CECONOMY

Annual Report 2021/22

CECONOMY IN FIGURES[1]

Sales and earnings

€ million	2020/21	2021/22
Sales	21,361	21,768
Sales development adjusted for currency effects and portfolio changes	3.8%	3.2%
Like-for-like sales development	4.1%	3.5%
Gross margin	17.1%	17.5%
EBIT	326	105
Adjusted EBIT	237	197
Adjusted EBIT margin	1.1%	0.9%
Net financial result	−31	−56
Tax rate	17.8%	−163.6%
Profit or loss for the period attributable to non-controlling interests	21	4
Net result	222	126
Undiluted earnings per share (€)	0.62	0.31

Other operating key figures

€ million	2020/21	2021/22
Online sales	6,932	5,346
Services & Solutions sales	1,102	1,340
Investments as per segment report	757	762

Cash flow

€ million	2020/21	2021/22
Cash flow from operating activities	450	219
Cash flow from investing activities	−263	−65
Cash flow from financing activities	−77	−905
Change in net working capital[2]	−354	−361
Free cash flow	233	−35

Statement of financial position

€ million	30/09/2021	30/09/2022
Net working capital	−855	−428
Net liquidity (+)/Net debt (−)	−1,109	−2,004

Other operating key figures (as of 30/09)

	30/09/2021	30/09/2022
Number of stores	1,018	1,024
Total selling space (thousand m²)	2,591	2,512
Workforce by full-time equivalents	45,447	43,737

[1] Business figures represent the continuing operations of CECONOMY
[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

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TO OUR SHAREHOLDERS

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The past financial year was another year characterized by drastic, unforeseen external events. Russia's illegitimate war against Ukraine has altered the macroeconomic conditions. This is something we have all had to deal with. We braced ourselves against the outside influences with all our might, and we held our ground – because we tackled the things that we had control over and relentlessly continued our journey to becoming a fully customer-centric company. The company as a whole has evolved.

After making a solid start to the financial year, we clearly increased our sales and earnings in the second quarter. We were right on target until the effects of the war in Eastern Europe slowed us down: Sustained high inflation and sharply rising energy costs weighed on consumer sentiment. This also impacted our business, and we had to adjust our outlook for the full year to the new reality in July. At the same time, we took active countermeasures and continued to implement our strategy. Our measures are taking effect: We developed robustly at the end of the reporting year and increased sales adjusted for currency effects and portfolio changes by a good 3 per cent year-on-year to €21.8 billion. In terms of adjusted EBIT, we achieved the upper end of the updated outlook with a figure of €197 million. We continue to optimize our cost structures and are concentrating on improving our profitability. In addition, we will continue to strengthen our liquidity.

Our customers are the top priority as we implement our strategy. This is reflected in our new brand identity, with which we are present in 13 countries throughout Europe and achieve consistently high reach. We are doing everything to further improve the shopping experience and customer satisfaction across all channels. We are delighted that in the past financial year we successfully improved our net promoter score (NPS) – the figure we use to measure customer satisfaction – by 5 points to 50 points. This was also supported by our optimized logistics, IT and order processes, which we are centralizing and standardizing throughout the Group as part of our "Omnichannel Spine" initiative.

Customer satisfaction no longer stands or falls on the mere sale of a product. Customers today also expect excellent advice and attractive services – and this is what we provide. Examples include the Smartbars in our stores, where we repair or set up devices, or the services that we offer customers in their homes, such as professional installation of TV sets. There is increasing demand for our offerings in his field: The Services & Solutions business has grown by more than 20 per cent in the past financial year. There is no doubt that we will continue to expand this highly profitable business.

The same applies to our online activities, whose share of total sales is now twice as high as it was before the pandemic. We have connected more and more countries to our new company-wide online shop platform and also launched our Marketplace in Austria after the successful start in Germany and Spain.

We will likewise continue to strengthen our brick-and-mortar business. We are modernizing existing stores and opening new ones – and the aim is always to offer our customers an outstanding shopping experience. In calendar year 2022 alone, we launched four new stores in the Lighthouse format in the major European cities of Rome, Berlin, Vienna and Madrid. In these large stores, we and our partners present the best the industry has to offer.

We are also making progress on sustainability, a cornerstone of our strategic advancement. In recent months, we have expanded our services for the repair, refurbishment and return of old devices. In more than half our countries, our customers can now make use of trade-in solutions – not only in the stores, but also via our online shops. We will continue to intensify our sustainability activities and purposefully strengthen the circular economy.

We offer all this to our customers. Their aspirations are in accord with our purpose. We want to enrich people's lives by taking them with us, helping them to understand technology and allowing them to participate. This is what we stand for: "We create experience electronics to enrich people's lives."

This corporate purpose guides us, especially in these turbulent times. We cannot choose the underlying conditions, and we are prepared for the environment to remain challenging. So it is all the more important that we continue to work hard on issues that we ourselves can influence. We will continue to adjust our cost structures to the altered circumstances and do all we can to improve our profitability and increase our efficiency throughout the Group – in our stores, in the online business, in logistics. We will remain very consistent in the implementation of our omnichannel strategy. Our aim is clear: We want to further improve the service and the shopping experience for our customers at all points of sale.

I wish to thank our 50,000 employees all over Europe for everything we have achieved under the difficult conditions of the past year. Our dependable team is a source of great strength and confidence. I also thank our customers, partners and suppliers. They have shown once again that CECONOMY and MediaMarktSaturn are highly relevant.

We will continue on the path we have set out on with no ifs or buts. Step by step, we will continue to develop CECONOMY and MediaMarktSaturn and establish ourselves as our industry's leading European omnichannel platform – a platform that consistently places customers at the centre.

We are setting out on this journey with a much simpler shareholder structure: In June, we successfully completed the Convergenta transaction, for which you set the course at our extraordinary General Meeting. All the organizational groundwork needed to lead our company into a sustainably successful future is therefore in place.

Thank you for your trust in us.

Warm regards,

DR KARSTEN WILDBERGER
Chief Executive Officer and Labour Director

THE MANAGEMENT BOARD

DR KARSTEN WILDBERGER
Chief Executive Officer and Labour Director

Responsible for
Audit & Consulting; Communications, Public Policy; Sustainability; Corporate Office; Group Competition & Antitrust; Group Compliance; Data Protection; Group Projects & PMO; Human Resources; M&A; Strategy, Value Creation, Innovation/Digital & Business Development; Pensions; Payroll; IT Management & Services

Profile
Dr Karsten Wildberger has been Chief Executive Officer and Labour Director of CECONOMY AG and Chairman of the Management of Media-Saturn-Holding GmbH since 1 August 2021. Previously, the 53-year-old was a member of the Board of Management of E.ON SE, where as COO from April 2016 he was responsible for retail and customer solutions in regional units, decentralized generation, energy management, marketing, digital innovation and transformation, and IT. Dr Karsten Wildberger began his professional career in 1998 as a management consultant at the Boston Consulting Group. In 2003, he moved to T-Mobile, where he worked in various roles until 2006. From 2006 to 2011 he was a member of the Management Board at Vodafone in Romania, initially as Chief Financial Officer and then as Chief Commercial Officer. After returning to the Boston Consulting Group as a partner and managing director, Dr Karsten Wildberger was appointed a Group Managing Director at the Australian telecommunications company Telstra in 2013. While there, he was the executive responsible for the retail and business customer segment, product development, Telstra's digital transformation, and Telstra's retail and service organizations. Dr Karsten Wildberger has a doctorate in physics and an MBA from the INSEAD business school in Fontainebleau, France.

FLORIAN WIESER
Chief Financial Officer

Responsible for
Accounting; Corporate Controlling; Risk Management; Group Corporate Legal; Investor Relations; Tax; Treasury; Insurance

Profile
Florian Wieser has been Chief Financial Officer of CECONOMY AG since 1 May 2021 and Chief Financial Officer (CFO) of Media-Saturn-Holding GmbH since the end of 2018. The 40-year-old has worked for MediaMarktSaturn since 2017 – initially in the Southern Europe region (particularly Italy and Spain), then as CFO of the German country organization of MediaMarktSaturn. Between 2011 and 2017, he held various senior positions within the METRO GROUP. Florian Wieser studied corporate finance in Germany, Spain and the USA before working for consulting firms and companies in Dubai, Spain, Austria and Germany.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Financial year 2021/22 was an extraordinary year that posed challenges for us all. The ongoing COVID-19 pandemic, Russia's war of aggression against Ukraine, disrupted supply chains and dynamic inflation in Europe kindled great uncertainty and made significant demands on all of us. In addition, CECONOMY faced further challenges at the very beginning of the financial year as a result of a cyberattack and renewed restrictions in the brick-and-mortar business following the global development of the COVID-19 pandemic.

At the same time, we successfully closed the landmark transaction with Convergenta Invest GmbH. The implementation of the transaction made existing loss carry-forwards structurally usable. Moreover, the simplification of governance enables the company to act significantly faster.

The strategy was further developed and implemented in a focused manner. In Rome, Berlin, Vienna and Madrid, for example, four additional stores were opened in the new "Lighthouse" format in calendar year 2022, offering customers a new technology experience. Important progress was also made on the implementation of the omnichannel strategy. For example, the net promoter score (NPS) – the figure used to measure customer satisfaction – continued to clearly improve in the past financial year. The Services & Solutions business saw notable growth in all categories. Moreover, five countries and their online shops are now connected to MediaMarktSaturn's company-wide uniform tech platform.

Despite difficult conditions, CECONOMY achieved a sales increase in the past financial year. However, personnel expenses increased in parallel – due among other things to the discontinuation of government support in connection with the COVID-19 pandemic – and adversely affected earnings. Continuing inflation and the sharp rise in energy costs also dented consumer spending. Overall, this led to earnings development that, in light of the significantly altered economic conditions, fell relevantly short of original planning, but reached the upper end of the forecast that had been adjusted accordingly in the summer. Due to the increased cost base, however, adjusted Group EBIT declined against the previous year.

In financial year 2021/22, Mr Florian Wieser decided to seek a professional change and to leave the company. The Supervisory Board deeply regrets Florian Wieser's decision, but also respect that he has other plans for his personal future. The Supervisory Board and Florian Wieser have therefore agreed to terminate his service agreement on 31 December 2022. The Supervisory Board thanks Florian Wieser for his outstanding achievements and his passionate commitment. Florian Wieser has in recent years successfully kept our Group financially stable in an extremely challenging environment and sustainably strengthened our balance sheet structure.

At the same time, we are delighted that we have been able to recruit Dr Kai-Ulrich Deissner for our company as an ideally suited successor, who will assume his post on 1 February 2023. He has all the skills needed to seamlessly continue on the path we have taken. With CEO Dr Karsten Wildberger and Dr Kai-Ulrich Deissner as CFO, who like his predecessor Florian Wieser will simultaneously act as CFO of Media-Saturn-Holding GmbH in a dual role, continuity and stability in the management of the company will be maintained.

The environment remains challenging, and CECONOMY accepts the challenge. With a strong team that stands firmly behind its company and always keeps its eyes on the target. The Supervisory Board would like to thank the Management Board and all employees for this and for their outstanding achievements in this challenging time.

The Supervisory Board's work in financial year 2021/22

In financial year 2021/22, the Supervisory Board of CECONOMY AG performed all the duties required of it by law and the company's articles of association in full. Besides the requirements of the law and the articles of association, the

Supervisory Board also followed the recommendations of the Commission of the German Corporate Governance Code (GCGC) as well as the rules laid down in its own bylaws and guidelines.

The Supervisory Board advised and supervised the Management Board of CECONOMY AG in the management of the company. In the context of their cooperation, the Supervisory Board and Management Board were in regular dialogue even outside of the meetings of the Supervisory Board and its committees. The Management Board fulfilled its information duties at all times by informing the Supervisory Board verbally and in writing of all material developments in detail, without delay and in accordance with legal requirements. In particular, the Management Board informed the Supervisory Board about the course of business, the position of the company and the Group (including the risk situation, risk management and compliance), and the company's strategy and planning. The Management Board retrospectively explained individual deviations between business performance and planning. The CEO in financial year 2021/22, Dr Karsten Wildberger, was in continuous dialogue with me as Chairman of the Supervisory Board regarding important issues and upcoming decisions.

The Supervisory Board was involved in all decisions of material significance for the company. The Management Board presented for the Supervisory Board's approval all measures and transactions that require said approval in accordance with the law, the company's articles of association or rules stipulated by the Supervisory Board itself. In each case, the Supervisory Board comprehensively reviewed these matters and discussed their utility, potential risks and other implications in detail with the Management Board. Other measures and transactions of material significance for the company not requiring special approval were discussed jointly in connection with the reports and information provided by the Management Board. On the basis of the Management Board's reports, the full Supervisory Board and the committees discussed all transactions of significance for the company in detail.

The Supervisory Board did not exercise the inspection and audit right defined in Sec. 111 para. 2 sentence 1 and 2 of the German Stock Corporation Act (AktG) in financial year 2021/22.

No members of the Management Board or Supervisory Board were involved in conflicts of interest in financial year 2021/22.

↗ Details on potential conflicts of interest of individual Supervisory Board members are included in the annual declaration on corporate governance, which is available on the website www.ceconomy.de/en/ under Company – Corporate Governance.

Number of meetings and resolutions and meeting attendance

In financial year 2021/22, there were seven Supervisory Board meetings, four meetings of the Presidential Committee, nine meetings of the Audit Committee and two meetings of the Nomination Committee. No meetings of the Mediation Committee were necessary in financial year 2021/22.

The following table shows the individual Supervisory Board members' respective attendance at the meetings of the Supervisory Board and the committees:

Overview of CECONOMY AG Supervisory Board members' individual meeting attendance in financial year 2021/22

	Attendance/number of meetings[1]				
Member of the Supervisory Board	Supervisory Board	Presidential Committee	Audit Committee	Nomination Committee	Mediation Committee
Adt, Karin	7/7	3/3	–	–	–
Baur, Wolfgang	7/7	–	–	–	–
Breuer, Kirsten Joachim	7/7	–	–	–	–
Dannenfeldt, Thomas	7/7	4/4	–	2/2	0/0
Dohm, Karin	7/7	–	9/9	–	–
Eckardt, Daniela	7/7	–	–	–	–
Eckhardt, Sabine	7/7	–	–	2/2	–
Fernkorn, Thomas	7/7	–	–	–	–
Funck, Dr Florian	7/7	–	9/9	–	–
Glosser, Ludwig	7/7	–	8/9	–	0/0
Goldin, Julia	0/2	–	–	–	–
Huber, Doreen	5/5	–	–	–	–
Kellerhals, Jürgen	3/5	–	–	–	–

Overview of CECONOMY AG Supervisory Board members' individual meeting attendance in financial year 2021/22

	Attendance/number of meetings[1]				
Member of the Supervisory Board	Supervisory Board	Presidential Committee	Audit Committee	Nomination Committee	Mediation Committee
Nutzenberger, Stefanie	6/7	–	–	–	–
Plath, Claudia	6/7	–	8/9	0/0	0/0
Ploog, Jens	7/7	4/4	–	–	–
Pütz, Dr Lasse	7/7	–	–	–	–
Raas, Dr Fredy	5/5	–	–	–	–
Schuhmacher, Erich	2/2	–	–	–	–
Schulz, Jürgen	7/7	–	9/9	–	–
Stachelhaus, Regine	2/2	1/1	–	0/0	–
Vilanek, Christoph	6/7	–	–	2/2	–
Woelke, Sylvia	7/7	4/4	9/9	–	0/0

[1] In the case of members who joined or departed the Supervisory Board and the committees during the year, the table shows only the number of meetings that were held in the period of the financial year in which the person in question was appointed as a member of the Supervisory Board or committee.

Overall, the Supervisory Board members' rate of attendance at Supervisory Board and committee meetings was 96 per cent. When in the past financial year members of the Supervisory Board did not attend individual meetings of the full Supervisory Board or the committees of which they were members, they predominantly participated in the resolutions carried out at the meetings by voting in absentia.

The Supervisory Board and committee meetings in financial year 2021/22 were conducted in person, as video/telephone conferences or as hybrid events, in which it was possible to participate either in person or via video/telephone. Of a total of seven Supervisory Board meetings in financial year 2021/22, two were held in person and five via video/telephone conference. Of a total of four meetings of the Presidential Committee in financial year 2021/22, one was held in person and three via video/telephone conference. Of a total of nine meetings of the Audit Committee in financial year 2021/22, three were held as hybrid events and six via video/telephone conference. Both meetings of the Nomination Committee in financial year 2021/22 were held as hybrid events.

In financial year 2021/22, three Audit Committee resolutions on individual matters were passed outside a meeting of the Audit Committee. Otherwise, the resolutions of the Supervisory Board and the other Supervisory Board committees in financial year 2021/22 were all passed at meetings of the Supervisory Board or its committees.

Material content of the Supervisory Board meetings

The Supervisory Board's work in financial year 2021/22 and thus the content of the meetings were dominated by the further implementation of the acquisition of Convergenta Invest GmbH's minority stake in Media-Saturn-Holding GmbH by CECONOMY AG (the "Convergenta transaction"), the discussion of the further development and implementation of the strategy with the Management Board, the continuing discussion of the status of cybersecurity and the imminent personnel change in CECONOMY AG's Management Board due to the change of CFO in the first half of financial year 2022/23.

At the non-scheduled meeting of the Supervisory Board in **November 2021**, the Management Board and the internal and external experts involved in the Convergenta transaction provided the Supervisory Board with detailed information about the Management Board's resolution on the next steps in the implementation of the transaction and the reasons for the Management Board's decision. The Supervisory Board then passed a resolution on the approval of the above Management Board resolution on the next steps in the implementation of the Convergenta transaction. In addition, the Supervisory Board approved the conclusion of the amendment agreement to the agreement in principle with Convergenta Invest GmbH in connection with the Convergenta transaction.

The main topics of the meeting of the Supervisory Board in **December 2021** were the resolution on the adoption of the annual financial statements and approval of the consolidated financial statements on the basis of the Management Board's explanations and the auditor's report on the audits. In addition, the Supervisory Board passed a resolution on the approval of the separate non-financial group report following an explanation by the Management Board and a report by KPMG AG Wirtschaftsprüfungsgesellschaft, which was commissioned to provide external support for the review of reporting content. Furthermore, the Supervisory Board passed a resolution on the report on the work of the Supervisory Board in financial year 2020/21 and a resolution on the remuneration report for financial year 2020/21.

The Supervisory Board, subject to approval by the General Meeting, also passed a resolution on the further development of the Management Board remuneration system and the consequent adjustments of the Management Board members' service agreements. Furthermore, the Supervisory Board passed resolutions to approve the virtual implementation of the Annual General Meeting on 9 February 2022, the extraordinary General Meeting on 12 April 2022 and the separate meeting of the preference shareholders on 12 April 2022 and on the Supervisory Board's proposed resolutions and nominations for these meetings. In addition, the Supervisory Board, subject to the relevant election by the General Meeting, passed a resolution on the engagement of the auditor for the audits as of 30 September 2022 and on the engagement for the audit of any closing balance sheets of the company required under the German Transformation Act. With another resolution, the Supervisory Board approved the financing of Media-Saturn-Holding GmbH via a revolving shareholder loan from CECONOMY AG of up to €2 billion. The Management Board also provided the Supervisory Board with an update on the further development and implementation of the strategy. Finally at this meeting, the Supervisory Board and the Management Board discussed the cyberattack on MediaMarktSaturn in November 2021 and the company's countermeasures.

At its meeting in **February 2022** directly following the company's Annual General Meeting, the Supervisory Board reconstituted itself according to the new personnel composition of the Supervisory Board resulting from the elections at the General Meeting. The Supervisory Board passed resolutions on the membership of the committees, the targets for the composition of the Supervisory Board, the diversity concept and the profile of skills and expertise, the objections to the overall fulfilment of the statutory minimum quota of women and men in the Supervisory Board and the revision of the rules of procedure for the Supervisory Board. Furthermore, the Supervisory Board passed a precautionary resolution on the authorization of a law firm in the event of actions for rescission or annulment against the resolutions of the General Meeting. The Management Board then informed the Supervisory Board of the implementation status of various strategy measures. Finally at this meeting, the Supervisory Board discussed the targets and topics for the presentation and discussion of the further development of the strategy with the Supervisory Board in May.

Among other things, the meeting in **March 2022** centred on the external consultant's report about the findings of the audit of the cyberattack on MediaMarktSaturn. The Supervisory Board and the Management Board then conducted a detailed discussion of various questions and necessary short- and long-term measures relating to cybersecurity. Furthermore, the Supervisory Board discussed the implementation status of ESG (environment, social, governance)-related processes and various other strategy and development measures. The results of the horizontal comparison of Management Board and Supervisory Board remuneration, which were previously discussed at the meeting of the Presidential Committee on 18 March 2022, were also discussed.

At the meeting in **May 2022**, the management team from MediaMarkt BeNeLux provided a detailed insight into the organization and business situation in this country cluster. In addition, the Management Board and the Supervisory Board discussed the current status of the deliberations on establishing an in-house payment service provider with a payment licence under the German Payment Services Supervision Act. The Supervisory Board was also informed about the implementation status of various strategy development measures. In addition, the Supervisory Board passed a resolution to nominate Ms Sabine Eckhardt and Ms Stefanie Nutzenberger as the Supervisory Board's ESG Officers. On the day before the meeting, there was a full-day Supervisory Board conference on the further development of the strategy. This allowed the Management Board to present the strategy in detail and to discuss it with the Supervisory Board. However, this was not a Supervisory Board meeting as defined by the German Stock Corporation Act or the GCGC.

At its meeting in **July 2022**, the Supervisory Board was informed about the status of cybersecurity and the further development and implementation status of various strategic initiatives. The development of the operating business was another focus of the meeting. Based on the Audit Committee's recommendation, the Supervisory Board also passed a resolution on the nomination to the Annual General Meeting in February 2023 regarding the election of the auditor for the audit of the annual financial statements and of the Group auditor for the audit of the consolidated financial statements for financial year 2022/23. In addition, the Supervisory Board resolved that the auditor elected for the audit of the annual and consolidated financial statements is generally to perform the formal and substantive audit of the remuneration report to be prepared jointly by the Management Board and Supervisory Board in accordance with Sec. 162 AktG.

At the meeting in **September 2022**, the Supervisory Board passed a resolution on the appointment of Dr Kai-Ulrich Deissner as a member of the Management Board of CECONOMY AG and on the mutual termination of the appointment and the service agreement of Florian Wieser as a member of the Management Board of CECONOMY AG. The main topics of this meeting were the Management Board's report on the status of the further development and implementation of the strategy, the explanations for the inferences from the strategy for the budget and the medium-term planning and, building on this, the resolution on the approval of the adoption of the budget for financial year 2022/23 and the medium-term planning for financial years 2023/24 and 2024/25. In consideration of the budget submitted by the Management Board, the Supervisory Board passed a resolution to set the respective performance targets for the short-term variable remuneration for the Management Board for financial year 2022/23 and for the tranche of the long-term variable remuneration to be granted in financial year 2022/23. In addition, the Supervisory Board passed a resolution to approve the implementation of the General Meeting on 22 February 2023 as a virtual General Meeting and a resolution to submit the declaration of conformity in accordance with Sec. 161 AktG. Finally, the Supervisory Board received a report on the current status of cybersecurity and the further development of ESG-related processes.

At the meetings of the Supervisory Board in the past financial year, the Management Board regularly informed the Supervisory Board about the latest business developments, including the macroeconomic environment due among other things to the ongoing COVID-19 pandemic, the cyberattack and the Russian war of aggression against Ukraine, about the status of the Convergenta transaction and about the personnel changes in the management team of CECONOMY AG and the MediaMarktSaturn Retail Group.

At meetings of the full Supervisory Board, the Chairpersons of the Supervisory Board's committees informed the Supervisory Board about the content and results of the preceding committee meetings.

In the past financial year, the Supervisory Board regularly dealt with the Management Board matters without the attendance of individual Management Board members and also met in the absence of the Management Board members in a discussion scheduled at the end of each meeting.

The work of the Supervisory Board committees in financial year 2021/22

As of 8 December 2022, the Supervisory Board has formed four committees, which are made up as follows:

Presidential Committee
Thomas Dannenfeldt (Chairman)
Sylvia Woelke
Katrin Adt
Jens Ploog

Audit Committee
Karin Dohm (Chairwoman)
Sylvia Woelke (Vice Chairwoman)
Dr Florian Funck
Ludwig Glosser
Claudia Plath
Jürgen Schulz

Nomination Committee
Sabine Eckhardt (Chairwoman)
Thomas Dannenfeldt
Christoph Vilanek

Mediation Committee pursuant to Sec. 27 para. 3 of the German Co-determination Act
Thomas Dannenfeldt (Chairman)
Sylvia Woelke
Ludwig Glosser
Claudia Plath

The memberships of the committees follow the relevant requirements of the German Stock Corporation Act, the GCGC and the Supervisory Board's own targets for the composition of the Supervisory Board and its committees, including the profile of skills and expertise and the requirements profile. The Audit Committee is competently staffed by its very experienced Chairwoman, Ms Karin Dohm, and the other members. Karin Dohm is independent and 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, Ms Sylvia Woelke, has the necessary expertise in the fields of compliance, internal control procedures and accounting. Dr Florian Funck has the necessary expertise in the fields of auditing 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.

The committees prepare the discussions and the resolutions of the full Supervisory Board regarding the tasks assigned to them by the 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.

↗ The tasks assigned to the committees of the Supervisory Board are listed on the website www.ceconomy.de/en/ under Company – Supervisory Board.

Material content of the committee meetings and committee resolutions passed outside of meetings

Presidential Committee
A total of four Presidential Committee meetings were held in financial year 2021/22.

At its meetings, the Presidential Committee discussed succession planning for the Management Board and the managers of the company. This included the discussion of the succession for Florian Wieser as member of the Management Board responsible for finance. In this context, the Presidential Committee also prepared the appointment of Dr Kai-Ulrich Deissner as successor to Florian Wieser and the mutual termination of the appointment of Florian Wieser. In the past financial year, other focal points of the Presidential Committee's meetings were the further development of the Management Board remuneration system with effect from financial year 2022/23 and the discussion of the key points for setting the performance targets for the variable components of Management Board remuneration for financial year 2022/23. The Presidential Committee prepared the necessary Supervisory Board resolutions regarding the above matters and in this respect submitted its recommended resolutions to the Supervisory Board. Finally, the Presidential Committee discussed the achievement of the targets for the variable components of Management Board remuneration for financial year 2021/22.

Material topics that the Presidential Committee also dealt with related to the self-assessment of the work of the Supervisory Board, the corporate governance of CECONOMY AG, the review of Management Board and Supervisory Board remuneration, and the topics cultural change and transformation within CECONOMY. In addition, the Presidential Committee resolved to approve various intragroup side-line activities of the Management Board members, including the side-line activity of Dr Karsten Wildberger as member and Chairman of the Management of Media-Saturn-Holding GmbH, the side-line activity of Florian Wieser as member of the Management and Managing Director Finance of Media-Saturn-Holding GmbH and three side-line activities of Dr Karsten Wildberger in non-Group organizations.

The Chief Executive Officer attended the meetings of the Presidential Committee. In a discussion without the Chief Executive Officer scheduled at the end of every meeting, the Presidential Committee met in the Chief Executive Officer's absence.

Audit Committee
A total of nine Audit Committee meetings were held in financial year 2021/22. The Audit Committee passed three resolutions outside of its meetings.

At its scheduled meetings, the Audit Committee discussed a range of topics in a regular and standardized manner with the Management Board, auditors, and other guests relevant to the topic. These included in particular:

- The draft quarterly statements and half-year financial report presented to the Audit Committee by the Management Board before their publication and the accompanying discussion of plan achievement and the capital market viewpoint.

- The discussion of quarterly statements and of the review of the half-year financial report with the auditor.

- Information on the governance systems, the risk management system, the internal control system, their effectiveness and their ongoing development.

- A quarterly report by Internal Audit on completed and ongoing audits and Internal Audit's annual report, and the planning for the subsequent period.

- The discussion of the capital market viewpoint together with the Management Board.

In addition to these agenda items, the following topics were discussed in more depth at the meetings of financial year 2020/21:

At the meeting in **November 2021**, the Audit Committee discussed the indicative figures of financial year 2020/21, the internal and external audit planning and especially the cyberattack on MediaMarktSaturn on 8 November 2021 and derived further action steps. In addition, the Management Board reported on donations in financial year 2020/21 as well as a revision of recipients.

The main topic of the meeting of the Audit Committee in **December 2021** was the discussion and examination of the annual and consolidated financial statements and combined management report of CECONOMY AG prepared by the Management Board for financial year 2020/21. The Audit Committee discussed the audit reports and the findings of the audits with the auditor. In this context, the Audit Committee heard a report from the auditor about its independence during the performance of the audit. On the basis of its examinations and the discussion of the auditor's audits, the Audit Committee recommended that the Supervisory Board resolve to approve the annual and consolidated financial statements for financial year 2020/21. In addition, the Audit Committee discussed the quality of the audit of financial statements. The Audit Committee then gave the Supervisory Board a recommendation for the Supervisory Board's proposal to the General Meeting on 9 February 2022 regarding the election of the auditor and Group auditor for financial year 2021/22 and the auditor for the review of the condensed consolidated interim financial statements and interim group management report for the first half of financial year 2021/22 and prepared the issuing of corresponding audit assignments and the conclusion of the fee agreement – subject to the election of the auditor by the General Meeting on 9 February 2022 in accordance with the Supervisory Board's nomination. At this meeting, the Audit Committee also discussed the tendering of the audit of financial statements from financial year 2022/23 and approved the associated documents.

At the meeting in **February 2022**, the Audit Committee discussed in particular the results of the first quarter of financial year 2021/21, including Black Friday week and the Christmas business, with the Management Board. The agenda also included the next phase of the tendering process for the election of the auditor for the annual financial statements. Possible dividend scenarios for future financial years were also discussed. In addition, the Management Board reported on the share price and the company's valuation on the capital market.

In **March 2022**, the Audit Committee approved by circular procedure the assignment of KPMG Wirtschaftsprüfungsgesellschaft to issue a comfort letter for the admission of new no-par-value shares from a capital increase through contribution in kind to be resolved by the extraordinary General Meeting on 12 April 2022.

At an extraordinary meeting in **April 2022**, the Audit Committee passed a resolution to approve the issuance of promissory notes and the use of further short-term financial instruments.

At the meeting in **May 2022**, the Management Board reported on the key points of the budget for the following year, the further development of the ESG agenda, Group tax planning and the next steps in the tendering process for the audit of the annual financial statements.

In **June 2022** the Audit Committee had two meetings, at which the only agenda item was the recommended resolution regarding the auditor nomination for financial year 2022/2023.

In **July 2022**, the Audit Committee resolved by two circular procedures to engage KPMG Wirtschaftsprüfungsgesellschaft to audit the annual financial statements of a subsidiary and to audit the non-financial group report.

At the meeting in **August 2022**, the agenda included the quarterly figures and in particular a report by the Management Board on the implementation of the EU taxonomy and the Supply Chain Due Diligence Act.

At the meeting in **September 2022**, the agenda included preparing the Supervisory Board for the Management Board's budget proposal and especially the development of non-financial reporting.

At its regular meetings in financial year 2021/22 and a series of additional meetings, the Audit Committee also intensively discussed the external rotation of the auditor due in financial year 2022/23 and the implementation of the tendering process for audits of financial statements for CECONOMY AG's financial year 2022/23. In particular, the Audit Committee carried out a tendering process for this purpose. The Audit Committee defined the relevant criteria for the implementation of the tendering process as well as the timetable, made necessary preparations and passed corresponding resolutions. Written offers were obtained from eligible audit firms and talks were held with their representatives.

The quality, qualifications and independence of the auditors were scrutinized in particular. As a result of the tendering process, at its extraordinary meeting in **June 2022** the Audit Committee passed a resolution on its recommendation for the Supervisory Board's proposal to the General Meeting on 22 February 2023 regarding the election of the auditor and the Group auditor for financial year 2022/23. A report was prepared for the transparent documentation of the tendering and selection processes, which was approved by the members of the Audit Committee.

In addition, the Audit Committee was informed by the Management Board about the cyberattack on MediaMarktSaturn on 8 November 2021 and its consequences as well as the current status of the deliberations on establishing MediaMarktSaturn as a payment service provider with its own payment licence. Finally, the Audit Committee was informed about the current status of the restructurings in connection with the Convergenta transaction, the EU taxonomy and the status of the implementation of the German Act on Corporate Due Diligence in Supply Chains within CECONOMY.

The meetings of the Audit Committee were attended by the Management Board, the auditor and in some cases the Chairman of the Supervisory Board. The Supervisory Board also regularly met with the auditor without the Management Board.

Nomination Committee
A total of two Nomination Committee meetings were held in financial year 2021/22.

At its meetings, the Nomination Committee discussed the skills and abilities for the appointments to the Supervisory Board in 2023 and 2024 as well as the succession planning for the shareholder representatives on the Supervisory Board. In addition, the Nomination Committee considered training opportunities for Supervisory Board members, especially in light of the requirements of the GCGC and ESG compliance. Finally, the Nomination Committee made preparations for the regular self-assessment of the work of the Supervisory Board, which is next scheduled in financial year 2022/23.

The Nomination Committee met without the members of the Management Board at both of its meetings.

↗ A detailed description of the workings of the committees is included in the annual declaration on corporate governance, which is available on the website www.ceconomy.de/en/ under Company – Corporate Governance.

Training and professional development of Supervisory Board members

In principle, the members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties. CECONOMY AG helps new Supervisory Board members to familiarize themselves with topics relevant to the company with a wide range of webinars, which is also used by existing Supervisory Board members for refresher training and further development. The range contains modules on all topics relevant to the company, such as "Category Management, Services & Solutions, Brand & Marketing", "Digital, Customer Relationship Management (CRM), Customer Experience, Data Analytics and Marketing Services", "ESG and Compliance and Data Protection", "Corporate Finance, Trade Credit Insurers and Net Working Capital" and "Store Formats and Concepts". In addition, the members of the Supervisory Board are informed regularly and in light of events about current changes to legislation, new accounting and audit standards, and new developments with regard to corporate governance issues.

Corporate governance

The Management Board and Supervisory Board report on the corporate governance of CECONOMY AG for financial year 2021/22 in the 2022 declaration on corporate governance.

↗ The declaration on corporate governance is published on the website www.ceconomy.de/en/ under Company – Corporate Governance.

The Management Board and Supervisory Board of CECONOMY AG most recently submitted their declaration of conformity pursuant to Sec. 161 AktG with the recommendations of the Commission of the GCGC in September 2022.

↗ This declaration has been made permanently available on the company's website www.ceconomy.de/en/ under Company – Corporate Governance. The current declaration is also reproduced in full in the 2022 declaration on corporate governance.

Annual and consolidated financial statements

As auditor, KPMG AG Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements for financial year 2021/22 prepared by the Management Board on the basis of the International Financial Reporting Standards (IFRS) and issued an unqualified audit certificate. This also applies to the 2021/22 annual financial statements of CECONOMY AG prepared in accordance with HGB rules and the combined management report for CECONOMY AG. The auditor reported on the findings of the audit in writing.

The annual financial statements and Group documentation and the audit reports were discussed and reviewed in detail in the presence of the auditor at the Audit Committee's meetings and at the Supervisory Board's meeting in December 2022. The necessary documents were distributed to all members of the Audit Committee and the Supervisory Board in good time before these meetings, so there was ample opportunity for a review. At both meetings, the auditor reported on the material findings of its audit and was also available for questions and further information in the Management Board's absence. In the auditor's assessment, there were no findings or indications that the accounting-related internal control and early risk identification system is not appropriate and effective.

KPMG AG Wirtschaftsprüfungsgesellschaft informed the Supervisory Board about the services that were provided in addition to those in connection with the audit of financial statements. There were no circumstances resulting in concerns about the auditor's independence. After its own review of the annual financial statements, the consolidated financial statements and the combined management report for financial year 2021/22, the Supervisory Board had no objections and approved the auditor's audit findings in a plenary session. The Supervisory Board adopted the annual financial statements of CECONOMY AG prepared by the Management Board and approved the consolidated financial statements. Since financial year 2021/22, the financial statements have been signed by Dr Kathryn Ackermann as responsible audit partner and by Mr Rainer Rupprecht.

Review of the content of the separate non-financial group report

The Supervisory Board discussed in detail and audited the content of the reporting on the issues designated in the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Management Reports (CSR Directive Implementation Act) of 11 April 2017 within the framework of the separate non-financial group report of CECONOMY AG for the reporting period from 1 October 2021 to 30 September 2022. At its meeting on 13 December 2022, the Supervisory Board passed a resolution to approve CECONOMY AG's separate non-financial group report for the reporting period from 1 October 2021 to 30 September 2022. The Supervisory Board reviewed the content of the non-financial report with external support by way of an audit to obtain limited assurance by KPMG AG Wirtschaftsprüfungsgesellschaft, which the Audit Committee of the Supervisory Board engaged via its resolution of 27 July 2022 to provide appropriate support separate from the audit of the annual financial statements and the consolidated financial statements. In its audit, nothing came to KPMG AG Wirtschaftsprüfungsgesellschaft's attention that would cause KPMG AG Wirtschaftsprüfungsgesellschaft to believe that the separate non-financial group report was not prepared, in all material respects, in accordance with Sec. 315b, 315c in conjunction with 289c to 289e HGB. At the Supervisory Board meeting in December 2022, KPMG AG Wirtschaftsprüfungsgesellschaft reported on the material findings of the audit and was available for questions and further information.

Personnel changes

1. PERSONNEL CHANGES ON THE MANAGEMENT BOARD

In financial year 2021/22, Dr Karsten Wildberger and Florian Wieser were appointed as members of the Management Board of CECONOMY AG. This year, Florian Wieser decided to seek a professional change and to leave the company. By mutual agreement, Florian Wieser's appointment as a member of the Management Board of CECONOMY AG and his Management Board service agreement will therefore be terminated prematurely with effect as of the end of 31 December 2022. The Supervisory Board successfully recruited Dr Kai-Ulrich Deissner as Florian Wieser's successor. Dr Kai-Ulrich Deissner was appointed as a member of the Management Board of CECONOMY AG for a term of three years and will take up his post on 1 February 2023.

2. PERSONNEL CHANGES ON THE SUPERVISORY BOARD

Personnel changes among the shareholder representatives

In financial year 2021/22, the shareholder representatives Julia Goldin, Dr Fredy Raas and Regine Stachelhaus left the Supervisory Board. The term for which Julia Goldin and Regine Stachelhaus were elected as members of the Supervisory Board ended as planned at the end of the General Meeting on 9 February 2022. Dr Fredy Raas resigned his Supervisory Board post with effect as of the end of 30 June 2022, having previously been re-elected by the General Meeting on 9 February 2022 for a further Supervisory Board term until the end of the Annual General Meeting 2023.

After her court appointment of 20 September 2021 had ended at the end of the CECONOMY AG General Meeting on 9 February 2022, the term of Katrin Adt as shareholder representative was extended by her appointment following her first election at this General Meeting. At the General Meeting on 9 February 2022, Dr Florian Funck's term as shareholder representative was also extended by his re-election. Finally, the General Meeting on 9 February 2022 elected Doreen Huber and Jürgen Kellerhals to the Supervisory Board as shareholder representatives for the first time. Katrin Adt, Dr Florian Funck, Doreen Huber and Jürgen Kellerhals were each appointed via election by the General Meeting for a term until the end of the Annual General Meeting of CECONOMY AG in 2025.

Effective 1 July 2022, Erich Schuhmacher was court-appointed to the Supervisory Board as a shareholder representative following the resignation of Dr Fredy Raas. The appointment has a limited term until the end of the Annual General Meeting of CECONOMY AG in 2023.

Personnel changes among the employee representatives

In financial year 2021/22, Dr Lasse Pütz and Mr Thomas Fernkorn joined the Supervisory Board as employee representatives as of 1 October 2021 and 8 October 2021, respectively. Dr Lasse Pütz moved up as the alternate candidate – elected in the employee representative elections in 2018 – for Rainer Kuschewski, who resigned his Supervisory Board post with effect as of the end of 30 September 2021, until the end of the General Meeting in 2023. Thomas Fernkorn was court-appointed in place of Birgit Popp. This appointment has a limited term until the conclusion of the elections of employee representatives to the Supervisory Board in 2023.

The distribution of skills and expertise according to the profile of skills and expertise resolved by the Supervisory Board in financial year 2021/22 and up to 8 December 2022, inclusively, is as follows:

Distribution of skills in CECONOMY AG's Supervisory Board

Retail
K. Adt
W. Baur
D. Eckardt
T. Fernkorn
L. Glosser
D. Huber
J. Kellerhals
S. Nutzenberger
J. Ploog
J. Schulz
E. Schuhmacher
C. Vilanek
S. Woelke

Services
T. Dannenfeldt
D. Eckardt
L. Glosser
J. Schulz
C. Vilanek

Digitalization/technology
T. Dannenfeldt
S. Eckhardt
L. Glosser
D. Huber
C. Vilanek

International experience
K. Adt
K. Dohm
T. Fernkorn
C. Vilanek

Corporate governance
T. Dannenfeldt
S. Eckhardt
F. Funck
D. Huber
J. Kellerhals
C. Plath
E. Schuhmacher
C. Vilanek

Marketing
K. Adt
S. Eckhardt
D. Huber
J. Kellerhals

Human resources
K. Adt
W. Baur
K. J. Breuer
L. Glosser
S. Nutzenberger
J. Ploog
L. Pütz
J. Schulz
S. Woelke

Mergers and acquisitions (M&A)
K. Dohm
S. Eckhardt
T. Fernkorn
F. Funck
D. Huber
J. Kellerhals
E. Schuhmacher
C. Vilanek

Compliance
K. Dohm
L. Pütz
S. Woelke

Internal control procedures
K. Dohm
C. Plath
S. Woelke

Accounting
T. Dannenfeldt
K. Dohm
F. Funck
C. Plath
E. Schuhmacher
S. Woelke

Sustainability management
S. Eckhardt
S. Nutzenberger
L. Pütz

Audit of financial statements
T. Dannenfeldt
K. Dohm
F. Funck
C. Plath

On behalf of the entire Supervisory Board, I thank all the Supervisory Board members who left in the past financial year for their work for the company and their relationship with CECONOMY AG.

I congratulate all new Supervisory Board members who joined in the past financial year on their election or appointment and thank all Supervisory Board members for their valuable contributions. I look forward to the continued cooperation on our board.

For the Supervisory Board

THOMAS DANNENFELDT
Chairman

THOMAS DANNENFELDT
Chairman of the Supervisory Board

Profile: Thomas Dannenfeldt has been a member and Chairman of the CECONOMY AG Supervisory Board since 2021.

Thomas Dannenfeldt was born in Feuchtwangen in 1966. After graduating from the University of Trier with a degree in business mathematics, he worked in various prominent management positions at Deutsche Telekom AG, most recently – until 2018 – as the Chief Financial Officer. Given his professional career, Thomas Dannenfeldt brings exceptional experience in managing and supervising listed, international companies to the Supervisory Board. He has considerable expertise in all areas of finance and in sales, customer service, operations and marketing.

↗ Further information on Mr Thomas Dannenfeldt and the other members of the Supervisory Board is available on the website www.ceconomy.de/en/ under Company – Supervisory Board.

CECONOMY AT THE CAPITAL MARKET

Performance of the CECONOMY AG shares

At the beginning of financial year 2021/22, the **ordinary share of CECONOMY AG** moved in a corridor between around €3.44 and €3.90. Following the trading statement for financial year 2020/21 published by CECONOMY AG on 26 October 2021, the share saw a significant price increase totalling around 16 per cent and reached its high for financial year 2021/22 on 1 November 2021 at a closing price of €4.32. After a cyberattack came to light in early November 2021 and renewed local restrictions in the brick-and-mortar business as a result of the global development of the COVID-19 pandemic in mid-November 2021, the CECONOMY AG share price temporarily declined. After publication of the audited figures for financial year 2020/21 and the outlook for financial year 2021/22 on 14 December 2021, the share strengthened again and regained the above-mentioned price range by the end of 2021.

From the end of February 2022, the stock markets were characterized by high geopolitical and economic uncertainty. In particular, the effects of the Russian war of aggression against Ukraine and the disrupted supply chains as a result of the partial lockdown in China due to the COVID-19 pandemic weighed significantly on the global stock markets – a development from which even CECONOMY AG's share could not entirely escape. From March 2022, there was also a significantly growing rise in the already increased inflation rates in Germany and the eurozone. The aggravation of the supply situation regarding Russian natural gas and the associated rise in energy prices accelerated the negative developments of inflation rates and consumer sentiment. After the first half of 2021/22, the share price had declined overall and fallen by around 8 per cent by 31 March 2022, but was thus above the two benchmark indices STOXX Europe 600 Retail (price index) and the SDAX price index. Regardless of CECONOMY AG's resilient business performance in the first half of 2021/22 and the successful closing of the Convergenta transaction at the beginning of June 2022, this development continued in a very volatile capital market environment in the third quarter of 2021/22.

CECONOMY adjusted the outlook for financial year 2021/22 on 21 July 2022 given the in the interim altered economic. The outlook adjustment was necessary as a result of the dynamic inflation development, the sharp rise in energy prices and weaker demand in Germany, Austria and Switzerland in particular. It was published with only a slight delay after the renewed reduction in Russian gas deliveries to Germany and the resulting aggravation of the price and supply situation came to light, which caused the share price to fall markedly once again at the end of the financial year. On 29 September 2022, the ordinary share of CECONOMY AG posted its low for the year at a closing price of €1.12. On 30 September 2022, the share closed at a price of €1.20. The average XETRA trading volume in the reporting period was around 840,000 shares per day.

In the period from 30 September 2021 to 30 September 2022, the ordinary share of CECONOMY AG had a negative price performance of around 68 per cent. The share thus underperformed the benchmark indices STOXX Europe 600 Retail (price index) and the SDAX price index. The STOXX Europe 600 Retail Index (price index) posted negative development of around 43 per cent in the same period; the SDAX price index was around minus 38 per cent.

Trading of the **preference share of CECONOMY AG** was stopped at the end of May 2022. On 12 April 2022, the General Meeting of CECONOMY AG resolved to **convert the preference shares** without voting rights into ordinary shares with voting rights by revoking the preferential right to profits and amending the articles of association accordingly. This resolution was approved both by a majority of 99.97 per cent of the votes cast by ordinary shareholders by way of a special resolution and by a majority of 98.79 per cent of the votes cast by preference shareholders at a separate meeting of the preference shareholders following the extraordinary General Meeting. No complaints were filed against these resolutions. The conversion of the preference shares into ordinary shares took effect upon entry into the commercial register on 31 May 2022.

At the above-mentioned extraordinary General Meeting, the voting shareholders of CECONOMY AG also voted by a majority of 98.29 per cent of the votes cast in favour of the capital measures in connection with the acquisition of Convergenta Invest GmbH's minority stake in Media-Saturn-Holding GmbH by CECONOMY AG ("**Convergenta transaction**"). No complaints were filed against the General Meeting's resolution on the capital measures in connection with the Convergenta transaction. The capital measures resolved in connection with the Convergenta transaction were entered into the commercial register on 3 June 2022. Including the completed conversion of preference shares into ordinary shares and the capital increase through contribution in kind in connection with the Convergenta transaction, the **total amount of all outstanding shares** (exclusively ordinary shares) is 485,221,084.

