might cause other retailers to close stores. As a result, certain shopping centers may have a reduced occupancy rate which tends to reduce traffic in the entire shopping center. All of these factors may impact the level of customer traffic in our stores and could have a material adverse effect on our business, results of operations and prospects.

We have investments in affiliated companies and other entities which we do not fully own or over which we do not have full control, and actions taken by our partners could materially affect our business.

We have investments in affiliated companies and other entities and may enter into additional investments in the future. In particular, we indirectly also hold a minority interest of 24% in FNAC DARTY S.A., Ivry-sur-Seine, France ("**FNAC DARTY**"), a French retailer for consumer electronics and home appliances, as well as a stake, through MSH, of 15% in the Public Joint Stock Company "M.video", Moscow, Russia ("**M.video**"), a Russian retailer for consumer electronics. The Company is also invested in METRO AG with a stake of 1% and in METRO PROPERTIES GmbH & Co. KG with a stake of 6.61%.

Investments in these affiliated companies and other entities, over which we may have no or only limited control, are subject to the risk that the other parties thereto, who may have different business or investment strategies than us or with whom we may have a disagreement or dispute, may reduce our independence or otherwise materially adversely affect business, financial or management decisions, such as the decision to distribute dividends or appoint members of the management, which may be crucial to the success of the project or our investment in it, or otherwise implement initiatives which may be contrary to our interests. Moreover, partners may be unable or unwilling to fulfill their obligations under the relevant shareholder or other partnership agreements or may experience financial or other difficulties that may adversely impact our investment in a particular affiliated company. In particular, there is the risk that partners or co-investors may become bankrupt or fail to fund their required capital contributions. Our co-investors may also have objectives that are inconsistent or that conflict with our business interests or goals and may be in a position to block or impede action with respect to our investments or take actions contrary to our policies, objectives or interests. Disputes between us and our co-investors may result in litigation or arbitration that may consume significant financial and other resources and result in the loss of business opportunities and growth. Furthermore, actions by our co-investors, of which we may be unaware, or which we may be unable to control, such as political affiliations, illegal or corrupt practices and other activities, may cause reputational damage to us or result in adverse consequences for our investments, including incurring costs, damages, fines or penalties, construction delays, reputational losses or the loss of key customer relationships. Any of such scenarios could have a material adverse effect on our assets and prospects.

Lower operating profits than planned or operating losses of our affiliated companies could result in the requirement for us to conduct goodwill or asset impairments. For example, the investment in FNAC DARTY was written down to our recoverable amount of €250 million determined as of September 30, 2023 (see "*Risks Related to Our Financial Condition—We are exposed to the risk of impairment of reported goodwill and additional assets.*").

Our marketing campaigns may prove ineffective or infringe applicable law or result in litigation or claims.

Our sales largely depend on the success of our marketing campaigns. We use various marketing platforms, especially performance digital marketing. A general increase in demand for this form of advertising due to the growing importance of online advertising could, given the reliance on the duopoly essentially held by Google and Meta, lead to increasing prices. Any price increases imposed, for example, by Google for our services, may increase our marketing costs unexpectedly.

In 2022, we started to re-position the brands MediaMarkt and Saturn based on our new strategy, vision and purpose and are since further developing this positioning with a unified campaign base across the countries and also introducing an actualized future ready brand design. In order to ensure awareness, consideration and conversion to purchase, the current significant level of investment in all levels of the advertising funnel will need to be maintained. Although, the re-positioning has shown first positive results, these initiatives may fail to attract new customers or to generate the anticipated purchase volumes. More generally, we cannot guarantee that our marketing efforts will generate the required degree of brand recognition, promote growth in the number of customers, or expand the volume of sales. In markets where we have already achieved significant penetration, acquiring additional customers could prove more difficult and costly. If a marketing campaign fails, we could face a decrease in customer demand and a resulting decline in sales so that the investments made will turn out to be ineffective. Therefore, failed marketing campaigns could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, although we believe to comply with applicable laws against unfair competition and consumer protection laws, our advertising and promotional activities may be challenged by competitors, customers, consumer protection organization, competent authorities or other parties. Even if such claims are not successful, the negative publicity resulting from such claims could negatively affect our reputation and undermine our brands. If our advertising or promotional activities are challenged by competitors or others, or if we are found to have violated advertising laws, or if marketing campaigns result in litigation or claims, this could have a material adverse effect on our business and prospects.

Our business may be negatively affected by changes in search engine and social media platform algorithms and dynamics, or search engine disintermediation.

We depend on the attraction to our platform via digital channels – either owned like email and app or paid like search engines (Google, Bing, etc.), advertising on banners and videos on websites or advertising in social media channels (Meta, YouTube, TikTok, etc.) – to promote our offering or marketing messages. In addition, a significant number of our customers access our online services through websites and mobile apps by clicking on a link contained in organic search results generated by internet search engines. Therefore, we depend in part on various internet search engines, such as Google, to direct a significant amount of traffic to our websites, from which we derive a substantial portion of our revenue. Our ability to maintain a high number of visitors to our websites and apps is not entirely within our control. We endeavor to increase such relevant traffic by increasing the ranking of our online services in organic searches, a process known as search engine optimization.

The algorithms and ranking criteria of search engines and social media platforms are being kept confidential by the search engine and social media platform operators. Consequently, we do not have complete information on such algorithms and ranking criteria, making our efforts at search engine optimization considerably more difficult. Furthermore, algorithms and ranking criteria are frequently modified to prevent their organic search results and rankings from being manipulated, which could impair our search engine optimization efforts. In this respect, competitors' search engine optimization efforts may result in their websites receiving a higher search result page ranking than our websites, or internet search engines could revise their methodologies in an attempt to improve their search results, which could adversely affect the placement of our search result page ranking. In addition, negative online customer reviews could lead search engines to down-rank our websites. If we are unable to quickly recognize and adapt our techniques to such modifications in search engine algorithms or if our search engine optimization efforts prove otherwise ineffective, or if competitors' search engine optimization efforts are more successful than our efforts, we may need to increase our spending on other forms of marketing or may potentially suffer a significant decrease in traffic to our online services.

In addition, operating systems, search engines, or social media platforms and other providers of electronic messaging services may change the terms and conditions of their social networking services (for example in response to changes in data protection and privacy laws and regulations), in particular regarding the use of customer data, cookies and similar tracking technologies used for behavioral marketing and other tracking and analytics purposes. For example, we were affected by the App Tracking Transparency feature that Apple introduced in May 2021 as part of the iOS14.5 roll out which requires an Apple user's permission prior to tracking or accessing their device's advertising identifier and, therefore, restricting the tracking of user data from our apps. We could be particularly affected by such changes as we increasingly rely on customer-tailored messaging and product offering, and thus our marketing and promotional capabilities and, therefore, our future growth, could be limited.

In addition, search engines may consider search engine optimization efforts manipulative or deceptive and therefore see them as a violation of their terms of services. This may result in our online services being excluded from organic search results. The same may occur if search engines modify their terms of service to prohibit our search engine optimization efforts. Any exclusion of our online services from organic search results could significantly reduce our ability to attract relevant traffic to our online services.

The realization of any of these risks, alone or in combination, could materially adversely affect our business, results of operations and prospects.

Any increase in cancellation or return rates could increase our costs and harm our business.

We have established return policies that permit our customers to return products within designated timeframes following purchase or delivery. Providing customers with the certainty that they will be refunded the purchase price for those products that they do not want to keep is an important element for converting app and website visitors into customers. The same applies to our physical stores since they have to compete with web-only retailers where consumers have a statutory right of withdrawal due to consumer protection laws. In the financial year ended September 30, 2023, we had return rates of approximately 3-5% (calculated as sum of returned products divided by sum of ordered products), which we aim to further reduce in the future. If we would experience a significant increase in returns – for example, due to customer dissatisfaction with products or customer service, changes in customer behavior or the abuse of our liberal return policy by persons not actually willing to purchase our products – there is no guarantee that we will be able to utilize returned goods in a cost-efficient manner, for example by reselling them in stores, our apps and websites, selling them at third-party outlets or returning them to our suppliers. We incur costs associated with returned goods, for example, costs associated with processing and delivery, but may not receive revenue from returns or proceeds from sales of returned goods may not cover all costs incurred. Thus, any increase in returns would increase our costs with no corresponding increase in revenue. A growth of our business is likely to increase the absolute number of returns, which may force us to allocate additional resources to the handling of such returns and may further complicate our operations. Furthermore, any modification of our return policies may result in customer dissatisfaction or an increase in the number of returns, which could adversely affect our business. A significant increase in return rates could therefore have a material adverse effect on our results of operations.

We may not be able to successfully recruit and retain skilled employees, in particular in the areas relevant for digitalization, technology and innovation as well as sustainability, which could impair our ability to operate and further develop our business.

We believe that our future performance largely depends on our ability to attract and retain highly skilled technical, managerial and marketing personnel who are familiar with our key customers and experienced in digitalization/technology, sustainability and retail industry. We place an attractive customer experience, which is consistent across all channels, at the center of the corporate strategy. Therefore, we prioritize the employee experience especially for those employees who have daily, direct customer contact and make all the difference in our competitive industry. Qualified employees therefore form the basis for our success. Competition for competent specialists remains fierce, especially for retail- and technology-driven companies and we cannot guarantee that efforts to retain and motivate management and key employees or to attract and retain other highly qualified personnel in the future will be successful. This applies in particular to areas such as innovation and technology. As part of the employee experience and based on our principles, measures are developed and implemented in order to continuously develop employees and to be an attractive employer.

Competition for skilled employees is intense, including for IT professionals due to, among other things, the rapid digital transformation, and the shortage of qualified candidates with specialized technical. We have implemented various recruitment measures and measures for employee development, including development of young talent. There is, however, a risk that we may not succeed in recruiting and retaining enough suitable employees to fill key positions as necessary to implement our digitalization process. Similarly, if we would fail to achieve sufficient levels of employee satisfaction, for example, through better work-life-balance measures, this could also result in higher employee fluctuation or understaffing and, consequently, higher recruitment costs, loss of business opportunities or lower service quality levels, and thus an adverse impact on our brand and reputation.

The inability to attract and retain qualified personnel might negatively affect our ability to innovate and develop our business model in order to adapt it to the changed customer requirements. This could in turn have a material adverse effect on our business, results of operations and prospects.

We are exposed to the risk of rising labor costs which might negatively affect our profitability.

Personnel expenses represent a significant portion of our cost base. Future increases of statutory minimum wages and general wage levels, both in Germany and abroad, may impact our cost base both directly or indirectly (if, for example, higher wage levels impact the overall cost structure of our suppliers and such suppliers pass on the increased costs or a portion thereof). Our employees or potential applicants may also perceive the salary system as inadequate. This could reduce our margins, unless we are able to increase the efficiency and productivity of our employees in line with, or at a faster rate than, the rate of their salary increases. In the past we have experienced and remain subject to the risk of, strikes, work stoppages or other types of conflicts with trade unions, employee representatives or employees, in particular if employees are dissatisfied with salary levels or proposed salary increases or due to structural changes. The risk of strikes may be heightened in the current inflationary environment, in case of reorganization or other measures affecting the workforce. If we are unable to limit such increases in personnel costs or if cost increases cannot be passed on to our customers, or only with a delay, this could reduce margins and profitability and have a material adverse effect on our results of operations, financial position, cash flow and prospects.

We may incur liabilities that are not covered by insurance and/or our insurance premiums may increase substantially.

We maintain various types of insurance, including general liability, property damage and business interruption coverage, product liability, cyber incident insurance, transportation insurance and terrorism insurance. Forms, conditions and/or limits may vary due to country-specific factors and further risk aspects. Given the diversity of locations and settings in which our employees provide services and the range of activities our employees engage in, we may not always be able to accurately foresee all activities and situations in order to ensure that they are appropriately covered by the terms of our insurance policies. This is especially the case, as we strive to offer a comprehensive range of services beyond the sale of goods, such as repair services or installation of devices. As a result, we may not be sufficiently covered by insurance in specific instances. While we seek to maintain appropriate levels of insurance, certain potential risks are only insurable at very high insurance premiums or not at all and we may experience major incidents of a nature not covered by insurance. Furthermore, the occurrence of several events resulting in substantial claims for damages in a calendar year may have a material adverse effect on our insurance premiums or exceed our insurance coverage. Finally, our insurance premiums may increase over time in response to any negative development in our claims history or due to material price increases in the insurance market in general. We may not be able to maintain our current insurance coverage or do so at a reasonable cost, which could have a material adverse effect on our financial position and cash flow.

Our business may be impacted by environmental, social and governance matters, which may result in increased costs and any failure to comply with relevant laws and regulations or meet stakeholder expectations could damage the brand image.

There has been increased focus by customers, investors, employees and other stakeholders, as well as by governmental and non-governmental organizations on environmental, social, and governance (together, "**ESG**") matters. A rising number of customers and business partners, including financing banks and institutional investors, put an increased focus on ESG, most prominently sustainability and environmental factors, in awarding business, including through attaching sustainability-linked conditions. Topics considered in such assessments include, among other factors, a company's efforts in relation to and impacts on climate change, the transition to green energy, human rights, ethics, diversity and inclusion, compliance with law, and the role of a company's management in supervising various sustainability issues. There can be no certainty that we will manage such issues successfully, and trying to achieve our ESG goals may result in additional complexity and increased costs.

As part of our strategy, we have an increased focus on sustainability and selected key performance indicators regarding climate and resources, sustainable products and circular economy and social aspects. We have also set science-based climate targets which have been officially confirmed by the SBTi. Among many targets, we are focusing on these following SBTi targets: We commit to reduce absolute scope 1 and 2 greenhouse gas emissions by 58.8% by financial year 2032/33 compared with the baseline financial year 2018/19. We also commit to reduce absolute scope 3 greenhouse gas emissions from the use of sold products by 32.5% until financial year 2032/33 compared with the baseline financial year 2021/22.

While we believe that these ESG targets are realistic, the levers we plan to use to reach these targets are often beyond our control, for example, the availability of renewable energy at reasonable cost. Most importantly, we depend on the cooperation of our product suppliers, warehouse operators, and fulfillment partners to assess and reduce indirect emissions, the amount of waste caused. We might, therefore, not succeed in securing such cooperation, which could lead to us missing our targets.

We may also inadvertently become the subject of negative public perception or adverse publicity, including any accusation of alleged greenwashing, lose credibility, or are unable to meet expectations on the part of our customers, investors, employees, business partners, or other stakeholders relating to our ESG performance and/or strategy and its implementation and timeline, including with respect to the selection and performance of ESG-related key performance indicators. We may even be subject to ESG concerns and perceptions that do not directly relate to us but rather to our suppliers or fulfillment partners, or our industry in general, and/or that are based on inaccurate or misleading information.

Regarding the transition to green energy, we further face a risk of rising energy prices (which typically make up a significant part of the rent and utilities under the store lease agreements) and delivery cost (insofar as absorbed by us), including due to the introduction of CO_2 taxes. In addition, legislation requiring renovations of buildings to achieve higher levels of energy efficiency may result in increased investments required to maintain our store infrastructure and may also result in higher rental payments for our stores if landlords pass on their own renovation cost. In addition, landlords might not accept our ESG goals and criteria, which could cause us to miss our targets or to incur higher costs.

Furthermore, we may fail to meet current or future international, EU, or national ESG reporting requirements, standards, or recommendations. In addition, standards regarding ESG could change and become more onerous and costly to meet. Evolving data, methods, research and reporting requirements, including science-based assessments, could undermine or refute claims and beliefs made in reliance on current data, which absent established practices for the collection and assessment of data may not yet be reliable, research and reporting requirements, which could result in additional costs or negative market perception and damage our reputation.

On November 28, 2022, the European Council formally adopted the Corporate Sustainability Reporting Directive ("**CSRD**"). The CSRD will apply to large capital market-oriented companies, such as us, for financial years starting on or after January 1, 2024 with the new disclosures therefore appearing in annual reports published in 2025. The CSRD aims to significantly expand the existing non-financial reporting requirements of public companies. For example, companies that have to comply to the CSRD will be required to report information on a wider scope of sustainability matters and their reporting must cover not only sustainability risks they face, but also the impact of their business on society and the environment. Reports must be certified by an accredited independent auditor or certifier. The CSRD further notes that members of a company's administrative, management and supervisory bodies have a "collective responsibility" for ensuring that sustainability information is prepared and published in accordance with the CSRD requirements.

In addition, the EU Taxonomy Regulation requires that companies such as us, which are subject to non-financial reporting under the Non-Financial Reporting Directive include information in their non-financial statements on how and to what extent the company's activities are linked to environmentally sustainable economic activities. The reporting obligation has been applicable with respect to the environmental objectives "climate change mitigation" and "climate change adaptation" since January 1, 2022 and with respect to four additional specified environmental objectives since January 1, 2023. Members of a company's management or supervisory board can be held criminally liable if they breach reporting obligations. Within the framework of the implementation of the CSRD, penalties are expected to also cover violations of the EU Taxonomy Regulation.

The realization of any of the foregoing risks associated to ESG matters could have a material adverse effect on our reputation, in particular our brand image, our relationships, employee engagement and retention, the demand for our offering, and our costs, and thus our business, results of operations, financial position, cash flows, and prospects.

Risks Related to Our Financial Condition.

We face risks associated with our indebtedness and financing needs. We could not be able to generate sufficient cash to service such indebtedness.

Our cash flow from operating activities may not be sufficient to repay all of our outstanding debt, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance such debt. As of March 31, 2024, net debt amounted to €1,711 million (September 30, 2023: €1,687 million) and cash and cash equivalents amounted to €897 million (September 30, 2023: €897 million). The significant amount of debt mainly caused by lease liabilities may limit our flexibility to respond to future events and could have a material adverse effect on our business, financial position, operating results and prospects. Furthermore, actual and future cash requirements may be higher than currently expected. The ability to repay or refinance maturities depends on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control. Therefore, we can neither guarantee that our business will generate sufficient cash flow from operating activities nor that the cost savings, sales growth and operating improvements currently anticipated will be realized, or that future debt and equity financing will be available on satisfactory terms or at all in an amount sufficient to enable us to pay our debts when due, or to fund our other liquidity needs. We may be required to use a substantial portion of our cash flows from operations to make interest payments on our debt, which in turn reduces the cash flows available to fund capital expenditures and other corporate purposes, to grow our business or to pay dividends.

In particular, our ability to make payments on, restructure or refinance our debt will depend in part on our financial condition at such time as well as on many factors outside of our control, including then-prevailing conditions in the international credit and capital markets and on general economic, financial, competitive, market, legislative, regulatory and other factors. In addition, the general development of interest rates has a significant impact on our interest expense. Interest rates are sensitive to many factors beyond our control, including the policies of the European Central Bank and central banks of other jurisdictions, domestic and international economic conditions and political factors. If the general interest rate level rises, this could significantly increase our interest expense. Furthermore, there can be no assurance that we will be able to protect itself from adverse effects of future interest rate fluctuations. Such fluctuations in market interest rates could also lead to an increase in interest expense. Any such increase in interest expense could have a material adverse effect on our business, results of operations, financial position, cash flows and prospects.

Any increase in financing costs or limitation of our access to the capital markets and debt financing as well as the inability to repay outstanding debt could have a material adverse effect on our business, results of operations, financial position, cash flow and prospects.

A change in our credit rating could significantly affect our access to the capital markets, increase the costs of capital and increase the need to refinance our business operations.

We are continuously evaluated by three rating agencies, namely S&P Global Ratings, Fitch Ratings and Scope Ratings. In December 2022 and April 2023, Fitch Ratings and S&P Global Ratings published initial ratings on the Company of BB/Stable and BB-/Stable, respectively. Scope Ratings rated us at BBB-/Stable in April 2024 and revised the outlook to Stable from Negative. Since May 2023, we are no longer rated by Moody's Investors Service. An essential part of the management of financial risks is to enable unrestricted capital market access for the Company. Any downgrade of external credit ratings could have significant impact on this access and thereby on our liquidity and group financing. These effects may be mutually dependent or reinforcing and may also be influenced by declining economic and/or sector-specific negative development in retail and wholesale in general. This could likewise have negative implications for our net working capital and could lead to a significant deterioration of our liquidity situation. In general, deterioration of net working capital would increase the probability of an additional financing requirement. Our efforts to optimize and monitor the key figures relevant for our ratings, in particular in order to be able to initiate countermeasures at short notice, could be insufficient to prevent a rating downgrade. Furthermore, an economic slowdown and/or a decline in the retail industry could prompt a further review of our credit ratings. Although we have momentarily no indication in this respect, our ratings could be downgraded in the future, which could significantly affect our access to the capital market and increase the costs of capital, limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise. Furthermore, the covenants and other conditions attached to additional financing may be more onerous. This could also limit our flexibility in planning for, or reacting to, changes in our business and the industry. This in turn could have significant adverse effects on our financial condition. In addition, as a consequence of a downgrade of our credit ratings, we may be required to pay higher interest under existing or future loan agreements. Such higher debt costs could also restrict our future access to debt or equity financing.

Changes to, or withdrawals of, credit insurance provided to our suppliers could have a material adverse effect on our business, results of operations and financial condition.

Our business is dependent on the sale of goods supplied to us by third parties. Our working capital funding is typically a balance of trade payables and funding through short-term financial debt. Credit levels remain dependent on the general economic environment and our financial position. In the event of a deterioration or perceived deterioration in our financial condition, there is a risk that our suppliers, vendors or partners could respond to any decrease in or any concern with respect to our liquidity or financial results by requiring more stringent payment terms, such as standby letters of credit, earlier or advance payment of invoices, payment upon delivery or other assurances or credit support, all of which could have a material adverse effect on our business, results of operations and financial condition. One or more of our suppliers may slow down or cease shipments or require or condition their sale or shipment of merchandise on more stringent payment terms. If these events were to occur and we were unable to respond adequately, this could materially disrupt our supply of merchandise. Any such developments could increase our costs of sales and adversely affect our profit margins.

We believe that third party suppliers in the relevant markets have traditionally taken out credit insurance to protect these receivables against the risk of bad debt, insolvency or protracted default of their buyers, including us. If there is a significant decrease in the availability or increase in related costs, or the withdrawal in our entirety, of credit insurance to the suppliers, and the suppliers are unwilling or unable to take credit risk themselves or find alternative credit sources, they may choose to take actions to reduce their credit exposure towards us, including seeking to change their credit terms. Any of these actions could have a material adverse impact on our cash position and lead to an increase in our indebtedness, which could have a material adverse effect on our business, results of operations and financial position.

We may not be able to achieve any future financial targets, including as a result of our assumptions made in setting our mid-term financial targets proving incomplete or inaccurate.

Our mid-term financial targets included in this Offering Memorandum are based on an extensive range of assumptions by our management. These assumptions are, in turn, based on a significant number of estimates and projections and relate to commercial expectations and other external factors, including, but not limited to, political, legal, fiscal, market and economic conditions and applicable legislation, regulations or rules, all of which are difficult to predict and are beyond our control. There can be no assurance that these estimates or the overarching targets will be realized in full, if at all, or that actual results will not be higher or lower than estimated. In assessing our mid-term financial targets, we have assumed that, among others, the inflation rate would remain substantially unchanged and, further, that no significant deteriorations of economic and political conditions in the markets in which we operate, no significant disruptions in the supply chains relevant to our business, no material price increases for products we purchase and no unexpected changes in governmental regulations worldwide would occur. We have further assumed continued growth of our business and consistency of customers' demand. Additionally, our mid-term financial targets are dependent on our ability to execute our strategies, including cost saving and margin improvement measures, the growth of key performance indicators, the leverage of economies of scale and implementation of efficiency initiatives. Neither the financial targets nor the underlying data has been reviewed or otherwise assessed by any auditor or financial expert. In the event that one or more of the assumptions underlying our mid-term financial targets and business outlook as well as any other profitability and revenue targets should prove to be incorrect or inadequate, our actual results of operations for the respective future period(s) may differ materially from those outlined above and there may be differences between our actual and projected or targeted results. Accordingly, investors are urged to not place undue reliance on our mid-term financial targets, the underlying assumption or any development of the Company's business as a result thereof. Any such differences could have a material adverse effect on our business, financial position, results of operations and ability to fulfill our obligations under the Notes.

Our indebtedness or the enforcement of certain provisions of our financing arrangements could restrict our operational flexibility or could lead to refinancing requirements.

Our current level of indebtedness presents the risk that we might not generate sufficient cash to service our indebtedness, to make scheduled payments on debt or may be unable to obtain sufficient funding to satisfy obligations to service or refinance our debt. A failure to make scheduled payments or otherwise satisfy our obligations under financing arrangements could result in our indebtedness being accelerated.

Our financing is based on several sources. We issue financial instruments on the capital market for mid- and long-term financing. This includes several outstanding promissory notes (*Schuldscheindarlehen*) with a total nominal amount of €71.5 million as of March 31, 2024 with a remaining term of up to three years. We also issued a five-year senior unsecured bond of €500 million with a term until June 24, 2026. As part of the acquisition of the minority shareholdings in MediaMarktSaturn in June 2022, we also issued a convertible bond in favor of Convergenta Invest GmbH with a nominal volume of €151.0 million and a term until June 9, 2027. For short-term financial funding, we have a multi-currency commercial paper program with a maximum volume of €500 million. As of March 31, 2024, we had commercial papers outstanding in an amount of €35 million. Our liquidity reserves are based on ESG-linked syndicated credit facilities amounting to €1,060 million, which, as of the date of the Offering Memorandum, have not been utilized. See "*—We are exposed to risks resulting from covenants imposed by the ESG Credit Facilities Agreement, the Existing Notes Indenture, the Indenture and future debt instruments. Any failure to comply with such requirements and covenants could have a material adverse effect on our financial position and prospects*". In addition, we have launched a tender offer, pursuant to which the Issuer, upon certain terms and subject to certain conditions, has offered the holders of the Existing Notes to purchase for cash up to the outstanding principal amount of the Existing Notes at a price being equal to 96.30% of the principal amount of Existing Notes validly tendered and accepted for payment (the "**Tender Offer**"). The results of the Tender Offer are inherently uncertain and we expect that certain Existing Notes remain outstanding.

As a consequence of our indebtedness, we are exposed to risks resulting from our creditors' rights resulting from the terms and conditions of the financing agreements, which provide that the lenders may terminate the relevant agreement if we fail to pay interest or principal when due (subject to a number of qualifications and exceptions) or upon any other event of default (including breach of obligations). Under certain circumstances, the occurrence of a change of control may result in any lender or holder having the right to cancel our commitment and/or demand repayment of outstanding principal and interest. In addition, some agreements include cross-default clauses providing that if indebtedness becomes prematurely due and payable under any financing instrument upon the occurrence of an event of default, the other indebtedness becomes payable as well. In this case, we would have to repay or refinance large amounts of our outstanding indebtedness which could only be possible at economically less favorable terms or could fail, which could ultimately lead to our insolvency.

Furthermore, our financing agreements contain customary covenants which restrict our operational flexibility. In addition, certain covenants limit our ability to obtain additional financing, our flexibility in planning for, or reacting to, changes in the markets in which we compete, place us at a competitive disadvantage relative to our competitors with less indebtedness, render us more vulnerable to general adverse economic and market conditions or require us to dedicate a significant portion of our cash flow to service our debt.

Our leveraged capital structure could also limit our ability to finance acquisitions, projects, operations and future business opportunities. In particular, our leverage could:

- make it more difficult for us to satisfy our debt obligations;
- increase our vulnerability to a downturn in our business or economic and industry conditions;
- limit our ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;
- require us to dedicate a substantial portion of our cash flows from operations to the payment of principal of, and interest on, our indebtedness, which means that these cash flows will not be available to fund our operations, capital expenditures, acquisitions or other corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business, the competitive environment and our industry; and
- place us at a competitive disadvantage compared to competitors that are not as highly leveraged.

If the lenders rely on such provision to accelerate repayments of any debt owed by us or if our operational flexibility, our ability to obtain additional financing or our flexibility in planning for, or reacting to, changes in the markets in which we compete are restricted, this could have a material adverse effect on our financial position and prospects.

We are exposed to risks resulting from covenants imposed by the ESG Credit Facilities Agreement, the Existing Notes Indenture, the Indenture and future debt instruments. Any failure to comply with such requirements and covenants could have a material adverse effect on our financial position and prospects.

On May 6, 2021, the Company entered into an ESG-linked syndicated revolving credit facilities agreement ("**ESG Credit Facilities Agreement**") amounting to €1.06 billion with a consortium of 13 commercial banks. The ESG Credit Facilities Agreement became effective on August 9, 2021 following the Company's termination of the previously existing syndicated credit facility with participation of KfW concluded in mid-May 2020 during the first wave of the COVID-19 pandemic. The facilities under the ESG Credit Facilities Agreement consist of (i) a three-year tranche in the principal amount of approximately €353 million and (ii) a five-year tranche in the principal amount of approximately €707 million. The maturity of the three-year tranche was extended in April 2022 and April 2024 for one additional year each. The interest to be paid under the ESG Credit Facilities Agreement is the aggregate of a margin, which is adjusted from time to time on the basis of the long-term credit rating assigned to the Company, and the applicable EURIBOR rate. The applicable margin payable under the ESG Credit Facilities Agreement is furthermore linked to targets and thresholds in connection with certain environmental, social and governance criteria.

The ESG Credit Facilities Agreement includes a financial covenant relating to the ratio of consolidated net debt to EBITDA. Furthermore, if any single person or a group of persons acting in concert pursuant to Section 30 para. 2 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "**WpÜG**") acquires (direct or indirect) control of the Company pursuant to Section 29 para. 2 WpÜG, any lender under the ESG Credit Facilities Agreement may cancel our commitment and request repayment of our participations in all outstanding loans. If lenders, the sum of whose commitments is greater than two thirds of the total commitments so cancel, all remaining commitments shall be immediately cancelled and all outstanding advances shall be repaid.

The Indenture will contain, and any future debt instrument we enter into, may contain, covenants that significantly restrict our ability to incur, guarantee or secure additional indebtedness and require us to maintain specified financial ratios. Also, other capital markets indebtedness that we may incur in the future will likely contain restrictive covenants. Such covenants could restrict, among other things, our ability to: make certain loans or investments; incur indebtedness or issue guarantees; sell, lease, transfer or dispose of assets and subsidiary stock; merge or consolidate with other companies; transfer all or substantially all of our assets; pay dividends and make other restricted payments; create or incur liens; agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions; and enter into transactions with affiliates. Such covenants could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise.

Although we currently expect to remain in compliance with the financial covenants provided under our existing debt instruments in the short- to mid-term, there is no assurance that we will be able to meet these or any future ratios and tests later in the future. There is a risk that our earnings and profit could be reduced due to the current macroeconomic environment, including general price increases, and/or higher costs. If these risks were to occur, we may be out of compliance with the covenants in certain of our debt facilities. In the event of a default under these facilities or certain other defaults under other agreements, the relevant lenders could accelerate all or part of their respective commitments and declare all amounts owed to them to be immediately due and payable. In addition, a default under certain of our debt instruments could result in a cross-default or cross-acceleration under certain of our other existing debt facilities. Borrowings under other debt instruments that contain cross-default or cross-acceleration provisions may, as a result, also be accelerated and become immediately due and payable. Our immediately available liquid funds and short-term cash flows may then not be sufficient to fully repay these debts in such circumstances.

Any failure to comply with the requirements and covenants of the ESG Credit Facilities Agreement, the indenture governing the Existing Notes (the "**Existing Notes Indenture**") and the Indenture could have a material adverse effect on our financial position and prospects.

The Issuer is our central management holding company with almost no revenue generating operations of our own. Therefore, the Issuer mainly relies on our indirect operating subsidiaries to provide the required funding to meet our financial obligations.

As our central management holding company, the Issuer has no business operations of our own, except for certain services it provides to the MMSRG and other subsidiaries. The principal assets of the Issuer are (indirect) shareholdings in our operating subsidiaries. The Issuer's key economic activities are bundled – directly and indirectly via our wholly-owned subsidiary CECONOMY Retail GmbH, Düsseldorf, Germany – in MMSRG as the holding company of the operating group. As a result, the Issuer is dependent on dividends, interest payments and other payments from our direct and indirect subsidiaries/minority shareholdings (*e.g.*, FNAC DARTY, METRO AG, METRO PROPERTIES GmbH & Co. KG, etc.) in order to generate the funds required to meet our financial obligations, including its obligations under the Notes. These financial obligations may also include obligations arising from various payment guarantees for the payment and fulfillment of liabilities arising from contracts between our group companies and suppliers. In addition, we have established an intra-group cash pooling that allows our group companies to use the surplus liquidity of other group companies to cover their liquidity requirements.

The ability of the Issuer's subsidiaries to make distributions and other payments to the Issuer in accordance with our shareholdings depends on the subsidiaries' earnings and is subject to contractual and statutory limitations. As a shareholder in our subsidiaries, the Issuer's right to receive dividends or withdraw liquidity from such subsidiaries will be subject to capital maintenance and creditor protection rules and the Issuer's right to claim assets upon liquidation or reorganization of such subsidiaries will be effectively subordinated to the claims of their respective creditors. Even if the Issuer is recognized as a creditor of our subsidiaries, our claims will still be subordinated to any security interests that are senior to the Issuer's claims. The same applies to any intermediary holding companies between the Issuer and our operating companies.

If the Issuer does not receive sufficient distributions and/or other payments from our direct and indirect subsidiaries, we may be unable to meet our financial obligations, including under the Notes.

We are exposed to the risk of impairment of reported goodwill and additional assets.

Lower operating profits than planned or operating losses, particularly in low-margin countries, due to, among other things, a highly competitive market environment, may entail impairment of reported goodwill and additional assets. This may negatively impact our net assets and earnings position. Our efforts to strengthen the operating performance could be insufficient, in particular with respect to unexpected developments. An economic crisis could also adversely affect growth and profitability opportunities in some countries. This could result in the requirement for us to conduct goodwill or asset impairments. In addition, sustained or significant declines in prices of listed financial instruments and investments accounted for using the equity method could indicate impairment of the affected asset. The impairment test then to be performed may harm our net assets and earnings position. As of September 30, 2023, the stock exchange price of investment in FNAC DARTY accounted for using the equity method was significantly below the carrying amount per share. For this reason, an expert was commissioned to provide a value indication. As a result, the investment in FNAC DARTY was written down to our recoverable amount of €250 million determined as of September 30, 2023. Following the write-down, the risk of potential impairment of the investment in FNAC DARTY was classified as less significant, but still high. The unchanged assessment of the risk as high is less due to the risk's probability of occurrence and more to the potential extent of the loss.

In addition, we hold a participation in M.video, which was accounted for at a fair value of €20 million as of September 30, 2023. Because of the Russian war against the Ukraine, a reliable market valuation of the participation in M.video could not be derived from the stock market price on the Moscow stock exchange. Since March 31, 2022, the shares in M.video are measured based on unobservable inputs. Due to the ongoing uncertainty regarding Russian investments and the share's low free float, a markdown was applied to the stock market value of the M.video that amounted to approximately 60% as of September 30, 2023. In addition, the share price as well as the market value estimate is heavily dependent on the performance of the Russian ruble.

We have obligations to our employees relating to retirement and other obligations, the calculations of which are based on a number of assumptions, including discount rates, life expectancies and rates of increase in compensation levels, which may differ from actual rates in the future.

We provide many of our employees with pension commitments for retirement, disability and surviving dependents' benefits. New commitments are granted in the form of defined contribution commitments, which may include fixed employer contributions as well as employer-matching components. The contributions are paid into a pension liability policy, which provides the benefits due in the event of entitlement. The granting of defined benefit pension entitlements exposes us to various risks. These include general actuarial risks resulting from the valuation of pension commitments (for example, interest rate risks) as well as capital and investment risks related to plan assets.

A change in actuarial assumptions regarding, for example, discount rates, changes in salaries and pension levels, life expectancies or staff turnover, could lead to an increase in our pension liabilities and to additional provisioning. Changes in all assumptions or underperformance of plan assets could also adversely affect our financial position and results of operations. Differences between the discount rate and actual returns on plan assets can make it necessary to record additional re-measurements. Future declines in the value of plan assets or lower-than expected returns may require making additional current cash payments to pension plans. Furthermore, the legal conditions governing our pension obligations are subject to changes in applicable legislation or case law. We cannot provide any assurance that we will not in the future incur new or more extensive pension obligations due to changes in such legislation and case law, or that such changes will not have an impact on our previous calculations with respect to our pension obligations. Moreover, future amendments to accounting standards may affect our pension obligations. Should this be the case, this could have a material adverse effect on our financial position and results of operations.

Our results of operations may be adversely affected by currency fluctuations.

We are exposed to currency risks as a result of the international procurement of goods and as a result of costs and financing incurred in a currency other than that of the respective country or linked to the performance of another currency. Our functional and reporting currency is the euro and distinguishes two types of currency risks. On the one hand, transactional risks consist of value fluctuations of foreign currency payments or payments of amounts which depend indirectly on a foreign currency. The devaluation of the relevant foreign currency reduces the equivalent value in the domestic currency of incoming foreign cash flows, while an appreciation increases the domestic equivalent of outgoing cash flows. Transactional risks relate to planned or contracted foreign currency payments, investments (dividends and capital changes involving an unsecured translation risk) and contracted financing transactions. On the other hand, translation risks arise from value fluctuations of consolidated net assets, for example, from the conversion of the net assets of consolidated subsidiaries which are held in foreign currency.

We generate a significant part of our sales and costs in a number of non-euro currencies, such as Polish zloty, Swiss franc, Turkish lira and Hungarian forint as well as, to a limited extent, US dollar and Chinese renminbi. Furthermore, we sell imported products and purchase various imported merchandise given that a substantial proportion of our products are purchased from representatives of large international producers or suppliers. In the event of a depreciation of the respective currencies of the countries in which we operate, the cost of our imported products and equipment may increase and we may be unable to pass all or some of product cost increases to our customers without negatively affecting our sales and profitability. Consequently, further depreciation of the currency of a country in which we generate a significant share of our sales against foreign currencies may lead to an increase in our expenses in local currency terms and slow our sales growth, therefore negatively affecting our results of operations.

Exchange rate fluctuations also affect the translated value of balance sheet and income statement positions of our group companies outside the Eurozone, which are denominated in the relevant national currency, predominantly in Turkish lira which was recently losing value sharply due to a significant inflation, even showing hyperinflationary tendencies. These positions must be converted into euro in connection with the preparation of the consolidated financial statements. As a result, exchange losses may arise due to this conversion in accordance with the applicable accounting standards (so-called translation risk).

Our efforts to cover certain currency risks by managing short- and mid-term exchange rate fluctuations through hedging transactions by entering into swap, currency forward or option agreements covering our expected exposure to currency exchange rate risks could not sufficiently cover the actual risk. Risks from translation may therefore remain unhedged.

The exposure to foreign currency exchange volatility and failure to adequately hedge the related risks could have a material adverse effect on our results of operations, financial position and cash flow.

Changes in accounting standards or in our accounting policies and practices (including segment reporting) may have a negative impact on our reported financial position and results, and may reduce the comparability of our financial information across periods.

We prepare our consolidated financial statements in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e(1) of the German Commercial Code (*Handelsgesetzbuch*). In addition, we prepare our Unaudited Interim Consolidated Financial Statements in accordance with IFRS as adopted by the EU on interim financial reporting (IAS 34). These accounting standards are subject to change. These changes can negatively affect the reported financial condition, results of operations and cash flows, even if all other factors remain equal. In addition to any direct, negative effect on our reported financial condition, these accounting changes can reduce the comparability of our financial statements over different time periods, making them less useful to investors as a tool for monitoring our ongoing performance.

Where it is apparent, following a significant change in the nature of our entities' operations or a review of our financial statements, that another presentation or classification would be more appropriate, we may have to change the presentation and classification of items. We cannot assure you that any such future change in accounting practices would not have detrimental effects. Significant M&A activity can also affect the comparability of our financial information across periods.

Risks Related to Regulatory, Legal and Tax Matters.

The expected tax effects from structural measures may not be achieved or may not be achieved to the extent expected.

We implemented structural measures such as the conclusion of profit and loss transfer agreements and/or alternative measures serving tax consolidation purposes, which shall continue to create significant value by ensuring the ability to utilize tax losses from 2020/21 onwards. The majority of this newly created value stems from existing tax-loss carryforwards (*steuerliche Verlustvorträge*) for corporate income tax (*Körperschaftssteuer*) and trade tax (*Gewerbesteuer*) at the level of the Company. Enabling and ensuring the long-term usability of existing tax-loss carryforwards are subject to the provision of the existing loss carryforwards of the Company not dropping away, whether partially or as a whole. For example, the loss carryforwards would drop away in their entirety in the event of what is known as a "detrimental acquisition of an ownership interest" in the Company within the meaning of Section 8c para. 1 sentence 1 of the German Corporate Income Tax Act (*Körperschaftssteuergesetz*). In the view of the Company, no such acquisition of an ownership interest has taken place. However, it cannot be ruled out that the amount of the usable tax-loss carryforwards may be reduced in the context of a tax audit.

If the expected tax effects from structural measures may not be achieved or may not be achieved to the extent expected, in particular if the amount of the usable loss carryforwards was to be reduced in the context of a tax audit, this could have an adverse effect on our financial position.

A breach of laws and regulations or contractual commitments related to data protection, data privacy and cybersecurity and any loss or misappropriation of customer data may damage our reputation and brand, may give rise to civil liability, administrative orders (including injunctive relief), fines or even criminal charges.

We depend on our reputation of handling our customers' information safely, as well as providing a safe online location through which business can be transacted. Regulations such as those regarding data protection in credit card processing, the use of customer-specific information in big data solutions that are associated with an increased public debate about misuse as well as the growing complexity of IT generate risks for our business. Failure in our IT systems could cause the unauthorized disclosure or use of personal or other confidential information. In addition, we rely on third-party services providers which may fail to abide by contractual terms, laws, regulations or industry standards on data protection. Any failure to comply with applicable laws or regulations regarding data collection and protection may give rise to civil liability, administrative orders (including injunctive relief), fines or even criminal charges and could have an adverse impact on our reputation.

For example, in the European Union and EEA the General Data Protection Regulation (EU) 2016/679 ("**GDPR**") and in the United Kingdom the UK Data Protection Act 2018 and the UK General Data Protection Regulation, ("**UK GDPR**") obligate EU, EEA and UK-based companies to comply with a large number of obligations, including: providing detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); granting comprehensive rights for data subjects in regard to their personal data (including, for example, the right to access data, the right to be "forgotten" and the right to data portability); requirements to have data processing agreements in place to govern the processing of personal data on behalf of other organizations; introducing the obligation to notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; maintaining a record of data processing; and complying with the principal of accountability and the obligation to demonstrate compliance through policies, procedures, trainings and audits. The GDPR and the UK GDPR imposed a substantially higher compliance burden on our business. In particular, the GDPR and the UK GDPR increased the maximum level of fines for corporations to the higher of up to €20 million (or 17.5 million pound sterling respectively) or 4% of a company's total worldwide annual turnover. In addition to the foregoing, a breach of the GDPR or UK GDPR could result in administrative investigations, reputational damage, orders to cease/change our processing of our data, enforcement notices, and/or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources and reputational harm.

In addition to the GDPR and the UK GDPR, CECONOMY is also subject to other laws and regulations on privacy, information security and data protection, including the German Federal Data Protection Act (*Bundesdatenschutzgesetz* "**BDSG**"). We are also subject to evolving privacy laws on cookies and e-marketing. Cookies are small data files that are sent by websites and stored locally on an internet user's computer or mobile device. In the European Union, the EEA and the UK, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem. Under the ePrivacy Directive, national implementation laws and relevant legislation in the EEA and the UK, informed consent is required for the placement of a cookie or similar technologies on a user's device and for direct electronic marketing. The GDPR and UK GDPR also impose conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. As regulators, activists, consumer protection organizations and third parties increasingly enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline of cookies or similar online tracking technologies as a means to identify and potentially target individuals, may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand users. In light of the complex and evolving nature of European Union/EEA and UK privacy laws on cookies and tracking technologies, there can be no assurances that our efforts to comply with such laws will be successful; violations of such laws could result in regulatory investigations, fines, orders to cease/ change our use of such technologies, as well as civil claims including class actions, and reputational damage.

Regulations regarding data collection and data protection may also become stricter in the future. New laws, regulations or developments in this field and changes in consumer behavior could interfere with our strategies to use privacy-related information for our marketing and sales efforts, including the use of a retail loyalty card or e-commerce platforms, and could consequently have an adverse effect on our strategy, business and results of operations. As a result of any substantial amendments to laws or regulations, we face higher compliance costs, including risk of potential fines should we not manage to appropriately comply with legal requirements and/or judicial findings and interpretations of law, changes to our business practices and an increasing risk of non-compliance due to increased complexity of such laws or regulations. For example, with regard to personal data transfers from the EEA to so-called third countries outside the EEA, the so-called Schrems II decision rendered by the European Court of Justice on 16 July 2020 (case C-311/18) has increased legal requirements and uncertainties and we are exposed to corresponding risks.

Furthermore, we are exposed to the risk that customer data which we collect for marketing purposes may be stolen or misappropriated. In this case, customers may be discouraged from providing us with their data in the future and our marketing activities could therefore be negatively affected. Failure to protect customer data may therefore also adversely affect our reputation and our potential for online business activities. Moreover, if we or any third-party service providers on which we may rely fail to transmit customer information in a secure manner, or if any such loss of personal customer data were otherwise to occur, we could face liability under data protection laws. This could also result in the loss of the customers' goodwill and deter new customers.

The realization of any of these risks could have a material adverse effect on our business and prospects.

We could be exposed to adverse legal or regulatory actions, product liability claims, warranty claims, product recalls and lawsuits or claims that may be brought against us, all of which could result in significant costs, including defense costs and damage-based compensatory payments, damage to our brand and reputation and loss of customers.

As a retailer of third-party products, we could become subject to adverse legal or regulatory actions, if our suppliers provide us with, and we sell, products that do not comply with applicable laws or regulations, including laws and regulations relating to consumer rights, product safety, environmental protection, and standards relating to employment and factory conditions. For example, manufacturers, importers and distributors must observe high consumer and safety requirements when placing products on the German market according to the German Product Safety Act (*Produktsicherheitsgesetz*). In the event of infringement, there is a risk of liability, fines and damage to the image of the companies involved. Further, the German Electrical and Electronic Equipment Act (*Elektro- und Elektronikgerätegesetz*) contains detailed provisions on the disposal and recycling and labelling requirements for technical devices. If our suppliers do not observe these regulations, we will be unable to sell the relevant products. If we fail to detect any deficiencies in the products supplied to us before such products are shipped to our customers, this could give rise to an investigation by regulatory authorities, which could result in the need for remedial action such as a recall of the relevant products, requiring the repair or replacement of the products or even a prohibition of future sales. In addition, we may become subject to product liability claims and lawsuits under law against unfair competition. This could result in significant costs, including legal costs and damage based compensatory payments.

In the event of any failure by our suppliers to meet legally required, quality, regulatory or industry standards or standards regarding the safety of humans and properties or quality standards demanded by our customers, we may be unsuccessful in obtaining compensation from the relevant supplier. Furthermore, due to such deficiencies, we could incur additional costs, our brand and reputation may be damaged by negative publicity, we or our management may face administrative fines or criminal charges and we may lose current or potential customers. Product recalls could involve significant expenses and time of our management, thus diverting resources from other vital parts of our business. In addition, product recalls may have a material adverse effect on customers' confidence in the quality and safety of the affected products and our reputation and image, which could in turn reduce demand for our products. If we recall any of our products or are sanctioned by the relevant governmental authorities, or face lawsuits or claims, this could have a material adverse effect on our financial position and prospects.

The risk of being exposed to warranty claims could be significantly increased by new legislation on national or European level aiming to protect consumer rights. For example, on January 1, 2022, the new EU digital sales law (Directives (EU) 2019/770 and Directive (EU) 2019/771) came into force in several EU member states in which we operate. This legislation introduced new consumer rights, including an extension of warranty rights. For digital products and products with digital elements (*e.g.*, software, smartphones, or navigation devices), we are obligated to provide consumers with updates and inform consumers about their availability on an ongoing basis. Such obligation cannot be fulfilled by only us, but requires actions by the respective supplier which cannot be controlled by us. As a result, we could face a higher number of lawsuits or claims by consumers and consumer protection associations and an increased risk of liability, which could have a material adverse effect on our financial position and prospects.

The violation of EU and German antitrust law could lead to severe fines and claims for damages. We may be restricted in our ability to carry out acquisitions due to merger regulations in a certain jurisdiction.

In addition to industry-specific regulations, we are also subject to EU antitrust law, the German Act Against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*) and other national competition laws to be observed in countries where CECONOMY is conducting business. Under antitrust law, severe fines of up to 10% of group-wide turnover may be imposed on parties restricting competition, whether in concert with third parties or unilaterally. This may be the case, for example, if parties enter into illegal horizontal or vertical price fixing and a competition authority learns of this behavior, decides to investigate and imposes sanctions. Public enforcement may be followed by private enforcement, *i.e.*, subsequent claims for damages. In addition, agreements restraining competition are void and unenforceable.

In the past, fines have already been imposed on our group companies and potential proceedings or fines in the future cannot be excluded entirely.

We have a risk-based compliance management system that is chiefly geared towards avoiding, detecting and sanctioning corruption and violations of antitrust law. However, violations of antitrust law cannot be ruled out entirely. Possible violations include (i) vertical agreements with suppliers, *e.g.*, on minimum sales prices, discounts, territorial restrictions, (ii) horizontal agreements with competitors, *e.g.*, on (purchase or sales) prices, customer or territorial allocations and (iii) exchange of information on competitively sensitive information. Any involvement in illegal anti-competitive conduct, in particular in connection with business relationships with suppliers, such as with regard to the resale prices of merchandise, could lead to severe fines (and recurring violations may lead to much higher fines). Moreover, such violations as well as claims for damages may result in reputational risks for us. As a result, any involvement in illegal anti-competitive conduct could have a material adverse effect on our business, results of operations and prospects. Furthermore, compliance with competition laws and regulations especially in case of changes to existing or introduction of new laws and regulations may require significant efforts and costs or changes in business practices that may have a material adverse effect on our business, the results of operations and financial condition. Apart from the consequences that may result from any potential involvement in illegal conduct, we may also face special scrutiny by antitrust authorities when carrying out acquisitions due to merger regulations in a certain jurisdiction. The scrutiny could result in us being prohibited from conducting the respective acquisition or not being able to carry out the acquisition because the antitrust authorities require longer periods to complete their review than the parties involved in the transaction are inclined to accept. The resulting prevention of an acquisition or divestment may prevent us from realizing worthwhile business opportunities while at the same time having to accept losses in the form of the frustrated transaction costs incurred to date.

These risks resulting from antitrust law could have a material adverse effect on our financial position and prospects.

The loss of important intellectual property rights could materially adversely affect our business, and any threat to, or impairment of, our intellectual property rights could cause us to incur costs to adequately protect and defend those rights.

Our intellectual property rights, including the trademarks, company names and company signs, including the logos of the group companies, in particular the “MediaMarkt” and “Saturn” brands, are important to our business. We rely on a combination of trademarks, copyrights, a design and other intellectual property rights, as well as contractual arrangements, as appropriate, to establish, defend and protect our intellectual property rights. We hold trademark registrations for a wide range of products and/or services that we offer in various jurisdictions. Such intellectual property protection is often only available for a limited period of time, and certain protections may expire in a particular country but continue to be in force in other countries. While we attempt to obtain broad trademark protection by corresponding registrations and respective litigation, where necessary, in certain instances we may not apply for (so as for lack of likelihood of success or countries with less profitable markets), or may fail to obtain, adequate protection in certain countries in which we are active or want to ensure our freedom to operate in the future by passive trademark protection. Any failure to obtain or adequately protect our intellectual property, due to statutory or other restrictions or prior third-party rights, among other reasons, may result in lost sales and business opportunities or, in certain cases, the complete loss of the intellectual property in question. There can be no assurance that we will be able to secure all of our intellectual property rights in the future or that the intellectual property rights currently held will be upheld as valid if challenged.

In the event that third parties infringe on our intellectual property rights, we would have to take appropriate legal action. This could result in lengthy litigation or administrative proceedings and significant litigation costs. Such legal defense may also require significant time, effort and other resources that could otherwise be devoted to our business operations. There is also a risk that third parties, including competitors and, in the case of unfair competition claims, consumer protection organizations or competition authorities or associations, may claim that our trademarks, company marks (particularly company names) or other designations, communications or activities infringe, or have infringed, on such third parties' intellectual property rights (particularly patent, trademark or company sign rights) or applicable legal provisions on unfair competition. In the event of such a claim, we may also be required to spend significant time and effort and incur significant litigation costs to defend itself, regardless of whether the claim has merit. Even if we are successful in defending the claim in front of the courts, reimbursement of costs against the losing party usually does not cover all litigation costs. Furthermore, any such claims, lawsuits and proceedings could result in significant payments to compensate for damages or the necessity to enter into license agreements under economically unfavorable conditions. In addition, any such lawsuits, proceedings and other claims could lead to injunctions against us that may cause lost sales and revenues or even significant restrictions and disruption to our business and operations. The realization of any of these risks could have a material adverse effect on our business, financial position and prospects.

Legislation relating to corporate sustainability due diligence may impose restrictions and risks for our business.

On June 11, 2021, the German Parliament (*Deutscher Bundestag*) adopted the Corporate Due Diligence in Supply Chains Act (*Gesetz über die unternehmerischen Sorgfaltspflichten in Lieferketten*) ("**Supply Chain Act**"), which is intended to oblige large German companies to better fulfil their responsibilities in the supply chain with regard to internationally recognized human rights standards. The new legislation imposes additional duties of care in the supplier management for us in Germany, being one of our largest markets, beginning as of January 1, 2023.

From January 1, 2024, the Supply Chain Act applies to companies with a workforce of at least 1,000 employees in Germany. Companies within scope of the Supply Chain Act are obliged to fundamentally expand their risk assessment and management. The key feature of the enhanced risk management is a comprehensive risk analysis, which must be carried out once a year as well as on an ad hoc basis if the Company expects that risks in our supply chain have significantly changed or expanded. The Supply Chain Act requires companies to implement "appropriate" remedial or preventive measures. Due to the lack of specified criteria, it remains to be seen how the authorities and the courts will determine the appropriateness of the measures. It further obliges companies to adopt a policy statement on human rights protection in their supply chains, implement grievance procedures to allow for the reporting of human rights violations and ensure appropriate follow-up measures and report on their compliance with the due diligence obligations.

The Federal Office for Economic Affairs and Export Control (*Bundesamt für Wirtschaft und Ausfuhrkontrolle*) enforces these obligations by means of information and discovery requests, remediation orders as well as financial penalties and exclusion from public procurement. The Supply Chain Act also stipulates the imposition of administrative fines in case of non-compliance. These fines can amount up to €800,000 (for companies with average annual sales of more than €400 million) up to 2% of annual sales. Although an additional civil liability in the event of a violation of the new act has been explicitly excluded in the Supply Chain Act, it cannot be completely ruled out that liability risks based on existing statutory provisions may increase. The new act could have an adverse effect on our business, assets, results of operations, financial position, cash flow and prospects as the resulting risks cannot be further quantified or qualified at the moment.

In addition, the European Commission, the Council of the European Union and the European Parliament have agreed on a joint draft of the Corporate Sustainability Due Diligence Directive ("**CSDDD**") on December 14, 2023. On March 15, 2024 after intense discussion the EU Council has voted for the CSDDD and the EU Parliament passed the CSDDD on April 24, 2024. The directive aims at providing a harmonized legal framework for sustainability considerations in the supply chain of European companies. Among other things, it will establish a corporate due diligence duty, which is aimed at ending, preventing, mitigating, and accounting for negative human rights and environmental impacts in a company's own operations, including subsidiaries, and their value chains. The CSDDD applies to companies that have 1,000 or more employees or a net worldwide turnover above €450 million. The CSDDD still needs to be transposed into national law.

New consumer protection legislation imposes stricter sanctions and could increase the liability risk, which could adversely affect our business and financial position.

From May 28, 2022, the EU member states are obligated to implement the Directive (EU) 2019/2161 as regards the better enforcement and modernization of Union consumer protection rules ("**Omnibus Directive**"). For many EU member states in which we operate, this means a tightening of the existing sanctions for infringements of consumer protection laws. In addition, in some EU member states in which we operate, the possibility of consumers bringing individual claims for breach of unfair competition or consumer protection laws is newly introduced. In some cases, this could lead to considerable sanctions and an increase in the number of consumer claims for damages and recission of contracts, and thus have a significant negative impact on our business activities. Moreover, such claims for damages may result in reputational risks for us.

Furthermore, in February 2024, Regulation (EU) 2022/2065 on a single market for digital services ("**Digital Services Act**") came into force. It introduced stricter regulation of online platforms, including online shops and online marketplaces and imposed further reporting obligations. There are still uncertainties as to the interpretation of the Digital Services Act by competent authorities and courts. Hence, we may not always fully comply with the requirements of the Digital Services Act as interpreted by these authorities and courts.

We may be required to modify business activities to comply with existing or future laws and regulations, which may increase costs and have a material adverse effect on our business and financial position.

Our risk management system and our compliance controls, policies and procedures, including internal controls over financial reporting, may fail to prevent or detect corruption, fraud or other criminal as well as any other unauthorized behavior.

Under German corporate law, the management of a stock corporation (*Aktiengesellschaft* or *AG*) is responsible for maintaining adequate internal controls, among other things, over financial reporting. In line with this requirement, we have a risk management and reporting program which seeks to enable us to identify and control disproportionate factual and legal risks promptly and avoid their escalation to the extent possible. Our risk management and reporting policies and procedures may not be able to meet the increased risk monitoring demands within an appropriate timeframe, or always function properly or efficiently. We may also not be able to identify all risks associated with a certain operation and our management may misinterpret the results of the risk management and reporting system. Furthermore, our internal control policies and procedures may not be sufficient to detect electronic fraud attempts via viruses, "back doors", "Trojan horses", "worms", etc. See also "*—Risks Related to Our Business Activities—We depend on a variety of IT systems and the failure or insufficiency of these systems could harm our business. Our online retail services increase the risk that hackers could gain unauthorized access to our websites, apps, databases, online security systems or computerized logistics management systems*". The materialization of any of the risks described above could have an adverse effect on our business, financial condition and results of operations.

We have also put in place policies and processes intended to prevent direct or indirect acts of corruption, bribery, anticompetitive behavior, money laundering, terrorist financing, breaches of sanctions, fraud, deception, tax evasion and other criminal or otherwise unacceptable conduct. However, such policies may be insufficient or individual employees may not adhere to their letter or spirit. Members of the Company's supervisory board (*Aufsichtsrat*) ("**Supervisory Board**") or the Company's executive board (*Vorstand*) ("**Executive Board**") as well as employees, authorized representatives, agents or resellers may intentionally or unintentionally violate applicable laws and internal policies, standards and procedures. We may not be able to timely identify such violations, evaluate them correctly or take appropriate countermeasures. Furthermore, our compliance and risk management systems may not be appropriate for our size, complexity and geographical diversification or may otherwise fail for various reasons.

With respect to corruption, anti-bribery and anti-corruption laws and regulations in the jurisdictions where our operations are located, generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Such violations, or allegations of such violations, could disrupt our business, damage our reputation and result in a material adverse effect on our financial condition and cash flows.

Sanctions regimes imposed by governments, including those imposed by the EU, the United States of America ("**United States**" or "**U.S.**") (including through the Office of Foreign Assets Control), or other countries, states or international bodies, could operate to restrict us from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. The legislation, rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret, and in recent years, governments have increased and expanded certain of these regimes and applied them more frequently.

Should we be deemed to have violated any existing or future European, United States or international regulation, this could result in fines or other penalties that may have a negative impact on our reputation and financial position as well as our ability to conduct business in certain jurisdictions or access international capital markets, and therefore could have a material adverse effect on our business and financial position.

In addition, in various jurisdictions we are subject to laws and regulations related to anti-money laundering. Our anti-money laundering policies and processes may not be implemented or followed consistently, and we may be subject to liabilities for breaches of such laws and regulations. This could, in turn, have a material adverse effect on our business and financial.

Our tax burden and the tax burden of our shareholders could increase due to changes in tax laws or their application or interpretation, or as a result of current or future tax audits.

Our tax burden and the tax burden of our shareholders are dependent on certain aspects of the tax laws across several different jurisdictions and their application and interpretation. Changes in tax laws or in their interpretation or application, including an amendment of the taxation of a dividend distribution or a capital gain, could increase our tax burden and the tax burden of our shareholders.

In addition, as a result of current or future tax audits or other review actions of the relevant financial authorities, additional taxes (for example, in connection with acquisitions and restructuring measures) could be assessed. This could lead to an increase in our tax obligations, including interest and fines or social security payments, either as a result of the relevant tax payment being assessed directly against us or our group companies or as a result of us becoming liable for the relevant tax as a secondary obligor due to the primary obligor's (such as, for example, an employee) failure to pay.

Increasing tax burdens could have an adverse effect on our results of operations, financial position and cash flow.

We face risk due to sanctions with respect to M.video, including restrictions of our shareholders' rights in M.video and our ability to divest the shares in M.video

We hold a pure financial stake of 15% in M.video. Since the Russian war against the Ukraine and due to the current Russian counter-sanctions, both the receipt of dividend payments and the sale of shares via the stock exchange are currently considerably more difficult and may even be impossible due to tightened Russian regulations. In particular, a divestment of Russian shares or investments by so-called "unfriendly" non-residents to Russian residents is subject to approval by the Russian Government Commission. This could restrict the approval of a potential exit of us and lead to a potential sale of the shares in M.video only being approved with significant discounts on the market value and with additional taxes. In addition, an expropriation by the Russian state without compensation cannot be ruled out in the future. As of September 30, 2023, the remaining book value of our 15% stake in M.video amounted to €20 million.

Risks Related to the Notes.

We may be able to incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our business.

We may incur substantial additional debt in the future. Any debt incurred by a subsidiary of the Company would be structurally senior to the Notes, and other debt could be secured or could mature prior to the Notes. If we incur debt that is secured by assets, your rights to receive payment will be effectively subordinated to the holders of that debt up to the value of the collateral securing such debt in connection with bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding in respect of us, or in any proceeds from any enforcement of the security created over such collateral. Although the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition, the ESG Credit Facilities Agreement, the Existing Notes Indenture and the Indenture will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. The terms of the Indenture will permit us to incur future debt that may have substantially the same or more restrictive covenants as those of the Indenture. If we incur any additional indebtedness that ranks equally with the Notes, the holders of that debt will be entitled to share ratably in any proceeds distributed in connection with our bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding. We may be unable to pay the Notes and these debts in full in such circumstances. The incurrence of additional debt would increase the leverage related risks described in this Offering Memorandum.

The Notes are our unsecured obligations and are, in effect, subordinated to secured obligations on insolvency.

Holders of secured obligations have claims that are senior in priority to the claims of holders of the Notes to the extent of the value of the assets securing those secured obligations. The Notes are effectively subordinated to secured indebtedness to the extent of the value of the assets securing those other obligations. In the event of any distribution of assets or payment in any foreclosure, dissolution, winding-up, liquidation, reorganization, or other bankruptcy proceeding, the assets securing the claims of secured creditors will be available to satisfy the claims of those creditors, if any, before they are available to any unsecured creditors, including the holders of the Notes. In any of the foregoing events, there is no assurance to holders of the Notes that there will be sufficient assets to pay amounts due under the Notes.

The insolvency laws of Germany may not be as favorable to holders of Notes as insolvency laws in the United States or other jurisdictions with which holders of the Notes may be familiar.

The Issuer is organized under the laws of Germany and headquartered in Germany. Accordingly, in the event of a bankruptcy, insolvency or similar event, proceedings could be in Germany or any other relevant jurisdiction. The bankruptcy, insolvency, administrative and other laws of the Issuer’s jurisdictions of organization or incorporation may be materially different from, or in conflict with, each other and those of the United States and other jurisdictions with which holders of the Notes may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction’s law should apply, adversely affect the ability to enforce the holder’s rights under the Notes in those jurisdictions or limit any amounts that you may receive.

A summary description of certain aspects of the insolvency laws Germany are set out under “*Certain Insolvency Law Considerations*”.

The Issuer may not be able to finance a change of control offer.

The Indenture will require the Issuer to make an offer to repurchase the Notes at 101% of their principal amount if we experience certain change of control events. The Issuer’s failure to effect a change of control offer when required would constitute an event of default under the Indenture. The Issuer’s ability to repurchase the Notes as may be required by the Indenture will depend on its access to funds at such time, and it may not be able to secure access to enough cash to finance the repurchase. Upon a change of control event the Issuer may be required to also offer to repay or repurchase certain other debt instruments. It cannot be assured that there will be sufficient funds available upon a change of control on reasonable terms, or at all, to make these repayments and repurchases of tendered Notes. A failure by the Issuer to offer, or consummate an offer, to purchase Notes could constitute a default under the Indenture, which could, in turn, constitute a default under the Issuer’s other debt instruments. For a complete description of the events that would constitute a “change of control”, you should read the section entitled “*Description of the Notes—Repurchase at the Option of the Holders upon a Change of Control*”.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

The change of control provisions contained in the Indenture may not necessarily afford holders of the Notes protection in the event of certain important corporate events, including reorganizations, restructurings, mergers or other similar transactions involving us that may adversely affect holders of the Notes, because such corporate events may not involve a shift in voting power or beneficial ownership, or, even if they do, may not constitute a “change of control” as defined in the Indenture. Except as described in the section entitled “*Description of the Notes—Repurchase at the Option of the Holders upon a Change of Control*”, the Indenture will not contain provisions that would require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of “change of control” contained in the Indenture will include a disposition of all or substantially all of our assets. Although there is a limited body of case law interpreting the phrase “all or substantially all” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all" of our assets. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the Issue Date, the Notes receive a rating of "Baa3" or higher in the case of Fitch and "BBB-" or higher in the case of Standard & Poor's and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time that the Notes receive a rating below "Baa3" in the case of Fitch and below "BBB-" in the case of Standard & Poor's, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants*". If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws. Therefore, holders of the Notes may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and holders of the Notes may be required to bear the risk of their investment in the Notes for an indefinite period of time. The Indenture contains provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000.

Furthermore, we have not registered the Notes under any other country's securities laws and do not have any intention to do so. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions*".

The Notes will initially be held in book-entry form, and therefore holders of the Notes must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until the Notes are in definitive registered form, or definitive registered notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Notes. The common depository (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the relevant series of Notes will be made to The Bank of New York Mellon, London Branch, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if holders own a book-entry interest in the Notes, they must rely on the procedures of Euroclear and Clearstream and if they are not a participant in Euroclear or Clearstream, on the procedures of the participant through which they own an interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if holders of the Notes own a book-entry interest, they will be permitted to act only to the extent they have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of the Notes to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the definitive registered Notes are issued in respect of all book-entry interests, if a holder owns a book-entry interest, it will be restricted to acting through Euroclear and Clearstream. There can be no assurance that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

There may not be an active trading market for the Notes, in which case the ability of holders of the Notes to sell the Notes may be limited.

There can be no assurance as to:

- the liquidity of any market in the Notes;
- the ability of holders of the Notes to sell their Notes; or
- the prices at which holders of the Notes would be able to sell their Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on holders of the Notes regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, holders of the Notes may not be able to resell their holding of the Notes at a fair value, if at all.

The Notes may not remain listed on the Official List of the Luxembourg Stock Exchange.

Although application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof, we cannot assure holders of the Notes that the Notes will remain listed. Although no assurance is made as to the liquidity of the Notes as a result of admission to trading on the Euro MTF Market, a failure to be listed or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange, as applicable, may have a material effect on a holder's ability to resell the Notes in the secondary market.

Changes in respect of our public debt ratings or the ratings of the Notes may materially and adversely affect the availability, the cost and the terms and conditions of debt and preclude our access to certain financing market and products, any of which could ultimately limit our liquidity and profitability.

Future downgrades in or a loss of the financial rating of us could impair our ability to obtain additional financing or refinancing on economically acceptable terms, or obtain such financing or refinancing at all. Furthermore, a downgrade or loss of rating could preclude us from accessing certain financial markets and products and thereby impairing our liquidity. This could have a material adverse effect on our business, results of operations and financial condition.

The Notes will be, and any of our future debt instruments may be, publicly rated by independent credit rating agencies such as Moody's and Standard & Poor's. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the credit rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. These public debt ratings affect our ability to raise debt. A negative change, or an indication of a possible negative change could have an adverse effect on the trading and market price of the Notes. Any future downgrading of the Notes or any other debt instruments we may have at such time by any credit rating agencies may affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the values of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. There may be tax consequences for you as a result of any foreign exchange gains or losses from any investment in the Notes. See "*Taxation—Certain U.S. Federal Income Tax Considerations*" if you are a U.S. holder of the Notes whose functional currency is the U.S. dollar.

The Notes may be issued with original issue discount for U.S. federal income tax purposes.

The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In such event, U.S. holders (as defined herein) generally will be required to include such OID in gross income (as ordinary income) on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders generally will include any OID in income in advance of the cash attributable to such income. See "*Taxation—Certain U.S. Federal Income Tax Considerations—Original Issue Discount*".

The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics.

In connection with the Offering, the Issuer adopted the Sustainability-Linked Financing Framework, which refers to certain of our sustainability targets and which was reviewed by S&P Global Ratings Europe Limited (the "**Second Party Opinion Provider**"), who provided the Second Party Opinion. The Second Party Opinion may not reflect the potential impact of all risks related to the structure, market, or additional risk factors that may affect the value of the Notes. For the avoidance of doubt, the Sustainability-Linked Financing Framework and the Second Party Opinion are not and shall not be deemed to be incorporated into and/or form part of this Offering Memorandum. The Second Party Opinion does not constitute a recommendation to buy, sell or hold securities and is only current as of the date it is released. A withdrawal of the Second Party Opinion may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in sustainability-linked assets.

Neither the Issuer nor CECONOMY assumes any obligation or responsibility to release any update or revision to the Sustainability-Linked Financing Framework and/or information to reflect events or circumstances after the date of publication of the Sustainability-Linked Financing Framework and, therefore, an update or a revision of the Second Party Opinion may or may not be requested of the Second Party Opinion Provider or other providers of second party opinions.

Moreover, the Second Party Opinion Provider and providers of similar opinions and certifications are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Trustee, the Initial Purchasers, the ESG Coordinator, any second party opinion provider or any other person to buy, sell or hold the Notes. Holders of the Notes have no recourse against the Issuer, any of the Initial Purchasers or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. None of the Issuer, the Initial Purchasers, the ESG Coordinator, the Second Party Opinion Provider or any other person assumes any obligation or responsibility to release any update or revision to the Second Party Opinion to reflect events or circumstances after the date of publication thereof. Additionally, although a second party opinion on the alignment of our Sustainability-Linked Financing Framework with, *inter alia*, the Sustainability-Linked Bond Principles 2023, as administered by ICMA, has been provided by the Second Party Opinion Provider and the Notes are designated as "sustainability-linked notes", investors should be aware that there is no commonly understood definition of this term, or what constitutes an "ESG", "green", "social" or "sustainable" target, and that the Notes may lack certain features contained in other similarly-designated debt securities. As a result, no assurance is or can be given to investors by the Issuer, the Initial Purchasers, the ESG Coordinator, the Second Party Opinion Provider or any other person that the Notes will meet any or all investor expectations or that our targets qualify as "ESG", "green", "social", "sustainable" or "sustainability-linked".

Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. Any withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer or CECONOMY are not complying in whole or in part with any matters for which such opinion or certification is opining on or certifying on may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Furthermore, although the interest rate relating to the Notes is subject to upward adjustment in certain circumstances specified in "*Description of the Notes*", such Notes may not satisfy an investor's requirements or any future legal or quasi legal standards for investment in assets with sustainability characteristics. The Notes are not being marketed as "green bonds", "social bonds" or "sustainability bonds". Therefore, the Issuer does not intend to allocate the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria, or be subject to any other limitations associated with green bonds, social bonds, or sustainable bonds.

In addition, the interest rate adjustment in respect of the Notes depends on the Issuer's definitions and calculations of the Absolute Scope 3.11 Emissions that may be inconsistent with investor requirements or expectations or other definitions relevant to the Absolute Scope 3.11 Emissions. The interest rate adjustment provided may not adequately compensate the Noteholder for any deterioration in the price of the Notes if CECONOMY fails to meet the Sustainability Performance Target.

If no Annual Report is published by the Issuer, there might be no third-party analysis possible in respect of the definitions or calculations of the Absolute Scope 3.11 Emissions or how such definition relates to any sustainability-related standards. There currently is no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to, what constitutes a sustainable or sustainability-linked or equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as sustainable or sustainability-linked. In addition, the requirements of any such label may evolve from time to time.

As a result, no assurance or representation is or can be given to investors by the Issuer, the Trustee, the Initial Purchasers, the ESG Coordinator or of any opinion of any third party (whether or not solicited by us) that the Notes will meet any or all investor expectations or the targets with respect to CECONOMY qualifying as sustainable or sustainability-linked or that any other adverse impacts will not occur in connection with the Issuer or CECONOMY striving to achieve such targets. Investors should make their own assessment as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the Offering.

The calculation of the Absolute Scope 3.11 Emissions is based on internal calculations made by the Issuer based on broadly accepted standards and reported externally and confirmed by an accountancy firm, environmental consultant or other third-party diligence provider appointed by the Issuer from time to time. Any change to the calculation methodology of the Key Performance Indicator or significant changes in data due to better data accessibility or as a result of any acquisition, investment or disposal (as not prohibited under the Indenture) may result in a change in the Baseline Absolute Scope 3.11 Emissions, the Key Performance Indicator, including the Sustainability Performance Target applicable to the Notes and/or the Sustainability Performance Levels. The standards and guidelines continue to be reviewed by expert groups and include contributions from industry bodies, which may change going forward. The occurrence of an event which may lead the Issuer to recalculate the Baseline Absolute Scope 3.11 Emissions, the Sustainability Performance Target applicable to the Notes and/or the Sustainability Performance Levels, which includes any change in (i) the Company's business model or perimeter (as a result of an acquisition, a divestiture, a merger, or other restructuring), (ii) any change in or amendment to any applicable laws, regulations, rules, protocols, or guidelines relevant for the determination of the Baseline Absolute Scope 3.11 Emissions, the Sustainability Performance Target or the Sustainability Performance Level, or (iii) any change in data due to better data accessibility, any improvement in the accuracy of emission factors or activity data, or any discovery of data errors, which has a material impact, and may cause a recalibration by the Issuer, on a unilateral basis, acting in good faith as detailed further in "*Description of the Notes—General—Sustainability Performance Target Step-Up—Sustainability Adjustments*".

Although the Sustainability Performance Target is tied to a 14.8% reduction of the Absolute Scope 3.11 Emissions by September 30, 2027, there can be no assurance of the extent to which CECONOMY will be successful in doing so.

The Issuer has not entered into any commitment or given any warranty that the Issuer will achieve the Sustainability Performance Target. If the Issuer fails to achieve the Sustainability Performance Target or Sustainability Performance Levels relevant for the Notes, the rights of any Noteholder will be limited to the interest rate or redemption price adjustment, respectively, all as described herein.

In addition, there can be no assurance that any future investments CECONOMY makes in furtherance of the target will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, in particular with regard to any direct or indirect environmental, sustainability or social impact.

Adverse environmental or social impacts may occur during the design, construction and operation of any investments that CECONOMY makes in furtherance of the target.

In addition, although the redemption prices payable upon certain optional redemptions of the Notes will be adjusted as described under "*Description of the Notes*" under certain circumstances if certain Sustainability Performance Levels are not achieved, such adjustment will not apply in connection with all optional redemptions and will not apply in connection with mandatory redemptions or repurchases, such as in connection with a change of control offer or an asset disposition offer or, upon an acceleration of the Notes. See "*Description of the Notes*".

Other than an upward adjustment in the interest rate relating to the Notes and adjustments in redemption prices in case of certain optional redemptions as described under "*Description of the Notes*", there are no penalties or requirements to repurchase or redeem the Notes in the Indenture associated with failing to maintain the levels set by our Sustainability Performance Target, by failing to meet any future sustainability targets, to deliver a Sustainability Compliance Certificate or to publish that CECONOMY has achieved the Sustainability Performance Target. See "*Description of the Notes*".

USE OF PROCEEDS

We estimate that the gross proceeds from the Offering will be €500,000,000. We intend to use the gross proceeds from the Offering together with cash on hand to redeem the Issuer's Existing Notes and to pay the costs, fees and expenses related to the Offering.

The following table illustrates the estimated sources and uses of funds. The actual amounts set forth in the table and in the accompanying footnotes are subject to adjustment and may differ at the time of the consummation of the Offering depending on several factors, including differences from our estimate of costs, fees and expenses.

Sources	in € million	Uses	in € million
Notes offered hereby(1)	500.0	Refinancing of Existing Notes(2)	500.0
Cash on hand	8.5	Costs, fees and expenses(3)	8.5
Total Sources	508.5	**Total Uses**	508.5

(1) Reflects the expected gross proceeds from the issuance of the Notes.

(2) Represents the aggregate principal amount of Existing Notes. We have assumed, for purposes of this table, that the Existing Notes will be fully redeemed with the gross proceeds of the Offering. Concurrently with the public announcement of the Offering, we have launched a tender offer, pursuant to which the Issuer, upon certain terms and subject to certain conditions, has offered the holders of the Existing Notes to purchase for cash up to the outstanding principal amount of the Existing Notes at a price being equal to 96.30% of the principal amount of Existing Notes validly tendered and accepted for payment (the "**Tender Offer**"). The results of the Tender Offer are inherently uncertain, and we expect certain amounts of the Existing Notes to remain outstanding following the Offering. We intend to use the remaining proceeds from the Offering, including any amount initially considered for the Tender Offer, to fully redeem or repurchase the aggregate principal amount of the Existing Notes then outstanding following the Issue Date. Prior to such full redemption or repurchase, we intend to use the remaining proceeds from the Offering to make investments in money-market instruments or cash investments.

(3) Reflects estimated costs, fees and expenses we expect to incur in connection with the Offering, including underwriting fees or discounts and commissions and other transaction costs and professional fees. Actual costs, fees and expenses may differ.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of March 31, 2024, on a historical basis and as adjusted to give effect to the Offering (including the use of proceeds as set out under "*Use of Proceeds*"). The adjusted information below is illustrative only and does not purport to be indicative of our capitalization following completion of the Offering and the use of proceeds therefrom and does not reflect any additional drawings or repayments since March 31, 2024.

This table should be read in conjunction with "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of the Notes*", "*Description of Certain Financing Arrangements*" and the Unaudited Interim Consolidated Financial Statements, including the notes thereto, included elsewhere in this Offering Memorandum. Except as set forth below and for certain repayments of revolving debt, there have been no other material changes to our capitalization since March 31, 2024.

	As of March 31, 2024		
	Actual	**Adjustments**	**As Adjusted**
		in € million	
	(unaudited)	**(unaudited)**	**(unaudited)**
Cash and cash equivalents	**896.7**	**8.5**	**888.2**
Notes offered hereby	—	500.0(1)	500.0(1)
ESG Facility A(2)	—	—	—
ESG Facility B(2)	—	—	—
Uncommitted bilateral credit lines drawn(3)	85.0	—	85.0
Euro Commercial Paper Program(4)	35.0	—	35.0
Promissory Notes(5)	71.5	—	71.5
Existing Notes(6)	500.0	(500.0)	—
Convertible Bond(7)	151.0	—	151.0
Lease Liabilities(8)	1,753.7	—	1,753.7
Others	11.5	—	11.5
Total Financial Indebtedness	**2,607.7**		**2,607.7**
Equity(9)	663.2	—	663.2
Total capitalization	**3,270.9**	—	**3,270.9**

(1) Represents the expected aggregate principal amount of the Notes.

(2) The Issuer is party to the ESG Credit Facilities Agreement as borrower. The facilities under the ESG Credit Facilities Agreement consist of (i) a three-year tranche in the principal amount of €353.3 million ("**ESG Facility A**") and (ii) a five-year tranche in the principal amount of €706.70 million ("**ESG Facility B**"). As of March 31, 2024, the ESG Credit Facilities Agreement has not been utilized. See "*Description of Certain Financing Arrangements—ESG Credit Facilities Agreement*".

(3) Represents the uncommitted credit line with Erste Group Bank AG under which we have drawn €85.0 million at an interest rate of EURIBOR plus a spread of 1.2%.

(4) Represents the aggregate outstanding principal amount of commercial papers (*Schuldverschreibungen*) issued by the Company under its Euro Commercial Paper Program. See "*Description of Certain Financing Arrangements—Euro Commercial Paper Program*".

(5) Represents the aggregate outstanding principal amount of promissory notes (*Schuldscheindarlehen*) issued by the Company under several tranches of fixed rate promissory note agreements. See "*Description of Certain Financing Arrangements—Promissory Notes (Schuldscheindarlehen)*".

(6) Represents the aggregate outstanding principal amount of the Existing Notes issued by the Company on June 24, 2021. See "*Description of Certain Financing Arrangements—Existing Notes*". We have assumed, for purposes of this table, that the Existing Notes will be fully redeemed with the gross proceeds of the Offering. See "*Summary—Recent Developments*" and "*Use of Proceeds*".

(7) Represents the aggregate outstanding principal amount of the Convertible Bond issued by the Company under an agreement entered into with Convergenta regarding the Convergenta Transaction on December 15, 2020, as amended and restated on November 9, 2021. See "*Description of Certain Financing Arrangements—Convertible Bond*".

(8) Represents the principal amount of lease liabilities.

(9) The adjusted total equity does not reflect (i) the estimated fees and expenses in connection with the Offering in an aggregate amount of approximately €8.5 million and (ii) the impact of unamortized transaction costs related to the redemption of the Existing Notes in connection with the Tender Offer.

SELECTED FINANCIAL INFORMATION

The following tables set forth certain selected consolidated financial information of the Issuer as of the dates indicated below. Our consolidated financial information as of and for the financial years ended September 30, 2021, 2022 and 2023 have been derived from the Audited Consolidated Financial Statements, which are included elsewhere in this Offering Memorandum. Our consolidated interim financial information as of and for the six months ended March 31, 2023 and 2024 have been derived from the Unaudited Interim Consolidated Financial Statements, which are included elsewhere in this Offering Memorandum.

The financial information marked as "audited" in the following tables is taken from the Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum. The financial information marked as "unaudited" in the following tables is taken from the Unaudited Interim Consolidated Financial Statements or the Issuer's accounting records or internal reporting and systems or is based on calculations of figures from the abovementioned sources.

You should read the information set forth below in conjunction with the sections "*Presentation of Financial Information*", "*Use of Proceeds*", "*Capitalization*", "*Summary Consolidated Financial and Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Consolidated Financial Statements, including the notes thereto, included elsewhere in this Offering Memorandum.

In some instances, due to changes in the presentation and in the disclosures of the Audited Consolidated Financial Statements, some financial information as of and for the financial year ended September 30, 2022 presented in this Offering Memorandum is taken or derived from the comparative figures as set out in the 2023 Audited Consolidated Financial Statements. For information on the changes in the Group's reporting, refer to the notes of the 2023 Audited Consolidated Financial Statements under note "*35 Notes to the cash flow statement*", included elsewhere in this Offering Memorandum.

Selected Consolidated Income Statement

	Financial year ended September 30,			Six months ended March 31,	
	2021	**2022**	**2023**	**2023**	**2024**
			in € million		
		(audited)		**(unaudited)**	
Sales	**21,361**	**21,768**	**22,242**	**12,368**	**12,318**
Cost of sales	(17,705)	(17,961)	(18,303)	(10,272)	(10,187)
Gross profit on sales	**3,656**	**3,808**	**3,938**	**2,097**	**2,131**
Other operating income	205	253	252	111	109
Selling expenses	(3,136)	(3,301)	(3,341)	(1,725)	(1,694)
General administrative expenses	(538)	(613)	(647)	(294)	(317)
Other operating expenses	(9)	(6)	(76)	(64)	(5)
Earnings share of operating companies recognized at equity	154	(30)	(132)	(5)	43
Net impairments on operating financial assets and contract assets	(5)	(5)	(16)	(5)	(4)
Earnings before interest and taxes (EBIT)	**326**	**105**	**(21)**	**115**	**263**
Other investment result	48	13	0	0	15
Interest income	14	24	64	31	30
Interest expenses	(67)	(71)	(155)	(70)*	(113)
Other financial result	(26)	(22)	70	(1)*	1
Net financial result	**(31)**	**(56)**	**(21)**	**(40)**	**(66)**
Earnings before taxes (EBT)	**296**	**49**	**(42)**	**75**	**197**
Income taxes	(53)	81	5	6	36
Profit or loss for the period	**256****	**130**	**(37)**	**81**	**233**

* Retrospective reclassification of "Interest expenses" in connection with the Existing Notes from the item "Other financial result" to the item "Interest expense" in the amount of €5 million in H1 2022/23.

** Including profit or loss for the period from discontinued operations after taxes in an amount of €13 million.

Selected Consolidated Statement of Financial Position

	As of September 30,			As of March 31,
	2021	**2022**	**2023**	**2024**
		in € million		
		(audited)		**(unaudited)**
Non-current assets	3,903	3,865	3,660	3,746
Current assets	6,764	6,134	5,975	6,245
Total assets	**10,667**	**9,998**	**9,635**	**9,990**
Equity	**757**	**592**	**465**	**663**
Non-current liabilities	2,686	2,642	2,487	2,472
Current liabilities	7,224	6,765	6,683	6,855
Total equity and liabilities	**10,667**	**9,998**	**9,635**	**9,990**

Selected Consolidated Cash Flow Statement

	Financial year ended September 30,				Six months ended March 31,	
	2021	**2022***	**2022**** (amended)	**2023**	**2023**	**2024**
			in € million			
		(audited)			**(unaudited)**	
Cash flow from operating activities	**450**	**219**	**127**(1)	**1,004**	**594**(3)	**344**
Cash flow from investing activities	**(263)**	**(65)**	**(35)**(2)	**(236)**	**(86)**(4)	**(63)**
Cash flow from financing activities	**(77)**	**(905)**	**(932)**(1), (2)	**(649)**	**(275)**(4)	**(293)**
Cash and cash equivalents as of beginning of the period according to statement of financial position	**1,484**	**1,582**	**n.a.**	**769**	**769**	**897**
Cash and cash equivalents at the end of period according to statement of financial position	**1,582**	**769**	**n.a.**	**897**	**1,004**	**897**

* As set out in the 2022 Audited Consolidated Financial Statements.

** Taken from the comparative figures as set out in the 2023 Audited Consolidated Financial Statements.

(1) Adjustments due to a change in presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Further explanations can be found in the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement".

(2) Adjustments due to a change in presentation. Further explanations can be found in the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement".

(3) Adjustments due to a change in presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Further explanations can be found in the notes of the Unaudited Interim Consolidated Financial Statements under note "Notes to the cash flow statement".

(4) Adjustments due to a change in presentation. Further explanations can be found in the notes of the Unaudited Interim Consolidated Financial Statements under note "Notes to the cash flow statement".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our results of operations and financial condition as of and for the financial years ended September 30, 2021, 2022 and 2023 and as of and for the six months ended March 31, 2023 and 2024. The financial information as of and for the financial years ended September 30, 2021, 2022 and 2023 contained in the following section is derived from the Audited Consolidated Financial Statements as well as from the internal accounting systems and other internal reporting systems of the Issuer. The financial information as of and for the six months ended March 31, 2023 and 2024 contained in the following section is taken or derived from the Unaudited Interim Consolidated Financial Statements as well as from the internal accounting systems and other internal reporting systems of the Issuer.

The financial information marked as "audited" in tables in this Offering Memorandum is taken from the Audited Consolidated Financial Statements. Financial information marked as "unaudited" in tables in this Offering Memorandum is not taken from the Audited Consolidated Financial Statements but is taken from the Unaudited Interim Consolidated Financial Statements or the Issuer's internal accounting system or is based on calculations of figures of the abovementioned sources.

In some instances, due to changes in the presentation and in the disclosures of the Audited Consolidated Financial Statements, some financial information as of and for the financial year ended September 30, 2022 presented in the Offering Memorandum is taken or derived from the comparative figures as set out in the 2023 Audited Consolidated Financial Statements. For information on the changes in the Group's reporting, refer to the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement" and note "Notes to the Group accounting principles and methods", included elsewhere in this Offering Memorandum. Please note that, for purposes of review of the cash flow statement figures of the 2021 Audited Consolidated Financial Statements, please note that the adjustments explained at the beginning of this section have not been applied to the cash flow statement of the 2021 Audited Consolidated Financial Statements, which significantly limits comparability.

The following discussion should be read in conjunction with "Summary—Summary Consolidated Financial and Other Information" and our Consolidated Financial Statements and the related notes thereto contained elsewhere in this Offering Memorandum. In addition, some of the information contained in this discussion may contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" for a discussion of the risks related to those statements. You should also read "Business" and "Risk Factors" for more information about us, including a discussion of certain factors that may adversely affect our business, results of operations and financial condition. Our historical results do not necessarily indicate our results of operations for any future period.

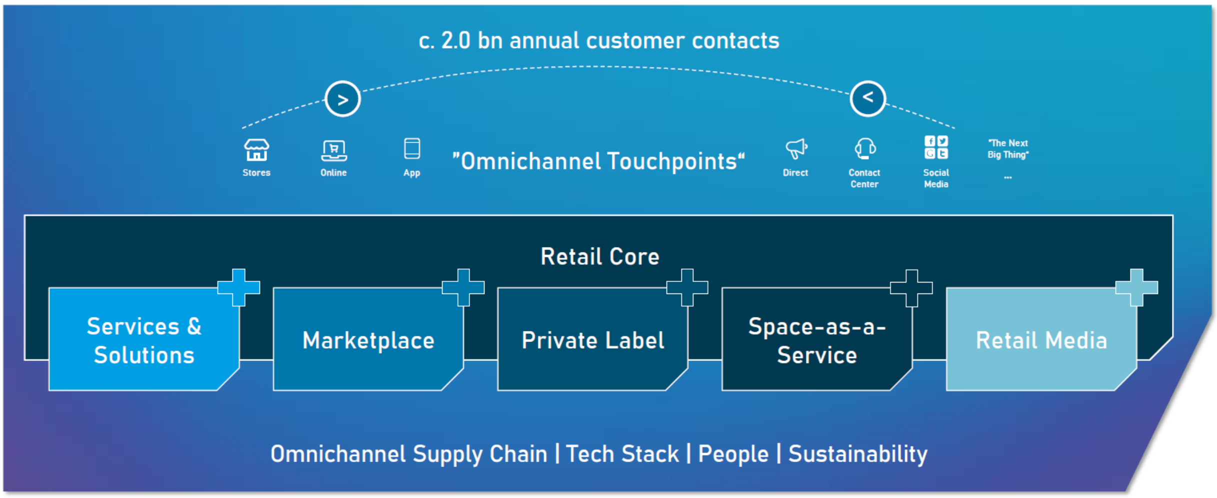
Overview

We are a leading omnichannel consumer electronics retailer in Europe (measured by sales in 2023 for MMS Countries and retail channel, *source*: Company information based on publicly available information of competitors, total market estimate based on GfK Retail Panel) with over 1,000 stores supported by a team of approximately 48,300 employees as of March 31, 2024. We operate in eleven countries across Europe and Türkiye under the retail brands MediaMarkt, MediaWorld and Saturn. In the financial year ended September 30, 2023, we generated sales in the amount of €22.2 billion, an increase of 2.2% compared to sales of €21.8 billion in the financial year ended September 30, 2022, and adjusted EBIT in the amount of €243 million, an increase of 16.8% compared to adjusted EBIT in the amount of €208 million in the financial year ended September 30, 2022. In the twelve months ended March 31, 2024, we generated sales in the amount of €22.2 billion and adjusted EBIT in the amount of €287 million.

We believe we have a market share of more than 17% based on total market volume (measured by sales in H1 2023/24 for MMS Countries and retail channel, *source*: Company information based on GfK Retail Panel). In addition, we are a well-known market player, with high brand awareness of over 75% across all countries in which we operate (based on externally conducted surveys conducted in July to September 2023).

We place the customer at the center of our strategy and target to consistently gear our activities to their needs. This central strategic principle is also embedded in our purpose: "We create experience electronics to enrich people's lives." With this target picture, we, as the European market leader want to set new standards for customer experience, the conscious discovery of technology and the support for customers in their day-to-day life. With estimated 2 billion customer contacts per year (defined as the number of store visits and the number of website visits), we aim to transform our business model from a traditional retail platform to a service platform offering our customers and partners a broad spectrum of consumer electronics and services. Our objective is to turn satisfied customers into loyal customers. This "stickiness" provides the basis for the continuous growth of our omnichannel platform related business. Our strategy is based on four strategic pillars (employee experience, shopping experience, usage experience and impact experience) designed to improve the overall customer experience and thus increase customer satisfaction and loyalty.

Our omnichannel service platform is based on the retail sale of consumer electronics and other related product categories, which we refer to as our retail core business. The retail core business is complemented by five additional growth businesses: Services & Solutions, MediaMarktSaturn's Marketplace, private label, space-as-a-service and retail media.



Our Services & Solutions business includes extended warranties or insurance, brokering of mobile phone contracts, repair services, product rental, trade-in or refurbishment of products, delivery to and installation at the customer's location, as well as consumer financing. Our marketplace enables professional sellers to be listed on and to use the website as a sales interface. We also offer private label products through our Koenic, ISY, Peaq and ok. brands to generate higher margins due to the greater vertical integration, which also allow a differentiate offering, as these brands are exclusive with us. Our space-as-a-service concept ("Lighthouse") comprises the offering of integrated innovation experiences through partner boutiques (Shop in Shop). In addition, our retail media offering enables manufacturers and advertisers to use the wide reach of our digital channels for their own marketing activities.

Key Factors Affecting Our Results of Operations

Competitive environment

Our results of operations are affected by the competitive pressures we face with respect to some of our products and services. We operate in markets that are undergoing significant change, primarily as the result of the increasing reach of the internet and the ongoing changes in consumer purchasing behavior. The rapid expansion of e-commerce has transformed the markets in each country in which we operate by significantly changing the modes of consumption, customer behavior, customer attraction and retention tools and distribution methods. While we believe that we have a strong competitive position with our omnichannel model, our ability to remain competitive will depend on its ability to constantly adapt its offering to match evolving consumer trends and expectations.

Since the advent of e-commerce, new specialized online competitors, known as "pure players", have entered the market, who focus on competitive prices and services and an ever-expanding offering. Marketplace offerings by existing competitors (*e.g.*, Amazon, Kaufland or Alibaba) and direct-to-consumer suppliers that expand their online activities (*e.g.*, Samsung or Dyson) access our target market. International competitors offer their customers a very high level of service (high-quality websites, logistics, transport and customer service) and are forcing click & mortar companies to meet quality standards that are at least as high as theirs. New concepts of retail from China (*e.g.*, TEMU or TikTok Shop) could have a significant impact on the future way of shopping and consumer behavior.

The rapid development of the internet has also led to the phenomenon of digitalization, *i.e.*, the transition from physical media to digital media, which has radically altered consumer spending patterns on editorial products as downloading and streaming have become more prevalent. The increased use of mobile phones and online shopping has made customers more independent and mobile in terms of their shopping behaviors. The growth in e-commerce has spawned internet pure players to the detriment of traditional retailers. They generate intense price competition and offer a wide range of products, all constituting a serious threat to traditional retailers. More generally, the development of e-commerce has reduced prices and margins in our markets. Also, the increased prevalence and use of price comparison websites has amplified the general price competition in the markets in which we operate. Significantly shorter product life cycles with decreasing gross margins as a result of a fast development of the products' software components and the associated change in the product mix has further amplified these effects in certain product segments.

Our main competitors are:

- Specialist online retailers, known as pure players specialist online retailers, known as pure players, which account for the majority of online sales. They rely on competitive pricing and services and an ever-expanding offering;

- Specialist retailers that offer products to their customers through a network of physical points of sale (brick & mortar) and, where applicable, via a website (click & mortar). These players usually have an established reputation among the general public because they have existed for a long time and offer a general range of products;

- Mass-market retailers (mainly hypermarket chains and discount retailers) that also offer consumer electronics and domestic appliances.

We expect further market consolidation that may shift the competitive landscape. The withdrawal of competitors could provide opportunities for further gains in market share. To this end, we analyze and continuously review competitors and opportunities that may arise. Furthermore, we expect additional potential in the repositioning of our country organizations and subsidiaries that are operating in a difficult economic or highly competitive environment.

General economic conditions and consumer spending

Our results of operations are affected by global economic conditions as well as specific economic conditions in the markets in which we operate. Such conditions include deteriorating economic or political conditions, international conflicts, such as the recent war of Russia against the Ukraine and the conflict between Israel and Hamas, crises with difficult-to-predict long-term consequences like the worldwide COVID-19 pandemic, negative perceptions about economic or political conditions, slow job growth, inflation, deflation or a negative or uncertain economic outlook. Given that most of the products we offer are discretionary items, demand for such products is generally impacted by fluctuations in GDP growth as well as levels of disposable income and various macroeconomic factors which influence consumer spending, such as developments in unemployment rates, tax rates and general consumer confidence. Significant declines in consumer confidence or consumer purchasing power can lead to lower sales of our products, which are, to a considerable degree, dependent on the sale of goods for use by private households. Our results of operations in the financial year ended September 30, 2021 were significantly impacted by the COVID-19 pandemic and related containment measures. However, we believe that the COVID-19 pandemic has further accelerated the shift towards e-commerce business even outside of national lockdowns, which has in turn positively affected our online sales. Germany, in particular, was strongly affected, with stores being closed for extended periods and reopening under very restrictive conditions.

We believe that geographic diversification of our business as a result of our expansion and opening of new stores helps to mitigate the impact of changes in local and regional economic conditions. However, all of the markets in which we operate have been adversely impacted in recent years by a difficult economic environment, and high tax burdens, which have reduced the disposable income available to purchase products and services such as those offered by us and may lead worse consumer sentiment reducing demand in our products.

Our results can be affected by abnormal or unforeseen circumstances or events and such circumstances can have a disproportionately adverse impact on our business and results of operation if they occur during periods of high activity. For example, in the financial year ended September 30, 2023, sales of small domestic appliances suffered from lower demand due to an increase in consumers' uncertainty about the future (inflation, geopolitical conflicts, erosion of purchasing power, higher energy prices, etc.), which, in turn, had a direct effect on so-called 'impulse/pleasure' purchase categories in areas such as food preparation (food processing), espresso machines and certain health/beauty/fitness categories.

If geopolitical instability were to increase, another pandemic were to occur or the difficult economic conditions in Germany or in other countries in which the Group operates prove to be pronounced or long-lasting, they can significantly affect the Group's business and results of operations. See "*Risk Factors—Risks Related to Our Industry and Markets—Our business depends on the developments in the global economy, financial markets, political conditions and on the markets in which we operate. Adverse economic developments may, among other things, lead to lower overall sales of the offered products or services, higher costs or may require us to change our product mix in ways that are disadvantageous to us*".

Number of stores

A significant portion of our sales during the periods under review is attributable to our existing physical store network and net openings of new stores. Our business is predominantly conducted by the MediaMarktSaturn Retail Group, which operates more than 1,000 stores, mainly under the "MediaMarkt", "Media World" and "Saturn" brands, in eleven European countries. We constantly evaluate our major business parts and operations in terms of profitability. With regard to our country portfolio, we follow a "lead-or-leave" strategy, which lead to the decisions to exit the non-profitable countries Sweden and Portugal. In the financial year ended September 30, 2023, 23 new stores were opened, compared to 16 new stores opened in the financial year ended September 30, 2022. However, a total of 49 stores were closed in the financial year ended September 30, 2023, with 29 of the 49 closures attributable to the sale of the Sweden business and another ten to the sale of the business in Portugal. There were also five store closures in Germany and one each in Belgium, Spain, Italy, the Netherlands and Poland in the financial year ended September 30, 2022. At the end of the financial year ended September 30, 2023, the total number of stores was 998 (financial year 2021/22: 1,024 stores), of which eight were stores in the Lighthouse format (financial year 2021/22: six stores). As of March 31, 2024, total number of stores was 1,016 following the opening of 19 stores and the closure of one store in the six months ended March 31, 2024.

Seasonality

Our business is seasonal and has been historically characterized by a substantial increase in store traffic and website traffic towards the end of the calendar year, from Black Friday in late November through the Christmas and New Year holidays. Our sale and adjusted EBIT are significantly higher in the first quarter of the financial year than in any other quarter, as a result of Christmas and, increasingly, Black Friday or Black November. In the financial year ended September 30, 2023, we generated approximately 32% of our consolidated sales for the financial year ended September 30, 2023 in the first quarter of that year. The growing importance of Black Friday and Black November, and customers' increasing tendency to make purchases earlier in the year, has also had an impact on us, as sales on Black Friday tend to focus on consumer electronics with lower margins. As a result of the seasonality of the business, our net working capital and liquidity requirements fluctuate during the year. We generally sell the purchased goods to the consumer before we have to settle the invoice with the supplier. Net working capital typically reaches its peak at the end of the month of December driven by high trade payables. In the spring and summer season, net working capital is lowest.

Adverse weather (such as heavy rain or snowfall) can also deter customers from shopping in our stores, and unforeseen weather conditions (for example unseasonably cold spells in summer) can have an adverse impact on sales and inventory levels of products (for example fans and air-conditioning units) as a result of unseasonal conditions. See "*Risk Factors—Risks Related to Our Business Activities—Our business may become subject to increasing seasonal sales fluctuations which may make it difficult to predict our future performance*". On the other hand, adverse weather conditions may lead to an increase of our online sales, such as air conditioning.

Supply chain

From time to time, we are subject to supply chain disruptions such as due to the situation in the Red Sea. In particular, disruptions caused by COVID-19 due to closed ports in Asia, had a significant effect. In order to prevent and counteract increased supply chain risks during caused by COVID-19, we built up our inventories in the past. Since the financial year 2022/23, we have started optimization of our inventories, leading to a decrease of inventories and an improved net working capital. Our centralized organization and optimized supply chain, including centralized procurement and continuous improvements in logistics, leads to greater availability of goods and expedited delivery times. IT and supply chain investments have been and are expected to be major parts of our investments.

Customer traffic, average checkout value, checkout transactions and loyalty program membership

Our revenue is a function of the number of transactions and average checkout values. The number of checkout transactions depends on customer traffic (visits to a store or website) and the conversion rate (proportion of visitors, who make a purchase). Customer traffic can be affected by a number of factors, including disposable income, weather conditions, advertising campaigns, public health crises such as COVID-19 and the success of retail destinations. Overall, we estimate that we have a conversion rate of approximately 30% in our stores and of around 2% in online retail.

Customers who are members of our loyalty programs tend to make purchases more often and generate higher checkout values than non-members. Members of the loyalty programs receive promotional offers that create a strong incentive to make purchases from us. The customer loyalty programs are also designed as a retention tool that allows us to carry out better-targeted and more effective sales promotions. At the end of September 30, 2023, we boasted a substantial membership base of approximately 38 million loyalty members in total.

Members represent an asset that provides the brand with a high level of differentiation. They typically visit the store three times more often than other customers and, on average, spend three times as much in store as non-members.

Cost base and margin management

Fixed costs represent a major share of our cost base and, consequently, have an important impact on our financial performance.

In order to achieve a competitive and efficient structure and cost savings, both in store and administrative operations, we focus on streamlining administrative and headquarter functions. Therefore, we have launched a major internal reorganization program to simplify the group structure and utilize the tax losses carryforward on the level of CECONOMY AG.

The general trend of declining product margins in a highly competitive market is being accelerated by high inflation. This led to a permanent shift in our business model to a more service-focused and customer-centric offering. By optimizing our product mix and negotiations with our suppliers, we were able to improve our adjusted gross margin from 17.1% in the financial year ended September 30, 2021 to 17.9% in the financial year ended September 30, 2023. The main focus areas of Services & Solutions, Marketplace, private label and retail media also aim to contribute to overall gross profit and thus improve profitability.

Factors Affecting the Comparability of the Consolidated Financial Statements

Adjustments to the Consolidated Cash Flow Statements

In April 2022, Türkiye was classified as a hyperinflationary economy. This change was effective for reporting periods ending on or after June 30, 2022. The assessment, which was based on quantitative and qualitative criteria, resulted in particular from the fact that cumulative inflation in Türkiye over the past three calendar years had risen to over 70% in the first quarter of calendar year 2022 and continued to increase.

In the 2023 Audited Consolidated Financial Statements as well as in the Unaudited Interim Consolidated Financial Statements, the presentation of effects of the application of IAS 29 "*Financial Reporting in Hyperinflationary Economies*" for the comparative financial information for the financial year ended September 30, 2022 as well as for the comparative financial information for the six months ended March 31, 2023 was changed, affecting the cash flow from operating activities as well as the cash flow from financing activities. In addition, the indexing of the opening balance of cash and cash equivalents attributable to Türkiye resulted in an adjustment of the financial information for the financial year ended September 30, 2022 and the six months ended March 31, 2023.

For additional information, see note 35 of the 2023 Audited Consolidated Financial Statements and Note "*Notes to the cash flow statement*" of the Unaudited Interim Consolidated Financial Statements.

Adjustments to the Segment Reporting

The 2023 Audited Consolidated Financial Statements include portfolio changes for Portugal in the Western/Southern Europe segment and for Sweden in the Others segment, resulting in a change of the comparative financial information for the financial year ended September 30, 2022. The Unaudited Interim Consolidated

Financial Statements include portfolio changes for Portugal in the Western/Southern Europe segment, resulting in a change of the comparative financial information for the six months ended March 31, 2023.

Based on similar economic conditions and business activities of operations, we organize individual countries in the operating segments DACH (comprising Germany, Austria, Switzerland and Hungary), Western/Southern Europe (comprising Belgium, Italy, Luxembourg, the Netherlands, Portugal (until September 30, 2023) and Spain), Eastern Europe (comprising Poland and Türkiye) and Others (including Sweden (until August 1, 2023), CECONOMY AG and smaller operating companies).

For better presentation of segment reporting and due to changes under company law in connection with the Convergenta transaction, the bundling of administrative and interdepartmental functions in particular resulted in a reallocation in the segment reporting for the six months ended March 31, 2024. The main reallocations were from the DACH segment to the Others segment. We expect immaterial effects from the Group perspective, especially on the segment KPIs external sales (net), adjusted EBIT, EBIT and non-current segment assets in the low single- to double-digit millions. The reallocation will result in effects of up to the low triple-digit millions in the sales (net) figure because intragroup sales will be recognized that were previously consolidated within a segment. Accordingly, there will be opposing effects in consolidation.

For additional information, see "Notes to the Group accounting principles and methods" in the 2023 Audited Consolidated Financial Statements and "Additional Notes on Segment Reporting" in the Unaudited Interim Consolidated Financial Statements.

Key Income Statement Items

The following is a description of certain key line items in our consolidated income statement.

Sales

Sales (net) consist of product sales and services and solutions sales.

Cost of sales

Cost of sales includes cost of materials for purchased goods.

Other operating income

Other operating income relates primarily to gains in net monetary positions, cost refunds, income from deconsolidation, services rendered to suppliers, gains from the disposal of fixed assets and gains from reversal of impairment losses, income from rents and subleases (including reimbursements of subsidiary rental costs).

Selling expenses

Selling expenses comprise personnel expenses and cost of materials.

General administrative expenses

General administrative expenses comprise personnel expenses and cost of materials.

Other operating expenses

Other operating expenses relate to losses from disposals of property, plant and equipment and intangible assets as well as, in 2023, an impairment and deconsolidation effect with respect to MediaMarkt Sweden.

Interest income

Interest income comprises interest income from financial instruments and primarily relates to lease liabilities, post-employment benefit plans and financial instruments of the measurement categories according to IFRS 9 (loans and receivables including cash and cash equivalents, financial instruments measured at cost, financial instruments measured at fair value through other comprehensive income and financial instruments measured at fair value through profit or loss).

Interest expenses

Interest expenses comprise interest expenses on financial instruments and primarily relate to lease liabilities, post-employment benefit plans and financial instruments of the measurement categories according to IFRS 9 (financial instruments measured at fair value through profit or loss and financial instruments measured at amortized cost).

Other financial result

Other financial result comprises other financial income and other financial expenses, including currency effects and currency hedges.

Income taxes

Income taxes comprise current and deferred taxes. They are recognized through profit or loss unless they are associated with business combinations or items recognized directly in equity or through other comprehensive income.

Results of Operations

Six months ended March 31, 2024 compared to the six months ended March 31, 2023

	Six months ended March 31,	
	2023	**2024**
	in € million (unaudited)	
Sales	**12,368**	**12,318**
Thereof online	*2,938*	*2,989*
Thereof Services & Solutions	*717*	*742*
Cost of sales	(10,272)	(10,187)
Gross profit on sales	**2,097**	**2,131**
Other operating income	111	109
Selling expenses	(1,725)	(1,694)
General administrative expenses	(294)	(317)
Other operating expenses	(64)	(5)
Earnings share of operating companies recognized at equity	(5)	43
Net impairments on operating financial assets and contract assets	(5)	(4)
Earnings before interest and taxes (EBIT)	**115**	**263**
Other investment result	0	15
Interest income	31	30
Interest expenses	(70)*	(113)
Other financial result	(1)*	1
Net financial result	**(40)**	**(66)**
Earnings before taxes (EBT)	**75**	**197**
Income taxes	6	36
Profit or loss for the period	**81**	**233**

* Retrospective reclassification of "Interest expenses" in connection with the Existing Notes from the item "Other financial result" to the item "Interest expense" in the amount of €5 million in H1 2022/23.

Sales

Sales in the six months ended March 31, 2024 slightly decreased by €50 million, or 0.4%, from €12,368 million in the six months ended March 31, 2023 to €12,318 million in the six months ended March 31, 2024. The decrease was primarily attributable to the divestment of the Swedish and Portuguese business as well as exchange rate effects. Adjusted for currency and portfolio effects, sales increased by 4.8% compared to the six months ended March 31, 2023. On a like-for-like basis (*i.e.*, sales over a comparable sales area or based on a comparable panel of stores, units or merchandising concepts such as online retail and delivery), sales increased by 3.9% compared to the previous year. Like-for-like sales only include sales from stores with a comparable history over at least one full financial year. Therefore, stores affected by openings, closures or significant business changes in the reporting period or the comparative period are excluded.

Total sales of €12,318 million in the six months ended March 31, 2024 include external sales of €5,403 million (H1 2022/23: €5,550 million) in Germany, €1,214 million (H1 2022/23: €1,286 million) in Italy and €1,370 million (H1 2022/23: €1,253 million) in Spain.

The following table shows the breakdown of our external sales by segment for the periods indicated:

	Six months ended March 31,	
	2023	2024
	in € million (unaudited)	
DACH	6,820	6,677
Western/Southern Europe	3,865	3,927
Eastern Europe	1,420	1,705
Other	263	9

In the six months ended March 31, 2024, the DACH segment generated sales of €6,677 million, a decline of 2.1% compared to the six months ended March 31, 2023. Adjusted for currency and portfolio change effects, segment sales declined slightly by 2.4%.

In the six months ended March 31, 2024, the Western/Southern Europe segment generated sales of €3,927 million, an increase of 1.6% compared to the six months ended March 31, 2023. Adjusted for currency and portfolio change effects, in particular the divestment of the Portuguese business, segment sales increased by 3.5%.

In the six months ended March 31, 2024, the Eastern Europe segment generated sales of €1,705 million, an increase of 20.1% compared to the six months ended March 31, 2023, in particular due to the strong devaluation of the Turkish lira. The effect from the application of IAS 29 (Hyperinflation Türkiye) amounted to €26 million in the six months ended March 31, 2024 (H1 2022/23: €18 million). Adjusted for currency and portfolio change effects, segment sales increased by 54.3%.

In the six months ended March 31, 2024, the Other segment generated sales of €9 million, a decrease of 96.6% compared to the six months ended March 31, 2023. The decrease was mainly due to the disposal of the Swedish business. The Other segment now only includes the sales of smaller operating companies. Adjusted for currency and portfolio change effects, segment sales increased by 2.7%.

In the six months ended March 31, 2024, online sales slightly increased by €51 million, or 1.8%, from €2,938 million in the six months ended March 31, 2023 to €2,989 million in the six months ended March 31, 2024 and Services & Solutions sales increased by €25 million, or 3.5%, from €717 million in the six months ended March 31, 2023 to €742 million in the six months ended March 31, 2024.

Cost of sales

Cost of sales decreased by €85 million, or 0.8%, from €10,272 million in the six months ended March 31, 2023 to €10,187 million in the six months ended March 31, 2024 due to continued cost control measures. The decrease was primarily attributable to a decrease in the costs of materials for purchased goods to €9,963 million (H1 2022/23: €10,058 million).

Other operating income

Other operating income decreased by €2 million, or 1.8%, from €111 million in the six months ended March 31, 2023 to €109 million in the six months ended March 31, 2024. Increased effects from gains in net monetary positions were offset by lower services rendered to suppliers and by lower reversals of impairment losses.

Selling expenses

Selling expenses decreased by €31 million, or 1.8%, from €1,725 million in the six months ended March 31, 2023 to €1,694 million in the six months ended March 31, 2024 and is mainly the result of lower personnel costs, primarily due to savings at Media-Saturn Germany and the sale of the Swedish Media-Saturn business in prior fiscal year.

General administrative expenses

General administrative expenses increased by €23 million, or 7.8%, from €294 million in the six months ended March 31, 2023 to €317 million in the six months ended March 31, 2024 and is primarily the result of increased material costs, which mainly relate to higher license expenses and increased amortization of other intangible assets.

Other operating expenses

Other operating expenses decreased by €59 million, or 92.2%, from €64 million in the six months ended March 31, 2023 to €5 million in the six months ended March 31, 2024 and relates primarily to the impairment of the disposal group MediaMarkt Sweden in H1 2022/23.

Interest income

Interest income decreased by €1 million, or 3.2%, from €31 million in the six months ended March 31, 2023 to €30 million in the six months ended March 31, 2024.

Interest expenses

Interest expenses increased by €43 million, or 61.4%, from €70 million in the six months ended March 31, 2023 to €113 million in the six months ended March 31, 2024. Interest expenses increased due to higher interest rate levels across our country portfolio. A significant part is attributable to lease liabilities as higher interest rates are successively reflected in interest expenses. In addition, bank commissions also resulted in a rise in interest expenses.

Other financial result

Other financial result increased by €2 million from €(1) million in the six months ended March 31, 2023 to €1 million in the six months ended March 31, 2024.

Income taxes

Income taxes increased by €30 million from €6 million in the six months ended March 31, 2023 to €36 million in the six months ended March 31, 2024. The increase in tax income relates in particular to the subsequent measurement of deferred tax assets on loss carryforwards, especially as a result of the changes brought about by the Growth Opportunities Act in Germany

Profit or loss for the period

Profit or loss increased by €152 million from €81 million in the six months ended March 31, 2023 to €233 million in the six months ended March 31, 2024. The increase was primarily attributable to the factors described above.

Financial year ended September 30, 2023 compared to financial year ended September 30, 2022

	Financial year ended September 30,	
	2022	**2023**
	in € million	
	(audited)	
Sales	**21,768**	**22,242**
Thereof online	*5,346*	*4,943*
Thereof Services & Solutions	*1,340*	*1,379*
Cost of sales	(17,961)	(18,303)
Gross profit on sales	**3,808**	**3,938**
Other operating income	253	252
Selling expenses	(3,301)	(3,341)
General administrative expenses	(613)	(647)
Other operating expenses	(6)	(76)
Earnings share of operating companies recognized at equity	(30)	(132)
Net impairments on operating financial assets and contract assets	(5)	(16)
Earnings before interest and taxes (EBIT)	**105**	**(21)**
Other investment result	13	0
Interest income	24	64
Interest expenses	(71)	(155)
Other financial result	(22)	70
Net financial result	**(56)**	**(21)**
Earnings before taxes (EBT)	**49**	**(42)**
Income taxes	81	5
Profit or loss for the period	**130**	**(37)**

Sales

Sales increased by €474 million, or 2.2%, from €21,768 million in the financial year ended September 30, 2022 to €22,242 million in the financial year ended September 30, 2023. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €6 million in the financial year ended September 30, 2023, which had a positive impact on sales. On a like-for-like basis, sales increased by 4.3% compared to the previous year. The increase in sales was also influenced by 23 new stores in the financial year ended September 30, 2023 compared to 16 new stores in the prior financial year. This was offset, in part, by the closure of 49 stores in the financial year ended September 30, 2023 and ten closures in the previous financial year. 29 of the 49 closures were attributable to the sale of the Sweden business, and another ten to the sale of the business in Portugal. Adjusted for currency effects and portfolio changes, sales increased by 4.7%.

Total sales of €22,242 million in the financial year ended September 30, 2023 include external sales of €9,774 million (financial year 2021/22: €9,801 million) in Germany, €2,266 million (financial year 2021/22: €2,477 million) in Italy and €2,333 million (financial year 2021/22: €2,305 million) in Spain.

The following table shows the breakdown of our external sales for the periods indicated:

	Financial year ended September 30,	
	2022	**2023**
	in € million	
	(audited)	
DACH	12,046	12,054
Western/Southern Europe	7,158	7,037
Eastern Europe	2,054	2,766
Others	510	385

In the financial year ended September 30, 2023, sales in the DACH segment increased by 0.1% compared to the previous period to €12,054 million. Adjusted for currency and portfolio change effects, segment sales declined slightly by 0.1%. In Germany, a small sales decline was generated overall. While brick-and-mortar business grew, sales in the online business declined significantly. With good development in the brick-and-mortar business, Austria compensated for the decline in online business and grew overall. In Switzerland, there were declines in both sales channels.

In the financial year ended September 30, 2023, sales in the Western/Southern Europe segment decreased by 1.7% compared to the previous period to €7,037 million. Adjusted for currency and portfolio change effects, sales were 1.5% below the comparable figure of the previous year. Strong sales growth was seen in the Netherlands, a slight sales increase in Spain and Belgium. In contrast, Italy saw significant sales losses, primarily due to the end of government subsidies in the TV sector in the past financial year and the difficult macroeconomic environment.

In the financial year ended September 30, 2023, sales in the Eastern Europe segment increased significantly by 34.7% compared to the previous period to €2,766 million. This included effects from the application of IAS 29 (hyperinflation in Türkiye) of €6 million in the financial year ended September 30, 2023 (financial year 2021/22: €80 million). In the reporting period, segment sales in presentation currency were adversely affected by the sharp depreciation of the Turkish lira. Adjusted for currency effects and portfolio changes, segment sales increased by 65.3% Türkiye developed positively as a result of the good demand and market position, newly opened stores and inflation, posting a significant, three-digit percentage sales increase. In contrast, sales in Poland declined.

In the financial year ended September 30, 2023, sales in the Others segment decreased by 24.5% compared to the previous period to €385 million. This was primarily attributable to the disposal of the Swedish business as of August 1, 2023. The Others segment now comprises smaller operating companies with sales of €4 million in the financial year ended September 30, 2023 (financial year 2021/22: €4 million).

In the financial year ended September 30, 2023, online sales decreased by €403 million, or 7.5%, from €5,346 million the financial year ended September 30, 2022 to €4,943 million in the financial year ended September 30, 2023 to a more normalized level following the strong increase during the COVID-19 pandemic. Services & Solutions sales increased by €39 million, or 2.9%, from €1,340 million in the financial year ended September 30, 2022 to €1,379 million in the financial year ended September 30, 2023.

Cost of sales

Cost of sales increased by €342 million, or 1.9%, from €17,961 million in the financial year ended September 30, 2022 to €18,303 million in the financial year ended September 30, 2023. The cost of sales included costs of materials for purchased goods of €17,912 million in the financial year ended September 30, 2023 (financial year 2021/22: €17,536 million).

Other operating income

Other operating income decreased by €1 million, or 0.4%, from €253 million in the financial year ended September 30, 2022 to €252 million in the financial year ended September 30, 2023. The decrease was primarily attributable to lower miscellaneous other operating income, which related to income from claims for damages of €13 million (financial year 2021/22: €36 million). The increase was offset, in part, by an increase in income from deconsolidation to €21 million (financial year 2021/22: €2 million) related to the disposal of the MediaMarkt Portugal business.

Selling expenses

Selling expenses increased by €40 million, or 1.2%, from €3,301 million in the financial year ended September 30, 2022 to €3,341 million in the financial year ended September 30, 2023. The cost of materials increased due to higher subsidiary rental costs, expenses for goods management, insurance and energy costs. The increase was offset, in part, by lower depreciation and amortization.

General administrative expenses

General administrative expenses increased by €34 million, or 5.5%, from €613 million in the financial year ended September 30, 2022 to €647 million in the financial year ended September 30, 2023. The increase was attributable to higher personnel expenses, primarily due to wage and salary adjustments and severance payments. It was partially offset by a decrease in cost of materials as a result of lower IT costs.

Other operating expenses

Other operating expenses increased by €70 million from €6 million in the financial year ended September 30, 2022 to €76 million in the financial year ended September 30, 2023. The increase was primarily attributable to impairment and deconsolidation with respect to MediaMarkt Sweden in an amount of €69 million in the financial year ended September 30, 2023 (see "*Business—Other Shareholdings and Transactions—Power – Sale of the Swedish Media Markt business*").

Interest income

Interest income increased by €40 million, or 166.7%, from €24 million in the financial year ended September 30, 2022 to €64 million in the financial year ended September 30, 2023. The increase was primarily attributable to interest income from banks as a result of higher deposits.

Interest expenses

Interest expenses increased by €84 million, or 118.3%, from €71 million in the financial year ended September 30, 2022 to €155 million in the financial year ended September 30, 2023. The increase was primarily attributable to higher interest expenses from lease liabilities and post-employment benefit plans as well as bank commissions.

Other financial result

Other financial result increased by €92 million, or 418.2%, from €(22) million in the financial year ended September 30, 2022 to €70 million in the financial year ended September 30, 2023. Other financial income included income from derecognized currency effects in connection with the deconsolidation of MediaMarkt Sweden of €76 million and income from currency effects and measurement results of currency hedging transactions and currency hedging relationships and gains on remeasuring liabilities from non-Group shareholders' put options and from multi-year compensation payments to minority shareholders based on profit and loss transfer agreements concluded with selected store entities of €3 million (financial year 2021/22: €24 million).

In the financial year ended September 30, 2023, other financial expenses included expenses from currency effects and measurement results of currency hedging transactions and currency hedging relationships and expenses for credit and commitment fees for adjusted credit facilities of €17 million (financial year 2021/22: €16 million).

Income taxes

Income taxes show a total movement of €76 million, or 93.8%, from €81 million in the financial year ended September 30, 2022 to €5 million, showcasing a tax income, in the financial year ended September 30, 2023. Current income taxes decreased due to the use of previously unrecognized tax losses of €4 million. Further reversal of impairment losses for deferred tax assets on loss carry-forwards and temporary differences resulted in deferred tax income of €86 million (financial year 2021/22: €204 million), which primarily related to the subsequent measurement of deferred tax assets at CECONOMY AG.

Profit or loss for the period

Profit or loss decreased by €167 million, or 128.5%, from €130 million in the financial year ended September 30, 2022 to €(37) million in the financial year ended September 30, 2023. The decrease was primarily attributable to the factors described above.

Financial year ended September 30, 2022 compared to financial year ended September 30, 2021

The following table shows certain items extracted or derived from our Audited Consolidated Financial Statements for the financial years presented:

	Financial year ended September 30,	
	2021	**2022**
	in € million	
	(audited)	
Sales	**21,361**	**21,768**
Thereof online	*6,932*	*5,346*
Thereof Services & Solutions	*1,102*	*1,340*
Cost of sales	(17,705)	(17,961)
Gross profit on sales	**3,656**	**3,808**
Other operating income	205	253
Selling expenses	(3,136)	(3,301)
General administrative expenses	(538)	(613)
Other operating expenses	(9)	(6)
Earnings share of operating companies recognized at equity	154	(30)
Net impairments on operating financial assets and contract assets	(5)	(5)
Earnings before interest and taxes (EBIT)	**326**	**105**
Other investment result	48	13
Interest income	14	24
Interest expenses	(67)	(71)
Other financial result	(26)	(22)
Net financial result	**(31)**	**(56)**
Earnings before taxes (EBT)	**296**	**49**
Income taxes	(53)	81
Profit or loss for the period	**256***	**130**

* Including profit or loss for the period from discontinued operations after taxes in an amount of €13 million.

Sales

Sales increased by €407 million, or 1.9%, from €21,361 million in the financial year ended September 30, 2021 to €21,768 million in the financial year ended September 30, 2022. This includes effects from the first-time application of IAS 29 (hyperinflation in Türkiye) of €80 million. The sales performance was also supported by 16 new stores in the past financial year 2021/22 and in the previous year by eleven new stores as well as the acquisition of 17 stores formerly belonging to Worten Equipamentos do Lar S.A. in Spain in April 2021. The closure of ten stores in the past financial year and 33 closures in the previous financial year had an opposite effect. Adjusted for currency effects and portfolio changes, sales increased by 3.2%. On a like-for-like basis, Group sales were 3.5% higher than the previous year.

Total sales of €21,768 million in the financial year ended September 30, 2022 include external sales of €9,801 million (financial year 2020/21: €9,739 million) in Germany, €2,477 million (financial year 2020/21: €2,430 million) in Italy and €2,305 million (financial year 2020/21: €2,232 million) in Spain.

The following table shows the breakdown of our external sales by segment for the periods indicated:

	Financial year ended September 30,	
	2021	**2022**
	in € million (audited)	
DACH	12,003	12,046
Western/Southern Europe	7,026	7,158
Eastern Europe	1,781	2,054
Others	551	510

In the financial year ended September 30, 2022, sales in the DACH segment increased by 0.4% compared to the previous year to €12,046 million. Adjusted for currency and portfolio change effects, segment sales increased by 0.2%. In Germany, the brick and-mortar business recovered after further easing of COVID-19 restrictions over the course of the financial year. However, the impact of the Russian war against the Ukraine and rising inflation on consumer confidence largely offset this effect. Hungary saw a clear increase in sales, mainly driven by government assistance (higher disposable household incomes due to wage increases and tax breaks) and the inflationary price development. In Austria and Switzerland, sales decreased year-on-year due to worse consumer sentiment and individual availability shortages.

In the financial year ended September 30, 2022, sales in the Western/Southern Europe segment increased by 1.9% compared to the previous year to €7,158 million. There were no currency or portfolio change effects. Strong sales growth was mainly recorded in Spain and the Netherlands. In Spain, several VAT campaigns boosted sales performance. While sales in Italy likewise increased slightly by 1.9%, the other countries in the segment posted a sales decline against the prior-year period. This was mainly due to the increased cost of living over the course of the second half of financial year 2021/22, which substantially curbed consumer sentiment.

In the financial year ended September 30, 2022, sales in the Eastern Europe segment increased by 15.3% compared to the previous year to €2,054 million. This includes effects from the first-time application of IAS 29 (hyperinflation in Türkiye) of €80 million. In the reporting period, segment sales in Group currency were adversely affected by the sharp depreciation of the Turkish lira. Adjusted for currency effects and portfolio changes, segment sales increased by 38.2%. Türkiye developed positively as a result of the good market position, newly opened stores and inflation, posting a significant sales increase. Sales likewise increased in Poland, also driven by inflation.

In the financial year ended September 30, 2022, sales in the Others segment declined by 7.4% compared to the previous year to €510 million. Adjusted for currency and portfolio change effects, sales were 5.3% below the previous year's level. This development is due especially to the business performance in Sweden.

In the financial year ended September 30, 2022, online sales decreased by €1,586 million, or 22.9%, from €6,932 million the financial year ended September 30, 2021 to €5,346 million in the financial year ended September 30, 2022 and Services & Solutions sales increased by €238 million, or 21.6%, from €1,102 million in the financial year ended September 30, 2021 to €1,340 million in the financial year ended September 30, 2022.

Cost of sales

Cost of sales increased by €256 million, or 1.4%, from €17,705 million in the financial year ended September 30, 2021 to €17,961 million in the financial year ended September 30, 2022. The increase was primarily attributable to an increase in the costs of materials for purchased goods of €17,536 million (financial year 2020/21: €17,285 million).

Other operating income

Other operating income increased by €48 million, or 23.4%, from €205 million in the financial year ended September 30, 2021 to €253 million in the financial year ended September 30, 2022. The increase was primarily attributable to the gain on the net monetary position which resulted from restatements of operating items. For better representation of operating profitability, this was recognized in other operating income as a counter position to the negative effects in the operating earnings €(56) million. The increase was offset, in part, by a decline in services rendered to suppliers which resulted mainly from lower service charges in Germany as well as lower miscellaneous other operating income The miscellaneous other operating income particularly included income from claims for damages of €36 million (financial year 2020/21: €7 million), income from government grants of €4 million (financial year 2020/21: €43 million), of which €2 million (financial year 2020/21: €40 million) relates to grants in response to the COVID-19 pandemic. The latter related primarily to economic aid in connection with the temporary closure of stores. It also included, among other things, income from the derecognition of statute-barred liabilities of €3 million (financial year 2020/21: €4 million).

Selling expenses

Selling expenses increased by €165 million, or 5.3%, from €3,136 million in the financial year ended September 30, 2021 to €3,301 million in the financial year ended September 30, 2022. The increase was primarily attributable to higher personnel expenses included in selling expenses related to the discontinuation of short-time working during the COVID-19 pandemic in the previous year. Personnel expenses included in selling expenses included government grants in connection with the COVID-19 pandemic of €0 million (financial year 2020/21: €42 million). In addition, the cost of materials increased primarily because of higher energy costs and higher costs for surveillance in the brick-and-mortar stores as a result of the discontinuation of closures during the COVID-19 pandemic in the previous year. Lower costs for credit card fees had the opposite effect.

General administrative expenses

General administrative expenses increased by €75 million, or 13.9%, from €538 million in the financial year ended September 30, 2021 to €613 million in the financial year ended September 30, 2022. The increase was primarily attributable to higher personnel expenses included in general administrative expenses due to the decline in short-time working in response to the COVID-19 pandemic in the previous year. Personnel expenses included in general administrative expenses are also inclusive of government grants in response to the COVID-19 pandemic of €0 million (financial year 2020/21: €2 million). The increase also related to an increase in cost of materials primarily due to IT costs.

Other operating expenses

Other operating expenses decreased by €3 million, or 33.3%, from €9 million in the financial year ended September 30, 2021 to €6 million in the financial year ended September 30, 2022. The decrease was primarily attributable to losses from the disposal of miscellaneous property, plant and equipment included in the previous year due to three store closures in Belgium.

Interest income

Interest income increased by €10 million, or 71.4%, from €14 million in the financial year ended September 30, 2021 to €24 million in the financial year ended September 30, 2022. The increase was primarily due to tax refunds and the reversal of a value added tax provision.

Interest expenses

Interest expenses increased by €4 million, or 6.0%, from €67 million in the financial year ended September 30, 2021 to €71 million in the financial year ended September 30, 2022 and was almost on a par with the financial year ended September 30, 2022.

Other financial result

Other financial result increased by €4 million, or 15.4%, from €(26) million in the financial year ended September 30, 2021 to €(22) million in the financial year ended September 30, 2022. The increase was primarily attributable to higher other financial income, which included income from currency effects and measurement results of currency hedging transactions and currency hedging relationships in the financial year ended September 30, 2022 of €33 million (financial year 2020/21: €21 million) and gains on remeasuring liabilities from non-Group shareholders' put options and from multi-year compensation payments to minority shareholders based on profit and loss transfer agreements concluded with selected store entities of €24 million (financial year 2020/21: €26 million). Other financial expenses included expenses from currency effects and measurement results of currency hedging transactions and currency hedging relationships in the financial year ended September 30, 2022 of €58 million (financial year 2020/21: €29 million) and expenses for credit and commitment fees for adjusted credit facilities of €16 million (financial year 2020/21: €32 million).

Income taxes

Income taxes changed by €134 million, or 252.8%. Whilst there was a recognized tax expense in the financial year 2020/21 in the amount of €(53) million, a tax income in the amount of €81 million was accounted for in the financial year 2021/22. The increase was primarily attributable to the first-time recognition of deferred tax assets, particularly on loss carry-forwards at the level of CECONOMY AG, which related to the conclusion of the profit and loss transfer agreement between CECONOMY Retail GmbH and MediaSaturn Deutschland GmbH following the Convergenta transaction. In addition, effective taxes declined mainly due to the earnings decline in Germany.

Profit or loss for the period

Profit or loss decreased by €126 million, or 46.5%, from €256 million in the financial year ended September 30, 2021 to €130 million in the financial year ended September 30, 2022. The decrease was primarily attributable to the factors described above. Profit or loss for the financial year ended September 30, 2021 included profit or loss for the period from discontinued operations after taxes in an amount of €13 million in connection with the disposal of the Russian MediaMarkt business in financial year 2017/18.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are cash flows from operating activities and financing from banks and the Existing Notes. Following the issuance of the Notes, a portion of our long-term indebtedness will also consist of the Notes. Our ability to generate cash flow from operating activities depends on our future operating performance, which, in turn, is dependent on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. Although we believe that our expected cash flows from operating activities, together with available borrowings, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operating activities or that future debt financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs. See "*Risk Factors—Risks Related to Our Financial Profile*".

Cash Flows

The following table sets forth our cash flows for the financial years ended September 30, 2021, 2022 and 2023 as well as for the six months ended March 31, 2023 and 2024:

	Financial year ended September 30,				**Six months ended March 31,**	
	2021	**2022***	**2022**** (amended)	**2023**	**2023**	**2024**
				in € million		
			(audited)		**(unaudited)**	
Cash flow from operating activities	**450**	**219**	**127**[(1)]	**1,004**	**594**[(3)]	**344**
Cash flow from investing activities	**(263)**	**(65)**	**(35)**[(2)]	**(236)**	**(86)**[(4)]	**(63)**
Cash flow from financing activities	**(77)**	**(905)**	**(932)**[(1),(2)]	**(649)**	**(275)**[(4)]	**(293)**
Cash and cash equivalents as of beginning of the period according to statement of financial position	**1,484**	**1,582**	**n.a.**	**769**	**769**	**897**
Cash and cash equivalents at the end of period according to statement of financial position	**1,582**	**769**	**n.a.**	**897**	**1,004**	**897**

* As set out in the 2022 Audited Consolidated Financial Statements.

** Taken from the comparative figures as set out in the 2023 Audited Consolidated Financial Statements.

(1) Adjustments due to a change in presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Further explanations can be found in the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement".

(2) Adjustments due to a change in presentation. Further explanations can be found in the notes of the 2023 Audited Consolidated Financial Statements under note "35 Notes to the cash flow statement".

(3) Adjustments due to a change in presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Further explanations can be found in the notes of the Unaudited Interim Consolidated Financial Statements under note "Notes to the cash flow statement".

(4) Adjustments due to a change in presentation. Further explanations can be found in the notes of the Unaudited Interim Consolidated Financial Statements under note "Notes to the cash flow statement".

Six months ended March 31, 2024 compared to six months ended March 31, 2023

Cash flow from operating activities

Cash flow from operating activities decreased by €250 million, or 42.1%, from €594 million in the six months ended March 31, 2023 to €344 million in the six months ended March 31, 2024. The decrease was primarily attributable to change in net working capital.

In the six months ended March 31, 2024, the planned increase in inventories to counteract supply chain risks had a negative impact on the change in net working capital. This was partially offset by the increase in trade liabilities and similar liabilities due to a positive sales performance and an increased order volume. In the six months ended March 31, 2023, cash inflow was mainly driven by a reduction in inventories, starting from a higher level at the beginning of the financial year and declining receivables from suppliers, more than offsetting the decrease in trade liabilities and similar liabilities. Other operating cash flow in the six months ended March 31, 2024 were impacted by a cash outflow of €78 million (H1 2022/23: €33 million), mainly due to the reversal of the positive earnings contribution from companies accounted for using the equity method. In the six months ended March 31, 2023, we generated a cash inflow from the realization of claims for damages. Cash outflow from income tax payments in the six months ended March 31, 2024 was lower compared to the six months ended March 31, 2023.

Cash flow from investing activities

Cash outflow from investing activities decreased by €23 million, or 26.7%, from a cash outflow of €86 million in the six months ended March 31, 2023 to a cash outflow of €63 million in the six months ended March 31, 2024. The lower cash outflow was in particular due to cash inflows from investment income and higher interest payments received. At the same time, cash investments in property, plant and equipment were slightly lower compared to the six months ended March 31, 2023.

Cash flow from financing activities

Cash outflow from financing activities increased by €18 million, or 6.5%, from a cash outflow of €275 million in the six months ended March 31, 2023 to a cash outflow of €293 million in the six months ended March 31, 2024. The cash outflow from financing activities was mainly related to the repayment of liabilities from leases. Compared to the previous period, in particular the repayment of promissory note loans in an amount of €50 million led to a higher cash outflow in the six months ended March 31, 2024. In addition, the generally higher interest rate level contributed to an increase in interest paid. In contrast, the net issuance of commercial paper under the Euro Commercial Paper Program, which was issued to raise short-term funds, led to an inflow of funds in the six months ended March 31, 2024. In addition, a higher cash inflow was generated from the drawing of bilateral credit lines in an amount higher than in the previous period.

Financial year ended September 30, 2023 compared to the financial year ended September 30, 2022

For a better understanding of the shown figures, please note that the numbers as of and for the financial year ended September 30, 2022 presented in this paragraph are taken or derived from the comparative figures as set out in the 2023 Audited Consolidated Financial Statements and therefore are partially amended.

Cash flow from operating activities

Cash flow from operating activities increased by €877 million from €127 million (amended) in the financial year ended September 30, 2022 to €1,004 million in the financial year ended September 30, 2023. The increase was almost exclusively due to the significant improvement in the change in net working capital.

In the financial year ended September 30, 2023, the change in net working capital resulted in a cash outflow of €332 million compared to a cash outflow of €381 million (amended) in the financial year ended September 30, 2022, mainly due to conscious inventory management resulting in an improvement in the inventory level in the financial year ended September 30, 2023, following an increase of inventories in the financial year ended September 30, 2022. Furthermore, receivables due from suppliers generated cash outflow in the financial year ended September 30, 2022 and resulted in cash inflow in the financial year ended September 30, 2023, partly due to improved receivables management.

In addition to the change in net working capital, the improvement in cash flow from operating activities was also driven by other operating cash flow, which amounted to €42 million in the financial year ended September 30, 2023 (financial year 2021/22: cash outflow of €131 million (amended)). This mainly comprised the payment received from a claim for damages first recognized in the financial year ended September 30, 2023 and the non-cash increase in payroll liabilities. The correction of the likewise non-cash result from the investment in Fnac Darty S.A. also contributed to an improvement in other operating cash flow. Other taxes had the opposite effect with a cash outflow of €84 million in the financial year ended September 30, 2023 compared to a cash outflow of €31 million in the financial year ended September 30, 2022, mainly due to the end of COVID-19 measures in foreign countries. In addition, cash outflow from income taxes paid decreased from €130 million (amended) in the financial year ended September 30, 2022 to €109 million in the financial year ended September 30, 2023, in particular from lower tax prepayments of the current financial year and lower cash outflows for back-payments of previous years.

Cash flow from investing activities

Cash outflow from investing activities increased by €201 million, from €35 million (amended) in the financial year ended September 30, 2022 to €236 million in the financial year ended September 30, 2023. The increase was primarily attributable to a cash inflow from the change in current financial assets in the financial year ended September 30, 2022 in the amount of €150 million (amended) with no such effect in the financial year ended September 30, 2023. In addition, other investments increased to a cash outflow of €81 million in the financial year ended September 30, 2023 (financial year 2021/22: cash outflow of €48 million), mainly attributable to a loan to Power International AS, which was granted in connection with the sale of the Swedish MediaMarkt business. Furthermore, cash flow from investing activities in the financial year ended September 30, 2023 was influenced by cash outflows from disposals of companies of €57 million (financial year 2021/22: €1 million) in connection with the sale of the MediaMarkt business in Sweden and in Portugal. Cash proceeds from disposals of long-term assets and other disposals and cash proceeds from profit and loss transfers decreased to €29 million in the financial year ended September 30, 2023 (financial year 2021/22: €40 million) and €1 million (financial year 2021/22: €13 million (amended)), respectively. The lower cash inflow from profit and loss transfers is mainly attributable to the lack of investment income from M.video. Finally, cash flow from financing activities was affected by interest payments received of €48 million in the financial year ended September 30, 2023 (financial year 2021/22: €17 million (amended)) and payments for investments in property, plant and equipment of €176 million in the financial year ended September 30, 2023 (financial year 2021/22: €206 million).

Cash flow from financing activities

Cash outflow from financing activities decreased by €283 million, or 30.4%, from €932 million (amended) in the financial year ended September 30, 2022 to €649 million in the financial year ended September 30, 2023. The decrease was primarily attributable to the payment of the cash component agreed as part of the Convergenta transaction of €130 million and to profit distributions of €104 million, including the distribution of a dividend to CECONOMY AG shareholders amounting to €63 million in the financial year ended September 30, 2022. The cash flow from financing activities in the financial year ended September 30, 2022 was affected by the repayment of maturing promissory notes together totaling €189 million as well as an inflow from the issuance of two new promissory notes of €60 million with a term of five years. In addition, the cash outflow from financing activities in the financial year ended September 30, 2023 was particularly influenced by the redemption of lease liabilities of €489 million (financial year 2021/22: €496 million (amended)) and interest payments of €129 million in the financial year ended September 30, 2023 (financial year 2021/22: €74 million). In the financial year ended September 30, 2023, other financing activities also resulted in a cash outflow of €19 million (financial year 2021/22: €11 million (amended)).

Financial year ended September 30, 2022 compared to the financial year ended September 30, 2021

For a better understanding of the shown figures, please note that the numbers as of and for the financial years ended September 30, 2022 and September 30, 2021 presented in this paragraph are taken or derived from the 2022 Audited Consolidated Financial Statements and do not consider amendments made in the 2023 Audited Consolidated Financial Statements.

Cash flow from operating activities

Cash flow from operating activities decreased by €231 million, or 51.3%, from €450 million in the financial year ended September 30, 2021 to €219 million in the financial year ended September 30, 2022. The decrease was primarily attributable to lower reported EBITDA of €866 million the financial year ended September 30, 2022 compared to €948 million the financial year ended September 30, 2021 and increased cash outflow from other operating activities of €118 million the financial year ended September 30, 2022 compared to a cash inflow of €1 million the financial year ended September 30, 2021. The development of reported EBITDA resulted primarily from an increase in personnel and expenses for marketing activities.

Other taxes and payroll liabilities in particular had a negative effect on cash flow from operating activities in the financial year ended September 30, 2022, largely attributable to the expiration of COVID–19-related VAT deferrals as well as higher payments for profit shares and performance bonuses in the financial year ended September 30, 2022 as well as severance and other employee obligations recognized as liabilities in the financial year ended September 30, 2021. In addition, income tax payments had a negative effect on cash flow from operating activities in the financial year ended September 30, 2022 resulting in particular from higher tax prepayments and back-payments of taxes for previous years. Moreover, higher investments in property, plant and equipment in connection with store modernizations and modularization resulted in cash outflow of €206 million in the financial year ended September 30, 2022 (financial year 2020/21: €141 million).