Price performance

Share/index	Ticker	Return 30/09/2021 to 30/09/2022 (closing prices)
Ordinary shares	CEC	–67.9%
Preference share (30/09/2021 to 31/05/2022)	CEC1	–37.7%
STOXX Europe 600 Retail (price index)	SXRP	–42.9%
SDAX price index	SDXK	–37.7%

Data based on Xetra closing prices
Source: Bloomberg

Information about the CECONOMY shares

	Preference shares	Ordinary shares
Code number	725 753	725 750
ISIN code	DE 000 725 753 7	DE 000 725 750 3
Reuters code	CEC1_p.DE	CECG.DE
Bloomberg code	CEC1 GY	CEC GY
Number of shares as of 30/09/2021	2,677,966	356,743,118
Number of shares as of 30/09/2022	0	485,221,084

Shareholder structure of CECONOMY AG

Below, the shareholder structure as of 30 September 2022 is presented on the basis of voting rights.

PRINCIPAL SHAREHOLDERS

The principal shareholders of CECONOMY AG are Convergenta/Kellerhals family, Haniel, Meridian Stiftung and freenet AG. On the basis of the Convergenta transaction closed at the beginning of June 2022, voting rights reported in accordance with the German Securities Trading Act (excluding instruments) and notifications in accordance with the Market Abuse Regulation (managers' transactions), Convergenta/Kellerhals family is the largest shareholder with a share of 29.0 per cent. The second-largest shareholder is Haniel with 16.7 per cent of the voting rights. The third-largest shareholder is Meridian Stiftung, which holds 11.1 per cent of the voting rights. The fourth-largest shareholder is freenet AG with 6.7 per cent of the voting rights, followed by the Prof. Otto Beisheim Foundations with a share of 4.8 per cent and the investment company Exor Financial Investments with 4.2 per cent. The latter two shareholders fell below the 5 per cent threshold as a result of the Convergenta transaction and the associated dilution of their shares.

FREE FLOAT

As of the reporting date, the free float of voting rights amounted to 36.5 per cent and was split between a large number of national and international investors. The voting rights notifications from fund companies and other available information show that British investors are the largest group of institutional investors, followed by investors from the United States and Germany.

Dividend

The Management Board and the Supervisory Board have resolved to propose to the virtual General Meeting on 22 February 2023 that the balance sheet profit for financial year 2021/22 be carried forward to new account. In accordance with Sec. 268 para. 8 HGB, the balance sheet profit is fully blocked from distribution as of 30 September 2022, due among other things to the capitalization of deferred taxes in the balance sheet.

Analyst recommendations

As of the end of financial year 2021/22, twelve analysts from international banks and brokers were covering and assessing the ordinary share of CECONOMY AG. Two analysts recommended the CECONOMY share as a "Buy". Seven analysts rated the share as "Hold" or "Neutral". Three sell recommendations were also made. The median target price as of the closing date was €2.35.

STRATEGY

Starting position

CECONOMY operates in an attractive yet challenging market with intense competition and dynamic changes in customer requirements. The European market for consumer electronics, with a volume of approximately €400 billion[1], offers attractive market opportunities for retail. Technology is playing an ever greater role in people's lives. Due to increasing complexity, many customers want guidance and advice. With growing awareness of products' high use of resources, customers are also seeking new offers and technologies to make their lifestyles more sustainable. Manufacturers need strong platform partners with high reach in order to market innovations and strengthen their brands with excellent customer experiences and services.

The preconditions for retaining and gaining market share in this environment have changed fundamentally in recent years. CECONOMY's strategy is guided by the following convictions:

- Around 70 per cent[2] of customer journeys already start online – and usually on a mobile device.
- Customers prefer omnichannel offerings that combine online convenience with the service and experience of brick-and-mortar retail. Especially as footfall in stores is not expected to reach pre-COVID-19 levels again, retailers must offer excellence in both channels as well as seamless integration.
- For customers, it is about more than the transactional purchase of a product. They expect first-rate shopping experiences. Retailers must be fast, flexible, and customer-focused.
- Attractive growth opportunities lie in service offerings and new categories such as urban mobility and smart home. Traditional categories of consumer electronics are seeing limited growth in most European countries, but remain significant on account of their size.
- Conscious consumption is developing into a key customer behaviour and creating an as yet largely unoccupied market that gives customers access to the circular economy.

Strategic positioning: experience electronics

CECONOMY's strategy is aligned with the company's purpose: "We create experience electronics to enrich people's lives." CECONOMY has heavily influenced consumer electronics as a category with its brands. Going forward, CECONOMY will act as an intermediary between customers and partners to enable the conscious discovery and experience of technology via personal relationships. In short, CECONOMY is creating a new category: experience electronics. This claim is based on four pillars: employee experience, shopping experience, usage experience and impact experience. Competitive advantages in these areas lay the essential foundation for CECONOMY's business model: high customer stickiness.

EMPLOYEE EXPERIENCE

The nearly 50,000 CECONOMY employees, the majority of whom are in direct contact with customers every day, set the company apart from pure online retailers and platform providers. They provide comprehensive, personalized and omnichannel advice. The strategy places particular emphasis on appreciating the work of these colleagues and on their targeted development, motivation and empowerment.

SHOPPING EXPERIENCE

The CECONOMY shopping experience is distinguished by category-specific and personalized information, navigation, opportunities to try products out and personal advice on all channels – before, during and after purchase. Taking a "digital first" approach, customers will have more opportunity to seamlessly combine the advantages of the online offering with the in-store experience in over 1,000 stores. Store space will be upgraded. App and online shop updates will focus on omnichannel functions. The proximity to CECONOMY customers built up across all touchpoints allows a

[1] Including growth categories and services. Source: BCG
[2] Source: GfK

strong personalization of offering, approach and support. Powerful logistics with a cross-channel, fast and reliable delivery promise rounds off the shopping experience.

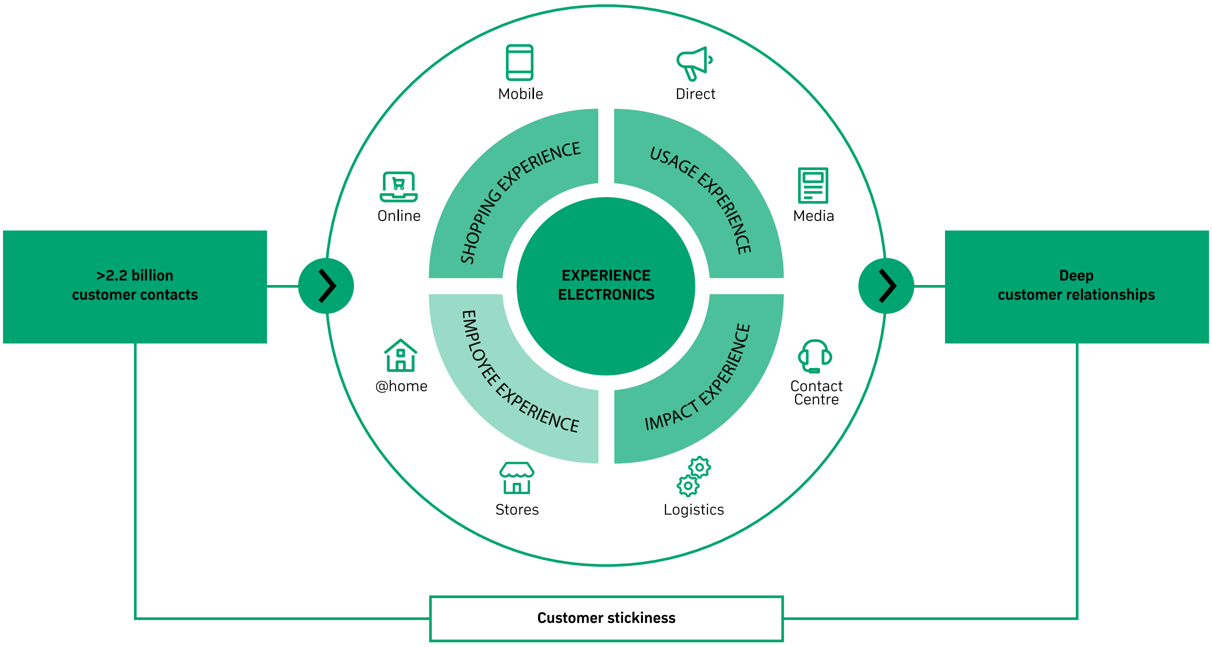
USAGE EXPERIENCE

CECONOMY defines new standards for the usage experience of products and services that far exceed the sale of individual products. Category-specific services complement individual transactions with a performance promise across the entire lifecycle. The overarching aim is to maximize customer benefit through the advantageous bundling and integration of products and services and to eliminate breaks in the customer journey. Partner offerings are increasingly supplementing the range – by both occupying new categories and enhancing existing ones.

IMPACT EXPERIENCE

CECONOMY pledges to continuously strengthen sustainability in its own business activities and to allow customers easy access to a more sustainable lifestyle – while unleashing new business potential. CECONOMY gives its customers omnichannel access to the circular economy and to opportunities to extend products' lifecycles. This includes trade-in offers, rental and leasing options and the expansion of the sustainable product range – also with second-hand products. The positive contribution to a more sustainable lifestyle is being developed into a genuine competitive advantage and ensures relevance across the entire product lifecycle.

Customer stickiness through experience electronics



Business models and strategic priorities of the CECONOMY omnichannel service platform

CECONOMY already has more than two billion customer contacts per year across all touchpoints. Because CECONOMY convincingly occupies the four fields of experience electronics, it can create individual, personalized customer experiences that clearly set it apart from the competition. The resulting customer stickiness lays the groundwork for customers to keep returning to the touchpoints. This is the main value driver of the business model. The retail business remains at the heart of the model and is supplemented by margin-boosting elements. In addition, CECONOMY enables partners to expand their business potential through access to the CECONOMY customer base. This opens up new channels for monetization with attractive risk/return profiles. Overall, CECONOMY is thus transforming its business model from an omnichannel retailer to an omnichannel service platform.

RETAIL

In the brick-and-mortar and digital retail business, CECONOMY is systematically enhancing all four fields of experience alongside the operating management of day-to-day business. The development and empowerment of employees with customer contact is a key topic. Growth categories such as smart home and health & fitness strengthen the product range through holistic development including category-specific services as well as additional sustainable products with the "BetterWay" label. Store space is being upgraded through the roll-out of smaller store formats that reflect digital journeys and an accelerated modernization approach. The app is successively being turned into an "experience hub" with integrated omnichannel features. The further centralization of the supply chain through omnichannel distribution centres and urban hubs ensures a competitive delivery promise.

OWN BRANDS

The expansion of own brands improves the diverse range of products for customers thanks to an attractive price/performance ratio. The margin is being strengthened compared with the pure retail business, as CECONOMY is penetrating deeper into the value chain via a well-developed network of producers. The focus lies on the optimization of the own brand range, the expansion of logistics capabilities and optimized governance between the central planning and procurement unit Imtron and the countries of origin.

MARKETPLACE

The marketplace offers traders and manufacturers the opportunity to sell products via the CECONOMY platform. From the customers' perspective, the diversity and availability of products is strengthened by the seamless access to temporarily unavailable products and products outside the core segment. CECONOMY monetizes this by way of a basic fee and commissions, without bearing any inventory risk itself. The Marketplace is already available in Germany, Austria and Spain and is being successively rolled out to other countries. In the future, seamless integration into all marketing channels will generate further growth.

SERVICES & SOLUTIONS

The Services & Solutions segment centres on category-specific, customer-centric services. Services provided by the company itself are supplemented with partners' offerings. The sales service generates commissions and thus attractive margins. One-time payments are gradually being replaced by subscription models with recurring cash flows. The service architecture is harmonized across all countries, and employees are provided with targeted training. The offering is becoming more visibly and consistently integrated into the online offering. In order to provide a seamless customer journey and to strengthen the control over customer contact, CECONOMY is investing in the technical infrastructure for the invoicing and settlement of services and the integration of partners' offers.

CIRCULAR ECONOMY

Omnichannel trade-in offers (purchase of used products) reassure customers when buying a product that it can be returned to the circular economy at the end of its lifecycle. From CECONOMY's perspective, this generates additional footfall and customer stickiness. Refurbished second-hand products augment CECONOMY's product range with low-cost alternatives to new goods. Hire and rental services close the gap in supply for temporary customer use cases as an alternative to a purchase. All areas of the circular economy are currently being built up with the help of partners that use complementary skills and resources to accelerate scaling across countries and categories.

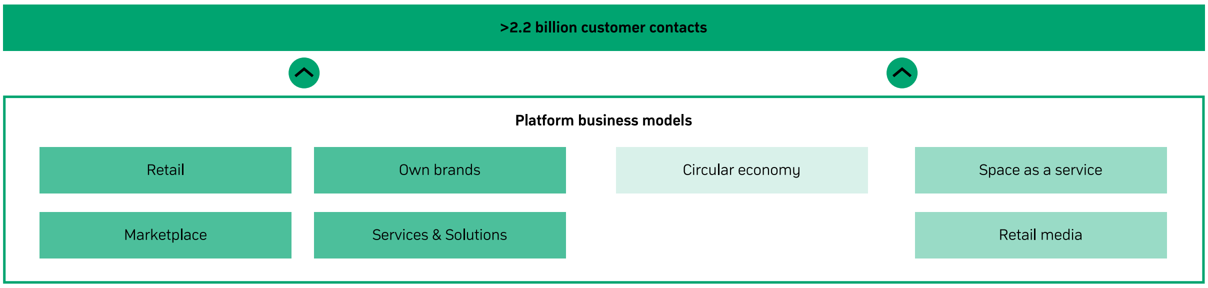
SPACE AS A SERVICE

CECONOMY is using the upgrading of store space in order to raise partnerships with manufacturers to a new level. The Lighthouse format integrates brand boutiques operated by manufacturers and experience zones for the presentation of innovations with the store's own product and service range. Selling space secures CECONOMY recurring and long-term cash flows. Based on the experience gained, the six Lighthouse formats already in existence will be extensively augmented by stores in the major cities of the MediaMarktSaturn country organizations.

RETAIL MEDIA

Retail media bundles the marketing of footfall directly at the point of purchase. From the customers' perspective, this offers additional opportunities for information. Industry partners benefit from an automated, measurable customer approach. This gives CECONOMY access to incremental revenues from manufacturers and advertisers. Attractive margins are generated in this scalable business thanks to a technology and sales partnership with the leading global provider Criteo. The focus is on the global roll-out of the platform, the expansion of the agency business and the further development of the product portfolio.

Business models of the omnichannel service platform



At the heart of the CECONOMY omnichannel service platform and the business areas based thereon are profound customer relationships with end consumers (B2C). The offering for business customers (B2B) offers attractive additional market potential. In connection with the experience electronics positioning, the B2B business is being expanded on the basis of the existing customer base and with a focus on small and medium-sized enterprises. This includes the sector-specific additions to the product range, including via the Marketplace, expansion of the B2B service offering via relevant partnerships, dedicated support for business customers across all channels and the optimization of B2B processes and logistics.

Operationalization and outlook

CECONOMY is now in a unique position to create Europe’s first omnichannel service platform and to occupy the experience electronics category as market leader. In many subsegments, the transformation has already been underway for years. In the past financial year, the governance of strategy implementation was revised and focused on the consistent development of the four fields of experience. The use of resources must also always be aligned with the market environment and the needs of the operating business. However, clearly defined milestones and key performance indicators ensure a consistently high level of transparency in the progress towards the strategic target. Top managers are actively involved as sponsors and ensure the coordinated implementation of the strategy in their areas of responsibility. Embedded in the “Let’s Go” campaign, the transformation is also being accompanied and strengthened by communication – both in internal mobilization and in external brand positioning.

COMBINED MANAGEMENT REPORT

OVERALL STATEMENT BY THE MANAGEMENT BOARD OF CECONOMY AG ON CECONOMY'S BUSINESS PERFORMANCE AND SITUATION

Financial year 2021/22 was the third year in a row to be influenced by grave external events. After the COVID-19 pandemic, the war that Russia started against Ukraine in February 2022 fundamentally altered the macroeconomic conditions. In an extremely challenging environment, CECONOMY has once again demonstrated its resilience and competitiveness. The Group has successfully navigated difficult waters and has consistently continued its journey to becoming a fully customer- and service-centric company.

CECONOMY made a solid start to the financial year, and the business continued to pick up momentum in the second quarter after the COVID-19 restrictions were lifted. Over the first half of the year, therefore, the company increased its sales and operating earnings year-on-year and was well on the way to achieving its full-year targets. But then the positive development was checked by the effects of the war in Eastern Europe. Sustained high inflation and sharply rising energy costs weighed on consumer sentiment. In July 2022, CECONOMY therefore had to adjust its full-year outlook to the altered circumstances.

The management adopted a whole package of active countermeasures in order to continue strengthening the company's competitive position in this environment while consistently implementing its strategy. CECONOMY continues to optimize its cost structures and is concentrating on improving profitability. The company pays special attention to improving liquidity, particularly with regard to net working capital. In order to further strengthen customer demand, CECONOMY has launched new pan-European campaign formats, which are precisely organized throughout the Group. The business performance at the end of financial year 2021/22 showed that the measures are already taking effect: After a robust fourth quarter, CECONOMY successfully increased sales adjusted for currency effects and portfolio changes by a total of 3.2 per cent year-on-year to €21.8 billion. In terms of adjusted EBIT, CECONOMY achieved the upper end of the updated outlook with a figure of €197 million. The company's growth was mainly driven by the recovery in the brick-and-mortar business and the strong performance of Services & Solutions. CECONOMY will continue to purposefully expand this eminently profitable business area.

The Group's aim is no longer merely to sell products, but increasingly also to provide excellent advice and attractive services, both in stores and on the online shops. As part of its omnichannel strategy, CECONOMY is doing everything to further improve the shopping experience and customer satisfaction across all channels. And succeeding: In the past financial year, the company increased its *net promoter score – the figure used to measure customer satisfaction – by 5 points to 50 points (unaudited information extraneous to the management report)*. This positive improvement is the result of the high level of operating progress that the company made in the last financial year. For example, CECONOMY centralized and standardized its logistics, IT and order processes, continued to push the modernization of existing stores and opened new stores where the focus is on the customer experience. In addition, the company has optimized the performance of its online shops in line with customers' needs and additionally strengthened its online activities with its own Marketplace in three countries. Moreover, the range of sustainable services was expanded internationally, for example with services for the repair, return and refurbishment of old devices.

In the past financial year, CECONOMY made a real breakthrough in the simplification of its historically complex governance structures. After the successful completion of the Convergenta transaction in June 2022, the company now has a clear and efficient shareholder structure, with CECONOMY AG as the sole shareholder of MediaMarktSaturn and Convergenta Invest GmbH as the largest shareholder of CECONOMY AG.

Despite continuing macroeconomic uncertainties, the Management Board believes it can continue successfully on its current course and make the company the industry's leading European omnichannel platform – a company that offers its customers a consistently attractive shopping experience at all points of sale.

OVERVIEW OF FINANCIAL YEAR 2021/22 AND OUTLOOK

Earnings position of continuing operations

- In financial year 2021/22, total sales of CECONOMY increased by 1.9 per cent to €21.8 billion compared to the previous year (2020/21: €21.4 billion).

- Adjusted for currency and portfolio change effects, sales were above the previous year's level by 3.2 per cent (like-for-like: 3.5 per cent).

- Group EBIT amounted to €105 million (2020/21: €326 million). This includes non-recurring earnings effects of €–62 million (2020/21: €–64 million) and earnings effects from companies accounted for using the equity method of €–30 million (2020/21: €154 million).

- Adjusted for these effects and portfolio changes, Group EBIT amounted to €197 million and was thus likewise below previous year's level (2020/21: €237 million).

- The net result decreased to €126 million (2020/21: €222 million), partly due to the impairment of the share in Fnac Darty S.A. of €56 million (2020/21: reversal of impairment of €150 million).

- Undiluted earnings per share likewise decreased to €0.31 (2020/21: €0.62), particularly due to the impairment of the share in Fnac Darty S.A. The recognized tax income from the first-time recognition of deferred tax assets, particularly on loss carry-forwards at the level of CECONOMY AG, had the opposite effect.

Financial and asset position

- As of 30 September 2022, the consolidated statement of financial position records equity of €592 million (30/09/2021: €757 million). The equity ratio is 5.9 per cent (30/09/2021: 7.1 per cent).

- Net debt amounted to €2,004 million as of 30 September 2022 (30/09/2021: €1,109 million). Adjusted for the recognition of lease liabilities in the statement of financial position due to IFRS 16, net debt amounted to €43 million (30/09/2021 adjusted: net liquidity of €959 million).

- Investments as per segment report are at €762 million and thus were €6 million higher than the previous year's figure (2020/21: €757 million).

- In the past financial year 2021/22, cash flow from operating activities led to a cash inflow of €219 million (2020/21: €450 million).

- Total assets declined by €668 million to €9,998 million as of 30 September 2022 (30/09/2021: €10,667 million).

- The balance sheet net working capital changed by €427 million year-on-year to €–428 million (30/09/2021: €–855 million).

- The ratings awarded to CECONOMY AG were as follows as of 30 September 2022: Ba2/Under Review (Moody's; previous year: Ba1/Stable) and BBB–/Stable (Scope; unchanged year-on-year).

Outlook for CECONOMY

CECONOMY is actively preparing for a phase of high macroeconomic and geopolitical uncertainty, which also affects the outlook. We therefore consider it prudent and appropriate to present the key performance indicators in two different future scenarios with their respective assumptions. Both scenarios for sales and earnings could materialize. From today's perspective, CECONOMY considers the first mentioned scenario below to be more likely to occur.

For some time, we have been operating in a very challenging environment characterized by high volatility. CECONOMY will continue to manage this uncertainty. The measures we have taken in order to prevail under these challenging conditions are developing an expanding positive impact. We have successfully advanced our strategic transformation and have become more resilient as an organization.

For financial year 2022/23, we therefore expect a slight increase in total sales adjusted for exchange rate effects and a clear increase in adjusted EBIT. We expect the Western/Southern Europe and Eastern Europe segments to contribute to the slight increase in total sales adjusted for exchange rate effects, while the clear improvement in adjusted EBIT should result from the DACH segment. At the same time, we assume that the current macroeconomic conditions (inflation, customer demand, availability of goods, no overall restrictions in retail sector) will not deteriorate and the consumer electronics market relevant for our country portfolio will shrink moderately at the most.

However, if the macroeconomic environment develops less favourably than currently foreseen and demand in the consumer electronics market relevant for our country portfolio therefore declines more severely, this would also affect our business performance. In this scenario, which we currently consider less likely, we would have to expect a clear decrease in total sales adjusted for exchange rate effects and adjusted EBIT. For the DACH segment, we also expect a clear year-on-year increase in adjusted EBIT in this scenario.

The outlook was adjusted for portfolio changes and did not take into account the earnings effects from companies accounted for using the equity method. It also does not include non-recurring effects from efficiency increases in connection with the simplification and digitalization of central structures and processes, the streamlining of the product assortment and the strengthening of the retail brands in Germany. Accounting effects of the application of IAS 29 in Turkey as a hyperinflationary economy are likewise unaccounted for.

BASIC INFORMATION ON THE GROUP

The Group's business model

The companies in the CECONOMY portfolio have billions of consumer contacts each year and offer products, services and solutions that are intended to make living in the digital world as easy and enjoyable as possible.

As the central management holding company, CECONOMY AG covers basic functions such as finance, accounting, controlling, legal and compliance. The focus of the operating business is the MediaMarktSaturn Retail Group, to which the MediaMarkt and Saturn brands belong. CECONOMY and MediaMarktSaturn have a unified management structure.

CECONOMY AG holds a minority stake of around 24 per cent in Fnac Darty S.A., a leading French retailer for consumer electronics and household appliances.

CECONOMY at a glance

MediaMarkt, Germany and Europe's number one electronics retailer, was founded in 1979 and is now operated as an independent retail brand within the MediaMarktSaturn Retail Group. In Germany as of 30 September 2022, the company was represented by 267 stores and employed around 11,000 people. MediaMarkt has a European presence in twelve countries with around 890 stores and roughly 37,000 employees. In addition to a constantly updated assortment of brand products, the 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, founded in 1961, wants to turn technology into an experience for its customers and show them how modern technology products can enrich their lives. Saturn is now operated as an independent retail brand under the umbrella of the MediaMarktSaturn Retail Group. In Germany as of 30 September 2022, Saturn was represented by 132 stores and employed around 5,600 people. Saturn stores are intended to be synonymous with an attractive location, a diverse range of brand products at excellent value for money, spacious selling spaces, and excellent service and advice. Saturn links its in-store business in Germany closely with its online shop and mobile shopping via app.

Investments

Fnac Darty S.A. is a leading French retail company for consumer electronics and household appliances with around 25,000 employees worldwide. As of 30 June 2022, the Group comprised an omnichannel network of 971 stores in 13 countries around the world. Online, the Fnac Darty websites alone had a total of around 27 million visitors per month in 2021. Fnac Darty S.A. achieved sales of around €8.0 billion in 2021.

Store network by country

	30/09/2021	Openings/additions 2021/22	Closures/disposals 2021/22	30/09/2022
Germany	405	1	−7	399
Austria	52	0	0	52
Switzerland	25	0	0	25
Hungary	32	4	0	36
DACH	**514**	**5**	**−7**	**512**
Belgium	24	0	−1	23
Italy	119	3	0	122
Luxembourg	2	0	0	2
Netherlands	49	0	0	49
Portugal	10	0	0	10
Spain	106	2	−1	107
Western/Southern Europe	**310**	**5**	**−2**	**313**
Poland	81	0	0	81
Turkey	85	5	−1	89
Eastern Europe	**166**	**5**	**−1**	**170**
Sweden	28	1	0	29
Others	**28**	**1**	**0**	**29**
CECONOMY	**1,018**	**16**	**−10**	**1,024**

Management system

The key figures used at CECONOMY for the management of the company are presented below. Alongside a brief description of the respective key figure, a reference is provided to the section of the Annual Report in which the key figure is discussed in further detail in its overall context.

CECONOMY's most important key performance indicators – total sales growth adjusted for currency effects and portfolio changes and adjusted EBIT – are highlighted at the top of the table. CECONOMY issues a forecast for these key figures.

Following the explanation of these key figures, other key figures used for management are presented in groups according to their allocation to the income statement, cash flow statement, statement of financial position and other operating key figures.

Key figure	Description	Section
Forecast key figures		
Total sales growth adjusted for currency effects and portfolio changes	Total sales growth adjusted for currency effects shows the percentage change in total sales without the influence of currency effects. Currency-adjusted total sales growth is calculated for the financial year by translating the sales of the previous year at the average exchange rate of the current year. Since the third quarter of 2021/22, the currency adjustment has also included effects from the application of IAS 29 for Turkey. Currency-adjusted total sales growth in individual quarters is calculated as the difference between the respective cumulated periods. All the required cumulated periods are translated at the rate of the most recent cumulated period (example: currency-adjusted total sales growth Q4 2021/22 based on exchange rates for full year 2021/22). Adjustment is made for portfolio measures by not including the affected sales in the current period or in the previous period.	Earnings position

Key figure	Description	Section
Adjusted EBIT	Earnings before interest and taxes (EBIT) means earnings before the net financial result and income taxes. Adjustment is made 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. Non-recurring earnings effects in connection with (1) COVID-19-related store closures, (2) the introduction of a harmonized group-wide organizational structure ("Operating Model"), (3) 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, (4) the retroactive increase of a sector-specific tax in Hungary and accounting effects from Turkey, which is classified as a hyperinflationary economy (IAS 29), and risk provisions for legal risks are not included in adjusted EBIT. For (1), (2) and (3), the adjustment also affects the previous year's figures.	Earnings position
Other key figures of the income statement		
Total sales	Total sales are stated in euros. The sales generated in a foreign currency in a certain period are generally translated at the appropriate average exchange rate of the period.	Earnings position
Total sales growth	Total sales growth means the percentage change in total sales in the reporting period compared with the corresponding period of the previous year.	Earnings position
Like-for-like sales	Like-for-like sales means the sales over a comparable sales area or based on a comparable panel of stores, units or merchandising concepts such as online retail and delivery (like-for-like panel). Sales are only included 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.	Earnings position
Like-for-like sales growth	Like-for-like sales growth means the currency-adjusted growth of like-for-like sales.	Earnings position
Online sales	Online sales comprise the sales that are generated via the MediaMarktSaturn Retail Group's online shops. Products ordered online and collected in-store are also included.	Earnings position
Online growth	Online growth means the change in online sales compared with the corresponding prior-year period.	Earnings position
Online share	The online share is the share of online sales in the total sales of the period in question.	Earnings position
Pick-up rate	The pick-up rate is the percentage of online orders that are collected in-store.	Earnings position
Brick-and-mortar sales	Brick-and-mortar sales comprise the sales that are not generated over the internet. Consequently: Total sales – online sales = brick-and-mortar sales	Earnings position
Services & Solutions sales	Services & Solutions sales are those sales that are not purely product sales. Examples include extended warranties, brokering mobile phone contracts, repair services, or delivery to and installation for the customer.	Earnings position
Services & Solutions growth	Services & Solutions growth means the change in Services & Solutions sales compared with the corresponding prior-year period.	Earnings position
Services & Solutions share	The Services & Solutions share is the share of Services & Solutions sales in the total sales of the period in question.	Earnings position
Gross margin	The gross margin equals gross profit on sales divided by total sales. Gross profit on sales is defined as total sales less cost of sales. Cost of sales also includes income from subsequent remuneration. The gross margin can essentially be broken down into the four components channel shift and logistics cost, goods margin, goods valuation and service income.	Earnings position
EBITDA	Earnings before interest, taxes, depreciation and amortization (EBITDA) means earnings before the net financial result, income taxes, depreciation, amortization, impairment and reversals of impairment losses on intangible assets, property, plant and equipment, right-of-use assets and investments accounted for using the equity method.	Segment report
Adjusted EBITDA	Like adjusted EBIT, EBITDA is also 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 are also adjusted for. Non-recurring earnings effects in connection with (1) COVID-19-related store closures, (2) the introduction of a harmonized group-wide organizational structure ("Operating Model"), (3) 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 and (4) the retroactive increase of a sector-specific tax in Hungary and accounting effects from Turkey, which is classified as a hyperinflationary economy (IAS 29) are not included in adjusted EBITDA. For (1), (2) and (3), the adjustment also affects the previous year's figures.	Segment report
EBIT	Earnings before interest and taxes (EBIT) means earnings before the net financial result and income taxes.	Earnings position
(Adjusted) EBIT margin	The (adjusted) EBIT margin equals (adjusted) EBIT divided by total sales.	Earnings position

Key figure	Description	Section
EBT	EBT means earnings before income taxes. EBT +/− net financial result = EBT	Earnings position
Tax rate	The tax rate equals tax expense divided by earnings before income taxes (EBT).	Earnings position
Minority share in the profit or loss for the period	The minority share in the profit or loss for the period means the share in the profit or loss for the period attributable to non-controlling interests (synonym for "profit or loss for the period attributable to non-controlling interests").	Earnings position
Net result	The net result is the figure arising after the deduction of non-controlling interests from the profit or loss for the period (synonym for "profit or loss for the period attributable to shareholders of CECONOMY AG").	Earnings position
Earnings per share (EPS)	Earnings per share (EPS) equals the net result divided by the average number of shares issued.	Earnings position
Key figures of the cash flow statement		
Change in net working capital	As part of cash flow from operating activities, the change in the balance sheet items included in net working capital is presented here, primarily adjusted for currency effects, effects of the application of IAS 29 and effects of acquisitions or disposals of subsidiaries.	Financial and asset position
Income taxes paid (cash taxes)	As part of cash flow from operating activities, the actual cash outflow for income taxes in the period in question is presented here.	Financial and asset position
Cash flow from operating activities	Cash flow from operating activities means movements in the "cash and cash equivalents" items attributable to operating activities. These primarily include EBITDA, adjusted for additions to and reversals of provisions, changes in net working capital and tax payments.	Financial and asset position
Cash investments	Cash investments refers to the absolute level of cash investment in the period in question. For this purpose, "acquisition of companies", "investments in property, plant and equipment" and "other investments" from cash flow from investing activities are grouped together.	Financial and asset position
Cash flow from investing activities	Cash flow from investing activities means movements in the "cash and cash equivalents" items attributable to investing activities. These primarily comprise cash investments, inflows from divestments and investments in and disposals of financial investments and securities.	Financial and asset position
Dividends paid	The key figure dividends paid comprises the cash outflow to shareholders included in cash flow from financing activities and includes both the dividend to the shareholders and the payments to non-controlling shareholders.	Financial and asset position
Cash flow from financing activities	Cash flow from financing activities means movements in the "cash and cash equivalents" items attributable to financing activities. These primarily include payments of dividends, proceeds from/redemption of borrowings, redemption of lease liabilities and interest payments.	Financial and asset position
Free cash flow	Free cash flow comprises cash flow from operating activities less cash investments. Cash flow from operating activities – cash investments = free cash flow	Financial and asset position
Key figures of the statement of financial position		
Equity	Equity is a residual value resulting from the recognition of the difference between assets and liabilities.	Financial and asset position
Equity ratio	The equity ratio equals equity divided by total assets.	Financial and asset position
Borrowings	Borrowings comprise current and non-current financial borrowings including lease liabilities.	Financial and asset position
Net liquidity/net debt	Net liquidity/net debt is calculated by netting borrowings with cash and cash equivalents and short-term financial investments. Borrowings – cash and cash equivalents – short-term financial investments = net liquidity (-)/net debt (+)	Financial and asset position
Net working capital	The balance sheet net working capital, as current assets required for operations, is defined as follows: Inventories + trade receivables and similar claims + receivables due from suppliers – trade liabilities and similar liabilities = net working capital	Financial and asset position
Other operating key figures		
Investments as per segment report	The key figure investments as per segment report comprises all additions to non-current intangible assets, property, plant and equipment (e.g. land, buildings, expenses for modernization) and investments accounted for using the equity method. In contrast to cash investments, the present value of leases entered into (addition of right-of-use asset) is also included here. However, cash outflows for financial assets and advance payments or prepaid rent are not included.	Financial and asset position
Total number of stores	The total number of stores means the number of brick-and-mortar stores with a selling space that can be measured in square metres.	Financial and asset position

Key figure	Description	Section
Total new stores	The number of new stores opened in a period.	Financial and asset position
Total closures	The number of closures in a period.	Financial and asset position
Total selling space	Selling space means the total area of all stores in square metres.	Financial and asset position
Average selling space per store	The average selling space per store equals the total area of all stores in square metres divided by the number of stores on the given date.	Financial and asset position
Number of employees	This key figure describes the number of full-time equivalents on the given date.	Employees

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, the CECONOMY AG holding company and smaller operating companies.

Sustainability management

CECONOMY counts sustainability among the cornerstones of its strategic advancement. For years, the company has pursued a far-reaching sustainability strategy with clear goals: first, to make its own business operations more sustainable, and second, to help customers live a more sustainable lifestyle. The increasing demands on companies with regard to zero carbon emissions, circular economy and compliance with the law also mean higher minimum standards for CECONOMY in connection with business operations and ESG (environmental, social and governance) transparency. To meet these demands, CECONOMY works constantly to implement its sustainability strategy. This also ensures that business operations are in line with stakeholders’ expectations, as reflected in the ESG regulations.

Sustainability strategy

CECONOMY has set itself ambitious, strategic ESG targets:

“We provide the most sustainable range of consumer electronics in Europe”
Maximum circular economy thanks to energy-efficient, sustainably produced and packaged products as well as offerings that enable customers to live a sustainable lifestyle.

“We will be pioneers of the circular economy and create a new sustainability promise”
The promise of “more life per cycle” covers the entire product lifecycle and makes products attractive and usable for longer, extending their lifecycle and potentially making them available for secondary and tertiary use.

“We take social responsibility and offer a climate-neutral shopping experience”
Ambitious climate targets (Scope 1 to 3 reduction), social responsibility throughout the supply chain and responsibility for our employees play a central role for the Group.

The ten material topics identified by a new materiality analysis in the reporting year also determine the content of the separate non-financial group report.

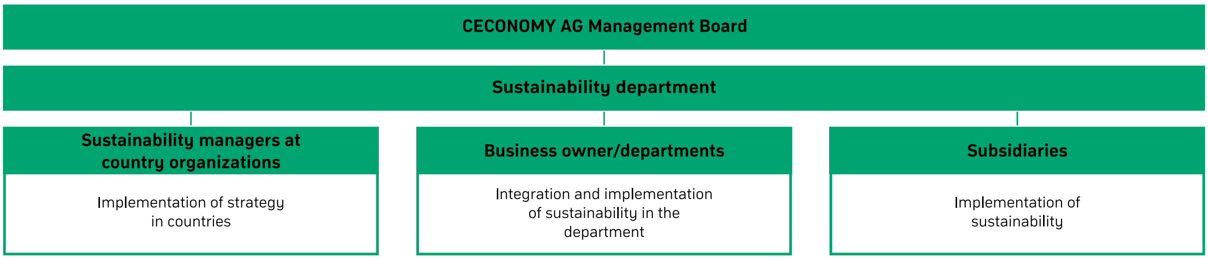
↗ The separate non-financial group report contains information on the sustainability strategy at CECONOMY and its implementation and measures. It also reports on sustainability at CECONOMY and the associated management approaches, targets and key figures. The separate non-financial group report is published in the German Federal Gazette.

Sustainability management and organization

In order to vigorously pursue the Group's sustainable transformation, the sustainability topic resides with the Chief Executive Officer of CECONOMY AG. He is the highest authority on sustainability and is responsible for strategic decisions and tracking targets and progress. In effective sustainability management, the Chief Executive Officer ensures a high level of transparency both internally and externally, defines the strategy, strengthens the conditions for the respective sustainability initiatives and monitors their development. In regular meetings, the Chief Executive Officer and Supervisory Board assess and if necessary update the targets, values and strategy of CECONOMY AG. In sustainability reporting, the Management Board also makes the final decision on material topics and on which key performance indicators will be reported.

The role of the Sustainability department at CECONOMY is to develop the strategy, update the key performance indicators and to help countries and other departments to implement them. In addition, it promotes discussion with internal and external stakeholders and continues the development of sustainability communication. Sustainability managers in the country organizations act as the primary local contacts and have the task of conveying the understanding of sustainability to their countries and deriving country-specific activities on this basis.

Sustainability organization



↗ Further information on sustainability management and the sustainability organization can be found in the separate non-financial group report, which is also published in the Federal Gazette.

Employees

CECONOMY places an attractive customer experience, which is consistent across all channels, at the centre of the corporate strategy. The company ensures this by prioritising the employee experience for employees who have daily, direct customer contact and make all the difference in the competition. As part of the employee experience and based on CECONOMY principles, measures are developed and implemented in order to continuously develop employees and to be an attractive employer.

For the purposes of the newly defined employee experience, employee satisfaction is a strategically vital topic. To measure employee satisfaction and thus take employees' concerns into account, CECONOMY conducted two anonymized, Group-wide net promoter people surveys during the reporting period. On the basis of the results, action plans were drawn up and implemented, such as employee and manager development programmes and an intensification of the communication between headquarters and the operating units.

Moreover, the management and corporate guidelines were revised as part of an international project. With the involvement of HR colleagues and managers from all countries in the Group, observable behaviours were defined for all principles and an additional principle was added to the guidelines. The new principle aims to strengthen cooperation and break down the silo mentality. The revised corporate and management principles were then communicated via various channels and implemented in every country. As of this year, they are the basis for development and talent programmes and initiatives for employees.

CECONOMY wants to create an attractive working environment for all current and future employees and therefore offers targeted training and development programmes, among other things, which are important for personal growth and career development. There are employee development programmes in all countries in which the Group operates. Examples of specific country's programmes for young talents are the Turkish "Leaders of Tomorrow" programme and the Italian “Memphis” programme, in which employees can put together their own personal learning path. The international country organizations have won several awards for the varied development opportunities.

CECONOMY can only grow if the company nurtures its employees. CECONOMY attaches great importance to the welfare of its employees and particularly focuses its HR work on health promotion and occupational safety.

↗ Further information on CECONOMY employees can be found in the separate non-financial group report.

Recruitment of employees

Given the increasing competition for talented and new employees, trade- and technology-driven companies in particular are facing various challenges. CECONOMY responds to this challenge by actively establishing issues relating to competition such as digitalization and customer and service focus and puts these into practice in programmes.

After CECONOMY introduced the “Passion4Customer” professional development programme for all countries, the “Customer Centricity” initiative is now being piloted, which is intended to ensure an attractive customer experience via additional training. In Germany and elsewhere, work is also underway on the onboarding of new store employees in order to ensure that they all have the same starting conditions as well as access to all relevant sources of information.

In addition, CECONOMY is taking measures to improve its image among potential applicants. A new employer branding strategy is to help create a clear and uniform external profile for the Group.

The employee referral program has been implemented in Germany for the strategic orientation of the acquisition of new talents, which ensures that suitable candidates are recruited by existing employees and promotes employee loyalty to the company.

Internal training programmes for retail that are offered to employees are another material competitive factor for recruitment.

Training at CECONOMY

	2020/21	2021/22
Average total number of trainees	2,417	2,566
thereof in Germany	(1,952)	(1,995)
thereof international	(465)	(570)
New trainees hired in Germany	956	1,318
Training rate (including interns and students) in Germany (in %)	8.7	9.3

The CECONOMY Group offers 13 different training options (2020/21: 12) and employed 2,566 trainees in financial year 2021/22 (2020/21: 2,417).

The training supervision for trainees is almost entirely digitalized both in the stores and at the Ingolstadt campus.

With regard to training, CECONOMY was involved in establishing “E-Commerce Management Assistant” as a new skilled occupation and also providing training for it itself. CECONOMY also cooperates with sales partners in order to support the professional training of employees in the stores in a topic-based manner.

In addition to dual vocational education, CECONOMY’s companies offer young people the opportunity to begin a dual study programme with practical components. In the reporting period 2021/22, 114 students in Germany took up this offer (2020/21: 125).

DEVELOPMENT OF YOUNG TALENT

Special finance, IT and omnichannel graduate trainee programmes are implemented for young talent at the MediaMarktSaturn Retail Group (MMSRG). These programmes encourage graduates to take responsibility for themselves and offer individual freedoms regarding the execution and design of the programmes as well as personal development. In Germany, MediaMarkt and Saturn are continually expanding upon their dual education courses. The priority here is individual development and needs-based training of young talent. The individual stores are prepared in a targeted manner so that students in the stores are trained well. In order to promote communication and networking within the talent groups, there is an annual talent day at both MediaMarkt and Saturn.

At the Ingolstadt campus, all students discuss their current projects every month. This promotes an overview of all strategic and sales initiatives as well as mutual learning and presenting. In addition, new sales training programmes were developed and implemented for graduate trainees.

DEVELOPMENT OF NEW EXECUTIVES

When employees in Germany take on a new management role, the "Fit to lead" programme prepares them in a targeted manner. In three modules, which are carried out digitally, via in-person events and personal coaching sessions, the new executives are prepared for the company-specific Core Values and Leadership Principles and their management duties.

With the "manager induction" training series, the managers of tomorrow are trained in specific, digital modules. There is a programme for prospective store managers in Poland and Germany that assists their induction into the new management role over several months in the form of multiple webinars and in-person training sessions.

So that executives can perform the important task of developing talent themselves, a "train-the-trainer" approach was also adopted in the last Group-wide "Passion4Customer" programme. Here, executives are trained by professional trainers to go on and train their own employees. Regardless of the content of this programme, the didactic skills learnt are also applicable to other areas of employee development in the future.

In addition, two projects are currently under way to further professionalize talent development. Based on desired company-specific management behaviour, current executives are promoted and new executives are encouraged in this direction at an early stage. The annual feedback process has also been revised in this context.

Furthermore, an international pool of talents has been created, whose participants are currently being prepared for their next management role in a nine-month learning journey. In parallel, the same programme has commenced with a regional group of German sales managers. The learning journey includes many management and cultural topics as well as indirect training such as coaching and mentoring.

EMPLOYER BRAND AND HR MARKETING

Recruiting employees, especially young talent and specialists, is of key strategic importance for the entire CECONOMY Group. The employer branding benchmarking study carried out in the last reporting year continues to serve as the basis for the company's measures. The aim was firstly to modernize and improve the content of job offers and secondly to establish globally consistent branding and a redesign of recruiting processes.

An international jobs portal was also created in order to promote the development of employees within the Group.

In the recruitment of young talent and specialists, CECONOMY continues to cooperate with universities and expand the range of courses in new media and e-commerce. MMSRG also funds an endowed professorship for artificial intelligence at Technische Hochschule Ingolstadt.

EMPLOYEE TURNOVER RATE

In the reporting period, the average length of service at CECONOMY was 8.76 years and thus slightly longer than in the previous year (2020/21: 8.75 years). Turnover rates vary significantly from region to region and are compared in the chart below. The turnover rate is calculated by dividing the number of departures by the average workforce (by headcount) in the reporting period.

Turnover by region

In %	2020/21	2021/22
DACH	22.3	25.7
Western/Southern Europe	34.1	40.5
Eastern Europe	30.9	42.4
Others	60.0	51.1
CECONOMY	28.3	33.5

Diversity management

CECONOMY is convinced that inclusion and diversity result in better business results for CECONOMY – thanks to better representation of customers within the company, access to a greater pool of talent and the greater commitment and development of employees. CECONOMY therefore offers an inclusive working environment and an open working culture in which individual differences are respected, appreciated and supported and a diverse workforce is established in which every individual can fully develop and use their personal potential and strengths.

Digest of diversity figures in financial year 2021/22

	30/09/2021	30/09/2022
Average age of workforce (years)	37.6	37.6
Proportion of employees aged 50 or over in the total German workforce (in %)	21.6	22.9
Proportion of employees aged 50 or over in the total international workforce (in %)	8.7	9.5
Employees with a recognized severe disability or equivalent in Germany	558	521
Employees with a recognized severe disability or equivalent internationally	438	444

CECONOMY relies partly on international cooperation for the successful implementation of the growth strategy. Employees from a total of 130 nations work together at CECONOMY.

In November 2017, CECONOMY AG signed the "Diversity Charter". This charter is implemented within the organization with the aim of creating a working environment free of prejudice. All employees are to be appreciated – so CECONOMY creates a climate of acceptance and mutual trust.

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. CECONOMY has set the goal of increasing this share across the Group in the long-term. In this context, the foundations were laid in financial year 2019/20 with the launch of the "Women in Retail" initiative, which was implemented, further developed and introduced at all country organizations in financial year 2020/21. CECONOMY also signed up to the UN Global Compact diversity initiative.

Development of employee numbers

In the reporting period, CECONOMY employed an average of 44,649 (2020/21: 45,841) full-time equivalents. Most of the employees were employed outside the German domestic market. An average of 44,584 (2020/21: 45,770) full-time equivalents worked for MMSRG in the reporting period. Around 52.3 per cent of them worked in the DACH region, and 43.0 per cent of the full-time equivalents worked in Germany.

Development of personnel expenses

Personnel expenses amounted to €2.0 billion in financial year 2021/22 (2020/21: €1.8 billion), of which €1.6 billion (2020/21: €1.5 billion) was attributable to wages and salaries. The rest was attributable to social security contributions and post-employment and other employee benefit costs. The government support in response to COVID-19 amounted to €7 million, much lower than in the previous year (2020/21: €167 million).

CECONOMY encourages employees to set up a private pension, including voluntary benefits from CECONOMY. 4,009 employees in Germany took up this offer in the reporting period (2020/21: 3,911 employees). This equates to a ratio of 18.7 per cent (2020/21: 17.5 per cent).

↗ Further information on personnel expenses can be found in the notes – note 16 Personnel expenses.

Development of employee numbers by country and segment as of 30 September

	Full-time equivalents[1]		By headcount	
	2021	2022	2021	2022
Germany	19,880	18,617	21,687	20,686
Austria	2,204	2,106	2,638	2,525
Switzerland	712	677	854	854
Hungary	1,386	1,469	1,410	1,495
DACH	**24,183**	**22,869**	**26,589**	**25,560**
Belgium	1,206	1,138	1,267	1,198
Italy	4,312	4,290	5,022	5,086
Luxembourg	95	83	97	85
Netherlands	2,575	2,368	3,989	3,738
Portugal	427	422	474	462
Spain	5,465	5,327	6,512	6,319
Western/Southern Europe	**14,079**	**13,628**	**17,361**	**16,888**
Poland	3,330	3,076	3,503	3,180
Turkey	2,861	3,143	2,861	3,143
Eastern Europe	**6,191**	**6,219**	**6,364**	**6,323**
Sweden	808	799	1,152	1,147
Miscellaneous	186	221	199	230
Others	**995**	**1,021**	**1,351**	**1,377**
CECONOMY	**45,447**	**43,737**	**51,665**	**50,148**

[1] Rounding differences may occur

Features of the internal control system

CECONOMY's internal control system is based on the internationally recognized "Internal Control – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Overall responsibility for implementing an appropriate and effective internal control system lies with the Management Board of CECONOMY AG. The Audit Committee of the Supervisory Board of CECONOMY AG monitors the effectiveness of the internal control system. The Corporate Risk Management & Internal Controls department defines and continuously updates Group-wide minimum standards for the design of the internal control system.

Material risks are identified by way of central and decentralized risk analysis. The necessary preventive, monitoring and detective controls are defined and documented according to standardized requirements. In order to determine and continuously improve the effectiveness of the internal control system, the material Group companies are obliged to evaluate the appropriateness and functionality of the controls at the end of each financial year (self-assessment). A standard Group method is specified for this purpose. Measures must be defined to rectify any control weaknesses. The self-assessments must be reported in a standardized report format. The companies' individual reports are validated centrally and combined into an overall report on CECONOMY's internal control system. The results of the self-assessments are reported to the Governance, Risk and Compliance (GRC) Committee, the Management Board and the Supervisory Board.

In addition to the self-assessment of effectiveness, the appropriateness and functionality of CECONOMY's internal control system is subject to risk-oriented reviews by Internal Audit. This independent monitoring process is intended to guarantee that potential control flaws are detected and rectified. It assists the continuous optimization of the system. In general, however, it should be noted that an internal control system, regardless of its design and effective assessment, cannot provide absolute certainty that it will always achieve the below-mentioned aims.

Unaudited information extraneous to the management report:

Taken together, the aggregated results of the self-assessments and the findings of the reviews by Internal Audit provide no indication that CECONOMY's internal control system is not appropriate and effective.

The accounting-related internal control system aims to use principles, processes and measures to identify, assess, manage and monitor risks that could materially affect proper accounting and financial reporting. The material accounting-related processes are described in more detail below.

CECONOMY AG's half-year financial report and consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union. A Group-wide IFRS accounting policy, application of which is mandatory for all companies included in the consolidated financial statements, ensures that CECONOMY's accounting is standardized and in line with IFRS. At every instance of reporting, the management of each material Group company is obliged to confirm in a letter of representation that the IFRS accounting policy was complied with. The policy is continuously updated to reflect amendments to IFRS, of which all companies included in the consolidated financial statements are notified.

Central procedural instructions and deadlines for global milestones are specified and communicated for every reporting instance. CECONOMY AG's Accounting department monitors compliance with the global financial reporting calendar. The local schedule for specific financial statement procedures and controlling the necessary milestones and activities in connection with the local preparation of financial statements are the responsibility of the management of the respective individual company.

Companies included in accordance with IFRS for consolidation purposes generally prepare financial statements locally in SAP-based accounting systems. There is a separation of functions that guarantees control processes such as the dual control principle.

The local accounting-related business data are combined by a central consolidation system (CCH Tagetik) into which all consolidated Group companies of CECONOMY are integrated. This system contains a standardized chart of accounts to be applied by all consolidated companies in accordance with the IFRS accounting policy.

Once the local data have been transferred to the consolidation system, automated plausibility checks are carried out in light of accounting-specific correlations and dependencies. If the system generates error or alert messages in connection with these validations, they must be processed accordingly by the person responsible for financial statements before the data are forwarded to the consolidation department. In addition, all material Group companies in the consolidation system have to comment on notable deviations against the prior period for the material items of the statement of financial position and the income statement.

The reporting and validation of local data is followed by the process of the preparation of the consolidated financial statements, for which material milestones, activities and deadlines are likewise defined. The typical activities for the preparation of the consolidated financial statements constitute specific milestones to be worked at. For example, these include the completeness check of the consolidation group, the review of on-time, complete and correct data delivery, the typical consolidation steps – such as capital consolidation and the consolidation of expenses and income – and finally the completion of the annual report. The responsibilities for the above milestones in terms of personnel are documented along with a substitution arrangement.

Support activities in the process of preparing the consolidated financial statements are carried out by external service companies. These services primarily relate to the measurement of pension obligations and share-based remuneration.

The consolidation steps to be performed to prepare the consolidated financial statements are subjected to various systematized and manual controls. The consolidation measures are subject to the same automated plausibility checks (validations) as the local data. Further control mechanisms at Group level are plan/actual comparisons and analyses of the content of and changes in the individual items of the statement of financial position and the income statement.

In order to guarantee the security of the information technology (IT), access rules are defined in the accounting-related IT systems. Every company included in the consolidated financial statements is subject to the IT security rules, which are collated in a corresponding guideline. This ensures that the users of the systems have access only to the information and systems that they require to perform their tasks.

To guarantee compliance with IT security rules, access rules are also enacted in the consolidation system (write and read permissions). Authorizations to use the consolidation system are managed centrally at CECONOMY AG.

Unaudited information extraneous to the management report:

In addition to the aim of proper and reliable accounting and financial reporting, CECONOMY's internal control system also relates to the guarantee of effective and efficient business operations and compliance with legal requirements and internal guidelines. In this respect, material business processes are also considered in addition to accounting-related processes. At the same time, the internal control system is structured identically across all processes.

The internal control system covers the entire value chain from purchasing and logistics to product sales, including marketing activities. Material risks relating to the selection of store locations and their alteration or construction are also covered, as well as the legal departments' activities and the safeguarding of governance processes in risk management and compliance management.

In accordance with materiality considerations, all processes included in CECONOMY's internal control system are backed by numerous organizational measures and control activities. These particularly include authorization and access rules for IT systems, risk-oriented separation of functions, ongoing content controls (four-eyes-l principle), and analyses and system-supported plausibility checks of the correct entry and processing of relevant data.

Compliance management system

Unaudited information extraneous to the management report:

CECONOMY's long-term success is built on the foundation of far-sighted governance and Group-wide standards that extend as far as the supply chain. Specifically, this foundation is reflected in transparent, law-abiding, dependable and secure processes that are implemented and put into practice by acting responsibly and with integrity.

The challenge is to take the different social and legal conditions of the country organizations into account and integrate the sometimes different corporate cultures and processes of the individual companies.

Building on the foundation, the CECONOMY Code of Conduct is a central authority and source of guidance that defines the common, company-wide values. The Code of Conduct not only highlights compliance with the law, but also CECONOMY's commitment to transparency, integrity, fairness and respect for others. Violations of these fundamental values and regulations, and of the law, can entail existential risks to the company and a loss of reputation, which is why they will not be tolerated under any circumstances. Any abuse of one's own position for personal advantage, or for the benefit of a third party or to the detriment of CECONOMY, will be prosecuted and punished.

Responsibility for upholding compliance requirements for data protection lies with the Management Board of CECONOMY AG and the management bodies of the individual Group companies. Central elements of internal monitoring are the self-assessment of the appropriateness and effectiveness of the compliance management system (CMS) by the managements of the Group companies and the review of appropriateness and effectiveness by Internal Audit at the Group company level. Overall, the aggregated results of the self-assessments by the Governance, Risk and Compliance (GRC) Committee and the findings of the reviews by Internal Audit provide no indication that CECONOMY's CMS is not appropriate and effective. Appropriateness and effectiveness are likewise monitored by the Supervisory Board of CECONOMY AG.

The Vice President of Compliance & Privacy reports directly to the Management Board and manages compliance concerns of CECONOMY AG and MMSRG as the chief compliance officer. In coordination with CECONOMY AG, the Compliance Management department of MMSRG centrally manages compliance issues and is aided in this at the various country organizations by the local compliance officers (LCO). Together with Compliance Management and the Compliance Committee, which coordinates discussions of the issues at CECONOMY, the LCOs form the compliance organization.

The compliance management system (CMS) is refined and developed on an ongoing basis in order to establish a long-term, company-wide culture of compliance with the help of various communication and training activities. The Management Board of CECONOMY AG and the management bodies of individual Group companies support this compliance culture with regular tone-from-the-top messaging and by implementing a zero-tolerance approach to compliance violations.

The Code of Conduct not only defines the company-wide foundation of values for CECONOMY, but also sets the compliance standards for all employees. It is supported by Group-wide antitrust, data protection and anti-corruption *guidelines. Together with their employment contracts, every new employee receives a copy of the current Code of Conduct which they must read thoroughly and bindingly agree to obey in writing.*

Furthermore, there are other specific guidelines at the Group companies and country organizations that are tailored to the respective local situation and business practices. Violations can be reported – anonymously – through the whistleblowing system.

In conjunction with the training process that will be in place from the financial year 2021/22 onwards, all new employees will be required to take mandatory training (online and classroom training) that will teach basic information on anti-corruption, conflicts of interest, data protection, antitrust law, money laundering and the company's guidelines and policies.

Aside from the objectives and measures described here, the CMS will create a series of controls and assessments to guarantee compliance with standards and to identify risks early on. These include reviews and assessments by the Internal Control System and Corporate Risk Management that will track, analyse and manage corporate risks at Group level. Separate risk assessments for the compliance, anti money laundering and supply chain areas will be incorporated into Group-wide Corporate Risk Management.

The prevention measures derived from the risk assessments ultimately contribute to the improvement of internal procedures, processes and training. In addition, Internal Audit is another governance body that reviews the effectiveness of risk management.

This risk-based approach is also applied in business partner screening in Marketplace and Imtron, which comprises the prevention of corruption and money laundering risks in addition to checking the sanction lists.

ECONOMIC REPORT

Macroeconomic and sector-specific parameters[1]

The following remarks on the macroeconomic and sector-specific parameters comprise descriptions relevant for CECONOMY's activities in financial year 2021/22.

Global economy
In the first half of financial year 2021/22 in particular, the economy recovered from the previous year's declines as a result of COVID–19, although impeded by the emergence of new virus variants. Since February 2022, global economic developments have been influenced by the Russian war of aggression against Ukraine. Negative factors are rising inflation, especially as a result of increased raw material and energy prices, and supply shortages. The rising inflationary pressure around the world has already compelled many central banks to raise interest rates. Sustained supply shortages will probably prevent inflation rates from falling in the near future and thus have a negative impact on private consumption and investment. Despite these challenging conditions, global economic growth of 3.1 per cent is expected in calendar year 2022. However, this growth will be much lower in Europe at 1.1 per cent as well as in North America at 1.7 per cent. At 3.2 per cent, China will also fall significantly short of the growth rates of the past. Brexit is still having an adverse effect on growth in Great Britain and the EU. With regard to the US protectionism under the last US President, it is to be expected that most trading partners will reach agreements with the new government of the world's largest national economy. However, uncertainties remain.

DACH
At the beginning of the past financial year 2021/22, the German economy saw solid growth in gross domestic product (GDP). In the third quarter of financial year 2021/22, an increase in inflation, lockdowns in China and the Russian war of aggression against Ukraine again led to a slowdown in economic growth. This development will continue in the second half of the year and result in growth of 1.5 per cent – well below the previous year's level – in 2022 overall. In Austria, GDP increased strongly on account of the first half of the financial year despite renewed lockdowns in November 2021. Real GDP growth of 5.5 per cent is expected for calendar year 2022 as a whole. In the first half of calendar year 2022, Hungary saw robust growth that will continue over the rest of the year despite sharply rising inflation. For 2022 as a whole, growth is expected to be positive again at 5.9 per cent, although this is significantly lower than in the previous year. After strongly positive development in the previous year, economic growth in Switzerland has weakened in 2022, but will still develop positively at 2.3 per cent.

Western/Southern Europe
After very strong growth in 2021, Belgium will only achieve moderate growth of 2.5 per cent in 2022. In contrast, the Netherlands will again achieve a positive growth rate of 4.5 per cent in 2022, which almost equals the previous year's level of 4.9 per cent. After a clear increase in growth of 6.6 per cent in 2021, growth of 3.4 per cent is expected for Italy in calendar year 2022. Despite the challenging conditions, Spain will again achieve solid GDP growth of 4.5 per cent in calendar year 2022 after a strong recovery in 2021. For Portugal, growth in calendar year 2022 is expected to be above the previous year's figure at 6.5 per cent.

Eastern Europe
Economic output in Eastern Europe hardly grew at all in financial year 2021/22. Developments in Russia in particular resulted in significantly weaker growth in this group of countries. Growth of 0.3 per cent is expected for calendar year 2022. Supported by strong private consumption and exports, Turkey is again expected to achieve significantly positive GDP growth of 5.4 per cent in 2022 despite the enormously high inflation rates. Strong growth of 4.1 per cent is expected for Poland again in 2022.

[1] The GDP growth figures stated in this section relate to the calendar years 2021 and 2022. Accordingly, the 2022 values are forecasts. In contrast, the qualitative statements in the text refer to the reporting period, unless otherwise stated. The sources for the information in this text were recent publications by Feri (World Industry Report) and the market research institute GfK.

Development of gross domestic product

Percentage change year-on-year	2021[1]	2022[2]
World	6.2	3.1
DACH[3]	3.2	2.0
Western/Southern Europe[4]	6.6	3.8
Eastern Europe[5]	6.8	0.3

Source: Feri
[1] Previous year's figures may differ from the annual report 2020/21, as final figures were not yet available when it was completed.
[2] Forecast
[3] Calculation for Germany, Austria, Switzerland and Hungary based on the Feri database (incl. purchasing power parities)
[4] Western Europe excluding Germany, Austria and Switzerland based on the Feri database (incl. purchasing power parities)
[5] Eastern Europe excluding Hungary and including Turkey based on the Feri database (incl. purchasing power parities)

Development in the consumer electronics retail market

After COVID-19 restrictions shaped the last two financial years, the consumer electronics retail market is currently facing new challenges, largely triggered or amplified by the Russian war of aggression in Ukraine. In an environment characterized by political and economic uncertainty, inflation and supply chain disruption, the market for consumer electronics maintained a very stable level of sales. The high shares for the online business that resulted from the COVID-19 restrictions have endured.

DACH
Sales in the German consumer electronics retail market developed only slightly negatively in the past financial year 2021/22 despite dynamic growth in the previous year. While the growth drivers of the previous years IT (information technology) and SDA (small domestic appliances) developed negatively, the telecommunications category established itself as a growth engine, underpinned by the introduction of new models. The consumer electronics retail market in Austria also declined. In Switzerland, the electronics sector likewise saw negative growth. The Hungarian market for consumer electronics continued its positive growth trajectory, also supported by a high inflation rate.

Western/Southern Europe
The Dutch market for consumer electronics saw a slight decline in market growth. Belgium reported a sales decline of a high single-digit percentage. After very dynamic growth in the previous year, the Spanish market for consumer electronics saw a moderate decline. Portugal developed stably in financial year 2021/22. The Italian market stabilized the relatively high sales volume of the previous year.

Eastern Europe
The consumer electronics retail market in Turkey saw extremely positive growth in national currency in financial year 2021/22, driven by enormously high inflation. In Poland, too, the market for consumer electronics achieved clear growth in the low double digit millions in the same period, also due to a relatively high inflation rate.

Earnings, financial and asset position

Comparison of outlook with actual business developments

The outlook for financial year 2021/22 published on 14 December 2021 was based on the assumption that the further impact of the COVID-19 pandemic on both the overall economic situation and the Group's situation would not deviate significantly from the extent known at the time of its publication. Overall, the future macroeconomic and sector-specific parameters were difficult to estimate at that time. There was a high level of uncertainty due for example to the fact that many supply chains were still under strain and with regard to the further development of rising inflation rates. While the COVID-19 pandemic largely developed as expected (aside from temporary, complete closures of stores in the Netherlands) and the supply chain situation improved over the course of the year, the rapidly accelerating inflation and especially the Russian war of aggression against Ukraine were impossible to foresee when the outlook was published in December 2021 and were therefore not yet taken into account.

In the light of significantly altered conditions, especially over the course of the third quarter of 2021/22, CECONOMY updated the outlook for financial year 2021/22 on 21 July 2022. With high inflation rates in Europe and the Russian war of aggression against Ukraine, the macroeconomic and geopolitical environment had substantially changed for the worse. As a result of the dynamic inflation development, especially due to sharply rising energy and food costs, consumer sentiment deteriorated at a fast pace. This had an increasingly adverse effect on business performance. The weakened demand particularly affected Germany, Austria and Switzerland. The adjusted outlook then applied on the condition that the effects of the Russian war of aggression against Ukraine would not get substantially worse and that potential energy supply shortages as well as the COVID-19 pandemic would not lead to new, extensive restrictions in the retail sector, which would impact CECONOMY's business activities. These assumptions proved to be accurate in the fourth quarter of 2021/22. Sales developed better than originally expected in all segments. The positive deviation in sales supported earnings accordingly.

The outlook was adjusted for portfolio changes and did not take into account the earnings effects from companies accounted for using the equity method. Non-recurring earnings effects in connection with COVID–19-related store closures as well as the introduction of a harmonized group-wide organizational structure ("Operating Model") announced on 12 August 2020 were not included. Expenses in connection with the transaction announced on 14 December 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn as well as the reorganization and simplification of the corporate structure were also not taken into account. Moreover, the outlook did not account for the retroactive increase of a sector-specific tax in Hungary or accounting effects from Turkey, which is now a hyperinflationary economy.

SALES

For financial year 2021/22, CECONOMY had originally forecast slight year-on-year growth in total sales adjusted for exchange rate effects (2020/21: €21.4 billion), driven particularly by the Eastern Europe segment, whereas the DACH and Western/Southern Europe segments were expected to be at the previous year's level.

With publication of the updated outlook on 21 July 2022, CECONOMY expected total sales adjusted for exchange rate effects to be on previous year's level. The DACH segment was expected to be slightly down on the previous year, the Western/Southern Europe segment on the previous year's level and the Eastern Europe segment very clearly up on the previous year.

The target was exceeded at the level of CECONOMY with a 3.2 per cent increase in total sales adjusted for currency and portfolio change effects. At segment level, DACH and Western/Southern Europe slightly exceeded the outlook, while sales development in Eastern Europe matched the outlook with significant growth.

EARNINGS

For financial year 2021/22, CECONOMY initially expected adjusted EBIT to be very clearly above the previous year (2020/21: €237 million).

In an updated outlook on 21 July 2022, CECONOMY finally had forecast an adjusted EBIT between €150 million and €210 million. Overall, a heterogeneous development was expected among the segments, with the earnings development in the DACH segment, which was impacted by weakened demand, expected to shape the Group result.

With adjusted EBIT of €197 million, CECONOMY achieved this target. Expectations were met at segment level with lower earnings in the DACH segment and an earnings increase in Western/Southern Europe. Earnings in the Eastern Europe segment were slightly above the previous year and thus slightly above expectations.

Earnings position

Financial year

	Sales		Change (%)	Currency effects (%)	Sales adjusted for currency effects and portfolio changes (%)	Like-for-like sales (local currency, %)
€ million	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
Total[1]	**21,361**	**21,768**	**1.9**	**−1.7**	**3.2**	**3.5**
DACH	12,003	12,046	0.4	0.1	0.2	1.8
Western/Southern Europe	7,026	7,158	1.9	0.0	1.9	0.8
Eastern Europe	1,781	2,054	15.3	−27.4	38.2	35.6
Others	551	510	−7.4	−2.1	−5.3	−6.3

[1] All figures from continuing operations only

Quarter[1]

	Sales		Change (%)	Currency effects (%)	Sales adjusted for currency effects and portfolio changes (%)	Like-for-like sales (local currency, %)
€ million	Q4 2020/21	Q4 2021/22	Q4 2021/22	Q4 2021/22	Q4 2021/22	Q4 2021/22
Total	**5,168**	**5,237**	**1.3**	**−2.6**	**3.6**	**4.1**
DACH	2,924	2,821	−3.5	0.0	−3.6	−2.3
Western/Southern Europe	1,664	1,740	4.6	0.0	4.6	4.9
Eastern Europe	453	556	22.6	−39.5	59.0	53.1
Others	127	120	−5.9	−3.9	−2.0	−4.9

[1] In contrast to the figures for the financial year, the quarterly figures and their explanations comprise unaudited information.

Group sales in financial year above previous year due to recovery in brick-and-mortar business and significant growth in Services & Solutions business

In **financial year 2021/22**, CECONOMY's Group sales increased by 1.9 per cent to €21.8 billion. This includes effects from the first-time application of IAS 29 (hyperinflation in Turkey) 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 per cent. On a like-for-like basis, Group sales were 3.5 per cent above the previous year's level.

The reconciliation from total sales to like-for-like sales is shown in the following table:

€ million	2020/21 as reported	2020/21 in local currency	2021/22
Total sales	21,361	21,010	21,768
Less sales of stores that were not part of the like-for-like panel	–	405	439
Like-for-like sales	**–**	**20,605**	**21,329**

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 for consumer electronics since the middle of the second quarter of 2021/22.

Adjusted for currency and portfolio changes, the DACH segment's sales performance was at the previous year's level **in financial year 2021/22**, while sales in the Western/Southern Europe and Eastern Europe segments saw a slight and significant increase, respectively, compared with the previous year. In contrast, the Others segment declined. Turkey developed particularly well, and much better than the market as a whole, thanks to price- and volume-induced sales growth. Spain, the Netherlands and Hungary also made a significant contribution to the positive sales growth. The brick-and-mortar business in the core market Germany recovered in the past financial year 2021/22 after further easing of COVID-19 restrictions. However, this was countered by consumers' lower real incomes and the muted consumer sentiment. Throughout the Group, a total of seven of the 13 country organizations increased their sales. The Services & Solutions business posted double-digit sales growth in all segments. The online share of total sales at Group level nearly doubled compared with the pre-pandemic level.

With regard to product categories, household appliances (white goods) and telecommunications products performed particularly well. There was a slight decline in demand mainly for the brown goods and new media product categories. Here, sales of televisions and computer hardware and accessories particularly declined. In the previous year, the latter product group had benefited from increased demand for equipment for working from home as a result of the COVID-19 pandemic.

In the **fourth quarter of 2021/22**, CECONOMY generated Group sales of €5.2 billion. This equates to an increase of 1.3 per cent compared with the prior-year period. Adjusted for currency and portfolio change effects, sales increased by 3.6 per cent. On a like-for-like basis, Group sales recorded an increase of 4.1 per cent in the fourth quarter compared to the prior-year period.

Among other things, sales benefited in the fourth quarter from new advertising campaigns and product launches. In a persistently challenging consumer climate, higher customer demand for white goods and telecommunications products, the positive development of the Services & Solutions business and growing online sales had a beneficial effect. Overall, there was a heterogeneous development among the countries, with declines in Germany, Austria and Switzerland, while Hungary, Spain and Turkey particularly improved.

Explanation of sales in the DACH segment

In **financial year 2021/22**, the DACH segment generated sales of €12.0 billion, up 0.4 per cent on the prior-year period. Adjusted for currency and portfolio change effects, segment sales increased by 0.2 per cent. 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 of aggression against Ukraine and rising inflation on consumer confidence largely compensated for this effect. Hungary saw a clear increase in sales, mainly driven by government assistance (higher disposable household incomes thanks to wage increases and tax breaks) and the inflationary price development. In Austria and Switzerland, sales decreased year-on-year due to the worse consumer sentiment and individual availability shortages.

In the **fourth quarter of 2021/22**, sales in the DACH segment declined by 3.5 per cent to €2.8 billion. Adjusted for currency and portfolio change effects, sales were 3.6 per cent below the comparable figure of the previous year. While Hungary continued the positive development of the previous quarters, sales in Germany and Austria declined. In the previous year, sales development in Germany was characterized by strong catch-up effects once the lengthy store closures were ended. In the current year, sales declined on account of consumers' reduced purchasing power as a result of the increased inflation rates. This was partially compensated by new advertising campaigns and product launches. Declining consumer sentiment also affected sales development in Austria.

Explanation of sales in the Western/Southern Europe segment

In **financial year 2021/22**, sales in the Western/Southern Europe segment increased by 1.9 per cent to €7.2 billion. 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, 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 2021/22, which substantially curbed consumer sentiment.

In the **fourth quarter of 2021/22**, the Western/Southern Europe segment posted sales of €1.7 billion, a sales increase of 4.6 per cent compared to the same quarter of the previous year. There were no currency or portfolio change effects. In Spain and the Netherlands, the good development continued with stable sales growth, while the other countries of the segment were at or below the high level of the previous year.

Explanation of sales in the Eastern Europe segment

In **financial year 2021/22**, sales in the Eastern Europe segment were up by a considerable 15.3 per cent, totalling €2.1 billion. This includes effects from the first-time application of IAS 29 (hyperinflation in Turkey) 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 per cent. Turkey developed positively as a result of the good market position, newly opened stores and inflation, posting a significant, three-digit percentage sales increase. Sales likewise increased in Poland, also driven by inflation.

In the **fourth quarter of 2021/22**, sales in the Eastern Europe segment amounted to €0.6 billion, significantly above the previous year's level. The increase of 22.6 per cent was achieved despite the strong depreciation of the Turkish lira. Adjusted for currency and portfolio change effects, segment sales increased by 59.0 per cent. The sales increase in Turkey, driven by continuously strong demand, also contributed most of the positive sales trend in the segment in the fourth quarter. Poland also saw positive, albeit less dynamic, currency-adjusted sales growth.

Explanation of sales in the Others segment

In **financial year 2021/22**, sales in the Others segment declined by 7.4 per cent compared with the previous year to around €0.5 billion. Adjusted for currency and portfolio change effects, sales were 5.3 per cent below the previous year's level. This development is due especially to the business performance in Sweden.

In the **fourth quarter of 2021/22**, sales in the Others segment decreased by 5.9 per cent to approximately €0.1 billion. Adjusted for currency and portfolio change effects, segment sales declined by 2.0 per cent. This decline is attributable almost exclusively to the development in Sweden.

Online and Services & Solutions sales in the Group

Financial year

€ million	Sales 2020/21	Sales 2021/22	Change (%)	In % of total sales
Online	6,932	5,346	−22.9	24.6
Services & Solutions	1,102	1,340	21.6	6.2

Quarter[1]

€ million	Sales Q4 2020/21	Sales Q4 2021/22	Change (%)	In % of total sales
Online	1,060	1,127	6.3	21.5
Services & Solutions	318	390	22.9	7.4

[1] In contrast to the figures for the financial year, the quarterly figures and their explanations comprise unaudited information.

Online business significantly above the pre-pandemic level

After the dynamic growth in the previous year, the online business normalized in **financial year 2021/22**, also due to the shorter COVID–19-related temporary store closures and an associated, notable recovery in brick-and-mortar business. Online sales decreased by 22.9 per cent to €5.3 billion. The online share of total sales in the reporting period amounted to 24.6 per cent (2020/21: 32.5 per cent). The online share of total sales therefore remained well above the pre-pandemic level (2018/19: 13.7 per cent). In financial year 2021/22, the pick-up rate was 37 per cent (2020/21: 38 per cent).

In the **fourth quarter of 2021/22**, online sales rose by 6.3 per cent to €1.1 billion and thus amounted to a 21.5 per cent share of total sales (Q4 2020/21: 20.5 per cent). The pick-up rate was 40 per cent (Q4 2020/21: 43 per cent).

Dynamic growth in the Services & Solutions business

In **financial year 2021/22**, Services & Solutions sales increased by 21.6 per cent to €1.3 billion. This equates to a Services & Solutions share of total sales of 6.2 per cent (2020/21: 5.2 per cent). The Services & Solutions segment benefited from the recovery in the brick-and-mortar business, with telecommunications services, the sale of extended warranties and financing solutions developing particularly positively. At the same time, there was also significant growth in demand for Services & Solutions in online purchases.

In the **fourth quarter of 2021/22**, Services & Solutions sales increased by 22.9 per cent to €0.4 billion. The sales share was 7.4 per cent (Q4 2020/21: 6.1 per cent). This development was driven by strong growth in online services and high demand for telecommunications services and financing solutions.

EARNINGS DEVELOPMENT IN THE GROUP

Financial year

	Reported EBIT	Reported EBIT	Change	Adjusted EBIT	Adjusted EBIT	Change
€ million	2020/21	2021/22	2021/22	2020/21	2021/22	2021/22
Total[1]	**326**	**105**	**–221**	**237**	**197**	**–40**
DACH	162	40	–122	184	77	–107
Western/Southern Europe	37	92	54	67	116	49
Eastern Europe	23	31	8	22	31	8
Others	105	–59	–164	–36	–28	8

[1] Including consolidation

Quarter[1]

	Reported EBIT	Reported EBIT	Change	Adjusted EBIT	Adjusted EBIT	Change
€ million	Q4 2020/21	Q4 2021/22	Q4 2021/22	Q4 2020/21	Q4 2021/22	Q4 2021/22
Total[2]	**94**	**45**	**–49**	**131**	**95**	**–36**
DACH	71	–13	–84	71	7	–64
Western/Southern Europe	48	67	19	60	90	31
Eastern Europe	10	4	–6	10	3	–7
Others	–36	–14	22	–10	–6	4

[1] In contrast to the figures for the financial year, the quarterly figures and their explanations comprise unaudited information.
[2] Including consolidation

Adjusted Group EBIT at €197 million in the full year
Reported Group EBIT declined by €221 million to €105 million in the past **financial year 2021/22** (2020/21: €326 million). This development was mainly due to the earnings effects from companies accounted for using the equity method, which decreased by €184 million compared with the previous year's figure to €–30 million (2020/21: €154 million). This was particularly driven by the impairment of the share in Fnac Darty S.A. of around €56 million in the third quarter, following reversal of impairment in the previous year of €150 million. Reported Group EBIT also includes non-recurring effects totalling around €–62 million (2020/21: €–64 million). These relate to the introduction of a harmonized organizational structure ("Operating Model"), permanent store closures as a result of COVID-19, the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the corporate structure announced on 14 December 2020, 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. Group EBIT adjusted for these effects and portfolio changes was below the previous year's level at €197 million (2020/21: €237 million).

The EBIT development in the past financial year 2021/22 was affected by high consumer price inflation and weak consumer sentiment. At the same time, the strong competition necessitated increased campaign intensity, which was reflected in a declining product margin. Moreover, the effects of government support, which increased earnings in the previous year, largely disappeared. This was partially compensated by higher sales as a result of the recovery in brick-and-mortar business and improvements in the Services & Solutions business. These were also the main driver for the 0.4 percentage point increase in the gross margin to 17.5 per cent. The gross margin adjusted for the effects of the application of IAS 29 amounted to 17.7 per cent.

In the **fourth quarter of 2021/22**, reported Group EBIT of €45 million was achieved. In the prior-year period this figure was €94 million. This includes non-recurring effects of around €–43 million (Q4 2020/21: €–13 million), primarily from the introduction of a harmonized organizational structure ("Operating Model"), and negative earnings effects from companies accounted for using the equity method of €–7 million (Q4 2020/21: €–24 million). Adjusted for these earnings effects and portfolio changes, Group EBIT amounted to €95 million and was thus €36 million below the previous year's level (Q4 2020/21: €131 million).

Adjusted Group EBIT in the fourth quarter was affected by a lower product margin, which more than offset the positive sales growth in the online business and the Services & Solutions business. The gross margin was 18.3 per cent (Q4 2020/21: 20.2 per cent). Adjusted for the effects of the application of IAS 29, a gross margin of 19.1 per cent was achieved.

Explanation of the result in the DACH segment
In the **past financial year 2021/22**, the DACH segment generated EBIT of €40 million, €122 million below the previous year's level (2020/21: €162 million). This includes non-recurring effects amounting to approximately €–37 million (2020/21: €–23 million). Adjusted for these effects, EBIT in the DACH segment decreased by €107 million to €77 million (2020/21: €184 million). Earnings in Germany clearly declined despite growth in sales and the gross margin. This is attributable to a declining product margin, due among other things to increased campaign intensity in the highly competitive market environment and to the positive effects of government support in the previous year. Earnings in the other countries of the segment were likewise below the previous year's level, also due to higher costs.

In the **fourth quarter of 2021/22**, EBIT in the DACH segment amounted to €–13 million and was therefore €84 million below the previous year's level (Q4 2020/21: €71 million). The non-recurring effects included therein amounted to €–21 million (Q4 2020/21: €0 million). Adjusted for these effects, EBIT in the DACH segment decreased by €64 million to €7 million (Q4 2020/21: €71 million). The development resulted primarily from sales- and margin-driven declines in Germany, which were only partially compensated by cost savings. In contrast, Austria, Switzerland and Hungary generated earnings roughly at the previous year's level.

Explanation of the result in the Western/Southern Europe segment
In Western/Southern Europe, EBIT increased in the past **financial year 2021/22** by €54 million to €92 million (2020/21: €37 million). This includes non-recurring effects amounting to approximately €–24 million (2020/21: €–29 million). Adjusted for these earnings effects and portfolio changes, EBIT increased by €49 million to €116 million (2020/21: €67 million). This earnings increase is mainly a result of the sales growth in the segment. The Netherlands and Italy made a particular contribution to the earnings growth, whereby both countries benefiting from increases in sales, including in the Services & Solutions business. In the Netherlands, the previous year was also affected by longer-lasting store closures in response to COVID–19. The other countries in the segment were roughly at the previous year's level.

In the **fourth quarter of 2021/22**, the Western/Southern Europe segment generated EBIT of €67 million, €19 million above the previous year's level (Q4 2020/21: €48 million). This includes non-recurring effects amounting to approximately €–23 million (Q4 2020/21: €–12 million). Adjusted for these earnings effects and portfolio changes, EBIT increased by €31 million to €90 million (Q4 2020/21: €60 million). The increase is particularly attributable to the sales- and margin-driven positive development in the Netherlands, where the previous year's earnings were also impacted by higher impairment of assets (including right-of-use assets). Italy and Belgium likewise exceeded the prior-year quarter. Earnings in the other countries developed stably.

Explanation of the result in the Eastern Europe segment
In the past **financial year 2021/22**, EBIT in the Eastern Europe segment at €31 million was approximately €8 million above the previous year's level (2020/21: €23 million). This includes non-recurring effects amounting to approximately €1 million. Adjusted for these earnings effects, EBIT increased by €8 million to €31 million (2020/21: €22 million). The improvement in EBIT resulted in particular from the very good sales development and improvements in Services & Solutions in Turkey, which more than compensated for inflation-driven cost increases. In Poland, earnings were at the previous year's level.

In the **fourth quarter of 2021/22**, EBIT in the Eastern Europe segment declined by €6 million to €4 million (Q4 2020/21: €10 million). This includes non-recurring effects amounting to approximately €2 million. Adjusted for these earnings effects, EBIT declined by €7 million to €3 million (Q4 2020/21: €10 million). This development is mostly attributable to a decline in earnings in Poland, which is due to negative effects in product valuation and weaker Services & Solutions business. In Turkey, earnings were slightly above the previous year's level in the fourth quarter, whereby the sales growth was partially compensated for by negative currency effects and higher costs.

Explanation of the result in the Others segment

The Others segment covers, in particular, the activities of the Swedish country organization, CECONOMY AG, the earnings effects from companies accounted for using the equity method and the activities of smaller operating companies. In the past **financial year 2021/22**, EBIT declined by €164 million year-on-year to €−59 million (2020/21: €105 million). This includes non-recurring effects amounting to approximately €−1 million (2020/21: €−13 million). The significant decrease in reported EBIT is mainly due to the negative earnings effect from companies accounted for using the equity method due to the impairment of the share in Fnac Darty S.A. of around €56 million in the third quarter of 2021/22, following a reversal of the impairment in the previous year of €150 million. Earnings effects from companies accounted for using the equity method totalled around €−30 million (2020/21: €154 million). Adjusted for these effects, EBIT increased by €8 million to €−28 million (2020/21: €−36 million). The improvement in EBIT resulted from declining headquarter costs at CECONOMY AG. In Sweden, earnings were lower than in the previous year as a result of sales and margins.

In the **fourth quarter of 2021/22**, EBIT increased by €22 million year-on-year to €−14 million (Q4 2020/21: €−36 million). This includes non-recurring effects amounting to approximately €−1 million (Q4 2020/21: €−2 million). Earnings effects from companies accounted for using the equity method totalled €−7 million in the fourth quarter (Q4 2020/21: €−24 million). Adjusted for these effects, EBIT increased by €4 million to €−6 million (Q4 2020/21: €−10 million). Adjusted EBIT in Sweden was at the previous year's level. Declining headquarter costs at CECONOMY AG contributed significantly to the segment's earnings improvement.

EBIT adjustments in the Group

Financial year

							2020/21
		Non-recurring					
€ million	Reported EBIT	Effects of store closures	Effects of the introduction of the Operating Model	Transaction costs from minority stake acquisition	Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**326**	**−26**	**−26**	**−13**	**0**	**154**	**237**
DACH	162	−17	−4	−1	0	0	184
Western/Southern Europe	37	−9	−20	0	0	0	67
Eastern Europe	23	0	1	0	0	0	22
Others	105	0	−2	−11	0	154	−36

							2021/22
		Non-recurring					
€ million	Reported EBIT	Effects of store closures	Effects of the introduction of the Operating Model	Transaction costs from minority stake acquisition	Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
Total[1]	**105**	**−20**	**−36**	**−2**	**−3**	**−30**	**197**
DACH	40	−11	−21	−2	−4	0	77
Western/Southern Europe	92	−9	−15	0	0	0	116
Eastern Europe	31	0	0	0	1	0	31
Others	−59	0	−1	−1	0	−30	−28

[1] Including consolidation

Quarter[1]

€ million	Reported EBIT	Non-recurring: Effects of store closures	Effects of the introduction of the Operating Model	Transaction costs from minority stake acquisition	Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
							Q4 2020/21
Total[2]	**94**	**3**	**–14**	**–2**	**0**	**–24**	**131**
DACH	71	3	–3	–1	0	0	71
Western/Southern Europe	48	0	–12	0	0	0	60
Eastern Europe	10	0	1	0	0	0	10
Others	–36	0	–1	–1	0	–24	–10

€ million	Reported EBIT	Non-recurring: Effects of store closures	Effects of the introduction of the Operating Model	Transaction costs from minority stake acquisition	Other	Earnings effects from companies accounted for using the equity method and portfolio changes	Adjusted EBIT
							Q4 2021/22
Total[2]	**45**	**–13**	**–32**	**–1**	**3**	**–7**	**95**
DACH	–13	–2	–18	–1	0	0	7
Western/Southern Europe	67	–10	–13	0	0	0	90
Eastern Europe	4	0	–1	0	3	0	3
Others	–14	0	–1	–1	0	–7	–6

[1] In contrast to the figures for the financial year, the quarterly figures and their explanations comprise unaudited information.
[2] Including consolidation

The following comments relate to the reported result of continuing operations.

NET FINANCIAL RESULT AND TAXES

€ million	2020/21	2021/22
Earnings before interest and taxes EBIT	**326**	**105**
Other investment result	48	13
Interest income/expenses (interest result)	–53	–47
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 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**

The **financial result** deteriorated by €25 million to €–56 million in financial year 2021/22 (2020/21: €–31 million). This decline was mainly driven by a €35 million decrease in the other investment result, which resulted from lower investment income from METRO PROPERTIES GmbH & Co. KG. In addition, a lower dividend payment from PJSC "M.video" than in the previous year had an effect on the other investment result in financial year 2021/22.

Earnings before taxes decreased considerably from €296 million to €49 million in financial year 2021/22.

↗ Further information on the financial result can be found in the notes – notes 7, 9 and 10 Earnings share of operating companies recognized at equity/other investment result, Interest income/interest expenses and Other financial result.

While income tax expenses of €53 million were recognized in financial year 2020/21, tax income of €81 million was reported in financial year 2021/22. The tax income is primarily attributable to the first-time recognition of deferred tax assets, particularly on loss carry-forwards at the level of CECONOMY AG, which are usable thanks 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 in financial year 2021/22, which is mainly due to the earnings decline in Germany.

€ 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**

The Group tax rate is the ratio between recognized income tax expenses and earnings before taxes. In the reporting period, the Group tax rate is –163.6 per cent (2020/21: 17.8 per cent). The negative tax rate in the reporting period results in particular from the above-mentioned first-time recognition of deferred tax assets, of which €195 million were recognized through profit or loss.

↗ Further information on income taxes can be found in the notes – note 12 Income taxes.

PROFIT OR LOSS FOR THE PERIOD AND UNDILUTED EARNINGS PER SHARE

The **profit or loss for the period** from continuing operations decreased by €113 million to €130 million. This decrease is mainly attributable to the negative earnings effect from companies accounted for using the equity method, which decreased by €184 million compared with the previous year's figure to €–30 million (2020/21: €154 million). In addition, the financial result deteriorated by €25 million to €–56 million. The recognized income tax income of €81 million had the opposite effect.

As the earnings effect from companies accounted for using the equity method is not attributable to non-controlling interests, their share in the profit or loss for the period decreased by only €17 million to €4 million (2020/21: €21 million). Accordingly, the profit or loss for the period attributable to shareholders of CECONOMY AG amounted to €126 million (2020/21: €222 million) and undiluted **earnings per share** amounted to €0.31 (2020/21: €0.62).

The calculation of undiluted earnings per share in financial year 2021/22 is based on a weighted number of 400,779,988 shares.

				Change	
		2020/21	2021/22	Absolute	%
Profit or loss for the period from continuing operations	€ million	243	130	–113	–46.4
Profit or loss for the period attributable to non-controlling interests from continuing operations	€ million	21	4	–17	–80.0
Profit or loss for the period attributable to shareholders of CECONOMY AG from continuing operations	€ million	222	126	–96	–43.3
Undiluted earnings per share from continuing operations[1]	€	0.62	0.31	–0.30	–49.1

[1] After non-controlling interests

Financial and asset position

CAPITAL STRUCTURE

As of 30 September 2022, CECONOMY's consolidated statement of financial position reported **equity** of €592 million (30/09/2021: €757 million).

The equity ratio decreased to 5.9 per cent in the reporting period (30/09/2021: 7.1 per cent).

€ 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

As of 30 September 2022, the share capital increased to €1,240 million as a result of the capital increase by 125.8 million shares in connection with the Convergenta transaction. In this respect, the capital reserve likewise increased by €67 million to €389 million.

Reserves retained from earnings decreased by €512 million to €–1,039 million as of 30 September 2022 (30/09/2021: €–527 million). This decline is likewise mainly due to the amount of the Convergenta transaction attributable to retained earnings of around €–382 million. This primarily comprises the contribution of the shares in Media-Saturn-Holding GmbH of €–633 million and, in the opposite direction, the first-time recognition of deferred tax assets on loss carry-forwards and temporary differences at the level of CECONOMY AG of €236 million, of which €195 million were recognized through profit or loss, and €14 million from the reclassification of non-controlling interests. In addition, the reserves retained from earnings were reduced by the subsequent measurement of the investment in PJSC "M.video" of €122 million and the dividend distribution of €63 million. The remeasurement of defined benefit pension plans of €88 million, particularly as a result of a rising actuarial interest rate, had an opposite and therefore positive effect.

The non-controlling interests decreased to €2 million as a result of the Convergenta transaction and share buybacks of the minority shareholdings of store managers, particularly in Germany (30/09/2021: €44 million).

€ million	30/09/2021	30/09/2022
Cash and cash equivalents	1,582	769
Short-term financial investments[1]	175	0
Borrowings	2,865	2,773
Net liquidity (+)/Net debt (–)	**–1,109**	**–2,004**

[1] Included in the statement of financial position under "other financial assets (current)"

As of 30 September 2022, net debt amounted to €2,004 million. In the previous year, net debt of €1,109 million was reported.

Due to planned one-time payments and a deterioration of net working capital, cash and cash equivalents amounted to €769 million and were thus €813 million lower than in the previous year (30/09/2021: €1,582 million).

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 issuance 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 also 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).

↗ For details, please refer to the cash flow statement and note 39 Notes to the cash flow statement.

Non-current liabilities decreased by €45 million to €2,642 million as of 30 September 2022 (30/09/2021: €2,686 million).

This development is primarily due to the decline in provisions for pensions and similar obligations by €130 million to €332 million (30/09/2021: €462 million). Besides an allocation of €22 million and the regular pension payments, this decline is also particularly attributable to the increase in the actuarial interest rate. In addition, other financial liabilities decreased by €29 million to €14 million (30/09/2021: €43 million) due to the settlement of liabilities from compensation payments to minority interests. The increase in non-current borrowings by €75 million to €2,184 million (30/09/2021: €2,109 million) had the opposite effect. The increase was due to the issuance of convertible bonds as part of the Convergenta transaction and of a promissory note loan, partially compensated by lower non-current lease liabilities. The increase in deferred tax liabilities to €65 million (30/09/2021: €29 million) results from higher measurement differences between international and tax accounting.

Current liabilities amounted to €6,765 million as of 30 September 2022, which equates to a decrease of €459 million (30/09/2021: €7,224 million).

Among other things, the decrease is due to the €168 million decline in current borrowings to €589 million (30/09/2021: €756 million) as a result of the repayment of significant portions of a promissory note loan. The €130 million decline in trade liabilities and similar liabilities to €5,340 million (30/09/2021: €5,470 million) is particularly due to the statutory reduction of payment terms in Belgium and due to shorter payment terms resulting primarily from the now direct purchases from selected manufacturers. In addition, other financial liabilities decreased by €60 million to €360 million (30/09/2021: €420 million), particularly as a result of settlements of liabilities from compensation payments to minority interests, the recognition of liabilities from the distribution of profit or loss to Convergenta Invest GmbH in the previous year and lower payroll liabilities. Other liabilities likewise decreased by €50 million to €309 million (30/09/2021: €359 million) due to higher VAT liabilities as a result of COVID-19-related tax deferrals in the previous year.