Cash flow from investing activities

Cash outflow from investing activities decreased by €198 million, or 75.3%, from €263 million in the financial year ended September 30, 2021 to €65 million in the financial year ended September 30, 2022. The decrease was primarily attributable to higher cash inflow from net divestments of financial investments and securities of €515 million in the financial year ended September 30, 2022 compared to €153 million in the in the financial year ended September 30, 2021, partly offset by higher cash outflow from net investment in financial investments and securities, which amounted to €365 million in the financial year ended September 30, 2022 (financial year 2020/21: €218 million).

Cash flow from financing activities

Cash flow from financing activities increased by €828 million from €77 million in the financial year ended September 30, 2021 to €905 million in the financial year ended September 30, 2022. The increase was primarily attributable to the issuance of the Existing Notes, which led to a correspondingly higher cash flow from financing activities in the financial year ended September 30, 2022. In addition, the cash flow from financing activities in the financial year ended September 30, 2021 was negatively affected by the payment of the cash component of €130 million agreed as part of the Convergenta transaction as well as the distribution of a dividend of €63 million to the shareholders of CECONOMY AG in the financial year ended September 30, 2022 (financial year 2020/21: €0 million). The cash flow from financing activities in the financial year ended September 30, 2022 was also affected by the repayment of maturing promissory notes together totaling €189 million and cash inflow from the issuance of two new promissory notes of €60 million with a term of five years. Other short-term financing measures were largely repaid in the financial year ended September 30, 2022. In addition, the cash outflow from financing activities in the financial year ended September 30, 2022 was influenced by the redemption of lease liabilities of €498 million (financial year 2020/21: €503 million) and interest payments of €74 million in the financial year ended September 30, 2022 (financial year 2020/21: €62 million).

Investments/Divestments

Six months ended March 31, 2024

In the six months ended March 31, 2024, our investments amounted to €343 million, an increase of €76 million compared to the six months ended March 31, 2023 (H1 2022/23: €267 million). The increase was mainly due to higher right-of-use assets, which increased by €74 million compared to the previous period. The main drivers were investments in connection with the conversion of existing stores in Germany and Austria from core to lighthouse format and the increased number of new rental agreements entered into as part of the increased expansion activity. In addition, lease extensions and adjustments to existing stores led to a year-on-year increase in the number of new right-of-use assets. In the six months ended March 31, 2024, investments in additional expansion and modernization activities were almost at the levels of those as in the six months ended March 31, 2024.

The network of locations was expanded by a total of 19 locations in the six months ended March 31, 2024. We had six new openings in Italy, three in Türkiye and one new opening each in Austria, Belgium and Spain. In addition, we acquired seven stores in the Netherlands from the insolvent electronics retail chain BCC and reopened them under our own name. In contrast, one location in Spain was closed in the six months ended March 31, 2024. As of March 31, 2024, the total number of stores was 1,016 (March 31, 2023: 1,026 stores). Due to the closure of stores in Sweden (29 stores) and Portugal (10 stores) as a result of the disposal of our regional activities in the financial year ended September 30, 2023, total number of stores decreased as of March 31, 2024 compared to March 31, 2023.

Financial year ended September 30, 2023

In the financial year ended September 30, 2023, we invested €668 million, €94 million less than in the previous year (financial year 2021/22: €762 million). The decrease was primarily due to a lower addition of rental right-of-use assets. This development was mainly driven by a greater number of rental agreement extensions in the previous year, especially in the Netherlands, Italy and Spain, and higher prior-year investments for individual stores, such as the TechVillages in Rome and Vienna. Investments in modernization measures were also lower than in the previous year. In contrast, investments in expansion activities increased. In addition, the minority stake in Power Retail Sweden was obtained during the financial year ended September 30, 2023, which led to a higher investment in mergers and acquisitions than in the financial year ended September 30, 2022.

A total of 23 new stores were opened in the financial year ended September 30, 2023, after 16 in the previous year. However, ten stores were closed in the reporting period. In addition, 29 Swedish stores and ten Portuguese stores were disposed of as a result of portfolio measures. Ten stores were also closed in the previous year. At the end of the financial year ended September 30, 2023, the total number of stores was 998 (financial year 2021/22: 1,024 stores). Eight of these were stores in the Lighthouse format (financial year 2021/22: six stores). The total selling space amounted to 2,465 thousand square meters after 2,512 thousand square meters in the previous year. Financial year ended September 30, 2022.

Financial year ended September 30, 2022

In the financial year ended September 30, 2022, we invested €762 million, €6 million more than in the previous year (financial year 2020/21: €757 million). The addition of right-of-use assets of €498 million was €53 million lower than the previous year's figure (financial year 2020/21: €551 million). This resulted in particular from a lower number of rental agreement extensions and new stores, which was also reflected in lower capital expenditure for expansion activities. In addition, the previous year's figure was increased by the addition of right-of-use assets from the conclusion and extension of rental agreements for logistics centers in Germany. The lower addition of right-of-use assets in the financial year ended September 30, 2022 was more than compensated for by the increase in investments in modernization. These resulted from the advancement of store modernizations and modularization and the conversion of existing stores into "Lighthouse" formats, especially in Germany and Italy.

A total of 16 new stores were opened in the financial year ended September 30, 2022, after eleven in the previous year. Furthermore, 17 stores were added in the previous year in connection with the acquisition of Worten Equipamentos do Lar S.A. in Spain. However, ten stores were closed in the reporting period, after 33 closures in the previous year.

Net Working Capital

We define net working capital as inventories plus (i) trade receivables and similar claims and (ii) receivables due from suppliers less trade liabilities and similar liabilities. Trade receivables and similar claims consist of trade receivables and contract assets representing commission claims from mobile communications providers. Both trade receivables and contract assets contain continuing involvements from factoring programs. Receivables due from suppliers primarily include invoiced receivables and accruals for subsequent supplier compensation, such as staggered bonuses based on the calendar year, which depend on expected purchasing volumes and advertising subsidies. Trade liabilities and similar liabilities include trade liabilities, contract liabilities resulting from payments received that were not yet recognized as sales and liabilities from continuing involvement recognized in connection with factoring programs.

The table below sets forth our net working capital for the dates indicated:

	As of September 30,			As of March 31,
	2021	2022	2023	2024
	in € million			
	(audited, except as otherwise indicated)			(unaudited)
Inventories	3,111	3,176	2,918	3,108
Trade receivables and similar claims	361	440	490	522
Receivables due from suppliers	1,142	1,296	1,207	1,245
Trade liabilities and similar liabilities	(5,470)	(5,340)	(5,320)	(5,451)
Net working capital*	**(855)**	**(428)**	**(705)**	**(576)**

* Unaudited.

Net working capital as of March 31, 2024 amounted to €(576) million compared to €(705) million as of September 30, 2023. The change resulted, in particular, from positive sales performance and an increased order volume, which had a positive impact on trade.

The continuous positive sales performance in conjunction with the increased order volume were the main drivers of the significant year-on-year increase in trade liabilities and similar liabilities, particularly in the Western/Southern Europe and Eastern Europe segments. The increase in receivables due from suppliers was mainly the result of higher accruals for subsequent remuneration, while the increase in trade receivables and similar claims was also influenced by the stronger commission business. Overall, the increase in trade payables and similar liabilities substantially offset the increase in receivables from suppliers and the rise in trade receivables and similar claims. As a result of active inventory management, inventories remained substantially unchanged compared to the previous year's level.

Net working capital as of September 30, 2023 amounted to €(705) million compared to €(428) million as of September 30, 2022. The change resulted, in particular, from the decrease of inventories due to the planned optimization by €258 million to €2,918 million (September 30, 2022: €3,176 million).

Net working capital as of September 30, 2022 amounted to €(428) million compared to €(855) million as of September 30, 2021. Receivables due from suppliers increased by €154 million to €1,296 million (September 30, 2021: €1,142 million) due to higher subsequent supplier income. Trade receivables and similar claims rose by €79 million to €440 million (September 30, 2021: €361 million) as a result of the stronger commission business in the financial year ended September 30, 2022. Inventories increased slightly by €65 million to €3,176 million (September 30, 2021: €3,111 million) while trade liabilities and similar liabilities decreased by €130 million to €5,340 million (September 30, 2021: €5,470 million), particularly due to shorter payment terms, resulting among other things from direct purchases from selected manufacturers as well as a law change in Belgium.

Contractual Obligations

The following table shows the maturity of our borrowings as of September 30, 2023. For additional information, see the 2023 Audited Consolidated Financial Statements, included elsewhere in this Offering Memorandum, as well as "*Description of Certain Financing Arrangements*".

	As of September 30, 2022				As of September 30, 2023			
	Total	Up to 1 year	1 to 5 years	Over 5 years	Total	Up to 1 year	1 to 5 years	Over 5 years
				in € million (audited)				
Trade liabilities and similar liabilities	**5,340**	**5,275**	**65**	**0**	**5,320**	**5,249**	**71**	**0**
Thereof bills of exchange liabilities (non-interest-bearing)	*(461)*	*(461)*	*(0)*	*(0)*	*(508)*	*(508)*	*(0)*	*(0)*
Bonds	641	32	609	0	654	27	617	0
Liabilities to banks	48	48	0	0	33	33	0	0
Promissory note loans	122	1	121	0	122	50	72	0
Lease liabilities	1,961	507	1,222	232	1,784	474	1,119	192
Borrowings	**2,773**	**589**	**1,952**	**232**	**2,584**	**584**	**1,808**	**192**
Payroll liabilities	232	232	0	0	272	272	0	0
Liabilities from other financial transactions	0	0	0	0	0	0	0	0
Miscellaneous financial liabilities	142	128	2	12	145	134	1	10
Other financial liabilities	**374**	**360**	**2**	**12**	**417**	**405**	**1**	**10**
Other tax liabilities	291	291	0	0	230	230	0	0
Deferred income	19	16	3	0	15	11	3	0
Miscellaneous non-financial liabilities	2	2	0	0	8	8	0	0
Other liabilities	**313**	**309**	**3**	**0**	**252**	**249**	**3**	**0**
Income tax liabilities	**72**	**72**	**0**	**0**	**43**	**43**	**0**	**0**
Total	**8,871**	**6,605**	**2,022**	**244**	**8,615**	**6,530**	**1,884**	**202**

Contingent Liabilities

As of September 30, 2023, contingent liabilities amounted to €42 million (September 30, 2022: €18 million) and consist mainly of a guarantee to a bank in connection with factoring, as well as income taxes and sales taxes (VAT).

Off-Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements that have had, or are reasonably likely to have, a material effect on our financial condition, changes in financial condition, income or expenses, results of operations, liquidity or capital resources.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a number of different market risks in the ordinary course of business, including interest rate risk, credit risk and liquidity risk. Our risk management strategy aims to minimize the adverse risks effects of market risks on our financial performance and results of operations.

Currency risk

We are exposed to currency risks as a result of the international procurement of goods and as a result of costs and financing incurred in a currency other than that of the respective country or linked to the performance of another currency. The foreign currency items that arise as a result must be hedged in accordance with our "Foreign Currency Risk" policy. Exceptions are permitted where hedging is not economically reasonable and where there are statutory and regulatory restrictions in the respective countries. Forward currency contracts/options and interest rate and currency swaps can be used for hedging purposes.

The foreign currency risk arising as a result of the exceptions is also presented using sensitivity analyses in accordance with IFRS 7. The following assumptions are applied in analyzing the depreciation or appreciation of the euro against foreign currencies:

- The total impact presented by sensitivity analyses, in terms of its amount and earnings effects, relates to the foreign currencies held within our consolidated subsidiaries and expresses the effect in the event of the depreciation or appreciation of the euro.

- The depreciation of the euro has a positive effect if a subsidiary whose functional currency is the euro has a foreign currency receivable, or if a subsidiary whose functional currency is not the euro has a liability in euro.

- The depreciation of the euro has a negative effect if a subsidiary whose functional currency is not the euro has a receivable in euro, or if a subsidiary whose functional currency is the euro has a foreign currency liability.

- By contrast, an appreciation of the euro has the opposite effect for all currency effects shown above.

The effects of the measurement of non-equity foreign currency positions translated using the closing rate in accordance with IAS 21 are recognized in the income statement in the sensitivity analyses. In the event of a net equity investment in a foreign operation, the effects of measurement using the closing rate are recognized in equity through other comprehensive income (OCI).

Forward currency contracts/options and interest rate and currency swaps that are not part of a qualified hedging relationship in accordance with IAS 39 affect the income statement through measurement at fair value. This is countered by the effects of the measurement of the hedged item held in foreign currency, hence the opposing effects are cancelled out if the hedge is fully effective.

We have exercised the option to continue applying the hedge accounting regulations of IAS 39. This option can be exercised until the IASB has completed its macro hedging project. This project is not expected to be finalized in the near future.

The effects of the currency translation of financial statements whose functional currency is not our reporting currency do not affect cash flows in local currency and are therefore not included in sensitivity analyses.

Our residual currency risk essentially relates to an inability to hedge certain currencies for legal reasons or owing to insufficient market depth.

Interest rate risk

Interest rate risks result from changes in interest rates. Interest rate derivatives can be used to mitigate these risks if necessary. Our residual interest rate risk is calculated using sensitivity analyses in accordance with IFRS 7. The following assumptions are applied in analyzing changes in interest rates:

- The total impact calculated by sensitivity analyses relates to holdings as of the closing date and expresses the effect for a year.

- Variable interest, primary financial instruments whose interest payments are not designated as a hedged item in cash flow hedges against changes in interest rates affect the net interest result in profit or loss in sensitivity analyses. Sensitivity to a change of ten basis points is calculated.

- Fixed interest primary financial instruments are not included in sensitivity analyses.

- Financial instruments designated as a hedge in a cash flow hedge against variable interest flows only affect the net interest result when the cash flows are triggered. However, the measurement of the hedge at fair value affects reserves retained from earnings in equity.

- Interest rate derivatives that are not part of a qualified hedging relationship in accordance with IAS 39 affect other financial result through measurement at fair value through profit or loss and the net interest result through the interest flows that arise.

Interest rate and currency risks are significantly reduced and limited by the principles set out in our internal treasury policies. These stipulate for us that any hedging operation must remain within predefined limits and must not increase risk exposure under any circumstances. We realize and accept that this greatly limits our ability to leverage current or expected interest rate or exchange rate movements to optimize our earnings.

In addition, only standard derivative financial instruments for which the correct financial and accounting presentation and measurement are guaranteed in our treasury's systems can be used for hedging purposes.

Liquidity risk

Liquidity risk describes the risk of being unable to obtain or provide cash, or of only being able to do so at higher cost. Liquidity risks arise, for example, as a result of temporary capital market disruptions, creditor default, insufficient credit facilities or failure of anticipated incoming payments to arise. The treasury department always ensures sufficient funds to cover the financial requirements for operating and investing activities as cost-efficiently as possible. The information necessary is provided by rolling three-month Group financial planning by the individual Group companies issued after the end of the financial year and undergoes deviation analysis. This financial planning is supplemented by short-term liquidity planning and updated on a rolling basis.

Financing instruments include money market and capital market products (bonds, promissory note loans, commercial papers, convertible bond) and multi-year syndicated credit facilities.

The facilities under the ESG Facilities Agreement are available to us for the reduction of liquidity risk. The standard covenants specified in the ESG Facilities Agreement, including financial ratios, were complied with at all times and are expected to be complied with in the future. CECONOMY AG also strengthened its liquidity base further by issuing the Existing Notes.

Intra-Group cash pooling allows Group companies to use the surplus liquidity of other company units to cover their liquidity requirements. This reduces the Group's amount of debt and thus its interest expenses. Furthermore, the expertise bundled in CECONOMY AG's treasury department is used to advise and assist Group companies in all relevant financial matters. This extends from planning financing of investment projects to assisting the financial officers of the individual Group companies in their talks with local banks and financial service providers. This firstly ensures the optimized use of our financial resources and secondly that all Group companies benefit from our financial standing in terms of their financing conditions.

Credit risk

Credit risks arise from a full or partial default by a counterparty, for instance as a result of insolvency, or in the context of financial investments and asset-side derivative financial instruments. Our maximum default exposure as of September 30, 2023 is reflected by the carrying amounts of our financial assets and totals €2,547 million (September 30, 2022: €2,527 million).

There was no material collateral for financial assets as of September 30, 2023.

The cash holdings included in "Cash and cash equivalents" of €61 million as of September 30, 2023 (September 30, 2022: €48 million) are not subject to any significant risk of default. In the context of the management of financial investments of €753 million (September 30, 2022: €611 million) and asset side derivative financial instruments of €0 million (September 30, 2022: €1 million), minimum credit requirements and individual maximum exposures have been defined for all our business partners. Cheques and money in transit are not included in the calculation of credit risks. The basis for this is a system of limits set out in treasury policies, which are essentially based on ratings provided by international rating agencies, the development of the credit default swap or internal credit checks. Each of our counterparties is assigned an individual limit, compliance with which is monitored on an ongoing basis. As of September 30, 2023, approximately 79% (September 30, 2022: approximately 89%) of the investment volume was placed with investment grade counterparties, in other words, those with good or very good credit ratings. The counterparties that do not yet have an internationally recognized rating are renowned financial institutions whose credit can be considered impeccable on the basis of analyses. We also operate in countries whose financial institutions do not have an investment grade on account of their country's rating. It is necessary and reasonable to cooperate with these institutions for reasons specific to the countries in question and in terms of cost and efficiency considerations. These institutions account for approximately 18% of the total volume as of September 30, 2023 (September 30, 2022: approximately 10%). Our exposure to credit risks from financial investments is therefore low. We consider the probability of default when recognizing an asset for the first time and determines whether the credit risk has increased steadily in each reporting period. In order to assess whether the credit risk has increased significantly, the Company compares the asset's risk of default as of the closing date to its risk of default as of the date of first-time recognition. All available, appropriate and forward-looking information is taken into account, including the following indicators in particular:

- Internal rating models;
- External credit information (if available);

- Actual or anticipated substantial negative changes in a borrower's business situation or financial position that are expected to substantially alter its ability to settle its obligations;
- Significant increases in credit risk on other financial instruments of the same borrower; and
- Material changes in the borrower's expected performance and behavior, including changes in the borrower's payment status within the Group and changes in the borrower's operating results.

Macroeconomic information (such as market interest rates or growth rates) and other forward-looking information are taken into account in the internal rating model. For trade and provider receivables, these are taken into account in the corresponding operating segment by means of a forecast for the subsequent year of the annual change in company insolvencies. The above analysis notwithstanding, a significant increase in credit risk is presumed if an obligor's contractual payment is more than 30 days past due. Financial assets are transferred from level 1 or 2 to level 3 as soon as there is objective evidence of impairment. We also use indicators including the following:

- Significant financial difficulty of the debtor;
- A breach of contract, such as default or delinquency in interest and/or principal payment;
- Disappearance of an active market for the financial asset in question;
- Concessions granted for economic or contractual reasons due to the financial difficulty of the debtor; and
- Increased probability of bankruptcy or forfeiture procedures.

Critical Accounting Policies

The Audited Consolidated Financial Statements have been prepared in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, income and expenses during the relevant period. Although these judgments, estimates and assumptions are based on management's best knowledge of current events and circumstances, the actual results ultimately may differ from those estimates and assumptions. The section below presents accounting policies whose allocation required us to make judgments and use estimates and assumptions, as the underlying facts are of uncertain nature. As a result, any changes in these facts or assumptions may affect the results presented in our consolidated financial statements.

Judgments

Significant judgments that have the greatest material effect on the amounts reported in the Audited Consolidated Financial Statements including:

- Definition of the consolidation group by assessing control opportunities
- Determination of whether we act as principal or agent in sales transactions. If we obtain control over the goods or the service before they are transferred to the customer, we act as principal. If the Company does not obtain control over the goods or the service sold (before transfer to the customer), we act as agent. We act as principal when it sells physical goods, for example. However, we regularly act as an agent in the sale of software products, prepaid cards from external providers and warranties. The assessment requires discretion and depends on the respective contractual relationship.
- Allocation of the transaction price on the basis of the relative standalone selling prices in the case of multicomponent transactions and the associated sales recognition. A standalone selling price is indicated by the observable price of a good or service when the Company sells that good or service separately in similar circumstances and to similar customers. Multicomponent transactions take place, for example, when goods are sold in conjunction with service packages or extended warranties.
- Fair value measurements of financial instruments allocated to levels two and three in accordance with IFRS 9 and of good-will in connection with impairment tests.
- The definition of cash-generating units ("**CGUs**") within the Group to which the goodwill relates and the allocation of goodwill acquired via business combinations: For the purpose of impairment testing, the

goodwill is allocated to the CGUs that correspond to one country, as they are the lowest level at which the goodwill is monitored for internal management purposes and are not larger than an operating strategic market.

- When specific provisions for accounting in hyperinflationary economies are applied, the effects of the indexing of non-monetary assets and liabilities, equity and the items of the statement of comprehensive income are shown under "gain on the net monetary position". For better representation of operating profitability, the gain on the net monetary position (primarily from restatements of operating items) is recognized in other operating income as a counter-position to the negative effects in the operating earnings.

- Determination of lease term: At the commencement date, it is assessed whether the exercise of extension or termination options is reasonably certain. This assessment depends on facts and circumstances that provide an economic incentive for or against consideration of the option. In addition to economic incentives, the length of the basic rental period and past experience are also included in the assessment of the probability of exercise. Due to our diverse contract designs, term clusters are formed over the non-cancellable basic rental period, which can be used to assess the consideration of the option. Every individual factor or circumstance must be reviewed separately in order ultimately to make an overall assessment of the probability of exercise.

- Receivables due from suppliers: Compensation is often negotiated by the supplier on the basis of a target purchasing volume over the calendar year. At the end of the financial year, discretion is exercised regarding the achievement of the target purchasing volume at the end of the calendar year. An accrual is recognized on the basis of the probable purchasing volume.

Estimates and Assumptions

Estimates and underlying assumptions with significant effects for the Audited Consolidated Financial Statement include estimates and assumptions regarding:

- Group-wide definition of expected useful lives for depreciable assets;

- Ad hoc impairment test of depreciable assets;

- Annual test for indicators of impairment and, if necessary, impairment test of goodwill and investments accounted for using the equity method;

- Measurement of the lease liability and right-of-use asset from leases – especially to determine the probability of exercise of extension and termination options for leases, impairment of the right-of-use asset, and the interest rate, which in the absence of an incremental interest rate is generally calculated on the basis of the respective incremental borrowing rate.

- Recoverability and definition of receivables – especially receivables due from suppliers and from commissions;

- Measurement of variable supplier compensation;

- Measurement of contract assets;

- Measurement of inventories;

- Calculation of provisions for pensions and similar obligations;

- Calculation of other provisions – *e.g.*, for operating model, warranties, taxes and risks from legal proceedings;

- Estimation of expected returns and the associated sales recognition; and

- Calculation of deferred tax assets on loss carry-forwards, in particular to the associated planning horizon.

Please see the respective notes to the 2023 Audited Consolidated Financial Statements for more detailed information on our judgments, estimates and assumptions.

INDUSTRY

Historical and current market data used throughout this Offering Memorandum were obtained from external sources. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in the industry publications is not guaranteed. None of the Issuer, the Initial Purchasers or any of their respective advisors have independently verified this market data. While the Issuer is not aware of any material misstatements regarding any industry or similar data presented in this Offering Memorandum, estimates, particularly as they relate to market share and the Group's general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "Risk Factors" section of this Offering Memorandum. The Issuer does, however, accept responsibility for the correct reproduction of this information, and, as far as the Issuer is aware and is able to ascertain from information published, no facts have been omitted that would render the reproduced information inaccurate or misleading. Unless otherwise stated, certain industry data, in particular statements regarding CECONOMY's position in the markets in which it operates, are based on internal market research, analyses, observations, assessments and estimates of the Issuer, using internal data and underlying data from third-party sources and as such do not purport to cite or summarize any third-party or independent source and should not be read this way.

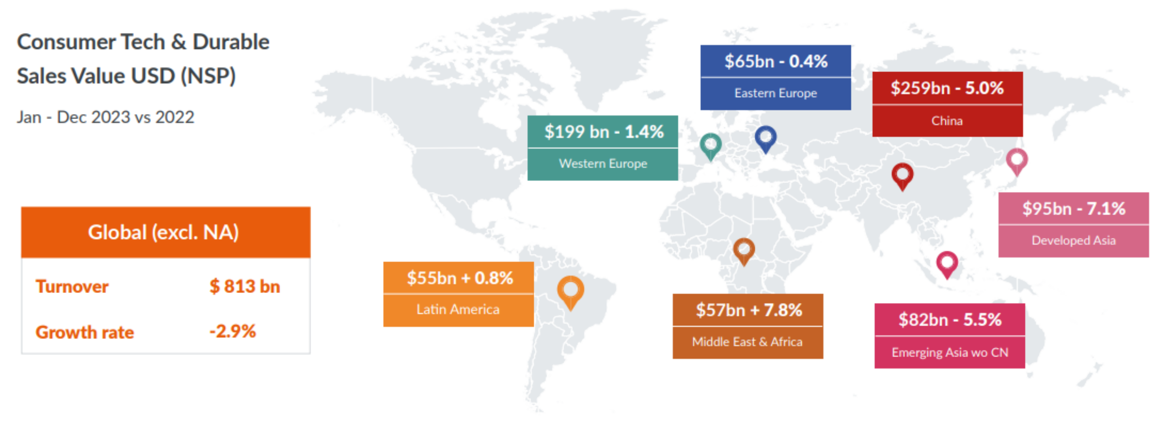
The projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. Therefore, any expectations and projections based upon such market data should not be unduly relied upon. See "Risk Factors" and "Forward Looking Statements".

*Please note that some statements, comments concerning the market overview, recent developments and outlook are related to the overall global and/or European market as defined by GfK Market Intelligence ("**GfK**") whilst some statements and comments are more focused on the addressable market for CECONOMY AG. The market definitions used by GfK and CECONOMY AG may, therefore, differ. Unless otherwise indicated, information in this section is derived from the Group's own data analysis. See "Important Information".*

Overview and Structure of the Market

Top Down Market Overview

CECONOMY, through the MediaMarkt and Saturn Retail Group, with over 1,000 stores supported by a team of approximately 48,300 employees as of March 31, 2024, combines two well-recognized banners, which CECONOMY believes have market leading positions in nine out of eleven countries, providing a wide range of products and services to consumers. CECONOMY has pan-European coverage, with a presence in eleven countries in the DACH region and in Western Europe, Southern Europe and Eastern Europe (including Türkiye).



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America), Sales revenue growth 2023 vs 2022?CE includes Multifunctional Technical Devices and SDA includes Personal Diagnostics

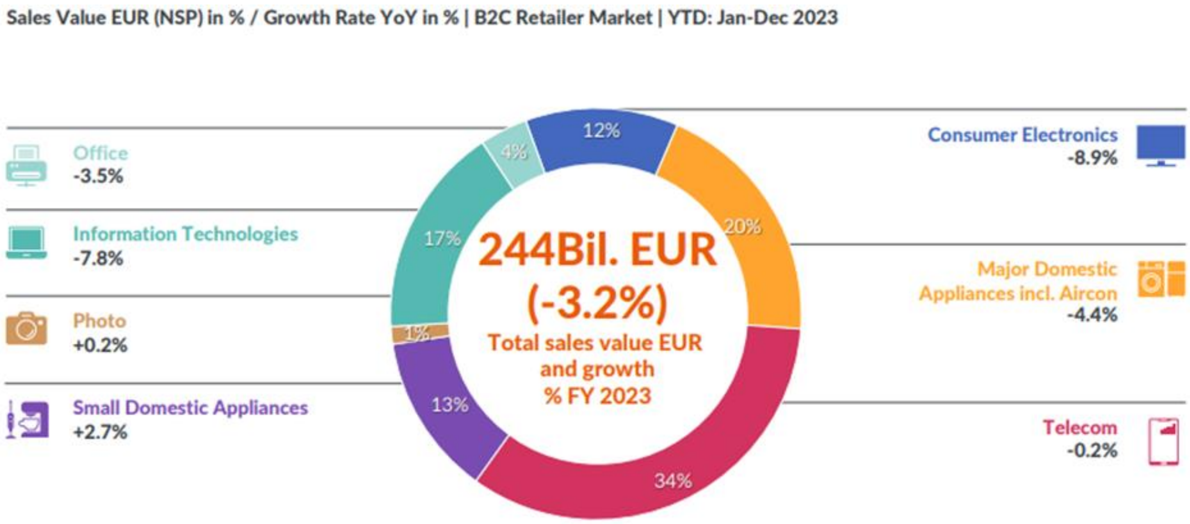
According to GfK, the global (excluding North America) consumer market for technology and durable products ("**Tech & Durable**") market was valued at $813 billion in calendar year 2023 (a decline of 2.9% compared to 2022). With the exception of Middle East and Africa ("**MEA**") and Latin America, all global regions saw a decline in sales value in 2023 (*source*: GfK Consumer Tech & Durables Outlook 2024). The global decline was driven by, among other things, lower consumer confidence due to weaker development of economic indicators, such as high inflation and slower growth in the job markets. For the Europe area, the OECD consumer confidence index ("**CCI**") reached a level of 98.1 in November 2023. Despite this being an increase compared to a CCI of 95.3 in September 2022, it remained below the long-term average of 100 (*source:* OECD). Signs of stabilization occurred during the fourth quarter of 2023, showing a growth in global sales for technical consumer goods of 2.3% compared to the fourth quarter of 2022 (*source*: GfK Consumer Tech & Durables Outlook 2024).

From a product category perspective, the market can be broken down as follows:

Product Category	Examples
Telecommunications	Smartphones and landline phones
Major domestic appliances ("**MDA**")	Refrigerators, ovens, dishwashers and washing machines
Small domestic appliances ("**SDA**")	Toasters, mixers, coffee machines and blenders
IT	Computers, tablets, routers and modems
Consumer Electronics	TVs, audio players and speakers
Office	Printers und cartridges
Photo	Cameras and accessories

Applying the GfK methodology (which, among others, is based on a cooperation of GfK with retailers, the measurement of sales directly at the point of sale and extrapolation of data), the total sales value of the European market for Tech & Durables was estimated at €244 billion at the end of calendar year 2023 (a decrease of approximately 3% compared to 2022), indicating a slightly stronger decline compared to the global (excluding North America) market. In the European market, telecommunications products dominate with a market share of 34%, predominantly driven by the smartphone market due to shorter replacement cycles and continuous technological improvements. MDA follows with a market share of 20% (*source*: GfK Consumer Tech & Durables Outlook 2024; GfK Tech & Durables Trends Report).

The chart below shows a breakdown by product category of the sales value in the European business-to-customer retailer market in 2023:

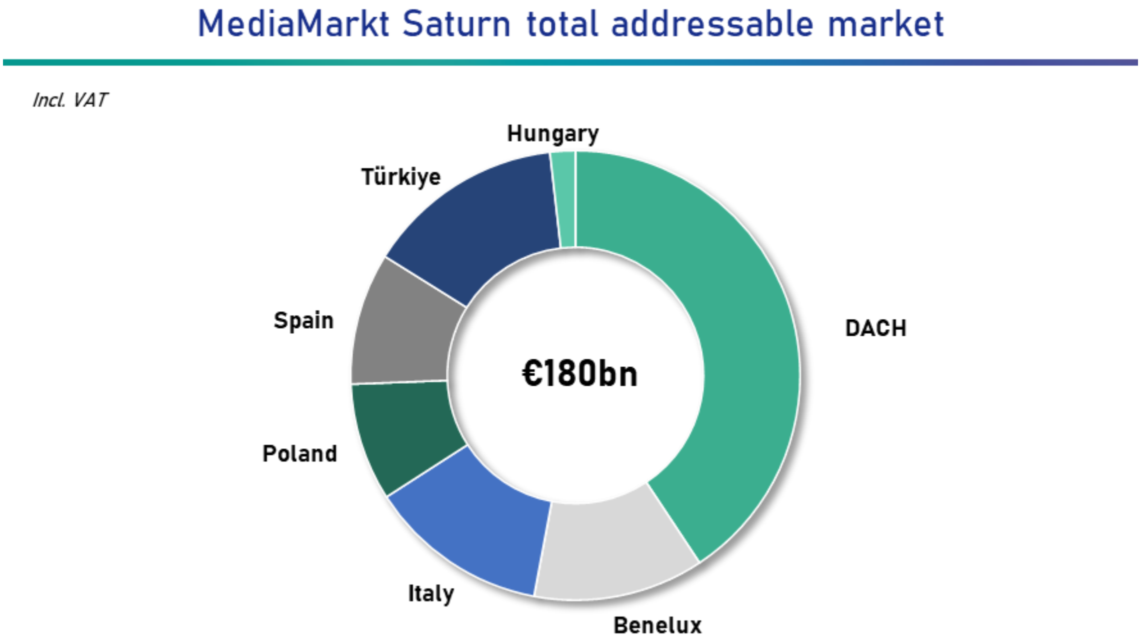


Source: GfK Consumer Tech & Durables Outlook 2024; GfK Tech & Durables Trends Report

Insights into CECONOMY's Addressable Market

CECONOMY takes a different approach to the foregoing broader presentation and top down view of the global and European tech and durables markets in its presentation of the total addressable market, which reflects the application of GfK data for the respective current year, certain underlying assumptions for future years and the implementation of various adjustments (all of which are subject to change), comprising (i) MediaMarkt Saturn country coverage, (ii) closing of coverage gaps versus GfK data and (iii) fiscal versus calendar year adjustments.

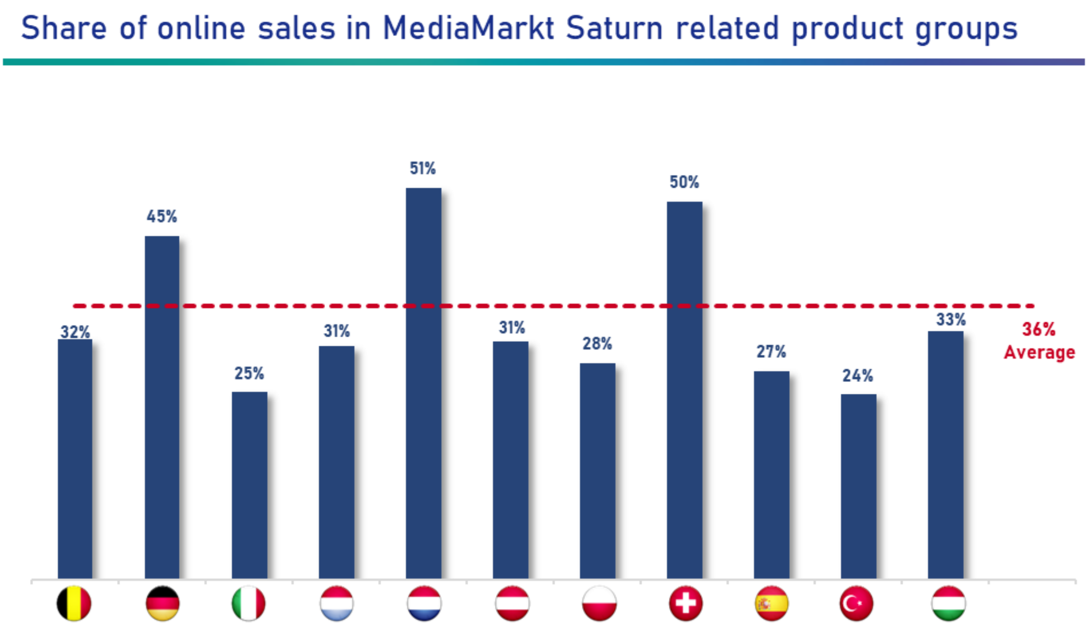
The chart below gives an indication of CECONOMY's (adjusted) total addressable market by sales volume for 2023, broken down according to the countries/regions in which CECONOMY operates:



Source: Company information

Points of Sale

Physical presence and product availability remain strong purchase criteria for customers, despite the growing presence of online sales channels in recent decades (*source*: Company information for MMS Countries based on GfK Consumer Tech & Durables Outlook 2024, GfK Retail Panel). E-commerce remains the channel with a high growth momentum for the sector; pure players are adapting to the digitalization of the ecosystem by developing their omnichannel presence through value-added services both online and in-store. In the financial year 2023, the share of online sales in countries in which CECONOMY operates through its MediaMarkt and Saturn brands in Belgium, Germany, Italy, Luxembourg, Netherlands, Austria, Poland, Switzerland, Spain, Türkiye and Hungary (collectively, the "**MMS Countries**") amounted to approximately 36%, with the Netherlands, Germany and Switzerland being at the forefront (with a share of online sales of more than 45% in each case).



Source: Company information; financial year 2023

Product and Service Diversification and Marketplace Offering

In addition to the traditional online and brick and mortar sales channels, new routes to customers, as well as an expanded product and service offering, have become popular in recent years across the retail sector. Driven by external factors such as inflation and the higher cost of living, as well as increasing considerations around sustainability, the overall retail ecosystem is focusing more on service propositions for customers such as subscription models and marketplaces for new and used products.

Up to 50% of retail profits in Western markets are expected to come from revenue sources such as marketplaces, advertising, and financial services by 2030 compared to approximately 10% in 2021 (*source*: Bain & Company). There is a general observation that retailers are continuing to build their own digital ecosystem around different revenue streams, including (i) loyalty programs, (ii) financial services, (iii) logistic services and (iv) transformation of the store portfolio and other services. The broader diversification of the ecosystem and the increase in touchpoints with customers helps improve customer loyalty. In addition, they represent valuable first-party data sources that can be levered by retailers. By enhancing the full range of the ecosystem, retailers can generate additional income from third-party sellers through fees for services and the build-out of marketplaces as well as the development of recurring revenue streams, such as membership or subscription programs with customers. Zooming into the marketplace offering, omnichannel retailers such as CECONOMY (for technical consumer goods) are rapidly building-up their platforms and assortments, while some category-specific platforms continue to be launched (*e.g.*, for baby products and B2B non-food products for the hospitality sector) (*source*: Flywheel).

Latest Developments in Consumer Electronics Retail Market

General Observations

The outbreak of the COVID-19 pandemic in 2020 and the Russia-Ukraine war have caused greater instability in overall economic and financial market conditions, both in Europe and globally. Further material economic uncertainty in 2023 hampered the global economic recovery, primarily through rising inflation, higher interest rates and sustained supply shortages. This resulted in negative effects on private consumption and planned public spending. The consumer electronics retail market continues to face challenges in an environment characterized by political and economic uncertainty, inflation and possible supply chain disruption.

From a global market perspective (based on GfK's definition of "global market"), there were several variations in performance and growth drivers across the different product categories (*source*: Company information; GfK Consumer Tech & Durables Outlook 2024):

- The SDA market saw slight growth in sales value in calendar year 2023 of approximately 1% compared to calendar year 2022, driven by comparably higher product innovation cycles as well as the lower pricing point compared to other product categories.

- Supported by shorter replacement cycles for products groups like smartphones as well as sector specific growth drivers (*e.g.*, roll-out of 5G), the telecommunications product category delivered a relatively stable performance in 2023 compared to the prior year with only a small decrease in sales value.

- With a growth of approximately 11% in calendar year 2023 compared to calendar year 2022, the photo market performed best across all product categories, benefitting from the return of travel and out-of-home activities.

- Driven by the higher costs of living (*e.g.*, impact of energy prices), MDA purchases were mostly concentrated around energy efficient products. From a global perspective, MDA sales value declined by approximately 2% compared to calendar year 2022.

- After an increase during calendar years 2020 and 2021, predominantly impacted by the COVID-19 pandemic, products in the IT, office and consumer electronic category suffered a notable decline in sales in calendar year 2023. All three product categories experienced a strong sales decline of approximately 10% compared to calendar year 2022.

Developments in CECONOMY's Addressable Market

Taking a closer look at CECONOMY's addressable market, since the fourth quarter of calendar year 2023, sales in the consumer electronics retail sector experienced a slightly positive upturn despite the challenging economic environment. While in-store sales remained stable, the online sector showed a significant increase. Small appliances and the telecommunications sector in particular recorded growth, while products from the IT and consumer electronics sectors recorded the largest decline in sales compared to the previous year. In general, the sales trend was particularly positive for energy-efficient and sustainable products.

In the overview below, some observations across key regions for CECONOMY are outlined to provide a better understanding of the developments in the different markets:

Germany

Almost all product groups are affected by customers' hesitancy to buy (*source*: Company information based on GfK Quarterly Helicopter View Reports):

- The first quarter of calendar year 2023 was the eighth quarter with subsequent sales declines compared to the last quarter of calendar year 2022 for CECONOMY. However, with a sales decline of approximately 3.0% in the first quarter of calendar year 2023 compared to first quarter of calendar year 2022, the decline was significantly lower compared to the prior year (first quarter of calendar year 2022 compared to the first quarter of calendar year 2021: (7.0)%).

- In the calendar year 2023, the German market declined in total by approximately 5%, driven by a strong decrease in the IT segment of approximately 9%, in MDA of approximately 7% and consumer electronics of approximately 7%. This was slightly offset by the photo and SDA markets that grew by approximately 2% and 1%, respectively.

- Overall, traditional sales channels continued to decline in 2023, but showed a slowdown and slightly better performance in the fourth quarter of calendar year 2023. On a full year basis, offline sales in Germany declined by approximately 5%, compared to the fourth quarter of calendar year 2022 (fourth quarter of calendar year 2022 compared to fourth quarter of calendar year 2021: 7.1%).

Türkiye

In Türkiye, total growth was supported by inflation and political uncertainty (*source*: Company information based on GfK Quarterly Helicopter View Reports):

- Political uncertainty and strong customer demand led to a significant growth of the Turkish market by approximately 109% in first quarter of calendar year 2024 compared to the first quarter of calendar year 2023.

- Highly effective Black Friday campaigns as well as customers' expectation of further price increases led to a push of customers to purchase technical consumer goods in calendar year 2023, leading to a growth of approximately 100% in calendar year 2023 compared to calendar year 2022.

- Online and traditional sales continued to grow in parallel during the last years. In calendar year 2023, Black Friday campaigns supported both, in-store and online sales. In the first quarter of calendar year 2024, this trend continued.

Italy

In Italy, a shift in the structural trend and associated challenges are driving market development (*source*: Company information based on GfK Quarterly Helicopter View Reports):

- In the first quarter of calendar year 2024, the Italian market continued its downward trend with a decline of approximately 6% compared to first quarter of calendar year 2023.

- Similar to other Western European countries, SDA was the best performing sector in Italy in the first quarter of calendar year 2024. Positive growth trends across beverages, hair styling tools, dental care and other household products have supported the growth of this product category.

- On the other hand, other product categories have continued their declining trend, amongst others due to market saturation and a general lower willingness to buy.

- In terms of sales channels, traditional sales confirmed the downward trend, whilst also online sales suffered but at a lower level.

Market and Product Trends/Drivers and Outlook

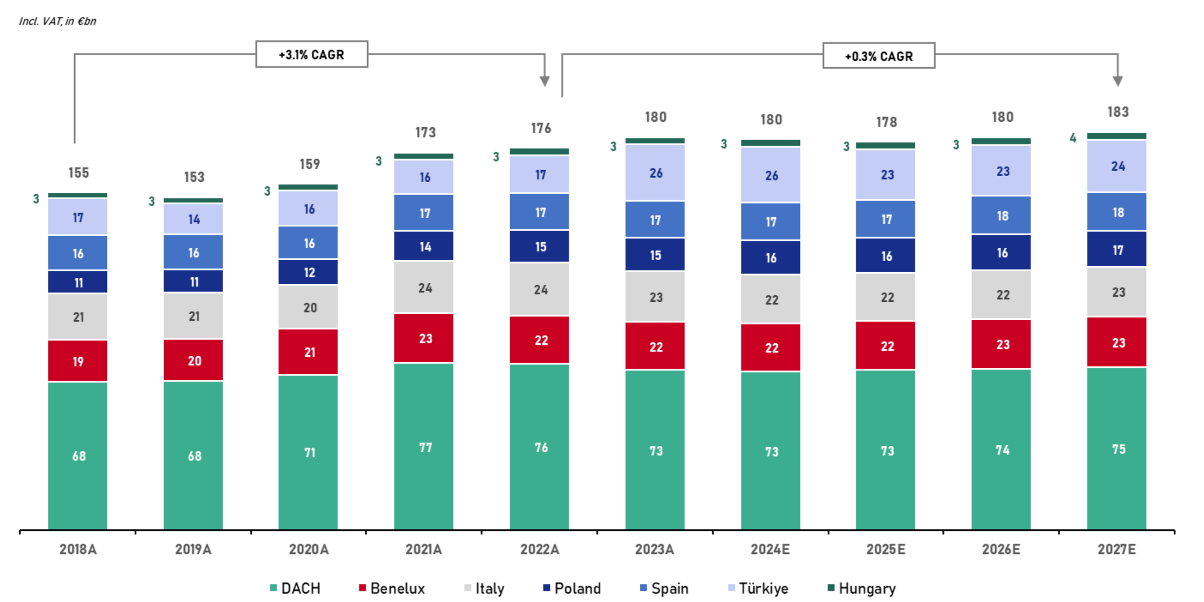
Global and Addressable Market Outlook

The growth outlook for Europe remains largely unchanged with a weaker expected growth for 2024 but expecting a moderate inflation development. Short-term economic and geopolitical pressure, paired with structural changes are factors of uncertainty and contribute to the weaker growth expectations (*source*: WEF – Chief Economists Outlook). However, the he consumer confidence indicator for the EU and Europe estimates an increase by approximately 0.5 and 0.4 percentage points for the EU and Europe, respectively, but is still staying at a level below the long-term average as of May 2024 (*source*: European Commission).

However, certain growth opportunities for the consumer tech and durables market have been identified. With the Summer Olympics in France and the Euro 2024 soccer tournament, the European market may benefit from potential for a boost in consumer spending. Market dynamics are estimated to lead to a small growth of approximately 1% globally compared to a decline of approximately 3% in calendar year 2023. It is expected that the landscape will remain challenging, with some areas having potential to improve stronger. It is also stated that demand will be highest in the telecommunications (especially smartphone) product category due to the short replacement cycles. Products purchased during the COVID-19 pandemic as well as smartphones have replacement potential due to new technologies and product improvements (*source:* Company information based on GfK Consumer Tech & Durables Outlook 2024).

Based on CECONOMY's definition of "total addressable market", the market outlook for MMS Countries for the period from 2024 to 2027 is expected to be as follows:

Market Outlook for MediaMarkt Saturn Geographies



Source: Company information

The COVID-19 pandemic positively impacted the market of consumer technology and durable and led, amongst others, to an increase in office and IT equipment for home office use. During the period from 2018 to 2023, market volume across MMS Countries grew with a CAGR of approximately 3% to approximately €180 billion. However, for the upcoming years until 2027, a stabilization of the market volumes is expected, reflecting a CAGR of less than 0.5% (*source*: Company information for MMS Countries).

For 2024, CECONOMY anticipates a slight improvement in consumer sentiment, which remains at a low level due to the overall uncertain economic environment. However, overall market volumes are expected to remain stable or fall slightly, notwithstanding the identification of some growth areas (not taking into account any growth initiatives or structural changes in the market). For the period from 2024 to 2027, a rebound and growth could be supported by underlying factors including, but not limited to:

- stabilization in inflation, especially in fast-moving consumer goods allowing households to allocate more disposable income to purchases of technical consumer goods;

- increase in wages while unemployment rates stabilize at a lower level; and

- start of replacement cycles for products purchased during the COVID-19 pandemic as well as new innovations across product categories.

However, other factors could have a negative impact on forecasted growth and lead to a decline in market volumes across all regions going forward, such as:

- slowdown in innovation across several product groups;

- slower growth in newbuild, apartments and houses; and

- ongoing economic and political uncertainties.

Several structural trends have been identified as potential growth drivers for the industry in the coming years:

Focus on customers

Among others, the following customer-focused factors are believed to be candidates for driving growth (*source*: Flywheel):

- <u>Social commerce influencing a generation of shoppers</u>: Younger demographic cohorts constitute a driving force behind the adoption of new digital subchannels. Commerce capabilities on social platforms are expected to build quickly, making purchases within social media apps faster and easier. As a content-driven, seamless and personalized path to purchase, social commerce is expected to lead to heightened expectations for omnichannel interaction. Approximately 87% of global consumers use digital features to shop and pay for purchases and the majority of total retail sales is expected to be digitally influenced by 2027.

- <u>AI influence on purchasing paths</u>: Generative artificial intelligence ("**AI**") is expected to transform the online search experience, as retailers leverage this emerging technology for more relevant, personalized and refined search experiences. Exposure to AI-powered search tools, including personal assistants and chatbots, are expected to evolve consumer search behaviors from product-based search terms to more complex natural language queries. Frictionless experiences on both the digital shelf and in-stores are expected to be increasingly common as AI solutions evolve.

- <u>Consumers priorities</u>: Household budgets are expected to remain stretched and purchase decisions tied to value, as preferences to spend on health, wellness and the environment gain further traction. Consumers are expected to increasingly seek products and services offering proactively. Preventative healthcare, with digital solutions, are expected to reshape consumer expectations. A growing awareness of climate change is expected to influence product evaluations as priorities and preferences change, with younger generations leading this shift in sentiment. In 2023, best performing products sold overall were centered around the below factors pertaining to consumers demands:

    - convenience, time savings and making life simpler, *e.g.*, smart products;

    - hygiene health and wellness, with growing focus towards smart and AI-driven products that enable closer monitoring of health and performance enhancement (*e.g.*, wearable market and fitness trackers); and

    - performance, *e.g.*, enhanced capacity, speed and connectivity.

- <u>Sustainability</u>, which encompasses not only credentials such as recycled and recyclable materials and packaging, but also the wider concept of energy and water efficiency, circular economy business models, refurbished products and food miles.

Focus on retailers

Relatedly, the following retailer-focused factors, among others, are believed to be candidates for driving growth (*source*: Flywheel):

- Connected commerce experience and online sales development: A combination of the advantages of physical stores with digital channels is expected to create a unified and connected commerce experience across all touchpoints. Retailers are increasingly focused on converting single-channel shoppers to omnichannel purchasing behavior, driving enhanced metrics on spending, loyalty and engagement. Furthermore, fulfilment capabilities are expected to support success, as retailers experiment with innovations such as drones and autonomous vehicles to improve supply chain speed and efficiencies. An additional point of focus is the possibility of meeting shoppers online and in store by expanding digital shelf capabilities with new platforms as well as influencing in-store sales through digital touchpoints. Global online retail sales are expected to increase to 26% in 2028 compared to 20% in 2023, with China, UK, Germany and the US being at the forefront.

- Revenue diversification of retailers: As a result of rising costs, retailers are expected to lean further on diversified revenue streams, boosting the economic model with higher-margin incomes from a broad ecosystem, including retail media, marketplaces and retail-related subscription services. Retail media offers a scalable opportunity, as retailers invest in upper-funnel media and data clean rooms that enable data to be shared securely. This facilitates advanced targeting of customers online and in-store as well as through emerging channels like connected TV. Retailers are believed to leverage their unique first-party data for personalization and to offer sophisticated tools to brands for activations and measuring advertising effectiveness. Main sources of revenue diversification for retailers are considered to be the following, among others:

  - Marketplaces: Third-party e-commerce business models are growing significantly and taking market share from first-party models, with a forecasted CAGR of approximately 12% in the period from 2023 to 2028 compared to approximately 7% expected for first-party business models in the same period. The share of all e-commerce sales is expected to be approximately 67% in 2028 compared to approximately 62% in 2023, backed by international marketplace expansion. Omnichannel retailers are investing in their marketplace strategies to grow their shopper base, expand assortments and develop additional revenue streams such as third-party seller services. Consumers' demand is expected to be strengthened as a result of simplification of their online shopping experience, being able to buy from a wide range of sellers in one place.

  - Services expansion: Retailers have been focusing on expanding their products service offering in order to diversify their revenue streams, for example with the inclusion of installation and repair services, green electricity contracts, TV services and insurances that generate attractive growth opportunities and also extend product lifetime. These types of services are usually sold as subscription model, generating hence recurring revenues and lengthening customers relationships.

- AI-powered retail and digitalization: Digital transformation powered by AI has the potential to drive cost efficiencies across the future retail landscape. AI's numerous applications mean that it can target several components of retailers' economic models, both in-store and online, driving cost efficiencies in labor, logistics and the cost of goods. In operations specifically intelligent technologies will support sharper analysis and better forecasting around delivery and supply, while enabling smart dynamic pricing and warehouse automation. In addition to productivity gains, retailers are expected to invest in AI-powered search and digital shelf algorithms to drive personalized results that enhance the shopping experience. Given pressures on profitability, digital transformation is required to drive productivity gains across the value chain. AI-powered products include test and learn by utilizing AI-powered technology to drive efficiencies across product personalization, marketing communications (*e.g.*, generative AI campaigns) and supply chain monitoring (*e.g.*, computer vision availability checks). Retailers making advances around AI and machine learning have priorities around demand forecasting and personalization for consumers in order to drive stickiness and improve performance and profitability. AI is expected to be beneficial to retailers also for what concerns forward-thinking pricing strategies, a key aspect to consider in an increasingly competitive environment especially for omnichannel retailers. On the back of the aforementioned items and consumers' evolution and their demand, retailers will need to continue to develop and increase sales/shelves digitalization across new platforms.

- Omnichannel adaptation and supply chain agility and operational excellence: As retailers meet consumer expectations for a connected shopping journey, remodeling stores and investing in the online experience, brands are expected to adapt to omnichannel innovation by shifting resources and developing capabilities to optimize new touchpoints. Speed is a key differentiator, requiring investment in agile supply chains to support the real time fulfilment needs of the omnichannel model. With global tensions rising, actions to ensure upstream resilience to guard against shocks to the system and sourcing disruptions will increase in importance across the value chain, hence a strong focus on operational excellence is expected across retailers in the next couple of years. An important area of change is considered how quickly consumers can get hold of the products requested. There has been an increase in how many consumers choose retailers according to delivery options, from 32% prior to the COVID-19 pandemic to 42% in 2023 (*source*: GfK State of Tech & Durables Report). Retailers' operational excellence is often also enhanced by an expansion of their service offerings, creating an ecosystem of services, including retail media networks for online players as well as evolutions of in-store entertainment. Omnichannel players often also focus on creating private labels to counter competition.

- Increased "Purpose" focus to meet consumers demand and expectations: Consumers are increasingly pushing retailers to have a clear high-level purpose including an emphasis on sustainability. This includes, for example, the environmental impacts of consumer technologies and services, the ethics of certain materials in products as well as inclusivity of retailers staffing. It is, hence, important to maintain high level of engagement with the customer base, including all generations – Gen Alpha and Gen Z – in order to develop their loyalty going forward.

Competitive Dynamics

Based on our own assessments, we believe that the following competitive dynamics may be one of the contributing factors in an anticipated development of the industry in which we operate as a whole:

As a result of the increasing competition in our market, digital transformation is gaining significantly in importance. This is expected to be driven primarily by large global online retailers as well as European or national online retailers and direct sellers, which are implementing expansion plans in the online market. Nonetheless, we believe that we are at the forefront of the current market trends, and as part of our strategic objectives, are able to maintain a leadership position in our target markets and countries.

We aim to be within the top three positioning in terms of market share in each country in which we operate. Where we consider this as not achievable, an exit from the market is envisaged over the medium term. We have sustained a double-digit market share in most of our key countries and believe that we have a stronger portfolio following the transactions in Sweden and Portugal. In the brick-and-mortar stores, we recently made significant gains in market share across Europe.

We benefit from strong brand perception compared to competitors, with MediaMarkt and MediaWorld leading in unaided brand awareness, across countries except Poland and Türkiye.

With respect to our DACH segment, we believe we benefit from a leading competitive position in the market, with a share in Germany of approximately 21.3% as of September 30, 2023, increasing from 20.5% in the previous period (*source*: Company information based on GfK Retail Panel).

Our main competitors include:

- Specialist online retailers, known as pure players, which account for the majority of online sales. They rely on competitive pricing and services and an ever-expanding offering;

- Specialist retailers that offer products to their customers through a network of physical points of sale (brick & mortar) and, where applicable, via a website (click & mortar). These players usually have an established reputation among the general public because they have existed for a long time and offer a broad range of products;

- Mass-market retailers (mainly hypermarket chains and discount retailers) that also offer consumer electronics and domestic appliances.

BUSINESS

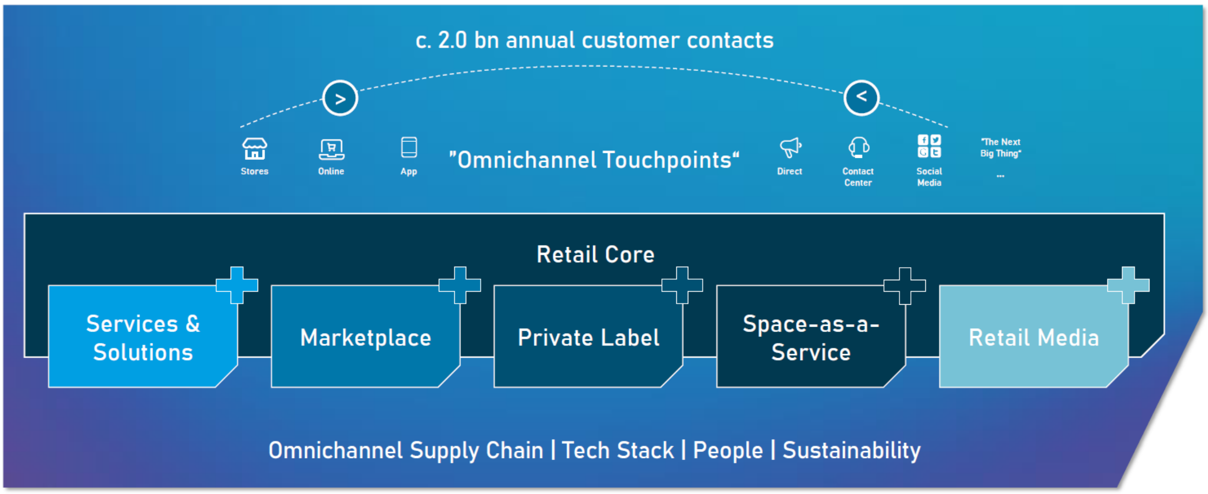
Overview

We are a leading omnichannel consumer electronics retailer in Europe (measured by sales in 2023 for MMS Countries and retail channel, *source*: Company information based on publicly available information of competitors, total market estimate based on GfK Retail Panel) with over 1,000 stores supported by a team of approximately 48,300 employees as of March 31, 2024. We operate in eleven countries across Europe and Türkiye under the retail brands MediaMarkt, MediaWorld and Saturn. In the financial year ended September 30, 2023, we generated sales in the amount of €22.2 billion, an increase of 2.2% compared to sales of €21.8 billion in the financial year ended September 30, 2022, and adjusted EBIT in the amount of €243 million, an increase of 16.8% compared to adjusted EBIT in the amount of €208 million in the financial year ended September 30, 2022. In the twelve months ended March 31, 2024, we generated sales in the amount of €22.2 billion and adjusted EBIT in the amount of €287 million.

We believe we have a market share of more than 17% based on total market volume (measured by sales in H1 2023/24 for MMS Countries and retail channel, *source*: Company information based on GfK Retail Panel). In addition, we are a well-known market player, with high brand awareness of over 75% across all countries in which we operate (based on externally conducted surveys conducted in July to September 2023).

We place the customer at the center of our strategy and target to consistently gear our activities to their needs. This central strategic principle is also embedded in our purpose: "We create experience electronics to enrich people's lives." With this target picture, we, as the European market leader want to set new standards for customer experience, the conscious discovery of technology and the support for customers in their day-to-day life. With estimated 2 billion customer contacts per year (defined as the number of store visits and the number of website visits), we aim to transform our business model from a traditional retail platform to a service platform offering our customers and partners a broad spectrum of consumer electronics and services. Our objective is to turn satisfied customers into loyal customers. This "stickiness" provides the basis for the continuous growth of our omnichannel platform related business. Our strategy is based on four strategic pillars (employee experience, shopping experience, usage experience and impact experience) designed to improve the overall customer experience and thus increase customer satisfaction and loyalty.

Our omnichannel service platform is based on the retail sale of consumer electronics and other related product categories, which we refer to as our retail core business. The retail core business is complemented by five additional growth businesses: Services & Solutions, MediaMarktSaturn's Marketplace, private label, space-as-a-service and retail media.



Our Services & Solutions business includes extended warranties or insurance, brokering of mobile phone contracts, repair services, product rental, trade-in or refurbishment of products, delivery to and installation at the customer's location, as well as consumer financing. Our marketplace enables professional sellers to be listed on and to use the website as a sales interface. We also offer private label products through our Koenic, ISY, Peaq and ok. brands to generate higher margins due to the greater vertical integration, which also allow a differentiate offering, as these brands are exclusive with us. Our space-as-a-service concept ("Lighthouse") comprises the offering of integrated innovation experiences through partner boutiques (Shop in Shop). In addition, our retail media offering enables manufacturers and advertisers to use the wide reach of our digital channels for their own marketing activities.

Our Strengths

Our strong position in consumer electronics is deeply rooted in the history of our main brands, MediaMarkt, and Saturn. We have established a strong reputation in our markets, providing customers with trusted expertise and support for their electronic purchases. With our decade-long relationships with industry partners, we benefit from an intricate supply chain infrastructure.

Europe's leading consumer electronics retailer, underpinned by strong brands and a loyal customer base

We believe we are the market leader in Europe for consumer electronics (measured by sales in 2023 for MMS Countries, *source*: Company information based on publicly available information and estimations of competitors) with a market share of more than 17% based on total market volume (measured by sales in H1 2023/24 for MMS Countries and retail channel; *source*: Company information based on GfK Retail Panel).

In the last three years, in particular, we have increased our overall market share in eight countries and regained market leadership in the Netherlands, as well as gaining a market leading position in Türkiye by building our omnichannel service platform and focusing on the customer. Our MediaMarkt and Saturn brands enjoy a high level of brand awareness of over 75% across all countries in which we operate (based on externally conducted surveys conducted in July to September 2023), a key factor in the retail industry.

In addition, we have a loyal customer base, with approximately 2 billion customer contacts and 38 million loyalty members in the financial year ended September 30, 2023 and the latter increased to more than 40 million as of April 30, 2024. We believe that our net promoter score ("**NPS**") of 53 (as of September 30, 2023) is an indication of our high level of customer satisfaction. We observe that our loyalty members have a 50% higher retention rate compared to online account holders and a higher basket value of approximately €70 compared to other customers. In addition, as of April 30, 2024, we have received e-mail permission from approximately 30 million customers to use customer data for our retail media, such as newsletters and promotions.

Strong diversification across regions, product categories and business models

Our geographic diversification across eleven countries is a strategic advantage that allows us to mitigate risks associated with varying macroeconomic cycles.

In the financial year ended September 30, 2023, 54% of our sales were attributable to the DACH region, 32% to Western/Southern Europe and 12% to Eastern Europe. This diversification strategy reduces our dependency on any single market and provides a more balanced risk profile. For instance, the strong growth experienced in Türkiye and the BeNeLux region helped offset the relatively challenging macro environment experienced in other areas of Europe, like in the DACH region in 2023. Also, in 2024 we believe that our country portfolio may contribute to offsetting macroeconomic challenges persisting further in selected markets in which we are present. In addition, during the COVID-19 pandemic in 2021 and 2022, we were able to leverage our regional diversification to mitigate the strong negative impact of regulatory restrictions placed on store opening times, particularly in the DACH region, by virtue of the strong performance of our business in Western, Southern and Eastern Europe.

Additionally, our presence in the mass market across a diverse range of product categories further contributes to reduce risks. Operating in multiple product categories helps us offset fluctuations in specific sectors or in consumer preferences and enhances the resilience of our business. In the financial year ended September 30, 2023, 45% of our product sales were attributable to the product category IT, phones and wearables, 26% to white goods, 17% to TV and HiFi, 8% to software and games, and 2% to photos. There is a large market for our product offerings in the telecommunications, IT, MDA and SDA segments, which have shown notable growth to date. In addition, we are developing new product categories to keep pace with industry trends, such as e-mobility, virtual reality/augmented reality, fitness and smart home, and to further diversify our product portfolio. We estimate that these new product categories will grow at a CAGR of approximately 16% in the mid-term in MMS Countries (*source*: for smarthome, digital health, mobility and AR/VR: Statista Market Insights; for solar: Company information based on BMWK data (*Bundesministerium für Wirtschaft und Klima*)).

We also diversify our income streams, which historically relied solely on our traditional retail business, by introducing the following additional growth business models: Services & Solutions, Marketplace, private label, space-as-a-service and retail media.

Unique omnichannel experience combining online and offline options

We offer customers a unique omnichannel experience with an extensive network of stores and service hubs – over 1,000 stores across eleven countries as of March 31, 2024. Our store portfolio is also undergoing rapid transformation in response to evolving customer behavior through the introduction of new store formats and the implementation of modernization measures to provide a better customer experience.

Over 70% of our customers begin their journey with us via digital channels and we aim to accompany them throughout that journey through the generation of relevant online content and by facilitating seamless transitions between our online and offline channels. This enables us to deliver distinctive experiences regardless of whether customers engage with us online or offline.

Our omnichannel proposition resonates with our customers. For example, over a third of our customers opt to collect their orders directly from our stores. Our infrastructure allows us to offer these collection services within 30 minutes of an order having been placed. Our stores also offer a delivery service: For instance, in Germany, we recently introduced delivery via Uber within 90 minutes by way of incentive and as a means of maximizing customer convenience. Since financial year 2018/19, we were able to increase sales area productivity (defined as brick & mortar sales (including online induced pick-up) divided by sales area measured in square meter (weighted average)) by approximately 11%.

Moving from traditional retail to a service platform with attractive and growing business models

Our centralized organization and optimized supply chain, including centralized procurement activities and continuous improvements in logistics, lead to greater availability of goods and faster delivery times. Furthermore, in response to evolving customer needs and industry dynamics, we are moving from a traditional retail concept to a service platform.

Our **Services & Solutions** portfolio addresses customer needs regarding affordability, easy access and worry-free usage, emergency support and conscious consumption. It comprises various services, such as extended warranties, brokering of mobile phone contracts, consumer financing, product rental and delivery to and installation at the customer's location. Based on the enhancement of billing and self-service capabilities, new and existing services are increasingly being sold as subscription models, resulting in long-term customer relationships with recurring cash flows.

In addition to offering sustainable products and solutions, such as our "BetterWay" products, we encourage the extension of product lifecycles through the provision of refurbishment and repair services, thereby ensuring that our sustainability and mid-term financial targets are well-aligned.

MediaMarktSaturn's Marketplace offers an extensive product range in addition to our own retail business. Marketplaces, which are intermediary platforms linking buyers and sellers, support a brand's online strategy by increasing the product range available on the sites and the number of items available to online shoppers. Customers can access a manufacturer's full range (the so-called "long tail" business strategy) as well as complementary offerings from third parties. This helps improve the website's traffic and visibility and contributes to customer loyalty. We in turn benefit from commissions without taking on inventory risk.

Our **private label** business offers attractive value-for-money alternatives from our Koenic, ISY, Peaq and ok. brands in the main product categories and thus increases the relevance of the overall assortment for customers while enabling us to generate higher margins as a result of greater vertical integration and differentiates our offering as these are exclusive with us.

Our **space-as-a-service** business offers industry partners access to store space, allowing them to benefit from our reach. Leading manufacturers can present their brand and product innovations as part of a unique shopping experience.

Our **retail media** business allows manufacturers and advertisers to leverage our extensive digital channels for their marketing activities, while also facilitating a deeper understanding of customer behaviors through data analytics. We deliver detailed reports based on first-party (1P) data, which helps us to capture an increasing share of manufacturers' marketing investments.

Prudent financial policy with focus on further improving credit metrics, supported by ample liquidity

We have a prudent financial policy supported by our commitment to keep our net leverage ratio (measured as net debt including leases divided by adjusted EBITDA) below 2.5x. Furthermore, we will continue to implement forward-looking and proactive management of upcoming maturities.

In addition, we have an ample liquidity position, which is backed by sizable syndicated credit lines. The volume of these credit lines has historically been adapted in line with the market environment and currently stands at €1.06 billion. We have full access to this amount, which, as of the date of this Offering Memorandum, remains undrawn.

These two pillars – a conservative net leverage ratio and sufficient liquidity reserves – are the backbone of our prudent financial policy, the soundness of which is reflected in our credit ratings from S&P Global Ratings, Fitch Ratings and Scope Ratings of BB-/Stable, BB/Stable and BBB-/Stable, respectively.

In addition, we benefit from a reduced tax rate as a result of our utilization of tax loss carry-forwards, which restrict potential dividend payments until 2026. To further support our liquidity position and ensure the maintenance of our internal net leverage ratio of 2.5x, we follow a conservative funding approach with regard to acquisitions. For example, we funded our acquisition of MMS Retail Group in 2022 mainly by way of a capital increase.

Our Strategy

Our strategy is geared towards meeting the needs of our customers. We aim to set new standards for the customer experience, the conscious discovery of technology and the provision of support to our customers in their day-to-day lives, thereby increasing customer satisfaction and loyalty, while remaining focused on higher profitability and cash generation through strict cost discipline. We, therefore, base our strategy on four key pillars:

- *Employee experience*, focusing on our approximately 48,300 employees (headcount as of March 31, 2024), who offer in-person advice every single day as part of a convenient and seamless customer experience, thereby setting us apart from pure online retailers and ensuring both employee and customer engagement.

- *Shopping experience*, based on a mobile-first omnichannel approach in order to build a unique value proposition, which integrates personalized customer experiences seamlessly into both the digital and the in-store worlds.

- *Usage experience*, defining new standards for the customer experience along the entire lifecycle with a view to creating stickiness by providing services and solutions for our customers' needs. These build customer value and loyalty, while growing profitability.

- *Impact experience*, focusing on sustainability in the form of a climate-neutral shopping experience and a broad range of sustainable products and services.

Continue to offer a wide range of innovative services and solutions

In response to evolving customer needs and industry dynamics, we are moving from traditional retail to a service platform. In addition to our retail core offering, we focus on services in direct relation to the product purchase, but also provide product-independent services which usually entail greater profitability and thus attractive growth opportunities for us.

In the short term, we aim to continue to improve the omnichannel experience for our customers, for example, by continuously updating our product range, store concepts (Core, Lighthouse, Express, Smart) and developing the subscription business. In the mid-term, we are targeting an increase in our online sales share to approximately 30% (from approximately 14% in financial year 2018/19 and 22.2% in financial year 2022/23) and our volume distribution channeled through omnichannel distribution centers across all countries to approximately 80% (from 56% in the financial year 2022/23). We expect to further improve the business through the targeted use of new technology and artificial intelligence applications – from chatbots to the generation of content or automation of processes. Consumer electronics products powered by artificial intelligence are expected to enhance the user experience through innovative features, in particular, in the areas of smart home, creativity and productivity. Further growth opportunities have been identified in the context of sustainability, premium and new categories (*source*: Company information based on GfK Tech & Durables Trends Report), *i.e.*, sustainable and energy efficient products.

Through our Services & Solutions portfolio, we aim to sell new and existing services as subscription models based on the enhancement of billing and self-service capabilities, resulting in long-term customer relationships with recurring cash flows. We are also acutely aware of society's growing need for sustainable products and services in the retail electronics segment and the further growth opportunities this offers us. For example, it is increasingly of relevance for a typical customer experience to start with the trade-in of an old product and then be enriched by means of category-specific services – designed to support such sales (*e.g.*, through financing), offer peace of mind (*e.g.*, insurance), and facilitate the use of the products in question (*e.g.*, repair, coffee capsule subscription) throughout the product lifecycle. We estimate that adjacent services will grow at a CAGR of approximately 10% in the mid-term in MMS Countries (*source*: Company information based on Oliver Wyman, Euromonitor). To this end, we strive to enter into more strategic partnerships in order to offer customers the best services on the market.

As part of the Marketplace, we list products from third-party suppliers and brands on our MediaMarkt and Saturn e-commerce platforms in certain countries (currently Germany, Austria, Spain and the Netherlands, with implementation also underway in Italy). This enables us to benefit from commissions without taking on inventory risk. Through our space-as-a-service business, we aim to increase the value of retail space, generate recurring cash flows and deepen our relationship with industry partners. Our retail media business allows manufacturers and advertisers to leverage our extensive digital channels for their marketing activities, while also facilitating a deeper understanding of customer behaviors through data analytics. We plan to merge our online and offline customer data to provide a comprehensive 360-degree customer view from the third quarter of 2023/24 onwards.

In addition, we plan to increase our share of private label products backed by several initiatives set up by our supplier Imtron GmbH ("**Imtron**"). These initiatives range from improving the current offering, *e.g.*, through data and analytics powered decisions, consolidation of accessories consolidation and boosting of the online share, to expanding into new categories and product segments as well as increasing the benefit for countries to expand our private label product offerings.

Further increase our sustainable product and service offering

Sustainability is a core element of our strategy and operating business, giving customers easier and more holistic access to the circular economy. We are significantly accelerating the decarbonization of our business activities and focusing on our social engagement. The sales of products certified as sustainable marked under our own "BetterWay" label increased to €1,688 million in the six months ended March 31, 2024, compared to €1,306 million in the six months ended March 31, 2023, with energy efficiency (class A products) and refurbished products (used devices repaired and sold for a second lifecycle) playing an increasingly important role in the curation of our product assortment. Introducing more eco-friendly products similar to those of our "BetterWay" brand, along with refurbished items, demonstrates our commitment to sustainability and customer-centric innovation. By expanding the assortment to include these environmentally conscious options, we not only address growing consumer demand for sustainable products but also contribute to reducing environmental impact through product lifecycle management.

The trade-in service (whereby used devices are exchanged for a gift card) was rolled out internationally and scaled up to more than 200,000 transactions as of March 31, 2024, and we aim to expand this even further. This service not only promotes customer engagement but also supports circular economy principles by encouraging the reuse and recycling of electronics. By facilitating trade-ins, we aim to further enhance customer loyalty and provide a more sustainable alternative to traditional disposal methods.

At the same time, internal CO_2 emissions (Scope 1 and 2) were reduced by 39% to 42.9 thousand tons of CO_2 equivalents in the financial year ended September 30, 2023, compared to the financial year ended September 30, 2022, and we have set ourselves ambitious targets to further reduce our CO_2 emissions, which have been officially confirmed by the SBTi. See "*—Environmental, Social and Governance*".

Achieve our mid-term financial targets through our prudent financial policy and strategic pillars

Our mid-term financial targets are underpinned by our prudent financial policy and our commitment to keep our net leverage ratio (measured as net debt including leases to adjusted EBITDA) below 2.5x, as well as our strategic pillars mentioned above. In the mid-term, we are targeting an adjusted EBIT of more than €500 million and lease-adjusted free cash flow of approximately €200 million per year through the implementation of our other strategic pillars. Based on net sales slightly above market growth, we aim to increase our adjusted gross margin to approximately 20%, while maintaining a broadly flat adjusted OPEX ratio at approximately 18%, calculated as adjusted OPEX divided by sales. In particular, we are aiming to achieve these targets through strict cost control and a focus on our more profitable business areas, such as our service business. In order to achieve these targets, we estimate to achieve approximately €130 million cost savings (run rate) in the financial year 2023/24 of which already €80 million have been reached as of the date of this Offering Memorandun. We expect additional cumulated restructuring costs of approximately €100 million by the end of the financial year 2023/24, of which €70 million have been booked since Q1 of financial year 2022/23. We are also targeting a capital expenditure-light business model with investments relating primarily to store modernizations, IT and logistics in order to achieve our free cash flow targets. In the mid-term, we target cash investments of approximately €300 million. See "*Risk Factors—Risks Related to Our Financial Condition—We may not be able to achieve any future financial targets, including as a result of our assumptions made in setting our mid-term financial targets proving incomplete or inaccurate.*".

History

On July 12, 2017, the consumer electronics division and the food retail division of METRO AG were demerged into two independent entities via a hive-down and spin-off of the wholesale and food sector and, subsequently, became publicly listed companies on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). METRO AG was renamed to CECONOMY AG on August 11, 2017, comprising, *inter alia*, MediaMarkt and Saturn electronics stores. METRO Wholesale & Food Specialist AG, comprising Metro Cash & Carry and Real, was subsequently renamed to METRO AG, with entry into the commercial register on August 18, 2017.

On June 29, 2018, the Company increased its share capital by approximately 10% with all newly issued shares having been subscribed by freenet AG.

On June 27, 2019, the Company completed the sale and transfer of its shareholding of approximately 9% in METRO AG to EP Global Commerce II GmbH.

On December 14, 2020, the Company and the minority shareholder of Media-Saturn-Holding GmbH ("**MSH**"), the former top operative holding company of MediaMarktSaturn Retail Group, Convergenta Invest GmbH ("**Convergenta**"), reached an agreement on the reorganization of the shareholding structure. In the course of this reorganization MSH became our fully-owned company, whereas Convergenta received shares in CECONOMY AG in return and became the largest shareholder of CECONOMY AG (29.1% as of September 30, 2023) (the "**Convergenta Transaction**"). The capital measures to enable the Convergenta Transaction were approved by the general meeting of the Company on April 12, 2022. The Convergenta Transaction was closed on June 3, 2022.

MediaMarktSaturn Retail Group

Our operating business comprises several group companies, with the largest part being the MediaMarktSaturn Retail Group ("**MMSRG**"), *i.e.,* our group division (*Teilkonzern*) comprising the "MediaMarkt" and "Saturn" brands. As part of an internal reorganization after closing of the Convergenta Transaction, MSH, except for its brands and corresponding assets and contractual relations, transferred its entire business to MediaMarktSaturn Retail Group GmbH ("**MMS Retail Group**"), a fully consolidated subsidiary of the Company. Since this transfer, MMS Retail Group is the holding company of the MMSRG and is responsible for MMSRG's operative management. We and the MMSRG have a unified management structure.

MediaMarkt and Saturn

MediaMarkt was founded in 1979 and is operated as an independent retail brand within the MMSRG. MediaMarkt has a European presence in eleven countries, including Germany, Austria, Switzerland, Hungary, Italy (where it operates under the brand "MediaWorld"), Belgium, Luxembourg, the Netherlands, Spain, Poland and Türkiye, with 884 stores and approximately 36,000 employees as of September 30, 2023. In Germany, MediaMarkt was represented by 284 stores with approximately 11,000 employees as of September 30, 2023. In addition to a constantly updated assortment of brand products, the company's successful concept also features personal advice and an extensive portfolio of services. MediaMarkt combines the advantages of in-store and online retail under the umbrella of a trusted brand, complemented by opportunities for mobile, app-based shopping.

Saturn, which is also operated as an independent retail brand within the MMSRG, was founded in 1961. Saturn has a European presence in Germany, with 114 stores and approximately 5,000 employees as of September 30, 2023. Saturn links its in-store business in Germany closely with its online shop and mobile shopping via app. Since 2023, both brands approach the market by merged marketing campaigns and a unified product and service assortment in Germany.

Omnichannel Distribution

Since financial year 2021/22, our logistics have been undergoing a transformation away from the separation of e-commerce and retail business in favor of an integrated, centralized omnichannel network in order to offer customers a seamless experience offline and online. In the financial year ended September 30, 2023, online sales accounted for 22.2% of sales. Through our "click & collect" offering, we are bringing together our offline stores and online business. Our click & collect service reached a penetration rate (calculated as number of online orders picked-up in-store divided by total online orders) of approximately 38% in the financial year ended September 30, 2023. While we have already transformed the physical warehouse network to a physical omnichannel network, we are further optimizing our omnichannel network. For example, we are currently transforming systems in Germany and changes in other countries, such as Italy and Spain, are already scheduled. This centralized omnichannel network allows central procurement and the bundling of delivery flows to stores through central distribution centers in each country. The goal is to develop a centralized omnichannel fulfilment network to offer customers a very high service level in terms of delivery speed, reliability, quality and availability.

Store Network and Formats

As of March 31, 2024, we operated 1,016 stores, of which nine were stores in the Lighthouse format, 29 stores in the Xpress format and seven stores were Smart stores. Our main format operates on approximately 1,200 m² to 3,500 m² and offer customers a curated assortment and a focus on personalized advice and service capabilities.

Our newly developed store formats Lighthouse, Xpress and Smart adapt to changing consumers trends:

- **Lighthouse stores** operate on over 4,000 m² and provide inspiration and integrated innovation experiences through our partner boutiques;

- **Core stores** operate on approximately 1,200 to 3,500 m² and focus on availability and advice to our customers;

- **Xpress stores** operate on 400 to 1,100 m²and focus on proximity and convenience. They are located in neighborhood shopping malls and offer tailored assortment, services and convenience pick-up options; and

- **Smart stores** operate on approximately 70 to 500 m² and are mainly located in city centers with a focus on services and act as well as pick-up points.

The following table sets forth the store network we operated, broken down according to the following segments: DACH (Germany, Austria, Switzerland, Hungary), Western/Southern Europe (Belgium, Italy, Luxembourg, Netherlands, Portugal until September 30, 2023, Spain), Eastern Europe (Poland, Türkiye) and Others (Sweden until August 1, 2023) as of the dates shown:

	As of September 30,		
	2021	**2022**	**2023**
Germany	405	399	398
Austria	52	52	54
Switzerland	25	25	25
Hungary	32	36	39
DACH	**514**	**512**	**516**
Belgium	24	23	22
Italy	119	122	125
Luxembourg	2	2	2
Netherlands	49	49	48
Portugal*	10	10	0
Spain	106	107	110
Western/Southern Europe	**310**	**313**	**307**
Poland	81	81	80
Türkiye	85	89	95
Eastern Europe	**166**	**170**	**175**
Sweden*	28	29	0
Others	**28**	**29**	**0**
Total	**1,018**	**1,024**	**998**

* Portugal until September 30, 2023; Sweden until August 1, 2023.

In the six months ended March 31, 2024, we opened 19 new stores: six in Italy, three in Türkiye, one in each of Austria, Belgium and Spain. In addition, we acquired seven stores in the Netherlands from the insolvent electronics retail chain BCC and reopened them under our own name. One location in Spain was closed in the six months ended March 31, 2024. As of March 31, 2024, the total store network increased to 1,016 stores.

Online Shops

We offer our customers country-specific websites, totaling eleven websites across all of our operational regions. On our websites, we offer a wide and constantly updated assortment of products, along with a comprehensive range of services. The ongoing expansion of our Marketplace, currently active in Germany, Austria, Spain and the Netherlands, offering approximately 1.8 million products as of March 31, 2024, allows us to expand our offerings even further. In addition, we are currently implementing the Marketplace in Italy.

IT & Logistics

Transitioning to a centralized group structure has allowed us the opportunity to replace our legacy IT systems and to build a logistics system integrating our omnichannel network. Our multi-level omnichannel networks reduce complexity in our distribution. We have transitioned from a model of channel-dependent fulfilment, where stores were at our core, to integrated omnichannel fulfilment, allowing customers to get the products they want from us from anywhere and at any time. We have already implemented a state of the art omnichannel technology and logistic platform in the Netherlands, which acts as a blueprint for the Group. In addition, we have consolidated our offline and online distribution centers to one omnichannel warehouse with a new order management system and fully integrated in-store and online on cloud in the Netherlands. As a result, suppliers only need to deliver to one central location, instead of delivering to numerous individual stores. We aim to achieve that 80% of our inbound logistics will be processed centrally across the mid-term in all countries in which we operate.

Product and Services Offering

Our strategic considerations focus on an attractive customer experience that is consistent across all channels. We aim to offer customers real experiences, from trying products out in situ to optimal set-up, from delivery to repairs.

Product Offering

The basis of our business model is the retail core business, *i.e.*, in-store and digital retail of consumer electronics products, with our core portfolio of approximately 7,000 stock-keeping units. The focus is on a well-curated and increasingly sustainable offering. We regularly expand the range with high-growth categories such as gaming, health and electric mobility. In the financial year ended September 30, 2023, we had a stock reach of 9.1 weeks, *i.e.*, our stock was usually sufficient for a period of 9.1 weeks (financial year 2021/22: 10.3 weeks). In the financial year ended September 30, 2023, we generated sales of €20,862 million from our product sales (€20,428 million in the financial year ended September 30, 2022).

Both the MediaMarkt and Saturn brands are leaders in the retail of consumer electronics in Germany and Europe, which includes eight categories: brown goods (TV, audio), multifunctional technical goods, IT, office equipment, telecom, major domestic appliances and small domestic appliances (*source*: Company information based on publicly available information and estimations of competitors, market definition based on GfK Retail Panel).

We believe that on the one hand, customers appreciate the knowledge of the in-store salespeople and after-sales service and, on the other, suppliers recognize MediaMarktSaturn as one of the retailers providing high in-store sales experience. We recorded a high NPS of 53 as of September 30, 2023.

In addition, we offer private label products. The private label business offers attractive value-for-money alternatives from the Koenic, ISY, Peaq and ok. brands in the main product categories and thus increases the relevance of the assortment for customers. We can generate higher margins due to the greater vertical integration. To fully utilize the potential, the focus is put on optimizing and integrating the assortment. Our private label share amounted to 2.4% in the financial year ended September 30, 2023 (financial year 2021/22: 2.3%).

Services Offering

In line with our strategy, we are offering a wide range of services and solutions. Those can be split into the following areas:

Operational Services & Solutions. Our operational Services & Solutions include extended warranties or insurance, brokering mobile phone contracts, repair services, product rental, trade-in or refurbishment of products, delivery to and installation for the customer as well as consumer financing. Based on recently established billing and management capabilities, new and existing services are increasingly being marketed as a subscription model. The subscription model as well as new services such as trade-in or refurbished products are expected to be main drivers to grow our Services & Solutions.

Marketplace: MediaMarktSaturn's e-commerce websites enable over a thousand of professional sellers who meet our service quality criteria and are managed by dedicated teams, to be listed and to use the website as a sales interface, making the most of the MediaMarktSaturn's visibility, reputation and transaction security in all the countries in which we operate. We are committed to selecting responsible resellers on our Marketplace to ensure the security of transactions and help fight money laundering and the financing of terrorism. In the financial year ended September 30, 2023, we generated a GMV of approximately €137 million through our Marketplace (financial year ended September 30, 2022: €65 million) and offered approximately 1.8 million products by approximately 1,300 sellers via our Marketplace. In the six months ended March 31, 2024, the Marketplace was live in Germany, Austria, Spain and the Netherlands. We expect that the roll-out of the Marketplace in new countries as well as the onboarding of new resellers provides future growth potential.

Retail media. Retail media enables manufacturers and advertisers to use the wide reach of our digital channels for their own marketing activities. Through retail media, we offer sponsored product or brand ads. As part of our retail media offering, we deliver aggregated predefined reports based on transactional information (first-party (1P) data), which helps us to capture an increasing share of manufacturers' marketing investment. Furthermore, we offer "A+ Content", transforming the product detail page of a certain product into a customer experience. In financial year 2022/23, our sales from the retail media business reached €18 million compared to approximately €5 million in the financial year ended September 30, 2022.

Space-as-a-service: In the financial year ended September 30, 2020, we have introduced a flagship concept named "Lighthouse", featuring stores that are over 5,000 square meters in size and offer integrated innovation experiences through partner boutiques (Shop in Shop). In these so-called "TechVillages", we market the boutiques and conceptual elements contained therein, such as entrance statements and experience zones, to industry partners. They, therefore, serve as hubs for customers to interact with innovation first-hand and engage with communities of like-minded individuals. At the same time, we are enhancing the customer experience by offering product innovations and immersive brand experiences in these areas, in some cases by brand ambassadors from our industry partners beyond the traditional product presentation on a shelf. Product innovations include, for example, NextGenAI computers, explanations on the optimal use of complex technologies or the presentation of concrete application examples for products from a wide range of product groups. This strategy enables us to enhance the value of retail space, generate recurring cash flows, and strengthen our relationships with industry partners. As of March 31, 2024, the Company had nine lighthouse stores.

Pricing Strategy

As we solely operate company-owned stores, this allows us to implement a unified pricing strategy in each country, ensuring pricing consistency across both in-store and online channels. We monitor the pricing of key products, both online and offline, at our competitors, encompassing online pure players. This data, together with other factors, guides our pricing decisions. By utilizing electronic price tags in stores, we have the ability to swiftly adjust prices as needed.

Suppliers and Procurement

We have a large network of suppliers and, given our market position, we provide an important channel for these suppliers to access customers. Our own analysis based on information from GfK Retail Panel leads us to the estimation, that we are accounted for up to 40% of the sales of our top 10 suppliers in our operating regions in FY 2022/23 (*source*: Company information based on GfK Retail Panel).

Since the financial year ended September 30, 2022, logistics have been undergoing a transformation away from the separation of e-commerce and retail business in favor of an integrated, centralized omnichannel network. This centralized omnichannel network allows centrally consolidated distribution and the bundling of delivery flows to stores through central distribution centers in each country. In this context, goods flows are increasingly planned and managed centrally.

Global relations with suppliers are typically set out in commercial agreements with a legal duration of one year.

In addition to trade with brand-name products, we also sell own-brand products. Imtron is responsible for supplying the country organizations centrally with high-quality ok., KOENIC, PEAQ and ISY brand products and is in charge of its own supplier management. Imtron's supplier management system comprises several components of the procurement process and is based on its own procurement policy, which defines procurement processes and ensures transparency and compliance with processes.

Shareholdings and Material Transactions

As of May 1, 2024, the Company also holds, directly or indirectly, stakes in the following companies:

- a stake of approximately 24% in FNAC DARTY S.A., Ivry-sur-Seine, France;
- a stake of 15% in the Public Joint Stock Company "M.video", Moscow, Russia;
- a stake of 20% in Power Retail Sweden AB, Jönköpings Iän, Sweden ("**Power**");
- a stake of 1% in METRO AG; and
- a stake of 6.6% in METRO PROPERTIES GmbH & Co. KG, Düsseldorf, Germany ("**MPKG**").

FNAC DARTY

On July 26, 2017, CECONOMY AG entered into an agreement with ARTEMIS S.A., a French holding company owned by François Henri Pinault, to acquire 24.33% of the shares in FNAC DARTY. The overall consideration paid by CECONOMY AG to Artémis at consummation of the transaction amounted to €452 million in cash. We are currently FNAC DARTY's second-largest shareholder.

FNAC DARTY is a leading French retail company for consumer electronics products, household appliances and entertainment products with a presence in thirteen countries, including France, Spain, Portugal, Belgium, Switzerland, Luxembourg, Qatar, Ivory Coast, Congo, Senegal, Cameroon, Saudia Arabia and Tunisia. As of the end of December 2023, FNAC DARTY comprised an omnichannel network of 1,010 stores (comprising 573 owned stores and a franchise network of 437 stores) in 13 countries. Its websites alone had an average of approximately 27 million visitors per month in 2023, as reported in its 2023 annual financial report. FNAC DARTY employs approximately 25,000 employees worldwide. Through our investment, we can participate in the French market indirectly by receiving dividends from FNAC DARTY. However, we do not assume operational control in FNAC DARTY. The ordinary shares of FNAC DARTY are listed on the Euronext Paris exchange (ISIN FR0011476928).

M.video

On June 20, 2018, MSH signed a share purchase agreement with Safmar Group relating to the acquisition of a 15% stake in publicly listed M.video, the leading Russian consumer electronics retailer, by MSH and the transfer of MMSRG's Russian MediaMarkt business to Safmar Group. The ordinary shares of M.video are listed on the Moscow Exchange (ISIN RU000A0JPGA0). Following the acquisition of the stake in M.video and the transfer of MMSRG's Russian business to Safmar Group, the Company has no operating activities in Russia anymore.

Due to the sanctions of the European Union as well as the counter-sanctions by the Russian Federation, access to such stake as well as the exercise of any rights relating thereto is currently heavily restricted. The financial investment has a carrying amount of €20 million as of March 31, 2024.

Power – Sale of the Swedish MediaMarkt Business

On February 14, 2023, the Company announced that it and the North European electronics retailer Power International AS, Lørenskog, Norway, ("**Power International**") had concluded an agreement regarding a strategic transaction and a joint future for the Swedish business. Power, a wholly owned subsidiary of Power International, acquired 100% of MediaMarkt Sweden AB, which operated the Swedish MMSRG business. In return, we, MMS Retail Group, received a minority stake of 20% in Power. The transaction closed on August 1, 2023. We believe that, together with Power, we have good prerequisites to grow sustainably and profitably in Sweden.

METRO

The 1% stake held directly by the Company in METRO AG was subject to a seven-year tax vesting period, meaning that it could not be sold without incurring negative tax consequences. However, the vesting period ended on September 30, 2023, with the result that the described restriction no longer applies in financial year 2023/24.

MPKG

On September 19, 2016, the Company and the current METRO AG entered into an option agreement on the remaining partnership interest in MPKG. Pursuant thereto, the Company granted the current METRO AG a call option and the current METRO AG granted the Company a put option at the *pro rata* enterprise value at the exercise date with regard to the limited partnership share held by the Company. Each of the options can only be exercised within certain six-month timeframes in each case. The call option could be exercised for the first time three years after the spin-off took effect. As of the date of this Offering Memorandum, it has not been utilized. The put option may be exercised for the first time seven years after the spin-off took effect, but no earlier than July 13, 2024. As of the date of this Offering Memorandum, there are no concrete plans to exercise the put option.

MPKG is a fully consolidated company of the METRO AG group concentrating the real estate know-how of the METRO group. MPKG operates, develops and markets an international portfolio of properties.

Sale of the Portuguese MediaMarkt Business

On April 20, 2023, the Company announced the conclusion of an agreement with FNAC DARTY concerning the sale of MMSRG's Portuguese retail business to FNAC DARTY's wholly-owned subsidiary Fnac Darty Portugal. Pursuant to the agreement, Fnac Darty Portugal acquired 100% of MediaMarkt Portugal, including its ten store locations, online business and approximately 450 employees. The transaction closed on September 30, 2023.

Property

All of our real estate assets are leased. Rental fees under our store leases generally have a fixed and a variable component, depending on sales generated by the store. As lessee, we have the right to terminate the leases every three to five years with early termination fees in certain jurisdictions and, in the majority of cases, unilateral extension options in MediaMarkt's favor are contractually agreed.

Insurance

We maintain insurance policies, which we believe are consistent with customary industry practices to cover risks associated with the ordinary operation of our business. Our insurance policies are coordinated by our internal insurance department with various insurance brokers and include insurance coverage related to:

- damage to third parties, including personal injury or damage to property damage arising through legal liability parameters;
- damage to environment;
- property damage under an "All-Risk" cover, *e.g.*, as a result from fire, explosion, water damage, burglary, force of natural catastrophes affecting our assets (own buildings with the insurance duty, furniture, equipment, goods or fixtures), but also in some cases other unnamed perils resulting from a specific loss event;
- business interruption losses due to an insured loss event; and
- cyber-risks.

The main insurance programs taken out by us cover all of our subsidiaries and are supplemented, where applicable, by specific local arrangements that comply with the regulations of the various countries in which we operate.

Customer Loyalty Program

We have a customer loyalty program that is designed as a customer loyalty and retention tool that also allows us to carry out better-targeted and more effective sales promotions. Loyalty members represent an asset that provides the brand with a high level of differentiation.

In Germany, we welcomed the ten-millionth customer to the loyalty program "myMediaMarkt" in 2023. Throughout the Group, the loyalty program had 38 million loyalty members in the financial year ended September 30, 2023 (financial year 2021/22: 34 million, excluding Sweden), which we see as an indicator of increasing customer retention and building on our position as a leading provider in the European market for consumer electronics. In April 2024 we already welcomed above 40 million members. We estimate that the Group-wide retention rate of our loyalty members is above 50% (calculated based on number of loyalty members with at least one purchase during the previous year twelve-month period divided by number of loyalty members with at least one purchase during the last twelve months).

Under the loyalty program, customers can enjoy numerous benefits like longer return periods, discounted consumer finance and matching prices with certain competitors. The vision is to be a truly customer centric company, go beyond transactional relationships, leverage technology and data to offer personalized rewarding journeys to our customers, providing meaningful insights and growth opportunities to our brands.

Investments

Investments in the six months ended March 31, 2024 amounted to €343 million compared to €267 million in the six months ended March 31, 2023. Since September 30, 2023, our main investments were made in connection with the addition of rental-right-of use assets as well as activities related to the expansion and modernization of the store network, with a modernization rate of approximately 50% as of September 30, 2023 (financial year 2021/22: approximately 30%). The year-on-year increase results from the conversion of existing stores in Germany and Austria from core- to lighthouse-format and the larger number of new rental agreements as a result of increased expansion activity. In addition, the prolongation and adjustment of existing rental contracts led to a year-on-year increase of investments in additions to rental right-of-use assets.

We aim to have cash investments (excluding additions of rental-right-of-use assets) of approximately €300 million in the mid-term. The majority of investments will be spent on the modernization and maintenance of our store network as well as expansion activities. For example, we acquired eight stores from the competitor BCC in the Netherlands in 2023, when BCC filed for insolvency. Currently, we are in a process to significantly grow our Swiss retail network by take-overs of stores from another market player, who is reorganizing its activities. We are always looking for similar opportunities to take over existing stores from competitors or other comparable market players in all countries where we are active. Additionally, IT and supply chain investments are expected to be major parts of our investments.

The source of funding for our ongoing and future investments has been, and continues to be, cash flow from operating activities and borrowings.

In October 2023, an agreement was signed between us and Olympia Group LTD to sell our remaining minority stake of 2% in PG Public Group Ltd to Olympia Group LTD.

Besides the investments described above, we have made no firm commitments on any significant ongoing or future investments as of the date of this Offering Memorandum.

Intellectual Property

Intellectual property rights are material to us. We depend on individual trademarks or trade names, in particular the "MediaMarkt" and "Saturn" brands, domains, designs as well as IT systems.

In Germany, we predominantly use the internet domain www.ceconomy.de with www.mediamarkt.de and www.saturn.de and respective country localized domains (*e.g.*, mediamarkt.es, mediaworld.it) being the predominant internet domains of the Group.

Information Technology

Our business depends on the ability of our employees to process transactions on secure information systems and our capacity to store, retrieve, process and manage information. Our IT systems are managed by our Information Systems Department, the MediaMarktSaturn Technology GmbH, which ensures consistency of all our IT platforms as part of a coordinated strategy to undermine the business roadmap with the right technology portfolio. The teams are organized in group central teams supported by a country IT focused on localized operations and projects.

Since 2018, we have been transforming our IT infrastructure from single channel and multichannel to omnichannel. As part of this strategy, we are replacing our legacy IT systems and moving our landscape to the cloud. As of 2023 and based on applications, approximately 50% of the relevant IT landscape in key markets was already provisioned to the cloud.

Our core IT applications include the omnichannel order and delivery platform, the e-commerce platform, a marketplace platform, customer relationship and loyalty systems, a logistics IT system, a product and offer management system, an after-sales and repairs system, a financial IT system, a business intelligence system, a human resources IT system and the foundational IT operations, infrastructure, network, data and cyber security systems. The data and analytics capabilities include systems and data flows used to manage, track, and deliver orders, monitor stock and quality control and interface with suppliers and other business partners. We also rely on various software packages such as SAP R3, SAP S4, Oracle CX and Service Cloud, Miracle, Centiro, Blue Yonder, Relex, IBM Sterling, Prisma Cloud, Google BigQuery, Google Cloud marketplace and native services, Office 365 and Azure for both front and back office systems. We use well known hosting companies such as Google Cloud, Microsoft, CapGemini, Kyndryl, Equinix to operate our IT systems. Systems are designed to be redundant including backup and recovery plans. As part of our continued transformation the majority of our critical systems will be in the cloud, providing ability to scale and adjust to demand and scale. Several red teaming exercises and incident simulations take place during the year in order to be even better prepared for cyber-attacks and we have a dedicated IT Security Incident Response Process, which is linked to the disaster recovery process and Crisis Management. Furthermore, each product team has its own disaster recovery plan, which must be constantly updated and tested at least once a year.

Financial management and accounting data are managed in the SAP information system (SAP ECC) in all our activities to ensure consistent processing, comparison and control of accounting and financial information. Financial reporting data and budget construction and tracking data are managed using the SAP platform information system across all our activities. This SAP data warehouse (SAP BW) tool interfaces with the various accounting information systems. Consolidation data is collected in consolidation tools known as SAP ECCS and Tagetik, which interfaces with our financial and accounting systems.

To reinforce internal control and security of systems, the Infrastructure and Cyber Security teams have strengthened the systems used and have improved right of access controls, which are a formalized as part of the annual review across the entire Group.

Employees

As of March 31, 2024, we had 41,292 full-time equivalents (as of September 30, 2023: 41,365). The following table sets forth our employees (full-time equivalents), broken down according to the following segments: DACH (Germany, Austria, Switzerland, Hungary), Western/Southern Europe (Belgium, Italy, Luxembourg, Netherlands, Portugal until September 30, 2023, Spain), Eastern Europe (Poland, Türkiye) and Others (Sweden until August 1, 2023) as of the dates shown:

	As of September 30,		
	2021	**2022**	**2023**
Germany	19,880	18,617	17,935
Austria	2,204	2,106	2,085
Switzerland	712	677	649
Hungary	1,386	1,469	1,452
DACH	**24,183**	**22,869**	**22,122**
Belgium	1,206	1,138	984
Italy	4,312	4,290	4,081
Luxembourg	95	83	74
Netherlands	2,575	2,368	2,248
Portugal*	427	422	0
Spain	5,465	5,327	5,132
Western/Southern Europe	**14,079**	**13,628**	**12,519**
Poland	3,330	3,076	2,891
Türkiye	2,861	3,143	3,593
Eastern Europe	**6,191**	**6,219**	**6,484**
Sweden*	808	799	0
Miscellaneous	186	221	240
Others	**995**	**1,021**	**240**
CECONOMY	**45,447**	**43,737**	**41,365**

* Portugal until September 30, 2023; Sweden until August 1, 2023.

We provide many of our employees in Germany with commitments for retirement, disability and surviving dependents' benefits. In Switzerland, the Federal Law on Occupational Old-Age, Survivors' and Disability Benefit Plans ("**BVG**") legally requires the employer to insure employees in a benefit plan. The statutory minimum benefits set out a defined pension plan with a guaranteed interest rate. The BVG also sets minimum contributions. Contributions are paid into a pension fund as a percentage of the pensionable salary and converted into retirement benefits upon retirement using con-version rates. The retirement plans are available to new employees. Further pension schemes are provided in other countries.

We are subject to collective bargaining agreements and a member of the retail association. In that context, we work on various committees to help design and develop working conditions for the sector, in particular regarding collective bargaining agreements.

Material Agreements

The following provides a summary of (i) each material contract, other than contracts entered into in the ordinary course of business, to which the Company or any member of CECONOMY is a party, for the last three years as well as (ii) any other contract (other than in the ordinary course of business) entered into by any member of CECONOMY which contains any provision under which any member of CECONOMY has any obligation or entitlement which is material to us as of the date of this Offering Memorandum. Apart from the contracts summarized below and the certain financing arrangements described under "*Description of Certain Financing Arrangements*", there are no other material contracts to which the Company or any company of CECONOMY is a party as of the date of this Offering Memorandum.

Finance and Lease Agreements with Convergenta

On December 14, 2020 and as amended and restated on November 9, 2021, the Company concluded an agreement with the minority shareholder of MSH, Convergenta Invest GmbH ("**Convergenta**"), a German investment and holding company, in which the parties agreed, subject to, *inter alia*, the corresponding resolution of the General Shareholders' Meeting of the Company, on, among other things, the acquisition, transfer and contribution of the shares in MSH held by Convergenta to the Company (the "**Convergenta Transaction**"). In the course of the Convergenta Transaction, as part of the investment in CECONOMY AG, Convergenta received a cash payment of €130.0 million, was granted 125.8 million newly issued no-par value ordinary bearer shares of CECONOMY AG and a convertible bond in a total nominal amount of €151.0 million was issued to the benefit of Convergenta. The Convertible Bond gives Convergenta the right to acquire new ordinary shares through conversion at any time until July 2027. For further information see "*Description of Certain Financing Arrangements–Notes and Promissory Notes–Convertible Bond*".

Business relations between us and Convergenta primarily comprise leasing locations for the MMSRG's electronics stores and administrative buildings. Lease payments including incidental costs amounted to €11 million in the financial year ended September 30, 2023.

Vendor Loan Agreement with Power International

In the course of the sale of the Swedish MediaMarkt business, MMS Retail Group granted an interest-bearing loan to Power International in the total amount of €25 million. The loan was granted in two tranches: the first in the amount of €15 million for a definite term of 3.5 years after closing of the transaction and the second in the amount of €10 million for a definite term of five years after closing of the transaction. The loan shall only be used to fulfil working capital and corporate financing needs of the Power group companies.

Cooperation with mobilcom-debitel GmbH regarding the Marketing and Distribution of Mobile Communication Products

Media-Saturn Deutschland GmbH, Ingolstadt, Germany ("**MSD**"), and mobilcom-debitel GmbH, Büdelsdorf, Germany ("**Debitel**"), which is a wholly owned subsidiary of freenet AG, entered into a cooperation regarding the marketing and distribution of mobile communication products of Debitel, *inter alia*, under a distribution agreement dated April 24/May 25, 1992, which has been supplemented by various other agreements and amended several times, most recently on March 29, 2021. The Cooperation Agreement will expire on March 31, 2027. Under the Cooperation Agreement, MSD promotes and distributes Debitel's mobile communication products in Germany in its MediaMarkt and Saturn stores as well as through its online channels, in particular by arranging postpaid mobile phone contracts with consumers for Debitel. In return, MSD receives certain fees as well as a revenue share. The Cooperation Agreement can be terminated by either party with a notice period of six months to September 30 and March 31 of each year of the term.

In addition, commission receivables against Debitel in connection with the brokered mobile phone contracts will be assigned to the factoring banks pursuant to a factoring agreement dated March 25, 2021 under the leadership of "Landesbank Hessen-Thüringen Girozentrale" within the limits of a monthly rolling volume of €120 million.

Apple Service Provider Agreement

On July 14, 2020, MSD and Apple Distribution International Ltd., Cork, Ireland ("**Apple**"), concluded an agreement regarding the servicing and resale of certain products (the "**Service Provider Agreement**"). This enables us to expand our service and performance portfolio in Germany to include, *inter alia*, immediate repairs of defective iPhones with original Apple spare parts, thus preserving the manufacturer's warranty. MSD is also put in the position to offer services in the context of AppleCare, *i.e.*, Apple's own warranty program.

Under the Service Provider Agreement, MSD is authorized by Apple to service hardware and software products that are manufactured, distributed, licensed or sold under an Apple owned or licensed brand ("**Apple Products**") and to sell (i) support related products branded AppleCare, (ii) new, used, remanufactured, or refurbished service modules and parts, which Apple sells to MSD for the sole purpose of resale to an end-user as part of a non-Covered Repair (as defined below), and (iii) accessories which are peripheral to the Apple Products (such as mice and keyboards), which Apple sells to MSD for the sole purpose of resale ("**Resale Products**"), making MSD an Apple authorized service provider ("**Service Provider**"). Covered Repair means an Apple Product repair or replacement that is covered by an obligation described in Apple's product warranty, extended service contract or certain service programs ("**Covered Repair**"). The appointment of MSD as Service Provider is non-exclusive. In particular, Apple may sell Apple Products directly to customers electronically and may open Apple retail stores and/or authorize additional Service Providers in any location, including in locations that are proximate to the stores operated under MSD.

The locations where MSD is authorized to service Apple Products is subject to Apple's written approval. The Service Provider Agreement provides for a list of the 431 MediaMarkt and Saturn stores operated in Germany as of the date of the Service Provider Agreement where MSD is authorized to service Apple Products. These may change from time to time subject to the provisions of the Service Provider Agreement.

Except when providing services for Covered Repairs, in which case Apple will compensate MSD, MSD will determine its own prices for Resale Products, parts and services. The Service Provider Agreement imposes certain obligations on MSD, *inter alia*, with respect to Apple's intellectual property and to representations, warranties or guarantees regarding certain products and material provided by Apple. MSD is also obligated to comply with certain data privacy security requirements as well as with certain standards regarding the services provided by MSD. Furthermore, the Service Provider Agreement and its exhibits outline MSD's authorization to use certain Apple related trademarks, service marks, trade dress, logos, taglines, slogans, product names, any other word, phrase, symbol, or design.

The Service Provider Agreement or the authorization regarding a specific location may be terminated by either party to the agreement at any time without cause upon 60 days' written notice.

Following the authorization of the MediaMarkt and Saturn stores in Germany to operate as an Apple Service Provider, the Apple Service Agreement and the corresponding services provided by Apple (*e.g.*, AppleCare) were expanded to further countries in which we operate. Since 2021, the MediaMarkt stores in Spain, Portugal and Austria are also authorized to operate as an Apple Service Provider in order to offer the aforementioned services.

Legal Proceedings

From time to time, we are involved in administrative, legal and arbitration proceedings that arise in the ordinary course of business. Neither the Company nor any of its subsidiaries is currently involved in any litigation, arbitration or administrative proceedings relating to claims or amounts that are material to our business and, to the Company's knowledge, no such litigation, administrative proceeding or arbitration is pending or threatened.

Action for Payment of Damages by Vivanco Accesorios SAU ("Vivanco") against Media Markt Saturn Administración Espana S.A.U. ("MM Spain")

Vivanco, a supplier of MM Spain, raised claims against MM Spain based on (i) breach of exclusivity agreements, (ii) abuse of its dominant position, and (iii) discrepancies in invoices and product reconciliations. The court of first instance has substantially upheld Vivanco's claims, resulting in an obligation of MM Spain to pay €6.7 million to Vivanco. Based on advice from legal counsel, we believe that there are strong arguments supporting the appeal of the judgment. MM Spain filed an appeal against the decision of the first instance. Due to a successful application for provisional enforcement by Vivanco, MM Spain had to deposit an amount covering the claim as well as interest and expenses.

Administrative Proceedings brought by Italian Competition and Antitrust Administration, Department for Consumer Rights ("AGCM") against Mediamarket S.p.A. con Socio Unico ("MW Italy")

AGCM initiated proceedings against MW Italy relating to a potential breach of consumer rights because of a lack of price transparency in connection with bundled sales in the Italian stores. The proceeding was initiated following an inspection visit at the headquarter of MW Italy. AGCM imposed a fine of €3.6 million. The appeal by MW Italy before the Administrative Court is still pending.

Legal Proceedings brought by and against MSD regarding Store Closures due to the COVID-19 Pandemic

During the COVID-19 pandemic from March 2020 until beginning of 2022, our stores in Germany were subject to massive restrictions imposed by the legislator and administration. These restrictions included store closures, restriction of click & collect and opening restrictions (no entry for unvaccinated persons, so-called "2G"). Selected stores filed legal complaints at the administrative courts against the respective state legislation. Further, constitutional complaints were filed against a federal law in April 2021. Most filings for preliminary legal actions were not successful, whereas the main legal proceedings are still pending. The Federal Administrative Court (*Bundesverwaltungsgericht*) has partially decided in favor of MediaMarktSaturn, whereas a principal decision by the Federal Constitutional Court (*Bundesverfassungsgericht*) is still outstanding. Potential claims for damages are currently under investigation but will principally be difficult to achieve. For the time being, most pending cases are put on hold.

Several of our German store entities reduced their rent payment due to COVID-19 related lockdowns during the years 2020 and 2021. Various landlords have filed lawsuits and claim the reduced payment plus interest. Litigations are pending in first and second instances. The outcome in the individual cases depends on the actual loss of turnover (regardless of the principal decision of the German Supreme Court). Any negative court decision could be a bad prejudice for the future and deteriorate the negotiation position of MSD. The total amount currently under negotiation is approximately €4.4 million.

Environmental, Social and Governance

We count sustainability as one of the four cornerstones of our strategic advancement. In that context, we have developed our sustainability goals and set sustainability targets with regard to climate and resources, sustainable products and circular economy and social responsibility:

- **"We offer a climate-neutral shopping experience":** We have set ourselves ambitious climate targets in order to reduce CO_2 emissions (Scope 1 to 3 reduction). Due to the reduction of emissions from purchased own-brand products, supplier engagement, the associated reduction of emissions generated when end-customers use products, and carbon-neutral delivery to customers, customers have the opportunity to make a climate contribution with their purchase.

- **"We provide a sustainable range of consumer electronics and are pioneers of the circular economy in Europe":** Maximum circular economy due to energy-efficient, sustainably produced and packaged projects as well as offerings that make products more attractive to customers and usable for longer. At the same time, the product lifecycle is extended through repairs and other services and products are made available for secondary and tertiary use.

- **"We take social responsibility for our employees, suppliers and communities":** Our business is based on social responsibility to employees, suppliers throughout the supply chain and the communities affected by us. Diversity also plays a central role for us.

Our sustainability management resides with the Management Board of CECONOMY AG. The Vice President for Sustainability reports directly to the Management Board and manages the sustainability concerns of the Company and MMSRG. The department of the Vice President for Sustainability is responsible for devising the strategy, updating the key performance indicators and tracking all targets and progress. The Vice President for Sustainability is supported by the local sustainability managers in the various country organizations, who act as local contacts and have the task of conveying the understanding of sustainability to their countries and deriving appropriate country-specific activities on this basis. In effective sustainability management, the Management Board is responsible to ensure a high level of transparency both internally and externally, define our overall strategy, strengthen the conditions for the respective sustainability initiatives and monitor their development. In regular meetings, the Management Board and Supervisory Board, together with the Vice President for Sustainability, assess and update our targets, values and strategy. In our sustainability reporting, the Management Board also makes the final decision on material topics and on which key performance indicators will be reported.

Our Sustainability department promotes discussion with internal and external stakeholders and further develops sustainability communication. Together with the Sustainability department, the countries' sustainability managers make up the sustainability organization.

The "Sustainable Consumption Pledge" initiative represents a continuation of the Green Consumption Pledge that was launched in 2021 as part of the European Climate Pact. We are one of the first European retailers to participate voluntarily in the EU pilot project right from the start. This EU-wide initiative calls on companies to get involved in climate protection and build a greener Europe. By signing, companies promise to help accelerate the green transition. The commitment calls on signatories to uphold at least three of five core principles. Our key issues are carbon emissions, transparency, industry best practices and the sale of sustainable products.

We pledge to publish the targets and progress made on our sustainability targets annually in our sustainability report, in our annual non-financial report and on our website.

Climate and Resources

We take responsibility for the emissions caused directly or indirectly by our business activities throughout the value chain. We continually develop new measures to optimize operating processes and thus to improve our carbon footprint. We are guided by the goals formulated by the Paris Agreement for limiting global climate change. To make an effective contribution, we have set ourselves ambitious, science-based targets, which were confirmed by the SBTi in April 2024. We are also working hard to reduce packaging and materials resources that are used to make our own brand products.

Our business activities mean that we have an influence on the environment and the climate. In addition to the products sold, this applies in particular to the operation of stores and the transport of goods. We have also set ourselves far-reaching net zero targets in Scope 1 and 2 until 2024 and Scope 3 emissions until 2040. In addition to the reduction of CO_2 emissions, we want to invest in climate change mitigation projects for emissions that cannot be further reduced. On the path to climate neutrality, it is particularly important to achieve comprehensive transparency regarding all emissions, as this is the only way that meaningful reduction measures can be initiated and implemented. Since January 2024, we use renewable electricity in 100% of our stores, headquarters, central hubs and warehouses.

New measures are being developed all the time to optimize operating processes and thus reduce the ecological footprint. All climate protection measures that we have already implemented and are planning for the future are components of a comprehensive climate strategy. We are guided by the goals formulated by the Paris Agreement for limiting global climate change. So that the progress achieved towards climate goals can be monitored transparently, we calculate our carbon footprint annually in line with the requirements of the Greenhouse Gas Protocol.

We commit to calculate and reduce our carbon footprint. Among many targets, we are focusing on these two targets, which have been validated by SBTi:

- CECONOMY AG commits to reduce absolute scope 1 and 2 GHG emissions 58.8% by financial year 2032/33 compared with the baseline financial year 2018/19.

- CECONOMY AG also commits to reduce absolute scope 3 GHG emissions from use of sold products 32.5% by financial year 2032/33 compared with the baseline financial year 2021/22 base year.

In addition, we target to engage 74% of our retail suppliers (*i.e.*, suppliers in private label, transport and distribution) by sales volume based on financial year 2021/22 to set climate targets until 2028.

Sustainable logistics

Transport and storage are essential for selling goods to customers in stores and online – processes that generate CO_2 emissions. The shipping volumes and inventories of MMSRG result from the supply chain operations of regional country organizations and our subsidiary Imtron, which supplies our own brands. Since the financial year ended September 30, 2022, logistics have been undergoing a transformation from the separation of e-commerce and retail business in favor of an integrated, centralized omnichannel network. This centralized omnichannel network allows central procurement and the bundling of delivery flows to stores through central distribution centers in each country. In this context, goods flows are increasingly planned and managed centrally. We can thus better reduce transport flows, manage and decrease inventories transparently across all sales channels and warehouse locations, and simultaneously bring down CO_2 emissions. The transformation was successfully implemented in the Netherlands and is currently ongoing in Germany. The central distribution center for Germany was built with modern and resource-saving construction methods, which meet high requirements for sustainable operations. It was granted silver certification according to the standards of the German Sustainable Building Council (DGNB) at the start of 2022 and reached a gold certification in the year 2023.

We work together with our suppliers in order for them to supply stores centrally through the warehouse. In addition to the central distribution center, regional hubs for two-man-handling stock (products with large dimensions) also commenced operations in the financial year ended September 30, 2023. In addition, route optimization made it possible to offer customers delivery windows with a high degree of accuracy and to reduce CO_2 emissions.

Sustainable logistics also aims to systematically reduce the environmental impact of transport and warehouse operations. Therefore, we have set ourselves the target of cultivating options for climate-neutral delivery – “zero last mile delivery” – to customers in more than 80 cities in all countries in the mid-term.

The logistics sustainability program is gradually being expanded. As well as the greater transparency of CO_2 consumption, the focus is increasingly on returns logistics, reusing products and the use of sustainable packaging materials. Particularly in the area of packaging materials, we focus on environmentally friendly concepts and are working on using sustainable raw materials and reducing packaging. Logistics in various countries are also using optimized packing and sustainable packaging materials with the aim of further minimizing the carbon footprint.

Waste management and resource efficiency

In connection with our business processes, products and services, waste is also generated in stores, headquarters and by customers. We are aware of the impact that this waste generation has on the environment and are constantly striving to reduce it. We, therefore, have waste separation concepts, annual training for store employees on waste separation and controls on the proper handling of waste. We also only work with certified disposal specialists. To assist customers in recycling valuable resources, both old electrical devices and packaging waste are taken back free of charge and properly recycled.

In line with legal requirements in the various countries we operate, there are also disposal stations in stores where customers can return batteries and light bulbs in addition to old electrical devices. The respective country organizations are responsible for the management of old electrical devices and packaging waste. There are also organizational instructions for each country on the proper collection, separation and disposal of waste. Disposal partners are selected, and waste volumes monitored, also at the level of the country organizations.

Old electrical devices that have reached the end of the utilization phase for customers are our most significant waste category. Customers can return their old devices either to the stores or to the delivery company when they receive a new delivery at their home. Returned old electrical devices are collected and sorted in regulation containers in MMSRG stores or central warehouses. In the financial year ended September 30, 2023, we took back approximately 75,655 tons of old electrical devices throughout Europe, thereof 43,556 tons of old electrical devices in Germany, and passed these on exclusively to certified waste management companies for processing and recycling. In addition, we placed approximately 27,400 tons of packaging waste into recycling in the financial year ended September 30, 2023.

We are constantly striving to optimize the packaging of our own-brand products. In order to reduce packaging volumes, we strive to use less material and to reduce the overall packaging volume in the long-term. Imtron also aims to avoid non-essential packaging materials or to use recycled plastic or certified packaging to repackage individual products. Where possible, outer packaging is not used at all. In addition, Imtron strives to make full use of the transport boxes used by making changes to order volumes. Where this is not possible, transport, filling or packaging material is used that is less damaging to the environment. The introduction of refillable own-brand

ISY ink cartridges marks another step in our move to a circular economy. At the same time, together with Imtron we are developing other innovative products such as ISY branded mobile phone cases that are made of plant-based material and are biodegradable. The “eco cases” are also sold in stores in packaging made entirely of certified paper.

End-users hold on to a huge number of unused but still functioning electrical devices or throw them away even though they still work. The trade-in service allows customers to have their used devices valued at MediaMarkt or Saturn and to trade them in for a gift card to the value of the old device. The electrical devices are then professionally refurbished and put back into the circular economy or correctly recycled. Since the financial year ended September 30, 2023, the trade-in process has been available both online and in stores in all country organizations. Together with suppliers, offers to trade in old devices are advertised regularly.

In the six months ended March 31, 2024, we purchased approximately 217,000 devices (H1 2022/23: approximately 72,000 devices) against gift cards through our trade-in services and had them either refurbished or included in a certified recycling process. In the six months ended March 31, 2024, we refurbished approximately 26,000 products compared to approximately 7,000 in the six months ended March 31, 2023. We have set ourselves a target of purchasing approximately 600,000 devices in the mid-term.

Sustainable Products and Circular Economy

At customer level, we aim to help customers lead a sustainable lifestyle and enable them to consume in a responsible way that conserves resources – from purchase and the longest possible usage to the proper disposal and recycling of their products. To this end, we are increasing the number of sustainable products in our range as also confirmed by our Sustainable Consumption Pledge. The range of refurbished products is also growing at the same time. The services we established, such as repairs and product trade-ins and new, sustainable business models relating to financing, including options to return products, are also making an effective contribution to the circular economy.

We are committed to evaluating and improving our environmental performance and therefore aim to increase the number of sustainable (“BetterWay”) products in our range to 6,000 by the end of 2025, compared to approximately 1,200 products in the baseline year 2021. The data used to calculate and report on the targets set are verified by the Company’s auditor.

Sustainable products

Since the financial year ended September 30, 2022, sustainable products have all been labelled with the “BetterWay” logo across CECONOMY at MediaMarkt and Saturn, both online and in stores. To be labelled in this way, products must either have been confirmed as sustainable by an independent certification body or meet product group-specific “BetterWay” criteria. In the financial year ended September 30, 2023, products were labelled with the “BetterWay” logo if they had obtained ISO 14024 certification from Blue Angel, TCO Certified or EPEAT. Energy Star compliance is included in the certifications from EPEAT and TCO Certified. Product groups for which no external certification is available are subject to BetterWay sustainability criteria defined in cooperation with TÜV Rheinland Consulting GmbH.

In the case of electronics, in particular, end users often have difficulty identifying sustainable products. We place great value on informing MediaMarkt and Saturn customers about the sustainability of products as much as possible during the purchase process so that they can easily compare these products and make well-founded purchasing decisions. In the six months ended March 31, 2024, we sold approximately 3.5 million products marked as sustainable, compared to 2.8 million products in the six months ended March 31, 2023.

By continuously assessing and evaluating product properties and material flows, we aim to steadily make our own-brand products more environmentally friendly. In the financial year ended September 30, 2023, sustainability activities were carried out in three areas for own brands: (i) own brands were assessed using the same sustainability standards as we apply for all supplier products, (ii) focus was on optimization and avoidance of packaging materials, and (iii) CO_2 emissions from the production and lifecycle of own-brand products were recorded.

We offer a range of refurbished products, which we are constantly expanding. This offers sustainability-conscious customers an additional opportunity to conserve resources in their technology purchases. Price-conscious customers are also increasingly turning to refurbished devices. We work with selected partners in order to ensure that our refurbished products work well and are indistinguishable from new products.

Sale of renewable energy

To help customers to live a sustainable lifestyle, we offer them the opportunity to buy green energy. In the financial year ended September 30, 2023, customers in Germany, Spain and Belgium were able to enter into such energy contracts with external service providers, both in-store and online. In the financial year ended September 30, 2023, we brokered a total of approximately 96,000 renewable energy contracts.

Sustainable services

We are committed to maintaining and continuously further developing innovative product solutions and service concepts that facilitate sustainable consumption.

We offer maintenance and repair services. Defective appliances or those in need of maintenance can be handed in to MediaMarkt and Saturn stores to be repaired or maintained.

At the SmartBars included in all MediaMarktSaturn stores, in-house technicians are on hand to repair mobile telephones. They offer a wide range of innovative services – from display protection and extended warranties to on-the-spot smartphone repair. After sales service desks are included in the entrance area of the MediaMarktSaturn stores and process repairs with industry workshops on behalf of customers. Using these services lengthens the products' lifecycle, thus making an important contribution to conserving resources.

To continue building on the circular economy approach, our goal is that SmartBars will be stores' central point of contact for new and existing services in the future. We plan to offer services such as software services, printing, calibration, service acceptance through our SmartBars – either remotely or at the customer's home, immediate repairs, spare parts services and e-scooter repairs.

In the financial year ended September 30, 2023, we repaired approximately 3.2 million appliances.

In cooperation with an external service provider, we also offer customers the opportunity to rent appliances. We are thus helping to ensure more sustainable technology consumption: Once returned, products are refurbished and reused. This service is currently available in Germany, Austria and Spain. In total, just under 20,000 million product rental agreements were concluded in the financial year ended September 30, 2023.

Social Responsibility

Another of our four strategic initiatives is "employee experience" for the development of employees. For this reason, particular emphasis is placed on appreciating the work of all employees and on their targeted development, motivation and empowerment. The focus here is on employee involvement and talent development, as well as promoting diversity, for example in the form of bias training and ensuring diversity in talent pools. At the same time, we undertake to uphold labor laws and human rights, both in our own companies and in the supply chain. For example, we are working continuously to develop our own risk management approach to uphold human rights and cooperate closely with suppliers to tackle potential human rights risks in the supply chain. To this end, we have established a concept for sustainable supply chain management and continue to refine this on an ongoing basis.

Employee development and talent management

We have set ourselves the goal of promoting continuous lifelong learning among our employees in order to meet the current and future challenges in retail, generate further growth and support the transformation in line with our corporate strategy. In line with this, we invest in the employee training to help them further develop their skills. Systematic employee development also positions us as an attractive employer, ensuring that we can hold our own in an environment of increasing competition for talented and new employees.

In this context, we have also developed management and corporate principles, which aim to strengthen cooperation and break down silos. They are the basis for all employee development and talent programs and initiatives.

In addition to the central, content-based initiatives, we also promote bespoke continuing professional development for young talent, specialists and executives. There are also extensive offerings for employee development in the country organizations and subsidiaries. Executives must complete anti-bias training. Assessments are also increasingly used in the selection and development of executives, which in turn review and reinforce the implementation of corporate and management principles throughout CECONOMY by promoting and affirming the culturally desired behaviors in candidates.

Based on desired company-specific management behavior, current executives are promoted, and new executives are encouraged in this direction at an early stage. The annual feedback process has therefore been revised. E-learning sessions, short videos and workshops were designed as part of this roll-out to support the executives and employees. International talents are prepared for their next management role in a nine-month learning journey, including many management and cultural topics as well as indirect training such as coaching and mentoring.

Another key element of talent development and cultural change is the net promoter people (NPP) survey of all employees carried out across the Group twice a year. The results are evaluated to boost our commitment and appeal as employer ("employer value proposition"). Results are discussed in detail in structured focus groups to establish effective measures, which we then measure ourselves against in the next survey. In the financial year ended September 30, 2023, nearly three quarters of all participating employees said that they were aware of specific measures resulting from the last survey in their environments.

Extensive use is still being made of the wider range of online learning in all countries on account of the COVID-19 pandemic. Thus, every employee and executive can access training on sales, technical and management issues on the Group-wide e-learning platform. The average employee training duration in the financial year ended September 30, 2023 was 3.2 days (not including the Swedish and Portuguese country organizations).

Fair and responsible working conditions

It is very important to us to offer our entire workforce good and fair working conditions and thereby achieve high employee satisfaction. We always hire employees on the basis of applicable agreements and laws. We conduct our business responsibly in compliance with human rights in accordance with the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work. We uphold workers' rights and comply with all regulations, including laws, collective bargaining agreements and works agreements. This covers appropriate remuneration and working hours and taking measures to combat forced and child labor and human trafficking.

We have adopted a Code of Conduct on various topics, such as anti-discrimination and the correct handling of personal data. In line with the German Act on the Notification of Conditions Governing the Employment Relationship (*Nachweisgesetz*) employees can be notified of the material conditions of a contract. At key stages, such as recruiting, the dual-control principle is applied to protect employees and applicants from any potential arbitrary actions by individual employees. If employees experience or find out about any violations of these standards, they can contact their supervisor or an anonymous reporting system at any time. This then initiates a structured clarification process. The Chief Compliance Officer is the central point of contact for all of these issues.

As a member of the retail association, we work on various committees to help design and develop working conditions for the sector, in particular regarding collective bargaining agreements.

As expressly outlined in the Code of Conduct, all employees have the right to freedom of association. We have a works council in Germany as well as a European Works Council (Euro Forum) that was created in 2023 and employee representatives serve on the Supervisory Board of CECONOMY AG.

Enabling employees to balance their career and family lives is an important issue for us. Where possible, employees are offered flexible working time models and, in the administrative units, options for mobile working. Not every job allows for flexible work to the same extent. The goal is for all employees, whether they work in a store or in administration, to be able to combine their private lives and their career as best possible. A number of measures facilitate work-life balance. In the financial year ended September 30, 2023, the part-time ratio at CECONOMY was 31.4%, with 25.5% of employees in Germany and 35.7% internationally working part-time.

Ensuring a safe, healthy workplace is vital in an increasingly fast-paced and demanding world of work. We are thus constantly working on achieving high standards for occupational health and safety. Health and safety experts visit our administrative and operating locations and stores at regular intervals (approximately twice a year) in order to identify work-related hazards at an early stage and minimize or prevent risks. These visits are carried out by occupational safety experts/safety engineers employed at the country organizations or by external partner firms. Together with management, detailed risk assessments are prepared and updated.

Relevant incidents such as workplace accidents or fires are reported by the stores and group companies in question and followed up on by the departments responsible. Our employees receive regular training on occupational health and safety and fire safety, either online or in person in the store. The training sessions are held during working hours and are adapted according to the employee's function, for example for warehouse staff. The content is regularly evaluated and amended.

In addition, store-related training sessions are also held by managing directors or employees with additional qualifications. In the financial year ended September 30, 2023, the sickness-related absence rate at CECONOMY was at 4.0% (financial year 2021/22: 4.2%).

Diversity, inclusion and equal opportunities

In order to offer customers, the best possible shopping experience, we employ a diverse workforce who can contribute different perspectives and solutions: the more diverse the employees, the more extensive the skills and knowledge within the Company. As of September 30, 2023, we employed staff from 133 different countries (September 30, 2022: 130 countries). Promoting this diversity is an important factor for our success. Our Code of Conduct creates the necessary conditions for all employees to be given the same opportunities, irrespective of their gender, ethnic background, sexual identity, any disabilities or their religion or ideology. By creating additional resources and establishing an international DEI team, we have also taken the next vital step to further strengthen diversity, equal opportunities and inclusion.

In the financial year ended September 30, 2023, our entire international leadership team was invited to undergo "Executive Decision Making" training in order to familiarize themselves with their unconscious bias, to learn how this influences thought and decision-making processes, and to understand why a conscious approach to unconscious bias is essential in the corporate context in order to gain more control over their decision-making process. Based on the positive feedback from the executives, all employees – in stores and in head offices – will be provided with unconscious bias training in financial year 2023/24. An official anti-discrimination policy was also rolled out in all countries in the financial year ended September 30, 2023.

There are many facets to diversity from a corporate perspective. One of these is gender diversity and, in particular, the share of women in management positions. We have set the goal of increasing this share across CECONOMY in the long term. To achieve this, specific targets have been agreed with the management of the country organizations. At the same time, structural changes were made, for example to the succession planning process at level one and level two and the nomination process for the International Leadership Programme.

The "Women in Retail" initiative launched in 2019 also continues to coordinate a wide variety of measures such as "Female Leadership Lunches" and best practice sessions. At the same time, the internal Women in Retail network was further expanded nationally and internationally. In addition, young talent programs and initiatives to promote female employees were launched. A number of measures were implemented in the country organizations based on local requirements and focuses. These target female advancement, corporate culture and the associated awareness of prejudices directed at women.

As of September 30, 2023, 13.9% of the first two management levels (including senior executives, level one and level two) at CECONOMY were women (September 30, 2022: 13.9%), with 15.3% of women at the first management level (September 30, 2022: 8.5%) and 13.8% at the second management level (September 30, 2022: 14.2%). To effectively manage the proportion of women, targets have been discussed and agreed for the key decision-makers in recruitment and succession planning at these two important management levels. The highest management level is represented by the top 150 managers: executives, members of the (country) boards, (Executive) Vice Presidents, heads of the largest companies and individuals with high potential from the international talent program.

As of September 30, 2023, 22.0% across all management levels at CECONOMY were women (September 30, 2022: 21.9%) and 39.4% of our overall workforce were women (September 30, 2022: 39.3%).

Sustainable supply chain

Sustainability in supplier management is a key component of our sustainability strategy. We undertake to respect fundamental and universal human rights and to assist in their protection and compliance. We wish to make a positive contribution to respect human rights and wellbeing. The foundation and framework for corporate culture and our activities are formed by globally accepted standards and agreements. Furthermore, we are committed to the principles of the UN Global Compact and wish to contribute to the achievement of the Sustainable Development Goals through our own actions. Since 2018, we have been a signatory of the Diversity Charter, thereby declaring our willingness to advocate diversity and equity as an employer.

As a member of the Responsible Business Alliance, we look to industry-wide requirements and standards and are committed to the responsible business standards of the Responsible Business Alliance Supplier Code of Conduct.

Our operating activities comprise supplier relationships concerning both own brands and third-party products and services, which are procured directly and indirectly. We sell brand products from internationally renowned manufacturers and products from our own-brand company Imtron.

Through continuous ongoing development, we aim to incorporate the additional requirements of the German Supply Chain Act (*Lieferkettensorgfaltspflichtengesetz*) and make the changes necessary to existing processes. Our goal is to implement all components of sustainable supplier management on the basis of a human rights due diligence process.

For the enhancement and optimization of risk management, we conducted a comprehensive software-based risk analysis of the supply chain and a risk analysis of our own business area across all country organizations with regard to human rights and environmental aspects in the financial year ended September 30, 2023. As part of this, priority risks at CECONOMY and along the supply chain were identified, in particular with regard to direct suppliers. The company-specific, software-based screening of suppliers classified only 0.89% of all suppliers as high-risk. We work closely with suppliers to counteract proactively and appropriately existing risks, including obtaining contractual assurances from the suppliers. If necessary, corrective measures are also taken. We aim to continually reduce the number of high-risk suppliers with a goal to reduce the share of suppliers classified at high risk to a maximum of 0.5% in the mid-term.

In addition to the Human Rights Declaration, our Code of Conduct sets out values and obligations that apply to the Company as a whole and encompass many areas. Our whistleblowing system is a further instrument for identifying human rights risks and violations. Any suspected human rights violations at CECONOMY or in the supply chain can be reported anonymously using this whistleblowing system, by employees and third parties alike.

Responsible purchasing practices and corresponding guidelines perform a vital function in preventing negative repercussions of our business activities on people and the environment.

Imtron is responsible for supplying the country organizations centrally with high-quality private label products and is in charge of our own supplier management. Imtron conducts central monitoring of compliance with criteria and requirements.

Imtron's supplier management system comprises several components of the procurement process and is based on Imtron's own procurement policy, which defines procurement processes and also ensures transparency and compliance with processes. Accordingly, a Supplier Code of Conduct based on the amfori Business Social Compliance Initiative (BSCI) is a mandatory component of all contracts in connection with products. In addition to these contractual obligations for each supplier, the operation of the amfori BSCI social standard system is a key element within the Imtron procurement process and mandatory for each individual order. As a member of amfori BSCI, Imtron is required to allow regular audits of its production facilities.

REGULATORY ENVIRONMENT

We are subject to the applicable laws and regulations of the respective jurisdictions in which it operates. These include, in particular, requirements with respect to consumer protection, product safety, product liability and environmental laws. EU regulations apply directly in all member states of the European Union. As a result, our business is subject to these rules in all EU member states in which it operates. In contrast, EU directives, while binding EU member states as to the result to be achieved, need to be implemented into domestic law. Hence, regarding those standards contained in EU directives that are applicable to our business, national implementing rules and administrative views and enforcement can differ slightly from one EU member state to another. To the extent governed by EU regulations or domestic laws that are based on EU directives, the regulatory environment in most EU member states and the member states of the European Economic Area ("**EEA**") should however be largely harmonized and similar to the regulatory environment in Germany, while exceptions exist with regard to so-called "gold-plating" of EU directives (*i.e.*, stricter requirements in EU member states) and diverging interpretations and application by competent authorities of EU member states.

The following provides an overview of selected regulations that are, amongst others, applicable to our business operations.

Consumer Protection Laws

We must comply with various consumer protection regulations with respect to the marketing and sale of products to our customers. Throughout the EU, consumer protection is extensively regulated, in particular, but not limited to, on the basis of the following EU directives, in each case as amended:

- Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts;
- Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection in the indication of the prices of products offered to consumers (Price Indication Directive);
- Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce);
- Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications);
- Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market (Unfair Commercial Practices Directive), which prohibits, among others, certain particularly aggressive or misleading commercial practices or advertising;
- Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising;
- Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights ("**Consumer Rights Directive**");
- Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes;
- Directive 2019/770/EU of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the supply of digital content and digital services;
- Directive 2019/771/EU of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the sale of goods;
- Directive (EU) 2019/2161 as regards the better enforcement and modernization of Union consumer protection rules ("**Omnibus Directive**"); and
- Directive (EU) 2020/1828 of the European Parliament and of the Council of 25 November 2020 on representative actions for the protection of the collective interests of consumers.

The aforementioned EU directives on consumer protection and the domestic laws which implement or complement these directives impose extensive duties and responsibilities on retailers.

Warranty Rights

As a retailer, we are responsible for the conformity of our products with the agreed quality and are liable to consumers for any defects at the time of delivery. In the event of product defects, the consumer may request that we repair or replace the products in question free of charge.

Withdrawal Rights

With respect to our e-commerce business, online purchases constitute "distance contracts" that are subject to specific consumer protection. Pursuant to the Consumer Rights Directive, consumers have the statutory EU-wide right to withdraw from a distance contract within 14 days after receipt of goods (or within a period of twelve months and 14 days after receipt of goods if the consumer has not been properly informed about its statutory right of withdrawal). Withdrawal must be exercised by distinct declaration towards the seller (*e.g.*, in writing, per e-mail or phone). The return of the goods without further comment does not constitute a valid declaration of withdrawal. If the statutory right of withdrawal is declared, within 14 days from the day of the withdrawal, the customer must send back the goods, and the seller must reimburse the purchase price within 14 days of receiving the note of withdrawal. The consumer only bears the direct cost of returning the goods, unless otherwise agreed upon or if the seller failed to inform that the consumer has to bear it. The customer also has to compensate the seller for any loss in value of the returned goods, if such loss is due to the customer handling the goods in a way that was not necessary to establish the nature, characteristics and functioning of the goods and the seller has informed the customer about its statutory right of withdrawal.

Information Requirements

Online retailers must comply with extensive and formalized information requirements. They have to provide their (potential) customers with detailed and accurate information, among others, on the offered goods, contact details, collection and processing of personal data, on the way a binding contract can be concluded, on price and payment details, on their return policy, on the statutory right to withdraw from a contract (irrespective of any more beneficial return policy that may be afforded by the online retailers, on their general terms of sale and on statutory warranties). EU directives and domestic laws set out detailed criteria on when, where and by which means this information has to be provided. Online retailers have to implement these requirements in their distribution channels in the design and structure, *e.g.*, of their online shops, mobile-commerce platforms and apps, in their ordering and payment processes and in their delivery systems. Due to changes in legislation, online retailers have to adapt their shop design on an ongoing basis. For example, under the Consumer Rights Directive, online retailers are obligated to implement a solution pursuant to which a binding purchase can only be concluded by clicking on a button that expressly refers to an order with obligation to pay. Directly before the consumer makes the purchase, such consumer is to be informed by a summary of certain key information relating to the purchase. Failure to comply with these information requirements may give rise to civil liability, administrative orders (including injunctive relief) or fines and may in some cases result in an extension of warranty periods or even in the invalidity of the affected customer contracts. The concrete consequences and penalties for infringing domestic laws implementing the Consumer Rights Directive are to be laid down in domestic laws by each EU member state.

Advertising

Advertising, including promotional games, newsletters and personalized product recommendations, is heavily regulated, in particular, if distributed through e-mail (*e.g.*, newsletters). An advertisement must not be misleading, constitute an unreasonable nuisance or make use of harassment, coercion, or undue influence. These criteria leave significant room for interpretation and the assessment of courts and other competent bodies is often hard to foresee.

Under Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**"), consumers have to give their explicit consent in advance to the distribution of emails for advertising purposes (opt-in). In Germany, cases where advertising is assumed to be an unacceptable nuisance due to lack of consent is regulated more comprehensively by Section 7 Act against Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb*). As a consequence, the GDPR rules governing these aspects need to be interpreted in light of Section 7 Act against Unfair Competition. In addition, anyone sending advertising must be able to prove that respective consent has been given. For this purpose, customers receive a confirmation email after signing up for advertising asking them to confirm their consent via a link provided (double opt-in) to establish proof of consent. With regard to the use of cookies, the legal regulations concerning tracking technologies must be observed.

Price Transparency

The Omnibus Directive has amended many of the EU's consumer rights directives, including Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection with respect to the indication of the prices of products offered to potential customers. Under the amended rules, if a price reduction is advertised, the seller shall indicate the lowest price applied during a period not shorter than 30 days prior to the application of the price reduction. If sales are made through various sales channels, the rule is applied to each sales channel. Türkiye has implemented similar provisions.

In addition, the Omnibus Directive has amended the Consumer Rights Directive by implementing a price transparency rule under which an online seller has to inform the potential customer before the sale if the price was personalized on the basis of automatic decision-making.

Accessibility

Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services requires some everyday products and services, such as, for example, e-commerce, to be accessible for persons with disabilities. The Directive needs to be implemented in all EU countries until June 28, 2025, *e.g.*, in Germany by the Accessibility Strengthening Act (*Barrierefreiheitsstärkungsgesetz*). We will adapt our e-commerce user interface as from June 28, 2025, accordingly.

General Terms and Conditions

In our e-commerce business, the customers agree to standardized general terms and conditions (*Allgemeine Geschäftsbedingungen*) as part of the ordering process. General terms and conditions must comply with the legal requirements for general terms and conditions, in particular, under the Council Directive 93/13/EEC of 5 April 1993, amended by Directive 2011/83/EU of the European Parliament and the Council of 25 October 2011 on unfair terms in consumer contracts, as amended. General terms and conditions are subject to rigid fairness control by the courts. This control is particularly rigid when being used in transactions *vis-à-vis* consumers. If a particular clause is declared invalid, the contractual obligations only apply to the remaining valid parts of the agreement.

Enforcement

Under Directive (EU) 2020/1828 of the European Parliament and of the Council of 25 November 2020 on representative actions for the protection of the collective interests of consumers, EU member states must ensure that so-called "qualified entities" (*i.e.*, consumer bodies that represent the collective interest of a group of consumers) can bring representative actions to seek redress in domestic courts of respective member states against infringements of specific, consumer-related provisions of EU law. The areas affected include general consumer law including product liability, data protection, financial services, travel and tourism, environment and energy, telecommunications and digital services. In these areas, EU member states shall ensure that qualified entities are given the opportunity to bring a representative action against retailers in order to facilitate not only injunctive but also redress measures, such as compensation, repair or termination of the contract.