In comparison with 30 September 2021, the debt ratio increased by 1.2 percentage points to 94.1 per cent (30/09/2021: 92.9 per cent). The ratio of current liabilities to total debt declined by one percentage point compared with 30 September 2021 to 71.9 per cent (30/09/2021: 72.9 per cent).

↗ Further information on the maturity, currency and interest rate structure of the borrowings and credit facilities can be found in the notes – note 34 Borrowings.

€ million	Note no.	30/09/2021	30/09/2022
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

↗ Further information on the development of liabilities can be found in the notes under the numbers stated in the table. Information on contingent liabilities and other financial liabilities can be found in the notes – note 42 Contingent liabilities and note 43 Other financial liabilities.

INVESTMENTS/DIVESTMENTS

In financial year 2021/22, CECONOMY invested €762 million, around €6 million more than in the previous year (2020/21: €757 million). The addition of right-of-use assets of €498 million was around €53 million lower than the previous year's figure (2020/21: €551 million). This resulted in particular from a lower number of rental agreement extensions and new stores, which was likewise reflected in slightly 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 centres in Germany. The lower addition of right-of-use assets in the reporting period was more than compensated for by significantly increased 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 financial year 2021/22, 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. In addition to measures to reduce space in existing stores, the smaller size of the new stores reduced the average selling space across all stores by around 4 per cent to 2,454 square metres per store by the end of the financial year. At the end of the previous financial year, the average selling space per store was 2,545 square metres. The total selling space amounted to 2,512 thousand square metres after 2,591 thousand square metres in the previous year.

Investments as per segment report

			Change	
€ million	2020/21	2021/22	Absolute	%
DACH	414	351	−64	−15.4
Western/Southern Europe	271	321	51	18.8
Eastern Europe	58	78	19	32.9
Others	13	13	−1	−6.2
	757	**762**	**6**	**0.7**

In the **DACH** region €351 million were invested in financial year 2021/22. Investments were therefore €64 million lower than in the previous year (2020/21: €414 million). The decline was mainly driven by a €98 million lower addition of right-of-use assets. This resulted from a lower number of rental agreement extensions and the addition of right-of-use assets from the conclusion and extension of rental agreements for logistics centres in Germany in the previous year. In contrast, the advancement of store modernizations and modularization and the conversion of existing stores into "Lighthouse" formats were reflected in increased investments in modernization in the reporting period. Five stores were opened in the DACH region, after the store network was not expanded in the previous year. However, seven stores in Germany were closed in the reporting period, after 21 closures – of which 20 in Germany – in the previous year.

Investments in **Western/Southern Europe** came to €321 million in financial year 2021/22, €51 million higher than the investments in the prior-year period (2020/21: €271 million). The considerable increase was mainly attributable to the addition of rental right-of-use assets of €227 million, which was €32 million higher than the previous year's level. This development was particularly driven by a higher number of rental agreement extensions in the Netherlands. Increased capital expenditure for store modernizations and modularization and the conversion of existing stores into "Lighthouse" formats also resulted in an increase in investments. In contrast, the acquisition of 17 Spanish stores from Worten Equipamentos do Lar S.A. in the previous year was reflected in lower capital expenditure for expansions in the reporting period. With five new stores, one more store was opened than in the previous year. Furthermore, the above-mentioned 17 stores in Spain were added in the previous year. Two stores were closed in the reporting period, after five closures in the previous year.

In **Eastern Europe**, investments in financial year 2021/22 were €19 million higher than in the previous year at €78 million (2020/21: €58 million). This development was mainly driven by the extension of existing rental agreements for stores in Poland. In addition, store modernizations and modularization resulted in increased capital expenditure in the segment. In the reporting period, five stores were opened in Turkey, two stores fewer than in the previous year. However, one store was closed in Turkey, after seven stores were closed in Poland in the previous year.

Investments in the **Others** segment amounted to €13 million in financial year 2021/22 and were thus €1 million lower than the previous year's level (2020/21: €13 million). The slight decline is mainly attributable to lower capital expenditure for store modernizations and modularization in Sweden. In contrast, a new store in the reporting period resulted in higher expansion expenditure, after there was no change in the store network in the previous year.

CECONOMY received cash of €40 million from **divestments** in 2021/22 (2020/21: €19 million). While divestments from the sale of fixtures and other furnishings were at the previous year's level, the sale of short-term securities in particular resulted in an increase in divestments year-on-year.

LIQUIDITY (CASH FLOW STATEMENT)

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. Other operating cash flow mainly comprised other tax payments and the change in payroll liabilities. The other tax payments are largely attributable to the expired, COVID-19-related VAT deferrals. The payment of the deferred VAT therefore resulted in a correspondingly higher cash outflow in financial year 2021/22. The cash outflows for payroll liabilities included comparatively high payments for profit shares and performance bonuses as well as severance and other employee obligations recognized as liabilities in the previous year. In addition, the payment of income taxes resulted in a cash outflow above the previous year's level. This change resulted in particular from higher tax prepayments and backpayments of taxes for previous years. The negative development of net working capital of €–361 million is roughly on 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 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.

The **cash outflow from financing activities** amounted to €905 million in financial year 2021/22 (2020/21: €77 million). The change is mainly due to the issuance of a five-year bond with a nominal volume of €500 million in the previous year. The further change in proceeds from and redemption of borrowings reflects short-term financing decisions by CECONOMY and includes the repayment of a promissory note loan in the second quarter of 2021/22. In addition, the payment of the agreed cash components as part of the Convergenta transaction resulted in a cash outflow of €130 million. The distribution of a dividend to the shareholders of CECONOMY AG also increased the cash outflow from financing activities. The redemption of lease liabilities amounted to €498 million in the past financial year 2021/22 (2020/21: €503 million).

Free cash flow amounted to €–35 million in financial year 2021/22. Particularly as a result of the lower reported EBITDA and other tax payments after the expiry of COVID-19-related VAT deferrals, free cash flow in the past financial year 2021/22 was €268 million below the previous year's figure (2020/21: €233 million).

↗ Explanations can be found in the consolidated financial statements – cash flow statement and in the notes – note 39 Notes to the cash flow statement.

Cash flow statement[1]

€ million	2020/21	2021/22
Cash flow from operating activities from continuing operations	450	219
Cash flow from investing activities from continuing operations	−263	−65
Cash flow before financing activities from continuing operations	187	154
Cash flow from financing activities from continuing operations	−77	−905
Total cash flows	110	−751
Currency effects on cash and cash equivalents	−12	−62
Total change in cash and cash equivalents	98	−813

[1] Condensed version. The full version is included in the consolidated financial statements.

FINANCIAL MANAGEMENT

Principles and objectives of finance activities

In the context of financial management, CECONOMY ensures that the Group has sufficient liquid funds at all times, arranges the Group-wide management of liquidity and reduces financial risks wherever economically appropriate. The Treasury department manages these tasks centrally for the Group. The aim is to invest surplus liquidity at attractive conditions via the central management of the Group companies' finance requirements and financial investments or, if refinancing is required, to meet this requirement as far as possible via the international capital markets. This applies both to the operating business and to investments. CECONOMY is guided in the selection of investment and finance products by the maturity of the underlying transaction.

CECONOMY's finance activities are based on the Group's financial planning, which includes all material companies. In addition to the daily analysis of the Group-wide finance status, CECONOMY compiles both short-term and long-term liquidity planning, the latter for three months after the end of the financial year, both of which are updated on a rolling basis.

Optimum conditions for using the capital market are to be created through intensive dialogue with bond investors and credit analysts. All finance activities throughout the Group are subject to the following principles:

Single financial entity: the Group acts externally as a single financial entity and thus obtains better conditions on the financial markets.

Financial freedom: when it comes to making financial decisions, CECONOMY always maintains freedom in relation to banks or business associates so as to remain independent.

Central risk hedging: CECONOMY uses financial transactions firstly to cover finance requirements. Secondly, the company hedges underlying transactions that entail risks. The Treasury centrally monitors the overall portfolio of all CECONOMY's financial transactions.

Central risk monitoring: changed financial parameters, including for example interest or exchange rate changes, can affect CECONOMY's financing. The Treasury regularly quantifies the associated risks in scenario analyses. Open risk positions – such as the conclusion of financial transactions without an underlying transaction – may only be held after approval by the Management Board of CECONOMY AG.

Only authorized contract partners: only contract partners that have been authorized by the Treasury may be considered for CECONOMY's financial transactions. The creditworthiness of these contract partners is reviewed on a daily basis according to their rating and the observation of credit risk indicators (primarily credit default swap analyses). On this basis, the Treasury responsible at CECONOMY continuously monitors compliance with the approved limits.

Approval requirement: as a rule, CECONOMY Group companies' financial transactions are concluded with CECONOMY AG. If this is not possible for legal reasons, they are arranged in coordination with CECONOMY AG in the Group company's name, with another Group company or directly between the Group company and the external finance partner.

Audit security: the dual-control principle generally applies at the company. Processes and responsibilities are defined in Group-wide guidelines. The conclusion of financial transactions is organizationally separate from processing and control.

↗ Further information on risks from financial instruments and hedge accounting can be found in the notes – note 41 Management of financial risks.

Ratings

Ratings assess a company's ability to meet its financial obligations. They serve as evidence of the creditworthiness of a company vis-à-vis potential lenders. A rating also makes it easier to access international capital markets. CECONOMY AG has currently commissioned two rating agencies, namely Moody's Investors Service and Scope Ratings, to continuously analyse CECONOMY AG's creditworthiness.

The assessments of CECONOMY AG's ratings by Moody's Investors Service and Scope Ratings as of 30 September 2022 were as follows:

Moody's Investors Service

Category	
Long-term	Ba2
Short-term	n/a
Outlook	Under review

Scope Ratings

Category	
Long-term	BBB–
Short-term	S-2
Outlook	Stable

On 21 September 2022, Moody's downgraded CECONOMY AG's rating from Ba1 to Ba2 and set the outlook for the rating to "under review". Moody's attributes this in particular to the Group's weak earnings development and negative cash flow in a challenging market environment in the past financial year.

Financing measures

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 together totalling €60 million with a term of five years were issued in June 2022. As of 30 September 2022, CECONOMY AG thus 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**

ASSET POSITION

In financial year 2021/22, **total assets** decreased by €668 million to €9,998 million as of 30 September 2022 (30/09/2021: €10,667 million).

The slight increase in **non-current assets** by €38 million to €3,865 million (30/09/2021: €3,903 million) is primarily due to the impairment of the investment in PJSC "M.video" recognized in financial assets of €150 million. The right-of-use assets recognized in connection with leases declined by €98 million to €1,835 million (30/09/2021: €1,933 million). In addition, investments accounted for using the equity method decreased by €37 million to €388 million (30/09/2021: €425 million). The increase in deferred tax assets by €204 million, particularly due to the first-time recognition of deferred tax assets on loss carry-forwards and temporary differences at the level of CECONOMY AG, €236 million of which became usable in connection with the Convergenta transaction, had the opposite effect. Moreover, other intangible assets increased by €27 million to €152 million (30/09/2021: €125 million) and property, plant and equipment by €34 million to €541 million (30/09/2021: €507 million), primarily due to investments in software and store modernization.

€ 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

↗ Further information on the development of non-current assets can be found in the notes under the numbers stated in the table.

Current assets declined by €630 million to €6,134 million in the reporting period (30/09/2021: €6,764 million).

This resulted in particular from a decrease in cash and cash equivalents by €813 million to €769 million (30/09/2021: €1,582 million). At €142 million, other financial assets were €134 million lower (30/09/2021: €276 million), mainly due to an investment in short-term securities in the previous year. Receivables due from suppliers increased by €154 million to €1,296 million (30/09/2021: €1,142 million) due to higher subsequent supplier income as a result of more intensive campaigns in September 2022. In addition, trade receivables and similar claims rose by €78 million to €440 million (30/09/2021: €361 million) as a result of the somewhat stronger commission business. The rise in inventories by €65 million to €3,176 million (30/09/2021: €3,111 million) likewise increased current assets.

€ million	Note no.	30/09/2021	30/09/2022
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

↗ Further information on the development of current assets can be found in the notes under the numbers stated in the table.

The balance sheet net working capital developed as follows in financial year 2021/22:

Net working capital

€ million	30/09/2020	30/09/2021	Change	30/09/2021	30/09/2022	Change
Inventories	2,949	3,111	162	3,111	3,176	65
Trade receivables and similar claims	488	361	−127	361	440	78
Receivables due from suppliers	1,302	1,142	−160	1,142	1,296	154
Trade liabilities and similar liabilities	−5,996	−5,470	526	−5,470	−5,340	130
Net working capital	**−1,256**	**−855**	**401**	**−855**	**−428**	**427**

The balance sheet **net working capital** deteriorated by €427 million year-on-year to €−428 million (30/09/2021: €−855 million).

The less negative net working capital year-on-year resulted from an increased capital commitment in all items of net working capital. Receivables due from suppliers increased by €154 million to €1,296 million (30/09/2021: €1,142 million) due to higher subsequent supplier income. Trade receivables and similar claims rose by €78 million to €440 million (30/09/2021: €361 million) as a result of the somewhat stronger commission business. Inventories increased slightly by €65 million to €3,176 million (30/09/2021: €3,111 million). The €130 million decline in trade liabilities and similar liabilities to €5,340 million (30/09/2021: €5,470 million) is particularly due to shorter payment terms, resulting among other things from direct purchases from selected manufacturers as well as a law change in Belgium.

OUTLOOK[1]

CECONOMY AG's outlook considers relevant facts and events that were known at the date of the preparation of the consolidated financial statements and that will influence future business development. Besides a wide range of sources from national and international economic research institutes and organizations, the main source for the forecasts is Feri Trust.

Economic parameters in financial year 2022/23

After the positive development of gross domestic product (GDP) last year, 2022 is characterized by significantly weaker growth rates. There remains a risk of new omicron variants, but economic growth is much more severely affected by the Russian war of aggression on Ukraine and the associated high inflation and uncertainty on the global markets. Inflationary pressure is currently increasing around the world and has already compelled many central banks to raise interest rates and take anti-inflationary measures. Significantly weaker growth is expected for 2023, especially in the industrialized nations.

In the current calendar year, the global economy's GDP has increased by an average of 3.1 per cent. Emerging economies, with positive growth of 3.7 per cent, developed somewhat more dynamically than the industrialized nations, which posted growth of 2.3 per cent.

Based on the currently difficult global economic conditions, weaker growth below the previous year's level is expected in 2023. Very low growth of 0.1 per cent is expected for the industrialized nations, for which emerging economies can only partially compensate. In 2022, the USA is expected to generate economic growth of 1.5 per cent, which is likely to weaken considerably again in 2023 due to declining private consumption and lower investment, among other things. Due to extensive COVID-19 lockdown measures in the first half of the year, China is expected to increase its economic output by only 3.2 per cent in 2022 despite a current recovery and to achieve growth of 5.4 per cent again in the subsequent year. The stronger growth is partly due to factors such as higher investment and rising private consumption.

After high growth rates in the European Union at the beginning of 2022, the growth momentum is steadily waning over the course of the year on account of the conditions described above. This year, economic output is expected to grow by 3.0 per cent. Negative economic growth is expected next year.

DACH

In 2022, economic growth of 1.5 per cent is expected in Germany. Next year, 2023, significant declines are expected in private consumption, public spending and investment, resulting in negative economic growth of −1.6 per cent. The GDP growth in Germany is therefore lower than the average for the industrialized nations in both years. The GDP level of the pre-COVID-19 period is not expected to be regained before the end of 2023.

In Austria, economic output is expected to increase by 5.5 per cent in 2022. Next year, both private consumption and export performance will decline enormously and lead to GDP stagnation.

In Switzerland, real gross domestic product is expected to increase by 2.3 per cent in 2022. Significantly lower economic growth of 0.4 per cent, and thus still higher than that of other industrialized nations, is expected in 2023 due to lower private consumption and lower investment.

In 2022, the Hungarian economy is expected to grow by 5.9 per cent. Slightly negative GDP development is expected next year, whereby private consumption and investing activities in particular will weaken substantially.

Western/Southern Europe

In Western/Southern Europe, economic development in 2022 is expected to be below the previous year's level with growth of 3.8 per cent. A slight decline of 0.1 per cent is expected for calendar year 2023.

Supported by high export sales and private consumption, the GDP of the Netherlands is developing positively at 4.5 per cent in 2022. Next year, the growth is forecast to weaken severely to 0.7 per cent, as a decline in investment

[1] The GDP growth figures stated in this section relate to the calendar years 2022 and 2023. Accordingly, the 2023 values are forecasts. In contrast, the qualitative statements in the text refer to the reporting period, unless otherwise stated. The sources for the information in this text were recent publications by Feri (World Industry Report), the market research institute GfK and Bitkom.

and private consumption is expected. Supported by high government spending and high private consumption, the Belgian economy will also continue to grow by an expected 2.5 per cent in 2022. However, an economic contraction below the level of the industrialized nations is expected for Belgium in the year to come with a decline of –0.5 per cent.

In Spain, economic growth will see an increase of 4.5 per cent in 2022, partly due to base effects. Due to declining exports and lower investment, the economic growth will fall by 0.6 per cent in 2023. In Portugal, GDP is expected to increase by 6.5 per cent in 2022 due to strong growth in private consumption and exports. A clear decline in these drivers is expected next year, which is likely to result in a significant decline in Portuguese economic growth to 0.4 per cent.

The Italian economy posted a significant recovery in GDP in 2021, which is expected to continue at 3.4 per cent in 2022 due to strong private consumption and high investing activities. Due to weaker growth stimulus, a –0.9 per cent decline in real GDP is anticipated in 2023.

Eastern Europe
In the Eastern Europe region (including Turkey and excluding Hungary), the previous economic momentum is expected to cool down significantly in 2022 due to the economic decline in Russia with real economic growth of 0.3 per cent. In 2023, it is assumed that the region will continue to lose momentum with a real economic decline of –2.7 per cent.

Poland is expected to report positive economic development again in 2022 with growth of 4.1 per cent. A clear decline in growth momentum is expected next year, 2023, as well as negative growth of –0.7 per cent in GDP. Turkey, which is set to report significantly positive real growth of 5.4 per cent in 2022, also expects an economic decline of –2.3 per cent for 2023.

Development in the consumer electronics retail market

Despite strong market growth in the previous year, the European consumer electronics retail market declined only slightly in the difficult market environment of financial year 2021/22. For the coming financial year, sector-specific growth is expected to show a downward trend in Europe. It remains to be seen whether declining market volumes can be compensated for by price increases for specific product groups. Unlike during the COVID-19 years, the looming recession in Europe will also have a negative impact on the market for consumer electronics. Meanwhile, it is assumed that the online business will retain a high share in total sales – considerably higher than the pre-pandemic level.

In 2022, consumers spent much more on telecommunications products compared with previous years. Additional growth stimuli came from the product group of large appliances. Home working, home schooling and home entertainment products, which were the growth drivers of the last two years as a result of COVID–19, declined in 2022. The Group assumes that the future still unequivocally belongs to connected devices. The metaverse concept is the overarching trend of the year. With its connections to the areas of gaming, augmented and virtual reality as well as live streaming, it will significantly shape the future of the industry in the coming years and find a wide range of possible uses.

DACH
Given the current macroeconomic situation, development in the retail electronics sector in the DACH region is expected to decline in financial year 2022/23.

Western/Southern Europe
On the basis of the current market development, CECONOMY expects declining momentum for the Western and Southern European consumer electronics retail market in 2023 due to the strained macroeconomic situation.

Eastern Europe
Eastern Europe is likewise expected to see negative development in the growth of the consumer electronics retail market under the challenging conditions. However, due to the high country-specific inflation in Poland and especially Turkey, it is difficult to make a reliable forecast for the development of the market's value in 2023.

Outlook for CECONOMY

CECONOMY is actively preparing for a phase of high macroeconomic and geopolitical uncertainty, which also affects the outlook. We therefore consider it prudent and appropriate to present the key performance indicators in two different future scenarios with their respective assumptions. Both scenarios for sales and earnings could materialize. From today's perspective, CECONOMY considers the first mentioned scenario below to be more likely to occur. For some time, we have been operating in a very challenging environment characterized by high volatility. CECONOMY will continue to manage this uncertainty. The measures we have taken in order to prevail under these challenging conditions are developing an expanding positive impact. We have successfully advanced our strategic transformation and have become more resilient as an organization.

For financial year 2022/23, we therefore expect a slight increase in total sales adjusted for exchange rate effects and a clear increase in adjusted EBIT. We expect the Western/Southern Europe and Eastern Europe segments to contribute to the slight increase in total sales adjusted for exchange rate effects, while the clear improvement in adjusted EBIT should result from the DACH segment. At the same time, we assume that the current macroeconomic conditions (inflation, customer demand, availability of goods, no overall restrictions in retail sector) will not deteriorate and the consumer electronics market relevant for our country portfolio will shrink moderately at the most.

However, if the macroeconomic environment develops less favourably than currently foreseen and demand in the consumer electronics market relevant for our country portfolio therefore declines more severely, this would also affect our business performance. In this scenario, which we currently consider less likely, we would have to expect a clear decrease in total sales adjusted for exchange rate effects and adjusted EBIT. For the DACH segment, we also expect a clear year-on-year increase in adjusted EBIT in this scenario.

The outlook was adjusted for portfolio changes and did not take into account the earnings effects from companies accounted for using the equity method. It also does not include non-recurring effects from efficiency increases in connection with the simplification and digitalization of central structures and processes, the streamlining of the product assortment and the strengthening of the retail brands in Germany. Accounting effects of the application of IAS 29 in Turkey as a hyperinflationary economy are likewise unaccounted for.

OPPORTUNITY AND RISK REPORT

Opportunity and risk management system

In a dynamic market environment, CECONOMY acts on the basis of a clear, long-term strategy, from which short-, medium- and long-term targets are derived. The implementation of the measures to achieve these targets is associated with opportunities and risks. Sometimes, however, CECONOMY must knowingly take risks in order to make targeted use of opportunities. The early identification and management of opportunities and risks is a core task for the management.

Risks are defined as uncertain but largely quantifiable internal or external events that could negatively affect the achievement of corporate objectives. Opportunities are defined as potential successes that go further than the targets specified in the planning and could thus benefit the business performance. Opportunities and risks are inextricably linked. For example, risks can arise from missed or poorly utilized opportunities. Conversely, the utilization of opportunities in dynamic growth markets or new business areas always entails risks.

With this in mind, CECONOMY views its opportunity and risk management system as a tool that contributes to the achievement of the corporate objectives. The systematic process on which opportunity and risk management is based encompasses the entire Group. It helps management to identify, assess, manage and monitor opportunities and risks. Opportunity and risk management are therefore united. Risk management detects, at an early stage, developments and events that could negatively affect the achievement of business targets and analyses their effects. CECONOMY can thus promptly take appropriate measures to handle and monitor the risks. At the same time, opportunity management provides the chance to make targeted use of opportunities.

CENTRAL MANAGEMENT AND ORGANIZATION

The Management Board of CECONOMY AG has the responsibility and legal obligation to ensure an adequate governance system. In particular, this comprises opportunity and risk management, the internal control and compliance management systems and Internal Audit. Together, they make up the governance, risk and compliance system (GRC system), which is guided by the governance elements named in Sec. 107 para. 3 of the German Stock Corporation Act (AktG) and in the German Corporate Governance Code as well as the requirements pursuant to Sec. 91 para. 2 and para. 3 AktG. The aim is to make structures and processes more transparent and to harmonize the sub-system processes. The transparency and efficiency of CECONOMY's GRC system are thus increased overall and its appropriateness and effectiveness continuously improved.

CECONOMY AG's Group Committee for Governance, Risk and Compliance (GRC Committee) regularly discusses the method harmonization and further development of the GRC sub-systems. The committee also discusses the current opportunity and risk situation on the basis of reports from the respective units and devises proposals for the assessment of the appropriateness and effectiveness of the individual GRC sub-systems for the Management Board. The permanent members are representatives of the Group's Corporate Accounting, Corporate Controlling & Risk Management, Investor Relations, Corporate Office & Corporate Law and Legal, Group Competition & Antitrust, Group Compliance, Data Protection, Group Audit & Consulting, Corporate Strategy, M&A, Human Resources, Sustainability, Group Tax, Group Treasury, IT Management & Services, and MMS Technology (Cyber Security) departments as well as representatives of MediaMarktSaturn Retail Group (MMSRG)'s risk management/internal control system (ICS). Guests are also invited to the meetings when required, for example the Head of Corporate Security.

RISK MANAGEMENT

Competencies and responsibilities for opportunity and risk management are clearly defined in the Group and reflect the corporate structure. Central Group management is connected with the Group companies' local responsibility for operating business via the management holding company CECONOMY AG.

The Management Board of CECONOMY AG is responsible for the appropriateness and effectiveness of the opportunity and risk management system as part of the GRC system. The risks are identified, assessed, managed and monitored by the Group companies. The risks reported by the country and administrative units are aggregated, validated and processed for further analysis and consolidation at the level of CECONOMY AG. The other Group companies report their risks directly to CECONOMY AG.

Unaudited information extraneous to the management report: Central elements of internal monitoring are the self-assessment of the appropriateness and effectiveness of opportunity and risk management by the managements of the Group companies and the review of appropriateness and effectiveness by Internal Audit at the Group company level. The aggregated results of the self-assessments by the GRC Committee and the findings of the reviews by Internal Audit provide no indication that CECONOMY's risk management system is not appropriate and effective. Appropriateness and effectiveness are likewise monitored by the Supervisory Board of CECONOMY AG. In accordance with Sec. 317 para. 4 HGB, the auditor periodically assesses the early risk identification system as part of the opportunity and risk management system during the audit of the consolidated financial statements. The external review concludes that there are no findings or indications that CECONOMY AG's early risk identification system is not appropriate and effective.

The Corporate Risk Management department manages and develops the opportunity and risk management system. It defines the approach, assessment methodology and standards of opportunity and risk management in consultation with the GRC Committee. The Corporate Risk Management department promptly and continuously informs the Management Board of CECONOMY AG about material developments in opportunity and risk management, ensures that information is shared within the company and supports the enhancement of opportunity and risk management at Group level and in the Group companies.

OPPORTUNITIES MANAGEMENT

The systematic identification, assessment and communication of opportunities is an integral component of CECONOMY's management and controlling system. Opportunities can be internal or external events and developments that could positively influence business performance beyond the targets specified in the planning. The fundamental aim is that CECONOMY's material opportunities and risks are at least in balance.

CECONOMY carries out macroeconomic studies, analyses the relevant trend landscape and evaluates market, competition and location analyses. In addition, the critical success factors of the business models and the Group's relevant cost drivers are discussed. The Management Board of CECONOMY AG specifies the market and business opportunities thus derived as well as restructuring and efficiency improvement potential as part of short- and mid-term planning. To this end, it communicates closely with the heads of the Group departments and the management of the Group companies. CECONOMY particularly follows market- and customer-driven business approaches in this process. It continuously reviews the elements of the strategy, which aims at long-term, sustainable and profitable growth.

REPORTING

The central element of internal opportunity and risk communication is Group reporting, supplemented by the reporting on opportunity and risk management. The aim is to enable the structured and continuous examination of opportunities and risks and to document this in accordance with legal and regulatory requirements. In this way, the Management Board receives regular information about the risk situation. It is also ensured that negative trends are recognized in good time and appropriate countermeasures can be taken.

CECONOMY carries out a risk inventory twice a year. It systematically records and describes all the Group's material risks and measures them against standard benchmarks on the basis of quantitative and qualitative indicators with regard to loss potential and probability of occurrence. The results of the risk inventory and the risk portfolio are updated regularly.

The results reported by the Group companies are validated by the respective risk managers. In a second step, the risk managers summarize the results in a functional risk profile that includes a detailed description of the material individual risks. For individual categories, the risk profiles are validated by the risk managers at Group level and by the GRC Committee in a third step, and specific measures for improved risk management are derived.

In addition, CECONOMY considers analyses and reports that are generated in connection with mid-term planning and forecasts. It also accounts for relevant findings from the internal control system, the compliance management system, the opportunity management system and Internal Audit.

Finally, everything that has been found is used to derive the overarching opportunity and risk portfolio for CECONOMY. This enables a balanced overall view of the opportunity and risk situation. It also presents the material features of the GRC subsystems, including planned improvement measures with regard to the effectiveness of the GRC sub-systems.

The Management Board of CECONOMY AG continuously informs the Supervisory Board and the Audit Committee about opportunity and risk management. Twice a year, the Audit Committee receives a detailed written report on the organization and alignment of opportunity and risk management and the current opportunity and risk situation.

For the preparation of the annual report, CECONOMY reviews the opportunity and risk portfolio drawn up in the previous year. An update is performed during the year for the preparation of the half-year financial report. An emergency notification system is also used for the event of sudden, serious risks to the net assets, financial position and earnings position. In this case, the Management Board of CECONOMY AG receives all necessary information directly and immediately. In addition, a risk update takes place in the remaining quarters in order to analyze potential changes in the risk situation at an early stage.

STRICT PRINCIPLES FOR DEALING WITH RISKS

As a matter of principle, CECONOMY only takes business risks when they are considered manageable and the associated opportunities give reason to expect an appropriate increase in value for the company. Business interests and risk management aspects are therefore carefully weighed against each other and brought as far as possible into alignment.

CECONOMY bears risks associated with the core processes of the retail industry itself. For example, core processes include the development and implementation of business models, location decisions and the purchasing and sale of goods and services. Risks from support processes are minimized within the Group or, if appropriate, transferred to third parties. CECONOMY does not take risks that relate neither to core nor support processes. The same applies to risks that could jeopardize the company as a going concern or lead to a violation of legal requirements.

CLEAR DEFINITION OF THE DETAILS OF RISK MANAGEMENT

All relevant facts are collated in policies based on the internationally recognized standard COSO II and IDW PS 981. In addition, CECONOMY has aligned its risk management system with the new and expanded requirements imposed by IDW PS 340 (as amended). Major adjustments are the implementation of a risk-bearing capacity concept and the improvement of risk aggregation through enhanced quantification on the basis of a Monte Carlo simulation of the overall risk exposure. The Group-wide risk management system covers all material strategic, operating, financial and compliance risks. All risks and their effects at the level of CECONOMY AG are examined over a period of one year and additionally in the third year.

RISK CLASSIFICATION

CECONOMY classifies all identified risks according to standard Group-wide benchmarks on the basis of quantitative and qualitative indicators with regard to loss potential (negative EBIT or cash effects in terms of the corporate objectives) and probability of occurrence (in per cent). With regard to loss potential, Group risks are divided into five classes: marginal (<€2.5 million), moderate (>€2.5 million), significant (>€12.5 million), serious (>€25 million), critical (>€75 million).

Probability of occurrence is likewise divided into five classes: unlikely (≤5 per cent), low (>5 to 25 per cent), possible (>25 to 50 per cent), likely (>50 to 90 per cent), high (>90 per cent). All risks and their potential impacts are assessed as of the date of the risk analysis and before mitigation measures planned for the future. The risks are presented on a net basis, i.e. risks after measures already implemented and before measures to be implemented in the future in order to limit them. As a matter of principle, but as a compulsory requirement from a probability of occurrence of >25 to 50 per cent, specific measures are defined for each risk and are implemented to appropriately manage or avoid the risk or to mitigate the effects associated with the risk.

Presentation of the risk situation

Besides the general risks, the Management Board of CECONOMY AG identified and assessed the following material risks for CECONOMY in the reporting period.

CECONOMY’s risks are assigned as follows to three categories – high, medium and low – according to loss potential and probability of occurrence:

CECONOMY risk matrix

>€75 million Critical	1	M	H	H	H	H
>€25 million Serious	2	M	M	H	H	H
>€12.5 million Significant	3	L	M	M	M	H
>€2.5 million Moderate	4	L	L	L	M	M
≤€2.5 million Marginal	5	L	L	L	L	L
		E ≤5% Unlikely	D >5–25% Low	C >25–50% Possible	B >50–90% Likely	A >90% High

The risks classified as high (H) are considered material for CECONOMY and are presented in detail below. The order in which they are presented does not imply the significance of the risks. Risks classified as medium (M) or low (L) are not presented separately in the opportunity and risk report unless it is expected that the risk could become particularly relevant for the Group or its stakeholders in the future.

The overall risk situation in financial year 2021/22 is strongly influenced by rising consumer price inflation, which was accelerated by the Russian war of aggression against Ukraine and has already led to buying restraint. The lifting of pandemic restrictions in public and private life during the course of the second quarter of 2021/22 initially led to early recovery processes. However, these were countered by the successive rise in the inflation rate, accompanied by consumers' reduced purchasing power. The energy price shock and a possible recession in the coming winter half-year and even beyond are overshadowing the current overall risk situation and causing strain and further uncertainty for consumers, the duration and intensity of which cannot be fully predicted at present. Risks with regard to the global macroeconomic environment, in particular a severe dip in consumer confidence, are included in the existing "deterioration of consumer confidence – economic crisis – COVID-19 pandemic" risk. This risk is considered much more significant in comparison with the previous year's assessment and is therefore still rated as high. Because of an intensification of cyber threats, expressed in increased activity of hacker attacks, the cyberattack risk is considered more significant and still rated as high. This is associated among other things with the risk of phishing attacks, for example, which has grown during the pandemic in connection with the increased use of mobile workplace concepts. The risk of violating applicable data protection law and the leakage or manipulation of confidential data was considered more significant in the assessment and is still rated as high. A possible impairment on the investment in Fnac Darty S.A. was included as a new risk.

The material risks and the corresponding risk mitigating measures are detailed below, arranged into various risk groups.

No.	Material risks 2021/22	Risk group	Risk assessment
1	Intensification of competition in the digital transformation	Strategic risks	High
2	Deterioration of consumer confidence – economic crisis – COVID-19 pandemic	Strategic risks	High
3	Insufficient delivery capacity or loss of strategic business partners	Strategic risks	High
4	Shortage of qualified employees for key functions	Operating risks	High
5	Cyberattacks – attacks on IT infrastructure	Operating risks	High
6	Lower credit ratings from banks and other stakeholders	Financial risks	High
7	Impairment of assets	Financial risks	High
8	Impairment on Fnac Darty S.A. investment	Financial risks	High
9	Violation of data protection law, leakage or manipulation of confidential data	Compliance risks	High

STRATEGIC RISKS

Especially in the saturated markets of Western Europe and in light of the digital transformation, the retail industry continues to be permanently shaped by dynamic change and intense competition. This is giving rise to factors that influence business development and constitute natural business risks. A material business risk is the persistently advancing, significant intensification of competition in the digital transformation, primarily due to global online retailers such as Amazon and Alibaba as well as to European or national online retailers and direct sellers (risk no. 1). In principle, the changed consumer behaviour during the COVID-19 pandemic and the associated shift in sales shares from brick-and-mortar to online business may become permanently established. The risk has therefore already partially materialized, but it is still considered a high risk for CECONOMY. The persistently fierce battle for market share in saturated markets and, during a period of market consolidation, against price-aggressive competitors may lead to permanent pressure on margins and the loss of sales and market shares. This situation could be exacerbated further by a sustained rise in logistics and purchasing costs. High market and price transparency and significantly shorter product life cycles with falling gross margins as a result of digitalization and the associated change in the product mix may further amplify these effects. Intense competition and pressure on margins could negatively affect sales and/or EBIT.

In order to counter this risk, CECONOMY is focusing targetedly on digital skills and online know-how. CECONOMY is continuously observing the market and competitors and developing the higher-margin Services & Solutions segment, also digitally. New income potential, such as retail media, is also being unlocked. In addition, logistics processes are continuously reviewed with regard to the requirements of the digital transformation and the product mix in order to discover potential for improvement. Through the expansion of marketplace activities, the company's own sales channels were opened up to external providers, giving our customers an even greater choice of products. CECONOMY also continuously reviews the store network and optimizes selling space and store formats in order to meet customers' changing requirements. By making the strategy process more focused and detailed, the strategic activities are being honed and continuously reviewed via regular implementation monitoring. CECONOMY regularly evaluates internal and external information in order to identify market trends and customers' changing demands at an early stage and to adapt to customer requirements. The strategy centres on an attractive customer experience, which is consistent across all channels.

Footfall in stores is well below the pre-pandemic level. Focused purchasing behaviour on the part of customers, which is reflected among other things in a higher average sales receipt, is having the opposite effect. Increasing consumer price inflation, which was accelerated by the Russian war of aggression against Ukraine and an associated energy price shock and led to buying restraint, is an additional risk. In the medium and long terms, the geopolitical situation in Eastern Europe could therefore lead to muted consumer confidence, further price increases and upheaval along the entire value chain. Considerably increased prices for raw materials, a loss of purchasing power for private households, and potential de-globalization tendencies could likewise lead to a sustained reduction in private consumption. The duration and the further impact in the form of a potential recession are not fully foreseeable or measurable. The consequences of the war could destabilize and burden the economic situation in Europe in the longer term.

The associated potential deterioration of consumer confidence in most countries in which CECONOMY operates is a material risk (risk no. 2). Indications of sector development show national, regional and category-specific differences in the implications for consumer behaviour in the consumer electronics segment. In principle, the changed consumer behaviour during lockdown and the associated shift in sales shares from brick-and-mortar to online business has become permanently established. CECONOMY has already successfully responded to this and further expanded and improved the omnichannel processes. For example, supply and delivery processes have been modified to be flexible and stock-oriented, so that goods ordered by customers online are no longer sent to customers exclusively from central warehouses, but also directly from the local stores. CECONOMY monitors potential market changes on an ongoing basis and derives strategies for its own business from this. The risk resulting from the uncertain macroeconomic situation and potential further long-term impact for consumers is considered much more significant and still high in comparison with the opportunity and risk report for 2020/21.

Nevertheless, there is a chance of an unexpected improvement in consumer sentiment or of inflation being curbed by government price stabilization measures for consumers.

Political development in individual countries, the threat of trade conflicts and increasing protectionism also continue to pose challenges to CECONOMY's operating business and could cause further deterioration of the consumer sentiment. This is evident in Turkey, for example, which is still affected by a tense domestic political situation, currency devaluation through politicization of monetary policy, and rising inflation.

To handle these risks, the current and projected political and economic situations are regularly monitored and analysed in order to counter negative developments in good time. Concepts for the enhancement of business models and the optimization of process, organizational and cost structures are being developed on a continual basis. This is supplemented by continuous monitoring of the economic situation.

"Insufficient delivery capacity or loss of strategically relevant business partners" is a risk that CECONOMY continuously monitors and controls (risk no. 3). In order to appropriately acknowledge the risk component of insufficient delivery capacity, the name of the risk has been amended accordingly. This risk could materialize as a result of a potential strategic realignment of suppliers, a change in sales concepts, or technical problems in the product and in particular, the services. To this end, CECONOMY analyses information about business partners on a regular basis in order to promptly take protective measures to ensure the continued supply of goods and services, but also against the financial loss of outstanding receivables. The loss of strategic business partners can reduce earnings through losses in sales, conditions and commissions. To compensate for such an effect, CECONOMY tries to reduce the risk by managing the sales shares of different suppliers, establishing additional suppliers, expanding the own-brand product range, expanding the range of services from different providers, and partially selling receivables (factoring), but also by centralising the flows of goods and thus improving the planning ability of the suppliers. The continually effective implementation of these risk mitigating measures is countered by the risk of potentially insufficient product availability and/or shortage of transport capacity as well as COVID–19-related congestion/closure of Asian port terminals (due among other things to the zero-COVID strategy in China). Currently, however, there is a moderate improvement in material and transport capacity. Geopolitical risks regarding Taiwan as one of the most important producers of microchips and semiconductors are also considered and require permanent assessment and evaluation of the situation and its potential effects. On the basis of worldwide uncertainty regarding material and transport capacity and the current difficulty in making purchasing projections due to disrupted supply chains, CECONOMY continues to rate the risk as high.

OPERATING RISKS

Qualified employees form the basis for the success of the company. Competition for competent specialists remains fierce, especially in the areas relevant for digitalization. There is therefore a risk that CECONOMY does not have enough suitable employees to fill key positions (risk no. 4). This concerns in particular for areas such as innovation and technology and could have a sustained negative influence on success. A range of measures has been implemented to ensure that CECONOMY continues to have sufficient human resources with the specific professional and technological knowledge required. On the one hand, these enable effective management and further development of human resources and, on the other hand, support the acquisition of new highly qualified employees. This includes, for example, the creation of an international succession pipeline for all key functions, the implementation of development programmes at all employee and management levels, and the acquisition of new talent via student and management trainee programmes, the implementation of university marketing and the further development of an employer branding strategy. CECONOMY continues to classify the risk as high.

Digitalization and the associated connection of IT systems with the outside world pose the risk of attacks on the IT infrastructure. Especially in the steadily increasing online retail market, IT system failures could have significant effects on CECONOMY's business performance (risk no. 5). Consequences may include substantial sales losses and reputational damage. Permanent, uninterrupted availability is an essential requirement in online retail. Critical network structures and IT systems are therefore continuously reviewed and adjusted in order to prevent interruptions to important business processes. Essential business systems in the stores, especially cash register systems, are largely standalone and can continue to be used for some time without interruption even in the event of a failure of networks or central systems. When parts of the IT systems were subjected to a targeted attack in November 2021, the functionality of the critical system landscapes in particular was quickly restored. The various impacts both in stores and in online business processes were therefore predominantly seen over a moderate timeframe. Generally, however, there has been an increased level of hacker attacks. A potential intensification of cyber threats is also anticipated as a result of the Russian war on Ukraine. The risk of attempted fraud through electronic identity theft ("CEO fraud") by way of phishing attacks is also considered here. On this basis, CECONOMY considers the risk to be more significant than in the previous year's assessment and continues to rate it as high.

FINANCIAL RISKS

Price risks (interest rate risks, currency risks, share price risks), liquidity risks, credit risks for counterparties in financial transactions, cash flow risks and asset write-down risks can have substantial negative effects on the financial result and liquidity. CECONOMY's financial risks are therefore managed centrally.

An essential part of the management of financial risks is to guarantee unrestricted capital market access for CECONOMY AG. A downgrade of the current ratings and lower credit ratings from banks and suppliers could have negative implications for liquidity and Group financing (risk no. 6). 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 CECONOMY's net working capital. Despite a small EBIT effect, this could lead to a significant deterioration of the liquidity situation. As a rule, deterioration of net working capital would increase the probability of an additional requirement for finance. CECONOMY therefore continuously optimizes and monitors the key figures relevant for the rating in particular in order to be able to initiate countermeasures at short notice. In order to counter this risk, the strategy is aimed chiefly at the optimization of net working capital through the active management of assets and liabilities. An economic slowdown and a simultaneous decline in the retail industry, triggered by the severely muted consumer sentiment as a result of inflation in the eurozone, led to a temporary deterioration in net working capital. In turn, this was reflected in a reduced liquidity situation as a result of higher capital commitment/release.

On this basis, CECONOMY considers the risk to be more significant than in the previous year's assessment and continues to rate it as high.

Operating losses, particularly in low-margin countries, due among other things to a highly competitive market environment, may entail impairment of reported goodwill and additional assets (risk no. 7). This may impact the net assets and earnings position of CECONOMY negatively. CECONOMY, therefore, gives high priority to measures to strengthen the operating performance. The Russian war of aggression against Ukraine, inflation-driven losses of purchasing power for consumers, the energy price shock and the resulting increased likelihood of recession are leading to marked uncertainty among consumers and in some cases a severe dip in consumer confidence. CECONOMY therefore continues to consider the risk of asset impairment to be high. Numerous strategic initiatives have been defined and introduced to counter this risk in a sustainable manner, which support the performance of lower-margin countries in particular. These include the expansion of the Services & Solutions business and the increased sale of own brands, but also the continuous monitoring of the profitability of the store network. In this regard, there is a particular focus on countries for which this impairment risk exists.

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 likewise harm CECONOMY's net assets and earnings position.

A possible impairment on the investment in Fnac Darty S.A. was included as a new risk (risk no. 8). As the stock exchange price of the investment accounted for using the equity method was significantly below the carrying amount on the closing date, an expert was commissioned to provide a value indication. This revealed no impairment requirement as of 30 September 2022. The risk of potential future impairment is rated as high, mainly on account of the potential extent of the write-down.

COMPLIANCE RISKS (DATA PROTECTION)

Non-compliance with the high regulatory and documentary data protection requirements can be penalized with considerable fines (risk no. 9). It also increases the risk of reputational damage, claims for damages, official measures and other sanctions. One of the core issues with regard to data protection in the CECONOMY Group is the processing of customers' and employees' personal data. CECONOMY is aware of its significant responsibility and the significance of this issue.

CECONOMY ensures compliance with statutory data protection and data security requirements on the basis of a data protection management system. As part of this data protection management system, employees in Germany and all other country organizations are regularly trained on data protection law, and the data protection management concept is monitored and updated if necessary. Especially in connection with new business processes, CECONOMY adheres to the required "privacy by design/privacy by default" principles by implementing appropriate technical and organizational measures. CECONOMY is working to permanently improve processes and documentation. In view of the increasing activity of authorities, the increased complexity of systems and issues, particularly in combination with growing online activities, CECONOMY now considers the risk to be somewhat more significant than in the previous year and still rates it as high.

The following risks are analysed continuously on the basis of their general significance for risk management, but are not classified as high risks for CECONOMY as things stand:

The spin-off of the former METRO GROUP results in risks for CECONOMY, such as tax risks. These were continuously monitored and evaluated prior to and after the spin-off. The probability of occurrence for CECONOMY is estimated to be unlikely, so the risks are considered to be not material.

Non-material risks can arise from the diverse legal provisions and self-imposed standards of conduct by which CECONOMY is bound. For example, CECONOMY is exposed to antitrust law risks in connection with business relationships with suppliers, such as with regard to the resale prices of merchandise. Similarly, corruption risks arise for CECONOMY in connection with business relationships.

CECONOMY has a risk-based compliance management system that serves to protect employees and companies belonging to CECONOMY from compliance violations. In addition, it is intended to protect the company from reputational and economic damage and limit the corporate management's liability in the event of compliance violations by individual employees. Employees in sensitive business segments receive intense training as part of the compliance management system.

Presentation of the opportunity situation

CECONOMY has diverse opportunities for sustained positive business development. They arise primarily from the consistent and early alignment with customers' needs. The central aim is to create added value for customers and to assist them in the digital world. To this end, CECONOMY is always developing new business models, solutions and formats and taking the opportunities offered by digitalization.

At the same time, political, economic and demographic developments and the increasing differentiation in the mature markets of Western Europe are also considered. CECONOMY analyses the relevant global and national trend landscape and makes the decisions required in order to make targeted use of opportunities in the future and to gain competitive advantages.

CECONOMY considers the opportunities below to be material in terms of potential positive effects on the corporate objectives for the next five years.

CORPORATE STRATEGY OPPORTUNITIES

Opportunities for CECONOMY's future success are increasingly arising with regard to the exploration of new and innovative business areas. Customer's requirements and behaviours are constantly changing as advances are made in digitalization and thus opening up new business areas in various sectors such as Smart Home, Gaming, Healthcare, E-Mobility and Sustainability. CECONOMY sees potential in new business models that offer customers excellent added value, fit in with CECONOMY's strategy and build on the operating processes' existing strengths. These include the implementation of circular economy models and the constant expansion of the range of sustainable products. The exploration of such new, innovative business areas and services is actively promoted by observing the changes in customer needs, identifying new trends and developing innovative ideas. CECONOMY is also continuously examining new concepts, strategic partnerships and acquisitions. New business areas can thus be occupied appropriately. As previously, CECONOMY intends to continue to encourage local and national market consolidation. The withdrawal of competitors would provide opportunities for further gains in market share. To this end, competitors are being analysed continuously and opportunities that arise are always reviewed. Furthermore, additional potential is seen in the repositioning of country organizations and subsidiaries that are operating in a difficult economic or highly competitive environment. In addition, a dialogue is maintained with relevant start-ups in order to gain insights into new business areas and develop innovative ideas.

CECONOMY is very well known in the countries where the Group is represented. Leading positions are achieved in many markets, which must be further consolidated and extended. Ongoing transformation and repositioning measures are aimed at improving the market position, making processes and decision-making channels more efficient and increasing profitability. Further opportunities continue to arise, for example, from the consistent implementation of the business model transformation. This particularly relates to focus issues such as category management, supply chain, online and Services & Solutions, and the international expansion of successful marketplace activities. The exploration of new and innovative business areas and services is actively promoted by observing the changes in customer needs, identifying new trends and developing innovative ideas. For the implementation of a digitally driven omnichannel service platform, the establishment and expansion of the necessary processes and structures is ongoing.

On the basis of the agreement with Convergenta Invest GmbH on the acquisition of the minority shareholding in MediaMarktSaturn, a reorganization of the shareholder structure was achieved. This makes CECONOMY AG's tax-loss carry-forwards structurally usable for the first time. The accounting effects and the associated positive effect on the tax rate are presented for the first time in financial year 2021/22. There is further potential from ongoing retroactive capitalization of deferred tax assets, as the amount of usable tax loss carry-forwards significantly exceeds the level recognized in financial year 2021/22. Various additional projects to improve the tax rate have been or are being implemented.

A possible reversal of the impairment taken on the investment in Fnac Darty S.A. and other potential value increases above the carrying amount are currently rated as low in their probability of occurrence, but are still recognized as a potential long-term opportunity.

Sustainability is an essential element of our strategic thinking and, given current societal and regulatory developments (e.g. the implementation of the German Act on Corporate Due Diligence in Supply Chains), its global importance will continue to grow. A holistic sustainability strategy has been developed and consistently implemented in order to meet the expectations of customers, employees, investors, politicians and society. CECONOMY believes that this field provides a wide variety of options for new business areas. These include the creation of a more sustainable product mix in the areas of circular economy business models, high-quality customer advice and education on sustainable consumption, and measures to reduce the CO_2 emissions of the company's own operations. CECONOMY believes that it has a responsibility to society to make a relevant contribution to sustainability.

Overall assessment of the opportunity and risk situation by the company's management

The Management Board and Supervisory Board of CECONOMY AG are regularly informed about the company's opportunity and risk situation. To evaluate the present situation, the opportunities and risks are not only looked at in isolation. On the contrary, interdependencies are also analysed and assessed according to their probability or impact. The assessment found that the risks are manageable on the whole. Both individually and together, the identified risks pose no risk of illiquidity or over-indebtedness – both of which could jeopardize CECONOMY AG and the Group as a going concern – within at least a year. CECONOMY is confident that the company's profitability provides a sound foundation for sustainable, positive business development and the use of diverse opportunities. The Management Board of CECONOMY AG does not currently anticipate that the opportunity and risk situation will change fundamentally.

DISCLOSURES PURSUANT TO SEC. 315A SENTENCE 1 AND SEC. 289A SENTENCE 1 OF THE GERMAN COMMERCIAL CODE AND EXPLANATORY REPORT BY THE MANAGEMENT BOARD

Composition of subscribed capital (Sec. 315a sentence 1 no. 1 and Sec. 289a sentence 1 no. 1 of the German Commercial Code (HGB))

CECONOMY AG's share capital as of 30 September 2022 amounts to €1,240,448,004.17 and is divided into 485,221,084 ordinary bearer shares. The pro rata value per share of the share capital is around €2.56. Each ordinary share carries one vote. Ordinary shares also entitle the holder to receive dividends.

In particular, other rights associated with ordinary shares are the right to attend the General Meeting (Sec. 118 para. 1 of the German Stock Corporation Act (AktG)), the right to request information (Sec. 131 AktG) and the right of rescission and annulment (Sec. 245 no. 1–3, 246, 249 AktG). In addition to the right to receive a dividend, shareholders also have pre-emption rights in the event of capital increases (Sec. 186 para. 1 AktG). They are also entitled to the liquidation proceeds following the liquidation of the company (Sec. 271 AktG) and to severance payment and compensation for certain structural measures, in particular in accordance with Sec. 304 et seqq., 320b, 327b AktG.

Restrictions that affect voting rights or the transfer of shares (Sec. 315a sentence 1 no. 2 and Sec. 289a sentence 1 no. 2 HGB)

To the Management Board's knowledge, the following agreements that may be considered restrictions within the meaning of Sec. 315a sentence 1 no. 2 and Sec. 289a sentence 1 no. 2 HGB are/were in place for financial year 2021/22:

There is a pooling agreement between BC Equities GmbH & Co. KG, Dusseldorf, and Beisheim Holding GmbH, Baar (Switzerland), which includes the shares in CECONOMY AG held by BC Equities GmbH & Co. KG and Beisheim Holding GmbH.

CECONOMY AG and Convergenta Invest GmbH have signed an agreement in principle. Therein, Convergenta Invest GmbH undertakes not to perform any sale, disposal or other economically comparable actions or measures in relation to its entire shareholding in CECONOMY AG originating from consummation of the share purchase, contribution and transfer agreement on the acquisition of Convergenta Invest GmbH's minority stake in Media-Saturn-Holding GmbH by CECONOMY AG (Convergenta transaction) for a period from the date of the conclusion of the agreement in principle until the expiration of six months after the closing date of the Convergenta transaction, 3 June 2022, but no longer than until 31 December 2022, whereby Convergenta Invest GmbH may dispose up to four per cent of the ordinary shares in the above shareholding issued by CECONOMY AG at any time. In addition, Convergenta Invest GmbH undertakes, until the expiration of six months after the closing date of the Convergenta transaction, but no longer than until 31 December 2022, not to acquire any shares in CECONOMY AG or to perform any other actions that could lead to an acquisition of control under Sec. 29 et seqq. of the German Securities Acquisition and Takeover Act (WpÜG), whereby Convergenta Invest GmbH is free to acquire ordinary or preference shares in CECONOMY AG up to the level of a shareholding in CECONOMY AG of 29.9 per cent of the ordinary shares.

There may also be statutory restrictions on voting rights, for example in accordance with Sec. 136 AktG or, where the company holds treasury shares, in accordance with Sec. 71b AktG.

Shares in capital exceeding ten per cent of the voting rights (Sec. 315a sentence 1 no. 3 and Sec. 289a sentence 1 no. 3 HGB)

There are the following direct and indirect (pursuant to Sec. 33, 34 of the German Securities Trading Act (WpHG)) shares in the capital that exceed ten per cent of the voting rights:

Name/company	Direct/indirect share of more than ten per cent of the voting rights
Haniel Finance Deutschland GmbH, Duisburg, Germany	Direct
Franz Haniel & Cie. GmbH, Duisburg, Germany	Indirect
Palatin Verwaltungsgesellschaft mbH, Essen, Germany	Direct
BVG Beteiligungs- und Vermögensverwaltungs-GmbH, Essen, Germany	Indirect
Gebr. Schmidt GmbH & Co. KG, Essen, Germany	Indirect
Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen, Germany	Indirect
Meridian Stiftung, Essen, Germany	Indirect
Convergenta Invest GmbH, Bad Wiessee	Direct
Convergenta Invest und Beteiligungs GmbH, Salzburg, Austria	Indirect
Jürgen Kellerhals and Helga Kellerhals	Indirect

The information above is based primarily on notifications in accordance with Sec. 33 WpHG received and published by CECONOMY AG.

↗ Notifications of voting rights published by CECONOMY AG can be accessed online at www.ceconomy.de/en/ under Investor Relations – Legal Announcements.

Holders of shares with special rights and the form of controlling voting rights when employees hold an interest in capital (Sec. 315a sentence 1 no. 4 and 5 and Sec. 289a sentence 1 no. 4 and 5 HGB)

The company has not issued any shares with special rights in accordance with Sec. 315a sentence 1 no. 4 and Sec. 289a sentence 1 no. 4 HGB. Employees do not hold any interests in capital within the meaning of Sec. 315a sentence 1 no. 5 and Sec. 289a sentence 1 no. 5 HGB.

Provisions regarding the appointment and dismissal of members of the Management Board and changes to the articles of association (Sec. 315a sentence 1 no. 6 and Sec. 289a sentence 1 no. 6 HGB)

The appointment and dismissal of members of the Management Board of CECONOMY AG are determined by Sec. 84, 85 AktG and Sec. 30, 31, 33 of the German Co-determination Act (MitbestG). Sec. 5 of the articles of association of CECONOMY AG also stipulates that the Management Board must have at least two members and that the Supervisory Board determines how many members of the Management Board there are.

Changes to the articles of association of CECONOMY AG are governed by Sec. 179, 181, 133 AktG. In addition, there are also numerous other provisions in the Stock Corporation Act that may be applied in the event of a change to the articles of association and that modify or supersede the regulations described, for example Sec. 182 et seqq. AktG in the event of capital increases, Sec. 222 et seqq. AktG for capital reductions or Sec. 262 AktG if the AG is liquidated. In accordance with Sec. 14 of the articles of association of CECONOMY AG, changes that affect only the wording of the articles of association may be approved by the Supervisory Board without a resolution being passed by the General Meeting.

Authority of the Management Board to issue or buy back shares (Sec. 315a sentence 1 no. 7 and Sec. 289a sentence 1 no. 7 HGB)

AUTHORITY TO ISSUE NEW SHARES

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).

As of 30 September 2022, CECONOMY AG thus has authorized capital totalling €434,160,000, which can be utilized in tranches by issuing shares.

Shareholders have subscription rights in each case. The new ordinary shares can also be acquired by one or more credit institution(s) designated by the Management Board in accordance with Sec. 186 para. 5 sentence 1 AktG or by one or more company/companies operating in accordance with Sec. 53 para. 1 sentence 1 or Sec. 53b para. 1 sentence 1 or para. 7 of the German Banking Act (KWG), who are obliged to offer them to the shareholders for subscription (indirect subscription right). However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

(a) for the compensation of fractional amounts;

(b) if the ordinary shares are issued against contributions in kind for the purpose of corporate mergers or for the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests, and the pro rata amount attributable to the new ordinary shares issued subject to an exclusion of subscription rights does not exceed a total of ten per cent of the share capital existing at the time the respective authorization becomes effective;

(c) to implement a scrip dividend, in which case the shareholders are offered to contribute their claim for payment of the dividend to the company (in whole or in part) as contribution in kind against granting of new shares from the authorized capital;

(d) in the event of a capital increase against cash contributions, to the extent required to grant subscription rights for new ordinary shares to the holders of warrant or convertible bonds issued by the company or by Group companies in which the company holds at least 90 per cent of the shares, directly or indirectly, in the scope to which they would be entitled as shareholders upon exercise of the warrant or conversion right or fulfilment of the warrant or conversion obligation or upon exercise of a substitution right of the company;

(e) in the event of capital increases against cash contributions, if the pro rata amount of the share capital of these capital increases attributable to the new ordinary shares issued subject to an exclusion of subscription rights in accordance with Sec. 186 para. 3 sentence 4 AktG does not exceed a total of ten per cent of the share capital, neither at the time the respective authorization becomes effective nor – if this value is lower – at the time of exercising the respective authorization, and if in each case the issue price of the new ordinary shares is not significantly lower than the quoted market price of the company's ordinary shares that are already listed with the same features within the meaning of Sec. 203 para. 1 and para. 2, 186 para. 3 sentence 4 AktG. The limit of ten per cent of share capital is reduced by the portion of the share capital attributable to the company's ordinary shares that, during the term of the authorized capital, (i) are issued or disposed of as treasury shares subject to an exclusion of the shareholders´ subscription rights under direct or mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG, or (ii) that are issued from contingent capital to settle warrant or convertible bonds issued or to be issued without subscription rights under mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG.

In total, ordinary shares issued against contributions in cash or in kind in accordance with these authorizations subject to an exclusion of the shareholders' subscription rights in accordance with the respective (b) or (e) may not amount to more than ten per cent of the share capital existing at the time the respective authorization becomes effective. Ordinary shares that are issued subject to an exclusion of the subscription rights in direct or mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG, or that are issued for the fulfilment of warrant or convertible bonds issued during the term of the respective authorization subject to an exclusion of the subscription rights in mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG, are to be counted towards this maximum limit.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the respective capital increase. Authorized Capital 2022/I and Authorized Capital 2022/II have not yet been utilized. There are no specific plans at present to exercise these authorizations.

AUTHORITY TO ISSUE WARRANT AND/OR CONVERTIBLE BONDS

The General Meeting held on 12 April 2022 authorized the Management Board, with the approval of the Supervisory Board, to issue bearer warrant and/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 with or without a maturity date and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for the ordinary bearer shares of CECONOMY AG with a proportionate amount of the share capital of up to total of €127,825,000 subject to the provisions of the terms and conditions of the respective warrant or convertible bond (hereinafter each referred to as "conditions"). This authorization provides contingent capital of up to €127,825,000 (Contingent Capital 2022/II).

The General Meeting held on 12 April 2022 further authorized the Management Board, 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 with or without a maturity date and to grant or impose, as applicable, warrant rights or obligations to/on the holders of warrant bonds or, respectively, conversion rights or obligations to/on the holders of convertible bonds for the ordinary bearer shares of CECONOMY AG with a proportionate amount of the share capital of up to total of €44,738,750 subject to the provisions of the terms and conditions of the respective warrant or convertible bond (hereinafter each referred to as "conditions"). This authorization provides contingent capital of up to €44,738,750 (Contingent Capital 2022/III).

In addition to issuance in euro, the bonds can also be issued in the legal currency of an OECD country, limited to the appropriate equivalent amount in euro. The bonds can also be issued by a CECONOMY AG Group company within the meaning of Sec. 18 AktG in which CECONOMY AG directly or indirectly holds at least 90 per cent of the shares. In this case, the Management Board is authorized, with the approval of the Supervisory Board to grant a guarantee for these bonds for the CECONOMY AG Group company and to grant or impose warrant or conversion rights or obligations for ordinary bearer shares in CECONOMY AG to/on the holders of the bonds.

The bonds are divided into partial bonds. If warrant bonds are issued, one or more warrants will be attached to each partial bond entitling or obliging the holder to subscribe ordinary bearer shares of CECONOMY AG in accordance with the terms and conditions of the warrants set out by the Management Board. The terms and conditions of the warrants can specify that the warrant price may also be settled by transfer of partial bonds and, where applicable, by supplementary cash payment. Where this results in fractional shares, provisions may be established under which these fractional shares can be added up in accordance with the terms and conditions of the of warrants or bonds, where applicable against supplementary payment, in order to acquire full shares.

If convertible bonds are issued, the holder (in the case of bearer bonds) and in other cases the creditors of the partial bonds are granted the right to convert their partial bonds into ordinary bearer shares of CECONOMY AG in accordance with the terms and conditions of the convertible bond determined by the Management Board. The conversion ratio is to be determined by dividing the nominal amount or the issuing price of a partial bond that is lower than the nominal amount by the fixed conversion price for an ordinary bearer share of CECONOMY AG and can be rounded up or down to a whole number. In addition, an additional payment payable in cash and the consolidation or compensation for fractional shares that cannot be converted can also be determined. The conditions may provide for a variable conversion ratio and a determination of the conversion price (subject to the minimum price determined by the resolution of the General Meeting) within a specified range depending on how the price of the CECONOMY AG ordinary share performs during the term of the bond.

The conditions may provide for the right of CECONOMY AG not to grant new ordinary shares in the event of conversion or the exercise of warrant rights, but instead to pay a cash amount which, for the number of shares otherwise to be delivered, is equivalent to the volume-weighted average closing price of the ordinary shares of CECONOMY AG in electronic trading on the Frankfurt Stock Exchange (i.e. Xetra trading or a functional comparable successor system that replaces the Xetra system) during a period to be specified in the conditions. The conditions may also provide that the bond with the warrant or conversion rights may, at the discretion of CECONOMY AG, be converted into existing shares of CECONOMY AG or another listed company as opposed to into new shares from contingent capital, or that the warrant or conversion right or obligation can be fulfilled by delivery of such shares.

The conditions may also provide for the right of CECONOMY AG to grant the holders or creditors, in part or in full, ordinary shares in CECONOMY AG or another listed company when the bond with warrant or conversion rights or obligations matures instead of paying the cash amount due (maturity here also includes maturity as a result of termination).

The conditions may also provide for a warrant or conversion obligation at the end of the term (or at an earlier date or when a specific event occurs). The conditions may also entitle CECONOMY AG to settle in cash, in full or in part, any difference between the nominal amount and the issue amount of the bonds and the product of the conversion price and conversion ratio, where this is lower.

As a general rule, shareholders are to be granted subscription rights to the bonds. The bonds can also be acquired by one or more credit institution(s) or by one or more company/companies operating in accordance with Sec. 53 para. 1 sentence 1 or Sec. 53b para. 1 sentence 1 or para. 7 of the German Banking Act (KWG), who are obliged to offer them to the shareholders for subscription indirectly within the meaning of Sec. 186 para. 5 AktG (indirect subscription right). If bonds are issued by a CECONOMY AG Group company within the meaning of Sec. 18 AktG in which CECONOMY AG directly or indirectly holds at least 90 per cent of the shares, CECONOMY AG must ensure that the statutory subscription right for shareholders of CECONOMY AG is granted in accordance with the provisions of the previous sentence.

However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the shareholders' subscription rights to bonds,

(a) to exclude fractional amounts resulting from the subscription ratio;

(b) to the extent required to grant subscription rights to holders of warrant or conversion rights or obligations that have already been issued to the extent that these holders would be entitled as shareholders after exercising their warrant or conversion right or fulfilling the warrant or conversion obligation;

(c) if the bonds are issued with warrant or conversion rights or warrant or conversion obligations against cash payment and the issue price of the bonds is not significantly lower than the value determined in accordance with recognized financial mathematical methods within the meaning of Sec. 221 para. 4 sentence 2, 186 para. 3 sentence 4 AktG. However, the authorization to exclude the shareholders´ subscription rights only applies for bonds conferring a warrant or conversion rights or warrant or conversion obligations relating to shares representing a total proportionate amount of the share capital not exceeding ten per cent of the share capital, neither at the time the respective authorization becomes effective nor – if this value is lower – at the time of exercising the respective authorization. To this maximum limit of ten per cent of share capital, the proportionate amount of the share capital has to be credited which is attributable to shares which since the granting of the respective authorization have – subject to an exclusion of subscription rights – either been issued on the basis of an authorization of the Management Board to exclude subscription rights in direct or mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG, or disposed of as acquired treasury shares in mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG, until the issue – subject to an exclusion of subscription rights pursuant to Sec. 186 para. 3 sentence 4 AktG utilising the respective authorization – of bonds with conversion and/or warrant rights or conversion and/or warrant obligations.

On aggregate, pursuant to these authorizations, the shares issued or to be issued for the fulfilment of warrant or convertible bonds which are issued subject to an exclusion of shareholders' subscription rights may not amount to more than ten per cent of the share capital at the time the respective authorization becomes effective. Shares that are newly issued subject to an exclusion of the subscription right in direct or mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG, or that are issued from authorized capital against contribution in kind subject to an exclusion of the subscription right for the purpose of corporate mergers or for theacquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity or company interests, are to be counted towards this maximum limit.

The following applies if bonds are issued that grant a warrant or conversion right or impose a warrant or conversion obligation. This does not affect Sec. 9 para. 1 and 199 para. 2 AktG which must be observed: the respective warrant or conversion price to be determined for an ordinary share of CECONOMY AG must – with the exception of cases in which a warrant or conversion obligation or the right to substitute is provided – amount to at least 80 per cent of the volume-weighted average closing price of the ordinary shares of CECONOMY AG in electronic trading on the Frankfurt Stock Exchange in the last ten trading days before the day on which the Management Board passes its resolution on issuing the bond, or – where subscription rights are granted – at least 80 per cent of the volume-weighted average stock market price of the ordinary shares of CECONOMY AG in electronic trading on the Frankfurt Stock Exchange during the period in which the subscription rights can be exercised, with the exception of the days of this period required to give timely notice of the warrant or conversion price in accordance with Sec. 186 para. 2 sentence 2 AktG.

In the event that the conditions create a conversion or warrant obligation at the end of the term (or at another time) or grant CECONOMY AG the right of substitution, the warrant or conversion price must, in accordance with the conditions, be no lower than the stated minimum price or must be equal to the volume-weighted average closing price of CECONOMY AG's ordinary share in electronic trading on the Frankfurt Stock Exchange during the ten trading days before or after the final maturity date or the other determined date, even if this average price is lower than the minimum price stated above. The proportionate amount of share capital for the ordinary shares of CECONOMY AG to be issued in the event of conversion or if the warrant is exercised must not exceed the nominal amount of the bonds.

Notwithstanding Sec. 9 para. 1 AktG, the warrant or conversion price can be reduced on the basis of an anti-dilution provision in accordance with the conditions if, during the warrant or conversion period, CECONOMY AG (i) increases share capital by way of a capital increase from retained earnings or (ii) increases share capital or disposes of treasury shares granting exclusive subscription rights to its shareholders or (iii) issues, grants or guarantees additional bonds with warrant or conversion rights or obligations granting exclusive subscription rights to its shareholders and in the cases described under (ii) and (iii) the holders of existing warrant or conversion rights or obligations are not granted any subscription rights for these to which they would be entitled after exercising the warrant or conversion right or fulfilling the warrant or conversion obligation. The warrant or conversion price can also be reduced by means of a cash payment when the warrant or conversion right is exercised or a warrant or conversion obligation is fulfilled. The conditions can also stipulate an adjustmentof the warrant or conversion rights or obligations in the event of a capital reduction or other measures or events that entail economic dilution of the value of the warrant or conversion rights or obligations (such as dividends paid, control assumed by third parties).

The Management Board is authorized in each case, with the approval of the Supervisory Board, to determine further details regarding the issue and terms of the bonds, in particular interest rates, issue price, term and denomination, anti-dilution provisions and the warrant or conversion period, or to stipulate these in consultation with the corporate bodies of the CECONOMY AG Group company issuing the bonds within the meaning of Sec. 18 AktG.

The authorizations to issue warrant and/or convertible bonds have not yet been exercised and there are no specific plans at present to exercise these authorizations.

AUTHORITY TO ACQUIRE TREASURY SHARES

A resolution adopted by the General Meeting held on 12 April 2022 authorized the company to purchase treasury shares of any share class until 11 April 2027 in accordance with Sec. 71 para. 1 no. 8 AktG. The authorization is restricted to the purchase of shares representing a pro rata share 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. The shares purchased on the basis of this authorization, together with any treasury shares purchased for other reasons and held by the company or attributable to the company under Sec. 71a et seqq. AktG, must at no time exceed ten per cent of the company's respective share capital.

At the discretion of the Management Board, the shares are purchased in each individual case on the stock exchange or by way of a purchase offer addressed to all shareholders. The authorization sets out provisions regarding the purchase price and the procedure in the event that a purchase offer addressed to all shareholders is oversubscribed.

The company is authorized to use treasury shares that have been or are to be acquired on the basis of the authorization described above or an authorization granted at an earlier date for all legally permitted purposes, in particular the following:

(a) To dispose of company shares (i) on the stock exchange or (ii) by offering them to shareholders;

(b) To float company shares on foreign stock exchanges on which they were not previously listed, where the authorization contains provisions regarding the initial price;

(c) To transfer company shares to third parties against contributions in kind in the course of corporate mergers or the acquisition (also indirectly) of companies, divisions of companies, operational activities, branches of activity, company interests or other assets;

(d) To sell company shares through channels other than the stock exchange or by offering them to all shareholders, provided they are sold against cash payment and at a price that is not significantly lower than the quoted market price of company shares with the same terms that are already listed at the time of the disposal. The authorization is restricted to the sale of shares representing a total pro rata share of no more than ten per cent of the share capital at the time this authorization becomes effective or – if this value is lower – at the time this authorization is exercised. To this limit of ten per cent of share capital portion of the share capital is to be credited which is (i) relating to company shares that are issued or sold during the term of this authorization subject to an exclusion of subscription rights under direct or mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG, and (ii) relating to company shares issued or to be issued during the term of this authorization to settle warrant or convertible bonds that were issued during the term of this authorization subject to an exclusion of subscription rights under mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG;

(e) To transfer shares to the holders of warrant or convertible bonds of the company or its Group companies within the meaning of Sec. 18 AktG in accordance with the conditions of the warrant or convertible bonds; this also applies to transferring shares on the basis of exercising subscription rights which may be granted to the holders of warrant or convertible bonds of the company or its Group companies within the meaning of Sec. 18 AktG if treasury shares are sold by way of an offer to all shareholders or in the event of a capital increase with subscription rights, to the extent that the holders of warrant or convertible bonds would have subscription rights to the company's shares after exercising the warrant or conversion right or fulfilling the warrant or conversion obligation. Total shares transferred on the basis of this authorization must not account for more than a ten per cent pro rata share of the share capital at the time this authorization becomes effective or – if this value is lower – at the time of exercising this authorization, provided the shares are used to fulfil warrant or conversion rights or obligations granted or imposed under mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG. This limit of ten per cent of share capital is to be diminished by such portion of the share capital relating to company shares that are issued or sold as treasury shares during the term of this authorization under direct or mutatis mutandis application of Sec. 186 para. 3 sentence 4 AktG;

(f) To implement a scrip dividend, under which company shares are used to meet shareholders' dividend claims (including in part and optionally);

(g) To withdraw company shares without the need for an additional resolution of the General Meeting. They can also be withdrawn without reducing capital by increasing the pro rata amount of the company's share capital represented by the remaining no-par-value shares. In this case, the Management Board is authorized to amend the number of no-par-value shares in the articles of association.

All of the above authorizations relating to the acquisition and use of treasury shares acquired on the basis of the above or a previous authorization may be exercised in part or in full, on one or on more than one occasion, individually or jointly by the company or by its Group companies within the meaning of Sec. 18 AktG or by third parties acting for the account of the company or the third parties. All of the above authorizations may be exercised to acquire and use both ordinary shares and preference shares or to acquire and use only ordinary shares or only preference shares. The use of treasury shares in accordance with the authorizations stated in (b), (c), (d), (e), (f) and (g) above must be approved by the Supervisory Board. Shareholder subscription rights are excluded for the use of treasury shares in accordance with the authorizations in (a) (i), (b), (c), (d), and (e). If treasury shares are used in accordance with the authorization in (a) (ii) by way of an offer to all shareholders in accordance with the principles of equal treatment (Sec. 53a AktG), the Management Board is authorized to exclude shareholders' subscription right for fractional amounts. The Management Board is also authorized to exclude the subscription right if treasury shares are used in accordance with the authorization in (f).

The General Meeting held on 12 April 2022 also authorized the Management Board to purchase shares under the resolved authorization using put options, call options, future purchase agreements relating to company shares where there are more than two trading days between entering into the respective purchase contract and the transfer of the purchased shares (forward purchases) or combinations of these instruments (put options, call options, forward purchase and combinations of these instruments are hereinafter jointly referred to as "derivatives"). All shares acquired using derivatives are restricted to shares representing no more than five per cent of the share capital at the time this authorization becomes effective or – if this value is lower – at the time of exercising this authorization. Each individual derivative must have a term of no longer than 18 months, must end no later than the close of day on 11 April 2027 and must be selected in a way that ensures the shares cannot be purchased using the derivatives after 11 April 2027. The derivatives may be concluded only with one or more independent credit institution (s) or by one or more company/companies operating in accordance with Sec. 53 para. 1 sentence 1 or Sec. 53b para. 1 sentence 1 or para. 7 of the German Banking Act (KWG). They must be structured so as to ensure that the derivatives are supplied only with shares that were previously acquired in accordance with the principles of equal treatment (Sec. 53a AktG); acquiring the shares on the stock market is sufficient.

The option premium received by the company for call options and put options must not be significantly lower than the theoretical market value of the respective options calculated using recognized financial mathematical methods. The purchase price to be paid per share when exercising put or call options or when the forward purchase matures must not be more than ten per cent higher or lower than the arithmetic mean of the closing auction price for shares in the corresponding share class in Xetra trading (or a functional comparable successor system that replaces the Xetra system) on the Frankfurt Stock Exchange during the last three trading days before concluding the derivative transaction in question (in each case excluding ancillary acquisition costs but including the option premium received or paid).

If treasury shares are acquired using derivatives in accordance with the provisions above, any shareholder rights to conclude such derivatives with the company are excluded, as is the shareholders' put option.

The provisions stated above for the use of treasury shares also apply for the use of the company's treasury shares acquired using derivatives.

The authorization granted by the resolution at the General Meeting on 12 April 2022 to purchase treasury shares in accordance with Sec. 71 para. 1 no. 8 AktG, including using derivatives, has not yet been exercised and there are no specific plans to exercise this authorization.

Material agreements conditional upon a change of control following a takeover bid (Sec. 315a sentence 1 no. 8 and Sec. 289a sentence 1 no. 8 HGB)

CECONOMY AG is the borrower in a syndicated loan agreement, which may be terminated by the lender in the event of a change of control. A change of control requires one or more parties acting in concert to obtain control over CECONOMY AG. In this case, each bank may revoke their loan commitment and require that loans issued under the agreement are repaid. These provisions in the event of a change of control are standard for the market and serve to protect creditors. The credit facilities had not been utilized as of 30 September 2022.

In addition, CECONOMY AG issued a five-year senior unsecured bond of €500 million. The bond conditions provide for a redemption right on the part of the bond creditor in the case of a change-of-control event. A change-of-control event in this sense is deemed to have occurred if a change of control has occurred in respect of which a rating downgrade has occurred. A change of control is deemed to have occurred if 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 per cent of the share capital of CECONOMY AG or (ii) such number of shares in the capital of CECONOMY AG carrying more than 50 per cent of the voting rights exercisable at respective General Meetings of CECONOMY AG.

In addition, CECONOMY AG has issued five-year convertible bonds with a total nominal amount of €151 million. The bond conditions give each bond holder the right, on notification of an acquisition of control or a merger with CECONOMY AG as the transferring legal entity, to declare due all or any of their bonds that have not yet been converted or redeemed early by giving notice of termination. An acquisition of control in this sense is deemed to have occurred (a) if a person or several persons acting in concert within the meaning of Sec. 34 para. 2 WpHG (with the exception of Convergenta Invest GmbH or one of its affiliated companies within the meaning of Sec. 15 et seqq. AktG) at any time directly or indirectly holds/hold or has/have acquired such a number of shares in CECONOMY AG to which 30 per cent or more of the voting rights of CECONOMY AG are attributable or (b) CECONOMY AG sells or transfers all or substantially all of its assets to another person or persons.

Finally, CECONOMY AG has borrowed several promissory note loans. Two of these promissory note loans, with a nominal volume totalling €60 million and a term of five years, provide for the lender's right to demand immediate repayment in the event of a change of control. Accordingly, a change of control is deemed to have occurred if a person or a group of persons acting in concert directly or indirectly acquires more than 50 per cent of the voting rights or share capital of CECONOMY AG or otherwise exercises control within the meaning of Sec. 17 AktG.

Compensation agreements with members of the Management Board or employees in the event of a takeover bid (Sec. 315a sentence 1 no. 9 and Sec. 289a sentence 1 no. 9 HGB)

There are no compensation agreements within the meaning of Sec. 315a sentence 1 no. 9 and Sec. 289a sentence 1 no. 9 HGB with members of the Management Board or employees in the event of a takeover bid.

SUPPLEMENTARY NOTES FOR CECONOMY AG (PURSUANT TO THE GERMAN COMMERCIAL CODE)

Overview of financial year 2021/22 and forecast of CECONOMY AG

As CECONOMY's management holding company, CECONOMY AG depends significantly on the Group's development with regard to business development, its situation and the anticipated development of its material opportunities and risks.

Given the holding structure, the most important key performance indicator for CECONOMY AG within the meaning of German Accounting Standard DRS 20 is – unlike when considering the Group as a whole – the net income under commercial law before dividends from subsidiaries and before expenses and income from profit and loss transfer agreements.

For financial year 2021/22, CECONOMY AG expected net income before dividends from subsidiaries and excluding income and expenses from profit and loss transfer agreements to be level with financial year 2020/21, which means earnings of approximately €−50 million (previous year's figure excluding income from investments, excluding income and expenses from profit and loss transfer agreements, excluding impairment on shares in affiliated companies and excluding the recognition of deferred tax assets). Net income in 2021/22 before dividends from subsidiaries, before income and expenses from profit and loss transfer agreements, before impairment on shares in affiliated companies and excluding the recognition of deferred tax assets came to €−38 million. This was higher than forecast, which primarily resulted from significantly lower expenses year-on-year in connection with the acquisition of the 21.62 per cent share in Media-Saturn-Holding GmbH held by Convergenta Invest GmbH and from lower personnel expenses.

CECONOMY AG's business development

CECONOMY AG's business development is shaped primarily by the performance and dividend policies of its investments. CECONOMY AG's financial statements in accordance with the requirements of commercial law serve as a basis for calculating dividends. The income statement and balance sheet for CECONOMY AG in accordance with the German Commercial Code (HGB) are shown below.

Income statement for the financial year from 1 October 2021 to 30 September 2022 pursuant to HGB

€ million	2020/21	2021/22
Revenue	7	12
Investment result	227	−110
Net financial result	−13	−15
Other operating income	2	3
Personnel expenses	−20	−15
Depreciation, amortization and impairment losses on intangible and tangible assets	−1	0
Other operating expenses	−25	−22
Income taxes	0	198
Earnings after tax	**177**	**51**
Other taxes	0	0
Net income for the year	**177**	**51**
Retained earnings from the previous year (in previous year: loss carry-forward from the previous year)	−91	23
Balance sheet profit	**86**	**74**

Revenue includes €7 million in income from guarantee fees (2020/21: €4 million), which is primarily attributable to Media-Saturn-Holding GmbH, and €5 million (2020/21: €3 million) in service charges of CECONOMY AG to affiliated companies.

CECONOMY AG recognized an investment result of €−110 million in financial year 2021/22 (2020/21: €227 million).

The income from investments relates to income from the distribution from CECONOMY Retail GmbH's capital reserve of €1,360 million (2020/21: €25 million) and profit shares from the limited partnership investment in METRO PROPERTIES GmbH & Co. KG of €1 million (2020/21: €25 million).

At €0 million, the income from profit transfer agreements primarily relates to CECONOMY Invest GmbH (2020/21: expenses from loss absorption of €0 million).

The expenses from loss absorption primarily include €1,213 million for CECONOMY Retail GmbH (2020/21: income from profit transfer of €86 million), €134 million for CECONOMY Retail International GmbH (2020/21: income from profit transfer of €88 million) and €2 million for CECONOMY Digital GmbH (2020/21: €1 million). The loss at CECONOMY Retail GmbH primarily includes impairment losses of €986 million on shares in subsidiaries held by said company as a result of impairment that is expected to be permanent and losses of €206 million absorbed from Media-Saturn-Deutschland GmbH under a profit and loss transfer agreement concluded in financial year 2021/22. The loss at CECONOMY Retail International GmbH results from impairment losses on investments held by said company where impairment is expected to be permanent.

The impairment losses on shares in affiliated companies include impairment of €122 million on the shares in Media-Saturn-Holding GmbH, which were acquired in financial year 2021/22 as part of a mixed contribution in kind, due to the reduced fair value.

A tax group for income and value-added tax purposes is formed with certain subsidiaries.

CECONOMY AG's net financial result primarily comprises interest expenses in connection with the syndicated loan agreement entered into in 2020/21, the bond issued in financial year 2020/21 and the convertible bonds issued in financial year 2021/22, from the interest accrued on provisions for pensions and similar obligations and the promissory note loans. Furthermore, the net financial result consists of interest income from loans to subsidiaries and commitment fees and interest expenses passed on to Media-Saturn-Holding GmbH in connection with the syndicated loan agreement entered into in financial year 2020/21 and the bond issued in financial year 2020/21. The interest income includes negative interest on bank balances of €1 million.

The other operating income relates to income from the reversal of provisions of €2 million (2020/21: €1 million) and other income of €1 million (2020/21: €1 million). The income from the reversal of provisions primarily relates to the reversal of provisions for outstanding invoices, personnel provisions and litigation risks. Other income mainly comprises cost transfers to Media-Saturn-Holding GmbH for costs incurred by third parties of €1 million.

Personnel expenses total €15 million in the past financial year 2021/22, €12 million of which attributable to wage and salary expenses.

In the past financial year 2021/22, CECONOMY AG's other operating expenses primarily include consulting expenses of €7 million (2020/21: €12 million) and other expenses in connection with the holding function.

CECONOMY AG's annual financial statements as of 30 September 2022 prepared in accordance with the provisions of the German Commercial Code reports balance sheet profit of €74 million for financial year 2021/22, of which €23 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 €202 million primarily results from the recognition of deferred tax assets through profit or loss of €199 million in financial year 2021/22. The Management Board and the Supervisory Board therefore propose that the balance sheet profit of €74 million recognized as of 30 September in financial year 2021/22 be carried forward to new account.

Financial position of CECONOMY AG

CASH FLOWS

The commercial paper of €75 million and bond funds of €25 million recognized under this item in the previous year were sold in financial year 2021/22.

The item cash on hand and bank deposits totalled €166 million as of the closing date (30/09/2021: €563 million) and comprises short-term deposits and financial investments at banks. Custodian fees of €1 million (30/09/2021: €1 million) were incurred in financial year 2021/22.

CAPITAL STRUCTURE

Equity and liabilities

€ million	30/09/2021	30/09/2022
Equity		
Share capital	919	1.241
Ordinary shares	912	1.241
Preference shares	7	0
(Contingent capital)	(128)	(89)
Capital reserve	321	353
Balance sheet profit	86	74
	1,326	**1,668**
Provisions	**130**	**118**
Liabilities	**892**	**2,284**
Deferred income	**9**	**11**
	2,357	**4,081**

On the equity and liabilities side of the balance sheet, equity accounted for €1,668 million (30/09/2021: €1,326 million) and provisions, liabilities and deferred income for €2,413 million (30/09/2021: €1,031 million). The equity ratio was 40.9 per cent as of the closing date in comparison to 56.3 per cent in the prior year. The change in equity was mainly driven by the capital increase in financial year 2021/22 as a result of the Convergenta transaction, of which €322 million is attributable to the share capital and €32 million to the capital reserve. In addition, €74 million is attributable to balance sheet profit. Alongside a convertible bond issued in connection with the Convergenta transaction of €151 million and a decline in liabilities from promissory notes of €128 million, the increase in liabilities of €1,392 million primarily comprises a €1,344 million increase in liabilities to affiliated companies due to losses absorbed on the basis of existing profit and loss transfer agreements. The increase in loss absorption liabilities resulted from impairment losses on the shares held by CECONOMY Retail GmbH in Media-Saturn-Holding GmbH of €986 million, the loss of €206 million absorbed on the basis of the new profit and loss transfer agreement between CECONOMY Retail GmbH and Media-Saturn Deutschland GmbH concluded in financial year 2021/22, and an impairment loss on the investment in Fnac Darty S.A. due to impairment at CECONOMY Retail International GmbH that is expected to be permanent.

The provisions comprise provisions for pensions and similar obligations of €104 million (30/09/2021: €114 million), tax provisions of €1 million (30/09/2021: €1 million) and other provisions of €13 million (30/09/2021: €15 million).

Provisions for post-employment benefit plans and similar obligations have been recognized for direct pension commitments in the amount of €75 million (30/09/2021: €79 million) and for shortfalls in underfunded pension funds in the amount of €29 million (30/09/2021: €35 million).

Assets from pension insurance of €35 million (30/09/2021: €34 million) were set off within the "provisions for post-employment benefit plans and similar obligations" item. Assets from pension reinsurance are pledged and secured against insolvency. The cost is primarily commensurate with the fair values of the pension reinsurance and the settlement amount of the obligations. No material offset expenses or income arose in this context.

Other provisions of €13 million (30/09/2021: €15 million) include a provision of €8 million (30/09/2021: €4 million) for the utilization of a guarantee issued for potential future bad debt losses from the sale of receivables from mobile phone contracts of Media-Saturn Deutschland GmbH to a financial institution. Other provisions include obligations to employees and to members of the Management Board of €3 million (30/09/2021: €3 million), €1 million of which (30/09/2021: €1 million) relates to bonus provisions, €1 million (30/09/2021: €1 million) to severance payment provisions and €1 million (30/09/2021: €1 million) to obligations for share-based payments. The miscellaneous provisions of €1 million (30/09/2021: €1 million) comprise contributions to Pensions-Sicherungs-Verein Versicherungsverein aG, Cologne, not yet invoiced for financial year 2021/22.

CECONOMY AG possesses liquidity reserves that, as well as the held liquidity, comprise syndicated credit facilities of €1,060 million, which were adjusted in financial year 2020/21. The syndicated credit facility has two tranches, with tranche A comprising €353 million (term to 06/05/2025) and tranche B €707 million (term to 06/05/2026). Each tranche has two options to extend the term by a further year, whereby a one-year extension option until 6 May 2025 has already been exercised for tranche A of €353 million. The credit facilities had not been utilized as of 30 September 2022.

The liabilities from bonds of €681 million comprise a five-year senior unsecured bond of €500 million that, alongside the syndicated credit facilities, is a further foundation for the financing structure of CECONOMY and a convertible bond issued in financial year 2021/22 with a nominal value of €151 million, divided into 1,510 partial bonds, and a term of five years. The conversion right can be exercise at any time within the term. The conversion price is €5.42. In addition, the item includes short-term commercial paper of €30 million.

The liabilities to banks of €123 million (30/09/2021: €251 million) include promissory note loans of €120 million, with remaining terms from one to five years, and interest liabilities for these promissory note loans of €1 million, plus interest liabilities of €2 million for the bond of €500 million issued in financial year 2020/21.

Trade payables include cost and investment accounts.

Liabilities to affiliated companies of €1,477 million (30/09/2021: €133 million) include €1,349 million (30/09/2021: €1 million) from loss absorptions on the basis of existing profit and loss transfer agreements, with liabilities to CECONOMY Retail GmbH of €1,213 million (30/09/2021: receivable from profit transfer of €86 million), to CECONOMY Retail International GmbH of €134 million (30/09/2021: receivable from profit transfer of €88 million) and to CECONOMY Digital GmbH of €2 million (30/09/2021: €1 million). Short-term financial investments by Group companies with CECONOMY AG result in liabilities of €101 million (30/09/2021: €108 million). Transfers of tax receivables result in a further €25 million (30/09/2021: €25 million) in liabilities to CECONOMY Retail GmbH for capital gains tax from the distribution by Media-Markt-Saturn GmbH and €2 million (30/09/2021: €0 million) to Media-Saturn-Holding GmbH for VAT. The year-on-year increase in loss absorption liabilities primarily resulted from the impairment loss on the shares held by CECONOMY Retail GmbH in Media-Saturn-Holding GmbH of €986 million, the loss of €206 million absorbed in financial year 2021/22 on the basis of a new profit and loss transfer agreement between CECONOMY Retail GmbH and Media-Saturn Deutschland GmbH, and an impairment loss on the investment in Fnac Darty S.A. due to impairment at CECONOMY Retail International GmbH that is expected to be permanent.

The other liabilities comprise promissory note loan liabilities of €2 million, primarily to insurance companies.

Deferred income includes income received in advance of €11 million in total. €7 million of this relates to the assumption of guarantees for Media-Saturn Deutschland GmbH for potential future bad debt losses from the sale of receivables from mobile phone contracts. The reversal through profit and loss takes place over the term of the guarantee. Another €4 million relates to the passing on of expenses for the syndicated loan and the bond issued to Media-Saturn-Holding GmbH in financial year 2020/21. The reversal through profit and loss takes place over the term of the syndicated loan agreement or the bond.

The contingent liabilities as of 30 September 2022 primarily comprise €1,400 million (30/09/2021: €1,120 million) for the assumption of guarantees by CECONOMY AG to secure operating liabilities of Media-Saturn companies. Based on the liquidity available at Media-Saturn companies and liquidity planning, the risk of utilization is considered low. There are also contingent liabilities of €38 million (30/09/2021: €39 million) for the assumption of a guarantee by CECONOMY AG to a financial institution to hedge against potential future bad debt losses from the sale of the receivables from mobile phone contracts of Media-Saturn Deutschland GmbH to a financial institution as well as CHF 105 million (30/09/2021: CHF 105 million) respectively €110 million (30/09/2021: €97 million) for a guarantee by CECONOMY AG to a bank to provide cover for the contractual obligations of PayRed Services AG, Switzerland, in connection with the sale of credit card receivables. On the basis of the financial calculations performed in a risk model analysis, the risk of utilization is classified as unlikely in both cases.

In addition, there is a contingent liability of €1 million (30/09/2021: €1 million) in the form of a contract performance guarantee by CECONOMY AG for the collateral to be provided pursuant to the property purchase agreement dated 7 April 2017 between CECONOMY Unterstützungskasse e. V. and Projektentwicklungsgesellschaft Kaispeicher Düsseldorf mbH & Co. KG for the contractual performance of the property purchase agreement. Utilization is classified as unlikely as the underlying obligation can be fulfilled by CECONOMY Unterstützungskasse e.V.

In addition, there are contingent liabilities from a framework agreement with a financial institution for insolvency protection of credit in the partial retirement block model of €1 million (30/09/2021: €1 million) through a directly enforceable guarantee by the financial institution for company employees and for Group employees for the benefit of the affiliated company Media-Saturn Deutschland GmbH. The company concerned can fulfil the obligations underlying the guarantees.

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.

The year-on-year increase in contingent liabilities of €291 million primarily comprises a €280 million increase in the guarantee issued to secure operating liabilities of Media-Saturn companies.

CECONOMY AG enters into contingent liabilities only after weighing up all the risks and only in connection with its own operating activities. Provisions are recognized for any liability risks that actually materialize. As of the date of preparation of this report, the company is not aware of any liability claims.

The financial obligations from loans granted of €60 million (30/09/2021: €68 million) relate to interest to be paid over the coming years of €47 million, €36 million of which relates to the bond of €500 million issued in financial year 2020/21 and €11 million to granted promissory note loans of €121 million. Further obligations of €13 million relate to outstanding commitment fees for the long-term syndicated credit facility with a nominal volume of €1,060 million (30/09/2021: €1,060 million), comprising €12 million in claims to reimbursement by a subsidiary.