Product Safety and Product Liability

Product Safety

Producers and distributors who place products on the market in the European Union must ensure that the products are safe. Among other regulations, for products intended for consumers or likely to be used by consumers, this is regulated by Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety, as amended (the "**General Product Safety Directive**"). Where products are subject to specific safety requirements imposed by EU legislation, the General Product Safety Directive only applies to the remaining aspects and risks or categories of risks that are not covered by such specific requirements. The General Product Safety Directive provides that producers may only place products on the market when these products comply with the general safety requirements. In addition, producers must provide consumers with the necessary information so that consumers are able to assess a product's inherent threat, particularly when it is not directly recognizable to the consumers. Furthermore, producers must adopt the necessary measures to avoid such threats, for example, by withdrawing unsafe products from the market, informing customers and recalling products that have already been supplied to customers. Distributors are required to act with due care to help to ensure compliance with the applicable safety requirements, in particular by not supplying products which they know or should have presumed, on the basis of the information in their possession and as professionals, do not comply with those requirements. Moreover, within the limits of their respective activities, they shall participate in monitoring the safety of products placed on the market, especially by passing on information on product risks, keeping and providing the documentation necessary for tracing the origin of products, and cooperating in the action taken by producers and competent authorities to avoid the risks. Product safety requirements also apply for products sold on our Marketplace that are predominantly directly delivered from the partner to the customer.

Under the General Product Safety Directive, as well as pursuant to most other European and/or domestic law on product safety, any entity presenting itself as the producer by affixing its name, trademark or other distinctive mark to a product qualifies as the producer and must comply with the above-mentioned obligations.

From December 13, 2024, Regulation (EU) 2023/988 of the European Parliament and of the Council of 10 May 2023 on general product safety ("**General Product Safety Regulation**") will replace the General Product Safety Directive, among others. The General Product Safety Regulation will establish new requirements related to adverse event reporting, pre-market risk assessments, safety recalls, and product labelling and documentation. For example, manufacturers (which essentially are producers under the General Product Safety Directive) will be required to report accidents caused by a product without delay if the product is involved in an incident resulting in death or serious adverse effects on health and safety. Distributors of products fall within the scope of the new key term "economic operator" together with, *inter alia*, manufacturers and importers and will have to verify that the manufacturer (or an importer) have complied with the applicable requirements of the General Product Safety Regulation. Under the General Product Safety Regulation, the obligations of manufacturers will extend to entities presenting themselves as the manufacturer by affixing its name, trademark or other distinctive mark to a product. We, therefore, expect to qualify as a manufacturer for our private label products.

The General Product Safety Regulation will also expand the obligations of providers of online marketplaces with regard to product safety. In particular, providers of marketplaces shall designate a single point of contact for the enforcement authorities, particularly regarding the removal of content referring to an offer of dangerous products, orders to disable access or to display explicit warnings, and ensure that they have internal processes for product safety in place. With regard to product safety recalls, providers of online marketplaces shall notify consumers who bought affected products in a timely manner and shall publish product safety recalls on their websites, among other things. An online marketplace shall be set up in a way that allows sellers to display information required under the General Product Safety Regulation, such as contact information and warning or safety information.

Product Liability

Producers and Distributors

As we sell our own private label products and imports certain products from outside the EU, we qualify as producer of certain products and are subject to applicable legislation on product liability. Council Directive 85/374/EEC of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the EU member states concerning liability for defective products, as amended ("**Product Liability Directive**") establishes the principle of strict liability, *i.e.*, liability without fault of the producer, in cases of damage caused by a defective product. It covers death, personal injuries and damages of at least €500 to an item of property (other than the defective product itself) caused by defective products intended for private use or consumption and used by the injured person mainly for that purpose. The Product Liability Directive does not stipulate any financial ceiling on the producer's liability but allows the EU member states to limit a producer's liability for damage from a death or personal injury and caused by identical items with the same defect to an amount of at least €70 million. In addition, the Product Liability Directive does not prevent the EU member states from granting additional or more extensive rights to injured parties based on grounds of contractual liability or on grounds of non-contractual liability. Product liability also applies for products we sell in our own name through our Marketplace as importers and distributors are deemed producers for the purposes of the Product Liability Directive.

Similar to the Product Safety Directive, entities who affix their name, trademark or other distinctive mark to a product qualify as producer and can be held liable.

In September 2022, the European Commission published a proposal for a revised Product Liability Directive, which is intended to, among other things modernize liability rules for products in the digital age, level the playing field for EU and non-EU manufacturers and strengthen the position of consumers by, among other things, alleviating the burden of proof for liability suits.

Following informal negotiations on this proposal, on January 24, 2024, a compromised draft has been agreed. The Parliament formally endorsed the Product Liability Directive in March 2024. The formal adoption by the European Council, the publication in the Official Journal of the European Union, and the related entry into force are expected to occur in the first half of 2024. The revised Product Liability Directive will then have to be transposed into national legislation within a 24-month period.

Liability of Marketplace Providers

On February 17, 2024, main parts of the Digital Services Act came into force. Under the Digital Services Act, among other things, the provision of online marketplaces on which consumers may conclude distance contracts with traders will qualify as provision of hosting services, which falls within the scope of certain consumer protection requirements. The Digital Services Act applies to our German e-commerce operations via our Marketplace. In addition, certain parts of our social commerce activities in Germany allowing customers to post their content on the German website qualify as hosting services.

Providers of hosting services are generally not liable for information stored at the request of a recipient of the service under other consumer protection regulations if they lack the knowledge of illegal activities. However, this exemption is disapplied for online marketplaces where such marketplace presents the specific item of information or otherwise enables the specific transaction at issue in a way that would lead an average consumer to believe that the information, or the product or service that is the object of the transaction, is provided by the online marketplace or by a recipient of the service who is acting under its authority or control. The latter may particularly be the case if the online marketplace determines the price of the products sold through the marketplace or if the marketplace fails to clearly identify the trader, withholds contact details or sells the product in its own name.

The Digital Services Act has also introduced compliance requirements for the providers of online marketplaces. Online marketplaces shall be designed and organized in a way that enables traders to comply with the requirements of the Digital Services Act. For as long as information to be provided by a trader is incomplete, an online marketplace shall not grant such trader access. Providers of online marketplaces shall make information about the trader (*i.e.*, contact information, where the trader is registered, a self-certification by the trader stating compliance with the applicable rules of EU law) easily accessible to the recipients of the service. Providers of online marketplaces shall also randomly check whether products sold on the marketplace have been identified as being illegal and, if they become aware of an illegal product being offered, shall inform consumers who purchased the illegal product of its illegality. Providers of online marketplaces shall also verify traders before allowing them to trade on the marketplace (so-called “know-your-business-customer” check).

Data Protection and Data Privacy

Data Protection and Cyber Security

We are subject to restrictive data protection, data privacy and cyber security laws and regulations in the geographic regions where we operate. We have a Group-wide data protection policy and supports its local management teams in its endeavors to ensure compliance with applicable data protection, data privacy and cyber security laws and regulations in force at the various locations of its local entities, including requirements imposed by local data protection regulatory authorities. We have a data protection officer who advises us on all data protection related questions and requirements in the countries in which we currently operate and is supported by a privacy team. In addition, we have appointed local data protection officers in all countries in which we operate.

European Economic Area, United Kingdom

GDPR is a uniform framework laying down principles for legitimate processing of personal data. The GDPR has direct effect in each EU member state and in the EEA, without the need for further enactment. Many EU member states and states in the EEA have enacted domestic law implementing the GDPR, such as the German Federal Data Protection Act (*Bundesdatenschutzgesetz*). In the United Kingdom, the UK Data Protection Act 2018, and the UK General Data Protection Regulation, (together “**UK GDPR**”) apply.

The GDPR and the UK GDPR entail strict requirements, obligations and restrictions for the collection, storage, transfer and other processing of personal data, in particular (without limitation) for lawful processing, transparency, international data transfers, storage limitation, data mapping and accountability, processor (service provider) obligations, joint controllership, notification of data breaches and the requirement to designate a data protection officer and/or EU or UK representative, as applicable.

Under the GDPR and the UK GDPR, the regulatory requirements include the restriction of the collection of personal data solely for specified, explicit and legitimate purposes. Personal data collected may only be processed in a manner consistent with those purposes. Personal data must also be adequate, relevant, and limited to what is necessary in relation to the purposes for which it is processed (data minimization). It must be processed in a manner that ensures transparency, fairness, and appropriate security of the personal data. Accordingly, the GDPR and the UK GDPR require that we inform data subjects (*i.e.*, identified, or identifiable natural persons to whom the personal data relates) about how we collect, use, and process their personal data, the lawful basis we rely on to process it and with whom we share their personal data.

In addition, the GDPR and the UK GDPR require us to implement appropriate technical and organizational measures to ensure a level of security appropriate to the organization's processing requirements and risk. Accordingly, certain cyber security requirements must be fulfilled to ensure that data is processed and stored safely. Organizations must notify the relevant supervisory authority about data breaches within certain time limits and in some instances, provide notification to data subjects.

Personal data must not be transferred outside of the EU/EEA or the UK, respectively, unless certain steps are taken to ensure an adequate level of protection and must not be kept for longer than necessary for the purposes of collection or further processing. In July 2020, the CJEU invalidated the so-called EU-US Privacy Shield, one of the key mechanisms for lawfully transferring personal data from the EU/EEA to the United States. In the same decision, the CJEU ruled that the EU standard contractual clauses, a further instrument for a data transfer to third countries, remain valid but can only be used under strict conditions. The CJEU decision and related statements of data protection authorities resulted in more required scrutiny when it comes to non-EU/EAA personal data transfers. Furthermore, the EU Commission has published a new set of standard contractual clauses ("**SCCs**"; a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and a potential alternative to the Privacy Shield) to address, *inter alia*, the requirements of the CJEU decision. The new standard contractual clauses have been applicable since June 27, 2021. The UK's Information Commissioner's Office has also published new standard contractual clauses for cross-border transfers of UK personal data under the UK GDPR ("**UK Clauses**"). This new documentation is mandatory for relevant data transfers beginning September 21, 2022; existing standard contractual clauses arrangements entered prior to that date had to be migrated to the new documentation by March 21, 2024.

With respect to the use of sensitive data relating to individuals (for example, health or medical information, religious beliefs, union membership or sexual orientation), more stringent rules apply, limiting the circumstances and the manner in which it is legally permitted to process such data. In particular, in order to process such data, explicit consent to the processing (including any transfer) is required from the data subject unless another lawful basis under data protection laws could be used under specific circumstances.

Additionally, the GDPR and the UK GDPR impose substantial fines and other administrative sanctions for violations of the data protection rules. The imposition of these sanctions will depend on the nature of the infringed provision and the concomitant circumstances, and may include formal warnings, cease-and-desist orders, and fines of up to €20 million (or £17.5 million) or up to 4% of the global turnover of the corporate group of the undertaking of the previous calendar year, whichever is higher, for each infraction. Additional penalties may apply, such as an immediate prohibition of the data processing activity. Further adverse consequences of an infringement of the GDPR may include civil claims for material and immaterial damages from the affected individuals. Implementing legislation of individual EU member states, such as the BDSG, also provides for criminal sanctions for specific violations, which may also entail the loss of any profits realized as a result of infringements of the GDPR.

Internet Tracking Technologies

The GDPR imposes various restrictions on profiling. Profiling can be defined as any form of automated processing of personal data intended to evaluate certain personal aspects relating to a natural person or to analyze or predict such person's performance at work, economic situation, location, health, personal preferences, reliability or behavior. The Digital Services Act has introduced a ban on advertisement based on profiling (as defined in the GDPR) using data of minors or special category personal data under the GDPR such as health-related data and also requires that advertisements are identifiable in a clear, concise and unambiguous manner.

We are also subject to evolving privacy laws on cookies and e-marketing. In the EU/EEA and UK, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem. Under Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (the "**ePrivacy Directive**"), national implementation laws and relevant legislation in the UK, informed consent is required for the placement of a cookie or similar technologies on a user's device and for direct electronic marketing. The GDPR and UK GDPR also impose conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. In the European Union, current domestic laws that implement the ePrivacy Directive are expected to be replaced by an EU regulation known as the ePrivacy Regulation which will significantly increase fines for non-compliance. While the text of the ePrivacy Regulation is still under development, a recent European court decision and regulators' recent guidance are driving increased attention to cookies and tracking technologies.

In Germany, the Telecommunications Telemedia Data Protection Act (*Gesetz über den Datenschutz und den Schutz der Privatsphäre in der Telekommunikation und bei Telemedien*) applies, which, among other things, requires us to obtain a user's consent to the use of internet tracking technologies. The law considers a judgment of the European Court of Justice regarding the treatment of internet tracking technologies and applies in addition to the requirements under the GDPR for the processing of personal data.

Environmental Laws

Packaging; Waste Prevention and Disposal

Environmental laws may be applicable for the disposal of products. The same applies to the packaging and labelling of products. For instance, the European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste, as amended must be complied with. The directive provides for, among other things, an obligation to participate in a return, collection and recovery scheme with respect to packaging. The directive was implemented in Germany by the German Packaging Act (*Gesetz über das Inverkehrbringen, die Rücknahme und die hochwertige Verwertung von Verpackungen*), as last amended in October 2023. The objective of such act is to limit packaging waste.

In addition, Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) (recast), as amended, is applicable. It imposes responsibility for the disposal of waste electrical and electronic equipment on the producers or distributors of such equipment. In this context, the directive provides for, among other things, an obligation of all producers of electrical and electronic equipment or their authorized representatives to register with the national registers of producers in all EU countries where they sell electrical and electronic equipment. In Germany, the directive was implemented by adoption of the German Act Governing the Sale, Return and Environmentally Sound Disposal of Electrical and Electronic Equipment (*Gesetz über das Inverkehrbringen, die Rücknahme und die umweltverträgliche Entsorgung von Elektro- und Elektronikgeräten*).

Furthermore, Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain directives, as amended, aims at, among other things, preventing and reducing the generation of waste and improving the efficiency of the use of resources. The directive entails general requirements in the context of waste prevention, recovery and disposal, such as enhanced product responsibility according to which products should be designed in a way which reduces their environmental impact and the generation of waste in the course of their production and subsequent use. The directive was implemented into German domestic law in 2012 by adoption of the Act Reorganising the Law on Closed Cycle Management and Waste (*Gesetz zur Förderung der Kreislaufwirtschaft und Sicherung der umweltverträglichen Bewirtschaftung von Abfällen*). In essence, this legislative measure, as amended, seeks to boost the circular economy.

Directive 2011/65/EU on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment ("**RoHS**") tightens existing rules on the use of hazardous substances, such as lead, mercury and cadmium, in electrical and electronic equipment ("**EEE**") to protect human health and the environment, in particular by enabling environmentally sound recovery and waste treatment of EEE. Distributors shall act with due care in relation to the RoHS requirements by verifying that the EEE bears the CE marking, that it is accompanied by the required documents in a language which can be easily understood by consumers and other end-users, and that the manufacturer and the importer have complied with the RoHS requirements.

In addition, Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries (EU Batteries Regulation) also establishes obligations for distributors of batteries and aims to ensure that, in the future, batteries have a low carbon footprint, use minimal harmful substances, need fewer raw materials from non-European Union (EU) countries and are collected, reused and recycled to a high degree within the EU.

Enacted in 2006, Regulation (EC) No. 1907/2006 ("**REACH**") is the EU regulation on chemicals and their safe use that started a fundamental reform of the general European chemicals safety laws (complemented by sector-specific legislation). REACH makes the industry itself – meaning all actors manufacturing, importing, using and making available or supplying on the EU market substances, mixtures and articles – responsible for the safety of the substances placed on the market of the EEA. Since its entry into force in June 2007, REACH is the main EU law on chemicals for industrial, professional and consumer use, aiming at, *inter alia* securing safe production and use of chemicals to minimize negative effects on humans and the environment and promoting the substitution of substances of concern – if possible – with less dangerous substances or technologies. To this end, REACH sets out general rules for the marketing of products in the EEA, imposing various obligations which vary according to the hazardous properties of the substances, their form, quantity and concentration, as well as the role of the actors in the supply chain. Applicable obligations may include *e.g.*, the duty to register substances, notify substances in articles to the European Chemicals Agency ("**ECHA**"), duty to communicate information in the supply chain, duty to comply with restrictions and/or authorization requirements, and the duty to assemble and keep readily available all information on substances on their own, in mixtures or in articles required to carry out one's duties for 10 years and the duty to systematically communicate certain information (*e.g.*, recommendations for risk management) along the entire supply chain down to the customers.

Another legal innovation relevant to the sale of products are the measures taken by the European Commission to restrict microplastics, *i.e.*, all synthetic polymer particles under five millimeters that are organic, insoluble and difficult to degrade. As part of REACH, both the sale of microplastics as such and of products to which microplastics have been deliberately added and which release these particles during use will be prohibited.

Climate Neutrality

In 2021, the EU made climate neutrality, the goal of zero net emissions by 2050, legally binding in the EU. It set an interim target of 55% emission reduction by 2030. This goal of zero net emissions is enshrined in various climate laws of the EU member states, *e.g.*, in the German Federal Climate Change Act (*Bundes-Klimaschutzgesetz*). The so-called "European Green" deal is the roadmap for the EU to become climate-neutral by 2050. The concrete legislation that will allow Europe to reach the Green Deal targets is laid down in the Fit for 55 package that the European Commission presented in July 2021. It will include the revision of existing legislation on emissions reduction and energy.

European Sustainability Reporting

On July 31, 2023, the European Commission adopted the final delegated act of the European Sustainability Reporting Standards ("**ESRS**"). The ESRS are the sustainability reporting standards that underpin the CSRD. The aim of the CSRD, which has been in force since January 2023, is to bring sustainability reporting on par with financial reporting. To achieve this objective, companies must provide relevant, comparable and reliable information on their sustainability-related impacts, risks and opportunities. The ESRS include detailed and standardized disclosure requirements for companies to report on environmental, social and governance matters.

Green Claims

As part of the European Green Deal, the EU seeks to introduce various regulations and directives to protect consumers from so-called "greenwashing".

On March 22, 2023, the European Commission published a proposal for a Directive of the European Parliament and of the Council on substantiation and communication of explicit environmental claims ("**Green Claims Directive**"). The Green Claims Directive, among other things, requires all companies which make voluntary claims about the environmental impacts, aspects or performance of their products, services, or the company itself, using terms that are not defined by the EU, such as "ocean-friendly" or "climate-neutral", to substantiate such claims and adhere to specific communication requirements. The directive also sets guidelines for comparisons in advertising. If a statement is made that portrays the advertised product as more environmentally friendly than other products, it must be ensured that equivalent information and data basis is used for the comparison and the method of comparison is disclosed. On September 19, 2023, the European Parliament and Council reached a provisional agreement on this directive. The Parliament's and the Council's final approvals are outstanding but are expected in 2024.

Additionally, on January 17, 2024, the European Parliament adopted the proposal for a directive of the European Parliament and of the council amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information against advertising that presents products, services, and the company itself as more environmentally friendly than they actually are, thereby misleading consumers and hindering a genuine sustainable transformation of the economy. In addition, the directive allows only sustainability labels that are based on approved certification schemes or established by public authorities to be used in the EU and bans claims that a product has a neutral, reduced, or positive impact on the environment because of emissions offsetting schemes.

Other Laws and Regulations

Supply Chain Laws

We are subject to the German Supply Chain Act (*Lieferkettensorgfaltspflichtengesetz*), which was adopted in 2021. It applies since January 1, 2024 to companies with a workforce of at least 1,000 employees in Germany and aims to protect the rights of people who produce goods for the German market. It contains an exhaustive list of eleven internationally recognized human rights conventions. The legal interests protected in those conventions are used to derive behavioral requirements or prohibitions for corporate action in order to prevent a violation of protected legal positions. These include, in particular, the prohibition of child labor, slavery and forced labor, the disregard of occupational safety and health obligations, withholding an adequate wage, the disregard of the right to form trade unions or employee representation bodies, the denial of access to food and water as well as the unlawful taking of land and livelihoods. Accordingly, companies must ensure compliance with human rights by fulfilling their due diligence and risk management obligations across their entire supply chain and set up grievance mechanisms as well as policies and report on their activities. The legislation also establishes environment-related obligations, based on three international conventions to prevent health and environmental hazards: the Minimata Convention on Mercury, the Stockholm Convention on Persistent Organic Pollutants and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. All supply chain due diligence and risk management measures (risk assessment, preventive measures and remedial measures as well as grievance mechanism) are on-going, as they shall be carried out and/or their effectiveness reviewed annually as well as on an ad hoc basis if the in-scope company has reason to expect a significantly changed or significantly expanded risk situation in the supply chain, *e.g.*, due to the introduction of new products, projects or new business fields, or information received through the complaints procedure/grievance mechanism.

If enterprises fail to comply with their legal obligations, administrative fines may be imposed. These can amount to a maximum of 2% of annual global revenue. The revenue-based fines system applies only to enterprises with an annual revenue of more than €400 million. Moreover, if an administrative fine is imposed above a certain minimum level, enterprises may be excluded from being awarded of public contracts.

In addition, the European Commission, the Council of the European Union and the European Parliament have agreed on a joint draft of the CSDDD on December 14, 2023. On March 15, 2024 after intense discussion the EU Council has voted for the CSDDD and the EU Parliament passed the CSDDD on April 24, 2024. The directive aims at providing a harmonized legal framework for sustainability considerations in the supply chain of European companies. Among other things, it will establish a corporate due diligence duty, which is aimed at ending, preventing, mitigating, and accounting for negative human rights and environmental impacts in a company's own operations, including subsidiaries, and their value chains. The CSDDD applies to companies that have 1,000 or more employees or a net worldwide turnover above €450 million. The CSDDD still needs to be transposed into domestic law.

Working Hours

As a response to rulings by the European Court of Justice and the German Federal Labor Court, which had demanded an exact recording of working hours, the German Federal Ministry of Labor published a draft bill to amend the German Working Hours Act (*Arbeitszeitgesetz*) in April 2023. Accordingly, among other things, the daily working hours of employees in Germany are to be recorded digitally in the future, with a few exceptions. Violations of the record-keeping requirement constitute an administrative offense which can be punished with a fine of up to €30,000. The parliamentary discussions on the draft bill and the specific implementation of the ruling are ongoing.

Payment Services

In Switzerland, we offer a customer financing program via MediaMarkt, which allows Swiss customers not only to purchase products at MediaMarkt, but also to finance them directly there. Therefore, payment services are provided. The financing taken up can be repaid flexibly by the customer at any time within a period of three years.

As part of the revolving sale of receivables from the Swiss customer financing program, PayRed Card Services AG, Dietikon, Switzerland, guarantees to service a limited number of customer defaults.

Foreign Trade and Customs Law

CECONOMY sources most of its products within the EEA, but some of its suppliers are located outside of the European Union.

Within the market of the EU, the principle of free movement of goods applies. With respect to the import and export of goods from or to countries that are not member states of the EU, we must comply with national and European foreign trade and customs regulations. At EU level, the relevant regulatory framework is set out in Regulation (EU) No 952/2013 of the European Parliament and of the Council ("**UCC**"). The UCC entered into force on May 1, 2016, but some transitional agreements still apply, most notably because not all of the electronic systems to deal with formalities are in place yet. The UCC was also amended by Regulation (EU) 2019/632 allowing customs authorities and economic operators to continue using transitional arrangements (*i.e.*, existing IT systems or paper-based arrangements) for the completion of a small number of customs formalities, until 2025 at the latest when new or upgraded IT systems for the completion of those formalities will be in place.

Whereas imports and exports within the EEA are in principle not liable to customs duty, the movement of goods beyond the frontiers of the EEA is subject to customs control between the customs union of the EU and EEA member states which are not EU member states. The customs control charges, among other things, statutory import duties. Customs offices may, from time to time, initiate customs inspections to assess whether customs regulations have been infringed. In addition, the import of certain groups of products or from certain countries may require an import permit.

SHAREHOLDERS

CECONOMY AG is a stock corporation (*Aktiengesellschaft*) established under the laws of Germany. Its registered office is located in Düsseldorf, Germany. It is registered in the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Düsseldorf under HRB 39473.

As of the date of this Offering Memorandum, the share capital of CECONOMY AG amounts to €1,240,448,004.17, divided into 485,221,084 ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*).

The following table shows our shareholder structure, including (insofar as this is known to the Company) the name of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under German law, together with the amount of each such person's interest, as of the date of this Offering Memorandum:

Shareholders	Shares	% Shareholding*
Helga Kellerhals Jürgen Kellerhals(1)	141,480,487	29.2
Franz Haniel & Cie. GmbH(2)	81,055,890	16.7
Meridian Stiftung(3)	53,913,363	11.1
freenet AG	32,633,555	6.7
Prof. Otto Beisheim Stiftungen(4)	23,515,334	4.9
Giovanni Agnelli B.V.(5)	20,263,906	4.2

* Rounded figures.

(1) Directly and indirectly through Convergenta Invest GmbH. According to the notification dated June 9, 2022, Jürgen Kellerhals and Helga Kellerhals hold a controlling majority interest (*kontrollierende Mehrmütterherrschaft*) in Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria, which is the majority shareholder of Convergenta Invest GmbH. As part of the investment in CECONOMY AG, Convergenta Invest GmbH was granted a convertible bond with an aggregate principal amount of €151.0 million, divided into 1,510 bearer bonds ranking *pari passu* among themselves, each with a nominal value of €100,000.00, in return for a contribution in kind. The Convertible Bond grants its holders conversion rights to initially a total of up to 27,859,778 new no-par value ordinary bearer shares of CECONOMY AG, each such share with a notional value in the share capital of approximately €2.56. for the issuance of which the Company created a conditional capital. The initial conversion price will be €5.42 for each share.

(2) Indirectly through Haniel Finance Deutschland GmbH.

(3) Indirectly through Palatin Verwaltungsgesellschaft mbH.

(4) Refers to Prof. Otto Beisheim Stiftung (Munich, Germany) and Prof. Otto Beisheim Stiftung (Baar, Switzerland); indirectly through Beisheim Holding GmbH and BC Equities GmbH & Co. KG.

(5) Indirectly through LINGOTTO FINANCIAL INVESTMENTS SICAV-RAIF and Lingotto Investment Management LLP.

MANAGEMENT

The Company has a two-tier board system consisting of the Management Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*). The two boards are separate and, as a general matter, no individual may serve concurrently as a member of both boards.

Management Board

The Management Board is responsible for managing the Company's day-to-day business in accordance with applicable German law and its articles of association (*Satzung*) (the "**Articles of Association**"), as well as its rules of procedure (*Geschäftsordnung*). In addition, the Management Board must ensure appropriate control of risk within the Company and its subsidiaries in order that any developments jeopardizing the Company's future as a going concern may be identified at an early stage. The Management Board legally represents the Company in its dealings with third parties and before the courts.

According to the Articles of Association and the provisions of the German Stock Corporation Act (*Aktiengesetz*), the Management Board must consist of a minimum of two members. The Supervisory Board determines the number of members of the Management Board and appoints such members. It may also appoint the chairman and deputy chairman of the Management Board. Members of the Management Board may be appointed for a maximum term of five years, however, the Supervisory Board, in accordance with the recommendation in Section B.3 of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*), as a general rule appoints members of the Management Board for an initial term of three years only, *provided* that such members are appointed for the first term of office as members of the Management Board of CECONOMY AG.

Members of the Management Board

The following table sets forth the current members of the Company's Management Board and their areas of responsibility and relevant positions within and outside the Group. Where an entity outside the Group is indicated, the member of the Management Board in question serves on the administrative, management or supervisory board or comparable controlling body of that entity.

Name	Position
Dr. Karsten Wildberger	Chief Executive Officer ("**CEO**") and Labor Director of the Group
	Forschungszentrum Jülich GmbH, Jülich, Germany (member of the supervisory board)
Dr. Kai-Ulrich Deissner...........................	Member of the Management Board, Chief Financial Officer ("**CFO**")

Dr. Karsten Wildberger was born in 1969 in Gießen, Germany. He studied physics at the Technical University of Munich and at RWTH Aachen University in Germany and holds a master's degree and a doctorate in physics, as well as an MBA from the INSEAD business school in Fontainebleau, France. Dr. Karsten Wildberger began his professional career in 1998 as a management consultant at the Boston Consulting Group. Between 2003 and 2006, he held various positions within T-Mobile in the UK and Germany. From 2006 to 2011, he was a member of the management board at Vodafone in Romania, initially as CFO and then as Chief Commercial Officer ("**CCO**"). After returning to the Boston Consulting Group as a partner and managing director between 2011 and 2012, Dr. Karsten Wildberger was appointed Group Managing Director of the Australian telecommunications company Telstra in 2013. From 2016 to 2021, Dr. Karsten Wildberger was a member of the board of management (Chief Operating Officer, "**COO**") of E.ON SE. Since August 2021, he has been Chief Executive Officer and Labor Director of CECONOMY AG and Chairman of the Management Board of Media-Saturn-Holding GmbH ("**MSH**"). Since February 2022, he has also been appointed as member – and since December 2023 also as Chairman – of the Management Board of MediaMarktSaturn Retail Group GmbH ("**MMS Retail Group**").

Dr. Kai-Ulrich Deissner was born in 1968 in Johannesburg, South Africa. He qualified as an editor at the German School of Journalism in Munich, Germany, holds a doctorate in English literature from the University of Cambridge, England, and also completed the Management Program at SMP St. Gallen, Switzerland. Prior to joining CECONOMY AG, he worked for Deutsche Telekom, initially in marketing, sales and service, and thereafter in various CFO roles for over ten years, for example CFO of Hrvatski Telekom, the third-largest listed company in Croatia, CFO of the service and call center business in Germany, and, most recently, Segment CFO of Technology & Innovation. Before joining Deutsche Telekom, he held various positions in the media industry and in consulting. Since February 2023, Dr. Kai-Ulrich Deissner has been CFO of CECONOMY AG, MSH and MMSRG.

The business address at which each member of the Management Board may be contacted is Kaistraße 3, 40221 Düsseldorf, Germany.

Remuneration of the Management Board

In the financial year 2022/23, the remuneration granted to active Management Board members (calculated in accordance with DRS 17 pursuant to HGB) totaled €5.4 million (financial year 2021/22: €3.5 million).

Supervisory Board

The Supervisory Board advises the Management Board on the management of the Company, monitors its conduct of business and is responsible for appointing the members of the Management Board and for effecting dismissals for good cause. It also represents the Company in transactions between a member of the Management Board and the Company. The Supervisory Board generally may not exercise management functions. The Articles of Association and the rules of procedure (*Geschäftsordnung*) of the Management Board, however, require that certain types of transactions may not be carried out by the Management Board without the prior consent of the Supervisory Board. If the Supervisory Board refuses to approve a certain transaction or business activity contemplated by the Management Board, the Management Board can request that the General Shareholders' Meeting (*Hauptversammlung*) decide on the matter. However, the general shareholders' meeting of a German stock corporation may not issue directives to the Management Board.

The Supervisory Board currently consists of 20 members, nine of whom are elected by the Company's shareholders at the General Shareholders' Meeting by the required simple majority of the votes cast, eight are elected by the Company's employees pursuant to the German Co-Determination Act (*Mitbestimmungsgesetz*) and three are appointed by court order.

The Supervisory Board members elect a chairman (*Vorsitzender*) and a deputy chairman (*Stellvertretender Vorsitzender*) from among their number by a simple majority of the votes cast.

Members of the Supervisory Board

The following table sets forth the current members of the Company's Supervisory Board and their relevant positions within and outside the Group. The business address of said members is Kaistraße 3, 40221 Düsseldorf, Germany.

Name	Relevant Positions within the Group	Relevant Positions outside the Group
Thomas Dannenfeldt........	Chairman of the Supervisory Board	Nokia Oyj, Espoo, Finland (member of the supervisory board), axxessio GmbH, Bonn, Germany (member of the advisory board (*Beirat*))
Jürgen Schulz...................	Deputy Chairman of the Supervisory Board[(1)]	None
Katrin Adt........................	Member of the Supervisory Board	Mercedes-Benz Group AG, Stuttgart, Germany (Vice President Corporate Audit)
Karin Dohm.....................	Member of the Supervisory Board	HORNBACH Baumarkt AG, Bornheim/Pfalz, Germany (member of the management board (CFO)), HORNBACH Management AG, Bornheim/Pfalz, Germany (member of the management board (CFO)), HORNBACH Immobilien AG, Bornheim/Pfalz, Germany (member of the supervisory board), Danfoss A/S, Nordborg, Denmark (non-executive director)

Name	Relevant Positions within the Group	Relevant Positions outside the Group
Daniela Eckardt	Member of the Supervisory Board (ESG representative)(1)	None
Sabine Eckhardt...............	Member of the Supervisory Board (ESG representative)(1)	Boston Consulting Group (senior advisor), Edel SE & Co. KGaA, Hamburg, Germany (Chairwoman of the supervisory board), UniCredit Bank GmbH, Munich, Germany (member of the supervisory board), Technical University of Munich – TUM (lecturer)
Henrike Eickholt.............	Member of the Supervisory Board(2)	ver.di trade department North Rhine-Westphalia (regional department head), Entsorgungsbetriebe Essen GmbH (member of the supervisory board)
Ludwig Glosser	Member of the Supervisory Board(1)	Raiffeisenbank im Donautal eG, Gaimersheim, Germany (member of the supervisory board)
Corinna Groß..................	Member of the Supervisory Board(1)	ver.di North Rhine-Westphalia (Trade Union Secretary), REWE Deutscher Supermarkt Aktiengesellschaft & Co. KGaA, REWE ZENTRALFINANZ eG (member of the supervisory board)
Doreen Huber	Member of the Supervisory Board	EQT Ventures, Stockholm, Sweden (partner)
Jürgen Kellerhals	Member of the Supervisory Board	Convergenta Invest GmbH, Bad Wiessee, Germany (Managing Director), Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria (Managing Director), JKV European Investments S.A., Luxembourg (member of the administrative board), JKV Beteiligungs-Holding GmbH, Ingolstadt, Germany (founder and Managing Director)
Peter Kimpel	Member of the Supervisory Board(2)	None
Birgit Kretschmer	Member of the Supervisory Board	C&A Mode GmbH & Co. KG, Düsseldorf, Germany (CFO), Mister Spex SE, Berlin, Germany (member of the supervisory board)
Maria Laube.....................	Member of the Supervisory Board(1)	None
Paul Lehmann.................	Member of the Supervisory Board(1)	ver.di Upper Franconia (Trade Union Secretary)
Julian Norberg	Member of the Supervisory Board(1)	None
Erich Schuhmacher..........	Member of the Supervisory Board	Tally Weijl Holding AG, Basel, Switzerland (member of the administrative board), Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria (Head of Finance/Investment Controlling/Balances/Taxes), Prime Footwear Investors AG, Appenzell, Switzerland (member of the administrative board), Managing

Name	Relevant Positions within the Group	Relevant Positions outside the Group
		Director of several shopping centers and trading companies in Germany and Austria
Jascha Sperl	Member of the Supervisory Board[(2)]	None
Christoph Vilanek...........	Member of the Supervisory Board	freenet AG, Büdelsdorf, Germany (CEO), Ströer Management SE and Ströer SE & Co. KGaA, Cologne, Germany (Chairman of the supervisory board), Exaring AG, Munich, Germany (majority shareholding of freenet AG) (Chairman of the supervisory board), VNR Verlag for Deutsche Wirtschaft AG, Bonn, Germany (member of the supervisory board) Shelly Group (chairman of the board of directors)
Sylvia Woelke	Member of the Supervisory Board[(1)]	None

(1) Elected by employees.

(2) Appointed by court order.

Thomas Dannenfeldt was born in 1966 in Feuchtwangen, Germany. He studied business mathematics at the University of Trier, Germany. Prior to joining CECONOMY AG, he assumed various roles within the Deutsche Telekom group: From 1992 to 1995, he worked in various positions in the sales department of DeTeMobil Deutsche Telekom MobilNet GmbH, subsequently assuming a number of management functions in sales, customer service and marketing within T-Mobile Deutschland and T-Mobile International between 1996 and 2006. From 2007 until 2009, he served as Division Director (*Bereichsvorstand*) of Market & Quality Management, T-Home, Deutsche Telekom AG. From 2010 until 2013, he worked as Managing Director Finance at Telekom Deutschland GmbH. From 2014 until 2018, he was a member of the management board and CFO of Deutsche Telekom AG and a member of the supervisory board of EE Ltd., T-Mobile US Inc. and BuyIn GmbH. Since May 2020, he has been a member of the supervisory board of Nokia Oyj and a member of the advisory board (*Beirat*) of axxessio GmbH. He joined the Supervisory Board of CECONOMY AG in February 2021; his current term of office will end as of the close of the general meeting in 2027.

Jürgen Schulz was born in 1961 in Bielefeld, Germany. He has a master’s degree in German philology, literature and sociology from the University of Bielefeld, Germany. He has been employed at Saturn Electro Handelsgesellschaft mbH, Bielefeld, Germany, since 1993, where he has held the positions of Chairman of the works council since 1997 and Department Manager of the Service Department since 2011. He was also a member of the group works council of the METRO Group, Düsseldorf, Germany, between 2001 and 2017. Jürgen Schulz has been a member of the Supervisory Board since December 2015 and has been Deputy Chairman of the Supervisory Board since 2023; his current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Katrin Adt was born in 1972 in Bonn, Germany. She is a German lawyer (*Rechtsanwältin*), having completed her first state examination at the Georg-August University, Göttingen, Germany and her legal clerkship (second state examination) at the Higher Regional Court of Celle, Germany. She also studied law at the University of Coimbra, Portugal. Between 1999 and 2010, she held various positions at DaimlerChrysler Belgium Luxembourg and Daimler AG and was Managing Director at Mercedes-Benz, Luxembourg, between 2010 and 2013. Between 2013 and 2014 she was personnel consultant at Egon Zehnder, Stuttgart. In 2014, she returned to Daimler AG, before becoming Vice President Mercedes-Benz Retail Cars & Vans Europe at Mercedes-Benz AG, Berlin, Germany, in 2019. Since May 2023, she has held the position of Vice President Corporate Audit, Mercedes-Benz Group AG, Stuttgart, Germany. Katrin Adt has been a member of the Supervisory Board since October 2021; her current term of office will end as of the close of the general meeting in 2025.

Karin Dohm was born in 1972 in Bochum, Germany. She studied economics at the University of Münster, Germany, the University of Zaragoza, Spain, and the Free University of Berlin, also qualifying as a tax consultant (*Steuerberater*) in 2002 and as an auditor (*Wirtschaftsprüfer*) in 2005. From 1997 until 2011, she held various financial services positions, including that of partner, at Deloitte, Germany and UK. Between 2011 and 2020, she held a number of executive positions in accounting and banking at Deutsche Bank AG. Since January 2021, she has been a member of the management board of HORNBACH Baumarkt AG and HORNBACH Management AG, since April 2021 in the capacity of CFO. She has been a member of the Supervisory Board since February 2016; her current term of office will end as of the close of the general meeting in 2026.

Daniela Eckardt was born in 1974 in Berlin, Germany. She is a retail saleswoman, specializing in photo/cinema/video products. She has been employed at Saturn Alexanderplatz, Berlin, Germany, since 1994, where she has been a member of the works council since 2014, holding the position of Deputy Chairwoman until April 2022. She has been a member of the Supervisory Board since July 2017; her current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Sabine Eckhardt was born in 1972 in Bremen, Germany. She has a master's degree in German language and literature, philosophy and medieval studies from the Ludwig Maximilian University of Munich, Germany. Between 1998 and 2004, she held various marketing and sales positions at Mattel GmbH, Digital Publishing AG and EM.TV AG. Between 2004 and 2016, she held various executive positions within the ProSiebenSat.1 Media SE group, Unterföhring, Germany. From 2017 until 2019 she was a member of the management board of ProSiebenSat.1 Media SE group, Unterföhring, Germany. From 2020 until 2022, she was CEO Central Europe of Jones Lang LaSalle SE, Frankfurt, Germany, and a member of the advisory board (Digital Business) of Heinrich Bauer Verlag KG, Hamburg, Germany. She has been a member of the supervisory board of UniCredit Bank GmbH, Munich, Germany, since March 2022 and Chairwoman of the supervisory board of Edel SE & Co. KGaA, Hamburg, Germany, since April 2023. Since September 2023, she has been a Senior Advisor for the Boston Consulting Group in the area of Telco, Media & Tec (TMT) and Real Estate, and a lecturer at the Technical University of Munich, School of Management for "Digital Transformation". Sabine Eckhardt was an interim member of the Management Board in January 2023 and has been a member of the Supervisory Board since October 2020; her current term of office will end as of the close of the general meeting in 2027.

Henrike Eickholt was born in 1965 in Dortmund, Germany. She is a trained office administrator and has a degree (extra-occupational studies) in business administration (specializing in human resources, controlling and labor law) from the University of Applied Sciences for Economics and Management, Essen, Germany. After having received her initial training as an office administrator and then serving as a member of the works council Thyssenkrupp Schulte GmbH, Dortmund, Germany, she held the position of Trade Union Secretary in the trade unions hbv and ver.di North Rhine-Westphalia between 1989 and 2001. From 2001 until 2023, she was District Managing Director of ver.di Ruhr-West (Essen, Mülheim and Oberhausen). She has been the Regional Department Head of ver.di North Rhine-Westphalia since 2023. She has been a member of the Supervisory Board since March 2024; her current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Ludwig Glosser was born in 1962 in Eichstätt, Germany. He qualified as an IT Business Engineer at CDI Deutsche Private Akademie der Wirtschaft, Munich, Germany. Between 1999 and 2004, he held various positions, including Team Head, at Datawarehouse, Media-Saturn GFI, Ingolstadt, Germany. From 2004 until 2007, he was Department Head, IT Operations and Basic Technology, at Media-Saturn Systems Center, Ingolstadt, Germany. He has been employed at MMS Technology GmbH, Ingolstadt, Germany, since 2007, where he has held the positions of Department Manager, IT ISC General and Lead Problem Manager and Sourcing Manager, IT Service Management, and has also been Chairman of the works council since 2014. Between 2015 and 2019, he was a Member Euroforum and Member Steering Board Euroforum of CECONOMY Euroforum. Ludwig Glosser has been a member of the Supervisory Board since July 2017; his current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Corinna Groß was born in 1968 in Braunschweig, Germany. She is a qualified advertising decorator (*Schauwerbegestalterin*) and started in such position in Horten AG, Braunschweig, Germany in 1989 until 1993. From 1994 until 1995, she worked as an administrative employee in the trade union hbv, Braunschweig, Germany, thereafter, holding the position of Trade Union Secretary of the trade union hbv North Rhine-Westphalia and ver.di North Rhine-Westphalia, Düsseldorf, Germany, between 1996 and 2005. From 2006 until 2014, she was District Manager of ver.di North Rhine-Westphalia, Aachen, and from 2015 until 2019 Deputy Country Director of ver.di North Rhine-Westphalia, Düsseldorf. She has been Trade Union Secretary of ver.di North Rhine-Westphalia, Düsseldorf, from 2019 until 2023, and since 2023 she has been the Federal specialist group leader for retail (*Bundesfachgruppenleiterin für den Einzelhandel*). She has been a member of the Supervisory Board since March 2023; her current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Doreen Huber was born in 1982 in Staaken, Germany. She holds a master's degree in modern German literature, art history and media studies from Humboldt University Berlin, Germany. Prior to joining EQT Ventures, Stockholm, Sweden, as a partner in January 2022, she held various C-level positions throughout her career as a business entrepreneur and food technology expert, having founded her first company at the age of 23. Doreen Huber has been a member of the Supervisory Board since 2022; her current term of office will end as of the close of the general meeting in 2025.

Peter Kimpel was born in 1968, in Freiburg im Breisgau, Germany. He holds a degree in business administration from Otto Beisheim School of Management. From 2010 to 2014, he was partner at Goldman Sachs with responsibility for financial services before he became chief financial officer at Rocket Internet SE in 2014. From 2018 to 2020, he was head of banking Germany and Austria at Barclays Bank and from 2021 to 2023, head of banking, capital markets and advisory Germany and Austria at Citigroup. Since 2023, he works as independent entrepreneur and senior advisor. Jürgen Kimpel has been a member of the Supervisory Board since 2024; his current term of office will end as of the close of the general meeting in 2025.

Jürgen Kellerhals was born in Ingolstadt, Germany in 1964. He trained as an IT merchant at MediaMarkt, where he worked between 1985 and 1989. In 1991, he became the founder and Managing Director of JKV Grundstücksverwertungs GmbH, Ingolstadt, Germany, and numerous other real estate development and real estate management companies in Austria, Spain and Germany. Between 1995 and 2003, he was also the founder and Managing Director of various hotel operating companies in Germany, becoming the founder and Managing Director of JKV Beteiligungs-Holding GmbH, Ingolstadt, Germany, in 1999. He has been a member of the administrative board of JKV European Investments S.A., Luxembourg, since 2002, and Managing Director of Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria, and Convergenta Invest GmbH, Bad Wiessee, Germany, since 2004 and 2021, respectively. Jürgen Kellerhals has been a member of the Supervisory Board since February 2022; his current term of office will end as of the close of the general meeting in 2025.

Birgit Kretschmer was born in 1970 in Schillingsfürst, Germany. She studied business administration (specializing in international finance) at the University of Nuremberg, Germany. From 1986 until 1989, she worked as a trainee and internal auditor at Sparkasse Rothenburg, Germany. Between 1994 and 2003, she held various positions culminating in Head of Group Treasury at adidas-Salomon AG, and was CFO of adidas International BV, Amsterdam, the Netherlands, from 2004 until 2005. She held a number of executive positions at adidas AG, Herzogenaurach, Germany between 1996 and 2020. Since January 2021, she has been CFO of C&A Mode GmbH & Co. KG, Düsseldorf, Germany. She has been a member of the Supervisory Board since February 2024; her current term of office will end as of the close of the general meeting in 2027.

Maria Laube was born in 1990 in Bad Aibling, Germany. She is a trained retail saleswoman, with additional qualifications as an office administrator. She has worked in retail sales since 2008 and has held the position of chairwoman of the works council of MediaMarkt, Rosenheim, Germany since May 2022. Maria Laube has been a member of the Supervisory Board since March 2023; her current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Paul Lehmann was born in 1987 in Berlin, Germany. He is a trained retail salesman and worked in that capacity between 2008 and 2015. Since July 2015, he has been trade union secretary in Bayreuth, Germany, for Ver.di Upper Franconia. Paul Lehmann has been a member of the Supervisory Board since March 2023; his current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Julian Norberg was born in 1983 in Essen, Germany. He is a trained retail salesman and business administrator, with a degree in international trade management from the Technische Hochschule Ingolstadt, Germany. He has worked at various Saturn entities throughout Germany since 2000, where he has held various management positions since 2014. Since January 2021, he has been Division Manager and Authorised Signatory Operational Excellence at Media-Saturn Deutschland GmbH, Ingolstadt, Germany. Julian Norberg has been a member of the Supervisory Board since March 2023; his current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Erich Schuhmacher was born in 1967 in Schladming, Austria. He is a graduate of Bundeshandelsakademie und Bundeshandelsschule (vocational and technical school) in Liezen, Austria. He completed various specialist management training courses. Between 1994 and 1999, he was Finance Manager at Johnson & Johnson in Austria, and subsequently Head of Group Controlling at Skidata AG, Grödig, Austria, from 1999 to 2003. Since April 2003, he has been Head of Finance/Investment Controlling/Balances/Taxes at Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria, and Managing Director of several shopping centers and trading companies in Germany and Austria. Erich Schuhmacher has been a member of the Supervisory Board since July 2022; his current term of office will end as of the close of the general meeting in 2026.

Jascha Sperl was born in 1977 in Heidelberg, Germany. He is a trained retail salesman and worked in that capacity since 2001. He has been a member of the works council since December 2019 and Chairman of the works council of Media Markt, Heilbronn, Germany as of April 2022. Since March 2023, he has been Chairman of the general works council of Media Markt Heilbronn, Schwäbisch Hall and Crailsheim, Germany. He has been a member of the Supervisory Board since 2024; his current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Christoph Vilanek was born in 1968 in Innsbruck, Austria. He studied business administration at the University of Innsbruck, Austria. Between 1991 and 1995, he performed various roles at Time-Life International GmbH, Munich, Germany, and London, England. He was Head of Electronic Publishing at Gräfe und Unzer Verlag, Munich, Germany, from 1995 until 1997, Marketing Director at Meister Verlag, Munich, Germany, from 1997 until 1998, and Managing Director of boo.com GmbH, Munich, Germany, and London, England, from 1999 until 2000. Thereafter, he was Managing Director at Ravensburger Interactive Media GmbH, Ravensburg, Germany until 2001, a consultant at McKinsey & Company, Munich, Germany, and Zagreb, Croatia, between 2001 and 2004, and Interim Managing Director at iPUBLISH GmbH, Munich, Germany, between 2004 and 2005, thereafter serving as Vice President Customer Management at debitel AG, Stuttgart, Germany until 2009. Since 2009, he has been CEO of freenet AG, Büdelsdorf, Germany. Christoph Vilanek has been a member of the Supervisory Board since May 2019; his current term of office will end as of the close of the general meeting in 2026.

Sylvia Woelke was born in 1978 in Riedlingen, Germany. She studied economic science, specializing in commerce, at the Baden-Wuerttemberg Cooperative State University Ravensburg, Germany, thereafter, obtaining further CPMA and CIA qualifications. She has been employed at MMS Retail Group (formerly MSH), Ingolstadt, Germany, since 2004 (after having held a number of positions at other Group entities), where she has been Manager Corporate Risk Management & Internal Controls since 2013 and was Chairwoman of the works council between 2017 and March 2023. Since April 2022, she has been Chairwoman of the works council of the joint operation MMS Retail Group, Media-Saturn Deutschland GmbH & MediaMarktSaturn Beschaffung und Logistik GmbH, Ingolstadt, Germany. She has been a member of the Supervisory Board since July 2017; her current term of office will end with the conclusion of the elections of the employee representatives in 2028.

Supervisory Board Committees

The Supervisory Board may form committees from among its members. As of May 3, 2024, the Supervisory Board has formed five committees: the Presidential Committee, the Audit Committee, the Nomination Committee, the Mediation Committee established pursuant to Section 27(3) of the German Co-Determination Act and the Strategy Committee.

The committees generally prepare the discussions and the resolutions of the full Supervisory Board regarding the tasks assigned to them by law or the rules of procedure. Within the legally prescribed framework, the Supervisory Board has also conferred decision-making powers on the committees. Within these powers, the committees act directly in the Supervisory Board's stead.

Presidential Committee

The Presidential Committee's principal duties comprise:

- taking the lead on various Management Board issues (including succession planning, new appointments, (review of) remuneration and submission of proposals for resolutions on the remuneration report for the financial year, and discussion of the key points for the setting of the performance targets for the variable components of the Management Board remuneration for the financial year and the degree of attainment of said targets);

- preparation of meetings of the Supervisory Board, preparations for the performance of the self-assessment of the work of the Supervisory Board and review of the remuneration of members of the Supervisory Board; and

- addressing matters relating to corporate governance and cultural change and transformation within CECONOMY AG.

As of the date of this Offering Memorandum, the members of the Presidential Committee are Thomas Dannenfeldt (Chairman), Jürgen Schulz, Katrin Adt and Sylvia Woelke.

Audit Committee

The Audit Committee's principal duties comprise:

- supporting the Supervisory Board in performing its monitoring function (in particular, accounting and financial reporting, as well as conditions on the capital markets and the progression of various ESG issues and the status of the implementation of the CSR Directive);

- monitoring the effectiveness, proper functioning and ongoing development of the governance systems, the risk management system, internal controls, the internal audit department and the legal compliance system; and

- recommending the external auditors.

As of the date of this Offering Memorandum, the members of the Audit Committee are Karin Dohm (Chairwoman), Sylvia Woelke (Vice Chairwoman), Ludwig Glosser, Corinna Groß, Peter Kimpel and Birgit Kretschmer. The Chairwoman of the Audit Committee, Karin Dohm, is not a former Management Board member of CECONOMY AG. She has very extensive expertise in the fields of auditing, compliance, internal control procedures and accounting (including non-financial reporting). The Vice Chairwoman of the Audit Committee, Sylvia Woelke, has the necessary expertise in the fields of compliance, internal control procedures and accounting. Claudia Plath has the necessary expertise in the fields of Group accounting, auditing and financing. The other members of the Audit Committee all have sufficient knowledge and experience in the fields of auditing, accounting and internal control procedures.

Nomination Committee

The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board to propose to the annual general meeting for election as shareholder representatives. It discusses the professional development of the Supervisory Board members and the succession planning for the shareholder representatives on the Supervisory Board, including discussion of the targets for the composition of the Supervisory Board, diversity considerations and the necessary skills profile and expertise.

As of the date of this Offering Memorandum, the members of the Nomination Committee are Sabine Eckhardt (Chairwoman), Thomas Dannenfeldt and Christoph Vilanek.

Mediation Committee pursuant to Section 27(3) of the German Co-determination Act

By law, the Mediation Committee is responsible for submitting proposals concerning appointments or revocations of appointments of members of the Management Board in the instances outlined in the first clause of Section 31(3) of the German Co-Determination Act or, as the case may be, in Section 31(5) in conjunction with the first clause of Section 31(3) of the German Co-Determination Act. The Mediation Committee was not convened in the financial year 2022/23.

As of the date of this Offering Memorandum, the members of the Mediation Committee are Thomas Dannenfeldt (Chairman), Jürgen Schulz and Karin Dohm.

Strategy Committee

The tasks assigned to the Strategy Committee comprise advising the Management Board on basic issues relating to transactions arising from the Company's strategy and sounding out the market with regard to possible strategic partnerships, investments and investees.

As of the date of this Offering Memorandum, the members of the Strategy Committee are Thomas Dannenfeldt (Chairman), Jürgen Schulz (Vice Chairman), Doreen Huber and Sylvia Woelke.

Remuneration of the Supervisory Board

In the financial year ended September 30, 2023, the remuneration granted to the Supervisory Board members totaled €2.0 million (financial year 2021/22: €2.0 million).

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We engage in transactions with related parties in the ordinary course of its business.

Related parties with significant influence

As the parent company of the Group, CECONOMY AG is not controlled by any company. As of March 31, 2024, the Haniel Group held a 16.7% stake in the Company. We did not enter into any material transactions with the Haniel Group in the financial years ended September 30, 2023, 2022 and 2021. Since H1 2023/24, we no longer consider Franz Haniel & Cie. GmbH as a related party due to changed structures.

Convergenta is a German investment and holding company and has held a stake in the Company since June 2022. It is the Company's largest shareholder. As part of the investment in the Company, Convergenta was granted the Convertible Bond with a total nominal amount of €151.0 million. The Convertible Bond gives Convergenta the right to acquire new ordinary shares through conversion at any time until July 2027.

Business relations between us and Convergenta primarily comprise leasing locations for the MMSRG's electronics stores and administrative buildings. Lease payments including incidental costs amounted to €11 million in the financial year ended September 30, 2023 (financial year 2021/22: €12 million).

Obligations arising under the leases with Convergenta mature in subsequent years as follows:

	As of September 30, 2023
	in € million
	(audited)
Future lease payments (nominal)	
Up to 1 year	10
1 to 5 years	26
Over 5 years	7
Total	43

In accordance with IFRS 16, these lease liabilities are recognized at present value and included in financial liabilities. Except for the lease liabilities, there are no other liabilities to or receivables from Convergenta.

Business relations with related parties are contractually agreed at arm's-length conditions.

Members of the key management personnel

In accordance with IAS 24, our key management personnel comprises the Management Board and the Supervisory Board of the Company. Other than their remuneration, no further services were granted or received between us and key management personnel. The reportable remuneration of key management personnel within the Group according to IAS 24 comprises that paid to active Management Board and Supervisory Board members.

Remuneration for members of the Management Board and the Supervisory Board active during the financial year ended September 30, 2023 in accordance with IAS 24 totaled €6.8 million (financial year 2021/22: €5.2 million, 2020/21: €9.8 million). €5.7 million (financial year 2021/22: €4.4 million, 2020/21: €7.1 million) of this related to short-term benefits (not including share-based payment), €0.2 million (financial year 2021/22: €0.3 million, 2020/21: €0.1 million) to post-employment benefits, and €0.9 million (financial year 2021/22: €0.1 million, 2020/21: €0.2 million) to share-based payment. There were no termination benefits (financial year 2021/22: €0.5 million, 2020/21: €2.4 million) in the financial year ended September 30, 2023.

Other transactions with related parties in the form of associates

In the financial year ended September 30, 2023, an agreement was concluded with FNAC DARTY regarding the sale of MediaMarktSaturn's Portugal business. Fnac Darty Portugal, a wholly owned subsidiary of FNAC DARTY, acquired 100% of MediaMarkt Portugal including the ten store locations, the online business and the roughly 450 employees. The transaction closed September 30, 2023.

On February 14, 2023, the Company announced that MediaMarktSaturn and Power International had concluded an agreement regarding a strategic transaction and a joint future for the Swedish business. Power, a wholly owned subsidiary of Power International, acquired 100% of MediaMarkt Sweden AB, which operated the Swedish MMSRG business. In return, CECONOMY, via MMS Retail Group, received a minority stake of 20% in Power. Since closing of the transaction on August 1, 2023, Power has been a related party of CECONOMY AG. There were no material transactions with Power in the financial year ended September 30, 2023 or in the six months ended March 31, 2024.

For additional information on related party transactions, see Note 42 of our 2023 Audited Consolidated Financial Statements.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Unless otherwise defined in this Offering Memorandum or unless the context otherwise requires, terms defined in the agreements described below shall have the same meanings when used in this section.

ESG Credit Facilities Agreement

On May 6, 2021, the Issuer entered into an ESG-linked syndicated revolving credit facilities agreement (the "**ESG Credit Facilities Agreement**") amounting up to €1.06 billion. The facilities are split into a three-year tranche in the principal amount of €353.3 million ("**ESG Facility A**") and a five-year tranche in the principal amount of €706.7 million ("**ESG Facility B**") in order to diversify the maturity profile of the loan. The ESG Credit Facility Agreement became effective on August 9, 2021 following the termination of the previously existing syndicated credit facility with participation of KfW.

Both facilities under the ESG Credit Facilities Agreement can be extended twice for a period of one year each. In April 2022 and April 2024 requests for the extension of ESG Facility A were sent to the individual lenders and have in each case been accepted by all lenders. Hence, the ESG Facility A has been extended to May 2026. A request for extension of the ESG Facility B can be issued by the Company until the fourth anniversary of the ESG Credit Facilities Agreement. Each individual lender may decide in its sole discretion whether it accepts any such extension request.

The interest to be paid under the ESG Credit Facilities Agreement is the aggregate of a margin, which is adjusted from time to time on the basis of the long-term credit rating assigned to the Company, and the applicable EURIBOR rate. The applicable margin payable under the ESG Credit Facilities Agreement is furthermore linked to targets and thresholds in connection with certain environmental, social and governance (ESG) criteria: compliance with certain CO_2 reduction requirements, minimum number of sustainable products in the assortment and minimum percentage of female share in management positions. Depending on the achievement or non-achievement of certain targets or thresholds defined for each of these three criteria, the margin is increased or decreased for a certain period.

If any single person or a group of persons acting in concert pursuant to Section 30 para. 2 WpÜG acquires (direct or indirect) control of the Company pursuant to Section 29 para. 2 WpÜG, any lender may cancel its commitment and request repayment of its participations in all outstanding loans. If lenders, the sum of whose commitments is greater than two thirds of the total commitments so cancel, all remaining commitments shall be immediately cancelled and all outstanding loans shall be repaid.

Both facilities are internally classified as back up credit line and, as of March 31, 2024, remained undrawn.

Existing Notes

On June 24, 2021, the Company issued notes in the aggregate principal amount of €500 million in the principal amount of €100,000 each and ranking *pair passu* with each other ("**Existing Notes**") at a re-offer yield of 1.875% per annum. The Existing Notes were issued in bearer form and bear interest on their principal amount at the rate of 1.750% per annum from and including June 24, 2021. Interest is payable in arrears on June 24 of each year.

Unless previously redeemed in whole or in part or purchased and cancelled, the Existing Notes shall be redeemed at their denomination on June 24, 2026.

The obligations under the Existing Notes constitute unsubordinated and unsecured obligations of the Company which rank *pari passu* among themselves. In the insolvency or liquidation of the Company, the obligations of the Company under the Existing Notes rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Company, save for such obligations which may be preferred by applicable law.

The terms and conditions of the Existing Notes provide for an early redemption of the Existing Notes, *inter alia*, due to a change of control event. Upon occurrence of a change of control event under the Existing Notes, noteholders may require the Company to redeem the Existing Notes held by them, in whole or in part, within 60 days after the Company has published a notice regarding the occurrence of a change of control event. A change of control event shall be deemed to have occurred if a change of control has occurred in connection with which a rating down-grade has also occurred. A change of control shall be deemed to have occurred whenever any person or persons acting in concert or any person, or persons acting on behalf of any such person(s) at any time directly or indirectly acquire(s) (i) more than 50% of the share capital (*Eigenkapital*) of the Company or (ii) such number of shares in the capital (*Anteile am Eigenkapital*) of the Company carrying more than 50% of the voting rights exercisable at the respective general meeting (*Hauptversammlung*) of the Company.

Each noteholder shall be entitled to declare its Existing Notes due and demand immediate redemption thereof at their denomination plus accrued interest (if any) to the date of repayment, in the following events of default:

- failure to pay principal or interest in respect of the Existing Notes or any other amount in respect of the Notes, in each case within ten days from the relevant due date, whether at maturity, upon redemption or otherwise;
- failure to duly perform any other obligation arising from the Existing Notes and such failure continues unremedied for more than 60 days after the principal paying agent has received a request thereof from a noteholder to perform such obligation;
- cross-default in relation to other financial indebtedness of the Company or its material subsidiaries to the extent it equals or exceeds an amount which corresponds to 1.00% of the Company's consolidated total assets;
- the Company ceases its payments or announces in writing its inability to meet its financial obligations generally;
- the Company ceases to carry out, directly or indirectly, all or substantially all of its business;
- a court opens insolvency proceedings against the Company, such proceedings are instituted and have not been discharged or stayed within 60 days, or the Company applies for or institutes such proceedings;
- the Company enters into liquidation, unless such liquidation is to take place in connection with a merger, consolidation or any other form of combination with another company and such company assumes all obligations under the Existing Notes arising from the terms and conditions of the Existing Notes.

The Notes are listed on the official list and traded on the Euro MTF market of the Luxembourg Stock Exchange under ISIN XS2356316872. The Existing Notes are governed by German law.

As of March 31, 2024, €500 million of Existing Notes remained outstanding.

The net proceeds from the issuance of the Notes of approximately €495.5 million were used for general corporate purposes, including refinancing of existing indebtedness.

Promissory Notes (Schuldscheindarlehen)

On March 16, 2017, the Company as borrower (operating as METRO AG at the time) has entered into a fixed rate promissory note agreement (*Schuldscheindarlehensverträge*) with Landesbank Hessen-Thüringen Girozentrale, as lender. In addition, on June 7, 2022, the Company entered into two fixed rate promissory note agreements (*Schuldscheindarlehensverträge*). The promissory notes serve for general corporate financing.

	Interest	**Term**	
€11.5 million	1.956% (fixed rate)	Ten years	March 22, 2027
€30 million	2.861% (fixed rate)	Five years	June 14, 2027
€30 million	2.879% (fixed rate)	Five years	June 14, 2027

As of March 31, 2024, €71.5 million of promissory notes remained outstanding.

Convertible Bond

On December 14, 2020, and as amended and restated on November 9, 2021, the Company entered into an agreement with Convergenta regarding the Convergenta Transaction. As part of the investment in CECONOMY AG, Convergenta was granted a convertible bond with an aggregate principal amount of €151.0 million, divided into 1,510 bearer bonds ranking *pari passu* among themselves, each with a nominal value of €100,000.00, in return for a contribution in kind (the "**Convertible Bond**"). The Convertible Bond grants its holders conversion rights to initially a total of up to 27,859,778 new no-par value ordinary bearer shares of CECONOMY AG, each such share with a notional value in the share capital of approximately €2.56 for the issuance of which the Company created a conditional capital. The initial conversion price will be €5.42 for each share.

On June 9, 2022, the shares from the conditional capital not yet issued were admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the regulated market (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Börse Düsseldorf*).

As of March 31, 2024, €151 million of the Convertible Bond remained outstanding.

Euro Commercial Paper Program

Pursuant to a dealer agreement dated April 24, 2018 between the Company as issuer and various domestic and international banks as dealers, the Company may issue, from time to time, commercial papers (*Schuldverschreibungen*) with a maturity of not more than 364 days in an aggregate amount of up to €500 million (the "**Euro Commercial Paper Program**").

Such commercial papers can be denominated in Euros, certain other specified currencies, or any other currency agreed between the issuer and the respective dealer. The commercial papers will be issued with a denomination of €100,000 each or such other conventionally and legally accepted denomination for commercial paper in the relevant currency or currency unit and will be issued in series, each in an aggregate principal amount of not less than €2,500,000 or the equivalent thereof. As long as commercial paper notes are outstanding, the Company has undertaken not to grant security by encumbering any of its assets, for other bonds, notes, debentures or similar debt instruments having an original maturity of up to 364 days or for guarantees or indemnities in respect thereof without at the same time having the creditors under the Euro Commercial Paper Program participate equally and ratably in such security.

The commercial papers issued under the Euro Commercial Paper Program are governed by German law. As of March 31, 2024, commercial paper in a total amount of €35 million was issued and outstanding.

DESCRIPTION OF THE NOTES

CECONOMY AG, a stock corporation organized under the laws of Germany (the "**Company**") will issue €500.0 million aggregate principal amount of 6.250% sustainability-linked senior notes due 2029 (the "**Notes**") under an indenture, to be dated on or around July 3, 2024 (the "**Indenture**"), between, among others, the Company and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**"), The Bank of New York Mellon, London Branch as paying agent (the "**Paying Agent**") and The Bank of New York Mellon SA/NV, Dublin Branch as transfer agent (the "**Transfer Agent**"). The Notes will not be registered under the U.S. Securities Act of 1933, as amended, and will be subject to certain transfer restrictions.

Payment under the Notes will be linked to certain sustainability-related performance targets, as described herein. The gross proceeds of the offering of the Notes sold on the Issue Date will be used as set forth in this Offering Memorandum under the caption "*Use of Proceeds*".

The Indenture will contain provisions that define your rights and govern the obligations of the Company and any future Guarantors (as defined herein), if any, which may be required to accede to the Indenture as provided below under the caption "*—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness*". The terms of the Notes include those that will be set out in the Indenture. The Indenture is not required to be, nor will it be, qualified under, nor will it be subject to, nor will it include by incorporation by reference or otherwise any provisions of, the U.S. Trust Indenture Act of 1939, as amended (the "**TIA**"). Consequently, the Holders generally will not be entitled to the protections provided under the TIA to holders of debt securities issued under a qualified indenture, including those requiring the Trustee to resign in the event of certain conflicts of interest and to inform the Holders of certain relationships between it and the Company.

Certain terms used in this description are defined below under the caption "*—Certain Definitions*". In this description, references to the "Company" refer only to CECONOMY AG and not to any of its subsidiaries.

The following is only a summary of certain provisions of the Indenture and the Notes. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of those agreements, including the definitions of certain terms therein. Prospective investors are urged to read the Indenture because it will contain additional information and because it and not this description will define an investor's rights as a holder of the Notes. A copy of the form of the Indenture may be obtained by requesting it from the Company at the address indicated under "*Listing and General Information*".

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Overview of the Notes

The Notes will be general, unsecured senior obligations of the Company and will:

- rank *pari passu* in right of payment with all existing and future obligations of the Company that are not subordinated in right of payment to the Notes, including its obligations under the Existing Notes which remain outstanding following the Tender Offer, the ESG Credit Facilities Agreement, the Euro Commercial Paper Program, the Promissory Notes and the Convertible Bond;

- rank senior in right of payment to the Company's existing and future Indebtedness that is expressly subordinated in right of payment to the Notes;

- be effectively subordinated to all existing and future secured Indebtedness of the Company to the extent of the value of the assets securing such Indebtedness;

- be structurally subordinated to all existing and future Indebtedness, including obligations to trade creditors and lessors, of each non-Guarantor Subsidiary of the Company; and

- not be guaranteed by any Subsidiary of the Company on the Issue Date.

Principal, Maturity and Interest

On the Issue Date, the Company will issue Notes in an aggregate principal amount of €500.0 million. The Notes will mature on July 15, 2029. The Notes will be issued in fully registered form, without coupons, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest on the Notes will accrue at the rate of 6.250% per annum on the aggregate principal amount of Notes outstanding. Interest will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2025. Interest on overdue principal and interest will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes.

Interest on the Notes will accrue from the date of original issue, or, if interest has already been paid or provided for, from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months on the aggregate nominal amount outstanding.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the Notes represented by one or more Global Note registered in the name of or held by a nominee of a common depositary for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof (being the common depositary or its nominee).

Principal, interest, premium and Additional Amounts if any, on any certificated securities ("**Definitive Registered Notes**") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled there-to as shown on the register for the Definitive Registered Notes. See "—*Paying Agent and Registrar for the Notes*."

Sustainability Performance Target Step-up Interest

For the interest payment period commencing on July 15, 2028 (the "**Step-up Date**") and thereafter, the interest rate applicable for such periods on the Notes shall increase by 0.375% per annum (such additional interest payable, the "**Step-up Interest**") unless the Company has delivered to the Trustee (with a copy to the Paying Agent) a Sustainability Compliance Certificate on or prior to the Certification Date, confirming that the Sustainability Performance Target was achieved for the fiscal year ending September 30, 2027. For the avoidance of doubt (i) the interest rate on the Notes shall not increase if the Company has delivered to the Trustee (with a copy to the Paying Agent) a Sustainability Compliance Certificate on or prior to the relevant Certification Date, confirming that the Sustainability Performance Target was achieved for the fiscal year ending September 30, 2027, and (ii) in no event shall the total increase in the interest rate on the Notes exceed 0.375% per annum. The Trustee and the Paying Agent shall rely conclusively on the Sustainability Compliance Certificate from the Company, and shall have no duty to inquire as to or investigate the accuracy of the Sustainability Compliance Certificate or the related Sustainability Report, or otherwise verify the attainment of the Sustainability Performance Target, or make calculations, investigations or determinations with respect to the attainment of the Sustainability Performance Target (or the application of any adjustments thereto). The Trustee and the Paying Agent shall have no liability to the Company, any holder of Notes or any other Person in acting in good faith on any Sustainability Compliance Certificate and any related Sustainability Report. Promptly upon delivering a Sustainability Compliance Certificate to the Trustee pursuant to this paragraph, the Company shall publish a notice on a website of or designated by the Company confirming that the relevant Sustainability Performance Target was achieved; *provided* that a failure to make such publication shall not result in the Company being required to pay any Step-up Interest.

"**Absolute Scope 3.11 Emissions**" means greenhouse gas emissions from scope 3 category 11 of the GHG Protocol Standard, expressed in thousands of tonnes of CO_2 equivalent, corresponding to direct use-phase emissions for all sold own and external brand products over their expected lifetime. The emission calculations are based on the methodology of the GHG Protocol Standard.

"**Assurance Letter**" means a verification assurance report in the form of a "limited assurance" from an External Verifier of the performance level for the Absolute Scope 3.11 Emissions set forth in the relevant Sustainability Report.

"**Baseline Absolute Scope 3.11 Emissions**" means, subject to the paragraph below entitled "*Sustainability Adjustments*", the Absolute Scope 3.11 Emissions for the fiscal year ended September 30, 2022, being 17,113.8 kt CO_2e.

"**Certification Date**" means, in respect of a fiscal year, January 31 of the immediately following fiscal year.

"**External Verifier**" means an accountancy firm, environmental consultant or other third-party diligence provider appointed by the Company for the purpose of reviewing the Company's performance against the Sustainability Performance Target or Sustainability Performance Level, as the case may be.

"**GHG Protocol Standard**" means the document entitled "The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition)" published by the World Business Council for Sustainable Development and the World Resources Institute (as amended and updated from time to time), and the document entitled "Corporate Value Chain (Scope 3) Accounting and Reporting Standard – Supplement to the GHG Protocol Corporate Accounting and Reporting Standard" published by the World Business Council for Sustainable Development and the World Resources Institute (as amended and updated from time to time).

"**Sustainability Compliance Certificate**" means an Officer's Certificate of the Company or a statement by the Company included in its Sustainability Report which shall (i) confirm whether the Sustainability Performance Target or the Sustainability Performance Level, as the case may be, for the relevant fiscal year has been met (i.e. the reduction of Absolute Scope 3.11 Emissions from the Baseline Absolute Scope 3.11 Emissions is higher than or equal to the Sustainability Performance Target or the Sustainability Performance Level, as the case may be, for that fiscal year), (ii) attach the relevant Sustainability Report and Assurance Letter, (iii) to the extent not included in the Sustainability Report, include sufficient information so as to allow a reasonable determination to be made as to whether or not the Sustainability Performance Target or the Sustainability Performance Level, as the case may be, for that fiscal year has been achieved and (iv) to the extent not included in the Sustainability Report, and if applicable, confirm whether any adjustments have been made to the Absolute Scope 3.11 Emissions levels, any Sustainability Performance Target or any Sustainability Performance Level.

"**Sustainability Performance Target**" means, subject to the paragraph below entitled "*Sustainability Adjustments*", in respect of the fiscal year ending September 30, 2027, the Absolute Scope 3.11 Emissions from the Baseline Absolute Scope 3.11 Emissions reduced by 14.8% or more.

"**Sustainability Report**" means, with respect to the fiscal year ending September 30, 2027 or, in connection with a redemption of Notes, the fiscal year referred to in the definition of "Sustainability Compliance Event", a sustainability report of the Company which shall include the Absolute Scope 3.11 Emissions verified by an External Verifier pursuant to an Assurance Letter (which may be included in the Sustainability Report or in another document). For the avoidance of doubt, a Sustainability Report may be a standalone report, be part of the Company's annual report or included in another document of the Company.

Sustainability Adjustments

In the event of any change in (i) the Company's business model or perimeter (as a result of an acquisition, a divestiture, a merger, or other restructuring), (ii) or amendment to any applicable laws, regulations, rules, protocols or guidelines relevant for the determination of the Baseline Absolute Scope 3.11 Emissions, the Sustainability Performance Target or the Sustainability Performance Level, or (iii) data due to better data accessibility, any improvement in the accuracy of emission factors or activity data, or any discovery of data errors, which has a material impact, the Issuer may, at its election, revise the Baseline Absolute Scope 3.11 Emissions, the Sustainability Performance Target or the Sustainability Performance Level in respect of each such change to reflect such change; *provided, that*, in the Company's good faith determination, such revision is (1) consistent with the Company's strategy including its SBTi-validated climate targets; and (2) in line with the initial level of ambition of, or more ambitious than, the Sustainability Performance Target applicable to the Notes. The revised Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level shall be set forth in annual report or annual sustainability report, and will be covered by the assurance of an independent external verifier, which will be attached to an Officers' Certificate of the Company to the Trustee (with a copy to the Paying Agent) (the "**Recalculation Notice**") and, as from the date of delivery of the Recalculation Notice, the revised Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level shall replace the previous Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level, and any reference to the Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level in the Indenture thereafter will be deemed to be a reference to such revised Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level. The Trustee and the Paying Agent shall rely conclusively on any Recalculation Notice from the Company, and shall have no duty to inquire as to or investigate the accuracy of the Recalculation Notice, or otherwise verify the revised Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level, or make calculations, investigations or determinations with respect to the revised Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level. Promptly after delivery of the Recalculation Notice to the Trustee, the Company shall publish any changes to the Baseline Absolute Scope 3.11 Emissions, Sustainability Performance Target and/or Sustainability Performance Level, as the case may be, on a Company's website.

Additional Notes

From time to time, subject to the Company's compliance with the covenants described under the headings "—*Certain Covenants—Limitation on Indebtedness*", the Company is permitted to issue additional Notes under the Indenture (the "**Additional Notes**"), which shall have the terms which shall be set forth in an Officer's Certificate supplied to the Trustee:

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the maturity date of such Additional Notes;

(6) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(7) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part, including, but not limited to, pursuant to any special mandatory redemption in the event that the release from any escrow into which proceeds of the issuance of such Additional Notes are deposited is conditioned on the consummation of any acquisition, Investment, refinancing or other transaction (such redemption, a "**Special Mandatory Redemption**");

(8) the escrow of all or a portion of the proceeds of such Additional Notes and the granting of Liens described in clause (v) of the definition of "Permitted Liens" in favor of the Trustee or a security agent for the benefit of the holders of such Additional Notes (and not, for the avoidance of doubt, for the benefit of the holders of any other Notes, including Notes of the same series as such Additional Notes), together with all necessary authorizations for the Trustee or such security agent to enter into such arrangements; *provided* that, for so long as the proceeds of such Additional Notes are in escrow, such Additional Notes shall benefit only from such Liens;

(9) if other than denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(10) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes, including any temporary CUSIP, ISIN, Common Code or other securities identification pending the satisfaction of certain conditions, such as the consummation of an acquisition, Investment, refinancing or other transaction, and providing that such Additional Notes bearing a temporary CUSIP, ISIN, Common Code or other securities identification may be automatically exchanged for new Additional Notes bearing the same CUSIP, ISIN, Common Code or other securities identification as any existing Notes issued, *provided* that, if any Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, such Additional Notes shall have a different ISIN, Common Code, CUSIP or other securities identification than the Notes.

The Notes and any Additional Notes that are actually issued will be treated as a single class for all purposes of the Indenture, including, without limitation, with respect to waivers, amendments and all other matters which are not specifically distinguished for such series, *provided* that, if any Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, such Additional Notes shall have a different ISIN, Common Code, CUSIP or other securities identification than the Notes but shall otherwise be treated as a single class with the Notes issued under the Indenture. Unless the context otherwise requires, references to the "Notes" for all purposes of the Indenture include references to any Additional Notes that are actually issued. Additional Notes may be designated to be of the same series as the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to the initial Notes, and such Additional Notes shall be deemed to form one series and references to the Notes shall be deemed to include the Notes initially issued on the Issue Date as well any such Additional Notes (it being understood that any Additional Notes that are substantially identical in all material respects to any other series of Notes but for being subject to a Special Mandatory Redemption shall be deemed to be substantially identical to such series of Notes only following the expiration of any provisions relating to such Special Mandatory Redemption).

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents (each, a "**Paying Agent**") for the Notes. The Company will also maintain one or more registrars (each, a "**Registrar**") and a transfer agent (the "**Transfer Agent**"). The Company will initially appoint The Bank of New York Mellon, London Branch as Paying Agent. The initial Registrar and Transfer Agent will be The Bank of New York Mellon SA/NV, Dublin Branch. The Registrar, Paying Agent and the Transfer Agent, as applicable, will maintain a register (the "**Register**") reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Company and a copy of the Register will be sent to the Company on the Issue Date and after any change to the Register made by the Registrar, with such copy to be held by the Company at its registered office. In case of discrepancies between the Register and the register held by the Company at its registered office, the latter will prevail for purposes of Luxembourg law. See "*Book Entry, Delivery and Form*".

The Company may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders. However, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require, the Company will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in accordance with the provisions set forth under "—*Selection and Notice*".

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form, without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**144A Global Notes**"). The 144A Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

- Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the 144A Global Note, the "**Global Notes**"). The Regulation S Global Notes will, on the closing date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (the "**Book-Entry Interests**") will be limited to Persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*". In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Note (the "**144A Book-Entry Interests**") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note (the "**Regulation S**

Book-Entry Interests") only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Regulation S Book-Entry Interest may be transferred to a Person who takes delivery in the form of 144A Book-Entry Interest only upon delivery by the transfer of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a Person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred. For a more detailed description, please see "*Book Entry, Delivery and Form*".

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Company in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*".

Subject to the restrictions on transfer referred to above, the Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents to the Registrar, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Company is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to the Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

The Company, the Trustee, any Paying Agent, the Registrar and the Transfer Agent will be entitled to treat the Holder as the owner of it for all purposes.

Note Guarantees

The Notes will not be guaranteed on the Issue Date. However, as described below under the caption "*—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness*", certain Restricted Subsidiaries of the Company that guarantee certain Indebtedness of the Company or a Guarantor will, subject to certain exceptions, also be required to become Guarantors. The Note Guarantees will be joint and several obligations of each Guarantor. The obligations of a Guarantor under its Note Guarantee will be limited as necessary to prevent the relevant Note Guarantee from constituting a fraudulent conveyance or unlawful financial assistance under applicable law, or otherwise to reflect limitations under applicable law and regulation, including corporate benefit, thin capitalization and other laws and regulations.

The Note Guarantee of each Guarantor, if any, will be a general, unsecured senior obligation of such Guarantor and will:

- rank *pari passu* in right of payment with all then-existing and future obligations of such Guarantor that are not subordinated in right of payment to its Note Guarantee;

- rank senior in right of payment to all then-existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to its Note Guarantee; and

- be effectively subordinated to all then-existing and future secured Indebtedness of such Guarantor to the extent of the value of the assets securing such Indebtedness;

- be structurally subordinated to any then-existing and future Indebtedness, including obligations to trade creditors and lessors, of each non-Guarantor Subsidiary of such Guarantor.

Substantially all of the operations of the Company are conducted through its Subsidiaries. Claims of creditors of Subsidiaries of the Company that are not Guarantors, including trade creditors and lessors, and claims of preferred shareholders (if any) of Subsidiaries, will have priority with respect to the assets and earnings of such Subsidiaries, over the claims of creditors of the Company and the Guarantors, including holders of the Notes. The Notes, therefore, will be effectively subordinated to creditors (including trade creditors and lessors) and preferred shareholders (if any) of Subsidiaries of the Company that are not Guarantors. Although the Indenture will limit the incurrence of Indebtedness by the Company and its Restricted Subsidiaries, such limitation is subject to a number of significant qualifications. See "*—Certain Covenants— Limitation on Indebtedness*" below.

Release of Note Guarantees

The Note Guarantee of a Guarantor, if any, will terminate and be released and discharged:

(a) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, *provided* that such sale, disposition or relevant transfer is made in a manner not in violation of the terms of the Indenture;

(b) in connection with any sale or other disposition of Capital Stock of that Guarantor or its parent company to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary such that such Guarantor ceases to be a Restricted Subsidiary, *provided* that such sale, disposition or relevant transfer is made in a manner not in violation of the terms of the Indenture;

(c) upon the release or discharge of the guarantee by such Guarantor of the Indebtedness that resulted in the creation of such Note Guarantee pursuant to the covenant described under "*—Certain Covenants—* Limitation *on Issuances of Guarantees of Indebtedness*", so long as no Event of Default would arise as a result thereof and such Guarantor is not otherwise required to provide a Note Guarantee pursuant to the covenant described under "*—Certain Covenants— Limitation on Issuances of Guarantees of Indebtedness*";

(d) if such Guarantor is a Restricted Subsidiary, the Company designates such Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(e) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes under the Indenture with respect to such series as provided below under the captions "*Defeasance*" and "*Satisfaction and Discharge*";

(f) as provided below under the caption "*—Amendments and Waivers*";

(g) in connection with the solvent liquidation or winding-up of the relevant Guarantor; or

(h) upon the full and final payment and performance of all obligations of the Company under the Indenture and the Notes.

None of the Company, the Trustee or any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. Nevertheless, under the circumstances described below under the definition of "Unrestricted Subsidiary", the Company will be permitted to designate certain Subsidiaries as "Unrestricted Subsidiaries". The Company's Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not guarantee the Notes and upon any occurrence giving rise to a release as specified above, the Trustee will, at the expense of the Company, execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Guarantee, subject to customary protections and indemnifications.

Optional Redemption

General

The Notes will be redeemable, at the Company's option, at any time prior to maturity at varying redemption prices in accordance with the provisions set forth below.

Any redemption may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering and, in the case of a redemption of the Notes, the incurrence of indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption is subject to satisfaction of one or more conditions precedent, the notice of redemption shall state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, *provided, however*, that in any case such redemption date shall not be more than 60 days from the date on which such notice is first given, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

In the case of any partial redemption, unless otherwise required by law, the Notes to be redeemed will be selected in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, and in compliance with the applicable procedures and requirements of the relevant clearing system(s), or, if the Notes are not listed, and the relevant clearing system(s) have no such procedures or requirements, then on a *pro rata* basis, although no Note of €100,000 in original principal amount or less will be redeemed in part, and only Notes in integral multiples of €1,000 will be redeemed. The Trustee, Paying Agent or Registrar shall not be liable for any selection made under this paragraph.

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portion thereof called for redemption on the applicable redemption date.

The Company may provide in any notice of redemption that payment of the redemption price and performance of the Company's obligations with respect to such redemption may be performed by another Person.

Subject to the applicable procedures of Euroclear and/or Clearstream, the Company may redeem Notes pursuant to one or more of the relevant provisions of the Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have different redemption dates.

In connection with any tender offer for, or other offer to purchase, any series of Notes (including any Change of Control Offer (as defined below)), if Holders of not less than 90% of the aggregate principal amount of the then outstanding Notes of such series validly tender and do not validly withdraw such Notes in such tender offer or other offer to purchase, and the Company, or any third party making such tender offer or other offer to purchase in lieu of the Company, purchases all of such Notes validly tendered and not validly withdrawn by such Holders, all of the holders of the Notes will be deemed to have consented to such tender offer or other offer and accordingly, the Company or such third party will have the right, upon not less than 10 nor more than 60 days' notice, given not more than 30 days following the expiration of such tender offer or other offer to purchase, to redeem all such

Notes that remain outstanding following the expiration of such offer at a price equal to the price paid to each other Holder in such tender offer or other offer to purchase (other than any incentive payment for early tenders or similar payment), plus, to the extent not included in the tender offer or other offer to purchase payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the date of such redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date). In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes of any series have been validly tendered and not validly withdrawn in a tender offer or other offer to purchase, as applicable, such Notes owned by an Affiliate of the Company or by funds controlled or managed by any Affiliate of the Company, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer to purchase, as applicable.

Optional Redemption prior to July 15, 2026

At any time prior to July 15, 2026, the Company may redeem the Notes, at its option, in whole or in part and from time to time, at a redemption price equal to 100% of the principal amount thereof plus the relevant Applicable Premium as of, and accrued and unpaid interest, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date). Such redemption may be made upon notice delivered, or caused to be delivered to each Holder, not less than 10 nor more than 60 days prior to the redemption date.

Furthermore, at any time prior to July 15, 2026, the Company may redeem during each 12-month period commencing with the Issue Date up to 10% of the aggregate principal amount of the Notes outstanding at its option, from time to time, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date).

Optional Redemption prior to July 15, 2026 upon Equity Offering

At any time prior to July 15, 2026, the Company will be entitled, at its option, on one or more occasions to redeem Notes of each series in an aggregate principal amount not to exceed 40% of the aggregate original principal amount of each series of Notes (calculated after giving effect to the issuance of any Additional Notes) with funds in an equal aggregate amount not exceeding the aggregate proceeds of one or more Equity Offerings, at a redemption price of 106.250% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date); *provided, however*, that after giving effect to any such redemption:

(a) an aggregate principal amount of the Notes equal to at least 60% of the aggregate principal amount of the Notes issued on the Issue Date (including the aggregate principal amount of any Additional Notes issued after the Issue Date but excluding any Notes or Additional Notes held by the Company and its Restricted Subsidiaries) remains outstanding immediately after the occurrence of each such redemption; and

(b) each such redemption occurs within 180 days after the date of the completion of the related Equity Offering.

Such redemption may be made upon notice provided to the Holders not less than 10 nor more than 60 days prior to the redemption date.

Optional Redemption on and after July 15, 2026

On and after July 15, 2026, the Company may redeem the Notes, at its option, in whole or in part and from time to time, at the applicable redemption price (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date) set forth (i) in column A below, in case the Sustainability Compliance Event has occurred or (ii) in column B below, in case a Sustainability Compliance Event has not occurred. Such redemption may be made upon notice delivered, or caused to be delivered, to each Holder, not less than 10 nor more than 60 days prior to the redemption date. The Notes will be so redeemable at the following redemption prices (expressed as a percentage of principal amount on the redemption date), in each case plus accrued and unpaid interest and Additional Amounts, if any, to the relevant redemption date, if redeemed during the 12-month period commencing on July 15 of the years set forth below:

Year	**Colum A** Redemption Price (Sustainability Compliance Event occurred**)**	**Column B** Redemption Price (Sustainability Compliance Event not occurred)
2026	103.125%	103.313%
2027	101.563%	101.656%
2028 and thereafter	100.000%	100.000%

Optional Redemption for Changes in Withholding Taxes

The Company is entitled to redeem Notes of any series, at its option, at any time in whole but not in part, upon not less than 10 nor more than 60 days' notice to the Holders, at a redemption price equal to 100% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date), in the event any Payor has become or would become obligated to pay under the terms of the Indenture and the Notes of such series on the next date on which any amount would be payable with respect to the Notes of such series, any Additional Amounts (but, in the case of a Guarantor, only if such amount could not be paid by the Company or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), in each case, as a result of:

(a) any change in or an amendment to the laws or treaties (including any regulations, protocols or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction; or

(b) any change in or amendment to any official position regarding the application, administration or interpretation of such laws or treaties (including any regulations, protocols or rulings promulgated thereunder and including the decision of any court, governmental agency or tribunal) (each of (a) and (b), a "**Change in Tax Law**"),

which Change in Tax Law becomes effective on or after the Issue Date and the Payor cannot avoid such obligation by taking reasonable measures available to it (including making payment through a Paying Agent located in another jurisdiction), *provided* that such Payor will not be required to take any measures that would result in the imposition on it of any material legal or regulatory burden or the incurrence by it of any material additional costs, or would otherwise result in any material adverse consequences. The foregoing provisions will apply *mutatis mutandis* to the laws and official positions of any jurisdiction in which any successor permitted under *"—Certain Covenants—Merger and Consolidation*" is incorporated, organized or otherwise resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein, with respect to a Change in Tax Law occurring after the time such successor becomes a party to the Indenture.

Prior to the giving of any notice of redemption described in the preceding paragraph, the Company will deliver to the Trustee and Paying Agent an Officer's Certificate to the effect that the Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and setting forth a statement of facts showing that the conditions precedent to their right so to redeem have been satisfied. The Trustee and the Paying Agent will accept such Officer's Certificate as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders. The Company will also deliver to the Trustee and Paying Agent an opinion of independent legal counsel of recognized standing to the effect that the Payor would be obligated to pay Additional Amounts as a result of a change or amendment described above. The Trustee and Paying Agent will accept such opinion as sufficient evidence of the Payor's obligations to pay such Additional Amounts, and it will be conclusive and binding on the Holders.

The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Selection and Notice

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Company will communicate any notice of redemption in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

In the case of any partial redemption, selection of the Notes for redemption will be made in accordance with the applicable procedures of Euroclear and/or Clearstream, as applicable, unless otherwise required by law or applicable stock exchange or depositary requirements, or if the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream (as applicable) prescribes no method of selection, on a *pro rata* basis by use of a pool factor or such method that most nearly approximates a *pro rata* selection as instructed by the Company. Neither the Paying Agent, the Trustee nor the Registrar will be liable for any selections made in accordance with this paragraph. In connection with any redemption of any Notes, neither the Trustee nor any Agent shall be required to pay out any money without first having been placed in funds.

No Note of €100,000 in aggregate principal amount or less shall be redeemed in part, except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder shall be redeemed.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Company is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Company may be required to offer to purchase Notes as described under the caption "*—Change of Control*". The Company and its Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise.

Additional Amounts

All payments by or on behalf of the Company, any Guarantor or, in each case, any successor (each a "**Payor**") under or with respect to the Notes (whether or not in the form of definitive notes) or under or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the deduction or withholding of such Taxes is required by law. If any such deduction or withholding is imposed by or on behalf of or levied within (i) the Federal Republic of Germany, (ii) any jurisdiction from or through which payment on the Notes or any Note Guarantee is made by or on behalf of the Payor, (iii) any other jurisdiction in which a Payor is incorporated, organized or otherwise considered to be tax resident or engaged in business for tax purposes or (iv) in the case each of (i) through (iii), any province, municipality or other political subdivision or taxing authority in or of therein (any such jurisdiction under foregoing (i) through (iv), a "**Relevant Tax Jurisdiction**"), the Payor will pay or cause to be paid (together with such payment) additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amounts received by each Holder after such withholding or deduction (including any deduction or withholding from such Additional Amounts), will not be less than the amounts the Holder would have received if such Taxes had not been withheld or deducted; provided, however, that no such Additional Amounts will be payable with respect to:

(a) any Taxes, to the extent such Taxes would not have been withheld, deducted or imposed but for the Holder or the beneficial owner of the Notes (or a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, trust, nominee, partnership, limited liability company or corporation) being or having been a citizen or resident or national of, or incorporated, engaged in a trade or business in, being or having been physically present in or having a permanent establishment in, the Relevant Tax Jurisdiction or having or having had any other present or former connection with the Relevant Tax Jurisdiction, other than any connection arising solely from the acquisition, ownership, holding or disposition of Notes, the exercise or enforcement of rights under such Note, the Indenture or a Note Guarantee, or the receipt of payments in respect of such Note or a Note Guarantee;

(b) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(c) any estate, inheritance, gift, sale, excise, transfer, personal property or similar Taxes;

(d) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or any Note Guarantee;

(e) any German withholding tax (*Kapitalertragsteuer*), plus solidarity surcharge (*Solidaritätszuschlag*) and church tax (*Kirchensteuer*), if any, thereon, levied in Germany by a custodian bank or a disbursing agent (*auszahlende Stelle*);

(f) any Taxes that are imposed or withheld pursuant to the Defence against Tax Havens Act (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb und zur Änderung weiterer Gesetze*) as amended from time to time (including any ordinance (*Verordnung*) enacted based on this law);

(g) any Taxes to the extent such Taxes would not have been imposed, withheld or deducted but for the failure of the Holder or beneficial owner of the Notes, following the Company's reasonable written request addressed to the Holder at least 60 days before any such withholding or deduction would be imposed, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Relevant Tax Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in the Relevant Tax Jurisdiction), but in each case, only to the extent the Holder or beneficial owner is legally eligible to provide such certification or documentation;

(h) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner of the Notes to the extent such Taxes could have been avoided by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent;

(i) any Taxes withheld, deducted or imposed on or with respect to any payment by the Company or any Guarantor on the Notes to a person who is a fiduciary, limited liability company or partnership or any person other than the sole beneficial owner of such payment to the extent that such Taxes would not have been imposed or required to be withheld or deducted on such payments had such beneficial owner been the Holder of such Note;

(j) any Taxes that are imposed pursuant to current Section 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the "**Code**") or any amended or successor version, any regulations promulgated thereunder, any official interpretations thereof, any intergovernmental agreement between a non-U.S. jurisdiction and the United States (or any related law or administrative practices or procedures) implementing the foregoing or any agreements entered into pursuant to current Section 1471(b)(1) of the Code (or any amended or successor version described above); or

(k) any combination of clauses (a) through (j) above.

The Payor will (i) make any required withholding or deduction for Taxes required by applicable law and (ii) remit the full amount deducted or withheld to the Relevant Tax Jurisdiction in accordance with applicable law. The Payor will use, upon reasonable request, all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from each Relevant Tax Jurisdiction imposing such taxes and will provide such certified copies to the Trustee and the Paying Agent within a reasonable time, but not later than 60 days, after the date on which payment of such Tax is due under applicable law. Such copies will be available for inspection during ordinary business hours at the office of the Trustee by the Holders or beneficial owners upon request.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes or any Note Guarantee is due and payable (unless such obligation to pay Additional Amounts arises before or after the 30th day prior to such date, in which case it must be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Paying Agent to transmit such Additional Amounts to Holders or beneficial owners on the payment date. The Trustee and the Paying Agent shall be entitled to rely conclusively on such Officer's Certificate until receipt of a further Officer's Certificate addressing such matters.

The Payor will pay for any present or future stamp, issue, registration, transfer, court or documentary taxes, or any other excise or property taxes, charges or similar levies or Taxes (including penalties, interest and other liabilities related thereto) imposed by any Relevant Tax Jurisdiction on the execution, delivery, issuance, registration or enforcement of the Notes, any Note Guarantee or any other document or instrument referred to therein (other than, in each case, in connection with a transfer of the Notes) or the receipt of any payments with respect thereto (limited, solely in the case of Taxes attributable to the receipt of any payments with respect thereto, to any such Taxes are not described under clauses (a) through (c) and (e) through (j) or any combination thereof). The foregoing obligations will survive any termination, defeasance or discharge of the Notes or any Note Guarantee and any transfer by a Holder or beneficial owner of its Notes.

Whenever in the Indenture there is mentioned, in any context:

(a) the payment of principal;

(b) redemption prices or purchase prices in connection with a redemption or a purchase of Notes, as applicable;

(c) the payment of interest; or

(d) any other amount payable on or with respect to any of the Notes,

such reference will be deemed to include payment of Additional Amounts as described under this heading "—*Additional Amounts*", to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The obligations described under this heading "—*Additional Amounts*" will survive any termination, defeasance or discharge of any Indenture or any Note Guarantee and will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Payor is incorporated, organized or otherwise resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

For a discussion of certain withholding taxes applicable to payments under or with respect to the Notes, see "*Taxation*".

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Company to repurchase all of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of repurchase; *provided, however*, that the Company will not be obligated to repurchase Notes pursuant to this covenant in the event that all of the Notes have been called for redemption as described under "—*Optional Redemption*".

Unless the Company has exercised its right to redeem all the Notes as described under "—*Optional Redemption*", the Company will, not later than 30 days following the date the Company obtains actual knowledge of any Change of Control having occurred, deliver, or cause to be delivered a notice (a "**Change of Control Offer**") to each Holder with a copy to the Paying Agent and the Trustee stating: (1) that a Change of Control has occurred and that such Holder has the right to require the Company to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (the "**Change of Control Payment**"); (2) the repurchase date (which will be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "**Change of Control Payment Date**"); (3) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control; and (4) the instructions determined by the Company, consistent with the Indenture, that a Holder must follow in order to have its Notes purchased.

On the Change of Control Payment Date, if a Change of Control shall have occurred, the Company will, to the extent lawful:

(a) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(b) deposit with, or to the order of, the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered;

(c) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company;

(d) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Company; and

(e) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Company.

The Paying Agent will promptly deliver or cause to be delivered to each Holder properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent approved by it) will, in the case of Definitive Registered Notes, promptly authenticate and mail to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any, *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in each case to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any applicable laws or regulations, including securities laws, conflict with the provisions of this covenant, the Company will comply with the applicable laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Company does not have any present plans to engage in a transaction involving a Change of Control, although it is possible that the Company could decide to do so in the future. Subject to the limitations discussed below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect the Company's capital structure or credit ratings.

Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the Holders to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The occurrence of certain events that constitute a Change of Control under the Notes may also be a change of control under the Company's other Indebtedness, including the ESG Credit Facilities Agreement and may require mandatory prepayment or the cancellation of commitments thereunder. Agreements governing future Indebtedness of the Company may contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Agreements governing future Indebtedness of the Company or any of its Subsidiaries may prohibit the Company from repurchasing the Notes upon a Change of Control or restrict the ability of its Subsidiaries to provide funds to the Company necessary to enable it to purchase the Notes. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under, or require repayment of Indebtedness under, such agreements, even if the Change of Control itself does not, due to the financial effect of such purchase on the Company and/or its Subsidiaries. Finally, the Company's ability to pay cash to the Holders upon a purchase may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

As described above under "*—Optional Redemption*" the Company also has the right to redeem the Notes at specified prices, in whole or in part, upon a Change of Control or otherwise. The provisions under the Indenture relating to the Company's obligation to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes.

The definition of "Change of Control" includes a phrase relating to the sale or other transfer of "all or substantially all" of the assets of the Company and its Restricted Subsidiaries. Although there is a developing body of case law interpreting the phrase "substantially all", there is no precise definition of the phrase under applicable law. Accordingly, there may be uncertainty whether a particular transaction involves a disposition of "all or substantially all" of the assets of the Company and its Restricted Subsidiaries. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Company to make an offer to repurchase its Notes as described above.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Company will publish such public announcement in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

Certain Covenants

Limitation on Indebtedness

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Company or any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of the Incurrence of such Indebtedness, on a *pro forma* basis (including *pro forma* application of the proceeds thereof), the Consolidated Fixed Charge Coverage Ratio would be at least 2.0 to 1.0.

(b) Notwithstanding the foregoing paragraph (a), the Company and Restricted Subsidiaries may Incur the following Indebtedness:

(i) Indebtedness Incurred pursuant to any Credit Facility in an aggregate principal amount at any time outstanding not exceeding (x) the greater of €1,600 million and 166% of Consolidated EBITDA plus (y) in the event of any refinancing of any Indebtedness permitted under this clause (i) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(ii) Indebtedness (A) of any Restricted Subsidiary to the Company or (B) of the Company or any Restricted Subsidiary to any Restricted Subsidiary; *provided*, that (a) any such Indebtedness owed by the Company or a Guarantor to a Restricted Subsidiary that is not the Company or a Guarantor shall, to the extent legally permitted (and other than in respect of intercompany liabilities Incurred in the ordinary course of business or consistent with past practice or industry practices or in connection with cash management arrangements of the Company and its Restricted Subsidiaries), be subordinated in right of payment to, in the case of Indebtedness of the Company, the Notes or, in the case of Indebtedness of a Guarantor, its Note Guarantee and (b) any subsequent issuance or transfer of any Capital Stock of such Restricted Subsidiary to which such Indebtedness is owed, or other event, that results in such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of such Indebtedness (except to the Company or a Restricted Subsidiary) will be deemed, in each case, an Incurrence of such Indebtedness by the issuer thereof not permitted by this clause (ii);

(iii) Indebtedness represented by the Notes (other than any Additional Notes), or Note Guarantees and any Indebtedness (other than the Indebtedness described in clauses (i) or (ii) of this paragraph (b)) outstanding on the Issue Date, and any Refinancing Indebtedness Incurred in respect of any Indebtedness described in paragraph (a) or this clause (iii) (other than Indebtedness represented by the Existing Notes) or clause (vii) of this paragraph (b);

(iv) Indebtedness (A) represented by Purchase Money Obligations, Capitalized Lease Obligations, mortgage financings, and in each case any refinancing with respect thereto, in an aggregate principal amount, including all Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (iv), not to exceed at any time the greater of (x) €75 million and (y) 8% of Consolidated EBITDA; or (B) in respect of obligations, including obligations that have come into existence after December 31, 2018, that would have been treated as operating leases under IAS 17 as in existence on December 31, 2018;

(v) guarantees by the Company or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Company or any Restricted Subsidiary (other than any Indebtedness Incurred by the Company or such Restricted Subsidiary, as the case may be, in violation of this covenant), including any counter-indemnity obligations or guarantees of the Company or any Restricted Subsidiary in respect of guarantees, bonds, letters of credit or similar instruments issued by a bank, financial institution, insurer, insurance company or other entity providing such instruments;

(vi) Indebtedness of the Company or any Restricted Subsidiary (A) arising from the honoring of a check, draft or similar instrument of such Person drawn against insufficient funds, *provided* that such Indebtedness is extinguished within five Business Days of its Incurrence, (B) in respect of customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business, whether paid directly by the customer or by a credit card company, (C) owed on a short-term basis to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries, (D) Incurred in connection with credit card processing arrangements entered into in the ordinary course of business, (E) netting, overdraft protection and other similar arrangements arising under standard business terms of any bank at which the Company or any Restricted Subsidiary maintains an overdraft, cash pooling or other similar facility or arrangement, (F) consisting of guarantees, indemnities, obligations in respect of earnouts or other purchase price adjustments, or similar obligations, Incurred in connection with the acquisition or disposition of any business, assets or Person, or (G) that constitutes Permitted Trade Indebtedness;

(vii) Indebtedness (A) of any Person that is assumed by the Company or any Restricted Subsidiary in connection with its acquisition of assets from such Person or any Affiliate thereof or is issued by such Person and outstanding on or prior to the date on which such Person was acquired by the Company or any Restricted Subsidiary or merged or consolidated with or into the Company or any Restricted Subsidiary (including pursuant to any acquisition of assets and assumption of related liabilities), and (B) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which a Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided* that, with respect to each of clauses (A) and (B) hereof, that on the date of such acquisition, merger or consolidation, after giving effect thereto, the Company could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) above or the Consolidated Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition, merger or consolidation and any related transactions occurring simultaneously therewith;

(viii) Indebtedness of the Company or any Restricted Subsidiary in respect of (A) Hedging Obligations, entered into for bona fide hedging purposes and not for speculative purposes, (B) Management Guarantees, (C) the financing of insurance premiums in the ordinary course of business, or (D) take-or-pay obligations under supply arrangements incurred in the ordinary course of business;

(ix) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of Preferred Stock or Disqualified Stock; *provided* that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock or Disqualified Stock being held by a Person other than the Company or a Restricted Subsidiary; and

(B) any sale or other transfer of any such Preferred Stock to a Person that is not either the Company or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such Preferred Stock or Disqualified Stock by such Restricted Subsidiary that was not permitted by this clause (ix);

(x) (A) Indebtedness of the Company or a Restricted Subsidiary in respect of letters of credit, surety, performance or appeal bonds, completion guarantees, bank guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of import duty, self-insurance and workers compensation obligations; *provided, however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing; and (B) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms;

(xi) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of (x) €350 million and (y) 37% of Consolidated EBITDA; and

(xii) Indebtedness in respect of any Permitted Recourse Receivables Financing not to exceed the greater of (x) €100 million and (y) 11% of Consolidated EBITDA, *provided* that the aggregate principal amount of Indebtedness incurred by Restricted Subsidiaries that are not Guarantors pursuant to paragraph (a) of this covenant, together with any Indebtedness incurred by Restricted Subsidiaries that are not Guarantors pursuant to paragraph (b)(i) of this covenant, shall not exceed the greater of €350 million and 37% of Consolidated EBITDA.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, paragraphs (a) and (b) of this covenant, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this covenant) arising under any guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness will be disregarded to the extent that such guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in paragraphs (a) or (b) above, including for the avoidance of doubt if such Indebtedness may constitute Refinancing Indebtedness, the Company, in its sole discretion, will classify, and, subject to the last sentence of this paragraph, may from time to time reclassify, such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of such clauses of paragraph (b) (including in part under one such clause and in part under another such clause) or paragraph (a); and (iii) the amount of Indebtedness shall be calculated as described under the definition of "Indebtedness" and on the basis of IFRS. Any Indebtedness outstanding on the Issue Date under the ESG Credit Facilities Agreement and the Euro Commercial Paper Program will be classified as Incurred on such date under paragraph (b)(i) of this covenant and may not be reclassified. For the purposes of determining the ability to Incur any Indebtedness pursuant to paragraphs (a) and (b) of this covenant or the creation or incurrence of any Lien pursuant to the definition of "Permitted Liens" that is based on a ratio or percentage, the Company may elect, at its option at any time, to treat all or any portion of the committed amount of any Indebtedness (and the issuance and creation of letters of credit and bankers' acceptances thereunder) which may be incurred or secured by such Lien, as the case may be (any such committed amount until revoked as described below, the "**Reserved Indebtedness Amount**") as being incurred as of such election date if such ratio or percentage would be satisfied with respect thereto on such election date and any subsequent borrowing or reborrowing of such committed amount (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be deemed to be permitted under this covenant or the definition of "Permitted Liens," as applicable, whether or not the applicable ratio or percentage to Incur such Indebtedness or Lien would be met at the actual time of any subsequent borrowing or reborrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder); *provided* that for purposes of subsequent calculations of ratio or basket capacity the full Reserved Indebtedness Amount shall be deemed to be outstanding, whether or not such amount is actually outstanding, for so long as such commitments are outstanding or until the Company revokes an election of a Reserved Indebtedness Amount. Notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on a clauses of paragraph (b) of this covenant measured by reference to a percentage of the Company's Consolidated EBITDA at the time of the Incurrence, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus premiums (including tender premiums), defeasance, costs and fees in connection with such refinancing.

(d) For the purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness denominated in a currency other than euro, the euro-equivalent principal amount of such Indebtedness Incurred pursuant thereto will be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred, the election date in respect of a Reserved Indebtedness Amount (until the Company revokes such election) or, in the case of revolving credit Indebtedness, at the Company's option, at any time committed; *provided* that (x) the euro-equivalent principal amount of any such Indebtedness outstanding on the Issue Date will be calculated based on the relevant currency exchange rate in effect on the Issue Date, (y) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, and (z) the euro-equivalent principal amount of Indebtedness denominated in a currency other than euro and Incurred pursuant to the ESG Credit Facilities Agreement will be calculated based on the relevant currency exchange rate in effect on, at the Company's option, (i) the Issue Date, (ii) any date on which any of the respective commitments under the ESG Credit Facilities Agreement will be reallocated between or among facilities thereunder, or on which such rate is otherwise calculated for any purpose thereunder, or (iii) the date of such Incurrence. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

(a) The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(i) declare or pay any dividend or make any distribution on or in respect of the Company's or any of its Restricted Subsidiaries' Equity Interests (including any such payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except (A) dividends or distributions payable solely in Equity Interests (other than Disqualified Stock) of the Company and (B) dividends or distributions payable to the Company or any Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to other holders of its Equity Interests on no more than a *pro rata* basis);

(ii) purchase, redeem, retire or otherwise acquire for value any Equity Interests of the Company held by Persons other than the Company or a Restricted Subsidiary;

(iii) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than (A) a purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligations in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such acquisition or retirement and (B) any Subordinated Obligations owed to the Company or any Restricted Subsidiary); or

(iv) make any Investment (other than a Permitted Investment) in any Person,

(any such payments and other actions set forth in these clauses (i) through (iv) above being herein referred to as a "**Restricted Payment**"), unless, at the time the Company or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

(A) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(B) the Company could at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-fiscal quarter period, Incur at least an additional €1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; and

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be as determined in good faith by the Board of Directors) declared or made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (iv), (vii) and (xii) of paragraph (b) of this covenant but excluding all other Restricted Payments permitted by paragraph (b) of this covenant) and then outstanding would not exceed, without duplication, the sum of:

(1) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) beginning on the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal period ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in case such Consolidated Net Income will be a negative number, 100% of such negative number) *provided* that the amount taken into account pursuant to this paragraph (1) shall not be less than zero;

(2) the aggregate Net Cash Proceeds and the Fair Market Value of property or assets received (x) by the Company as capital contributions to the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of its Equity Interests (other than Disqualified Stock) after the Issue Date, or (y) by the Company or any Restricted Subsidiary from the issuance and sale (other than to the Company or a Restricted Subsidiary) by the Company or any Restricted Subsidiary after the Issue Date of Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock), plus the amount of any cash and the Fair Market Value of any property or assets, received by the Company or any Restricted Subsidiary upon such conversion or exchange;

(3) the aggregate amount equal to (x) dividends, distributions, interest payments, return of capital, repayments of Investments or other transfers of assets to the Company or any Restricted Subsidiary from any Unrestricted Subsidiary, to the extent that such transfers of assets were not otherwise included in the Consolidated Net Income of the Company for such period, or (y) the net reduction in Investments in Unrestricted Subsidiaries resulting from the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary (valued in each case as provided in the definition of "Investment"), not to exceed in the case of any such Unrestricted Subsidiary the aggregate amount of Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary after the Issue Date;

(4) in the case of any disposition or repayment of any Investment constituting a Restricted Payment (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), an amount (to the extent not included in Consolidated Net Income) in the aggregate equal to the lesser of the return of capital, repayment or other proceeds with respect to all such Investments received by the Company or a Restricted Subsidiary and the initial amount of all such Investments constituting Restricted Payments; and

(5) €35 million.

(b) The provisions of paragraph (a) of this covenant do not prohibit any of the following (each, a "**Permitted Payment**"):

(i) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Equity Interests of the Company or Subordinated Obligations made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent issuance or sale of, Equity Interests of the Company (other than Disqualified Stock and other than Equity Interests issued or sold to a Subsidiary) or a substantially concurrent capital contribution to the Company, *provided* that the Net Cash Proceeds from such issuance, sale or capital contribution will be excluded in subsequent calculations under clause (a)(C)(2) of this covenant;

(ii) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Obligations made by exchange for, or out of the proceeds of the issuance or sale of, Refinancing Indebtedness Incurred in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(iii) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Obligations (A) with the net cash proceeds of any asset disposition to the extent permitted under "*—Limitation on Sales of Assets*" at a purchase price not greater than 100% of the principal amount (plus accrued but unpaid interest) of such Subordinated Obligations but only if the Company shall have first complied with the terms described under "*—Limitation on Sales of Assets*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness; (B) at a price no greater than 101% following the occurrence of a Change of Control (pursuant to provisions in such Subordinated Obligations similar to those described under "*—Change of Control*"), but only if the Company will have complied with the provisions described under "*—Change of Control*" and, if required, purchased all Notes tendered pursuant to the offer to repurchase required thereby, prior to purchasing or repaying such Subordinated Obligations; or (C) constituting Acquired Indebtedness;

(iv) any dividend paid within 90 days after (i) if the relevant dividend is paid by a Person other than a German stock corporation, the date of its declaration or (ii) if the relevant dividend is paid by a German stock corporation or equivalent public company, the date on which the Board of Directors publicly announces that such dividends will be proposed for approval to the next annual general meeting of shareholders, in each case if at the date of declaration or announcement, as the case may be, such dividend would have complied with the provisions of the Indenture;

(v) the purchase, repurchase, redemption, defeasance or other acquisition, cancelation or retirement for value of Equity Interests of the Company held by, or for the purpose of granting Equity Interests to, any current or former officer, director, consultant or employee of the Company or any Restricted Subsidiary pursuant to, or in connection with, any equity subscription agreement, stock option plan, shareholders' agreement, management or employee benefit or incentive plan or any similar compensatory arrangement (including for the avoidance of doubt, making Equity Interests available under any such plans or arrangements); *provided* that such purchases, repurchases, redemptions, defeasances, acquisitions, cancellations or retirements do not exceed an amount equal to (x) €5 million per annum (with unused amounts being carried over into succeeding years) plus (y) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Equity Interests to a parent entity of the Company) from, or as a contribution to the equity (in each case under this clause (v), other than through the issuance of Disqualified Stock) of the Company from, the issuance or sale to officers, directors, consultants or employees of the Company or any Restricted Subsidiary of Equity Interests, to the extent such Net Cash Proceeds are not included in any calculation under clause (a)(C)(2) or clause (b)(i) of this covenant;

(vi) payments by the Company to holders of Capital Stock of the Company in lieu of issuance of fractional shares of such Capital Stock;

(vii) so long as no Default or Event of Default has occurred and is continuing (or would result from), (A) the declaration and payment by the Company of dividends on the common stock or common equity interests of the Company or (B) any purchase, redemption, repurchase, retirement or other acquisition of the common stock or common equity interests of the Company held by Persons other than the Company or a Restricted Subsidiary, in each case, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Company from all Equity Offerings (other than through the issuance of Disqualified Stock) taking place after the Issue Date and (b) an amount equal to the greater of (x) 7% of the Market Capitalization and (y) 7% of the Initial Market Capitalization; *provided* that, in the case of clause (x) or (y), after giving *pro forma* effect to such dividends, the Consolidated Net Leverage Ratio shall be equal to or less than 2.3 to 1.0;

(viii) any Restricted Payment (A) made pursuant to or in connection with the Transactions or (B) constituting or to be used for purposes of making payments in relation to: (w) the entering into, maintaining or performance of any employment contract, collective bargaining agreement, benefit plan, program or arrangement, related trust agreement or any other similar arrangement for or with any current or former employee, officer or director of or to the Company or any Restricted Subsidiary heretofore or hereafter entered into in the ordinary course of business, including vacation, health, insurance, deferred compensation, severance, retirement, savings or other similar plans, programs or arrangements, (x) the payment of compensation, performance, indemnification or contribution obligations, or any issuance, grant or award of stock, options, other equity-related interests or other securities, to employees, officers or directors in the ordinary course of business, (y) the payment of reasonable and customary fees to directors of the Company or any of its Restricted Subsidiaries (as determined in good faith by the Company or such Restricted Subsidiary), or (z) Management Advances and payments, waivers or transactions with respect thereof (or in reimbursement of any expenses referred to in the definitions of such terms);

(ix) (A) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Certain Covenants— Limitation on Indebtedness*"; and (B) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;

(x) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such equity interests represent a portion of the exercise price of those stock options or warrants;

(xi) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), Restricted Payments in an aggregate amount outstanding at any time not to exceed (net of repayments of any such loans or advances) the greater of (x) €350 million and (y) 37% of Consolidated EBITDA;

(xii) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payments; *provided* that, on the date of any such Restricted Payment, the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries does not exceed 2.00 to 1.0 on a *pro forma* basis after giving effect thereto;

(xiii) any payments or other transactions pursuant to a tax sharing agreement (including any domination and/or profit and loss transfer agreement) between the Company and any other Person or a Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation (including distributions for purposes of compensating accounting losses in relation to a profit and loss transfer agreement and/or upstream loans to any parent company to enable a parent company to compensate its Subsidiary for losses incurred which may need to be compensated by a parent company under any profit and loss transfer agreement); *provided*, *however*, that any payments pursuant to this clause (xiii) shall not exceed the amounts of tax that would be payable by the Company and its Subsidiaries on a stand-alone basis; and

(xiv) payment of any Receivables Fees, sales contributions and other transfers of Receivables Assets and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in each case in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith. The Company, in its sole discretion, may classify any Restricted Payment (or portion thereof) as being made in part under one of the provisions of this covenant (or, in the case of any Investment (or portion thereof), the clauses of the definition of "Permitted Investments") and in part under one or more other such provisions (or, as applicable, clauses). For the purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (b)(i) through (b)(xiii) above, or is permitted pursuant to paragraph (a) of this covenant or one or more of the clauses contained in the definition of "Permitted Investment", the Company will be entitled, in its sole discretion, to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment and later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as an Investment pursuant to one or more of the clauses contained in the definition of "Permitted Investments" but (for the avoidance of doubt) excluding clause (b)(xii).

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist any Lien (other than Permitted Liens) on any of its property or assets (including Capital Stock of any other Person), whether owned on the date of the Indenture or thereafter acquired, securing Indebtedness (the "**Initial Lien**"), unless contemporaneously therewith, effective provision is made to secure the Notes and the Note Guarantees, equally and ratably with (or on a senior basis to, in the case of Subordinated Obligations) such obligation for so long as such obligation is so secured by such Initial Lien.

Any Lien created for the benefit of the Holders pursuant to the preceding paragraph of this covenant will provide by its terms that such Lien will be automatically and unconditionally released and discharged (i) upon the release and discharge of the Initial Lien, (ii) in connection with any sale or other disposition of the property or assets which are subject to such Lien to a Person that is not the Company or a Restricted Subsidiary (but excluding any transaction subject to "—*Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "—*Limitation on Sales of Assets*" or is otherwise permitted in accordance with the Indenture, (iii) with respect to any Guarantor the assets or the Capital Stock of which are encumbered by such Lien, upon the release of the Note Guarantee of such Guarantor in accordance with the terms of the Indenture, (iv) upon the designation of a Restricted Subsidiary whose property or assets secure such Initial Lien as an

Unrestricted Subsidiary in accordance with the terms of the Indenture, (v) upon payment in full of principal, interest and all other obligations on the Notes or upon the effectiveness of any defeasance or satisfaction and discharge of the Notes as specified in the Indenture, (vi) in the case of a merger, consolidation or other transfer of assets in compliance with the covenant described below under "—*Merger and Consolidation*" or (vii) as provided below under the caption "*—Amendments and Waivers*".

Limitation on Sales of Assets

The Company may not, and may not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(a) the Company or such Restricted Subsidiary receives consideration at least equal to the Fair Market Value (such Fair Market Value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;

(b) in any such Asset Disposition (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following shall be deemed cash:

(i) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets pursuant to any agreement that releases the Company or the relevant Restricted Subsidiary from or indemnifies against further liability;

(ii) any securities, notes or other obligations received by the Company or a Restricted Subsidiary from such transferee that are converted by the Company or the relevant Restricted Subsidiary into cash or Cash Equivalents within 45 days following the closing of the Asset Disposition, to the extent of the cash or Cash Equivalents received in that conversion;

(iii) any Indebtedness of the Company or any Restricted Subsidiary, in each case that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and the Restricted Subsidiaries following such Asset Disposition are released from any guarantee of such Indebtedness in connection with such Asset Disposition;

(iv) any consideration consisting of Indebtedness of the Company or any Restricted Subsidiary which is either repaid in full or cancelled in connection with such Asset Disposition; and

(v) any consideration other than cash or Cash Equivalents received by Company or any Restricted Subsidiary in Asset Dispositions with a Fair Market Value not exceeding the greater of (x) €50 million and (y) 6% of Consolidated EBITDA in the aggregate outstanding at any one time; and

(c) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or the relevant Restricted Subsidiary, as the case may be, to the extent the Company so elects:

(i) within 365 days from the date of receipt of such Net Available Cash to repurchase, prepay, redeem or repay Indebtedness (A) Incurred under paragraph (b)(i) of the covenant described under "*—Certain Covenants— Limitation on Indebtedness*" (excluding Indebtedness of the Company or a Guarantor that is contractually subordinated to the Notes or to any Note Guarantee and intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), (B) of the Company or a Restricted Subsidiary of the Company that is secured by a Lien (other than Indebtedness owed to the Company or a Restricted Subsidiary of the Company), (C) of a Restricted Subsidiary of the Company which is not a Guarantor (other than Indebtedness owed to the Company or a Restricted Subsidiary of the Company) or (D) of the Company or any Guarantor (other than Indebtedness owed to the Company or a Restricted Subsidiary of the Company) which is unsecured and which is *pari passu* in right of payment with the Notes or any Note Guarantee; *provided* that, in the case of this clause (D), the Company or the relevant Restricted Subsidiary, as applicable, may repurchase, prepay, redeem or repay such *pari passu* Indebtedness only if the Company or the relevant Restricted Subsidiary, as applicable, makes an offer to all Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Sale Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such *pari passu* Indebtedness;

(ii) to make an Investment in Additional Assets within 365 days from the date of receipt of such Net Available Cash or enter into an agreement to make such an Investment within the 365 day period; *provided* that such investment is actually made prior to the 180th day following the expiration of the 365 day period;

(iii) make a capital expenditure;

(iv) to make an Asset Sale Offer (as defined below); or

(v) any combination of the foregoing.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute "**Excess Proceeds**". When the aggregate amount of Excess Proceeds exceeds €75 million, the Company will be required within 10 Business Days thereof to make an offer ("**Asset Sale Offer**") to all Holders and, to the extent the Company elects, to all holders of other outstanding Indebtedness which is *pari passu* in right of payment with the Notes or the Note Guarantee of such Guarantor ("**Pari Passu Indebtedness**"), to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Sale Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for any purposes not otherwise prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Sale Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. Pending the final application of any Net Available Cash, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the Indenture. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Asset Sale Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "**Asset Sale Offer Period**"). No later than five Business Days after the termination of the Asset Sale Offer Period (the "**Asset Sale Purchase Date**"), the Company will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be repaid or purchased by it pursuant to this covenant (the "Asset Sale Offer Amount") or, if less than the Asset Sale Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Sale Offer.

On or before the Asset Sale Purchase Date, the Company will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Sale Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Sale Offer, or if less than the Asset Sale Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Sale Offer Period) deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder.

The Company will comply with applicable securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Notwithstanding any of the foregoing, the Company or any Subsidiary may engage in a Permitted Asset Swap and the provisions in clauses (b) and (c) above shall not apply to such Permitted Asset Swap except in respect of any Net Cash Proceeds received by the Company or any such Subsidiary.

Limitation on Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (any such transaction or series of related transactions, an "**Affiliate Transaction**") involving aggregate value, payments or consideration in excess of the greater of (x) €40 million and (y) 5% of Consolidated EBITDA, unless:

(a) the Affiliate Transaction is on terms that, taken as a whole, are not materially less favorable to the Company or the relevant Restricted Subsidiary than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction on an arm's length basis from a Person who is not an Affiliate; and

(b) with respect to any Affiliate Transaction involving aggregate consideration in excess of the greater of (x) €80 million and (y) 9% of Consolidated EBITDA, the terms of the transaction have been approved by a majority of the Board of Directors of the Company.

Any Affiliate Transaction shall also be deemed to have satisfied the requirements set forth in this clause (b) if such Affiliate Transaction is approved by a majority of the disinterested directors of the Company (or, if there is only one disinterested director, by such disinterested director).

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(a) any employment agreement, collective bargaining agreement, consultant agreement, employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans;

(b) transactions between or among the Company and any Restricted Subsidiary, or between or among Restricted Subsidiaries;

(c) payment of reasonable fees and reimbursements of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(d) any issuance of Equity Interests (other than Redeemable Capital Stock) of the Company or Subordinated Obligations to Affiliates of the Company;

(e) any Investment (other than a Permitted Investment) or other Restricted Payment, in either case, that does not violate the provisions of the Indenture described above under the caption "—*Limitation on Restricted Payments*";

(f) any Permitted Investments (other than Permitted Investments described in clause (a) of the definition thereof);

(g) transactions pursuant to, or contemplated by, any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the Holders in any material respect than the original agreement as in effect on the Issue Date (as determined by the Company in good faith);

(h) transactions with customers, clients, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(i) the execution, delivery and performance of any tax sharing agreement (including any domination and/or profit and loss transfer agreement) or any arrangement pursuant to which the Company or any of its Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes (including distributions for purposes of compensating accounting losses in relation to a profit and loss transfer agreement and/or upstream loans to any parent company to enable a parent company to compensate its Subsidiary for losses incurred which may need to be compensated by a parent company under any profit and loss transfer agreement);

(j) any lease entered into between the Company or any Restricted Subsidiary, as lessee, and any Affiliate of the Company, as lessor, which is approved by a majority of the members of the Board of Directors of the Company;

(k) any transaction effected as part of a Qualified Receivables Financing or a Permitted Recourse Receivables Financing; and

(l) transactions in which the Company or any Restricted Subsidiary delivers to the Trustee a letter from an investment banking or accounting firm of international standing or any third party appraiser of international standing that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (a) of the first paragraph of this covenant.

Limitation on Issuances of Guarantees of Indebtedness

The Company will not permit any of its Restricted Subsidiaries (other than a Guarantor), directly or indirectly, to guarantee, assume or in any manner become liable with respect to any Indebtedness of the Company or a Guarantor Incurred under any Credit Facilities, unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Note Guarantee of the payment of the Notes by such Restricted Subsidiary, which Note Guarantee will be senior to or *pari passu* in right of payment with such Restricted Subsidiary's guarantee of such Credit Facilities; *provided* that no such additional Note Guarantee need be provided in respect of Indebtedness of the Company or any Restricted Subsidiary that does not exceed €50 million.

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The Company will not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that such guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (i) a violation of applicable law which, in any case, cannot be prevented or otherwise avoided in the applicable jurisdiction through measures reasonably available to the Company or the Restricted Subsidiary; (ii) any personal liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (iii) a requirement under applicable law, rule or regulation to obtain or prepare financial statements or financial information of such Person to be included in any required filing with a legal or regulatory authority that the Company is not able to obtain or prepare without unreasonable expense; (iv) any violation of the provisions of any joint venture or other material agreement, in each case in effect on the Issue Date, governing or binding upon the Company or any Restricted Subsidiary; or (v) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filing required as a result of, or any measures pursuant to clause (i) undertaken in connection with, such Note Guarantee.

Notwithstanding the preceding paragraphs of this covenant, any Note Guarantee by a Restricted Subsidiary will provide by its terms that it will be automatically and unconditionally released and discharged when (i) the Indebtedness that gave rise to the obligation to guarantee the Notes is discharged, (ii) in the case of any Note Guarantee granted as contemplated under the first paragraph of this covenant as a result of a Restricted Subsidiary guaranteeing other Indebtedness, when such other Indebtedness is released or discharged or (iii) otherwise under the circumstances described above under the caption "—*Note Guarantees*".

Reports

For so long as any Notes are outstanding, the Company will provide to the Trustee:

(a) within 120 days after the end of each of the Company's fiscal years beginning with the fiscal year ending September 30, 2024, annual reports containing the following information: (a) audited consolidated statement of financial position of the Company and its consolidated Subsidiaries, audited consolidated income statements and audited consolidated cash flow statements of the Company and its consolidated Subsidiaries for such fiscal year and in each case including comparable numbers for the previous fiscal, (b) complete notes to such financial statements, (c) the report of the independent auditors on the financial statements; (d) an operating and financial review of the audited financial statements, including (i) a discussion of the business and the risks the business is exposed to, (ii) a discussion of the results of operations, (iii) a discussion of financial condition and liquidity and capital resources, and (iv) a discussion of material commitments and contingencies; and (e) *pro forma* key financial information for any Material Transactions that have occurred during the most recently completed fiscal year, *provided*, *however*, that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, failing which the Company will provide, in the case of an acquisition or disposition, acquired or disposed company financial statements;

(b) within 60 days after the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the fiscal quarter ending June 30, 2024, quarterly financial reports for the Company and its consolidated Subsidiaries containing: (a) an unaudited condensed consolidated statement of financial position as of the end of such quarter, (b) unaudited condensed consolidated income statement for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, (c) unaudited condensed consolidated cash flow statement for the year to date period ending on the unaudited condensed balance sheet date (in each case of foregoing (a) through (c) with the comparable prior year periods), (d) condensed note disclosure, (e) information on material developments in the business of the Company and its Subsidiaries and (f) material recent developments and any material changes to the risks disclosed in the most recent annual report with respect to the Company; and

(c) in each case as soon as reasonably practicable (a) any material events that the Company announces publicly, in each case, a report containing a description of such events, (b) information with respect to any Change of Control that has occurred, (c) information on any Material Transaction, (d) any change in the independent accountants of the Company, and (e) any resignation of a member of the Board of Directors of the Company,

provided, however, that the reports set forth in clauses (a), (b) and (c) of this covenant will not be required to include separate financial statements for any Guarantors or non-Guarantor Subsidiaries of the Company.

All financial statements provided under this covenant shall be prepared in accordance with IFRS.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the annual and quarterly financial information required by paragraphs (a) and (b) of this covenant will include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes or commentary thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company, or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, interest expense, net income, cash, total assets, total debt, shareholders equity and capital expenditures.

So long as any Notes are outstanding, the Company will (i) after providing the annual and interim reports required by clauses (a) and (b) above, hold a conference call that Holders may attend, which may be combined with any conference call for the equity investors of the Company, to discuss such reports and the results of operations for the relevant reporting period; and (ii) maintain a website to which Holders and prospective investors are given access and to which all of the reports required by this covenant are posted.

The Company will furnish to the Trustee such other information that the Company is required to make publicly available (by publication on the Company's website or otherwise) pursuant to applicable rules and requirements of the Frankfurt Stock Exchange as a result of the Company having its ordinary shares admitted for trading on the Frankfurt Stock Exchange. So long as the Company's ordinary shares are admitted for trading on the Frankfurt

Stock Exchange and upon the Company complying with the rules and requirements of the Frankfurt Stock Exchange, to the extent that such requirements include an obligation to prepare and make publicly available (by publication on the Company's website or otherwise) annual or quarterly financial reports as well as other information, documents and other reports in accordance with the rules and requirements of the Frankfurt Stock Exchange, the Company will be deemed to have complied with the provisions contained in clauses (a) and (b) above.

The Indenture will also provide that, so long as any of the Notes remain outstanding, the Company will make available to any prospective purchaser of Notes or beneficial owner of Notes in connection with any sale thereof the information required by Rule 144A(d)(4) under the Securities Act.

The Company will also make available copies of all reports required by clauses (a) through (c) above (i) on a website of the Company; and (ii) if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, at the specified office of the paying agent in Luxembourg or to the extent and in the manner required by such rules, post such reports on the official website of the Luxembourg Stock Exchange (*www.luxse.com*). Notwithstanding the foregoing, the Company will be deemed to have provided such reports to the Trustee, the Holders and prospective holders of the Notes if such reports referenced in clauses (a) through (c) above have been posted on the Company's website.

Delivery of reports, information and documents to the Trustee in accordance with this covenant and the Indenture is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants under the Indenture (as to which the Trustee is entitled to rely exclusively on Officer's Certificates). The Trustee does not have any duty to review any such financial statements and/or reports provided to it pursuant to this covenant, is not considered to have notice of the content of such statements or of a Default or Event of Default based on such content and does not have a duty to verify the accuracy of such financial statements and/or reports.

Merger and Consolidation

(a) The Company will not, directly or indirectly, consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(i) the resulting, surviving, transferee or lessee Person (the "**Successor Company**") will be a Person organized and existing under the laws of England and Wales, the United Kingdom, any member state of the European Union, Norway, Switzerland, Canada or the United States of America, any State thereof or the District of Columbia, and the Successor Company (if not the Company) will expressly assume all the obligations of the Company, as the case may be, under the Notes or the Indenture by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments in form reasonably satisfactory to the Trustee;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(iii) immediately after giving effect to such transaction, either (A) the Company (or, if applicable, the Successor Company with respect thereto) could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (B) the Consolidated Fixed Charge Coverage Ratio of the Company (or, if applicable, the Successor Company with respect thereto) would equal or exceed the Consolidated Fixed Charge Coverage Ratio of the Company immediately prior to giving effect to such transaction; and

(iv) the Company delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger conveyance, transfer or lease complies with the provisions described in this paragraph and that the supplemental indenture and the Indenture constitute legal, valid and binding obligations of the Company or the Successor Company, enforceable in accordance with their terms, *provided* that (A) in giving such opinion such counsel may rely on an Officer's Certificate as to compliance with the foregoing clauses (ii) and (iii) and as to any matters of fact, and (B) no Opinion of Counsel will be required for a consolidation, merger or transfer described in paragraph (c) of this covenant. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and such Opinion of Counsel without independent verification.

(b) A Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "*—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness*") will not, directly or indirectly, consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(i) the Successor Company (if not the Guarantor) will expressly assume all the obligations of the Guarantor under the Note Guarantee by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments in form reasonably satisfactory to the Trustee;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company as a result of such transaction as having been Incurred by the Successor Company at the time of such transaction), no Default will have occurred and be continuing; and

(iii) the Company will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer complies with the provisions described in this paragraph, *provided* that (A) in giving such opinion such counsel may rely on an Officer's Certificate as to compliance with the foregoing clause (ii) and as to any matters of fact, and (B) no Opinion of Counsel will be required for a consolidation, merger or transfer described in paragraph (c) of this covenant. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and such Opinion of Counsel without independent verification.

(c) Clauses (ii) and (iii) of paragraph (a) of this covenant and clause (ii) of paragraph (b) of this covenant will not apply to any transaction in which (i) any Restricted Subsidiary consolidates with, merges into or conveys, transfers or leases all or part of its assets to the Company or any Guarantor, (ii) the Company consolidates or merges with or into or conveys, transfers or leases all or substantially all its properties and assets to (A) an Affiliate incorporated or organized for the purpose of reincorporating or reorganizing the Company in another jurisdiction or changing its legal form to another corporate or other entity or (B) a Restricted Subsidiary of the Company so long as all assets of the Company, and the Restricted Subsidiaries of the Company, immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by such Restricted Subsidiary and its Restricted Subsidiaries immediately after the consummation thereof, or (iii) any Guarantor consolidates with, merges into or conveys, transfers or leases all or part of its assets to another Guarantor.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of the Company under the Notes and the Indenture, and thereafter the predecessor Company will be relieved of all obligations and covenants under the Notes and the Indenture, except that the predecessor Company in the case of a lease of all or substantially all its assets will not be released from its guarantee of the obligation to pay the principal of and interest on the Notes or obligation to pay the principal of and interest on the Notes, as the case may be.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*".

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing under the Indenture (a "**Suspension Event**"), then, the Company shall notify the Trustee in writing that these two conditions have been satisfied, *provided* that such notification shall not be a condition for the suspension of the covenants set forth below to be effective. No notice will be sent to Holders of such event. Beginning on the date when the Suspension Event occurs and continuing until the

Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(a) "*—Certain Covenants—Limitation on Indebtedness*";

(b) "*—Certain Covenants—Limitation on Restricted Payments*";

(c) "*—Certain Covenants—Limitation on Sales of Assets*";

(d) "*—Certain Covenants—Limitation on Transactions with Affiliates*";

(e) "*—Certain Covenants—Limitation on the Issuances of Guarantees of Indebtedness*"; and

(f) the provisions of clause (iii) of paragraph (a) of the covenant described under "*—Certain Covenants—Merger and Consolidation*",

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the Reversion Date. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" will be interpreted as if it has been in effect since the date of the Indenture, except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to paragraph (a) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or one of the clauses set forth in the paragraph (b) of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under paragraphs (a) or (b) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*", such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (iii) of paragraph (b) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*".

For the avoidance of doubt, the Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the Investment Grade Status of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or have such rating withdrawn.

Financial Calculations

When calculating the availability or permission under any basket, test, threshold or ratio under the Indenture, in each case in connection with any acquisition, disposition, merger, consolidation or other business combination transaction, joint venture, Investment, Incurrence, payment or any other transaction (the "**Applicable Transaction**") where there is a time difference between commitment and closing or Incurrence (including in respect of Incurrence of Indebtedness, Liens, Restricted Payments, Permitted Payments, Permitted Investments, any Asset Disposition, or any designation of a Restricted Subsidiary or Unrestricted Subsidiary), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Company, be (A) the date the definitive agreements for such Applicable Transaction are entered into and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such Applicable Transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction, (B) the date of consummation of any Applicable Transaction or (C) any other date relevant to the Applicable Transaction determined by the Company in good faith, in which case such baskets, test, threshold or ratios shall likewise be calculated on a *pro forma* basis after giving effect to the Applicable Transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction. For the avoidance of doubt, (x) if any of such baskets or ratios are determined to be in compliance under (A) or (C) above and are exceeded or otherwise not satisfied as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA) subsequent to such date of determination and at or prior to the consummation of the relevant Applicable Transaction, such baskets or ratios will not be deemed to have been exceeded or otherwise not satisfied as a result of such fluctuations solely for purposes of determining whether the transactions are permitted hereunder and (y) if the Company elects to have such determinations occur at the time of entry into such definitive agreement or on another date as contemplated by (C) above, any such transactions (including any Incurrence of Indebtedness and the use of proceeds thereof and the fixing of any exchange rates) shall be deemed to have occurred on the date the definitive agreements are entered or such other date as contemplated by (C) above, and in each case to be outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture (except to the extent such Applicable Transaction is subsequently abandoned). Any determination as to compliance with a particular basket, ratio, threshold, test or permission by the Company in good faith shall, in the absence of manifest error, be conclusive.

Events of Default and Remedies

Each of the following is an "**Event of Default**":

(a) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(b) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(c) the failure by the Company or any Guarantor to comply with its obligations under the covenant described under "*—Certain Covenants—Merger and Consolidation*" or, for 30 days after written notice to the Company by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding voting as a single class, with its obligations described under "*—Change of Control*";

(d) failure by the Company or any Guarantor for 60 days after written notice to the Company by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Notes or the Indenture (other than a default in performance, or breach of a covenant or agreement which is specifically dealt with in clauses (a), (b) or (c));

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Issue Date (other than any Indebtedness owed to the Company or any Restricted Subsidiary), if that default:

    (i) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "**Payment Default**"); or

    (ii) results in the acceleration of such Indebtedness prior to its Stated Maturity,

    and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €75 million or more;

(f) failure by the Company or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of €75 million, which judgments are not paid, discharged or stayed for a period of 60 consecutive days or more during which a stay of enforcement of such judgment was not (by reason of pending appeal or otherwise) in effect;

(g) except as permitted by the Indenture, any Note Guarantee provided by any Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee (except, in each case, as contemplated by the terms thereof or of the Notes or the Indenture or by reason of the termination of the Indenture or such Note Guarantee or the release of such Note Guarantee in accordance with such Note Guarantee and the Indenture); and

(h) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company described under (h) above) occurs and is continuing, the Trustee by notice to the

Company or the Holders of at least 30% in principal amount of the outstanding Notes by notice to the Company and the Trustee may, and the Trustee at the request of such Holders shall, declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon the effectiveness of such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company as described under (h) above occurs and is continuing, the principal of and accrued but unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. The Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under any Indenture at the request or direction of any Holders unless such Holders have provided the Trustee with indemnity and/or security and/or pre-funding to its satisfaction against any loss, liability or expense (including legal fees). Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no Holder may pursue any remedy with respect to any Indenture, the Notes of a series or the Note Guarantees unless:

(1) Such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the then outstanding Notes of the applicable series have provided a written request to the Trustee to pursue the remedy;

(3) such Holders have provided the Trustee with indemnity and/or security and/or pre-funding to its satisfaction against any loss, liability or expense (including legal fees);

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes of such series have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes of a series will be given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines (in its reasonable opinion) is unduly prejudicial to the rights of any other Holder or that would involve the Trustee or any Agent in personal liability. Prior to taking any action under any Indenture, the Trustee will be entitled to indemnification and/or security and/or pre-funding satisfactory to it in its sole discretion against all losses and expenses (including legal fees) caused by taking or not taking such action.

If a Default occurs and is continuing and is known to a responsible officer of the Trustee, the Trustee shall provide notice to each Holder of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any Note, the Trustee may withhold notice if and so long as the Trustee in good faith determines that withholding notice is in the interests of the Holders. In addition, the Company will be required to deliver to the Trustee, within 120 days after the end of each financial year an Officer's Certificate indicating whether the signatory thereof knows of any Default that occurred during the previous year. The Company will also be required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute Defaults or Events of Default, their status and what action the Company is taking or proposes to take in respect thereof.

Notwithstanding any other term of the Indenture, it will not constitute a Default or an Event of Default if the Sustainability Performance Target is not achieved, or if the Company fails to provide any Sustainability Compliance Certificate or Sustainability Report, and the sole recourse of Holders in such instance shall be the right to receive the applicable Step-up Interest and/or the applicable increase of the redemption premium for certain optional redemptions in the absence of the occurrence of a Sustainability Compliance Event, as applicable.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "**Initial Default**") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—*Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Notes and the Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, and it will be for Holders to take action directly. Holders may not enforce the Indenture or the Notes except as provided in the Indenture.

Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes of a series and the applicable Note Guarantees may be amended, supplemented or otherwise modified with the consent of the Holders of not less than a majority in principal amount of the Notes of a series then outstanding and any past default or compliance with any provisions may be waived with the consent of the Holders of a majority in principal amount of the Notes of such series then outstanding and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of not less than a majority in principal amount of the Notes of a series then outstanding (including, in each case, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, unless consented to by the Holders of at least 90% (or in the case of clause (h) below, 75%) of the aggregate principal amount of the then outstanding Notes of a series, no amendment or waiver may:

(a) reduce the principal amount of such Notes whose Holders must consent to an amendment or waiver;

(b) reduce the rate of or extend the time for payment of interest on any such Note;

(c) reduce the principal of or extend the Stated Maturity of any such Note;

(d) reduce the premium payable upon the redemption of any such Note, or change the date on which any such Note may be redeemed, in each case, as described under "—*Optional Redemption*" above;

(e) make any such Note payable in currency other than that stated in such Note;

(f) impair the right of any Holder to institute suit for the enforcement of any payment of principal or interest on such Holder's Notes;

(g) waive a Default or Event of Default in the payment of principal of, or interest, or premium, if any, on, such Notes (except a rescission of acceleration of such Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(h) release any or all Guarantors from their obligations under their respective Note Guarantees or the Indenture, except in accordance with the terms of the Indenture; or

(i) make any change in the amendment or waiver provisions described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Company, any Guarantor, the Trustee and any Agent party to it may amend the Indenture, the Notes or the Note Guarantees to:

(a) cure any ambiguity, mistake, omission, defect or inconsistency;

(b) provide for the assumption by a successor of the obligations of the Company or any Guarantor under the Indenture or the Notes;

(c) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of 163(f) of the Code);

(d) add any Note Guarantees with respect to the Notes and any limitation on such Note Guarantees contemplated above under the caption "—*Note Guarantees*", add security to or for the benefit of the Notes, or confirm and evidence the release, termination or discharge of any guarantee or Lien with respect to or securing the Notes when such release, termination or discharge is provided for or permitted under the Indenture;

(e) add to the covenants of the Company for the benefit of the Holders or to surrender any right or power conferred upon the Company;

(f) provide for or confirm the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(g) provide that any Indebtedness that becomes or will become an obligation of a Successor Company pursuant to a transaction governed by the provisions described under "—*Certain Covenants—Merger and Consolidation*" (and that is not a Subordinated Obligation) is Senior Indebtedness for purposes of the Indenture;

(h) conform the text of the Indenture, the Notes or any Note Guarantee to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or any Note Guarantee;

(i) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture;

(j) to comply with the rules of any applicable securities depositary; or

(k) make any change that does not materially adversely affect the rights of any Holder.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver. Until an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by such Holder and every subsequent Holder of all or part of the related Note. Any such Holder or subsequent Holder may revoke such consent as to its Note by written notice to the Trustee or the Company, received thereby before the date on which the Company certifies to the Trustee that the Holders of the requisite principal amount of the Notes have consented to such amendment or waiver. After an amendment or waiver under the Indenture becomes effective, the Company is required to mail to Holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all Holders, or any defect therein, will not impair or affect the validity of the amendment or waiver.

The Trustee shall be entitled to receive and rely absolutely on an Opinion of Counsel and on an Officer's Certificate with respect to the above matters. The Trustee shall not be obligated to enter into any such amendment to the Indenture, the Notes or the Note Guarantees that affects its own rights, duties, indemnities or immunities under the Indenture or otherwise.

Defeasance

The Company may, at its option, at any time elect to have all its obligations discharged with respect to the outstanding Notes of a series and all obligations of the Company and any other Guarantors discharged with respect to their Note Guarantees ("**Legal Defeasance**"), except for:

(a) the rights of Holders of such outstanding Notes to receive payments in respect of the principal of, or interest or premium, and Additional Amounts, if any, on such Notes when such payments are due from the trust referred to below;

(b) the Company's obligations with respect to such Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(c) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's and any other Guarantor's obligations in connection therewith; and

(d) the Covenant Defeasance and Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option, at any time, elect to have the obligations of the Company and any Guarantors released with respect to certain covenants under the Indenture, including the covenants described under "—*Certain Covenants*" (other than clauses (i), (ii) and (iv) of paragraph (a) under "—*Certain Covenants—Merger* *and Consolidation*"), the operation of the default provisions relating to such covenants described under "*—Events of Default*" above, and the operation of the cross acceleration provision, the bankruptcy provisions with respect to Subsidiaries, the judgment default provision and the guarantee default provision, described under "*—Events of Default*" above ("**Covenant Defeasance**"). If the Company exercises its legal defeasance options or its covenant defeasance option, each Guarantor will be released from all its obligations with respect to its Note Guarantee.

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect thereto. If the Company exercises its covenant defeasance option, payment of such Notes may not be accelerated because of an Event of Default specified in clause (c) (other than with respect to the covenant described under clauses (i), (ii) and (iv) of paragraph (a) under "*—Certain Covenants—Merger and Consolidation*"), (d), (e), (f) or (h) (other than with respect to the Company) under "*—Events of Default*".

Either defeasance option may be exercised to any redemption date or to the maturity date for the Notes of a series. In order to exercise either defeasance option:

(a) the Company must irrevocably deposit or cause to be deposited in trust with the Trustee (or a Person selected by the Trustee) for the benefit of the Holders money in euro or European Government Obligations, or a combination thereof, sufficient (without reinvestment), in the opinion of a financial firm of international standing or a firm of public accountants of international standing, to pay principal of, and premium (if any) and interest on, such Notes to redemption or maturity, as the case may be, *provided* that if such redemption is made pursuant to the provisions described in the first paragraph under "*—Optional Redemption—Optional Redemption prior to July 15, 2026*", (i) the amount of money or European Government Obligations, or a combination thereof, that the Company must irrevocably deposit or cause to be deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit and (ii) the Company must irrevocably deposit or cause to be deposited additional money in trust on the redemption date as necessary to pay the Applicable Premium as determined on such date; and

(b) the Company must deliver to such Trustee:

    (i) an Opinion of Counsel reasonably acceptable to such Trustee, subject to customary assumptions, exclusions and qualifications, to the effect that U.S. and non-U.S. holders of such Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law);

    (ii) an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of such Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

    (iii) an Officer's Certificate and an Opinion of Counsel reasonably acceptable to such Trustee, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

Any Indenture will be discharged and cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes governed by such Indenture and certain indemnities in favor of the Trustee, as expressly provided for in such Indenture) as to all outstanding Notes when (a) either (i) all such Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Company) have been canceled or delivered to the Registrar or Trustee for cancelation or (ii) all such Notes not previously canceled or delivered to the Registrar or Trustee for cancelation (A) have become due and payable, (B) will become due and payable at their Stated Maturity within one year or (C) have been or are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company; (b) the Company has irrevocably deposited or caused to be deposited with the Trustee (or a Person selected by the Trustee) money in euro, or European Government Obligations or a combination thereof, sufficient (without reinvestment) to pay and discharge the entire

Indebtedness on such Notes not previously canceled or delivered to the Registrar for cancelation, for principal, premium, if any, and interest to the date of redemption or their Stated Maturity, as the case may be, *provided* that if such redemption is made pursuant to the provisions described in the first paragraph under "*—Optional Redemption—Optional Redemption prior to July 15, 2026*", (i) the amount of money or European Government Obligations, or a combination thereof, that the Company must irrevocably deposit or cause to be deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit and (ii) the Company must irrevocably deposit or cause to be deposited additional money in trust on the redemption date as necessary to pay the Applicable Premium as determined on such date; (c) in respect of clause (b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or an Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in the breach or violation of, or constitute a default under, any other instrument to which the Company is a party or by which the Company is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings); (d) the Company or any Guarantor has paid or caused to be paid all other sums then payable under such Indenture; (e) the Company has delivered irrevocable instructions to the Trustee under such Indenture to apply (or cause to be applied) the deposited money toward the payment of such Notes at maturity or on the redemption date, as the case may be; and (f) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "Satisfaction and Discharge" section of the Indenture relating to the satisfaction and discharge of such Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (a), (b), (c) and (d)).

If requested in writing by the Company, which request may be included in the applicable notice of redemption or pursuant to the applicable Officer's Certificate, the Trustee (or another entity designated by the Trustee for this purpose), shall distribute any amounts deposited to the Holders prior to Stated Maturity or the redemption date, as the case may be; *provided*, however, that the Holders shall have received at least five Business Days' notice from the Company of such earlier payment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the maturity or redemption date as set forth above shall not include any negative interest, present value adjustment, additional break cost or any additional premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a depositary for a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the then applicable procedures of the clearing system.

Concerning the Trustee and Certain Agents

BNY Mellon Corporate Trustee Services Limited is to be appointed the Trustee under the Indenture.

The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has written notice in accordance with the Indenture, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder will have provided to the Trustee security and/or indemnity and/or pre-funding satisfactory to the Trustee in its sole discretion against any loss, liability or expense and then only to the extent required by the terms of the Indenture.

The Trustee will be permitted to engage in transactions with the Company and the Guarantors. If the Trustee or any Agent becomes the owner or pledgee of the Notes, it may deal with the Company with the same rights it would have if it were not the Trustee or such other agent.

The Indenture will set out the terms under which the Trustee may resign or be removed, and replaced. Such terms will include, among others, (a) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Company and (b) that if the Trustee at any time (i) has actual knowledge of a conflict of interest that is not eliminated or (ii) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Trustee will promptly inform the Company and the Company may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for the removal of the Trustee and the appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will provide for the indemnification of the Trustee and the Agents for any loss, liability, Taxes, costs or expenses (including legal fees) incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

The Trustee shall be entitled to rely solely and conclusively, without need for further investigation or verification, on any Officer's Certificate, Opinion of Counsel or other evidence as it deems appropriate in formulating its opinion or in taking or not taking any action under the Indenture.

Any obligations under the Indenture of The Bank of New York Mellon SA/NV, Dublin Branch, will be subject to bail-in powers under the EU Bank Recovery and Resolution Directive.

The Trustee makes no representations, and will not be liable with respect to, adequacy or accuracy of any of the information set forth in this Offering Memorandum.

No Personal Liability of Directors, Officers, Employees, Incorporators and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Subsidiary thereof will have any liability for any obligation of the Company or any Restricted Subsidiary under the Indenture, the Notes, any Note Guarantee or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Company, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge shall be made for any transfer or exchange of Notes, but the Company may, subject to the covenant under the caption "*—Additional Amounts*", require a Holder to pay any taxes or other governmental charges payable in connection with the transfer or exchange. The Company will not be required to transfer or exchange any Note selected for redemption or repurchase or to transfer or exchange any Note for a period of 15 Business Days prior to the day of the mailing of the notice of redemption or repurchase. The Notes will be issued in registered form and the Holder will be treated as the owner of such Note for all purposes. For further information about transfer and exchange procedures, see "*Book-Entry, Delivery and Form*".

The Notes will be subject to certain restrictions on transfer and certification requirements, as described under "*Notice to Investors*".

Listing of the Notes

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes on the Euro MTF Market will be approved and settlement of the Notes is not conditioned on obtaining this listing. The Company will use its commercially reasonable efforts to obtain and, for so long as the Notes are outstanding, maintain the listing of such Notes on the Euro MTF Market or, if at any time the Company determines that it will not obtain or maintain such listing on the Euro MTF Market, it will use its commercially reasonable efforts to obtain and thereafter maintain a listing of such Notes on another "recognized stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Notices

For Notes which are represented by global certificates held on behalf of Euroclear and Clearstream, notices will be given by delivery of the relevant notices to Euroclear and Clearstream for communication to entitled account holders. In the case of Definitive Registered Notes, if any, all notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of such Notes, if any, maintained by the

Registrar. In addition, for so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.luxse.com*) and, in connection with any redemption, and to the extent that the rules of the Luxembourg Stock Exchange so require, the Company will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made, *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to him if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Currency Indemnity and Calculation of Euro Denominated Restrictions

Euro is the sole currency of account with respect to the Notes and payment for all sums payable by the Company and any Guarantor under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company or any Guarantor or otherwise by any Holder, as the case may be, or by the Trustee or any Agent, in respect of any sum expressed to be due to it from the Company or any Guarantor will only constitute a discharge to the Company or such Guarantor, as the case may be, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee or relevant Agent under any Note, the Company will indemnify them against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder or the Trustee or relevant Agent to certify in reasonable detail in a manner satisfactory to the Company (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities, to the extent permitted by law, constitute a separate and independent obligation from the Company's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee or relevant Agent (other than a waiver of the indemnities set out under "—*Currency Indemnity and Calculation of Euro Denominated Restrictions*") and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee or relevant Agent.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Prescription

Claims against the Company or any Guarantor for the payment of principal, premium or Additional Amounts, if any, on the Notes or any Note Guarantees will be prescribed ten years after the due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest will be prescribed five years after the due date for the payment of interest.

Governing Law

The Indenture will provide that it and the Notes and the Note Guarantees, if any, will be governed by, and construed in accordance with, the laws of the State of New York.

Consent to Jurisdiction and Service

The Company will appoint Law Debenture Corporate Services Inc. as agent for actions relating to the Notes or the Indenture brought in any U.S. Federal or state court located in the Borough of Manhattan in The City of New York and will submit to such jurisdiction.

Certain Definitions

Set forth below are certain defined terms used in the Indenture.

"**Acquired Indebtedness**" means Indebtedness of a Person (a) existing at the time such Person is merged with or into or becomes a Subsidiary of the Company or (b) assumed in connection with the acquisition of properties or assets from such Person, in each case, whether or not such Indebtedness was Incurred in connection with, or in contemplation of, such Person becoming a Subsidiary of the Company or such acquisition. Acquired Indebtedness shall be deemed to be Incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary of the Company.

"**Additional Assets**" means:

(a) any property or assets (other than Indebtedness and Capital Stock) in a Related Business;

(b) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of, or in connection with, the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or

(c) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary,

provided, *however*, that, in the case of clauses (b) and (c), such Restricted Subsidiary is primarily engaged in a Related Business.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agent**" means any Paying Agent, any Registrar or the Transfer Agent.

"**Applicable Premium**" means, with respect to any Note on any redemption date, the greater of:

(a) 1.0% of the principal amount of such Note; and

(b) the excess (to the extent positive) of:

    (i) the present value at such redemption date of (A) the Applicable Redemption Price of such Note at July 15, 2026 (such redemption price (expressed in a percentage of the principal amount) being set forth in the table in "*—Optional Redemption—Optional Redemption on and after July 15, 2026*"), plus (B) all required remaining scheduled interest payments due on such Note to and including July 15, 2026 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

    (ii) the outstanding principal amount of such Note on such redemption date,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate, *provided* that such calculation shall not be a duty or obligation of the Trustee or any Agent.

"**Applicable Redemption Price**" for purposes of the definition of "Applicable Premium" means, with respect to Notes to be redeemed and any redemption date, the relevant redemption price for such Notes and such redemption date as set forth in the table appearing under the caption "*—Optional Redemption—Optional Redemption on and after July 15, 2026*" (i) in column A of such table, in case the Sustainability Compliance Event has occurred or (ii) in column B of such table, in case the Sustainability Compliance Event has not occurred, in each case exclusive of any accrued and unpaid interest.

"**Asset Disposition**" means any direct or indirect sale, conveyance, transfer, assignment or any other disposition, or series of related sales, conveyances, transfers, assignments, leases or other dispositions that form part of a common plan by the Company or any of its Restricted Subsidiaries to any Person other than the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of any shares of Capital Stock of any of the Company's Subsidiaries (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or any of its Subsidiaries) or any other assets of the Company or any of its Restricted Subsidiaries, other than:

(a) a disposition of assets or Capital Stock between the Company and any Restricted Subsidiary or among any Restricted Subsidiaries or an issuance of Capital Stock by a Restricted Subsidiary to the Company or any other Restricted Subsidiary;

(b) for purposes of the covenant described under the caption "—*Certain Covenants—Limitation on Sales of Assets*" only, a Restricted Payment permitted by the covenant described under the caption "—*Certain Covenants—Limitation on Restricted Payments*", a Permitted Payment or a Permitted Investment;

(c) transactions permitted by "—*Certain Covenants—Merger and Consolidation*";

(d) dispositions in connection with Permitted Liens, foreclosures on assets and any release of claim which have been written off;

(e) dispositions of damaged, obsolete or worn-out equipment or equipment that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(f) dispositions required by law or any governmental authority or agency;

(g) dispositions or lease of products, services or accounts receivable in the ordinary course of business;

(h) dispositions of receivables and related assets pursuant to a Qualified Receivables Financing or a Permitted Recourse Receivables Financing;

(i) any transfers, leases, sales or other dispositions of assets pursuant to a sale and lease back transaction;

(j) dispositions of cash or Cash Equivalents; and

(k) the Fair Market Value of which in the aggregate does not exceed the greater of (x) €50 million and (y) 6% of Consolidated EBITDA in any one transaction or series of related transactions.

"**Board of Directors**" means, for any Person, the board of directors or other governing body of such Person or, if such Person does not have such a board of directors or other governing body and is owned or managed by a single entity, the board of directors or other governing body of such entity, or, in either case, any committee thereof duly authorized to act on behalf of such board or other governing body. Unless otherwise provided, "Board of Directors" means the Board of Directors of the Company. For purposes of the definition of the term "Change of Control", "Board of Directors" does not include any committee of the board of directors or other governing body.

"**Bund Rate**" means, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(a) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to July 15, 2026 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to July 15, 2026; *provided, however*, that, if the period from such redemption date to July 15, 2026 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to July 15, 2026 is less than one year, a fixed maturity of one year shall be used;

(b) "**Comparable German Bund Price**" means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and

(d) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Company in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the redemption date.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banking institutions in Düsseldorf, Germany, or London, United Kingdom are authorized or required by law to close.

"**Capital Stock**" of any Person means any and all shares of, partnership interests in, membership interests in or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Capitalized Lease Obligation**" means, with respect to any Person, any obligation of such Person, which is required to be classified and accounted for as a lease (including any capitalized lease, finance lease or operating lease) for financial reporting purposes on the basis of IFRS. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"**Cash Equivalents**" means (a) money, (b) securities issued or fully guaranteed or insured by the United Kingdom, the United States of America, Canada, Switzerland, Japan, Norway or a member state of the European Union or, in each case, any agency or instrumentality of any thereof, (c) time deposits, overnight bank deposits, certificates of deposit or bankers' acceptances (a "**Deposit**") of (i) any current lender under the ESG Credit Facilities Agreement or any affiliate thereof or (ii) any lender, bank, trust company or commercial bank having capital and surplus in excess of €250,000,000 or (iii) any lender, bank, trust company or commercial bank whose commercial paper is rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization), (d) Deposits in the ordinary course of business and consistent with past practice issued by a bank or trust company which is authorized to operate as a bank or trust company in its home jurisdiction and in the jurisdiction in which the Deposit is made *provided* that all Deposits made with such bank or trust company do not exceed €500,000 at any one time, (e) repurchase obligations with a term of not more than thirty days for underlying securities of the types described in clauses (b) and (c) above entered into with any financial institution meeting the qualifications specified in clause (c) above, (f) money market instruments, commercial paper or other short-term obligations rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition, (g) investments similar to any of the foregoing denominated in currencies other than euro, pound sterling or U.S. dollars obtained in the ordinary course of business and with the highest ranking obtainable in the applicable jurisdiction, (h) bills of exchange issued in the United Kingdom, the United States of America, Canada, a member state of the European Union, Switzerland, Japan or Norway eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent), (i) readily marketable direct obligations issued by the United Kingdom, any state of the United States of America, any province of Canada, any member of the European Union, Switzerland, Japan or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition, and (j) investment funds investing 95% of their assets in securities of the type described in clauses (a) through (i) above (which funds may also hold reasonable amounts of cash pending investment and/ or distribution).

"**Change of Control**" means the occurrence of any of the following:

(a) the Company becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 30% of the total voting power of the Voting Stock of the Company; and

(b) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control solely as a result of the Company becoming a direct or indirect wholly-owned subsidiary of a holding company if (A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Voting Stock of the Company immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company and (b) any Voting Stock beneficially owned by any Permitted Holder shall not be included in any Voting Stock of which any other person or group is the beneficial owner so long as such other person or group does not have greater voting power with respect to such Permitted Holder's Voting Stock.

"**Clearstream**" means Clearstream Banking S.A., as currently in effect or any successor thereof.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Convertible Bond**" means the convertible bond with an aggregate principal amount of €151.0 million, divided into 1,510 bearer bonds ranking *pari passu* among themselves, each with a nominal value of €100,000.00, in return for a contribution in kind issued by the Company on December 15, 2020, as amended and restated on November 9, 2021.

"**Commodities Agreements**" means, in respect of a Person, any commodity futures contract, forward contract, repurchase agreement, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

"**Company**" means CECONOMY AG, a stock corporation organized under the laws of Germany, and any successor in interest thereto.

"**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(a) any taxes based on income, profits or capital (and including for the avoidance of doubt social security contributions), trade taxes and withholding taxes (whether or not paid, estimated, accrued or deferred),

(b) Consolidated Fixed Charges and any other items recorded as interest expense under IFRS, foreign exchange differences that are treated as interest under IFRS, fair value movements on any Indebtedness or Hedging Obligations, costs related to the Transactions, commissions, discounts and other fees and charges with respect to financings, costs relating to Hedging Obligations, cost of consumer credit, any charges or discounting impact associated with employee benefit or pension plans or non-cash interest relating to employee benefit plans or arrangements or post-retirement benefit arrangements,

(c) depreciation, impairment, amortization (including but not limited to amortization of goodwill and intangibles and amortization and write-off of financing costs) and all other non-cash charges or non-cash losses,

(d) any expenses or charges related to any equity offering, Investment or Indebtedness permitted by the Indenture (whether or not consummated or incurred),

(e) the amount of any minority interest expense, and

(f) any consulting or advisory fees and related expenses incurred in connection with any transactions relating to Exceptional Items; less

(g) all other non-cash items increasing such Consolidated Net Income for such period (other than the accrual of revenue or the reversal of a reserve for cash charges in a future period in the ordinary course of business), in each case under clauses (a) through (g) as determined on a Consolidated basis in accordance with IFRS.

"**Consolidated Fixed Charge Coverage Ratio**" means, as of any date of determination the ratio of (i) the aggregate amount of Consolidated EBITDA of the Company and its Restricted Subsidiaries for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available to (ii) Consolidated Fixed Charges for such four fiscal quarters; *provided* that:

(a) if since the beginning of such period the Company or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated after giving effect on a *pro forma* basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation shall be computed based on (i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation);

(b) if since the beginning of such period the Company or any Restricted Subsidiary has repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Indebtedness that is no longer outstanding on such date of determination (each, a "**Discharge**") or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio involves a Discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid), Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated after giving effect on a *pro forma* basis to such Discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such Discharge had occurred on the first day of such period;

(c) if since the beginning of such period the Company or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period and Consolidated Fixed Charges for such period shall be reduced by an amount equal to (i) the Consolidated Fixed Charges attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Company and its continuing Restricted Subsidiaries in connection with such Sale for such period (including but not limited to through the assumption of such Indebtedness by another Person) plus (ii) if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Fixed Charges for such period attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale;

(d) if since the beginning of such period the Company or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder (any such Investment or acquisition, a "**Purchase**"), Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period;

(e) if since the beginning of such period any Person has been designated as a Restricted Subsidiary or was merged or consolidated with or into the Company or any Restricted Subsidiary, Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated after giving *pro forma* effect thereto as if such designation, merger or consolidation occurred on the first day of such period; and

(f) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Company or any Restricted Subsidiary, and since the beginning of such period such Person shall have Discharged any Indebtedness or made any Sale or Purchase that would have required an adjustment pursuant to clause (b), (c) or (d) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Fixed Charges for such period shall be calculated after giving *pro forma* effect thereto as if such Discharge, Sale or Purchase occurred on the first day of such period, provided, however, the *pro forma* calculation of the Consolidated Fixed Charge Coverage Ratio shall not give effect to (i) any Indebtedness incurred on the date of determination pursuant to the provisions described in paragraph (b) (other than clause (b)(vii) thereof) under the caption *"—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in paragraph (b) (other than clause (b)(vii) thereof) under the caption "*—Certain Covenants—Limitation on Indebtedness*".

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Fixed Charges associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the *pro forma* calculations in respect thereof (including without limitation in respect of synergies or cost savings relating to any such Sale, Purchase or other transaction, which are reasonably anticipated to be realized within the next 18 months following the Calculation Date and do not exceed 25% of the applicable Consolidated EBITDA) shall be as determined in good faith by a responsible accounting or financial officer of the Company as though such effect of synergies and cost savings were realized on the first day of the relevant period.

In addition, Consolidated EBITDA for any such period shall include any Consolidated EBITDA attributable to any Restricted Subsidiary that has been designated as an "asset held for sale" in accordance with IFRS and remains a Restricted Subsidiary at the end of such period. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness). If any Indebtedness bears, at the option of the Company or a Restricted Subsidiary, a rate of interest based on a prime or similar rate, a euro currency interbank offered rate or other fixed or floating rate, and such Indebtedness is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated by applying such optional rate as the Company or such Restricted Subsidiary may designate. If any Indebtedness that is being given *pro forma* effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate determined in good faith by a responsible accounting or financial officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"**Consolidated Fixed Charges**" means, for any period, (a) the total interest expense of the Company and its Restricted Subsidiaries to the extent deducted in calculating Consolidated Net Income, net of any interest income of the Company and its Restricted Subsidiaries and after taking into account the net payment or receipt paid or payable or received or receivable under any Interest Rate Agreement or Currency Agreement in respect of Indebtedness, and after excluding any foreign exchange differences that are treated as interest under IFRS and after excluding any fair value movements on any Indebtedness or Hedging Obligations for such period, and after excluding any "interest cost" on pension obligations as defined in International Accounting Standard 19 (IAS 19) Employee Benefits, and after excluding any costs related to the Transactions (other than for the avoidance of doubt interest incurred on Indebtedness Incurred pursuant to the Transactions) that are classified as interest under IFRS, including without limitation any such interest expense consisting of (i) interest expense attributable to Capitalized Lease Obligations, (ii) amortization of debt discount, (iii) interest in respect of Indebtedness of any other Person that has been guaranteed by the Company or any Restricted Subsidiary, but only to the extent that such interest is actually paid by the Company or any Restricted Subsidiary, (iv) non-cash interest expense on Indebtedness (including any interest expense that was capitalized during such period), (v) the interest portion of any deferred payment obligation and (vi) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, plus (b) Preferred Stock dividends paid in cash in respect of Disqualified Stock of the Company held by Persons other than the Company or a Restricted Subsidiary and minus (c) to the extent otherwise included in such interest expense referred to in clause (a) above, amortization or write-off of financing costs and non- cash interest relating to employee benefit plans or arrangements or post-retirement benefit arrangements, debt issuance cost, and premium, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations, in each case under clauses (a) through (c) as determined on a Consolidated basis in accordance with IFRS and, without limiting the foregoing, taking no account of any applicable Exceptional Items.

"**Consolidated Net Leverage**" means the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations, except for Currency Agreements relating to the principal of Indebtedness that is otherwise included in this calculation), less cash and Cash Equivalents.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (a) Consolidated Net Leverage at such date to (b) the aggregate amount of Consolidated EBITDA for the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available.

In the event that the Company or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "**Calculation Date**"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; provided, however, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in paragraph (b) under "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in paragraph (b) under "*—Certain Covenants—Limitation on Indebtedness*". In addition, for purposes of calculating the Consolidated EBITDA for such period:

(a) if since the beginning of such period the Company or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(b) if since the beginning of such period the Company or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment, acquisition occurring in connection with a transaction causing a calculation to be made hereunder (any such Investment or acquisition, a "Purchase"), Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period;

(c) if since the beginning of such period any Person has been designated as a Restricted Subsidiary or was merged or consolidated with or into the Company or any Restricted Subsidiary, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such designation, merger or consolidation occurred on the first day of such period; and

(d) if since the beginning of such period any Person, became a Restricted Subsidiary or was merged or consolidated with or into the Company or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (a), (b) or (c) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

For purposes of this definition, (i) whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Fixed Charges associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the *pro forma* calculations in respect thereof (including without limitation in respect of anticipated synergies or cost savings relating to any such Sale, Purchase or other transaction, which are reasonably anticipated to be realized within the next 18 months following the Calculation Date and do not exceed 25% of the applicable Consolidated EBITDA) shall be as determined in good faith by a responsible accounting or financial officer of the Company as though such effect of synergies and cost savings were realized on the first day of the relevant period.

In addition, Consolidated EBITDA for any such period shall include any Consolidated EBITDA attributable to any Restricted Subsidiary that has been designated as an "asset held for sale" in accordance with IFRS and remains a Restricted Subsidiary at the end of such period.

"**Consolidated Net Income**" means, for any period, the net income (loss) after taxes of the Company and its Restricted Subsidiaries, determined on a consolidated basis in accordance with IFRS and before any reduction in respect of Preferred Stock dividends; *provided* that there shall not be included in such Consolidated Net Income:

(a) any net income (loss) of any Person if such Person is not the Company or a Restricted Subsidiary, except (i) that the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (b) below) and (ii) the Company's equity in the net loss of such Person shall be included to the extent of the aggregate Investment of the Company or any of its Restricted Subsidiaries in such Person;

(b) solely for the purpose of determining the amount available for Restricted Payments under clause (a)(C)(1) of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*", any net income (loss) of any Restricted Subsidiary that is not a Guarantor or the Company if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of similar distributions by such Restricted Subsidiary, directly or indirectly, to the Company by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its stockholders (other than (i) restrictions that have been waived or otherwise released; (ii) restrictions pursuant to the Indenture; (iii) restrictions pursuant to the ESG Credit Facilities Agreement; (iv) restrictions pursuant to any other agreement or instrument existing or entered into on or before the Issue Date as in effect as of the Issue Date; (v) restrictions pursuant to any agreement or instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, which Person is acquired by or merged or consolidated with or into the Company or any Restricted Subsidiary or was designated as a Restricted Subsidiary, or which agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets from such Person, as in effect at the time of such acquisition, merger or consolidation (except to the extent that such Indebtedness was incurred to finance, or otherwise in connection with or in contemplation of, such acquisition, merger or consolidation); *provided* that for purposes of this clause (v), if a Person other than the Company is the Successor Company with respect thereto, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary will be deemed acquired or assumed, as the case may be, by the Company or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Company; (vi) restrictions pursuant to an agreement or instrument (a "**Refinancing Agreement**") effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refunds, refinances or replaces, an agreement or instrument referred to in clause (iii), (iv) or (v) of this definition or this clause (vi) (each an "**Initial Agreement**") or contained in any amendment, supplement or other modification to an Initial Agreement (an "**Amendment**"); provided, however, that the encumbrances and restrictions contained in any such Refinancing Agreement or Amendment taken as a whole are not materially less favorable to the Holders taken as a whole than encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such Refinancing Agreement or Amendment relates or will not adversely effect in any material respect, the Company's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by the Company); (vii) restrictions pursuant to an agreement or instrument (1) relating to any Indebtedness permitted to be incurred subsequent to the Issue Date pursuant to the covenant described under "*—Certain Covenants—Limitations on Indebtedness*" (A) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than the encumbrances and restrictions contained in any Initial Agreement (as determined in good faith by the Company), or (B) if such encumbrances and restrictions taken as a whole are not materially more disadvantageous to the Holders than is customary in comparable financings (as determined in good faith by the Company), (2) relating to any working capital Indebtedness or any sale of receivables, and (3) relating to any loan or advance by the Company to a Restricted Subsidiary subsequent to the Issue Date, including of proceeds of any Capital Stock or Indebtedness issued or Incurred by the Company; or (viii) other restrictions with respect to such Restricted Subsidiary that taken as a whole are not materially less favorable to the Holders than such restrictions in effect on the Issue Date), except that (x) the Company's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause) and (y) the net loss of such Restricted Subsidiary shall be included to the extent of the aggregate Investment of the Company or any of its other Restricted Subsidiaries in such Restricted Subsidiary;

(c) any net gain or loss realized upon the sale or other disposition of any asset of the Company or any Restricted Subsidiary (including pursuant to any sale/leaseback transaction) that is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company);

(d) any item classified as an extraordinary, unusual or nonrecurring gain, loss or charge and any exceptional or one-off item (including fees, expenses and charges associated with any restructuring, redundancy, the Transaction and any business optimization plans, and any acquisition, merger or consolidation after the Issue Date), in each case, as determined in good faith by the Company;

(e) the cumulative effect of a change in accounting principles;

(f) all deferred financing costs and unamortized arrangement fees written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(g) any unrealized gains or losses in respect of Hedging Obligations and the fair value measurements under IFRS 9 Financial Instruments ("**IFRS 9**"), which relate to any forward points component of foreign exchange contracts, the time value component of option contracts, and/or any other hedge ineffectiveness, in each case as applied in accordance with IFRS 9;

(h) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards;

(i) any "interest cost" on pension obligations, as defined in International Accounting Standard 19 (IAS 19) Employee Benefits;

(j) any property, plant and equipment, goodwill or other intangible asset impairment charge, depreciation, amortization or write-off (the items referred to in clauses (c) to (j) hereof are collectively referred to as "**Exceptional Items**"); and

(k) any net income (loss) attributable to discontinued operations, as determined in accordance with IFRS.

Notwithstanding the foregoing, for the purpose of clause (a)(C)(1) of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" only, there shall be excluded from Consolidated Net Income, without duplication, any income consisting of dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Company or a Restricted Subsidiary to the extent such dividends, repayments or transfers are applied by the Company to increase the amount of Restricted Payments permitted under clauses (a)(C)(3) or (4) of the covenant described under *"—Certain Covenants—Limitation on Restricted Payments*".

"**Consolidation**" means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Company in accordance with IFRS; *provided* that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"**Credit Facilities**" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the ESG Credit Facilities Agreement, commercial paper facilities (including the Euro Commercial Paper Program), overdraft facilities or arrangements designated by the Company, in each case) with one or more banks or other lenders or institutions or investors providing for revolving credit loans, notes, term loans, receivables financings (including, without limitation, through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or the creation of any Liens in respect of such receivables in favor of such institutions), letters of credit, bonding facilities, or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, novated, restated, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise); *provided* that any such facilities, indentures or other arrangements or instruments shall not constitute Credit Facilities unless they constitute or are in respect of Indebtedness of the Company or any of its Subsidiaries. Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangements (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

"**Default**" means any event or condition that is, or after notice or passage of time or both would be, an Event of Default under the Indenture.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock (other than Management Stock) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (other than following the occurrence of a Change of Control or other similar event described under such terms as a "change of control" or an event that is an asset disposition or similarly described) (a) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (b) is convertible or exchangeable for Indebtedness or Disqualified Stock or (c) is redeemable at the option of the holder thereof (other than following the occurrence of a Change of Control or other similar event described under such terms as a "change of control" or an event that is an asset disposition or similarly described), in whole or in part, in each case on or prior to the six month anniversary of the final Stated Maturity of the Notes, *provided* that Capital Stock issues to any employee benefit plan, or by any such plan to any employees of the Company or any Subsidiary, shall not constitute Disqualified Stock solely because it may be required to be repurchased or otherwise acquired or retired in order to satisfy applicable statutory or regulatory obligations.

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchange for, Capital Stock).

"**Equity Offering**" means (a) a sale of Capital Stock of the Company (other than Disqualified Stock) or (b) the sale of Capital Stock or other securities of any direct or indirect parent company of the Company, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock) of the Company or any of its Restricted Subsidiaries.

"**ESG Credit Facilities Agreement**" means the ESG-linked syndicated revolving credit facilities agreement entered into by the Company on May 6, 2021 amounting up to €1.06 billion.

"**Escrowed Proceeds**" means the proceeds from the offering or Incurrence of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events, *provided* that the term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"**euro**" or "**€**" means the single currency of the Participating Member States.

"**Euro Commercial Paper Program**" means the dealer agreement dated April 24, 2018 between the Company as issuer and various domestic and international banks as dealers, according to which the Company may issue, from time to time, commercial papers (*Schuldverschreibungen*) with a maturity of not more than 364 days in an aggregate amount of up to €500 million.

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Company) on and for the date of such determination.

"**Euroclear**" means Euroclear Bank SA/NV, as currently in effect or any successor thereof.

"**European Government Obligations**" means direct obligations of, or obligations guaranteed by, a member state of the European Union or the United Kingdom, and the payment for which such member state of the European Union or the United Kingdom, as applicable, pledges its full faith and credit.

"**European Union**" means all members of the European Union as of the Issue Date.

"**Event of Default**" has the meaning set forth under "*—Events of Default and Remedies*".

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Existing Notes**" means the €500.0 million aggregate principal amount of 1.75% senior notes due 2026 issued on June 24, 2021 by the Company.

"**Fair Market Value**" means, with respect to any asset or property, the fair market value of such asset or property as determined in good faith by the Board of Directors, whose determination will be conclusive.

"**Family Shareholders**" means, collectively, any members of the Kellerhals family or relatives thereof, or trusts, partnerships or limited liability companies for the benefit of any of the foregoing, or any of their heirs, executors, successors or legal representatives who, at any date, beneficially own or have the right to acquire, directly or indirectly, Equity Interests of the Company or Equity Interests or other debt or equity securities of any entity formed for the purpose of investing in Equity Interests of the Company.

"**Fitch**" means Fitch Ratings, Inc. or any successor thereto.

"**Group**" means the Company and its consolidated subsidiaries.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person; *provided* that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"**Guarantor**" means any Restricted Subsidiary that subsequently becomes a Guarantor in accordance with the terms of the Indenture, in each case, together with their respective successors and assigns; *provided* that upon the release or discharge of any such Person from its Note Guarantee in accordance with the Indenture, such Person shall cease to be a Guarantor.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

"**Holder**" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the nominee of a common depositary for Euroclear and Clearstream.

"**IFRS**" means the International Financial Reporting Standards (formerly, International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date, the Company may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election. The Company shall give notice of any such election to the Trustee and the Holders. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS.

"**Incur**" means issue, assume, enter into any guarantee of, incur or otherwise become liable for and the terms "Incurs", "Incurred" and "Incurrence" shall have a correlative meaning; *provided* that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Accrual of interest, accrual of dividends, the accretion of accreted value, the payment of interest in the form of additional Indebtedness, the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock and the reclassification of commitments or obligations not previously treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed Incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(a) the principal of indebtedness of such Person for borrowed money;

(b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit, bankers' acceptances or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed) (except to the extent such reimbursement obligations relate to Trade Payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(d) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except Trade Payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto;

(e) all Capitalized Lease Obligations of such Person;

(f) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or (if such Person is a Subsidiary of the Company other than a Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock or, if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the fair market value of such Capital Stock, such fair market value shall be as determined in good faith by the Board of Directors or the board of directors or other governing body of the issuer of such Capital Stock);

(g) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of Indebtedness of such Person shall be the lesser of (i) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (ii) the amount of such Indebtedness of such other Persons;

(h) all guarantees by such Person of the principal component of Indebtedness of other Persons, to the extent so guaranteed by such Person; and

(i) to the extent not otherwise included in this definition, obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include any "parallel debt" obligations created in connection with a Lien created to secure indebtedness permitted to be incurred under the Indenture, any prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other regulatory or governmental approval (or guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business. For the avoidance of doubt and notwithstanding the above, the term "Indebtedness" excludes any accrued expenses and Trade Payables.

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, or otherwise shall equal the amount thereof that would appear as a liability on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) contingent obligations Incurred in the ordinary course of business and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due; (ii) obligations in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; (iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or bonds in relation thereto; (iv) liabilities in respect of obligations related to standby letters of credit, performance guarantees, warranty guarantees, advanced payment guarantees, bid guarantees or bonds or surety bonds, other bonding requirements and similar facilities (including those issued to governmental entities in connection with self-insurance under applicable workers' compensation statutes) provided by or at the request of the Company or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit, guarantees or bonds are not drawn or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than 60 days following receipt by such Person of a demand for such reimbursement following payment on the letter of credit, guarantee or bond; *provided* that if such amounts due are not reimbursed on or prior to 60 days following receipt by such Person of a demand for such reimbursement, then such amounts shall become Indebtedness incurred on the date that such amounts become due; (v) obligations under or in respect of Qualified Receivables Financings; or (vi) obligations under any tax sharing agreement or domination and/or profit and loss transfer agreement.

"**Initial Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Company at the Issue Date multiplied by (ii) the price per share at the close of trading on the Issue Date.

"**Interest Rate Agreement**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is party or a beneficiary.

"**Investment**" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to (other than to customers, dealers, licensees, franchisees, agents, suppliers, directors, officers or employees of any Person in the ordinary course of business), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person.

For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" only (a) "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary, *provided* that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Company's "Investment" in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation and (b) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer. Note Guarantees shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment; *provided* that to the extent that the amount of Restricted Payments outstanding at any time pursuant to paragraph (a) of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" is so reduced by any portion of any such amount or value that would otherwise be included in the calculation of Consolidated Net Income, such portion of such amount or value shall not be so included for purposes of calculating the amount of Restricted Payments that may be made pursuant to paragraph (a) of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*". If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

"**Investment Grade Status**" shall occur when all of the Notes receive at least two of the following:

(a) a rating of "BBB-" or higher from S&P;

(b) a rating of “Baa3” or higher from Moody’s; and

(c) a rating of “BBB-” or higher from Fitch,

or the equivalent of such rating by any such Rating Agency or, if no rating of S&P, Moody’s or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

“**Issue Date**” means the date of issuance of the Notes (other than Additional Notes).

“**Lien**” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement or lease in the nature thereof).

“**Management Advances**” means (a) loans or advances made to directors, officers or employees of the Company or any Restricted Subsidiary (i) not exceeding €2 million in the aggregate outstanding at any time, (ii) for purposes of funding any such person’s purchase of Capital Stock (or similar obligations) of the Company, its Subsidiaries or any holding company of the Company with (in the case of this sub-clause (ii)) the approval of the Board of Directors of the Company, (iii) in the ordinary course of business or consistent with past practice or industry practices, or (iv) in respect of moving-related expenses incurred in connection with any closing or consolidation of any facility, (b) promissory notes of Management Investors acquired in connection with the issuance of Management Stock to such Management Investors or (c) Management Guarantees.

“**Management Guarantees**” means guarantees made on behalf of, or in respect of loans or advances made to, directors, officers or employees of the Company or any Restricted Subsidiary (a) in respect of travel, entertainment and moving related expenses incurred in the ordinary course of business or consistent with past practice or industry practices, or (b) in connection with their purchase of Management Stock or otherwise in the ordinary course of business and (in the case of this clause (b)) not exceeding €2 million in the aggregate outstanding at any time.

“**Management Investors**” means the officers, directors, employees and other members of the management of the Company or any of their respective Subsidiaries, or family members or relatives thereof, or trusts, partnerships or limited liability companies for the benefit of any of the foregoing, or any of their heirs, executors, successors or legal representatives who, at any date, beneficially own or have the right to acquire, directly or indirectly, Equity Interests of the Company or Equity Interests or other debt or equity securities of any entity formed for the purpose of investing in Equity Interests of the Company.

“**Management Stock**” means Capital Stock of the Company (including any options, warrants or other rights in respect thereof) or Capital Stock of any entity formed for the purpose of investing in Capital Stock of the Company held directly or indirectly by any of the Management Investors.

“**Market Capitalization**” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Company on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days ending no earlier than seven days prior to the date of declaration of such dividend.

“**Material Transaction**” means any acquisition or disposition by the Company of a significant amount of assets (including businesses) representing greater than 20% of the consolidated revenues, Consolidated EBITDA or consolidated assets of the Company on a *pro forma* basis.

“**Moody’s**” means Moody’s Investors Service Ltd or any successor thereto.

“**Nationally Recognized Statistical Rating Organization**” means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

“**Net Available Cash**” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(a) all legal, accounting, investment banking, and other fees and expenses Incurred, and all taxes required to be paid or accrued as a liability under IFRS as a consequence of such Asset Disposition;

(b) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;

(c) all distributions and other payments required to be made to minority interest holders in any of the Company's Subsidiaries or joint ventures as a result of such Asset Disposition;

(d) the deduction of appropriate amounts to be provided for by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition; and

(e) any portion of the purchase price from an Asset Disposition required by the terms of the sale agreements to be placed in escrow (i) to provide assurance to the purchaser that the seller will be able to satisfy its indemnification and other obligations with respect to such sale and (ii) which escrow is not under the sole control of the Company or any of its Subsidiaries; provided, however, that upon the termination of that escrow, Net Available Cash shall be increased by any portion of funds in the escrow that are released to the Company or any Restricted Subsidiary.

"**Net Cash Proceeds**", with respect to any issuance or sale of any securities of the Company or any Subsidiary by the Company or any Subsidiary, or any capital contribution, means the cash proceeds of such issuance, sale or contribution net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance, sale or contribution and net of Taxes (other than value added Taxes) paid or payable as a result thereof (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"**Note Guarantee**" means any guarantee of the obligations of the Company under the Indenture and the Notes by any Person in accordance with the provisions of the Indenture.

"**Obligations**" means, with respect to any Indebtedness, any principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees of such Indebtedness (or of Obligations in respect thereof), other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"**Offering Memorandum**" means this offering memorandum in relation to the Notes to be issued on the Issue Date.

"**Officer**" means (a) with respect to any Person, the Chief Executive Officer and the Chief Financial Officer of such Person or a senior accounting or financial officer or director of such Person; and (b) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of the Company.

"**Officer's Certificate**" means a certificate signed by two Officers of such Person.

"**Opinion of Counsel**" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

"**Participating Member State"** means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Permitted Asset Swap**" means the concurrent purchase and sale or exchange of assets (including Capital Stock) used or useful in a Related Business or a combination of such assets and cash or Cash Equivalents between the Company or any Restricted Subsidiary and another Person; *provided, however*, that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under the caption "*—Certain Covenants—Limitation on Sales of Assets*".

"**Permitted Holders**" means, collectively, (a) the Family Shareholders, (b) Convergenta Invest GmbH and Convergenta Invest und Beteiligungs GmbH (and any of their relevant Affiliates), (c) Haniel Finance Deutschland GmbH and Franz Haniel & Cie. GmbH (and any of their relevant Affiliates), (d) Meridian Stiftung and Palatin

Verwaltungsgesellschaft mbH (and any of their relevant Affiliates), (e) freenet AG (and any of its Affiliates), (f) any Person who is acting solely as an underwriter in connection with a public or private offering of Capital Stock of the Company or any Parent, acting in such capacity and (g) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (or any Persons mentioned in the following sentence) are members. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investment**" means an Investment by the Company or any Restricted Subsidiary in, or consisting of, any of the following:

(a) (i) a Restricted Subsidiary or the Company, or (ii) a Person that will, upon the making of such Investment, become a Restricted Subsidiary (and any Investment held by such Person that was not acquired by such Person in contemplation of so becoming a Restricted Subsidiary);

(b) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, or is liquidated into, the Company or a Restricted Subsidiary (and, in each case, any Investment held by such Person that was not acquired by such Person in contemplation of such merger, consolidation or transfer);

(c) cash and Cash Equivalents;

(d) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business, including, for the avoidance of doubt, arising from franchise arrangements and investments;

(e) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets;

(f) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to, or of other claims asserted by, the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person;

(g) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date;

(h) Currency Agreements, Interest Rate Agreements, Commodities Agreements and related Hedging Obligations, which obligations are Incurred in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(i) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(j) bonds secured by assets leased to and operated by the Company or any Restricted Subsidiary that were issued in connection with the financing of such assets so long as the Company or any Restricted Subsidiary may obtain title to such assets at any time by paying a nominal fee, cancelling such bonds and terminating the transaction;

(k) the Notes or other Indebtedness of the Company or any Restricted Subsidiary;

(l) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) as consideration;

(m) Management Advances;

(n) Investments in franchisees or franchised stores in an aggregate amount outstanding at any time not to exceed €40 million;

(o) other Investments in an aggregate amount outstanding at any time not to exceed the greater of (x) €500 million and (y) 52% of Consolidated EBITDA;

(p) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(q) any transaction to the extent constituting an Investment that is permitted and made in accordance with paragraph (b) of the covenant described under "*—Certain Covenants— Limitation on Transactions with Affiliates*"; and

(r) loans or other Investments required to be entered into in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing and (b) distributions or payments of Receivables Fees and purchases of Receivables Assets in connection with a Qualified Receivables Financing or Permitted Recourse Receivables Financing.

"**Permitted Liens**" means:

(a) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Company and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or a Restricted Subsidiary, as the case may be, in accordance with IFRS;

(b) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings;

(c) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

(d) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Company and its Restricted Subsidiaries, taken as a whole;

(e) Liens existing on, or provided for under written arrangements existing on, the Issue Date after giving effect to the Transactions, or (in the case of any such Liens securing Indebtedness of the Company or any of its Restricted Subsidiaries existing or arising under written arrangements existing on the Issue Date or necessary to complete the Transactions) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness (which may include Indebtedness under one or more separate agreements or instruments);

(f) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(g) Liens arising out of judgments, decrees, orders or awards in respect of which the Company or any Restricted Subsidiary shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired;

(h) leases, subleases, or sublicenses to third parties in the ordinary course of business;

(i) Liens securing Indebtedness (including Liens securing Obligations in respect thereof) consisting of (i) Indebtedness Incurred in compliance with clause (vi) or (viii)(A) of paragraph (b) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (ii) the Notes or Note Guarantees, in each case including Liens securing any guarantee of any thereof;

(j) Liens securing Indebtedness (including Liens securing Obligations in respect thereof) consisting of Capitalized Lease Obligations and Purchase Money Obligations, in each case, only in respect of assets leased, acquired or financed by such Indebtedness, or rights, bank accounts or proceeds related thereto; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(k) Liens existing on property or assets of a Person at the time such Person becomes a Subsidiary of the Company (or at the time the Company or a Restricted Subsidiary acquires such property or assets, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted Subsidiary); *provided, however,* that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate; *provided further* that for purposes of this clause (k), if a Person other than the Company is the Successor Company with respect thereto, any Subsidiary thereof shall be deemed to become a Subsidiary of the Company, and any property or assets of such Person or any such Subsidiary shall be deemed acquired by the Company or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Company;

(l) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(m) any encumbrance or restriction (including, but not limited to, put and call agreements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(n) Liens (i) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, (ii) on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (iii) on Receivables (including related rights), (iv) on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of principal and/or interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, (v) in favor of the Company or any Subsidiary of the Company (other than Liens on property or assets of the Company or any Guarantor in favor of any Subsidiary of the Company that is not a Guarantor), (vi) arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business, (vii) on inventory or goods and proceeds securing obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods, (viii) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business or (ix) on bank accounts or cash management arrangements entered in the ordinary course of banking or pursuant to applicable general banking conditions;

(o) other Liens securing Indebtedness (including Liens existing on the Issue Date, after giving effect to the Transactions, securing Indebtedness which remains outstanding at the date of calculation (or securing any Refinancing Indebtedness in respect of such Indebtedness)) in an aggregate principal amount outstanding which does not exceed the greater of (i) €350 million and (ii) 37% of Consolidated EBITDA;

(p) any Lien created by any Subsidiary Insurance Company in connection with its insurance business;

(q) any Lien created to secure obligations under worker's compensation, social security or similar law, or under employment insurance as required by law or regulation;

(r) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(s) Liens (i) over cash deposits securing the interests of customers which have paid moneys into such cash deposit account subject (expressly or impliedly) to any escrow, trust or similar arrangement or (ii) on cash collateral deposited in favor of any regulatory or governmental body or agency due to a legal or regulatory requirement;

(t) Liens created on or subsisting over any asset held in Euroclear as operator of the Euroclear system, Clearstream or any other securities depository or any clearing house pursuant to the standard terms and procedures of the relevant clearing house applicable in the normal course of trading where such asset is held for the investment purposes of the Company or a Restricted Subsidiary;

(u) Liens on assets of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(v) (i) Liens on Escrowed Proceeds, (ii) Liens for the benefit of the related holders of debt securities (including holders of a specific series of Notes and not any other series) or other Indebtedness (or the underwriters, arrangers, trustees (including the Trustee) or security agent thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities are held in an escrow account or similar arrangement or (iii) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement or deferred consideration as part of any acquisition or disposal by the Company or a Restricted Subsidiary;

(w) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing or a Permitted Recourse Receivables Financing;

(x) Liens securing Indebtedness or other obligations of a Receivables Subsidiary, or Liens arising in connection with a Permitted Recourse Receivables Financing;

(y) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, old-age-part-time arrangements (including, without limitation, Section 8a of the German Old-Age Part Time Act (*Altersteilzeitgesetz*)), unemployment insurance and other types of social security or similar legislation (including, without limitation, Section 7e of the Fourth Book of the German Social Code (*Sozialgesetzbuch IV*)), insurance related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements) or in order to secure any pension liabilities or partial retirement liabilities or any liabilities arising in connection with any pension insurance plan;

(z) any amendment, modification, extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (y); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under the original Lien arose, could secure) the Indebtedness being refinanced.

For purposes of determining compliance with this definition, (i) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (ii) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Company shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (iii) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Liens shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, and (iv) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to an amount in euro, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause such euro amount to be exceeded, such euro amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

"**Permitted Recourse Receivables Financing**" means any financing other than a Qualified Receivables Financing pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person, or grant a security interest in, any Receivables Assets (and related assets) of the Company or any of its Restricted Subsidiaries in an aggregate principal amount equal to the fair market value of such Receivables Assets (and related assets); *provided that* (a) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by an Officer or the Board of Directors of the Company) at the time such financing is entered into and (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by an Officer or the Board of Directors of the Company) at the time such financing is entered into.

"**Permitted Trade Indebtedness**" means (a) any Indebtedness incurred to a trade creditor by the Company or any Restricted Subsidiary or on behalf of the Company or any Restricted Subsidiary in the ordinary course of its trading in respect of the supply of goods or services by the creditor and includes Indebtedness under any indemnity, guarantee, bond or letter of credit issued in respect of (and to the extent of) that Indebtedness, and (b) any Indebtedness Incurred by a member of the Group to any bank under a VAT bonding facility, *provided* that no Indebtedness will constitute Permitted Trade Indebtedness if it is outstanding for more than six months (or, in the case of any Subsidiary Insurance Company in connection with its insurance business, 12 months) from the date it is incurred.

"**Person**" means any individual, corporation, public limited company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"**pound sterling**" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

"**Preferred Stock**" as applied to the Capital Stock of any corporation means Capital Stock of any class or classes (however designated) that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including capital stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**Qualified Receivables Financing**" means (a) any Receivables Financing that meets the following conditions: (1) an Officer or the Board of Directors of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company or the relevant Subsidiary of the Company, (2) all sales of accounts receivable and related assets of the Company or the relevant Subsidiary of the Company are made at fair market value (as determined in good faith by an Officer or the Board of Directors of the Company), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by an Officer or the Board of Directors of the Company) and may include Standard Securitization Undertakings and (b) the Receivables Financing under the relevant factoring programs in the mobile communication area and shopping card customer financing program, respectively, existing on the Issue Date.

The grant of a security interest in any accounts receivable of the Company or any of its Restricted Subsidiaries to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"**Rating Agencies**" means each of S&P, Moody's and/or Fitch or, if any or all of these agencies cease to exist or publish ratings generally or if the Company so decides, any alternative internationally recognized rating agency or agencies which has, at the request of the Company, assigned a credit rating to the Notes or to the Company's long-term indebtedness.

"**Receivable**" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined in accordance with IFRS.

"**Receivables Assets**" means (a) any accounts receivable owed to the Company or a Restricted Subsidiary subject to a Receivables Financing and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement and which are sold, conveyed, assigned or otherwise transferred or pledged by the Company or such Restricted Subsidiary (as applicable) in a transaction or series of transactions in connection with a Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"**Receivables Financing**" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to any other Person, or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"**Receivables Repurchase Obligation**" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by an Officer or the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any Restricted Subsidiary, (iii) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by an Officer or the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"**refinance**" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell or extend (including pursuant to any defeasance or discharge mechanism); and the terms "refinances", "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refinance any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in the Indenture) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary or the Company) including Indebtedness that refinances Refinancing Indebtedness; *provided* that (a) such Refinancing Indebtedness has a final Stated Maturity that is either (i) no earlier than the final Stated Maturity of the Indebtedness being refinanced or (ii) after the final Stated Maturity of the Notes; (b) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (i) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, which may include Indebtedness under one or more separate agreements or instruments that will be refinanced with a single agreement or instrument, plus (ii) fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness and (c) if the Indebtedness being refinanced is expressly, contractually, subordinated in right of payment to the Notes or any Note Guarantee, as the case may be, such Refinancing Indebtedness is subordinated in right of payment to the Notes or such Note Guarantee, as the case may be, on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced. Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"**Related Business**" means any of the businesses engaged in by the Company and its Subsidiaries on the Issue Date and any services, activities or businesses incidental or directly related or similar thereto, or any line of business or business activity that is a reasonable extension, development, application or expansion thereof or ancillary thereto (including by way of geography or product or service line).

"**Restricted Subsidiary**" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"**Reversion Date**" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"**S&P**" means S&P Global Ratings or any successor thereto.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Ac**t" means the U.S. Securities Act of 1933, as amended.

"**Senior Indebtedness**" means, with respect to the Company or any Guarantor, any Indebtedness of such Person and its Restricted Subsidiaries that is not a Subordinated Obligation.

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(a) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed financial year;

(b) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed financial year; or

(c) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed financial year.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which an Officer or the Board of Directors of the Company has determined in good faith to be customary in a Receivables Financing, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"**Stated Maturity**" means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the payment of principal of such Indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such Indebtedness at the option of the holder thereof upon the happening of any contingency).

"**Subordinated Obligations**" means any Indebtedness of the Company or any Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is expressly contractually subordinated in right of payment to Indebtedness under the Notes or a Note Guarantee, as the case may be.

"**Subsidiary**" means, with respect to any specified Person:

(a) any company, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the company, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Subsidiary Insurance Company**" means any Subsidiary of the Company which transacts with the providers to the Company and its Subsidiaries of extended warranty, service contract and insurance arrangements and which is designated as such pursuant to an Officer's Certificate.

"**Successor Company**" has the meaning assigned thereto in clause (a)(i) under "*—Certain Covenants—Merger and Consolidation*".

"**Sustainability Compliance Event**" means, in relation to any redemption of Notes, the Company has delivered to the Trustee (with a copy to the Paying Agent) either (i) a Sustainability Compliance Certificate on or prior to the Certification Date, confirming that the Group has achieved the Sustainability Performance Target for the fiscal year ending September 30, 2027 or (ii) a Sustainability Compliance Certificate at least five days prior to the date on which the redemption notice for such redemption is being given (the "**Compliance Date**"), confirming that the Group has achieved the Sustainability Performance Level for the fiscal year immediately preceding the Compliance Date (or, if such Compliance Date is prior to January 31 of the fiscal year in which such Compliance Date falls, at the Company's option, the second fiscal year preceding the Compliance Date) set forth under the definition of "Sustainability Performance Level". The Trustee and the Paying Agent shall rely conclusively on the Sustainability Compliance Certificate from the Company, and shall have no duty to inquire as to or investigate the accuracy of the Sustainability Compliance Certificate or the related Sustainability Report, or otherwise verify the attainment of the Sustainability Performance Target or Sustainability Performance Level, or make calculations, investigations or determinations with respect to the attainment of the Sustainability Performance Target or Sustainability Performance Level. The Trustee and the Paying Agent shall have no liability to the Company, any Holder or any other Person in acting in good faith on any Sustainability Compliance Certificate and any related Sustainability Report.

"**Sustainability Performance Level**" means in respect of a fiscal year beginning after September 30, 2023 and ending on or prior to September 30, 2026, the Absolute Scope 3.11 Emissions reduced by 14.8% from the Baseline Absolute Scope 3.11 Emissions.

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties, assessments and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"**Tender Offer**" means the tender offer which the Company has launched with respect to the Existing Notes concurrently with the offering of the Notes as described under "*Summary—Recent Developments*".

"**Trade Payables**" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services (including all obligations of such Person in relation to any confirming services, reverse factoring services and commercial discount lines in the ordinary course of business and consistent with past practice).

"**Transaction Costs**" means all costs, fees and expenses (and taxes thereon) and all capital, stamp, documentary, registration or other taxes incurred by or on behalf of the Company or any of its subsidiaries in connection with the Transactions.

"**Transactions**" means, collectively, any or all of the following:

(a) the entry into the Indenture and the issuance of the Notes on the Issue Date; and

(b) the carrying out of the transactions contemplated by or related to any of the foregoing (including, without limitation, payment of fees and expenses related to any of the foregoing, including without limitation Transaction Costs).

"**Trustee**" means BNY Mellon Corporate Trustee Services Limited, or such successor Trustee as may be appointed under the Indenture.

"**U.S. dollars**" means United States dollars, the lawful currency of the United States of America.

"**Unrestricted Subsidiary**" means:

(a) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below; and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any other Restricted Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; *provided* that (i) such Subsidiary is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company, and (ii) such Subsidiary is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation, (i) the Company could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the Consolidated Fixed Charge Coverage Ratio would be greater than it was immediately prior to giving effect to such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Company's Board of Directors giving effect to such designation and an Officer's Certificate of the Company certifying that such designation complied with the foregoing provisions.

"**Voting Stock**" of an entity means all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of directors or all interests in such entity with the ability to control the management or actions of such entity.

CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain insolvency law considerations relevant to the EU and the Federal Republic of Germany. The descriptions below are only a summary and do not purport to be complete or to discuss all insolvency law considerations that may affect the recovery or enforceability of the obligations of the Issuer. See "*Risk Factors—Risks Related to the Notes*".

European Union

On June 5, 2015, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (as last amended by Regulation (EU) 2021/2260 of the European Parliament and of the Council of December 15, 2021, the "**Recast Insolvency Regulation**") was published in the Official Gazette of the European Union. The Recast Insolvency Regulation applies to insolvency proceedings that are collective insolvency proceedings of the types referred to in Annex A to the Recast Insolvency Regulation.

Main insolvency proceedings

Pursuant to Article 3(1) of the Recast Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the member state of the European Union (the "**Member State**") (other than Denmark) within which the center of a debtor's main interests is situated. The "center of main interests" is defined as "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties". Pursuant to Article 3(1) of the Recast Insolvency Regulation, the center of main interests of a company or legal person is presumed to be located in the Member State of its registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another Member State within a three-month period prior to the request for the opening of insolvency proceedings. Specifically, it is possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. In this regard, special consideration should be given to creditors and their perception as to where a debtor conducts the administration of its interests. In the event of a shift in the center of main interests, this may require informing the creditors of the new location from which the debtor is carrying out its activities in due course (*e.g.*, by drawing attention to the change of address in commercial correspondence or otherwise making the new location public through other appropriate means).

If the "center of main interests" of a company at the time an insolvency application is made is located in a Member State (other than Denmark), the main insolvency proceedings in respect of the company under the Recast Insolvency Regulation would be commenced in such jurisdiction and, accordingly, a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast Insolvency Regulation.

Furthermore, pursuant to Article 6 of the Recast Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

Secondary insolvency proceedings

Insolvency proceedings opened in one Member State under the Recast Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in other Member States. If the "center of main interests" of a debtor is in one Member State (other than Denmark), under Article 3(2) of the Recast Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "secondary" or "territorial" insolvency proceedings only in the event that such debtor has an "establishment" in the territory of such other Member State. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Recast Insolvency Regulation and, for the avoidance of doubt, are not limited to winding-up proceedings. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings and which will usually convert to secondary proceedings on the opening of the main proceedings. "Establishment" is defined as any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State.

Pursuant to Article 3(4) of the Recast Insolvency Regulation, where main proceedings in the Member State in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment and either: (a) insolvency proceedings cannot be opened in the Member State in which the company's center of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor, whose claim arises from or in connection with the operation of such establishment, or a public authority, which has the right to request such opening under the respective Member State's law. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exemptions, be governed by the *lex fori concursus;* that is, the local insolvency law of the court that has assumed jurisdiction for the respective main, territorial or secondary insolvency proceedings, as the case may be, of the company.

Pursuant to Article 21 of the Recast Insolvency Regulation, the insolvency officeholder appointed by the court of the main proceedings may exercise the powers conferred on him or her by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State), subject to certain limitations, so long as no insolvency proceedings have been opened in that other Member State or any preservation measure has been taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

However, under Article 36 of the Recast Insolvency Regulation, the insolvency practitioner in the main insolvency proceedings may prevent the opening of secondary insolvency proceedings in another Member State by giving a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened. For this purpose, the insolvency practitioner must undertake to comply with the distribution and priority rights under the relevant national law from which the local creditors would benefit if the insolvency proceedings were opened in the Member State where the assets are located. Such undertaking must be made in writing and is subject to approval by a qualified majority of known local creditors, determined in accordance with applicable local laws. If approved, the undertaking is binding on the insolvency estate and if a court is requested to open secondary insolvency proceedings, it should, at the request of the insolvency practitioner in the main insolvency proceedings, refuse to open such proceeding if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Additionally, under Article 38 of the Recast Insolvency Regulation, where a temporary stay of individual enforcement proceedings has been granted in order to allow for negotiations between a company and its creditors, the court, at the request of the insolvency practitioner in the main insolvency proceedings, may stay the opening of secondary insolvency proceedings for a period not exceeding three months; *provided* that suitable measures are in place to protect the interests of local creditors.

Under Article 46 of the Recast Insolvency Regulation, the court which opened the secondary insolvency proceedings will also stay the process of realization of assets in whole or in part on receipt of a request from the insolvency practitioner in the main insolvency proceedings, for a renewable period of up to three months, unless such a request is manifestly of no interest to the creditors in the main insolvency proceedings. Such stay may be continued or renewed for similar periods. Where the court stays the process of realization of the assets, the court may require the insolvency practitioner in the main insolvency proceedings to take any suitable measure to guarantee the interests of the creditors in the secondary insolvency proceedings and of individual classes of creditors.

Pursuant to Article 4 of the Recast Insolvency Regulation, a court requested to open insolvency proceedings will be required to examine whether it has jurisdiction pursuant to Article 3; such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction.

In the event that the Issuer or any provider of collateral experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and the collateral provided by any other company. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

Insolvency proceedings involving members of a group of companies

The Recast Insolvency Regulation provides for a cooperation and communication mechanism in the event that insolvency proceedings concerning two or more members of a group of companies are opened. Insolvency practitioners appointed in proceedings concerning a member of the group shall cooperate with any insolvency practitioner appointed in proceedings concerning another member of the group to the extent that such cooperation is appropriate. Similarly, the court which has opened proceedings shall also cooperate with any other court before which a request is made to open proceedings concerning another member of the group to the extent that cooperation is appropriate to facilitate the effective administration of the proceedings, is not incompatible with the rules applicable to them and does not entail any conflict of interest. In this respect, the courts may, where appropriate, appoint a third party; *provided* that this is not incompatible with the rules applicable to them.

Germany

Insolvency

The Issuer is organized under the laws of Germany, has its registered offices in Germany and, except for shareholding interests in certain subsidiaries, substantially all of its assets are located in Germany. In the event of an insolvency of the Issuer under the laws of Germany at the time the application for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed, German insolvency law would most likely govern such proceedings. Under certain circumstances, insolvency proceedings may also be opened in Germany in accordance with German law over the assets of companies that are not established under German law (for example, if the center of main interests of such company is within Germany) or, vice versa, insolvency over the Issuer may be opened in other jurisdictions. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*) may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including, *inter alia*, in respect of priority of creditors' claims, the ability to obtain post-petition interest and in certain circumstances priority recovery for secured creditors and the duration of the insolvency proceedings, and hence may limit the ability of creditors to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency law, there is no group insolvency concept, which generally means that, despite the economic ties between various entities within one group of companies, there will be one separate insolvency proceeding for each of the entities if and to the extent there exists an insolvency reason on the part of the relevant entity. Each of these insolvency proceedings will be legally independent from all other insolvency proceedings (if any) within the group. In particular, there is no consolidation of assets and liabilities of a group of companies in the event of insolvency and no pooling of claims among the respective entities of a group. The German legislator has adopted an act to facilitate the handling of group insolvencies *(Gesetz zur Erleichterung der Bewältigung von Konzerninsolvenzen*), but this act mainly provides for coordination of and cooperation between insolvency proceedings of group companies. The act does not provide for a consolidation of the insolvency proceedings of the insolvent group companies, or a consolidation of the assets and liabilities of a group of companies or a pooling of claims amongst the respective entities of a group, but rather stipulates four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may be competent for each group entity insolvency proceeding (*Gruppen-Gerichtsstand*); (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated (without any obligation of the court to do so); (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "proceedings coordinator" (*Verfahrenskoordinator*) who may submit a "coordination plan" (*Koordinationsplan*) for approval by the coordination court (*Koordinationsgericht*).

Since June 26, 2017, in the case of European Union cross-border group insolvencies, Articles 56 *et seq.* Recast Insolvency Regulation introduced obligations for communication and cooperation between the administrators and courts involved. In addition, a coordination procedure can be initiated which enables the appointment of a coordinator and the elaboration of a cross-border coordination plan.

German insolvency law provides for certain creditors to be subordinated by law (in particular, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or payment of a consideration), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors. See also below under "—*Satisfaction of Subordinated Claims*".

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event that the debtor is illiquid, *i.e.*, unable to pay its debts as and when they fall due (*Zahlungsunfähigkeit*). According to the relevant provision of the German Insolvency Code, a debtor is over-indebted when its liabilities exceed the value of its assets (based on their liquidation values), unless a continuation of the debtor's business is predominantly likely (*überwiegend wahrscheinlich*) for a prognosis period covering the next twelve months (*positive Fortführungsprognose*). As a guideline, the debtor is deemed illiquid if it is unable to pay 10% or more of its due and payable liabilities during the subsequent three weeks, unless it is virtually certain that the company can close the liquidity gap shortly thereafter (*demnächst*) and it can be deemed acceptable to the creditor to continue to wait for the payments owed by such debtor. If a stock corporation (*Aktiengesellschaft—AG*), a European law stock corporation based in Germany (*Societas Europaea—SE*), a company with limited liability (*Gesellschaft mit beschränkter Haftung—GmbH*) or any company not having an individual as personally liable shareholder—such as the Issuer—becomes illiquid or over-indebted, the management of such company and, under certain circumstances, its shareholders are obliged to file for the opening of insolvency proceedings without undue delay; however, in the case of illiquidity, at the latest within three weeks after illiquidity occurs and, in the case of over-indebtedness, at the latest six weeks after over-indebtedness occurs. Under the SanInsKG, the six-week period following the occurrence of over-indebtedness was extended. Non-compliance with these obligations exposes management to both severe restitution or damage claims, as well as sanctions under criminal law. Once illiquidity or over-indebtedness occurred, any payments, including any payments under the Notes, may be voidable. In addition, imminent illiquidity (*drohende Zahlungsunfähigkeit*) is a valid insolvency reason under German law which exists if the company currently is able to service its payments obligations, but will presumably not be able to continue to do so at some point in time within a certain prognosis period (such period generally being 24 months). However, only the management of the debtor, and not the creditors, are entitled (but not obliged) to file for the opening of insolvency proceedings in case of imminent illiquidity.

The insolvency proceedings are administered by the competent insolvency court which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary measures (*vorläufige Maßnahmen*) to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings. In addition, the court will generally also appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*), unless the debtor has petitioned for the appointment of a preliminary custodian (*vorläufiger Sachwalter*) in preparation of a debtor-in-possession status (*Eigenverwaltung*)—an insolvency process in which the debtor's management generally remains in charge of administering the debtor's business affairs under the supervision of a preliminary custodian—*provided* that, *inter alia*, the debtor has enclosed a detailed and coherent self-administration plan (*Eigenverwaltungsplanung*) in the petition for the debtor-in-possession status and no circumstances are known which indicate that key aspects of the self-administration planning are based on inaccurate facts. Depending on the size of the debtor's business operations, the insolvency court must or may appoint a preliminary creditors' committee (*vorläufiger Gläubigerausschuss*) to form a view on a petition for debtor-in-possession status, or on the profile of the preliminary insolvency administrator to be appointed, or to suggest a particular individual to be appointed by the court. In case the members of the preliminary creditors' committee unanimously agree on an individual to be appointed as insolvency administrator, such suggestion is binding on the court (unless the suggested individual is not eligible, *i.e.*, not competent or not impartial). To ensure that the preliminary creditors' committee reflects the interests of all creditor constituencies, it should and usually does comprise a representative of the secured creditors, one for the large creditors and one for the small creditors, as well as one for the employees. The duties of the preliminary insolvency administrator are, in particular, to safeguard and to preserve the debtor's assets (which may include the continuation of the business carried out by the debtor), to verify the existence of an insolvency reason and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. The court orders the opening (*Eröffnungsbeschluss*) of formal insolvency proceedings (*eröffnetes Insolvenzverfahren*) if certain requirements are met, in particular if (i) the debtor is in a situation of imminent illiquidity (if the petition has been filed by the debtor), over-indebtedness or illiquidity and (ii) there are sufficient assets (*Insolvenzmasse*) to cover at least the costs of the formal insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open formal insolvency proceedings if third parties (*e.g.*, creditors) advance the costs themselves. A debtor or its representative who was obliged to but did not file for bankruptcy must pay such costs to enable an opening order. In the absence of such advancement, the petition for the opening of formal insolvency proceedings will be dismissed for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of formal insolvency proceedings, an insolvency administrator (usually, but not necessarily, the same person who acted as preliminary insolvency administrator) is appointed by the insolvency court unless a debtor-in-possession status (*Eigenverwaltung*) is ordered and consequently a custodian (*Sachwalter*) is appointed. In the absence of a debtor-in-possession status, the right to administer the debtor's business affairs and to dispose of the assets of the debtor passes to the insolvency administrator with the insolvency creditors (*Insolvenzgläubiger*) only being entitled to change the individual appointed as insolvency administrator at the occasion of the first creditors' assembly (*erste Gläubigerversammlung*) with such change requiring that (i) a simple majority of votes cast (by head count and amount of insolvency claims) has voted in favor of the proposed individual becoming the insolvency administrator and (ii) the proposed individual being eligible as officeholder, *i.e.*, sufficiently qualified, business experienced and impartial. The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's business. These new liabilities incurred by the insolvency administrator qualify as preferential claims against the estate (*Masseverbindlichkeiten*) which are preferred to any insolvency claim of an unsecured creditor (with the residual claim of a secured insolvency creditor remaining after realization of the available collateral (if any) also being an unsecured insolvency claim).

From the perspective of the holders of the Notes some relevant consequences of such opening of formal insolvency proceedings against the Issuer or any of its relevant subsidiaries that are subject to the German insolvency regime would be the following:

- if the court does not order debtor-in-possession status (*Eigenverwaltung*), with respect to the Issuer or any of its relevant subsidiaries, the right to administer and dispose of the assets of the Issuer or any of its relevant subsidiaries would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate;

- if the court does not order debtor-in-possession status (*Eigenverwaltung*) with respect to the Issuer or any of its relevant subsidiaries, disposals effected by the management of the Issuer or such subsidiary, after the opening of formal insolvency proceedings, are null and void by operation of law;

- if, during the final month preceding the date of filing for insolvency proceedings or thereafter, a creditor in the insolvency proceedings has acquired through execution (*e.g.*, attachment) a security interest over, or satisfaction of its claims by actions affecting, e.g., by way of selling or otherwise realizing the value of, part of the Relevant German Entity's or any of its relevant subsidiaries' property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings; and

- claims against the Issuer or any of its relevant subsidiaries may only be pursued in accordance with the rules set forth in the German Insolvency Code.

Under German insolvency law, termination rights, automatic termination events or "escape clauses" entitling one party to terminate an agreement, or resulting in an automatic termination of an agreement, upon the opening of insolvency proceedings in respect of the other party, the filing for insolvency or the occurrence of reasons justifying the opening of insolvency proceedings (*insolvenzbezogene Kündigungsrechte oder Lösungsklauseln*) may be ruled invalid by a German Court if they frustrate the election right of the insolvency administrator whether or not to perform the contract (*Wahlrecht des Insolvenzverwalters*) unless they reflect termination rights applicable under statutory law. This will likely also relate to agreements that are not governed by German law.

Also, powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrator opts for performance.

Any person that has a right for separation (*Aussonderung*) (*i.e.*, the relevant asset of such person does not constitute part of the insolvency estate) does not participate in the insolvency proceedings; the claim for separation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All creditors, whether secured or unsecured (unless they have a right to separate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)), wishing to assert claims against the insolvent debtor need to participate in the insolvency proceedings by filing their claims with the insolvency administrator. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code. Any judicial enforcement action (*Zwangsvollstreckung*) brought against the debtor by any of its creditors is subject to an automatic stay once insolvency proceedings have been opened. Therefore, secured creditors are generally not entitled to enforce any security interest outside the insolvency proceedings. In the insolvency proceedings, however, secured creditors have certain preferential rights (*Absonderungsrechte*). Depending on the legal nature of the security interest entitlement to enforce such security is either vested with the secured creditor or the insolvency administrator. In this context, it should be noted that the insolvency administrator generally has the sole right to realize any movable assets in his, her or the debtor's possession which are subject to preferential rights (*e.g.*, liens over movable assets (*Mobiliarsicherungsrechte*) or security transfer of title (*Sicherungsübereignung*)), as well as to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). If the enforcement right is vested with the insolvency administrator, the enforcement proceeds, less certain contributory charges for (i) assessing the value of the secured assets (*Feststellungskosten*) and (ii) realizing the secured assets (*Verwertungskosten*) which, in the aggregate, usually add up to 9% of the gross enforcement proceeds plus value added tax (if any), are disbursed to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. With the remaining unencumbered assets of the debtor, the insolvency administrator has to satisfy the preferential creditors of the insolvency estate (*Massegläubiger*) first (including the costs of the insolvency proceedings, as well as any preferred liabilities incurred by the insolvency estate after, or with permission of the insolvency court prior to, the opening of formal insolvency proceedings). Thereafter, all other claims (insolvency claims—*Insolvenzforderungen*), in particular claims of unsecured insolvency creditors and residual claims of secured insolvency creditors remaining after realization of the available collateral (if any), will be satisfied on a *pro rata* basis if and to the extent there is value remaining in the insolvency estate (*Insolvenzmasse*) after the security interest and the preferential claims against the estate have been settled and paid in full. Therefore, the proceeds resulting from the realization of the insolvency estate of the debtor may not be sufficient to satisfy the claims of unsecured creditors in full after the claims of preferred and secured creditors have been satisfied. Claims of subordinated creditors in the insolvency proceedings (*nachrangige Insolvenzgläubiger*) are satisfied only after the claims of other non-subordinated creditors (including the unsecured insolvency claims) have been fully satisfied.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a movable asset that is subject to this right. The insolvency administrator must, however, compensate the creditor for any loss of value resulting from such use.

Other than secured and unsecured creditors, German insolvency law provides for certain creditors to be subordinated by law (including, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the repayment of shareholder loans or similar claims), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors. Claims of subordinated creditors in the insolvency proceedings (*nachrangige Insolvenzgläubiger*) are satisfied only after the claims of other non-subordinated creditors (including the unsecured insolvency claims) have been fully satisfied. See also below under "—*Satisfaction of Subordinated Claims*".

While in ordinary insolvency proceedings, the value of the Issuer's assets will be realized by a piecemeal sale or, as the case may be, by a bulk sale of the entity's business as a going concern, a different approach aiming at the rehabilitation of such entities can be taken based on an insolvency plan (*Insolvenzplan*). Such plan can be submitted by the debtor (*i.e.*, the Issuer) or the insolvency administrator and requires, among other things and subject to certain exceptions, the consent of the Issuer and the consent of each class of creditors in accordance with specific majority rules and the approval of the insolvency court (while a group of dissenting creditors or the debtor can under certain circumstances be crammed down). The insolvency plan may derogate from the provisions of the Insolvency Code. In particular, it may contain provisions regarding the discharge of secured and unsecured creditors, the disposal of the insolvency estate, as well as procedure. It may also create, modify, transfer or terminate rights in rem such as property rights or security interests. Also, the shares in the Issuer can be included in the insolvency plan, *e.g.*, they can be transferred to third parties, including a transfer or issuance to creditors based on a debt-to-equity swap. Moreover, if the debtor has filed a petition for the opening of insolvency proceedings based on an insolvency reason other than illiquidity (*i.e.*, imminent illiquidity or over-indebtedness), combined with a petition to initiate such process based on a debtor-in-possession status, and can prove that a restructuring of its business is not obviously futile (*offensichtlich aussichtslos*), the court may grant a period of up to three months to prepare an insolvency plan for the debtor business (*Schutzschirmverfahren*). During this period, the creditors' rights to enforce security may—upon application of the filing debtor—be suspended. Under these circumstances, the insolvency court has to appoint a preliminary custodian (*Sachwalter*) to supervise the process. The debtor is entitled to suggest an individual to be appointed as custodian, with such suggestion being binding on the insolvency court unless the suggested person is obviously not eligible to become a custodian (*i.e.*, is obviously not competent or impartial).

Under the German Insolvency Code, the insolvency administrator (or in case of debtor-in-possession proceedings, the custodian) may void (*anfechten*) transactions, performances or other acts that are deemed detrimental to insolvency creditors and which were effected prior to the opening of formal insolvency proceedings during applicable voidance periods. Generally, if transactions, performances or other acts are successfully voided by the insolvency administrator or custodian, as the case may be, any amounts or other benefits derived from such challenged transaction, performance or act will have to be returned to the insolvency estate. The administrator's or custodian's right to void transactions can, depending on the circumstances, extend to transactions having occurred up to 10 years prior to the filing for the commencement of insolvency proceedings. In the event of insolvency proceedings with respect to the Issuer or any of its relevant subsidiaries based on and governed by the insolvency laws of Germany, the payment of any amounts to the holders for or providing credit support for the benefit of the Notes could be subject to potential challenges (*i.e.*, clawback rights) by an insolvency administrator or custodian under the rules of voidness (*Insolvenzanfechtung*) as set out in the German Insolvency Code. To the extent such a transaction is successfully voided (*angefochten*), the holders of the Notes may not be able to recover or retain any amounts under the Notes and may participate in the insolvency proceedings as unsecured creditors only. If payments have already been made under the Notes, any amounts received from a transaction that had been voided would have to be repaid to the insolvency estate (*Insolvenzmasse*). In this case, the holders of the Notes, as applicable, would only have a general unsecured claim under the Notes, as applicable, without preference in insolvency proceedings.

Against this background, an act (*Rechtshandlung*) or a legal transaction (*Rechtsgeschäft*) (which term includes the granting of a guarantee, the provision of security and the payment of debt) detrimental to the creditors of the debtor may be voided according to the German Insolvency Code in particular in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings; *provided* that the debtor was illiquid (*zahlungsunfähig*) at the time such act was taken and the creditor knew of such illiquidity (or of circumstances that clearly suggest that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that compellingly suggest such illiquidity or filing);

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled, if such act was taken (i) during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (ii) during the second or third month prior to the filing of the petition and the debtor was illiquid at such time or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that compellingly suggest such detrimental effect);

- a legal transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew either of the debtor's illiquidity or of such filing at the time of the transaction;

- any act by the debtor without (adequate) consideration (*e.g.*, whereby a debtor grants security for third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;

- any act performed by the debtor during the 10 years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intention of prejudicing its insolvency creditors (*vorsätzliche Gläubigerbenachteiligung*) and the beneficiary of the act knew of such intention at the time of such act; *provided* that (i) if the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction for a debt, the above 10-year period is reduced to four years; and (ii) "knowledge by the beneficiary of the act" in terms of such provision is presumed if the beneficiary knew that the debtor was imminently illiquid (*drohende Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors; *provided* that (x) if the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction in a form to which, or at a time at which, such creditor was so entitled, the "knowledge by the beneficiary of the act" is presumed if the beneficiary knew that the debtor was actually illiquid (*eingetretene Zahlungsunfähigkeit*) and that the relevant act disadvantaged the other creditors; and (y) the fact that the creditor agreed on a payment plan (*Zahlungsvereinbarung*) with the debtor or agreed to deferred payments (*Zahlungserleichterungen*) establishes a presumption that he had no knowledge of the debtor being illiquid at this time;

- any non-gratuitous contract concluded between the debtor and an affiliated party that directly operates to the detriment of the creditors can be voided unless such contract was concluded earlier than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors as of the time the contract was concluded; *provided* that, in relation to corporate entities, the term "affiliated party" includes, subject to certain limitations, members of the management or supervisory board, general partners and shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons who are spouses, relatives or members of the household of any of the foregoing persons;

- any act that provides security or satisfaction for a claim of a shareholder or for repayment of a shareholder loan or a similar claim if (i) in the case of the provision of security, the act took place during the last 10 years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of the insolvency proceedings or after the filing of such petition; or

- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the satisfaction was effected in the last year prior to the filing of a petition for the opening of insolvency proceedings or thereafter and (ii) a shareholder of the debtor had granted security or was liable as a guarantor or surety (*Garant oder Bürge*) (in which case the shareholder must compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if he or she knew of the debtor's illiquidity or imminent illiquidity, as the case may be, and that the transaction prejudiced the debtor's creditors. With respect to an "affiliated party", there is a general statutory presumption that such party had "knowledge".

The granting of security concurrently with the incurrence of debt may be qualified as a "cash transaction" and may as such be privileged, *i.e.*, under certain circumstances, not being subject to voidness rights under the German Insolvency Code (*Bargeschäftsprivileg*).

Apart from the examples of an insolvency administrator or custodian voiding transactions according to the German Insolvency Code described above, a creditor who has obtained an enforcement order (*Vollstreckungstitel*) could possibly also void any security right or payment performed under the relevant security right according to the German Law of Voidness (*Anfechtungsgesetz*) outside formal insolvency proceedings. The prerequisites vary to a certain extent from the rules described above, and the voidance periods are calculated from the date a creditor exercises its rights of voidance in the courts.

Preventive Restructuring Framework

On June 20, 2019, the European Parliament and the Council adopted a new directive, which aims to ensure that minimum restructuring measures are available in the Member States to enable debtors in financial distress to solve their problems at an early stage and to avoid formal insolvency proceedings (Directive of the European Parliament and the Council EU 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending directive (EU) 2017/1132 (the "**Preventive Restructuring Directive**")).

In Germany, the Preventive Restructuring Directive was implemented by the law on the Further Development of the German Restructuring and Insolvency Laws, which became effective on January 1, 2021. An essential part of the law is the introduction of a new Act on a Stabilization and Restructuring Framework for Enterprises (*Gesetz über den Stabilisierungs- und Restrukturierungsrahmen*) ("**Company Stabilization and Restructuring Act**"), which establishes a comprehensive legal framework for out-of-court restructurings in Germany. Proceedings under the Company Stabilization and Restructuring Act ("**Restructuring Proceedings**") are initiated through a notification by the respective debtor to affected creditors or the competent restructuring court (*Anzeige des Restrukturierungsvorhabens*).

A debtor can access the new restructuring tools of the Company Stabilization and Restructuring Act upon the occurrence of imminent illiquidity (*drohende Zahlungsunfähigkeit*) which is triggered when it is likely that the debtor will not be able to meet its future payment obligations that fall due over (generally) the next 24 months. The debtor's management is not obliged to make use of the tools of the Company Stabilization and Restructuring Act. Therefore, the debtor may alternatively file for regular insolvency proceedings if the respective requirements are met (see above under "—*Insolvency*").

Unlike insolvency proceedings, the tools under the Company Stabilization and Restructuring Act do not necessarily cover all of a debtor's liabilities, as the debtor has a certain amount of flexibility under the Company Stabilization and Restructuring Act to adapt the scope of the available tools to cover either all of the debtor's liabilities, only certain types (*e.g.*, financial liabilities, including under the Notes) or only selected liabilities. In addition, and depending on the extent to which a debtor requires making use of certain legal tools available under the Company Stabilization and Restructuring Act, the involvement of the competent restructuring court can be kept to a minimum and the tools can—under certain circumstances—even be used without the need for any public notices despite being binding on affected creditors. The tools available under the Company Stabilization and Restructuring Act may, in the case of a group of companies, only be used for each entity separately, subject to an important exception that allows the effect of certain tools to be extended to cover security granted by entities that are connected entities (*verbundene Unternehmen*) of the debtor and do not provide for a consolidation of insolvency proceedings. However, certain German Insolvency Code provisions that implement the law that facilitates the handling of group insolvencies (*Gesetz zur Erleichterung von Konzerninsolvenzen*) provide for coordination of and cooperation between insolvency proceedings of group companies and such provisions apply *mutatis mutandis* to the Company Stabilization and Restructuring Act (see above under "—*Insolvency*").

The core component of the Company Stabilization and Restructuring Act is an out-of-court restructuring of a debtor's liabilities via a restructuring plan, including, *e.g.*, by way of changes to the principal amounts, interest rates and/or maturities of liabilities. Such restructuring plan may also negatively impact (including, *e.g.*, by releasing) collateral granted for the benefit of the Notes by the debtor, as well as its subsidiaries and parent and sister companies. A restructuring plan, which can be submitted solely by the debtor, can generally be adopted and become binding for creditors upon being approved by the required majority or majorities of a debtors' creditors. The restructuring plan will be voted on in classes. The adoption of the restructuring plan requires, in principle, that in each class a majority of three-quarters of the voting rights approve the plan, which voting rights are determined by the amount of the claim, the value of the security and, in the case of share or membership rights, the share of the subscribed capital of the debtor. However, if more than one class is formed, the restructuring plan can even be adopted and become binding on creditors if creditor class(es) have not approved the plan; *provided* that certain requirements are met and the restructuring court confirms the restructuring plan (*cross-class cramdown*).

The Company Stabilization and Restructuring Act provides for additional tools that may be used by the debtor so as to facilitate the preparation, negotiations and implementation of a restructuring plan. These tools include a stabilization order by the restructuring court (which is granted upon the application by the debtor). Such stabilization order can restrict enforcement measures by certain or all creditors. The stabilization order can initially be granted for a maximum period of up to three months, with subsequent orders to extend the stabilization order up to a maximum of eight months subject to certain conditions being satisfied.

For the holders of the Notes, some relevant consequences of the use of any tools available under the Company Stabilization and Restructuring Act by the Issuer would be the following:

- the negotiation and drafting of a restructuring plan by the debtor is potentially subject to no or only limited review or supervision by a court;

- restrictions on individual enforcement or foreclosure actions for all or certain creditors for a period of up to eight months due to a stabilization order;

- any claims and rights of the holder of the Notes can be subject to and potentially be compromised by the restructuring plan (*e.g.*, in relation to claims in the form of a reduction in principal or interest or a deferral and in relation to security rights in the form of a release and an adjustment of the ranking of the security right);

- any collateral granted by the debtor, as well as intragroup collateral, may be subject to Restructuring Proceedings potentially leading to a negative impact on the respective collateral; and

- a restructuring plan can be adopted and the measures therein (such as reduction in principal and/or interest or deferrals) can become binding on any holder of the Notes without the consent of each holder of the Notes and, if the prerequisites for a cross-class cramdown are fulfilled, even without the consent of any of the holders of the Notes.

Restructuring plans which are public and confirmed by a German restructuring court will be recognized in any EU member state pursuant to the Recast Insolvency Regulation as a recognized proceeding in Exhibit A of that Regulation. However, this does not apply to plans in non-public restructuring matters under the Company Stabilization and Restructuring Act as they are not mentioned in Exhibit A of the Recast Insolvency Regulation. Except for public restructuring matters, the recognition of a restructuring plan is subject to certain rules and regulations under applicable international private law.

Satisfaction of Subordinated Claims

The insolvency estate shall serve to satisfy the liquidated claims held by the personal creditors against the debtor on the date when the insolvency proceedings were opened. The following claims shall be satisfied ranking below the other claims of insolvency creditors in the order given below, and according to the proportion of their amounts if ranking with equal status: (i) interest and penalty payments accrued on the claims of the insolvency creditors from the day of the opening of the insolvency proceedings; (ii) costs incurred by individual insolvency creditors due to their participation in the insolvency proceedings; (iii) fines, regulatory fines, coercive fines and administrative fines, as well as such incidental legal consequences of a criminal or administrative offense binding the debtor to pay money; (iv) claims to the debtor’s gratuitous performance of a consideration and (v) claims for repayment of a shareholder loan (*Gesellschafterdarlehen*) or claims resulting from legal transactions corresponding in economic terms to such a loan unless a state aid bank or any of its subsidiaries which is a shareholder of the relevant company has granted the respective loan or legal transaction corresponding in economic terms to such a loan.

TAXATION

The Proposed Financial Transactions Tax (FTT)

The European Commission has published a proposal for a Directive for a common financial transactions tax ("**FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. However, Estonia has since stated that it will not participate. The proposal is currently under review. The proposed FTT has a very broad scope and could, if introduced in the form of the proposal, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. However, the proposed FTT remains subject to negotiations between the participating member states.

It is still unclear if and when an FTT will be implemented and what the exact scope will be. Prospective holders of the Notes could be exposed to higher transaction fees and are advised to monitor future developments closely and to seek their own professional advice in relation to the FTT.

Certain German Tax Considerations

Income received from the Notes is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the holder of the Notes and the tax laws of the Issuer's state of incorporation, statutory seat and place of effective management, *i.e.,* Germany, might have an impact on the income received from the Notes.

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular holder. This summary is based on the tax laws of Germany currently in force and as applied on the date of this Offering Memorandum, which are subject to change, possibly with retroactive or retrospective effect.

The law as currently in effect provides for a reduced tax rate ("**flat tax regime**", *Abgeltungsteuer*) for certain investment income and, in particular, interest income on the part of German tax resident private investors. There is an ongoing discussion in Germany whether the reduced tax rate should be increased or abolished so that investment income would be taxed at higher rates. It is still unclear whether, how and when the current discussion may result in any legislative changes.

Prospective holders of the Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of the Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.

Withholding tax

Ongoing payments, such as interest payments, received by an individual holder of the Notes will be subject to German withholding tax (*Kapitalertragsteuer*) if the Notes are kept or administered in a custodial account with (a) a German branch of a German or non-German credit or financial services institution, (b) a German securities institution or (c) —if no German branch of a German or non-German credit or financial services institution or German securities institution is the Disbursing Agent—the Issuer (each, a "**Disbursing Agent**", *auszahlende Stelle*). The withholding tax rate is 25% (plus solidarity surcharge at a rate of 5.5% and church tax, if applicable, thereon; with respect to the solidarity surcharge see "*—Amendments to the solidarity surcharge (Solidaritätszuschlag)*"). If the individual holder is subject to church tax, a church tax surcharge will also be withheld. The church tax surcharge is automatically withheld by the Disbursing Agent, unless the holder notifies the Federal Central Tax Office (*Bundeszentralamt für Steuern*) that the automatic withholding shall be suspended until revoked in writing (*Sperrvermerk*). In this case, the holder will be obliged to file a personal income tax return and church tax will be assessed accordingly, if applicable. Further, church tax is not collected by way of withholding if the investment income forms part of income from trade business, self-employment, agriculture and forestry, or letting and leasing.

The same treatment applies to capital gains (*i.e.*, the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) including interest accrued on the Notes ("**Accrued Interest**", *Stückzinsen*) derived by an individual holder irrespective of any holding period provided the Notes have been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition. If Notes kept or administered in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining any capital gains. Where the Notes are acquired or sold in a currency other than Euro, the sales/redemption price or the acquisition costs have to be converted into euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date, respectively. If interest claims are disposed of separately (*i.e.,* without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the redemption or collection of interest claims if the Notes have been disposed of separately.

To the extent that the Notes have not been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 25% (plus solidarity surcharge at a rate of 5.5% and church tax, if applicable, thereon) on 30% of the disposal proceeds (including Accrued Interest, if any), unless the current Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a credit, financial services or securities institution within the EU, the EEA or certain other countries, *e.g.,* Switzerland, the Principality of Liechtenstein, the Republic of San Marino, the Principality of Monaco and the Principality of Andorra.

In computing any German withholding tax, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realized by the individual holder of the Notes via the Disbursing Agent (*e.g.,* losses from the sale of other securities with the exception of shares in stock corporations and forward transactions). The Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions, the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding other securities held by the individual holder in the custodial account with the Disbursing Agent.

Upon the individual holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take up to a maximum annual allowance (*Sparer-Pauschbetrag*) of €1,000 (€2,000 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) into account when computing the amount of tax to be withheld from the gross payment to be made by the Disbursing Agent. No withholding tax will be deducted if the holder of the Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent tax office.

Subject to further (procedural) requirements being met, German withholding tax will generally not apply to gains from the disposal, redemption, repayment or assignment of Notes (i) held (directly or indirectly via a commercial partnership) by a corporate holder who is tax resident in Germany or (ii) forming part of a trade or business (of an individual or a commercial partnership) while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and losses incurred).

Interest and capital gains received on the Notes by non-tax residents of Germany are, in general, not subject to German withholding tax or the solidarity surcharge thereon. However, where the interest or capital gain is subject to German taxation (as set forth under "—*Taxation of Current Income and Capital Gains—Non-Tax Residents*") and the Notes are held in a custodial account with a Disbursing Agent, withholding tax will be levied under certain circumstances. The withholding tax may be (partially) refunded based on an assessment to tax or under an applicable double taxation treaty (*Doppelbesteuerungsabkommen*).

Furthermore, payments made to a holder resident in a so-called "non-cooperative jurisdiction" (*nicht kooperatives Steuerhoheitsgebiet*) may be subject to a tax deduction by the Issuer in Germany at a rate of 15% (plus solidarity surcharge at a rate of 5.5% thereon) of the gross payment pursuant to the Defense Against Tax Havens Act (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb und zur Änderung weiterer Gesetze* – "**StAbwG**") which was passed by the Bundesrat on 25 June 2021 (see BR-Drs. 509/21(B) and BGBl. I p. 2056). However, pursuant to recently introduced legislation, no withholding tax will be levied in the case of bearer notes which are represented by a global note (*Globalurkunde*) and held in collective safe custody with a central depositary or similar instrument, in each case which are tradable on a recognized stock exchange. The exact scope of this new exemption, in particular with respect to registered notes, is, however, unclear.

Taxation of current income and capital gains

Tax residents

This subsection "*Tax residents*" refers to persons who are tax residents of Germany (*i.e.,* persons whose residence, habitual abode, statutory seat, or place of effective management is located in Germany).

Income (*i.e.*, interest and capital gains) derived under the Notes held by an individual holder who is tax resident in Germany, irrespective of any holding period, is in general subject to German income tax at a flat tax rate of 25% (plus solidarity surcharge at a rate of 5.5% and church tax, if applicable, thereon) (*Abgeltungsteuer*) if the Notes are held as private investment (*Privatvermögen*). Individual holders who are tax resident in Germany are entitled to a maximum annual allowance (*Sparer-Pauschbetrag*) of €1,000 (€2,000 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly), whereby actually incurred higher expenses directly attributable to a capital investment are not deductible.

The personal income tax liability of an individual holder who is a tax resident in Germany on income from capital investments under the Notes will, in principle, be satisfied by the tax withheld. To the extent withholding tax has not been levied, such as in the case no Disbursing Agent being involved in the payment process, the individual holder must include his or her interest income and capital gains derived from the Notes in his or her tax return and will then also be taxed at a rate of 25% (plus solidarity surcharge at a rate of 5.5% and church tax, if applicable, thereon). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30% of the disposal proceeds (rather than from the actual gain), an individual holder may, and in case the actual gain is higher than 30% of the disposal proceeds, must apply for an assessment on the basis of his or her actual acquisition costs. Further, an individual holder may apply for a tax assessment on the basis of general rules applicable to him or her if the resulting individual income tax burden is lower than 25% with any amounts of German tax over-withheld being refunded. The deduction of expenses (other than transaction costs) on an itemized basis is not permitted.

Capital losses from the disposal, redemption, repayment or assignment of the Notes held as private assets should generally be tax-recognized irrespective of the holding period of the Notes. The losses may, however, not be used to offset other income like employment or business income but may only be offset against investment income subject to certain limitations. Losses not utilized in one year may be carried forward into subsequent years but may not be carried back into preceding years. However, if the losses result from the full or partial non-recoverability of the repayment claim under the Notes including a default of the Issuer or a (voluntary) waiver, such losses together with other losses of such kind of the same year and loss-carry forwards of previous years can only be offset up to an amount of €20,000 ("**Limitation on Loss Deduction**"). Any exceeding loss amount can be carried forward and offset against future investment income, but again subject to the €20,000 limitation. Pursuant to the legislative reasoning, a non-recoverability shall also be assumed if, based on the overall assessment of the facts and circumstances, it becomes apparent that the Issuer will not redeem the Notes in full, *e.g.*, because the solvency risk has already materialized. Given that the Limitation on Loss Deduction will not be applied by the German Disbursing Agent (as defined above) holding the Notes in custody, holders suffering losses which are subject to the Limitation on Loss Deduction are required to declare such losses in their income tax return.

Where Notes form part of a trade or business of an individual or corporate holder, the withholding tax, if any, will not settle the personal or corporate income tax liability. Rather, the income is subject to individual or corporate income tax (plus solidarity surcharge at a rate of 5.5% and church tax, if applicable, thereon). Where Notes form part of a trade or business, interest (including Accrued Interest) and capital gains must be taken into account as income. The respective holder will have to include income and related (business) expenses in the tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited as advance payment against the personal or corporate income tax liability of the holder or, to the extent exceeding this personal or corporate income tax liability, will be refunded. Where Notes form part of a German trade or business the current income and capital gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax (*Gewerbesteuer*). The trade tax liability depends on the municipal trade tax factor (*Gewerbesteuerhebesatz*). If the holder is an individual or an individual partner of a partnership, the trade tax may generally be completely or partly credited against the personal income tax pursuant to a lump sum tax credit method.

Non-tax residents

This subsection "—*Non-tax residents*" refers to persons who are not tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat and place of effective management are not located in Germany).

Interest, including Accrued Interest, and capital gains (which include currency gains and losses, if any) from the disposal, redemption, repayment or assignment of the Notes received by holders who are not tax resident in Germany are generally not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder; (ii) the income otherwise constitutes German source income (such as income from capital investments directly or indirectly secured by German-situs real estate (or other assets that are subject to the provisions of German civil law on real estate) or ships which are registered with a German ship register, unless the Notes qualify as global notes (*Sammelurkunde*) within the meaning of Section 9a of the German Custody Act (*Depotgesetz*) or as fungible notes representing the same issue (*Teilschuldverschreibung*), or income from profit participating instruments); or (iii) the income is attributable to an investor resident in a non-cooperative tax jurisdiction as set out in the StAbwG. Furthermore, the holders who are not tax resident in Germany may become subject to German withholding tax in case they receive the proceeds by way of an over-the-counter payment by a German Disbursing Agent and the Notes are not held in custody with the same German Disbursing Agent. To the extent the German source income is subject to German withholding tax, this withholding tax is, in general final and the German tax liability is satisfied by the tax withheld. Where the German source income is not subject to German withholding tax or in case Notes form part of the business property of a German permanent establishment as described in this paragraph above, a tax regime similar to that explained above under "Tax Residents" applies. Subject to certain requirements, a holder who is not tax resident in Germany may benefit from tax reductions or tax exemptions provided under an applicable double taxation treaty (*Doppelbesteuerungsabkommen*) and German tax law.

Where the Issuer makes a tax deduction from a payment to a holder of the Notes tax resident in a non-cooperative jurisdiction under the StAbwG (as set forth under "—*Withholding tax*"), such holder should in principle incur a definitive tax charge.

Amendments to the solidarity surcharge (Solidaritätszuschlag)

The solidarity surcharge has been partially abolished as of the assessment period 2021 for certain individuals. The solidarity surcharge shall, however, continue to apply for capital investment and, thus, on withholding taxes levied. In case the individual income tax burden for an individual holder is lower than 25% the holder can apply for his/her capital investment income being assessed at his/her individual tariff-based income tax rate in which case solidarity surcharge would be refunded.

Inheritance and gift tax

A gratuitous transfer of Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent or donor or the heir, donee or other beneficiary is at the relevant point in time a resident or deemed to be a resident of Germany or in certain cases for German citizens who previously maintained a residence in Germany. If neither the holder nor the recipient is a resident or deemed to be a resident of Germany at the relevant point in time, no German inheritance or gift taxes will be levied unless (i) the Notes are attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany or (ii) the obligations under the Notes are directly or indirectly secured by German-situs real estate (or other assets that are subject to the provisions of German civil law on real estate) or ships which are registered with a German ship register unless the Notes qualify as fungible notes representing the same issue (*Teilschuldverschreibungen*).

Should a double taxation treaty be applicable in the individual case, however, German taxation provisions may be restricted thereby.

Other taxes

No stamp, issue or registration taxes or other similar duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes (for the avoidance of doubt, except for any notarial fees). Under certain conditions, entrepreneurs (for value added tax purposes) may opt for a liability to value added tax with regard to the sale of Notes which would otherwise be tax exempt. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations related to the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax consequences of purchasing, holding and disposing of Notes. This discussion is limited to U.S. federal income tax considerations relevant to a U.S. holder (as defined below) except for the discussion of FATCA (as defined under "—*Foreign Account Tax Compliance Act*") and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of the unearned income Medicare contribution tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, individual retirement accounts, dealers in securities or currencies, traders in securities or currencies, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities and investors in such entities, persons liable for alternative minimum tax, U.S. holders that are resident in or have a permanent establishment in a jurisdiction outside the United States, persons holding the Notes as part of a "straddle", "hedge", "conversion transaction" or other integrated transaction, entities covered by the anti-inversion rules, and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (*i.e.*, the first price at which a substantial amount of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), who hold the Notes as capital assets within the meaning of Section 1221 of the Code (generally for investment), and who do not hold Existing Notes of the Issuer that are repaid substantially contemporaneously with this Offering.

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding the Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local, foreign or other tax laws.

Additional payments

In certain circumstances (see, *e.g.*, "*Description of the Notes—Change of Control*", "*Description of the Notes—Optional Redemption*" and "*Description of the Notes—Sustainability Performance Target Step-up Interest*"), we may be obligated to make payments on the Notes in excess of the initial stated principal and interest. We intend to take the position that the foregoing contingencies should not cause the Notes to be treated as contingent payment debt instruments under applicable Treasury Regulations. Assuming such position is respected, a U.S. holder would be required to include in income the amount of any such additional payments at the time such payments are received or accrued in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes. Our position is binding on a holder, unless the holder discloses in the proper manner to the IRS that it is taking a different position. If the IRS successfully challenged our position, and the Notes were treated as contingent payment debt instruments, U.S. holders would be required to accrue interest income at a rate higher than their stated interest rate, regardless of the holder's method of accounting, to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement or redemption of a Note, and to recognize foreign currency exchange gain or loss with respect to such income in a manner different than that described below. The remainder of this discussion assumes that the Notes will not be considered contingent payment debt instruments. U.S. holders are urged to consult their tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of stated interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes. If a U.S. holder is subject to withholding taxes, such U.S. holder should consult their tax advisors regarding the availability of relief from withholding or a refund of any withheld taxes under the U.S.-Germany tax treaty.

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the euro interest payment (translated at the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest, but may recognize exchange gain or loss attributable to the actual disposition of the euro so received.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes (or who otherwise is required to accrue interest prior to receipt) will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in euro that has accrued with respect to its Notes during an accrual period. The U.S. dollar value of such euro-denominated accrued interest will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. An accrual basis U.S. holder may elect, however, to translate such accrued interest income into U.S. dollars at the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, at the spot rate of exchange on the last day of the taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. holder that has made the election described in the prior sentence may translate such interest at the spot rate of exchange on the date of receipt of the interest. The above election will apply to other debt instruments held by an electing U.S. holder and may not be changed without the consent of the IRS. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received (translated at the spot rate of exchange on the date such interest is received) in respect of such accrual period and the U.S. dollar value of the interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Original Issue Discount

The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In the event the Notes are issued with OID, U.S. holders of Notes generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders generally will include any OID in income in advance of the receipt of cash attributable to such income.

The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price (as defined above) by an amount equal to or greater than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date).

In the event that the Notes are issued with OID, the amount of OID with respect to a Note includible in income by a U.S. holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. holder holds such Note. A daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID that accrued in such period. The accrual period of a Note may be of any length and may vary in length over the term of the Note, *provided* that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity", determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period generally is equal to its issue price, increased by the accrued OID for each prior accrual period. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

OID, if any, on the Notes will be determined for any accrual period in euro and then translated into U.S. dollars in accordance with either of the two alternative methods described in the third paragraph under "—*Payments of Stated Interest*".

A U.S. holder will recognize foreign currency exchange gain or loss when OID is paid (including, upon the disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the euro payment received, translated at the spot rate of exchange on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on a Note will be viewed first, as payment of stated interest payable on the Note; second, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as receipt of principal. The rules governing OID instruments are complex and prospective purchasers should consult their tax advisors concerning the application of such rules to the Notes as well as the interplay between the application of the OID rules and the currency exchange gain or loss rules.

Foreign currency exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign tax credit

Stated interest income on a Note (and OID, if any) generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by or on behalf of a U.S. holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations (including holding period and at risk rules). If a refund of any tax withheld is available under any applicable income tax treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. holder's U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income). Certain Treasury Regulations that apply to non-U.S. income taxes paid or accrued in taxable years beginning on or after December 28, 2021 further restrict the ability of any credit based on the nature of the tax imposed by the non-U.S. jurisdiction, although the IRS has provided temporary relief from the application of certain aspects of these regulations until new guidance or regulations are issued. There are significant complex limitations on a U.S. holder's ability to claim foreign tax credits. U.S. holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note.

A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder, increased by any OID previously accrued by such U.S. holder with respect to the Note, translated into U.S. dollars in accordance with either of the two alternative methods described in the third paragraph under "—*Payments of Stated Interest*". The cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the foreign currency purchase price translated at the spot rate on the date of purchase. If the Notes are considered to be traded on an established securities market and the relevant U.S. holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described below, such U.S. holder will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

If a U.S. holder receives foreign currency on such a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency translated at the spot rate of exchange on the date of disposition. If the Notes are considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the purchase or disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Such gain or loss generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note, translated at the spot rate of exchange on the date principal is received from the Issuer or the U.S. holder disposes of the Note, and the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note, translated at the spot rate of exchange on the date the U.S. holder purchased such Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and OID, if any, which will be treated as discussed above under "—*Payments of Stated Interest*" or "—*Original Issue Discount*", as applicable. However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder will recognize any foreign currency exchange gain or loss (including with respect to accrued and unpaid stated interest and accrued OID, if any) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note in excess of foreign currency exchange gain or loss attributable to such disposition generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

U.S. holders should consult their tax advisors regarding how to account for payments made in a foreign currency with respect to the acquisition, sale, exchange, retirement or other taxable disposition of a Note and the foreign currency received upon a sale, exchange, retirement or other taxable disposition of a Note.

Information reporting and backup withholding

In general, information reporting requirements will apply to payments of stated interest or the accrual of OID, if any, on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a correct taxpayer identification number or a certification that it is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax return disclosure requirements

Treasury Regulations require the reporting to the IRS of certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

U.S. holders who are individuals and who own "specified foreign financial assets" with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. If a U.S. holder does not file a required IRS Form 8938, such holder may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such holder for the related tax year may not close before the date which is three years after the date on which such report is filed. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Foreign Account Tax Compliance Act

Pursuant to sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**") and subject to the proposed regulations discussed below, a "foreign financial institution" may be required to withhold U.S. tax on certain passthru payments to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are published in the Federal Register generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA could apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Under proposed regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Certain non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

Payment by a guarantor

If a guarantor makes any payments in respect of interest on Notes, it is possible that such payments may be subject to withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. It is not certain that such payments by the guarantor will be eligible for exemption from withholding tax.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

CERTAIN ERISA CONSIDERATIONS

General

This disclosure was written in connection with the promotion and marketing of the Notes by the Issuer and the Initial Purchasers, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Code. Prospective purchasers of the Notes should consult their own tax advisors with respect to the application of the U.S. federal income tax laws to their particular situations.

The following is a summary of certain considerations associated with the purchase and holding of the Notes by "employee benefit plans" as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") that are subject to Title I of ERISA, "plans" as defined in Section 4975(e)(1) of the Code, such as individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, and entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3 101, as modified by Section 3(42) of ERISA and regulations promulgated under ERISA by the U.S. Department of Labor) of such employee benefit plans, plans, individual retirement accounts or other arrangements (each of the foregoing, an "**ERISA Plan**"). Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) or non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code; however, such plans may be subject to federal, state, local or non-U.S. laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code ("**Similar Laws**"). Any fiduciary of such a governmental, church or non-U.S. plan considering an investment in the Notes (together with ERISA Plans, "**Plans**") should determine the need for, and, if necessary, the availability of, any exemptive relief under such laws or regulations.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of an ERISA Plan and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice to an ERISA Plan for a fee or other compensation, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a Plan fiduciary should consult with its counsel in order to determine the suitability of the Notes for such Plan, including whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan and the need for, and the availability, if necessary, of, any exemptive relief under any such laws or regulations. In addition, a fiduciary of a Plan should consult with its counsel in order to determine if the investment satisfies the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Each ERISA Plan should consider the fact that none of the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent and the Paying Agent and their respective affiliates (collectively, the "**Transaction Parties**") is acting, or will act, as a fiduciary to any ERISA Plan with respect to the decision to purchase or hold the Notes, and that the Transaction Parties have financial interests in the ERISA Plan's purchase and holding of the Notes, which interests may conflict with the interest of the ERISA Plan. The Transaction Parties are not undertaking to provide investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to the decision to purchase or hold the Notes. All communications, correspondence and materials from the Transaction Parties with respect to the Notes are intended to be general in nature and are not directed at any specific purchaser of the Notes, and do not constitute advice regarding the advisability of investment in the Notes for any specific purchaser. The decision to purchase and hold the Notes must be made solely by each prospective ERISA Plan purchaser on an arm's length basis.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest", within the meaning of ERISA, or "disqualified persons", within the meaning of Section 4975 of the Code, unless an exemption is available. Such "prohibited transactions" include, without limitation, (1) a direct or indirect extension of credit to a party in interest or to a disqualified person, (2) the sale or exchange of any property between an ERISA Plan and a party in interest or a disqualified person or (3) the transfer to, or use by or for the benefit of, a party in interest or a disqualified person of any plan assets.

A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition, holding or disposition of Notes by an ERISA Plan (or any interest therein) with respect to which any Transaction Party is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of the Notes by an ERISA Plan, depending on the type and circumstances of the fiduciary making the decision to acquire such Notes and the relationship of the party in interest or disqualified person to the ERISA Plan. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between an ERISA Plan and non-fiduciary service providers to the ERISA Plan. In addition, the U.S. Department of Labor has issued prohibited transaction class exemptions ("**PTCEs**") that may apply to the acquisition and holding of the Notes. These class exemptions (as may be amended from time to time) include, without limitation, PTCE 84-14 (respecting transactions effected by independent qualified professional asset managers), PTCE 90-1 (respecting insurance company pooled separate accounts), PTCE 91-38 (respecting bank collective investment funds), PTCE 95-60 (respecting life insurance company general accounts) and PTCE 96-23 (respecting transactions directed by in house asset managers).

Each of these PTCEs contains conditions and limitations on its application. Thus, the fiduciaries of an ERISA Plan that is considering acquiring or holding the Notes in reliance on any of these, or any other, PTCEs should carefully review the conditions and limitations of the PTCE and consult with their counsel to confirm that it is applicable. There can be no, and we do not provide any, assurance that any PTCE or any other exemption will be available with respect to any particular transaction involving the Notes.

Similar Laws governing the investment and management of the assets of Plans that are not ERISA Plans may contain fiduciary responsibility or prohibited transaction requirements substantially similar to those under Title I of ERISA and Section 4975 of the Code. Accordingly, fiduciaries of such Plans, in consultation with their counsel, should consider the impact of Similar Laws on investments in the Notes and the considerations discussed above, to the extent applicable.

Because of the foregoing, the Notes may not be purchased or held by any person investing "plan assets" of any Plan, unless such acquisition, holding and subsequent disposition will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any applicable Similar Laws.

The foregoing discussion is necessarily general in nature, is not intended to be all inclusive and should not be construed as legal advice or a legal opinion. Further, no assurance can be given that future legislation, administrative rulings, court decisions or regulatory action will not modify the conclusions set forth in this discussion. Any such changes may be retroactive and thereby apply to transactions entered into prior to the date of their enactment or release. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering investing in the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of Section 406 of ERISA, Section 4975 of the Code and any Similar Laws to such transactions and whether an exemption would be applicable.

Representation

Accordingly, by its acquisition of a Note, each purchaser and subsequent transferee will be deemed to have represented and agreed that (A) either (i) it is not, and is not acting on behalf of, and no portion of the assets used by such purchaser or transferee to acquire or hold the Notes or any interest therein constitutes assets of any Plan or (ii) (a) the acquisition, holding and disposition of the Notes (or any interest therein) by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation under any applicable Similar Laws; and (b) if such purchaser or transferee is, or is acting on behalf of, an ERISA Plan, none of the Transaction Parties is a fiduciary of, or has provided or will provide any investment advice within the meaning of Section 3(21) of ERISA to the Plan, or to any fiduciary or other person investing the assets of the Plan, in connection with its acquisition of the Notes (unless a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited), and (B) it will not sell or otherwise transfer such Notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its purchase and holding of such Notes or any interest therein.

BOOK ENTRY, DELIVERY AND FORM

General

The Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). The Notes sold to persons outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, the Notes will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their name, will not have received physical delivery of the Notes in certificated form and will not be considered the registered owners or Holders of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, Euroclear or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. Accordingly, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we, the Trustee, the Paying Agent, the Transfer Agent or the Registrar, nor any of our or their agents, will have any responsibility, or be liable, for any aspect of the records, or for payments made, relating to the Book-Entry Interests.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to their participants.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture.

Euroclear and Clearstream have advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that the Issuer issues or causes to be issued Notes in definitive registered form to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In such an event described in clauses (1) and (2), the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar, the Issuer will issue and the Trustee or an authenticating agent appointed by the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee, the Registrar or the Paying Agent appointed pursuant to the Indenture from any loss, which any of them may suffer if a Definitive Registered Note is replaced. The Issuer and the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

To the extent permitted by law, each of the Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Registrar, and such registration is a means of evidencing title to the Notes.

The Issuer will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream.

Redemption of Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear or Clearstream, or their respective nominees, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of its Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent. The Paying Agent will in turn make said payments to or to the order of the common depositary or its nominee for Euroclear and Clearstream. Euroclear or Clearstream will distribute such payments to participants in accordance with their respective customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Additional Amounts*". If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional Amounts*" above, the Issuer will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding to equal the net amounts that such holder or owner would have otherwise received in respect of such

Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, each of the Issuer, the Trustee, the Registrar, the Transfer Agent, the Paying Agent and any of their respective agents will treat the registered holders of the Global Notes (for example, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the relevant Global Notes will be paid to holders of interests to such Notes through Euroclear or Clearstream in euro.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the relevant Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "*Transfer Restrictions*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer Restrictions*".

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Through and including the 40th day after the later of (i) the commencement of the Offering and (ii) the issue date of the Notes, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction. After the expiration of such 40-day period, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest without compliance with these certification requirements.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee or the Registrar a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we, the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed and admitted to trading on the Official List of the Luxembourg Stock Exchange. The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common code numbers for the Notes are set out under "*Listing and General Information*". Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Registrar, the Transfer Agent, the Paying Agent or any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgments, representations to and agreements with the Issuer and the Initial Purchasers:

(i) You understand and acknowledge that:

(a) the Notes have not been registered under the U.S. Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the U.S. Securities Act or any other securities laws; and

(b) unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraphs v and vi below.

(ii) You acknowledge that this Offering Memorandum relates to an offering that is exempt from registration under the U.S. Securities Act or any other applicable securities laws and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

(iii) You represent that you are not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer, that you are not acting on our behalf and that either:

(a) you are a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A; or

(b) you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(iv) You acknowledge that none of the Issuer, the Initial Purchasers or any person representing the Issuer or the Initial Purchasers has made any representation to you with respect to the Issuer or the Offering, other than the information contained in this Offering Memorandum. Accordingly, you acknowledge that no representation or warranty is made by the Initial Purchasers or any person representing the Initial Purchasers as to the accuracy or completeness of such materials. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning the Group and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from the Group and the Initial Purchasers.

(v) You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the U.S. Securities Act. In the case of Rule 144A Notes, you agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

(a) to the Issuer or any of its subsidiaries;

(b) under a registration statement that has been declared effective under the U.S. Securities Act;

(c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales that occur outside the United States within the meaning of Regulation S under the U.S. Securities Act; and

(e) under any other available exemption from the registration requirements of the U.S. Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and in compliance with any applicable state securities laws and any applicable local laws and regulations.

You also acknowledge that to the extent that you hold the Notes through an interest in a global note, the Resale Restriction Period (as defined below) may continue until one year after the Issuer, or any affiliate of the Issuer, was the owner of such Note or an interest in such Global Note, and so may continue indefinitely.

(vi) You acknowledge that, in the case of Rule 144A Notes:

(a) the above restrictions on resale will apply from the Issue Date until the date that is one year (in the case of Rule 144A Notes) after the later of the Issue Date, the closing date of the issuance of any additional Notes and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "**Resale Restriction Period**"), and will not apply after the applicable Resale Restriction Period ends;

(b) if a holder of Notes proposes to resell or transfer Notes under clause (e) above before the applicable Resale Restriction Period ends, the seller must deliver to the Issuer, the Trustee and the Registrar a letter from the purchaser in the form set forth in the Indenture, which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the U.S. Securities Act;

(c) the Issuer, the Registrar and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (v)(d) and (e) above the delivery of an opinion of counsel, certifications or other information satisfactory to the Issuer, the Registrar and the Trustee; and

(d) each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

IN THE CASE OF RULE 144A NOTES: THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY

OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (X) PURSUANT TO CLAUSES (C), (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (Y) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND THE REGISTRAR, (2) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND AND (3) REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A).

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) EITHER (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF; AND NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE AND HOLD THIS SECURITY OR INTEREST THEREIN CONSTITUTES ASSETS OF ANY "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), SUBJECT TO TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), SUCH AS AN INDIVIDUAL RETIREMENT ACCOUNT OR ARRANGEMENT, SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" (PURSUANT TO SECTION 3(42) OF ERISA AND REGULATIONS PROMULGATED UNDER ERISA BY THE U.S. DEPARTMENT OF LABOR) OF SUCH EMPLOYEE BENEFIT PLANS, PLANS, ACCOUNTS OR ARRANGEMENTS (EACH OF THE FOREGOING, AN "**ERISA PLAN**") OR A GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN, SUBJECT TO PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY, "**SIMILAR LAWS**"), OR (2) (X) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY OR INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN, A VIOLATION UNDER ANY SIMILAR LAWS; AND (Y) IF IT IS, OR IS ACTING ON BEHALF OF, AN ERISA PLAN, NONE OF THE ISSUER, INITIAL PURCHASERS, TRUSTEE, TRANSFER AGENT, PAYING AGENT, OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, OR ANY OF THEIR AFFILIATES (COLLECTIVELY, THE "**TRANSACTION PARTIES**"), IS A FIDUCIARY OF, OR HAS PROVIDED OR WILL PROVIDE ANY INVESTMENT ADVICE WITHIN THE MEANING OF SECTION 3(21) OF ERISA TO THE PLAN, OR TO ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE PLAN, IN CONNECTION WITH ITS ACQUISITION OF THE NOTES (UNLESS A STATUTORY OR ADMINISTRATIVE EXEMPTION APPLIES (ALL OF THE APPLICABLE CONDITIONS OF WHICH ARE SATISFIED) OR THE TRANSACTION IS NOT OTHERWISE PROHIBITED); AND (B) IT WILL NOT SELL OR OTHERWISE TRANSFER SUCH NOTES OTHERWISE THAN TO AN ACQUIRER OR TRANSFEREE THAT IS DEEMED TO MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS DECISION TO ACQUIRE AND HOLD THIS SECURITY.

If the Notes are issued with original issue discount, each Note shall also bear a legend in substantially the following form:

THE FOLLOWING INFORMATION IS SUPPLIED FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("**OID**") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(C) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF OID, THE

ISSUE PRICE AND THE ISSUE DATE AND THE YIELD TO MATURITY RELATING TO THE NOTES BY CONTACTING THE TREASURY DEPARTMENT OF THE ISSUER AT CECONOMY AG, GROUP TREASURY, KAISTRASSE 3, 40221 DUESSELDORF, GERMANY.

(e) If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(vii) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(viii) You represent and warrant that (A) either (i) you are not, and are not acting on behalf of, and no portion of the assets used by you to acquire and hold such Notes or interest therein constitutes assets of any "employee benefit plan" as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), subject to Title I of ERISA, any "plan" as defined in Section 4975(e)(1) of the Code, such as an individual retirement account or other arrangement subject to Section 4975 of the Code, an entity whose underlying assets are considered to include "plan assets" (pursuant to Section 3(42) of ERISA and regulations promulgated under ERISA by the U.S. Department of Labor) of such employee benefit plans, plans, accounts or arrangements (each of the foregoing, an "**ERISA Plan**") or a governmental plan, church plan or non-U.S. plan, subject to provisions under any federal, state, local, non-U.S. laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (collectively, "**Similar Laws**"), or (ii) (x) the acquisition, holding and disposition of this security or interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental plan, church plan or non-U.S. plan, a violation under any Similar Laws; and (y) if it is, or is acting on behalf of, an ERISA Plan, none of the Issuer, Initial Purchasers, Trustee, Transfer Agent, Paying Agent, or other persons that provide marketing services, nor any of their affiliates, is a fiduciary of, or has provided or will provide any investment advice within the meaning of Section 3(21) of ERISA to the Plan, or to any fiduciary or other person investing the assets of the Plan (the "Fiduciary"), in connection with its acquisition of the Notes (unless a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited); and (B) it will not sell or otherwise transfer such Notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its purchase and holding of such Note or any interest therein.

(ix) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(x) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes are no longer accurate, you will promptly notify the Issuer and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

(xi) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or any of the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*".

PLAN OF DISTRIBUTION

General

The Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed, subject to certain customary closing conditions, to subscribe to and pay for, the Notes on the Issue Date.

The sale will be made pursuant to an agreement among the Issuer and the Initial Purchasers (the "**Purchase Agreement**"). Subject to the terms and conditions of the Purchase Agreement, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer all of the Notes. The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by the Issuer and their counsel. The Purchase Agreement also provides that the Issuer will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Issuer has furthermore agreed to reimburse the Initial Purchasers for certain expenses incurred in connection with the issue of the Notes. In the Purchase Agreement, the Issuer has made certain representations and given certain warranties in respect of their respective legal and financial matters. The Initial Purchasers are entitled, under certain circumstances, to terminate the Purchase Agreement. In such event, no Notes will be delivered to investors.

No Sale of Similar Securities

The Issuer has agreed, subject to certain limited exceptions, that it or its affiliates and subsidiaries will not offer, sell, contract to sell or otherwise dispose of any debt securities (including, without limitation, any debt securities, loans or other debt instruments) issued by the Issuer and having a tenor of more than one year for a period of 90 days from the date of the Purchase Agreement without first obtaining the written consent of the Joint Global Coordinators listed on the cover page.

New Issue of Notes

The Notes are a new issue of securities with no established trading market. Application has been made to have the Notes listed on the Official List of the Luxembourg Stock Exchange and to be admitted for trading on the Euro MTF Market. There can be no assurance that any such listing will be granted or maintained. The Initial Purchasers intend to make a market in the Notes after completion of the Offering. However, the Initial Purchasers are under no obligation to do so and may discontinue any market making activities at any time without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, it cannot be assured that any market for the Notes will develop, or that such market will be liquid if it does develop, or that an investor will be able to sell any Notes at a particular time or at a price, which will be favorable.

Stamp Tax

Persons that purchase the Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price.

Price Stabilization and Short Positions

In connection with the Offering, J.P. Morgan SE (the "**Stabilizing Manager**") (or persons acting on its behalf) may purchase and sell Notes in the open market. These transactions may include over allotment, stabilizing transactions, syndicate covering transactions and penalty bids. Over allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker/dealer when the Notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions. These transactions may be effected in the over the counter market or otherwise.

These activities may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the prices that otherwise might exist in the open market. Neither the Issuer nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, there is no obligation on the

Stabilizing Manager to engage in such transactions and neither the Issuer nor the Initial Purchasers make any representation that the Stabilizing Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. Any stabilizing action, if commenced, must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes.

Initial Settlement

It is expected that delivery of the Notes will be made against payment therefore on or about the date specified on the cover page of the Offering Memorandum, which will be the fifth business day following the date of pricing of the Notes (this settlement cycle is being referred to as "T+5"). Under Rule 15(c)6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in the next succeeding business day, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next three succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to delivery of the Notes should consult their own advisor.

Other Relationships

The Initial Purchasers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities, including personal consumer financing. The Initial Purchasers and their respective affiliates have, from time to time, performed, and may currently or in the future perform various financial advisory, investment and corporate banking, commercial lending and banking, hedging, consulting and other commercial services in the ordinary course of business for the Issuer and its subsidiaries or affiliates, as applicable, and may have from time to time in the past held, and may in the future hold, positions in the Issuer's and its subsidiaries' or affiliates', as applicable, securities or enter into hedging or general derivative transactions with the Issuer and its subsidiaries or affiliates, as applicable, in the ordinary course of business, for which they received or will receive customary fees and commissions and reimbursement of expenses.

In addition, some of the Initial Purchasers or their respective affiliates are party to the ESG Credit Facilities Agreement in their respective capacities as arrangers, bank guarantors, facility agents, lenders, residual risk guarantors, security agents, transferring lenders or otherwise.

In the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities or instruments of the Issuer or its affiliates. The Initial Purchasers or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer or its affiliates routinely hedge their credit exposure to them, and the Initial Purchasers or their affiliates may in the future otherwise act as hedge counterparties to the Issuer or its subsidiaries, in each case consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or its subsidiaries, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to partners that they acquire, long or short positions in such securities and instruments.

Selling and Transfer Restrictions

The Notes have not been and will not be registered under the U.S. Securities Act or qualified for sale under the securities laws of any U.S. state or any jurisdiction outside the United States and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and to persons outside the United States in offshore transactions in reliance on Regulation S. Accordingly, the Notes will be subject to significant restrictions on resale and transfer as described under "*Notice to Investors*" and "*Transfer Restrictions*". Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Exchange Act.

Each of the Initial Purchasers, severally and not jointly, has represented, warranted and agreed that it:

(i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issuance or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer); and

(ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available any securities to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by the EU PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPS Regulation. Each Initial Purchaser, severally and not jointly, has represented, warranted and agreed that it has not and will not circulate in Jersey any offer for subscription, sale or exchange of the Notes without the consent of the Jersey Financial Services Commission unless a relevant exemption to such consent applies.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPS Regulation.

No action has been taken in any jurisdiction, including the United States, Canada, the EEA, the United Kingdom, Germany, Jersey, Luxembourg, the Netherlands, Switzerland, Italy, Spain, France, Austria and Belgium, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Notice to Investors*" and "*Transfer Restrictions*".

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the SEC. To the extent that the Initial Purchasers intend to effect sales of the Notes in the United States, they will do so only through one or more U.S. registered broker-dealers or otherwise as permitted by applicable U.S. securities law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

Certain of the Initial Purchasers are non-U.S. banks or dealers that are not registered as a broker-dealer under Section 15 of the U.S. Securities Act, and therefore agree that, while acting as an Initial Purchaser in respect of the Notes, they will not, directly or indirectly, make use of any U.S. mails or any means or instrumentality of interstate commerce to effect transactions in, or induce or attempt to induce the purchase or sale of any Notes except for transactions in compliance with Rule 15a-6 under the U.S. Securities Act or as otherwise permitted by Section 15 of the U.S. Securities Act and the rules and regulations thereunder.

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is organized under the laws of Germany. None of the directors, officers or other executives of the Issuer is a resident or citizen of the United States. Therefore, you may be unable to effect service of process within the United States on the directors, officers or executives. Furthermore, since the assets of the Issuer, and its directors and officers are located outside the United States, any judgment obtained in the United States against the Issuer or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States.

We have been advised by our German counsel that there is doubt as to the enforceability in Germany of civil liabilities based on U.S. federal or state securities laws, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts.

The United States and the Federal Republic of Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable, either in whole or in part, in Germany. A final judgment by a U.S. federal or state court, however, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a German court generally will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below. The recognition and enforcement of the U.S. judgment by a German court is conditional upon a number of factors, including the following:

- U.S. courts could take jurisdiction of the case in accordance with the principles of jurisdictional competence according to German law;
- the document commencing the proceedings was duly served and made known to the defendant in a timely manner that allowed for adequate defense, or in case of non-compliance with such requirement, (i) the defendant does not invoke such non-compliance or (ii) has nevertheless appeared in the proceedings;
- the judgment is not contrary to (i) any judgment which became *res judicata* rendered by a German court or (ii) any judgment which became *res judicata* rendered by a foreign court which is recognized in Germany and the procedure leading to the respective judgment does not contradict any such judgment under (i) and (ii) or a proceeding previously commenced in Germany;
- the matter (*Verfahren*) resulting in the judgment of the U.S. court is not incompatible with a matter pending before a German court, *provided* that such German matter was pending prior to the U.S. court rendering its judgment;
- the effects of its recognition will not be in conflict with material principles of German law (*ordre public*), including, without limitation, fundamental rights guaranteed by virtue of the German Constitution (*Grundgesetz*);
- the reciprocity of enforcement of judgments is guaranteed; and
- the judgment is final under U.S. federal or state law.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an exequatur decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation or moratorium laws, as well as other similar laws affecting creditors' rights generally. In addition, it is doubtful whether a German court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

German courts usually deny the recognition and enforcement of penal or punitive damages. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

Furthermore, German civil procedure differs substantially from U.S. civil procedure in a number of aspects. With respect to the production of evidence, for example, U.S. federal and state law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

If the party in whose favor such final judgment is rendered but not recognized in Germany, brings a new lawsuit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates. A German court may choose to re-hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States (to the extent such judgment is not enforceable in Germany).

In addition, it may under certain circumstances also not be possible for investors to effect service of process within Germany upon the Issuer under the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 and the German law implementing such convention if such service were deemed to infringe German sovereignty or security, which may be the case if such service violated the fundamental principles of German law, in particular the civil rights (*Grundrechte*) guaranteed by virtue of the German Constitution (*Grundgesetz*). However, the German Constitutional Court (*Bundesverfassungsgericht*) held in 2013 that service may not be denied solely because the action before the U.S. court contains claims for punitive damages. On March 2, 2022 and December 2, 2021, respectively, the United States and Germany (as a Member State of the European Union) became signatories to the Hague Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters. Although ratified in Germany, the treaty has not yet been ratified in the U.S. However, this may change in the future and could then impact the reciprocal recognition and enforcement of judgments in certain civil and commercial matters.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Latham & Watkins LLP as to matters of German law and Latham & Watkins (London) LLP as to matters of U.S. federal and New York state law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by White & Case LLP as to matters of U.S. federal, New York state and German law.

INDEPENDENT AUDITORS

The audited consolidated financial statements of the Company as of and for the financial year ended September 30, 2023 included in this Offering Memorandum have been prepared in accordance with IFRS as adopted by the European Union and have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Niederlassung Düsseldorf, Georg-Glock-Straße 22, 40474 Düsseldorf, Germany ("**PwC**"), a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, as independent auditors, as stated in their independent auditor's report. The unaudited interim consolidated financial statements of the Company as of and for the six-month period ended March 31, 2024 included in this Offering Memorandum have been prepared in accordance with IFRS as adopted by the European Union applicable on interim financial reporting (IAS 34) and have been reviewed by PwC.

The independent auditor's report of PwC for the audited consolidated financial statements of the Company as of and for the financial year ended September 30, 2023 also refers to the group management report. The group management report is not included or incorporated by reference in this Offering Memorandum. The group management report was prepared by and is the sole responsibility of the Company in accordance with German generally accepted accounting principles. The examinations of and the independent auditor's report upon such group management report are required and were performed in accordance with §317 of the German Commercial Code (*Handelsgesetzbuch*, HGB) and German generally accepted standards for the audit of management report promulgated by the German Institut der Wirtschaftsprüfer (IDW). The independent auditor's report also comprises, in accordance with §322 para. 1 sentence 4 HGB, an assurance reporting in accordance with §317 para. 3a HGB prepared for publication purposes ("**ESEF-Report**"). The documents prepared in the ESEF format that are the subject matter of the ESEF-Report are neither included nor incorporated by reference in this Offering Memorandum. These documents are accessible via the German Federal Gazette (*Bundesanzeiger*). The examinations of and the audit reports upon such group management report and ESEF-Report are required under German auditing standards. Those examinations were not made in accordance with generally accepted auditing or attestation standards in the United States. Accordingly, PwC does not express any opinion on this information or on the 2023 Audited Consolidated Financial Statements included in this Offering Memorandum, in accordance with U.S. generally accepted auditing standards or U.S. attestation standards. The information contained in such group management report and ESEF-Report and the independent auditor's report upon such group management report and ESEF-Report should not be relied upon by U.S. investors.

The review report for the unaudited interim consolidated financial statements of the Company as of and for the six-month period ended March 31, 2024 also refers to the interim group management report. The interim group management report is not included or incorporated by reference in this Offering Memorandum. The interim group management report was prepared by and is the sole responsibility of the Company in accordance with German generally accepted accounting principles. The examinations of and the review report upon such interim group management report are required and were performed in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and under additionally observation of the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). The examinations of and the review report upon such interim group management report are required under German auditing standards. Those examinations were not made in accordance with generally accepted auditing or attestation standards in the United States. Accordingly, PwC does not express any opinion on this information or on the Unaudited Interim Consolidated Financial Statements included in this Offering Memorandum, in accordance with U.S. generally accepted auditing standards or U.S. attestation standards. The information contained in such interim group management report and the review report upon such group management report should not be relied upon by U.S. investors.

The consolidated financial statements of the Company as of and for the financial year ended September 30, 2022 (including comparative financial information as of and for the financial year ended September 30, 2021) included in this Offering Memorandum have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Alfredstraße 277, 45133 Essen, Germany ("**KPMG**"), a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, as independent auditors, as stated in their auditor's reports.

English-language translations of the German-language Audited Consolidated Financial Statements and the independent auditor's reports are included in this Offering Memorandum.

AVAILABLE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us and has received and reviewed all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;
- such person has not relied on information provided or representations made by the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided pursuant to the first bullet above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes are "restricted securities" within the meaning of the Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

We are currently not subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture, we will agree to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports to Holders*". Copies of the Indenture may also be obtained by request to the Issuer.

LISTING AND GENERAL INFORMATION

Listing

Application has been made for the Notes to be admitted to the Official List of the Luxembourg Stock Exchange and to be admitted for trading on the Euro MTF Market.

For so long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange, and the rules of that exchange require, copies of the following documents may be inspected and obtained by holders of the Notes at the offices of the Trustee at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom during normal business hours on any weekday:

- the organizational documents of the Issuer;
- the most recent audited, consolidated financial statements of the Issuer;
- the Indenture (which includes the form of the Notes); and
- this Offering Memorandum.

The Issuer shall ensure that notices in respect of the Notes are duly published in a manner which complies with the rules and regulations of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices will also be published on the website of the Luxembourg Stock Exchange (www.luxse.com). Any such notice shall be in English and shall be deemed to have been given on the date of such publication, or if published more than once or on different dates, on the first date on which publication is made.

We have appointed The Bank of New York Mellon, London Branch, as our paying agent; its address is 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.

The Trustee is BNY Mellon Corporate Trustee Services Limited, and its address is 160 Queen Victoria Street, London EC4V 4LA, United Kingdom. The Trustee will be acting in its capacity of trustee for the holders of the Notes and will provide such services to the holders of the Notes as described in the Indenture.

Clearing Information

The Notes have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set out below:

	ISIN	Common Code
Regulation S Global Note	XS2854329104	285432910
Rule 144A Global Note	XS2854329286	285432928

Litigation

The Issuer is neither involved, nor has been involved during the twelve months preceding the date of this Offering Memorandum, in any litigation, arbitration, governmental or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on our results of operations, condition (financial or other) or general affairs and, so far as it is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No Material Change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in the financial or trading condition or the capitalization of the Issuer since March 31, 2024, the date of the Issuer's most recent consolidated financial statements. In addition, there has been no material change in the prospects of the Issuer since March 31, 2024.

Resolutions, Authorizations and Approvals by Virtue of which the Notes Have Been Issued

The Issuer has obtained all necessary consents, approvals and authorizations (if any) in connection with the issue of the Notes. The issue of the Notes was approved by each of the Management Board and Supervisory Board of the Issuer prior to the Issue Date.

General Information on the Issuer

The legal name of the Issuer is "CECONOMY AG".

The Issuer's legal entity identifier is 5299001X9L42HXEBCZ51.

The Issuer was formed on May 13, 1992 as a stock corporation (*Aktiengesellschaft*) under the laws of Germany and under the company name "STEBA Beteiligungs Aktiengesellschaft" with registered seat in Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Frankfurt am Main under HRB 35046.

The Issuer is organized as a stock corporation (*Aktiengesellschaft*) established under the laws of Germany and governed by German law (the German Stock Corporation Act (*Aktiengesetz*)). The Issuer's financial year ends on September 30 of each calendar year. The Issuer's registered office is in Düsseldorf, Germany. The Issuer is registered in the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Düsseldorf under HRB 39473.

The business address of the Issuer is Kaistraße 3, 40221 Düsseldorf, Germany. The phone number of the Issuer is: +49 211 5408-7244.

General

Subject to the below, the Issuer accepts responsibility for the information contained in this Offering Memorandum and, to the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in the Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Post-Issue Reporting

Except as otherwise provided in this Offering Memorandum or as required by applicable law or regulation, we do not intend to provide post-issue information regarding the Notes. The organizational documents of the Issuer, along with the Indenture relating to the Notes and the most recent consolidated financial statements published by us, may be inspected and obtained at the office of the Paying Agent during normal business hours for a period of 14 days following grant of listing of the Notes. Copies of such documents will also be available from the Issuer upon request on and after the grant of listing of the Notes.

INDEX TO THE FINANCIAL STATEMENTS

The following English-language financial information is a translation of the respective German-language financial information.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

of

CECONOMY AG

for the six months period ended March 31, 2024

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Income statement

€ million	Q2 2022/23	Q2 2023/24	H1 2022/23	H1 2023/24
Sales	**5,302**	**5,334**	**12,368**	**12,318**
Cost of sales	−4,402	−4,397	−10,272	−10,187
Gross profit on sales	**900**	**936**	**2,097**	**2,131**
Other operating income	65	54	111	109
Selling expenses	−848	−825	−1,725	−1,694
General administrative expenses	−151	−161	−294	−317
Other operating expenses	−64	−4	−64	−5
Earnings share of operating companies recognised at equity	−4	43	−5	43
Net impairments on operating financial assets and contract assets	−3	1	−5	−4
Earnings before interest and taxes (EBIT)	**−106**	**44**	**115**	**263**
Other investment result	0	15	0	15
Interest income	22	19	31	30
Interest expenses	−36[1]	−57	−70[1]	−113
Other financial result	−1[1]	−3	−1[1]	1
Net financial result	**−15**	**−26**	**−40**	**−66**
Earnings before taxes (EBT)	**−122**	**19**	**75**	**197**
Income taxes	75	66	6	36
Profit or loss for the period	**−47**	**85**	**81**	**233**
Profit or loss for the period attributable to non-controlling interests	0	0	1	2
Profit or loss for the period attributable to shareholders of CECONOMY AG	−47	84	80	231
Undiluted earnings per share in €	**−0.10**	**0.17**	**0.16**	**0.48**
Diluted earnings per share in €	**−0.10**	**0.17**	**0.16**	**0.46**

[1] Retroactive reclassification of interest expense in connection with the €500 million bond from the item Other financial result to the item Interest expenses in Q2 2022/23 in the amount of €2 million and in H1 2022/23 in the amount of €5 million.