The nominal value of the loan commitments to Group companies amounts to €2,504 million (30/09/2021: €1,265 million), of which €647 million (30/09/2021: €307 million) was utilized as of the closing date. The year-on-year increase in the nominal values of the loan commitments to Group companies primarily includes €1,153 million for an increase in the loan commitment granted to Media-Saturn-Holding GmbH and €60 million for an increase in a loan commitment to another subsidiary.

The obligations from rental agreements and leases primarily relate to the rental obligation for CECONOMY AG's rented building at Kaistrasse 3 in Düsseldorf. The tenancy began on 1 November 2019. The rental agreement has a term of ten years.

The purchase obligations of €4 million (30/09/2021: €0 million) comprise €2 million from rental and maintenance agreements for licences and IT services, €1 million from insurance contracts and €1 million from other contractual obligations.

Asset position of CECONOMY AG

Assets

€ million	30/09/2021	30/09/2022
Fixed assets		
Intangible assets	0	0
Property, plant and equipment	1	1
Financial assets	933	1,406
	934	**1,407**
Current assets		
Receivables and other assets	750	2.265
Securities	100	0
Cash on hand and bank deposits	563	166
	1,413	**2,431**
Prepaid expenses	**10**	**44**
Deferred tax assets	**0**	**199**
	2,357	**4,081**

CECONOMY AG's assets amounted to €4,081 million as of the closing date (30/09/2021: €2,357 million). The change compared with the previous year of €1,724 million primarily comprises an increase in financial assets of €473 million from the acquisition of 21.62 per cent of the shares in Media-Saturn-Holding GmbH with a market value of €595 million less impairment due to the reduced fair value. Moreover, €1,515 million is attributable to an increase in receivables from affiliated companies, of which €1,360 million results from a distribution from the capital reserve of CECONOMY Retail GmbH through profit or loss. It also comprises the first-time recognition of deferred tax assets of €199 million and the decline in cash and cash equivalents of €497 million.

Intangible assets primarily include purchased software and licences. All depreciation and amortization for financial year 2021/22 was scheduled.

Property, plant and equipment primarily comprise business and office equipment. All depreciation and amortization for financial year 2021/22 was scheduled.

Shares in affiliated companies as of 30 September 2022 came to €1,393 million (30/09/2021: €920 million) and comprise 100 per cent of the shares in CECONOMY Retail GmbH with a carrying amount of €901 million (30/09/2021: €901 million). CECONOMY Retail GmbH itself holds 78.38 per cent of the shares in Media-Saturn-Holding GmbH. In financial year 2021/22, the remaining 21.62 per cent of the shares in Media-Saturn-Holding GmbH with a market value of €595 million were contributed to CECONOMY AG on the closing date of the transaction by way of a mixed contribution in kind from Convergenta Invest GmbH. Due to the reduced fair value following the negative macroeconomic development as a result of the Russian war of aggression against Ukraine with its far-reaching consequences such as sharply rising energy costs and increased inflation, impairment was recognized on the 21.62 per cent stake in Media-Saturn-Holding GmbH of €122 million to €473 million in financial year 2021/22. At CECONOMY Retail GmbH, impairment of €986 million was recognized on the remaining shares in Media-Saturn-Holding GmbH. Shares in affiliated companies also include 100 per cent in MWFS Zwischenholding GmbH & Co. KG at a carrying amount of €10 million (30/09/2021: €10 million).

The investments comprise 6.61 per cent of shares in METRO PROPERTIES GmbH & Co. KG in the amount of €13 million (30/09/2021: €13 million) and the approximately one per cent share in METRO AG held directly by CECONOMY AG with a carrying amount of €1. The approximately one per cent share in METRO AG held directly by CECONOMY AG is restricted from sale for tax purposes until 30 September 2023.

Receivables from affiliated companies primarily comprise €641 million (30/09/2021: €302 million) in receivables from Group companies on account of CECONOMY AG's financing function as the holding company, €382 million of which relates to CECONOMY Retail GmbH, €190 million (30/09/2021: €0 million) to Media-Saturn-Holding GmbH, €69 million (30/09/2021: €0 million) to CECONOMY Retail International GmbH and €1 million (30/09/2021: €1 million) to CECONOMY Invest GmbH. Furthermore, the receivables from affiliated companies include a residual claim of €231 million from distributions from the capital reserve of CECONOMY Retail GmbH through profit or loss from financial year 2019/20 of €206 million and from financial year 2020/21 of €25 million. Furthermore, the receivables from CECONOMY Retail GmbH include a further receivable from a distribution from the capital reserve through profit or loss from financial year 2021/22 of €1,360 million. The receivables from affiliated companies also included €1 million (30/09/2021: €175 million) in receivables on the basis of existing profit and loss transfer agreements from CECONOMY Invest GmbH (30/09/2021: €0 million). Another €3 million in receivables from affiliated companies result from passing on of costs from third parties to subsidiaries (30/09/2021: €13 million).

Other assets primarily comprise €29 million in claims to tax refunds (30/09/2021: €27 million). Receivables from withheld tax on capital gains account for €26 million of this. €25 million of this (30/09/2021: €25 million) relates to the assumption of the receivable for capital gains tax of CECONOMY Retail GmbH resulting from the distribution of profits by Media-Saturn-Holding GmbH for financial year 2019/20 and €1 million (30/09/2021: €1 million) to METRO AG's dividend distribution for financial year 2019/20. Other assets also include €3 million in value-added tax refund claims (30/09/2021: €1 million).

Prepaid expenses amounted to €44 million as of the closing date (30/09/2021: €10 million) and primarily include prepaid expenses of €37 million in connection with the convertible bonds of €151 million issued in financial year 2021/22. The prepaid expenses comprise the difference between the fair value of the convertible bond on the closing date of the transaction on 3 June 2022 of €112 million and the nominal value of the convertible bond of €151 million less reversals of prepaid expenses recognized in interest expenses in financial year 2021/22. Furthermore, prepaid expenses of €4 million were recognized for the bond issued in financial year 2020/21 with a nominal value of €500 million, €2 million of which relates to a discount and €2 million to commission paid in advance. The item also includes commission paid in advance of €3 million in connection with the syndicated loan agreement concluded in financial year 2020/21 with a credit facility of €1,060 million. The prepaid expenses will be reversed through profit and loss over the respective term of the contracts.

Opportunity and risk situation of CECONOMY AG

Given that CECONOMY AG is linked to its Group companies by way of financing commitments, guarantees and direct and indirect investments in investees, its opportunity and risk situation depends largely on the opportunity and risk situation of the CECONOMY Group. In this respect, the statements made by the company's management giving an overall assessment of the risk situation can be considered as a summary of CECONOMY AG's risk situation.

Forecast for CECONOMY AG

In its role as a management holding company, CECONOMY AG's performance depends chiefly on the performance and dividend policies of its investments. CECONOMY AG expects net income for the next financial year 2022/23, excluding dividends from subsidiaries and expenses and income from profit and loss transfer agreements, to be level with financial year 2021/22.

Planned investment by CECONOMY AG

As part of investments through CECONOMY, CECONOMY AG will support Group companies where necessary by increasing shares or capital or extending loans. In addition, intra-group share transfers may result in investments in shares in affiliated companies.

Declaration on corporate governance

The declaration on corporate governance is available on the company's website (www.ceconomy.de/en/) under Company – Corporate Governance.

CONSOLIDATED FINANCIAL STATMENTS

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.:

		Fnac Darty S.A.
€ million	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
	Number	356,743,118	485,221,084
Ordinary shares	€ approx.	911,999,300	1,240,448,004
	Number	2,677,966	0
Preference shares	€ 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		(e) = (c) – (d)
				Financial instruments	Collateral received/provided	Net amount
						30/09/2022
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 (Amortized) cost	Fair value through profit or loss	Fair value through other comprehensive income	30/09/2022 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**
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:

	30/09/2021			30/09/2022		
		Fair values			Fair values	
€ million	Nominal volume[1]	Financial assets	Financial liabilities	Nominal volume[1]	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	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:

	30/09/2021			30/09/2022		
	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	−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).

<u>aTSR component:</u> 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.

<u>rTSR component:</u> 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

<u>Presidential Committee</u>
Thomas Dannenfeldt (Chairman)
Sylvia Woelke
Katrin Adt (since 9 February 2022)
Regine Stachelhaus (until 9 February 2022)
Jens Ploog

<u>Audit Committee</u>
Karin Dohm (Chairwoman)
Sylvia Woelke (Vice Chairwoman)
Claudia Plath
Dr Florian Funck
Ludwig Glosser
Jürgen Schulz

<u>Nomination Committee</u>
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)

<u>Mediation Committee pursuant to Sec. 27 para. 3 of the German Co-determination Act (MitbestG)</u>
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

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	gez. Dr. Ackermann
Wirtschaftsprüfer	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

REMUNERATION REPORT

REMUNERATION REPORT

In accordance with the provisions of Sec. 162 German Stock Corporation Act (Aktiengesetz – AktG), this remuneration report explains the application of the remuneration system for members of the CECONOMY AG Management Board and Supervisory Board and describes the amount and structure of remuneration individually granted and owed to current and former members of the Management Board and the Supervisory Board in the financial year 2021/22.[1] The remuneration report also complies with the recommendations and suggestions of the German Corporate Governance Code in the version dated 28 April 2022. This remuneration report will be submitted for the first time to CECONOMY AG's Annual General Meeting, which is expected to take place on 22 February 2023, for approval in accordance with Sec. 120a para. 4 AktG.

Remuneration system for the Management Board

The Supervisory Board of CECONOMY AG determined the remuneration system, the basic features of which are explained below. This determination was made for the first time at its meetings on 16 September and on 7 October 2020, and by way of other resolutions adopted on 14 October 2020 ("2020 remuneration system") without convening a meeting of the Supervisory Board. The 2020 remuneration system applies effective from the start of financial year 2020/21. The Supervisory Board submitted the system to the General Meeting of CECONOMY AG on 17 February 2021, where it was approved with an approval rate of 99.15 per cent.

At its meeting on 13 December 2021, the Supervisory Board resolved to make changes to certain aspects of the 2020 remuneration system with effect from the start of the financial year 2022/23 and to present the amended system to the General Meeting for approval (for details, see "Further development of the remuneration system with effect from the financial year 2022/23" below). The amended remuneration system ("2021 remuneration system") was presented to the Annual General Meeting of CECONOMY AG on 9 February 2022, which approved it with an approval rate of 91.98 per cent. The 2020 remuneration system is still relevant for this remuneration report for the financial year 2021/22. However, unless expressly noted otherwise, the following information refers both to the 2020 remuneration system and the 2021 remuneration system.

The Management Board contracts for Management Board members in office in the financial year 2021/22 comply with the 2020 remuneration system and – with effect from the financial year 2022/23 – the 2021 remuneration system, with the exception of the deviations explained under "Deviations from the remuneration system" below.

Immediately after the respective resolutions by the General Meeting to approve the 2020 and 2021 remuneration systems, the resolutions and the remuneration system in question were made public in accordance with Sec. 120a para. 2 AktG. They can be found on the website www.ceconomy.de/en/ under "Company – Corporate Governance".

Procedures for the implementation and review of the remuneration system

The Supervisory Board makes decisions on the remuneration system, and on its implementation and the determination of the specific Management Board remuneration, following preparatory work by the Presidential Committee of the Supervisory Board in each case.

If the Supervisory Board consults external remuneration experts on the further development of the remuneration system and to assess that the specific Management Board remuneration is appropriate and customary, it assures itself that such experts are independent before engaging them. When preparing the 2020 and 2021 remuneration systems, the Supervisory Board received factual and legal support in selective areas.

The Supervisory Board has the option of appropriately taking extraordinary developments into account, in particular when granting variable remuneration. In justified cases, entitlements to the payment of variable remuneration can be denied (penalty) or remuneration already paid can be claimed back (clawback).

The subsequent amendment of targets or the comparative parameters for variable remuneration (repricing) is precluded. However, if this is necessary in the interests of the long-term wellbeing of the company, the Supervisory Board can temporarily deviate from this remuneration system. Such deviations are permitted only on the basis of a resolution

[1] In order to provide a better overview, decimal places are not shown in this remuneration report's tables in some cases. Figures in the tables may contain rounding differences.

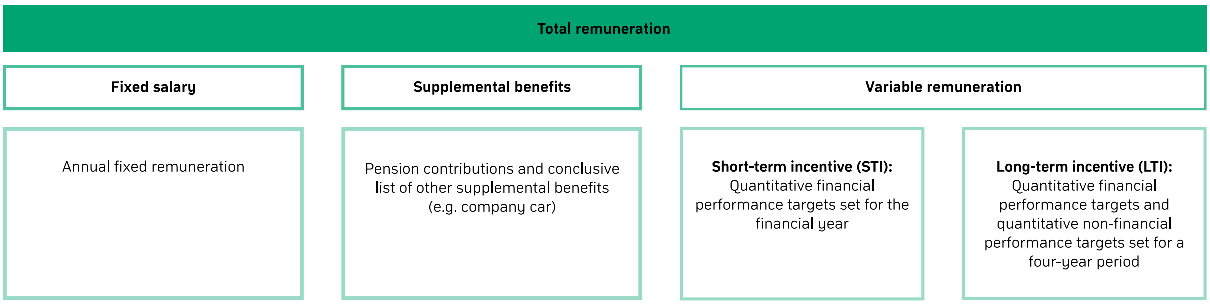
by the Supervisory Board as a whole, setting out the reasons for and duration of the deviation. Temporary deviations from all components of the remuneration system and, in particular, the variable remuneration components are possible.

Remuneration components in accordance with the remuneration system

OVERVIEW OF REMUNERATION COMPONENTS

The total remuneration of the members of the Management Board of CECONOMY AG consists of non-performance-based fixed remuneration components and performance-based variable remuneration components. The following chart provides an overview of the individual remuneration components in accordance with the 2020 remuneration system:

Components of Management Board remuneration (2020 remuneration system)

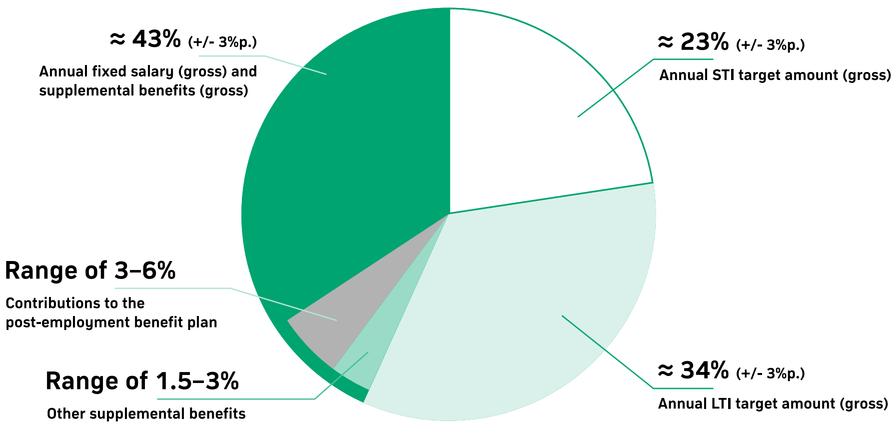


Total target remuneration is designed so that, typically, the target amounts of the variable remuneration components outweigh the fixed remuneration components (fixed salary and supplemental benefits) and that, within the variable remuneration components, the share of long-term variable remuneration components (LTI) outweighs the share of short-term variable remuneration components (STI).

Approximately 43 per cent of the total target remuneration of an individual member of the Management Board should typically be accounted for by the fixed annual salary and supplemental benefits, while approximately 34 per cent is accounted for by the annual LTI target amount and approximately 23 per cent by the annual STI target amount. In individual cases, the Supervisory Board has the option of varying the percentage weighting within total target remuneration for the individual components by up to 3 percentage points. The relative share of contributions to the post-employment benefit plan should not exceed a range of 3 to 6 per cent of total target remuneration while other supplemental benefits should not exceed 1.5 to 3 per cent of total target remuneration.

The relative share of the different remuneration components within total target remuneration is visually presented as follows:

Relative share of the different remuneration components within total target remuneration



NON-PERFORMANCE-BASED FIXED REMUNERATION

The non-performance-based fixed remuneration consists of the fixed annual salary, the contributions for the post-employment benefit plan and the other supplemental benefits.

Fixed salary

The fixed salary is agreed with each Management Board member as fixed remuneration and is paid in monthly instalments. If the member of the Management Board only belongs to the Management Board for part of a financial year, the fixed salary is paid pro rata temporis.

Post-employment benefits

The members of the Management Board receive post-employment benefits in the form of a defined benefit direct contribution.

The post-employment benefit plan is financed by the member of the Management Board and the company together. The breakdown is defined as "5 + 10". If Management Board members contribute 5 per cent of their own defined assessment basis (fixed salary and STI target amounts), the company pays double that amount. If a Management Board member departs before being entitled to pension benefits, the contributions are preserved at the level reached. Matching cover for the post-employment benefit plan is provided by Hamburger Pensionsrückdeckungskasse VVaG (HPR). The contributions bear interest according to the articles of association of HPR regarding participation features with a guarantee on contributions paid in.

Contributions by the company to the post-employment benefit plan are limited based on the set breakdown and assessment basis for each individual member of the Management Board. These contributions are also capped at €100,000 per year in each case.

Members of the Management Board also have the option to convert future remuneration components from the fixed salary and variable remuneration into entitlements to post-service benefit plans from HPR by way of tax-privileged deferred compensation. A retirement pension and early retirement regulations are not agreed.

Further details on the post-employment benefit plan for the members of the Management Board are provided below under "Pension entitlements in financial year 2021/22".

Supplemental benefits

In addition to the fixed salary and contributions to the post-employment benefit plan, the company exclusively grants the members of the Management Board the following supplemental benefits:

- Contributions to accident insurance
- Allowances for health/nursing insurance
- Assumption of costs for preventive health care
- Provision of a company car at the disposal of the member of the Management Board

This conclusive list of supplemental benefits is capped at a combined amount of €50,000 per year.

PERFORMANCE-BASED VARIABLE REMUNERATION

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. The components have different bases of assessment and success parameters according to the respective performance periods. In accordance with the 2020 remuneration system, the granting of the STI and the LTI, and the corresponding incentive effects of these variable performance-based remuneration components, is dependent on financial and, for the LTI, also non-financial performance criteria.

The variable remuneration granted to the members of the Management Board is predominantly granted on the basis of the company's shares: The variable remuneration components are mostly defined by the long-term variable components, which in turn are mainly dependent on financial performance criteria based on the key performance indicators of absolute total shareholder return and relative total shareholder return. These two performance indicators mean that the amount of any payment is linked to the performance of CECONOMY AG's ordinary shares.

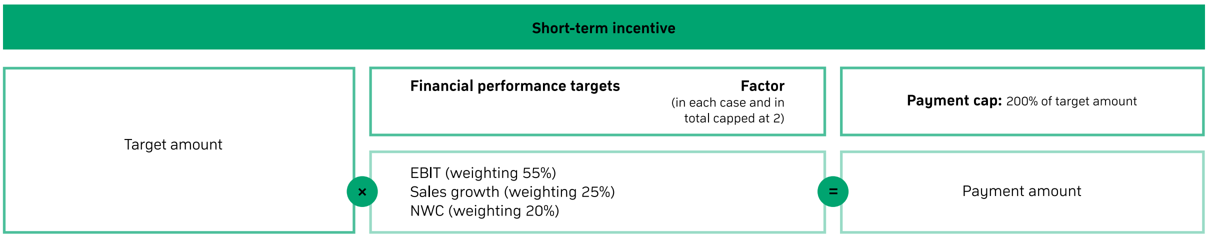
STI (based on the 2020 remuneration system)
The short-term performance-based component is granted for one financial year and paid out after the end of that year. If a member joins or leaves the Management Board during a financial year, the STI is granted and paid pro rata temporis for that financial year. The STI for the financial year 2021/22 based on the 2020 remuneration system was calculated exclusively on the basis of financial performance criteria. These are based on the following figures according to the consolidated financial statements of the company (adjusted for the effects of portfolio changes), which are included in the calculation with the indicated weighting:

– Earnings before interest and taxes (EBIT) on the basis of absolute EBIT values with a weighting factor of 0.55

– Sales growth adjusted for exchange rates with a weighting factor of 0.25

– Net working capital (NWC) on the basis of absolute NWC values (four-quarter average) with a weighting factor of 0.20

Short-term performance-based remuneration (2020 remuneration system)



<u>STI performance targets</u>
The Supervisory Board defines the performance targets for all members of the Management Board uniformly on the basis of the business planning presented to it by the Management Board before the start of the financial year for which the STI is granted. Factors (achievement factors) are allocated to the degree of achievement for each indicator. At its due discretion, the Supervisory Board defines the lower threshold (entry barrier), the target for 100-per cent achievement and the value for 200-per cent achievement, at which the amount of the achievement factor is capped.

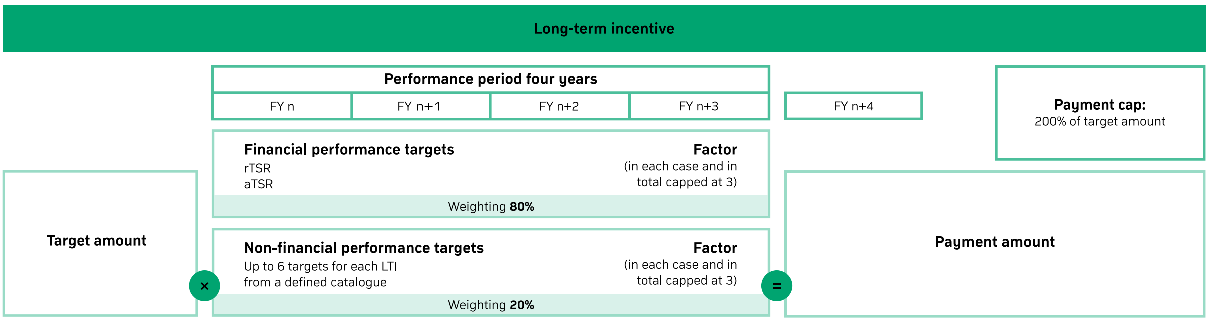
<u>Calculation of the payment amount</u>
After the end of the financial year, the degree of achievement is measured for each indicator based on the respective achievement factors. Intermediate values are interpolated on a straight-line basis.

The total achievement factor is calculated from the individual established achievement factors based on their weighting. The STI payment amount is produced by multiplying the total achievement factor by the STI target amount. The payment amount is capped at double the target amount. Payment is made four months after the end of the financial year for which the STI in question was granted, but not before the approval of the consolidated financial statements for the respective financial year by the Supervisory Board. If a member leaves the Management Board during a financial year, STI 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 originally agreed due dates.

Details on the STI in the financial year 2021/22 are provided below under "Variable Management Board remuneration in the financial year 2021/22".

LTI (based on the 2020 remuneration system)
The long-term performance-based component 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 in accordance with the 2020 remuneration system considers financial performance targets with a weighting of 80 per cent and non-financial performance targets with a weighting of 20 per cent. The Supervisory Board also defines the LTI performance targets for all members of the Management Board uniformly.

Long-term performance-based remuneration (2020 remuneration system)



<u>Financial performance targets of the LTI</u>
The financial performance criteria in accordance with the 2020 remuneration system, 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 in accordance with the 2020 remuneration system 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.

<u>Non-financial LTI performance targets</u>
The non-financial LTI performance criteria in accordance with the 2020 remuneration system, which are weighted at 20 per cent in total, are based on up to six quantitative targets specifically formulated by the Supervisory 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 Supervisory Board does not define a specific weighting, the non-financial performance criteria are weighted equally to each other.

<u>Calculation of the LTI payment amount</u>
The thresholds for the financial and non-financial LTI performance targets are set by the Supervisory 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 Supervisory 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.

In accordance with the 2020 remuneration system, 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 mean of the target achievement factors for the financial and non-financial performance targets forms the respective overall target achievement factor. This is capped at 3 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.

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 200 per cent of the agreed individual target amount (payment cap).

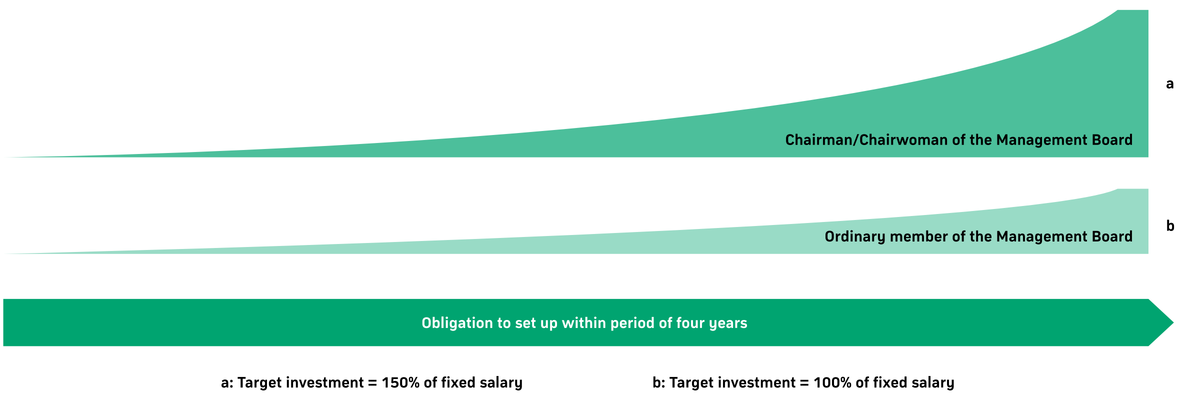
The remuneration amount calculated for the LTI is paid out two months after the end of the performance period of the LTI in question. A requirement for this is that the entitled member of the Management Board of the company can prove the necessary investment in ordinary shares of the company according to the company's shareholding programme. 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 originally agreed due dates.

Details on the LTI in the financial year 2021/22 are provided below under "Variable Management Board remuneration in the financial year 2021/22".

Shareholding programme

Under CECONOMY AG's shareholding programme for Management Board members, the members of the Management Board are obliged to purchase shares in the company amounting to a certain target investment and to hold them for the duration of their Management Board service. For the Chairman of the Management Board and for the ordinary members of the Management Board, the target investment is 150 per cent and 100 per cent, respectively, of their gross fixed salary at the end of the set-up stage. The total equivalent value must be spent as the purchase price for the shares acquired by each Management Board member. The set-up phase covers a period of four years from the start of the contract as a member of the Management Board.

Shareholding programme



The Management Board members are obliged to provide evidence of their current shareholding regularly and at the company's request. In order to receive payment from the LTI, the Management Board member must hold the relevant target investment in shares of the company. If the target investment is not sufficiently demonstrated, the respective Management Board member receives no payments from the LTI.

Total target remuneration

The total target remuneration of the individual member of the Management Board is the total of the fixed annual salary contractually agreed with the member of the Management Board, the supplemental benefits, the cost for the post-employment benefit plan and the annual STI and LTI target amounts. There is no provision for scheduled increases in compensation in line with length of service. This total target remuneration is appropriate to the responsibilities and performance of the respective member of the Management Board and the company's situation. It therefore fulfils the statutory requirements regarding the customary level of remuneration.

Maximum remuneration

The remuneration system stipulates maximum amounts, both as a whole and for the individual remuneration components. The maximum remuneration of the individual member of the Management Board is the total of the fixed annual salary contractually agreed with the member of the Management Board, the maximum amounts for the supplemental benefits and the post-employment benefit plan and the respective maximum variable remuneration components.

The maximum remuneration amounts to €5,150,000 for the Chief Executive Officer and €2,650,000 for the ordinary members of the Management Board. The Supervisory Board notes that these amounts are merely the maximum amounts possible assuming the consistent and maximum utilization of the corresponding ranges.

The above maximum amounts are stipulated in the Management Board contracts of all members of the Management Board in office in the financial year 2021/22 and were retained in the financial year 2021/22.

Penalties and clawbacks of variable remuneration components

Once paid, the member of the Management Board in question can do as he pleases with his performance-based variable remuneration components. However, if a Management Board member violates their statutory obligations in accordance with Sec. 93 AktG during or in the period up to one year after the end of the respective performance period of an STI or an LTI, or if there is cause to revoke the appointment of the Management Board member in accordance with Sec. 84 para. 3 sent. 1 AktG, the entitlements to payment of the variable remuneration components lapse (penalty) or can be reclaimed by the company after being paid (clawback). Corresponding regulations are included in the Management Board contracts of members of the Management Board active in the reporting period. Neither the penalty nor the clawback regulations were utilized in the financial year 2021/22.

Deduction of remuneration for side-line activities

If members of the Management Board serve as supervisory board members or hold similar offices within the Group, the remuneration for these activities counts towards their Management Board remuneration.

If the member of the Management Board performs side-line activities outside the Group, there are contractual assurances that the Supervisory Board can choose, in accordance with the recommendation under G. 16 of the GCGC, whether and to what extent the remuneration for side-line activities outside the Group must be deducted from Management Board remuneration. By way of resolution dated 20 November 2020, the Supervisory Board has ruled that remuneration granted for supervisory board mandates held outside the Group will not be deducted until further notice.

Terms of service agreements

The term of Management Board contracts is always linked to the duration of the respective member's appointment to the Management Board. Contract terms are extended in each case for the period for which the member of the Management Board is re-appointed as a member of the Management Board. The Supervisory Board observes the restrictions of Sec. 84 AktG concerning the duration or appointment and re-appointment.

First-time appointments as a member of the Management Board should typically not last for longer than three years.

Management Board contracts do not provide for a right of ordinary termination for either party. However, the company and the member of the Management Board alike have a right to extraordinary termination for cause in accordance with Sec. 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB).

Regulations for the termination of Management Board service

If a member of the Management Board leaves the company regularly at the end of his or her term of office, entitlements acquired during the term of the service agreement do not fall due for payment prematurely. The same applies if a member of the Management Board ends his contract early.

In any instance of the early termination of an appointment as a member of the Management Board – in particular whether by mutual arrangement, by cancellation of appointment or resignation – the contract expires automatically after the end of the period stated in Sec. 622 para. 2 BGB without requiring separate notice of termination.

In the event of early termination, the members of the Management Board receive compensation for the contractual entitlements that would have arisen over the remaining term of their employment agreements, generally in the form of a one-time payment. This severance pay is capped at the maximum of the annual remuneration for two years, comprising the fixed salary and the STI target amount. If the remaining term of the contract is less than two years at the time of termination, the amount of severance pay is reduced pro rata temporis.

There is no entitlement to severance pay or other payments in the event of extraordinary termination by the company for cause (Sec. 626 BGB). Similarly, there is no entitlement to severance pay or other payments if the member of the Management Board resigns without cause.

In the event of contract termination, the LTI entitlements of a member of the Management Board not yet paid are forfeit in the following cases:

- Early dismissal of the member of the Management Board for cause in accordance with Sec. 84 para. 3 AktG

- Termination of the Management Board member's service agreement by the company for cause in accordance with Sec. 626 BGB

- Resignation by the member of the Management Board without cause

In the event of the death of a Management Board member during active service, the surviving dependants receive the fixed salary for the month of death and a further six months.

If the member of the Management Board becomes permanently unable to work during the term of his contract, the company is entitled to terminate his contract with notice of six months to the end of the quarter.

The Management Board contracts make no provision for benefits for early termination due to a change of control.

Further development of the remuneration system with effect from the financial year 2022/23 (2021 remuneration system)

At its meeting on 13 December 2021, the Supervisory Board resolved to further develop the 2020 remuneration system. The 2021 remuneration system creates a more flexible remuneration system and makes it possible to place greater value on the non-financial customer satisfaction objective. This is intended to better account for transformation needs and ensure that incentives are a better match for the strategy, the central element of which is a focus on customers. In December 2021, the Supervisory Board approved the following four changes to the structure of variable remuneration components with effect from the financial year 2022/23 and subject to approval of the amended remuneration system by the General Meeting. The amended 2021 remuneration system was presented to the General Meeting of CECONOMY AG on 9 February 2022, which approved it with an approval rate of 91.98 per cent.

Further development of the STI structure

- Moving the "customer satisfaction" (net promoter score – NPS) performance target from the LTI to the STI: Accordingly, in the future the STI will be determined by four performance criteria and the catalogue of topics for potential non-financial targets for the LTI reduced from six to five.

- More flexible weighting of STI performance targets: In the future, the Supervisory Board will, at its discretion, be able to vary the weighting of STI performance targets from year to year (no longer stipulated by the remuneration system). However, the performance criteria related to EBIT and sales growth should have a minimum weighting of

15 per cent and a maximum weighting of 50 per cent, with the performance criteria related to NWC and NPS each having a minimum weighting of 15 per cent and a maximum weighting of 20 per cent. If the Supervisory Board does not define a specific weighting, the previous year's weighting continues to apply.

Further development of the LTI structure

- Increasing relevance of non-financial performance targets in the LTI: The calculation of LTI components is now to consider financial LTI performance targets with a weighting of 70 per cent and non-financial LTI performance targets with a weighting of 30 per cent.

- Introduction of vesting logic in LTI: The targets that were previously applicable over the entire four-year performance period of an LTI tranche are in the future to be broken down into the four individual years of the performance period. At the end of each year, target achievement is determined and maintained for the year in question. At the end of the entire performance period, the overall target achievement is calculated as the arithmetic mean of target achievement in the individual four years and the LTI is paid out on the basis of this overall target achievement.

Horizontal remuneration comparison

The Supervisory Board regularly assesses whether the specific total remuneration of Management Board members is appropriate and customary.

This is firstly assessed in accordance with the remuneration system by a horizontal comparison with MDAX companies. Since 2018, CECONOMY AG has been listed in the SDAX and has no longer been included in the MDAX. Due to the relatively high shareholdings of its anchor shareholders, CECONOMY AG does not have the free float market capitalization necessary for the MDAX and its shares do not have necessary trading volume. However, in terms of the size criteria of sales, EBIT, headcount and overall market capitalization, CECONOMY AG is comparable to MDAX companies.

In this horizontal comparison, the total target remuneration currently planned/granted for the Chief Executive Officer and the other members of the Management Board of CECONOMY AG is compared against the total target remuneration granted at MDAX companies. This comparison was last made in August 2022 and showed that the total target remuneration for the Chief Executive Officer was placed at the .56 percentile (2020: .42 percentile) while the other members of the Management Board are placed at the .44 percentile (2020: .57 percentile). The structure of Management Board remuneration is comparable to that of the peer group. Taking into account the company's size relative to the peer group, the Management Board remuneration is appropriate overall, in terms of both amount and structure. Regarding the comparability of the above findings with the findings of the horizontal remuneration comparison last carried out in 2020, it should be noted that the ten largest MDAX companies were included in the DAX 40 in September 2021.

Vertical remuneration comparison

The appropriateness of remuneration was also assessed by way of a vertical comparison with the senior management and workforce of CECONOMY in Germany as a whole. This comparison is based on the reference date of 30 September 2022 for this remuneration report. The Supervisory Board also considers the ratio of Management Board remuneration to the remuneration of senior management and the workforce as a whole in terms of its development over time.

The Supervisory Board determined how to define senior management and the relevant staff. By way of resolution dated 30 October 2018, the Supervisory Board defined the senior management of CECONOMY AG and the other relevant staff as follows:

- Senior management is formed by the Leadership Team of MediaMarktSaturn Retail Group and the Vice Presidents of CECONOMY AG.

- The other relevant staff are all employees of MediaMarktSaturn Retail Group in Germany and of CECONOMY AG.

In December 2021, the Supervisory Board also resolved the following amendments to the presentation of the annual vertical remuneration comparison and the method for calculating the senior management remuneration relevant for the vertical remuneration comparison and the relevant workforce as a whole: The ratio of the target direct remuneration as the sum of the annual fixed remuneration and the annual bonus target amounts for the short- and long-term variable remuneration of the Management Board members to the average target direct compensation of the senior management and to the average target direct compensation of the entire workforce in Germany (but excluding temporary staff) will be determined, with the remuneration relationship for the remuneration of the Chief Executive Officer and for the average remuneration of the ordinary Management Board members being presented separately.[2]

The vertical remuneration comparison is then as follows:

Ratio of target remuneration of the average for the respective Chief Executive Officer to...

Financial year	... target remuneration for senior management	... target remuneration for relevant workforce
2021/22	9	75
2020/21	7	76
2019/20	7	69
2018/19	7	82
2017/18	9	102

Ratio of target remuneration of the average for the other Management Board members to...

Financial year	... target remuneration for senior management	... target remuneration for relevant workforce
2021/22	4	35
2020/21	4	37
2019/20	4	37
2018/19	4	52
2017/18	5	60

Variable Management Board remuneration in the financial year 2021/22

This section of the remuneration report contains information on variable Management Board remuneration for the financial year 2021/22. Variable remuneration in the financial year 2021/22 met all requirements of the relevant 2020 remuneration system.

Strategic element of variable remuneration performance criteria

The aim of the business strategy is that customers see the company as a trusted consultant and partner for all matters concerning consumer electronics products. The remuneration system of CECONOMY AG is geared towards promoting this business strategy and the long-term development of the company. This is achieved, in particular, by linking performance-based variable remuneration to share price development and to clearly definable performance indicators aligned with the sustainable ongoing development of the company.

The short-term performance-based remuneration component creates incentives for continuously increasing the company's operational success and implementing initiatives to improve its profitability. Its ongoing nature means that the component is geared towards furthering the business strategy. The STI in accordance with the 2020 remuneration system rewards the company's operating development on the basis of financial performance targets for the respective financial year. In accordance with the 2020 remuneration system, the performance targets are based on CECONOMY AG's key performance indicators (KPIs) of sales growth, EBIT and net working capital.

The long-term performance-based remuneration component rewards the company's development on the basis of quantitative financial and non-financial performance targets, each defined for a four-year period. The LTI is predominantly based on the share price and thus creates incentives for a sustainable and long-term increase in enterprise value, while also taking into account the concerns of shareholders and other stakeholders in the company. The non-financial goals in accordance with the 2020 remuneration system relevant to this remuneration report also focus on

[2] For all peer groups, absences due to maternity or paternity leave and release from work as well as social security contributions (employer contribution), contributions to the post-employment benefit plan and supplemental benefits are not taken into account.

the key target group of the company's strategy, namely its customers and the key (non-financial) levers such as customer and employee satisfaction, diversity and sustainability of business in order to successfully implement the strategy. Moreover, linking the payment of the LTI to an obligation to hold shares in CECONOMY AG ensures that the members of the Management Board have a long-term interest in increasing enterprise value.

Variable remuneration target amounts

The tables below show the amount equivalent to 100 per cent target achievement for the STI and LTI for each member of the Management Board in office in the financial year 2021/22 and for former Management Board members for whom individual disclosures must be made. They also show the minimum and maximum amounts for STI and LTI that can be individually achieved in the financial year 2021/22.

Variable remuneration target amounts for the financial year 2021/22

	Dr Karsten Wildberger Chief Executive Officer and Labour Director			Florian Wieser Chief Financial Officer		
€ thousand	100% target value	Minimum value	Maximum value	100% target value	Minimum value	Maximum value
One-year variable remuneration	750	0	1,500	375	0	750
Multi-year variable remuneration	1,100	0	2,200	525	0	1,050
Total	**1,850**	**0**	**3,700**	**900**	**0**	**1,800**

	Dr Bernhard Düttmann Chief Executive Officer and Labour Director (until 31/07/2021)[1]		
€ thousand	100% target value	Minimum value	Maximum value
One-year variable remuneration	850	0	1,700
Multi-year variable remuneration	1,150	0	2,300
Total	**2,000**	**0**	**4,000**

[1] Dr Düttmann's Management Board contract expired on 16 October 2021. He worked in a supporting function on request from 1 August 2021. The values stated refer to a full financial year. For the financial year 2021/22, variable remuneration in accordance with Dr Düttmann's Management Board contract was paid on a pro rata basis only for the term of the Management Board contract.

Targets and target achievement (STI and LTI)

Specific STI targets and target achievement for the financial year 2021/22

The Supervisory Board resolved the one-year variable remuneration targets shown in the chart below for financial year 2021/22. The targets are set and weighted in accordance with the 2020 remuneration system relevant for the financial year 2021/22. As set out in the remuneration system, the Supervisory Board has set the targets for all Management Board members uniformly. The chart below also shows the STI target achievement for the financial year 2021/22 (achievement factors) both for the individual performance targets and for overall target achievement.

Performance targets and target achievement STI 2021/22

KPI	EBIT[1] In € million	Sales growth[2] In %	NWC[3] In € million
0% target value	341.91	+-0.00	-773.86
100% target value	402.25	+2.42	-910.43
200% target value	462.59	+4.84	-1,046.99
Weighting	55%	25%	20%
Target achievement	0.00x	1.48x	0.00x
Total bonus factor	0.37x		

[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
[2] Measurement of target achievement: Actual figures for 2021/22 compared with forecast 2020/21, adjusted for IAS 29
[3] Absolute net working capital (NWC) derived from five points in time: Forecast of 30 September 2021, budget of 31 December 2021, budget of 31 March 2022, budget of 30 June 2022 and budget of 30 September 2022

Targets for the LTI tranche granted for the financial year 2021/22
The performance targets and weightings set by the Supervisory Board for the LTI tranche granted to the members of the Management Board of CECONOMY AG for financial year 2021/22 are as follows:

Performance targets of the long-term incentive 2021/22

LTI performance targets

Quantitative financial performance targets
80% weighting

rTSR (relative development of shareholder return compared to index performance)	Weighting 50%
aTSR (absolute development of shareholder return)	Weighting 50%

Quantitative non-financial performance targets
20% weighting

Diversity Share of women in management positions	Weighting 25%
Customer satisfaction Average NPS from all countries, weighted by number of surveys	Weighting 25%
Employee satisfaction Average NPP on the basis of Group employee satisfaction surveys	Weighting 25%
Climate and environmental protection Reduction in direct carbon dioxide emissions (Scope 1 and 2)	Weighting 25%

The performance targets and weightings above are in line with the 2020 remuneration system relevant for the financial year 2021/22.

For each of the LTI performance targets, the Supervisory Board has defined a lower threshold, a target value and a value for capping target achievement. The target ranges and target achievement are reported in specific detail in the remuneration report for the financial year in question after the tranche expires or is paid out. To provide a picture of the performance of the current LTI tranches, the fair values at the end of the financial year for all current LTI tranches of the members of the Management Board in office in the financial year are voluntarily disclosed below:

LTI fair values at the end of financial year 2021/22

€ thousand	Dr Karsten Wildberger Chief Executive Officer and Labour Director	Florian Wieser Chief Financial Officer
2020/21 tranche[1]	46	55
2021/22 tranche	356	170
Total	**402**	**225**

[1] Dr Karsten Wildberger has been a member of the Management Board since 1 August 2021 and Mr Florian Wieser since 1 May 2021. The 2020/21 tranche was thus granted only on a pro rata basis in each case.

Remuneration granted and owed to members of the Management Board

In accordance with Sec. 162 para. 1 sentence 1 AktG, the remuneration report must report the remuneration granted and owed to each individual member of the Management Board in the past financial year. “Granted” in this sense means all remuneration components actually received in/for the reporting period. The timing of the actual payment is not necessarily relevant in this context. “Owed” means all legally established liabilities relating to remuneration components that are due but have not yet been fulfilled.

Accordingly, the following remuneration components are recorded in the tables below as remuneration granted for the financial year 2021/22:

– Base salary and supplemental benefits paid in the financial year 2021/22

– One-year variable remuneration payable for the financial year 2021/22 (STI; actual payment in January 2023)

The degree of overall target achievement for the 2021/22 STI is 0.37, as shown above under “Variable Management Board remuneration in the financial year 2021/22”.

Remuneration granted for the financial year 2020/21 is also voluntarily disclosed below. For this, the following remuneration components were reported:

– Base salary and supplemental benefits paid in the financial year 2020/21

– One-year variable remuneration paid for the financial year 2020/21 (STI; actual payment in January 2022)

The contributions to the post-employment benefit plan do not constitute remuneration granted or owed within the meaning of Sec. 162 para. 1 sentence 1 AktG and are therefore not included in supplemental benefits (see “Pension entitlements in financial year 2021/22” below for the post-employment benefit plan). No tranches of the multi-year variable remuneration (LTI) for Management Board members active in the reporting period expired or were paid out in financial years 2020/21 and 2021/22, and therefore no disclosure as part of the remuneration granted and owed must be made in this respect. The respective LTI tranches are reported after they expire or are paid. As there are no other obligations for remuneration components that are due but have not yet been fulfilled, no remuneration owed is included in the table figures.

Remuneration granted and owed to members of the Management Board

	Dr Karsten Wildberger Chief Executive Officer and Labour Director (since 01/08/2021)				Florian Wieser Chief Financial Officer (since 01/05/2021)			
	2020/21		2021/22		2020/21		2021/22	
€ thousand		In % of total remuneration		In % of total remuneration		In % of total remuneration		In % of total remuneration
Total fixed non-performance-based components	**2,629**	**95**	**1,381**	**83**	**262**	**77**	**632**	**82**
Fixed salary	225	8	1,350	81	250	74	600	78
Supplemental benefits	2,404[1]	87	31	2	12	3	32	4
Total variable remuneration components	**125**	**5**	**277**	**17**	**78**	**23**	**138**	**18**
One-year variable remuneration (STI)	125	5	277	17	78	23	138	18
Multi-year variable remuneration (LTI)	–	0	–	0	–	0	–	0
Total remuneration pursuant to Sec. 162 AktG	**2,754**	**100**	**1,658**	**100**	**340**	**100**	**770**	**100**

[1] The supplemental benefits include a one-time compensation payment of €2.4 million for disadvantages experienced by Dr Wildberger as a result of the early termination of his previous activities.

The following table contains individual information on former members of the Management Board who have left the Management Board within the last ten years and for whom remuneration was granted and owed in financial year 2021/22, as well as remuneration granted and owed to this group of persons for financial year 2020/21.[3] No tranches of the multi-year variable remuneration (LTI) expired or were paid out in financial years 2020/21 and 2021/22 for this group of persons, either.

Remuneration granted and owed to former members of the Management Board

	Dr Bernhard Düttmann Chief Executive Officer and Labour Director (until 31/07/2021)[1]			
	2020/21		2021/22	
€ thousand		In % of total remuneration		In % of total remuneration
Total fixed non-performance-based components	**1,040**	**72**	**45**	**76**
Fixed salary	1,012	70	44	74
Supplemental benefits	28	2	1	2
Total variable remuneration components	**406**	**28**	**14**	**24**
One-year variable remuneration (STI)	406	28	14	24
Multi-year variable remuneration (LTI)	–	0	–	0
Total remuneration pursuant to Sec. 162 AktG	**1,446**	**100**	**59**	**100**

[1] Dr Düttmann's Management Board contract expired on 16 October 2021. He worked in a supporting function on request from 1 August 2021.

Pension payments of €3.1 million (2020/21: €3.0 million) were granted to former members of the Management Board of CECONOMY AG and of companies merged into CECONOMY AG who left the Management Board more than ten years ago and their surviving dependants in financial year 2021/22. This represents 100 per cent of the benefits granted to this group of persons.