Reconciliation from profit or loss for the period to total comprehensive income

€ million	Q2 2022/23	Q2 2023/24	H1 2022/23	H1 2023/24
Profit or loss for the period	**−47**	**85**	**81**	**233**
Other comprehensive income				
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	**7**	**−5**	**18**	**−29**
Remeasurement of defined benefit pension plans	−6	3	−3	−20
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	12	−5	20	−5
Subsequent measurement of associates/joint ventures accounted for using the equity method	1	−4	1	−4
Items of other comprehensive income that may be reclassified subsequently to profit or loss	**8**	**5**	**11**	**0**
Currency translation differences from translating the financial statements of foreign operations	8	5	11	0
Other comprehensive income	**15**	**−1**	**30**	**−29**
Total comprehensive income	**−31**	**84**	**111**	**204**
Total comprehensive income attributable to non-controlling interests	0	0	1	2
Total comprehensive income attributable to shareholders of CECONOMY AG	−32	84	110	202

Statement of financial position

Assets

€ million	30/09/2023	31/03/2023	31/03/2024
Non-current assets	**3,660**	**3,906**	**3,746**
Goodwill	524	524	524
Other intangible assets	165	161	169
Property, plant and equipment	541	526	536
Right-of-use assets	1,676	1,721	1,655
Financial assets	123	137	116
Investments accounted for using the equity method	257	385	295
Other financial assets	2	2	2
Other assets	3	4	7
Deferred tax assets	368	446	442
Current assets	**5,975**	**6,011**	**6,245**
Inventories	2,918	3,061	3,108
Trade receivables and similar claims	490	418	522
Receivables due from suppliers	1,207	993	1,245
Other financial assets	123	125	130
Other assets	163	219	193
Income tax assets	177	129	150
Cash and cash equivalents	897	1,004	897
Assets held for sale	–	61	–
	9,635	**9,917**	**9,990**

Equity and liabilities

€ million	30/09/2023	31/03/2023	31/03/2024
Equity	**465**	**700**	**663**
Share capital	1,240	1,240	1,240
Capital reserve	389	389	389
Reserves retained from earnings	−1,166	−932	−969
Non-controlling interests	2	3	3
Non-current liabilities	**2,487**	**2,597**	**2,472**
Provisions for pensions and similar obligations	316	331	333
Other provisions	88	45	91
Borrowings	2,000	2,098	1,975
Other financial liabilities	11	14	11
Other liabilities	3	4	4
Deferred tax liabilities	69	104	59
Current liabilities	**6,683**	**6,620**	**6,855**
Trade liabilities and similar liabilities	5,320	5,142	5,451
Provisions	82	70	74
Borrowings	584	572	633
Other financial liabilities	405	306	343
Other liabilities	249	335	304
Income tax liabilities	43	94	50
Liabilities related to assets held for sale	–	99	–
	9,635	**9,917**	**9,990**

Condensed statement of changes in equity

€ million	Share capital	Capital reserve	Reserves retained from earnings	Total equity before non-controlling interests	Non-controlling interests	Total equity
30/09 or 01/10/2022	**1,240**	**389**	**–1,039**	**590**	**2**	**592**
Profit or loss for the period	0	0	80	80	1	81
Other comprehensive income	0	0	30	30	0	30
Total comprehensive income	**0**	**0**	**110**	**110**	**1**	**111**
Distributions	0	0	–2	–2	0	–2
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	–1	–1	0	–1
Other changes	0	0	0	0	0	0
31/03/2023	**1,240**	**389**	**–932**	**697**	**3**	**700**
30/09 or 01/10/2023	**1,240**	**389**	**–1,166**	**463**	**2**	**465**
Profit or loss for the period	0	0	231	231	2	233
Other comprehensive income	0	0	–29	–29	0	–29
Total comprehensive income	**0**	**0**	**202**	**202**	**2**	**204**
Distributions	0	0	–5	–5	0	–5
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	0	0	0	0
Other changes	0	0	–1	–1	0	–1
31/03/2024	**1,240**	**389**	**–969**	**660**	**3**	**663**

Cash flow statement

€ million	H1 2022/23	H1 2023/24
EBIT	115	263
Depreciation/amortisation, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on investments accounted for using the equity method and assets held for sale	390	332
Change in provisions for pensions and similar obligations	−15	−20
Change in net working capital[1]	224[2]	−105
Income taxes paid	−58	−12
Reclassification of gains (−)/losses (+) from the disposal of fixed assets	−1	−1
Other	−33[2]	−78
Gain or loss on net monetary position	−27	−35
Cash flow from operating activities	**594[2]**	**344**
Investments in property, plant and equipment	−98	−91
Other investments	−24	−24
Disposals of companies	0	−3
Disposal of long-term assets and other disposals	14	12
Interest received	21[3]	28
Profit and loss transfers	0[3]	15
Cash flow from investing activities	**−86[3]**	**−63**
Profit distribution	−2	−5
thereof dividends paid to the shareholders of CECONOMY AG	0	0
Redemption of liabilities from put options of non-controlling interests	−1	0
Proceeds from long-term borrowings	198	105
Redemption of lease liabilities	−244	−236
Redemption of borrowings (excluding leases)	−218	−145
Change in other current borrowings	50	85
Interest paid	−53	−93
Profit and loss transfers and other financing activities	−5[3]	−4
Cash flow from financing activities	**−275[3]**	**−293**
IAS 29 effects on cash flow from operating, investing and financing activities	5[2]	−6
Total cash flows	**238[2]**	**−17**
Currency and inflation effects on cash and cash equivalents	−18[2]	−23
Total change in cash and cash equivalents	**220**	**−40**
Total cash and cash equivalents as of 1 October	791	937
Less the effects of indexing cash and cash equivalents	22	40
Cash and cash equivalents as of 1 October according to statement of financial position	**769**	**897**
Total cash and cash equivalents as of 31 March	1,011	897
Less cash and cash equivalents recognised in assets in accordance with IFRS 5	6	0
Cash and cash equivalents as of 31 March in accordance with the statement of financial position	**1,004**	**897**

[1] Change in net working capital shown from the related statement of financial position items, mainly adjusted for currency effects.
[2] Adjustments due to a change in presentation of effects of the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”. Further details on the adjusted prior-year figures can be found under “Other notes” and there under the notes on the statement of cash flows.
[3] Presented in the previous year in cash flow from financing activities.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting[1]

€ million	DACH Q2 2022/23	DACH Q2 2023/24	Western/ Southern Europe Q2 2022/23	Western/ Southern Europe Q2 2023/24	Eastern Europe Q2 2022/23	Eastern Europe Q2 2023/24	Others Q2 2022/23	Others Q2 2023/24	Consolidation Q2 2022/23	Consolidation Q2 2023/24	CECONOMY[2] Q2 2022/23	CECONOMY[2] Q2 2023/24
External sales (net)	2,885	2,839	1,630	1,681	678	810	110	4	0	0	5,302	5,334
Internal sales (net)	0	0	1	1	0	1	52	62	–53	–64	0	0
Sales (net)	2,885	2,839	1,630	1,682	678	811	162	66	–53	–64	5,302	5,334
EBITDA	72	88	7	34	55	38	–12[3]	53	–2	1	119	211
Depreciation/amortisation and impairment losses	91	93	54	52	16	16	70[4]	9	0	0	231	170
Reversals of impairment losses	6	2	0	0	0	1	0	0	0	0	6	3
EBIT	–14	–3	–47	–17	39	22	–82[3]	44	–2	1	–106	44
EBIT adjusted	1	–4	–46[5]	–17	33	19	–7	9	–2	1	–21	5
Investments	53	122	47	65	24	21	10	12	0	0	134	221
Non-current segment assets	1,645	1,615	951	912	180	197	545	464	0	0	3,322	3,187
Investments accounted for using the equity method	(0)	(0)	(0)	(0)	(0)	(0)	(385)	(295)	(0)	(0)	(385)	(295)

[1] Change in segment composition, see "Supplementary notes on segment reporting"
[2] Includes external sales in Q2 2023/24 of €2,312 million for Germany (Q2 2022/23: €2,364 million), €478 million for Italy (Q2 2022/23: €502 million) and €600 million for Spain (Q2 2022/23: €527 million) as well as non-current segment assets as of 31/03/24 of €1,831 million for Germany (31/03/23: €1,927 million) and €372 million for Italy (31/03/23: €381 million)
[3] In Q2 2023/24, includes income of €43 million from operating companies accounted for using the equity method in the Other segment (Q2 2022/23: €4 million in expenses)
[4] Includes impairments for disposal group MediaMarkt Sweden in the amount of €63 million
[5] Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment

€ million	DACH H1 2022/23	DACH H1 2023/24	Western/ Southern Europe H1 2022/23	Western/ Southern Europe H1 2023/24	Eastern Europe H1 2022/23	Eastern Europe H1 2023/24	Others H1 2022/23	Others H1 2023/24	Consolidation H1 2022/23	Consolidation H1 2023/24	CECONOMY[2] H1 2022/23	CECONOMY[2] H1 2023/24
External sales (net)	6,820	6,677	3,865	3,927	1,420	1,705	263	9	0	0	12,368	12,318
Internal sales (net)	1	1	2	2	0	1	124	138	–126	–142	0	0
Sales (net)	6,821	6,678	3,867	3,929	1,420	1,706	387	147	–126	–142	12,368	12,318
EBITDA	324	323	92	148	101	73	–14[3]	54	1	–2	505	595
Depreciation/amortisation and impairment losses	183	184	106	104	29	31	77[4]	16	0	0	396	335
Reversals of impairment losses	6	2	0	0	0	1	0	0	0	0	6	3
EBIT	146	141	–15	44	72	42	–91[3]	37	1	–2	115	263
EBIT adjusted	161	141	–13[5]	44	70	64	–10	5	1	–2	209	253
Investments	115	178	90	103	38	41	23	21	0	0	267	343
Non-current segment assets	1,645	1,615	951	912	180	197	545	464	0	0	3,322	3,187
Investments accounted for using the equity method	(0)	(0)	(0)	(0)	(0)	(0)	(385)	(295)	(0)	(0)	(385)	(295)

[1] Change in segment composition, see "Supplementary notes on segment reporting"
[2] Includes external sales in H1 2023/24 of €5,403 million for Germany (H1 2022/23: €5,550 million), €1,214 million for Italy (H1 2022/23: €1,286 million) and €1,370 million for Spain (H1 2022/23: €1,253 million) as well as non-current segment assets as of 31/03/24 of €1,831 million for Germany (31/03/23: €1,927 million) and €372 million for Italy (31/03/22: €381 million)
[3] Includes income from operating companies accounted for using the equity method in the Other segment in H1 2023/24 in the amount of €43 million (H1 2022/23: €5 million in expenses)
[4] Includes impairments for disposal group MediaMarkt Sweden in the amount of €63 million
[5] Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment

Explanatory notes to the accounting policies applied to the condensed consolidated interim financial statements

CECONOMY AG is a listed corporation based in Düsseldorf, Germany. The condensed consolidated interim financial statements for CECONOMY AG and its subsidiaries cover the period from 1 October 2023 to 31 March 2024 and were subject to an audit review in accordance with Section 115 (5) of the German Securities Trading Act (WpHG).

These condensed consolidated interim financial statements as of 31 March 2024 were prepared in accordance with International Accounting Standard (IAS) 34 ("Interim Financial Reporting"), which regulates interim financial statements in accordance with International Financial Reporting Standards (IFRS). As these are condensed consolidated interim financial statements, not all information and explanatory notes that are required according to the IFRS for consolidated financial statements at the end of a financial year are included.

The condensed consolidated interim financial statements have been prepared in euros. Unless indicated otherwise, all amounts are stated in millions of euros (€ million), applying commercial rounding. In order to provide a better overview, decimal places are not shown in the tables in some cases. Figures in the tables may contain rounding differences.

During the year, any material sales-related and cyclical items were deferred.

All applicable standards and interpretations published by the International Accounting Standards Board (IASB) and endorsed by the European Union were applied in these condensed consolidated interim financial statements. With the exception of the changes in accounting described below, the same accounting and measurement methods were applied as in the last consolidated financial statements as of 30 September 2023. More detailed disclosures on the accounting principles and methods can be found in the notes to the consolidated financial statements as of 30 September 2023 (see Annual Report 2022/23, pages 96-113).

New accounting standards

The new standards and amendments to standards that are generally to be applied for the first time from 1 October 2023, and that CECONOMY considers material are explained below.

IFRS 17 INSURANCE CONTRACTS INCLUDING THE AMENDMENTS TO IFRS 17 AND IFRS 9

IFRS 17 regulates the accounting treatment of insurance contracts and replaces IFRS 4. The adoption standard and the amendments to IFRS 17 and IFRS 9 had no impact on CECONOMY's condensed interim consolidated financial statements, as no corresponding insurance contracts are held.

IAS 1 AND IFRS PRACTICE STATEMENT 2 DISCLOSURE OF ACCOUNTING POLICIES

The amendments to IAS 1 specify which accounting policies are to be presented in the notes and stipulate that significant accounting policies should no longer be disclosed in future, but rather material ones. The amendments to the IFRS Practice Statement 2 "Making Materiality Judgements" contain guidance on the application of the concept of materiality to disclosures on accounting policies. The amendments have no material impact on the condensed interim consolidated financial statements of CECONOMY.

IAS 8 DEFINITION OF ACCOUNTING ESTIMATES

The amendments to IAS 8 include the definition of accounting estimates in order to make it easier to distinguish between accounting policies and accounting estimates. According to the new definition, accounting-related estimates are monetary amounts in the financial statements that are subject to measurement uncertainties. The amendments have no material impact on the condensed interim consolidated financial statements of CECONOMY.

IAS 12 DEFERRED TAX IN CONNECTION WITH ASSETS AND LIABILITIES FROM A TRANSACTION

The amendments to IAS 12 restrict the scope of the initial recognition exemption for deferred taxes. It is clarified that the exemption does not apply to assets and liabilities that result from a single transaction and where taxable and deductible temporary differences of the same amount arise simultaneously on initial recognition. The amendments have no material impact on the condensed interim consolidated financial statements of CECONOMY.

IAS 12 MINIMUM TAXATION - PILLAR TWO - MODEL REGULATIONS

The amendments to IAS 12 provide temporary exceptions to the recognition of deferred taxes resulting from the implementation of global tax regulations on minimum taxation in the respective countries. The additional disclosure requirements introduced are intended to help a company better understand the risk of income taxes resulting from the reform, particularly before the new legislation comes into force. The amendments have no material impact on the condensed interim consolidated financial statements of CECONOMY.

Estimates and assumptions

As part of the further implementation of CECONOMYs logistics strategy, there was a change in the estimate of incidental acquisition costs in accordance with IAS 2, which led to a positive effect in the almost double-digit million euro range.

Notes to the income statement

Sales

Sales (net) primarily result from product sales and break down as follows:

Quarter	DACH	Western/ Southern Europe	Eastern Europe	Others	CECONOMY
€ million	Q2 2023/24	Q2 2023/24	Q2 2023/24	Q2 2023/24	Q2 2023/24
Product sales	2,646	1,562	774	0	4,983
Services & Solutions	192	118	36	4	351
Total sales	**2,839**	**1,681**	**810**	**4**	**5,334**

Half-year	DACH	Western/ Southern Europe	Eastern Europe	Others	CECONOMY
€ million	H1 2023/24	H1 2023/24	H1 2023/24	H1 2023/24	H1 2023/24
Product sales	6,257	3,683	1,635	1	11,576
Services & Solutions	420	244	70	7	742
Total sales	**6,677**	**3,927**	**1,705**	**9**	**12,318**

Total sales in the first half of 2023/24 amounted to €12,318 million. Sales of goods totalled €11,576 million and sales from Services & Solutions totalled €742 million.

Total sales in the second quarter of 2023/24 amounted to €5,334 million. Sales of goods accounted for €4,983 million and sales from Services & Solutions €351 million.

EPS

Undiluted earnings per share is calculated by dividing the profit or loss for the period attributable to shareholders of CECONOMY AG by the weighted number of shares outstanding.

	Q2 2022/23	Q2 2023/24	H1 2022/23	H1 2023/24
(Weighted) number of no-par-value shares outstanding – undiluted	485,221,084	485,221,084	485,221,084	485,221,084
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – undiluted	–47	84	80	231
Undiluted earnings per share in €	**–0.10**	**0.17**	**0.16**	**0.48**

Diluted earnings per share is calculated by dividing the profit or loss for the period attributable to shareholders of CECONOMY AG by the weighted number of shares outstanding adjusted for all dilutive effects of potential ordinary shares, as shown below:

	Q2 2022/23	Q2 2023/24	H1 2022/23	H1 2023/24
(Weighted) number of no-par-value shares outstanding – undiluted	485,221,084	485,221,084	485,221,084	485,221,084
(Weighted) number of potential shares from convertible bonds	27,859,778	27,859,778	27,859,778	27,859,778
(Weighted) number of no-par-value shares outstanding – diluted	513,080,862	513,080,862	513,080,862	513,080,862
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – undiluted	–47	84	80	231
Interest expenses on convertible bonds – after taxes (€ million)	2	2	3	4
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – diluted	–45	86	83	235
Diluted earnings per share in €	**–0.10**	**0.17**	**0.16**	**0.46**

There was protection against dilution in the second quarter of 2022/23, as the diluted EPS led to a reduction in negative earnings per share due to the inclusion of the convertible bonds.

As of 31 March 2024, CECONOMY AG has issued no preference shares.

Scheduled amortisation and impairment losses

The breakdown of amounts of depreciation/amortisation in the income statement and into the relevant asset categories is as follows:

Q2 2022/23

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Assets held for sale	Total
Cost of sales	0	0	1	0	0	0	1
thereof depreciation/amortisation	(0)	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(1)	(0)	(0)	(0)	(1)
Selling expenses	0	1	32	121	0	0	154
thereof depreciation/amortisation	(0)	(1)	(31)	(121)	(0)	(0)	(153)
thereof impairment losses	(0)	(0)	(1)	(0)	(0)	(0)	(1)
General administrative expenses	0	5	5	3	0	0	13
thereof depreciation/amortisation	(0)	(5)	(5)	(3)	(0)	(0)	(13)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other operating expenses	0	0	0	0	0	63	63
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(63)	(63)
Earnings share of operating companies recognised at equity	0	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total	**0**	**6**	**37**	**125**	**0**	**63**	**231**
thereof depreciation/amortisation	**(0)**	**(6)**	**(36)**	**(124)**	**(0)**	**(0)**	**(166)**
thereof impairment losses	**(0)**	**(0)**	**(1)**	**(0)**	**(0)**	**(63)**	**(65)**

Q2 2023/24

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	0	0	0
thereof depreciation/amortisation	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	1	34	119	0	154
thereof depreciation/amortisation	(0)	(1)	(32)	(119)	(0)	(151)
thereof impairment losses	(0)	(0)	(2)	(1)	(0)	(3)
General administrative expenses	0	10	4	2	0	16
thereof depreciation/amortisation	(0)	(8)	(4)	(2)	(0)	(15)
thereof impairment losses	(0)	(1)	(0)	(0)	(0)	(1)
Other operating expenses	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of operating companies recognised at equity	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Total	0	10	37	122	0	170
thereof depreciation/amortisation	(0)	(9)	(35)	(121)	(0)	(166)
thereof impairment losses	(0)	(1)	(2)	(1)	(0)	(4)

H1 2022/23

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Assets held for sale	Total
Cost of sales	0	0	1	0	0	0	1
thereof depreciation/amortisation	(0)	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(1)	(0)	(0)	(0)	(1)
Selling expenses	0	2	63	242	0	0	306
thereof depreciation/amortisation	(0)	(2)	(62)	(241)	(0)	(0)	(305)
thereof impairment losses	(0)	(0)	(1)	(0)	(0)	(0)	(1)
General administrative expenses	0	11	9	6	0	0	26
thereof depreciation/amortisation	(0)	(11)	(9)	(6)	(0)	(0)	(26)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other operating expenses	0	0	0	0	0	63	63
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(63)	(63)
Earnings share of operating companies recognised at equity	0	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total	**0**	**12**	**73**	**248**	**0**	**63**	**396**
thereof depreciation/amortisation	**(0)**	**(12)**	**(71)**	**(247)**	**(0)**	**(0)**	**(331)**
thereof impairment losses	**(0)**	**(0)**	**(2)**	**(0)**	**(0)**	**(63)**	**(65)**

H1 2023/24

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	0	0	0
thereof depreciation/amortisation	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	1	64	237	0	303
thereof depreciation/amortisation	(0)	(1)	(62)	(237)	(0)	(300)
thereof impairment losses	(0)	(0)	(2)	(1)	(0)	(3)
General administrative expenses	0	18	8	6	0	32
thereof depreciation/amortisation	(0)	(17)	(8)	(5)	(0)	(30)
thereof impairment losses	(0)	(1)	(0)	(0)	(0)	(2)
Other operating expenses	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of operating companies recognised at equity	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Total	0	20	72	243	0	335
thereof depreciation/amortisation	(0)	(18)	(70)	(242)	(0)	(330)
thereof impairment losses	(0)	(1)	(2)	(1)	(0)	(5)

Notes to the statement of financial position

Investments accounted for using the equity method

As of 31 March 2024, investments in associates and joint ventures accounted for using the equity method amounting to €295 million (30/09/23: €257 million) were recognised. The investment in the associated company Fnac Darty S.A. is recognised as a significant investment accounted for using the equity method.

In the first half of 2023/24, as a result of the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method, €46 million was recognised as income in EBIT (H1 2022/23: expenses amounting to €5 million). In addition, around €–5 million (H1 2022/23: €2 million) was recognised as other comprehensive income or as other changes in other revenue reserves. Information on profit for the period and other changes in equity is provided by Fnac Darty S.A. This information is published in the second and fourth financial quarters of a calendar year and serves as the basis for updating the equity interest.

As of 31 March 2024, the stock exchange price of Fnac Darty S.A. indicated a possible impairment of the shares. Nevertheless, the positive share price performance of Fnac Darty S.A. in the last six months does not allow any conclusions to be drawn that the economic performance or general conditions of Fnac Darty have deteriorated during this period. The financial data recently published by Fnac Darty for the first quarter of 2024, with a stable outlook for the end of the financial year, does not paint a different picture. Overall, there is no substantial evidence to suggest that the recoverable amount is lower than the carrying amount, meaning that, as of 31 March 2024, it can be assumed that the shares in Fnac Darty S.A., which are accounted for using the equity method, are not impaired.

Assets held for sale/Liabilities related to assets held for sale

MEDIAMARKT SWEDEN DISPOSAL GROUP IN THE FIRST HALF OF 2022/23

On 14 February 2023, CECONOMY AG announced that CECONOMY and the North European electronics retailer Power International AS (“Power”) had concluded an agreement regarding a strategic transaction and a joint future for the Swedish business. Power Retail Sweden, a wholly owned subsidiary of Power, intended to acquire 100 per cent of MediaMarkt Sweden. In return, CECONOMY would receive a minority stake of 20 per cent in Power Sweden.

From the date the disposal was announced, the MediaMarkt Sweden business was classified as a disposal group in accordance with IFRS 5. Taking into account the consolidation of all items in the consolidated statement of financial position as of 31 March 2023, the assets and liabilities were recognised in the item “assets held for sale” at €61 million and in the item “liabilities related to assets held for sale” at €99 million, respectively. In addition, an impairment loss of €63 million was recognised as of 31 March 2023 in accordance with IFRS 5.

The transaction for the MediaMarkt Sweden business was completed on schedule as of 1 August 2023.

Dividends paid

The dividend distribution of CECONOMY AG is based on the annual financial statements of CECONOMY AG in accordance with German commercial law.

No dividend distribution was made for the 2022/23 financial year.

Effects from the revaluation of defined benefit pension plans

As part of the recognition of actuarial gains and losses, a total of €20 million was recognised as a reduction in equity (H1 2022/23: €3 million as a reduction in equity) in the first six months of the 2023/24 financial year in other comprehensive income at CECONOMY from the revaluation of defined benefit pension plans. The revaluation primarily includes effects from the reduction in the discount rate for the majority of German pension provisions from 4.40 per cent on 1 October 2023 to 3.50 per cent on 31 March 2024.

The country-specific discount rates and pension trend assumptions have developed as follows:

%	Germany	Switzerland	Other countries	Germany	Switzerland	Other countries
			30/09/2023			31/03/2024
Actuarial interest rate	4.10–4.40	1.95	5.22	3.50–3.60	1.95	4.65
Pension trend	2.20	0.00	N/A	2.20	0.00	N/A

Carrying amounts and fair values by measurement category

Financial instruments are accounted for in accordance with IFRS 9 and allocated to the appropriate accounts.

€ million	Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value
					31/03/2023
		Value in statement of financial position			
Assets					
Measured at amortised cost	**2,291**	**2,291**	**0**	**0**	**2,291**
Cash and cash equivalents	1,004	1,004	0	0	1,004
Receivables due from suppliers	993	993	0	0	993
Trade receivables and similar claims[1]	155	155	0	0	155
Loans and advance credit granted	16	16	0	0	16
Miscellaneous assets	122	122	0	0	122
Measured at fair value through profit or loss	**5**	**0**	**5**	**0**	**5**
Securities	0	0	0	0	0
Derivative financial instruments	5	0	5	0	5
Measured at fair value through other comprehensive income	**121**	**0**	**0**	**121**	**121**
Equity instruments	121	0	0	121	121
Equity and liabilities					
Measured at amortised cost	**6,030**	**6,030**	**0**	**0**	**5,854**
Financial liabilities[2]	844	844	0	0	668
Trade liabilities and similar liabilities[3]	4,866	4,866	0	0	4,866
Miscellaneous liabilities	320	320	0	0	320
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0	0

[1] Not including continuing involvement of €70 million or contract assets of €193 million
[2] Not including lease liabilities of €1,826 million
[3] Not including continuing involvement of €70 million or contract liabilities of €207 million

€ million					31/03/2024
		Value in statement of financial position			
	Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value
Assets					
Measured at amortised cost	**2,516**	**2,516**	**0**	**0**	**2,516**
Cash and cash equivalents	897	897	0	0	897
Receivables due from suppliers	1,245	1,245	0	0	1,245
Trade receivables and similar claims[1]	203	203	0	0	203
Loans and advance credit granted	40	40	0	0	40
Miscellaneous assets	132	132	0	0	132
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Securities	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0
Measured at fair value through other comprehensive income	**76**	**0**	**0**	**76**	**76**
Equity instruments	76	0	0	76	76
Equity and liabilities					
Measured at amortised cost	**6,365**	**6,365**	**0**	**0**	**6,311**
Financial liabilities[2]	854	854	0	0	800
Trade liabilities and similar liabilities[3]	5,157	5,157	0	0	5,157
Miscellaneous liabilities	353	353	0	0	353
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0	0

[1] Not including continuing involvement of €76 million or contract assets of €243 million
[2] Not including lease liabilities of €1,754 million
[3] Not including continuing involvement of €76 million or contract liabilities of €217 million

The classes are formed on the basis of similar risks and characteristics corresponding to the nature of the respective financial instruments. Further subdivision for individual financial assets and liabilities is shown the table above.

The fair value hierarchy consists of three levels and is determined based on the market proximity of the inputs used in the measurement methods. In cases where various inputs are critical for the measurement, the fair value is allocated to the hierarchy level corresponding to the lowest-level input that is relevant for the measurement.

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs: unobservable inputs for the asset or liability

Equity instruments of €76 million (31/03/2023: €121 million) are subsequently measured at fair value through other comprehensive income. €38 million (31/03/2023: €84 million) of this relates to listed companies, with €20 million (31/03/2023: €55 million) attributable to the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" and €18 million (31/03/2023: €29 million) attributable to the roughly 1 per cent share in METRO AG.

Equity instruments of €37 million (31/03/2023: €37 million) which are not listed on the stock exchange and for which there is no active market are recognised at fair value through other comprehensive income. These equity instruments are not planned to be sold. The main component at €35 million (31/03/2023: €35 million) is the 6.61 per cent investment in METRO PROPERTIES GmbH & Co. KG.

The financial instruments measured at fair value in accordance with IFRS 9 are allocated as follows within the three-level fair value hierarchy:

€ million	31/03/2023 Total	Level 1	Level 2	Level 3
Assets	**126**	**29**	**5**	**92**
Measured at fair value through profit or loss	**5**	**0**	**5**	**0**
Securities	0	0	0	0
Derivative financial instruments	5	0	5	0
Measured at fair value through other comprehensive income	**121**	**29**	**0**	**92**
Equity instruments	121	29	0	92
Equity and liabilities	**0**	**0**	**0**	**0**
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0
Total	**126**	**29**	**5**	**92**

€ million	31/03/2024 Total	Level 1	Level 2	Level 3
Assets	**76**	**18**	**0**	**57**
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**
Securities	0	0	0	0
Derivative financial instruments	0	0	0	0
Measured at fair value through other comprehensive income	**76**	**18**	**0**	**57**
Equity instruments	76	18	0	57
Equity and liabilities	**0**	**0**	**0**	**0**
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0
Total	**76**	**18**	**0**	**57**

Equity instruments (level 1) are measured on the basis of quoted market prices in active markets.

The securities (level 1) relate to short-term investments in funds and are measured on the basis of quoted market prices in active markets.

For interest rate swaps and currency transactions (all level 2), there is a mark-to-market measurement on the basis of quoted exchange rates and yield curves available on the market.

The equity instruments without an active market recognised as assets totalling €57 million (31/03/2023: €92 million) as of 31 March 2024 are allocated to fair value level 3.

The fair value of 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" decreased by €35 million to €20 million (31/03/23: €55 million). This change in the carrying amount was recognised in other comprehensive income ("Measurement effects on financial instruments measured at fair value through other comprehensive income") in the third quarter of 2022/23. The shares in PJSC "M.video" are also measured on the basis of a level 3 market valuation as of 31 March 2024, because on this date it was still assumed that a market value for the shares in PJSC "M.video" still could not be reliably derived from the stock market price on the Moscow stock exchange. A markdown was applied to the stock market value of the PJSC "M.video" shares in order to account for the ongoing uncertainty regarding Russian investments and the share's low free float. This markdown was calculated at approximately 62 per cent as of 31 March 2024. The market value estimate for the 15 per cent investment in PJSC "M.video" amounts to €20 million.

Varying the material measurement parameters, a 10 per cent increase in the markdown would decrease the carrying amount by €2 million. Reducing the markdown by 10 per cent points would increase the carrying amount by €2 million. Increasing the exchange rate by 10 per cent would decrease the carrying amount by €2 million. Reducing the exchange rate by 10 per cent would increase the carrying amount by €2 million.

The fair value of the shares in METRO PROPERTIES GmbH & Co. KG amounted to €35 million, as in the previous year. The fair value of the shares is determined by the value of the real estate behind the investment. This accounts for near-term real estate transactions as well as the expected development of the real estate portfolio belonging to METRO PROPERTIES.

During the past reporting period and in the previous year, no transfers were made between levels 1 and 2.

No transfers to or from level 3 were made in the past reporting period or in the previous year.

Financial instruments that are recognised at amortised cost in the statement of financial position, but whose fair values are stated in the notes, are also classified within a three-level fair value hierarchy.

Due to their generally short-terms, the fair values of receivables due from suppliers, trade receivables and similar claims, trade liabilities and similar liabilities and cash and cash equivalents largely correspond to their carrying amounts.

The fair values of bonds, liabilities to banks and promissory note loans are calculated based on the market interest curve in line with the zero-coupon method, taking account of credit spreads (level 2). The values include accrued interest as of the closing date.

The fair values of all miscellaneous financial assets and financial liabilities that are not listed on the stock exchange correspond to the net present values of the payments associated with these items of the statement of financial position. The country-specific yield curves applicable as of the closing date (level 2) were used in the calculation.

Other notes

Notes on the statement of cash flows

In financial year 2022/23, the presentation of effects resulting from the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" in the cash flow statement was changed. In the first half of 2023/24, the previous year's figures were adjusted as follows:

€ million	H1 2022/23
Change in net working capital	−12
Other in cash flow from operating activities	−4
Gain or loss on net monetary position	0
IAS 29 effects on cash flow from operating, investing and financing activities	−6
Currency effects on cash and cash equivalents	22
Effects on the total change in cash and cash equivalents	**0**

The adjustments shown in the table above are labelled in the statement of cash flows using footnote 2.

Interest received and profit transfers received were presented in the cash flow from financing activities in the half-year financial report of the previous year. In the current half-year financial report, interest received and profit transfers are presented in separate lines within cash flow from investing activities. This prior-year adjustment is indicated in the statement of cash flows using footnote 3.

Segment reporting

Segmentation is in line with the Group's internal management and reporting.

CECONOMY's chief operating decision maker (CODM) in accordance with IFRS 8 (Operating Segments) is the Management Board of CECONOMY AG. The Management Board members have joint responsibility for allocating resources and assessing the Group's operating profitability. At CECONOMY, management is generally performed at a national level. The CODM of CECONOMY therefore manages the company's activities on the basis of internal reporting that generally includes key figures for each country. Resource allocation and performance measurement accordingly take place at a national level.

CECONOMY operates in a single business sector, the electronics sector. Combined with a relatively homogeneous alignment, its products, services and customer groups and its sales methods are similar in all countries. Based on similar economic conditions and business activities of the operations, individual countries are aggregated to form the following reportable **operating segments**:

– DACH: Germany, Austria, Switzerland, Hungary

– Western/Southern Europe: Belgium, Italy, Luxembourg, the Netherlands, Spain

– Eastern Europe: Poland, Türkiye

All non-reportable operating segments as well as business activities that do not meet the criteria to be defined as an operating segment are grouped together under "Others". With retroactive effect from 01/10/22, this primarily includes companies with administrative and cross-divisional functions as well as smaller operating companies.

SUPPLEMENTARY NOTES ON SEGMENT REPORTING

The composition of the DACH segment and the Others segment has been changed and the previous year's figures restated. The change reflects the effects of the Convergenta transaction (acquisition of shares of non-controlling interests in Media Saturn Holding GmbH). The Media-Saturn Group's administrative and interdepartmental service companies in Germany are now reported together with those of CECONOMY in the Others segment. They were previously presented in the DACH segment. As well as accounting for the effects of the aforementioned transaction, the change also provides for a better grouping of operating activities on one side and administrative and interdepartmental functions on the other. In segment reporting, the changes only affect the DACH segment, the Others segment and consolidation and have no impact on the net assets, financial position and earnings position of the Group.

The change in segment composition resulted in the following restatements of the prior-year figures for Q2/H1 2022/23:

€ million	DACH			Others			Consolidation		
	Q2 2022/23 before	Restatement	Q2 2022/23 now	Q2 2022/23 before	Restatement	Q2 2022/23 now	Q2 2022/23 before	Restatement	Q2 2022/23 now
External sales (net)	2,888	–3	2,885	107	3	110	0	0	0
Internal sales (net)	10	–10	0	6	46	52	–17	–36	–53
Sales (net)	2,898	–13	2,885	113	49	162	–17	–36	–53
EBITDA	71	1	72	–13	1	–12	0	–2	–2
Depreciation/amortisation and impairment losses	96	–4	91	66	4	70	0	0	0
Reversals of impairment losses	6	0	6	0	0	0	0	0	0
EBIT	–19	6	–14	–79	–4	–82	–0	–2	–2
EBIT adjusted	–3	3	1	–5	–1	–7	–0	–2	–2
Investments	61	–8	53	2	8	10	0	0	0
Non-current segment assets	1,790	–145	1,645	400	145	545	0	0	0
Investments accounted for using the equity method	(0)	(0)	(0)	(385)	(0)	(385)	(0)	(0)	(0)

€ million	DACH			Others			Consolidation		
	H1 2022/23 before	Restatement	H1 2022/23 now	H1 2022/23 before	Restatement	H1 2022/23 now	H1 2022/23 before	Restatement	H1 2022/23 now
External sales (net)	6,827	–7	6,820	257	7	263	0	0	0
Internal sales (net)	20	–20	1	11	113	124	–33	–93	–126
Sales (net)	6,847	–26	6,821	267	120	387	–33	–93	–126
EBITDA	333	–9	324	–21	8	–14	0	1	1
Depreciation/amortisation and impairment losses	192	–9	183	69	9	77	0	0	0
Reversals of impairment losses	6	0	6	0	0	0	0	0	0
EBIT	147	–1	146	–90	–1	–91	0	1	1
EBIT adjusted	162	–1	161	–10	0	–10	0	1	1
Investments	131	–16	115	8	16	23	0	0	0
Non-current segment assets	1,790	–145	1,645	400	145	545	0	0	0
Investments accounted for using the equity method	(0)	(0)	(0)	(385)	(0)	(385)	(0)	(0)	(0)

The main components of segment reporting are described below:

– External sales represent the operating segments' sales with non-Group parties.

– Internal sales show sales with other operating segments.

– Segment EBIT refers to the profit before net financial result and income taxes. Intragroup rental contracts are presented as operating leases in the segments. The properties are leased at market terms. Location-related risks and impairment risks of non-current assets are generally shown in the segments only if they represent risks for the Group. The same applies to deferred assets and liabilities, which are shown at segment level only if this would also be required in the consolidated statement of financial position.

– Segment EBITDA comprises EBIT before depreciation, amortisation, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method.

– In financial year 2023/24, adjusted EBIT, CECONOMY's management-relevant earnings indicator, is adjusted for non-recurring effects and earnings effects from companies recognised at equity and portfolio changes. Non-recurring effects on earnings include effects in connection with the simplification and digitalisation of central structures and processes, legal risks in connection with changes to the legal framework and accounting effects from the application of IAS 29 in hyperinflationary Türkiye. In the comparable reporting period of the previous year, the non-recurring effects also included earnings effects in connection with the strengthening of the sales brands in Germany in addition to the aforementioned items. In the first half of 2023/24, expenses for non-recurring effects amounted to €29 million (H1 2022/23: €13 million). Income for companies accounted for using the equity method amounted to €43 million (H1 2022/23 €5 million in expenses), resulting from the amortisation of the share in Fnac Darty S.A. Expenses of €4 million (H1 2022/23: €76 million) were recognised for portfolio changes. In the second quarter of 2023/24, expenses for non-recurring effects amounted to €1 million (Q2 2022/23: €11 million). Income for companies accounted for using the equity method amounted to €43 million (Q2 2022/23: €4 million in expenses), resulting from the amortisation of the share in Fnac Darty S.A. Expenses amounting to €4 million (Q2 2022/23: €70 million) were recognised for portfolio changes.

The reconciliation of adjusted EBIT to EBIT is shown below:

€ million	Q2 2022/23	Q2 2023/24
Adjusted EBIT	**–21**	**5**
Simplification and digitalisation of central structures and processes	–6	1
Strengthening of the retail brands in Germany	–2	–
Other	–4	–1
Companies accounted for using the equity method and portfolio changes	–74	40
EBIT	**–106**	**44**

€ million	H1 2022/23	H1 2023/24
Adjusted EBIT	**209**	**253**
Simplification and digitalisation of central structures and processes	–6	–1
Strengthening of the retail brands in Germany	–2	–
Other	–6	–28
Companies accounted for using the equity method and portfolio changes	–81	39
EBIT	**115**	**263**

– Segment investments comprises additions (including additions to consolidation group) to non-current intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method. Excluded here are additions as a result of reclassifying assets held for sale as non-current assets.

– Non-current segment assets comprise all the non-current assets. They particularly do not include financial assets or tax items.

The reconciliation of non-current segment assets to the Group's assets is shown below:

€ million	31/03/2023	31/03/2024
Non-current segment assets	**3,322**	**3,187**
Financial assets	137	116
Cash and cash equivalents	1,004	897
Deferred tax assets	446	442
Income tax assets	129	150
Other entitlements to tax refunds[1]	147	128
Inventories	3,061	3,108
Trade receivables and similar claims	418	522
Receivables due from suppliers	993	1,245
Prepaid expenses[1]	65	56
Receivables from other financial transactions[2, 3]	5	0
Assets held for sale	61	0
Other[1, 2, 3, 4]	127	140
Group assets	**9,917**	**9,990**

[1] Included in the "Other assets (current)" balance sheet item
[2] Included in the "Other financial assets (current)" balance sheet item
[3] Included in the "Other financial assets (non-current)" balance sheet item
[4] Included in the "Other assets (non-current)" balance sheet item

- The transfer pricing system between the segments is based on licence allocation on a cost-plus basis, which comprises cost relief in connection with routine services. The licence allocation, which is calculated on the basis of the segments' sales, covers the use of brands in the Group, among other things.

Contingent liabilities

CECONOMY has contingent liabilities of €51 million in the first half of 2023/24 (H1 2022/23: €18 million). These relate primarily to bank guarantees and income taxes as well as VAT.

Other legal matters

CECONOMY is not currently involved in legal disputes, investigations or other legal matters that could have a material influence on CECONOMY's economic situation or otherwise be of significant importance for CECONOMY.

RELATED PARTY DISCLOSURES

In the first half of the 2023/24 financial year, there was a significant change in the assessment of related parties with significant influence. Taking into account the requirements set out in IAS 28.5 f., CECONOMY concludes that these criteria are no longer met with regard to Franz Haniel & Cie. GmbH (Haniel) due to changed structures. As a result, Haniel is no longer considered a related party of CECONOMY within the meaning of IAS 24, meaning that there is no longer an obligation to disclose the relevant transactions.

EVENTS AFTER THE REPORTING DATE

↗ Information on events after the second quarter can be found on page 10.

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, the half-yearly consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Düsseldorf, 13 May 2024

The Management Board

Dr Karsten Wildberger

Dr Kai-Ulrich Deissner

The following review report (Bescheinigung nach prüferischer Durchsicht) has been issued in accordance with the applicable rules of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) on the condensed consolidated interim financial statements (verkürzter Konzernzwischenabschluss) and the interim group management report (Konzernzwischenlagebericht) of CECONOMY AG, Düsseldorf as of and for the six month period ended March 31, 2024, which are part of the Half-yearly financial report (Halbjahresfinanzbericht)] according to § 115 WpHG. The interim group management report (Konzernzwischenlagebericht) is neither included nor incorporated by reference in this Offering Memorandum. The above-mentioned review report and the condensed consolidated interim financial statements are both translations of respective German-language documents.

REVIEW REPORT

TO CECONOMY AG, DÜSSELDORF

We have reviewed the condensed consolidated interim financial statements – comprising the income statement, the reconciliation from profit or loss for the period to total comprehensive income, the statement of financial position, the condensed statement of changes in equity, the cash flow statement and selected explanatory notes - and the interim group management report of CECONOMY AG, Düsseldorf, for the period from 1 October 2023 to 31 March 2024 which are part of the half-year financial report pursuant to § [Article] 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our re-view.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and supplementary compliance with the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 13 May 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Verena Heineke	Christian David Simon
German Public Auditor	German Public Auditor

CONSOLIDATED FINANCIAL STATEMENTS

of

CECONOMY AG

for the financial year ended September 30, 2023

Income statement
for the financial year from 1 October 2022 to 30 September 2023

€ million	Note no.	2021/22	2022/23
Sales	**1**	**21,768**	**22,242**
Cost of sales	2	−17,961	−18,303
Gross profit on sales		**3,808**	**3,938**
Other operating income	3	253	252
Selling expenses	4	−3,301	−3,341
General administrative expenses	5	−613	−647
Other operating expenses	6	−6	−76
Earnings share of operating companies recognized at equity	22	−30	−132
Net impairments on operating financial assets and contract assets	8	−5	−16
Earnings before interest and taxes EBIT		**105**	**−21**
Other investment result	7	13	0
Interest income	9	24	64
Interest expenses	9	−71	−155
Other financial result	10	−22	70
Net financial result		**−56**	**−21**
Earnings before taxes EBT		**49**	**−42**
Income taxes	12	81	5
Profit or loss for the period		**130**	**−37**
Profit or loss for the period attributable to non-controlling interests	13	4	2
Profit or loss for the period attributable to shareholders of CECONOMY AG		126	−39
Undiluted earnings per share in €[1]	**14**	**0.31**	**−0.08**
Diluted earnings per share in €[1]	**14**	**0.31**	**−0.08**

[1] 485,221,084 ordinary shares issued since 3 June 2022

Reconciliation from profit or loss for the period to total comprehensive income for the financial year from 1 October 2022 to 30 September 2023

€ million	Note no.	2021/22	2022/23
Profit or loss for the period		**130**	**−37**
Other comprehensive income			
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	**28**	**−28**	**−23**
Remeasurement of defined benefit pension plans	29	89	−13
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	22	−165	−20
Subsequent measurement of associates/joint ventures accounted for using the equity method	22	7	1
Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss	24	40	9
Items of other comprehensive income that may be reclassified subsequently to profit or loss	**28**	**44**	**−63**
Currency translation differences from translating the financial statements of foreign operations	28	44	−65
Subsequent measurement of associates/joint ventures accounted for using the equity method	22	0	0
Income tax attributable to items of other comprehensive income that may be reclassified subsequently to profit or loss	24	0	2
Other comprehensive income	**28**	**15**	**−86**
Total comprehensive income	**28**	**146**	**−123**
Total comprehensive income attributable to non-controlling interests	28	−22	2
Total comprehensive income attributable to shareholders of CECONOMY AG	28	167	−125

Statement of financial position as of 30 September 2023
Assets

€ million	Note no.	30/09/2022	30/09/2023
Non-current assets		**3,865**	**3,660**
Goodwill	18	524	524
Other intangible assets	19	152	165
Property, plant and equipment	20	541	541
Right-of-use assets	21	1,835	1,676
Financial assets	22	115	123
Investments accounted for using the equity method	22	388	257
Other financial assets	23	2	2
Other assets	23	5	3
Deferred tax assets	24	302	368
Current assets		**6,134**	**5,975**
Inventories	25	3,176	2,918
Trade receivables and similar claims	26	440	490
Receivables due from suppliers	23	1,296	1,207
Other financial assets	23	142	123
Other assets	23	163	163
Income tax assets		147	177
Cash and cash equivalents	34	769	897
		9,998	**9,635**

Equity and liabilities

€ million	Note no.	30/09/2022	30/09/2023
Equity	**28**	**592**	**465**
Share capital		1,240	1,240
Capital reserve		389	389
Reserves retained from earnings		−1,039	−1,166
Non-controlling interests		2	2
Non-current liabilities		**2,642**	**2,487**
Provisions for pensions and similar obligations	29	332	316
Other provisions	30	43	88
Borrowings	31, 34	2,184	2,000
Other financial liabilities	31, 33	14	11
Other liabilities	33	3	3
Deferred tax liabilities	24	65	69
Current liabilities		**6,765**	**6,683**
Trade liabilities and similar liabilities	31, 32	5,340	5,320
Provisions	30	95	82
Borrowings	31, 34	589	584
Other financial liabilities	31, 33	360	405
Other liabilities	33	309	249
Income tax liabilities	31	72	43
		9,998	**9,635**

Statement of changes in equity[1]
for the financial year from 1 October 2022 to 30 September 2023

€ million	Share capital	Capital reserve	Effective portion of gains/losses from cash flow hedges	Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	Currency translation differences from translating the financial statements of foreign operations	Remeasurement of defined benefit pension plans
01/10/2021	**919**	**321**	**0**	**16**	**−14**	**−284**
Profit or loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	−137	43	88
Total comprehensive income	**0**	**0**	**0**	**−137**	**43**	**88**
Capital increases	322	67	0	0	0	0
Distributions	0	0	0	0	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	0	−19	−7	−7
Other changes	0	0	0	0	0	0
30/09 or 01/10/2022	**1,240**	**389**	**0**	**−140**	**22**	**−203**
Profit or loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	−20	−65	−13
Total comprehensive income	**0**	**0**	**0**	**−20**	**−65**	**−13**
Distributions	0	0	0	0	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
30/09/2023	**1,240**	**389**	**0**	**−160**	**−43**	**−216**

[1] Equity is explained in the notes – note 28 Equity.

Statement of changes in equity[1]
for the financial year from 1 October 2022 to 30 September 2023

€ million	Subsequent measurement of associates/joint ventures accounted for using the equity method	Income tax attributable to items of other comprehensive income	Other reserves retained from earnings	Total reserves retained from earnings	Total equity before non-controlling interests	Non-controlling interests	Total equity
01/10/2021	**–51**	**2**	**–187**	**–518**	**722**	**44**	**766**
Profit or loss for the period	–30	0	156	126	126	4	130
Other comprehensive income	7	40	0	41	41	–26	15
Total comprehensive income	**–23**	**40**	**156**	**167**	**167**	**–22**	**146**
Capital increases	0	0	0	0	389	0	389
Distributions	0	0	–64	–64	–64	–6	–70
Equity transactions with change in equity interest without obtaining/relinquishing control	–6	1	–585	–624	–624	–14	–637
Other changes	–2	0	1	–1	–1	0	–1
30/09 or 01/10/2022	**–81**	**43**	**–679**	**–1,039**	**590**	**2**	**592**
Profit or loss for the period	–132	0	93	–39	–39	2	–37
Other comprehensive income	1	11	0	–86	–86	0	–86
Total comprehensive income	**–131**	**11**	**93**	**–125**	**–125**	**2**	**–123**
Distributions	0	0	–2	–2	–2	–1	–3
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	–1	–1	–1	0	–1
Other changes	1	0	–1	1	1	0	1
30/09/2023	**–211**	**54**	**–589**	**–1,166**	**463**	**2**	**465**

[1] Equity is explained in the notes – note 28 Equity.

Cash flow statement[1]
for the financial year from 1 October 2022 to 30 September 2023

€ million	2021/22	2022/23
EBIT	105	–21
Scheduled depreciation/amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on investments accounted for using the equity method and assets held for sale	761	835
Change in provisions for pensions and similar obligations	–36	–17
Change in net working capital[2]	–381[3]	332
Income taxes paid	–130[3]	–109
Reclassification of gains (–)/losses (+) from the disposal of fixed assets	2	2
Other	–131[3]	42
Gain or loss on net monetary position	–65[3]	–60
Cash flow from operating activities	**127[3]**	**1,004**
Investments in property, plant and equipment	–206	–176
Other investments	–48	–81
Disposals of companies	–1	–57
Disposal of long-term assets and other disposals	40	29
Change in current financial assets	150[4]	0
Interest received	17[5]	48
Profit and loss transfers	13[6]	1
Cash flow from investing activities	**–35[5,6]**	**–236**
Dividends paid	–104	–3
thereof dividends paid to the shareholders of CECONOMY AG	(–63)	(0)
Equity transactions with change in equity interest without obtaining/relinquishing control	–132	0
Redemption of liabilities from put options of non-controlling interests	–26	–1
Proceeds from long-term borrowings	415[3,7,8]	248
Redemption of lease liabilities	–496[3]	–489
Redemption of borrowings (excluding leases)	–514[7,8]	–253
Change in other current borrowings	10[8]	–3
Interest paid	–74	–129
Other financing activities	–11[6]	–19
Cash flow from financing activities	**–932[3, 5, 6]**	**–649**
IAS 29 effects on cash flow from operating, investing and financing activities	16[3]	12
Total cash flows	**–824[3]**	**131**
Currency effects on cash and cash equivalents	–37[3]	–51
Total change in cash and cash equivalents	**–861[3]**	**80**
Total cash and cash equivalents as of 1 October	1,630[3]	816
Less the effects of indexing cash and cash equivalents	48[3]	48
Cash and cash equivalents as of 1 October according to statement of financial position	**1,582**	**769**
Total cash and cash equivalents as of 30 September	769	897
Cash and cash equivalents as of 30 September according to statement of financial position	**769**	**897**

[1] The cash flow statement is explained in the notes – note 35 Notes to the cash flow statement.
[2] Change in net working capital shown from the related statement of financial position items, mainly adjusted for currency effects.
[3] Adjustments due to a change in presentation of effects of the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”. Further explanations can be found in the notes – note 35 Notes to the cash flow statement.
[4] Explanations of this adjustment can be found in the notes – note 35 Notes to the cash flow statement.
[5] Presented in the previous year in cash flow from financing activities.
[6] Presented in the previous year under profit and loss transfers and other financing activities.
[7] Explanations of the adjusted figures for the previous year can be found in the notes – note 35 Notes to the cash flow statement.
[8] Explanations of the adjusted figures for the previous year can be found in the notes – note 35 Notes to the cash flow statement.

NOTES

Segment reporting[1]

Operating segments

€ million	DACH		Western/ Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY[2]	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
External sales (net)	12,046	12,054	7,158	7,037	2,054	2,766	510	385	0	0	21,768	22,242
Internal sales (net)	37	40	3	3	0	0	9	33	−50	−76	0	0
Sales (net)	12,083	12,094	7,161	7,040	2,054	2,766	520	417	−50	−76	21,768	22,242
EBITDA	451	469	310	262	93	182	11[3]	−99[3]	2	−1	866	813
Depreciation/amortization and impairment losses	411	400	219	220	61	65	70	155	0	0	762	841
Reversals of impairment losses	0	6	1	0	0	0	0	0	0	0	1	6
EBIT	40	75	92	41	31	117	−59[4]	−253[4]	2	−1	105	−21
EBIT adjusted	77	142	114[5]	36	31	102	−16[5]	−36	2	−1	208[5]	243
Investments	351	350	321	209	78	90	13	19	0	0	762	668
Non-current segment assets	1,873	1,655	974	926	172	184	427	404	0	0	3,447	3,169
Investments accounted for using the equity method	(0)	(0)	(0)	(0)	(0)	(0)	(388)	(257)	(0)	(0)	(388)	(257)

[1] Segment reporting is explained in the notes – note 36 Segment reporting.
[2] Includes external sales in financial year 2022/23 of €9,774 million (2021/22: €9,801 million) for Germany, of €2,266 million (2021/22: €2,477 million) for Italy, of €2,333 million (2021/22: €2,305 million) for Spain, as well as non-current segment assets as of 30 September 2023 of €1,801 million (30/09/2022: €1,993 million) for Germany, and €391 million (30/09/2022: €387 million) for Italy.
[3] Includes expenses from operating companies recognized at equity in the Others segment in the amount of €50 million (2021/22: income of €26 million).
[4] Includes expenses from operating companies recognized at equity in the Others segment in the amount of €132 million (2021/22: €30 million).
[5] Adjustment for portfolio changes for Portugal in the Western/Southern Europe segment and for Sweden in the Others segment.

Notes to the Group accounting principles and methods

Accounting principles

CECONOMY AG is a listed corporation based at Kaistrasse 3, 40221 Düsseldorf, Germany. It is registered at the Düsseldorf District Court under register number HRB 39473. The consolidated financial statements and combined management report are submitted to the operator of the business register and published in the business register. In addition, the components subject to disclosure requirements are also published in electronic reporting format ("ESEF format") in the business register. The entire annual report is also available online at www.ceconomy.de/en/.

The business purpose comprises trading business of all kinds, especially retail and wholesale of consumer electronics, and the manufacture and development of products for this purpose and all associated activities.

These consolidated financial statements of CECONOMY AG as of 30 September 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS). They apply all accounting standards and interpretations that have been adopted and whose application is mandatory in the European Union as of this date. Compliance with the standards and interpretations ensures that a true and fair view of CECONOMY's net assets, financial position and earnings position is presented.

This version of the consolidated financial statements complies with Sec. 315e of the German Commercial Code (HGB). This provides the legal basis for Group accounting in accordance with international standards in Germany together with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The date they were signed by the Management Board of CECONOMY AG (13 December 2023) is the same as the date on which the Management Board approved the consolidated financial statements for publication and submission to the Supervisory Board.

These consolidated financial statements are generally based on the historical cost method, with the significant exceptions of financial instruments measured at fair value. Furthermore, non-current assets held for sale, disposal groups and discontinued operations are recognized at fair value less costs to sell if this value is lower than the carrying amount. Liabilities from cash-settled share-based payments are likewise stated at fair value. Moreover, provisions are measured at their expected settlement amount.

The income statement was prepared using the cost-of-sales method.

To enhance clarity and meaningfulness, certain items in the income statement and in the statement of financial position are combined. These items are presented and explained separately in the notes.

The consolidated financial statements were prepared in euros. All amounts are shown in millions of euros (€ million) unless stated otherwise. In order to provide a better overview, decimal places are not shown in the tables in some cases. Figures in the tables may contain rounding differences.

The following sections outline the accounting and measurement methods used to prepare the consolidated financial statements.

Application of new accounting methods

ACCOUNTING STANDARDS APPLIED FOR THE FIRST TIME IN FINANCIAL YEAR 2022/23

The following accounting standards and interpretations revised, supplemented and newly issued by the International Accounting Standards Board (IASB) were applied for the first time in these consolidated financial statements. Their application was mandatory for CECONOMY AG in financial year 2022/23 unless it is stated that they were applied early on a voluntary basis.

IFRS 3

The amendment to IFRS 3 includes an adjusted reference to the IFRS Conceptual Framework, which was necessary following the update of the Conceptual Framework in 2018. Furthermore, a requirement was added that, for obligations within the scope of IAS 37 or IFRIC 21, the acquirer applies these standards instead of the Conceptual Framework. IFRS 3 also includes a ban on recognizing contingent assets acquired in a business combination. The amendments do not have any impact on the consolidated financial statements of CECONOMY.

IAS 16

The amendment to IAS 16 clarifies that proceeds generated before the intended use of an item of property, plant and equipment may not be deducted from the cost of that item. Instead, these are recognized directly in profit or loss. The amendments do not have any impact on the consolidated financial statements of CECONOMY.

IAS 37

The amendments to IAS 37 specify the definition of the cost of fulfilling an onerous contract. Accordingly, the cost of fulfilling includes both the incremental costs of fulfilling the contract and other costs that relate directly to fulfilling the contract. The amendments do not have any material impact on the consolidated financial statements of CECONOMY.

Various

A total of four standards were amended as part of the annual improvements to IFRSs (2018 to 2020). The amendments relate to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments”, IFRS 16 “Leases” and IAS 41 “Agriculture”. The amendments do not have any material impact on the consolidated financial statements of CECONOMY.

ACCOUNTING STANDARDS THAT HAD BEEN PUBLISHED BUT NOT YET APPLIED IN FINANCIAL YEAR 2022/23

The IASB has issued or revised other accounting standards and interpretations that CECONOMY has not yet implemented in financial year 2022/23 because their application is not yet mandatory or they have not yet been endorsed by the European Commission.

Standard/ interpretation	Title	Start of application as per IFRS[1]	Application at CECONOMY AG from[2]	Approved by EU[3]
IFRS 10/IAS 28	Consolidated Financial Statements/Investments in Associates and Joint Ventures (amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Unknown[4]	Unknown[4]	No
IFRS 17	Insurance Contracts	01/01/2023	01/10/2023	Yes
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01/01/2023	01/10/2023	Yes
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	01/01/2023	01/10/2023	Yes
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	01/01/2023	01/10/2023	Yes
IAS 12	Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules	01/01/2023	01/10/2023	No
IAS 1	Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	01/01/2024	01/10/2024	No
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	01/01/2024	01/10/2024	No
IAS 7/IFRS 7	Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	01/01/2024	01/10/2024	No
IAS 21	Amendments to IAS 21: Lack of Exchangeability	01/01/2025	01/10/2025	No

[1] Not including early application
[2] Application only from 1 October due to the financial year's deviation from the calendar; on the condition of EU endorsement
[3] As of 13/12/2023 (date of signature by the Management Board of CECONOMY AG)
[4] First-time application indefinitely postponed by the IASB

According to current estimates, the first-time application of the standards and interpretations listed in the table above and other standards amended in the annual improvements will have no material effects on the Group's net assets, financial position and earnings position.

Future change in segment composition

For better presentation of segment reporting and due to changes under company law in connection with the Convergenta transaction, the bundling of administrative and interdepartmental functions in particular will result in reallocation in segment reporting. The main reallocations will be from the DACH segment to the Others segment. CECONOMY expects immaterial effects from the Group perspective, especially on the segment KPIs external sales (net), adjusted EBIT, EBIT and non-current segment assets in the low single- to double-digit millions. The reallocation will result in effects of up to the low triple-digit millions in the sales (net) figure, because intragroup sales will be recognized that were previously consolidated within a segment. Accordingly, there will be opposing effects in consolidation.

Consolidated group

In addition to CECONOMY AG, the consolidated financial statements include all companies directly or indirectly controlled by CECONOMY AG, provided these companies are not insignificant for the consolidated financial statements individually or together. Control exists when a majority in the voting rights, the articles of association, a company contract or a contractual agreement enable control to be exercised over the financial and business policy of a company in order to draw a benefit from its activity.

With CECONOMY AG, 406 German (30/09/2022: 408) and 246 international (30/09/2022: 366) companies are included in the consolidated financial statements.

In financial year 2022/23, the consolidation group changed as follows:

As of 01/10/2022	**774**
Disposals	108
Sales	16
Newly founded companies	2
As of 30/09/2023	**652**

With one exception, the financial years of the Group companies included in the consolidated financial statements end on 30 September.

Deconsolidated companies are accounted for as Group companies up to the date of their disposal.

The disposals relate to 106 mergers and two liquidations. The sales relate to 15 companies in Portugal and one company in Sweden. The newly founded companies relate to one company each in Germany and Austria.

One subsidiary (30/09/2022: one subsidiary) is not fully consolidated for reasons of materiality. Instead, it is carried at cost and recognized under financial investments.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Two associates (30/09/2022: one associate) are included in the consolidated financial statements using the equity method.

NON-CONTROLLING INTERESTS

There were no material non-controlling interests as of 30 September 2023.

↗ An overview of all material Group companies can be found under note 48 Overview of material fully consolidated Group companies. In addition, a full list of all Group companies and associates in accordance with Sec. 313 HGB is available on the website www.ceconomy.de/en/ under Investor Relations – Publications.

Consolidation principles

The financial statements of the domestic and international subsidiaries including in consolidation are prepared in accordance with IFRS 10 (Consolidated Financial Statements) using uniform accounting and measurement methods.

Subsidiaries are fully consolidated if they are material for the presentation of a true and fair view of the net assets, financial position and earnings position.

The recognition of earnings from investments in associates, joint ventures and joint operations in the income statement depends on whether the investee conducts operating or non-operating activities. Operating activities include both the retail/wholesale business and support activities (e.g. leasing/letting commercial properties, purchasing, logistics). Earnings from operating associates, joint ventures and joint operations are included in operating EBIT, earnings from non-operating entities in the net financial result. Any deviating accounting and measurement methods in the financial statements of companies accounted for using the equity method are retained, provided they do not run significantly counter to CECONOMY's Group-wide accounting and measurement methods.

Intra-Group profits and losses are eliminated. Sales, expenses, income, receivables and liabilities between consolidated Group companies, and provisions are consolidated. Intercompany profits in non-current assets and inventories from intra-Group trading are eliminated if not immaterial. Deferred taxes are recognized on consolidation procedures in accordance with IAS 12 (Income Taxes).

Unrealized gains from transactions with entities accounted for using the equity method are offset against the investment in the amount of the Group's share in the investee.

An increase and reduction in interest in subsidiaries must be presented in reserves retained from earnings as an equity transaction through other comprehensive income, as long as the parent company retains control. If a reduction or complete disposal of the interests results in the loss of control, the full consolidation of the subsidiary is ended as of the date on which the parent company loses the possibility of control. All previously fully consolidated assets, liabilities and equity items are derecognized at amortized Group carrying amounts. The interests disposed of are deconsolidated according to the general rules for deconsolidation. If there are remaining residual shares, they are recognized at fair value as a financial instrument according to IFRS 9 or as an associate measured according to the equity method according to IAS 28.

Currency translation

FOREIGN CURRENCY TRANSACTIONS

In the subsidiaries' separate financial statements, foreign currency transactions are measured at the exchange rate as of the date of the transaction. As of the closing date, monetary assets and liabilities in foreign currency are measured at the exchange rate as of closing date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Gains and losses from exchange rate fluctuations before the closing date are recognized through profit or loss. Currency translation differences from receivables and liabilities in foreign currency that are deemed a net investment in a foreign operation and from equity instruments held for sale and qualified cash flow hedges are recognized through other comprehensive income in reserves retained from earnings.

FOREIGN OPERATIONS

In accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), the annual financial statements of foreign subsidiaries are translated into euros in keeping with the functional currency concept. Functional currency is the currency of the primary economic environment in which the subsidiary operates. The consolidated companies generally conduct their businesses independently in financial, economic and organizational terms, so the functional currency is usually their respective local currency. The assets and liabilities are therefore translated at the exchange rate as of closing date. Income statement items are translated at the average exchange rate during the financial year. Differences from the translation of financial statements of foreign subsidiaries are recognized through other comprehensive income and shown separately in reserves retained from earnings. If the foreign subsidiary is not fully owned by the parent company, the corresponding portion of the currency translation differences is allocated to the non-controlling interests.

In the year of disposal or at the date of closure of the business of a foreign subsidiary, currency translation differences are reversed through profit or loss via the net financial result. In the case of partial disposal without loss of control opportunity of a foreign subsidiary, the corresponding portion of the cumulative currency translation differences is allocated to the non-controlling interests. If foreign associates or jointly controlled entities are partially sold without loss of significant influence or joint control, the corresponding portion of the cumulative currency translation differences is recognized through profit or loss.

In financial year 2021/22, a functional currency of a consolidated company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies) for the first time, namely the Turkish lira.

In April 2022, Türkiye was classified as a hyperinflationary economy. This change was effective for reporting periods ending on or after 30 June 2022. The assessment, which was based on quantitative and qualitative criteria, resulted in particular from the fact that cumulative inflation in Türkiye over the past three calendar years had risen to over 100 per cent in the first quarter of calendar year 2022 and continued to increase (cf. data from the statistical office of the European Union (Eurostat) on the harmonized consumer price index).

IAS 29 stipulates that, on first-time application of the accounting standard, the functional currency of the hyperinflationary economy must be treated as if the economy concerned had always been hyperinflationary (retrospective application).

IAS 29 aims to determine the change in purchasing power caused by the hyperinflation and to restate the non-monetary assets, liabilities, equity and income statement of the Group in terms of the measuring unit current at the closing date. Under IAS 29, monetary items do not need to be restated as they already are stated in terms of the measuring unit current at the closing date.

In order to determine the change in purchasing power, data from Eurostat on the harmonized consumer price index for Türkiye was used (CPI basis 2015 = 100). The harmonized consumer price index was 401.10 basis points as of 30 September 2022 and increased to 648.45 basis points as of 30 September 2023.

All items of the statement of financial position and the income statement are translated into the Group's presentation currency in accordance with IAS 21 only after the items concerned have been indexed. In both cases, the exchange rate as of the closing date is used for the translation. The exchange rate per EUR as of the closing date on 30 September 2023 of TRY 29.05140 (30/09/2022: TRY 18.08410) was applied.

For better representation, CECONOMY has decided to show the following effects in the currency reserve: (a) the adjustment of the financial statements/equity on application of the relevant price index and (b) the effects of the currency translation of the underlying financial statements in euros at the exchange rate as of the closing date.

The effects of the indexing of non-monetary assets and liabilities, equity and the items of the statement of comprehensive income in the past financial year 2022/23 are shown under "gain on the net monetary position". A total gain on the net monetary position of €60 million (2021/22: €65 million) was recognized, which primarily resulted from restatements of operating items. For better representation of operating profitability, this was recognized in other operating income as a counter-position to the negative effects in the operating earnings of €–39 million (2021/22: €–56 million). In addition, the higher indexed values of the property, plant and equipment, right-of-use assets and inventories also result in increases in depreciation, amortization and cost of sales. Overall, the application of IAS 29 had a positive effect of approximately €21 million (2021/22: €9 million) in EBIT.

The items of the cash flow statement are likewise indexed. The gain or loss on the net monetary position is presented in a separate line within cash flow from operating activities. Together with the effect of the indexing of the opening balance of cash and cash equivalents, the gain or loss on the net monetary position is also recognized in the line "IAS 29 effects on cash flow from operating, investing and financing activities".

For the currencies of the most important countries for CECONOMY that are not members of the European Monetary Union, currency translation was based on the following exchange rates:

		Average rate per €		Closing rate per €	
		2021/22	2022/23	30/09/2022	30/09/2023
Pound sterling	GBP	0.84711	0.87058	0.88300	0.86458
Hong Kong dollar	HKD	8.48381	8.35882	7.65210	8.29590
Norwegian krone	NOK	9.99366	11.10804	10.58380	11.25350
Polish złoty	PLN	4.65803	4.61973	4.84830	4.62830
Russian rouble	RUB	78.73291	83.59685	58.66830	103.11760
Swedish krona	SEK	10.42183	11.34182	10.89930	11.53250
Swiss franc	CHF	1.02270	0.97891	0.95610	0.96690
Turkish lira	TRY	15.84158	22.80655	18.08410	29.05140
Hungarian forint	HUF	379.38342	389.04822	422.18000	389.50000

Sources: European Central Bank, Bloomberg

Income statement

RECOGNITION OF INCOME AND EXPENSES

CECONOMY sells a large number of standard products to customers. These customers are primarily end consumers.

When determining the timing of sales recognition, a distinction is generally drawn between four cases:

- In-store product business: sales from product sales are recognized at a point in time when control is transferred. As a rule, control is transferred at the point in time when the product is handed over to the customer and payment by the customer occurs at the same time.

- Online sales: sales are recognized at the time of the expected delivery of the product to the customer and this is not subject to significant judgements.

- Sale of services (over time): if the services constitute a separate performance obligation over time according to IFRS 15, sales are recognized over time as the performance obligation is satisfied. This applies in particular to the sale of extended warranties – for which CECONOMY acts as principal. Here, sales are recognized over the entire warranty period, comprising the statutory warranty period and the periods exceeding the statutory warranty period because uniform services in addition to the statutory warranty are provided over the entire term.

- Sale of services (at a point in time): if the services constitute a separate performance obligation at a point in time according to IFRS 15, sales are recognized on conclusion of the performance obligation. This particularly applies to the installation and delivery of products, marketing services (retail media) and commission for brokering contracts.

Obligations from the return of products are carried as a refund liability. For cases of expected returns, sales are recognized only for those products that are not expected to be returned. The estimate takes account of these to the extent that a significant reversal of sales is highly unlikely to occur as a result of the estimate.

When accounting for the sale of a subsidized device in connection with the brokerage of a service contract, two performance obligations are identified: sale of the device and performance of the service (brokerage of the mobile phone contract). To identify the respective transaction prices of the contract components, they are allocated on the basis of the relative stand-alone selling prices. There is an observable market price for the device. The brokerage commission is estimated according to the cost-plus margin approach. Both performance obligations are satisfied at the time of handover to the customer. As a result, the sales are recognized at a point in time.

CECONOMY exercises the option under IFRS 15.94 to recognize the costs to obtain and fulfil a contract directly as an expense if recognition as an asset would result in an amortization period of one year or less.

In addition, CECONOMY uses the practical expedient in accordance with IFRS 15.63 for financing components that allows the effects of a financing component not to be recognized if the period between the transfer of goods or services and the payment by the customer is one year or less.

Government grants are recognized if it is guaranteed with sufficient certainty that the eligibility criteria are met and the grants will actually be received. Grants that are performance-based and attributable to future periods are recognized on an accrual basis according to the associated expenses. Performance-based grants already received for subsequent periods are deferred and released pro rata in the subsequent periods. Grants for which the entitled beneficiary is the employee are shown as a transitory item.

Operating expenses are recognized on utilization of the service or when incurred.

The **net financial result** primarily comprises the other investment result, interest and currency effects. Interest is recognized as income or expense on an accrual basis, applying the effective interest method as appropriate. Interest expense on borrowings attributable directly to the acquisition or production of a qualifying asset is not recognized in profit or loss but instead must be capitalized as part of the cost of that asset in accordance with IAS 23 (Borrowing Costs). Distributions are recognized through profit or loss when the legal claim to payment is established.

INCOME TAXES

Income taxes relate to current and deferred income taxes. They are recognized through profit or loss unless they are associated with business combinations or items recognized directly in equity or through other comprehensive income.

Statement of financial position

GOODWILL

Goodwill is capitalized in accordance with IFRS 3 (Business Combinations). Goodwill resulting from a business combination is allocated to the group of cash-generating units that benefits from the synergies of the combination. A cash-generating unit is defined by IAS 36 (Impairment of Assets) as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

On the basis of the provisions of IFRS 3 in conjunction with IAS 36, goodwill is tested for impairment annually as of the closing date. This test is performed at the level of a group of cash-generating units. At CECONOMY, this group is usually each country's organizational unit.

The capitalized goodwill is regularly tested for impairment once a year and during the year if there are indications of impairment. If impairment is found, it is recognized through profit or loss. To determine potential impairment, the recoverable amount of a group of cash-generating units is compared to the sum of the carrying amounts. Recoverable amount is the higher of value in use and fair value less costs to sell. The goodwill allocated to a group of cash-generating units is only impaired if the recoverable amount is smaller than the sum of the carrying amounts. Impairment is not reversed if the reasons for impairment recognized in previous periods cease to apply.

OTHER INTANGIBLE ASSETS

Purchased other intangible assets are carried at cost. **Internally generated intangible assets** are capitalized at development cost in accordance with IAS 38 (Intangible Assets). However, the costs of the research phase are not capitalized but recognized as an expense. Cost includes all costs directly attributable to development. This can include the following costs:

Direct costs	Direct material costs
	Direct production costs
	Special direct production costs
Overhead (directly attributable)	Material overhead
	Production overhead
	Amortization
	Amortization Development-related administrative costs

Borrowing costs are included in the calculation of cost only if they relate to a qualifying asset in accordance with IAS 23 (Borrowing Costs). A qualifying asset is a non-financial asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other intangible assets with a finite useful life are subsequently measured according to the cost model. The revaluation option is not exercised. All other intangible assets at CECONOMY with a finite useful life are subject to straight-line amortization. Capitalized internally generated and purchased software and similar intangible assets are amortized over a term of up to ten years. Licences are generally amortized over their term. These intangible assets are tested for impairment at every closing date. Impairment is recognized if the recoverable amount is less than the amortized cost. If the asset does not generate cash inflows that are largely independent of other assets or groups, the impairment test is performed at the level of the respective cash-generating unit. The carrying amount of the cash-generating unit is compared with its recoverable amount. If the reasons for impairment recognized in previous periods cease to apply, impairment is reversed to amortized cost.

Other intangible assets with an indefinite useful life are not amortized but tested for impairment at least once a year. Impairment or reversals of impairment are recognized through profit or loss according to the cost principle.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost in accordance with IAS 16 (Property, Plant and Equipment). The cost of internally generated assets includes direct costs and directly attributable overhead. Borrowing costs are capitalized as part of cost only for qualifying assets. **Investment grants** received are recognized in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) by reducing the cost of the corresponding asset by the amount of the grant. The grants are not recognized as deferred income. **Asset retirement obligations** are included in cost at the discounted settlement amount. Subsequent costs of property, plant and equipment are only additionally capitalized if they result in a higher future economic benefit for CECONOMY.

Property, plant and equipment are subject exclusively to straight-line depreciation using the cost model according to IAS 16.30. The optional revaluation model in accordance with IAS 16.31 is not applied. The useful lives on which the depreciation is based fall within the following ranges, which are standardized throughout the Group:

Buildings	33 to 50 years
Leasehold improvements	15 years or shorter lease term
Business and office equipment	3 to 15 years

Capitalized asset retirement costs are written down proportionately over the useful life of the asset.

If there are indications of impairment of property, plant and equipment, an impairment test is carried out in accordance with IAS 36. Impairment is recognized on the property, plant and equipment if the recoverable amount is less than the amortized cost. If the asset does not generate cash inflows that are largely independent of other assets or groups, the impairment test is performed at the level of the respective cash-generating unit.

If the reasons for impairment cease to exist, the impairment is reversed to amortized cost.

LEASES

CECONOMY accounts for all leases as the lessee using the standardized right-of-use approach under IFRS 16. Under this approach, a liability is recognized for each lease that is equal to the present value of the future lease payments. Lease payments comprise the sum of all fixed lease payments less incentives for the conclusion of the lease and plus all variable lease payments that depend on an index or a rate. Variable payments that constitute fixed payments in substance and amounts expected to be payable under residual value guarantees are also included. Lease payments based on purchase price options and extension options are included if the lessee is reasonably certain to exercise them. Contractually agreed penalties for prematurely terminating the lease are also recognized, if it can be assumed that the lessee will terminate the lease prematurely. With the exception of real estate leasing, the fee is not divided into a lease component and a non-lease component. Variable lease payments are recognized as rental expenses.

On 31 March 2021, the IASB extended the temporary amendment regarding COVID-19-related rent concessions by one year. It exempts lessees from the obligation to assess whether a rent concession meets the definition of a lease modification in accordance with IFRS 16. This rent concession must have been granted to the lessee in connection with the COVID-19 pandemic. CECONOMY has decided not to apply this optional relief.

In principle, the lease must be measured using the interest rate implicit in the lease. If CECONOMY cannot determine this rate, the incremental borrowing rate is used. Over the term of the lease, the lease is subsequently measured at amortized cost using the effective interest method. The liability must be remeasured in the event of changes to calculation parameters, such as the lease term, the assessment of an extension option or purchase option or the expected lease payments.

The corresponding right-of-use asset is capitalized in the amount of the lease liability, including lease payments already made and directly attributable costs. Payments received from the lessor in connection with the lease are deducted. The measurement also takes restoration obligations from leases into account.

The right-of-use asset is measured at amortized cost in accordance with IAS 16 (Property, Plant and Equipment). According to this, the right-of-use asset is depreciated over the shorter of the expected useful life and the lease term. However, if it is already reasonably certain at the commencement of the lease that ownership will transfer to the lessee, it is depreciated over the expected useful life of the underlying asset. If there are indications that a right-of-use asset is impaired, IAS 36 (Impairment of Assets) is applied.

Remeasurement of the lease liability to reflect changes to the lease payments results in a corresponding adjustment at fair value to the right-of-use asset. Negative adjustments in excess of the carrying amount are recognized immediately through profit or loss.

The right-of-use approach is not applied to short-term leases (terms of no more than twelve months) or to low-value assets. Low-value assets are components of leases that, taken individually, are immaterial for the company's business activities. Instead, lease payments for short-term leases and leases of low-value assets are recognized as rental expenses.

In the case of sale-and-lease-back transactions, CECONOMY initially assesses whether a sale has actually taken place in accordance with IFRS 15. If this is the case, a right-of-use asset is recognized at the proportion of the carrying amount of the asset that relates to the retained right of use. Any gain on disposal is recognized in the amount of the proportion transferred to the lessor. If there is no sale, the transaction is treated as financing, without a disposal of the asset.

Leases for which CECONOMY is the lessor are classified as operating and finance leases. For operating leases, CECONOMY, as the lessor, continues to recognize an asset and reports the lease payments as rental income. For finance leases, CECONOMY recognizes a receivable for the lease payments (net investment). The lease receivable is measured using the simplified approach according to IFRS 9 (Financial Instruments). The lease payments made are divided into an interest portion and a redemption portion in accordance with the effective interest method.

CONTRACT ASSETS

Contract assets are reported under the "trade receivables and similar claims" balance sheet item. A contract asset represents the right to consideration in the form of payment from the customer if goods or services have been transferred to the customer but the right to consideration still depends on other factors such as the passage of time.

At CECONOMY, contract assets primarily arise from variable commission claims, e.g. from the brokerage of mobile phone contracts that are still linked to certain conditions. To calculate impairment on contract assets, CECONOMY applies the simplified approach according to IFRS 9 (Financial Instruments).

OTHER ASSETS

This means other receivables and assets, such as other entitlements to tax refunds. Prepaid expenses and deferred charges include transitory accruals.

FINANCIAL INSTRUMENTS

Unless they relate to **associates** as defined by IAS 28 (Investments in Associates and Joint Ventures) or **joint ventures** according to IFRS 11 (Joint Arrangements), **financial assets** are recognized according to the measurement categories described below.

Transaction costs are included in all categories apart from "financial assets measured at fair value through profit or loss". They are always recognized as of the trade date. Trade receivables without a significant financing component are initially recognized at the transaction price.

Financial instruments are subsequently measured at either amortized cost or fair value, depending on their allocation to the measurement categories described below.

Financial assets are derecognized if the contractual rights to cash flows from the item are terminated or expired or the financial asset is transferred. In addition, financial assets are derecognized if substantially all the risks and rewards of ownership are neither transferred nor retained and control of the transferred financial asset is not retained. There is no full disposal if substantially all the risks and rewards of ownership are neither transferred nor retained and control of the receivables remains with CECONOMY. In this case, only a partial disposal of the receivables in recognized, taking the remaining continuing involvement into account. A financial liability is only derecognized if it is extinguished, i.e. when the obligations specified in the contract are settled, cancelled or expired.

Financial assets measured at amortized cost

All debt instruments that are held as financial assets to maturity or for which the objective is to realize contractual cash flows ("hold" business model) are measured at amortized cost. In addition, it is necessary that these financial instruments meet the SPPI (solely payments of principal and interest) criterion. The SPPI criterion is met if the contractual cash flows are solely unmodified and unleveraged payments of principal and interest on the principal amount outstanding.

For financial assets measured at amortized cost, impairment must be recognized for expected and incurred credit losses. A distinction is drawn here between the general and the simplified approach. CECONOMY applies the **general approach** unless there is voluntary measurement according to the simplified approach (see below). The impairment is recognized in three stages. Financial instruments whose credit risk has not significantly increased since initial recognition are recognized in stage 1. Cash and cash equivalents are not impaired on grounds of materiality.

On this basis, the impairment is measured at an amount equal to twelve-month expected credit losses. In stage 2, impairment is recognized at an amount equal to the expected credit losses over the lifetime of the financial instrument if the credit risk has significantly increased. Stage 3 relates to incurred losses, which are explained below. The general approach is applied in particular to receivables due from suppliers.

For the following items, the asset is impaired using the **simplified approach**: trade receivables, contract assets in accordance with IFRS 15 and lease receivables. An impairment matrix is created for each region (DACH, Western/Southern Europe, Eastern Europe and Others) for the calculation and recognition of expected credit losses. This recognizes the expected credit losses over the lifetime of the financial instrument. It is based on the receivables for which specific bad debt allowances have not yet been recognized. An individual rating is used to calculate the expected credit losses for trade receivables and contract assets due from providers.

At each closing date, financial assets are examined for substantial objective evidence of impairment (incurred credit losses). This evidence includes, for example, delays or defaults in principal or interest payments and significant financial difficulties on the part of the issuer or debtor. If such evidence exists, the amount of the impairment is calculated as the difference between the carrying amount of the asset and the present value of the (still) expected future cash flows. The effective interest rate previously used is used as the discount rate for the expected future cash flows. A specific bad debt allowance must always be recognized for financial assets with loss events.

Within CECONOMY, it is essentially the following financial assets that come under the "hold" business model:

- Loans.

- Trade receivables.

- Receivables due from suppliers: depending on the underlying circumstance, receivables due from suppliers are recognized as a reduction in cost, reimbursement or payment for services rendered. Supplier compensation is recognized on an accrual basis, provided it is contractually agreed and realization is likely. The accruals are based on projections, provided the supplier compensation is regularly tied to certain calendar year targets.

- Cash and cash equivalents: cash and cash equivalents include cheques, cash on hand, bank deposits and other financial assets that can quickly be converted into cash, such as available balances in lawyer trust accounts, money market funds or money in transit with an original term of up to three months. They are measured at their nominal values.

- Securities, provided the defined conditions are met.

Financial assets measured at fair value through other comprehensive income with recycling
This measurement category includes all debt instruments contained within a portfolio for which there are two parallel objectives: firstly, to hold them to maturity and generate contractual cash flows and secondly, to sell the instruments before maturity ("hold and sell" business model).

These financial assets are subsequently measured at fair value, while changes in fair value are recognized through other comprehensive income. This does not include impairment gains and losses or gains and losses from currency translation until the financial asset is derecognized or reclassified.

Within CECONOMY, the following financial assets generally come under the "hold and sell" business model:

- Securities that are part of the liquidity reserve and are sold before maturity if liquidity is required.

Financial assets measured at fair value through other comprehensive income without recycling
Non-derivative equity instruments that are not held for trading can optionally be recognized in this measurement category. The gains and losses associated with the instrument are recognized in other comprehensive income. The amounts recognized in other comprehensive income are never (neither on derecognition nor in the event of impairment) reclassified to the income statement.

The following financial assets can in general be assigned to this category at CECONOMY:

- Investments in corporations.

- Securities, provided they meet the equity definition.

Financial assets measured at fair value through profit or loss
This measurement category, under which measurement is at fair value through profit or loss, comprises the following items:

- Debt instruments that are held in a portfolio with the objective of selling the instruments before maturity ("sell" business model) and that do not meet the SPPI criterion are measured at fair value through profit or loss. At CECONOMY, these include trade receivables if part of a correspondingly structured factoring or similar programme.

- Derivative financial instruments, provided they are not in an effective hedge.

- Equity instruments for which there is an intention to sell or for which there is no intention to sell and no optional allocation to the "measured at fair value through other comprehensive income without recycling" category.

Liabilities measured at amortized cost
All financial liabilities that are not measured at fair value through profit or loss (see below) must be measured at amortized cost. This measurement category primarily includes bond liabilities, liabilities to banks, liabilities from promissory notes, notes payable and trade liabilities.

Liabilities measured at fair value through profit or loss
The following financial liabilities, which are held for trading, are measured at fair value through profit or loss:

- Financial liabilities that were entered into with a short-term repurchase intention or that on initial recognition are part of a portfolio of clearly identifiable financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

- Derivative financial liabilities, provided they are not part of an effective hedge.

- Liabilities arising on the transfer of a financial asset that does not meet the criteria for disposal or is recognized according to the continuing involvement approach.

The fair value option is not exercised at CECONOMY, so there is no voluntary allocation of other financial liabilities to the category of financial instruments measured at fair value through profit or loss.

Compound financial instruments
Compound financial instruments issued by the Group include convertible bonds in euros, which the holder can choose to convert into equity interests provided the number of shares to be issued is set and does not change due to changes in fair value.

On initial recognition, the debt component of the compound financial instrument is recognized at the fair value of a similar liability that does not contain an option for conversion into equity. The equity component is recognized on initial recognition as the difference between the fair value of the compound financial instrument and the fair value of the debt component. Directly attributable transaction costs are to be allocated in the ratio of the carrying amounts of the debt and equity components of the financial instrument at the date of initial recognition.

The debt component of the compound financial instrument is subsequently measured at amortized cost using the effective interest method. The equity component of the compound financial instrument continues to be carried at the figure recognized on initial recognition.

Interest in connection with the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity without affecting profit or loss.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

In accordance with IAS 28, an investee is considered an associate if it is not a subsidiary but significant influence can be exercised over its financial and operating policies. Investments in associates are accounted for using the equity method in accordance with IAS 28. The carrying amounts of investments accounted for using the equity method are increased or decreased by pro rata earnings, distributions or other changes in equity on a quarterly basis. In the event of indications of a lower value of an investment, an impairment test is performed and, if necessary, impairment recognized through profit or loss. If the reasons for the impairment cease to apply, the impairment is reversed to the newly identified recoverable amount, but by no more than the previous impairment. If a controlling interest in a subsidiary is sold to an associate, there is no pro rata elimination in accordance with IAS 28. Instead, the gain or loss resulting from the sale is recognized in full in accordance with IFRS 10.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are determined in compliance with IAS 12 (Income Taxes) according to the concept of the balance sheet liability method. Deferred taxes result from temporary differences between the carrying amounts stated in the consolidated financial statements and the tax bases of assets and liabilities. Deferred tax assets are also recognized for tax loss and interest carry-forwards not yet used.

Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable income for the realization of the corresponding benefit will be generated in the future.

Deferred tax assets and deferred tax liabilities are offset if the income tax claims and liabilities are from/to the same tax authority and relate to the same tax subject or a group of different tax subjects that are assessed jointly for income tax purposes. Deferred tax assets are reassessed at every closing date and adjusted if necessary.

Deferred taxes are calculated on the basis of the tax rates expected in the individual countries on the date of realization. These are generally based on the statutory regulations in force or already enacted as of the closing date.

The assessment of deferred taxes reflects the tax consequences resulting from CECONOMY's expectations regarding the manner of recovery of the carrying amounts of its assets and fulfilment of its liabilities as of the closing date.

INVENTORIES

Merchandise accounted for as inventories is measured at cost in accordance with IAS 2 (Inventories). Cost is determined using the weighted average cost method. Supplier compensation classified as a reduction in cost reduces the carrying amount of inventories. Both internal and external costs are recognized as acquisition-related costs if they are directly attributable to the acquisition process.

Merchandise is measured on the closing date at the lower of cost and net realizable value. Individual deductions are recognized on merchandise if the net realizable value is lower than the carrying amount. Net realizable value is the expected recoverable sale proceeds less the directly attributable selling expenses still to be incurred up to the time of the sale.

If the reasons that resulted in impairment of merchandise no longer exist, the impairment is reversed accordingly.

As CECONOMY's inventories are never qualifying assets, interest expense on borrowings attributable to inventories is not capitalized in accordance with IAS 23 (Borrowing Costs).

The sub-item **"Assets for products to be returned (right of return)"** takes account of a customer's right of return. When products with a right of return are sold, sales are recognized only in the amount of the consideration to which the company is expected to be entitled. Therefore, the proportion of products that the company expects to be returned must be estimated and not included in the calculation of the transaction price.

In inventory valuation, the estimate used to determine expected net selling prices less costs to sell in accordance with IAS 2 was changed from a backward-looking age discount to a forward-looking coverage discount in order to better account for future developments of market prices. The resulting positive measurement effect is in the low double-digit millions.

INCOME TAX ASSETS AND LIABILITIES

The recognized income tax assets and liabilities relate to domestic and foreign income taxes for 2022/23 and from previous years. They are determined in accordance with the tax provisions of the country in question.

The calculation of income tax liabilities also includes the effects of tax risks. The assumptions and estimates on which these risks are based are regularly reviewed and accounted for in the tax calculation.

NON-CURRENT ASSETS HELD FOR SALE, LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets are classified as **non-current assets held for sale** pursuant to IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) if the associated carrying amount is primarily to be realized through sale and not through continued use. A sale must be planned and achievable with high probability within the next twelve months. Immediately before the initial classification as held for sale, the carrying amounts of the asset must be measured in accordance with applicable IFRS. In the event of reclassification, the asset is recognized at the lower of carrying amount and fair value less cost to sell and presented separately in the statement of financial position. If impairment must be recognized, only non-current assets are impaired to begin with. Impairment is recognized in the order according to IAS 36. Any goodwill is written down first, then impairment is recognized in proportion with the carrying amounts of the non-current assets. However, if the impairment requirement of a disposal group exceeds the carrying amount of the non-current assets, current assets must also be included in the impairment and likewise written down in proportion with the carrying amounts. Liabilities related to assets held for sale are likewise shown separately in the statement of financial position.

In accordance with IFRS 5, a **discontinued operation** is recognized as such if it is held for sale or has already been sold. An operation is a component of an entity that represents either a separate major line of business or a geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Immediately before the initial classification as held for sale, the carrying amounts of the component must be measured in accordance with applicable IFRS. In the event of reclassification, the discontinued operation is carried at the lower of carrying amount and fair value less cost to sell. In the income statement, statement of financial position, cash flow statement and segment reporting, discontinued operations are presented separately and explained in the notes. The previous year's figures – with the exception of the statement of financial position – are adjusted accordingly. Intra-Group relationships with discontinued operations are not recognized in the statement of financial position up to the date of deconsolidation. In the income statement, trade relationships between continuing and discontinued operations are shown as expenses/income within continuing operations if the trade relationships continue after deconsolidation.

EMPLOYEE BENEFITS

Employee benefits include:

- Short-term employee benefits
- Post-employment benefits
- Obligations similar to pensions
- Termination benefits
- Share-based payments

Short-term employee benefits include, for example, wages, salaries, social security contributions, paid annual leave, and paid sick leave and are recognized as liabilities at the repayment amount as soon as the associated work is performed.

Post-employment benefits are paid in connection with either a defined contribution or a defined benefit plan. For **defined contribution plans**, the periodic contribution obligation to the external pension provider is recognized as a pension expense as the same time as the work is performed. Missed or advance payments to the pension provider are recognized as a liability or a receivable, respectively. Liabilities with a maturity of over twelve months are discounted.

The actuarial calculation of pension provisions for post-employment benefit plans as part of a **defined benefit plan** is effected in accordance with the projected unit credit method stipulated by IAS 19 (Employee Benefits) on the basis of actuarial opinions. This benefit/years of service method uses biometric data and takes both the pensions and earned entitlements known at the closing date and the expected future increases in salaries and pensions into account. If the calculated performance obligation or the fair value of plan assets increases or decreases between the start and the end of a financial year due to experience-based adjustments (for example relating to a higher employee turnover rate) or changes in the underlying actuarial assumptions (for example in the discount rate), this results in actuarial gains and losses. These are recognized through other comprehensive income. Effects of plan changes and plan curtailments are recognized through profit or loss in service costs. The interest portion of additions to provisions included in pension expenses is recognized as interest expenses within the financial result. The size of the provision is determined by the difference between the present value of defined benefit obligations and the fair value of plan assets, whereby any effect of the asset ceiling must also be taken into account.

Provisions for obligations similar to pensions (such as anniversary and death benefits) comprise the present value of future payments to employees or their surviving dependants less any associated assets, measured at fair value. The size of the provisions is determined on the basis of actuarial reports pursuant to IAS 19. Actuarial gains and losses are recognized through profit or loss in the period in which they are incurred.

Termination benefits relate to severance payments to employees. They are recognized through profit or loss as a liability if payments must be made to employees on the termination of the employment relationship on the basis of a contractual or constructive obligation. Such an obligation exists when a formal plan exists for the early termination of the employment relationship and it is not possible to withdraw from this plan. If the payment is due more than twelve months after the closing date, it must be carried at its present value.

The share bonuses granted under the share-based payment system are classified as **"cash-settled share-based payments"** pursuant to IFRS 2 (Share-based Payment). Proportionate provisions measured at the fair value of the obligations entered into are recognized for these bonuses, if any. The provisions are recognized proportionately through profit or loss as personnel expenses spread over the underlying vesting period. The fair value is recalculated using an option pricing model at every closing date during the vesting period up to the exercise date. The provision is adjusted accordingly through profit or loss. If the granted share-based payments were hedged with corresponding hedging transactions, the hedges are measured at fair value and recognized under other financial and non-financial assets. The part of the fluctuation in the fair value of the hedges that corresponds to the fluctuation in the fair value of the share-based payments is recognized through profit or loss as personnel expenses. The part of the fluctuations in the fair value exceeding this is recognized through other comprehensive income.

(OTHER) PROVISIONS

(Other) provisions are recognized in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) if there are legal or constructive obligations to third parties that are based on past transactions or events and are expected to lead to an outflow of resources that can be reliably estimated. The provisions reflect all discernible risks relating to the assumed settlement amount. In the case of a single obligation, the assumption is based on the settlement amount with the highest probability of occurrence. If the calculation of the provision for a single item reveals a range of equally likely settlement amounts, the recognized provision must equal the mean of these settlement amounts. In the event of a large population of similar items, the provision is recognized at the expected value obtained by weighting all possible outcomes by their associated probabilities.

Long-term provisions with a term of more than one year are discounted to the closing date at a matched-term interest rate, which reflects the current market expectations with regard to the time value of money. Provisions with a term of more than one year are discounted accordingly, provided the effect of the time value of money is material. Recourse claims are not offset against the provision amount, but are recognized separately as assets, provided their realization is virtually certain.

Provisions for restructuring are recognized if the constructive obligation to restructure was formalized at the closing date by the adoption of a detailed restructuring plan and its communication to those affected. Restructuring provisions exclusively contain expenses that are essential for restructuring and not connected to the company's ongoing activities.

Provisions for warranties are recognized at the handling costs.

BORROWINGS AND OTHER FINANCIAL LIABILITIES

The fair values of financial liabilities disclosed in the notes are calculated on the basis of the interest rates applicable on the closing date for the corresponding residual maturities and repayment structures.

Financial liabilities from leases are measured at the present value of the future minimum lease payments.

The sub-item "**Refund liability**" within the "Other financial liabilities (current)" balance sheet item takes account of a customer's right of return. When services with a right to a refund are offered, sales are recognized only in the amount of the consideration to which the company is expected to be entitled. Therefore, the proportion of products that the company expects to be returned must be estimated and not included in the calculation of the transaction price.

CONTRACT LIABILITIES

Contract liabilities are reported under the "Trade liabilities and similar liabilities" balance sheet item. A contract liability must be recognized if the customer has already paid but CECONOMY has not yet fulfilled the performance obligation to transfer goods or services to the customer.

At CECONOMY, contract liabilities primarily relate to deferred sales from customer loyalty programmes, the sale of vouchers and extended warranties and to prepayments received on orders.

OTHER LIABILITIES

Other liabilities are carried at their settlement amount.

Deferred income includes transitory accruals.

Other

CONTINGENT LIABILITIES

Contingent liabilities are, firstly, possible obligations that arise from past events but whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Secondly, contingent liabilities constitute present obligations that arise from past events but for which an outflow of resources is considered unlikely or a sufficiently reliable estimate of the amount of the obligation cannot be made. In accordance with IAS 37, such obligations are not recognized in the statement of financial position but rather disclosed in the notes. The calculation of the size of the contingent liabilities is based on the principles of provision measurement.

Summary of selected measurement methods

Item	Measurement method
Assets	
Goodwill	Cost (subsequent measurement: impairment test)
Other intangible assets	
Purchased other intangible assets	(Amortized) cost
Internally generated intangible assets	Development costs (direct costs and directly attributable overhead)
Property, plant and equipment	(Amortized) cost
Investments accounted for using the equity method	Equity method
Right-of-use assets	(Amortized) cost
Financial assets/other financial assets	
Financial assets measured at amortized cost	(Amortized) cost
Financial assets measured at fair value through other comprehensive income with recycling	At fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income without recycling	At fair value through other comprehensive income
Financial assets measured at fair value through profit or loss	At fair value through profit or loss
Inventories	Lower of cost and net realizable value
Trade receivables and similar claims	
Trade receivables	(Amortized) cost
Contract assets	(Amortized) cost
Receivables due from suppliers	(Amortized) cost
Other assets	(Amortized) cost
Cash and cash equivalents	(Amortized) cost
Assets held for sale	Lower of carrying amount and fair value less cost to sell
Equity and liabilities	
Provisions	
Pension provisions	Projected unit credit method (benefit/years of service method)
Other provisions	Discounted settlement amount (with best-possible estimate)
Financial liabilities	
Liabilities measured at fair value through profit or loss	At fair value through profit or loss
Liabilities measured at amortized cost	(Amortized) cost
Lease liabilities	(Amortized) cost
Borrowings and other financial liabilities	(Amortized) cost or fair value
Other liabilities	(Amortized) cost
Trade liabilities and similar liabilities	
Trade liabilities	(Amortized) cost
Contract liabilities	Settlement amount

Judgements, estimates and assumptions

For the preparation of these consolidated financial statements, **judgements, estimates and assumptions** had to be made that had an impact on the recognition and amount of assets, income, expenses and contingent liabilities.

JUDGEMENTS

Information on significant judgements that have the greatest material effect on the amounts reported in these consolidated financial statements is included in the following disclosures in the notes:

- Definition of the consolidation group by assessing control opportunities (“Consolidation group” section)

- Determination of whether CECONOMY acts as principal or agent in sales transactions (note 1 Sales). If CECONOMY obtains control over the goods or the service before they are transferred to the customer, CECONOMY acts as principal. If the company does not obtain control over the goods or the service sold (before transfer to the customer), CECONOMY acts as agent. CECONOMY acts as principal when it sells physical goods, for example. However, CECONOMY regularly acts as an agent in the sale of software products, prepaid cards from external providers and warranties. The assessment requires discretion and depends on the respective contractual relationship.

- Allocation of the transaction price on the basis of the relative standalone selling prices in the case of multicomponent transactions and the associated sales recognition (note 1 Sales). A standalone selling price is indicated by the observable price of a good or service when the company sells that good or service separately in similar circumstances and to similar customers. At CECONOMY, multicomponent transactions take place, for example, when goods are sold in conjunction with service packages or extended warranties.

- Fair value measurements of financial instruments allocated to levels 2 and 3 in accordance with IFRS 9 and of goodwill in connection with impairment tests.

- The definition of cash-generating units (CGUs) within the Group to which the goodwill relates and the allocation of goodwill acquired via business combinations: For the purpose of impairment testing, the goodwill is allocated to the CGUs that correspond to one country, as they are the lowest level at which the goodwill is monitored for internal management purposes and are not larger than an operating strategic market.

- When specific provisions for accounting in hyperinflationary economies are applied, the effects of the indexing of non-monetary assets and liabilities, equity and the items of the statement of comprehensive income are shown under "gain on the net monetary position". For better representation of operating profitability, the gain on the net monetary position (primarily from restatements of operating items) is recognized in other operating income as a counter-position to the negative effects in the operating earnings.

- Determination of lease term: At the commencement date, it is assessed whether the exercise of extension or termination options is reasonably certain. This assessment depends on facts and circumstances that provide an economic incentive for or against consideration of the option. In addition to economic incentives, the length of the basic rental period and past experience are also included in the assessment of the probability of exercise. Due to the diverse contract designs at CECONOMY, term clusters are formed over the non-cancellable basic rental period, which can be used to assess the consideration of the option. Every individual factor or circumstance must be reviewed separately in order ultimately to make an overall assessment of the probability of exercise.

- Receivables due from suppliers: Compensation is often negotiated by the supplier to CECONOMY on the basis of a target purchasing volume over the calendar year. At the end of the financial year, discretion is exercised regarding the achievement of the target purchasing volume at the end of the calendar year. An accrual is recognized on the basis of the probable purchasing volume.

ESTIMATES AND ASSUMPTIONS

Information on estimates and underlying assumptions with significant effects for these consolidated financial statements are included in the following disclosures in the notes:

- Group-wide definition of expected useful lives for depreciable assets (note 15 Depreciation/amortization and impairment losses, note 19 Other intangible assets and note 20 Property, plant and equipment).

- Ad hoc impairment test of depreciable assets (note 15 Depreciation/amortization and impairment losses, note 19 Other intangible assets and note 20 Property, plant and equipment).

- Annual test for indicators of impairment and, if necessary, impairment test of goodwill (note 18 Goodwill – including sensitivity analysis) and investments accounted for using the equity method (note 22 Financial investments and investments accounted for using the equity method).

- Measurement of the lease liability and right-of-use asset from leases – especially to determine the probability of exercise of extension and termination options for leases, impairment of the right-of-use asset, and the interest rate, which in the absence of an incremental interest rate is generally calculated on the basis of the respective incremental borrowing rate.

- Recoverability and definition of receivables – especially receivables due from suppliers and from commissions (note 23 Receivables due from suppliers, other financial assets and other assets and note 26 Trade receivables and similar claims).

- Measurement of variable supplier compensation (note 23 Receivables due from suppliers, Other financial assets and non-financial assets and note 25 Inventories).

- Measurement of contract assets (note 26 Trade receivables and similar claims).

- Measurement of inventories (note 25 Inventories).

- Calculation of provisions for pensions and similar obligations (note 30 Provisions for pensions and similar obligations).

- Calculation of other provisions – e.g. for Operating Model, warranties, taxes and risks from legal proceedings (note 31 Other provisions (non-current)/provisions (current)).

- Estimation of expected returns and the associated sales recognition (note 1 Sales).

- Calculation of deferred tax assets on loss carry-forwards, in particular to the associated planning horizon (note 12 Income taxes).

Although the estimates and assumptions were made with great care, actual figures may differ in individual cases. The estimates and assumptions used for the consolidated financial statements are regularly reviewed. Changes are recognized when better knowledge comes to light.

IMPACT OF THE GEOPOLITICAL TENSIONS ON ACCOUNTING

In the past financial year 2022/23, business activity continued to be impacted by geopolitical tensions and was characterized by severe unease among consumers. CECONOMY has no direct or indirect presence in Ukraine or the Middle East and as of 2018 also no longer operates in Russia. The estimates and assumptions of relevance to the consolidated financial statements were made to the best of our knowledge and belief on the basis of current events and measures. Due to the ongoing uncertainty, it is still difficult to predict the impact on assets, liabilities, income and expenses.

Capital management

The objectives of CECONOMY's capital management strategy are to secure business operations, increase the value of the company, create a solid capital base for funding future growth and guarantee capital service. This includes unrestricted bank and capital market access for the optimum management of the capital structure through the use of appropriate instruments. Another central element of the capital management strategy is to ensure sufficient liquidity supply at all times, whereby the objective is the economical and secure handling of cash and cash equivalents and liquidity reserves. The identification and quantification of financial risks and the development of suitable strategies to diversify risk lay important foundations for capital management. The capital management strategy is intended to guarantee CECONOMY's financial flexibility and independence at all times.

CECONOMY's capital management strategy has not changed compared with the previous year.

EQUITY, LIABILITIES AND NET LIQUIDITY/NET DEBT IN THE CONSOLIDATED FINANCIAL STATEMENTS

Equity amounts to €465 million (30/09/2022: €592 million), while liabilities come to €9,170 million (30/09/2022: €9,406 million).

As of 30 September 2023, net debt amounted to €1,687 million. In the previous year, net debt of €2,004 million was reported.

Primarily due to the improvement in net working capital, cash and cash equivalents amounted to €897 million and were thus €128 million higher than in the previous year (30/09/2022: €769 million).

Borrowings decreased by €189 million to €2,584 million as of 30 September 2023 (30/09/2022: €2,773 million). This was mainly driven by the decreased lease liabilities, which declined by €177 million to €1,784 million (30/09/2022: €1,961 million) due to rental payments made.

Adjusted for lease liabilities, net liquidity as of 30 September 2023 amounted to €97 million (30/09/2022 adjusted: net debt of €–43 million).

€ million	30/09/2022	30/09/2023
Equity	**592**	**465**
Liabilities	**9,406**	**9,170**
Net liquidity (+)/Net debt (–)	**–2,004**	**–1,687**
Borrowings	2,773	2,584
Cash and cash equivalents	769	897

LOCAL CAPITAL REQUIREMENTS

CECONOMY's capital management strategy always aims to ensure that the Group companies are capitalized in line with local requirements. In financial year 2022/23, all external capital requirements were met. For example, these include compliance with a certain level of indebtedness or a fixed equity ratio.

Notes to the income statement

1. SALES

Sales (net) primarily result from product sales and break down as follows:

	DACH		Western/ Southern Europe		Eastern Europe		Others		CECONOMY	
€ million	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Product sales	11,276	11,246	6,700	6,606	1,976	2,661	475	349	20,428	20,862
Services & Solutions	769	808	458	432	78	104	35	35	1,340	1,379
Total sales	**12,046**	**12,054**	**7,158**	**7,037**	**2,054**	**2,766**	**510**	**385**	**21,768**	**22,242**

In comparison with the previous year, Group sales increased by 2.2 per cent to €22,242 million. This includes effects from the application of IAS 29 (hyperinflation in Türkiye) of €6 million (2021/22: €80 million).

Of Group sales of €22,242 million (2021/22: €21,768 million), €4,943 million related to online sales (2021/22: €5,346 million).

23 new stores were opened in financial year 2022/23, of which two stores in Austria, three stores in Hungary, four stores each in Germany, Spain and Italy, and six stores in Türkiye. A total of 49 stores were closed; 29 of the 49 closures are attributable to the sale of the Sweden business, another ten to the sale of the business in Portugal. There were also five store closures in Germany and one each in Belgium, Spain, Italy, the Netherlands and Poland. The store network decreased to 998 stores as of the closing date.

2. COST OF MATERIALS

The cost of sales includes costs of materials for purchased goods of €17,912 million (2021/22: €17,536 million).

3. OTHER OPERATING INCOME

€ million	2021/22	2022/23
Income from rents and subleases incl. reimbursements of subsidiary rental costs	8	7
Gains from the disposal of fixed assets and gains from reversal of impairment losses	8	12
Services rendered to suppliers	14	15
Income from deconsolidation	2	21
Cost refunds	63	57
Gain on the net monetary position	65	60
Miscellaneous	92	78
	253	**252**

Income from services rendered to suppliers relates to marketing activities, and income from cost refunds primarily includes income for transport, travel, labour and material costs incurred.

The gain on the net monetary position primarily resulted from restatements of operating items in connection with the hyperinflation in Türkiye. For better representation of operating profitability, this was recognized in other operating income as a counter-position to the negative effects in the operating earnings of €–39 million (2021/22: €–56 million).

The miscellaneous other operating income particularly includes income from claims for damages of €13 million (2021/22: €36 million). It also includes, among other things, income from the derecognition of statute-barred liabilities of €4 million (2021/22: €3 million).

In financial year 2022/23, income from deconsolidation of €21 million (2021/22: €2 million) relates to the disposal of the MediaMarkt Portugal business.

↗ Additional information on income from deconsolidation can be found under note 27 Assets held for sale/liabilities related to assets held for sale.

4. SELLING EXPENSES

€ million	2021/22	2022/23
Personnel expenses	1,534	1,537
Cost of materials	1,768	1,804
	3,301	**3,341**

The increase in the cost of materials was mainly due to higher subsidiary rental costs, expenses for goods management, insurance and energy costs. Lower depreciation and amortization had the opposite effect.

5. GENERAL ADMINISTRATIVE EXPENSES

€ million	2021/22	2022/23
Personnel expenses	283	333
Cost of materials	330	313
	613	**647**

The increase in personnel expenses was primarily due to wage and salary adjustments and severance payments.

The cost of materials decreased, due primarily to lower IT costs.

6. OTHER OPERATING EXPENSES

€ million	2021/22	2022/23
Losses from disposals of property, plant and equipment and intangible assets	6	7
Impairment and deconsolidation effect MediaMarkt Sweden	0	69
	6	**76**

↗ Additional information on MediaMarkt Sweden can be found under note 27 Assets held for sale/liabilities related to assets held for sale.

7. OTHER INVESTMENT RESULT

The other investment result recognized under the net financial result was €0 million (2021/22: €13 million). The €13 million decrease in the other investment result is primarily attributable to the investment in PJSC “M.video”, from which investment income of €11 million was realized in the previous year. In contrast, no investment income was recognized from this investment in financial year 2022/23, because the company did not distribute profits. Given the trade and capital market restrictions enacted by Russia, the recognition of investment income from the investment in PJSC “M.video” is currently practically impossible anyway. In addition, the other investment result also declined because the income from the investment in METRO PROPERTIES GmbH & Co. KG was recognized at €0 million, €1 million lower than in the previous financial year. As in the previous year, no investment income was recognized from the investment in METRO AG in financial year 2022/23.

↗ Additional information on the investments can be found under note 22 Financial investments and investments accounted for using the equity method.

8. NET IMPAIRMENTS ON OPERATING FINANCIAL ASSETS AND CONTRACT ASSETS

Net impairments came to €16 million in financial year 2022/23 (2021/22: €5 million).

↗ Additional information on net impairments can be found under note 34.1 Impairments of capitalized financial instruments and contract assets.

9. INTEREST INCOME/INTEREST EXPENSES

Interest income and interest expenses from financial instruments are allocated to the measurement categories pursuant to IFRS 9 according to the underlying transactions. The net interest result comprises the following:

€ million	2021/22	2022/23
Interest income	24	64
thereof from lease liabilities	(0)	(0)
thereof post-employment benefit plans	(1)	(6)
thereof from financial instruments of the measurement categories according to IFRS 9:		
Loans and receivables incl. cash and cash equivalents	(0)	(0)
Financial instruments measured at amortized cost	(9)	(45)
Financial instruments measured at fair value through other comprehensive income	(0)	(0)
Financial instruments measured at fair value through profit or loss	(0)	(0)
Interest expenses	−71	−155
thereof from lease liabilities	(−22)	(−47)
thereof post-employment benefit plans	(−5)	(−17)
thereof from financial instruments of the measurement categories according to IFRS 9:		
Financial instruments measured at fair value through profit or loss	(0)	(0)
Financial instruments measured at amortized cost	(−12)	(−26)
	−47	**−91**

Interest income rose by €40 million from €24 million to €64 million. The increase is mainly due to interest income from banks as a result of higher deposits.

Interest expenses rose by €84 million from €71 million to €155 million. In addition to the increased interest expenses from lease liabilities and post-employment benefit plans, increased bank commission also resulted in a rise in interest expenses.

10. OTHER FINANCIAL RESULT

Other financial income and expenses from financial instruments are allocated to the measurement categories pursuant to IFRS 9 according to the underlying transactions. In addition to income and expenses from the measurement of financial instruments in accordance with IFRS 9, this also takes into account measurements of foreign currency items under IAS 21.

€ million	2021/22	2022/23
Other financial income	58	129
thereof currency effects	(30)	(50)
thereof from currency hedges	(3)	(0)
Other financial expenses	−80	−60
thereof currency effects	(−58)	(−37)
thereof from currency hedges	(0)	(−1)
Other financial result	**−22**	**70**
thereof from financial instruments of the measurement categories/standards according to IFRS 9		
Loans and receivables incl. cash and cash equivalents	(0)	(0)
Financial instruments measured at amortized cost	(−25)	(−4)
Financial instruments measured at fair value through other comprehensive income	(0)	(0)
Financial instruments measured at fair value through profit or loss	(3)	(−1)

Total comprehensive income from currency effects and measurement results of currency hedging transactions and currency hedging relationships essentially relates to MediaMarkt Türkiye.

In financial year 2022/23, other financial income includes income from derecognized currency effects in connection with the deconsolidation of MediaMarkt Sweden of €76 million and income from currency effects and measurement results of currency hedging transactions and currency hedging relationships and gains on remeasuring liabilities from non-Group shareholders' put options and from multi-year compensation payments to minority shareholders based on profit and loss transfer agreements concluded with selected store entities of €3 million (2021/22: €24 million).

In financial year 2022/23, other financial expenses include expenses from currency effects and measurement results of currency hedging transactions and currency hedging relationships and expenses for credit and commitment fees for adjusted credit facilities of €17 million (2021/22: €16 million).

↗ Additional information on the potential impact of currency risks can be found under note 37 Management of financial risks.

11. NET GAINS/LOSSES BY MEASUREMENT CATEGORY

The main effects on earnings from financial instruments are as follows:

2021/22

€ million	Dividends paid	Interest income/ interest expenses	Changes in market value	Net impairments	Currency translation	Other	Net gains/ losses
Financial assets at amortized cost	0	6	0	−5	2	0	3
Financial assets at fair value through other comprehensive income (with recycling)	0	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income (without recycling)[1]	13	0	0	0	0	0	13
Financial assets/liabilities at fair value through profit or loss	0	0	3	0	0	0	3
Financial liabilities at amortized cost	0	−10	0	0	−30	6	−33
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0
	13	**−3**	**3**	**−5**	**−28**	**6**	**−14**

[1] The net result including measurement effects recognized through other comprehensive income amounts to €−152 million

2022/23

€ million	Dividends paid	Interest income/ interest expenses	Changes in market value	Net impairments	Currency translation	Other	Net gains/ losses
Financial assets at amortized cost	0	45	0	−15	21	0	51
Financial assets at fair value through other comprehensive income (with recycling)	0	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income (without recycling)[1]	0	0	0	0	0	0	0
Financial assets/liabilities at fair value through profit or loss	0	0	−1	0	0	0	−1
Financial liabilities at amortized cost	0	−26	0	0	−8	−13	−47
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0
	0	**19**	**−1**	**−15**	**13**	**−13**	**3**

[1] The net result including measurement effects recognized through other comprehensive income amounts to €−20 million

The other net gains/losses from financial liabilities measured at amortized cost of €−13 million (2021/22: €6 million) mainly relate to gains on remeasuring liabilities from non-Group shareholders' put options and from multi-year compensation payments to minority interests based on profit and loss transfer agreements concluded with selected store entities of €1 million (2021/22: €20 million) and, in contrast, expenses for credit and commitment fees of €17 million (2021/22: €16 million).

↗ A detailed description of impairments can be found under note 34.1 Impairments of capitalized financial instruments and contract assets.

12. INCOME TAXES

Expected income taxes and deferred taxes for the individual countries are to be recognized as income taxes.

€ million	2021/22	2022/23
Current taxes	**–57**	**–49**
thereof Germany	(–11)	(–9)
thereof international	(–46)	(–39)
thereof tax expenses/income of current period	(–53)	(–53)
thereof tax expenses/income of previous periods	(–4)	(4)
Deferred taxes	**137**	**54**
thereof Germany	(147)	(51)
thereof international	(–9)	(3)
	81	**5**

In current taxes, the application of IAS 29 results in tax income of around €5 million. Deferred taxes also include a tax expense of around €14 million. The German income tax rate applicable to CECONOMY AG is made up of the corporate income tax of 15 per cent plus the solidarity surcharge of 5.5 per cent and the trade tax of 14.7 per cent with an average assessment rate of 420.15 per cent. This gives a total tax rate of 30.53 per cent, in line with the previous year's rate. Foreign income tax rates applied are based on the laws and regulations in place in each country and range from between 11.3 per cent and 27.9 per cent (2021/22: 11.3 per cent and 27.9 per cent).

€ million	2021/22	2022/23
Deferred taxes in the income statement	**137**	**54**
thereof from temporary differences	(–1)	(9)
thereof from loss and interest carry-forwards	(138)	(45)

In addition to the recognized income taxes, there are contingent liabilities in connection with uncertain income tax items for cross-border transfer pricing and for technical requirements of systems. Despite extensive documentation on cross-border transfer pricing, there is a minor residual risk that the local tax authorities do not permit the allocated costs to be deducted, even if the German tax law demands a cost allocation.

The tax income of €5 million (2021/22: €81 million) is €8 million lower than the expected income tax of €13 million (2021/22: €–15 million), calculated by applying the Group tax rate (30.53 per cent) to earnings before taxes.

The reconciliation of expected to recognized income tax is as follows:

€ million	2021/22	2022/23
Earnings before taxes	**49**	**–42**
Expected income tax (30.53%)	–15	13
Tax rate changes	2	1
Effects of differing national tax rates	–4	1
Tax expenses and income relating to other periods	–10	1
Effects of non-creditable taxes	–3	–2
Non-deductible business expenses for tax purposes	–20	–27
Effects of not recognized or impaired deferred taxes	113	27
Additions and reductions for local taxes	–8	–10
Tax holidays	18	9
Permanent differences	8	–9
Other deviations	1	1
Income taxes according to the income statement	**81**	**5**
Group tax rate (in %)	**–163.6**	**12.7**

Current income taxes were reduced due to the use of previously unrecognized tax losses of €4 million in financial year 2022/23. Furthermore, reversal of impairment losses for deferred tax assets on loss carry-forwards and temporary differences resulted in deferred tax income of €86 million (2021/22: €204 million), which primarily related to the subsequent measurement of deferred tax assets at the level of CECONOMY AG.

13. PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The profit or loss for the period attributable to non-controlling interests amounts to €2 million (2021/22: €4 million) and includes €2 million (2021/22: €20 million) in profit shares and €0 million (2021/22: €16 million) in loss shares.

The non-controlling interests primarily comprise profit/loss shares of store managers from MediaMarkt Austria.

14. EARNINGS PER SHARE

Undiluted earnings per share is calculated by dividing the profit or loss for the period attributable to shareholders of CECONOMY AG by the weighted number of shares outstanding.

	2021/22	2022/23
(Weighted) number of no-par-value shares outstanding – undiluted	400,779,988	485,221,084
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – undiluted	126	–39
Undiluted earnings per share in €[1]	**0.31**	**–0.08**

[1] 485,221,084 ordinary shares issued since 3 June 2022

Diluted earnings per share is calculated by dividing the profit or loss for the period attributable to shareholders of CECONOMY AG by the weighted number of shares outstanding adjusted for all dilutive effects of potential ordinary shares, as shown below:

	2021/22	2022/23
(Weighted) number of no-par-value shares outstanding – undiluted	400,779,988	485,221,084
(Weighted) number of potential shares from convertible bonds	8,701,410	27,859,778
(Weighted) number of no-par-value shares outstanding – diluted	409,481,398	513,080,862
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – undiluted	126	–39
Interest expenses on convertible bonds – after taxes (€ million)	2	7
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – diluted	128	–31
Diluted earnings per share in €[1]	**0.31**	**–0.08**

[1] 485,221,084 ordinary shares issued since 3 June 2022

There is a dilution protection in financial year 2022/23, because the diluted earnings per share reduced the negative earnings per share due to the inclusion of convertible bonds.

As of 30 September 2023, CECONOMY AG has issued no preference shares.

15. DEPRECIATION/AMORTIZATION AND IMPAIRMENT LOSSES

The breakdown of amounts of depreciation/amortization in the income statement and into the relevant asset categories is as follows:

2021/22

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	0	0	0
thereof depreciation/amortization	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	4	149	502	0	656
thereof depreciation/amortization	(0)	(4)	(137)	(495)	(0)	(636)
thereof impairment losses	(0)	(0)	(12)	(7)	(0)	(19)
General administrative expenses	0	17	19	14	0	50
thereof depreciation/amortization	(0)	(17)	(17)	(13)	(0)	(47)
thereof impairment losses	(0)	(0)	(2)	(1)	(0)	(3)
Other operating expenses	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of operating companies recognized at equity	0	0	0	0	56	56
thereof impairment losses	(0)	(0)	(0)	(0)	(56)	(56)
Total	**0**	**22**	**168**	**516**	**56**	**762**
thereof depreciation/amortization	(0)	(22)	(153)	(509)	(0)	(684)
thereof impairment losses	(0)	(0)	(15)	(8)	(56)	(78)

2022/23

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Assets held for sale	Total
Cost of sales	0	0	0	0	0	0	0
thereof depreciation/amortization	(0)	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	4	142	484	0	0	630
thereof depreciation/amortization	(0)	(4)	(125)	(480)	(0)	(0)	(608)
thereof impairment losses	(0)	(0)	(18)	(4)	(0)	(0)	(22)
General administrative expenses	0	32	18	13	0	0	64
thereof depreciation/amortization	(0)	(25)	(18)	(12)	(0)	(0)	(55)
thereof impairment losses	(0)	(8)	(0)	(1)	(0)	(0)	(9)
Other operating expenses	0	0	0	0	0	65	65
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(65)	(65)
Earnings share of operating companies recognized at equity	0	0	0	0	82	0	82
thereof impairment losses	(0)	(0)	(0)	(0)	(82)	(0)	(82)
Total	**0**	**36**	**161**	**498**	**82**	**65**	**841**
thereof depreciation/amortization	(0)	(28)	(143)	(493)	(0)	(0)	(664)
thereof impairment losses	(0)	(8)	(18)	(5)	(82)	(65)	(177)

The impairments totalling €177 million (2021/22: €78 million) primarily comprise €18 million (2021/22: €15 million) on property, plant and equipment, €82 million (2021/22: €56 million) on Fnac Darty S.A., and €65 million on assets held for sale relating to the MediaMarkt Sweden disposal group.

Impairment of €16 million (2021/22: €15 million) relates to the DACH segment, €9 million (2021/22: €6 million) to the Western/Southern Europe segment, €6 million (2021/22: €1 million) to the Eastern Europe segment, and €146 million (2021/22: €57 million) to the Others segment.

16. PERSONNEL EXPENSES

Personnel expenses comprise the following:

€ million	2021/22	2022/23
Wages and salaries	1,613	1,722
Social security expenses, expenses for post-employment benefit plans and related employee benefits	375	391
thereof post-employment benefits	(28)	(27)
	1,988	**2,113**

Wages and salaries listed under personnel expenses include expenses associated with efficiency measures of €56 million (2021/22: €28 million associated with the introduction of a harmonized group-wide organizational structure ("Operating Model")). Variable remuneration increased from €77 million in the previous year to €100 million in financial year 2022/23. In addition, wage and salary adjustments also resulted in an increase in personnel expenses.

The average number of employees in the Group during the year was as follows:

Workforce by headcount	2021/22	2022/23
Wage-/salary-earning employees	51,323	49,936
Trainees	2,566	2,611
	53,889	**52,547**

This includes 15,691 part-time employees (2021/22: 16,019). 4,916 of the employees are in management positions (2021/22: 5,118) and 45,020 are non-executive staff (2021/22: 46,205). 28,961 members of staff were employed outside Germany (2021/22: 29,929).

17. OTHER TAXES

Other taxes (such as land tax, vehicle tax, excise and transfer tax) break down as follows:

€ million	2021/22	2022/23
Other taxes	**20**	**16**
thereof from selling expenses	(20)	(14)
thereof from general administrative expenses	(1)	(2)

Notes to the statement of financial position

18. GOODWILL

Goodwill was €524 million as of 30 September 2023 (30/09/2022: €524 million).

As of the reporting date, goodwill was broken down among the following groups of cash-generating units:

	30/09/2022		30/09/2023	
		WACC		WACC
	€ million	%	€ million	%
Germany	314	6.8	314	6.0
Italy	72	8.4	72	7.6
Netherlands	51	7.2	51	6.5
Spain	49	7.9	49	7.1
Other countries	38		38	
	524		**524**	

In accordance with IAS 36, goodwill is tested for impairment annually as of 30 September. However, if there are indications that goodwill may be impaired, it is also necessary to perform an impairment test during the year. This impairment test is performed at the level of a group of cash-generating units. At CECONOMY, this group is usually each country's organizational unit.

The impairment test compares the total carrying amounts of the group of cash-generating units against the recoverable amount. The recoverable amount is the fair value minus selling expenses, which is calculated from the discounted future cash flows using inputs for level 3 of the fair value hierarchy.

↗ The fair value hierarchy is described under note 34.6 Carrying amounts and fair values according to measurement categories.

Expected cash flows are based on a qualified planning process, taking into account past figures within the company as well as external economic data. In financial year 2022/23, the detailed planning period is a total of five financial years. As in the previous year, it is assumed that after five financial years the country organizations are again in a steady state that is suitable for the perpetual annuity calculation. The short-to medium-term distortion reflected in sales and earnings planning for the first financial years and that are the result primarily of an increase and escalation of geopolitical tensions and continued, palpable unease among consumers in light of shrinking economies and sinking real household incomes will recover in the following financial years. These normalized sales and earnings figures form the basis for subsequent measurement following the detailed planning period. In line with the approach in previous years, an annual growth rate of 1.00 per cent is assumed in financial years following the detailed planning period.

The weighted average cost of capital (WACC) is calculated as the capitalization rate using the capital asset pricing model. The calculation uses a peer group of comparable companies for all groups of cash-generating units operating in the same business unit. The capitalization rates are also determined under the assumption of a basic interest rate of 2.7 per cent (30/09/2022: 1.7 per cent) and a market risk premium of 7.0 per cent (30/09/2022: 7.5 per cent) and a beta factor of 1.04 (30/09/2022: 1.09). Country-specific risks premiums are charged both for the cost of equity and for borrowing costs. Capitalization rates after taxes, calculated individually for each group of cash-generating units, range from 6.0 per cent to 10.4 per cent (30/09/2022: 6.8 per cent to 8.5 per cent).

CECONOMY also operated in a challenging market environment in financial year 2022/23. This was particularly characterized by geopolitical and macroeconomic tensions and – in association with this – by a downturn in private household's propensity to consume. In financial year 2022/23, this development was cause for an impairment test of the recognized goodwill during the year. Despite a weakened earnings position compared with the previous year's budget planning, these ad hoc impairment tests carried out did not provide any indication of impairment on the goodwill recognized.

In addition – as in the previous year – the annual impairment tests of goodwill in financial year 2022/23 were performed as of 30 September 2023.

For goodwill considered to be material, the mandatory annual impairment test as of 30 September 2023 made the following assumptions regarding sales, EBIT and the target EBIT margin for the purpose of valuation during the detailed planning period. The EBIT margin represents the ratio of EBIT to sales.

	Sales	EBIT	EBIT margin	Detailed planning period (years)
Germany	Slight growth	Solid growth	Solid growth	5
Italy	Slight growth	Solid growth	Solid growth	5
Netherlands	Slight growth	Slight growth	Slight growth	5
Spain	Slight growth	Solid growth	Solid growth	5

The mandatory annual test likewise confirmed the value of all goodwill capitalized as of 30 September 2023.

Finally, three sensitivity analyses were conducted for each group of cash-generating units. The first sensitivity analysis assumed a growth rate that was one percentage point lower and thus a growth rate of zero per cent for the perpetual annuity. In the second sensitivity analysis, the capitalization rate for each group of cash-generating units was raised by 20 per cent. The third sensitivity analysis applied a flat-rate likewise 20 per cent reduction to the assumed perpetual EBIT. In order to give the uncertainties associated with the free cash flow forecasts a higher weighting, the reductions applied to the capitalization rate and the reductions applied to EBIT were each raised from 10 per cent in the previous year to 20 per cent in financial year 2022/23. The sensitivity analyses of the capitalization rate and of the assumed perpetual EBIT resulted in an impairment requirement in the low double-digit millions for the group of cash-generating units in Italy. The recoverable amount calculated for the group of cash-generating units in Italy exceeds the associated carrying amount by €48 million. The carrying amount applicable to the group of cash-generating units in Italy would be equal to the corresponding recoverable amount if – under otherwise identical conditions – the capitalization rate were 8.45 per cent or the reduction on the assumed perpetual EBIT were 15.05 per cent. For the other groups of cash-generating units, the adjusted sensitivity analyses also did not result in impairment.

€ million	Goodwill
Cost	
As of 01/10/2021	531
Currency translation	0
Additions to consolidation group	0
Disposals	0
Reclassifications to IFRS 5	0
Transfers	0
As of 30/09 or 01/10/2022	531
Currency translation	0
Additions to consolidation group	0
Disposals	0
Reclassifications to IFRS 5	0
Transfers	0
As of 30/09/2023	531
Impairment	
As of 01/10/2021	7
Currency translation	0
Additions	0
Additions to impairment	0
Disposals	0
Reclassifications to IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/09 or 01/10/2022	7
Currency translation	0
Additions	0
Additions to impairment	0
Disposals	0
Reclassifications to IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/09/2023	7
Carrying amount as of 01/10/2021	524
Carrying amount as of 30/09/2022	524
Carrying amount as of 30/09/2023	**524**

19. OTHER INTANGIBLE ASSETS

€ million	Intangible assets without goodwill	(thereof internally generated intangible assets)
Cost		
As of 01/10/2021	439	(183)
Currency translation/indexing	1	(0)
Additions to consolidation group	0	(0)
Additions	47	(22)
Disposals	–1	(0)
Reclassifications to IFRS 5	0	(0)
Transfers	5	(11)
As of 30/09 or 01/10/2022	488	(216)
Currency translation/indexing	0	(0)
Additions to consolidation group	0	(0)
Additions	52	(24)
Disposals	–8	(0)
Reclassifications to IFRS 5	–6	(–2)
Transfers	0	(–3)
As of 30/09/2023	527	(234)
Amortization and impairment losses		
As of 01/10/2021	314	(92)
Currency translation/indexing	1	(0)
Additions	22	(8)
Additions to impairment	0	(0)
Disposals	–1	(0)
Reclassifications to IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	3	(0)
As of 30/09 or 01/10/2022	336	(100)
Currency translation/indexing	0	(0)
Additions	28	(10)
Additions to impairment	8	(2)
Disposals	–4	(0)
Reclassifications to IFRS 5	–6	(–2)
Reversals of impairment losses	0	(0)
Transfers	0	(–4)
As of 30/09/2023	362	(105)
Carrying amount as of 01/10/2021	125	(91)
Carrying amount as of 30/09/2022	152	(116)
Carrying amount as of 30/09/2023	**165**	**(129)**

Other intangible assets include exclusively intangible assets with a limited useful life. These are primarily concessions, rights, licences and software. They are therefore amortized and subject to an impairment test only when necessary.

Additions include €24 million (2021/22: €22 million) for internally generated intangible assets and mainly relate to software under development of €23 million (2021/22: €17 million). The other additions of €28 million (2021/22: €25 million) include software under development purchased from third parties of €15 million (2021/22: €14 million) and concessions, rights and licences purchased from third parties of €14 million (2021/22: €12 million).

Amortization amounted to €28 million (2021/22: €22 million). Of this, €25 million (2021/22: €17 million) was recognized in general administrative expenses, €4 million (2021/22: €4 million) in selling expenses and €0 million (2021/22: €0 million) in cost of sales.

As in the previous year, there are no restrictions on ownership or title for intangible assets. Purchase obligations of €1 million (30/09/2022: €2 million) were concluded for intangible assets.

20. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment can be seen in the following table.

€ million	Land and buildings	Other plant, business and office equipment	Assets under construction	Total
Cost				
As of 01/10/2021	5	2,742	23	2,770
Currency translation/indexing	0	55	–3	53
Additions to consolidation group	0	0	0	0
Additions	0	188	29	216
Disposals	0	–199	–2	–201
Reclassifications to IFRS 5	0	0	0	0
Transfers	0	15	–17	–2
As of 30/09 or 01/10/2022	5	2,802	30	2,837
Currency translation/indexing	0	6	–1	5
Additions to consolidation group	0	0	0	0
Additions	0	180	16	196
Disposals	0	–139	–4	–144
Reclassifications to IFRS 5	0	–106	0	–106
Transfers	0	17	–17	–0
As of 30/09/2023	5	2,759	24	2,788
Depreciation and impairment losses				
As of 01/10/2021	5	2,258	0	2,262
Currency translation/indexing	0	50	0	50
Additions	0	153	0	153
Additions to impairment	0	15	0	15
Disposals	0	–184	0	–184
Reclassifications to IFRS 5	0	0	0	0
Reversals of impairment losses	0	–1	0	–1
Transfers	0	0	0	0
As of 30/09 or 01/10/2022	5	2,291	0	2,295
Currency translation/indexing	0	5	0	5
Additions	0	143	0	143
Additions to impairment	0	18	0	18
Disposals	0	–118	0	–118
Reclassifications to IFRS 5	0	–97	0	–97
Reversals of impairment losses	0	0	0	0
Transfers	0	0	0	0
As of 30/09/2023	5	2,242	0	2,246
Carrying amount as of 01/10/2021	0	485	23	507
Carrying amount as of 30/09/2022	0	511	30	541
Carrying amount as of 30/09/2023	**0**	**517**	**24**	**541**

Depreciation amounted to €143 million (2021/22: €153 million). Of this, €125 million (2021/22: €137 million) was recognized in selling expenses, €18 million (2021/22: €17 million) in general administrative expenses and €0 million (2021/22: €0 million) in cost of sales.

In the past financial year 2022/23, impairments totalling €18 million (2021/22: €15 million) were recognized on property, plant and equipment. These comprise impairments of €13 million (2021/22: €7 million) attributable to asset retirement obligations and of €5 million (2021/22: €7 million) attributable to sustained losses and store closures. Here, sustained losses and store closures, allocated to property, plant and equipment, resulted in impairment tests at the level of the respective store as cash-generating unit. In this impairment test, the carrying amount of the cash-generating unit was compared with its recoverable amount. The recoverable amount was calculated as the fair value minus selling expenses, which is calculated from the discounted future cash flow using inputs for level 3 of the fair value hierarchy. The comparison of the carrying amounts of these cash-generating units with the recoverable amounts resulted in the impairment stated.

The stores for which impairment was recognized on property, plant and equipment due to sustained losses in previous years underwent a test in the reporting period to determine whether the reasons for the impairment had ceased to exist. In the past financial year 2022/23, this test did not result in the reversal of impairment losses. In the previous year, there was a reversal of impairment losses on property, plant and equipment of €1 million.

There were no restrictions on title in the form of liens or encumbrances for property, plant and equipment in neither financial year 2022/23 nor in the previous year.

Purchase obligations of €13 million (30/09/2022: €26 million) were concluded for property, plant and equipment.

21. RIGHT-OF-USE ASSETS

On conclusion of a contract, CECONOMY determines whether the contract is, or contains, a lease in accordance with IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease contract conveys the right to control the use of an identified asset if the lessee has the right to draw substantially all the economic benefits from using the asset throughout the period of use and to make decisions about the use of the identified asset during the lease term.

All stores in the Group are leased. These comprise land and buildings for the electronics stores as well as additional warehouse space. These real estate leases are generally concluded for a non-cancellable basic rental period of five years, but generally always include extension or termination options for reasons of operational flexibility. Some leases contain additional rent adjustments based on the development of the consumer price index. The lease conditions are agreed individually; there are leases with fixed lease payments as well as variable rental conditions depending on sales. Leases for movable assets largely relate to leased vehicles and IT equipment, as well as some leases for electronic shelf labels.

The carrying amounts of the right-of-use assets from leases developed as follows:

€ million	Real estate	Vehicle fleet	IT infrastructure	Business and office equipment	Total
Right-of-use assets as of 01/10/2021	**1,907**	**5**	**10**	**11**	**1,933**
Currency translation/indexing	11	0	0	0	11
Additions	496	1	1	0	498
Disposals	–90	0	0	0	–91
Depreciation and amortization/impairment	–506	–2	–5	–4	–516
Reversals of impairment losses	0	0	0	0	0
Right-of-use assets as of 30/09/2022	**1,819**	**3**	**6**	**8**	**1,835**

€ million	Real estate	Vehicle fleet	IT infrastructure	Business and office equipment	Total
Right-of-use assets as of 01/10/2022	**1,819**	**3**	**6**	**8**	**1,835**
Currency translation/indexing	4	0	0	0	4
Additions	411	0	0	0	412
Disposals	–82	0	0	0	–82
Depreciation and amortization/impairment	–489	–2	–4	–3	–498
Reversals of impairment losses	6	0	0	0	6
Right-of-use assets as of 30/09/2023	**1,668**	**1**	**1**	**5**	**1,676**

In addition to the depreciation, impairment and reversal of impairment losses and amortization/impairment and reversals of impairment losses, the following lease expenses were recognized in profit or loss for the period:

€ million	2021/22	2022/23
Interest expenses	22	47
Expenses for short-term leases accounted for in accordance with IFRS 16.6	3	3
Expenses for leases for low-value assets accounted for in accordance with IFRS 16.6	12	14
Expenses for variable lease payments	23	33
	61	**96**

Sustained losses and decisions to close stores resulted in impairment tests at the level of the respective store as cash-generating unit. In this impairment test, the carrying amount of the cash-generating unit was compared with its recoverable amount. The recoverable amount of the right-of-use asset for real estate was calculated on the basis of indexed benchmark rents for each store. In addition, the determined benchmark rents were discounted by an interest rate based on the respective current incremental borrowing rate over the remaining non-cancellable rental period. Store-related risk assessments and contract-specific circumstances were also included in the calculation. It is analysed whether the fair value of the right-of-use asset is reduced by other influences such as the contractual possibility of subletting, the quality of the location or other risks. These components are incorporated into a scoring model that can be used to deduce a discount on the recoverable benchmark rent.

The comparison of the carrying amounts of these cash-generating units with the recoverable amounts resulted in an impairment of €5 million (2021/22: €8 million) and a reversal requirement of €6 million in financial year 2022/23 (2021/22: €0 million).

In the past financial year 2022/23, the total cash outflow for leases amounted to €576 million (2021/22: €557 million).

Variable lease payments
As well as fixed lease payments, real estate leases for retail spaces can also or exclusively include sales-based lease payments. The expected future variable lease payments of sales-based rents amount to €50 million (2021/22: €77 million) over a planning period of three years.

Extension or termination options
Many real estate leases contain extension or termination options, which CECONOMY can in some cases exercise up to one year before the end of the non-cancellable lease term. Where possible, extension options are sought to be included in new leases in order to ensure operational flexibility. The options are used to limit the duration of the contract commitment as far as possible for individual contracts and thus to maximize operational flexibility regarding duration and the closure of stores. These options can usually be exercised only by CECONOMY and not by the lessor. At the commencement date, it is assessed whether the exercise of extension or termination options is reasonably certain.

↗ A description of the assessment of the probability that agreed extension and termination options will be exercised can be found in the notes to the Group accounting principles and methods.

It is reassessed whether the exercise of extension or termination options is reasonably certain upon the occurrence of either a significant event or a significant change in circumstances.

The potential future lease payments from contractual options that could be exercised before 30 September 2033 but are not recognized in the statement of financial position amount to €2,319 million (30/09/2022: €2,306 million). These unilateral options, which can only be exercised by CECONOMY, give the company more freedom in store decisions, but do not constitute a financial obligation as of the current closing date.

Future cash outflows from leases already concluded
As of 30 September 2023, there are future payment obligations of €1 million (30/09/2022: €18 million) for leases that had not yet commenced and were therefore not included in the measurement of lease liabilities.

As in the previous year, there are no lease payments from subleases that CECONOMY will receive from properties in the future and that are classified as finance leases.

Lease payments from subleases that are classified as operating leases and that CECONOMY will receive in the future amount to €4 million nominally (30/09/2022: €7 million).

They break down as follows:

€ million	30/09/2022	30/09/2023
Up to 1 year	2	2
1 to 2 years	2	2
2 to 3 years	2	1
3 to 4 years	1	0
4 to 5 years	0	0
Over 5 years	0	0
	7	**4**

22. FINANCIAL INVESTMENTS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD INCLUDING THE EARNINGS SHARE OF OPERATING COMPANIES RECOGNIZED AT EQUITY

Financial assets
Financial assets of €123 million (30/09/2022: €115 million) were recognized as of 30 September 2023.

Financial assets include €81 million (30/09/2022: €101 million) in investments and €41 million (30/09/2022: €14 million) in loans.

In addition to the PJSC "M.video" investment, included in financial assets in the amount of €20 million as of 30 September 2023 (30/09/2022: €38 million), an approximately one per cent share in METRO AG amounting to €24 million (30/09/2022: €26 million) and a 6.61 per cent interest in METRO PROPERTIES GmbH & Co. KG of €35 million (30/09/2022: €35 million) are also recognized under financial assets.

The 15 per cent minority financial stake in PJSC "M.video" is measured at market value, with fluctuations in market value recognized through other comprehensive income. Because of the Russian war of aggression against Ukraine, a reliable level 1 market valuation of the 15 per cent interest using the share price determined in restricted trading on the Moscow stock exchange was no longer possible on the reporting date, so as of 31 March 2022 it was necessary to change the fair value hierarchy level from level 1 to level 3. The shares in PJSC "M.video" are also measured on the basis of a level 3 market valuation as of 30 September 2023, because on this date it was still assumed that a market value for the shares in PJSC "M.video" still could not be reliably derived from the stock market price on the Moscow stock exchange.

↗ The fair value hierarchy is described under note 34.6 Carrying amounts and fair values according to measurement categories. The level 3 market valuation of the PJSC "M.video" investment is also explained here.

With regard to the investment in METRO PROPERTIES GmbH & Co. KG, an expert was asked to provide a value indication on the basis of an outside-in analysis. No objective indications were identified that the recognition of the investment at €35 million was inappropriate. This assessment accounted for the sale of METRO Campus and especially the development of the real estate portfolio in Türkiye.

The approximately one per cent share held directly by CECONOMY AG in METRO AG was subject to a seven-year tax vesting period, meaning that it could not be sold without incurring negative tax consequences. However, the vesting period ended on 30 September 2023, so the described restriction no longer applies in financial year 2023/24. On 19 September 2016, CECONOMY AG and the current METRO AG entered into an option agreement on the remaining partnership interest in METRO PROPERTIES GmbH & Co. KG. In this agreement, CECONOMY AG grants the current METRO AG a call option and the current METRO AG grants CECONOMY AG a put option at the pro rata enterprise value at the exercise date with regard to this limited partnership share held by CECONOMY AG. Each of the options can be exercised only in certain time-frames of six months in each case. The call option can be exercised for the first time three years after the spin-off took effect. It was not utilized. The put option can be exercised for the first time seven years after the spin-off took effect, no earlier than 13 July 2024.

These investments are recognized at fair value through other comprehensive income in accordance with exercising the option. Information on other investments recognized at fair value through other comprehensive income is given in the following table.

€ million	Fair value as of 30/09/2022	Investment income recognized in 2021/22	Fair value as of 30/09/2023	Investment income recognized in 2022/23
METRO AG	26	0	24	0
PJSC "M.video"	38	11	20	0
METRO PROPERTIES GmbH & Co. KG	35	1	35	0
Others	2	0	2	0
Total	**101**	**13**	**81**	**0**

€–20 million (2021/22: €–165 million) was reported in other comprehensive income in financial year 2022/23.

Investments accounted for using the equity method including the earnings share of operating companies recognized at equity

As of 30 September 2023, investments accounted for using the equity method of €257 million were recognized (30/09/2022: €388 million). The investment in the associate Fnac Darty S.A. is a material investment accounted for using the equity method, which is recognized in CECONOMY's consolidated financial statements as of 30 September 2023 at a value of €250 million (30 September 2022: €388 million). In addition, a 20 per cent minority stake in Power Retail Sweden AB has been included in CECONOMY's consolidated financial statements using the equity method since 1 August 2023. This minority stake, in addition to the formally agreed purchase price, is part of the consideration that CECONOMY received for selling the MediaMarkt business in Sweden to Power Retail Sweden AB. As of 30 September 2023, this investment is recognized in the amount of €7 million.

Fnac Darty S.A., a leading French retailer for consumer electronics and household appliances, is classified as an associate within the meaning of IAS 28 and is included in CECONOMY's consolidated financial statements using the equity method. The shareholding as of 30 September 2023 was 23.41 per cent (30/09/2022: 24.20 per cent).

As a result of the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method, a loss of €50 million was recognized in EBIT in financial year 2022/23 (2021/22: income of €26 million). As in the previous year, the income from the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method in financial year 2022/23 comprises the pro rata net income recognized through profit or loss of €–35 million (2021/22: €30 million), effects from the change in the equity interest of €–13 million (2021/22: €–2 million) and write-downs on hidden reserves less deferred taxes of €–3 million (2021/22: €–3 million). Fnac Darty S.A. publishes information on profit or loss for the period only for the second and fourth quarters of a calendar year, with this information being the basis for the subsequent measurement of the investment accounted for using the equity method.

€1 million (2021/22: €7 million) was recognized in other comprehensive income in financial year 2022/23. Other items recognized directly in retained earnings in financial year 2022/23 came to €1 million (2021/22: €–2 million).

In financial year 2022/23, a dividend of €9 million (2021/22: €13 million) was also recognized in cash.

As of 30 September 2023, there was objective evidence indicating potential impairment of the investment in Fnac Darty S.A. In addition to the macroeconomic and geopolitical risks, which also affect Fnac Darty S.A.'s business environment, it was the performance of the Fnac Darty S.A. share price in particular that suggested impairment. As a result, an expert was commissioned to provide a value indication based on a discounted cash flow (DCF) method. Taking account of alternative measurement methods used to verify the DCF results, the recoverable amount of the investment in Fnac Darty S.A. was thus found to be €250 million. This resulted in the recognition of impairment of €82 million in financial year 2022/23 (2021/22: €56 million).

Reconciliation of financial market information for Fnac Darty S.A. to the carrying amount of the investment

€ million	30/09/2022	30/09/2023
Net assets 100%[1]	1,524	1,355
CECONOMY's share in net assets	369	317
Impairment on the carrying amount of the investment	–56	–82
Reversal of impairment on the carrying amount of the investment	0	0
Adjusted goodwill from purchase price allocation	75	15
Carrying amount of the investment	**388**	**250**

[1] Derived from the interim financial report as of 30/06/2022 and the interim financial report as of 30/06/2023

The following table provides information about Fnac Darty S.A.:

€ million	Fnac Darty S.A. 30/09/2022	30/09/2023
Size of share (in %)	24.20	23.41
Pro rata stock market value	185	151
Carrying amount	388	250
Disclosures on the income statement	**H1 2022[1]**	**H1 2023[2]**
Sales	3,428	3,344
Post-tax earnings from continuing operations	–17	–163
Post-tax earnings from discontinued operations	0	29
Other comprehensive income	28	–2
Total comprehensive income	11	–136
Dividends paid to the Group	13	9
Disclosures on the statement of financial position	**30/06/2022[1]**	**30/06/2023[2]**
Non-current assets	3,918	3,879
Current assets	1,979	2,116
Non-current liabilities	2,120	2,067
Current liabilities	2,253	2,573

[1] Information according to the interim financial report as of 30/06/2022 for the period 01/01/2022–30/06/2022
[2] Information according to the interim financial report as of 30/06/2023 for the period 01/01/2023–30/06/2023

The minority stake in Power Retail Sweden AB, which has been accounted for using the equity method since 1 August 2023, was initially measured at cost and thus at its fair value of €8 million. As a result of the application of the equity method to this minority stake, a pro rata loss of €0 million was recognized for the period from 1 August 2023 to 31 August 2023. The pro rata loss recognition is based on unpublished financial information from Power Retail Sweden AB. No financial information was available for the month of September 2023, including in the period between the closing date and the date of preparation of the consolidated financial statements, so the value measured using the equity method was not remeasured as of 30 September.

23. RECEIVABLES DUE FROM SUPPLIERS, OTHER FINANCIAL ASSETS AND OTHER ASSETS

	30/09/2022			30/09/2023		
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Receivables due from suppliers	**1,296**	**1,296**	**0**	**1,207**	**1,207**	**0**
Securities	0	0	0	0	0	0
Miscellaneous financial assets	144	142	2	125	123	2
Other financial assets	**144**	**142**	**2**	**125**	**123**	**2**
Other entitlements to tax refunds	103	103	0	106	106	0
Prepaid expenses and deferred charges	64	59	5	56	53	3
Miscellaneous other assets	2	2	0	5	5	0
Other assets	**169**	**163**	**5**	**166**	**163**	**3**

Receivables due from suppliers in the amount of €1,207 million (30/09/2022: €1,296 million) essentially include invoiced receivables and accruals for subsequent supplier compensation, such as staggered bonuses based on the calendar year, which depend on expected purchasing volumes, and advertising subsidies.

Miscellaneous financial assets decreased to €125 million (30/09/2022: €144 million). Refund claims against a bank from the sale of receivables in the mobile communications area are a key component of miscellaneous financial assets.

Other entitlements to tax refunds include input taxes that cannot yet be offset of €50 million (30/09/2022: €55 million), entitlements to VAT refunds of €49 million (30/09/2022: €38 million) and other entitlements to tax refunds of €7 million (30/09/2022: €10 million).

Prepaid expenses include accrued rent, lease and interest prepayments and other deferred assets.

24. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

Deferred tax assets on loss carry-forwards and temporary differences before offsetting were recognized at €467 million (30/09/2022: €381 million), representing a rise of €86 million against the figure as of 30 September 2022. In financial year 2022/23, CECONOMY AG recognized deferred taxes on temporary differences of €207 million between the carrying amounts stated in the consolidated financial statements and the tax bases of assets and liabilities. Deferred tax assets were also recognized on loss and interest carry-forwards of €260 million. The chain of profit and loss transfer agreements was completed for the first time in financial year 2021/22 as a result of the Convergenta transaction. Thanks to the fiscal entity for income tax purposes now in place, taxable income of the Media-Saturn Group can be transferred to CECONOMY AG and offset against the tax loss carry-forwards and temporary differences. In this context and given the positive development of business planning, additional deferred tax assets on loss carry-forwards of €47 million and temporary differences of €22 million were recognized at the level of CECONOMY AG in financial year 2022/23. The application of IAS 29 reduced deferred tax assets by €14 million.

Deferred tax liabilities before offsetting came to €168 million (30/09/2022: €143 million) and increased by €24 million in comparison to 30 September 2022. Deferred tax assets and liabilities are offset within each company or tax group. After offsetting, €368 million in deferred tax assets and €69 million in deferred tax liabilities were recognized as of the closing date.

Deferred taxes relate to the following balance sheet items:

	30/09/2022		30/09/2023	
€ million	Assets	Liabilities	Assets	Liabilities
Goodwill	0	3	0	3
Other intangible assets	26	23	41	5
Property, plant and equipment	6	16	5	59
Inventories	27	3	25	1
Receivables and other assets	27	55	22	48
Provisions for pensions and similar obligations	30	6	30	7
Other provisions	9	9	21	12
Borrowings	41	13	58	10
Other financial and non-financial liabilities	21	14	23	22
Outside basis differences	0	1	0	1
Write-downs of temporary differences	−23	0	−18	0
Loss carry-forwards	216	0	260	0
Subtotal before offsetting	**381**	**143**	**467**	**168**
Offsetting	−79	−79	−99	−99
Carrying amount of deferred taxes	**302**	**65**	**368**	**69**

The table below shows the loss and interest carry-forwards in the Group as a whole:

€ million	30/09/2022	30/09/2023
Corporate tax losses	2,563	2,096
Trade tax losses	2,160	2,063
Interest carry-forwards/other carry-forwards	154	97

€1,590 million (30/09/2022: €1,615 million) of corporate income tax loss carry-forwards as of 30 September 2023 is attributable to German companies and €505 million (30/09/2022: €948 million) to foreign companies. The decline in loss carry-forwards mails relates to the transaction of the Swedish country organization. Trade tax loss carry-forwards include €122 million (30/09/2022: €144 million) of loss carry-forwards relating to local taxation of companies outside Germany.

In addition to the interest carry-forward of €64 million (30/09/2022: €118 million), a carry-forward item within the meaning of Sec. 4f of the German Income Tax Act (EStG) arose in financial year 2017/18 in connection with the disposal of certain pension obligations. This item is reversed over 15 years and totalled €33 million (30/09/2022: €37 million) as of 30 September 2023.

With regard to the loss and interest carry-forwards and temporary differences in the Group as a whole (see table above), no deferred tax assets are recognized on the basis of a current five-year plan in the following amounts, as it is unlikely that the claims will be realized in the short to medium term:

€ million	30/09/2022	30/09/2023
Corporate tax losses	1,918	1,213
Trade tax losses	1,580	1,325
Interest carry-forwards/other carry-forwards	37	33
Temporary differences	113	83

In accordance with IAS 12 (Income Taxes), deferred tax liabilities are to be recognized for the difference between the pro rata equity of a subsidiary recognized in the consolidated statement of financial position and the carrying amount of the investment for this subsidiary on the parent company's tax balance sheet (known as outside basis differences), if realization is expected. These differences are chiefly the result of retained earnings of German and foreign subsidiaries. No deferred taxes were calculated on these retained earnings because they are reinvested indefinitely or are not subject to taxation. Dividend taxation would have to be paid on any dividends from subsidiary corporations. In addition, dividends from countries outside Germany could trigger a withholding tax. As of 30 September 2023, €1 million (30/09/2022: €1 million) was recognized in deferred tax liabilities from outside basis differences for planned dividend payments.

The table below shows the tax effects on components of other comprehensive income:

			2021/22			2022/23
€ million	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Currency translation differences from translating the financial statements of foreign operations	44	0	44	−65	2	−63
thereof currency translation differences from net investments in foreign operations	(0)	(0)	(0)	(−6)	(2)	(−4)
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	−165	0	−165	−20	0	−20
Remeasurement of defined benefit pension plans	89	40	129	−13	9	−4
Subsequent measurement of associates/joint ventures accounted for using the equity method	7	0	7	1	0	1
	−25	**40**	**15**	**−97**	**11**	**−86**

25. INVENTORIES

Inventories decreased by €258 million from €3,176 million to €2,918 million. The decrease was mainly attributable to the DACH segment at €297 million.

Inventories contain impairments of €73 million (30/09/2022: €154 million).

CECONOMY's inventories are subject to retentions of title customary under industry standards.

Assets in connection with right of return are recognized under inventories in the amount of €15 million (30/09/2022: €15 million).

26. TRADE RECEIVABLES AND SIMILAR CLAIMS

€ million	30/09/2022	30/09/2023
Trade receivables	219	210
Contract assets	221	280
Trade receivables and similar claims	**440**	**490**
thereof remaining term ≤12 months	(329)	(358)
thereof remaining term > 12 months	(110)	(132)

Contract assets of €280 million (30/09/2022: €221 million) primarily represent commission claims from mobile communications providers. This increase is mainly due to the business of brokering contracts, such as mobile phone contracts and insurance policies. As soon as the claim arising from a contract asset is substantiated, it is transferred to trade receivables.

The item Trade receivables and similar claims recognized under current assets includes items with a remaining term of over one year in the amount of €132 million (30/09/2022: €110 million), which result primarily from claims from mobile communications providers.

Both trade receivables and contract assets contain continuing involvements from factoring programmes.

As part of the revolving sale of receivables from the Swiss customer financing programme, PayRed Card Services AG guarantees to service a limited number of customer defaults. A continuing involvement in the amount of the nominal volume of the default guarantees provided of €15 million (30/09/2022: €16 million) was recognized as a liability, and the customer receivables in the same amount were not fully derecognized. As of 30 September 2023, the carrying amount of the original asset was €90 million (30/09/2022: €99 million).

The risk that a high default on receivables from Swiss customer receivables that have already been sold will impact CECONOMY's earnings is limited to the cumulative nominal volume of the default guarantee. Opportunities are presented by a low default rate leading to low utilization of the default guarantees.

There are no restrictions regarding the transferred assets.

Revolving commission receivables due from contract partners in the mobile communications area were sold as part of two further factoring programmes. Here, CECONOMY provides guarantees for partial defaults by the end customer of up to a maximum of €59 million (30/09/2022: €50 million). Thus, a continuing involvement was recognized as a liability and the customer receivables in the same amount were not fully derecognized. The carrying amount of the original asset as of 30 September 2023 was €168 million (30/09/2022: €156 million).

The risk that a high default on receivables from receivables that have already been sold will impact CECONOMY's earnings is limited to the cumulative nominal volume of the default guarantee. This risk is accounted for in the form of a provision of €12 million (30/09/2022: €7 million). Opportunities are presented by a low default rate leading to low utilization of the default guarantees.

There are no restrictions regarding the transferred assets.

27. ASSETS HELD FOR SALE/LIABILITIES RELATED TO ASSETS HELD FOR SALE

As of 30 September 2023, no amounts are recognized as assets held for sale or as liabilities related to assets held for sale. The development of the item is explained below with regard to events occurring in the course of the financial year.

Sale of the Swedish MediaMarkt business
On 14 February 2023, CECONOMY AG announced that CECONOMY and the North European electronics retailer Power International AS ("Power") had concluded an agreement regarding a strategic transaction and a joint future for the Swedish business. Power Retail Sweden, a wholly owned subsidiary of Power, intended to acquire 100 per cent of MediaMarkt Sweden. In return, CECONOMY would receive a minority stake of 20 per cent in Power Sweden.

From the date the disposal was announced, the MediaMarkt Sweden business was classified as a disposal group in accordance with IFRS 5. Taking into account the consolidation of all items in the consolidated statement of financial position as of 31 March 2023, the assets and liabilities were recognized in the item "assets held for sale" at €61 million and in the item "liabilities related to assets held for sale" at €99 million, respectively.

The transaction for the MediaMarkt Sweden business was completed on schedule as of 1 August 2023.

The assets and liabilities held for sale from the Swedish MediaMarkt business, which were disposed of as a result of the deconsolidation on 1 August 2023, comprise the following items:

€ million	01/08/2023
Non-current assets	**1**
Right-of-use assets	1
Current assets	**99**
Inventories	21
Trade receivables and similar claims	4
Receivables due from suppliers	6
Other assets	3
Cash and cash equivalents	64
Assets	**100**
Non-current liabilities	**16**
Borrowings	16
Current liabilities	**84**
Trade liabilities and similar liabilities	62
Provisions	1
Borrowings	7
Other financial liabilities	9
Other liabilities	5
Equity and liabilities	**100**

The deconsolidation result arising in connection with the disposal amounts to €72 million and is recognized in EBIT at €–4 million and in the net financial result at €76 million. The EBIT comprises the addition of the 20 per cent interest accounted for using the equity method in the amount of the pro rata fair value of €8 million, the disposal of assets and liabilities in accordance with the above presentation of the disposal balance sheet of €0 million and, with the opposite effect, the negative purchase price of €7 million and a risk provision of around €5 million and is recognized in other operating expenses. The effects of other comprehensive income from assets and liabilities held for sale included in CECONOMY's equity include an amount of €76 million for components from currency translation differences of foreign subsidiaries previously recognized in equity through other comprehensive income, which were reversed through profit or loss and recognized in other financial result because of the deconsolidation.

In addition, an impairment loss of €65 million was recognized in accordance with IFRS 5. For the disposal group, the underlying fair value less cost to sell was lower than the carrying amount of the assets and liabilities held for sale. This resulted in an impairment loss of the above amount at the date of reclassification.

From the date of first-time reclassification to the date of deconsolidation, depreciation of the affected non-current assets of €4 million was suspended.

Sale of the Portuguese MediaMarkt business

On 20 April 2023, CECONOMY AG announced the conclusion of an agreement concerning the sale of MediaMarktSaturn's Portugal business with the French consumer electronics retailer Fnac Darty S.A. ("Fnac Darty"). Fnac Darty Portugal, a wholly owned subsidiary of Fnac Darty, was to acquire 100 per cent of MediaMarkt Portugal including the ten store locations, the online business and the roughly 450 employees. The closing of the deal was initially dependent on the approval of the relevant competition authorities and took place on 30 September 2023.

From the date the disposal was announced, the MediaMarkt Portugal business was classified as a disposal group in accordance with IFRS 5. Taking into account the consolidation of all items in the consolidated statement of financial position as of 30 June 2023, the assets and liabilities were recognized in the item "assets held for sale" at €52 million and in the item "liabilities related to assets held for sale" at €48 million, respectively.

The assets and liabilities held for sale that were disposed of as a result of the deconsolidation of the business in Portugal comprise the following items:

€ million	30/09/2023
Non-current assets	**16**
Property, plant and equipment	3
Right-of-use assets	12
Current assets	**130**
Inventories	19
Trade receivables and similar claims	5
Receivables due from suppliers	8
Other assets	1
Income tax assets	2
Cash and cash equivalents	95
Assets	**146**
Non-current liabilities	**72**
Borrowings	7
Other financial liabilities	65
Current liabilities	**82**
Trade liabilities and similar liabilities	39
Borrowings	4
Other financial liabilities	38
Equity and liabilities	**154**

From the date of first-time reclassification to the date of deconsolidation, depreciation of the affected non-current assets of €2 million was suspended. The positive deconsolidation result arising in connection with the disposal amounts to €21 million and was recognized in EBIT in the Western/Southern Europe segment under other operating income.

The purchase agreement provides for a pro rata variable purchase price payment, for which, in light of uncertainties regarding the realization of this purchase price component, a receivable of €3 million was recognized as of 30 September 2023.

28. EQUITY

The share capital has not changed in terms of amount and composition compared to 30 September 2022 and amounts to €1,240,448,004.17. It is divided as follows:

No-par value bearer shares, pro rate value per share in the share capital approx. €2.56		30/09/2022	30/09/2023
	Number	485,221,084	485,221,084
Ordinary shares	€ approx.	1,240,448,004	1,240,448,004
Total shares	**Number**	**485,221,084**	**485,221,084**
Total share capital	**€ approx.**	**1,240,448,004**	**1,240,448,004**

Each ordinary share carries one vote.

Authorized capital

The General Meeting held on 12 April 2022 authorized the Management Board, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 11 April 2027 up to a maximum of €321,600,000 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind (Authorized Capital 2022/I).

The General Meeting held on 12 April 2022 further authorized the Management Board, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 11 April 2027 up to a maximum of €112,560,000 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind (Authorized Capital 2022/II).

The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. Authorized Capital 2022/I and Authorized Capital 2022/II have not yet been utilized.

Contingent capital

The General Meeting held on 12 April 2022 resolved to contingently increase share capital by up to €89,476,079.21, divided into up to 35,000,000 no-par value ordinary bearer shares (Contingent Capital 2022/I). This contingent capital increase relates to the issuing of convertible bonds with a total nominal amount of €151,000,000, divided into 1,510 equal bearer partial bonds with a nominal amount of €100,000 ("convertible bonds"), in exchange for contributions in kind and serves exclusively to grant shares to the holders of convertible bonds. The convertible bonds grant their holders conversion rights to an initial total of up to 27,859,778 no-par value ordinary bearer shares in CECONOMY AG, each with a pro rata amount of the share capital of round €2.56 ("conversion share"). Statutory subscription right for shareholders were excluded. All convertible bonds were issued to Convergenta Invest GmbH.

The General Meeting held on 12 April 2022 also resolved to contingently increase share capital by up to €127,825,000, divided into up to 50,000,000 ordinary bearer shares (Contingent Capital 2022/II). This contingent capital increase relates to a Management Board authorization, with the approval of the Supervisory Board, to issue bearer warrant or convertible bonds (jointly "bonds") on one or more occasions until 11 April 2027 in a total nominal amount of up to €1,000,000,000, and to grant or impose warrant rights or obligations on the holders of warrant bonds and conversion rights or obligations on the holders of convertible bonds for the ordinary bearer shares of CECONOMY AG with a pro rata amount of the share capital totalling up to €127,825,000, in accordance with the terms and conditions of the respective warrant or convertible bond, or to grant CECONOMY AG the right to grant ordinary shares in CECONOMY AG or another listed company in full or in part instead of repaying the bonds in cash. The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. No warrant and/or convertible bonds have yet been issued on the basis of the authorization described above.

The General Meeting held on 12 April 2022 further resolved to contingently increase share capital by up to €44,738,750, divided into up to 17,500,000 ordinary bearer shares (Contingent Capital 2022/III). This contingent capital increase relates to a Management Board authorization, with the approval of the Supervisory Board, to issue bearer warrant or convertible bonds (jointly "bonds") on one or more occasions until 11 April 2027 in a total nominal amount of up to €350,000,000, and to grant or impose warrant rights or obligations on the holders of warrant bonds and conversion rights or obligations on the holders of convertible bonds for the ordinary bearer shares of CECONOMY AG with a pro rata amount of the share capital totalling up to €44,738,750, in accordance with the terms and conditions of the respective warrant or convertible bond, or to grant CECONOMY AG the right to grant ordinary shares in CECONOMY AG or another listed company in full or in part instead of repaying the bonds in cash. The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. No warrant and/or convertible bonds have yet been issued on the basis of the authorization described above.

Acquisition of treasury shares

On the basis of Sec. 71 para. 1 no. 8 AktG, the General Meeting held on 12 April 2022 authorized the company to purchase treasury shares of any share class until 11 April 2027 that represent a total of no more than ten per cent of the share capital at the time this authorization becomes effective or – if this value is lower – of the share capital at the time such authorization is exercised. This authorization has not yet been exercised by the company or by an independent business or a business in which the company holds a majority interest, or by another business acting on behalf of the company or on behalf of an independent business or a business in which the company holds a majority interest.

↗ Further information on Authorized Capital, Contingent Capital and the authorization to issue warrant and/or convertible bonds and to purchase treasury shares can be found in the combined management report – Disclosures pursuant to Sec. 315a sentence 1 and Sec. 289a sentence 1 of the German Commercial Code and explanatory report by the Management Board.

Capital reserve

The capital reserve amounts to €389 million (30/09/2022: €389 million).

Reserves retained from earnings

Reserves retained from earnings include cumulative other comprehensive income and other reserves retained from earnings.

€ million	30/09/2022	30/09/2023
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	−140	−160
Currency translation differences from translating the financial statements of foreign operations	22	−43
Remeasurement of defined benefit pension plans	−203	−216
Subsequent measurement of associates/joint ventures accounted for using the equity method	−81	−211
Income tax attributable to items of other comprehensive income	43	54
Other reserves retained from earnings	−679	−589
	−1,039	**−1,166**

The decline in reserves retained from earnings of €127 million resulted primarily from the negative profit or loss for the period of €37 million in financial year 2022/23 and the negative other comprehensive income of €86 million. The profit or loss for the period was negatively affected primarily by the impairment of €82 million (2021/22: €56 million) and by expenses from the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method of €50 million (2021/22: income of €26 million). The positive cumulative currency effects from translating the financial statements of foreign operations, which were derecognized in connection with the deconsolidation of the Sweden business, increased the profit or loss for the period by €76 million and resulted in a contrasting deterioration in other comprehensive income of the same amount.

The changes in the gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income of €−20 million (2021/22: €−137 million) related in the past financial year 2022/23 to the subsequent measurements of the PJSC "M.video" investment of €−18 million (2021/22: €−122 million) and the METRO AG investment of €−2 million (2021/22: €−15 million).

Distributions amounted to €2 million in financial year 2022/23 (2021/22: €64 million). At €63 million, the figure for financial year 2021/22 mainly resulted from dividend payments.

↗ An overview of the tax effects on components of other comprehensive income can be found under note 24 Deferred tax assets/deferred tax liabilities.

Non-controlling interests

Non-controlling interests include third-party interests in the equity of consolidated subsidiaries and were unchanged at €2 million as of 30 September 2023 (30/09/2022: €2 million).

There were no material non-controlling interests as of 30 September 2023.

Appropriation of the balance sheet profit, dividend

The dividend distribution of CECONOMY AG is based on the annual financial statements of CECONOMY AG in accordance with German commercial law.

CECONOMY AG's annual financial statements as of 30 September 2023 prepared in accordance with the provisions of the German Commercial Code reports balance sheet profit of €139 million for financial year 2022/23, of which €74 million is attributable to retained earnings. In accordance with the provisions of Sec. 253 para. 6 HGB and Sec. 268 para. 8 HGB, the balance sheet profit is fully barred from distribution. The restriction on distribution of €288 million primarily results from the recognition of deferred tax assets through profit or loss of €287 million, of which €88 million relate to financial year 2022/23 and €199 million to financial year 2021/22.

The Management Board and the Supervisory Board therefore propose that the balance sheet profit of €139 million recognized as of 30 September in financial year 2022/23 be carried forward to new account.

29. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations are recognized in accordance with IAS 19 (Employee Benefits).

Provisions for pensions and similar obligations include obligations that mostly relate to benefits from provisions for post-employment benefit plans. These are defined benefit claims from direct commitments (employer's commitments) and from external pension providers (benevolent funds in Germany and pension funds or insurance companies outside Germany). The external provider's assets serve exclusively to finance pension claims and quality as plan assets. In accordance with the respective benefit plans, pension benefits are based on income and length of employment. Pension benefits based on the length of employment at the company are granted on the basis of fixed amounts.

The most important defined benefit pension plans are described below:

- CECONOMY provides many of its employees in **Germany** with commitments for retirement, disability and surviving dependants' benefits. New commitments are granted in the form of defined benefit commitments within the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which include payment contribution and employer-matching components. The contributions are paid into a pension liability policy, which provides the benefits due in the event of entitlement. A provision is recognized for claims not covered by the pension liability policy.

- In addition, there are also various pension plans that can no longer be taken out that generally provide for life-time pensions from retirement or from the time of a recognized disability. Benefits are for the most part defined as a fixed amount or as an annual increase. In special cases, benefits are calculated taking into account statutory pensions. These commitments provide for widows' benefits at varying levels depending on the benefit that the former employee received or would have received in the case of disability. The old commitments are partially funded by assets held in benevolent funds. Parts not funded by assets are funded by provisions. The bodies (Management Board, General Meeting and Advisory Board) of the benevolent funds are composed of both employer representatives and representatives of the beneficiaries. The Management Board is responsible for deciding on the use of funds and investments. It can engage third parties to manage the fund assets. There are no statutory minimum funding requirements. In the event that agreed benefits cannot be provided from the benevolent fund's assets, the employer must provide these benefits directly.

  In financial year 2018/2019, CECONOMY hived down a significant portion of the existing pension obligations to former employees to a separate company in line with the German Transformation Act. It subsequently sold this company. Due to the continuing liability under the German Transformation Act, the benefits due in the first ten years after the hive-down continue to be recognized by CECONOMY. The assets of the company exclusively for covering the pension obligations are counted towards CECONOMY's plan assets. The value of the assets covers the obligations. In addition, there is a bank guarantee for the continuing liability that would take effect in the event of any payment obligations. Therefore, the asset value was recognized at the amount of the obligations.

- In **Switzerland**, the Federal Law on Occupational Old-Age, Survivors' and Disability Benefit Plans (BVG) legally requires the employer to insure employees in a benefit plan. The statutory minimum benefits set out a defined pension plan with a guaranteed interest rate. The BVG also sets minimum contributions. Contributions are paid into a pension fund as a percentage of the pensionable salary and converted into retirement benefits upon retirement using conversion rates. The retirement plans are available to new employees. The pension fund takes the legal form of a foundation. Pension plans in Switzerland are recognized as defined benefit plans. In addition to statutory minimum entitlements, CECONOMY also grants employees in Switzerland additional pension commitments.

- Further pension schemes are recognized as a total under **Other countries**.

The following table gives an overview of the percentage breakdown of the present value of defined benefit obligations for CECONOMY countries with material obligations:

%	30/09/2022	30/09/2023
Germany	82	82
Switzerland	14	15
Other countries	4	3
	100	**100**

CECONOMY's plan assets are split in percentage terms between the following countries:

%	30/09/2022	30/09/2023
Germany	56	57
Switzerland	44	43
Other countries	0	0
	100	**100**

The obligations stated are measured on the basis of actuarial calculations in accordance with the relevant IAS 19 principles. Measurements are based on the legal, economic and tax situation in each country.

The average assumptions for the key parameters shown below were based on measurements calculated on the basis of actuarial calculations.

%	30/09/2022 Germany	30/09/2022 Switzerland	30/09/2022 Other countries	30/09/2023 Germany	30/09/2023 Switzerland	30/09/2023 Other countries
Actuarial interest rate	2.60–3.90	1.85	3.37	4.10–4.40	1.95	5.22
Pension trend	2.00	0.00	n/a	2.20	0.00	n/a

The present value of defined benefit obligations for the material share of the obligation in Germany (CECONOMY AG and CECONOMY Retail GmbH) is measured using an actuarial interest rate of 4.40 per cent. This rate is determined on the basis of the yield on premium corporate bonds and the term of the underlying obligations. A standardized actuarial interest rate of 4.10 per cent is applied for the MediaMarktSaturn Retail Group companies in the eurozone (Germany, Austria and Italy). This rate is based on the corresponding average duration of the obligations in these countries. For countries without a liquid market to set interest rates of suitable corporate bonds, yields on government bonds were used as a reference when setting the actuarial interest rate instead.

As well as the actuarial interest rate, the pension trend represents another key actuarial parameter. The rate of pension growth in Germany is based on inflation, to the extent that pension adjustments are to be determined with the rise in costs of living. As well as the long-term pension trend of 2.2 per cent, a one-off pension trend of 17.8 per cent was taken into account for increases due in 2024 and a one-off pension trend of 15.6 per cent for increases due in 2025 when measuring the present value of the pension entitlement. This reflects the high rate of inflation in recent years and the resulting significant increase in the cost of living in Germany. At the foreign companies, the plan includes a capital payment or it is assumed that current pensions will not be increased.

Calculations of the mortality rate for the German Group companies are based on Professor Klaus Heubeck's 2018G mortality tables. Measurements on the basis of actuarial calculations for outside Germany are based on country-specific mortality tables.

The other parameters used when measuring pension obligations correspond to CECONOMY's long-term expectations.

A sensitivity analysis is shown below for the material measurement parameters regarding the present value of defined benefit obligations. The actuarial interest rate and the inflation rate were identified as material parameters for the present value of defined benefit obligations. The sensitivity analysis used the same methods as in the previous year. Changes to the parameters that are considered reasonably possible were taken into consideration. The sensitivity analysis does not include stress tests or worst-case scenarios. The range of potential parameter changes was selected based on past observations over a number of years. The fact that potential future developments were inferred almost exclusively on the basis of past figures represents a methodological limitation.

The impact on the present value of defined benefit obligations of the actuarial interest rate increasing/decreasing by 100 basis points or the inflation rate increasing/decreasing by 25 basis points is shown below:

€ million		30/09/2022 Germany	30/09/2022 Switzerland	30/09/2022 Other countries	30/09/2023 Germany	30/09/2023 Switzerland	30/09/2023 Other countries
Actuarial interest rate	Increase by 100 basis points	−26.90	−5.90	−1.90	−21.20	−5.60	−1.50
	Decline by 100 basis points	29.00	9.10	2.20	23.90	7.40	1.70
Pension trend	Increase by 25 basis points	6.80	1.30	0.00	4.10	1.30	0.00
	Decline by 25 basis points	−6.60	0.00	0.00	−4.00	0.00	0.00

The influence of changes in employee turnover and mortality assumptions was analysed for the material plans. The resulting effects from an increase in life expectancy by one year amount to around four per cent to five per cent of the total obligation for plans that grant lifelong benefits. The resulting effects from employee turnover assumptions were assessed as immaterial and were not shown separately.

CECONOMY is exposed to various risks as a result of its commitments to defined benefit pension claims. These risks include general actuarial risks on the basis of measuring the pension obligation (such as interest rate, inflation and longevity risks) and capital and investment risks for the plan assets.

With regard to financing future pension payments from indirect commitments and stable policy reserves, CECONOMY invests plan assets mostly in low-risk types of investment. Financing for direct pension commitments is secured by CECONOMY's operating cash flow.

The percentage breakdown of the fair value of plan assets among the individual asset categories is as follows:

	30/09/2022		30/09/2023	
	%	€ million	%	€ million
Fixed-interest securities	17	38	16	34
Shares, funds	15	33	14	29
Real estate	25	57	27	57
Other assets	43	98	43	92
	100	**227**	**100**	**212**

Fixed-interest securities, shares and funds are regularly traded on active markets. Market prices are thus available. Within the "fixed-interest securities" asset category, investments are made only in investment grade corporate bonds, government bonds and German covered bonds. Geographical diversification minimizes the risk in the "shares and funds" category.

Other assets essentially include receivables from insurance companies in Germany. These are top insurance companies. Real estate assets and insured benefits are not traded on an active market.

The actual gain on plan assets came to €15 million in the reporting period (2021/22: €2 million).

For financial year 2023/24, employer payments to external pension providers of €3 million and employee contributions of €3 million to plan assets are expected, with these contributions attributable to contribution payments in Switzerland and Germany. The expected benefit payments of the next ten years break down as follows:

€ million	
Benefit payments 2022/23	54
Benefit payments 2023/24	51
Benefit payments 2024/25	49
Benefit payments 2025/26	46
Benefit payments 2026/27	43
Benefit payments 2027/2028–2031/2032	160

The changes in the present value of defined benefit obligations are as follows:

€ million	2021/22	2022/23
Present value of defined benefit obligations		
At beginning of period	651	515
Recognized through profit or loss	**8**	**20**
Interest expenses	5	17
Current service cost	3	2
Past service cost (incl. curtailments and amendments)	0	0
Income from settlement	0	1
Recognized through other comprehensive income under "remeasurement of defined benefit pension plans"	**−103**	**32**
Actuarial gains/losses from change		
in demographic assumptions (−/+)	0	0
in financial assumptions (−/+)	−98	8
due to experience adjustments (−/+)	−5	24
Other effects	**−42**	**−72**
Benefit payments (incl. tax payment)	−54	−55
Contributions from plan participants	3	3
Change in consolidation group/transfers	0	−18
Currency effects	9	−2
At end of period	**515**	**495**

Overall, changes in actuarial parameters resulted in an increase in the present value of defined benefit obligations of €8 million (2021/22: reduction of €98 million). The effects mostly resulted from the increase in the expected rise in ongoing benefits compensated for by the increase in the actuarial interest rates used. The first-time recognition of the obligations to be recognized as a result of continuing liability is the main driver of the experience losses of €24 million (2021/22: experience gains of €5 million), which are compensated for by a mirrored effect in plan assets, which is recognized under gains/losses on plan assets not including return on plan assets. Obligations to former employees who left CECONOMY as part of a hive-down, which were previously recognized in pension obligations, resulted in a decline in the present value of defined benefit obligations by €18 million and a corresponding addition to other provisions.

The weighted average duration of defined benefit obligation for the countries with material pension obligations was:

Years	30/09/2022	30/09/2023
Germany	7	6
Switzerland	10	12
Other countries	11	11

The present value of defined benefit obligations is allocated to the individual groups of beneficiaries as follows:

%	30/09/2022	30/09/2023
Active members	14	14
Former claimants	10	9
Pensioners	76	77

The fair value of plan assets developed as follows:

€ million	2021/22	2022/23
Change in plan assets		
Fair value of plan assets as of beginning of period	219	227
Recognized through profit or loss	**1**	**6**
Interest income	1	6
Recognized through other comprehensive income under "remeasurement of defined benefit pension plans"	**1**	**9**
Gains/losses on plan assets not including return on plan assets (+/−)	1	9
Other effects	**6**	**−30**
Benefit payments (incl. tax payment)	−34	−35
Settlement payments	0	0
Employer contributions	25	3
Contributions from plan participants	3	3
Change in consolidation group/transfers	0	0
Currency effects	12	−1
Fair value of plan assets as of end of period	**227**	**212**

€ million	30/09/2022	30/09/2023
Financing status		
Present value of defined benefit obligations	515	495
Fair value of plan assets	−227	−212
Asset adjustment (asset ceiling)	27	17
Net liability/asset	**314**	**300**
thereof recognized as provision	(−314)	(−300)
thereof recognized as net assets	(0)	(0)

At the company in Switzerland, the plan assets exceeded the value of the obligation at the closing date. As the company cannot draw any economic benefit from the overfunding, the balance sheet figure was reduced to €0 in application of IAS 19.64 (b). The effect of the asset ceiling changed as follows:

€ million	30/09/2022	30/09/2023
Changes in the effect of the asset ceiling		
Asset adjustment at the start of the period	10	27
Interest expenses	0	1
Asset adjustment recognized in other comprehensive income	15	−10
Currency effects	2	−1
Asset adjustment at the end of the period	**27**	**17**

The movements described above result in the following changes in the net provision:

€ million	30/09/2022	30/09/2023
Change in the net provision		
Net provision at the start of the period	442	314
Effects recognized in the income statement	7	15
Changes recognized in other comprehensive income	−89	13
Employer contributions	−25	−3
Direct commitments (incl. tax payment)	−20	−20
Change in consolidation group/transfers	0	−18
Currency effects	−1	−1
Net provision at the end of the period	**314**	**300**

The pension expenses from direct and indirect commitments of the post-employment benefit plans break down as follows:

€ million	2021/22	2022/23
Current service cost[1]	3	2
Net interest expenses	4	12
Past service cost (incl. curtailments and amendments)	0	0
Settlements	0	1
Other pension expenses	0	0
Pension expenses	**7**	**15**

[1] Contributions from employees are set off here.

In addition to the expenses from defined benefit commitments, there were expenses for payments to external pension providers in the financial year of €24 million (2021/22: €23 million) and payments to statutory pension insurance providers of €156 million (2021/22: €141 million) for defined contribution pension commitments.

Media-Saturn Netherlands participates in a defined benefit multi-employer plan, which was classified as a defined contribution pension plan because the obligations and assets attributable to CECONOMY cannot be quantified. The plan is typical for the Netherlands and is subject to strict regulation. In the event of deficient cover, Media-Saturn Netherlands is not obliged to compensate for this deficient cover with higher contributions in the future. In the event of a surplus, Media-Saturn Netherlands has no claim to this income. Over 31,000 companies in the retail industry participate in the plan, with contributions collected for a total of more than 350,000 employees from all companies. Media-Saturn Netherlands currently contributes to the plan for 5,782 employees. The contributions are calculated for five years and correspond to a fixed percentage of an employee's salary (currently 24.75 per cent), whereby employees make a portion of the contributions for salaries above €16,265 and no more contributions have to be made for salaries above €66,956. In financial year 2022/23, contributions to "Bedrijfspensioenfonds voor de Detailhandel" are expected to amount to around €10.9 million. In September 2023, the coverage ratio was 128.9 per cent (September 2022: 126.7 per cent). On dissolution of or withdrawal from the plan, Media-Saturn Netherlands is not obliged to compensate for deficits and will not participate in any asset surplus.

Provisions for obligations similar to pensions primarily include obligations from anniversary and death benefits, continued salary payments in the event of death and partial retirement arrangements. Provisions of €16 million (30/09/2022: €18 million) were recognized for these obligations. The obligations are measured on the basis of actuarial reports. The measurement parameters used are essentially identical to those of the post-employment benefit plans.

30. OTHER PROVISIONS (NON-CURRENT)/PROVISIONS (CURRENT)

Other provisions (non-current)/provisions (current) developed as follows in the reporting period:

€ million	Real estate-related obligations	Obligations from trade transactions	Taxes	Miscellaneous	Total
As of 30/09 or 01/10/2022	**37**	**14**	**22**	**64**	**138**
Currency translation	−1	0	1	−2	−2
Addition	41	16	41	39	137
Reversal	−6	−1	−14	−17	−37
Utilization	−5	−15	−41	−25	−86
Interest portion in addition/change in interest rate	0	0	0	3	3
Reclassifications to IFRS 5	0	−1	0	0	−1
Transfer	0	0	0	19	19
As of 30/09/2023	**67**	**15**	**8**	**80**	**170**
Long-term	38	0	8	41	88
Short-term	28	15	0	39	82
As of 30/09/2023	**67**	**15**	**8**	**80**	**170**

Provisions for real estate-related obligations relate to obligations from rental agreements, such as subsidiary rental costs, of €28 million (30/09/2022: €18 million) and asset retirement obligations of €38 million (30/09/2022: €19 million).

As in the previous year, the provisions for tax risks mainly include provisions for VAT matters.

The miscellaneous provisions include provisions for severance payments of €21 million (30/09/2022: €14 million), provisions for guarantee and warranty risks of €12 million (30/09/2022: €7 million), provisions for legal risks of €7 million (30/09/2022: €8 million), and interest on tax provisions of €4 million (30/09/2022: €7 million). Obligations to former employees who left CECONOMY as part of a hive-down, which were previously recognized in pension obligations, are also included here. They were initially reclassified from provisions for pensions to other provisions at an amount of €18 million. As of 30 September 2023, this obligation is recognized in the amount of €22 million.

It is assumed that the current portion of the provisions of €82 million will result in payouts within a year. The non-current portion of the provisions includes miscellaneous provisions of €41 million, which primarily relate to obligations to former employees of €22 million, provisions for guarantee and warranty risks of €12 million and interest on tax provisions of €4 million. The real estate-related obligations relate to provisions for asset retirement obligations. For these types of provisions, the pay-out dates are related to the respective remaining terms of the rental agreements.

↗ Additional information on provisions for share-based payments included in miscellaneous provisions can be found under note 43 Executives' long-term incentive.

The interest rates for non-interest-bearing non-current provisions range between 1.05 and 27.34 per cent (30/09/2022: 0.00 and 3.23 per cent) depending on the term, country and currency.

31. LIABILITIES

€ million	30/09/2022 Total	Remaining term Up to 1 year	Remaining term 1 to 5 years	Remaining term Over 5 years	30/09/2023 Total	Remaining term Up to 1 year	Remaining term 1 to 5 years	Remaining term Over 5 years
Trade liabilities and similar liabilities	**5,340**	**5,275**	**65**	**0**	**5,320**	**5,249**	**71**	**0**
thereof bills of exchange liabilities (non-interest-bearing)	(461)	(461)	(0)	(0)	(508)	(508)	(0)	(0)
Bonds	641	32	609	0	645	27	617	0
Liabilities to banks	48	48	0	0	33	33	0	0
Promissory note loans	122	1	121	0	122	50	72	0
Lease liabilities	1,961	507	1,222	232	1,784	474	1,119	192
Borrowings	**2,773**	**589**	**1,952**	**232**	**2,584**	**584**	**1,808**	**192**
Payroll liabilities	232	232	0	0	272	272	0	0
Liabilities from other financial transactions	0	0	0	0	0	0	0	0
Miscellaneous financial liabilities	142	128	2	12	145	134	1	10
Other financial liabilities	**374**	**360**	**2**	**12**	**417**	**405**	**1**	**10**
Other tax liabilities	291	291	0	0	230	230	0	0
Deferred income	19	16	3	0	15	11	3	0
Miscellaneous non-financial liabilities	2	2	0	0	8	8	0	0
Other liabilities	**313**	**309**	**3**	**0**	**252**	**249**	**3**	**0**
Income tax liabilities	**72**	**72**	**0**	**0**	**43**	**43**	**0**	**0**
	8,871	**6,605**	**2,022**	**244**	**8,615**	**6,530**	**1,884**	**202**

32. TRADE LIABILITIES AND SIMILAR LIABILITIES

€ million	30/09/2022	30/09/2023
Trade liabilities	5,053	5,034
Contract liabilities	220	211
Liabilities from continuing involvement	67	75
Trade liabilities and similar liabilities	**5,340**	**5,320**
thereof remaining term ≤12 months	(5,275)	(5,249)
thereof remaining term > 12 months	(65)	(71)

The contract liabilities resulted from payments received that were not yet recognized as sales. They primarily include deferred sales from sale of vouchers of €132 million (30/09/2022: €129 million) and deferred sales from the sale of extended warranties of €13 million (30/09/2022: €34 million). The sales recognized in financial year 2022/23 from performance obligations satisfied (or partially satisfied) in previous periods amounted to €145 million (30/09/2022: €198 million).

The item with a remaining term of over one year in the amount of €71 million (30/09/2022: €65 million) primarily includes the recognition of the continuing involvement.

The liabilities from continuing involvement were recognized in connection with three factoring programmes. The corresponding assets are reported under the "trade receivables and similar claims" item.

33. OTHER FINANCIAL LIABILITIES AND NON-FINANCIAL LIABILITIES

			30/09/2022			30/09/2023
			Remaining term			Remaining term
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Payroll liabilities	232	232	0	272	272	0
Miscellaneous financial liabilities	101	88	14	109	98	11
Refund liabilities	41	41	0	36	36	0
Other financial liabilities	**374**	**360**	**14**	**417**	**405**	**11**
Other tax liabilities	291	291	0	230	230	0
Deferred income	19	16	3	15	11	3
Miscellaneous non-financial liabilities	2	2	0	8	8	0
Other liabilities	**313**	**309**	**3**	**252**	**249**	**3**

Material items in miscellaneous financial liabilities are liabilities from the acquisition of assets of €40 million (30/09/2022: €43 million), real estate-related liabilities of €12 million (30/09/2022: €12 million), and liabilities from non-Group shareholders' put options of €11 million (30/09/2022: €14 million).

The other tax liabilities mainly comprise value added tax, payroll and church tax and land tax.

Deferred income includes deferred rent and advertising subsidies as well as other deferred items.

34. FINANCIAL INSTRUMENTS

34.1 Impairments of capitalized financial instruments and contract assets

Capitalized financial instruments are impaired via an allowance account and reduce the carrying amount of the financial assets.

General approach

Impairment is to be calculated in accordance with the general approach for all financial instruments measured at amortized cost or at fair value through other comprehensive income with recycling and that do not fall under the simplified approach.

In financial year 2022/23, CECONOMY applied the general approach, including stages 1 and 2 for the expected credit risk, exclusively for receivables due from suppliers. For all other financial instruments covered by the general approach, only impairments that have already occurred within the meaning of stage 3 are recognized; their amounts are immaterial in terms of risk provisioning.

The following table shows impairments on receivables due from suppliers for the gross carrying amounts:

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	30/09/2022 Total
Suppliers with investment grade credit ratings	594	0	0	594
Other suppliers	513	183	22	719
	1,107	**183**	**22**	**1,312**

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	30/09/2023 Total
Suppliers with investment grade credit ratings	541	0	0	541
Other suppliers	508	131	47	686
	1,049	**131**	**47**	**1,227**

Impairments in 2022/23 for expected losses and losses already incurred for receivables due from suppliers correspond to the general approach and are presented below:

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	Total
Risk provisions as of 30 September 2021	**1**	**1**	**15**	**17**
Newly granted/purchased financial assets	0	0	0	1
Remeasurement of impairment	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Sold financial assets	0	0	–1	–1
Other changes[1]	0	0	0	0
Risk provisions as of 30 September 2022	**2**	**1**	**14**	**16**

[1] Other changes include currency translation differences, changes to the consolidation group and changes to model parameters/assumptions.

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	Total
Risk provisions as of 30 September 2022	**2**	**1**	**14**	**16**
Newly granted/purchased financial assets	0	0	4	5
Remeasurement of impairment	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Sold financial assets	0	0	0	0
Other changes[1]	0	0	0	0
Risk provisions as of 30 September 2023	**2**	**1**	**18**	**20**

[1] Other changes include currency translation differences, changes to the consolidation group and changes to model parameters/assumptions.

Receivables due from suppliers that were written down in financial year 2022/23 and that are not yet subject to enforcement measures amount to €8 million (30/09/2022: €8 million).

Simplified approach

In financial year 2022/23, the simplified approach was used for trade receivables measured at amortized cost and for contract assets, in each case excluding the part relating to a continuing involvement.

Risk provisions for this item are generally measured on the basis of impairment matrices. Receivables were pooled together in various portfolios with similar risk elements in order to calculate the expected credit losses. These portfolios correspond to CECONOMY's operating segments and are based on similar economic conditions and business activities of the operations.

If an individual approach is not taken, impairment on trade receivables is recognized using the impairment matrix. The following table shows the gross carrying amounts:

€ million	Total carrying amount as of 30/09/2022	Thereof not past due, not impaired	Thereof past due, not impaired: Due within the last 90 days	91 to 180 days past due	181 to 270 days past due	271 to 360 days past due	More than 360 days past due
Expected default rate (in %)	1.5	0.3	1.6	3.2	7.7	14.8	16.0
Gross carrying amount excluding impaired receivables	119	87	19	4	3	1	4
Risk provision	**2**	**0**	**0**	**0**	**0**	**0**	**1**

€ million	Total carrying amount as of 30/09/2023	Thereof not past due, not impaired	Thereof past due, not impaired: Due within the last 90 days	91 to 180 days past due	181 to 270 days past due	271 to 360 days past due	More than 360 days past due
Expected default rate (in %)	1.9	0.7	2.3	11.1	14.0	21.7	32.4
Gross carrying amount excluding impaired receivables	125	103	16	2	2	1	2
Risk provision	**2**	**1**	**0**	**0**	**0**	**0**	**1**

In addition to the risk provisions shown in the table above, €17 million (30/09/2022: €13 million) in specific bad debt allowances was recognized on the gross carrying amount of €156 million (30/09/2022: €144 million).

Trade receivables that were written down in financial year 2022/23 and that are not yet subject to enforcement measures amount to €19 million (30/09/2022: €19 million).

Trade receivables and contract assets from mobile communications providers are measured individually using the individual providers' credit risks. As in the previous year, minor risk provisions were made on a gross carrying amount of €280 million (30/09/2022: €244 million). Of the gross carrying amount, 91.2 per cent (30/09/2022: 93.6 per cent) of the mobile communications providers meet investment grade criteria and thus have a good to very good credit rating.

In addition to the risk provisions shown above, as in the previous year, €0 million in specific bad debt allowances was recognized on a gross carrying amount of the trade receivables and contract assets from mobile communications providers.

€ million	2021/22	2022/23
Impairments as of 01/10 as per IFRS 9	**16**	**14**
Currency translation	0	0
Additions	9	15
Reversal	−5	−5
Reclassifications to IFRS 5	0	0
Utilization	−5	−4
Transfers	0	0
Impairments as of 30/09 as per IFRS 9	**14**	**20**

↗ Additional information on credit rating and credit risks can be found under note 37 Management of financial risks and in the notes to the Group accounting principles and methods.

34.2 Cash and cash equivalents

€ million	30/09/2022	30/09/2023
Cheques and cash on hand	48	61
Bank deposits and other financial assets that can quickly be converted into cash	720	836
	769	**897**

↗ For details, please refer to the cash flow statement and note 35 Notes to the cash flow statement.

34.3 Borrowings

Borrowings comprise liabilities from bonds, liabilities to banks, promissory notes and lease liabilities. In total, borrowings decreased by €189 million from €2,773 million in the previous year to €2,584 million.

CECONOMY AG uses issues on the capital market for medium- and long-term financing. As of 30 September 2023, CECONOMY AG had several outstanding promissory notes together totalling €121 million with a remaining term of up to five years.

CECONOMY AG also issued a five-year senior unsecured bond of €500 million with a term until 24 June 2026. As part of the Convergenta transaction, in financial year 2021/22 CECONOMY AG issued a convertible bond with a nominal volume of €151 million, divided into 1,510 partial bonds, and with a term until 9 June 2027. As of 30 September 2023, the convertible bond is recognized in bonds at a carrying amount of €120 million and a corresponding fair value of €106 million. The convertible bond bears interest at a fixed interest rate of 0.05 per cent.

For obtaining short-term financial funding, CECONOMY AG has a multi-currency commercial paper programme with a maximum volume of €500 million. Commercial paper of €25 million was outstanding as of 30 September 2023 (30/09/2022: €30 million).

The Group had sufficient liquidity at all times. CECONOMY AG possesses comfortable liquidity reserves, which, besides the held liquidity, comprise syndicated credit facilities of €1,060 million. These extensive, multi-year credit facilities have never been utilized – and were therefore not utilized as of 30 September 2023.

The table below provides an overview of the credit facilities:

Undrawn credit facilities of CECONOMY AG

	30/09/2022			30/09/2023		
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Bilateral credit facilities	0	0	0	0	0	0
Utilization	0	0	0	0	0	0
Undrawn bilateral credit facilities	**0**	**0**	**0**	**0**	**0**	**0**
Syndicated credit facilities	1,060	0	1,060	1,060	0	1,060
Utilization	0	0	0	0	0	0
Undrawn syndicated credit facilities	**1,060**	**0**	**1,060**	**1,060**	**0**	**1,060**
Total credit facilities	1,060	0	1,060	1,060	0	1,060
Total utilization	0	0	0	0	0	0
Total undrawn credit facilities	**1,060**	**0**	**1,060**	**1,060**	**0**	**1,060**

The default of a creditor can be covered at all times by the existing unutilized credit facilities or the available money and capital market programmes.

CECONOMY generally does not provide collateral for borrowings.

The tables below outline the maturity/interest rate structure of borrowings from bonds and promissory note loans. The stated carrying amounts and fair values include accrued interest, the remaining term of which is less than one year in each case.

Bonds – maturity structure

		30/09/2022				30/09/2023			
		Nominal value	Nominal value	Carrying amount	Fair value	Nominal value	Nominal value	Carrying amount	Fair value
Currency	Remaining term	Million currency	€ million	€ million	€ million	Million currency	€ million	€ million	€ million
EUR	Up to 1 year	32	32	32		25	25	27	
	1 to 5 years	651	651	609		651	651	617	
	Over 5 years	0	0	0		0	0	0	
	Total	**683**	**683**	**641**	**383**	**676**	**676**	**645**	**538**

Bonds – interest rate structure

	Currency	Remaining term	30/09/2022 Nominal value € million	30/09/2023 Nominal value € million
Fixed interest	EUR	Up to 1 year	32	25
		1 to 5 years	651	651
		Over 5 years	0	0
Variable interest	EUR	Up to 1 year	0	0
		1 to 5 years	0	0
		Over 5 years	0	0

Promissory note loans – maturity structure

		30/09/2022				30/09/2023			
		Nominal value	Nominal value	Carrying amount	Fair value	Nominal value	Nominal value	Carrying amount	Fair value
Currency	Remaining term	Million currency	€ million	€ million	€ million	Million currency	€ million	€ million	€ million
EUR	Up to 1 year	1	1	1		50	50	50	
	1 to 5 years	121	121	121		72	72	72	
	Over 5 years	0	0	0		0	0	0	
	Total	**122**	**122**	**122**	**105**	**122**	**122**	**122**	**114**

Promissory note loans – interest rate structure

	Currency	Remaining term	30/09/2022 Nominal value € million	30/09/2023 Nominal value € million
Fixed interest	EUR	Up to 1 year	1	28
		1 to 5 years	100	72
		Over 5 years	0	0
Variable interest	EUR	Up to 1 year	0	22
		1 to 5 years	22	0
		Over 5 years	0	0

The fixed interest rates of the short-term borrowings and the interest reset dates of all fixed interest borrowings correspond to the remaining terms shown. The interest reset periods of variable interest rates are less than one year.

↗ The effects of interest rate changes in the variable portion of the borrowings on CECONOMY's profit or loss for the period and equity are described in detail under note 37 Management of financial risks.

34.4 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities subject to offsetting agreements, enforceable master netting arrangements and other agreements were as follows:

€ million	(a) Gross amounts of recognized financial assets/liabilities	(b) Gross amounts of recognized financial liabilities/assets that are netted in the statement of financial position	(c) = (a) – (b) Net amounts of financial assets/liabilities that are shown in the statement of financial position	(d) Corresponding amounts that are not netted in the statement of financial position: Financial instruments	(d) Corresponding amounts that are not netted in the statement of financial position: Collateral received/provided	30/09/2022 (e) = (c) – (d) Net amount
Financial assets						
Receivables due from suppliers	1,466	170	1,296	60	0	1,236
Trade receivables and similar claims[1]	242	24	219	0	0	219
Further financial assets	260	0	260	0	0	260
Cash and cash equivalents	769	0	769	0	0	769
	2,737	**193**	**2,543**	**60**	**0**	**2,483**
Financial liabilities						
Trade liabilities and similar liabilities[2]	5,275	155	5,120	46	0	5,074
Further financial liabilities	3,186	39	3,147	14	0	3,133
	8,461	**193**	**8,267**	**60**	**0**	**8,207**

[1] Not including contract assets of €221 million.
[2] Not including contract liabilities of €220 million.

€ million	(a) Gross amounts of recognized financial assets/liabilities	(b) Gross amounts of recognized financial liabilities/assets that are netted in the statement of financial position	(c) = (a) – (b) Net amounts of financial assets/liabilities that are shown in the statement of financial position	(d) Corresponding amounts that are not netted in the statement of financial position: Financial instruments	(d) Corresponding amounts that are not netted in the statement of financial position: Collateral received/provided	30/09/2023 (e) = (c) – (d) Net amount
Financial assets						
Receivables due from suppliers	1,290	83	1,207	62	0	1,145
Trade receivables and similar claims[1]	231	21	210	0	0	210
Further financial assets	248	0	248	0	0	248
Cash and cash equivalents	897	0	897	0	0	897
	2,666	**104**	**2,562**	**62**	**0**	**2,500**
Financial liabilities						
Trade liabilities and similar liabilities[2]	5,182	73	5,109	43	0	5,066
Further financial liabilities	3,032	31	3,001	19	0	2,981
	8,213	**104**	**8,109**	**62**	**0**	**8,047**

[1] Not including contract assets of €280 million.
[2] Not including contract liabilities of €211 million.

The financial instruments not offset would be offsetable on the basis of the underlying framework agreements, but do not meet the offsetting criteria of IAS 32 (Financial Instruments: Presentation).

CECONOMY concludes offsetting agreements, enforceable master netting arrangements and other agreements with individual suppliers. These agreements allow receivables due from suppliers resulting from subsequent compensation, product returns and similar claims to be offset against trade liabilities to the suppliers. A set-off takes place if there is a legally enforceable right of set-off and the offsetting is unconditional.

34.5 Undiscounted cash flows of financial liabilities

The undiscounted cash flows of borrowings, trade liabilities and derivatives carried as liabilities are as follows:

€ million	Carrying amount 30/09/2022	Contractual cash flows Total amount	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities					
Bonds	641	719	41	678	0
Liabilities to banks	48	48	48	0	0
Promissory note loans	122	133	4	129	0
Lease liabilities	1,961	2,064	530	1,292	241
Trade liabilities and similar liabilities[1]	5,120	5,120	5,068	52	0
Currency derivatives carried as liabilities	0	0	0	0	0

€ million	Carrying amount 30/09/2023	Contractual cash flows Total amount	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities					
Bonds	645	703	34	669	0
Liabilities to banks	33	33	33	0	0
Promissory note loans	122	130	52	77	0
Lease liabilities	1,784	1,941	523	1,210	209
Trade liabilities and similar liabilities[1]	5,109	5,109	5,049	60	0
Currency derivatives carried as liabilities	0	0	0	0	0

[1] This item does not include contract liabilities of €211 million (30/09/2022: €220 million).

In the current financial year, the carrying amounts of bonds recognized include a convertible bond of €120 million (30/09/2022: €113 million). The contractual cash flows of the convertible bond are €0 million up to one year and €151 million for one to four years.

34.6 Carrying amounts and fair values by measurement category

Financial instruments are accounted for in accordance with IFRS 9 and allocated to the appropriate categories as follows:

					30/09/2022
		Value in statement of financial position			
€ million	Carrying amount	(Amortized) cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value
Assets					
Measured at amortized cost	**2,424**	**2,424**	**0**	**0**	**2,424**
Cash and cash equivalents	769	769	0	0	769
Receivables due from suppliers	1,296	1,296	0	0	1,296
Trade receivables and similar claims[1]	202	202	0	0	202
Loans and advance credit granted	14	14	0	0	14
Miscellaneous assets	143	143	0	0	143
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**	**1**
Securities	0	0	0	0	0
Trade receivables and similar claims	0	0	0	0	0
Derivative financial instruments	1	0	1	0	1
Measured at fair value through other comprehensive income	**101**	**0**	**0**	**101**	**101**
Equity instruments	101	0	0	101	101
Debt instruments	0	0	0	0	0
Equity and liabilities					
Measured at amortized cost	**6,239**	**6,239**	**0**	**0**	**5,963**
Borrowings[2]	812	812	0	0	536
Trade liabilities and similar liabilities[3]	5,053	5,053	0	0	5,053
Miscellaneous liabilities	374	374	0	0	374
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0	0
Miscellaneous liabilities	0	0	0	0	0

[1] Not including continuing involvement of €16 million or contract assets of €221 million
[2] Not including lease liabilities of €1,961 million
[3] Not including continuing involvement of €67 million or contract liabilities of €220 million

€ million	Carrying amount	Value in statement of financial position: (Amortized) cost	Value in statement of financial position: Fair value through profit or loss	Value in statement of financial position: Fair value through other comprehensive income	Fair value
					30/09/2023
Assets					
Measured at amortized cost	**2,465**	**2,465**	**0**	**0**	**2,465**
Cash and cash equivalents	897	897	0	0	897
Receivables due from suppliers	1,207	1,207	0	0	1,207
Trade receivables and similar claims[1]	195	195	0	0	195
Loans and advance credit granted	41	41	0	0	41
Miscellaneous assets	124	124	0	0	124
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**	**1**
Securities	0	0	0	0	0
Trade receivables and similar claims	0	0	0	0	0
Derivative financial instruments	1	0	1	0	1
Measured at fair value through other comprehensive income	**81**	**0**	**0**	**81**	**81**
Equity instruments	81	0	0	81	81
Debt instruments	0	0	0	0	0
Equity and liabilities					
Measured at amortized cost	**6,251**	**6,251**	**0**	**0**	**6,137**
Borrowings[2]	800	800	0	0	686
Trade liabilities and similar liabilities[3]	5,034	5,034	0	0	5,034
Miscellaneous liabilities	417	417	0	0	417
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0	0
Miscellaneous liabilities	0	0	0	0	0

[1] Not including continuing involvement of €15 million or contract assets of €280 million
[2] Not including lease liabilities of €1,784 million
[3] Not including continuing involvement of €75 million or contract liabilities of €211 million

The classes are formed on the basis of similar risks and characteristics corresponding to the nature of the respective financial instruments. Further subdivision for individual financial assets and liabilities is shown the table above.

The fair value hierarchy consists of three levels and is determined based on the market proximity of the inputs used in the measurement methods. In cases where various inputs are critical for the measurement, the fair value is allocated to the hierarchy level corresponding to the lowest-level input that is relevant for the measurement.

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs: unobservable inputs for the asset or liability

Equity instruments of €81 million (30/09/2022: €101 million) are subsequently measured at fair value through other comprehensive income. €44 million (30/09/2022: €64 million) of this relates to listed companies, with €20 million (30/09/2022: €38 million) attributable to the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" and €24 million (30/09/2022: €26 million) attributable to the roughly 1 per cent share in METRO AG.

Equity instruments of €37 million (30/09/2022: €37 million) which are not listed on the stock exchange and for which there is no active market are recognized at fair value through other comprehensive income. These equity instruments are not planned to be sold. The main component at €35 million (30/09/2022: €35 million) is the 6.61 per cent investment in METRO PROPERTIES GmbH & Co. KG.

The financial instruments measured at fair value in accordance with IFRS 9 are allocated as follows within the three-level fair value hierarchy:

€ million	Total	Level 1	Level 2	Level 3
				30/09/2022
Assets	**102**	**26**	**1**	**75**
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**
Securities	0	0	0	0
Derivative financial instruments	1	0	1	0
Measured at fair value through other comprehensive income	**101**	**26**	**0**	**75**
Equity instruments	101	26	0	75
Equity and liabilities	**0**	**0**	**0**	**0**
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0
Total	**102**	**26**	**1**	**75**

€ million	Total	Level 1	Level 2	Level 3
				30/09/2023
Assets	**82**	**24**	**1**	**57**
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**
Securities	0	0	0	0
Derivative financial instruments	1	0	1	0
Measured at fair value through other comprehensive income	**81**	**24**	**0**	**57**
Equity instruments	81	24	0	57
Equity and liabilities	**0**	**0**	**0**	**0**
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0
Total	**82**	**24**	**1**	**57**

Equity instruments (level 1) are measured on the basis of quoted market prices in active markets.

The securities (level 1) relate to short-term investments in funds and are measured on the basis of quoted market prices in active markets.

For interest rate swaps and currency transactions (all level 2), there is a mark-to-market measurement on the basis of quoted exchange rates and yield curves available on the market.

The equity instruments without an active market recognized as assets totalling €57 million (30/09/2022: €75 million) as of 30 September 2023 are allocated to fair value level 3.

The fair value of the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" declined by €18 million to €20 million as of 30 September 2023 (30/09/2022: €38 million). This change in the carrying amount was recognized through other comprehensive income ("Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income"). Because of the Russian war of aggression against Ukraine, a reliable level 1 market valuation of the 15 per cent interest using the share price determined in restricted trading on the Moscow stock exchange was no longer possible on the reporting date, so as of 31 March 2022 it was necessary to change the fair value hierarchy level from level 1 to level 3. The shares in PJSC "M.video" are also measured on the basis of a level 3 market valuation as of 30 September 2023, because on this date it was still assumed that a market value for the shares in PJSC "M.video" still could not be reliably derived from the stock market price on the Moscow stock exchange. A markdown was applied to the stock market value of the PJSC "M.video" shares in order to account for the ongoing uncertainty regarding Russian investments and the share's low free float. As of 30 September 2023, this markdown was calculated at approximately 60 per cent. The market value estimate for the 15 per cent investment in PJSC "M.video" amounts to €20 million. As well as the share price, the market value estimate is also heavily dependent on the performance of the Russian rouble.

Varying the material measurement parameters, a 10 per cent increase in the markdown would decrease the carrying amount by €2 million. Reducing the markdown by 10 per cent points would increase the carrying amount by €2 million. Increasing the exchange rate by 10 per cent would increase the carrying amount by €2 million. Reducing the exchange rate by 10 per cent would decrease the carrying amount by €2 million.

The fair value of the shares in METRO PROPERTIES GmbH & Co. KG amounted to €35 million, as in the previous year. The fair value of the shares is determined by the value of the real estate behind the investment. This accounts for near-term real estate transactions as well as the expected development of the real estate portfolio belonging to METRO PROPERTIES.

During the past reporting period and in the previous year, no transfers were made between levels 1 and 2.

In financial year 2022/23, there were no transfers to or from level 3.

Financial instruments that are recognized at amortized cost in the statement of financial position, but whose fair values are stated in the notes, are also classified within a three-level fair value hierarchy.

Due to their generally short-terms, the fair values of receivables due from suppliers, trade receivables and similar claims, trade liabilities and similar liabilities and cash and cash equivalents largely correspond to their carrying amounts.

The fair values of bonds, liabilities to banks and promissory note loans are calculated based on the market interest curve in line with the zero-coupon method, taking account of credit spreads (level 2). The values include accrued interest as of the closing date.

The fair values of all miscellaneous financial assets and financial liabilities that are not listed on the stock exchange correspond to the net present values of the payments associated with these items of the statement of financial position. The country-specific yield curves applicable as of the closing date (level 2) were used in the calculation.

Other notes

35. NOTES TO THE CASH FLOW STATEMENT

The statement of cash flows in accordance with IAS 7 (Statement of Cash Flows) shows how the Group's cash and cash equivalents have changed as a result of cash inflows and outflows over the course of the financial year.

Cash and cash equivalents comprise cheques, cash on hand, money in transit, bank deposits and other financial assets that can quickly be converted into cash with a term of up to three months.

The statement of cash flows distinguishes between changes in cash resulting from operating activities, investing activities and financing activities. Cash flows from discontinued operations are reported separately.

In the past financial year 2022/23, **cash flow from operating activities** resulted in a cash inflow of €1,004 million. This compares with a cash inflow of €127 million in the previous year. The €877 million higher cash flow from operating activities is almost exclusively due to the significant improvement in the change in net working capital.

Of the depreciation, amortization, impairment and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets, and impairment and reversals of impairment losses on investments accounted for using the equity method and assets held for sale totalling €835 million (2021/22: €761 million), property, plant and equipment accounted for €161 million (2021/22: €167 million), other intangible assets for €36 million (2021/22: €22 million), right-of-use assets for €491 million (2021/22: €516 million), impairment on investments accounted for using the equity method for €82 million (2021/22: €56 million), and impairment on assets held for sale for €65 million (2021/22: €0 million).

In financial year 2022/23, the change in net working capital resulted in cash outflow of €332 million, after cash outflow of €381 million in the previous year. The difference is mainly due to the development of the inventory situation, which, thanks to conscious inventory management, resulted in an improvement in the inventory level in the past financial year, after inventories increased in the previous year. A positive contribution was also made by the development of receivables due from suppliers, which generated cash outflow in the previous year and resulted in cash inflow in the past year thanks partly to improved receivables management.

In addition to the change in net working capital, the year-on-year improvement in cash flow from operating activities was also driven by other operating cash flow, which amounted to €42 million in financial year 2022/23 (2021/22: €–131 million). This mainly comprised the payment received from a claim for damages first recognized in the previous year and the non-cash increase in payroll liabilities. The correction of the likewise non-cash result from the investment in Fnac Darty S.A. also contributed to an improvement in other operating cash flow. Other taxes had the opposite effect. While cash outflow of €84 million is presented for other taxes in financial year 2022/23, the cash outflow of the previous year amounted to €31 million. The higher cash outflows are mainly due to the end of COVID-19 measures abroad. VAT deferrals granted in the previous year were repaid in financial year 2022/23. In Germany, the COVID-19-related VAT deferrals were already repaid in the previous year, resulting in a compensatory effect here.

The cash outflow from income taxes paid was somewhat lower than in the previous year at €109 million (2021/22: €130 million). This resulted in particular from lower tax prepayments of the current year and lower cash outflows for backpayments of previous years.

The gain on the net monetary position of €60 million (2021/22: €65 million) resulting from the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" and recognized in EBIT is shown as a cash outflow in the separate line "gain or loss on net monetary position" within cash flow from operating activities. Together with the effect of the indexing of the opening balance of cash and cash equivalents of €48 million (1 October 2022: €48 million), the gain on the net monetary position is instead recognized under cash flow from financing activities in the line "IAS 29 effects on cash flow from operating, investing and financing activities".

In the current financial year, the presentation of effects of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" was changed. The previous year's figures were restated as follows:

€ million	2021/22
Change in net working capital	–20
Other in cash flow from operating activities	–12
Gain or loss on net monetary position	–65
Miscellaneous, individually immaterial changes in cash flows from operating, investing and financing activities	8
Currency effects on cash and cash equivalents	24
IAS 29 effects on cash flow from operating, investing and financing activities	16
Effects on the total change in cash and cash equivalents	**–48**

In addition, the indexing of the opening balance of cash and cash equivalents attributable to Türkiye resulted in an adjustment of the previous year's figure by €48 million. This adjustment and the adjustments in the above table are shown in footnote 3 to the cash flow statement.

In the past financial year 2022/23, **cash flow from investing activities** recorded a cash outflow of €236 million (2021/22: €35 million). The previous year included cash inflow of €150 million from the change in current financial assets, whereas purchases and sales of current financial assets nearly balanced each other out in the past year. In addition, other investments were higher than in the previous year at €–81 million (2021/22: €–48 million). The higher cash outflows are mainly attributable to a loan to Power International AS, which was granted in connection with the sale of the Swedish MediaMarkt business. Furthermore, cash flow from investing activities in financial year 2022/23 was influenced by cash outflows from disposals of companies of €57 million (2021/22: €1 million) in connection with the sale of the MediaMarkt business in Sweden and in Portugal. The cash outflows from disposals of companies firstly comprise the cash and cash equivalents of €160 million disposed of in connection with the deconsolidation of the Swedish and Portuguese entities. In addition, there are cash inflows totalling €3 million from the cash consideration recognized up to 30 September 2023, which was agreed for the receipt of the shares in MediaMarkt Sweden and MediaMarkt Portugal. Cash inflow of €101 million is also included, which is due to the assignment of shareholder loans and a prior recapitalization of the Portuguese entity and economically attributable to the sale of the MediaMarkt business in Portugal. Cash proceeds from disposals of long-term assets and other disposals and cash proceeds from profit and loss transfers are lower than the previous year's cash inflows at €29 million (2021/22: €40 million) and €1 million (2021/22: €13 million), respectively. The lower cash inflow from profit and loss transfers is mainly attributable to the lack of investment income from PJSC "M.video". Finally, cash flow from financing activities was affected by interest payments received of €48 million (2021/22: €17 million) and payments for investments in property, plant and equipment of €176 million (2021/22: €206 million).

In the previous year, cash outflows from investing activities of €365 million were recognized under "Financial investments and securities" and cash inflows from divesting activities of €515 million were recognized under "Disposals of financial investments and securities". These are now shown net under "Change in current financial assets". This adjustment is shown in footnote 4 to the cash flow statement.

The amount of the investments in property, plant and equipment shown as a cash outflow differs from the addition shown in the asset reconciliation by the amount of the non-cash transactions. These essentially relate to changes in liabilities from the acquisition of property, plant and equipment and effects of currency translation.

The **cash outflow from financing activities** amounted to €649 million in financial year 2022/23 (2021/22: €932 million). The €283 million higher cash outflow from financing activities in the previous year is mainly due to the payment of the cash component agreed as part of the Convergenta transaction of €130 million and to profit distributions of €104 million, including the distribution of a dividend to CECONOMY AG shareholders amounting to €63 million. The cash flow from financing activities in the previous year was also negatively affected by the repayment on schedule of maturing promissory notes together totalling €189 million. The cash inflow from the issuance of two new promissory notes of €60 million with a term of five years had the opposite effect in the previous year.

In the previous year, commercial papers issued to obtain short-term financial funding current were netted with the repayment of these borrowings on a quarterly basis. This recognition was corrected in favour of presentation without netting. Instruments issued as part of the commercial paper programme are now recognized under "Proceeds from long-term borrowings", and repayments of these instruments are recognized under "Redemption of borrowings (excluding leases)". Cash inflows from the issue of commercial paper and cash outflows from the redemption of issued commercial paper were therefore both corrected by €305 million. This adjustment is shown in footnote 7 to the cash flow statement.

In the previous year, cash outflows of €134 million were recognized under "Redemption of other borrowings" and cash inflows of €144 million were recognized under "Proceeds from long-term borrowings". These cash inflows, which primarily resulted from the borrowing and repayment of liabilities to banks, are now shown net under "Change in other current borrowings". This adjustment is shown in footnote 8 to the cash flow statement.

The cash outflow from financing activities in financial year 2022/23 was particularly influenced by the redemption of lease liabilities of €489 million (2021/22: €496 million). Interest payments of €129 million (2021/22: €74 million), of which €47 million (2021/22: €21 million) related to lease liabilities in financial year 2022/23, likewise increased the cash outflow from financing activities. In financial year 2022/23, other financing activities also resulted in a cash outflow of €19 million (2021/22: €11 million). This includes cash outflows from credit and commitment fees of €16 million (2021/22: €6 million) and cash outflows from other financing activities of €2 million (2021/22: €5 million).

Cash flows in connection with factoring programmes are recognized both in cash flow from operating activities and in cash flow from financing activities. In the case of programmes in which the customer pays CECONOMY directly, cash flows between the customer and CECONOMY are recognized in cash flow from operating activities and cash flows between CECONOMY and the factor are recognized in cash flow from financing activities. However, if the customer pays the factor directly, cash flows between the factor and CECONOMY are recognized in cash flow from operating activities. Customers' payments to the factor are classified as non-cash transactions of CECONOMY. In financial year 2022/23, these non-cash transactions in connection with factoring programmes amounted to €273 million (2021/22: €272 million).

Cash and cash equivalents were subject to restrictions on title in the amount of €12 million (2021/22: €5 million).

The following tables show the reconciliation of changes from liabilities from financing activities:

		Cash flows	Non-cash changes				
€ million	01/10/2021	Cash change[1]	Due to exchange rate movements	Acquisition or disposal of companies	Fair values	Miscellaneous[1]	30/09/2022
Bonds	497	21	0	0	0	123	641
Liabilities to banks	50	−7	−1	0	0	6	48
Promissory note loans	251	−131	0	0	0	2	122
Lease liabilities	2,067	−517	−7	0	0	418	1,961
Other liabilities in connection with financing activities[2]	108	−64	0	0	0	−28	15
Liabilities from financing activities	**2,973**	**−699**	**−8**	**0**	**0**	**521**	**2,788**

[1] Disclosures mainly adjusted for cash outflows for interest paid, which were shown net in the previous year and are now shown gross.
[2] Contains other balance sheet items affecting the cash flow from financing activities. Key components include liabilities from put options and compensation payment obligations to non-controlling interests (component of "Other financial liabilities") plus asset and liability derivatives for currency hedging (component of "Other financial assets" and component of "Other financial liabilities").

		Cash flows	Non-cash changes				
€ million	01/10/2022	Cash change	Due to exchange rate movements	Acquisition or disposal of companies	Fair values	Miscellaneous	30/09/2023
Bonds	641	−14	0	0	0	17	645
Liabilities to banks	48	−23	−1	0	0	9	33
Promissory note loans	122	−3	0	0	0	3	122
Lease liabilities	1,961	−536	−13	−35	0	407	1,784
Other liabilities in connection with financing activities[1]	15	−8	0	0	0	5	12
Liabilities from financing activities	**2,788**	**−584**	**−14**	**−35**	**0**	**441**	**2,596**

[1] Contains other balance sheet items affecting the cash flow from financing activities. Key components include liabilities from put options and compensation payment obligations to non-controlling interests (component of "Other financial liabilities") plus asset and liability derivatives for currency hedging (component of "Other financial assets" and component of "Other financial liabilities").

As in the previous year, the non-cash changes of €441 million (2021/22: €521 million) reported under "Miscellaneous" primarily relate to net additions to lease liabilities, whose counterpart is in the "right-of-use assets" balance sheet item. Effects of accrued interest and accrued interest expenses are also presented here, which relate to the convertible bond issued in favour of Convergenta Invest GmbH, the five-year bond issued by CECONOMY AG, the outstanding promissory notes and lease liabilities. In the previous year, the addition of the convertible bond, which was issued in favour of Convergenta Invest GmbH as part of the Convergenta transaction, was also reported here. Non-cash changes in liabilities arising from financing activities of €−35 million, which relate to the acquisition or disposal of companies, are attributable to the sale of the operating activities in Sweden and Portugal.

36. SEGMENT REPORTING

Segmentation is in line with the Group's internal management and reporting.

CECONOMY's chief operating decision maker (CODM) in accordance with IFRS 8 (Operating Segments) is the Management Board of CECONOMY AG. The Management Board members have joint responsibility for allocating resources and assessing the Group's operating profitability. At CECONOMY, management is generally performed at a national level. The CODM of CECONOMY therefore manages the company's activities on the basis of internal reporting that generally includes key figures for each country. Resource allocation and performance measurement accordingly take place at a national level.

CECONOMY operates in a single business sector, the electronics sector. Combined with a relatively homogeneous alignment, its products, services and customer groups and its sales methods are similar in all countries. Based on similar economic conditions and business activities of the operations, individual countries are aggregated to form the following reportable **operating segments**:

– DACH: Germany, Austria, Switzerland, Hungary

– Western/Southern Europe: Belgium, Italy, Luxembourg, Netherlands, Portugal (until 30 September 2023), Spain

– Eastern Europe: Poland, Türkiye

All non-reportable operating segments as well as business activities that do not meet the criteria to be defined as an operating segment are grouped together under “Others”. This particularly includes Sweden (until 1 August 2023), the CECONOMY AG holding company and smaller operating companies.

Further information on the segments can be found in the combined management report.

The main components of segment reporting are described below:

- External sales represent the operating segments’ sales with non-Group parties.

- Internal sales show sales with other operating segments.

- Segment EBIT refers to the profit before net financial result and income taxes. Intragroup rental contracts are presented as operating leases in the segments. The properties are leased at market terms. Location-related risks and impairment risks of non-current assets are generally shown in the segments only if they represent risks for the Group. The same applies to deferred assets and liabilities, which are shown at segment level only if this would also be required in the consolidated statement of financial position.

- Segment EBITDA comprises EBIT before depreciation, amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method.

- In financial year 2022/23, adjusted EBIT, CECONOMY’s management-relevant earnings indicator, is adjusted for non-recurring effects and earnings effects from companies recognized at equity and portfolio changes. Non-recurring earnings effects include effects in connection with the simplification and digitalization of central structures and processes, the strengthening of the retail brands in Germany, legal risks in connection with changes in the legal environment, and accounting effects from the application of IAS 29 in Türkiye, which is classified as a hyperinflationary economy. For the previous year 2021/22, non-recurring earnings effects in connection with COVID-19-related store closures, the introduction of a harmonized group-wide organizational structure (“Operating Model”), the transaction announced on 14 December 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn as well as reorganization and simplification of the corporate structure, the retroactive increase of a sector-specific tax in Hungary and accounting effects from Türkiye, which is classified as a hyperinflationary economy (IAS 29), and risk provisions for legal risks are not included in adjusted EBIT. In financial year 2022/23, expenses for non-recurring effects amounted to €70 million (2021/22: €62 million). Expenses for companies accounted for using the equity method amounted to €132 million (2021/22: €30 million). These comprise the impairment of €82 million (2021/22: €56 million) and expenses from the subsequent measurement of the investment in Fnac Darty S.A. of €50 million (2021/22: income of €26 million). Expenses of €63 million (2021/22: €11 million) were recognized for portfolio changes.

  The reconciliation of adjusted EBIT to EBIT for financial year 2022/23 is presented below:

€ million	2021/22	2022/23
Adjusted EBIT	**208[1]**	**243**
Store closures due to COVID-19	−20	–
Operating model	−36	–
Transaction costs from minority stake acquisition	−2	–
Simplification and digitalization of central structures and processes	–	−62
Strengthening of the retail brands in Germany	–	−4
Other	−3	−4
Companies accounted for using the equity method and portfolio changes	−40[1]	−195
EBIT	**105**	**−21**

[1] Adjustment for portfolio changes for Portugal and Sweden

↗ Further information on adjusted EBIT can be found under “Management system”.

- Segment investments comprises additions (including additions to consolidation group) to non-current intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method. Excluded here are additions as a result of reclassifying assets held for sale as non-current assets.

– Non-current segment assets comprise all the non-current assets. They particularly do not include financial assets or tax items.

The reconciliation of non-current segment assets to the Group's assets is shown below:

€ million	30/09/2022	30/09/2023
Non-current segment assets	**3,447**	**3,169**
Inventories	3,176	2,918
Receivables due from suppliers	1,296	1,207
Cash and cash equivalents	769	897
Trade receivables and similar claims	440	490
Deferred tax assets	302	368
Income tax assets	147	177
Financial assets	115	123
Other entitlements to tax refunds[1]	103	106
Prepaid expenses and deferred charges[1]	59	53
Receivables from claims for damages[2]	35	6
Other[1,2,3,4]	109	122
Group assets	**9,998**	**9,635**

[1] Included in the "Other assets (current)" balance sheet item
[2] Included in the "Other financial assets (current)" balance sheet item
[3] Included in the "Other financial assets (non-current)" balance sheet item
[4] Included in the "Other assets (non-current)" balance sheet item

– The transfer pricing system between the segments is based on licence allocation on a cost-plus basis, which comprises cost relief in connection with routine services. The licence allocation, which is calculated on the basis of the segments' sales, covers the use of brands in the Group, among other things.

37. MANAGEMENT OF FINANCIAL RISKS

The CECONOMY AG Treasury department manages CECONOMY's financial risks. Specifically, these include:

– Price risks

– Liquidity risks

– Credit risks

– Cash flow risks

↗ Further details on the risk management system are included in the combined management report under economic report – earnings, financial and asset position – financial and asset position – financial management and in the opportunity and risk report.

Price risks

CECONOMY's price risks arise from the fact that the value of a financial instrument is influenced by changes in market interest rates, exchange rates and share prices.

Interest rate risks

Interest rate risks result from changes in interest rates. Interest rate derivatives can be used to mitigate these risks if necessary.

CECONOMY's residual interest rate risk is calculated using sensitivity analyses in accordance with IFRS 7. The following assumptions are applied in analysing changes in interest rates:

– The total impact calculated by sensitivity analyses relates to holdings as of the closing date and expresses the effect for a year.

– Variable interest, primary financial instruments whose interest payments are not designated as a hedged item in cash flow hedges against changes in interest rates affect the net interest result in profit or loss in sensitivity analyses. Sensitivity to a change of ten basis points is calculated.

– Fixed interest primary financial instruments are not included in sensitivity analyses.

– Financial instruments designated as a hedge in a cash flow hedge against variable interest flows only affect the net interest result when the cash flows are triggered. However, the measurement of the hedge at fair value affects reserves retained from earnings in equity.

– Interest rate derivatives that are not part of a qualified hedging relationship in accordance with IAS 39 affect other financial result through measurement at fair value through profit or loss and the net interest result through the interest flows that arise.

The residual interest rate risk as of the closing date essentially results from variable interest receivables from and liabilities to banks, and from other short-term liquid financial assets (reported under "Cash and cash equivalents") at a net total amount taking hedges into account of €781 million (30/09/2022: €640 million).

Given this net total, a rise in interest rates of ten basis points would increase income in the net interest result by €4 million (2021/22: €4 million) per year. A reduction in interest rates of 50 basis points would have an opposite effect of €–4 million (2021/22: €–4 million).

CECONOMY is exposed to **currency risks** as a result of the international procurement of goods and as a result of costs and financing incurred in a currency other than that of the respective country or linked to the performance of another currency. The foreign currency items that arise as a result must be hedged in accordance with CECONOMY's "Foreign Currency Risk" policy. Exceptions are permitted where hedging is not economically reasonable and where there are statutory and regulatory restrictions in the respective countries. Forward currency contracts/options and interest rate and currency swaps can be used for hedging purposes.

The foreign currency risk arising as a result of the exceptions is also presented using sensitivity analyses in accordance with IFRS 7. The following assumptions are applied in analysing the depreciation or appreciation of the euro against foreign currencies:

The total impact presented by sensitivity analyses, in terms of its amount and earnings effects, relates to the foreign currencies held within the consolidated subsidiaries of CECONOMY and expresses the effect in the event of the depreciation or appreciation of the euro.

The depreciation of the euro has a positive effect if a subsidiary whose functional currency is the euro has a foreign currency receivable, or if a subsidiary whose functional currency is not the euro has a liability in euro. The table below shows the nominal volumes of currency pairs in this category with a positive sign.

The depreciation of the euro has a negative effect if a subsidiary whose functional currency is not the euro has a receivable in euro, or if a subsidiary whose functional currency is the euro has a foreign currency liability. Accordingly, the following table shows the nominal volumes of currency pairs in this category with a negative sign.

By contrast, an appreciation of the euro has the opposite effect for all currency pairs shown above.

The effects of the measurement of non-equity foreign currency positions translated using the closing rate in accordance with IAS 21 are recognized in the income statement in the sensitivity analyses. In the event of a net equity investment in a foreign operation, the effects of measurement using the closing rate are recognized in equity through other comprehensive income (OCI).

Forward currency contracts/options and interest rate and currency swaps that are not part of a qualified hedging relationship in accordance with IAS 39 affect the income statement through measurement at fair value. This is countered by the effects of the measurement of the hedged item held in foreign currency, hence the opposing effects are cancelled out if the hedge is fully effective.

CECONOMY has exercised the option to continue applying the hedge accounting regulations of IAS 39. This option can be exercised until the IASB has completed its macro hedging project. This project is not expected to be finalized in the near future.

The effects of the currency translation of financial statements whose functional currency is not the reporting currency of CECONOMY do not affect cash flows in local currency and are therefore not included in sensitivity analyses.

CECONOMY's residual currency risk, which essentially relates to an inability to hedge certain currencies for legal reasons or owing to insufficient market depth, was as follows as of the closing date:

				Effect if euro depreciates/appreciates by 10%	
€ million	Currency pair	Volume	30/09/2022	Volume	30/09/2023
Profit or loss for the period			+/–		+/–
	HUF/EUR	+30	+3	+29	+3
	PLN/EUR	+117	+12	+108	+11
	SEK/EUR	+24	+2	0	0
	TRY/EUR	+4	0	+6	+1
	CHF/EUR	+3	0	+6	+1
	USD/EUR	+2	0	+2	0

In addition to the currency pairs shown in the table, there is a US dollar foreign currency position at a subsidiary whose functional currency is the Turkish lira (currency pair: USD/TRY). Given a volume of USD 24 million (30/09/2022: USD 33 million), a depreciation of the US dollar of 10 per cent would have a positive effect on the profit or loss for the period of €2 million (2021/22: €3 million). Conversely, an appreciation of the US dollar of 10 per cent would have a negative effect on the profit or loss for the period of €–2 million (2021/22: €–3 million).

Interest rate and currency risks are significantly reduced and limited by the principles set out in CECONOMY's internal Treasury policies. These stipulate for the Group as a whole that any hedging operation must remain within predefined limits and must not increase risk exposure under any circumstances. CECONOMY realizes and accepts that this greatly limits its ability to leverage current or expected interest rate or exchange rate movements to optimize its earnings.

In addition, only standard derivative financial instruments for which the correct financial and accounting presentation and measurement are guaranteed in Treasury's systems can be used for hedging purposes.

The following derivative financial instruments were used to reduce risk at the closing date:

			30/09/2022			30/09/2023
			Fair values			Fair values
€ million	Nominal volume	Financial assets	Financial liabilities	Nominal volume	Financial assets	Financial liabilities
Currency transactions						
Forward currency contracts/options						
within fair value hedges	0	0	0	0	0	0
within cash flow hedges	0	0	0	0	0	0
not in a hedge	610[1]	1	0	72	0	0
	610	**1**	**0**	**72**	**0**	**0**

[1] Previous year's figure restated

The nominal volume primarily comprises forward currency contracts/options and results from the foreign currency amounts bought and sold, translated using the corresponding exchange rate as of the closing date. All fair values represent the theoretical value of these instruments on the reversal of transactions as of the closing date. Assuming that the transactions will be held to maturity, these are unrealized gains and losses that will be fully offset against the gains and losses of the hedged items by the time they mature if the hedges are fully effective.

In order to show this offsetting on an accrual basis, relationships are created between hedges and hedged items and presented as follows:

– In a fair value hedge, both the hedge and the hedged risk of the hedged item are recognized at fair value. The fluctuations in the fair value of both transactions are recognized in the income statement, where they offset each other if the hedge is fully effective.

– In a cash flow hedge, the hedges are also recognized at fair value. If the hedge is fully effective, the changes in value are recognized in equity until the hedged cash flows or expected transactions are recognized in profit or loss, at which time they are recognized in the income statement.

– Hedging transactions that are not part of a hedge in accordance with IAS 39 are recognized at fair value. Changes in their value are recognized in the income statement. Even if no formal hedge was established, these are hedging transactions in a close relationship with the hedged item whose impact on profit or loss is offset by that of the hedged item (natural hedge).

The currency derivatives used mainly relate to the Polish złoty.

The maturity dates of the derivative financial instruments are as follows:

			30/09/2022			30/09/2023
			Maturity dates			Maturity dates
€ million	Up to 1 year	1 to 5 years	Over 5 years	Up to 1 year	1 to 5 years	Over 5 years
Currency transactions						
Forward currency contracts/options						
within fair value hedges	0	0	0	0	0	0
within cash flow hedges	0	0	0	0	0	0
not in a hedge	1	0	0	0	0	0
	1	**0**	**0**	**0**	**0**	**0**

The fair values of the financial assets and liabilities that mature during these time bands are shown under the maturity dates.

Liquidity risks

Liquidity risk describes the risk of being unable to obtain or provide cash, or of only being able to do so at higher cost. Liquidity risks arise, for example, as a result of temporary capital market disruptions, creditor default, insufficient credit facilities or failure of anticipated incoming payments to arise. The Treasury department always ensures sufficient funds to cover the financial requirements for operating and investing activities as cost-efficiently as possible. The information necessary is provided by rolling three-month Group financial planning by the individual Group companies issued after the end of the financial year, and undergoes deviation analysis. This financial planning is supplemented by short-term liquidity planning and updated on a rolling basis.

Financing instruments include money market and capital market products (bonds, promissory note loans, commercial papers, convertible bond) and multi-year syndicated credit facilities.

Multi-year syndicated credit facilities of €1,060 million are available for the reduction of liquidity risk. The standard covenants specified in the loan agreement, including financial ratios, were complied with at all times and are expected to be complied with in the future. CECONOMY AG also strengthened its liquidity base further by issuing a five-year senior unsecured bond of €500 million on 24 June 2021.

CECONOMY therefore has sufficient liquidity reserves, ensuring that liquidity risks do not arise even if unexpected events have a negative financial impact on the liquidity situation. Please refer to the information on the corresponding balance sheet items for details of financing instruments and credit facilities.

↗ Further details can be found under note 34.2 “Cash and cash equivalents” and note 34.3 “Borrowings”.

Intra-Group cash pooling allows Group companies to use the surplus liquidity of other company units to cover their liquidity requirements. This reduces the Group’s amount of debt and thus its interest expenses. Furthermore, the expertise bundled in CECONOMY AG’s Treasury department is used to advise and assist Group companies in all relevant financial matters. This extends from planning financing of investment projects to assisting the financial officers of the individual Group companies in their talks with local banks and financial service providers. This firstly ensures the optimized use of CECONOMY’s financial resources and secondly that all Group companies benefit from CECONOMY’s financial standing in terms of their financing conditions.

Credit risks

Credit risks arise from a full or partial default by a counterparty, for instance as a result of insolvency, or in the context of financial investments and asset-side derivative financial instruments. CECONOMY’s maximum default exposure as of the closing date is reflected by the carrying amounts of its financial assets and totals €2,547 million (30/09/2022: €2,527 million).

There was no material collateral for financial assets as of the closing date.

The cash holdings included in “Cash and cash equivalents” of €61 million (30/09/2022: €48 million) are not subject to any significant risk of default.

In the context of the management of financial investments of €753 million (30/09/2022: €611 million) and asset side derivative financial instruments of €0 million (30/09/2022: €1 million), minimum credit requirements and individual maximum exposures have been defined for all business partners of CECONOMY. Cheques and money in transit are not included in the calculation of credit risks. The basis for this is a system of limits set out in Treasury policies, which are essentially based on ratings provided by international rating agencies, the development of the credit default swap or internal credit checks. Every counterparty of CECONOMY is assigned an individual limit, compliance with which is monitored on an ongoing basis.

As of 30 September 2023, around 79 per cent (30/09/2022: around 89 per cent) of the investment volume was placed with investment grade counterparties, in other words, those with good or very good credit ratings. The counterparties that do not yet have an internationally recognized rating are renowned financial institutions whose credit can be considered impeccable on the basis on analyses. CECONOMY also operates in countries whose financial institutions do not have an investment grade on account of their country’s rating. It is necessary and reasonable to cooperate with these institutions for reasons specific to the countries in question and in terms of cost and efficiency considerations. These institutions account for around 18 per cent of the total volume (30/09/2022: around 10 per cent).

CECONOMY’s exposure to credit risks from financial investments is therefore low.

CECONOMY considers the probability of default when recognizing an asset for the first time, and determines whether the credit risk has increased steadily in each reporting period. In order to assess whether the credit risk has increased significantly, the company compares the asset’s risk of default as of the closing date to its risk of default as of the date of first-time recognition. All available, appropriate and forward-looking information is taken into account, including the following indicators in particular:

- Internal rating models
- External credit information (if available)
- Actual or anticipated substantial negative changes in a borrower’s business situation or financial position that are expected to substantially alter its ability to settle its obligations
- Significant increases in credit risk on other financial instruments of the same borrower
- Material changes in the borrower’s expected performance and behaviour, including changes in the borrower’s payment status within the Group and changes in the borrower’s operating results

Macroeconomic information (such as market interest rates or growth rates) and other forward-looking information are taken into account in the internal rating model. For trade and provider receivables, these are taken into account in the corresponding operating segment by means of a forecast for the subsequent year of the annual change in company insolvencies.

The above analysis notwithstanding, a significant increase in credit risk is presumed if an obligor’s contractual payment is more than 30 days past due. Financial assets are transferred from level 1 or 2 to level 3 as soon as there is objective evidence of impairment. The CECONOMY Group also uses indicators including the following:

- Significant financial difficulty of the debtor
- A breach of contract, such as default or delinquency in interest and/or principal payment
- Disappearance of an active market for the financial asset in question
- Concessions granted for economic or contractual reasons due to the financial difficulty of the debtor
- Increased probability of bankruptcy or forfeiture procedures

It is also considered whether a financial asset is in default if the counterparty makes no contractual payments within 90 days of the due date. Financial assets are derecognized if there is no reasonable expectation of repayments, for example if an obligor does not agree a repayment plan with the company. The company still undertakes enforcement measures when loans or receivables are derecognized to attempt to collect the amount due. If amounts are claimed in return, these are recognized through profit or loss.

No significant changes were made to estimation techniques or assumptions in the reporting period.

Cash flow risks
A change in future interest rates can cause cash flows from variable interest asset and liability items to fluctuate. Stress tests are used to determine the impact interest rate changes could have on cash flows and how they can be limited by hedges in line with internal Treasury policies.

38. CONTINGENT LIABILITIES
CECONOMY's contingent liabilities amounted to €42 million as of 30 September 2023 (30/09/2022: €18 million). These relate to bank guarantees, income taxes and VAT.

39. OTHER FINANCIAL LIABILITIES
The nominal value of other financial liabilities is €207 million as of 30 September 2023 (30/09/2022: €170 million) and essentially includes purchase obligations for service agreements.

The spin-off of the former METRO GROUP in financial year 2016/2017 gives rise to a legal contingent liability from a five- or ten-year continuing liability in accordance with Sec. 133 para. 1 and 3 of the German Transformation Act (UmwG). The legal entities involved in the spin-off are liable as joint and several debtors for the liabilities (five years) and the pension obligations (ten years) of CECONOMY AG as the transferring legal entity that had been in existence since before the spin-off entered into force. The related five-year period of continuing liability has now ended. The total liability in connection with the remaining continuing liability from pension obligations is immaterial. In addition, the risk of this contingent liability being utilized is considered unlikely on the basis of publicly available information, in particular METRO AG's rating.

↗ Please see note 19 "Other intangible assets", note 20 "Property, plant and equipment" and note 21 "Right-of-use assets" for details of purchase obligations for other intangible assets, property, plant and equipment and lease obligations.

40. OTHER LEGAL MATTERS
CECONOMY is not currently involved in legal disputes, investigations or other legal matters that could have a material influence on CECONOMY's economic situation or otherwise be of significant importance for CECONOMY.

41. EVENTS AFTER CLOSING DATE
No events that have a material impact on the assessment of the earnings, financial and asset position of CECONOMY AG and CECONOMY occurred between the closing date (30/09/2023) and the date of the preparation of the consolidated financial statements (13/12/2023).

42. NOTES ON RELATED PARTIES

Related parties with significant influence
As the parent company of CECONOMY, CECONOMY AG is not controlled by any company. The Haniel Group holds a 16.7 per cent stake in CECONOMY AG and, as it is represented on the Supervisory Board, has significant influence on CECONOMY AG, which is disclosed as an associate in Haniel's consolidated financial statements. CECONOMY did not enter into any material transactions with the Haniel Group in financial year 2022/23 or in the previous year 2021/22.

Convergenta Invest GmbH (Convergenta) is a German investment and holding company and has held a stake in CECONOMY AG since June 2022. With 29.2 per cent of shares, it is CECONOMY AG's largest shareholder. As part of the investment in CECONOMY AG, Convergenta was granted convertible bonds in a total nominal amount of €151 million in addition to the ordinary shares already acquired. The convertible bonds give Convergenta the right to acquire new ordinary shares through conversion at any time until July 2027.

Business relations between CECONOMY and Convergenta primarily comprise leasing locations for the MediaMarktSaturn Retail Group's electronics stores and administrative buildings. Lease payments including incidental costs amounted to €11 million in financial year 2022/23.

Obligations arising under the leases with Convergenta mature in subsequent years as follows:

Future lease payments (nominal) in € million	30/09/2023
Up to 1 year	10
1 to 5 years	26
Over 5 years	7
	43

In accordance with IFRS 16, these lease liabilities are recognized at present value and included in financial liabilities. Except for the lease liabilities, there are no other liabilities to or receivables from Convergenta.

Business relations with related parties are contractually agreed at arm's-length conditions.

Member of the key management personnel

In accordance with IAS 24, key management personnel at CECONOMY comprises the Management Board and the Supervisory Board of CECONOMY AG. Other than their remuneration, no further services were granted or received between CECONOMY and key management personnel. The reportable remuneration of key management personnel within the Group according to IAS 24 comprises that paid to active Management Board and Supervisory Board members.

Remuneration for members of the Management Board and the Supervisory Board active during financial year 2022/23 in accordance with IAS 24 totalled €6.8 million in financial year 2022/23 (2021/22: €5.2 million). €5.7 million (2021/22: €4.4 million) of this relates to short-term benefits (not including share-based payment), €0.2 million (2021/22: €0.3 million) to post-employment benefits and €0.9 million (2021/22: €0.1 million) to share-based payment. There were no termination benefits in the reporting period (2021/22: €0.5 million).

↗ The basic features of the remuneration system and the amount of remuneration for the members of the Management Board and the Supervisory Board in accordance with HGB are presented in note 48 "Management Board and Supervisory Board". Further details on Management Board and Supervisory Board remuneration can be found in the remuneration report.

Other transactions with related parties in the form of associates

In financial year 2022/23, an agreement was concluded with Fnac Darty S.A. regarding the sale of MediaMarktSaturn's Portugal business. Fnac Darty Portugal, a wholly owned subsidiary of Fnac Darty S.A., will acquire 100 per cent of MediaMarkt Portugal including the ten store locations, the online business and the roughly 450 employees. After the approval of the relevant competition authorities, closing took place on 30 September 2023.

↗ Further details on the transfer of the Portuguese MediaMarkt business can be found under note 27 Assets held for sale/liabilities related to assets held for sale.

On 14 February 2023, CECONOMY announced that MediaMarktSaturn, the subsidiary of CECONOMY AG, and the Nordic electronics retailer Power International AS ("Power") had concluded talks regarding a strategic transaction and a joint future for the Swedish business. It was agreed that Power Retail Sweden AB, a wholly owned subsidiary of Power, would acquire 100 per cent of MediaMarkt Sweden. In return, CECONOMY would receive a minority stake of 20 per cent in Power Retail Sweden AB. Since the transaction was closed on 1 August 2023, Power Retail Sweden AB has been a related party of CECONOMY AG. There were no material transactions in financial year 2022/23.

↗ Further details on the transfer of the Swedish MediaMarkt business can be found under note 27 Assets held for sale/liabilities related to assets held for sale.

There were no transactions with related parties other than those referred to in financial year 2022/23 (2021/22: €0 million).

43. EXECUTIVES' LONG-TERM INCENTIVE

The LTI tranches, PPP2021 and PPP2022, were largely replaced as part of a one-time offer in financial year 2021/22, and so the provision as of 30 September 2022 in these tranches amounted to €0.00 million.

The provision for the last remaining LTI tranche (PPP 2020) as of 30 September 2022 was €0.34 million. This tranche was paid out to all CECONOMY AG beneficiaries in financial year 2022/23 with a payment amount of €0.22 million.

No tranches were issued for financial year 2022/23.

44. MANAGEMENT BOARD AND SUPERVISORY BOARD

Remuneration of members of the Management Board in financial year 2022/23

In accordance with the remuneration system valid for financial year 2022/23, the remuneration of active members of the Management Board comprises non-performance-based fixed remuneration components and performance-based variable remuneration components. The fixed non-performance-based remuneration consists of the fixed annual salary, the contributions for the post-service benefit plan and other supplemental benefits (contributions to accident insurance, allowances for health/nursing insurance, assumption of costs for preventive health care, provision of a company car). The performance-based remuneration components are variable remuneration as a short-term incentive (STI) for the respective financial year and variable remuneration as a long-term incentive (LTI) over several financial years.

↗ Deviations from the remuneration system in financial year 2022/23 are explained in detail in the remuneration report. The remuneration report has also been made permanently available on the company's website www.ceconomy.de/en/ under Company – Corporate Governance.

The STI for financial year 2022/23 was calculated using financial and non-financial performance criteria. These are based on the following key performance indicators, in the case of the first three performance criteria in accordance with the company's consolidated financial statements (also adjusted for the effects of portfolio changes, for example):

– Earnings before interest and taxes (EBIT) on the basis of absolute EBIT values

– Sales growth adjusted for exchange rates

– Net working capital (NWC) on the basis of absolute NWC values (four-quarter average)

– Customer satisfaction (NPS)

Provisions of €1.6 million (2021/22: €0.4 million) were recognized for STI payments to (active and former) members of the Management Board.

The LTI is granted annually and paid out after a performance period of four financial years in total. The expenses for the LTI are recognized proportionately over the four-year performance period. A requirement for the payment is that the entitled member of the Management Board of the company can prove the necessary investment in ordinary shares of the company according to the company's shareholding programme. The payment amount is limited to a maximum of 200 per cent of the agreed individual target amount (payment cap). If a member joins or leaves the Management Board during a financial year, the LTI is granted and paid pro rata temporis for that financial year.

The calculation for the LTI tranche issued as of 1 October 2022 considers financial performance targets with a weighting of 70 per cent and non-financial performance targets with a weighting of 30 per cent. The financial performance criteria, which are equally weighted, are the absolute total shareholder return (aTSR) and the relative total shareholder return (rTSR). Non-financial targets relating to climate and environmental protection, diversity and employee satisfaction were defined for the tranche of the LTI issued on 1 October 2022.

Remuneration for members of the Management Board active in financial year 2022/23 (calculated in accordance with DRS 17 pursuant to HGB) amounts to €5.4 million (2021/22: €3.5 million). €0.4 million relates to a one-time payment to Dr Kai-Ulrich Deissner to compensate him for disadvantages resulting from the termination of his previous activities. In accordance with the provisions of the Management Board contract of Dr Kai-Ulrich Deissner, the net payment amount from this payment must be invested in company shares under the shareholding programme. The figures shown for the previous year relate to members of the Management Board in office in financial year 2021/22.

For the tranche of the LTI starting at the beginning of financial year 2022/23, the target amounts are €1.1 million for Dr Karsten Wildberger, €0.35 million for Dr Kai-Ulrich Deissner and €0.13 million for Mr Florian Wieser. The fair value calculated by external assessors according to a recognized actuarial method at the time of granting this LTI tranche is €0.92 million for Dr Wildberger, €0.29 million for Dr Deissner and €0.11 million for Mr Wieser. For active and former members of the Management Board, the provisions for all outstanding tranches of the LTI amount to €0.9 million (2021/22: €0.3 million).

The company post-employment benefit plan for members of the Management Board takes the form of a reinsured direct commitment with a defined contribution component. It is funded jointly by the Management Board and the company. If Management Board members contribute five per cent of their own defined assessment basis, the company adds double that amount. Contributions by the company to the post-employment benefit plan are capped at €100,000 per year in each case.

The present value of the obligation volume for pension entitlements in accordance with IFRS for Management Board members active in financial year 2022/23 is €0.8 million (2021/22: €0.6 million). The present value of the obligation volume for pension entitlements in accordance with HGB for Management Board members active in financial year 2022/23 is €0.8 million (2021/22: €0.6 million). The figures shown for the previous year relate to members of the Management Board in office in financial year 2021/22.

Total remuneration of former members of the Management Board
Pension benefits of €3.2 million (2021/22: €3.1 million) were paid for former members of the Management Board of CECONOMY AG and of companies merged into CECONOMY AG and their surviving dependants in financial year 2022/23.

The present value of obligations for ongoing pensions and pension entitlements in accordance with IFRS for former Management Board members is €37.1 million (2021/22: €42.6 million). The corresponding present value of the obligation volume for ongoing pensions and pension entitlements in accordance with HGB for former Management Board members is €43.1 million (2021/22: €44.6 million).

Remuneration of Supervisory Board members
The total remuneration of all members of the Supervisory Board for financial year 2022/23 amounts to €2.0 million (2021/22: €2.0 million).

↗ Further information on the remuneration of Management Board and Supervisory Board members can be found in the remuneration report.

45. GROUP AUDITOR'S FEES

The total fee shown below was charged for services provided by the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC).

€ million	2021/22 KPMG	2022/23 PwC
Audit of financial statements	7	6
Other assurance services	1	0
Tax consultation services	0	0
Other services	0	0
Group auditor's fees	**8**	**6**

Only services in compliance with the engagement of the auditor of the annual financial statements and the consolidated financial statements of CECONOMY AG were performed.

PwC's fee for audits of financial statements primarily relates to the audit of the consolidated financial statements of CECONOMY AG including the related work on IFRS Reporting Packages from consolidated subsidiaries and the annual financial statements of CECONOMY AG and various subsidiaries, including statutory extensions of scope. Reviews of interim financial statements and related IFRS Reporting Packages were also performed.

Other assurance services include, for example, voluntary assurance services in connection with the audit of the separate non-financial group report with limited assurance and certification relating to waste disposal and recycling obligations. Other services mainly relate to fees for project-related advisory services.

46. DECLARATION OF CONFORMITY REGARDING THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The declaration of conformity issued jointly by the Management Board and the Supervisory Board pursuant to Sec. 161 para. 1 AktG on the recommendations of the Government Commission of the German Corporate Governance Code dated September 2023 and previous declarations of conformity and supplements to declarations of conformity are made permanently available to the public by CECONOMY AG on its website www.ceconomy.de/en/ under Company – Corporate Governance.

47. EXEMPTIONS ACCORDING TO SEC. 264 PARA. 3 AND SEC. 264 B HGB

The following domestic subsidiaries in the legal form of a corporation or partnership have exercised the simplification option according to Sec. 264 para. 3 HGB and Sec. 264 b HGB, respectively and therefore refrain from disclosing their 2022/23 annual financial statement documentation and mostly from preparing the (HGB) notes and management report.

Operating companies and service entities	
CECONOMY Data GmbH	Düsseldorf
CECONOMY Digital GmbH	Düsseldorf
CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung mbH	Ingolstadt
CECONOMY Invest GmbH	Düsseldorf
CECONOMY Retail GmbH	Düsseldorf
CECONOMY Retail International GmbH	Düsseldorf
Imtron GmbH	Ingolstadt
Media Markt CCLXXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt
Media Markt CCXCVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt
Media Markt GmbH TV-HiFi-Elektro	Munich
Media Markt Magdeburg-City	Magdeburg
MEDIA MARKT TV-HiFi-Elektro GmbH	Bad Dürrheim
MEDIA Markt TV-Hifi-Elektro GmbH	Belm
MEDIA Markt TV-HiFi-Elektro GmbH	Hallstadt
Media Markt TV-HiFi-Elektro GmbH	Herzogenrath
Media Markt TV-HiFi-Elektro GmbH	Lüneburg
Media Markt TV-HiFi-Elektro GmbH	Peißen
Media Markt TV-HiFi-Elektro GmbH	Porta Westfalica/Minden
Media Markt TV-HiFi-Elektro GmbH	Schwentinental
Media Markt TV-HiFi-Elektro GmbH Aachen	Aachen
Media Markt TV-HiFi-Elektro GmbH Aalen	Aalen
Media Markt TV-HiFi-Elektro GmbH Albstadt	Albstadt
Media Markt TV-HiFi-Elektro GmbH Alzey	Alzey
Media Markt TV-HiFi-Elektro GmbH Amberg	Amberg
MEDIA MARKT TV-HiFi-Elektro GmbH Ansbach	Ansbach
MEDIA Markt TV-HiFi-Elektro GmbH Aschaffenburg	Aschaffenburg
MEDIA Markt TV-HiFi-Elektro GmbH Augsburg	Augsburg
Media Markt TV-HiFi-Elektro GmbH Augsburg-Göggingen	Augsburg
MEDIA MARKT TV-HiFi-Elektro GmbH Bad Kreuznach	Bad Kreuznach
Media Markt TV-HiFi-Elektro GmbH Baden-Baden	Baden-Baden
MEDIA Markt TV-Hifi-Elektro GmbH Bayreuth	Bayreuth
Media Markt TV-HiFi-Elektro GmbH Bergisch Gladbach	Bergisch Gladbach
MEDIA Markt TV-Hifi-Elektro GmbH Berlin-Biesdorf	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Charlottenburg	Berlin
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Gropiusstadt	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Hohenschönhausen	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Mitte	Berlin
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Neukölln	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Prenzlauer Berg	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Schöneweide	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Spandau	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Steglitz	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Tegel	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Tempelhof	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Wedding	Berlin
MEDIA Markt TV-Hifi-Elektro GmbH Bielefeld	Bielefeld
Media Markt TV-HiFi-Elektro GmbH Bischofsheim	Bischofsheim
Media Markt TV-HiFi-Elektro GmbH Bochum	Bochum
Media Markt TV-HiFi-Elektro GmbH Bochum-Ruhrpark	Bochum

Operating companies and service entities	
Media Markt TV-HiFi-Elektro GmbH Bonn	Bonn
Media Markt TV-HiFi-Elektro GmbH Brandenburg an der Havel	Brandenburg an der Havel
Media Markt TV-HiFi-Elektro GmbH Braunschweig	Braunschweig
Media Markt TV-HiFi-Elektro GmbH Bremen	Bremen
Media Markt TV-HiFi-Elektro GmbH Bremen-Habenhausen	Bremen
Media Markt TV-HiFi-Elektro GmbH Bremen-Waterfront	Bremen
Media Markt TV-HiFi-Elektro GmbH Bruchsal	Bruchsal
Media Markt TV-HiFi-Elektro GmbH Buchholz in der Nordheide	Buchholz
Media Markt TV-HiFi-Elektro GmbH Buxtehude	Buxtehude
MEDIA MARKT TV-HiFi-Elektro GmbH Castrop-Rauxel	Castrop-Rauxel
Media Markt TV-HiFi-Elektro GmbH Chemnitz	Chemnitz
Media Markt TV-HiFi-Elektro GmbH Chemnitz-Röhrsdorf	Chemnitz
Media Markt TV-HiFi-Elektro GmbH Coburg	Coburg
Media Markt TV-HiFi-Elektro GmbH Cottbus/Groß Gaglow	Cottbus
Media Markt TV-HiFi-Elektro GmbH Dessau	Dessau-Roßlau
MEDIA MARKT TV-HiFi-Elektro GmbH Dietzenbach	Dietzenbach
Media Markt TV-HiFi-Elektro GmbH Donauwörth	Donauwörth
Media Markt TV-HiFi-Elektro GmbH Dorsten	Dorsten
Media Markt TV-HiFi-Elektro GmbH Dortmund-Hörde	Dortmund
Media Markt TV-HiFi-Elektro GmbH Dortmund-Oespel	Dortmund
Media Markt TV-HiFi-Elektro GmbH Dresden Centrum	Dresden
MEDIA MARKT TV-HiFi-Elektro GmbH Dresden-Mickten	Dresden
MEDIA Markt TV-HiFi-Elektro GmbH Duisburg	Duisburg
Media Markt TV-HIFI-Elektro GmbH Düren	Düren
Media Markt TV-HiFi-Elektro GmbH Düsseldorf	Düsseldorf
MEDIA MARKT TV-HiFi-Elektro GmbH Egelsbach	Egelsbach
Media Markt TV-HiFi-Elektro GmbH Eiche	Ahrensfelde
Media Markt TV-HiFi-Elektro GmbH Eisenach	Eisenach
Media Markt TV-HiFi-Elektro GmbH Eislingen	Eislingen
Media Markt TV-HiFi-Elektro GmbH Elmshorn	Elmshorn
Media Markt TV-HiFi-Elektro GmbH Emden	Emden
Media Markt TV-HiFi-Elektro GmbH Erding	Erding
Media Markt TV-HiFi-Elektro GmbH Erfurt Thüringen-Park	Erfurt
Media Markt TV-HiFi-Elektro GmbH Erfurt-Daberstedt	Erfurt
Media Markt TV-HiFi-Elektro GmbH Erlangen	Erlangen
Media Markt TV-HiFi-Elektro GmbH Eschweiler	Eschweiler
MEDIA MARKT TV-HiFi-Elektro GmbH Essen	Essen
MEDIA Markt TV-Hifi-Elektro GmbH Esslingen	Esslingen am Neckar
Media Markt TV-HiFi-Elektro GmbH Fellbach	Fellbach
Media Markt TV-HiFi-Elektro GmbH Flensburg	Flensburg
Media Markt TV-HiFi-Elektro GmbH Frankfurt	Frankfurt am Main
MEDIA MARKT TV-HiFi-Elektro GmbH Frankfurt-Borsigallee	Frankfurt am Main
MEDIA MARKT TV-HiFi-Elektro GmbH Freiburg	Freiburg im Breisgau
MEDIA MARKT TV-HiFi-Elektro GmbH Friedrichshafen	Friedrichshafen
MEDIA Markt TV-HiFi-Elektro GmbH Fulda	Fulda
Media Markt TV-HiFi-Elektro GmbH Gifhorn	Gifhorn
Media Markt TV-Hifi-Elektro GmbH Goslar	Goslar
MEDIA MARKT TV-HiFi-Elektro GmbH Göttingen	Göttingen
Media Markt TV-HiFi-Elektro GmbH Greifswald	Greifswald
Media Markt TV-HiFi-Elektro GmbH Gründau-Lieblos	Gründau-Lieblos
Media Markt TV-HiFi-Elektro GmbH Günthersdorf	Leuna
Media Markt TV-HiFi-Elektro GmbH Gütersloh	Gütersloh
Media Markt TV-HiFi-Elektro GmbH Halberstadt	Halberstadt
MEDIA MARKT TV-Hifi-Elektro GmbH Halstenbek	Halstenbek
Media Markt TV-HiFi-Elektro GmbH Hamburg-Altona	Hamburg

Operating companies and service entities	
Media Markt TV-HiFi-Elektro GmbH Hamburg-Billstedt	Hamburg
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Harburg	Hamburg
Media Markt TV-HiFi-Elektro GmbH Hamburg-Hummelsbüttel	Hamburg
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Nedderfeld	Hamburg
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Wandsbek	Hamburg
Media Markt TV-HiFi-Elektro GmbH Hameln	Hameln
Media Markt TV-HiFi-Elektro GmbH Hanau	Hanau
Media Markt TV-HiFi-Elektro GmbH Hannover-Vahrenheide	Hanover
MEDIA MARKT TV-HiFi-Elektro GmbH Hannover-Wülfel	Hanover
Media Markt TV-HiFi-Elektro GmbH Heide	Heide
MEDIA Markt TV-HiFi-Elektro GmbH Heidelberg	Heidelberg
MEDIA MARKT TV-HiFi-Elektro GmbH Heidelberg-Rohrbach	Heidelberg
Media Markt TV-HiFi-Elektro GmbH Heilbronn	Heilbronn
Media Markt TV-HiFi-Elektro GmbH Henstedt-Ulzburg	Henstedt-Ulzburg
Media Markt TV-HiFi-Elektro GmbH Heppenheim	Heppenheim (Bergstraße)
Media Markt TV-HiFi-Elektro GmbH Hildesheim	Hildesheim
MEDIA MARKT TV-HiFi-Elektro GmbH Hof	Hof
Media Markt TV-HiFi-Elektro GmbH Homburg/Saar	Homburg
Media Markt TV-HiFi-Elektro GmbH Hückelhoven	Hückelhoven
Media Markt TV-HiFi-Elektro GmbH Idar-Oberstein	Idar-Oberstein
Media Markt TV-HiFi-Elektro GmbH Itzehoe	Itzehoe
Media Markt TV-HiFi-Elektro GmbH Jena	Jena
Media Markt TV-HiFi-Elektro GmbH Kaiserslautern	Kaiserslautern
Media Markt TV-HiFi-Elektro GmbH Karlsfeld	Karlsfeld
Media Markt TV-HiFi-Elektro GmbH Karlsruhe	Karlsruhe
Media Markt TV-HiFi-Elektro GmbH Karlsruhe-Ettlinger Tor	Karlsruhe
Media Markt TV-HiFi-Elektro GmbH Kassel	Kassel
Media Markt TV-HiFi-Elektro GmbH Kempten	Kempten (Allgäu)
Media Markt TV-HiFi-Elektro GmbH Kerpen	Kerpen
Media Markt TV-HiFi-Elektro GmbH Kiel	Kiel
Media Markt TV-HiFi-Elektro GmbH Kiel-Sophienhof	Kiel
Media Markt TV-HiFi-Elektro GmbH Kirchheim	Kirchheim
MEDIA MARKT TV-HiFi-Elektro GmbH Koblenz	Koblenz
Media Markt TV-HiFi-Elektro GmbH Köln Hohe Straße	Cologne
Media Markt TV-HiFi-Elektro GmbH Köln-Kalk	Cologne
Media Markt TV-HiFi-Elektro GmbH Köln-Marsdorf	Cologne
MEDIA MARKT TV-Hifi-Elektro GmbH Konstanz	Konstanz
Media Markt TV-HiFi-Elektro GmbH Krefeld	Krefeld
Media Markt TV-HiFi-Elektro GmbH Kulmbach	Kulmbach
MEDIA MARKT TV-HiFi-Elektro GmbH Lahr	Lahr
Media Markt TV-Hifi-Elektro GmbH Landau/Pfalz	Landau in der Pfalz
Media Markt TV-HiFi-Elektro GmbH Landsberg/Lech	Landsberg am Lech
Media Markt TV-HiFi-Elektro GmbH Landshut	Landshut
Media Markt TV-HiFi-Elektro GmbH Leinfelden-Echterdingen	Stuttgart
Media Markt TV-HiFi-Elektro GmbH Leipzig Höfe am Brühl	Leipzig
MEDIA Markt TV-Hifi-Elektro GmbH Leipzig-Paunsdorf	Leipzig
MEDIA MARKT TV-HiFi-Elektro GmbH Limburg	Limburg
Media Markt TV-HiFi-Elektro GmbH Lingen	Lingen
MEDIA MARKT TV-HiFi-Elektro GmbH Lübeck	Lübeck
Media Markt TV-HiFi-Elektro GmbH Ludwigsburg	Ludwigsburg
MEDIA Markt TV-Hifi-Elektro GmbH Ludwigshafen	Ludwigshafen/Rh.
Media Markt TV-HiFi-Elektro GmbH M232	Ingolstadt
Media Markt TV-HiFi-Elektro GmbH M258	Ingolstadt
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg	Magdeburg
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg-Bördepark	Magdeburg

Operating companies and service entities	
Media Markt TV-HiFi-Elektro GmbH Main-Taunus-Zentrum	Sulzbach
MEDIA Markt TV-Hifi-Elektro GmbH Mainz	Mainz
Media Markt TV-HiFi-Elektro GmbH Mannheim	Mannheim
Media Markt TV-HiFi-Elektro GmbH Mannheim-City	Mannheim
Media Markt TV-HiFi-Elektro GmbH Mannheim-Sandhofen	Mannheim
MEDIA MARKT TV-HiFi-Elektro GmbH Marburg	Marburg
MEDIA MARKT TV-HiFi-Elektro GmbH Marktredwitz	Marktredwitz
Media Markt TV-HiFi-Elektro GmbH Meerane	Meerane
Media Markt TV-HiFi-Elektro GmbH Memmingen	Memmingen
Media Markt TV-HiFi-Elektro GmbH Mönchengladbach	Mönchengladbach
Media Markt TV-HiFi-Elektro GmbH Mühldorf/Inn	Mühldorf a. Inn
Media Markt TV-HiFi-Elektro GmbH Mülheim	Mülheim an der Ruhr
MEDIA MARKT TV-HiFi-Elektro GmbH München-Haidhausen	Munich
Media Markt TV-HiFi-Elektro GmbH München-Pasing	Munich
MEDIA Markt TV-Hifi-Elektro GmbH München-Solln	Munich
MEDIA Markt TV-Hifi-Elektro GmbH Münster	Münster
Media Markt TV-Hifi-Elektro GmbH Nagold	Nagold
MEDIA MARKT TV-Hifi-Elektro GmbH Neubrandenburg	Neubrandenburg
Media Markt TV-HiFi-Elektro GmbH Neuburg an der Donau	Neuburg an der Donau
Media Markt TV-HiFi-Elektro GmbH Neumünster	Neumünster
Media Markt TV-HiFi-Elektro GmbH Neunkirchen	Neunkirchen
Media Markt TV-HiFi-Elektro GmbH Neuss	Neuss
Media Markt TV-HiFi-Elektro GmbH Neustadt an der Weinstraße	Neustadt/Weinstraße
Media Markt TV-HiFi-Elektro GmbH Neu-Ulm	Neu-Ulm
Media Markt TV-HiFi-Elektro GmbH Neuwied	Neuwied
MEDIA MARKT TV-HiFi-Elektro GmbH Nienburg	Nienburg
Media Markt TV-HiFi-Elektro GmbH Nordhausen	Nordhausen
MEDIA MARKT TV-HiFi-Elektro GmbH Nordhorn	Nordhorn
MEDIA Markt TV-Hifi-Elektro GmbH Nürnberg-Kleinreuth	Nuremberg
MEDIA MARKT TV-HiFi-Elektro GmbH Nürnberg-Langwasser	Nuremberg, Langwasser district
Media Markt TV-Hifi-Elektro GmbH Nürnberg-Schoppershof	Nuremberg
MEDIA MARKT TV-HiFi-Elektro GmbH Offenburg	Offenburg
Media Markt TV-HiFi-Elektro GmbH Oldenburg	Oldenburg
Media Markt TV-HiFi-Elektro GmbH Oststeinbek	Oststeinbek
MEDIA MARKT TV-HiFi-Elektro GmbH Paderborn	Paderborn
Media Markt TV-HiFi-Elektro GmbH Papenburg	Papenburg
Media Markt TV-HiFi-Elektro GmbH Passau	Passau
Media Markt TV-HiFi-Elektro GmbH Peine	Peine
Media Markt TV-HiFi-Elektro GmbH Pforzheim	Pforzheim
MEDIA MARKT TV-HiFi-Elektro GmbH Pirmasens	Pirmasens
MEDIA Markt TV-Hifi-Elektro GmbH Plauen	Plauen
MEDIA MARKT TV-HiFi-Elektro GmbH Potsdam	Potsdam
MEDIA MARKT TV-HiFi-Elektro GmbH Ravensburg	Ravensburg
MEDIA MARKT TV-HiFi-Elektro GmbH Recklinghausen	Recklinghausen
Media Markt TV-HiFi-Elektro GmbH Regensburg	Regensburg
Media Markt TV-HiFi-Elektro GmbH Rendsburg	Rendsburg
Media Markt TV-HiFi-Elektro GmbH Reutlingen	Reutlingen
MEDIA MARKT TV-HiFi-Elektro GmbH Rheine	Rheine
MEDIA MARKT TV-HiFi-Elektro GmbH Rosenheim	Rosenheim
Media Markt TV-HiFi-Elektro GmbH Rostock	Sievershagen b. Rostock
Media Markt TV-HiFi-Elektro GmbH Rostock-Brinckmansdorf	Rostock
MEDIA MARKT TV-HiFi-Elektro GmbH Saarbrücken	Saarbrücken
Media Markt TV-HiFi-Elektro GmbH Saarbrücken-Saarterrassen	Saarbrücken
Media Markt TV-HiFi-Elektro GmbH Saarlouis	Saarlouis
Media Markt TV-HiFi-Elektro GmbH Schiffdorf-Spaden	Schiffdorf-Spaden

Operating companies and service entities	
Media Markt TV-HiFi-Elektro GmbH Schwabach	Schwabach
Media Markt TV-HiFi-Elektro GmbH Schwedt	Schwedt/Oder
Media Markt TV-HiFi-Elektro GmbH Schweinfurt	Schweinfurt
Media Markt TV-HiFi-Elektro GmbH Schwerin	Schwerin
Media Markt TV-HiFi-Elektro GmbH Siegen	Siegen
MEDIA MARKT TV-HiFi-Elektro GmbH Sindelfingen	Sindelfingen
MEDIA MARKT TV-HiFi-Elektro GmbH Singen	Singen
Media Markt TV-HiFi-Elektro GmbH Sinsheim	Sinsheim
Media Markt TV-HiFi-Elektro GmbH Speyer	Speyer
Media Markt TV-HiFi-Elektro GmbH Stade	Stade
Media Markt TV-HiFi-Elektro GmbH Stadthagen	Stadthagen
Media Markt TV-HiFi-Elektro GmbH Stralsund	Stralsund
Media Markt TV-HiFi-Elektro GmbH Straubing	Straubing
Media Markt TV-HiFi-Elektro GmbH Stuhr	Stuhr
Media Markt TV-HiFi-Elektro GmbH Stuttgart-Feuerbach	Stuttgart
Media Markt TV-HiFi-Elektro GmbH Traunreut	Traunreut
Media Markt TV-HiFi-Elektro GmbH Traunstein	Traunstein
MEDIA MARKT TV-HiFi-Elektro GmbH Trier	Trier
Media Markt TV-HiFi-Elektro GmbH Tübingen	Tübingen
MEDIA MARKT TV-HiFi-Elektro GmbH Ulm	Ulm
MEDIA MARKT TV-HiFi-Elektro GmbH Velbert	Velbert
MEDIA MARKT TV-HiFi-Elektro GmbH Viernheim	Viernheim
MEDIA MARKT TV-HiFi-Elektro GmbH Waltersdorf bei Berlin	Schönefeld
Media Markt TV-HiFi-Elektro GmbH Weiden	Weiden i.d.OPf.
Media Markt TV-HiFi-Elektro GmbH Weilheim	Weilheim
Media Markt TV-HiFi-Elektro GmbH Weiterstadt	Weiterstadt
Media Markt TV-HiFi-Elektro GmbH Wetzlar	Wetzlar
Media Markt TV-HiFi-Elektro GmbH Wiesbaden	Wiesbaden
Media Markt TV-HiFi-Elektro GmbH Wiesbaden-Äppelallee	Wiesbaden
Media Markt TV-HiFi-Elektro GmbH Wolfsburg	Wolfsburg
Media Markt TV-HiFi-Elektro GmbH Worms	Worms
Media Markt TV-HiFi-Elektro GmbH Wuppertal	Wuppertal
Media Markt TV-HiFi-Elektro GmbH Würzburg	Würzburg
Media Markt TV-HiFi-Elektro GmbH Würzburg - Alfred-Nobel-Straße	Würzburg
MEDIA MARKT TV-HiFi-Elektro GmbH Zella-Mehlis	Zella-Mehlis
MEDIA MARKT TV-HiFi-Elektro GmbH Zwickau	Zwickau
Media Markt TV-HiFi-Elektro Licht GmbH Ingolstadt	Ingolstadt
Media Markt Wolfsburg-City	Wolfsburg
Media Markt zwei TV-HiFi-Elektro GmbH Dresden-Prohlis	Dresden
MediaMarktSaturn Augsburg GmbH	Augsburg
MediaMarktSaturn Berlin-Spandau GmbH	Berlin
MediaMarktSaturn Beschaffung und Logistik GmbH	Ingolstadt
MediaMarktSaturn Bochum-Hattingen GmbH	Bochum
MediaMarktSaturn Bremen GmbH	Bremen
MediaMarktSaturn Deutschland vierte Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn Dortmund GmbH	Dortmund
MediaMarktSaturn Frankfurt-Offenbach GmbH	Frankfurt am Main
MediaMarktSaturn Freiburg-Müllheim GmbH	Freiburg im Breisgau
MediaMarktSaturn fünfte Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn Global Business Services GmbH	Ingolstadt
MediaMarktSaturn GmbH München	Munich
MediaMarktSaturn Hagen-Iserlohn GmbH	Hagen
MediaMarktSaturn Hamburg GmbH	Hamburg
MediaMarktSaturn Karlsruhe GmbH	Karlsruhe
MediaMarktSaturn Koblenz GmbH	Koblenz

Operating companies and service entities	
MediaMarktSaturn Köln GmbH	Cologne
MediaMarktSaturn Logistik Erfurt GmbH	Erfurt
MediaMarktSaturn Markenlizenz GmbH	Grünwald, district of Munich
MediaMarktSaturn Markenservice GmbH & Co. KG	Grünwald, district of Munich
MediaMarktSaturn Markenservice Holding GmbH	Ingolstadt
MediaMarktSaturn Markenservice Verwaltungs-GmbH	Grünwald, district of Munich
MediaMarktSaturn Plattform Services GmbH	Munich
MediaMarktSaturn Retail Group GmbH	Ingolstadt
MediaMarktSaturn sechste Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn siebte Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn Zwickau GmbH	Zwickau
Media-Saturn Deutschland Beteiligungsgesellschaft mbH	Ingolstadt
Media-Saturn Deutschland GmbH	Ingolstadt
Media-Saturn Helvetia Holding GmbH	Ingolstadt
Media-Saturn Marketing GmbH	Munich
Media-Saturn-Holding GmbH	Ingolstadt
MMS E-Commerce GmbH	Ingolstadt
MMS Intangibles GmbH & Co. KG	Ingolstadt
MMS MyDelivery GmbH	Ingolstadt
MMS Portfolio GmbH	Munich
MMS Retail International GmbH	Düsseldorf
MMS Technology GmbH	Ingolstadt
MWFS Zwischenholding GmbH & Co. KG	Düsseldorf
MWFS Zwischenholding Management GmbH	Düsseldorf
my-xplace GmbH	Ingolstadt
Power Service GmbH	Cologne
Saturn Electro-Handelsgesellschaft m.b.H. Remscheid	Remscheid
Saturn Electro-Handelsgesellschaft mbH Ansbach	Ansbach
Saturn Electro-Handelsgesellschaft mbH Bad Homburg	Bad Homburg v.d. Höhe
Saturn Electro-Handelsgesellschaft mbH Bad Oeynhausen	Bad Oeynhausen
Saturn Electro-Handelsgesellschaft mbH Baunatal	Baunatal
Saturn Electro-Handelsgesellschaft mbH Berlin I	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Charlottenburg	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Friedrichshain	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Gesundbrunnen	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Köpenick	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Leipziger Platz	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Marzahn	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Schloßstraße	Berlin
Saturn Electro-Handelsgesellschaft mbH Bielefeld	Bielefeld
Saturn Electro-Handelsgesellschaft mbH Bocholt	Bocholt
Saturn Electro-Handelsgesellschaft mbH Braunschweig	Braunschweig
Saturn Electro-Handelsgesellschaft mbH Celle	Celle
Saturn Electro-Handelsgesellschaft mbH Chemnitz	Chemnitz
Saturn Electro-Handelsgesellschaft mbH Darmstadt	Darmstadt
Saturn Electro-Handelsgesellschaft mbH Dortmund-Eving	Dortmund
Saturn Electro-Handelsgesellschaft mbH Dresden	Dresden
Saturn Electro-Handelsgesellschaft mbH Duisburg	Duisburg
Saturn Electro-Handelsgesellschaft mbH Erfurt	Erfurt
Saturn Electro-Handelsgesellschaft mbH Erlangen	Erlangen
Saturn Electro-Handelsgesellschaft mbH Essen	Essen
Saturn Electro-Handelsgesellschaft mbH Esslingen	Esslingen am Neckar
Saturn Electro-Handelsgesellschaft mbH Euskirchen	Euskirchen
Saturn Electro-Handelsgesellschaft mbH Flensburg	Flensburg
Saturn Electro-Handelsgesellschaft mbH Freising	Freising

Operating companies and service entities	
Saturn Electro-Handelsgesellschaft mbH Gießen	Gießen
Saturn Electro-Handelsgesellschaft mbH Gummersbach	Gummersbach
Saturn Electro-Handelsgesellschaft mbH Hamm	Hamm
Saturn Electro-Handelsgesellschaft mbH Hannover	Hanover
Saturn Electro-Handelsgesellschaft mbH Hilden	Hilden
Saturn Electro-Handelsgesellschaft mbH Ingolstadt	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH Isernhagen	Isernhagen
Saturn Electro-Handelsgesellschaft mbH Jena	Jena
Saturn Electro-Handelsgesellschaft mbH Kaiserslautern	Kaiserslautern
Saturn Electro-Handelsgesellschaft mbH Kassel	Kassel
Saturn Electro-Handelsgesellschaft mbH Kempten	Kempten (Allgäu)
Saturn Electro-Handelsgesellschaft mbH Kleve	Kleve
Saturn Electro-Handelsgesellschaft mbH Krefeld	Krefeld
Saturn Electro-Handelsgesellschaft mbH Landshut	Landshut
Saturn Electro-Handelsgesellschaft mbH Leipzig	Leipzig
Saturn Electro-Handelsgesellschaft mbH Leipzig-Hauptbahnhof	Leipzig
Saturn Electro-Handelsgesellschaft mbH Leonberg	Leonberg
Saturn Electro-Handelsgesellschaft mbH Lübeck	Lübeck
Saturn Electro-Handelsgesellschaft mbH Lüdenscheid	Lüdenscheid
Saturn Electro-Handelsgesellschaft mbH Ludwigsburg	Ludwigsburg
Saturn Electro-Handelsgesellschaft mbH Ludwigshafen	Ludwigshafen/Rhein
Saturn Electro-Handelsgesellschaft mbH Lünen	Lünen
Saturn Electro-Handelsgesellschaft mbH Mainz	Mainz
Saturn Electro-Handelsgesellschaft mbH Marl	Marl
Saturn Electro-Handelsgesellschaft mbH Moers	Moers
Saturn Electro-Handelsgesellschaft mbH Mülheim	Mülheim an der Ruhr
Saturn Electro-Handelsgesellschaft mbH München-Riem	Munich
Saturn Electro-Handelsgesellschaft mbH Münster	Münster
Saturn Electro-Handelsgesellschaft mbH Neckarsulm	Neckarsulm
Saturn Electro-Handelsgesellschaft mbH Neu-Isenburg	Neu-Isenburg
Saturn Electro-Handelsgesellschaft mbH Norderstedt	Norderstedt
Saturn Electro-Handelsgesellschaft mbH Nürnberg	Nuremberg
Saturn Electro-Handelsgesellschaft mbH Oberhausen	Oberhausen
Saturn Electro-Handelsgesellschaft mbH Oldenburg	Oldenburg
Saturn Electro-Handelsgesellschaft mbH Osnabrück	Osnabrück
Saturn Electro-Handelsgesellschaft mbH Passau	Passau
Saturn Electro-Handelsgesellschaft mbH Pforzheim	Pforzheim
Saturn Electro-Handelsgesellschaft mbH Potsdam	Potsdam
Saturn Electro-Handelsgesellschaft mbH Regensburg	Regensburg
Saturn Electro-Handelsgesellschaft mbH Reutlingen	Reutlingen
Saturn Electro-Handelsgesellschaft mbH Rostock	Rostock
Saturn Electro-Handelsgesellschaft mbH S007	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S030	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S032	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S042	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S050	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S059	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S081	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S104	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S214	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S251	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S310	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S314	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S320	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S321	Ingolstadt

Operating companies and service entities	
Saturn Electro-Handelsgesellschaft mbH S325	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S329	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S337	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S356	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH Saarbrücken	Saarbrücken
Saturn Electro-Handelsgesellschaft mbH Senden	Senden
Saturn Electro-Handelsgesellschaft mbH Solingen	Solingen
Saturn Electro-Handelsgesellschaft mbH Stuttgart	Stuttgart
Saturn Electro-Handelsgesellschaft mbH Troisdorf	Troisdorf
Saturn Electro-Handelsgesellschaft mbH Weimar	Weimar
Saturn Electro-Handelsgesellschaft mbH Wiesbaden	Wiesbaden
Saturn Mega Markt GmbH Wuppertal	Wuppertal
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Aachen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Hürth
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Leverkusen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Mönchengladbach
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Sankt Augustin
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Siegen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Düsseldorf - Königsallee	Düsseldorf
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Köln	Cologne
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Neuss	Neuss
Saturn-Mega Markt GmbH Halle	Halle (Saale)
Tec-Repair GmbH	Wolnzach
xplace GmbH	Göttingen

48. OVERVIEW OF MATERIAL FULLY CONSOLIDATED GROUP COMPANIES

			30/09/2022	30/09/2023
Name	Country	Registered office	Share in %	Share in %
CECONOMY AG	Germany	Düsseldorf		
Media-Saturn-Holding GmbH	Germany	Ingolstadt	100.0	100.0
Media-Saturn Deutschland GmbH	Germany	Ingolstadt	100.0	100.0
MediaMarkt Österreich GmbH	Austria	Vösendorf	100.0	100.0
MEDIA MARKT SATURN, S.A. UNIPERSONAL	Spain	El Prat de Llobregat	100.0	100.0
Mediamarket S.p.A.con Socio Unico	Italy	Verano Brianza	100.0	100.0
Media Markt Saturn Holding Nederland B.V.	Netherlands	Rotterdam	100.0	100.0
Media Saturn Holding Polska Sp.z.o.o.	Poland	Warsaw	100.0	100.0
MEDİA MARKT TURKEY TİCARET LİMİTED ŞİRKETİ	Türkiye	Istanbul	100.0	100.0

49. CORPORATE BODIES OF CECONOMY AG AND THEIR MANDATES

Members of the Supervisory Board[1]

Thomas Dannenfeldt (Chairman of the Supervisory Board)
Self-employed entrepreneur, St. Augustin
a) None
b) Nokia Oyj, Espoo, Finland

Jürgen Schulz (Vice Chairman since 14/07/2023)
Chairman of the Works Council, Saturn Electro Handelsgesellschaft mbH, Bielefeld
Service Department Manager, Saturn Electro Handelsgesellschaft mbH, Bielefeld
a) None
b) None

Katrin Adt
Vice President Corporate Audit, Mercedes-Benz Group AG, Stuttgart
a) None
b) None

Wolfgang Baur (until 03/03/2023)
Chairman of the Works Council, Saturn Techno-Electro-Handelsgesellschaft mbH, Cologne
Logistics Department Manager, Saturn Techno-Electro-Handelsgesellschaft mbH, Cologne
a) None
b) None

Kirsten Joachim Breuer (until 03/03/2023)
Deputy Managing Director, IG Metall Geschäftsstelle Erfurt, Erfurt
a) None
b) None

Karin Dohm
Member of the Management Board, HORNBACH Baumarkt AG, Bornheim, and HORNBACH Management AG, Annweiler
a) HORNBACH Immobilien AG, Bornheim
b) Danfoss A/S, Nordborg, Denmark, Non-Executive Director

Daniela Eckardt
Leader of the checkout/online team, Saturn Alexanderplatz, Berlin
Member of the Works Council, Saturn Alexanderplatz, Berlin
a) None
b) None

Sabine Eckhardt
Supervisory Board member, self-employed senior advisor and investor, Munich
a) UniCredit Bank AG, Munich
   Edel SE & Co. KGaA, Hamburg (Chairwoman of the Supervisory Board, since 01/04/2023)
b) None

Thomas Fernkorn (until 03/03/2023)
Vice President Corporate Controlling, Media-Saturn-Holding GmbH, Ingolstadt
a) None
b) None

[1] As of 15 December 2023
a) Memberships in other supervisory boards mandated by the law according to Sec. 125 para. 1 sent. 5, alt. 1 AktG
b) Memberships in comparable German and international controlling bodies of business enterprises according to Sec. 125 para. 1 sent. 5, alt. 2 AktG

Dr Florian Funck
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
a) TAKKT AG, Stuttgart
   Vonovia SE, Bochum
b) Innovation City Management GmbH, Bottrop

Ludwig Glosser
Lead Problem Manager and Sourcing Manager, MMS Technology GmbH, Ingolstadt
Chairman of the Works Council, MMS Technology GmbH, Ingolstadt
a) None
b) None

Corinna Groß (since 03/03/2023)
Trade union secretary, ver.di, NRW region
a) Adler Modemärkte GmbH, Haibach
b) None

Doreen Huber
Self-employed entrepreneur and investor
Partner, EQT Ventures, Stockholm, Sweden
a) None
b) Domino's Pizza Enterprises Ltd., Australia, Non-Executive Director

Stefan Infanger (since 03/03/2023)
Chairman of the Works Council, Tec-Repair GmbH, Wolnzach
Service technician, Tec-Repair GmbH, Wolnzach
a) None
b) None

Jürgen Kellerhals
Self-employed entrepreneur
a) None
b) None

Maria Laube (since 03/03/2023)
Chairwoman of the Works Council, MediaMarkt Rosenheim
Retail management assistant, large appliances department, MediaMarkt, Rosenheim
a) None
b) None

Paul Lehmann (since 03/03/2023)
Trade union secretary, ver.di Upper Franconia
a) None
b) None

Julian Norberg (since 03/03/2023)
Division Manager and Authorized Signatory Operational Excellence, Media-Saturn Deutschland GmbH, Ingolstadt
a) None
b) None

Stefanie Nutzenberger (until 03/03/2023)
Member of the Executive Committee of the Trade Union ver.di, Berlin
a) None
b) None

Claudia Plath
Member of the Management Board and Chief Financial Officer ECE Group GmbH & Co. KG, Hamburg
a) Deutsche EuroShop AG, Hamburg
b) MEC METRO-ECE Centermanagement GmbH & Co. KG, Düsseldorf

Jens Ploog (until 03/03/2023)
Chairman of the Works Council, Media-Saturn Deutschland GmbH, Ingolstadt
Senior Consultant Organization, Processes and Projects, Media-Saturn Deutschland GmbH, Ingolstadt
a) None
b) None

Dr Lasse Pütz (until 03/03/2023)
Lawyer at LLR Legerlotz Laschet und Partner Rechtsanwälte Partnerschaft mbB, Cologne
a) None
b) neue bahnstadt opladen GmbH, Leverkusen

Erich Schuhmacher
Head of Finance/Investment Controlling/Balance Sheets/Taxes, Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria
Managing director of several shopping centres and retail companies in Germany and Austria
a) None
b) Tally Weijl Holding AG, Basel, Switzerland

Maren Ulbrich (since 03/03/2023)
Political Secretary in ver.di federal department B, federal specialist group for aviation and maritime business, Berlin
a) Hermes Fulfilment GmbH, Hamburg
b) None

Christoph Vilanek
CEO of freenet AG, Büdelsdorf
a) Ströer Management SE and Ströer SE & Co. KGaA, Cologne
EXARING AG, Munich
VNR Verlag für die Deutsche Wirtschaft AG, Bonn
b) None

Sylvia Woelke (Vice Chairwoman until 14/07/2023)
Chairwoman of the Works Council of the joint operation MediaMarktSaturn Retail Group GmbH, Media-Saturn Deutschland GmbH & MediaMarktSaturn Beschaffung und Logistik GmbH
Manager Corporate Risk Management & Internal Controls, MediaMarktSaturn Retail Group GmbH
a) None
b) None

Committees of the Supervisory Board and their composition

Presidential Committee
Thomas Dannenfeldt (Chairman)
Sylvia Woelke
Katrin Adt
Jens Ploog (until 03/03/2023)
Jürgen Schulz (since 03/03/2023)

Audit Committee
Karin Dohm (Chairwoman)
Sylvia Woelke (Vice Chairwoman)
Claudia Plath
Dr Florian Funck
Ludwig Glosser
Jürgen Schulz (until 14/07/2023)
Corinna Groß (since 14/07/2023)

Nomination Committee
Sabine Eckhardt (Chairwoman)
Thomas Dannenfeldt
Christoph Vilanek

Mediation Committee pursuant to Sec. 27 para. 3 of the German Co-determination Act (MitbestG)
Thomas Dannenfeldt (Chairman)
Sylvia Woelke (until 03/03/2023)
Ludwig Glosser (until 03/03/2023)
Stefan Infanger (since 03/03/2023)
Claudia Plath
Jürgen Schulz (since 03/03/2023)

Members of the Management Board[2]

Dr Karsten Wildberger (Chief Executive Officer and Labour Director)
a) Forschungszentrum Jülich GmbH, Jülich
b) None

Florian Wieser (Chief Financial Officer, until 31/12/2022)
a) None
b) None

Sabine Eckhardt (member of the Management Board, January 2023)
a) UniCredit Bank AG, Munich
Edel SE & Co. KGaA, Hamburg (Chairwoman of the Supervisory Board, since 01/04/2023)
b) None

Dr Kai-Ulrich Deissner (Chief Financial Officer since 01/02/2023)
a) None
b) None

50. SHAREHOLDINGS OF CECONOMY AG AS OF 30 SEPTEMBER 2023 IN ACCORDANCE WITH SEC. 313 HGB

The disclosures on the shareholdings of CECONOMY AG and the CECONOMY Group, which are part of these financial statements, can be found in a separate appendix to the notes.