Pension entitlements in financial year 2021/22

The members of the Management Board receive pension entitlements on the basis of a defined contribution system (defined contribution commitment pursuant to German company pension law) described above as part of the explanation of the remuneration system under "Non-performance-based fixed remuneration". In the event of entitlement due to invalidity or death, this commitment stipulates that the company will increase the plan assets by the attribution

[3] No remuneration was granted or owed to Ms Karin Sonnenmoser, who was a member of the Management Board until 30 April 2021, for financial year 2021/22. For information on Ms Karin Sonnemoser's remuneration for the financial year 2020/21, please see the 2020/21 remuneration report.

capital (defined contribution component under IAS 19). The attribution capital is the sum of the future contributions that would have been credited to the Management Board member for each calendar year up to a contribution period totalling ten years, but no further than the member's 60th birthday. A provision is recognized for this component. The individual service costs and present values of pension entitlements for the 2021/22 financial year are as follows:

Pension entitlements (HGB and IFRS)

€ thousand	Dr Karsten Wildberger Chief Executive Officer and Labour Director	Florian Wieser Chief Financial Officer	Total
Expense – post-service benefit plan (as per IFRS)	153	99	**252**
Expense – post-service benefit plan (as per HGB)	199	96	**295**
Provision recognized to 30/09/2022 (as per IFRS)	46	17	**63**
Provision recognized by 30/09/2022 (as per HGB)	46	17	**63**
Present value of pension obligations (as per IFRS)	364	205	**569**
Present value of pension obligations (as per HGB)	364	205	**569**

Remuneration of Supervisory Board members

The remuneration system for members of the CECONOMY AG Supervisory Board is set out in Sec. 13 of CECONOMY AG's articles of association and was last approved by the General Meeting on 17 February 2021 with a majority of 99.52 per cent of voting share capital represented. The General Meeting resolution in accordance with Sec. 113 para. 3 AktG is published on the website www.ceconomy.de/en/ under "Company – Corporate Governance".

In accordance with Article 13 of the articles of association of CECONOMY AG, the members of the Supervisory Board receive fixed annual remuneration payable at the end of each financial year.

The individual amount of Supervisory Board remuneration accounts for the amount of work and the responsibility of the individual Supervisory Board members as a result of their supervisory role. Remuneration for the individual member is €70,000.

In accordance with the provisions of the Articles of Association, the company also reimburses the members of the Supervisory Board for expenses incurred due to the performance of their duties. The members of the Supervisory Board are also reimbursed for any VAT incurred on the remuneration and reimbursement of expenses.

Due to their special roles, the Chairman of the Supervisory Board receives three times, the Vice Chairman and the Committee Chairmen twice and the members of the Supervisory Board's committees one-and-a-half times the remuneration of an ordinary Supervisory Board member, but not the Chairman and the members of the Mediation Committee pursuant to Sec. 27 para. 3 of the German Co-determination Act. The higher remuneration for membership or chairmanship of a committee only applies if at least two meetings or other resolutions took place in the financial year in question. The table below illustrates the multipliers that may be applicable to the fixed annual remuneration for individual Supervisory Board members:

Remuneration multipliers

Chairman of the Supervisory Board	■■■
Vice Chairman of the Supervisory Board	■■
Committee Chairs[1]	■■
Committee members[1]	■◖
Supervisory Board members	■

[1] At least two meetings/resolutions of the committee in the financial year in question

If a member of the Supervisory Board holds multiple offices at once as (vice) Chair of the Supervisory Board/member or Chair or a committee, in accordance with Sec. 13 para. 2 sentence 4 of the articles of association, he or she receives remuneration for one office only, namely the office with the highest remuneration if the offices are differently remunerated.

Supervisory Board members who belonged to the Supervisory Board for only part of the financial year receive one-twelfth of the remuneration for each month commenced. Supervisory Board members who depart and are appointed within a month receive only one-twelfth of the annual remuneration for this month. This applies accordingly to memberships in a committee, the chairmanship or vice chairmanship of the Supervisory Board or chairmanship of a committee.

In financial year 2021/22, the remuneration system for the Supervisory Board was applied in all aspects as set out in Sec. 13 of the company's articles of association. The following table shows the remuneration granted and owed to current and former Supervisory Board members for financial year 2021/22, including the relative share under Sec. 162 AktG. Since there is no variable remuneration for the Supervisory Board, remuneration comprises exclusively the fixed remuneration in accordance with the articles of association.

Remuneration granted and owed to members of the Supervisory Board in financial year 2021/22

€ thousand	Additional functions	Fixed remuneration[1]
Thomas Dannenfeldt	Chairman of the Supervisory Board, Chairman of the Presidential Committee, Chairman of the Nomination Committee (until 09/02/2022, member since then)	210
Sylvia Woelke	Vice Chairwoman of the Supervisory Board, Vice Chairwoman of the Audit Committee, member of the Presidential Committee and member of the Mediation Committee	140
Katrin Adt	Member of the Presidential Committee (since 09/02/2022)	93
Wolfgang Baur		70
Kirsten Joachim Breuer		70
Karin Dohm	Chairwoman of the Audit Committee	140
Daniela Eckardt		70
Sabine Eckhardt	Chairwoman of the Nomination Committee (since 09/02/2022)	117
Thomas Fernkorn (Supervisory Board member since 08/10/2022)		70
Dr Florian Funck	Member of the Audit Committee	105
Ludwig Glosser	Member of the Audit Committee and member of the Mediation Committee	105
Julia Goldin (Supervisory Board member until 09/02/2022)		29
Doreen Huber (Supervisory Board member since 09/02/2022)		47
Jürgen Kellerhals (Supervisory Board member since 09/02/2022)		47
Stefanie Nutzenberger		70
Claudia Plath	Member of the Audit Committee, member of the Nomination Committee (until 09/02/2022) and member of the Mediation Committee	105
Jens Ploog	Member of the Presidential Committee	105
Dr Lasse Pütz		70
Erich Schuhmacher (Supervisory Board member since 01/07/2022)		18
Dr Fredy Raas (Supervisory Board member until 30/06/2022)		53
Jürgen Schulz	Member of the Audit Committee	105
Regine Stachelhaus (Supervisory Board member until 09/02/2022)	Member of the Presidential Committee and member of the Nomination Committee	44
Christoph Vilanek	Member of the Nomination Committee (since 09/02/2022)	93

[1] Fixed remuneration represents a relative share of 100 per cent of remuneration for members of the Supervisory Board.

Comparison

The following table illustrates the annual change in the company's earnings, remuneration granted and owed to current and former Management Board and Supervisory Board members and average remuneration of full-time equivalents over the last five financial years.

For the development of Management Board and Supervisory Board remuneration, remuneration granted and owed is taken into account as shown above under "Remuneration granted and owed to members of the Management Board" and "Remuneration of Supervisory Board members".

As in the vertical remuneration comparison conducted by the Supervisory Board, the group of employees included covers all employees of the MediaMarktSaturn Retail Group in Germany and CECONOMY AG. As part of the comparison, average employee remuneration takes account of target remuneration at the end of the financial year on a full-time basis (including employer contribution to social security and supplemental benefits).

Earnings performance is shown using the company's net income under commercial law, adjusted EBIT and Group sales.

Comparison in accordance with Sec. 162 para. 1 sentence 2 no. 2 AktG

	2017/18		2018/19		2019/20		2020/21		2021/22
		In %[1]		In %[1]		In %[1]		In %[1]	
Earnings performance (€ million)									
Adjusted EBIT	419	–3.8	403	–41.4	236	0.4	237	–16.9	197
Sales	21,418	0.2	21,455	–2.9	20,831	2.5	21,361	1.9	21,768
Net income CECONOMY AG under HGB	–59	10.2	–53	–71.7	–91	194.5	86	–14.0	74
Average annual remuneration of full-time equivalents in Germany (€ thousand)	**46.5**	**1.3**	**47.1**	**1.3**	**47.7**	**1.9**	**48.6**	**4.9**	**51.0**
Members of the Management Board (€ thousand)									
Dr Karsten Wildberger (since 01/08/2021)	–	–	–	–	–	–	2,754	–39.8	1,658
Florian Wieser (since 01/05/2021)	–	–	–	–	–	–	340	126.5	770
Former members of the Management Board (€ thousand)									
Dr Bernhard Düttmann (until 31/07/2021)	–	–	–	–	2,030	–28.8	1,446	–95.9	59
Other former members of the Management Board[2]	2,716	1.9	2,767	8.1	2,990	1.0	3,019	1.8	3,072
Members of the Supervisory Board (€ thousand)									
Thomas Dannenfeldt	–	–	–	–	–	–	150	40.0	210
Sylvia Woelke	113	6.2	120	12.5	135	13.3	153	–8.5	140
Katrin Adt	–	–	–	–	–	–	–	–	93
Wolfgang Baur	47	70.2	80	–7.5	74	4.1	77	–9.1	70
Kirsten Joachim Breuer	47	70.2	80	–7.5	74	4.1	77	–9.1	70
Karin Dohm	143	11.9	160	–7.5	148	3.4	153	–8.5	140
Daniela Eckardt	80	0.0	80	–7.5	74	4.1	77	–9.1	70
Sabine Eckhardt	–	–	–	–	–	–	77	51.9	117
Thomas Fernkorn (from 08/10/2021)	–	–	–	–	–	–	–	–	70
Dr Florian Funck	120	0.0	120	–7.5	111	3.6	115	–8.7	105
Ludwig Glosser	93	29.0	120	–7.5	111	3.6	115	–8.7	105
Julia Goldin (until 09/02/2022)	80	0.0	80	–7.5	74	4.1	77	–62.3	29
Doreen Huber (from 09/02/2022)	–	–	–	–	–	–	–	–	47
Jürgen Kellerhals (from 09/02/2022)	–	–	–	–	–	–	–	–	47
Stefanie Nutzenberger	–	–	7	957.1	74	4.1	77	–9.1	70
Claudia Plath	53	88.7	100	11.0	111	3.6	115	–8.7	105
Jens Ploog	60	100.0	120	–7.5	111	3.6	115	–8.7	105
Dr Lasse Pütz	–	–	–	–	–	–	–	–	70
Erich Schuhmacher (from 01/07/2022)	–	–	–	–	–	–	–	–	18
Dr Fredy Raas (until 30/06/2022)	80	0.0	80	–7.5	74	4.1	77	–31.2	53

Comparison in accordance with Sec. 162 para. 1 sentence 2 no. 2 AktG

	2017/18		2018/19		2019/20		2020/21		2021/22
		In %[1]		In %[1]		In %[1]		In %[1]	
Jürgen Schulz	140	14.3	160	–33.1	107	–28.0	77	36.4	105
Regine Stachelhaus (until 09/02/2022)	120	0.0	120	–7.5	111	3.6	115	–61.7	44
Christoph Vilanek	–	–	33	124.2	74	4.1	77	20.8	93

[1] Change compared to previous financial year
[2] Management Board members who left office more than ten years ago.

As per the CECONOMY AG General Meeting's resolution dated 17 February 2021, the basic amount for joining the Supervisory Board was reduced from €80,000 to €70,000 with effect from 1 June 2021. Other changes to Supervisory Board member remuneration in the individual annual comparisons – some of which are very significant – are the result not of changes to remuneration levels but of various individual factors (such as longer membership periods compared to the previous year or changes to committee activities or the vice chair of the Supervisory Board).

Deviations from the remuneration system

The section below provides information on deviations from the Management Board remuneration system in the reporting period, including an explanation of why the deviations were necessary and disclosure of the specific aspects of the remuneration system that were deviated from.

Deviation due to the Management Board contract of Dr Bernhard Düttmann

Dr Bernhard Düttmann was initially appointed as a member of the Management Board and Chief Executive Officer temporarily until 16 October 2020 as a stand-in for a missing member of the Management Board in accordance with Sec. 105 para. 2 AktG. Effective 17 October 2020, the Supervisory Board again appointed Dr Düttmann as a member of the Management Board and Chief Executive Officer. The employment contract signed with Dr Düttmann with a term from 17 October 2020 until 16 October 2021 deviates from the remuneration system in that it does not contain any regulations on participation in CECONOMY AG's post-employment benefit plan. This deviation war was already included in the previous Management Board contract with Dr Düttmann and was disclosed to the General Meeting for its resolution on 17 February 2021 on the 2020 remuneration system. In addition, the Management Board contract concluded with Dr Düttmann with effect from 17 October 2020 established that, if Dr Düttmann's position as a member of the company's Management Board were to be terminated prematurely, his Management Board contract would automatically end after a period of six months or on 16 October 2021 at the latest. Dr Düttmann handed the roles of Chief Executive Officer and Labour Director to Dr Wildberger as of 1 August 2021 and was available in a supporting function on request until his contract expired on 16 October 2021. This is a deviation from the remuneration system, according to which the term of Management Board contracts is always to be linked to the duration of the respective member's appointment to the Management Board. However, the Supervisory Board believes that these deviations are necessary in the interests of the long-term wellbeing of the company, as appointing Dr Düttmann provided (and continued to provide) an experienced, qualified Chief Executive Officer for the interim period.

Deviation due to the Management Board contract of Dr Karsten Wildberger

As reported in the previous year, Dr Karsten Wildberger's Management Board contract includes the provision of tax consulting services on ongoing tax matters in connection with Dr Wildberger's previous activities, which was utilized in the reporting period at a level of around €2.7 thousand. There has therefore been a deviation from the conclusive list of supplemental benefits according to the remuneration system. This benefit is part of the remuneration package agreed with Dr Wildberger. When concluding the Management Board contract with Dr Wildberger, the Supervisory Board determined that the deviation from the remuneration system as a result of the remuneration package agreed with Dr Wildberger was necessary in the long-term interests of the company in order to appoint Dr Wildberger, an exceptionally suitable candidate, to the position of Chief Executive Officer at short notice.

Termination benefits

In September 2022, the Supervisory Board passed a resolution on the mutual termination of Mr Florian Wieser's Management Board contract as of 31 December 2022. In this context, a termination agreement was signed with Mr Florian Wieser that complies in full with the remuneration system approved by the General Meeting (see section below "Remuneration system for the Management Board / Regulations for the termination of Management Board service"). The termination agreement includes a one-time severance payment of €450,000 for contractual entitlements that would have arisen over the remaining term. The severance payment is payable on 31 December 2022. Short-term performance-based remuneration (STI) for the financial year 2021/22 and for the first three months of financial year 2022/23 is paid pursuant to the contractual regulations on the basis of the agreed targets and on the due dates set out in the contract. Mr Florian Wieser's entitlements from the long-term performance-based remuneration (LTI) until 31 December 2022 are also calculated according to the original targets agreed and at the respective due dates.

This remuneration report was prepared jointly by the Management Board and Supervisory Board in compliance with all provisions of Sec. 162 AktG.

6/13 December 2022

Thomas Dannenfeldt Chairman of the Supervisory Board	Dr Karsten Wildberger Chief Executive Officer and Labour Director

INDEPENDENT AUDITOR'S REPORT

TO CECONOMY AG, DÜSSELDORF

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

We have audited the attached remuneration report of CECONOMY AG, Düsseldorf, for the financial year from 1 October 2021 to 30 September 2022, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of CECONOMY AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the examination, the remuneration report for the financial year from 1 October 2021 to 30 September 2022, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

Other Matter – Formal Examination of the Remuneration Report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services to CECONOMY AG, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public

Auditors and Public Audit Firms] as amended on 1 January 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Essen, 13 December 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Kathryn Ackermann	Rainer Rupprecht
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

SEPARATE NON-FINANCIAL GROUP REPORT

THE MANAGEMENT BOARD'S COMMITMENT

Sustainability has become a key criterion in society and therefore for companies' economic success. We are seeing greater awareness in society and thus among our customers, employees, partners and shareholders. We believe we have a responsibility to contribute, even if this is not always easy for businesses. However, we are confident that we can thus also positively influence our company's economic success in the long term. The challenge is to fight against climate change, scarcity of resources and social inequality by making a positive contribution in our environment while simultaneously reducing the negative effects of our business activities.

This is why sustainability is an essential part of our corporate strategy. In the previous year, we developed and consistently implemented our sustainability strategy in a holistic manner. We want to raise awareness of sustainability and make our own activities even more sustainable – by amending our internal processes, reducing our own emissions or shaping working conditions.

In addition, we wish to help our customers live a more sustainable lifestyle and have set ourselves the following goals:

"We offer our customers the most sustainable range of consumer electronics products in Europe"
Maximum circular economy thanks to energy-efficient, sustainably produced and packaged products as well as a product and service range that enables a sustainable lifestyle.

"We will be pioneers of the circular economy and create a new sustainability promise"
"More life per cycle" – a promise whereby we extend the usability of products for our customers and even enable secondary and tertiary use.

"We take social responsibility and offer a climate-neutral shopping experience"
We pursue ambitious climate targets, demand social responsibility throughout the supply chain and take responsibility for our colleagues.

In this separate non-financial group report, we give an account of the implementation status of our sustainability strategy. We report on action areas, successes and progress made. We know that there is still lots to do, yet we are delighted with the progress made over the past financial year.

The Management Board of CECONOMY AG

Dr Karsten Wildberger

Florian Wieser

SUSTAINABILITY STRATEGY AND MATERIAL ISSUES

General

About this report

In accordance with the "Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Management Reports" (CSR Directive Implementation Act, CSR-RUG), CECONOMY AG has prepared a separate non-financial group report in accordance with Sec. 315b and 315c of the German Commercial Code (HGB) in conjunction with Sec. 289c to 289e HGB for CECONOMY for the financial year. To this end, a materiality analysis of the reported aspects was performed in order to identify the effects on non-financial issues that are necessary for understanding the business performance, results and position and can have a significant impact on CECONOMY's business activities.

↗ Further information on the materiality analysis can be found in the section on the sustainability strategy and sustainability management.

The separate non-financial group report contains the key information on CECONOMY AG and its biggest investment, the MediaMarktSaturn Retail Group (MMSRG), with regard to the five legally required aspects of environmental issues, employee issues, social issues, respect for human rights, and combating corruption and bribery. Unless indicated otherwise, the reported information relates to MMSRG for reasons of materiality, as this investment accounts for the largest share of sales, employees and effects on the environment and society within CECONOMY.

References to disclosures in the combined management report and elsewhere constitute – except for the description of the business model – further information and do not form part of the separate non-financial group report.

The content of this report is based on CECONOMY's sustainability strategy and a new materiality analysis conducted in the financial year 2021/22. The content of this declaration has been audited with limited assurance by KPMG AG Wirtschaftsprüfungsgesellschaft in accordance with ISAE 3000.

↗ The audit report by the independent auditor can be found in the section with this name.

Materiality analysis

CECONOMY carried out a materiality analysis in financial year 2021/22. To identify material topics, the Sustainability department preselected issues based on analyses of regulatory frameworks, reporting standards, ESG (environmental, social and governance) ratings and external interests. These topics were included in a long list covering 20 issues in the three action areas of environment, society and governance.

The topics were assessed on the basis of two dimensions: firstly, how they affect own operating activities – i.e. the understanding of business performance and development and the position of the corporation (outside-in perspective) – and, secondly, what impact CECONOMY and its business model have on non-financial aspects (inside-out perspective). A third key dimension for determining the material topics was the perspective of external stakeholders.

Based on the standards in the CSR Directive on non-financial reporting, the analysis identified a total of ten material topics that were then confirmed by CECONOMY AG's Management Board. All material topics are applied as part of the sustainability strategy. In addition, this separate non-financial group report presents corresponding approaches along with concepts and measures.

Reported topics

Aspects in accordance with CSR-RUG	Allocation of material issues
Combating corruption and bribery	Compliance
Social issues	Data protection and information security
Environmental issues	Climate protection and energy
	Waste management/resource efficiency
	Sustainable logistics
	Sustainable products and services
Employee issues	Employee development and talent management
	Fair and responsible working conditions
	Diversity, inclusion and equal opportunities
Respect for human rights	Sustainable supply chain

Risks in connection with non-financial aspects and material issues

By way of a risk process, a risk identification was also carried out with all affected departments in financial year 2021/22 under the leadership of Sustainability. No non-financial risks with a very high probability of occurrence and a serious negative impact have been identified as a result.

Business model

↗ The required description of the business model can be found in the combined management report in the section "The Group's business model".

EU taxonomy

Through its business operations, especially its stores, administrative units and logistics, CECONOMY has an impact on the environment and the climate. The Group takes responsibility for the emissions caused indirectly by its business activities throughout the value chain and is continually developing new measures to optimize operating processes and thus minimize its environmental footprint.

One of the ways it pursues sustainable business activities is through Regulation (EU) 2020/852 (EU taxonomy regulation). As part of the European Green Deal, the EU's Technical Expert Group (TEG) for sustainable finance developed the EU taxonomy and defines sustainable economic activities and technical review criteria in all sectors. The EU taxonomy regulation is a classification system that defines economic activities that help achieve the following six environmental objectives: (1) climate change mitigation, (2) climate change adaptation, (3) the sustainable use and protection of water and marine resources, (4) the transition to a circular economy, (5) pollution prevention and control, and (6) the protection and restoration of biodiversity and ecosystems.

The EU taxonomy regulation, especially its delegated regulations, forms the basis for a range of current and future European Union initiatives for sustainable financial reporting. As CECONOMY is required by Sec. 289b para. 1 HGB to publish a non-financial statement, pursuant to Article 8 para. 1 of the EU taxonomy regulation the Group must also disclose information on how and to what extent CECONOMY's activities are associated with economic activities that quality as environmentally sustainable under the EU taxonomy regulation. To ensure this can be measured and improve these measurements, the EU taxonomy regulation introduced key performance indicators. A total of three key performance indicators were established for companies subject to the EU taxonomy regulation: the proportion (in per cent) of economic activities that comply with and are eligible for the taxonomy in terms of sales, capital expenditure and operating expenditure.

For financial year 2021/22 and in accordance with the EU taxonomy regulation and the supplementary delegated acts, for the first time CECONOMY is reporting the proportion of its taxonomy-eligible Group-wide sales, capital expenditure and operating expenditure in relation to the EU taxonomy environmental objectives "climate change mitigation" and "climate change adaptation".

The first stage of the EU taxonomy regulation focuses on the sectors that emit the most CO_2, and so the retail sector is not explicitly discussed. This means that the EU taxonomy regulation applies to CECONOMY-specific economic activities only to a limited extent. However, it is expected that CECONOMY's contribution to the circular economy will be covered by the still to be published delegated act on the environmental objectives 3 through 6.

A simplified reporting obligation applies for the first reporting period in accordance with Article 8 of the EU taxonomy regulation and Article 10 of the supplementary delegated act dated 6 July 2021. CECONOMY makes use of these reporting concessions for the first reporting period, which include initially reporting only on taxonomy-eligible economic activities in connection with the two environmental objectives climate change mitigation and climate change adaptation, although CECONOMY-specific economic activities relate only to the first objective, "climate change mitigation". In line with the EU taxonomy regulation, between 1 January 2022 and 31 December 2022 the information to be disclosed regarding the proportion of total sales and capital and operating expenditure is to refer only to taxonomy-eligible information. It is not necessary to evaluate the 'do no significant harm' criteria for the other climate targets or the minimum safeguards, i.e. compliance with the taxonomy, for the reporting in this period.

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

CECONOMY established a project team in the financial year that worked closely with representatives from all departments and various Group functions to identify first the economic activities and then the key performance indicators.

Only those economic activities that are defined in annexes 1 and 2 to the delegated act dated 4 June 2021 for the two climate-related environmental objectives, "climate change mitigation" and "climate change adaptation", are considered taxonomy-eligible.

To determine taxonomy eligibility, CECONOMY initially identified the relevant activities. For this purpose, a project team compared all business activities across business areas and companies with the activities defined in annexes 1 and 2 to the delegated act dated 4 June 2021. All economic activities listed in the annexes to the delegated acts on climate change mitigation and climate change adaptation were reviewed and assessed on the basis of sales generated, capital expenditure and operating expenditure for each activity and a top-down analysis was conducted in which the industries of the European Union (NACE codes) were assigned to CECONOMY's economic activities. The activities identified on this basis were than allocated to the economic activities defined in the EU taxonomy regulation and the other delegated regulations. Subsequently, the results of this top-down analysis were reviewed and confirmed on a bottom-up basis by individual areas and subsidiaries. As the central management holding company, CECONOMY AG covers basic functions such as finance, accounting, controlling, legal and compliance. The focus of the operating business is the MediaMarktSaturn Retail Group, to which the MediaMarkt and Saturn brands belong. As Europe's largest consumer electronics retailer, its main activities are the retail and distribution, sale, import and export of electronics, in particular TV and HiFi equipment, photographic items and computers of all kinds and all relevant ancillary products, the sale of furniture and furnishing of all kinds, the provision of services, in particular logistics and repair services for electronics products, and the acquisition, holding and management of interests in these companies in its own name, for its own account and not for third parties. The first stage of the EU taxonomy regulation focuses on the sectors that emit the most CO_2, and so the retail sector is not explicitly discussed. Accordingly, none of CECONOMY's core business activities were categorized as taxonomy-eligible. However, at the same time all relevant cross-sectional activities within the meaning of Article 3 of the EU taxonomy regulation in connection with the "climate change mitigation" environmental objective in the financial year 2021/22 were identified as taxonomy-eligible in sectors 6. transport, 7. construction and real estate activities and 8. information and communication:

- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles (at CECONOMY: cars leased to transport people: employees' company cars).

- 6.6. Freight transport services by road (at CECONOMY: trucks leased to transport goods between logistics centres, between logistics centres and stores and to the customer)

- 7.3. Installation, maintenance and repair of energy efficiency equipment (at CECONOMY: energy efficiency renovation and maintenance work in existing buildings; installation and replacement of energy efficiency light sources (LED lamps))

- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings[1]

[1] Operating expenditure for items 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings and 7.6. Installation, maintenance and repair of renewable energy technologies could not be clearly allocated in the system.

- 7.6. Installation, maintenance and repair of renewable energy technologies[11]

- 7.7. Acquisition and ownership of buildings (at CECONOMY: acquisition of properties and exercising ownership of these properties/leased buildings and recognition as right-of-use-assets by stores, logistics centres and administrative units)

- 8.1. Data processing, hosting and related activities (at CECONOMY: data processing via own data centre in Ingolstadt and co-locations at data centre provider)

For the second environmental objective "climate change adaptation", only expenditure that arises when an activity is made climate-resilient may be declared. Relevant CECONOMY activities are not directly affected by physical climate risks and so no investments or expenditure were made to make the Group's relevant activities climate resilient.

DETERMINING TAXONOMY KEY PERFORMANCE INDICATORS

Taxonomy key performance indicators and reporting on taxonomy-eligible economic activities are determined in accordance with Annex 1 of the supplementary delegated act dated 6 July 2021. No sales-relevant activities were identified. Instead, cross-cutting activities, where these match the description of the activities, were recognized as taxonomy-eligible.

The financial figures relevant for CECONOMY are taken from the IFRS consolidated financial statements for financial year 2021/22. Capital expenditure (CapEx) for financial year 2021/22, in accordance with content requirements for this key figure on the basis of the EU taxonomy, is as follows:

Capital expenditure

Definition according to EU taxonomy regulation: Capital expenditure covers additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any remeasurements, including those resulting from revaluations and impairments for the relevant financial year and excluding fair value changes, as well as additions to tangible and intangible assets resulting from business combinations. Costs accounted for on the basis of IAS 16, IAS 38, IAS 40, IAS 41 and IFRS 16 must also be included.

Capital expenditure comprises total investment in assets or processes in connection with taxonomy-eligible activities (numerator), divided by capital expenditure accounted for on the above basis as recognized in the notes to the annual financial statements.

The additions of the financial year as reported in the "Additions" line of the asset reconciliation for other intangible assets and property, plant and equipment in this annual report and additions of the financial year to right-of-use assets constitute the capital expenditure and thus the denominator of the key performance indicator. The recognition and measurement rules as presented in the notes to the consolidated financial statements apply accordingly. The numerator equals the part of the denominator that was identified as taxonomy-eligible by the Group companies and meets one of the following criteria:

- There is a connection between assets or processes and taxonomy-eligible economic activities;

- It relates to the purchase of products, taxonomy-eligible economic activities and individual measures enabling the Group to reduce greenhouse gas and carbon emissions from its economic activities (especially investments in buildings and mobility), provided that such measures are implemented within 18 months of the closing date.

Operating expenditure

Definition according to EU taxonomy regulation: Operating expenditure includes direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

No material taxonomy-relevant operating expenditure (OpEx) was identified for financial year 2021/22.

The taxonomy-eligible key performance indicators were based on the existing financial reporting systems and thus on the basis of capital and operating expenditure, as defined and reported in the consolidated financial statements. Processes to report key performance indicators and the relevant accounts were analyzed in detail by the project team to assign these to the economic activities identified.

KEY PERFORMANCE INDICATORS AND QUALITATIVE INFORMATION

Essentially, only a small proportion of taxonomy-eligible capital expenditure in connection with the first environmental objective "climate change mitigation" can be justified by the fact that CECONOMY's business operations align with the economic activities listed in the taxonomy regulation only to a limited extent. The largest share of taxonomy-eligible capital expenditure is in the construction and property sector, including economic activity 7.7. Acquisition and ownership of buildings, under which capital expenditure from right-of-use assets and operating expenditure from short-term leases are included.

The table below shows the taxonomy-eligible key performance indicators for CECONOMY's economic activities in financial year 2021/22, each in absolute figures and as a percentage of the Group's capital expenditure:

EU taxonomy key performance indicators

		Capital expenditure	
€ million	Taxonomy-eligible economic activity (Annex 1 – Climate change mitigation)	Absolute	Share of total (%)
Transport	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	14.9	2.0
	6.6. Freight transport services by road	0.4	0.1
Construction and property	7.3. Installation, maintenance and repair of energy efficiency equipment	1.1	0.1
	7.7. Acquisition and ownership of buildings	121.2	15.9
Information and communication	8.1. Data processing, hosting and related activities	1.4	0.2
Total capital expenditure taxonomy-eligible activities		**139.0**	**18.2**
Total capital expenditure non-taxonomy-eligible activities		623.1	81.8
Total capital expenditure in financial year 2021/22		**762.1**	**100.0**

Corporate governance

Sustainability strategy

CECONOMY counts sustainability among the cornerstones of its strategic advancement. For years, the company has pursued a far-reaching sustainability strategy with clear goals: first, to make its own business operations more sustainable, and second, to help customers live a more sustainable lifestyle. The increasing demands on companies with regard to zero carbon emissions, circular economy and compliance with the law also mean higher minimum standards for CECONOMY in connection with business operations and ESG transparency. To meet these demands, CECONOMY works constantly to implement its sustainability strategy. This also ensures that business operations are in line with stakeholders' expectations, as reflected in the ESG regulations.

CECONOMY has set itself ambitious, strategic ESG targets that are described in the "Sustainability management" section (strategy) in the annual report:

"We provide the most sustainable range of consumer electronics in Europe"
Maximum circular economy thanks to energy-efficient, sustainably produced and packaged products as well as offerings that enable customers to live a sustainable lifestyle.

"We will be pioneers of the circular economy and create a new sustainability promise"
The promise of "more life per cycle" covers the entire product lifecycle and makes products attractive and usable for longer, extending their lifecycle and potentially making them available for secondary and tertiary use.

"We take social responsibility and offer a climate-neutral shopping experience"
Ambitious climate targets (Scope 1-3 reduction), social responsibility throughout the supply chain and responsibility for our employees play a central role for the Group.

To achieve these ambitious targets, CECONOMY focuses on the following action areas:

Sustainable products and circular economy: At customer level, CECONOMY aims to continually increase the number of sustainable products in the range to make a sustainable lifestyle possible for its customers. CECONOMY also pursues new business opportunities by drawing on a wide range of sustainable or recycled products, repair services, trade-in options and new financing models. This helps CECONOMY create a trusted sustainable brand image that offers customers guidance and guarantees the highest standards.

Climate and resources: CECONOMY takes responsibility for the emissions caused directly or indirectly by its business activities throughout the value chain. CECONOMY continually develops new measures to optimize operating processes and thus reduce its carbon footprint. CECONOMY is guided by the goals formulated by the Paris Agreement for limiting global climate change. In terms of Scope 1 and 2 emissions, based on the objective set out in the Paris Agreement of reducing CO_2 emissions by 4.5 per cent a year by 2050, the Group's own goal is to achieve net zero emissions by the end of 2023. In addition, CECONOMY plans to reduce all indirect emissions (Scope 3) throughout the supply chain within the next decade, with a focus on non-merchandise, merchandise and logistics. CECONOMY is also working hard to reduce packaging and materials resources that are used to make its own brand products.

Social: To drive forwards an ESG transformation that makes a meaningful contribution to society, CECONOMY champions ESG values on the labour market and strictly observes ESG compliance for employees. CECONOMY considers developing its workforce a key growth factor. Its focus here is on employee involvement and talent development, as well as promoting diversity, for example in the form of bias training and focus in talent pools. At the same time, CECONOMY undertakes to uphold labour laws and human rights, both in its own companies and in the supply chain. To this end, CECONOMY has established a concept for sustainable supply chain management and continues to refine this on an ongoing basis.

SUSTAINABILITY MANAGEMENT

In order to vigorously pursue the Group's sustainable transformation, the topic of sustainability management resides with the Chief Executive Officer of CECONOMY AG. He is responsible for strategic decisions and tracking all targets and progress. In effective sustainability management, the Chief Executive Officer ensures a high level of transparency both internally and externally, defines the strategy, strengthens the conditions for the respective sustainability initiatives and monitors their development. In regular meetings, the Chief Executive Officer and Supervisory Board assess and if necessary update the targets, values and strategy of CECONOMY AG. In sustainability reporting, the Management Board also makes the final decision on material topics and on which key performance indicators will be reported.

The role of the Sustainability department at CECONOMY is to draw up the strategy, update the key performance indicators and to help countries and other departments to implement them. In addition, the department promotes discussion with internal and external stakeholders and further develops sustainability communication. Sustainability managers in the country organizations act as the local contacts and have the task of conveying the understanding of sustainability to their countries and deriving country-specific activities on this basis.

GREEN CONSUMPTION PLEDGE

The Green Consumption Pledge Initiative is part of the European Climate Pact, an EU-wide initiative that 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, which relate to carbon emissions, transparency, industry best practices and the sale of sustainable products.

By signing up to the Green Consumption Pledge Initiative, CECONOMY has committed to the following targets:

- Increase the annual sourcing of electricity from renewable energies from 80 per cent in 2020 to 100 per cent by the end of 2023.

- Achieve net zero emissions for Scope 1 and Scope 2 emissions by the end of 2023, measured by the OEF method.

- Reduce net CO_2 intensity (CO_2 net emissions in relation to total sales) of the relevant Scope 3 emissions by 30 per cent by the end of 2033 compared to the base year 2019 (baseline for own-brand products is the year 2021). As well as the transport of goods, CECONOMY defines purchased goods and services for own business operations and own brands as relevant categories.

- Continually increase the number of sustainable (or sustainably labelled) products in the assortment to make a more sustainable lifestyle possible for customers.

- Double the number of sustainable products by the end of 2023 (baseline: 1,000 sustainable products in 2020) and continue to increase this after 2023.

- Provide extensive sustainability background information for products labelled as sustainable on the CECONOMY website.

- Publish targets and progress on all sustainability commitments stated each year in the separate non-financial statement and on the company's website.

Compliance

CECONOMY's long-term success is built on the foundation of far-sighted governance and Group-wide standards that extend as far as the supply chain. Specifically, this foundation is reflected in transparent, law-abiding, dependable and secure processes that are implemented and put into practice by acting responsibly and with integrity.

The Management Board of CECONOMY AG is responsible for and has a legal obligation to implement effective governance in the form of a governance, risk and compliance (GRC) system. This also includes risk and opportunity management, the internal control system, compliance and Internal Audit.

The challenge is to take the different social and legal conditions of the country organizations into account and integrate the sometimes different corporate cultures and processes of the individual companies.

Building on the foundation, the CECONOMY Code of Conduct is a central authority and source of guidance that defines the common, company-wide values. The Code of Conduct not only highlights compliance with the law, but also CECONOMY's commitment to transparency, integrity, fairness and respect for others. Violations of these fundamental values and regulations, and of the law, can entail existential risks to the company and a loss of reputation, which is why they will not be tolerated under any circumstances. Any abuse of one's own position for personal advantage, or for the benefit of a third party or to the detriment of CECONOMY, will be prosecuted and punished.

Responsibility for upholding compliance requirements for data protection lies with the Management Board of CECONOMY AG and the management bodies of the individual Group companies. The Vice President of Compliance & Privacy reports directly to the Management Board and manages compliance concerns of CECONOMY AG and MMSRG as the chief compliance officer. In coordination with CECONOMY AG, the Compliance Management department of MediaMarktSaturn Retail Group GmbH centrally manages compliance issues and is aided in this at the various country organizations by the local compliance officers (LCO). Together with Compliance Management and the Compliance Committee, which coordinates discussions of the issues at CECONOMY, the LCOs form the compliance organization.

The compliance management system (CMS) is refined and developed on an ongoing basis in order to establish a long-term, company-wide culture of compliance with the help of various communication and training activities. The Management Board of CECONOMY AG and the management bodies of individual Group companies support this compliance culture with regular tone-from-the-top messaging and by implementing a zero-tolerance approach to compliance violations.

The Code of Conduct not only defines the company-wide foundation of values for CECONOMY, but also sets the compliance standards for all employees. It is supported by Group-wide antitrust, data protection and anti-corruption guidelines. Together with their employment contracts, every new employee receives a copy of the current Code of Conduct which they must read thoroughly and bindingly agree to obey in writing.

Furthermore, there are other specific guidelines at the Group companies and country organizations that are tailored to the respective local situation and business practices.

Violations can be reported – anonymously – through the whistleblowing system.

↗ Further information on the whistleblowing system can be found on the company's website: https://www.bkms-system.net/mediasaturngroup/speakup

In conjunction with the training process that will be in place from the financial year 2021/22 onwards, all new employees will be required to take mandatory training (online and classroom training) that will teach basic information on anti-corruption, conflicts of interest, data protection, antitrust law, money laundering and the company's guidelines and policies.

Aside from the objectives and measures described here, the CMS will create a series of controls and assessments to guarantee compliance with standards and to identify risks early on. These include reviews and assessments by the Internal Control System and Corporate Risk Management that will track, analyse and manage corporate risks at Group level. Separate risk assessments for the compliance, anti money laundering and supply chain areas will be incorporated into Group-wide Corporate Risk Management.

The prevention measures derived from the risk assessments ultimately contribute to the improvement of internal procedures, processes and training. In addition, Internal Audit is another governance body that reviews the effectiveness of risk management.

This risk-based approach is also applied in business partner screening in Marketplace and Imtron, which comprises the prevention of corruption and money laundering risks in addition to checking the sanction lists.

Data protection and information security

As an international consumer electronics retail company, CECONOMY is pressing ahead with digitalization and uses intelligent networking of different data and information for its own business model. Responsible handling of data from customers, employees, business partners and investors is therefore very important in the context of its business activities and processes. Advances in digitalization facilitate data processing – which can have effects on the rights and freedoms of individuals. If violations occur with regard to data protection, this may result in sanctions and reputational damage. CECONOMY is aware of the misuse of data and the risks it entails; adequate measures are being taken.

DATA PROTECTION

Data protection means protecting individuals from infringements of their personal rights and privacy that arise from the misuse or unauthorized use of data. Millions of customers entrust their data to the company in conjunction with its e-commerce activities. Furthermore, the protection of employee, business partners and CECONOMY shareholder data is a top priority.

The importance of a functioning data protection management system and close collaboration with other departments and regulatory authorities is particularly evident at times of crisis, such as during the cyberattacks in the financial year 2021/22.

↗ You can find more information on the risk of cyberattacks in the Opportunity and risk report section of the annual report.

The goal is to comply with data protection principles and the relevant laws such as the General Data Protection Regulation (GDPR). The national and local data protection laws of the respective country organizations (such as the German Telecommunications and Telemedia Data Protection Act) and data protection regulations resulting from other sources are also included.

Responsibility for compliance with legal requirements for data protection lies with the Management Board of CECONOMY AG and the management bodies of the individual Group companies. The Vice President of Compliance & Privacy manages the data protection concerns of CECONOMY AG and MediaMarktSaturn Retail Group GmbH as the data protection officer. The data protection officer is in charge of the data protection organization and coordinates the data protection departments of the MMSRG subsidiaries and the general data protection strategy, regulates the basic structure and advises the MMSRG subsidiaries and Deutsche Technikberatung GmbH on the implementation of internal and external requirements. Data protection officers have been appointed at every CECONOMY Group company. CECONOMY introduced a variety of strategic and organizational measures in connection with the implementation of the GDPR. The focus is on the comprehensive and correct fulfilment of the GDPR's requirements, taking into account the balance between business necessity and compliance challenges. Corresponding measures on accountability and data protection management, documentation, duties to provide information and the rights of data subjects are being implemented on an ongoing basis.

In order to fulfil its statutory obligations, CECONOMY has a privacy team that monitors and guarantees compliance with these data protection standards throughout the entire Group and that assists other departments at any time with consulting services or training. The Data Privacy Office (DPO) is the central point of contact within MediaMarktSaturn Retail Group GmbH for all national and international companies of MMSRG. To ensure compliance with internal and legal requirements, it supports the collection, processing and deletion of personal data on customers, partners and employees. In addition, DPO in cooperation with other departments (especially IT Security) provides advice on the necessary technical and organizational measures to ensure lawful processing of the personal data collected by MMSRG.

CECONOMY's general Group data protection guideline is regularly evaluated and reflects the principles of data protection for all CECONOMY companies. The Group has thereby committed itself to a uniform level of data protection. Internal audits and regular dialogue with the competent data protection regulators play a key role in ensuring compliance with data protection laws.

In addition, there are policies and procedural instructions, both for multiple divisions and specific divisions, at MMSRG on the structuring and standardization of data processing.

Further national considerations and individual decisions concerning the data subjects of stores or the respective country organizations are handled by the national data protection officers of each country organization.

Data protection incidents or potential for improvement can be reported via contact points such as central e-mail addresses for all stakeholders. Each report is promptly reviewed and answered.

Employee awareness of data protection requirements is still a priority at all levels of the Group. Mandatory annual staff data protection training is carried out to raise awareness within the company.

A data protection management system (DPMS) was also introduced to further systematically establish data protection at all MMSRG business units. This is evolving and being optimized on an ongoing basis.

INFORMATION SECURITY

Alongside data protection, the Information Security department is of central importance at CECONOMY in safeguarding the confidence of our customers, business partners and other stakeholders. The possible threats in retail include the failure of IT-based business processes, IT security incidents and cyberattacks.

At the level of CECONOMY AG, the IT infrastructure and IT security are managed by the IT Security Officer. At MMSRG, the role of Chief Information Security Officer (CISO) bears full responsibility for Information Security for the Group and all its shareholdings. He reports to the Chief Technology Officer (CTO) of MediaMarktSaturn Retail Group GmbH. Additional IT Security departments have been finally established at the country organizations and subsidiaries since April 2021 and attached to MediaMarktSaturn Technology GmbH's Cyber Security Office. These departments implement the IT security strategy in their companies and also adhere to special considerations or regulations specific to their country.

This way, CECONOMY is aiming to ensure its principles of confidentiality, availability and integrity, to protect personality rights and to reduce threats and the financial damage they cause.

Information Security allows a holistic analysis of the company's risk and security situation and, in strategic coordination with the Data Protection department, it creates the technical requirements to implement data protection in operations as well.

At CECONOMY, the IT security officer clearly regulates responsibilities and functions for ensuring information security. This officer puts information security policies into place and is responsibility for monitoring these. The policies apply to all relevant systems, applications and parties in relation to information and data processing and to all employees of CECONOMY.

The implementation of CECONOMY's advanced IT security strategy has prepared CECONOMY for the future, allowing it to respond to current requirements at an early stage. In addition to the rising online share of consolidated sales, the system has been adapted to match the advancing professionalism of hackers and thus the frequency of attacks during the COVID-19 pandemic. Also, security measures were taken to prevent e-mail phishing attempts in particular. Despite this, there is continuing investment to raise awareness of information security risks, such as CEO fraud or phishing, among all employees, including top management. Both classroom training and online training are mandatory for employees, with regular phishing simulations also introduced this year. Throughout the Group, around 54,000 employees received e-learning and phishing simulation training in financial year 2021/22.

Furthermore, integrated security information event management, with its affiliated security operation centre, was again given a significant boost in terms of staff and technology in order to counter the growing threat of attacks on systems. An incident response retainer is now also available to properly respond to major threats, attacks and crises.

In particular, the launch of an initiative to identify software errors and security vulnerabilities serves the continuous security improvement of the services available online. The establishment of holistic vulnerability management allows CECONOMY to respond significantly faster to identified technical risks.

Environment

With its business activities as a retail company in the field of consumer electronics, CECONOMY has an impact on the climate and the availability of resources. The more than 1,000 stores, the administrative locations and the vehicle fleet consume energy and other resources. Emissions that affect the climate are also produced in upstream and downstream parts of the value chain, for example in product manufacturing and logistics. In order to make growth and development sustainable, CECONOMY handles issues such as climate protection and intelligent energy and resource management using its sustainability strategy.

The topics and the progress made on them are regularly reported to the Management Board of CECONOMY AG. In this way, the Group aims to systematically develop solutions for the environment, the climate and the scarcity of resources.

Climate protection and energy

CECONOMY's business activities mean that it has a considerable 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. CECONOMY takes responsibility for the emissions caused directly or indirectly by its business activities throughout the value chain and is striving to become a climate-neutral company. On the path to climate neutrality, it is especially important to achieve comprehensive transparency regarding all emissions, as this is the only way that meaningful reduction measures can be initiated and implemented. CECONOMY has the most influence over the sustainability of the products in the MediaMarktSaturn range when it comes to its own brands.

New measures are being developed all the time to optimize operating processes and thus reduce the ecological footprint. All climate protection measures that CECONOMY has already implemented and is planning for the future are components of a comprehensive climate strategy. CECONOMY is 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, CECONOMY calculates its carbon footprint annually in line with the requirements of the Greenhouse Gas Protocol.

CLIMATE GOALS

In keeping with its own entrepreneurial responsibility and in order to make a positive and valuable contribution to global climate protection, CECONOMY has defined clear climate goals:

- increasing the annual sourcing of electricity from renewable energies to 100 per cent by the end of 2023;
- zero direct and indirect net CO_2 emissions from internal operations (Scope 1 and 2) by the end of 2023;
- reducing net CO_2 intensity (net CO_2 emissions in relation to total sales) from the transport of goods, purchased goods and services for internal operations and own-brand emissions (Scope 3) by 30 per cent by the end of 2033 compared to the baseline year of 2019 (baseline for own-brand products is 2021).

Our Scope 1 and 2 emissions fell by 8.2 per cent compared to the 2021 reporting period, in line with the target achievement of zero direct and indirect CO_2 emissions by 2023.

Scope 3 emissions rose by 21.2 per cent against the 2021 reporting period. Net CO_2 intensity for freight transport and purchased goods for internal operations and own brands (Scope 3) came to 52.2 tCO_2eq/million in the financial year 2022. The increase of 9.7 per cent year on year, primarily the result of collecting logistics emissions from primary data and adjusting the method used to calculate emissions from our employees' commutes.