↗ The full list of all Group companies and associates in accordance with Sec. 313 HGB is available on the website www.ceconomy.de/en/ under Investor Relations – Publications.

[2] As of 15 December 2023
a) Memberships in other supervisory boards mandated by the law according to Sec. 125 para. 1 sent. 5, alt. 1 AktG
b) Memberships in comparable German and international controlling bodies of business enterprises according to Sec. 125 para. 1 sent. 5, alt. 2 AktG

13 December 2023

The Management Board

Dr Karsten Wildberger	Dr Kai-Ulrich Deissner

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements (Konzernabschluss) and group management report (Konzernlagebericht) of CECONOMY AG, Düsseldorf as of and for the fiscal year ended September 30, 2023. The group management report is neither included nor incorporated by reference in this Offering Memorandum. The independent auditor's report also comprises, in accordance with Section 322 para. 1 sentence 4 German Commercial Code, an assurance reporting in accordance with Section 317 para 3a German report prepared for publication purposes ("ESEF-Report"). The documents prepared in the ESEF format that are subject matter of the ESEF-Report are neither included nor incorporated by reference in this Offering Memorandum. These documents are accessible via the German Federal Gazette (Bundesanzeiger). The above-mentioned independent auditor's report and the consolidated financial statements are both translations of respective German-language documents.

INDEPENDENT AUDITOR'S REPORT

TO CECONOMY AG, DÜSSELDORF

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of CECONOMY AG, Düsseldorf, and its subsidiaries (the Group), which comprise the statement of financial position as at 30 September 2023, the reconciliation from profit or loss to total comprehensive income, the income statement, the statement of changes in equity and the cash flow statement for the financial year from 1 October 2022 to 30 September 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of CECONOMY AG, which is combined with the Company's management report, for the financial year from 1 October 2022 to 30 September 2023. In accordance with the German legal requirements, we have not audited the content of the disclosures marked as unaudited in the sections "Overall statement by the Management Board of CECONOMY AG on CECONOMY's business performance", "Features of the internal control system", "Opportunity and risk report", "Compliance management system" and "Earnings, financial and asset position" of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2023, and of its financial performance for the financial year from 1 October 2022 to 30 September 2023, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the disclosures referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2022 to 30 September 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recoverability of inventories

2. Recognition of compensation from suppliers under receivables

3. Recoverability of leasehold improvements and right-of-use assets

Our presentation of these key audit matters has been structured in each case as follows:

a) Matter and issue

b) Audit approach and findings

c) Reference to further information

Hereinafter we present the key audit matters:

1. RECOVERABILITY OF INVENTORIES

a) In the Company's consolidated financial statements a total of EUR 2,918 million (30 % of total assets) is reported under the "Inventories" consolidated balance sheet item. Inventories are initially recognized at cost in accordance with the average cost method. The carrying amount is reduced by payments from suppliers, which are classified as cost reductions. In addition, incidental acquisition costs are taken into account if they are directly attributable to the acquisition process. At the reporting date, the costs are compared against the net realizable values, which are determined by deducting the directly attributable selling costs to be incurred prior to the sale of the inventories from the sales proceeds expected to be generated. If the net realizable values are lower than the cost of the inventories, their carrying amount is written down by the amount of the difference. The net realizable values are generally determined based on an analysis of days inventory outstanding. The impairment test resulted in a write-down on inventories as of the reporting date amounting to EUR 73 million in total.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the inputs for the analysis of days inventory outstanding and other factors having an influence on value, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b) As part of our audit, we analyzed the impairment testing process and assessed identified internal controls with respect to implementation, appropriateness and effectiveness. Furthermore, we evaluated the key inputs used to calculate net realizable values based on historical data and our understanding of the business. We verified the accuracy of the calculation logic used in the impairment test. We were able to verify that the estimates and assumptions made by the executive directors in connection with the valuation of inventories were sufficiently documented and substantiated.

c) The Company's disclosures relating to the "Inventories" balance sheet item are contained in the "Accounting principles" section of the " Notes to the Group accounting principles and methods" and in note 25 of the notes to the consolidated financial statements.

2. RECOGNITION OF COMPENSATION FROM SUPPLIERS UNDER RECEIVABLES

a) In the Company's consolidated financial statements a total of EUR 1,207 million (13% of total assets) is reported under the "Receivables due from suppliers" consolidated balance sheet item. The Company and its suppliers enter into agreements concerning the subsequent granting of discounts, bonuses, rebates and other compensation. Depending on the type and timing of the payments granted, these agreements have a significant influence on not only the aforementioned balance sheet item but also on the Company's financial performance and the valuation of its inventories. These agreements are complex and require the use of judgments and estimates on the part of the executive directors, particularly in instances where the targets defined in the agreements relate to the calendar year and thus to a period that is different to the Group's financial year. Against this background, this matter was of particular significance in the context of our audit.

b) As part of our audit, we analyzed the process used to determine the compensation and assessed identified internal controls with respect to implementation, appropriateness and effectiveness. We furthermore verified the basis of the data used for selected agreements and assessed the accounting treatment. In addition, we verified the appropriateness of the judgments and estimates used by the executive directors. We also compared the previous year's estimates against the actual figures in order to judge the reliability of past estimates. We were able to verify that the estimates and assumptions made by the executive directors in connection with recognizing the compensation under receivables were sufficiently documented and substantiated.

c) The Company's disclosures relating to the recognition of supplier payments are contained in the "Statement of financial position" section of the "Notes to the Group accounting principles and methods" and relating to the "Receivables due from suppliers" balance sheet item are contained in note 23 of the notes to the consolidated financial statements.

3. RECOVERABILITY OF LEASEHOLD IMPROVEMENTS AND RIGHT-OF-USE ASSETS

a) In the Company's consolidated financial statements, a total of EUR 221 million in leasehold improvements and a total of EUR 1,676 million (17% of total assets) in "right-of-use assets" are reported under the "Other plant, business and office equipment" sub-line item of the "Property, plant and equipment" item in the consolidated balance sheet. The value of these leasehold improvements and right-of-use assets relates primarily to locations used for operating activities. Leasehold improvements and right-of-use assets are tested for impairment by the Company whenever there are indications of impairment to determine any possible need for write-downs. The impairment test takes place at the level of the cash-generating unit, which generally corresponds to the respective location, in accordance with IAS 36. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The present value of the future cash flows from the respective cash-generating unit generally serves as the basis of valuation. Present values are calculated using discounted cash flow models. The multi-year planning for the individual locations forms the starting point for this. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the country-specific weighted average cost of capital for the respective cash-generating unit.

The impairment tests resulted in a write-down on leasehold improvements amounting to EUR 4 million in total. The right-of-use assets were written down by EUR 4 million and EUR 6 million in impairments were reversed.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating unit, the discount rate used, and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b) As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the multi-year business plan for the individual locations, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. With the knowledge that even relatively small changes in the discount rate applied can have a material impact on the recoverable amounts calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. In addition, we verified the extent to which the planning projections from prior financial years deviated from the actual results and analyzed the material deviations.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

c) The Company's disclosures on the "Property, plant and equipment" and "Right-of-use assets" and impairment testing are contained in sections 20 and 21 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information.

The other information comprises the disclosures marked as unaudited in the sections "Overall statement by the Management Board of CECONOMY AG on CECONOMY' s business performance", "Features of the internal control system", "Opportunity and risk report", "Compliance management system" and "Earnings, financial and asset position"of the group management report as unaudited parts of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289 HGB and § 315d HGB
- the separate non-financial group report to comply with §§ 315b to 315c HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. 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 and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 audit opinions. 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 controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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 relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

ASSURANCE OPINION

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file CECONOMYAG_KA+ZLB_ESEF-2023-09-30.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 October 2022 to 30 September 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

BASIS FOR THE ASSURANCE OPINION

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328

Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 22 February 2023. We were engaged by the supervisory board on 3 April 2023. We have been the group auditor of the CECONOMY AG, Düsseldorf, without interruption since the financial year 2022/2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Verena Heineke.

Düsseldorf, 13 December 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Verena Heineke	Christian David Simon
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

13 December 2023

The Management Board

Dr Karsten Wildberger

Dr Kai-Ulrich Deissner

CONSOLIDATED FINANCIAL STATEMENTS

of

CECONOMY AG

for the financial year ended
September 30, 2022

Income statement
for the financial year from 1 October 2021 to 30 September 2022

€ million	Note no.	2020/21	2021/22
Sales	**1**	**21,361**	**21,768**
Cost of sales	2	−17,705	−17,961
Gross profit on sales		**3,656**	**3,808**
Other operating income	3	205	253
Selling expenses	4	−3,136	−3,301
General administrative expenses	5	−538	−613
Other operating expenses	6	−9	−6
Earnings share of operating companies recognized at equity	7	154	−30
Net impairments on operating financial assets and contract assets	8	−5	−5
Earnings before interest and taxes EBIT		**326**	**105**
Other investment result	7	48	13
Interest income	9	14	24
Interest expenses	9	−67	−71
Other financial result	10	−26	−22
Net financial result		**−31**	**−56**
Earnings before taxes EBT		**296**	**49**
Income taxes	12	−53	81
Profit or loss for the period from continuing operations		**243**	**130**
Profit or loss for the period from discontinued operations after taxes		13	0
Profit or loss for the period		**256**	**130**
Profit or loss for the period attributable to non-controlling interests	13	24	4
from continuing operations		(21)	(4)
from discontinued operations		(3)	(0)
Profit or loss for the period attributable to shareholders of CECONOMY AG		232	126
from continuing operations		(222)	(126)
from discontinued operations		(10)	(0)
Undiluted earnings per share in €[1]	**14**	**0.65**	**0.31**
from continuing operations		(0.62)	(0.31)
from discontinued operations		(0.03)	(0.00)
Diluted earnings per share in €[1]	**14**	**0.65**	**0.31**
from continuing operations		(0.62)	(0.31)
from discontinued operations		(0.03)	(0.00)

[1] 485,221,084 ordinary shares issued since 3 June 2022

Reconciliation from profit or loss for the period to total comprehensive income for the financial year from 1 October 2021 to 30 September 2022

€ million	Note no.	2020/21	2021/22
Profit or loss for the period		**256**	**130**
Other comprehensive income			
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	**29**	**34**	**–28**
Remeasurement of defined benefit pension plans	30	22	89
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	22	–2	–165
Subsequent measurement of associates/joint ventures accounted for using the equity method	22	13	7
Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss	24	0	40
Items of other comprehensive income that may be reclassified subsequently to profit or loss	**29**	**–13**	**44**
Currency translation differences from translating the financial statements of foreign operations		–11	44
Subsequent measurement of associates/joint ventures accounted for using the equity method	22	–2	0
Other comprehensive income	**29**	**21**	**15**
Total comprehensive income	**29**	**277**	**146**
Total comprehensive income attributable to non-controlling interests	29	18	–22
Total comprehensive income attributable to shareholders of CECONOMY AG	29	258	167

Statement of financial position as of 30 September 2022
Assets

€ million	Note no.	30/09/2021	30/09/2022
Non-current assets		**3,903**	**3,865**
Goodwill	18	524	524
Other intangible assets	19	125	152
Property, plant and equipment	20	507	541
Right-of-use assets	21	1,933	1,835
Financial assets	22	280	115
Investments accounted for using the equity method	22	425	388
Other financial assets	23	3	2
Other assets	23	8	5
Deferred tax assets	24	99	302
Current assets		**6,764**	**6,134**
Inventories	25	3,111	3,176
Trade receivables and similar claims	26	361	440
Receivables due from suppliers	23	1,142	1,296
Other financial assets	23	276	142
Other assets	23	183	163
Income tax assets		107	147
Cash and cash equivalents	28	1,582	769
		10,667	**9,998**

Equity and liabilities

€ million	Note no.	30/09/2021	30/09/2022
Equity	**29**	**757**	**592**
Share capital		919	1,240
Capital reserve		321	389
Reserves retained from earnings		–527	–1,039
Non-controlling interests		44	2
Non-current liabilities		**2,686**	**2,642**
Provisions for pensions and similar obligations	30	462	332
Other provisions	31	38	43
Borrowings	32, 34	2,109	2,184
Other financial liabilities	32, 35	43	14
Other liabilities	35	5	3
Deferred tax liabilities	24	29	65
Current liabilities		**7,224**	**6,765**
Trade liabilities and similar liabilities	32, 33	5,470	5,340
Provisions	31	108	95
Borrowings	32, 34	756	589
Other financial liabilities	32, 35	420	360
Other liabilities	35	359	309
Income tax liabilities	32	110	72
		10,667	**9,998**

Statement of changes in equity[1] for the financial year from 1 October 2021 to 30 September 2022

€ million	Share capital	Capital reserve	Effective portion of gains/losses from cash flow hedges	Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	Currency translation differences from translating the financial statements of foreign operations	Remeasurement of defined benefit pension plans
01/10/2020	**919**	**321**	**0**	**15**	**−14**	**−306**
Profit or loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	1	−9	22
Total comprehensive income	**0**	**0**	**0**	**1**	**−9**	**22**
Capital increases	0	0	0	0	0	0
Distributions	0	0	0	0	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
30/09 or 01/10/2021	**919**	**321**	**0**	**16**	**−23**	**−284**
First-time application of IAS 29	0	0	0	0	9	0
01/10/2021 adjusted	**919**	**321**	**0**	**16**	**−14**	**−284**
Profit or loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	−137	43	88
Total comprehensive income	**0**	**0**	**0**	**−137**	**43**	**88**
Capital increases	322	67	0	0	0	0
Distributions	0	0	0	0	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	0	−19	−7	−7
Other changes	0	0	0	0	0	0
30/09/2022	**1,240**	**389**	**0**	**−140**	**22**	**−203**

[1] Equity is explained in the notes – note 29 Equity.

Statement of changes in equity[1] for the financial year from 1 October 2021 to 30 September 2022

€ million	Subsequent measurement of associates/joint ventures accounted for using the equity method	Income tax attributable to items of other comprehensive income	Other reserves retained from earnings	Total reserves retained from earnings	Total equity before non-controlling interests	Non-controlling interests	Total equity
01/10/2020	**–222**	**–1**	**–226**	**–753**	**487**	**61**	**548**
Profit or loss for the period	159	0	73	232	232	24	256
Other comprehensive income	11	0	0	26	26	–5	21
Total comprehensive income	**171**	**0**	**73**	**258**	**258**	**18**	**277**
Capital increases	0	0	0	0	0	0	0
Distributions	0	0	–8	–8	–8	–30	–38
Equity transactions with change in equity interest without obtaining/relinquishing control	0	0	–1	–1	–1	0	–1
Other changes	0	2	–25	–23	–23	–6	–30
30/09 or 01/10/2021	**–51**	**2**	**–187**	**–527**	**713**	**44**	**757**
First-time application of IAS 29	0	0	0	9	9	0	9
01/10/2021 adjusted	**–51**	**2**	**–187**	**–518**	**722**	**44**	**766**
Profit or loss for the period	–30	0	156	126	126	4	130
Other comprehensive income	7	40	0	41	41	–26	15
Total comprehensive income	**–23**	**40**	**156**	**167**	**167**	**–22**	**146**
Capital increases	0	0	0	0	389	0	389
Distributions	0	0	–64	–64	–64	–6	–70
Equity transactions with change in equity interest without obtaining/relinquishing control	–6	1	–585	–624	–624	–14	–637
Other changes	–2	0	1	–1	–1	0	–1
30/09/2022	**–81**	**43**	**–679**	**–1,039**	**590**	**2**	**592**

[1] Equity is explained in the notes – note 29 Equity.

Cash flow statement[1]
for the financial year from 1 October 2021 to 30 September 2022

€ million	2020/21	2021/22
EBIT	326	105
Scheduled depreciation/amortization, reversals of impairment losses and impairment on intangible assets, property, plant and equipment, right-of-use assets and impairment losses and reversals of impairment losses on investments accounted for using the equity method	621	761
Change in provisions for pensions and similar obligations	−48	−36
Change in net working capital[2]	−354	−361
Income taxes paid	−104	−134
Reclassification of gains (−)/losses (+) from the disposal of fixed assets	6	2
Other	1	−118
Cash flow from operating activities from continuing operations	**450**	**219**
Cash flow from operating activities from discontinued operations	0	0
Cash flow from operating activities	**450**	**219**
Acquisition of subsidiaries	0	0
Investments in property, plant and equipment	−141	−206
Other investments	−76	−48
Financial investments and securities	−218	−365
Disposals of financial investments and securities	153	515
Disposals of companies	0	−1
Disposal of long-term assets and other disposals	19	40
Cash flow from investing activities from continuing operations	**−263**	**−65**
Cash flow from investing activities from discontinued operations	0	0
Cash flow from investing activities	**−263**	**−65**
Dividends paid	−21	−104
thereof dividends paid to the shareholders of CECONOMY AG	(0)	(−63)
Payment received from capital increase	0	0
Equity transactions with change in equity interest without obtaining/relinquishing control	−1	−132
Redemption of liabilities from put options of non-controlling interests	−7	−26
Proceeds from long-term borrowings	781	255
Redemption of lease liabilities	−503	−498
Redemption of other borrowings	−295	−343
Interest paid	−62	−74
Interest received	14	17
Profit and loss transfers and other financing activities	18	2
Cash flow from financing activities from continuing operations	**−77**	**−905**
Cash flow from financing activities from discontinued operations	0	0
Cash flow from financing activities	**−77**	**−905**
Total cash flows	**110**	**−751**
Currency and inflation effects on cash and cash equivalents	−12	−62
Total change in cash and cash equivalents	**98**	**−813**
Cash and cash equivalents as of 01/10	1,484	1,582
Less cash and cash equivalents recognized in assets in accordance with IFRS 5	0	0
Cash and cash equivalents as of 01/10	**1,484**	**1,582**
Total cash and cash equivalents as of 30/09	1,582	769
Less cash and cash equivalents recognized in assets in accordance with IFRS 5	0	0
Total cash and cash equivalents as of 30/09	**1,582**	**769**

[1] The cash flow statement is explained in the notes – note 39 Notes to the cash flow statement.
[2] Change in net working capital shown from the related statement of financial position items, mainly adjusted for currency effects and effects of the application of IAS 29.

NOTES

Segment reporting[1]

Operating segments

	Continuing operations											
	DACH		Western/ Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY[2]	
€ million	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
External sales (net)	12,003	12,046	7,026	7,158	1,781	2,054	551	510	0	0	21,361	21,768
Internal sales (net)	28	37	3	3	0	0	8	9	−39	−50	0	0
Sales (net)	12,031	12,083	7,028	7,161	1,781	2,054	560	520	−39	−50	21,361	21,768
EBITDA	592	451	290	310	79	93	−13[3]	11[3]	−1	2	948	866
EBITDA adjusted	607	484	313	333	78	77	−21	−14	−1	2	976	882
Scheduled depreciation/amortization and impairment losses	434	411	253	219	56	61	33	70	0	0	775	762
Reversals of impairment losses	4	0	0	1	0	0	150	0	0	0	154	1
EBIT	162	40	37	92	23	31	105[4]	−59[4]	−1	2	326	105
EBIT adjusted	184	77	67	116	22	31	−36	−28	−1	2	237	197
Investments	414	351	271	321	58	78	13	13	0	0	757	762
Non-current segment assets	1,983	1,873	913	974	155	172	474	427	0	0	3,525	3,447
Investments accounted for using the equity method	(0)	(0)	(0)	(0)	(0)	(0)	(425)	(388)	(0)	(0)	(425)	(388)

[1] Segment reporting is explained in the notes – note 40 Segment reporting.
[2] Includes external sales in financial year 2021/22 of €9,801 million (2020/21: €9,739 million) for Germany, of €2,477 million (2020/21: €2,430 million) for Italy, of €2,305 million (2020/21: €2,232 million) for Spain, as well as non-current segment assets as of 30 September 2022 of €1,993 million (30/09/2021: €2,158 million) for Germany, and €387 million (30/09/2021: €343 million) for Italy.
[3] Includes income from operating companies recognized at equity in the Others segment in the amount of €26 million (2020/21: €22 million).
[4] Includes expenses from operating companies recognized at equity in the Others segment in the amount of €30 million (2020/21: income of €154 million).

Notes to the Group accounting principles and methods

Accounting principles

CECONOMY AG is a listed corporation based at Kaistrasse 3, 40221 Düsseldorf, Germany. It is registered at the Düsseldorf District Court under register number HRB 39473. The consolidated financial statements and combined management report are submitted to the operator of the German Federal Gazette and published in the German Federal Gazette. In addition, the components subject to disclosure requirements are also published in electronic reporting format (“ESEF format”) in the German Federal Gazette. The entire annual report is also available online at www.ceconomy.de/en/.

The business purpose comprises trading business of all kinds, especially retail and wholesale of consumer electronics, and the manufacture and development of products for this purpose and all associated activities.

These consolidated financial statements of CECONOMY AG as of 30 September 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS). They apply all accounting standards and interpretations that have been adopted and whose application is mandatory in the European Union as of this date. Compliance with the standards and interpretations ensures that a true and fair view of CECONOMY’s net assets, financial position and earnings position is presented.

This version of the consolidated financial statements complies with Sec. 315e of the German Commercial Code (HGB). This provides the legal basis for Group accounting in accordance with international standards in Germany together with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The date they were signed by the Management Board of CECONOMY AG (8 December 2022) is the same as the date on which the Management Board approved the consolidated financial statements for publication and submission to the Supervisory Board.

These consolidated financial statements are generally based on the historical cost method, with the significant exceptions of financial instruments measured at fair value and financial assets and liabilities measured at their fair values as an underlying transaction within a fair value hedge. Furthermore, non-current assets held for sale, disposal groups and discontinued operations are recognized at fair value less costs to sell if this value is lower than the carrying amount. Liabilities from cash-settled share-based payments are likewise stated at fair value. Moreover, provisions are measured at their expected settlement amount.

The income statement was prepared using the cost-of-sales method.

To enhance clarity and meaningfulness, certain items in the income statement and in the statement of financial position are combined. These items are presented and explained separately in the notes.

The consolidated financial statements were prepared in euros. All amounts are shown in millions of euros (€ million) unless stated otherwise. In order to provide a better overview, decimal places are not shown in the tables in some cases. Figures in the tables may contain rounding differences.

The following sections outline the accounting and measurement methods used to prepare the consolidated financial statements.

Application of new accounting methods

ACCOUNTING STANDARDS APPLIED FOR THE FIRST TIME IN FINANCIAL YEAR 2021/22

The following accounting standards and interpretations revised, supplemented and newly issued by the International Accounting Standards Board (IASB) were applied for the first time in these consolidated financial statements. Their application was mandatory for CECONOMY AG in financial year 2021/22 unless it is stated that they were applied early on a voluntary basis.

IFRS 9/IAS 39/IFRS 7/IFRS 4/IFRS 16

The amendments made to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in connection with the IASB project (Interest Rate Benchmark Reform – Phase 2) provide expedients for the recognition of modifications to contractual cash flows and hedges necessitated by the replacement of existing interest rate benchmarks with alternative risk-free interest rate benchmarks. The amendments do not have any impact on the consolidated financial statements of CECONOMY.

IFRS 16

The relief in IFRS 16 for accounting for COVID–19-related rent concessions has been extended. Previously, the practical relief applied only to payments that according to the original contractual agreement would have been due on or before 30 June 2021. The further amendment of IFRS 16 has now extended this period to payments with an original due date on or before 30 June 2022. This amendment enables lessees to utilize an exemption. As a lessee, CECONOMY therefore does not have to assess whether the COVID–19-related rent concessions, for example in the form of a deferral or waiver of rent/lease payments for a certain period, are lease modifications within the meaning of IFRS 16. CECONOMY has decided not to utilize this option.

Other amendments to IFRS

The amendments to IFRS 4 extend the temporary exemption from applying IFRS 9 for insurance companies by another two years. The effective date of IFRS 17, which will replace IFRS 4, is likewise postponed to annual reporting periods beginning on or after 1 January 2023.

ACCOUNTING STANDARDS THAT HAD BEEN PUBLISHED BUT NOT YET APPLIED IN FINANCIAL YEAR 2021/22

The IASB has issued or revised other accounting standards and interpretations that CECONOMY has not yet implemented in financial year 2021/22 because their application is not yet mandatory or they have not yet been endorsed by the European Commission.

Standard/ interpretation	Title	Start of application as per IFRS[1]	Application at CECONOMY AG from[2]	Approved by EU[3]
IFRS 10/IAS 28	Consolidated Financial Statements/Investments in Associates and Joint Ventures (amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Unknown[4]	Unknown[4]	No
IFRS 17	Insurance Contracts	01/01/2023	01/10/2023	Yes
IAS 1	Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	01/01/2023	01/10/2023	No
IFRS 3	Business Combinations (amendment: Reference to the Conceptual Framework)	01/01/2022	01/10/2022	Yes
IAS 16	Property, Plant and Equipment (clarification: Proceeds before Intended Use)	01/01/2022	01/10/2022	Yes
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendment: Onerous Contracts – Cost of Fulfilling a Contract)	01/01/2022	01/10/2022	Yes
Various	Annual Improvements to IFRS 2018–2020	01/01/2022	01/10/2022	Yes
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01/01/2023	01/10/2023	Yes
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	01/01/2023	01/10/2023	Yes
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	01/01/2023	01/10/2023	Yes
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	01/01/2024	01/10/2024	No

[1] Not including early application
[2] Application only from 1 October due to the financial year's deviation from the calendar; on the condition of EU endorsement
[3] As of 8 December 2022 (date of signature by the Management Board of CECONOMY AG)
[4] First-time application indefinitely postponed by the IASB

According to current estimates, the first-time application of the standards and interpretations listed in the table above and other standards amended in the annual improvements will have no material effects on the Group's net assets, financial position and earnings position.

Consolidated group

In addition to CECONOMY AG, the consolidated financial statements include all companies directly or indirectly controlled by CECONOMY AG, provided these companies are not insignificant for the consolidated financial statements individually or together. Control exists when a majority in the voting rights, the articles of association, a company contract or a contractual agreement enable control to be exercised over the financial and business policy of a company in order to draw a benefit from its activity.

With CECONOMY AG, 408 German (30/09/2021: 420) and 366 international (30/09/2021: 394) companies are included in the consolidated financial statements.

In financial year 2021/22, the consolidation group changed as follows:

As of 01/10/2021	**814**
Disposals	51
Sales	1
Newly founded companies	9
Additions	3
As of 30/09/2022	**774**

The financial years of the vast majority of Group companies included in the consolidated financial statements end – as far as legally permissible – on 30 September. Companies whose financial year ends on a different date are consolidated on the basis of interim financial statements.

Deconsolidated companies are accounted for as Group companies up to the date of their disposal.

The disposals relate to 44 mergers and seven liquidations.

The newly founded companies relate to five companies in Spain, two companies in Austria and one company each in Italy and the Netherlands.

The additions relate to three companies in Greece.

One subsidiary (30/09/2021: one subsidiary) is not fully consolidated for reasons of materiality. Instead, it is carried at cost and recognized under financial investments.

STRUCTURED ENTITIES

CECONOMY held no interests in structured entities as of the closing date or the previous year's closing date.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

One associate (30/09/2021: one associate and one joint venture) is included in the consolidated financial statements using the equity method.

NON-CONTROLLING INTERESTS

There were no material non-controlling interests as of 30 September 2022.

Following the completed transaction with a non-controlling shareholder, minority interests of €14 million were derecognized via reserves retained from earnings.

A capital increase of €389 million (of which share capital of €322 million and capital reserve of €67 million), a convertible bond of €123 million (of which an equity interest of €9 million recognized in the capital reserve) and cash of €130 million served as consideration for the acquisition of these minority interests. In addition, incurred transaction costs of €3 million were recognized as a reduction of the capital reserve. Overall, the consideration reduced reserves retained from earnings by €633 million. In reserves retained from earnings, the recognition of deferred tax assets as a synergy from the transaction of €236 million and the derecognition of the acquired minority interests of €14 million had the opposite effect. For the first time, the transaction enabled the use of available loss carry-forwards and the capitalization of temporary differences at the level of CECONOMY AG.

In financial year 2020/21, there were material non-controlling interests at the level of the subgroup holding company MSH, Ingolstadt, in particular, with a share of 21.62 per cent. There were also other small non-controlling interests in the subgroup, which are included in the following disclosures. The following information relates to the subgroup level.

In the previous year, non-controlling interests in equity amounted to €44 million. Distributions of €30 million were made in the previous year. In financial year 2020/21, sales generated at subgroup level amounted to €21,361 million. Non-controlling interests in profit or loss for the period from continuing operations amounted to €21 million in financial year 2020/21.

The following disclosures on assets and liabilities include consolidations at subgroup level determined at 30 September 2021, but not the consolidations at Group level. As of 30 September 2021, non-current assets amounted to €3,141 million, current assets to €6,023 million, non-current liabilities to €1,699 million and current liabilities to €7,018 million.

↗ An overview of all material Group companies can be found under note 52 Overview of material fully consolidated Group companies. In addition, a full list of all Group companies and associates in accordance with Sec. 313 HGB is available on the website www.ceconomy.de/en/ under Investor Relations – Publications.

Consolidation principles

The financial statements of the domestic and international subsidiaries including in consolidation are prepared in accordance with IFRS 10 (Consolidated Financial Statements) using uniform accounting and measurement methods.

If the local financial years of consolidated subsidiaries do not end on CECONOMY AG's closing date of 30 September, interim financial statements were prepared for the purposes of IFRS consolidation. Subsidiaries are fully consolidated if they are material for the presentation of a true and fair view of the net assets, financial position and earnings position.

Capital consolidation follows the purchase method in accordance with IFRS 3 (Business Combinations). In the case of business combinations, the carrying amounts of the investments are set off against the revalued pro rata equity of the subsidiaries at the date of the acquisition. Positive differences remaining after the disclosure of hidden reserves and hidden burdens are capitalized as goodwill. Goodwill is tested for impairment once a year and during the year if there are indications of impairment. If the carrying amount of an entity to which goodwill has been allocated exceeds the recoverable amount, the goodwill is written down by the difference. Recoverable amount is the higher of value in use and fair value less costs to sell.

In the case of company acquisitions, the hidden reserves and hidden burdens attributable to non-controlling interests are also disclosed and shown in equity under "Non-controlling interests". CECONOMY does not make use of the option to recognize goodwill attributable to non-controlling interests. In accordance with IFRS 3, negative differences from a business combination are recognized through profit or loss after allocation of hidden reserves and hidden burdens, and a repeated review in the period in which the combination took place.

Acquisitions of additional interests in companies in which control has already been obtained are booked as equity transactions. Therefore, no adjustments are made to the fair value of the assets and liabilities and no gains or losses are recognized. A difference between the costs of the additional interest and the carrying amount of the net assets as of the acquisition date is directly set off against the capital attributable to the acquirer.

Investments in associates and joint ventures are accounted for using the equity method, with existing goodwill included in the amount capitalized for investments. The recognition of earnings from investments in associates, joint ventures and joint operations in the income statement depends on whether the investee conducts operating or non-operating activities. Operating activities include both the retail/wholesale business and support activities (e.g. leasing/letting commercial properties, purchasing, logistics). Earnings from operating associates, joint ventures and joint operations are included in operating EBIT, earnings from non-operating entities in the net financial result. Any deviating accounting and measurement methods in the financial statements of companies accounted for using the equity method are retained, provided they do not run significantly counter to CECONOMY's Group-wide accounting and measurement methods.

Intra-Group profits and losses are eliminated. Sales, expenses, income, receivables and liabilities between consolidated Group companies, and provisions are consolidated. Intercompany profits in non-current assets and inventories from intra-Group trading are eliminated if not immaterial. Deferred taxes are recognized on consolidation procedures in accordance with IAS 12 (Income Taxes).

Unrealized gains from transactions with entities accounted for using the equity method are offset against the investment in the amount of the Group's share in the investee.

An increase and reduction in interest in subsidiaries must be presented in reserves retained from earnings as an equity transaction through other comprehensive income, as long as the parent company retains control. If a reduction or complete disposal of the interests results in the loss of control, the full consolidation of the subsidiary is ended as of the date on which the parent company loses the possibility of control. All previously fully consolidated assets, liabilities and equity items are derecognized at amortized Group carrying amounts. The interests disposed of are deconsolidated according to the general rules for deconsolidation. If there are remaining residual shares, they are recognized at fair value as a financial instrument according to IFRS 9 or as an associate measured according to the equity method according to IAS 28.

Currency translation

FOREIGN CURRENCY TRANSACTIONS

In the subsidiaries' separate financial statements, foreign currency transactions are measured at the exchange rate as of the date of the transaction. As of the closing date, monetary assets and liabilities in foreign currency are measured at the exchange rate as of closing date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Gains and losses from exchange rate fluctuations before the closing date are recognized through profit or loss. Currency translation differences from receivables and liabilities in foreign currency that are deemed a net investment in a foreign operation and from equity instruments held for sale and qualified cash flow hedges are recognized through other comprehensive income in reserves retained from earnings.

FOREIGN OPERATIONS

In accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), the annual financial statements of foreign subsidiaries are translated into euros in keeping with the functional currency concept. Functional currency is the currency of the primary economic environment in which the subsidiary operates. The consolidated companies generally conduct their businesses independently in financial, economic and organizational terms, so the functional currency is usually their respective local currency. The assets and liabilities are therefore translated at the exchange rate as of closing date. Income statement items are translated at the average exchange rate during the financial year. Differences from the translation of financial statements of foreign subsidiaries are recognized through other comprehensive income and shown separately in reserves retained from earnings. If the foreign subsidiary is not fully owned by the parent company, the corresponding portion of the currency translation differences is allocated to the non-controlling interests.

In the year of disposal or at the date of closure of the business of a foreign subsidiary, currency translation differences are reversed through profit or loss via the net financial result. In the case of partial disposal without loss of control opportunity of a foreign subsidiary, the corresponding portion of the cumulative currency translation differences is allocated to the non-controlling interests. If foreign associates or jointly controlled entities are partially sold without loss of significant influence or joint control, the corresponding portion of the cumulative currency translation differences is recognized through profit or loss.

In financial year 2021/22, a functional currency of a consolidated company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies) for the first time, namely the Turkish lira.

In April 2022, Turkey was classified as a hyperinflationary economy. This change is effective for reporting periods ending on or after 30 June 2022. The assessment, which was based on quantitative and qualitative criteria, resulted in particular from the fact that cumulative inflation in Turkey over the past three calendar years had risen to over 100 per cent in the first quarter of calendar year 2022 and continues to increase (cf. data from the statistical office of the European Union (Eurostat) on the harmonized consumer price index).

IAS 29 stipulates that, on first-time application of the accounting standard, the functional currency of the hyperinflationary economy must be treated as if the economy concerned had always been hyperinflationary (retrospective application). CECONOMY therefore applies IAS 29 to its subsidiary in Turkey for the first time with retroactive effect as of 1 October 2021. However, the previous year’s figures themselves not been restated.

IAS 29 aims to determine the change in purchasing power caused by the hyperinflation and to restate the non-monetary assets, liabilities, equity and income statement of the Group in terms of the measuring unit current at the closing date. Under IAS 29, monetary items do not need to be restated as they already are stated in terms of the measuring unit current at the closing date.

In order to determine the change in purchasing power, data from the statistical office of the European Union (Eurostat) on the harmonized consumer price index for Turkey was used (CPI basis 2015 = 100). The harmonized consumer price index was 218.71 basis points as of 30 September 2021 and increased to 401.10 basis points as of 30 September 2022.

All items of the statement of financial position and the income statement are translated into the Group’s presentation currency in accordance with IAS 21 only after the items concerned have been indexed. In both cases, the exchange rate as of the closing date is used for the translation. The exchange rate as of the closing date on 30 September 2022 was applied at TRY 18.0841 per EUR.

In connection with the first-time application of IAS 29, all items of the statement of financial position except for reserves retained from earnings are translated on the basis of the consumer price index as of 30 September 2021 as if Turkey had always been a hyperinflationary economy. This resulted in a positive catch-up effect of around €9 million, which was recognized in equity through other comprehensive income in the currency translation differences from translating the financial statements of foreign operations. The positive translation effects from the subsequent measurement of other comprehensive income were recognized through other comprehensive income as currency translation differences of around €14 million.

For better representation, CECONOMY has decided to show the following effects in the currency reserve: (a) the adjustment of the financial statements/equity on application of the relevant price index and (b) the effects of the currency translation of the underlying financial statements in euros at the exchange rate as of the closing date.

The effects of the indexing of non-monetary assets and liabilities, equity and the items of the statement of comprehensive income in the past financial year 2021/22 are shown under “gain on the net monetary position”. A total gain on the net monetary position of €65 million was recognized, which primarily resulted from restatements of operating items. For better representation of operating profitability, this was recognized in other operating income as a counter-position to the negative effects in the operating earnings (€–56 million). In addition, the higher indexed values of the property, plant and equipment, right-of-use assets and inventories also result in increases in depreciation, amortization and cost of sales. Overall, the application of IAS 29 had a positive effect of approximately €9 million in EBIT.

The items of the cash flow statement are likewise indexed. The effects of the indexing of cash are shown under "currency and inflation effects on cash and cash equivalents".

For the currencies of the most important countries for CECONOMY that are not members of the European Monetary Union, currency translation was based on the following exchange rates:

		Average rate per €		Closing rate per €	
		2020/21	2021/22	30/09/2021	30/09/2022
Pound sterling	GBP	0.87384	0.84711	0.86053	0.88300
Hong Kong dollar	HKD	9.28025	8.48381	9.01840	7.65210
Norwegian krone	NOK	10.36198	9.99366	10.16500	10.58380
Polish złoty	PLN	4.53714	4.65803	4.61970	4.84830
Russian rouble	RUB	89.14979	78.73291	84.33910	58.66830
Swedish krona	SEK	10.18182	10.42183	10.16830	10.89930
Swiss franc	CHF	1.08737	1.02270	1.08300	0.95610
Turkish lira	TRY	9.62548	15.84158	10.29810	18.08410
Hungarian forint	HUF	357.56318	379.38342	360.19000	422.18000

Sources: European Central Bank, Bloomberg

Income statement

RECOGNITION OF INCOME AND EXPENSES

CECONOMY sells a large number of standard products to customers. These customers are primarily end consumers.

When determining the timing of sales recognition, a distinction is generally drawn between four cases:

- In-store product business: sales from product sales are recognized at a point in time when control is transferred. As a rule, control is transferred at the point in time when the product is handed over to the customer and payment by the customer occurs at the same time.

- Online sales: sales are recognized at the time of the expected delivery of the product to the customer and this is not subject to significant judgements.

- Sale of services (over time): if the services constitute a separate performance obligation over time according to IFRS 15, sales are recognized over time as the performance obligation is satisfied. This applies in particular to the sale of extended warranties – for which CECONOMY acts as principal. Here, sales are recognized over the entire warranty period, comprising the statutory warranty period and the periods exceeding the statutory warranty period because uniform services in addition to the statutory warranty are provided over the entire term.

- Sale of services (at a point in time): if the services constitute a separate performance obligation at a point in time according to IFRS 15, sales are recognized on conclusion of the performance obligation. This particularly applies to the installation and delivery of products, marketing services (retail media) and commission for brokering contracts.

Obligations from the return of products are carried as a refund liability. For cases of expected returns, sales are recognized only for those products that are not expected to be returned. The estimate takes account of these to the extent that a significant reversal of sales is highly unlikely to occur as a result of the estimate.

When accounting for the sale of a subsidized device in connection with the brokerage of a service contract, two performance obligations are identified: sale of the device and performance of the service (brokerage of the mobile phone contract). To identify the respective transaction prices of the contract components, they are allocated on the basis of the relative stand-alone selling prices. There is an observable market price for the device. The brokerage commission is estimated according to the cost-plus margin approach. Both performance obligations are satisfied at the time of handover to the customer. As a result, the sales are recognized at a point in time.

CECONOMY exercises the option under IFRS 15.94 to recognize the costs to obtain and fulfil a contract directly as an expense if recognition as an asset would result in an amortization period of one year or less.

In addition, CECONOMY uses the practical expedient in accordance with IFRS 15.63 for financing components that allows the effects of a financing component not to be recognized if the period between the transfer of goods or services and the payment by the customer is one year or less.

Government grants are recognized if it is guaranteed with sufficient certainty that the eligibility criteria are met and the grants will actually be received. Grants that are performance-based and attributable to future periods are recognized on an accrual basis according to the associated expenses. Performance-based grants already received for subsequent periods are deferred and released pro rata in the subsequent periods. Grants for which the entitled beneficiary is the employee are shown as a transitory item.

Operating expenses are recognized on utilization of the service or when incurred.

The **net financial result** primarily comprises the other investment result, interest and currency effects. Interest is recognized as income or expense on an accrual basis, applying the effective interest method as appropriate. Interest expense on borrowings attributable directly to the acquisition or production of a qualifying asset is not recognized in profit or loss but instead must be capitalized as part of the cost of that asset in accordance with IAS 23 (Borrowing Costs). Distributions are recognized through profit or loss when the legal claim to payment is established.

INCOME TAXES

Income taxes relate to current and deferred income taxes. They are recognized through profit or loss unless they are associated with business combinations or items recognized directly in equity or through other comprehensive income.

Statement of financial position

GOODWILL

Goodwill is capitalized in accordance with IFRS 3 (Business Combinations). Goodwill resulting from a business combination is allocated to the group of cash-generating units that benefits from the synergies of the combination. A cash-generating unit is defined by IAS 36 (Impairment of Assets) as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

On the basis of the provisions of IFRS 3 in conjunction with IAS 36, goodwill is tested for impairment annually as of the closing date. This test is performed at the level of a group of cash-generating units. At CECONOMY, this group is usually each country's organizational unit.

The capitalized goodwill is regularly tested for impairment once a year and during the year if there are indications of impairment. If impairment is found, it is recognized through profit or loss. To determine potential impairment, the recoverable amount of a group of cash-generating units is compared to the sum of the carrying amounts. Recoverable amount is the higher of value in use and fair value less costs to sell. The goodwill allocated to a group of cash-generating units is only impaired if the recoverable amount is smaller than the sum of the carrying amounts. Impairment is not reversed if the reasons for impairment recognized in previous periods cease to apply.

OTHER INTANGIBLE ASSETS

Purchased other intangible assets are carried at cost. **Internally generated intangible assets** are capitalized at development cost in accordance with IAS 38 (Intangible Assets). However, the costs of the research phase are not capitalized but recognized as an expense. Cost includes all costs directly attributable to development. This can include the following costs:

Direct costs	Direct material costs
	Direct production costs
	Special direct production costs
Overhead (directly attributable)	Material overhead
	Production overhead
	Amortization
	Amortization Development-related administrative costs

Borrowing costs are included in the calculation of cost only if they relate to a qualifying asset in accordance with IAS 23 (Borrowing Costs). A qualifying asset is a non-financial asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other intangible assets with a finite useful life are subsequently measured according to the cost model. The revaluation option is not exercised. All other intangible assets at CECONOMY with a finite useful life are subject to straight-line amortization. Capitalized internally generated and purchased software and similar intangible assets are amortized over a term of up to ten years. Licences are generally amortized over their term. These intangible assets are tested for impairment at every closing date. Impairment is recognized if the recoverable amount is less than the amortized cost. If the asset does not generate cash inflows that are largely independent of other assets or groups, the impairment test is performed at the level of the respective cash-generating unit or group of cash-generating units. The carrying amount of the cash-generating unit is compared with its recoverable amount. If the reasons for impairment recognized in previous periods cease to apply, impairment is reversed to amortized cost.

Other intangible assets with an indefinite useful life are not amortized but tested for impairment at least once a year. Impairment or reversals of impairment are recognized through profit or loss according to the cost principle.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost in accordance with IAS 16 (Property, Plant and Equipment). The cost of internally generated assets includes direct costs and directly attributable overhead. Borrowing costs are capitalized as part of cost only for qualifying assets. **Investment grants** received are recognized in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) by reducing the cost of the corresponding asset by the amount of the grant. The grants are not recognized as deferred income. **Asset retirement obligations** are included in cost at the discounted settlement amount. Subsequent costs of property, plant and equipment are only additionally capitalized if they result in a higher future economic benefit for CECONOMY.

Property, plant and equipment are subject exclusively to straight-line depreciation using the cost model according to IAS 16.30. The optional revaluation model in accordance with IAS 16.31 is not applied. The useful lives on which the depreciation is based fall within the following ranges, which are standardized throughout the Group:

Buildings	33 to 50 years
Leasehold improvements	15 years or shorter lease term
Business and office equipment	3 to 15 years

Capitalized asset retirement costs are written down proportionately over the useful life of the asset.

If there are indications of impairment of property, plant and equipment, an impairment test is carried out in accordance with IAS 36. Impairment is recognized on the property, plant and equipment if the recoverable amount is less than the amortized cost. If the asset does not generate cash inflows that are largely independent of other assets or groups, the impairment test is performed at the level of the respective cash-generating unit or group of cash-generating units. The carrying amount of the cash-generating unit is compared with its recoverable amount.

If the reasons for impairment cease to exist, the impairment is reversed to amortized cost.

LEASES

CECONOMY accounts for all leases as the lessee using the standardized right-of-use approach under IFRS 16. Under this approach, a liability is recognized for each lease that is equal to the present value of the future lease payments. Lease payments comprise the sum of all fixed lease payments less incentives for the conclusion of the lease and plus all variable lease payments that depend on an index or a rate. Variable payments that constitute fixed payments in substance and amounts expected to be payable under residual value guarantees are also included. Lease payments based on purchase price options and extension options are included if the lessee is reasonably certain to exercise them. Contractually agreed penalties for prematurely terminating the lease are also recognized, if it can be assumed that the lessee will terminate the lease prematurely. With the exception of real estate leasing, the fee is not divided into a lease component and a non-lease component. Variable lease payments are recognized as rental expenses.

On 31 March 2021, the IASB extended the temporary amendment regarding COVID–19-related rent concessions by one year. It exempts lessees from the obligation to assess whether a rent concession meets the definition of a lease modification in accordance with IFRS 16. This rent concession must have been granted to the lessee in connection with the COVID-19 pandemic. CECONOMY has decided not to apply this optional relief.

In principle, the lease must be measured using the interest rate implicit in the lease. If CECONOMY cannot determine this rate, the incremental borrowing rate is used. Over the term of the lease, the lease is subsequently measured at amortized cost using the effective interest method. The liability must be remeasured in the event of changes to calculation parameters, such as the lease term, the assessment of an extension option or purchase option or the expected lease payments.

The corresponding right-of-use asset is capitalized in the amount of the lease liability, including lease payments already made and directly attributable costs. Payments received from the lessor in connection with the lease are deducted. The measurement also takes restoration obligations from leases into account.

The right-of-use asset is measured at amortized cost in accordance with IAS 16 (Property, Plant and Equipment). According to this, the right-of-use asset is depreciated over the shorter of the expected useful life and the lease term. However, if it is already reasonably certain at the commencement of the lease that ownership will transfer to the lessee, it is depreciated over the expected useful life of the underlying asset. If there are indications that a right-of-use asset is impaired, IAS 36 (Impairment of Assets) is applied.

Remeasurement of the lease liability to reflect changes to the lease payments results in a corresponding adjustment at fair value to the right-of-use asset. Negative adjustments in excess of the carrying amount are recognized immediately through profit or loss.

CECONOMY has decided to recognize the leases relevant under IFRS 16 in a special data management and analysis system. This ensures that the leases are accounted for and measured in accordance with the requirements of IFRS 16 and that analysis is possible at all times.

The right-of-use approach is not applied to short-term leases (terms of no more than twelve months) or to low-value assets. Low-value assets are components of leases that, taken individually, are immaterial for the company's business activities. Instead, lease payments for short-term leases and leases of low-value assets are recognized as rental expenses.

In the case of sale-and-lease-back transactions, CECONOMY initially assesses whether a sale has actually taken place in accordance with IFRS 15. If this is the case, a right-of-use asset is recognized at the proportion of the carrying amount of the asset that relates to the retained right of use. Any gain on disposal is recognized in the amount of the proportion transferred to the lessor. If there is no sale, the transaction is treated as financing, without a disposal of the asset.

Leases for which CECONOMY is the lessor are classified as operating and finance leases. For operating leases, CECONOMY, as the lessor, continues to recognize an asset and reports the lease payments as rental income. For finance leases, CECONOMY recognizes a receivable for the lease payments (net investment). The lease receivable is measured using the simplified approach according to IFRS 9 (Financial Instruments). The lease payments made are divided into an interest portion and a redemption portion in accordance with the effective interest method.

CONTRACT ASSETS

Contract assets are reported under the "trade receivables and similar claims" balance sheet item. A contract asset represents the right to consideration in the form of payment from the customer if goods or services have been transferred to the customer but the right to consideration still depends on other factors such as the passage of time.

At CECONOMY, contract assets primarily arise from variable commission claims, e.g. from the brokerage of mobile phone contracts that are still linked to certain conditions. To calculate impairment on contract assets, CECONOMY applies the simplified approach according to IFRS 9 (Financial Instruments).

OTHER ASSETS

This means other receivables and assets, such as other entitlements to tax refunds. Prepaid expenses and deferred charges include transitory accruals.

FINANCIAL INSTRUMENTS

Unless they relate to **associates** as defined by IAS 28 (Investments in Associates and Joint Ventures) or **joint ventures** according to IFRS 11 (Joint Arrangements), **financial assets** are recognized according to the measurement categories described below.

Transaction costs are included in all categories apart from "financial assets measured at fair value through profit or loss". They are always recognized as of the trade date. Trade receivables without a significant financing component are initially recognized at the transaction price.

Financial instruments are subsequently measured at either amortized cost or fair value, depending on their allocation to the measurement categories described below.

Financial assets are derecognized if the contractual rights to cash flows from the item are terminated or expired or the financial asset is transferred. In addition, financial assets are derecognized if substantially all the risks and rewards of ownership are neither transferred nor retained and control of the transferred financial asset is not retained. There is no full disposal if substantially all the risks and rewards of ownership are neither transferred nor retained and control of the receivables remains with CECONOMY. In this case, only a partial disposal of the receivables in recognized, taking the remaining continuing involvement into account. A financial liability is only derecognized if it is extinguished, i.e. when the obligations specified in the contract are settled, cancelled or expired.

Financial assets measured at amortized cost

All debt instruments that are held as financial assets to maturity or for which the objective is to realize contractual cash flows ("hold" business model) are measured at amortized cost. In addition, it is necessary that these financial instruments meet the SPPI (solely payments of principal and interest) criterion. The SPPI criterion is met if the contractual cash flows are solely unmodified and unleveraged payments of principal and interest on the principal amount outstanding.

For financial assets measured at amortized cost, impairment must be recognized for expected and incurred credit losses. A distinction is drawn here between the general and the simplified approach. CECONOMY applies the **general approach** unless there is voluntary measurement according to the simplified approach (see below). The impairment is recognized in three stages. Financial instruments whose credit risk has not significantly increased since initial recognition are recognized in stage 1. Cash and cash equivalents are not impaired on grounds of materiality.

On this basis, the impairment is measured at an amount equal to twelve-month expected credit losses. In stage 2, impairment is recognized at an amount equal to the expected credit losses over the lifetime of the financial instrument if the credit risk has significantly increased. Stage 3 relates to incurred losses, which are explained below. The general approach is applied in particular to receivables due from suppliers.

For the following items, the asset is impaired using the **simplified approach**: trade receivables, contract assets in accordance with IFRS 15 and lease receivables. An impairment matrix is created for each region (DACH, Western/Southern Europe, Eastern Europe and Others) for the calculation and recognition of expected credit losses. This recognizes the expected credit losses over the lifetime of the financial instrument. It is based on the receivables for which specific bad debt allowances have not yet been recognized. An individual rating is used to calculate the expected credit losses for trade receivables and contract assets due from providers.

At each closing date, financial assets are examined for substantial objective evidence of impairment (incurred credit losses). This evidence includes, for example, delays or defaults in principal or interest payments and significant financial difficulties on the part of the issuer or debtor. If such evidence exists, the amount of the impairment is calculated as the difference between the carrying amount of the asset and the present value of the (still) expected future cash flows. The effective interest rate previously used is used as the discount rate for the expected future cash flows. A specific bad debt allowance must always be recognized for financial assets with loss events.

Within CECONOMY, it is essentially the following financial assets that come under the "hold" business model:

- Loans.

- Trade receivables.

- Receivables due from suppliers: depending on the underlying circumstance, receivables due from suppliers are recognized as a reduction in cost, reimbursement or payment for services rendered. Supplier compensation is recognized on an accrual basis, provided it is contractually agreed and realization is likely. The accruals are based on projections, provided the supplier compensation is regularly tied to certain calendar year targets.

- Cash and cash equivalents: cash and cash equivalents include cheques, cash on hand, bank deposits and other financial assets that can quickly be converted into cash, such as available balances in lawyer trust accounts, money market funds or money in transit with an original term of up to three months. They are measured at their nominal values.

- Securities, provided the defined conditions are met.

Financial assets measured at fair value through other comprehensive income with recycling
This measurement category includes all debt instruments contained within a portfolio for which there are two parallel objectives: firstly, to hold them to maturity and generate contractual cash flows and secondly, to sell the instruments before maturity ("hold and sell" business model).

These financial assets are subsequently measured at fair value, while changes in fair value are recognized through other comprehensive income. This does not include impairment gains and losses or gains and losses from currency translation until the financial asset is derecognized or reclassified.

Within CECONOMY, the following financial assets generally come under the "hold and sell" business model:

- Securities that are part of the liquidity reserve and are sold before maturity if liquidity is required.

Financial assets measured at fair value through other comprehensive income without recycling
Non-derivative equity instruments that are not held for trading can optionally be recognized in this measurement category. The gains and losses associated with the instrument are recognized in other comprehensive income. The amounts recognized in other comprehensive income are never (neither on derecognition nor in the event of impairment) reclassified to the income statement.

The following financial assets can in general be assigned to this category at CECONOMY:

- Investments in corporations.

- Securities, provided they meet the equity definition.

Financial assets measured at fair value through profit or loss
This measurement category, under which measurement is at fair value through profit or loss, comprises the following items:

- Debt instruments that are held in a portfolio with the objective of selling the instruments before maturity ("sell" business model) and that do not meet the SPPI criterion are measured at fair value through profit or loss. At CECONOMY, these include trade receivables if part of a correspondingly structured factoring or similar programme.

- Derivative financial instruments, provided they are not in an effective hedge.

- Equity instruments for which there is an intention to sell or for which there is no intention to sell and no optional allocation to the "measured at fair value through other comprehensive income without recycling" category.

Liabilities measured at amortized cost
All financial liabilities that are not measured at fair value through profit or loss (see below) must be measured at amortized cost. This measurement category primarily includes bond liabilities, liabilities to banks, liabilities from promissory notes, notes payable and trade liabilities.

Liabilities measured at fair value through profit or loss
The following financial liabilities, which are held for trading, are measured at fair value through profit or loss:

- Financial liabilities that were entered into with a short-term repurchase intention or that on initial recognition are part of a portfolio of clearly identifiable financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

- Derivative financial liabilities, provided they are not part of an effective hedge.

- Liabilities arising on the transfer of a financial asset that does not meet the criteria for disposal or is recognized according to the continuing involvement approach.

The fair value option is not exercised at CECONOMY, so there is no voluntary allocation of other financial liabilities to the category of financial instruments measured at fair value through profit or loss.

Compound financial instruments
Compound financial instruments issued by the Group include convertible bonds in euros, which the holder can choose to convert into equity interests provided the number of shares to be issued is set and does not change due to changes in fair value.

On initial recognition, the debt component of the compound financial instrument is recognized at the fair value of a similar liability that does not contain an option for conversion into equity. The equity component is recognized on initial recognition as the difference between the fair value of the compound financial instrument and the fair value of the debt component. Directly attributable transaction costs are to be allocated in the ratio of the carrying amounts of the debt and equity components of the financial instrument at the date of initial recognition.

The debt component of the compound financial instrument is subsequently measured at amortized cost using the effective interest method. The equity component of the compound financial instrument continues to be carried at the figure recognized on initial recognition.

Interest in connection with the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity without affecting profit or loss.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
In accordance with IAS 28, an investee is considered an associate if it is not a subsidiary but significant influence can be exercised over its financial and operating policies. Investments in associates are accounted for using the equity method in accordance with IAS 28. The carrying amounts of investments accounted for using the equity method are increased or decreased by pro rata earnings, distributions or other changes in equity on a quarterly basis. In the event of indications of a lower value of an investment, an impairment test is performed and, if necessary, impairment recognized through profit or loss. If the reasons for the impairment cease to apply, the impairment is reversed to the newly identified recoverable amount, but by no more than the previous impairment.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES
Deferred tax assets and deferred tax liabilities are determined in compliance with IAS 12 (Income Taxes) according to the concept of the balance sheet liability method. Deferred taxes result from temporary differences between the carrying amounts stated in the consolidated financial statements and the tax bases of assets and liabilities. Deferred tax assets are also recognized for tax loss and interest carry-forwards not yet used.

Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable income for the realization of the corresponding benefit will be generated in the future.

Deferred tax assets and deferred tax liabilities are offset if the income tax claims and liabilities are from/to the same tax authority and relate to the same tax subject or a group of different tax subjects that are assessed jointly for income tax purposes. Deferred tax assets are reassessed at every closing date and adjusted if necessary.

Deferred taxes are calculated on the basis of the tax rates expected in the individual countries on the date of realization. These are generally based on the statutory regulations in force or already enacted as of the closing date.

The assessment of deferred taxes reflects the tax consequences resulting from CECONOMY's expectations regarding the manner of recovery of the carrying amounts of its assets and fulfilment of its liabilities as of the closing date.

INVENTORIES

Merchandise accounted for as inventories is measured at cost in accordance with IAS 2 (Inventories). Cost is determined using the weighted average cost method. Supplier compensation classified as a reduction in cost reduces the carrying amount of inventories. Both internal and external costs are recognized as acquisition-related costs if they are directly attributable to the acquisition process.

Merchandise is measured on the closing date at the lower of cost and net realizable value. Individual deductions are recognized on merchandise if the net realizable value is lower than the carrying amount. Net realizable value is the expected recoverable sale proceeds less the directly attributable selling expenses still to be incurred up to the time of the sale. The IFRIC clarified in an agenda decision in 2021 that the provisions of IAS 2 do not allow an entity to limit directly attributable selling expenses still to be incurred to incremental costs. Against this backdrop, the procurement and selling process was subjected to an indicative, holistic analysis, which considered both qualitative and quantitative aspects. The analysis was refined in financial year 2021/22, which resulted in no material measurement effect.

If the reasons that resulted in impairment of merchandise no longer exist, the impairment is reversed accordingly.

As CECONOMY's inventories are never qualifying assets, interest expense on borrowings attributable to inventories is not capitalized in accordance with IAS 23 (Borrowing Costs).

The sub-item **"Assets for products to be returned (right of return)"** takes account of a customer's right of return. When products with a right of return are sold, sales are recognized only in the amount of the consideration to which the company is expected to be entitled. Therefore, the proportion of products that the company expects to be returned must be estimated and not included in the calculation of the transaction price.

INCOME TAX ASSETS AND LIABILITIES

The recognized income tax assets and liabilities relate to domestic and foreign income taxes for 2021/22 and from previous years. They are determined in accordance with the tax provisions of the country in question.

The calculation of income tax liabilities also includes the effects of tax risks. The assumptions and estimates on which these risks are based are regularly reviewed and accounted for in the tax calculation.

NON-CURRENT ASSETS HELD FOR SALE, LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets are classified as **non-current assets held for sale** pursuant to IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) if the associated carrying amount is primarily to be realized through sale and not through continued use. A sale must be planned and achievable with high probability within the next twelve months. Immediately before the initial classification as held for sale, the carrying amounts of the asset must be measured in accordance with applicable IFRS. In the event of reclassification, the asset is recognized at the lower of carrying amount and fair value less cost to sell and presented separately in the statement of financial position. Liabilities related to assets held for sale are likewise shown separately in the statement of financial position.

In accordance with IFRS 5, a **discontinued operation** is recognized as such if it is held for sale or has already been sold. An operation is a component of an entity that represents either a separate major line of business or a geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Immediately before the initial classification as held for sale, the carrying amounts of the component must be measured in accordance with applicable IFRS. In the event of reclassification, the discontinued operation is carried at the lower of carrying amount and fair value less cost to sell. In the income statement, statement of financial position, cash flow statement and segment reporting, discontinued operations are presented separately and explained in the notes. The previous year's figures – with the exception of the statement of financial position – are adjusted accordingly. Intra-Group relationships with discontinued operations are not recognized in the statement of financial position up to the date of deconsolidation. In the income statement, trade relationships between continuing and discontinued operations are shown as expenses/income within continuing operations if the trade relationships continue after deconsolidation.

EMPLOYEE BENEFITS

Employee benefits include:

- Short-term employee benefits

– Post-employment benefits

– Obligations similar to pensions

– Termination benefits

– Share-based payments

Short-term employee benefits include, for example, wages, salaries, social security contributions, paid annual leave, and paid sick leave and are recognized as liabilities at the repayment amount as soon as the associated work is performed.

Post-employment benefits are paid in connection with either a defined contribution or a defined benefit plan. For **defined contribution plans**, the periodic contribution obligation to the external pension provider is recognized as a pension expense as the same time as the work is performed. Missed or advance payments to the pension provider are recognized as a liability or a receivable, respectively. Liabilities with a maturity of over twelve months are discounted.

The actuarial calculation of pension provisions for post-employment benefit plans as part of a **defined benefit plan** is effected in accordance with the projected unit credit method stipulated by IAS 19 (Employee Benefits) on the basis of actuarial opinions. This benefit/years of service method uses biometric data and takes both the pensions and earned entitlements known at the closing date and the expected future increases in salaries and pensions into account. If the calculated performance obligation or the fair value of plan assets increases or decreases between the start and the end of a financial year due to experience-based adjustments (for example relating to a higher employee turnover rate) or changes in the underlying actuarial assumptions (for example in the discount rate), this results in actuarial gains and losses. These are recognized through other comprehensive income. Effects of plan changes and plan curtailments are recognized through profit or loss in service costs. The interest portion of additions to provisions included in pension expenses is recognized as interest expenses within the financial result. If there are plan assets, the size of the provision is determined by the difference between the present value of defined benefit obligations and the present value of the plan assets.

Provisions for obligations similar to pensions (such as anniversary and death benefits) comprise the present value of future payments to employees or their surviving dependants less any associated assets, measured at fair value. The size of the provisions is determined on the basis of actuarial reports pursuant to IAS 19. Actuarial gains and losses are recognized through profit or loss in the period in which they are incurred.

Termination benefits relate to severance payments to employees. They are recognized through profit or loss as a liability if payments must be made to employees on the termination of the employment relationship on the basis of a contractual or constructive obligation. Such an obligation exists when a formal plan exists for the early termination of the employment relationship and it is not possible to withdraw from this plan. If the payment is due more than twelve months after the closing date, it must be carried at its present value.

The share bonuses granted under the share-based payment system are classified as **"cash-settled share-based payments"** pursuant to IFRS 2 (Share-based Payment). Proportionate provisions measured at the fair value of the obligations entered into are recognized for these bonuses, if any. The provisions are recognized proportionately through profit or loss as personnel expenses spread over the underlying vesting period. The fair value is recalculated using an option pricing model at every closing date during the vesting period up to the exercise date. The provision is adjusted accordingly through profit or loss. If the granted share-based payments were hedged with corresponding hedging transactions, the hedges are measured at fair value and recognized under other financial and non-financial assets. The part of the fluctuation in the fair value of the hedges that corresponds to the fluctuation in the fair value of the share-based payments is recognized through profit or loss as personnel expenses. The part of the fluctuations in the fair value exceeding this is recognized through other comprehensive income.

(OTHER) PROVISIONS

(Other) provisions are recognized in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) if there are legal or constructive obligations to third parties that are based on past transactions or events and are expected to lead to an outflow of resources that can be reliably estimated. The provisions reflect all discernible risks relating to the assumed settlement amount. In the case of a single obligation, the assumption is based on the settlement amount with the highest probability of occurrence. If the calculation of the provision for a single item reveals a range of equally likely settlement amounts, the recognized provision must equal the mean of these settlement amounts.

In the event of a large population of similar items, the provision is recognized at the expected value obtained by weighting all possible outcomes by their associated probabilities.

Long-term provisions with a term of more than one year are discounted to the closing date at a matched-term interest rate, which reflects the current market expectations with regard to the time value of money. Provisions with a term of more than one year are discounted accordingly, provided the effect of the time value of money is material. Recourse claims are not offset against the provision amount, but are recognized separately as assets, provided their realization is virtually certain.

Provisions for restructuring are recognized if the constructive obligation to restructure was formalized at the closing date by the adoption of a detailed restructuring plan and its communication to those affected. Restructuring provisions exclusively contain expenses that are essential for restructuring and not connected to the company's ongoing activities.

Provisions for warranties are recognized at the expected handling costs.

BORROWINGS AND OTHER FINANCIAL LIABILITIES

Financial liabilities designated as an underlying transaction within a fair value hedge are measured at fair value through profit or loss (see explanation under "Accounting for derivative financial instruments and hedge accounting"). The fair values of financial liabilities disclosed in the notes are calculated on the basis of the interest rates applicable on the closing date for the corresponding residual maturities and repayment structures.

Financial liabilities from leases are measured at the present value of the future minimum lease payments.

The sub-item "**Refund liability**" within the "Other financial liabilities (current)" balance sheet item takes account of a customer's right of return. When services with a right to a refund are offered, sales are recognized only in the amount of the consideration to which the company is expected to be entitled. Therefore, the proportion of products that the company expects to be returned must be estimated and not included in the calculation of the transaction price.

CONTRACT LIABILITIES

Contract liabilities are reported under the "Trade liabilities and similar liabilities" balance sheet item. A contract liability must be recognized if the customer has already paid but CECONOMY has not yet fulfilled the performance obligation to transfer goods or services to the customer.

At CECONOMY, contract liabilities primarily relate to deferred sales from customer loyalty programmes, the sale of vouchers and extended warranties and to prepayments received on orders.

OTHER LIABILITIES

Other liabilities are carried at their settlement amount.

Deferred income includes transitory accruals.

Other

CONTINGENT LIABILITIES

Contingent liabilities are, firstly, possible obligations that arise from past events but whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Secondly, contingent liabilities constitute present obligations that arise from past events but for which an outflow of resources is considered unlikely or a sufficiently reliable estimate of the amount of the obligation cannot be made. In accordance with IAS 37, such obligations are not recognized in the statement of financial position but rather disclosed in the notes. The calculation of the size of the contingent liabilities is based on the principles of provision measurement.

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments are used solely to reduce risk. They are used in line with the stipulations of the corresponding Group guideline.

All derivative financial instruments are measured at fair value in accordance with IFRS 9 and recognized under other financial assets or other financial liabilities. For hedge accounting, the option was taken to continue applying the rules of IAS 39.

Derivative financial instruments are measured on the basis of interbank terms, if applicable including the credit margins or stock market prices relevant for CECONOMY using the mean rates on the closing date. If no stock market prices can be consulted, the fair value is calculated using recognized financial models.

In the event of an effective hedge accounting transaction (hedge accounting) according to IAS 39, changes in the fair value of derivatives designated as fair value hedges and fair value changes related to the hedged risk of the associated underlying transaction are recognized through profit or loss. For cash flow hedges, the effective portion of the change in the fair value of the derivative is recognized through other comprehensive income (OCI). It is not reclassified to the income statement through profit or loss until the underlying transaction affects profit or loss. The ineffective portion of the change in value of the hedging instrument is immediately recognized through profit or loss.

Summary of selected measurement methods

Item	Measurement method
Assets	
Goodwill	Cost (subsequent measurement: impairment test)
Other intangible assets	
Purchased other intangible assets	(Amortized) cost
Internally generated intangible assets	Development costs (direct costs and directly attributable overhead)
Property, plant and equipment	(Amortized) cost
Investments accounted for using the equity method	Equity method
Right-of-use assets	(Amortized) cost
Financial assets/other financial assets	
Financial assets measured at amortized cost	(Amortized) cost
Financial assets measured at fair value through other comprehensive income with recycling	At fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income without recycling	At fair value through other comprehensive income
Financial assets measured at fair value through profit or loss	At fair value through profit or loss
Inventories	Lower of cost and net realizable value
Trade receivables and similar claims	
Trade receivables	(Amortized) cost
Contract assets	(Amortized) cost
Receivables due from suppliers	(Amortized) cost
Other assets	(Amortized) cost
Cash and cash equivalents	(Amortized) cost
Assets held for sale	Lower of carrying amount and fair value less cost to sell
Equity and liabilities	
Provisions	
Pension provisions	Projected unit credit method (benefit/years of service method)
Other provisions	Discounted settlement amount (with best-possible estimate)
Financial liabilities	
Liabilities measured at fair value through profit or loss	At fair value through profit or loss
Liabilities measured at amortized cost	(Amortized) cost
Lease liabilities	(Amortized) cost
Borrowings and other financial liabilities	(Amortized) cost or fair value
Other liabilities	(Amortized) cost
Trade liabilities and similar liabilities	
Trade liabilities	(Amortized) cost
Contract liabilities	Settlement amount

Judgements, estimates and assumptions

For the preparation of these consolidated financial statements, **judgements, estimates and assumptions** had to be made that had an impact on the recognition and amount of assets, income, expenses and contingent liabilities.

JUDGEMENTS

Information on significant judgements that have the greatest material effect on the amounts reported in these consolidated financial statements is included in the following disclosures in the notes:

- Definition of the consolidation group by assessing control opportunities ("Consolidation group" section); this particularly affects investments whereby, due to special provisions in the articles of association, control opportunity is not necessarily associated with a simple majority of the voting rights.
- Determination of whether CECONOMY acts as principle or agent in sales transactions (note 1 Sales).
- Allocation of the transaction price on the basis of the relative standalone selling prices in the case of multicomponent transactions and the associated sales recognition (note 1 Sales).
- Fair value measurements of financial instruments allocated to levels 2 and 3 in accordance with IFRS 9 and of goodwill in connection with impairment tests.
- The definition of CGUs within the Group to which the goodwill relates and the allocation of goodwill acquired via business combinations: For the purpose of impairment testing, the goodwill is allocated to the CGUs that correspond to one country, as they are the lowest level at which the goodwill is monitored for internal management purposes and are not larger than an operating strategic market.
- The effects of the indexing of non-monetary assets and liabilities, equity and the items of the statement of comprehensive income are shown under "gain on the net monetary position". For better representation of operating profitability, the gain on the net monetary position (primarily from restatements of operating items) is recognized in other operating income as a counterposition to the negative effects in the operating earnings.

ESTIMATES AND ASSUMPTIONS

Information on estimates and underlying assumptions with significant effects for these consolidated financial statements are included in the following disclosures in the notes:

- Group-wide definition of expected useful lives for depreciable assets (note 15 Scheduled depreciation/amortization and impairment losses, note 19 Other intangible assets and note 20 Property, plant and equipment).
- Ad hoc impairment test of depreciable assets (note 15 Scheduled depreciation/amortization and impairment losses, note 19 Other intangible assets and note 20 Property, plant and equipment).
- Annual test for indicators of impairment and, if necessary, impairment test of goodwill (note 18 Goodwill – including sensitivity analysis) and investments accounted for using the equity method (note 22 Financial investments and investments accounted for using the equity method).
- Measurement of the lease liability and right-of-use asset from leases – especially to determine the probability of exercise of extension and termination options for leases, impairment of the right-of-use asset, and the interest rate, which in the absence of an incremental interest rate is generally calculated on the basis of the respective incremental borrowing rate.
- Recoverability and definition of receivables – especially receivables due from suppliers and from commissions (note 23 Receivables due from suppliers, other financial assets and other assets and note 26 Trade receivables and similar claims).
- Measurement of variable supplier compensation (note 23 Receivables due from suppliers, Other financial assets and non-financial assets and note 25 Inventories).
- Measurement of contract assets (note 26 Trade receivables and similar claims).
- Measurement of inventories (note 25 Inventories).
- Calculation of provisions for pensions and similar obligations (note 30 Provisions for pensions and similar obligations).

- Calculation of other provisions – e.g. for Operating Model, warranties, taxes and risks from legal proceedings (note 31 Other provisions (non-current)/provisions (current)).

- Estimation of expected returns and the associated sales recognition (note 1 Sales).

- Calculation of deferred tax assets on loss carry-forwards, in particular to the associated planning horizon (note 12 Income taxes).

Although the estimates and assumptions were made with great care, actual figures may differ in individual cases. The estimates and assumptions used for the consolidated financial statements are regularly reviewed. Changes are recognized when better knowledge comes to light.

IMPACT OF THE RUSSIAN WAR OF AGGRESSION AGAINST UKRAINE ON ACCOUNTING

On 24 February 2022, Russia began a war of aggression against Ukraine. CECONOMY has no direct or indirect presence in Ukraine and as of 2018 also no longer operates in Russia.

However, CECONOMY continues to hold 15 per cent of the shares in PJSC "M.video", the leading consumer electronics retailer in Russia. This is an exclusively financial minority stake, which is measured at market value, with fluctuations in market value recognized through other comprehensive income. Due to Russia's ongoing war of aggression against Ukraine and the associated sanctions and restrictions on trade, as of 30 September 2022 it was still impossible to assume that the price data available from the Moscow stock exchange could provide a basis for a reliable estimate of the current market value of PJSC "M.video". Based on the valuation model used to derive a value indication in the half-year period, the updated parameters resulted in a market value of €38 million. The starting point for the valuation was the stock exchange price of 264.4 roubles per share fixed on 25 February 2022, i.e. the last trading day before suspension of trading on the Moscow stock exchange. For the purposes of a best-possible estimate of market value, this stock exchange price was adjusted by a markdown of 60 per cent and a one-year forward exchange rate of €0.013 per rouble. The price markdown applied was based on the price performance of a dual-listed stock in the period from 25 February 2022 to 30 September 2022, whereby a positive correlation can be plausibly assumed with the potential performance of the PJSC "M.video" share. Secondly, the reduction was also increased by 10 percentage points to account for the uncertainty as of 30 September 2022. As a result, the market value estimate thus derived for the 15 per cent investment in PJSC "M.video" amounts to €38 million. In financial year 2021/22, a total of €150 million (2020/21: €12 million) was therefore adjusted through other comprehensive income. After the reporting date, a market value for the shares in PJSC "M.video" still cannot be reliably derived from the stock market price on the Moscow stock exchange.

Due to the decline in share prices influenced by the Russian war of aggression against Ukraine, indications were identified that suggested impairment of the shares in Fnac Darty S.A. In addition to the macroeconomic and political risks, which also affect Fnac Darty S.A.'s business environment, it was the performance of the Fnac Darty S.A. share price in particular that suggested significant and longer-lasting impairment. As a result, an expert was commissioned to provide a value indication. It was found that the carrying amount of the shares in Fnac Darty S.A. of €388 million according to the equity method is within the value range determined via a scenario-based discounted cash flow (DCF) method. In an overall assessment of the alternative measurement methods used to validate the DCF result, there were likewise no discernible substantial evidence that the recoverable amount is lower than the carrying amount and the shares in Fnac Darty S.A. are therefore impaired. As of 30 September 2022, the investment in Fnac Darty S.A. accounted for using the equity method was therefore assumed to be recoverable overall.

Capital management

The objectives of CECONOMY's capital management strategy are to secure business operations, increase the value of the company, create a solid capital base for funding future growth and guarantee capital service.

CECONOMY's capital management strategy has not changed compared with the previous year.

EQUITY, LIABILITIES AND NET LIQUIDITY/NET DEBT IN THE CONSOLIDATED FINANCIAL STATEMENTS

Equity amounts to €592 million (30/09/2021: €757 million), while liabilities come to €9,406 million (30/09/2021: €9,910 million).

As of 30 September 2022, net debt amounted to €2,004 million. In the previous year, net debt of €1,109 million was reported.

Cash and cash equivalents, at €769 million, were €813 million lower than in the previous year (30/09/2021: €1,582 million). Reasons for this development include planned one-time payments, such as for the cash component of the Convergenta transaction, the dividend to the shareholders or previously deferred tax payments, and the deterioration of net working capital. In the previous year, the issuance of a bond with a nominal volume of €500 million also compensated for the regular cash outflows.

Short-term financial investments amounted to €0 million as of 30 September 2022 (30/09/2021: €175 million).

Borrowings decreased by €93 million to €2,773 million as of 30 September 2022 (30/09/2021: €2,865 million). This development was due to the repayment of a promissory note loan of €189 million in March 2022. In addition, the lease liabilities declined by €106 million to €1,961 million (30/09/2021: €2,067 million) due to rental payments made. The issue of convertible bonds of €113 million as part of the Convergenta transaction in June 2022 and of two promissory note loans together totalling €60 million likewise in June 2022 had the opposite effect.

Adjusted for lease liabilities, net debt as of 30 September 2022 amounted to €43 million (30/09/2021 adjusted: net liquidity of €959 million).

€ million	30/09/2021	30/09/2022
Equity	**757**	**592**
Liabilities	**9,910**	**9,406**
Net liquidity (+)/Net debt (–)	**–1,109**	**–2,004**
Borrowings	2,865	2,773
Cash and cash equivalents	1,582	769
Short-term financial investments[1]	175	0

[1] Included in the statement of financial position under "other financial assets (current)"

LOCAL CAPITAL REQUIREMENTS

CECONOMY's capital management strategy always aims to ensure that the Group companies are capitalized in line with local requirements. In financial year 2021/22, all external capital requirements were met. For example, these include compliance with a certain level of indebtedness or a fixed equity ratio.

Notes to the income statement

1. SALES

Sales (net) primarily result from product sales and break down as follows:

	DACH		Western/Southern Europe		Eastern Europe		Others		CECONOMY	
€ million	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Product sales	11,349	11,276	6,669	6,700	1,716	1,976	525	475	20,259	20,428
Services & Solutions	654	769	357	458	65	78	27	35	1,102	1,340
Total sales	**12,003**	**12,046**	**7,026**	**7,158**	**1,781**	**2,054**	**551**	**510**	**21,361**	**21,768**

In comparison with the previous year, Group sales increased by 1.9 per cent to €21,768 million. This includes effects from the first-time application of IAS 29 (hyperinflation in Turkey) of €80 million. The good sales development in the business period, which was achieved despite the strained consumer sentiment as a result of the Russian war of aggression against Ukraine and high consumer price inflation, is mainly attributable to the development of the brick-and-mortar business and the clear growth in Services & Solutions. At the beginning of financial year 2021/22, sales development was impacted by pandemic-related restrictions in Germany, the Netherlands and Austria as well as the cyberattack in November 2021. Brick-and-mortar business began to gradually recover in January 2022 and significantly improved as against the previous year, which was adversely affected in particular by temporary store closures in response to COVID-19. However, the dynamic development of inflation in Europe and the resulting effects on consumer sentiment have been increasingly weakening overall demand since the middle of the second quarter of 2021/22.

Of sales totalling €21,768 million (2020/21: €21,361 million), €5,346 million related to online sales (2020/21: €6,932 million).

16 new stores were opened in financial year 2021/22, of which one store each in Germany and Sweden, two stores in Spain, three stores in Italy, four stores in Hungary and five stores in Turkey. A total of ten stores were closed, of which seven in Germany and one each in Belgium, Spain and Turkey. The store network increased to 1,024 stores as of the closing date.

2. COST OF MATERIALS

The cost of sales includes costs of materials for purchased goods of €17,536 million (2020/21: €17,285 million).

3. OTHER OPERATING INCOME

€ million	2020/21	2021/22
Income from deconsolidation	0	2
Income from rents and subleases incl. reimbursements of subsidiary rental costs	7	8
Gains from the disposal of fixed assets and gains from reversal of impairment losses	9	8
Services rendered to suppliers	21	14
Cost refunds	59	63
Gain on the net monetary position	0	65
Miscellaneous	108	92
	205	**253**

The year-on-year decline in services rendered to suppliers resulted mainly from lower service charges in Germany.

Income from cost refunds primarily relates to services rendered for third parties.

The gain on the net monetary position primarily resulted from restatements of operating items. For better representation of operating profitability, this was recognized in other operating income as a counterposition to the negative effects in the operating earnings (€–56 million).

The miscellaneous other operating income particularly includes income from claims for damages of €36 million (2020/21: €7 million), income from government grants of €4 million (2020/21: €43 million), of which €2 million (2020/21: €40 million) relates to grants in response to the COVID-19 pandemic. The latter relate primarily to economic aid in connection with the temporary closure of stores. It also includes, among other things, income from the derecognition of statute-barred liabilities of €3 million (2020/21: €4 million).

4. SELLING EXPENSES

€ million	2020/21	2021/22
Personnel expenses	1,434	1,534
Cost of materials	1,703	1,768
	3,136	**3,301**

Under selling expenses, personnel expenses increased primarily because of the discontinuation of short-time working during the COVID-19 pandemic in the previous year. Personnel expenses include government grants in connection with the COVID-19 pandemic of €0 million (2020/21: €42 million).

In addition, the cost of materials increased primarily because of higher energy costs and higher costs for surveillance in the brick-and-mortar stores as a result of the discontinuation of closures during the COVID-19 pandemic in the previous year. Lower costs for credit card fees had the opposite effect.

5. GENERAL ADMINISTRATIVE EXPENSES

€ million	2020/21	2021/22
Personnel expenses	253	283
Cost of materials	285	330
	538	**613**

General administrative expenses increased year-on-year in terms of personnel expenses. This is due to the decline in short-time working in response to the COVID-19 pandemic in the previous year. Personnel expenses also include government grants in response to the COVID-19 pandemic of €0 million (2020/21: €2 million).

The cost of materials increased, due primarily to IT costs.

6. OTHER OPERATING EXPENSES

€ million	2020/21	2021/22
Losses from disposals of property, plant and equipment	8	6
Miscellaneous	1	0
	9	**6**

The decrease in other operating expenses mainly resulted from the losses from the disposal of miscellaneous property, plant and equipment included in the previous year due to three store closures in Belgium.

7. EARNINGS SHARE OF OPERATING COMPANIES RECOGNIZED AT EQUITY/OTHER INVESTMENT RESULT

The earnings share recognized in operating earnings from operating companies accounted for using the equity method relates to the investment in Fnac Darty S.A. and in the previous year also to the investment in the Greek joint venture PMG Retail Market Ltd.

For Fnac Darty S.A., an expense of €30 million was recognized in profit or loss for financial year 2021/22 (2020/21: income of €180 million). The previous year's income includes income from reversal of impairment of €150 million. For the investment in PMG Retail Market Ltd., which in the previous year was still classified as a joint venture and likewise included in the consolidated financial statements using the equity method, an expense of €26 million was recognized in profit or loss for financial year 2020/21.

In financial year 2021/22, as a result of the subsequent measurement of the investment in Fnac Darty S.A. accounted for using the equity method, a total of €26 million (2020/21: €29 million) was recognized as income in EBIT. Fnac Darty S.A. publishes information on profit or loss for the period only for the second and fourth quarters of a calendar year, with this information being the basis for the subsequent measurement of the investment accounted for using the equity method. In addition, impairment on the carrying amount of €56 million was recognized in EBIT as of 30 June 2022.

As of 30 September 2022, there was objective evidence indicating potential impairment. In addition to the macroeconomic and political risks, which also affect Fnac Darty S.A.'s business environment, it was the performance of the Fnac Darty S.A. share price in particular that suggested significant and longer-lasting impairment. As a result, an expert was commissioned to provide a value indication. It was found that the carrying amount of the shares in Fnac Darty S.A. of €388 million according to the equity method is within the value range determined via a scenario-based discounted cash flow (DCF) method. In an overall assessment of the alternative measurement methods used to validate the DCF result, there were likewise no discernible substantial evidence that the recoverable amount is lower than the carrying amount and the shares in Fnac Darty S.A. are therefore impaired. As of 30 September 2022, the investment in Fnac Darty S.A. accounted for using the equity method was therefore assumed to be recoverable overall.

For the investment in the Greek joint venture PMG Retail Market Ltd., which was still included in CECONOMY's consolidated financial statements using the equity method in the previous year, a capital increase was carried out unilaterally by the main shareholder Olympia Group Ltd. on 24 December 2021. CECONOMY's shares in PMG Retail Market Ltd. were thus so substantially diluted that the company lost its status as a joint venture. The shares in PMG Retail Market Ltd., which now operates under the name PG Public Group Ltd., have since been recognized as an investment under financial assets. The equity method was no longer applied and the shares are measured at fair value.

The other investment result recognized under the net financial result was €13 million (2020/21: €48 million). The €35 million decrease in the other investment result is primarily attributable to significantly lower investment income, which was realized as a result of the investment in METRO PROPERTIES GmbH & Co. KG. The high investment income of the previous year of €25 million was mainly driven by the sale of the Real property portfolio by a subsidiary of METRO PROPERTIES GmbH & Co. KG. In contrast, investment income of €1 million from the investment in METRO PROPERTIES GmbH & Co. KG was recognized in financial year 2021/22. In addition, the other investment result also declined because the income from the investment in PJSC "M.video" was recognized at €11 million, €8 million lower than in the previous year (2020/21: €20 million). No investment income was recognized from the investment in METRO AG in financial year 2021/22, whereas €3 million was recognized in the previous year, which ultimately also contributed to a decline in the other investment result.

↗ Additional information on the investments can be found under note 22 Financial investments and investments accounted for using the equity method.

8. NET IMPAIRMENTS ON OPERATING FINANCIAL ASSETS AND CONTRACT ASSETS

Net impairments came to €5 million in financial year 2021/22 (2020/21: €5 million).

↗ Additional information on net impairments can be found under note 27 Impairments of capitalized financial instruments and contract assets.

9. INTEREST INCOME/INTEREST EXPENSES

Interest income and interest expenses from financial instruments are allocated to the measurement categories pursuant to IFRS 9 according to the underlying transactions. The net interest result comprises the following:

€ million	2020/21	2021/22
Interest income	14	24
thereof from lease liabilities	(0)	(0)
thereof post-employment benefit plans	(1)	(1)
thereof from financial instruments of the measurement categories according to IFRS 9:		
Loans and receivables incl. cash and cash equivalents	(0)	(0)
Financial instruments measured at amortized cost	(9)	(9)
Financial instruments measured at fair value through other comprehensive income	(0)	(0)
Financial instruments measured at fair value through profit or loss	(0)	(0)
Interest expenses	−67	−71
thereof from lease liabilities	(−21)	(−22)
thereof post-employment benefit plans	(−5)	(−5)
thereof from financial instruments of the measurement categories according to IFRS 9:		
Financial instruments measured at fair value through profit or loss	(0)	(0)
Financial instruments measured at amortized cost	(−10)	(−12)
	−53	**−47**

10. OTHER FINANCIAL RESULT

Other financial income and expenses from financial instruments are allocated to the measurement categories pursuant to IFRS 9 according to the underlying transactions. In addition to income and expenses from the measurement of financial instruments in accordance with IFRS 9, this also takes into account measurements of foreign currency items under IAS 21.

€ million	2020/21	2021/22
Other financial income	48	58
thereof currency effects	(21)	(30)
thereof from currency hedges	(0)	(3)
Other financial expenses	−74	−80
thereof currency effects	(−19)	(−58)
thereof from currency hedges	(−10)	(0)
Other financial result	**−26**	**−22**
thereof from financial instruments of the measurement categories/standards according to IFRS 9		
Loans and receivables incl. cash and cash equivalents	(0)	(0)
Financial instruments measured at amortized cost	(−15)	(−25)
Financial instruments measured at fair value through other comprehensive income	(0)	(0)
Financial instruments measured at fair value through profit or loss	(−10)	(3)

Total comprehensive income from currency effects and measurement results of currency hedging transactions and currency hedging relationships comes to €−25 million (2020/21: €−8 million) and essentially relates to MediaMarkt Turkey.

Other financial income includes income from currency effects and measurement results of currency hedging transactions and currency hedging relationships in financial year 2021/22 of €33 million (2020/21: €21 million) and gains on remeasuring liabilities from non-Group shareholders' put options and from multi-year compensation payments to minority shareholders based on profit and loss transfer agreements concluded with selected store entities of €24 million (2020/21: €26 million).

Other financial expenses include expenses from currency effects and measurement results of currency hedging transactions and currency hedging relationships in financial year 2021/22 of €58 million (2020/21: €29 million) and expenses for credit and commitment fees for adjusted credit facilities in the past financial year 2021/22 of €16 million (2020/21: €32 million).

↗ Additional information on the potential impact of currency risks can be found under note 41 Management of financial risks.

11. NET GAINS/LOSSES BY MEASUREMENT CATEGORY

The main effects on earnings from financial instruments are as follows:

2020/21

€ million	Dividends paid	Interest income/ interest expenses	Changes in market value	Net impairments	Currency translation	Other	Net gains/losses
Financial assets at amortized cost	0	5	0	−5	6	1	8
Financial assets at fair value through other comprehensive income (with recycling)	0	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income (without recycling)	48	0	0	0	0	0	48
Financial assets/liabilities at fair value through profit or loss	0	0	−10	0	0	0	−10
Financial liabilities at amortized cost	0	−7	0	0	−4	−14	−25
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0
	48	**−2**	**−10**	**−5**	**2**	**−13**	**21**

2021/22

€ million	Dividends paid	Interest income/ interest expenses	Changes in market value	Net impairments	Currency translation	Other	Net gains/losses
Financial assets at amortized cost	0	6	0	−5	2	0	3
Financial assets at fair value through other comprehensive income (with recycling)	0	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income (without recycling)	13	0	0	0	0	0	13
Financial assets/liabilities at fair value through profit or loss	0	0	3	0	0	0	3
Financial liabilities at amortized cost	0	−10	0	0	−30	6	−33
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0
	13	**−3**	**3**	**−5**	**−28**	**6**	**−14**

Income and expenses from financial instruments are allocated to the measurement categories pursuant to IFRS 9 according to the underlying transactions.

Net results from the measurement of investments in the "fair value – through profit or loss" category and the dividends for investments in the "fair value – through other comprehensive income (without recycling)" category are included in the other investment result. Income and expenses from interest form part of the net interest result. Fair value measurements and the effects of other financial expenses and of currency translation for financial assets are recognized under other financial result. Earnings effects from the disposal of other financial liabilities are included in earnings before interest and taxes (EBIT). Earnings effects from the disposal of assets that were classified at "fair value – through other comprehensive income (with recycling)" are recognized under the other financial result, unless these are operating receivables. Expenses from impairments of operating financial instruments are included in EBIT.

The other net gains/losses from financial liabilities measured at amortized cost of €6 million (2020/21: €−14 million) mainly relate to gains on remeasuring liabilities from non-Group shareholders' put options and from multi-year compensation payments to minority interests based on profit and loss transfer agreements concluded with selected store entities of €20 million (2020/21: €16 million) and, in contrast, expenses for credit and commitment fees of €16 million (2020/21: €32 million).

↗ A detailed description of impairments can be found under note 27 Impairments of capitalized financial instruments and contract assets.

12. INCOME TAXES

Expected income taxes and deferred taxes for the individual countries are to be recognized as income taxes.

€ million	2020/21	2021/22
Current taxes	**−72**	**−57**
thereof Germany	(−18)	(−11)
thereof international	(−54)	(−46)
thereof tax expenses/income of current period	(−70)	(−53)
thereof tax expenses/income of previous periods	(−2)	(−4)
Deferred taxes	**19**	**137**
thereof Germany	(12)	(147)
thereof international	(7)	(−9)
	−53	**81**

In current taxes, the application of IAS 29 results in tax income of around €1 million. Deferred taxes also include a tax expense of around €3 million. The German income tax rate applicable to CECONOMY AG is made up of the corporate income tax of 15 per cent plus the solidarity surcharge of 5.5 per cent and the trade tax of 14.7 per cent with an average assessment rate of 420.15 per cent. This gives a total tax rate of 30.53 per cent, in line with the previous year's rates. Foreign income tax rates applied are based on the laws and regulations in place in each country and range from between 11.3 per cent and 27.9 per cent (2020/21: 11.3 per cent and 27.9 per cent).

€ million	2020/21	2021/22
Deferred taxes in the income statement	**19**	**137**
thereof from temporary differences	(2)	(−1)
thereof from loss and interest carry-forwards	(17)	(138)

In addition to the recognized income taxes, there are contingent liabilities in connection with uncertain income tax items for cross-border transfer pricing and for technical requirements of systems. Despite extensive documentation on cross-border transfer pricing, there is a minor residual risk that the local tax authorities do not permit the allocated costs to be deducted, even if the German tax law demands a cost allocation. Due to the high technical implementation pressure and the high documentation requirements, there is also a slight residual risk in connection with uniform accounting rules of IT systems.

The tax income of €81 million (2020/21: €−53 million) is €96 million higher than expected income tax expenses of €−15 million (2020/21: €−90 million), calculated by applying the Group tax rate (30.53 per cent) to earnings before taxes.

The reconciliation of expected to recognized income tax expenses is as follows:

€ million	2020/21	2021/22
Earnings before taxes	**296**	**49**
Expected income tax expenses (30.53%)	−90	−15
Tax rate changes	0	2
Effects of differing national tax rates	10	−4
Tax expenses and income relating to other periods	−3	−10
Effects of non-creditable taxes	−3	−3
Non-deductible business expenses for tax purposes	−6	−20
Effects of not recognized or impaired deferred taxes	−37	113
Additions and reductions for local taxes	−6	−8

€ million	2020/21	2021/22
Tax holidays	13	18
Permanent differences	69	8
Other deviations	2	1
Income taxes according to the income statement	**–53**	**81**
Group tax rate (in %)	**17.8**	**–163.6**

Current income tax expenses were reduced due to the use of previously unrecognized tax losses of €2 million in financial year 2021/22. Furthermore, reversal of impairment losses for deferred tax assets on loss carry-forwards and temporary differences resulted in deferred tax income of €204 million (2020/21: €18 million), which primarily related to the first-time recognition of deferred tax assets in connection with the Convergenta transaction.

13. PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The profit or loss for the period attributable to non-controlling interests amounts to €4 million (2020/21: €24 million) and includes €20 million (2020/21: €50 million) in profit shares and €16 million (2020/21: €27 million) in loss shares. In financial year 2021/22, there were no discontinued operations. In the previous year, discontinued operations accounted for profit shares of €3 million and loss shares of €0 million.

The non-controlling interests comprise profit/loss shares of the MediaMarktSaturn Retail Group.

14. EARNINGS PER SHARE

Undiluted earnings per share is calculated by dividing the profit or loss for the period attributable to shareholders of CECONOMY AG by the weighted number of shares outstanding.

	2020/21	2021/22
(Weighted) number of no-par-value shares outstanding – undiluted	359,421,084	400,779,988
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – undiluted	232	126
Undiluted earnings per share in €[1]	**0.65**	**0.31**
from continuing operations	(0.62)	(0.31)
from discontinued operations	(0.03)	(0.00)

[1] 485,221,084 ordinary shares outstanding since 3 June 2022

Diluted earnings per share is calculated by dividing the profit or loss for the period attributable to shareholders of CECONOMY AG by the weighted number of shares outstanding adjusted for all dilutive effects of potential ordinary shares, as shown below:

	2020/21	2021/22
(Weighted) number of no-par-value shares outstanding – undiluted	359,421,084	400,779,988
(Weighted) number of potential shares from convertible bonds	–	8,701,410
(Weighted) number of no-par-value shares outstanding – diluted	359,421,084	409,481,398
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – undiluted	232	126
Interest expenses on convertible bonds – after taxes (€ million)	–	2
Profit or loss for the period attributable to shareholders of CECONOMY AG (€ million) – diluted	232	128
Diluted earnings per share in €[1]	**0.65**	**0.31**
from continuing operations	(0.62)	(0.31)
from discontinued operations	(0.03)	(0.00)

[1] 485,221,084 ordinary shares outstanding since 3 June 2022

In the past financial year 2021/22, undiluted earnings per share amounted to €0.31 (2020/21: €0.65) and diluted earnings per share amounted to €0.31 (2020/21: €0.65).

Earnings per preference share amounted to €0.71 and were higher than earnings per share by the amount of the additional dividend of €0.06, which may not be paid retroactively.

As of 30 September 2022, CECONOMY AG has issued no preference shares.

15. SCHEDULED DEPRECIATION/AMORTIZATION AND IMPAIRMENT LOSSES

Scheduled depreciation/amortization and impairments recognized in EBIT of €762 million (2020/21: €775 million) included impairments of €78 million (2020/21: €57 million). Of this, €15 million (2020/21: €26 million) relates to property, plant and equipment, €56 million to Fnac Darty S.A. (2020/21: €18 million PMG Retail Market Ltd. (now PG Public Group)) and €8 million (2020/21: €12 million) to right-of-use assets.

The breakdown of amounts of depreciation/amortization in the income statement and into the relevant asset categories is as follows:

2020/21

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	1	0	1
thereof scheduled depreciation/ amortization	(0)	(0)	(0)	(1)	(0)	(1)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	9	177	522	0	708
thereof scheduled depreciation/ amortization	(0)	(9)	(151)	(509)	(0)	(670)
thereof impairment losses	(0)	(0)	(26)	(12)	(0)	(38)
General administrative expenses	0	16	16	16	0	48
thereof scheduled depreciation/ amortization	(0)	(16)	(16)	(16)	(0)	(48)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Other operating expenses	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of operating companies recognized at equity	0	0	0	0	18	18
thereof impairment losses	(0)	(0)	(0)	(0)	(18)	(18)
Total	**0**	**25**	**193**	**539**	**18**	**775**
thereof scheduled depreciation/ amortization	(0)	(25)	(167)	(526)	(0)	(719)
thereof impairment losses	(0)	(0)	(26)	(12)	(18)	(57)

2021/22

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investments accounted for using the equity method	Total
Cost of sales	0	0	0	0	0	0
thereof scheduled depreciation/ amortization	(0)	(0)	(0)	(0)	(0)	(0)
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	4	149	502	0	656
thereof scheduled depreciation/ amortization	(0)	(4)	(137)	(495)	(0)	(636)
thereof impairment losses	(0)	(0)	(12)	(7)	(0)	(19)
General administrative expenses	0	17	19	14	0	50
thereof scheduled depreciation/ amortization	(0)	(17)	(17)	(13)	(0)	(47)
thereof impairment losses	(0)	(0)	(2)	(1)	(0)	(3)
Other operating expenses	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)
Earnings share of operating companies recognized at equity	0	0	0	0	56	56
thereof impairment losses	(0)	(0)	(0)	(0)	(56)	(56)
Total	**0**	**22**	**168**	**516**	**56**	**762**
thereof scheduled depreciation/ amortization	(0)	(22)	(153)	(509)	(0)	(684)
thereof impairment losses	(0)	(0)	(15)	(8)	(56)	(78)

Of impairments totalling €78 million (2020/21: €57 million), the DACH segment accounted for €15 million (2020/21: €12 million), the Western/Southern Europe segment for €6 million (2020/21: €21 million), the Eastern Europe segment for €1 million (2020/21: €5 million) and the Others segment for €57 million (2020/21: €19 million).

16. PERSONNEL EXPENSES

Personnel expenses comprise the following:

€ million	2020/21	2021/22
Wages and salaries	1,484	1,613
Social security expenses, expenses for post-employment benefit plans and related employee benefits	340	375
thereof post-employment benefits	(29)	(28)
	1,824	**1,988**

Wages and salaries listed under personnel expenses include expenses associated with the introduction of a harmonized group-wide organizational structure ("Operating Model") amounting to €28 million (2020/21: €36 million). Variable remuneration increased from €68 million in the previous year to €77 million in financial year 2021/22.

Personnel expenses include cost-reducing government grants in connection with COVID-19 totalling €2 million (2020/21: €44 million).

The average number of employees in the Group during the year was as follows:

Workforce by headcount	2020/21	2021/22
Wage-/salary-earning employees	52,549	51,323
Trainees	2,417	2,566
	54,966	**53,889**

This includes 16,019 part-time employees (2020/21: 16,110). 5,118 of the wage/salary earning employees are in management positions (2020/21: 5,059) and 46,205 are non-executive staff (2020/21: 47,490). 29,929 members of staff were employed outside Germany (2020/21: 30,187).

17. OTHER TAXES

Other taxes (such as land tax, vehicle tax, excise and transfer tax) break down as follows:

€ million	2020/21	2021/22
Other taxes	**14**	**20**
thereof from selling expenses	(13)	(20)
thereof from general administrative expenses	(1)	(1)

Notes to the statement of financial position

18. GOODWILL

Goodwill was €524 million as of 30 September 2022 (30/09/2021: €524 million).

As of the reporting date, goodwill was broken down among the following groups of cash-generating units:

	30/09/2021		30/09/2022	
		WACC		WACC
	€ million	%	€ million	%
Germany	314	5.7	314	6.8
Italy	72	6.9	72	8.4
Netherlands	51	5.7	51	7.2
Spain	49	6.2	49	7.9
Other countries	38		38	
	524		**524**	

Based on the provisions of IFRS 3 in conjunction with IAS 36, goodwill is tested for impairment annually as of 30 September. However, if there are indications that goodwill may be impaired, it is also necessary to perform an impairment test during the year. This impairment test is performed at the level of a group of cash-generating units. At CECONOMY, this group is usually each country's organizational unit.

The impairment test compares the total carrying amounts of the group of cash-generating units against the recoverable amount. The recoverable amount is the fair value minus selling expenses, which is calculated from the discounted future cash flows using inputs for level 3 of the fair value hierarchy.

↗ The fair value hierarchy is described under note 38 Carrying amounts and fair values according to measurement categories.

Expected cash flows are based on a qualified planning process, taking into account past figures within the company as well as external economic data. Also in financial year 2021/22 the detailed planning period is a total of five financial years. As in the previous year, it is assumed that after five financial years the country organizations are again in a steady state that is suitable for the perpetual annuity calculation. The short- to medium-term distortion reflected in sales and earnings planning for the first financial years and that are the result primarily of the Russian war of aggression against Ukraine and poorer macroeconomic conditions will recover in the following financial years. These normalized sales and earnings figures form the basis for subsequent measurement following the detailed planning period. In line with the approach in previous years, an annual growth rate of 1.00 per cent is assumed in financial years following the detailed planning period.

The weighted average cost of capital (WACC) is calculated as the capitalization rate using the capital asset pricing model. An individual peer group of comparable companies is assumed for all groups of cash-generating units operating in the same business unit. The capitalization rates are also determined under the assumption of a basic interest rate of 1.7 per cent (30/09/2021: 0.2 per cent) and a market risk premium of 7.5 per cent (30/09/2021: 7.5 per cent) and a beta factor of 1.09 (30/09/2021: 1.16). Country-specific risks premiums are charged both for the cost of equity and for borrowing costs. Capitalization rates after taxes, calculated individually for each group of cash-generating units, range from 6.8 per cent to 8.5 per cent (30/09/2021: 4.3 per cent to 6.9 per cent).

Financial year 2021/22 was the third year in a row to be influenced by significant external events. After the COVID-19 pandemic, the Russian war of aggression against Ukraine that started in February 2022 fundamentally altered the geopolitical and macroeconomic conditions. For example, high inflation rates – driven primarily by the surge in energy prices –, the risk of an economic downturn and the weaker consumer confidence as a result also strained CECONOMY's business environment.

In contrast to this development in financial year 2021/22, budget planning in the previous year and, in particular, the budget for financial year 2021/22 still assumed that economic factors would return to normal. These geopolitical and macroeconomic general conditions, the dynamics of which were not anticipated at the time of preparing last year's budget planning, were also grounds to perform an ad hoc goodwill impairment test in financial year 2021/22. Despite an adverse impact on the earnings position, these ad hoc impairment tests carried out did not provide any indication of impairment on the goodwill recognized.

In addition – as in the previous year – the annual impairment tests of goodwill in financial year 2021/22 were performed as of 30 September 2022.

For goodwills considered to be material, the mandatory annual impairment test as of 30 September 2022 made the following assumptions regarding sales, EBIT and the target EBIT margin for the purpose of valuation during the detailed planning period. The EBIT margin represents the ratio of EBIT to sales.

	Sales	EBIT	EBIT margin	Detailed planning period (years)
Germany	Slight growth	Solid growth	Solid growth	5
Italy	Slight growth	Slight decline	Slight decline	5
Netherlands	Slight growth	Significant growth	Significant growth	5
Spain	Slight growth	Slight growth	Slight growth	5

The mandatory annual test likewise confirmed the value of all goodwills capitalized as of 30 September 2022.

Given the many risks, in part a result of the Russian war of aggression against Ukraine and that could have a significant impact on CECONOMY's business activities in the future, uncertainties regarding projected cash flows are higher than in previous years. Accordingly, the results of the impairment tests of goodwill in financial year 2021/22 were thoroughly validated by way of additional sensitivity analyses.

As in the previous year, three sensitivity analyses were initially conducted for each group of cash-generating units. In the first sensitivity analysis, the growth rate was set at one percentage point lower. In the second sensitivity analysis, the capitalization rate for each group of cash-generating units was raised by ten per cent. The third sensitivity analysis applied a flat-rate ten per cent reduction to the assumed perpetual EBIT. These changes to the underlying assumptions would not result in impairment for any of the groups of cash-generating units.

In addition, the results of the impairment tests of goodwill were validated using different scenarios weighted according to their probability of occurrence. The scenarios differ in terms of the reductions applied to EBIT and net working capital attributable to a cash-generating unit in the five-year detailed planning period. EBIT and the change in net working capital were identified here as the parameters that determine the value of projected cash flow. The cash flows modified in this way were initially converted into present value for each scenario and then condensed into a probability-weighted comparable figure. This validation of the results of the goodwill impairment tests did not result in any impairment.

Further analysis to assess the plausibility of the results of the impairment tests of goodwill consisted of a simulated reduction of the detailed planning period to three years. All other things being equal, the impairment tests were thus extrapolated on the basis of EBIT in perpetual annuity, which is not yet assumed to have returned to a steady, normalized state. This analysis did not result in impairment on goodwill for any of the cash-generating units. The clearest reduction in fair value in this simulation was seen in the Switzerland, Netherlands and Poland cash-generating units.

€ million	Goodwill
Cost	
As of 01/10/2020	531
Currency translation	0
Additions to consolidation group	0
Disposals	0
Reclassifications to IFRS 5	0
Transfers	0
As of 30/09 or 01/10/2021	531
Currency translation	0
Additions to consolidation group	0
Disposals	0
Reclassifications to IFRS 5	0
Transfers	0
As of 30/09/2022	531
Impairment	
As of 01/10/2020	7
Currency translation	0
Additions	0
Additions to impairment	0
Disposals	0
Reclassifications to IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/09 or 01/10/2021	7
Currency translation	0
Additions	0
Additions to impairment	0
Disposals	0
Reclassifications to IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/09/2022	7
Carrying amount as of 01/10/2020	524
Carrying amount as of 30/09/2021	524
Carrying amount as of 30/09/2022	**524**

19. OTHER INTANGIBLE ASSETS

€ million	Intangible assets without goodwill	(thereof internally generated intangible assets)
Cost		
As of 01/10/2020	400	(150)
Currency translation	0	(0)
Additions to consolidation group	0	(0)
Additions	49	(22)
Disposals	–11	(0)
Reclassifications to IFRS 5	0	(0)
Transfers	1	(12)
As of 30/09 or 01/10/2021	439	(183)
Currency translation/indexing	1	(0)
Additions to consolidation group	0	(0)
Additions	47	(22)
Disposals	–1	(0)
Reclassifications to IFRS 5	0	(0)
Transfers	5	(11)
As of 30/09/2022	488	(216)
Scheduled amortization and impairment losses		
As of 01/10/2020	298	(83)
Currency translation	0	(0)
Additions	25	(10)
Additions to impairment	0	(0)
Disposals	–11	(0)
Reclassifications to IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	1	(–1)
As of 30/09 or 01/10/2021	314	(92)
Currency translation/indexing	1	(0)
Additions	22	(8)
Additions to impairment	0	(0)
Disposals	–1	(0)
Reclassifications to IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	3	(0)
As of 30/09/2022	336	(100)
Carrying amount as of 01/10/2020	102	(68)
Carrying amount as of 30/09/2021	125	(91)
Carrying amount as of 30/09/2022	**152**	**(116)**

Other intangible assets include exclusively intangible assets with a limited useful life. These are thus amortized and subject to an impairment test only when necessary.

Additions totalling €47 million (2020/21: €49 million), of which €22 million (2020/21: €22 million) is attributable to internally generated intangible assets, mainly relating to software under development in the amount of €17 million (2020/21: €20 million). The other additions of €25 million (2020/21: €28 million) mainly include software under development purchased from third parties of €14 million (2020/21: €13 million).

Disposals amounted to €0 million (2020/21: €1 million), of which €0 million (2020/21: €0 million) is attributable to internally generated intangible assets. The other disposals of €0 million (2020/21: €1 million) mainly relate to concessions, rights, licences and brands of €0 million (2020/21: €1 million).

Scheduled amortizations amounted to €22 million (2020/21: €25 million). Of this, €17 million (2020/21: €16 million) was recognized in general administrative expenses, €4 million (2020/21: €9 million) in selling expenses and €0 million (2020/21: €0 million) in cost of sales.

There were impairments of €0 million in financial year 2021/22 (2020/21: €0 million).

As in the previous year, there are no restrictions on ownership or title for intangible assets. Purchase obligations of €2 million (30/09/2021: €2 million) were concluded for intangible assets.

20. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of €541 million (30/09/2021: €507 million) was recognized as of 30 September 2022. Changes in property, plant and equipment can be seen in the following table.

€ million	Land and buildings	Other plant, business and office equipment	Assets under construction	Total
Cost				
As of 01/10/2020	5	2,817	10	2,833
Currency translation	0	–5	–1	–5
Additions to consolidation group	0	0	0	0
Additions	0	134	22	156
Disposals	0	–216	–1	–217
Reclassifications to IFRS 5	0	0	0	0
Transfers	0	12	–9	3
As of 30/09 or 01/10/2021	5	2,742	23	2,770
Currency translation/indexing	0	55	–3	53
Additions to consolidation group	0	0	0	0
Additions	0	188	29	216
Disposals	0	–199	–2	–201
Reclassifications to IFRS 5	0	0	0	0
Transfers	0	15	–17	–2
As of 30/09/2022	5	2,802	30	2,837
Scheduled depreciation and impairment losses				
As of 01/10/2020	5	2,261	0	2,266
Currency translation	0	–3	0	–3
Additions	0	167	0	167
Additions to impairment	0	26	0	26
Disposals	0	–196	0	–196
Reclassifications to IFRS 5	0	0	0	0
Reversals of impairment losses	0	0	0	0
Transfers	0	3	0	3
As of 30/09 or 01/10/2021	5	2,258	0	2,262
Currency translation/indexing	0	50	0	50
Additions	0	153	0	153
Additions to impairment	0	15	0	15
Disposals	0	–184	0	–184
Reclassifications to IFRS 5	0	0	0	0
Reversals of impairment losses	0	–1	0	–1
Transfers	0	0	0	0
As of 30/09/2022	5	2,291	0	2,295
Carrying amount as of 01/10/2020	0	557	10	567
Carrying amount as of 30/09/2021	0	485	23	507
Carrying amount as of 30/09/2022	**0**	**511**	**30**	**541**

Property, plant and equipment increased by €34 million from €507 million to €541 million as investments exceeded depreciation and disposals.

Scheduled depreciations amounted to €153 million (2020/21: €167 million). Of this, €137 million (2020/21: €151 million) was recognized in selling expenses, €17 million (2020/21: €16 million) in general administrative expenses and €0 million (2020/21: €0 million) in cost of sales.

In the past financial year 2021/22, impairments totalling €15 million (2020/21: €26 million) were recognized on property, plant and equipment. Here, sustained losses of and decisions to close stores, allocated to property, plant and equipment, resulted in impairment tests at the level of the respective store as cash-generating unit. In this impairment test, the carrying amount of the cash-generating unit was compared with its recoverable amount. The recoverable amount was calculated as the fair value minus selling expenses, which is calculated from the discounted future cash flow using inputs for level 3 of the fair value hierarchy. The comparison of the carrying amounts of these cash-generating units with the recoverable amounts resulted in the impairment stated.

The stores for which impairment was recognized on property, plant and equipment due to sustained losses in previous years underwent a test in the reporting period to determine whether the reasons for the impairment had ceased to exist. In the past financial year 2021/22, this test resulted in the reversal of impairment losses of €1 million. There were no reversals of impairment losses on property, plant and equipment in the previous year.

There were no restrictions on title in the form of liens or encumbrances for property, plant and equipment in neither financial year 2021/22 nor in the previous year.

Purchase obligations of €26 million (30/09/2021: €17 million) were concluded for property, plant and equipment.

21. RIGHT-OF-USE ASSETS

On conclusion of a contract, CECONOMY determines whether the contract is, or contains, a lease in accordance with IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease contract conveys the right to control the use of an identified asset if the lessee has the right to draw substantially all the economic benefits from using the asset throughout the period of use and to make decisions about the use of the identified asset during the lease term.

All stores in the Group are leased. These comprise land and buildings for the electronics stores as well as additional warehouse space. These real estate leases are generally concluded for a non-cancellable basic rental period of between five and ten years, but generally always include extension or termination options for reasons of operational flexibility. Some leases contain additional rent adjustments based on the development of the consumer price index. The lease conditions are agreed individually; there are leases with fixed lease payments as well as variable rental conditions depending on sales. Leases for movable assets largely relate to leased vehicles and IT equipment, as well as some leases for electronic shelf labels.

The carrying amounts of the right-of-use assets from leases developed as follows:

€ million	Real estate	Vehicle fleet	IT infrastructure	Business and office equipment	Total
Right-of-use assets as of 01/10/2020	**1,982**	**6**	**19**	**15**	**2,021**
Currency translation	−4	0	0	0	−4
Additions	542	2	6	0	551
Disposals	−93	0	−6	0	−100
Depreciation and amortization/impairment	−523	−3	−9	−4	−539
Reversals of impairment losses	4	0	0	0	4
Right-of-use assets as of 30/09/2021	**1,907**	**5**	**10**	**11**	**1,933**

€ million	Real estate	Vehicle fleet	IT infrastructure	Business and office equipment	Total
Right-of-use assets as of 01/10/2021	**1,907**	**5**	**10**	**11**	**1,933**
Currency translation/indexing	11	0	0	0	11
Additions	496	1	1	0	498
Disposals	−90	0	0	0	−91
Depreciation and amortization/impairment	−506	−2	−5	−4	−516
Reversals of impairment losses	0	0	0	0	0
Right-of-use assets as of 30/09/2022	**1,819**	**3**	**6**	**8**	**1,835**

In addition to the depreciation, impairment and reversal of impairment losses and amortization/impairment and reversals of impairment losses, the following lease expenses were recognized in profit or loss for the period:

€ million	2020/21	2021/22
Interest expenses	21	22
Expenses for short-term leases accounted for in accordance with IFRS 16.6	3	3
Expenses for leases for low-value assets accounted for in accordance with IFRS 16.6	11	12
Expenses for variable lease payments	14	23
	49	**61**

Sustained losses and decisions to close stores resulted in impairment tests at the level of the respective store as cash-generating unit. In this impairment test, the carrying amount of the cash-generating unit was compared with its recoverable amount. The recoverable amount of the right-of-use asset for real estate was calculated on the basis of indexed benchmark rents for each store. In addition, the benchmark rents determined by experts were discounted by an interest rate based on the respective current incremental borrowing rate over the remaining non-cancellable rental period. Store-related risk assessments and contract-specific circumstances were also included in the calculation. The comparison of the carrying amounts of these cash-generating units with the recoverable amounts resulted in an impairment of €8 million (2020/21: €12 million) and no reversal requirement in financial year 2021/22 (2020/21: €4 million).

In the past financial year 2021/22, the total cash outflow for leases amounted to €557 million (2020/21: €543 million).

Variable lease payments
As well as fixed lease payments, real estate leases for retail spaces can also or exclusively include sales-based lease payments. The expected future variable lease payments of sales-based rents amount to €77 million (2020/21: €87 million) over a planning period of three years.

Extension or termination options
Many real estate leases contain extension or termination options, which CECONOMY can in some cases exercise up to one year before the end of the non-cancellable lease term. Where possible, extension options are sought to be included in new leases in order to ensure operational flexibility. The options are used to limit the duration of the contract commitment as far as possible for individual contracts and thus to maximize operational flexibility regarding duration and the closure of stores. These options can usually be exercised only by CECONOMY and not by the lessor. At the commencement date, it is assessed whether the exercise of extension or termination options is reasonably certain. It is reassessed whether the exercise of extension or termination options is reasonably certain upon the occurrence of either a significant event or a significant change in circumstances.

The potential future lease payments from contractual options that could be exercised before 30 September 2032 but are not recognized in the statement of financial position amount to €2,306 million (30/09/2021: €2,321 million). These unilateral options, which can only be exercised by CECONOMY, give the company more freedom in store decisions, but do not constitute a financial obligation as of the current closing date.

Future cash outflows from leases already concluded
As of 30 September 2022, there are future payment obligations of €18 million (30/09/2021: €19 million) for leases that had not yet commenced and were therefore not included in the measurement of lease liabilities.

As in the previous year, there are no lease payments from subleases that CECONOMY will receive from properties in the future and that are classified as finance leases.

Lease payments from subleases that are classified as operating leases and that CECONOMY will receive in the future amount to €7 million nominally (30/09/2021: €7 million).

They break down as follows:

€ million	30/09/2021	30/09/2022
Up to 1 year	3	2
1 to 2 years	2	2
2 to 3 years	1	2
3 to 4 years	1	1
4 to 5 years	0	0
Over 5 years	0	0
	7	**7**

22. FINANCIAL INVESTMENTS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Financial assets
Financial assets of €115 million (30/09/2021: €280 million) were recognized as of 30 September 2022.

Financial assets include €101 million (30/09/2021: €266 million) in investments and €14 million (30/09/2021: €13 million) in loans.

In addition to the PJSC "M.video" investment, included in financial assets in the amount of €38 million as of 30 September 2022 (30/09/2021: €188 million), an approximately one per cent share in METRO AG amounting to €26 million (30/09/2021: €41 million) and a 6.61 per cent interest in METRO PROPERTIES GmbH & Co. KG of €35 million (30/09/2021: €35 million) are also recognized under financial assets.

The 15 per cent minority financial stake in PJSC "M.video" is measured at market value, with fluctuations in market value recognized through other comprehensive income. Due to Russia's ongoing war of aggression against Ukraine and the associated sanctions and restrictions on trade, as of 30 September 2022 it was still impossible to assume that the price data available from the Moscow stock exchange could provide a basis for a reliable estimate of the current market value of PJSC "M.video". Based on the valuation model used to derive a value indication in the half-year period, the updated parameters resulted in a market value of €38 million.

The starting point for the valuation was the stock exchange price of 264.4 roubles per share fixed on 25 February 2022, i.e. the last trading day before suspension of trading on the Moscow stock exchange. For the purposes of a best-possible estimate of market value, this stock exchange price was adjusted by a markdown of 60 per cent and a one-year forward exchange rate of €0.013 per rouble. The price markdown applied was based on the price performance of a dual-listed stock in the period from 25 February 2022 to 30 September 2022, whereby a positive correlation can be plausibly assumed with the potential performance of the PJSC "M.video" share. Secondly, the reduction was also increased by 10 percentage points to account for the uncertainty as of 30 September 2022. As a result, the market value estimate thus derived for the 15 per cent investment in PJSC "M.video" amounts to €38 million. In financial year 2021/22, a total of €−150 million (2020/21: €−12 million) was therefore adjusted through other comprehensive income. After the reporting date, a market value for the shares in PJSC "M.video" still cannot be reliably derived from the stock market price on the Moscow stock exchange.

The approximately one per cent share held directly by CECONOMY AG in METRO AG is subject to a seven-year tax vesting period, meaning that it cannot be sold without incurring negative tax consequences. The vesting period ends on 30 September 2023. On 19 September 2016, CECONOMY AG and the current METRO AG entered into an option agreement on the remaining partnership interest in METRO PROPERTIES GmbH & Co. KG. Under this agreement, CECONOMY AG grants METRO AG a call option and METRO AG grants CECONOMY AG a put option in relation to this partnership interest in CECONOMY AG. Each of the options can be exercised only in certain time-frames of six months in each case. The call option cannot be exercised until three years after the spin-off takes effect and the put option until seven years after the spin-off takes effect. The disposal, transfer and pledging of company shares is linked to approval requirements in the company agreement.

These investments are recognized at fair value through other comprehensive income in accordance with exercising the option. Information on other investments recognized at fair value through other comprehensive income is given in the following table.

€ million	Fair value as of 30/09/2021	Investment income recognized in 2020/21	Fair value as of 30/09/2022	Investment income recognized in 2021/22
METRO AG	41	3	26	0
PJSC "M.video"	188	20	38	11
METRO PROPERTIES GmbH & Co. KG	35	25	35	1
Others	3	0	2	0
Total	**266**	**48**	**101**	**13**

€–165 million (2020/21: €–2 million) was reported in other comprehensive income in financial year 2021/22.

Investments accounted for using the equity method
As of 30 September 2022, investments accounted for using the equity method of €388 million were recognized (30/09/2021: €425 million). The investment in the associate Fnac Darty S.A. is a material investment accounted for using the equity method, which since the end of the first quarter of 2021/22 has also been the only company included in CECONOMY's consolidated financial statements using the equity method. A capital increase carried out unilaterally by the main shareholder Olympia Group Ltd was conducted on 24 December 2021 for the Greek joint venture PMG Retail Market Ltd., which was also recognized using the equity method in the previous year. This diluted CECONOMY's share in PMG Retail Market Ltd. so substantially that the company lost its status as a joint venture. Use of the equity method was thus terminated and shares in the company, now called PG Public Group Ltd., have been recognized as an investment under financial assets ever since.

Fnac Darty S.A., a leading French retailer for consumer electronics and household appliances, is classified as an associate within the meaning of IAS 28 and is included in CECONOMY's consolidated financial statements using the equity method. The shareholding as of 30 September 2022 was 24.20 per cent (30/09/2021: 24.30 per cent).

CECONOMY reported total expenses for the period of €30 million in financial year 2021/22 (2020/21: profit of €180 million). Profit in the previous year particularly includes a reversal of impairment of €150 million, which partially compensated for the required impairment of €268 million recognized in financial year 2019/20 on the investment in Fnac Darty S.A.

The expense recognized in profit or loss for financial year 2021/22 includes net income of €26 million (2020/21: €29 million) that comprises pro rata net income recognized through profit or loss, effects from the change in equity interest and write-downs on hidden reserves. Impairment of €56 million recognized in the third quarter of 2021/22 had the opposite effect.

↗ Additional information on the impairment test of the investment in Fnac Darty S.A. can be found under note 7 Earnings share of operating companies recognized at equity/other investment result.

In other comprehensive income €7 million (2020/21: €11 million) was recognized in financial year 2021/22. Other items recognized directly in retained earnings in financial year 2021/22 came to €–2 million (2020/21: €0 million).

Reconciliation of financial market information for Fnac Darty S.A. to the carrying amount of the investment

€ million	30/09/2021	30/09/2022
Net assets 100%[1]	1,409	1,524
CECONOMY's share in net assets	342	369
Impairment on the carrying amount of the investment	0	–56
Reversal of impairment on the carrying amount of the investment	150	0
Adjusted goodwill from purchase price allocation	–67	75
Carrying amount of the investment	**425**	**388**

[1] Derived from the interim financial report as of 30 June 2021 and the interim financial report as of 30 June 2022

Fnac Darty S.A. issues information on profit or loss for the period only for the second and fourth quarters of a calendar year. This information forms the basis of the adjustment to the equity investment.

The following table provides information about Fnac Darty S.A.:

€ million		Fnac Darty S.A.
	30/09/2021	30/09/2022
Size of share (in %)	24.30	24.20
Pro rata stock market value	369	185
Carrying amount	425	388
Disclosures on the income statement	**2020/21[1]**	**2021/22[2]**
Sales	3,465	3,428
Post-tax earnings from continuing operations	1	−17
Post-tax earnings from discontinued operations	17	0
Other comprehensive income	27	28
Total comprehensive income	44	11
Dividends paid to the Group	7	13
Disclosures on the statement of financial position	**30/06/2021[1]**	**30/06/2022[2]**
Non-current assets	3,875	3,918
Current assets	1,899	1,979
Non-current liabilities	2,199	2,120
Current liabilities	2,166	2,253

[1] Information according to the interim financial report as of 30 June 2021 for the period 1 January 2021 to 30 June 2021
[2] Information according to the interim financial report as of 30 June 2022 for the period 1 January 2022 to 30 June 2022

23. RECEIVABLES DUE FROM SUPPLIERS, OTHER FINANCIAL ASSETS AND OTHER ASSETS

	30/09/2021			30/09/2022		
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Receivables due from suppliers	**1,142**	**1,142**	**0**	**1,296**	**1,296**	**0**
Securities	175	175	0	0	0	0
Miscellaneous financial assets	104	101	3	144	142	2
Other financial assets	**279**	**276**	**3**	**144**	**142**	**2**
Other entitlements to tax refunds	127	127	0	103	103	0
Prepaid expenses and deferred charges	62	54	8	64	59	5
Miscellaneous other assets	2	2	0	2	2	0
Other assets	**192**	**183**	**8**	**169**	**163**	**5**

Receivables due from suppliers in the amount of €1,296 million (30/09/2021: €1,142 million) essentially include invoiced receivables and accruals for subsequent supplier compensation (such as costs of bonuses and advertising).

Miscellaneous financial assets increased to €144 million (30/09/2021: €104 million). Refund claims against a bank from the sale of receivables in the mobile communications area and claims for damages in connection with the cyberattack are a key component of miscellaneous financial assets.

Other entitlements to tax refunds include input taxes that cannot yet be offset of €55 million (30/09/2021: €87 million), entitlements to VAT refunds of €38 million (30/09/2021: €25 million) and other entitlements to tax refunds of €10 million (30/09/2021: €15 million).

Prepaid expenses include accrued rent, lease and interest prepayments and other deferred assets.

24. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

Deferred tax assets on loss carry-forwards and temporary differences before offsetting were recognized at €381 million (30/09/2021: €175 million), representing a rise of €206 million against the figure as of 30 September 2021. In financial year 2021/22, CECONOMY AG recognized deferred taxes on temporary differences of €165 million between the carrying amounts stated in the consolidated financial statements and the tax bases of assets and liabilities. Deferred tax assets were also recognized on loss and interest carry-forwards of €216 million. With the acquisition of Convergenta Invest GmbH's minority stake in Media-Saturn-Holding GmbH by CECONOMY AG (Convergenta transaction), deferred tax assets on loss carry-forwards of €180 million and temporary differences of €56 million can be recognized at the level of CECONOMY AG for the first time. In previous years, the recognition of deferred tax assets on temporary differences and loss and interest carry-forwards was not possible due to the lack of an unbroken chain of profit and loss transfer agreements between companies of the Media-Saturn Group and CECONOMY AG. For this reason, positive income from the subsidiaries could not be offset against loss carry-forwards at the level of CECONOMY AG. In financial year 2021/22, the chain of profit and loss transfer agreements was completed for the first time as a result of the Convergenta transaction. Thanks to the fiscal entity for income tax purposes now in place, taxable income of the Media-Saturn Group can in the future be transferred to CECONOMY AG and offset against the tax loss carry-forwards and temporary differences. The application of IAS 29 reduced deferred tax assets by €7 million.

Deferred tax liabilities before offsetting came to €143 million (30/09/2021: €105 million) and increased by €38 million in comparison to 30 September 2021. Deferred tax assets and liabilities are offset within each company or tax group. After offsetting, €302 million in deferred tax assets and €65 million in deferred tax liabilities were recognized as of the closing date.

Deferred taxes relate to the following balance sheet items:

	30/09/2021		30/09/2022	
€ million	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Goodwill	0	3	0	3
Other intangible assets	26	17	26	23
Property, plant and equipment	11	15	6	16
Inventories	31	1	27	3
Receivables and other assets	7	34	27	55
Provisions for pensions and similar obligations	36	5	30	6
Other provisions	8	8	9	9
Borrowings	0	2	41	13
Other financial and non-financial liabilities	19	16	21	14
Outside basis differences	0	2	0	1
Write-downs of temporary differences	−42	0	−23	0
Loss carry-forwards	77	0	216	0
Subtotal before offsetting	**175**	**105**	**381**	**143**
Offsetting	−76	−76	−79	−79
Carrying amount of deferred taxes	**99**	**29**	**302**	**65**

The table below shows the loss and interest carry-forwards in the Group as a whole:

€ million	**30/09/2021**	**30/09/2022**
Corporate tax losses	2,369	2,563
Trade tax losses	2,059	2,160
Interest carry-forwards/other carry-forwards	173	154

€1,615 million (30/09/2021: €1,466 million) of corporate income tax loss carry-forwards as of 30 September 2022 is attributable to German companies and €948 million (30/09/2021: €903 million) to foreign companies. Trade tax loss carry-forwards include €144 million (30/09/2021: €125 million) of loss carry-forwards relating to local taxation of companies outside Germany.

In addition to the interest carry-forward of €118 million (30/09/2021: €132 million), a carry-forward item within the meaning of Sec. 4f of the German Income Tax Act (EStG) arose in financial year 2017/18 in connection with the disposal of certain pension obligations. This item is reversed over 15 years and totalled €37 million (30/09/2021: €40 million) as of 30 September 2022.

With regard to the loss and interest carry-forwards and temporary differences in the Group as a whole (see table above), no deferred tax assets are recognized on the basis of a current five-year plan in the following amounts, as it is unlikely that the claims will be realized in the short to medium term:

€ million	30/09/2021	30/09/2022
Corporate tax losses	2,086	1,918
Trade tax losses	1,816	1,580
Interest carry-forwards/other carry-forwards	173	37
Temporary differences	168	113

In accordance with IAS 12 (Income Taxes), deferred tax liabilities are to be recognized for the difference between the pro rata equity of a subsidiary recognized in the consolidated statement of financial position and the carrying amount of the investment for this subsidiary on the parent company's tax balance sheet (known as outside basis differences), if realization is expected. These differences are chiefly the result of retained earnings of German and foreign subsidiaries. No deferred taxes were calculated on these retained earnings because they are reinvested indefinitely or are not subject to taxation. Dividend taxation would have to be paid on any dividends from subsidiary corporations. In addition, dividends from countries outside Germany could trigger a withholding tax. As of 30 September 2022, €1 million (30/09/2021: €2 million) was recognized in deferred tax liabilities from outside basis differences for planned dividend payments.

The table below shows the tax effects on components of other comprehensive income:

	2020/21			2021/22		
€ million	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Currency translation differences from translating the financial statements of foreign operations	−11	0	−11	44	0	44
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	−2	0	−2	−165	0	−165
Remeasurement of defined benefit pension plans	22	0	22	89	40	129
Subsequent measurement of associates/joint ventures accounted for using the equity method	11	0	11	7	0	7
	21	**0**	**21**	**−25**	**40**	**15**

25. INVENTORIES

Inventories rose by €65 million from €3,111 million to €3,176 million.

The increase was mainly attributable to the DACH segment at €56 million.

Inventories contain impairments of €154 million (30/09/2021: €158 million).

CECONOMY's inventories are subject to retentions of title customary under industry standards.

Assets in connection with right of return are recognized under inventories in the amount of €15 million (30/09/2021: €14 million).

26. TRADE RECEIVABLES AND SIMILAR CLAIMS

Trade receivables and similar claims increased from €361 million to €440 million.

€ million	30/09/2021	30/09/2022
Trade receivables	183	219
Contract assets	179	221
Trade receivables and similar claims	**361**	**440**
thereof remaining term ≤12 months	(280)	(329)
thereof remaining term > 12 months	(81)	(110)

The €36 million rise in trade receivables from €183 million to €219 million is primarily attributable to the DACH and Western/Southern Europe segments at €16 million each.

Contract assets of €221 million (30/09/2021: €179 million) primarily represent claims from mobile communications providers. As soon as the claim arising from a contract asset is substantiated, it is transferred to trade receivables.

The item Trade receivables and similar claims recognized under current assets includes items with a remaining term of over one year in the amount of €110 million (30/09/2021: €81 million), which result primarily from claims from mobile communications providers.

Both trade receivables and contract assets contain continuing involvements from factoring programmes.

As part of the revolving sale of receivables from the Swiss customer financing programme, PayRed Card Services AG guarantees to service a limited number of customer defaults. A continuing involvement in the amount of the nominal volume of the default guarantees provided of €16 million (30/09/2021: €15 million) was recognized as a liability, and the customer receivables in the same amount were not fully derecognized. As of 30 September 2022, the carrying amount of the original asset was €99 million (30/09/2021: €89 million).

The risk that a high default on receivables from Swiss customer receivables that have already been sold will impact CECONOMY's earnings is limited to the cumulative nominal volume of the default guarantee. Opportunities are presented by a low default rate leading to low utilization of the default guarantees.

There are no restrictions regarding the transferred assets.

Revolving commission receivables due from contract partners in the mobile communications area were sold as part of two further factoring programmes. Here, CECONOMY provides guarantees for partial defaults by the end customer of up to a maximum of €50 million (30/09/2021: €43 million). Thus, a continuing involvement was recognized as a liability and the customer receivables in the same amount were not fully derecognized. The carrying amount of the original asset as of 30 September 2022 was €156 million (30/09/2021: €164 million).

The risk that a high default on receivables from receivables that have already been sold will impact CECONOMY's earnings is limited to the cumulative nominal volume of the default guarantee. This risk is accounted for in the form of a provision of €7 million (30/09/2021: €4 million). Opportunities are presented by a low default rate leading to low utilization of the default guarantees.

There are no restrictions regarding the transferred assets.

27. IMPAIRMENTS OF CAPITALIZED FINANCIAL INSTRUMENTS AND CONTRACT ASSETS

Capitalized financial instruments are impaired via an allowance account and reduce the carrying amount of the financial assets.

General approach

Impairment is to be calculated in accordance with the general approach for all financial instruments measured at amortized cost or at fair value through other comprehensive income with recycling and that do not fall under the simplified approach.

In financial year 2021/22, CECONOMY applied the general approach, including stages 1 and 2 for the expected credit risk, exclusively for receivables due from suppliers. For all other financial instruments covered by the general approach, only impairments that have already occurred within the meaning of stage 3 are recognized; their amounts are immaterial in terms of risk provisioning.

The following table shows impairments on receivables due from suppliers for the gross carrying amounts:

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	30/09/2021 Total
Suppliers with investment grade credit ratings	499	0	0	499
Other suppliers	486	152	22	660
	986	**152**	**22**	**1,159**

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	30/09/2022 Total
Suppliers with investment grade credit ratings	594	0	0	594
Other suppliers	513	183	22	719
	1,107	**183**	**22**	**1,312**

The “other suppliers” category includes suppliers with a non-investment grade credit rating and suppliers for which an industry average was used as the basis of the calculation for materiality reasons or due to a lack of credit rating.

Impairments in 2021/22 for expected losses and losses already incurred for receivables due from suppliers correspond to the general approach and are presented below:

€ million	Stage 1 Credit risk unchanged since recognition	Stage 2 Increased credit risk	Stage 3 Credit-impaired	Total
Risk provisions as of 30 September 2021	**1**	**1**	**15**	**17**
Newly granted/purchased financial assets	0	0	0	1
Remeasurement of impairment	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Sold financial assets	0	0	−1	−1
Other changes[1]	0	0	0	0
Risk provisions as of 30 September 2022	**2**	**1**	**14**	**16**

[1] Other changes include currency translation differences, changes to the consolidation group and changes to model parameters/assumptions.

Receivables due from suppliers that were written down in financial year 2021/22 and that are not yet subject to enforcement measures amount to €8 million (30/09/2021: €8 million).

Simplified approach

In financial year 2021/22, the simplified approach was used for trade receivables measured at amortized cost and for contract assets, in each case excluding the part relating to a continuing involvement.

Risk provisions for this item are generally measured on the basis of impairment matrices. Receivables were pooled together in various portfolios with similar risk elements in order to calculate the expected credit losses. These portfolios correspond to CECONOMY’s operating segments and are based on similar economic conditions and business activities of the operations.

If an individual approach is not taken, impairment on trade receivables is recognized using the impairment matrix. The following table shows the gross carrying amounts:

€ million	Total carrying amount as of 30/09/2021	Thereof not past due, not impaired	Thereof past due, not impaired				
			Due within the last 90 days	91 to 180 days past due	181 to 270 days past due	271 to 360 days past due	More than 360 days past due
Expected default rate (in %)	1.4	0.2	1.7	4.5	7.7	19.8	13.4
Gross carrying amount excluding impaired receivables	98	73	15	3	2	1	4
Risk provision	**1**	**0**	**0**	**0**	**0**	**0**	**1**

€ million	Total carrying amount as of 30/09/2022	Thereof not past due, not impaired	Thereof past due, not impaired				
			Due within the last 90 days	91 to 180 days past due	181 to 270 days past due	271 to 360 days past due	More than 360 days past due
Expected default rate (in %)	1.5	0.3	1.6	3.2	7.7	14.8	16.0
Gross carrying amount excluding impaired receivables	119	87	19	4	3	1	4
Risk provision	**2**	**0**	**0**	**0**	**0**	**0**	**1**

In addition to the risk provisions shown in the table above, €13 million (30/09/2021: €14 million) in specific bad debt allowances was recognized on the gross carrying amount of €144 million (30/09/2021: €122 million).

Trade receivables that were written down in financial year 2021/22 and that are not yet subject to enforcement measures amount to €19 million (30/09/2021: €18 million).

Trade receivables and contract assets from mobile communications providers are measured individually using the individual providers' credit risks. As in the previous year, minor risk provisions were made on a gross carrying amount of €244 million (30/09/2021: €198 million). Of the gross carrying amount, 93.6 per cent (30/09/2021: 94.9 per cent) of the mobile communications providers meet investment grade criteria and thus have a good to very good credit rating.

In addition to the risk provisions shown above, as in the previous year, €0 million in specific bad debt allowances was recognized on a gross carrying amount of the trade receivables and contract assets from mobile communications providers.

€ million	2021/22
Impairments as of 30/09/2021 as per IFRS 9	**16**
Currency translation	0
Additions	9
Reversal	–5
Reclassifications to IFRS 5	0
Utilization	–5
Transfers	0
Impairments as of 30/09/2022 as per IFRS 9	**14**

↗ Additional information on credit rating and credit risks can be found under note 41 Management of financial risks and in the notes to the Group accounting principles and methods.

28. CASH AND CASH EQUIVALENTS

€ million	30/09/2021	30/09/2022
Cheques and cash on hand	51	48
Bank deposits and other financial assets that can quickly be converted into cash	1,531	720
	1,582	**769**

↗ For details, please refer to the cash flow statement and note 39 Notes to the cash flow statement.

29. EQUITY

The share capital was increased as part of the Convergenta transaction by €321,602,593.27 through a contribution in kind under exclusion of the statutory subscription rights of the shareholders. In addition, the preference shares were converted into ordinary shares. As of 30 September 2022, the share capital therefore amounts to €1,240,448,004.17 and is divided into 485,221,084 ordinary bearer shares. Accordingly, the amount and composition of the share capital changed as follows in comparison to 30 September 2021:

No-par value bearer shares, pro rate value per share in the share capital approx. €2.56		30/09/2021	30/09/2022
Ordinary shares	Number	356,743,118	485,221,084
	€ approx.	911,999,300	1,240,448,004
Preference shares	Number	2,677,966	0
	€ approx.	6,846,111	0
Total shares	**Number**	**359,421,084**	**485,221,084**
Total share capital	**€ approx.**	**918,845,411**	**1,240,448,004**

Each ordinary share carries one vote.

Authorized capital

The General Meeting held on 12 April 2022 authorized the Management Board, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 11 April 2027 up to a maximum of €321,600,000 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind (Authorized Capital 2022/I).

The General Meeting held on 12 April 2022 further authorized the Management Board, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 11 April 2027 up to a maximum of €112,560,000 by issuing new ordinary bearer shares in exchange for contributions in cash and/or in kind (Authorized Capital 2022/II).

The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. Authorized Capital 2022/I and Authorized Capital 2022/II have not yet been utilized.

Contingent capital

The General Meeting held on 12 April 2022 resolved to contingently increase share capital by up to €89,476,079.21, divided into up to 35,000,000 no-par value ordinary bearer shares (Contingent Capital 2022/I). This contingent capital increase relates to the issuing of convertible bonds with a total nominal amount of €151,000,000, divided into 1,510 equal bearer partial bonds with a nominal amount of €100,000 ("convertible bonds"), in exchange for contributions in kind and serves exclusively to grant shares to the holders of convertible bonds. The convertible bonds grant their holders conversion rights to an initial total of up to 27,859,778 no par value ordinary bearer shares in CECONOMY AG, each with a pro rata amount of the share capital of round €2.56 ("conversion shares"). Statutory subscription right for shareholders were excluded. All convertible bonds were issued to Convergenta Invest GmbH.

The General Meeting held on 12 April 2022 also resolved to contingently increase share capital by up to €127,825,000, divided into up to 50,000,000 ordinary bearer shares (Contingent Capital 2022/II). This contingent capital increase relates to a Management Board authorization, with the approval of the Supervisory Board, to issue bearer warrant or convertible bonds (jointly "bonds") on one or more occasions until 11 April 2027 in a total nominal amount of up to €1,000,000,000, and to grant or impose warrant rights or obligations on the holders of warrant bonds and conversion rights or obligations on the holders of convertible bonds for the ordinary bearer shares of CECONOMY AG with a pro rata amount of the share capital totalling up to €127,825,000, in accordance with the terms and conditions of the respective warrant or convertible bond, or to grant CECONOMY AG the right to grant ordinary shares in CECONOMY AG or another listed company in full or in part instead of repaying the bonds in cash. The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. No warrant and/or convertible bonds have yet been issued on the basis of the authorization described above.

The General Meeting held on 12 April 2022 further resolved to contingently increase share capital by up to €44,738,750, divided into up to 17,500,000 ordinary bearer shares (Contingent Capital 2022/III). This contingent capital increase relates to a Management Board authorization, with the approval of the Supervisory Board, to issue bearer warrant or convertible bonds (jointly "bonds") on one or more occasions until 11 April 2027 in a total nominal amount of up to €350,000,000, and to grant or impose warrant rights or obligations on the holders of warrant bonds and conversion rights or obligations on the holders of convertible bonds for the ordinary bearer shares of CECONOMY AG with a pro rata amount of the share capital totalling up to €44,738,750, in accordance with the terms and conditions of the respective warrant or convertible bond, or to grant CECONOMY AG the right to grant ordinary shares in CECONOMY AG or another listed company in full or in part instead of repaying the bonds in cash. The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain, pre-defined cases. No warrant and/or convertible bonds have yet been issued on the basis of the authorization described above.

Acquisition of treasury shares
On the basis of Sec. 71 para. 1 no. 8 AktG, the General Meeting held on 12 April 2022 authorized the company to purchase treasury shares of any share class until 11 April 2027 that represent a total of no more than ten per cent of the share capital at the time this authorization becomes effective or – if this value is lower – of the share capital at the time such authorization is exercised. This authorization has not yet been exercised by the company or by an independent business or a business in which the company holds a majority interest, or by another business acting on behalf of the company or on behalf of an independent business or a business in which the company holds a majority interest.

↗ Further information on Authorized Capital, Contingent Capital and the authorization to issue warrant and/or convertible bonds and to purchase treasury shares can be found in the combined management report – Disclosures pursuant to Sec. 315a sentence 1 and Sec. 289a sentence 1 of the German Commercial Code and explanatory report by the Management Board.

Capital reserve
The capital reserve amounts to €389 million (30/09/2021: €321 million). The increase of €67 million is the result of the capital increase through contribution in kind carried out on 3 June 2022 and comprises the premium of €61 million and the fair value measurement of the conversion option of €9 million. The costs of €3 million incurred in connection with the Convergenta transaction, which were offset against the capital reserve, have the opposite effect.

Reserves retained from earnings
Reserves retained from earnings include cumulative other comprehensive income and other reserves retained from earnings.

€ million	30/09/2021	30/09/2022
Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income	16	−140
Currency translation differences from translating the financial statements of foreign operations	−23	22
Remeasurement of defined benefit pension plans	−284	−203
Subsequent measurement of associates/joint ventures accounted for using the equity method	−51	−81
Income tax attributable to items of other comprehensive income	2	43
Other reserves retained from earnings	−187	−679
	−527	**−1,039**

Reserves retained from earnings decreased by €512 million year on year from €−527 million to €−1,039 million as of 30 September 2022. This decline is chiefly due to the amount of the Convergenta transaction attributable to retained earnings of around €−382 million. This essentially comprises the contribution of MSH shares of €−633 million and, in the opposite direction, deferred tax assets of €236 million and the reclassification of non-controlling interests in the amount of €14 million.

Of the distributions in the amount of €64 million (2020/21: €8 million), €63 million mainly results from dividend payments.

The changes in the financial instruments shown above and the related deferred tax effects include gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income of €−137 million (2020/21: €1 million) and related in the past financial year 2021/22 to the subsequent measurements of the PJSC "M.video" investment of €−122 million and the METRO AG investment of €−15 million.

Other comprehensive income developed positively due to the remeasurement of defined benefit pension plans of €88 million, mainly as a result of increased interest rates.

↗ An overview of the tax effects on components of other comprehensive income can be found under note 24 Deferred tax assets/deferred tax liabilities.

Non-controlling interests
Non-controlling interests include third party interests in the equity of consolidated subsidiaries. In the past financial year 2021/22, they amounted to €2 million (30/09/2021: €44 million). The decline of €42 million resulted primarily from the €–27 million subsequent measurement of the PJSC "M.video" investment (2020/21: €–2 million). In addition, the completion of the Convergenta transaction meant that the non-controlling interests of €14 million attributable to Convergenta Invest GmbH were reclassified to retained earnings.

There were no material non-controlling interests as of 30 September 2022.

Appropriation of the balance sheet profit, dividend
The dividend distribution of CECONOMY AG is based on the annual financial statements of CECONOMY AG in accordance with German commercial law.

In financial year 2021/22, CECONOMY AG's balance sheet profit recognized under German commercial law for financial year 2020/21 of €86 million was used to distribute dividends of €0.17 per ordinary share and €0.74 per preference share, i.e. a total of around €63 million, in accordance with a resolution of the General Meeting of CECONOMY AG on 9 February 2022. The remainder was carried forward to new account.

For financial year 2021/22, the annual financial statements of CECONOMY AG as of 30 September 2022 prepared in accordance with the German Commercial Code recognize balance sheet profit of €74 million, of which €23 million is attributable to the profit carried forward. In accordance with Sec. 253 para. 6 and Sec. 268 para. 8 HGB, the balance sheet profit is fully barred from distribution. The bar on distribution of €202 million results mainly from the recognition of deferred tax assets of €199 million through profit or loss in financial year 2021/22.

The Management Board and the Supervisory Board therefore propose that the balance sheet profit of financial year 2021/22 recognized in the adopted annual financial statements as of 30 September amounting to €74 million be carried forward to new account.

30. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS
Provisions for pensions and similar obligations are recognized in accordance with IAS 19 (Employee Benefits).

Provisions for pensions and similar obligations include obligations that mostly relate to benefits from provisions for post-employment benefit plans. These are defined benefit claims from direct commitments (employer's commitments) and from external pension providers (benevolent funds in Germany and pension funds or insurance companies outside Germany). The external provider's assets serve exclusively to finance pension claims and quality as plan assets. In accordance with the respective benefit plans, pension benefits are based on income and length of employment. Pension benefits based on the length of employment at the company are granted on the basis of fixed amounts.

The most important defined benefit pension plans are described below:

- CECONOMY provides many of its employees in **Germany** with commitments for retirement, disability and surviving dependants' benefits. New commitments are granted in the form of defined benefit commitments within the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which include payment contribution and employer-matching components. The contributions are paid into a pension liability policy, which provides the benefits due in the event of entitlement. A provision is recognized for claims not covered by the pension liability policy.

- In addition, there are also various pension plans that can no longer be taken out that generally provide for life-time pensions from retirement or from the time of a recognized disability. Benefits are for the most part defined as a fixed amount or as an annual increase. In special cases, benefits are calculated taking into account statutory pensions. These commitments provide for widows' benefits at varying levels depending on the benefit that the former employee received or would have received in the case of disability. The old commitments are partially funded by assets held in benevolent funds. Parts not funded by assets are funded by provisions. The bodies (Management Board and general meeting) of the benevolent funds are composed of both employer and employee representatives. The Management Board is responsible for deciding on the use of funds and investments. It can engage third parties to manage the fund assets. There are no statutory minimum funding requirements. In the event that agreed benefits cannot be provided from the benevolent fund's assets, the employer must provide these benefits directly.

- In Switzerland, the Federal Law on Occupational Old-Age, Survivors' and Disability Benefit Plans (BVG) legally requires the employer to insure employees in a benefit plan. The statutory minimum benefits set out a defined pension plan with a guaranteed interest rate. The BVG also sets minimum contributions. Contributions are paid into a pension fund as a percentage of the pensionable salary and converted into retirement benefits upon retirement using conversion rates. The retirement plans are available to new employees. The pension fund takes the legal form of a foundation. Pension plans in Switzerland are recognized as defined benefit plans. In addition to statutory minimum entitlements, CECONOMY also grants employees in Switzerland additional pension commitments.

- Further pension schemes are recognized as a total under **Other countries**.

The following table gives an overview of the percentage breakdown of the present value of defined benefit obligations for CECONOMY countries with material obligations:

%	30/09/2021	30/09/2022
Germany	84	82
Switzerland	12	14
Other countries	4	4
	100	**100**

CECONOMY's plan assets are split in percentage terms between the following countries:

%	30/09/2021	30/09/2022
Germany	59	56
Switzerland	41	44
Other countries	0	0
	100	**100**

The obligations stated are measured on the basis of actuarial calculations in accordance with the relevant IAS 19 principles. Measurements are based on the legal, economic and tax situation in each country.

The average assumptions for the key parameters shown below were based on measurements calculated on the basis of actuarial calculations.

	30/09/2021			30/09/2022		
%	Germany	Switzerland	Other countries	Germany	Switzerland	Other countries
Actuarial interest rate	0.90-1.00	0.10	2.01	2.60-3.90	1.85	3.37
Pension trend	1.50	0.00	n/a	2.00	0.00	n/a

The present value of defined benefit obligations for the material share of the obligation in Germany (CECONOMY AG and CECONOMY Retail GmbH) is measured using an actuarial interest rate of 3.90 per cent. This rate is determined on the basis of the yield on premium corporate bonds and the term of the underlying obligations. A standardized actuarial interest rate of 2.60 per cent is applied for the MediaMarktSaturn Retail Group companies in the eurozone (Germany, Austria and Italy). This rate is based on the corresponding average duration of the obligations in these countries. For countries without a liquid market to set interest rates of suitable corporate bonds, yields on government bonds were used as a reference when setting the actuarial interest rate instead.

As well as the actuarial interest rate, the pension trend represents another key actuarial parameter. The rate of pension growth in Germany is based on inflation, to the extent that pension adjustments are to be determined with the rise in costs of living. At the foreign companies, the plan includes a capital payment or it is assumed that current pensions will not be increased.

The other immaterial parameters used when measuring pension obligations correspond to CECONOMY's long-term expectations. The influence of changes in fluctuation and mortality assumptions was analysed for the material plans. Calculations of the mortality rate for the German Group companies are based on Professor Klaus Heubeck's 2018G mortality tables.

Measurements on the basis of actuarial calculations for outside Germany are based on country-specific mortality tables. The resulting effects from fluctuation and mortality assumptions were assessed as immaterial and were not shown as separate components.

A sensitivity analysis is shown below for the material measurement parameters regarding the present value of defined benefit obligations. The actuarial interest rate and the inflation rate were identified as material parameters for the present value of defined benefit obligations. The sensitivity analysis used the same methods as in the previous year. Changes to the parameters that are considered reasonably possible were taken into consideration. The sensitivity analysis does not include stress tests or worst-case scenarios. The range of potential parameter changes was selected based on past observations over a number of years. The fact that potential future developments were inferred almost exclusively on the basis of past figures represents a methodological limitation.

The impact on the present value of defined benefit obligations of the actuarial interest rate increasing/decreasing by 100 basis points or the inflation rate increasing/decreasing by 25 basis points is shown below:

				30/09/2021			30/09/2022
€ million		Germany	Switzerland	Other countries	Germany	Switzerland	Other countries
Actuarial interest rate	Increase by 100 basis points	−40.60	−9.70	−2.40	−26.90	−5.90	−1.90
	Decline by 100 basis points	47.00	12.70	2.90	29.00	9.10	2.20
Pension trend	Increase by 25 basis points	10.30	1.80	0.00	6.80	1.30	0.00
	Decline by 25 basis points	−9.90	−1.80	0.00	−6.60	0.00	0.00

CECONOMY is exposed to various risks as a result of its commitments to defined benefit pension claims. These risks include general actuarial risks on the basis of measuring the pension obligation (such as interest rate risks) and capital and investment risks for the plan assets.

With regard to financing future pension payments from indirect commitments and stable policy reserves, CECONOMY invests plan assets mostly in low-risk types of investment. Financing for direct pension commitments is secured by CECONOMY's operating cash flow.

The percentage breakdown of the fair value of plan assets among the individual asset categories is as follows:

		30/09/2021		30/09/2022
	%	€ million	%	€ million
Fixed-interest securities	16	34	17	38
Shares, funds	14	30	15	33
Real estate	48	105	25	57
Other assets	22	50	43	98
	100	**219**	**100**	**227**

Fixed-interest securities, shares and funds are regularly traded on active markets. Market prices are thus available. Within the "fixed-interest securities" asset category, investments are made only in investment grade corporate bonds, government bonds and German covered bonds. Geographical diversification minimizes the risk in the "shares and funds" category.

Property assets not used by the company itself and insured benefits are not traded on an active market.

Other assets essentially include receivables from insurance companies in Germany. These are top insurance companies.

The actual gain on plan assets came to €2 million in the reporting period (2020/21: €33 million).

For financial year 2022/23, employer payments to external pension providers of €3 million and employee contributions of €3 million to plan assets are expected, with these contributions attributable to contribution payments in Switzerland and Germany.

The changes in the present value of defined benefit obligations are as follows:

€ million	2020/21	2021/22
Present value of defined benefit obligations		
At beginning of period	695	651
Recognized through profit or loss	**8**	**8**
Interest expenses	5	5
Current service cost	3	3
Past service cost (incl. curtailments and amendments)	0	0
Income from settlement	0	0
Recognized through other comprehensive income under "remeasurement of defined benefit pension plans"	**1**	**–103**
Actuarial gains/losses from change		
in demographic assumptions (–/+)	–2	0
in financial assumptions (–/+)	–6	–98
due to experience adjustments (–/+)	10	–5
Other effects	**–52**	**–42**
Benefit payments (incl. tax payment)	–56	–54
Contributions from plan participants	3	3
Change in consolidation group/transfers	0	0
Currency effects	0	9
At end of period	**651**	**515**

Overall, changes in actuarial parameters resulted in a reduction in the present value of defined benefit obligations of €98 million (2020/21: decrease of €6 million). The effects mostly resulted from the increase in the actuarial interest rates used.

The weighted average duration of defined benefit obligation for the countries with material pension obligations was:

Years	30/09/2021	30/09/2022
Germany	9	7
Switzerland	14	10
Other countries	13	11

The present value of defined benefit obligations is allocated to the individual groups of beneficiaries as follows:

%	30/09/2021	30/09/2022
Active members	13	14
Former claimants	9	10
Pensioners	78	76

The fair value of plan assets developed as follows:

€ million	2020/21	2021/22
Change in plan assets		
Fair value of plan assets as of beginning of period	200	219
Recognized through profit or loss	**1**	**1**
Interest income	1	1
Recognized through other comprehensive income under "remeasurement of defined benefit pension plans"	**32**	**1**
Gains/losses on plan assets not including return on plan assets (+/–)	32	1
Other effects	**–14**	**6**
Benefit payments (incl. tax payment)	–35	–34
Settlement payments	0	0
Employer contributions	17	25
Contributions from plan participants	3	3
Change in consolidation group/transfers	0	0
Currency effects	0	12
Fair value of plan assets as of end of period	**219**	**227**

€ million	30/09/2021	30/09/2022
Financing status		
Present value of defined benefit obligations	651	515
Fair value of plan assets	–219	–227
Asset adjustment (asset ceiling)	10	27
Net liability/asset	**442**	**314**
thereof recognized as provision	(–442)	(–314)
thereof recognized as net assets	(0)	(0)

At the company in Switzerland, the plan assets exceeded the value of the obligation at the closing date. As the company cannot draw any economic benefit from the overfunding, the balance sheet figure was reduced to €0 in application of IAS 19.64 (b). The change in the effect of the asset ceiling of around €17 million (2020/21: €9 million) was recognized in other comprehensive income.

The pension expenses from direct and indirect commitments of the post-employment benefit plans break down as follows:

€ million	2020/21	2021/22
Current service cost[1]	3	3
Net interest expenses	4	4
Past service cost (incl. curtailments and amendments)	0	0
Settlements	0	0
Other pension expenses	0	0
Pension expenses	**7**	**7**

[1] Contributions from employees are set off here.

In addition to the expenses from defined benefit commitments, there were expenses for payments to external pension providers in the financial year of €23 million (2020/21: €23 million) and payments to statutory pension insurance providers of €141 million (2020/21: €126 million) for defined contribution pension commitments.

Media-Saturn Netherlands participates in a multi-employer plan classified as a defined contribution pension plan. The plan is typical for the Netherlands and is subject to strict regulation. In the event of deficient cover, Media-Saturn Netherlands is not obliged to compensate for this deficient cover with higher contributions in the future. In the event of a surplus, Media-Saturn Netherlands has no claim to this income. Over 31,000 companies in the retail industry participate in the plan, with contributions collected for a total of more than 335,000 employees from all companies. Media-Saturn Netherlands currently contributes to the plan for 5,988 employees. The contributions are calculated for five years and correspond to a fixed percentage of an employee's salary (currently 24.75 per cent), whereby employees make a portion of the contributions for salaries above €14,720 and no more contributions have to be made for salaries above €59,706. In financial year 2021/22, contributions to "Bedrijfspensioenfonds voor de Detailhandel" are expected to amount to around €9.5 million. In September 2022, the coverage ratio was 126.7 per cent (September 2021: 112.1 per cent). On dissolution of or withdrawal from the plan, Media-Saturn Netherlands is not obliged to compensate for deficits and will not participate in any asset surplus.

Provisions for obligations similar to pensions primarily include obligations from anniversary and death benefits, continued salary payments in the event of death and partial retirement arrangements. Provisions of €18 million (30/09/2021: €20 million) were recognized for these obligations. The obligations are measured on the basis of actuarial reports. The measurement parameters used are essentially identical to those of the post-employment benefit plans.

31. OTHER PROVISIONS (NON-CURRENT)/PROVISIONS (CURRENT)

Other provisions (non-current)/provisions (current) developed as follows in the reporting period:

€ million	Real estate related obligations	Obligations from trade transactions	Taxes	Miscellaneous	Total
As of 30/09 or 01/10/2021	**24**	**17**	**36**	**68**	**146**
Currency translation	0	0	1	1	2
Addition	23	17	39	42	121
Reversal	–5	–3	–13	–27	–48
Utilization	–4	–18	–39	–19	–80
Interest portion in addition/change in interest rate	0	0	0	0	0
Reclassifications to IFRS 5	0	0	0	0	0
Transfer	0	0	0	–0	0
As of 30/09/2022	**37**	**14**	**22**	**64**	**138**
Long-term	19	0	8	15	43
Short-term	18	14	14	49	95
As of 30/09/2022	**37**	**14**	**22**	**64**	**138**

Provisions for real estate-related obligations relate to rental obligations of €18 million (30/09/2021: €15 million) and asset retirement obligations of €19 million (30/09/2021: €9 million).

Provisions for warranties of €14 million (30/09/2021: €17 million) are a significant component of the provisions for obligations from trade transactions.

As in the previous year, the provisions for tax risks of €22 million (30/09/2021: €36 million) mainly include provisions for VAT matters.

The miscellaneous provisions include provisions for severance payments of €14 million (30/09/2021: €28 million), which in financial year 2020/21 mainly resulted from the new organizational structure ("Operating Model") and related in particular to the DACH and Western/Southern Europe segments. There are also provisions for legal risks of €8 million (30/09/2021: €9 million), for interest on tax provisions of €7 million (30/09/2021: €9 million) and provisions for guarantee and warranty risks of €7 million (30/09/2021: €4 million). The reversals primarily include provisions in connection with the introduction of a harmonized organizational structure ("Operating Model") and provisions for legal risks, which were mainly recognized in the DACH segment.

It is assumed that the majority of the provisions (€95 million of a total of €138 million) will result in payouts within a year. Of the non-current portion of the provisions of €43 million, €19 million is attributable to real estate related obligations, €8 million to provisions for tax risks, €7 million to interest on tax provisions and €7 million to provisions for guarantee and warranty risks. The real estate-related obligations relate to provisions for asset retirement obligations. For these types of provisions, the payout dates are related to the respective remaining terms of the rental agreements.

↗ Additional information on provisions for share-based payments included in miscellaneous provisions can be found under note 47 Executives' long-term incentive.

The interest rates for non-interest-bearing non-current provisions range between 0.00 and 3.23 per cent (30/09/2021: 0.00 and 0.44 per cent) depending on the term, country and currency.

32. LIABILITIES

€ million	30/09/2021 Total	Remaining term: Up to 1 year	Remaining term: 1 to 5 years	Remaining term: Over 5 years	30/09/2022 Total	Remaining term: Up to 1 year	Remaining term: 1 to 5 years	Remaining term: Over 5 years
Trade liabilities and similar liabilities	**5,470**	**5,394**	**76**	**0**	**5,340**	**5,275**	**65**	**0**
thereof bills of exchange liabilities (non-interest-bearing)	354	354	0	0	461	461	0	0
Bonds	497	2	495	0	641	32	609	0
Liabilities to banks	50	50	0	0	48	48	0	0
Promissory note loans	251	190	50	12	122	1	121	0
Lease liabilities	2,067	514	1,284	270	1,961	507	1,222	232
Borrowings	**2,865**	**756**	**1,828**	**281**	**2,773**	**589**	**1,952**	**232**
Payroll liabilities	243	243	0	0	232	232	0	0
Liabilities from other financial transactions	2	2	0	0	0	0	0	0
Miscellaneous financial liabilities	218	175	27	16	142	128	2	12
Other financial liabilities	**463**	**420**	**27**	**16**	**374**	**360**	**2**	**12**
Other tax liabilities	334	334	0	0	291	291	0	0
Deferred income	28	23	5	0	19	16	3	0
Miscellaneous non-financial liabilities	2	2	0	0	2	2	0	0
Other liabilities	**364**	**359**	**5**	**0**	**313**	**309**	**3**	**0**
Income tax liabilities	**110**	**110**	**0**	**0**	**72**	**72**	**0**	**0**
	9,272	**7,040**	**1,935**	**298**	**8,871**	**6,605**	**2,022**	**244**

33. TRADE LIABILITIES AND SIMILAR LIABILITIES

The trade liabilities and similar liabilities item decreased from €5,470 million in the previous year to €5,340 million.

€ million	30/09/2021	30/09/2022
Trade liabilities	5,152	5,053
Contract liabilities	261	220
Liabilities from continuing involvement	57	67
Trade liabilities and similar liabilities	**5,470**	**5,340**
thereof remaining term ≤12 months	(5,394)	(5,275)
thereof remaining term > 12 months	(76)	(65)

The decline in trade liabilities was due mainly to the Western/Southern Europe segment at €237 million. The Eastern Europe segment had the opposite effect at €106 million.

Contract liabilities totalled €220 million (30/09/2021: €261 million). These resulted from payments received that were not yet recognized as sales. The contract liabilities primarily include deferred sales from extended warranties of €34 million (30/09/2021: €78 million) and deferred sales from the sale of vouchers of €129 million (30/09/2021: €123 million). The sales recognized in financial year 2021/22 from performance obligations satisfied (or partially satisfied) in previous periods amounted to €198 million (30/09/2021: €287 million).

The "trade liabilities and similar liabilities" item recognized under current liabilities includes items with a remaining term of over one year in the amount of €65 million (30/09/2021: €76 million), which primarily include the recognition of the continuing involvement.

The liabilities from continuing involvement were recognized in connection with three factoring programmes. The corresponding assets are reported under the "trade receivables and similar claims" item.

34. BORROWINGS

Borrowings comprise liabilities from bonds, liabilities to banks, promissory notes and lease liabilities. In total, borrowings decreased by €93 million from €2,865 million in the previous year to €2,773 million.

CECONOMY AG uses issues on the capital market for medium- and long-term financing. In March of the past financial year, CECONOMY AG repaid maturing promissory notes together totalling €189 million on schedule. Two new promissory notes with a total volume of €60 million and a term of five years were issued in June. As of 30 September 2022, CECONOMY AG had several outstanding promissory notes together totalling €121 million with a remaining term of up to five years.

CECONOMY AG also issued a five-year senior unsecured bond of €500 million with a term until 24 June 2026. As part of the Convergenta transaction, in June 2022 CECONOMY AG also issued a convertible bond in favour of Convergenta Invest GmbH with a nominal volume of €151 million and a term of five years.

For obtaining short-term financial funding, CECONOMY AG has a multi-currency commercial paper programme with a maximum volume of €500 million. Commercial paper of €30 million was outstanding as of 30 September 2022 (30/09/2021: €0 million).

The Group had sufficient liquidity at all times. CECONOMY AG possesses comfortable liquidity reserves, which besides the held liquidity comprise syndicated credit facilities of €1,060 million. These extensive, multi-year credit facilities had not been utilized as of 30 September 2022 or in the past financial year 2021/22 as a whole.

The table below provides an overview of the credit facilities:

Undrawn credit facilities of CECONOMY AG

			30/09/2021			30/09/2022
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Bilateral credit facilities	0	0	0	0	0	0
Utilization	0	0	0	0	0	0
Undrawn bilateral credit facilities	**0**	**0**	**0**	**0**	**0**	**0**
Syndicated credit facilities	1,060	0	1,060	1,060	0	1,060
Utilization	0	0	0	0	0	0
Undrawn syndicated credit facilities	**1,060**	**0**	**1,060**	**1,060**	**0**	**1,060**
Total credit facilities	1,060	0	1,060	1,060	0	1,060
Total utilization	0	0	0	0	0	0
Total undrawn credit facilities	**1,060**	**0**	**1,060**	**1,060**	**0**	**1,060**

The default of a creditor can be covered at all times by the existing unutilized credit facilities or the available money and capital market programmes.

CECONOMY generally does not provide collateral for borrowings.

The tables below outline the maturity structure of borrowings from bonds and promissory note loans. The stated carrying amounts and fair values include accrued interest, the remaining term of which is less than one year in each case.

Bonds

					30/09/2021				30/09/2022
		Nominal value	Nominal value	Carrying amount	Fair value	Nominal value	Nominal value	Carrying amount	Fair value
Currency	Remaining term	Million currency	€ million	€ million	€ million	Million currency	€ million	€ million	€ million
EUR	Up to 1 year	0	0	2		32	32	32	
	1 to 5 years	500	500	495		651	651	609	
	Over 5 years	0	0	0		0	0	0	
	Total	**500**	**500**	**497**	**496**	**683**	**683**	**641**	**383**

Promissory note loans

		30/09/2021				30/09/2022			
		Nominal value	Nominal value	Carrying amount	Fair value	Nominal value	Nominal value	Carrying amount	Fair value
Currency	Remaining term	Million currency	€ million	€ million	€ million	Million currency	€ million	€ million	€ million
EUR	Up to 1 year	189	189	190		1	1	1	
	1 to 5 years	50	50	50		121	121	121	
	Over 5 years	12	12	12		0	0	0	
	Total	**250**	**250**	**251**	**253**	**122**	**122**	**122**	**105**

As part of the Convergenta transaction, in financial year 2021/22 CECONOMY AG issued a convertible bond with a nominal volume of €151 million, divided into 1,510 partial bonds, and with a term of five years. As of 30 September 2022, the convertible bond is recognized in bonds at a carrying amount of €113 million and a corresponding fair value of €65 million. The convertible bond bears interest at a fixed interest rate of 0.05 per cent.

The table below shows the interest rate structure of the borrowings from bonds and promissory note loans:

Bonds

			30/09/2021	30/09/2022
Interest rate structure	Currency	Remaining term	Nominal value € million	Nominal value € million
Fixed interest	EUR	Up to 1 year	0	32
		1 to 5 years	500	651
		Over 5 years	0	0
Variable interest	EUR	Up to 1 year	0	0
		1 to 5 years	0	0
		Over 5 years	0	0

Promissory note loans

			30/09/2021	30/09/2022
Interest rate structure	Currency	Remaining term	Nominal value € million	Nominal value € million
Fixed interest	EUR	Up to 1 year	120	1
		1 to 5 years	28	100
		Over 5 years	12	0
Variable interest	EUR	Up to 1 year	69	0
		1 to 5 years	22	22
		Over 5 years	0	0

The fixed interest rates of the short-term borrowings and the interest reset dates of all fixed interest borrowings correspond to the remaining terms shown. The interest reset periods of variable interest rates are less than one year.

↗ The effects of interest rate changes in the variable portion of the borrowings on CECONOMY's profit or loss for the period and equity are described in detail under note 41 Management of financial risks.

35. OTHER FINANCIAL LIABILITIES AND NON-FINANCIAL LIABILITIES

	30/09/2021			30/09/2022		
		Remaining term			Remaining term	
€ million	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Payroll liabilities	243	243	0	232	232	0
Miscellaneous financial liabilities	187	144	43	101	88	14
Refund liabilities	33	33	0	41	41	0
Other financial liabilities	**463**	**420**	**43**	**374**	**360**	**14**
Other tax liabilities	334	334	0	291	291	0
Deferred income	28	23	5	19	16	3
Miscellaneous non-financial liabilities	2	2	0	2	2	0
Other liabilities	**364**	**359**	**5**	**313**	**309**	**3**

Material items in miscellaneous financial liabilities are liabilities from the acquisition of assets of €43 million (30/09/2021: €35 million), liabilities from non-Group shareholders' put options of €14 million (30/09/2021: €46 million), real estate-related liabilities of €12 million (30/09/2021: €18 million) and liabilities from multi-year compensation payments to minority interests on the basis of profit and loss transfer agreements concluded with selected market companies of €2 million (30/09/2021: €60 million).

The other tax liabilities mainly comprise value added tax, payroll and church tax and land tax.

Deferred income includes deferred rent and advertising subsidies as well as other deferred items.

36. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting agreements, enforceable master netting arrangements and other agreements were as follows:

						30/09/2021
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)
	Gross amounts of recognized financial assets/liabilities	Gross amounts of recognized inancial liabilities/ assets that are netted in the statement of financial position	Net amounts of financial assets/ liabilities that are shown in the statement of financial position	Corresponding amounts that are not netted in the statement of financial position		
€ million				Financial instruments	Collateral received/provided	Net amount
Financial assets						
Receivables due from suppliers	1,425	283	1,142	71	0	1,071
Trade receivables and similar claims[1]	205	23	183	0	0	183
Further financial assets	559	0	559	0	0	559
Cash and cash equivalents	1,582	0	1,582	0	0	1,582
	3,771	**306**	**3,465**	**71**	**0**	**3,394**
Financial liabilities						
Trade liabilities and similar liabilities[2]	5,386	177	5,209	48	0	5,161
Further financial liabilities	3,457	129	3,328	24	0	3,305
	8,843	**306**	**8,537**	**71**	**0**	**8,466**

[1] Not including contract assets of €179 million.
[2] Not including contract liabilities of €261 million.

€ million	(a) Gross amounts of recognized financial assets/liabilities	(b) Gross amounts of recognized inancial liabilities/ assets that are netted in the statement of financial position	(c) = (a) – (b) Net amounts of financial assets/ liabilities that are shown in the statement of financial position	(d) Corresponding amounts that are not netted in the statement of financial position: Financial instruments	Collateral received/provided	30/09/2022 (e) = (c) – (d) Net amount
Financial assets						
Receivables due from suppliers	1,466	170	1,296	60	0	1,236
Trade receivables and similar claims[1]	242	24	219	0	0	219
Further financial assets	260	0	260	0	0	260
Cash and cash equivalents	769	0	769	0	0	769
	2,737	**193**	**2,543**	**60**	**0**	**2,483**
Financial liabilities						
Trade liabilities and similar liabilities[2]	5,275	155	5,120	46	0	5,074
Further financial liabilities	3,186	39	3,147	14	0	3,133
	8,461	**193**	**8,267**	**60**	**0**	**8,207**

[1] Not including contract assets of €221 million.
[2] Not including contract liabilities of €220 million.

The financial instruments not offset would be offsetable on the basis of the underlying framework agreements, but do not meet the offsetting criteria of IAS 32 (Financial Instruments: Presentation).

CECONOMY concludes offsetting agreements, enforceable master netting arrangements and other agreements with individual suppliers. These agreements allow receivables due from suppliers resulting from subsequent compensation, product returns and similar claims to be offset against trade liabilities to the suppliers. A set-off takes place if there is a legally enforceable right of set-off and the offsetting is unconditional.

37. UNDISCOUNTED CASH FLOWS OF FINANCIAL LIABILITIES

The undiscounted cash flows of borrowings, trade liabilities and derivatives carried as liabilities are as follows:

€ million	Carrying amount as of 30/09/2021	Contractual cash flows: Total amount	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities					
Bonds	497	544	9	535	0
Liabilities to banks	50	50	50	0	0
Promissory note loans	251	254	191	51	12
Lease liabilities	2,067	2,134	533	1,321	281
Trade liabilities and similar liabilities[1]	5,209	5,209	5,165	44	0
Currency derivatives carried as liabilities	2	2	2	0	0

€ million	Carrying amount as of 30/09/2022	Contractual cash flows: Total amount	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities					
Bonds	641	719	41	678	0
Liabilities to banks	48	48	48	0	0
Promissory note loans	122	133	4	129	0
Lease liabilities	1,961	2,064	530	1,292	241
Trade liabilities and similar liabilities[1]	5,120	5,120	5,068	52	0
Currency derivatives carried as liabilities	0	0	0	0	0

[1] This item does not include contract liabilities of €220 million (30/09/2021: €261 million).

In the current financial year, the carrying amounts of bonds recognized include a convertible bond of €113 million. The contractual cash flows of the convertible bond are €0 million up to one year and €151 million for one to five years.

38. CARRYING AMOUNTS AND FAIR VALUES BY MEASUREMENT CATEGORY

Financial instruments are accounted for in accordance with IFRS 9 and allocated to the appropriate categories as follows:

	30/09/2021				
		Value in statement of financial position			
€ million	Carrying amount	(Amortized) cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value
Assets					
Measured at amortized cost	**3,160**	**3,160**	**0**	**0**	**3,160**
Cash and cash equivalents	1,582	1,582	0	0	1,582
Receivables due from suppliers	1,142	1,142	0	0	1,142
Trade receivables and similar claims[1]	168	168	0	0	168
Loans and advance credit granted	13	13	0	0	13
Miscellaneous assets	254	254	0	0	254
Measured at fair value through profit or loss	**25**	**0**	**25**	**0**	**25**
Cash and cash equivalents	0	0	0	0	0
Securities	25	0	25	0	25
Trade receivables and similar claims	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0
Measured at fair value through other comprehensive income	**266**	**0**	**0**	**266**	**266**
Equity instruments	266	0	0	266	266
Debt instruments	0	0	0	0	0
Equity and liabilities					
Measured at amortized cost	**6,411**	**6,411**	**0**	**0**	**6,412**
Borrowings[2]	798	798	0	0	799
Trade liabilities and similar liabilities[3]	5,152	5,152	0	0	5,152
Miscellaneous liabilities	461	461	0	0	461
Measured at fair value through profit or loss	**2**	**0**	**2**	**0**	**2**
Derivative financial instruments	2	0	2	0	2
Miscellaneous liabilities	0	0	0	0	0

[1] Not including continuing involvement of €15 million or contract assets of €179 million
[2] Not including lease liabilities of €2,067 million
[3] Not including continuing involvement of €57 million or contract liabilities of €261 million

€ million	Carrying amount	Value in statement of financial position			Fair value
		(Amortized) cost	Fair value through profit or loss	Fair value through other comprehensive income	
	30/09/2022				
Assets					
Measured at amortized cost	**2,424**	**2,424**	**0**	**0**	**2,424**
Cash and cash equivalents	769	769	0	0	769
Receivables due from suppliers	1,296	1,296	0	0	1,296
Trade receivables and similar claims[1]	202	202	0	0	202
Loans and advance credit granted	14	14	0	0	14
Miscellaneous assets	143	143	0	0	143
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**	**1**
Cash and cash equivalents	0	0	0	0	0
Securities	0	0	0	0	0
Trade receivables and similar claims	0	0	0	0	0
Derivative financial instruments	1	0	1	0	1
Measured at fair value through other comprehensive income	**101**	**0**	**0**	**101**	**101**
Equity instruments	101	0	0	101	101
Debt instruments	0	0	0	0	0
Equity and liabilities					
Measured at amortized cost	**6,239**	**6,239**	**0**	**0**	**5,963**
Borrowings[2]	812	812	0	0	536
Trade liabilities and similar liabilities[3]	5,053	5,053	0	0	5,053
Miscellaneous liabilities	374	374	0	0	374
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0	0
Miscellaneous liabilities	0	0	0	0	0

[1] Not including continuing involvement of €16 million or contract assets of €221 million
[2] Not including lease liabilities of €1,961 million
[3] Not including continuing involvement of €67 million or contract liabilities of €220 million

The classes are formed on the basis of similar risks and characteristics corresponding to the nature of the respective financial instruments. Further subdivision for individual financial assets and liabilities is shown the table above.

The fair value hierarchy consists of three levels and is determined based on the market proximity of the inputs used in the measurement method. In cases where various inputs are critical for the measurement, the fair value is allocated to the hierarchy level corresponding to the lowest-level input that is relevant for the measurement.

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs: unobservable inputs for the asset or liability

Equity instruments of €101 million (30/09/2021: €266 million) are subsequently measured at fair value through other comprehensive income. €64 million (30/09/2021: €229 million) of this relates to listed companies, with €38 million (30/09/2021: €188 million) attributable to the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" and €26 million (30/09/2021: €41 million) attributable to the roughly 1 per cent share in METRO AG.

Equity instruments of €37 million (30/09/2021: €37 million) which are not listed on the stock exchange and for which there is no active market are recognized at fair value through other comprehensive income. These equity instruments are not planned to be sold. The main component at €35 million (30/09/2021: €35 million) is the 6.61 per cent investment in METRO PROPERTIES GmbH & Co. KG.

The financial instruments measured at fair value in accordance with IFRS 9 are allocated as follows within the three-level fair value hierarchy:

	30/09/2021			
€ million	Total	Level 1	Level 2	Level 3
Assets	**291**	**254**	**0**	**37**
Measured at fair value through profit or loss	**25**	**25**	**0**	**0**
Cash and cash equivalents	0	0	0	0
Securities	25	25	0	0
Derivative financial instruments	0	0	0	0
Measured at fair value through other comprehensive income	**266**	**229**	**0**	**37**
Equity instruments	266	229	0	37
Equity and liabilities	**2**	**0**	**2**	**0**
Measured at fair value through profit or loss	**2**	**0**	**2**	**0**
Derivative financial instruments	2	0	2	0
Total	**289**	**254**	**–2**	**37**

	30/09/2022			
€ million	Total	Level 1	Level 2	Level 3
Assets	**102**	**26**	**1**	**75**
Measured at fair value through profit or loss	**1**	**0**	**1**	**0**
Cash and cash equivalents	0	0	0	0
Securities	0	0	0	0
Derivative financial instruments	1	0	1	0
Measured at fair value through other comprehensive income	**101**	**26**	**0**	**75**
Equity instruments	101	26	0	75
Equity and liabilities	**0**	**0**	**0**	**0**
Measured at fair value through profit or loss	**0**	**0**	**0**	**0**
Derivative financial instruments	0	0	0	0
Total	**102**	**26**	**1**	**75**

Equity instruments (level 1) are measured on the basis of quoted market prices in active markets.

The securities (level 1) relate to short-term investments in funds and are measured on the basis of quoted market prices in active markets.

For interest rate swaps and currency transactions (all level 2), there is a mark-to-market measurement on the basis of quoted exchange rates and yield curves available on the market.

The non-listed equity instruments without an active market reported as assets totalling €75 million (30/09/2021: €37 million) as of 30 September 2022 are allocated to fair value level 3.

The fair value of the 15 per cent investment in Russia's leading consumer electronics retailer PJSC "M.video" declined by €150 million to €38 million as of 30 September 2022 (30/09/2021: €188 million). This change in the carrying amount was recognized through other comprehensive income ("Gains/losses on remeasuring financial instruments measured at fair value through other comprehensive income"). Because of the Russian war of aggression against Ukraine, a reliable level 1 market valuation of the 15 per cent interest using the share price determined in restricted trading on the Moscow stock exchange was no longer possible on the reporting date, so the valuation was performed using an externally commissioned value indication. Accordingly, as of 31 March 2022 it was necessary to change the fair value hierarchy level from level 1 (30/09/2021) to level 3.

The starting point for this level 3 valuation was the stock exchange price of 264.4 roubles per share fixed on 25 February 2022, i.e. the last trading day before suspension of trading on the Moscow stock exchange. For the purposes of a best-possible estimate of market value, this stock exchange price was adjusted by a markdown of 60 per cent and an exchange rate of 0.013 euros per rouble. The price markdown applied was based on the price performance of a dual-listed stock in the period from 25 February 2022 to 30 September 2022, whereby a positive correlation can be plausibly assumed with the potential performance of the PJSC "M.video" share. Secondly, the reduction was also increased by 10 percentage points to account for further increased uncertainties as of 30 September 2022. As a result, the market value estimate thus derived for the 15 per cent investment in PJSC "M.video" amounts to €38 million.

Varying the material measurement parameters, a 10 percentage point increase in the markdown would decrease the carrying amount by €10 million. Reducing the markdown by 10 percentage points would increase the carrying amount by €10 million. Increasing the exchange rate by 10 per cent would increase the carrying amount by €4 million. Reducing the exchange rate by 10 per cent would decrease the carrying amount by €4 million.

The fair value of the shares in METRO PROPERTIES GmbH & Co. KG amounted to €35 million, as in the previous year. The fair value measurement is determined mainly on the basis of selling prices from sales of land. The fair value of the shares is determined by the value of the real estate behind the investment, so higher or lower real estate values result in a higher or lower fair value, respectively.

During the past reporting period and in the previous year, no transfers were made between levels 1 and 2.

In the financial year 2021/22, there were transfers to or from level 3 as described above.

Financial instruments that are recognized at amortized cost in the statement of financial position, but whose fair values are stated in the notes, are also classified within a three-level fair value hierarchy.

Due to their generally short-terms, the fair values of receivables due from suppliers, trade receivables and similar claims, trade liabilities and similar liabilities and cash and cash equivalents largely correspond to their carrying amounts.

The fair values of bonds, liabilities to banks and promissory note loans are calculated based on the market interest curve in line with the zero-coupon method, taking account of credit spreads (level 2). The values include accrued interest as of the closing date.

The fair values of all miscellaneous financial assets and financial liabilities that are not listed on the stock exchange correspond to the net present values of the payments associated with these items of the statement of financial position. The country-specific yield curves applicable as of the closing date (level 2) were used in the calculation.

Other notes

39. NOTES TO THE CASH FLOW STATEMENT

The statement of cash flows in accordance with IAS 7 (Statement of Cash Flows) shows how the Group's cash and cash equivalents have changed as a result of cash inflows and outflows over the course of the financial year.

Cash and cash equivalents comprise cheques, cash on hand, money in transit, bank deposits and other financial assets that can quickly be converted into cash with a term of up to three months.

The statement of cash flows distinguishes between changes in cash resulting from operating activities, investing activities and financing activities. Cash flows from discontinued operations are reported separately.

The information below relates to continuing operations.

In the past financial year 2021/22, **cash flow from operating activities** resulted in a cash inflow of €219 million. This compares with a cash inflow of €450 million in the previous year. The €230 million lower cash flow from operating activities is primarily due to lower reported EBITDA of €866 million (2020/21: €948 million) and increased cash outflow from other operating activities of €118 million (2020/21: cash inflow of €1 million). The development of reported EBITDA resulted primarily from a year-on-year increase in personnel and marketing expenses.

Of the scheduled depreciation, amortization, reversals of impairment losses and impairment on intangible assets, property, plant and equipment, right-of-use assets, and impairment and reversals of impairment losses on investments accounted for using the equity method totalling €761 million (2020/21: €621 million), property, plant and equipment accounted for €167 million (2020/21: €193 million), other intangible assets for €22 million (2020/21: €25 million), right-of-use assets for €516 million (2020/21: €535 million), impairment on investments accounted for using the equity method for €56 million (2020/21: €18 million), and reversals of impairment losses on investments accounted for using the equity method for €0 million (2020/21: €150 million).

The negative development of net working capital of €–361 million is roughly at the previous year's level (2020/21: €–354 million) and resulted from an increased capital commitment in all items of net working capital. Particularly notable here are the increase in receivables due from suppliers due to higher subsequent supplier income and the decrease in trade liabilities and similar liabilities. This decline results primarily from shorter payment terms, particularly due to direct purchases from selected manufacturers as well as a law change in Belgium.

In other operating cash flow, other taxes and payroll liabilities in particular had a negative effect on cash flow from operating activities. Cash outflow of €31 million is presented for other taxes in financial year 2021/22, whereas cash inflow of €110 million was recognized in the previous year. This development is largely attributable to the expired, COVID–19-related VAT deferrals. The payment of the VAT deferred in the previous year therefore results in correspondingly higher cash outflow in financial year 2021/22. Cash outflow of €7 million (2020/21: cash inflow of €17 million) is recognized in payroll liabilities. This development is mainly attributable to the fact that, in the current financial year, the cash outflows included comparatively high payments for profit shares and performance bonuses in financial year 2021/22 as well as severance and other employee obligations recognized as liabilities in the previous year.

Income tax payments likewise had a negative effect on cash flow from operating activities. With cash outflow of €134 million, these exceeded the previous year's level (2020/21: €104 million). This change resulted in particular from higher tax prepayments and backpayments of taxes for previous years.

In the past financial year 2021/22, **cash flow from investing activities** recorded a cash outflow of €65 million (2020/21: €263 million). The lower cash outflow is primarily due to higher cash inflow from net divestments of financial investments and securities of €515 million (2020/21: €153 million). Higher cash outflow from net investment in financial investments and securities, which amounted to €365 million (2020/21: €218 million) in financial year 2021/22, had the opposite effect. Moreover, there were higher investments in property, plant and equipment in connection with store modernizations and modularization, which resulted in cash outflow of €206 million in financial year 2021/22 (2020/21: €141 million).

The amount of the investments in property, plant and equipment shown as a cash outflow differs from the addition shown in the asset reconciliation by the amount of the non-cash transactions. These essentially relate to changes in liabilities from the acquisition of property, plant and equipment and effects of currency translation.

The **cash outflow from financing activities** amounted to €905 million in financial year 2021/22 (2020/21: €77 million). The €829 million increase in cash outflow is mainly due to the issuance of a five-year bond with a nominal volume of €500 million, which led to a correspondingly higher cash flow from financing activities in the previous year. In addition, the cash flow from financing activities of financial year 2021/22 is negatively affected by the payment of the cash component of €130 million agreed as part of the Convergenta transaction. A dividend of €63 million (2020/21: €0 million) was also distributed to the shareholders of CECONOMY AG in financial year 2021/22.

The cash flow from financing activities of financial year 2021/22 was also negatively affected by the repayment on schedule of maturing promissory notes together totalling €189 million. The cash inflow from the issuance of two new promissory notes of €60 million with a term of five years had the opposite effect. Other short-term financing measures were largely repaid on time in financial year 2021/22, so these financial transactions are reflected in both proceeds from borrowings and the redemption of other borrowings.

The cash outflow of financial year 2021/22 was also increased further by the redemption of lease liabilities of €498 million (2020/21: €503 million). Interest payments of €74 million (2020/21: €62 million), of which €21 million (2020/21: €21 million) related to lease liabilities in the past financial year 2021/22, likewise increased the cash outflow from financing activities. In addition to interest payments received of €17 million (2020/21: €14 million), the cash flow from profit and loss transfers and other financing activities ultimately had a positive effect on cash flow from financing activities of €2 million (2020/21: €18 million). Cash outflows from credit and commitment fees of €6 million

(2020/21: €23 million) were more than compensated for by cash inflows from profit and loss transfers from investments of €13 million (2020/21: €48 million).

Cash flows in connection with factoring programmes are recognized both in cash flow from operating activities and in cash flow from financing activities. In the case of programmes in which the customer pays CECONOMY directly, cash flows between the customer and CECONOMY are recognized in cash flow from operating activities and cash flows between CECONOMY and the factor are recognized in cash flow from financing activities. However, if the customer pays the factor directly, cash flows between the factor and CECONOMY are recognized in cash flow from operating activities. Customers' payments to the factor are classified as non-cash transactions of CECONOMY. In financial year 2021/22, these non-cash transactions in connection with factoring programmes amounted to €272 million (2020/21: €97 million).

Cash and cash equivalents were subject to restrictions on title in the amount of €5 million (2020/21: €4 million).

The following table shows the reconciliation of changes from liabilities from financing activities:

		Cash flows	Non-cash changes				
€ million	01/10/2021	Cash change	Due to exchange rate movements	Acquisition or disposal of companies	Fair values	Miscellaneous	30/09/2022
Bonds	497	30	0	0	0	114	641
Liabilities to banks	50	−1	−1	0	0	0	48
Promissory note loans	251	−131	0	0	0	2	122
Lease liabilities	2,067	−498	−7	0	0	399	1,961
Other liabilities in connection with financing activities[1]	108	−63	0	0	0	−29	15
Liabilities from financing activities	**2,973**	**−664**	**−8**	**0**	**0**	**486**	**2,788**

[1] Contains other balance sheet items affecting the cash flow from financing activities. Key components include liabilities from put options and compensation payment obligations to non-controlling interests (component of "Other financial liabilities") plus asset and liability derivatives for currency hedging (component of "Other financial assets" and component of "Other financial liabilities").

The non-cash changes of €486 million reported under "Miscellaneous" primarily relate to net additions to lease liabilities, whose counterpart is in the "right-of-use assets" balance sheet item. The addition of a convertible bond, which was issued in favour of Convergenta Invest GmbH as part of the Convergenta transaction, is also reported under "Bonds". CECONOMY received no cash from the issuance of the convertible bond. Instead, this convertible bond is a compensation component for the acquisition of Convergenta Invest GmbH's minority stake in MediaMarktSaturn. Finally, the other liabilities in connection with financing activities include effects that arose on the annual revaluation of multi-year obligations to non-controlling interests. These obligations result from profit and loss transfer agreements and are owed to selected market shareholders.

40. SEGMENT REPORTING

Segmentation is in line with the Group's internal management and reporting.

CECONOMY's chief operating decision maker (CODM) in accordance with IFRS 8 (Operating Segments) is the Management Board of CECONOMY AG. The Management Board members have joint responsibility for allocating resources and assessing the Group's operating profitability. At CECONOMY, management is generally performed at a national level. The CODM of CECONOMY therefore manages the company's activities on the basis of internal reporting that generally includes key figures for each country. Resource allocation and performance measurement accordingly take place at a national level.

CECONOMY operates in a single business sector, the electronics sector. Combined with a relatively homogeneous alignment, its products, services and customer groups and its sales methods are similar in all countries. Based on similar economic conditions and business activities of the operations, individual countries are aggregated to form the following reportable **operating segments**:

– DACH: Germany, Austria, Switzerland, Hungary

– Western/Southern Europe: Belgium, Italy, Luxembourg, Netherlands, Portugal, Spain

– Eastern Europe: Poland, Turkey

All non-reportable operating segments as well as business activities that do not meet the criteria to be defined as an operating segment are grouped together under “Others”. This particularly includes Sweden and smaller operating companies.

↗ Further information on the segments can be found in the combined management report.

The main components of segment reporting are described below:

- External sales represent the operating segments’ sales with non-Group parties.
- Internal sales show sales with other operating segments.
- Segment EBIT refers to the profit before net financial result and income taxes. Intragroup rental contracts are presented as operating leases in the segments. The properties are leased at market terms. Location-related risks and impairment risks of non-current assets are generally shown in the segments only if they represent risks for the Group. The same applies to deferred assets and liabilities, which are shown at segment level only if this would also be required in the consolidated statement of financial position.
- Segment EBITDA comprises EBIT before depreciation, amortization, impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method.
- In financial year 2021/22, adjusted EBIT and adjusted EBITDA are adjusted for non-recurring effects and earnings effects from companies recognized at equity and portfolio changes. Non-recurring effects include COVID-19-related permanent store closures, effects in connection with the introduction of a harmonized organizational structure (“Operating Model”), expenses in connection with the transaction announced on 14 December 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn and the reorganization and simplification of the shareholder structure and other effects, which comprise the retroactive increase of a sector-specific tax in Hungary, accounting effects from Turkey, which is now a hyperinflationary economy, and risk provisions for legal risks. Expenses for permanent store closures due to COVID-19 are recognized in EBIT in the amount of €20 million (2020/21: €26 million) and in EBITDA in the amount of €14 million (2020/21: €14 million). The COVID–19-related store closures relate to the permanent closures of MediaMarkt and Saturn stores in several European countries which have lower footfall as a result of the COVID-19 pandemic and cannot be brought back into the profit zone from the company’s point of view. Expenses in connection with the introduction of a harmonized group-wide organizational structure (“Operating Model”) amount to €36 million (2020/21: €26 million) in EBIT and €37 million (2020/21: €23 million) in EBITDA. The Operating Model focuses in particular on the harmonization of structures and standardized, efficient processes and procedures for the administrative functions in the country organizations of MediaMarktSaturn. In addition, the management structures in the stores will be unified throughout Europe and the relief from administrative tasks will enable employees to focus on the customer experience to a greater extent. Expenses in connection with the transaction announced on 14 December 2020 relating to the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the shareholder structure were recognized in EBIT and in EBITDA at €2 million in financial year 2021/22 (2020/21: €13 million). For the first time, expenses of €3 million in EBIT and income of €12 million in EBITDA were recognized for other effects in financial year 2021/22. In financial year 2021/22, the expenses for non-recurring effects total €62 million (2020/21: €64 million) in EBIT and €42 million (2020/21: €50 million) in EBITDA. EBIT includes expenses of €30 million (2020/21: income of €154 million) and EBITDA includes income of €26 million (2020/21: €22 million) for companies accounted for using the equity method and portfolio changes.

The reconciliation of adjusted EBIT to EBIT and the reconciliation of adjusted EBITDA to EBITDA for financial year 2021/22 are presented below:

€ million	2020/21	2021/22
Adjusted EBIT	**237**	**197**
Store closures due to COVID-19	−26	−20
Operating model	−26	−36
Transaction costs from minority stake acquisition	−13	−2
Companies accounted for using the equity method and portfolio changes	154	−30
Other	–	−3
EBIT	**326**	**105**

€ million	2020/21	2021/22
Adjusted EBITDA	**976**	**882**
Store closures due to COVID-19	−14	−14
Introduction of the Operating Model	−23	−37
Transaction costs from minority stake acquisition	−13	−2
Companies accounted for using the equity method and portfolio changes	22	26
Other	–	12
EBITDA	**948**	**866**

↗ Further information on adjusted EBIT and adjusted EBITDA can be found under “Management system”.

– Segment investments comprises additions (including additions to consolidation group) to non-current intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method. Excluded here are additions as a result of reclassifying assets held for sale as non-current assets.

– Non-current segment assets comprise all the non-current assets. They particularly do not include financial assets or tax items.

The reconciliation of non-current segment assets to the Group’s assets is shown below:

€ million	30/09/2021	30/09/2022
Non-current segment assets	**3,525**	**3,447**
Financial assets	280	115
Cash and cash equivalents	1,582	769
Deferred tax assets	99	302
Income tax assets	107	147
Other entitlements to tax refunds[1]	127	103
Inventories	3,111	3,176
Trade receivables and similar claims	361	440
Receivables due from suppliers	1,142	1,296
Prepaid expenses and deferred charges[1]	54	59
Receivables from other financial transactions[2,3]	175	1
Receivables from claims for damages[2]	4	35
Other[1,2,3,4]	100	107
Group assets	**10,667**	**9,998**

[1] Included in the “Other assets (current)” balance sheet item
[2] Included in the “Other financial assets (current)” balance sheet item
[3] Included in the “Other financial assets (non-current)” balance sheet item
[4] Included in the “Other assets (non-current)” balance sheet item

– The transfer pricing system between the segments is based on licence allocation on a cost-plus basis, which comprises cost relief in connection with routine services. The licence allocation, which is calculated on the basis of the segments’ sales, covers the use of brands in the Group, among other things.

41. MANAGEMENT OF FINANCIAL RISKS

The CECONOMY AG Treasury department manages CECONOMY's financial risks. Specifically, these include:

- Price risks
- Liquidity risks
- Credit risks
- Cash flow risks

↗ Further details on the risk management system are included in the combined management report under economic report – earnings, financial and asset position – financial and asset position – financial management and in the opportunity and risk report.

Price risks

CECONOMY's price risks arise from the fact that the value of a financial instrument is influenced by changes in market interest rates, exchange rates and share prices.

Interest rate risks

Interest rate risks result from changes in interest rates. Interest rate derivatives can be used to mitigate these risks if necessary.

CECONOMY's residual interest rate risk is calculated using sensitivity analyses in accordance with IFRS 7. The following assumptions are applied in analysing changes in interest rates:

- The total impact calculated by sensitivity analyses relates to holdings as of the closing date and expresses the effect for a year.
- Variable interest, primary financial instruments whose interest payments are not designated as a hedged item in cash flow hedges against changes in interest rates affect the net interest result in profit or loss in sensitivity analyses. Sensitivity to a change of ten basis points is calculated.
- Fixed interest primary financial instruments are not included in sensitivity analyses.
- Financial instruments designated as a hedge in a cash flow hedge against variable interest flows only affect the net interest result when the cash flows are triggered. However, the measurement of the hedge at fair value affects reserves retained from earnings in equity.
- Interest rate derivatives that are not part of a qualified hedging relationship in accordance with IAS 39 affect other financial result through measurement at fair value through profit or loss and the net interest result through the interest flows that arise.

The residual interest rate risk as of the closing date essentially results from variable interest receivables from and liabilities to banks, and from other short-term liquid financial assets (reported under "Cash and cash equivalents") at a net total amount taking hedges into account of €640 million (30/09/2021: €1,410 million).

Given this net total, a rise in interest rates of ten basis points would increase income in the net interest result by €1 million (2020/21: €1 million) per year. A reduction in interest rates of ten basis points would have an opposite effect of €–1 million (2020/21: €–1 million).

CECONOMY is exposed to **currency risks** as a result of the international procurement of goods and as a result of costs and financing incurred in a currency other than that of the respective country or linked to the performance of another currency. The foreign currency items that arise as a result must be hedged in accordance with the Group's "Foreign Currency Transactions" policy. Exceptions are permitted where hedging is not economically reasonable and where there are statutory and regulatory restrictions in the respective countries. Forward currency contracts/options and interest rate and currency swaps can be used for hedging purposes.

The foreign currency risk arising as a result of the exceptions is also presented using sensitivity analyses in accordance with IFRS 7. The following assumptions are applied in analysing the depreciation or appreciation of the euro against foreign currencies:

The total impact presented by sensitivity analyses, in terms of its amount and earnings effects, relates to the foreign currencies held within the consolidated subsidiaries of CECONOMY and expresses the effect in the event of the depreciation or appreciation of the euro.

The depreciation of the euro has a positive effect if a subsidiary whose functional currency is the euro has a foreign currency receivable, or if a subsidiary whose functional currency is not the euro has a liability in euro. The table below shows the nominal volumes of currency pairs in this category with a positive sign.

The depreciation of the euro has a negative effect if a subsidiary whose functional currency is not the euro has a receivable in euro, or if a subsidiary whose functional currency is the euro has a foreign currency liability. Accordingly, the following table shows the nominal volumes of currency pairs in this category with a negative sign.

By contrast, an appreciation of the euro has the opposite effect for all currency pairs shown above.

The effects of the measurement of non-equity foreign currency positions translated using the closing rate in accordance with IAS 21 are recognized in the income statement in the sensitivity analyses. In the event of a net equity investment in a foreign operation, the effects of measurement using the closing rate are recognized in equity through other comprehensive income (OCI).

Forward currency contracts/options and interest rate and currency swaps that are not part of a qualified hedging relationship in accordance with IAS 39 affect the income statement through measurement at fair value. This is countered by the effects of the measurement of the hedged item held in foreign currency, hence the opposing effects are cancelled out if the hedge is fully effective.

CECONOMY has exercised the option to continue applying the hedge accounting regulations of IAS 39. This option can be exercised until the IASB has completed its macro hedging project. This project is not expected to be finalized in the near future.

The effects of the currency translation of financial statements whose functional currency is not the reporting currency of CECONOMY do not affect cash flows in local currency and are therefore not included in sensitivity analyses.

CECONOMY's residual currency risk, which essentially relates to an inability to hedge certain currencies for legal reasons or owing to insufficient market depth, was as follows as of the closing date:

		Effect if euro depreciates/appreciates by 10%			
€ million	Currency pair	Volume	30/09/2021	Volume	30/09/2022
Profit or loss for the period			+/−		+/−
	HUF/EUR	+36	+4	+30	+3
	PLN/EUR	+160	+16	+117	+12
	SEK/EUR	+29	+3	+24	+2
	USD/EUR	+5	0	+2	0

In addition to the currency pairs shown in the table, there is a US dollar foreign currency position at a subsidiary whose functional currency is the Turkish lira (currency pair: USD/TRY). Given a volume of USD 33 million, a depreciation of the US dollar of 10 per cent would have a positive effect on the profit or loss for the period of €3 million. Conversely, an appreciation of the US dollar of 10 per cent would have a negative effect on the profit or loss for the period of €–3 million.

Interest rate and currency risks are significantly reduced and limited by the principles set out in CECONOMY's internal Treasury policies. These stipulate for the Group as a whole that any hedging operation must remain within predefined limits and must not increase risk exposure under any circumstances. CECONOMY realizes and accepts that this greatly limits its ability to leverage current or expected interest rate or exchange rate movements to optimize its earnings.

In addition, only standard derivative financial instruments for which the correct financial and accounting presentation and measurement are guaranteed in Treasury's systems can be used for hedging purposes.

The following derivative financial instruments were used to reduce risk at the closing date:

€ million	30/09/2021 Nominal volume[1]	30/09/2021 Fair values Financial assets	30/09/2021 Fair values Financial liabilities	30/09/2022 Nominal volume[1]	30/09/2022 Fair values Financial assets	30/09/2022 Fair values Financial liabilities
Currency transactions						
Forward currency contracts/options						
within fair value hedges	0	0	0	0	0	0
within cash flow hedges	0	0	0	0	0	0
not in a hedge	425	0	2	456	1	0
	425	**0**	**2**	**456**	**1**	**0**

[1] Positive sign = forward purchase of foreign currency; negative sign = forward sale of foreign currency

The nominal volume primarily comprises forward currency contracts/options, which are determined by the net position of the foreign currency amounts bought and sold in the individual transactions, translated using the corresponding exchange rate as of the closing date. All fair values represent the theoretical value of these instruments on the reversal of transactions as of the closing date. Assuming that the transactions will be held to maturity, these are unrealized gains and losses that will be fully offset against the gains and losses of the hedged items by the time they mature if the hedges are fully effective.

In order to show this offsetting on an accrual basis, relationships are created between hedges and hedged items and presented as follows:

- In a fair value hedge, both the hedge and the hedged risk of the hedged item are recognized at fair value. The fluctuations in the fair value of both transactions are recognized in the income statement, where they offset each other if the hedge is fully effective.

- In a cash flow hedge, the hedges are also recognized at fair value. If the hedge is fully effective, the changes in value are recognized in equity until the hedged cash flows or expected transactions are recognized in profit or loss, at which time they are recognized in the income statement.

- Hedging transactions that are not part of a hedge in accordance with IAS 39 are recognized at fair value. Changes in their value are recognized in the income statement. Even if no formal hedge was established, these are hedging transactions in a close relationship with the hedged item whose impact on profit or loss is offset by that of the hedged item (natural hedge).

The currency derivatives used mainly relate to the Swedish krona and the Polish złoty.

The maturity dates of the derivative financial instruments are as follows:

€ million	30/09/2021 Maturity dates Up to 1 year	30/09/2021 Maturity dates 1 to 5 years	30/09/2021 Maturity dates Over 5 years	30/09/2022 Maturity dates Up to 1 year	30/09/2022 Maturity dates 1 to 5 years	30/09/2022 Maturity dates Over 5 years
Currency transactions						
Forward currency contracts/options						
within fair value hedges	0	0	0	0	0	0
within cash flow hedges	0	0	0	0	0	0
not in a hedge	–2	0	0	1	0	0
	–2	**0**	**0**	**1**	**0**	**0**

The fair values of the financial assets and liabilities that mature during these time bands are shown under the maturity dates.

Liquidity risks

Liquidity risk describes the risk of being unable to obtain or provide cash, or of only being able to do so at higher cost. Liquidity risks arise, for example, as a result of temporary capital market disruptions, creditor default, insufficient credit facilities or failure of anticipated incoming payments to arise. Treasury always ensures sufficient funds to cover the financial requirements for operating and investing activities as cost-efficiently as possible. The information necessary is provided by rolling three-month Group financial planning by the individual Group companies issued after the end of the financial year, and undergoes deviation analysis. This financial planning is supplemented by short-term liquidity planning and updated on a rolling basis.

Financing instruments include money market and capital market products (bonds, promissory note loans, commercial papers) and multi-year syndicated credit facilities.

Multi-year syndicated credit facilities of €1,060 million are available for the further reduction of liquidity risk. The standard covenants specified in the loan agreement, including financial ratios, were complied with at all times and are expected to be complied with in the future. CECONOMY AG also strengthened its liquidity base further by issuing a five-year senior unsecured bond of €500 million on 24 June 2021.

CECONOMY therefore has sufficient liquidity reserves, ensuring that liquidity risks do not arise even if unexpected events have a negative financial impact on the liquidity situation. Please refer to the information on the corresponding balance sheet items for details of financing instruments and credit facilities.

↗ Further details can be found under note 28 "Cash and cash equivalents" and note 34 "Borrowings".

Intra-Group cash pooling allows Group companies to use the surplus liquidity of other company units to cover their liquidity requirements. This reduces the Group's amount of debt and thus its interest expenses. Furthermore, the expertise bundled in CECONOMY AG's Treasury department is used to advise and assist Group companies in all relevant financial matters. This extends from planning financing of investment projects to assisting the financial officers of the individual Group companies in their talks with local banks and financial service providers. This firstly ensures the optimized use of CECONOMY's financial resources and secondly that all Group companies benefit from CECONOMY's financial standing in terms of their financing conditions.

Credit risks
Credit risks arise from a full or partial default by a counterparty, for instance as a result of insolvency, or in the context of financial investments and asset-side derivative financial instruments. CECONOMY's maximum default exposure as of the closing date is reflected by the carrying amounts of its financial assets and totals €2,527 million (30/09/2021: €3,451 million).

There was no material collateral for financial assets as of the closing date.

The cash holdings included in "Cash and cash equivalents" of €48 million (30/09/2021: €51 million) are not subject to any significant risk of default.

In the context of the management of financial investments of €611 million (30/09/2021: €1,480 million) and asset side derivative financial instruments of €1 million (30/09/2021: €0 million), minimum credit requirements and individual maximum exposures have been defined for all business partners of CECONOMY. Cheques and money in transit are not included in the calculation of credit risks. The basis for this is a system of limits set out in Treasury policies, which are essentially based on ratings provided by international rating agencies, the development of the credit default swap or internal credit checks. Every counterparty of CECONOMY is assigned an individual limit, compliance with which is monitored on an ongoing basis.

As of 30 September 2022, around 89 per cent (30/09/2021: around 98 per cent) of the investment volume was placed with investment grade counterparties, in other words, those with good or very good credit ratings. The counterparties that do not yet have an internationally recognized rating are renowned financial institutions whose credit can be considered impeccable on the basis on analyses. CECONOMY also operates in countries whose financial institutions do not have an investment grade on account of their country's rating. It is necessary and reasonable to cooperate with these institutions for reasons specific to the countries in question and in terms of cost and efficiency considerations. These institutions account for around 10 per cent of the total volume (30/09/2021: around 1 per cent).

CECONOMY's exposure to credit risks from financial investments is therefore low.

CECONOMY considers the probability of default when recognising an asset for the first time, and determines whether the credit risk has increased steadily in each reporting period. In order to assess whether the credit risk has increased significantly, the company compares the asset's risk of default as of the closing date to its risk of default as of the date of first-time recognition. All available, appropriate and forward-looking information is taken into account, including the following indicators in particular:

- Internal rating models
- External credit information (if available)
- Actual or anticipated substantial negative changes in a borrower's business situation or financial position that are expected to substantially alter its ability to settle its obligations
- Significant increases in credit risk on other financial instruments of the same borrower
- Material changes in the borrower's expected performance and behaviour, including changes in the borrower's payment status within the Group and changes in the borrower's operating results

Macroeconomic information (such as market interest rates or growth rates) and other forward-looking information are taken into account in the internal rating model. For trade and provider receivables, these are taken into account in the corresponding operating segment by means of a forecast for the subsequent year of the annual change in company insolvencies.

The above analysis notwithstanding, a significant increase in credit risk is presumed if an obligor's contractual payment is more than 30 days past due. Financial assets are transferred from level 1 or 2 to level 3 as soon as there is objective evidence of impairment. The CECONOMY Group also uses indicators including the following:

- Significant financial difficulty of the debtor
- A breach of contract, such as default or delinquency in interest and/or principal payment
- Disappearance of an active market for the financial asset in question
- Concessions granted for economic or contractual reasons due to the financial difficulty of the debtor
- Increased probability of bankruptcy or forfeiture procedures

It is also considered whether a financial asset is in default if the counterparty makes no contractual payments within 90 days of the due date. Financial assets are derecognized if there is no reasonable expectation of repayments, for example if an obligor does not agree a repayment plan with the company. The company still undertakes enforcement measures when loans or receivables are derecognized to attempt to collect the amount due. If amounts are claimed in return, these are recognized through profit or loss.

No significant changes were made to estimation techniques or assumptions in the reporting period.

Cash flow risks
A change in future interest rates can cause cash flows from variable interest asset and liability items to fluctuate. Stress tests are used to determine the impact interest rate changes could have on cash flows and how they can be limited by hedges in line with internal Treasury policies.

42. CONTINGENT LIABILITIES
CECONOMY's contingent liabilities amounted to €18 million as of 30 September 2022 (30/09/2021: €22 million). These mainly relate to income taxes and VAT.

43. OTHER FINANCIAL LIABILITIES
The nominal value of other financial liabilities is €170 million as of 30 September 2022 (30/09/2021: €167 million) and essentially includes purchase obligations for service agreements.

The spin-off of the former METRO GROUP in financial year 2016/2017 gives rise to a legal contingent liability from a five- or ten-year continuing liability in accordance with Sec. 133 para. 1 and 3 of the German Transformation Act (UmwG). The legal entities involved in the spin-off are liable as joint and several debtors for the liabilities (five years) and the pension obligations (ten years) of CECONOMY AG as the transferring legal entity that had been in existence since before the spin-off entered into force. The related five-year period of continuing liability has now ended. The total liability in connection with the remaining continuing liability from pension obligations is immaterial. In addition, the risk of this contingent liability being utilized is considered unlikely on the basis of publicly available information, in particular METRO AG's rating.

↗ Please see note 19 "Other intangible assets", note 20 "Property, plant and equipment" and note 21 "Right-of-use assets" for details of purchase obligations for other intangible assets, property, plant and equipment and lease obligations.

44. OTHER LEGAL MATTERS

Legal disputes in relation to the General Meeting of CECONOMY AG
On 13 February 2019, the General Meeting granted formal approval for the actions of the members of the Management Board for financial year 2017/18 under item 2 of the agenda. Several shareholders brought an action for annulment before the Düsseldorf Regional Court against the individual approval for the actions of the former members of the Management Board Pieter Haas and Mark Frese. By way of a ruling of 17 December 2019, the Higher Regional Court of Düsseldorf dismissed the action for annulment. All claimants have appealed against the ruling. The Düsseldorf Higher Regional Court rejected the appeal on 30 September 2021 and refused further leave to appeal. The claimants appealed to the Federal Court against the refusal of further leave to appeal on 12 October 2021. By way of judgement dated 13 September 2022, the Federal Court rejected the non-admission complaint. The proceedings are now concluded with legal effect.

On 14 December 2020, CECONOMY AG concluded an agreement with the minority shareholder of MSH, Convergenta Invest GmbH ("Convergenta"), in which the parties, subject to the corresponding resolutions of CECONOMY AG's General Meeting, agreed on matters which included the acquisition, transfer and contribution of the stake in MSH held by Convergenta to CECONOMY AG ("Convergenta Transaction"). In this context, on 17 February 2021, in agenda item 8 the CECONOMY AG General Meeting ("2021 General Meeting") resolved on (i) the increase of the CECONOMY AG share capital though a mixed contribution in kind under exclusion of the statutory subscription rights of the shareholders, (ii) the issue of convertible bonds against a mixed contribution in kind under exclusion of the statutory subscription rights of the shareholders and the creation of a new Contingent Capital 2021/I and (iii) the relevant changes to the Articles of Association. Several shareholders have filed actions for rescission and annulment ("2021 action for annulment") against the resolution made under agenda item 8. The actions filed prevent the entry of the capital increases resolved by the 2021 General Meeting in agenda item 8 into the commercial register of CECONOMY AG. CECONOMY AG had thus initiated clearance proceedings for the release for entry in the register (Freigabeverfahren) under the German Stock Corporation Act to the Düsseldorf Higher Regional Court. In response to a joint motion by the parties involved, the Düsseldorf Regional Court ordered the suspension of the 2021 action for annulment on 27 May 2021. In light of the legal view of the Düsseldorf Higher Regional Court expressed at the oral hearing in the clearance proceedings, CECONOMY AG withdrew its motion for clearance on 16 July 2021. CECONOMY AG's extraordinary General Meeting on 12 April 2022 then also rescinded the resolution challenged in the 2021 action for annulment under agenda item 1 and again agreed to the measures required for the Convergenta Transaction (amended by amendment agreement dated 9 November 2021) under agenda item 2. The Convergenta Transaction was closed on 3 June 2022 by entering these measures in the commercial register of CECONOMY AG. The 2021 action for annulment, which is currently suspended anyway, thus no longer has any effect on the Convergenta Transaction.

45. EVENTS AFTER CLOSING DATE

The following event occurred between the closing date (30 September 2022) and the date of the preparation of the consolidated financial statements (8 December 2022).

On 22 November 2022, Moody's downgraded the rating – which had last been adjusted as recently as September 2022 – from Ba2 to Ba3, while leaving the outlook for the rating at "under review". The reason given was Moody's significantly lowered macroeconomic outlook, especially for CECONOMY's core markets Germany and Italy. No significant impact is expected on the earnings, financial and asset position of CECONOMY AG and CECONOMY.

46. NOTES ON RELATED PARTIES

Related parties with significant influence
As the parent company of CECONOMY, CECONOMY AG is not controlled by any company. The Haniel Group holds a 16.7 per cent stake in CECONOMY AG and, as it is represented on the Supervisory Board, has significant influence on

CECONOMY AG, which is disclosed as an associate in Haniel's consolidated financial statements. CECONOMY did not enter into any material transactions with the Haniel Group in financial year 2021/22 or in the previous year 2020/21.

Convergenta Invest GmbH (Convergenta) is a German investment and holding company and has held a stakein CECONOMY AG since June 2022. With 29.0 per cent of shares, it is CECONOMY AG's largest shareholder. As part of the investment in CECONOMY AG, Convergenta was granted convertible bonds in a total nominal amount of €151 million in addition to the ordinary shares already acquired. The convertible bonds give Convergenta the right to acquire new ordinary shares through conversion at any time until July 2027.

Business relations between CECONOMY and Convergenta primarily comprise leasing locations for the MediaMarktSaturn Retail Group's electronics stores and administrative buildings. Lease payments including incidental costs amounted to €12 million in financial year 2021/22.

Obligations arising under the leases with Convergenta mature in subsequent years as follows:

Future lease payments (nominal) in € million	30/09/2022
Up to 1 year	10
1 to 5 years	26
Over 5 years	7
	43

In accordance with IFRS 16, these lease liabilities are recognized at present value and included in financial liabilities. Except for the lease liabilities, there are no other liabilities to or receivables from Convergenta.

Business relations with related parties are contractually agreed at arm's-length conditions.

Member of the key management personnel
In accordance with IAS 24, key management personnel at CECONOMY comprises the Management Board and the Supervisory Board of CECONOMY AG. Other than their remuneration, no further services were granted or received between CECONOMY and key management personnel. The reportable remuneration of key management personnel within the Group according to IAS 24 comprises that paid to active Management Board and Supervisory Board members.

Remuneration for members of the Management Board and the Supervisory Board active during financial year 2021/22 in accordance with IAS 24 totalled €5.2 million in financial year 2021/22 (2020/21: €9.8 million). €4.4 million (2020/21: €7.1 million) of this relates to short-term benefits (not including share-based payment), €0.3 million (2020/21: €0.1 million) to post-employment benefits, €0.5 million (2020/21: €2.4 million) to termination benefits and €0.1 million (2020/21: €0.2 million) to share-based payment.

↗ The basic features of the remuneration system and the amount of remuneration for the members of the Management Board and the Supervisory Board are presented in note 48 "Management Board and Supervisory Board".

Other transactions with related parties in the form of associates
As in the previous year, there were no material transactions with Fnac Darty S.A. in financial year 2021/22. There were no transactions with related parties other than those referred to in financial year 2021/22 (2020/21: €0 million).

47. EXECUTIVES' LONG-TERM INCENTIVE

Peak performance plan (PPP)
The long-term performance-based component in accordance with the peak performance plan (PPP) was previously allocated annually and was last allocated at the start of financial year 2021/22. This is paid out after a performance period of four financial years in total. If a member joins or leaves the Management Board during a financial year, the LTI is granted and paid pro rata temporis for that financial year. The calculation considers financial performance targets with a weighting of 80 per cent and non-financial performance targets with a weighting of 20 per cent.

Financial performance targets of the LTI
The financial performance criteria, which are equally weighted with a combined weight of 80 per cent, are the absolute total shareholder return (aTSR) and the relative total shareholder return (rTSR).

aTSR component: the aTSR target achievement factor is calculated as a percentage from the change in the end price of the ordinary share and the sum of the hypothetically reinvested dividends during the performance period in relation to the starting price of the ordinary share.

rTSR component: the target achievement factor of the rTSR component is calculated on the basis of the development of the shareholder return on the company's ordinary shares in the performance period relative to the benchmark indices, the MDAX and the STOXX Europe 600 Retail.

The relevant starting price of the company's ordinary share for the aTSR and rTSR components is calculated by taking the average of the XETRA closing prices over a period of 40 consecutive trading days immediately after the beginning of the financial year for which the LTI is granted. Four years later, the relevant end price is also calculated using the XETRA closing prices of the company's ordinary share over a period of 40 consecutive trading days immediately after the beginning of the financial year. The opening and closing values for the benchmark indices for the rTSR component are calculated accordingly.

Non-financial LTI performance targets
The non-financial LTI performance criteria, which are weighted at 20 per cent in total, are based on up to six quantitative targets specifically formulated by the Management Board for the following subject areas:

- Employee satisfaction

- Customer satisfaction

- Climate and environmental protection

- HR development and training

- Diversity

- Corporate culture and compliance

If the Management Board does not define a specific weighting, the non-financial performance criteria are weighted equally to each other.

Calculation of the LTI payment amount
The thresholds for the financial and non-financial LTI performance targets are set by the Management Board at its due discretion at the end of the financial year preceding the year in which the LTI will be granted. Factors (achievement factors) are allocated to the degree of achievement for each indicator. The Management Board defines the lower threshold (entry barrier), the target for 100-per cent achievement and the value for 300-per cent achievement, at which the amount of the achievement factor is capped. The subsequent amendment of targets or the comparative parameters is precluded.

After the end of the respective performance period, the achievement factors are measured for the individual financial and non-financial performance targets. Intermediate values are interpolated on a straight-line basis. The weighted average of the achievement factors for the financial and non-financial performance targets forms the basis for the respective total achievement factor. This is capped at 3.00x in each case.

The resulting overall target achievement factors of the financial performance targets and the non-financial performance targets are used to calculate the overall target achievement factor of the LTI according to the defined weighting of the performance targets in relation to each other. The total achievement factor is capped at 3.00x.

The target achievement factor calculated for the LTI as a whole is multiplied by the LTI target amount to give the payment amount. The payment amount is limited to a maximum of 250 per cent of the agreed individual target amount (payment cap).

The remuneration amount calculated for the LTI is paid out two months after the end of the performance period of the LTI in question. If a member leaves the Management Board during a financial year, LTI entitlements not yet paid relating to the period before the end of the contract are paid pro rata temporis according to the originally agreed targets and at the time when they would originally be owed.

Pre-existing tranches in the financial year

The total payment amount from the LTI tranche ended in financial year 2021/22 amounted to €0.00 million for nine CECONOMY AG beneficiaries.

The LTI tranches, PPP2021 and PPP2022, were replaced as part of a one-time offer in the financial year 2021/22 for all beneficiaries, and so the provision as of 30 September 2022 in these tranches amounts to €0.00 million.

The provision for the last remaining LTI tranche (PPP 2020) as of 30 September 2022 is €0.34 million.

€ million	Provision as of 30 September 2021	Provision as of 30 September 2022
PPP 2019	0.01	0.00
PPP 2020	0.14	0.34
PPP 2021	0.06	0.00
PPP 2022	0.00	0.00
TOTAL	**0.21**	**0.34**

48. MANAGEMENT BOARD AND SUPERVISORY BOARD

Remuneration of members of the Management Board in financial year 2021/22

In accordance with the remuneration system valid for financial year 2021/22, the remuneration of active members of the Management Board comprises non-performance-based fixed remuneration components and performance-based variable remuneration components. The fixed non-performance-based remuneration consists of the fixed annual salary, the contributions for the post-employment benefit plan and other supplemental benefits. The performance-based remuneration components are variable remuneration as a short-term incentive (STI) for the respective financial year and variable remuneration as a long-term incentive (LTI) over several financial years.

↗ Deviations from the remuneration system in financial year 2021/22 are explained in detail in the remuneration report. The remuneration report has also been made permanently available on the company's website www.ceconomy.de/en/ under Company – Corporate Governance.

The STI is granted for one financial year and paid out after the end of that year. If a member joins or leaves the Management Board during a financial year, the STI is granted and paid pro rata temporis for that financial year. The STI for the financial year 2021/22 is calculated exclusively on the basis of financial performance criteria, which are formulated using the three key performance indicators of EBIT[1], sales growth and net working capital (NWC) on the basis of absolute NWC figures (four-quarter average).

The LTI is granted annually and paid out after a performance period of four financial years in total. If a member joins or leaves the Management Board during a financial year, the LTI is granted and paid pro rata temporis for that financial year. The calculation for the LTI tranche granted as of 1 October 2021 considers financial performance targets with a weighting of 80 per cent and non-financial performance targets with a weighting of 20 per cent.

Remuneration for members of the Management Board active in financial year 2021/22 (calculated in accordance with DRS 17) amounts to €3.5 million (2020/21: €5.8 million). €2.0 million (2020/21: €4.3 million) of this relates to fixed salary (including supplemental benefits), €0.4 million (2020/21: €0.7 million) to short-term performance-based remuneration and €1.0 million (2020/21: €0.8 million) to performance-based remuneration with long-term incentive effect. The figures shown for the previous year relate to members of the Management Board in office in financial year 2020/21.

For the tranche of the LTI in financial year 2021/22, the target amounts are €1.1 million for Dr Karsten Wildberger and €0.53 million for Mr Florian Wieser. The fair value calculated by external assessors according to a recognized actuarial method at the time of granting this LTI tranche is €0.70 million for Dr Wildberger and €0.33 million for Mr Wieser. For active and former members of the Management Board, the provisions for all outstanding tranches of the LTI amount to €0.3 million (2020/21: €0.2 million).

[1] Earnings before interest and taxes (EBIT) adjusted for the effects of portfolio changes and the effects of restructuring programmes (restructuring expenses and unplanned extraordinary income) if the Supervisory Board of CECONOMY AG has approved these programmes, and for the earnings effects from companies accounted for using the equity method

There are post-service benefit plans for members of the Management Board in the form of a commitment of a defined contribution component, which is funded jointly by the Management Board and the company. If Management Board members contribute five per cent of their own defined assessment basis, the company adds double that amount.

The other supplemental benefits relate to non-cash benefits.

Total remuneration of former members of the Management Board

Pension benefits of €3.1 million (2020/21: €3.0 million) were paid for former members of the Management Board of CECONOMY AG and of companies merged into CECONOMY AG and their surviving dependants in financial year 2021/22. The former member of the Management Board Dr Bernhard Düttmann received remuneration of €0.1 million in the financial year (calculated pursuant to DRS 17).

The present value of obligations for ongoing pensions and pension entitlements in accordance with IFRS is €43.2 million as of 30 September 2022 (30/09/2021: €50.0 million). The corresponding present value of the obligation volume for ongoing pensions and entitlements to pensions in accordance with HGB is €45.2 million (30/09/2021: €45.0 million).

Remuneration of Supervisory Board members

The total remuneration of all members of the Supervisory Board for financial year 2021/22 amounts to €2.0 million (2020/21: €2.1 million).

↗ Further information on the remuneration of Management Board and Supervisory Board members can be found in the remuneration report.

49. GROUP AUDITOR'S FEES

The total fee shown below was charged for services provided by the auditor KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG).

€ million	2020/21	2021/22
Audit of financial statements	6	7
Other assurance services	1	1
Tax consultation services	0	0
Other services	0	0
Group auditor's fees	**7**	**8**

Only services in compliance with the engagement of the auditor of the annual financial statements and the consolidated financial statements of CECONOMY AG were performed.

KPMG's fee for audits of financial statements relates to the audit of the consolidated financial statements of CECONOMY AG including the related work on IFRS Reporting Packages from consolidated subsidiaries, the annual financial statements of CECONOMY AG and various subsidiaries, including statutory extensions of scope, and the audit of the consolidated financial statements of a subsidiary including the related work on IFRS Reporting Packages from consolidated subsidiaries. Reviews of interim financial statements, ISAE 3402 audit services and the audit of the separate non-financial group report were also performed.

Other assurance services include, for example, voluntary assurance services in connection with the issuance of comfort letters, sales-based rental agreements and compliance certificates. Other services mainly relate to fees for project-related advisory services.

50. DECLARATION OF CONFORMITY REGARDING THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The declaration of conformity issued jointly by the Management Board and the Supervisory Board pursuant to Sec. 161 para. 1 AktG on the recommendations of the Government Commission of the German Corporate Governance Code dated September 2022 and previous declarations of conformity and supplements to declarations of conformity are made permanently available to the public by CECONOMY AG on its website www.ceconomy.de/en/ under Company – Corporate Governance.

51. EXEMPTIONS ACCORDING TO SEC. 264 PARA. 3 AND SEC. 264 B HGB

The following domestic subsidiaries in the legal form of a corporation or partnership have exercised the simplification option according to Sec. 264 para. 3 HGB and Sec. 264 b HGB, respectively and therefore refrain from disclosing their 2021/22 annual financial statement documentation and mostly from preparing the (HGB) notes and management report.

Operating companies and service entities	
CECONOMY Data GmbH	Düsseldorf
CECONOMY Digital GmbH	Düsseldorf
CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung mbH	Ingolstadt
CECONOMY Invest GmbH	Düsseldorf
CECONOMY Pensionssicherungs GmbH	Düsseldorf
CECONOMY Retail GmbH	Düsseldorf
CECONOMY Retail International GmbH	Düsseldorf
Imtron GmbH	Ingolstadt
Media Markt CCLXXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt
Media Markt CCXCVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt
Media Markt GmbH TV-HiFi-Elektro	Munich
MEDIA Markt TV-HiFi-Elektro GmbH	Hallstadt
MEDIA MARKT TV-HiFi-Elektro GmbH	Bad Dürrheim
MEDIA Markt TV-HiFi-Elektro GmbH	Belm
Media Markt TV-HiFi-Elektro GmbH	Herzogenrath
Media Markt TV-HiFi-Elektro GmbH	Schwentinental
Media Markt TV-HiFi-Elektro GmbH	Lüneburg
Media Markt TV-HiFi-Elektro GmbH	Porta Westfalica/Minden
Media Markt TV-HiFi-Elektro GmbH	Peißen
Media Markt TV-HiFi-Elektro GmbH Aalen	Aalen
Media Markt TV-HiFi-Elektro GmbH Albstadt	Albstadt
Media Markt TV-HiFi-Elektro GmbH Alzey	Alzey
Media Markt TV-HiFi-Elektro GmbH Amberg	Amberg
MEDIA MARKT TV-HiFi-Elektro GmbH Ansbach	Ansbach
MEDIA Markt TV-HiFi-Elektro GmbH Aschaffenburg	Aschaffenburg
MEDIA Markt TV-HiFi-Elektro GmbH Augsburg	Augsburg
Media Markt TV-HiFi-Elektro GmbH Augsburg-Göggingen	Augsburg
MEDIA MARKT TV-HiFi-Elektro GmbH Bad Kreuznach	Bad Kreuznach
Media Markt TV-HiFi-Elektro GmbH Baden-Baden	Baden-Baden
MEDIA Markt TV-HiFi-Elektro GmbH Bayreuth	Bayreuth
Media Markt TV-HiFi-Elektro GmbH Bergisch Gladbach	Bergisch Gladbach
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Biesdorf	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Charlottenburg	Berlin
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Gropiusstadt	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Hohenschönhausen	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Mitte	Berlin
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Neukölln	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Prenzlauer Berg	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Schöneweide	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Spandau	Remscheid
Media Markt TV-HiFi-Elektro GmbH Berlin-Steglitz	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Tegel	Berlin
Media Markt TV-HiFi-Elektro GmbH Berlin-Tempelhof	Berlin
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Wedding	Berlin
Media Markt TV-HiFi-Elektro GmbH Bielefeld	Bielefeld
Media Markt TV-HiFi-Elektro GmbH Bischofsheim	Bischofsheim
Media Markt TV-HiFi-Elektro GmbH Bochum	Bochum
Media Markt TV-HiFi-Elektro GmbH Bochum-Ruhrpark	Bochum
Media Markt TV-HiFi-Elektro GmbH Bonn	Bonn
Media Markt TV-HiFi-Elektro GmbH Brandenburg an der Havel	Brandenburg an der Havel

Operating companies and service entities	
Media Markt TV-HiFi-Elektro GmbH Braunschweig	Braunschweig
Media Markt TV-HiFi-Elektro GmbH Bremen	Bremen
Media Markt TV-HiFi-Elektro GmbH Bremen-Waterfront	Bremen
Media Markt TV-HiFi-Elektro GmbH Bruchsal	Bruchsal
Media Markt TV-HiFi-Elektro GmbH Buchholz in der Nordheide	Buchholz
Media Markt TV-HiFi-Elektro GmbH Buxtehude	Buxtehude
MEDIA MARKT TV-HiFi-Elektro GmbH Castrop-Rauxel	Castrop-Rauxel
Media Markt TV-HiFi-Elektro GmbH Chemnitz	Chemnitz
Media Markt TV-HiFi-Elektro GmbH Chemnitz-Röhrsdorf	Chemnitz
Media Markt TV-HiFi-Elektro GmbH Coburg	Coburg
Media Markt TV-HiFi-Elektro GmbH Cottbus/Groß Gaglow	Cottbus
Media Markt TV-HiFi-Elektro GmbH Dessau	Dessau-Roßlau
MEDIA MARKT TV-HiFi-Elektro GmbH Dietzenbach	Dietzenbach
Media Markt TV-HiFi-Elektro GmbH Donauwörth	Donauwörth
Media Markt TV-HiFi-Elektro GmbH Dorsten	Dorsten
Media Markt TV-HiFi-Elektro GmbH Dortmund-Hörde	Dortmund
Media Markt TV-HiFi-Elektro GmbH Dortmund-Oespel	Dortmund
Media Markt TV-HiFi-Elektro GmbH Dresden Centrum	Dresden
MEDIA MARKT TV-HiFi-Elektro GmbH Dresden-Mickten	Dresden
MEDIA Markt TV-HiFi-Elektro GmbH Duisburg	Duisburg
Media Markt TV-HiFi-Elektro GmbH Düsseldorf	Düsseldorf
MEDIA MARKT TV-HiFi-Elektro GmbH Egelsbach	Egelsbach
Media Markt TV-HiFi-Elektro GmbH Eiche	Ahrensfelde-Eiche
Media Markt TV-HiFi-Elektro GmbH Eisenach	Eisenach
Media Markt TV-HiFi-Elektro GmbH Eislingen	Eislingen
Media Markt TV-HiFi-Elektro GmbH Elmshorn	Elmshorn
Media Markt TV-HiFi-Elektro GmbH Emden	Emden
Media Markt TV-HiFi-Elektro GmbH Erding	Erding
Media Markt TV-HiFi-Elektro GmbH Erfurt Thüringen-Park	Erfurt
Media Markt TV-HiFi-Elektro GmbH Erfurt-Daberstedt	Erfurt
Media Markt TV-HiFi-Elektro GmbH Erlangen	Erlangen
Media Markt TV-HiFi-Elektro GmbH Eschweiler	Eschweiler
MEDIA MARKT TV-HiFi-Elektro GmbH Essen	Essen
MEDIA Markt TV-HiFi-Elektro GmbH Esslingen	Esslingen am Neckar
Media Markt TV-HiFi-Elektro GmbH Fellbach	Fellbach
Media Markt TV-HiFi-Elektro GmbH Flensburg	Flensburg
Media Markt TV-HiFi-Elektro GmbH Frankfurt	Frankfurt am Main
MEDIA MARKT TV-HiFi-Elektro GmbH Frankfurt-Borsigallee	Frankfurt am Main
MEDIA MARKT TV-HiFi-Elektro GmbH Freiburg	Freiburg im Breisgau
MEDIA MARKT TV-HiFi-Elektro GmbH Friedrichshafen	Friedrichshafen
MEDIA Markt TV-HiFi-Elektro GmbH Fulda	Fulda
Media Markt TV-HiFi-Elektro GmbH Gifhorn	Gifhorn
Media Markt TV-Hifi-Elektro GmbH Goslar	Goslar
MEDIA MARKT TV-HiFi-Elektro GmbH Göttingen	Göttingen
Media Markt TV-HiFi-Elektro GmbH Greifswald	Greifswald
Media Markt TV-HiFi-Elektro GmbH Gründau-Lieblos	Gründau-Lieblos
Media Markt TV-HiFi-Elektro GmbH Günthersdorf	Leuna
Media Markt TV-HiFi-Elektro GmbH Gütersloh	Gütersloh
Media Markt TV-HiFi-Elektro GmbH Halberstadt	Halberstadt
Media Markt TV-HiFi-Elektro GmbH Halstenbek	Halstenbek
Media Markt TV-HiFi-Elektro GmbH Hamburg-Altona	Hamburg
Media Markt TV-HiFi-Elektro GmbH Hamburg-Billstedt	Hamburg
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Harburg	Hamburg
Media Markt TV-HiFi-Elektro GmbH Hamburg-Hummelsbüttel	Hamburg
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Nedderfeld	Hamburg

Operating companies and service entities	
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Wandsbek	Hamburg
Media Markt TV-HiFi-Elektro GmbH Hameln	Hameln
Media Markt TV-HiFi-Elektro GmbH Hannover-Vahrenheide	Hanover
MEDIA MARKT TV-HiFi-Elektro GmbH Hannover-Wülfel	Hanover
Media Markt TV-HiFi-Elektro GmbH Heide	Heide
MEDIA Markt TV-HiFi-Elektro GmbH Heidelberg	Heidelberg
MEDIA MARKT TV-HiFi-Elektro GmbH Heidelberg-Rohrbach	Heidelberg
Media Markt TV-HiFi-Elektro GmbH Heilbronn	Heilbronn
Media Markt TV-HiFi-Elektro GmbH Henstedt-Ulzburg	Henstedt-Ulzburg
Media Markt TV-HiFi-Elektro GmbH Heppenheim	Heppenheim (Bergstraße)
Media Markt TV-HiFi-Elektro GmbH Hildesheim	Hildesheim
MEDIA MARKT TV-HiFi-Elektro GmbH Hof	Hof
Media Markt TV-HiFi-Elektro GmbH Homburg/Saar	Homburg
Media Markt TV-HiFi-Elektro GmbH Hückelhoven	Hückelhoven
Media Markt TV-HiFi-Elektro GmbH Idar-Oberstein	Idar-Oberstein
Media Markt TV-HiFi-Elektro GmbH Itzehoe	Itzehoe
Media Markt TV-HiFi-Elektro GmbH Jena	Jena
Media Markt TV-HiFi-Elektro GmbH Kaiserslautern	Kaiserslautern
Media Markt TV-HiFi-Elektro GmbH Karlsfeld	Karlsfeld
Media Markt TV-HiFi-Elektro GmbH Karlsruhe	Karlsruhe
Media Markt TV-HiFi-Elektro GmbH Karlsruhe-Ettlinger Tor	Karlsruhe
Media Markt TV-HiFi-Elektro GmbH Kassel	Kassel
Media Markt TV-HiFi-Elektro GmbH Kempten	Kempten (Allgäu)
Media Markt TV-HiFi-Elektro GmbH Kiel	Kiel
Media Markt TV-HiFi-Elektro GmbH Kirchheim	Kirchheim
MEDIA MARKT TV-HiFi-Elektro GmbH Koblenz	Koblenz
Media Markt TV-HiFi-Elektro GmbH Köln Hohe Straße	Cologne
Media Markt TV-HiFi-Elektro GmbH Köln-Kalk	Cologne
MEDIA MARKT TV-HiFi-Elektro GmbH Köln-Marsdorf	Cologne
MEDIA MARKT TV-HiFi-Elektro GmbH Konstanz	Konstanz
Media Markt TV-HiFi-Elektro GmbH Krefeld	Krefeld
Media Markt TV-HiFi-Elektro GmbH Kulmbach	Kulmbach
MEDIA MARKT TV-HiFi-Elektro GmbH Lahr	Lahr
Media Markt TV-HiFi-Elektro GmbH Landau/Pfalz	Landau in der Pfalz
Media Markt TV-HiFi-Elektro GmbH Landsberg/Lech	Landsberg am Lech
Media Markt TV-HiFi-Elektro GmbH Landshut	Landshut
Media Markt TV-HiFi-Elektro GmbH Leinfelden-Echterdingen	Stuttgart
Media Markt TV-HiFi-Elektro GmbH Leipzig Höfe am Brühl	Leipzig
Media Markt TV-HiFi-Elektro GmbH Leipzig-Paunsdorf	Leipzig
MEDIA MARKT TV-HiFi-Elektro GmbH Limburg	Limburg
Media Markt TV-HiFi-Elektro GmbH Lingen	Lingen
MEDIA MARKT TV-HiFi-Elektro GmbH Lübeck	Lübeck
Media Markt TV-HiFi-Elektro GmbH Ludwigsburg	Ludwigsburg
Media Markt TV-HiFi-Elektro GmbH Ludwigshafen	Ludwigshafen/Rh.
Media Markt TV-HiFi-Elektro GmbH M232	Ingolstadt
Media Markt TV-HiFi-Elektro GmbH M258	Ingolstadt
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg	Magdeburg
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg-Bördepark	Magdeburg
Media Markt TV-HiFi-Elektro GmbH Main-Taunus-Zentrum	Sulzbach
Media Markt TV-HiFi-Elektro GmbH Mainz	Mainz
Media Markt TV-HiFi-Elektro GmbH Mannheim	Mannheim
Media Markt TV-HiFi-Elektro GmbH Mannheim-Sandhofen	Mannheim
MEDIA MARKT TV-HiFi-Elektro GmbH Marburg	Marburg
MEDIA MARKT TV-HiFi-Elektro GmbH Marktredwitz	Marktredwitz
Media Markt TV-HiFi-Elektro GmbH Meerane	Meerane

Operating companies and service entities	
Media Markt TV-HiFi-Elektro GmbH Memmingen	Memmingen
Media Markt TV-HiFi-Elektro GmbH Mönchengladbach	Mönchengladbach
Media Markt TV-HiFi-Elektro GmbH Mühldorf/Inn	Mühldorf a. Inn
Media Markt TV-HiFi-Elektro GmbH Mülheim	Mülheim an der Ruhr
MEDIA MARKT TV-HiFi-Elektro GmbH München-Haidhausen	Munich
Media Markt TV-HiFi-Elektro GmbH München-Pasing	Munich
Media Markt TV-HiFi-Elektro GmbH München-Solln	Munich
Media Markt TV-HiFi-Elektro GmbH Münster	Münster
Media Markt TV-Hifi-Elektro GmbH Nagold	Nagold
Media Markt TV-HiFi-Elektro GmbH Neubrandenburg	Neubrandenburg
Media Markt TV-HiFi-Elektro GmbH Neuburg an der Donau	Neuburg an der Donau
Media Markt TV-HiFi-Elektro GmbH Neumünster	Neumünster
Media Markt TV-HiFi-Elektro GmbH Neunkirchen	Neunkirchen
Media Markt TV-HiFi-Elektro GmbH Neuss	Neuss
Media Markt TV-HiFi-Elektro GmbH Neustadt an der Weinstraße	Neustadt/Weinstraße
Media Markt TV-HiFi-Elektro GmbH Neu-Ulm	Neu-Ulm
Media Markt TV-HiFi-Elektro GmbH Neuwied	Neuwied
MEDIA MARKT TV-HiFi-Elektro GmbH Nienburg	Nienburg
Media Markt TV-HiFi-Elektro GmbH Nordhausen	Nordhausen
MEDIA MARKT TV-HiFi-Elektro GmbH Nordhorn	Nordhorn
MEDIA Markt TV-HiFi-Elektro GmbH Nürnberg-Kleinreuth	Nuremberg
MEDIA MARKT TV-HiFi-Elektro GmbH Nürnberg-Langwasser	Nuremberg, Langwasser district
Media Markt TV-Hifi-Elektro GmbH Nürnberg-Schoppershof	Nuremberg
MEDIA MARKT TV-HiFi-Elektro GmbH Offenburg	Offenburg
Media Markt TV-HiFi-Elektro GmbH Oldenburg	Oldenburg
Media Markt TV-HiFi-Elektro GmbH Oststeinbek	Oststeinbek
MEDIA MARKT TV-HiFi-Elektro GmbH Paderborn	Paderborn
Media Markt TV-HiFi-Elektro GmbH Papenburg	Papenburg
Media Markt TV-HiFi-Elektro GmbH Passau	Passau
Media Markt TV-HiFi-Elektro GmbH Peine	Peine
Media Markt TV-HiFi-Elektro GmbH Pforzheim	Pforzheim
MEDIA MARKT TV-HiFi-Elektro GmbH Pirmasens	Pirmasens
Media Markt TV-HiFi-Elektro GmbH Plauen	Plauen
Media Markt TV-HiFi-Elektro GmbH Potsdam	Potsdam
MEDIA MARKT TV-HiFi-Elektro GmbH Ravensburg	Ravensburg
MEDIA MARKT TV-HiFi-Elektro GmbH Recklinghausen	Recklinghausen
Media Markt TV-HiFi-Elektro GmbH Regensburg	Regensburg
Media Markt TV-HiFi-Elektro GmbH Rendsburg	Rendsburg
Media Markt TV-HiFi-Elektro GmbH Reutlingen	Reutlingen
MEDIA MARKT TV-HiFi-Elektro GmbH Rheine	Rheine
MEDIA MARKT TV-HiFi-Elektro GmbH Rosenheim	Rosenheim
Media Markt TV-HiFi-Elektro GmbH Rostock	Sievershagen b. Rostock
Media Markt TV-HiFi-Elektro GmbH Rostock-Brinckmansdorf	Rostock
MEDIA MARKT TV-HiFi-Elektro GmbH Saarbrücken	Saarbrücken
Media Markt TV-HiFi-Elektro GmbH Saarbrücken-Saarterrassen	Saarbrücken
Media Markt TV-HiFi-Elektro GmbH Saarlouis	Saarlouis
Media Markt TV-HiFi-Elektro GmbH Schiffdorf-Spaden	Schiffdorf-Spaden
Media Markt TV-HiFi-Elektro GmbH Schwabach	Schwabach
Media Markt TV-HiFi-Elektro GmbH Schwedt	Schwedt/Oder
Media Markt TV-HiFi-Elektro GmbH Schweinfurt	Schweinfurt
Media Markt TV-HiFi-Elektro GmbH Schwerin	Schwerin
Media Markt TV-HiFi-Elektro GmbH Siegen	Siegen
MEDIA MARKT TV-HiFi-Elektro GmbH Sindelfingen	Sindelfingen
MEDIA MARKT TV-HiFi-Elektro GmbH Singen	Singen
Media Markt TV-HiFi-Elektro GmbH Sinsheim	Sinsheim

Operating companies and service entities	
Media Markt TV-HiFi-Elektro GmbH Speyer	Speyer
Media Markt TV-HiFi-Elektro GmbH Stade	Stade
Media Markt TV-HiFi-Elektro GmbH Stadthagen	Stadthagen
Media Markt TV-HiFi-Elektro GmbH Stralsund	Stralsund
Media Markt TV-HiFi-Elektro GmbH Straubing	Straubing
Media Markt TV-HiFi-Elektro GmbH Stuhr	Stuhr
Media Markt TV-HiFi-Elektro GmbH Stuttgart-Feuerbach	Stuttgart
Media Markt TV-HiFi-Elektro GmbH Traunreut	Traunreut
Media Markt TV-HiFi-Elektro GmbH Traunstein	Traunstein
MEDIA MARKT TV-HiFi-Elektro GmbH Trier	Trier
MEDIA MARKT TV-HiFi-Elektro GmbH Ulm	Ulm
MEDIA MARKT TV-HiFi-Elektro GmbH Velbert	Velbert
Media Markt TV-HiFi-Elektro GmbH Waltersdorf bei Berlin	Schönefeld
Media Markt TV-HiFi-Elektro GmbH Weiden	Weiden i.d.OPf.
Media Markt TV-HiFi-Elektro GmbH Weilheim	Weilheim
Media Markt TV-HiFi-Elektro GmbH Weiterstadt	Weiterstadt
Media Markt TV-HiFi-Elektro GmbH Wetzlar	Wetzlar
Media Markt TV-HiFi-Elektro GmbH Wiesbaden	Wiesbaden
Media Markt TV-HiFi-Elektro GmbH Wiesbaden-Äppelallee	Wiesbaden
Media Markt TV-HiFi-Elektro GmbH Wolfsburg	Wolfsburg
Media Markt TV-HiFi-Elektro GmbH Worms	Worms
Media Markt TV-HiFi-Elektro GmbH Wuppertal	Wuppertal
Media Markt TV-HiFi-Elektro GmbH Würzburg	Würzburg
Media Markt TV-HiFi-Elektro GmbH Würzburg - Alfred-Nobel-Straße	Würzburg
MEDIA MARKT TV-HiFi-Elektro GmbH Zella-Mehlis	Zella-Mehlis
MEDIA MARKT TV-HiFi-Elektro GmbH Zwickau	Zwickau
MEDIA Markt TV-HiFi-Elektro Licht GmbH Ingolstadt	Ingolstadt
MEDIA MARKT XCV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt
Media Markt zwei TV-HiFi-Elektro GmbH Dresden-Prohlis	Dresden
MEDIA-Markt TV-HiFi-Elektro GmbH Aachen	Aachen
MEDIA-MARKT TV-HiFi-Elektro GmbH Viernheim	Viernheim
MediaMarktSaturn Beschaffung und Logistik GmbH	Ingolstadt
MediaMarktSaturn Deutschland vierte Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn fünfte Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn Global Business Services GmbH	Ingolstadt
MediaMarktSaturn Logistik Erfurt GmbH	Erfurt
MediaMarktSaturn Markenlizenz GmbH	Munich
MediaMarktSaturn Markenservice GmbH & Co. KG	Munich
MediaMarktSaturn Markenservice Holding GmbH	Ingolstadt
MediaMarktSaturn Markenservice Verwaltungs-GmbH	Munich
MediaMarktSaturn Plattform Services GmbH	Grünwald
MediaMarktSaturn Retail Group GmbH	Ingolstadt
MediaMarktSaturn sechste Beteiligungsgesellschaft mbH	Ingolstadt
MediaMarktSaturn siebte Beteiligungsgesellschaft mbH	Ingolstadt
Media-Saturn Deutschland Beteiligungsgesellschaft mbH	Ingolstadt
Media-Saturn Deutschland GmbH	Ingolstadt
Media-Saturn Helvetia Holding GmbH	Ingolstadt
Media-Saturn Marketing GmbH	Munich
Media-Saturn-Holding GmbH	Ingolstadt
MMS E-Commerce GmbH	Ingolstadt
MMS Future Payment Solutions and Development GmbH	Ingolstadt
MMS Portfolio GmbH	Munich
MMS Retail International GmbH	Düsseldorf
MMS Technology GmbH	Ingolstadt
MWFS Zwischenholding GmbH & Co. KG	Düsseldorf

Operating companies and service entities	
MWFS Zwischenholding Management GmbH	Düsseldorf
my-xplace GmbH	Ingolstadt
Power Service GmbH	Cologne
RTS Elektronik Systeme GmbH	Wolnzach
Saturn Electro-Handelsgesellschaft m.b.H. Remscheid	Remscheid
Saturn Electro-Handelsgesellschaft mbH	Karlsruhe
Saturn Electro-Handelsgesellschaft mbH Ansbach	Ansbach
Saturn Electro-Handelsgesellschaft mbH Augsburg	Augsburg
Saturn Electro-Handelsgesellschaft mbH Bad Homburg	Bad Homburg v.d. Höhe
Saturn Electro-Handelsgesellschaft mbH Bad Oeynhausen	Bad Oeynhausen
Saturn Electro-Handelsgesellschaft mbH Baunatal	Baunatal
Saturn Electro-Handelsgesellschaft mbH Berlin I	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Charlottenburg	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Friedrichshain	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Gesundbrunnen	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Köpenick	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Leipziger Platz	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Marzahn	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Schloßstraße	Berlin
Saturn Electro-Handelsgesellschaft mbH Berlin-Spandau	Berlin
Saturn Electro-Handelsgesellschaft mbH Bielefeld	Bielefeld
Saturn Electro-Handelsgesellschaft mbH Bocholt	Bocholt
Saturn Electro-Handelsgesellschaft mbH Bochum	Bochum
Saturn Electro-Handelsgesellschaft mbH Braunschweig	Braunschweig
Saturn Electro-Handelsgesellschaft mbH Bremen	Bremen
Saturn Electro-Handelsgesellschaft mbH Bremen-Habenhausen	Bremen
Saturn Electro-Handelsgesellschaft mbH Bremerhaven	Bremerhaven
Saturn Electro-Handelsgesellschaft mbH Celle	Celle
Saturn Electro-Handelsgesellschaft mbH Chemnitz	Chemnitz
Saturn Electro-Handelsgesellschaft mbH Darmstadt	Darmstadt
Saturn Electro-Handelsgesellschaft mbH Dortmund	Dortmund
Saturn Electro-Handelsgesellschaft mbH Dortmund-Eving	Dortmund
Saturn Electro-Handelsgesellschaft mbH Dresden	Dresden
Saturn Electro-Handelsgesellschaft mbH Duisburg	Duisburg
Saturn Electro-Handelsgesellschaft mbH Erfurt	Erfurt
Saturn Electro-Handelsgesellschaft mbH Erlangen	Erlangen
Saturn Electro-Handelsgesellschaft mbH Essen	Essen
Saturn Electro-Handelsgesellschaft mbH Esslingen	Esslingen am Neckar
Saturn Electro-Handelsgesellschaft mbH Euskirchen	Euskirchen
Saturn Electro-Handelsgesellschaft mbH Flensburg	Flensburg
Saturn Electro-Handelsgesellschaft mbH Frankfurt/Main	Frankfurt am Main
Saturn Electro-Handelsgesellschaft mbH Freiburg	Freiburg im Breisgau
Saturn Electro-Handelsgesellschaft mbH Freising	Freising
Saturn Electro-Handelsgesellschaft mbH Gelsenkirchen	Gelsenkirchen
Saturn Electro-Handelsgesellschaft mbH Gelsenkirchen-Buer	Gelsenkirchen
Saturn Electro-Handelsgesellschaft mbH Gießen	Gießen
Saturn Electro-Handelsgesellschaft mbH Gummersbach	Gummersbach
Saturn Electro-Handelsgesellschaft mbH Hagen	Hagen
Saturn Electro-Handelsgesellschaft mbH Hamburg-Altstadt	Hamburg
Saturn Electro-Handelsgesellschaft mbH Hamm	Hamm
Saturn Electro-Handelsgesellschaft mbH Hanau	Hanau
Saturn Electro-Handelsgesellschaft mbH Hannover	Hanover
Saturn Electro-Handelsgesellschaft mbH Heidelberg	Heidelberg
Saturn Electro-Handelsgesellschaft mbH Hilden	Hilden
Saturn Electro-Handelsgesellschaft mbH Ingolstadt	Ingolstadt

Operating companies and service entities

Saturn Electro-Handelsgesellschaft mbH Isernhagen	Isernhagen
Saturn Electro-Handelsgesellschaft mbH Jena	Jena
Saturn Electro-Handelsgesellschaft mbH Kaiserslautern	Kaiserslautern
Saturn Electro-Handelsgesellschaft mbH Kassel	Kassel
Saturn Electro-Handelsgesellschaft mbH Kempten	Kempten (Allgäu)
Saturn Electro-Handelsgesellschaft mbH Kerpen	Kerpen
Saturn Electro-Handelsgesellschaft mbH Kiel	Kiel
Saturn Electro-Handelsgesellschaft mbH Kleve	Kleve
Saturn Electro-Handelsgesellschaft mbH Koblenz	Koblenz
Saturn Electro-Handelsgesellschaft mbH Krefeld	Krefeld
Saturn Electro-Handelsgesellschaft mbH Landshut	Landshut
Saturn Electro-Handelsgesellschaft mbH Leipzig	Leipzig
Saturn Electro-Handelsgesellschaft mbH Leipzig-Hauptbahnhof	Leipzig
Saturn Electro-Handelsgesellschaft mbH Leonberg	Leonberg
Saturn Electro-Handelsgesellschaft mbH Lübeck	Lübeck
Saturn Electro-Handelsgesellschaft mbH Lüdenscheid	Lüdenscheid
Saturn Electro-Handelsgesellschaft mbH Ludwigsburg	Ludwigsburg
Saturn Electro-Handelsgesellschaft mbH Ludwigshafen	Ludwigshafen/Rhein
Saturn Electro-Handelsgesellschaft mbH Lünen	Lünen
Saturn Electro-Handelsgesellschaft mbH Magdeburg	Magdeburg
Saturn Electro-Handelsgesellschaft mbH Mainz	Mainz
Saturn Electro-Handelsgesellschaft mbH Mannheim	Mannheim
Saturn Electro-Handelsgesellschaft mbH Marl	Marl
Saturn Electro-Handelsgesellschaft mbH Moers	Moers
Saturn Electro-Handelsgesellschaft mbH Mülheim	Mülheim an der Ruhr
Saturn Electro-Handelsgesellschaft mbH München	Munich
Saturn Electro-Handelsgesellschaft mbH München-Riem	Munich
Saturn Electro-Handelsgesellschaft mbH Münster	Münster
Saturn Electro-Handelsgesellschaft mbH Neckarsulm	Neckarsulm
Saturn Electro-Handelsgesellschaft mbH Neu-Isenburg	Neu-Isenburg
Saturn Electro-Handelsgesellschaft mbH Norderstedt	Norderstedt
Saturn Electro-Handelsgesellschaft mbH Nürnberg	Nuremberg
Saturn Electro-Handelsgesellschaft mbH Oberhausen	Oberhausen
Saturn Electro-Handelsgesellschaft mbH Oldenburg	Oldenburg
Saturn Electro-Handelsgesellschaft mbH Osnabrück	Osnabrück
Saturn Electro-Handelsgesellschaft mbH Paderborn	Paderborn
Saturn Electro-Handelsgesellschaft mbH Passau	Passau
Saturn Electro-Handelsgesellschaft mbH Pforzheim	Pforzheim
Saturn Electro-Handelsgesellschaft mbH Potsdam	Potsdam
Saturn Electro-Handelsgesellschaft mbH Regensburg	Regensburg
Saturn Electro-Handelsgesellschaft mbH Reutlingen	Reutlingen
Saturn Electro-Handelsgesellschaft mbH Rostock	Rostock
Saturn Electro-Handelsgesellschaft mbH S030	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S032	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S050	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S059	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S214	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S310	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S314	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S320	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S329	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH S356	Ingolstadt
Saturn Electro-Handelsgesellschaft mbH Saarbrücken	Saarbrücken
Saturn Electro-Handelsgesellschaft mbH Senden	Senden
Saturn Electro-Handelsgesellschaft mbH Solingen	Solingen

Operating companies and service entities	
Saturn Electro-Handelsgesellschaft mbH Stuttgart	Stuttgart
Saturn Electro-Handelsgesellschaft mbH Troisdorf	Troisdorf
Saturn Electro-Handelsgesellschaft mbH Tübingen	Tübingen
Saturn Electro-Handelsgesellschaft mbH Weimar	Weimar
Saturn Electro-Handelsgesellschaft mbH Weiterstadt	Weiterstadt
Saturn Electro-Handelsgesellschaft mbH Wiesbaden	Wiesbaden
Saturn Electro-Handelsgesellschaft mbH Wolfsburg	Wolfsburg
Saturn Electro-Handelsgesellschaft mbH Zwickau	Ingolstadt
Saturn Mega Markt GmbH Wuppertal	Wuppertal
Saturn Techno-Electro-Handelsgesellschaft mbH	Cologne
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	St. Augustin
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Düren
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Mönchengladbach
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Neuss
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Leverkusen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Aachen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Cologne
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Siegen
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Hürth
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Bergisch Gladbach
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Düsseldorf - Königsallee	Düsseldorf
Saturn-Mega Markt GmbH Halle	Halle (Saale)
Saturn-Mega Markt GmbH Trier	Trier
Tec-Repair GmbH	Wolnzach
xplace GmbH	Göttingen

52. OVERVIEW OF MATERIAL FULLY CONSOLIDATED GROUP COMPANIES

			30/09/2021	30/09/2022
Name	**Country**	**Registered office**	**Share in %**	**Share in %**
CECONOMY AG	Germany	Düsseldorf		
Media-Saturn-Holding GmbH	Germany	Ingolstadt	100.0	100.0
Media-Saturn Deutschland GmbH	Germany	Ingolstadt	100.0	100.0
MediaMarkt Österreich GmbH	Austria	Vösendorf	100.0	100.0
MEDIA MARKT SATURN, S.A. UNIPERSONAL	Spain	El Prat de Llobregat	100.0	100.0
Mediamarket S.p.A.con Socio Unico	Italy	Verano Brianza	100.0	100.0
Media Markt Saturn Holding Nederland B.V.	Netherlands	Rotterdam	100.0	100.0
Media Saturn Holding Polska Sp.z.o.o.	Poland	Warsaw	100.0	100.0
MEDİA MARKT TURKEY TİCARET LİMİTED ŞİRKETİ	Turkey	Istanbul	100.0	100.0

53. CORPORATE BODIES OF CECONOMY AG AND THEIR MANDATES

Members of the Supervisory Board[1]

Thomas Dannenfeldt (Chairman of the Supervisory Board)
Self-employed entrepreneur, St. Augustin
a) None
b) Nokia Oyj, Espoo, Finland

Sylvia Woelke (Vice Chairwoman)
Chairwoman of the Works Council, Media-Saturn-Holding GmbH, Ingolstadt
Manager Corporate Risk Management & Internal Controls, Media-Saturn-Holding GmbH, Ingolstadt
a) None
b) None

Katrin Adt
Vice President Mercedes-Benz Retail Cars & Vans Europe, Mercedes-Benz AG, Stuttgart
a) None
b) None

Wolfgang Baur
Logistics Department Manager, Saturn Techno-Electro-Handelsgesellschaft mbH, Cologne
Chairman of the Works Council, Saturn Techno-Electro-Handelsgesellschaft mbH, Cologne
a) None
b) None

Kirsten Joachim Breuer
Deputy Managing Director, IG Metall Geschäftsstelle Erfurt, Erfurt
a) None
b) None

Karin Dohm
Member of the Management Board, HORNBACH Baumarkt AG, Bornheim, and HORNBACH Management AG, Annweiler
a) Deutsche EuroShop AG, Hamburg (until 30 August 2022)
HORNBACH Immobilien AG, Bornheim
b) Danfoss A/S, Nordborg, Denmark, Non-Executive Director (since 25 March 2022)

Daniela Eckardt
Member of the checkout team, Saturn Electro-Handelsgesellschaft mbH Berlin Alexanderplatz, Berlin
Deputy Chairwoman of the Works Council, Saturn Electro-Handelsgesellschaft mbH Berlin Alexanderplatz, Berlin
a) None
b) None

Sabine Eckhardt
Self-employed entrepreneur and investor, Munich
Member of the Advisory Board Digital Business, Heinrich Bauer Verlag KG, Hamburg
a) UniCredit Bank AG, Munich (since 1 March 2022)
b) Media4Planet GmbH, Hamburg, Chairwoman of the Advisory Board (until 31 January 2022)

Thomas Fernkorn (since 8 October 2021)
Vice President Corporate Controlling, Media-Saturn-Holding GmbH, Ingolstadt
a) None
b) None

[1] As of 8 December 2022
a) Memberships in other supervisory boards mandated by the law according to Sec. 125 para. 1 sent. 5, alt. 1 AktG
b) Memberships in comparable German and international controlling bodies of business enterprises according to Sec. 125 para. 1 sent. 5, alt. 2 AktG

Dr Florian Funck
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
a) TAKKT AG, Stuttgart
Vonovia SE, Bochum
b) None

Ludwig Glosser
Lead Problem Manager and Sourcing Manager, MMS Technology GmbH, Ingolstadt
Chairman of the Works Council, MMS Technology GmbH, Ingolstadt
a) None
b) None

Julia Goldin (until 9 February 2022)
Executive Vice President & Chief Marketing Officer, Lego Group, London, UK
a) None
b) None

Doreen Huber (since 9 February 2022)
Self-employed entrepreneur and investor
Partner, EQT Ventures, Stockholm, Sweden
a) None
b) Domino's Pizza Enterprises Ltd., Australia, Non-Executive Director

Jürgen Kellerhals (since 9 February 2022)
Self-employed entrepreneur
a) None
b) None

Stefanie Nutzenberger
Member of the Executive Committee of the Trade Union ver.di, Berlin
a) None
b) None

Claudia Plath
Member of the Management Board and Chief Financial Officer ECE Group GmbH & Co. KG, Hamburg
a) Deutsche EuroShop AG, Hamburg
b) MEC METRO-ECE Centermanagement GmbH & Co. KG, Düsseldorf

Jens Ploog
Senior Consultant Organization, Processes and Projects, Media-Saturn Deutschland GmbH, Ingolstadt
Chairman of the Works Council, Media-Saturn Deutschland GmbH, Ingolstadt
a) None
b) None

Dr Lasse Pütz
Lawyer at LLR Legerlotz Laschet und Partner Rechtsanwälte Partnerschaft mbB, Cologne
a) Stadtwerke Düsseldorf AG, Düsseldorf (until 31 July 2022)
b) neue bahnstadt opladen GmbH, Leverkusen

Dr Fredy Raas (until 30 June 2022)
Member of the Foundation Board of the Prof. Otto Beisheim Foundations in Munich and Baar (Switzerland)
Managing Director of Beisheim Holding GmbH, Baar, Switzerland
a) METRO AG, Düsseldorf
b) HUWA Finanz und Beteiligungs AG, Au, Switzerland

Erich Schuhmacher (since 1 July 2022)
Head of Finance/Investment Controlling/Balance Sheets/Taxes, Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria
Managing director of several shopping centres and retail companies in Germany and Austria
a) None
b) Tally Weijl Holding AG, Basel, Switzerland

Jürgen Schulz
Service Department Manager, Saturn Electro Handelsgesellschaft mbH, Bielefeld
Chairman of the Works Council, Saturn Electro Handelsgesellschaft mbH, Bielefeld
a) None
b) None

Regine Stachelhaus (until 9 February 2022)
Self-employed entrepreneur, Herrenberg
a) Covestro AG, Leverkusen
Covestro Deutschland AG, Leverkusen
SPIE Deutschland und Zentraleuropa GmbH, Ratingen
Leoni AG, Nuremberg (until 24 May 2022)
b) SPIE SA, Cergy-Pontoise, France

Christoph Vilanek
CEO of freenet AG, Büdelsdorf
a) Ströer Management SE and Ströer SE & Co. KGaA, Cologne
EXARING AG, Munich
VNR Verlag für die Deutsche Wirtschaft AG, Bonn
b) None

Committees of the Supervisory Board and their composition

Presidential Committee
Thomas Dannenfeldt (Chairman)
Sylvia Woelke
Katrin Adt (since 9 February 2022)
Regine Stachelhaus (until 9 February 2022)
Jens Ploog

Audit Committee
Karin Dohm (Chairwoman)
Sylvia Woelke (Vice Chairwoman)
Claudia Plath
Dr Florian Funck
Ludwig Glosser
Jürgen Schulz

Nomination Committee
Thomas Dannenfeldt (Chairman until 9 February 2022, then member)
Sabine Eckhardt (Member and Chairwoman since 9 February 2022)
Claudia Plath (until 9 February 2022)
Regine Stachelhaus (until 9 February 2022)
Christoph Vilanek (since 9 February 2022)

Mediation Committee pursuant to Sec. 27 para. 3 of the German Co-determination Act (MitbestG)
Thomas Dannenfeldt (Chairman)
Sylvia Woelke
Ludwig Glosser
Claudia Plath

Members of the Management Board[2]

Dr Karsten Wildberger (Chief Executive Officer and Labour Director)
a) Forschungszentrum Jülich GmbH, Jülich
b) None

Florian Wieser (Chief Financial Officer)
a) None
b) None

54. SHAREHOLDINGS OF CECONOMY AG AS OF 30 SEPTEMBER 2022 IN ACCORDANCE WITH SEC. 313 HGB

The disclosures on the shareholdings of CECONOMY AG and the CECONOMY Group, which are part of these financial statements, can be found in a separate appendix to the notes.

↗ The full list of all Group companies and associates in accordance with Sec. 313 HGB is available on the website www.ceconomy.de/en/ under Investor Relations – Publications.

[2] As of 8 December 2022
a) Memberships in other supervisory boards mandated by the law according to Sec. 125 para. 1 sent. 5, alt. 1 AktG
b) Memberships in comparable German and international controlling bodies of business enterprises according to Sec. 125 para. 1 sent. 5, alt. 2 AktG

8 December 2022

The Management Board

Dr Karsten Wildberger

Florian Wieser

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements (Konzernabschluss) and group management report (Konzernlagebericht) of CECONOMY AG, Düsseldorf as of and for the fiscal year ended September 30, 2022. The group management report is neither included nor incorporated by reference in this Offering Memorandum. The independent auditor's report also comprises, in accordance with Section 322 para. 1 sentence 4 German Commercial Code, an assurance reporting in accordance with Section 317 para 3a German report prepared for publication purposes ("ESEF-Report"). The documents prepared in the ESEF format that are subject matter of the ESEF-Report are neither included nor incorporated by reference in this Offering Memorandum. These documents are accessible via the German Federal Gazette (Bundesanzeiger). The above-mentioned independent auditor's report and the consolidated financial statements are both translations of respective German-language documents.

INDEPENDENT AUDITOR'S REPORT

TO CECONOMY AG, DÜSSELDORF

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of CECONOMY AG, Düsseldorf, and its subsidiaries (the Group or CECONOMY), which comprise the statement of financial position as at 30 September 2022, the income statement, the reconciliation from profit or loss for the period to total comprehensive income, the statement of changes in equity and the cash flow statement for the financial year from 1 October 2021 to 30 September 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of CECONOMY for the financial year from 1 October 2021 to 30 September 2022. In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2022, and of its financial performance for the financial year from 1 October 2021 to 30 September 2022, and

– the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation"), and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2021 to 30 September 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

RECOVERABILITY OF INVENTORIES

For the accounting policies applied, we refer to the disclosures in the notes in the section "Notes to the Group accounting principles and methods" concerning inventories. In addition, we refer to Note 25 ("Inventories").

The financial statement risk

The statement of financial position as at 30 September 2022 reports inventories in the amount of EUR 3,176 million, which includes EUR 154 million in write-downs.

Inventories initially measured at cost (taking into account incidental acquisition costs and reductions in the cost of acquisition due to subsequent compensation) must be reduced in value if their expected net realisable values no longer cover cost due to damage, obsolescence or reduced marketability.

The determination of net realisable values as an upper limit is subject to judgement. Net realisable value requires in part forward-looking estimates with regard to the amounts that are expected to be realised when selling the inventories. The adverse overall economic development owing to Russia's war of aggression against Ukraine, rising energy costs and elevated inflation may have a bearing on the application of empirical values for forward-looking estimates of net realisable values.

There is the risk for the consolidated financial statements that inventories are overstated due to unidentified write-down requirements.

Our audit approach

Based on our understanding of the process used to test the recoverability of inventories, we assessed the setup, design and functionality of the identified internal controls, especially in terms of the calculation of expected net realisable values.

We verified the computational accuracy of the calculations to determine net realisable value and write-downs for inventory items selected according to risk and size. We assessed the appropriateness of the expected net realisable values and write-down rates applied using empirical values and financial year-specific knowledge associated with the adverse overall economic development owing to Russia's war of aggression against Ukraine, rising energy costs and elevated inflation.

Our observations

The assumptions underlying the net realisable values and the judgements exercised by the Management Board are appropriate and reasonable.

RECOGNITION OF COMPENSATION FROM SUPPLIERS

For the accounting policies applied, we refer to the disclosures in the notes in the section "Notes to the group accounting principles and methods" on financial instruments. In addition, we refer to Note 23 "Receivables due from suppliers, other financial and other assets".

The financial statement risk

The Group's statement of financial position as at 30 September 2022 reported receivables from suppliers of EUR 1,296 million.

CECONOMY Group entities conclude agreements with suppliers on purchasing terms and conditions. These include agreements on subsequent discounts, rebates and other compensation granted by suppliers to CECONOMY. Presentation of these agreements in the statement of financial position and income statement requires some judgements and assumptions – such as on achieving calendar year targets due to the reporting date deviating from the calendar year – which have a direct influence on the recognition of receivables from suppliers under the aforementioned agreements.

There is the risk for the consolidated financial statements that compensation from suppliers is recognised without underlying agreements or that compensation from suppliers is not recognised in the correct amount and therefore the receivables due from suppliers are not stated in an appropriate amount.

Our audit approach

We examined the process for recognising and documenting supplier agreements and the establishment and design of the identified internal controls and assessed the effectiveness of the relevant internal controls in terms of the amount and accuracy of supplier compensation.

We verified the underlying supplier agreements for a selection of receivables from suppliers, and assessed the recognition of supplier compensation in the statement of financial position and the income statement by evaluating the contractual arrangements. To that end, we scrutinised factors such as the underlying assumptions and data used to recognise the receivables from suppliers for realised but not yet invoiced compensation taking into account past experience.

Our observations

The recognition of the realised compensation from suppliers is consistent with the underlying supplier terms and conditions/agreements with the suppliers.

MEASUREMENT OF DEFERRED TAX ASSETS DUE TO THE CONVERGENTA TRANSACTION

For the accounting policies applied, we refer to the disclosures in the notes in the section “Notes to the group accounting principles and methods” on deferred tax assets and deferred tax liabilities. In addition, we refer to Note 12 “Income Taxes” and Note 24 “Deferred tax assets/Deferred tax liabilities”.

The financial statement risk

Deferred tax assets in the amount of EUR 381 million before netting are presented in the consolidated financial statements of CECONOMY AG as at 30 September 2022.

In financial year 2021/2022, CECONOMY AG recognised deferred tax assets on temporary differences in the amount of EUR 165 million between the carrying amounts stated in the consolidated financial statements and those stated for tax purposes for assets and liabilities. Deferred tax assets are recognised for loss and interest carryforwards in the amount of EUR 216 million.

At the Extraordinary General Meeting on 12 April 2022, 98.29% of the shareholders of CECONOMY AG approved the corporate measures associated with the acquisition of Convergenta Invest GmbH's minority interest in Media-Saturn-Holding GmbH by CECONOMY AG (Convergenta transaction). As a result of the Convergenta transaction, CECONOMY AG, as controlling entity, is able to make use of tax loss carryforwards through the conclusion of profit/loss transfer agreements with Media Saturn Group entities. Accordingly, deferred tax assets for loss carryforwards in the amount of EUR 180 million and temporary differences in the amount of EUR 56 million were initially recognised at the level of CECONOMY AG.

The recognition of deferred tax assets for temporary differences as well as loss and interest carryforwards was not possible in prior years owing to the absence of a continuous chain of profit/loss transfer agreements between the German operating store entities and CECONOMY AG. In this respect, it had previously not been possible to offset positive income from subsidiaries against loss carryforwards at the level of CECONOMY AG. The conclusion of a profit and loss transfer agreement between CECONOMY Retail GmbH and Media-Saturn Deutschland GmbH following the Convergenta transaction now enables CECONOMY AG, as controlling entity, to use for the first time the tax loss carryforwards and deductible temporary differences itself. As a result of income tax consolidation, the taxable income of the Media-Saturn Group is to be transferred to CECONOMY AG and offset against tax loss carryforwards.

For the recognition of deferred tax assets, CECONOMY AG assesses the extent to which existing deferred tax assets can be used in subsequent reporting periods. Utilising these deferred tax assets requires that sufficient taxable income is generated in future periods. If there is reasonable doubt about the future usability of the deferred tax assets determined, these are not recognised.

The recognition of deferred tax assets depends to a large extent on the estimates and assumptions made by management with regard to the operating performance and tax planning of CECONOMY AG and the entities in Germany of Media-Saturn Group and is therefore subject to significant uncertainties, especially in respect of the adverse overall economic development owing to Russia's war of aggression against Ukraine, rising energy costs and elevated inflation.

There is the risk for the consolidated financial statements that CECONOMY AG's management estimates are not appropriate and that the recognised deferred tax assets arising from the Convergenta transaction are not recoverable.

Our audit approach
First, we referred to explanations of CECONOMY AG's tax department as well as an evaluation of the documentation to obtain an understanding of the Company's process for determining the recoverability of deferred tax assets.

In order to evaluate the tax matters, we involved our tax and valuation specialists in the audit. First, we critically reviewed the temporary differences between the IFRS and tax carrying amounts of CECONOMY AG. For this purpose, the calculation of temporary differences was reconciled with the associated records and assessed for plausibility. Furthermore, we reconciled the loss carryforwards to the tax assessments and the tax calculations for the current financial year, and also assessed off-balance sheet adjustments.

We assessed the recoverability of deferred tax assets on the basis of the Company's internal forecasts of future taxable income and critically reviewed the underlying assumptions. In this regard, we especially compared the projected future taxable income to the planning prepared by management and adopted by the Supervisory Board and checked this information for consistency. The appropriateness of the projections was assessed using external market assessments. In addition, the analysis of other possible impacts due to adverse overall economic development arising from Russia's war of aggression against Ukraine, rising energy costs and elevated inflation required particular consideration. We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual earnings realised and by analysing deviations. Further, we checked CECONOMY AG's planning model based on risk-based elements for computational accuracy.

Our observations
The assumptions underlying the measurement of the deferred tax assets due to the Convergenta transaction are appropriate overall.

RECOVERABILITY OF LEASEHOLD IMPROVEMENTS AND RIGHT-OF-USE ASSETS
For the accounting policies applied, we refer to the disclosures in the notes on property, plant and equipment and leases in the section "Notes to the Group accounting principles and methods". In addition, we refer to Note 20 "Property, plant and equipment" and Note 21 "Right-of-use assets".

The financial statement risk
The consolidated financial statements of CECONOMY as at 30 September 2022 include other equipment, operating and office equipment of EUR 511 million, which also includes leasehold improvements for operating stores, and right-of-use assets of EUR 1,835 million.

In order to test whether an impairment exists, the assets are aggregated into a group of cash-generating units (CGU). At CECONOMY AG this applies to each individual business location/store. In case of indications of impairment of right-of-use assets and leasehold improvements, the Company determines the recoverable amount as at the reporting date and compares this with the respective carrying amount. If the carrying amount of the cash-generating unit exceeds the recoverable amount, an impairment loss is recognised on the right-of-use assets and leasehold improvements. The basis for determining the recoverable amount is typically the present value of future cash flows of the respective cash-generating unit, which is determined using the simplified discounted cash flow method. Future cash flows are determined on the basis of multi-year plans for the individual locations/stores.

Impairment testing is complex and is highly dependent on the Company's estimates of future cash flows and therefore subject to considerable uncertainty and judgement, especially in view of the multi-year planning horizon typically used. Owing to the negative overall economic development caused by Russia's war of aggression against Ukraine, rising energy costs and elevated inflation, the level of estimation uncertainty regarding underlying future cash flows has risen. In the financial year, the Company recognised impairment losses of EUR 15 million on other equipment, operating and office equipment, which also includes leasehold improvements, and EUR 8 million on right-of-use assets.

There is a risk that impairment losses were not recorded in a sufficient amount and that leasehold improvements and right-of-use assets are therefore impaired.

Our audit approach
First, we referred to explanations of Controlling and assessed documentation to obtain an understanding of the Company's process for impairment testing of leasehold improvements and right-of-use assets. We analysed the indications of impairment identified by the Company and, on the basis of information obtained within the scope of our audit, assessed whether there are any indications of further impairment not identified by the Company.

With the involvement of our own valuation experts, we assessed the appropriateness of CECONOMY AG's valuation model and compared the expected future cash flows in the valuation model with the detailed planning. This planning was derived from the budget adopted by the Management Board and approved by the Supervisory Board.

We assessed the plausibility of the planning assumptions based on sector-specific market expectations. The analysis of other possible impacts due to adverse overall economic development arising from Russia's war of aggression against Ukraine, rising energy costs and elevated inflation required particular consideration. We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analysing deviations. Furthermore, we evaluated the consistency of planning using information obtained in the course of the audit. In addition, we assessed the valuation models for the accounting policies applied as well as computational and formal accuracy.

Our observations
The approach used for impairment testing of leasehold improvements and right-of-use assets is appropriate and in line with the accounting policies. The assumptions and data used by the Company are appropriate.

Other Information

The Management Board and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the corporate governance statement referred to in the combined management report,

- the Group's separate non-financial report, which is referred to in the combined management report, and

- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In accordance with our engagement we have performed separate assurance work on the separate non-financial group report. Please refer to our assurance report dated 8 December 2022 for information on the nature, scope and findings of this assurance.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Management Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. Furthermore, the Management Board is responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements and of the combined management report, 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 opinions. 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 controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report 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 these systems.

- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.

- Conclude on the appropriateness of the Management Board's 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 the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with the Supervisory Board 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 the Supervisory Board with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the “ESEF documents”) contained in the electronic file “ CECONOMYAG_KA+ZLB_ESEF-2022-09-30.zip “ (SHA256 hash value: a84900f75a372e6f07e1112155e7f03d047b127c11c5f075be9aabecbf75ee8a) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 October 2021 to 30 September 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Management Board of the Parent Company is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB.

In addition, the Management Board of the Parent Company is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assessment on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL), in accordance with the requirements of Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 9 February 2022. We were engaged by the Supervisory Board on 23 August 2022. We have been the group auditor of CECONOMY AG without interruption since financial year 2005.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Dr Kathryn Ackermann.

Düsseldorf, 8 December 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

gez. Rupprecht Wirtschaftsprüfer	gez. Dr. Ackermann Wirtschaftsprüferin

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

8 December 2022

The Management Board

Dr Karsten Wildberger

Florian Wieser

ISSUER

CECONOMY AG
Kaistraße 3
40221 Düsseldorf
Germany

LEGAL ADVISORS TO THE ISSUER

as to U.S. law
Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

as to German law
Latham & Watkins LLP
Reuterweg 20
60323 Frankfurt am Main
Germany

LEGAL ADVISORS TO THE INITIAL PURCHASERS

as to U.S. and German law
White & Case LLP
Bockenheimer Landstraße 20
60323 Frankfurt am Main
Germany

INDEPENDENT AUDITORS

previous

KPMG AG Wirtschaftsprüfungsgesellschaft
Alfredstraße 277
45133 Essen
Germany

as of and for the financial year ended September 30, 2023 as well as of and for the six-month ended March 31, 2023 and March 31, 2024

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Niederlassung Düsseldorf
Georg-Glock-Straße 22
40474 Düsseldorf
Germany

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

LEGAL ADVISORS TO THE TRUSTEE

Reed Smith LLP
599 Lexington Avenue
New York, New York 10022
United States

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

PAYING AGENT

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London EC4V 4LA
United Kingdom