In addition, in this financial year CECONOMY also committed to participating in the Science Based Target initiative and is currently working on formulating and implementing relevant climate targets to reduce emissions in accordance with the GHG Protocol even faster and, in turn, make a meaningful contribution to preventing the worst effects of climate change.

CLIMATE PROTECTION AND ENERGY

Electricity purchased by the MMSRG stores accounts for a large share of the operational energy requirements in Germany. In order to reduce the locations' energy consumption, the Group is relying on an efficient energy management system and continuous modernization of the stores in Germany, largely in its role as a tenant, and administrative buildings.

The respective country organizations are responsible for managing energy resources. MMSRG's building-related energy consumption is aggregated in Corporate Property Management, which also analyses savings potential and further develops energy and resource management. In addition, the definition of Group-wide energy saving targets is also coordinated with this department. It also advises and supports the country organizations and subsidiaries with the implementation of construction and renovation work.

The property managers at all MMSRG's country organizations meet at least once a year for the International Corporate Property Meeting in order to coordinate strategies, measures and processes, exchange experiences, and discuss new legal or social conditions and their effects on property management.

The extensive data basis required for efficient energy and resource management is obtained with digital energy meters and sensors for temperature and air quality. Electricity consumption by locations is continuously measured using smart metering systems. It is possible to respond to increasing consumption immediately if necessary. Most of CECONOMY's energy requirements are covered by electrical energy.

ENERGY CONSUMPTION/ENERGY AUDIT

Total energy consumption in thousands of MWh[1]

	2018/19	2019/20	2020/21	2021/22[1,2,3]
Total energy consumption	**661.7**	**572.5**	**562.7**	**583.1**
Scope 1 energy consumption	**116.1**	**100.2**	**99.1**	**100.7**
Natural gas	54.3	51.2	57.6	58.0
Heating oil	2.7	2.5	2.4	2.3
Diesel	53.8	41.9	33.9	32.3
Petrol	5.3	4.5	5.2	8.1
Scope 2 energy consumption	**545.6**	**472.3**	**463.6**	**482.3**
Electricity	524.3	452.5	444.8	462.3
District heating	19.1	17.9	17.0	18.4
District cooling	2.2	1.9	1.8	1.6
Energy consumption per m² of selling space in kWh[4]	**215.8**	**197.9**	**200.4**	**210.5**
Electricity consumption per m² of selling space in kWh[4]	**187.8**	**170.3**	**170.3**	**179.3**

[1] Direct energy import by stores, administrative buildings and warehouses
[2] Changes were made to the calculation method as a result of switching to EcoInvent (previously DBEIS) as the source of emission factors.
[3] As CECONOMY has chosen the operational control approach for its company reporting, no figures are reported for Deutsche Technik Beratung (DTB).
[4] Not including vehicle fleet

The 12 per cent energy savings achieved compared to 2018/19 prior to the COVID-19 pandemic are the result of setting an energy saving target, which is backed by various measures such as a comprehensive switch to more energy-efficient lighting, building automation and the optimization of heating, ventilation and air conditioning systems.[2] For example, the "STUNEC" (Stop Unnecessary Energy Consumption) programme was launched at the company at the start of 2022.

CARBON FOOTPRINT

Following the first-time reporting of selected Scope 3 emissions in the 2018/19 financial year, CECONOMY has steadily improved the underlying data quality. The carbon footprint was expanded to include primary data from service providers and suppliers in addition to volume-based calculation methods in the financial year 2020/21. The climate footprint

[2] The targets are set on a like-for-like basis, i.e. based on comparable adjusted figures, and therefore include around 650 of the more than 1,000 stores.

focuses on selected direct emissions from CECONOMY's business operations. Over the next few years, the share of primary consumption and volume data is to be gradually increased to steadily improve the calculation methodology.

Climate footprint (greenhouse gas emissions in thousands of tonnes of CO_2 (CO_2 equivalents))

	2018/19[1]	2019/20[1]	2020/21[1]	2021/22[1,2,3,4]
Total greenhouse gas emissions[5]	**100.2**	**79.6**	**76.0**	**69.8**
Greenhouse gas emissions not including vehicle fleet	**85.5**	**68.1**	**66.3**	**59.1**
Scope 1: Direct greenhouse gas emissions	**26.5**	**22.6**	**22.1**	**23.2**
Natural gas	11.1	10.4	11.7	11.8
Heating oil	0.7	0.7	0.6	0.6
Diesel	–	–	–	0.1
Vehicle fleet	14.7	11.5	9.8	10.7
Scope 2: Indirect greenhouse gas emissions (market-based)	**73.7**	**57**	**53.9**	**46.6**
Electricity	66.5	52.2	49.3	39.4
District heating	6.5	4.3	4.1	6.6
District cooling	0.6	0.6	0.5	0.5
Scope 1 + 2 greenhouse gas emissions per m² of selling space in kg, not including vehicle fleet (market-based)	**30.6**	**25.6**	**25.3**	**22.9**

[1] Emissions calculated based on energy audit values.
[2] The current VDA emission factors of 2019 and ecoinvent 3.8 2022 were used.
[3] Market-based emissions according to the GHG Protocol Scope 2 Guidance. For all countries without green electricity, country-specific residual mix emissions factors from the Association of Issuing Bodies (AIB) were typically used based on the market-based method for all financial years.
[4] As CECONOMY has chosen the operational control approach for its company reporting, no figures are reported for Deutsche Technik Beratung (DTB).
[5] Total greenhouse gas emissions according to the location-based method for 2021/22: 221.6 thousand tonnes of CO_2 equivalents.

There was no CO_2 compensation within the carbon footprint limit in the financial year 2021/22, resulting in a net emissions volume for Scope 1 and 2 of 69.8 thousand tonnes of CO_2 equivalents.

Selected indirect greenhouse gas emissions from upstream and downstream activities (Scope 3) in thousand tonnes of CO_2 (CO_2 equivalents)

	2018/19	2019/20	2020/21	2021/22
Scope 3.1 – Purchased goods & services[1]	444.6	298.8	724.8	618.6
Scope 3.1 – Non-tradables	(444.6)	(298.8)	(396.9)	(318.3)
Scope 3.1 – Procurement of own-brand products	(–)	(–)	(327.9)	(300.3)
Scope 3.2 – Capital goods[2]	109.2	127	58.7	178.7
Scope 3.3 – Fuel- and energy-related emissions[3]	55.1	42.7	60.3	43.8
Scope 3.4 – Upstream transportation and distribution[4]	174.1	271.3	291.6	518
Scope 3.6 – Business travel[5]	3.5	1.1	5.5	3
Scope 3.7 – Employee commuting[6]	26.7	–	21.2	46.0

[1] Scope 3.1 includes emissions from goods and services purchased for own consumption. Expenditure-based emission factors from DBEIS 2021 were used, which were translated from GBP in 2011 to EUR in 2021 and adjusted for inflation. The emissions for purchased own-brand products were calculated based on expenditure. Emission factors taken from the ecoinvent database were used.
[2] Capital goods related to additions to fixed assets, in which all capitalized investment accounts were included for financial year 2021/22. Expenditure-based emission factors from DBEIS 2021 were used, which were translated from GBP in 2011 to EUR in 2021 and adjusted for inflation.
[3] In the case of fuel- and energy-related emissions, all upstream emissions of the energy sources from Scope 1 and 2 are included. The DBEIS 2021 emission factors were used for district heating, district cooling and heating oil, the Ecoinvent 3.8 emission factors were used for electricity, and the VDA 2019 emission factors were used for diesel, petrol and gas.
[4] All logistics emissions are recognized under upstream transportation and distribution on the basis of the total expenditure in 2021/22. This includes all emissions from storage, handling and transport to stores and customers. Expenditure-based emission factors from DBEIS 2021 were used, which were translated from GBP in 2011 to EUR in 2021 and adjusted for inflation. For items with different modes of transport, weighted averages for the emission factors were recognized in accordance with the distribution. In addition, additional primary data points for some logistics companies were collected this year.
[5] Emissions for business travel by employees in all countries were reported here. As CECONOMY operates in Europe, (short-haul) flights were taken for international travel and trains (national rail) for domestic trips. The data were collected through the official travel partners where available; otherwise they were calculated on an expenditure-basis (travel expenses). The total figure includes emissions from flights, rail travel, rental vehicles and overnight hotel stays. Volume-based emission factors from DBEIS 2021 and expenditure-based emission factors from DBEIS 2021 were used, which were translated from GBP in 2011 to EUR in 2021 and adjusted for inflation.
[6] Potential work days less holidays in Germany were taken as a reference to calculate Scope 3.7. DBEIS 2022 was used as the emission factors. Compared to the previous year, travel both to and from work was used as the commuting distance for the first time this year in order to show emissions more accurately. Emissions for the commutes of the 44,649 FTEs are calculated based on a percentage breakdown of the various modes of transport (source: "Berufspendler", German Federal Statistical Office (Destatis), 2020 microcensus, as of 31 January 2022) as well as for the number of kilometres driven using the respective modes of transport (source: "Erwerbstätige mit Angabe zum benutzten Verkehrsmittel und Entfernung zur Arbeitsstätte", German Federal Statistical Office (Destatis), 2020 microcensus, as of 2021).

CO_2 EMISSIONS IN STORES

CECONOMY works continuously to reduce its energy consumption per square metre of selling space, and thus its CO_2 emissions. In financial year 2021/22, the total energy consumption of the stores and administrative buildings (not including the vehicle fleet) came to 543.0 thousand megawatt hours. This corresponds to 210.5 kilowatt hours per square metre.

CECONOMY is working continuously on identifying and leveraging further potential for reductions moving ahead.

Sustainable logistics

Transport and storage are essential for selling goods to customers in stores and online – a process that generates carbon emissions. Overall responsibility for the logistics of MMSRG and its subsidiaries lies with the Vice President for Supply Chain Management. The country organizations are responsible for their own planning, logistics and transport flows.

The shipping volumes and inventories of MMSRG result from the supply chain operations of regional country organizations and the subsidiary Imtron, which supplies the Group's own brands. The current supply chain is divided into e-commerce and retail business.

The centralization of the decentralized supply chain model prevalent in retail business was also advanced for the entire Group in the financial year 2021/22. The new centralized model allows central procurement and the bundling of delivery flows to stores through central distribution centres. In this context, goods flows are increasingly planned and managed centrally. As a result, CECONOMY can target transport reductions and simultaneously reduce its carbon emissions.

Further progress was made this year on converting the MediaMarktSaturn distribution centre for Germany into an omni-service unit and, as planned, additional suppliers were brought in to supply stores centrally through the warehouse. Attention was deliberately paid to scalability, modern and resource-saving construction methods and stringent operational sustainability requirements when building the distribution centre. The distribution centre was granted silver certification according to the standards of the German Sustainable Building Council (DGNB) at the start of 2022. The photovoltaic system installed on the roof by the lessor generated 281,784 kilowatt hours in its first month of operation in July 2022. MediaMarktSaturn leases 7.5 per cent and feeds this profitably into the power grid.

In financial year 2021/22, additional hubs in Germany began operations and pilot projects were launched in several regions to offer customers additional services such as assembly, installation, disposal of old appliances or repairs as effectively as possible. In addition, route optimization made it possible to offer customers delivery windows with a high degree of accuracy. The Omnichannel Spine initiative for the e-commerce sales channel was also successfully implemented in the Netherlands in financial year 2021/22. This initiative makes it possible to manage inventories transparently across all sales channels and warehouse locations, optimizing transport flows and reducing CO_2 emissions. In order to further enhance the transparency of the type and amount of carbon emissions caused by logistics and transportation, CECONOMY has begun monitoring the consumption data (in tonne-kilometres) of selected transport service providers in the financial year 2021/22. This enables the formulation of targets on the basis of recognized standards (GHG Protocol; EN 16258) and methods (Global Logistics Emissions Council Framework) in addition to progress reporting. The calculation of Scope 3 emissions (logistics/transport) can therefore be gradually expanded.

Sustainable logistics also aims to systematically reduce the environmental impact of transport and warehouse operations. Initial "zero last mile delivery" pilot projects were launched in the financial year. In the Netherlands, since the second quarter of financial year 2021/22 CECONOMY has worked with an external partner and so can offer same-day deliveries using cargo bicycles; stores in Spain are increasingly using electric vehicles to deliver to customers. New logistics logic also revealed potential for reducing CO_2 emissions in the financial year 2021/22. In Germany, a pilot was launched that reduced CO_2 emissions by about 60 per cent in nine weeks by making changes to transport routes for deliveries from stores to customers.

In Switzerland, the company already works with logistics providers that have demonstrated their commitment to avoiding CO_2 emissions and that focus on electrifying their vehicle fleets.

The logistics sustainability programme is gradually being expanded. As well as returns logistics, the focus here is increasingly on reusing products and the use of sustainable packaging materials. Especially in the area of packaging materials, CECONOMY focuses on environmentally friendly concepts and is working on using sustainable raw materials and reducing packaging. The MediaMarktSaturn distribution centre in Germany already uses wet glue labelling machines. Using paper in combination with natural glue means that the environmentally friendly packing tape can be directly disposed of in the paper waste bin together with the box. As well as making it easier for customers to separate their rubbish, this helps reduce the amount of plastic waste.

In Hungary, a project was launched in financial year 2021/22 to centralize and, in turn, optimize waste management. Customers collect old devices. Just like packaging and electrical waste from stores, these are collected at a central location and sent to recycling companies using bundled transport flows. Pilot projects were also launched for optimized packing dimensions and sustainable packaging materials, with the aim of establishing measures to further minimize the carbon footprint. In Spain, a new, automated pack-to-good packing machine was put into service. During the packing process itself, this tailors the packaging to the product to be packed, removing the need for outer packaging and filling material. In the Netherlands, reusable transport containers are also used for deliveries to stores in order to reduce packaging waste. Overall, the intention behind redesigning the supply chain is to actively identify waste and opportunities for optimization, to work closely with suppliers and service partners and to develop a systemic approach that reduces environmental impact and improves the cost basis and sustainability.

Resource efficiency and waste management

WASTE MANAGEMENT

In connection with CECONOMY's business processes, products and services, waste is also generated in stores, headquarters and by customers. CECONOMY is aware of the impact that this waste generation has on the environment, and is constantly striving to reduce it. The proper handling of waste is a top priority for CECONOMY. It therefore has waste separation concepts, employee training on waste separation and controls on the proper handling of waste. The Group also only works 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.

The internal collection of emissions data for waste was expanded to all countries in financial year 2021/22. As well as improving the quality of data, this reporting helped bring the Group-wide focus on waste management to the fore.

In line with legal requirements in the countries, there are also disposal stations in stores where customers can return batteries and lamps in addition to old electrical devices.

The respective country organizations are responsible for the management of old electronic 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, at the level of the country organizations as well.

Old electronic devices that have reached the end of their useful life for customers are CECONOMY's 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.

↗ Further details on the supply chain can be found in the section on sustainable logistics.

Returned old electrical devices in Germany are collected and sorted in regulation containers in MMSRG stores or central warehouses. In the financial year 2021/22, around 39,788 tonnes of old electrical devices were returned in Germany and passed on exclusively to certified waste management companies for processing and recycling.

Returned old electrical devices [1,2]

in tonnes	2021/22
Heat exchangers	8,714
Screens, monitors	3,650
Lamps	8
Large appliances	25,958
Small appliance	1,172
Small IT or telecoms devices	286
Total old electrical devices	**39,788**

[1] The reported volumes are recorded by the disposal service providers in Germany.
[2] Electrical devices with integrated circuits in which substances other than water are used for the purpose of cooling/heating or dehumidification. Screens, monitors and devices with screens with a surface of more than 100 cm^2, glow-discharge lamps and other lamps that can be used in private households, appliances that have at least one external dimension of more than 50 cm and appliances that have no external dimensions of more than 50 cm.

TRADE IN

CECONOMY's new strategic trade-in programme was continued in the reporting period.

End users hold on to a huge number of unused but still functioning devices or throw these away even though they still work. Trading in these products in Media or Saturn stores puts the electronics back into the circular economy after they have been processed, with the customer also receiving a gift card in return. CECONOMY offers its customers several ways to do this.

Towards the end of financial year 2021/22, CECONOMY customers could have their smartphones valued using mobile phone buyback machines in over 400 German stores and 34 stores in Austria and the Netherlands and received a gift card for the equivalent value when the trade in was executed.

As well as the mobile phone buyback machines, trade in services were also expanded and so customers in five countries can now return used electronics items such as telephones, computer, tablets, watches and gaming consoles via the online shop and in MediaMarkt/MediaWorld/Saturn stores in exchange for a gift card. This will be possible in all countries by the end of the 2022 calendar year.

In the reporting period, CECONOMY purchased a total of more than 70,000 devices across its countries through the trade-in services and further processed them to a professional refurbishing or a certified recycling.

PACKAGING

The packaging waste generated is separated into the different types shown below. Employees receive regular training on this and sorting instructions must be obeyed in warehouses. In the financial year 2021/22, around 14,652 tonnes[3] of packaging waste were placed into recycling in Germany.

As regards the packaging register, the registration obligation was expanded following the amendment to the German Packaging Act (VerpackG). Previously, the registration obligation at the German Central Agency Packaging Register (ZSVR) applied only to manufacturers of "packaging subject to system participation". From 1 July 2022 onwards, manufacturers of packaging not subject to system participation within the meaning of Sec. 15 para. 1 VerpackG are also required to register. In particular, this affects manufacturers of transport packaging and sales and outer packaging, which typically do not end up as private end consumer waste after use.

In the case of CECONOMY, this expanded registration obligation applies to transport and outer packaging used to deliver to B2B customers. These types of packaging were registered on time in the packaging register for Media-Saturn Deutschland.

CECONOMY is also constantly striving to optimize the packaging of its own-brand products. In order to reduce packaging volumes, less material will be used and the overall (transportation) packaging volume will be reduced in the long-term. Imtron avoids non-essential packaging materials (for transport) or uses recycled plastic or certified packaging to repackage individual products. Following the change of packaging for the LED product range and cables from plastic to paper, the following additional measures were taken to improve packaging. Where possible, outer packaging is not used at all, for example for the KOENIC CO_2 gas cylinders, ISY's rechargeable electric lighters, refillable ISY smartphone cleaning sprays and ISY working lights. 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/packaging) material is used that is less damaging to the environment. The introduction of refillable own-brand ISY ink cartridges marks another step in CECONOMY's move to a circular economy. At the same time, together with Imtron CECONOMY is developing other innovative products such as ISY branded mobile phone cases that are made of plant-based material and are therefore biodegradable. The "eco cases" are also sold in stores in packaging made entirely of certified paper.

[3] This includes both packaging waste returned by customers and transport packaging generated in stores and warehouses. At stores rented in shopping centres, packaging waste cannot be reported by volume as the quantities are not fully taken into account here. This affects about 44 per cent of stores.

Packaging waste[1]

in tonnes	2021/22
Paper, card, cardboard packaging	7,889
Mixed packaging (for recycling)	2,301
Wood	2,569
Film	778
Polystyrene	1,035
PP straps	80
Total packaging waste	**14,652**

[1] The reported volumes are recorded by the disposal service provider in Germany.

Products

The starting point for all of CECONOMY's strategic considerations is an attractive customer experience that is consistent across all channels. It aims to offer customers real experiences, from trying products out in situ to optimal set-up, from delivery to repairs. This also includes supporting customers in responsible consumer behaviour. To do so, it is necessary to record and optimize the social and environmental impact throughout the lifecycle of the products and services and ensure the negative impact remains as low as possible by providing a broad range of services.

Sustainable products and services

SUSTAINABLE PRODUCTS

As part of its role as a consumer electronics retailer, CECONOMY has committed to making a sustainable lifestyle possible for its customers and continually expanding the number of sustainable products in MediaMarktSaturn's range. Especially when it comes to electronics, end users do not always find it easy to recognize sustainable products. Accordingly, CECONOMY places 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 products and make well-founded purchasing decisions.

As a retailer, CECONOMY is aware of its special responsibility to customers to highlight to them the sustainability of a products along the entire value chain. At the same time, CECONOMY aims to ensure compliance with social and ethical aspects, such as safeguarding human and labour rights during production.

↗ Further information on sustainability in supplier management can be found in the section Social.

Specifically, CECONOMY has set itself the target by joining the European Union's Green Consumption Pledge in April 2021 to double the number of sustainable products in MediaMarktSaturn's range – based on approximately 1,000 sustainable products in stores and online shops in 2020 – by the end of 2023.

This target was already met in the financial year 2021/22. At present, the product ranges at MediaMarkt and Saturn include about 3,200 sustainable products in total.

Sustainable products in the range

	2019/20	2020/21	2021/22
Number of sustainable products	1,080	1,239	3,207

To ensure that sustainable products can be clearly and easily identified as such, in financial year 2021/22 CECONOMY began labelling them all with the BetterWay logo across the Group at MediaMarkt and Saturn, both online and in stores. This requires the product either to be confirmed as sustainable by a certification authority ahead of time or to meet the criteria of an independent inspection organization. In the financial year 2021/22, CECONOMY continued to step up collaboration with independent inspection organizations and external certification authorities. These third parties establish sustainability criteria for various product categories and inspect whether products meet the applicable requirements, such as responsible production, the materials used, energy efficiency, CO_2 emissions and recyclability.

In the reporting period, products in the MediaMarktSaturn range were stamped with the BetterWay logo if they received a certificate in accordance with DIN ISO 14024 from Blauer Engel, TCO Certified or EPEAT or met the sustainability criteria of one of the following websites: topten.eu, EcoTopTen.de, topten.ch, topprodukte.at, eurotopten.es, topten.pt, topten.info.pl.

As part of the ongoing review of processes related to the BetterWay logo for products, a project was launched together with an independent inspection service provider. This aimed to develop opportunities to make descriptions of product sustainability as clear and customer-focused as possible. The project was successfully completed in September 2022.

By continuously assessing and evaluating product properties and material flows, CECONOMY aims to steadily make its own-brand products more environmentally friendly.

Sustainability activities were carried out in three areas for own brands in the financial year 2021/22: Firstly, own brands were assessed using the same sustainability standards as CECONOMY applies for all supplier products. Secondly, the focus was on optimization and thus on avoiding packaging materials. Thirdly, CO_2 emissions from the production and life cycle of own-brand products were recorded. This identifies the main drivers of emissions and establishes corresponding measures to reduce future emissions.

SALE OF RENEWABLE ENERGY

To help customers to live a sustainable lifestyle, CECONOMY offers them the opportunity to buy green energy. Customers in four countries can enter into energy contracts with external service providers accordingly, both in store and online. All contracts offered on all channels use renewable energy. More than 230,000 such contracts have already been brokered in the financial year 2021/22.

SUSTAINABLE SERVICES

The Vice President of Services & Solutions, who reports to the Chief Commercial & Marketing Officer (CCMO) of MediaMarktSaturn Retail Group GmbH, is responsible for the Services segment. CECONOMY supports innovative product solutions and service concepts that facilitate sustainable consumption and wants to constantly develop these. The Group is guided by the vision of a circular economy: Some of the services offered already help extend product lifetime through maintenance and repairs or properly recycle products at the end of their lifecycle.

Repairs

Customers can extend the life cycle of their defective products. Defective appliances or those in need of maintenance can be handed in to MediaMarkt and Saturn stores to be repaired or maintained.

All stores of the country organizations have a SmartBar on the sales floor and an after sales service desk in the entrance area. At the SmartBars, own technicians are on hand to repair mobile telephones. The SmartBars offer a wide range of innovative services – from display protection and extended warranties to on-the-spot smartphone repair. Customers can take their repaired devices away with them again straight away. The after sales service desk processes repairs with industry workshops on behalf of customers. Using these services lengthens the products’ lifecycle, thus making an important contribution to conserving resources.

To further consolidate the circular economy approach, the SmartBars are intended as a central point of contact for new and existing services. It offers services such as software services, printing services, calibration, service acceptance – either remotely or at the customer’s home, immediate repairs, replacement parts services and e-scooter repairs.

Just under 3.2 million appliances were repaired in financial year 2021/22.

Product rental

In cooperation with an external service provider, MediaMarktSaturn also offers appliance rental for customers. In doing so, CECONOMY is helping ensure more sustainable technology consumption by recycling products after they have been returned so that they can be reused.

Social

CECONOMY's goal is to make electronics and digitalization come alive for European customers. Staying true to its principle of "experience electronics", which aims to ensure an attractive customer experience that is consistent across all channels, requires all the around 51,000 employees[4]. It is therefore very important to CECONOMY to ensure good, fair and responsible working conditions for its entire workforce. Diversity and employee development and support are essential to the Group's ongoing business success.

Overall staff responsibility lies with the Chief Executive Officer of CECONOMY AG, who has the role of Labour Director. The Chief Human Resources Officer (CHRO) of the Group and the teams allocated to this area maintain continuous close dialogue with the subsidiaries. The Human Resources department of MMSRG coordinates all strategic HR issues and supports and advises the HR departments of the country organizations and subsidiaries. The CHRO, who is also a member of the MMSRG Executive Committee, is responsible for the Group's various HR functions and reports to the Group's CEO. There are regular digital meetings that bring together the HR departments and managers of the country organizations and subsidiaries of Media-Saturn-Holding GmbH and CECONOMY AG. The HR Steering Committee consists of representatives of the business, other business areas and the HR department. Its goal is to network HR issues even more effectively with corporate strategy and to advance HR projects. Central decisions and project successes are also presented to and approved by the MMSRG Executive Committee.

Employee development and talent management

CECONOMY has set itself the goal of promoting continuous lifelong learning among its employees in order to meet the current and future challenges in retail and generate further growth. In line with this, CECONOMY invests in the employee training to help them further develop their skills and ensure the company's actions are even more focused on customers. Systematic employee development also positions CECONOMY as an attractive employer, ensuring that it can continue to hold its own in an environment of increasing competition for talented and new employees.

In this context, CECONOMY introduced revised management and corporate principles. The new principle aims to strengthen cooperation and break down silos. These revised, consolidated corporate and management principles were communicated via various channels and implemented in every country. As of this year, they are the basis for all employee development and talent programmes and initiatives.

One focal area of personnel development last year was the strategic programme "Passion4Customer". This programme empowered and motivated all executives and employees in every country to put customer experience at the heart of what they do. Despite considerable obstacles presented by the pandemic in the financial year, the program was successfully rolled out.

In addition to the central initiatives, CECONOMY also promotes bespoke continuing professional development for young talent, specialists and executives. Employee development also includes extensive programmes at the country organizations and subsidiaries. The executive's dedication to looking after his or her employees and actively supporting their development is of paramount importance throughout.

So that executives can perform the important task of developing talent, for example, a "train-the-trainer" approach has been adopted in the "Passion4Customer" programme. As part of this, executives were trained by professional trainers so that they could then go on and train their employees. Regardless of the content of this programme, the didactic skills learnt are also applicable to other areas of employee development in the future.

Based on desired company-specific management behaviour, current executives are promoted and new executives are encouraged in this direction at an early stage. In addition, the annual feedback process for this was revised, starting at the MMSRG headquarters in Ingolstadt. E-learning sessions, short videos and workshops were designed here to support the executives and employees and run by the administration in Germany. Based on an international template, these tools are now also used in other countries, as the standardized international feedback form has now been agreed and implemented.

Furthermore, an international pool of talents and a specific regional group of executives from German sales were created, whose participants are currently being prepared for their next management role in a nine-month learning

[4] Unless stated otherwise, the key figures for employees do not include trainees or students.

journey. This learning journey includes many management and cultural topics as well as indirect training such as coaching and mentoring. The next cohort is about to be selected.

Another key element of talent development and cultural change is the net promoter people survey (NPP) of all employees carried out across the Group twice a year. The results are evaluated to boost the commitment and appeal of CECONOMY and MediaMarktSaturn as employers (“employer value proposition”). Results are discussed in detail in structured focus groups to establish effective measures, which the Group then measures itself against in the next survey.

Based on the findings of recent surveys, a whole rafter of development programmes and initiatives were launched internationally.

For example, improvement initiatives in the area of communication were implemented in all countries to reflect the results. Particularly noteworthy in this regard is a specially designed roadshow in which top management together with the HR department presented both the strategy and the NPP results and measures in all stores in the Netherlands and encouraged direct dialogue with employees.

The optimization of employee development based on the survey results also resulted in many initiatives worldwide. Sweden, for example, helped improve feedback and strengthen modern leadership in a hybrid working environment through a new targeted executive development program.

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 company-wide e-learning platform.

The international MediaMarktSaturn country organizations have won several awards for the varied development opportunities. This year, for example, two stores of the Austrian country organization in Vienna received the “Vienna seal of quality” as a top teaching facility for 2023 to 2027. The Turkish country organization came first in the G50 Turkey Youth Index and third in the Top Talent Award in the “Best Talent Programme” category for the retail sector.

For the first time, CECONOMY now also reports the average training duration in days so that the duration of employee training can be measured. This was calculated for the first time for the financial year 2021/22 for all country organizations with the exception of Belgium, the Netherlands, Luxembourg and Poland. The average employee training duration in the financial year 2021/22 was 1.8 days.

Fair and responsible working conditions

It is very important to CECONOMY to offer its entire workforce good and fair working conditions and thereby achieve high employee satisfaction. CECONOMY always hires employees on the basis of applicable agreements and laws. Responsible conduct when it comes to 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, goes without saying at CECONOMY. Ultimately, responsibility for this lies with the managing directors, both for the overall organization and for the individual stores.

In day-to-day business, this responsibility takes the form of a number of measures, such as:

The company’s management has adopted a Code of Conduct that covers many areas, such as anti-discrimination and the correct handling of personal data. The amendments to the *Nachweisgesetz* (German Law on notification of conditions governing an employment relationship) that came into effect in Germany on 1 August 2022 were implemented quickly and in good time. This ensures that 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 superior or an anonymous reporting system at any time. This initiates a structured clarification process.

The Chief Compliance Officer is the central point of contact for all of these issues. Together with his team, he constantly develops these standards and ensures that they are met with the help of the measures described.

↗ Further information can be found in the Corporate governance section.

As a member of the retail association, CECONOMY works on various committees to help design and develop working conditions for the sector, in particular regarding collective bargaining agreements.

WORKERS' RIGHTS

It goes without saying that CECONOMY upholds workers' rights and complies 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 labour and human trafficking.

As expressly outlined in the Code of Conduct, all employees have the right to freedom of association. Regular Works Council elections were held in Germany in spring 2022. It is planned to elect new delegates for the Euro Forum (European Works Council) in spring 2023.

A company announcement dated 9 August 2022 initiated the election of the employee representatives for the Supervisory Board of CECONOMY AG. An election committee was formed on this basis. The delegates meeting is expected to be held in January/February 2023.

EMPLOYER/EMPLOYEE RELATIONSHIP

CECONOMY collaborates closely with the elected employee representatives and places considerable value on open dialogue. Co-determination rights are observed.

The principles of fair working conditions and social partnership should be applied to all activities. Management is encouraged to create an open, trust-based working environment in which people share their ideas and problems. Employees and employee representatives are regularly informed about business and asked for feedback.

There is good communication between the CECONOMY Management Board and the management bodies of the Group companies and the various employee representatives, as part of which various forms of dialogue are frequently discussed and planned.

Euro Forum meetings were held online with employer and employee representatives on 14/15 June 2022. Employers presented the following topics and projects: business figures, strategy refresh, company and leadership principles, NPP results 2022, diversity/women in retail, Omnichannel Spine. Negotiations were also held on a new agreement and communication concept for the Euro Forum. The negotiations are expected to be completed soon. Follow-up events are planned.

An initial test event for a cross-company dialogue between the Works Council chair of the German Group and the CECONOMY Management Board and selected representatives took place in July 2022.

At the Saturn and MediaMarkt works council conferences, which are held four times a year, current issues are presented and discussed by the employer.

WORK-LIFE BALANCE

Enabling employees to balance their career and family lives is an important issue for CECONOMY. 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.

As the company is a member of "Mobile Familie e.V.", advice and child care is free of charge for employees in Ingolstadt. Across Germany, free support is also available for employees for the care and support (support and mediation services) of relatives who require assistance by nursing experts. Financial assistance is available for holiday care by the Ingolstadt Bündnis für Familie alliance and there is a cooperation partner on hand for consultations to discuss family situations, find solutions and provide support when looking for a suitable caregiver.

Since 2010, the Group has operated a strategic HR policy that takes account of family considerations and life stages by way of the "berufundfamilie" audit. After two successful dialogue procedures, the certificate was confirmed for two subsidiaries on 31 May 2022.

The part-time ratio at CECONOMY is 31.2 per cent. 23.8 per cent of our employees in Germany work part-time, while internationally the figure is 36.5 per cent.

A remote working concept is also in place at administrative locations in Germany, Switzerland, Poland and Sweden, under which the share of working hours performed at the place of work and the share performed remotely is individually determined for each country organization.

CECONOMY has also positioned itself as an attractive employer internationally thanks to its many measures to promote a work-life balance. The Spanish MediaMarktSaturn country organization was named a "Great Place to Work" for the second time and the Turkish MediaMarktSaturn country organization received an award for being a top employer.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

Ensuring a safe, healthy workplace is vital in an increasingly fast-paced and demanding world of work. CECONOMY is thus constantly working on achieving high standards for occupational health and safety. As part of this, the company applies the EU Directive, which is implemented under German law by the *Arbeitsschutzgesetz* (Occupational Health and Safety Act), as well as other minimum standards based on internal regulations.

Occupational safety experts employed at the Group or external partner firms visit CECONOMY's administrative and operating locations and stores at regular intervals (approx. twice a year) in order to identify work-related hazards at an early stage and minimize or prevent risks. Together with management, detailed risk assessments are prepared and updated.

To ensure compliance with hygiene concepts introduced in stores on account of the pandemic, internal checks by occupational safety experts or self checks are increasingly carried out. For example, the number of store visits by occupational safety experts doubled compared to pre-pandemic levels. They were also included in the service providers' target agreements.

Relevant incidents such as workplace accidents or fires are reported by the store and Group companies in question and followed up on by the departments responsible. CECONOMY 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.

The sickness-related absence rate at CECONOMY rose to 4.2 per cent[5] in the reporting period (2020/21: 3.0 per cent due to short-time work as a result of the pandemic).

Diversity, inclusion and equal opportunities

Customers and their demands are very varied – which is why CECONOMY needs employees who can contribute different perspectives and solutions: the more diverse the employees, the more extensive the skills and knowledge within the company. Staff from 130 different countries (2020/21: 135) were employed throughout the CECONOMY Group as at the end of financial year 2021/22.

Promoting this diversity is an important factor for the company's success. The CECONOMY Code of Conduct, for example, creates the necessary conditions for all employees to be given the same opportunities, irrespective of their ethnic background, sexual identity, any disabilities or their religion or ideology. In this way, diversity is purposely strengthened in the company.

↗ The CECONOMY Code of Conduct is available on the website www.ceconomy.de/en/ under Company – Compliance.

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. CECONOMY has set the goal of increasing this share across the Group in the long-term. In this context, the foundations were laid in financial year 2019/20 with the launch of the "Women in Retail" initiative, which was implemented, further developed and introduced at all country organizations in financial year 2020/21.

[5] This figure includes paid absences due to illness. Absences due to occupational accidents and accidents while commuting are not included.

The “Women in Retail” initiative initiates and coordinates various measures. In financial year 2021/22, for example, national and international internal networks were again further expanded and fostered through “female leadership lunches” and best-practice meetings. In addition, young talent programmes 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. For example, Turkey organized diversity trainings with male market leaders to improve awareness of diversity and female stereotypes. Turkey also set itself the goal of actively addressing the public perception of women. Furthermore, mentoring programmes were established to support female employees’ career development, including in Germany. The current pilot project is proving extremely successful and the mentoring project, which aims to make female talents visible and build up networks, will be further expanded in the next financial year. In Spain, proactive steps were taken to increase the share of women by adapting recruitment procedures and collaboration with the ESADE Business School was continued in a programme that focusses exclusively on the development of female executives.

At the first two management levels (including senior executives) at CECONOMY, the share of women at the end of the financial year came to 13.9 per cent overall (level 1 and level 2), 8.5 per cent of whom are at the first management level (level 1) and 14.2 per cent[5] at the second management (level 2). Overall, the share of female employees in management positions at CECONOMY is 21.9 per cent (2020/21: 20.3 per cent). The share of women in CECONOMY’s overall workforce is 39.3 per cent (2020/21: 39.2 per cent).

Share of women at CECONOMY

	2019/20	2020/21	2021/22
Share of women in the total workforce (in %)	39.0	39.2	39.3
Share of women in management positions (in %)	19.1	20.3	21.9

↗ Further information on employee issues can be found in the “Employees” section of the combined management report.

Sustainable supply chain

Sustainability in supplier management is a key component of CECONOMY’s sustainability strategy. CECONOMY undertakes to respect fundamental and universal human rights and to assist in their protection and compliance. The company wishes to make a positive contribution to respect for human rights and wellbeing. The foundation and framework for corporate culture and the company’s activities are formed by globally accepted standards and agreements. Furthermore, CECONOMY is committed to the principles of the UN Global Compact and wishes to contribute to the achievement of the Sustainable Development Goals through its own actions. Since 2018, CECONOMY has been a signatory of the Diversity Charter, thereby declaring its willingness to advocate diversity and equity as an employer.

Overall responsibility lies with the Chief Executive Officer of CECONOMY AG. The Sustainability department reports to Corporate Strategy, which in turn reports directly to the management of MediaMarktSaturn Retail Group GmbH. Furthermore, sustainable supplier management activities and their implementation status are reported on to CECONOMY AG’s Management Board and Supervisory Board at quarterly meetings.

CECONOMY’s operating activities comprise supplier relationships concerning both own brands and third-party products and services, which are procured directly and indirectly. As Europe’s biggest consumer electronics retailer, CECONOMY sells brand products from internationally renowned manufacturers and products from its own-brand company Imtron.

Through continuous ongoing development, CECONOMY aims to incorporate the additional requirements of the German Act on Corporate Due Diligence in Supply Chains and make the changes necessary to existing processes. CECONOMY’s goal is to implement all components of sustainable supplier management on the basis of a human rights due diligence process. The framework for this supplier-related risk management system was created in the last financial year 2021/22 and continues to be optimized on an ongoing basis.

As a member of the Responsible Business Alliance (RBA), CECONOMY looks to industry-wide requirements and standards and is committed to the responsible business standards of the RBA Code of Conduct.

To ensure a sound basis for establishing risk management, in financial year 2021/22 CECONOMY carried out a systematic, comprehensive risk analysis of human rights and environmental aspects. As part of this, priority risks in the supply chain were identified, i.e. risks for the company in its own business area and for direct and indirect suppliers. In addition to the policy statement, the CECONOMY Code of Conduct sets out values and obligations that apply to the company as a whole and encompass many areas. For example, CECONOMY is committed to anti-discrimination and the protection of labour and social standards.

↗ The policy statement on human rights can be found online at www.ceconomy.de/en/ and www.mediamarktsaturn.com. Further information on the Code of Conduct can be found in the section on compliance.

The whistleblowing system described above has been created as an 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.

↗ Further information on the whistleblowing system can be found in the section on compliance and at https://www.bkms-system.net/mediasaturngroup/speakup.

SUSTAINABILITY IN SUPPLIER MANAGEMENT

Responsible purchasing practices and corresponding guidelines perform a vital function in preventing negative repercussions of CECONOMY's business activities on people and the environment.

CECONOMY uses a risk-based approach for due diligence compliance in the supply chain. The Group has set itself the following goal by the end of the 2022/23 financial year: For more than 80 per cent of the share of sales generated with third-party brand manufacturers, the corresponding suppliers are audited respectively rated by external agency for their compliance with labour laws and human rights.

In the financial year 2021/22, the sustainability performance of manufacturers accounting for 43.8 per cent share of sales was assessed in the areas of the environment, labour law and human rights, sustainable procurement and ethics. Alternatively, self-assessment questionnaires from the Responsible Business Alliance were accepted, raising the share of sales generated with audited manufacturers to 48.8 per cent.

OWN BRANDS: SUPPLIER MANAGEMENT AT IMTRON

In addition to trade with brand-name products from world-renowned manufacturers, CECONOMY also sells own-brand products. Imtron GmbH 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 here.

Within Imtron, the Sustainability, Contracts & Strategy department conducts central monitoring of compliance with criteria and requirements. For example, it investigates whether a business partner has undergone a valid amfori BSCI audit. All active Imtron suppliers (business relationships within the past two years) are required to sign a code of conduct based on the amfori Business Social Compliance Initiative (BSCI) as an annex to their contract. 100 per cent of Imtron suppliers again signed this Code of Conduct, undertaking to uphold its provisions, as of the end of the financial year 2021/22. In addition, this department checks all Imtron's orders to ensure that a valid and successful audit has been carried out. This binding approval requirement means that Imtron's purchasing decisions are based not only on sustainability requirements, including the amfori BSCI, but are also an fundamental approval requirement in the ordering process. This encourages a minimum standard for business partners and secures a commitment from every manufacturer.

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 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. According to the IMTRON policy, an amfori BSCI audit is considered to have been passed or to be successful if the production facility has at least scored a "D" grade.

Successful BSCI audits[1]

	2019/20	2020/21	2021/22
Number of suppliers audited (absolute)	122 of 126	131 of 135	158 of 160
Share of suppliers audited (in %)	96.8	97.0	98.8

[1] Successful social audits based on own imports (audits of all producers in defined risk countries in which Imtron manufactures imported goods, show the successful implementation of BSCI or an equivalent social standard system through an independent third-party certificate).

Out of the production facilities in what are considered risk countries, 98.8 per cent have undergone successful audits. Imtron defines risk countries as those countries that amfori BSCI has also classified as risk countries.

Compliance with the requirements of the production facilities is monitored by internal data management that is constantly updated with audit data from the amfori BSCI database. Moreover, these data on production facilities and the current social audits are maintained in the Imtron procurement IT system.

Outlook

In the coming financial year, we will consistently develop and implement our sustainability strategy and the associated activities.

Even today, we are successfully advancing a wide range of sustainability projects and initiatives at the country organizations. We are steadily expanding our sustainable range of products and services with regard to the circular economy. Sustainable consumer electronics products, the circular economy and a climate-neutral shopping experience will also be our priorities in the coming year. We will likewise continue to intensify the high-quality customer advice, education on sustainable consumption, and other measures to reduce the emissions of the company's own operations.

To reduce the consumption of resources, we will also advance the optimization of own-brand product packaging and of the packaging material. Sustainability will also remain a priority in logistics. Our customers, suppliers and shareholders encourage us to go on this journey together – together with a motivated sustainability team and in cooperation with our employees from all areas of the company.

ASSURANCE REPORT OF THE INDEPENDENT AUDITOR REGARDING THE SEPARATE NON-FINANCIAL REPORT[1]

TO THE SUPERVISORY BOARD OF CECONOMY AG, DÜSSELDORF

We have performed a limited assurance engagement on the Separate Non-Financial Group Report (further "Report") of the CECONOMY AG (further "CECONOMY") as well as the section 'Group business model' of the Combined Management Report, which has been qualified as part of the Report by reference, for the period from October 1, 2021 to September 30, 2022.

As disclosed in the section 'Our own brands: Imtron supplier management', audits of suppliers were conducted by external firms mandated by CECONOMY to ensure compliance with the environmental, social and health standards of the amfori Business Social Compliance Initiative (BSCI). The appropriateness and accuracy of the conclusions from the audit/certificatiom work performed was not part of our limited assurance procedures.

Responsibilities of Management

Management of the parent company is responsible for the preparation of the non-financial statement in accordance with Sections 315b, 315c in conjunction with 289c to 289e HGB and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "EU Taxonomy" of the consolidated non-financial statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a consolidated non-financial statement that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the consolidated non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the non-financial statement based on our assurance engagement.

[1] Our engagement applied to the German Version of the Report. This text is a translation of the Independent Assurance Report issued in the German language, whereas the German text is authoritative.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's non-financial statement for the period from October 1, 2021 to September 30, 2022, is not prepared, in all material respects, in accordance with Sections 315b, 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section "EU Taxonomy" of the consolidated non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Interviewing employees at Group level in order to gain an understanding of the approach to identifying material issues and corresponding reporting boundaries of CECONOMY in the reporting period

- A risk analysis, including a media research of relevant information about CECONOMY's sustainability performance in the reporting period

- Evaluation of the design and implementation of systems and processes for determining, processing and monitoring of disclosures relating to environmental, employee and social matters, respect for human rights and combating corruption and bribery, including the consolidation of the data

- Inquiries of personnel at Group level responsible for determining disclosures on concepts, due-diligence processes, results and risks, for conducting internal controls and consolidation of the disclosures

- Evaluation of selected internal and external documentation

- An analytical review of the data and trend explanations of quantitative information submitted by all sites for consolidation at Group level

- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on samples taken in Italy

- Reconciliation of selected disclosures with the corresponding disclosures in the consolidated financial statements and group management report

- Assessment of the overall presentation of the disclosures

- Inquiries of Group level personnel in order to understand the processes for identifying relevant economic activities according to the EU Taxonomy Regulation

- Understanding the design and implementation of systems and processes for the identification, processing and monitoring of turnover, capital expenditure and operating expenditure disclosures for taxonomy-eligible economic activities

- Evaluation of the process for the identification of taxonomy-eligible economic activities and the corresponding disclosures in the separate non-financial report

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Independence and Quality Assurance of the Assurance Practitioner's firm

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial statement of CECONOMY AG for the period from October 1, 2021 to September 30, 2022 has not been prepared, in all material respects, in accordance with Sections 315b, 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section "EU Taxonomy" of the consolidated non-financial statement.

Restriction of Use

This assurance report is solely addressed to the Supervisory Board of CECONOMY AG, Düsseldorf.

Our assignment for the Supervisory Board of CECONOMY AG, Düsseldorf and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Köln, December 8, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer	Wirtschaftsprüferin
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INFORMATION AND FINANCIAL CALENDAR

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This report contains forward-looking statements that are based on certain assumptions and expectations at the time of its publication. These statements are therefore subject to risks and uncertainties, which means that actual results may differ substantially from the future-oriented statements made here. Many of these risks and uncertainties relate to factors that are beyond CECONOMY AG's ability to control or estimate precisely. This includes future market conditions and economic developments, the behaviour of other market participants, the achievement of expected synergy effects, as well as legal and political decisions. Accordingly, CECONOMY AG assumes no liability and provides no guarantee (either explicitly or implicitly) that the forward-looking statements, including the estimates, expectations and assumptions underlying these statements, are correct or complete. CECONOMY AG accepts no special obligation to publicly correct or update these forward-looking statements to reflect events or circumstances that have occurred after the publication date of this report.

Gender Clause
For a better readability, the masculine language form is used in this report for personal designations that refer to more than one gender. However, this does not imply any discrimination against other genders, but is to be understood as gender-neutral in the sense of linguistic simplification.

Published on 15 December 2022

Financial calendar 2022/23

14 February 2023	Quarterly statement Q1 2022/23
22 February 2023	General Meeting
15 May 2023	Half-year financial report Q2/H1 2022/23
10 August 2023	Quarterly statement Q3/9M 2022/23
26 October 2023	Trading statement Q4/FY 2022/23
18 December 2023	Annual report FY 2022/23

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